

CITY OF STINNETT, TEXAS

AUDIT REPORT

FISCAL YEAR ENDED  
SEPTEMBER 30, 2010

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CERTIFIED PUBLIC ACCOUNTANTS

February 14, 2011  
Independent Auditor's Report

The Honorable City Council  
Stinnett, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Stinnett, Texas, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Stinnett, Texas management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Stinnett, Texas, as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through v and 20 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stinnett, Texas financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other record used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sincerely,

James R Allen, CPA

## Management's Discussion and Analysis

The City of Stinnett, Texas (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, its ability to address the next and subsequent year challenges, (d) identify any material deviations from the financial plan, the approved budget, and (e) identify individual fund issues or concerns for the fiscal year ended September 30, 2010.

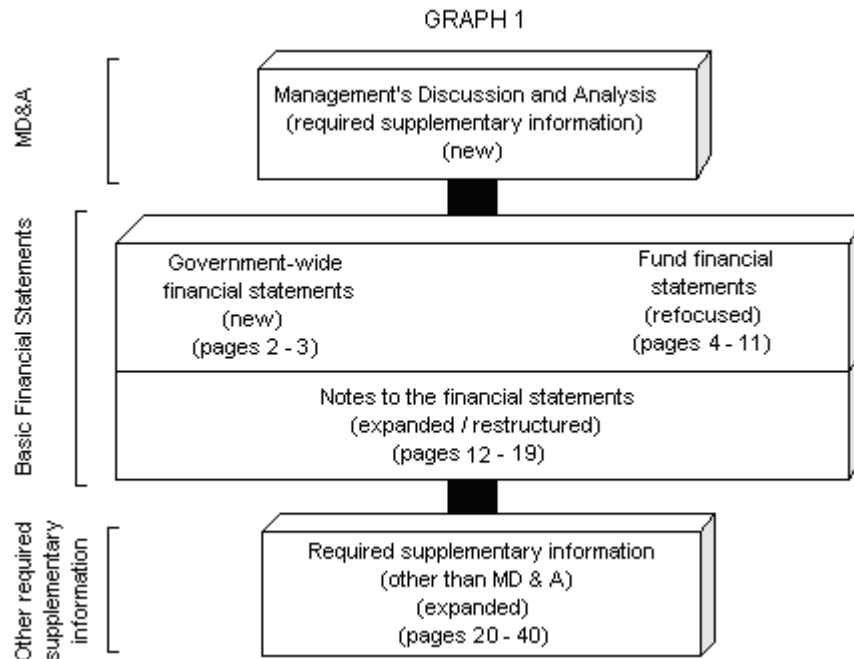
Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements beginning on page 2.

### Financial Highlights

- The assets of the City exceeded its liabilities by \$2.07 million (net assets). The City has an unassigned net asset deficit of \$762.7 thousand. Governmental activities have unassigned net asset deficit of \$588.5 thousand.
- The City's total net assets increased \$30.6 thousand. This represents a decrease of \$123.4 thousand in the governmental activities and an increase of \$154.0 thousand in the business-type activities net assets before transfers.
- The general fund ended the year with a fund balance of \$278.9 thousand, which is a decrease from last year's balance by \$52.3 thousand before transfers.
- The governmental activities revenue decreased \$107.4 thousand due to a significant decrease in grant receipts.
- The business-type activities revenue increased \$24 thousand due primarily to an increase in utility sales.

### Using this Annual Report

In light of the fact that this is a very different presentation of the City's previous general purpose financial statements, the following graphic is provided for your review.



The new financial statement's focus (implemented in 2003/2004) is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Assets is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement, for the first time, combines and consolidates governmental fund's current financial resources with capital assets and long term obligations; allowing, over time, a determination as to whether the City's financial position is improving or deteriorating.

The Statement of Activities is focused on both the gross and net cost of various functions which are supported by the government's general tax and other revenues. The statement used the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities distinguish functions of the City that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help cover all or most of the cost of operations, including depreciation (business-type activities). The City's governmental activities include general government; street, fire, and police departments; parks and cemetery; health and sanitation; ambulance, community and youth services. The business-type activities of the City include water, gas, and sewer department operations.

### **Fund Financial Statements**

A fund is grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate fiscal accountability. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. One proprietary fund is maintained by the City to report the enterprise functions of the water, sewer, and gas departments.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 - 19 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budget comparisons and financial statements of the nonmajor fund, this information can be found beginning on page 20 of this report.

### **Government-wide Financial Analysis**

The City implemented GASBS Nos. 34 and 37 in prior years. We have presented both current and prior year data and have discussed significant changes in the accounts. Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

## Net Assets

The following table reflects the condensed information on the City's net assets compared to the prior year.

**Table 1**  
**Statement of Net Assets**  
**in thousands**  
**as of September 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>ASSETS</b>						
Current and other assets	\$ 384.2	\$ 442.1	\$ 153.3	\$ 156.5	\$ 537.5	\$ 598.6
Capital assets, net	1,302.3	1,425.1	1,133.9	1,091.4	2,436.2	2,516.5
Total assets	1,686.5	1,867.2	1,287.2	1,247.9	2,973.7	3,115.1
<b>LIABILITIES</b>						
Current and other liabilities	75.2	155.8	50.0	56.9	125.2	212.7
Long-term debt outstanding	505.0	551.9	266.4	304.0	771.4	855.9
Total liabilities	580.2	707.7	316.4	360.9	896.6	1,068.6
Net assets:						
<b>NET ASSETS</b>						
Invested in capital assets, net of debt	750.3	826.1	835.1	747.4	1,585.4	1,573.5
Assigned	944.5	1,026.8	309.9	431.4	1,254.4	1,458.2
Unassigned	( 588.5 )	( 693.4 )	( 174.2 )	( 291.8 )	( 762.7 )	( 985.2 )
<b>TOTAL NET ASSETS</b>	<b>\$ 1,106.3</b>	<b>\$ 1,159.5</b>	<b>\$ 970.8</b>	<b>\$ 887.0</b>	<b>\$ 2,077.1</b>	<b>\$ 2,046.5</b>

For more detailed information see the Statement of Net Assets (page 2).

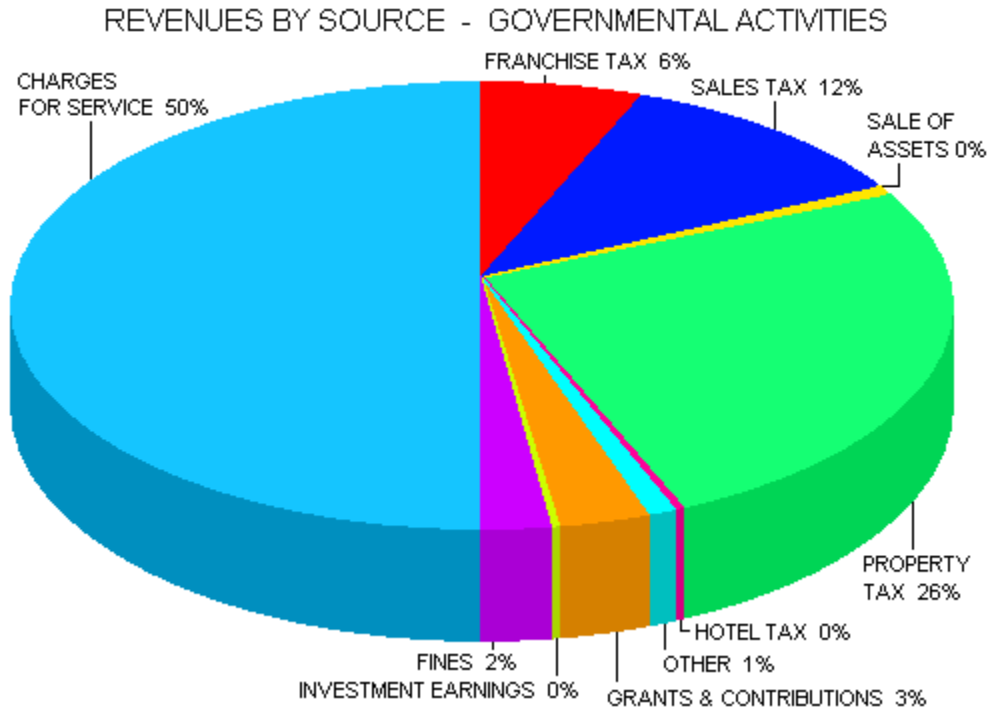
## Change in Net Assets

The City's total revenues and expenses for governmental and business-type activities for 2010 are reflected in a condensed version in the following table.

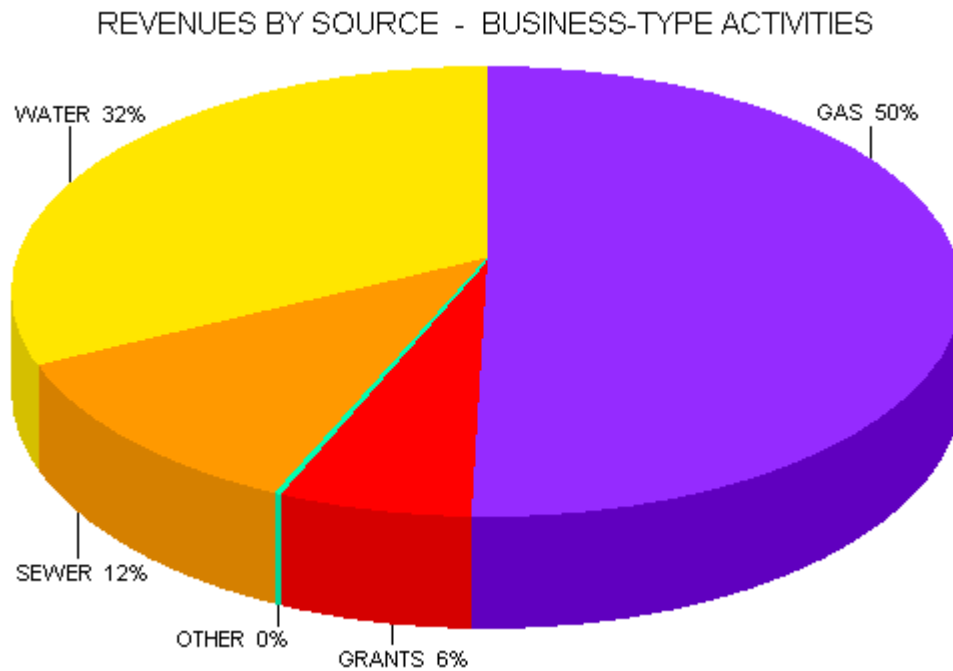
**Table 2**  
**Changes of Net Assets**  
**in thousands**  
**as of September 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 507.2	\$ 483.3	\$ 1,083.6	\$ 1,079.9	\$ 1,590.8	\$ 1,563.2
Grants & contributions	29.8	146.2	67.2	47.0	97.0	193.2
<b>General revenues:</b>						
Property taxes	260.2	242.0			260.2	242.0
Other taxes	181.9	192.3			181.9	192.3
Fines and forfeitures	22.9	37.4			22.9	37.4
Investment earnings	0.8	3.4			0.8	3.4
Sale of assets	4.6	7.3			4.6	7.3
Other	8.0	10.9	0.1		8.1	10.9
Total revenues	1,015.4	1,122.8	1,150.9	1,126.9	2,166.3	2,249.7
<b>Expenses:</b>						
General administration	173.1	158.9			173.1	158.9
Fire	74.6	71.3			74.6	71.3
Streets	158.4	183.7			158.4	183.7
Police	171.4	162.7			171.4	162.7
Sanitation	171.1	168.6			171.1	168.6
Public service	213.2	262.6			213.2	262.6
Ambulance	126.3	116.0			126.3	116.0
Cemetery	11.1	7.0			11.1	7.0
Community promotion	8.6				8.6	
Interest on long-term debt	31.0	32.6			31.0	32.6
Utilities			996.9	1,107.5	996.9	1,107.5
Total expenses	1,138.8	1,163.4	996.9	1,107.5	2,135.7	2,270.9
Increase in net assets before transfers	( 123.4 )	( 40.6 )	154.0	19.4	30.6	( 21.2 )
Transfers	70.2	9.2	( 70.2 )	( 9.2 )		
Increase in net assets	( 53.2 )	( 31.4 )	83.8	10.2	30.6	( 21.2 )
Net assets - October 1	1,159.5	1,190.9	887.0	876.8	2,046.5	2,067.7
Net assets - September 30	\$ 1,106.3	\$ 1,159.5	\$ 970.8	\$ 887.0	\$ 2,077.1	\$ 2,046.5

Charges for services continue to be the largest governmental activities component of revenues at 50%. Property taxes are the second largest (26%) component of the governmental activities revenues followed by sales tax at 12%.

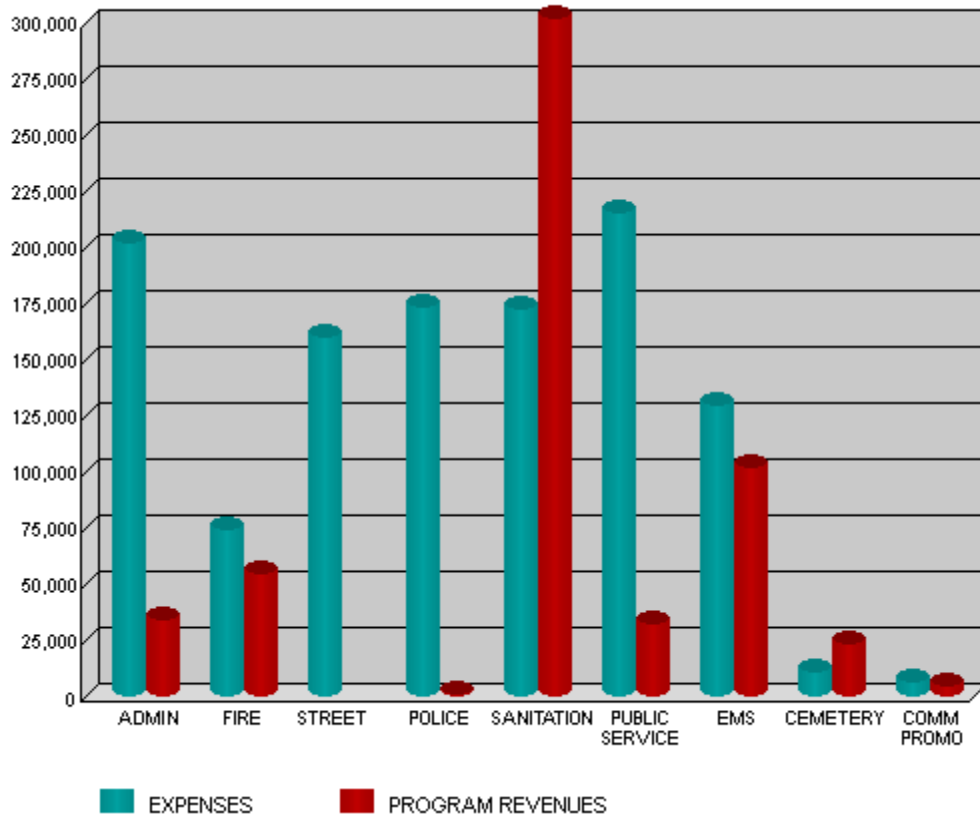


As indicated in the following chart, the utility revenue is the largest portion of business-type activity revenues representing a combined 94% of total revenue. The gas department stands for 50% of revenues generated by the business-type activities. With the exception of those previously discussed, revenues produced and expenses used in business-type activities remained consistent with the previous year.



The following graph depicts the breakdown of the governmental activities program revenues compared to expenses for each department in the general and cemetery funds.

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



**Requests for Information**

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the City's Manager, P O Box 909, Stinnett, Texas 79083.



CITY OF STINNETT, TEXAS  
 STATEMENT OF NET ASSETS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	ECONOMIC DEVELOPMENT CORPORATION
<b>ASSETS</b>				
Cash and cash equivalents	\$ ( 66,312 )	\$ 1,984	\$ ( 64,328 )	\$ 21,397
Receivables, net	51,444	52,982	104,426	
Due from other governments	6,567		6,567	
Restricted assets:				
Cash and cash equivalents		86,379	86,379	
Investments	392,569	3,500	396,069	
Debt issuance costs, net		8,458	8,458	
Capital assets:				
Non-depreciable	37,539	214,991	252,530	
Depreciable, net	1,264,737	1,373,810	2,638,547	
Less contributed capital		( 454,869 )	( 454,869 )	
<b>TOTAL ASSETS</b>	<b>1,686,544</b>	<b>1,287,235</b>	<b>2,973,779</b>	<b>21,397</b>
<b>LIABILITIES</b>				
Accounts payable	14,030	4,663	18,693	
Sales tax payable	1,263	1,347	2,610	
Accrued liabilities	12,985	4,020	17,005	
Due to primary government				
Non-current liabilities				
Due within one year:				
Capital leases	11,943		11,943	
Certificate of obligation	35,000	40,000	75,000	
Due in more than one year:				
Meter deposits		86,379	86,379	
Capital leases				
Certificate of obligation	505,000	180,000	685,000	
<b>TOTAL LIABILITIES</b>	<b>580,221</b>	<b>316,409</b>	<b>896,630</b>	
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	750,333	835,146	1,585,479	
Assigned	944,512	309,879	1,254,391	
Unassigned	( 588,522 )	( 174,199 )	( 762,721 )	21,397
<b>TOTAL NET ASSETS</b>	<b>\$ 1,106,323</b>	<b>\$ 970,826</b>	<b>\$ 2,077,149</b>	<b>\$ 21,397</b>

The accompanying notes and accountant's report  
 should be read with these financial statements.

CITY OF STINNETT, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

FUNCTION / PROGRAM ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS							
	EXPENSES	PROGRAM REVENUES			PRIMARY GOVERNMENT			COMPONENT UNIT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	ECONOMIC DEVELOPMENT CORPORATION
PRIMARY GOVERNMENT:								
Governmental Activities:								
General administration	\$ 173,116	\$ 32,899	\$	\$	\$ ( 140,217 )	\$	\$ ( 140,217 )	\$
Fire	74,548	32,016	19,150		( 23,382 )		( 23,382 )	
Streets	158,378				( 158,378 )		( 158,378 )	
Police	171,372		774		( 170,598 )		( 170,598 )	
Sanitation	171,070	296,195			125,125		125,125	
Public service	213,183	27,764	374		( 185,045 )		( 185,045 )	
Ambulance	126,291	94,973	1,090		( 30,228 )		( 30,228 )	
Cemetery	11,138	23,360	902		13,124		13,124	
Community promotion	8,653		7,480		( 1,173 )		( 1,173 )	
Interest on long-term debt	30,954				( 30,954 )		( 30,954 )	
Total governmental activities	1,138,703	507,207	29,770		( 601,726 )		( 601,726 )	
Business-Type Activities								
Water department	316,756	369,564	67,180			119,988	119,988	
Sewer department	105,586	133,789				28,203	28,203	
Gas department	574,544	580,247				5,703	5,703	
Total business-type activities	996,886	1,083,600	67,180			153,894	153,894	
TOTAL PRIMARY GOVERNMENT	\$ 2,135,589	\$ 1,590,807	\$ 96,950	\$	( 601,726 )	153,894	( 447,832 )	
COMPONENT UNIT:								
Economic Development Corporation	\$ 73,345	\$	\$	\$				( 73,345 )
GENERAL REVENUES:								
Taxes:								
Property taxes, levied for general purposes					260,154		260,154	
Sales taxes					116,769		116,769	43,343
Other intergovernmental sources					65,092		65,092	
Fines and forfeitures					22,880		22,880	
Investment earnings					818		818	
Sale of assets					4,634		4,634	
Other					8,027	137	8,164	
Transfers					70,175	( 70,175 )		
Total general revenues and transfers					548,549	( 70,038 )	478,511	43,343
CHANGE IN NET ASSETS					( 53,177 )	83,856	30,679	( 30,002 )
NET ASSETS - OCTOBER 1					1,159,500	886,970	2,046,470	51,399
NET ASSETS - SEPTEMBER 30					\$ 1,106,323	\$ 970,826	\$ 2,077,149	\$ 21,397

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Current cash and cash equivalents	\$ ( 87,109 )	\$ 20,499	\$ ( 66,610 )
Investments	345,569		345,569
Receivables (net)			
Taxes	17,362		17,362
Charges for service	6,230		6,230
Utilities	26,911		26,911
Due from other governments	6,401		6,401
TOTAL ASSETS	<u>\$ 315,364</u>	<u>\$ 20,499</u>	<u>\$ 335,863</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Current Liabilities			
Accounts payable	\$ 14,030	\$	\$ 14,030
Sales tax payable	1,263		1,263
Accrued liabilities	9,243		9,243
Current portion of capital leases	11,943		11,943
TOTAL CURRENT LIABILITIES	<u>36,479</u>		<u>36,479</u>
Non-current portion of capital leases			
TOTAL LIABILITIES	<u>36,479</u>		<u>36,479</u>
Fund Balances:			
Assigned	349,966		349,966
Unassigned	( 71,081 )	20,499	( 50,582 )
TOTAL FUND BALANCES	<u>278,885</u>	<u>20,499</u>	<u>299,384</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 315,364</u>	<u>\$ 20,499</u>	<u>\$ 335,863</u>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 RECONCILIATION OF THE BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2010

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 299,384

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 2,763,327	
Less accumulated depreciation	<u>( 1,461,051 )</u>	1,302,276

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the governmental funds. 48,405

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable ( 540,000 )

Some liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. ( 3,742 )

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,106,323

CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	GENERAL	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Charges for services	\$ 483,847	\$ 23,360	\$ 507,207
Grants and contributions	28,868	902	29,770
Property taxes	190,491		190,491
Sales taxes	116,769		116,769
Other intergovernmental sources	65,092		65,092
Fines and forfeitures	22,880		22,880
Income on investments	816		816
Sale of assets	4,634		4,634
Other	8,027		8,027
<b>TOTAL REVENUES</b>	<b>921,424</b>	<b>24,262</b>	<b>945,686</b>
<u>EXPENDITURES</u>			
Current Operating:			
General administration	164,883		164,883
Fire	44,907		44,907
Streets	141,020		141,020
Police	154,114		154,114
Sanitation	139,769		139,769
Public service	164,283		164,283
Ambulance	96,285		96,285
Community promotion	8,653		8,653
Cemetery		11,138	11,138
Capital outlay	59,847		59,847
<b>TOTAL EXPENDITURES</b>	<b>973,761</b>	<b>11,138</b>	<b>984,899</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	( 52,337 )	13,124	( 39,213 )
<u>OTHER FINANCING SOURCES AND (USES)</u>			
Transfers in (out)	73,605		73,605
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>73,605</b>		<b>73,605</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>21,268</b>	<b>13,124</b>	<b>34,392</b>
FUND BALANCES - OCTOBER 1	257,617	7,375	264,992
FUND BALANCES - SEPTEMBER 30	<u>\$ 278,885</u>	<u>\$ 20,499</u>	<u>\$ 299,384</u>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 34,392

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Current year depreciation	(	147,066	)
Capital asset additions		24,217	
Capital asset disposals			

Other proceeds reported in the statement of activities are not required for use as current financial resources and therefore are not reported as revenues in the governmental funds.	66,235
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	( 30,955 )
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ ( 53,177 )</u>
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CITY OF STINNETT, TEXAS  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

ACTIVITIES  
ENTERPRISE  
FUNDS  


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UTILITY  


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ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,984
Accounts receivable, net	52,982

TOTAL CURRENT ASSETS

54,966

Non-Current Assets:

Restricted:

Cash and cash equivalents	86,379
Investments	3,500
Bond issuance, net	8,458

Capital Assets:

Land	105,400
Construction in progress	109,591
Buildings and improvements	55,210
Infrastructure	2,825,316
Machinery and equipment	299,349
Office furniture and equipment	4,111
Transportation equipment	63,192
Less accumulated depreciation	( 1,873,368 )
Less contributed capital	( 454,869 )

TOTAL NON-CURRENT ASSETS

1,232,269

TOTAL ASSETS

1,287,235

LIABILITIES

Current Liabilities:

Accounts payable	4,663
Sales tax payable	1,347
Accrued liabilities	4,020
Current portion of certificates of obligation	40,000

TOTAL CURRENT LIABILITIES

50,030

Non-Current Liabilities:

Meter deposits payable	86,379
Non-current portion of certificates of obligation	180,000

TOTAL NON-CURRENT LIABILITIES

266,379

TOTAL LIABILITIES

316,409

NET ASSETS

Invested in capital assets, net of related debt	835,146
Assigned	309,879
Unassigned	( 174,199 )

TOTAL NET ASSETS

\$ 970,826

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS <u>UTILITY</u>
<u>OPERATING REVENUES</u>	
Utilities	\$ 1,083,737
Less bad debts	( 3,495 )
TOTAL OPERATING REVENUES	<u>1,080,242</u>
<u>OPERATING EXPENSES</u>	
Salaries, wages and employee benefits	251,203
Contractual services, materials and supplies	95,671
Natural gas purchases	410,546
Repairs and maintenance	108,155
Building insurance	2,428
Depreciation expense	90,382
Amortization expense	1,692
Capital improvements	17,672
Other expenses	4,528
TOTAL OPERATING EXPENSES	<u>982,277</u>
OPERATING INCOME (LOSS)	<u>97,965</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Capital grants and donations	67,180
Sale of assets	
Income on investments	
Interest expense	( 11,114 )
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>56,066</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>154,031</u>
Transfers in (out)	( 70,175 )
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>( 70,175 )</u>
CHANGE IN NET ASSETS	83,856
NET ASSETS - OCTOBER 1	<u>886,970</u>
NET ASSETS - SEPTEMBER 30	<u>\$ 970,826</u>

The accompanying notes and accountant's report  
should be read with these financial statements.



CITY OF STINNETT, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

ACTIVITIES  
ENTERPRISE  
FUNDS  


---

UTILITY  


---

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:

CASH FLOWS FROM OPERATIONS:

Receipts from customers	\$ 1,083,878
Payments to suppliers	( 613,700 )
Payments to employees	( 256,034 )
Net cash provided by (used in) operating activities	<u>214,144</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Receipts from grants and donations	67,180
Transfers (to) from general fund	( 64,333 )
Net cash flows from noncapital financing activities	<u>2,847</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Payments for acquisition of capital assets	( 163,755 )
Payments of certificate of obligation	( 40,000 )
Net cash flows from capital and related financing activities	<u>( 203,755 )</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Receipts from interest	
Payments of interest	( 11,114 )
Net cash flows from investing activities	<u>( 11,114 )</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

2,122

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

86,241

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 88,363

CLASSIFIED AS:

Current assets	\$ 1,984
Restricted assets	<u>86,379</u>

TOTALS

\$ 88,363

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES:

<u>OPERATING INCOME:</u>	\$	97,965
Adjustments:		
Depreciation		115,343
Amortization		1,692
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable, net		3,636
Increase (decrease) in accounts payable	(	2,081 )
Increase (decrease) in sales tax payable		
Increase (decrease) in accrued liabilities	(	4,831 )
Increase (decrease) in meter deposits payable		2,420
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$</u>	<u>214,144</u>

The accompanying notes and accountant's report  
should be read with these financial statements.

### ACCOUNTING POLICIES

The City of Stinnett, Texas complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

#### A. The Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to insure that the financial statements of the City of Stinnett, Texas are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization, if the City appoints a voting majority of the organizations governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes.

Based on the application of these criteria, the City has one component unit, Economic Development Corporation of Stinnett. Additional information about the Economic Development Corporation of Stinnett can be obtained from their administrative office as follows:

Economic Development Corporation of Stinnett  
609 Mackenzie  
Stinnett, Texas 79083-0909

#### B. Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including assigned investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

#### Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

#### C. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statement in this report, into two generic fund types and two broad fund categories as follows:

ACCOUNTING POLICIES - CONTINUED

C. Fund Accounting (Con't)

Governmental Fund

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the City's governmental fund:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Governmental Fund Types - Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

Proprietary Fund

The Proprietary Fund is used to account for the City's ongoing activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following is the City's proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City and some residents outside the City, financed through user charges.

Gas Fund - The Gas Fund accounts for the provision of gas services to the residents of the City and some residents outside the City, financed through user charges.

Account Groups - The account groups are used to account for fixed assets and long term liabilities which are not reported in the respective governmental funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Revenues which are susceptible to accrual under the modified accrual basis of accounting are ad valorem taxes and interest on investments. Revenues such as certain license fees, fees of officials, and fines are not susceptible to accrual because they are neither measurable nor available until they are actually received, and therefore are not recorded until such time.

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities and incurred.

ACCOUNTING POLICIES - CONTINUED

E. Budgetary Data

The budgetary data in the financial statements reflects the budget passed and approved by the City Council. The City Council approves, by ordinance, total budget appropriations only for each fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Street, Fire, etc.). The budget is prepared principally on the modified accrual basis of accounting for governmental funds and on the accrual basis for the proprietary fund. Annual budgets are employed as a management control device during the year for the General Fund and the Proprietary Fund Type, the Utility Fund. All annual appropriations lapse at fiscal year end.

F. Fixed Assets and Long-Term Liabilities

The City's property, plant, equipment and infrastructure which meet the established value criteria and having useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets, drainage systems, and lighting systems, are not capitalized if obtained prior to October 1, 2003. After that date, all infrastructure records are maintained in a consistent manner to all other capital asset records. Donated fixed assets, if any, are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used by the government is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements . . . . .	30 years
Infrastructure . . . . .	10 - 20 years
Equipment . . . . .	5 - 10 years

Long-term liabilities expected to be financed from governmental funds are accounted for in the Government-wide statements, not in the governmental funds. The City has no long-term debt expected to be financed from the General Fund.

Special reporting treatment is also applied to governmental and proprietary fund prepaid expenses and assigned assets to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserved for debt service accounts.

G. Delinquent Taxes Receivable

The delinquent taxes due the City represent all delinquent taxes on real property and the prior year on personal property. No provision for uncollectible taxes has been recorded. In accordance with generally accepted accounting principles applicable to government entities, the portion of taxes receivable that is deemed collectible, but not expected to be available within 60 days after the end of the year has been recorded as deferred revenue, \$34,835. This amount is reported net of taxes receivable, \$37,076.

H. Vacation Leave

Regular full-time employees are entitled to vacations of two to five weeks per year depending on longevity. Vacation time earned, but not taken, is paid at termination, but cannot be accumulated beyond one calendar year. The City has recorded a liability for accrued vacation \$4,020 in the Enterprise Fund and \$9,243 in the General Fund.

CASH AND INVESTMENTS

The City considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The City conducts all of its banking transactions with its depository bank. The City deposits are categorized to give an indication of the level of risk assumed by the City at September 30, 2010. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized

CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

CASH AND INVESTMENTS - CONTINUED

Deposits

At September 30, 2010 the carrying amount of the City's deposits with financial institutions was \$21,651 and the bank balance was \$109,169. All deposits as of the balance sheet date are covered by federal depository insurance coverage and collateralized securities. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 109,169
Collateralized	-0-
Total bank balance	<u>\$ 109,169</u>

The cash shown above as the City's deposits with financial institutions is reconciled with cash and certificates of deposit shown on the Statement of Net Assets as follows:

City's deposits with Happy State Bank	\$ 21,651
Petty cash on hand	400
Cash restricted	( 86,379 )
Cash and cash equivalents - Statement of Net Assets	<u>\$ ( 64,328 )</u>

At September 30, 2010, the City had investments of \$396,069 held in TexPool (Texas Treasury Safekeeping Trust Company) and Lone Star Investment Pool (First Public, LLC). These investments are not insured or guaranteed by the FDIC or any other government agency and though these investment pools seek to preserve the value of the investment at a fixed share price, it is possible to lose money by investing in municipal fund securities.

For the Utility Fund's Statement of Cash Flows, the City has defined cash and cash equivalents as all cash on hand and all demand deposits. Under this definition, the cash caption on the Statement of Cash Flows consists of the following items on the Statement of Net Assets:

Cash	\$ 1,984
Restricted assets - cash	86,379
	<u>\$ 88,363</u>

PROPERTY TAXES

Real and personal property values are assessed for the period January 1st, to December 31st, as of January 1st. Taxes are levied prior to October 1st of the current year. The tax statements are mailed on October 1st. Taxes are collected from October 31st to June 30th of the following year. Penalty and interest are added on collections after January 31st. Taxes become delinquent on July 1st.

CAPITAL ASSETS

**CHANGES IN CAPITAL ASSETS**

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS - DEPRECIATED							Totals
	Land	Construction in Progress	Buildings and Improvements	Infrastructure	Machinery and Equipment	Office Furniture and Equipment	Transportation Equipment	
<b>PRIMARY GOVERNMENT</b>								
<i>Governmental Activities</i>								
Balance, October 1, 2009	\$ 37,539	\$	\$ 1,283,311	\$ 257,347	\$ 476,262	\$ 13,981	\$ 670,670	\$ 2,739,110
Increases			7,667		16,550			24,217
Decreases								
Balance, September 30, 2010	37,539		1,290,978	257,347	492,812	13,981	670,670	2,763,327
<b>Accumulated Depreciation</b>								
Balance, October 1, 2009			439,467	186,309	262,969	11,688	413,552	1,313,985
Increases			46,704	4,618	50,967	598	44,179	147,066
Decreases								
Balance, September 30, 2010			486,171	190,927	313,936	12,286	457,731	1,461,051
<b>Governmental Activities</b>								
Capital assets, net	\$ 37,539	\$	\$ 804,807	\$ 66,420	\$ 178,876	\$ 1,695	\$ 212,939	\$ 1,302,276
<b>Business-Type Activities</b>								
Balance, October 1, 2009	\$ 105,400	\$ 150,892	\$ 39,877	\$ 2,674,424	\$ 260,518	\$ 4,111	\$ 63,192	\$ 3,298,414
Increases		109,591	15,333	150,892	38,831			314,647
Decreases		150,892						150,892
Balance, September 30, 2010	105,400	109,591	55,210	2,825,316	299,349	4,111	63,192	3,462,169
<b>Accumulated Depreciation</b>								
Balance, October 1, 2009			30,984	1,464,828	204,450	4,111	53,652	1,758,025
Increases			1,925	94,555	15,235		3,628	115,343
Decreases								
Balance, September 30, 2010			32,909	1,559,383	219,685	4,111	57,280	1,873,368
<b>Business-Type Activities</b>								
Capital assets, net	\$ 105,400	\$ 109,591	\$ 22,301	\$ 1,265,933	\$ 79,664	\$	\$ 5,912	\$ 1,588,801
<b>PRIMARY GOVERNMENT</b>								
Capital assets, net	\$ 142,939	\$ 109,591	\$ 827,108	\$ 1,332,353	\$ 258,540	\$ 1,695	\$ 218,851	\$ 2,891,077

CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

CAPITAL LEASES

The City of Stinnett, Texas entered into a base-purchase agreement with First National Bank of Borger on September 1, 2009. A 2009 Caterpillar Skid Loader is being acquired with total installments of \$12,451, including interest. This lease qualifies as a capital lease for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the date of its inception.

The minimum future rental commitment under the leases for years ending September 30, is as follows:

<u>SEPTEMBER 30</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$ 11,943	\$ 508	\$ 12,451

GOVERNMENTAL FUND SPECIAL ASSESSMENT DEBT

Certificates of obligation series 2003 due in annual installments on February 15 backed by the full faith and credit of the City.

	\$ 540,000
Less: certificate due within one year	<u>35,000</u>
Long-Term Debt	<u><u>\$ 505,000</u></u>

The annual requirements to amortize the certificates of obligation as of September 30, 2010 are as follows:

<u>SEPTEMBER 30</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$ 35,000	\$ 29,085	\$ 64,085
2012	40,000	27,130	67,130
2013	40,000	24,970	64,970
2014	45,000	22,675	67,675
2015	45,000	20,200	65,200
2016-2020	270,000	58,160	328,160
Thereafter	65,000	1,853	66,853
	<u>\$ 540,000</u>	<u>\$ 184,073</u>	<u>\$ 724,073</u>

PROPRIETARY FUND SPECIAL ASSESSMENT DEBT

Certificates of obligation series 2005 due in annual installments on February 15 backed by the full faith and credit of the City.

	\$ 220,000
Less: certificate due within one year	<u>40,000</u>
Long-Term Debt	<u><u>\$ 180,000</u></u>

The annual requirements to amortize the certificates of obligation as of September 30 are as follows:

<u>YEAR ENDING SEPTEMBER 30</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$ 40,000	\$ 9,615	\$ 49,615
2012	40,000	7,795	47,795
2013	45,000	5,785	50,785
2014	45,000	3,603	48,603
2015	50,000	1,250	51,250
	<u>\$ 220,000</u>	<u>\$ 28,048</u>	<u>\$ 248,048</u>

RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.



CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN - CONTINUED

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P O Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>2009</u>	<u>2010</u>
Employee deposit rate	5%	5%
Matching Ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60 / 5, 0 / 25	60 / 5, 0 / 25
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation / (asset) are as follows:

Schedule of Actuarial Liabilities and Funding Progress  
 For the Year Ended September 2010

Actuarial Valuation Date	12/31/2009
Actuarial Value of Assets	\$ 1,334,647
Actuarial Accrued Liability	\$ 1,245,035
Percentage Funded	107.20%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ ( 89,612 )
Annual Covered Payroll	\$ 436,396
UAAL as a Percentage of Covered Payroll	( 20.50% )
Net Pension Obligation (NPO) as the Beginning of Period	\$ -0-
Annual Pension Cost: Annual Required Contribution (ARC)	\$ 13,151
Contributions Made	\$ 13,151
NPO at the end of the period	<u>\$ -0-</u>

CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN - CONTINUED

The required contributions rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	12/31/2007	12/31/2008	12/31/2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	25 years: closed period	24 years: closed period	23 years: closed period
Amortization Period for new Gains / Losses	25 years	25 years	25 years
Asset Valuation Method	Amortized Cost	Amortized Cost	10-yr Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.5%	7.5%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.0% 2.1%	3.0% 0.0%	3.0% 0.0%

The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Schedule of Funding Progress (unaudited)

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>FUNDED RATIO</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>	<u>ANNUAL COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>
12/31/2005	\$ 974,992	\$ 956,225	102.0%	\$ (18,767)	\$ 469,262	-4.0%	\$ 49,642
12/31/2006	1,070,835	1,049,936	102.0%	(20,899)	399,406	-5.2%	25,820
12/31/2007	1,154,586	1,063,403	108.6%	(91,183)	387,161	-23.6%	22,893
12/31/2008	1,231,188	1,139,270	108.1%	(91,918)	451,214	-20.4%	15,137
12/31/2009	1,334,647	1,245,035	107.2%	(89,612)	436,396	-20.5%	13,151

SUPPLEMENTAL DEATH BENEFITS FUND

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefits for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB.

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund term life insurance during employees' entire careers.

CITY OF STINNETT, TEXAS  
 SCHEDULE OF REVENUES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>REVENUES FROM CHARGES FOR SERVICES</u>				
Administration department	\$ 32,899	\$ 31,000	\$ 1,899	\$ 25,238
Fire department	32,016	35,000	( 2,984 )	19,112
Sanitation department	296,195	285,000	11,195	296,674
Public service department	27,764	69,000	( 41,236 )	35,583
Ambulance department	94,973	81,000	13,973	93,728
TOTAL REVENUES FROM CHARGES FOR SERVICES	<u>483,847</u>	<u>501,000</u>	<u>( 17,153 )</u>	<u>470,335</u>
<u>REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS</u>				
Administration department				
Fire department	19,150	500	18,650	18,764
Police department	774	500	274	30,205
Public service department	374	1,000	( 626 )	15,531
Ambulance department	1,090	500	590	75,953
Helen's Kids	2,868		2,868	
Stinnett Birthday Celebration	4,612		4,612	
TOTAL REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS	<u>28,868</u>	<u>2,500</u>	<u>26,368</u>	<u>140,453</u>
<u>REVENUES FROM PROPERTY TAXES</u>				
Property taxes	190,491	170,000	20,491	171,079
<u>REVENUES FROM INTERGOVERNMENTAL SOURCES</u>				
Sales taxes	116,769	130,000	( 13,231 )	128,918
<u>REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES</u>				
Franchise taxes	63,794	60,000	3,794	62,684
Hotel occupancy taxes	1,298	1,000	298	660
TOTAL REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES	<u>65,092</u>	<u>61,000</u>	<u>4,092</u>	<u>63,344</u>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 SCHEDULE OF REVENUES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>ACTUAL 2010</u>	<u>ORIGINAL &amp; FINAL BUDGET 2010</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL 2009</u>
<u>REVENUES FROM FINES AND FORFEITURES</u>				
Police department	\$ 22,880	\$ 36,500	\$ ( 13,620 )	\$ 37,391
<u>REVENUES FROM INCOME ON INVESTMENTS</u>				
Investment earnings	816	3,000	( 2,184 )	3,425
<u>REVENUES FROM SALE OF ASSETS</u>				
Sale of assets	4,634	5,000	( 366 )	7,279
<u>REVENUES FROM OTHER SOURCES</u>				
Miscellaneous	8,027	1,500	6,527	10,950
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	<u>73,605</u>	<u>50,000</u>	<u>23,605</u>	<u>14,162</u>
TOTAL REVENUES	<u>\$ 995,029</u>	<u>\$ 960,500</u>	<u>\$ 34,529</u>	<u>\$ 1,047,336</u>

The accompanying notes and accountant's report  
 should be read with these financial statements.

CITY OF STINNETT, TEXAS  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>GENERAL ADMINISTRATION EXPENDITURES</u>				
Salaries	\$ 54,275	\$ 88,500	\$ 34,225	\$ 54,466
Social security	4,192	3,500	( 692 )	4,203
Retirement	1,773	2,000	227	2,510
Workers comp	2,771	1,000	( 1,771 )	543
General liability insurance	10,222	10,000	( 222 )	11,490
Insurance and bonds	2,999	1,700	( 1,299 )	329
Utilities and telephone	6,696	5,500	( 1,196 )	4,827
Telephone Lease				1,491
Office supplies	14,900	5,000	( 9,900 )	8,715
Training, travel and dues	9,802	10,000	198	15,162
Professional fees	14,765	8,000	( 6,765 )	10,520
Computer service	10,780	10,000	( 780 )	12,428
Auto expense	2,931		( 2,931 )	3,295
Supplies	1,059	500	( 559 )	734
Election expense	8,652	3,500	( 5,152 )	3,286
Assessing and collecting	5,168	3,000	( 2,168 )	3,146
Repairs and maintenance	9,635	5,500	( 4,135 )	9,996
Miscellaneous	4,263	2,500	( 1,763 )	3,646
<b>TOTAL GENERAL ADMINISTRATION EXPENDITURES</b>	<b>164,883</b>	<b>160,200</b>	<b>( 4,683 )</b>	<b>150,787</b>
<u>FIRE DEPARTMENT EXPENDITURES</u>				
Firemen's fees	3,965	5,000	1,035	6,233
Workers comp	1,122	1,000	( 122 )	502
Utilities	7,442	7,000	( 442 )	8,613
Contract services	4,965	4,500	( 465 )	2,500
Office supplies	522	1,000	478	2,357
Training, travel and dues	6,379	2,500	( 3,879 )	474
Auto expense	8,720	8,000	( 720 )	7,058
Supplies	2,728	3,000	272	4,127
Repairs and maintenance	8,064	5,000	( 3,064 )	9,778
Building insurance	1,000	1,000		899
Miscellaneous				
<b>TOTAL FIRE DEPARTMENT EXPENDITURES</b>	<b>44,907</b>	<b>38,000</b>	<b>( 6,907 )</b>	<b>42,541</b>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>STREET DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 48,004	\$ 43,000	\$ ( 5,004 )	\$ 51,561
Social security	4,003	3,000	( 1,003 )	3,914
Retirement	1,444	2,000	556	2,020
Workers comp	1,500	1,500		1,163
General liability insurance	5,134	3,500	( 1,634 )	4,642
Utilities	23,252	20,000	( 3,252 )	21,783
Contract services	33,155	20,000	( 13,155 )	27,375
Supplies	1,151	500	( 651 )	2,318
Professional fees				168
Auto expense	7,739	4,500	( 3,239 )	7,074
Repairs and maintenance	12,936	105,000	92,064	47,757
Interest expense	394		( 394 )	
Miscellaneous	2,308	2,000	( 308 )	2,201
<b>TOTAL STREET DEPARTMENT EXPENDITURES</b>	<b>141,020</b>	<b>205,000</b>	<b>63,980</b>	<b>171,976</b>
<u>POLICE DEPARTMENT EXPENDITURES</u>				
Salaries	64,905	88,400	23,495	64,148
Social security	4,302	3,000	( 1,302 )	4,243
Retirement	1,803	2,000	197	2,261
Workers comp	1,500	1,500		1,287
General liability insurance	20,924	15,000	( 5,924 )	16,386
Utilities and telephone	3,295	3,000	( 295 )	1,885
Contract services	4,175	4,500	325	7,500
Office supplies	2,564	5,000	2,436	4,907
Training, travel and dues	9,119	3,000	( 6,119 )	6,531
Professional fees	2,870	3,000	130	1,723
Court state fees	10,161	10,000	( 161 )	11,998
Auto expense	14,063	8,000	( 6,063 )	10,076
Supplies	2,574	1,500	( 1,074 )	3,688
Uniforms	8,692	9,000	308	8,038
Repairs and maintenance	3,167	3,000	( 167 )	3,120
Miscellaneous				
<b>TOTAL POLICE DEPARTMENT EXPENDITURES</b>	<b>154,114</b>	<b>159,900</b>	<b>5,786</b>	<b>147,791</b>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>SANITATION DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 44,204	\$ 35,000	\$ ( 9,204 )	\$ 41,297
Social security	3,290	3,000	( 290 )	3,163
Retirement	1,408	2,000	592	1,884
Workers comp	1,121	1,000	( 121 )	501
General liability insurance	6,734	6,500	( 234 )	6,906
Utilities and telephone	1,477	1,500	23	1,056
Contract services	60,906	55,000	( 5,906 )	63,858
Training, travel and dues		300	300	321
Professional fees	1,200	1,500	300	
Auto expense	13,535	9,500	( 4,035 )	12,963
Supplies	740	500	( 240 )	690
Repairs and maintenance	4,981	4,000	( 981 )	9,981
Miscellaneous	173		( 173 )	
<b>TOTAL SANITATION DEPARTMENT EXPENDITURES</b>	<b>139,769</b>	<b>119,800</b>	<b>( 19,969 )</b>	<b>142,620</b>
<u>PUBLIC SERVICE DEPARTMENT EXPENDITURES</u>				
Salaries	96,171	62,000	( 34,171 )	104,633
Social security	7,324	6,000	( 1,324 )	7,994
Retirement	623	1,000	377	872
Workers comp	1,000	1,000		502
Utilities and telephone	25,994	20,500	( 5,494 )	28,814
Training, travel and dues	1,873	2,000	127	1,991
Professional fees	1,516	500	( 1,016 )	1,417
Auto expense	6,340	5,500	( 840 )	6,064
Supplies	7,269	4,500	( 2,769 )	5,397
Repairs and maintenance	5,117	7,500	2,383	39,863
Building insurance	1,000	1,000		1,058
Concessions	10,056	5,000	( 5,056 )	12,663
Miscellaneous				
<b>TOTAL PUBLIC SERVICE DEPARTMENT EXPENDITURES</b>	<b>164,283</b>	<b>116,500</b>	<b>( 47,783 )</b>	<b>211,268</b>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>AMBULANCE EXPENDITURES</u>				
Ambulance fees	\$ 2,630	\$	\$ ( 2,630 )	\$ 3,080
Salaries	30,918	30,000	( 918 )	31,154
Social security	2,330	1,800	( 530 )	2,330
Retirement	997	1,000	3	1,391
Workers comp	1,000	1,000		502
General liability insurance	5,977	5,000	( 977 )	5,955
Utilities and telephone	3,925	4,500	575	3,395
Contract services	5,312	5,500	188	1,116
Office supplies	1,685	1,000	( 685 )	1,023
Training, travel and dues	5,038	4,000	( 1,038 )	6,234
Professional fees	10,171	8,000	( 2,171 )	9,969
Auto expense	6,476	4,500	( 1,976 )	6,098
Supplies	175	1,500	1,325	1,917
Medical supplies	7,130	9,000	1,870	9,994
Uniforms	226	300	74	204
Volunteer expenditures	5,080	6,000	920	2,700
Repairs and maintenance	7,215	5,500	( 1,715 )	12,553
<b>TOTAL AMBULANCE EXPENDITURES</b>	<b>96,285</b>	<b>88,600</b>	<b>( 7,685 )</b>	<b>99,615</b>
<u>COMMUNITY PROMOTION</u>				
Helen's Kids	2,777		( 2,777 )	
Stinnett Birthday Celebration	5,876		( 5,876 )	
<b>TOTAL COMMUNITY PROMOTION</b>	<b>8,653</b>		<b>( 8,653 )</b>	

The accompanying notes and accountant's report should be read with these financial statements.



CITY OF STINNETT, TEXAS  
 SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>CAPITAL IMPROVEMENT EXPENDITURES</u>				
General administration	7,667	2,000	( 5,667 )	
Fire department	17,485	7,000	( 10,485 )	
Street department	2,183	30,000	27,817	45,463
Police department	7,644	20,000	12,356	68,147
Sanitation department	9,410	10,000	590	4,130
Public service department	4,393	2,500	( 1,893 )	6,691
Ambulance department	11,065	11,000	( 65 )	93,112
TOTAL CAPITAL IMPROVEMENT EXPENDITURES	<u>59,847</u>	<u>82,500</u>	<u>22,653</u>	<u>217,543</u>
 TOTAL EXPENDITURES	 <u>\$ 973,761</u>	 <u>\$ 970,500</u>	 <u>\$ ( 3,261 )</u>	 <u>\$ 1,184,141</u>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
BALANCE SHEET  
COMBINED UTILITY FUNDS  
SEPTEMBER 30, 2010 AND 2009

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,209	\$ 775	\$ 1,984
Accounts receivable, net	41,333	11,649	52,982
<b>TOTAL CURRENT ASSETS</b>	<b>42,542</b>	<b>12,424</b>	<b>54,966</b>
NON-CURRENT ASSETS			
Restricted:			
Cash and cash equivalents	35,624	50,755	86,379
Investments	3,500		3,500
Bond issuance, net	8,458		8,458
Capital Assets:			
Land	105,400		105,400
Construction in progress	109,591		109,591
Buildings and improvements	28,988	26,222	55,210
Infrastructure	2,529,511	295,805	2,825,316
Machinery and equipment	265,632	33,717	299,349
Office furniture and equipment	2,056	2,055	4,111
Transportation equipment	31,178	32,014	63,192
Less accumulated depreciation	( 1,560,045 )	( 313,323 )	( 1,873,368 )
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,559,893</b>	<b>127,245</b>	<b>1,687,138</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,602,435</b>	<b>\$ 139,669</b>	<b>\$ 1,742,104</b>
<u>LIABILITIES AND FUND BALANCES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 4,325	\$ 338	\$ 4,663
Sales tax payable		1,347	1,347
Accrued liabilities	2,841	1,179	4,020
Current portion of certificates of obligation	40,000		40,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>47,166</b>	<b>2,864</b>	<b>50,030</b>
NON-CURRENT LIABILITIES			
Meter deposits payable	35,624	50,755	86,379
Non-current portion of certificates of obligation	180,000		180,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>215,624</b>	<b>50,755</b>	<b>266,379</b>
<b>TOTAL LIABILITIES</b>	<b>262,790</b>	<b>53,619</b>	<b>316,409</b>
<u>FUND BALANCES</u>			
Invested in capital assets, net of related debt	758,656	76,490	835,146
Contributed capital	454,869		454,869
Assigned	259,124	50,755	309,879
Unassigned	( 133,004 )	( 41,195 )	( 174,199 )
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,602,435</b>	<b>\$ 139,669</b>	<b>\$ 1,742,104</b>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
ACTUAL COMPARED TO BUDGETARY BASIS  
COMBINED UTILITY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	ACTUAL ON BUDGETARY BASIS	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>OPERATING REVENUES</u>					
Utilities	\$ 1,083,737		\$ 1,083,737	\$ 1,011,800	\$ 71,937
Less bad debts	( 3,495 )		( 3,495 )		( 3,495 )
<b>TOTAL OPERATING REVENUES</b>	<b>1,080,242</b>		<b>1,080,242</b>	<b>1,011,800</b>	<b>68,442</b>
<u>OPERATING EXPENSES</u>					
Salaries, wages and employee benefits	251,203		251,203	255,000	3,797
Contractual services, materials and supplies	95,671		95,671	82,000	( 13,671 )
Natural gas purchases	410,546		410,546	410,000	( 546 )
Repairs and maintenance	108,155		108,155	35,500	( 72,655 )
Building insurance	2,428		2,428	2,400	( 28 )
Depreciation expense	90,382	\$ ( 90,382 ) <sup>(1)</sup>			
Amortization expense	1,692	( 1,692 ) <sup>(2)</sup>			
Capital improvements	17,672		17,672	147,300	129,628
Other expenses	4,528		4,528	4,600	72
<b>TOTAL OPERATING EXPENSES</b>	<b>982,277</b>	<b>( 92,074 )</b>	<b>890,203</b>	<b>936,800</b>	<b>46,597</b>
<b>OPERATING INCOME (LOSS)</b>	<b>97,965</b>	<b>92,074</b>	<b>190,039</b>	<b>75,000</b>	<b>115,039</b>
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Capital grants and donations	67,180		67,180		67,180
Sale of assets					
Income on investments					
Interest expense	( 11,114 )		( 11,114 )	10,000	( 1,114 )
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$ 56,066</b>	<b>\$</b>	<b>\$ 56,066</b>	<b>\$ ( 10,000 )</b>	<b>\$ 66,066</b>

The accompanying notes and accountant's report  
should be read with these financial statements.

CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
ACTUAL COMPARED TO BUDGETARY BASIS  
COMBINED UTILITY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>ACTUAL</u>	<u>ADJUSTMENT TO BUDGETARY BASIS</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 154,031	\$ 92,074	\$ 246,105	\$ 65,000	\$ 181,105
TRANSFERS IN (OUT)	( 70,175 )	70,175	(3)		
	( 70,175 )	70,175			
CHANGE IN NET ASSETS	83,856	162,249	246,105	65,000	181,105
NET ASSETS - OCTOBER 1	<u>886,970</u>				
NET ASSETS - SEPTEMBER 30	<u>\$ 970,826</u>				

NOTES

- (1) The City of Stinnett does not budget depreciation expense.
- (2) The City of Stinnett does not budget amortization expense.
- (3) The City of Stinnett does not budget transfers.

The accompanying notes and accountant's report  
should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 COMPARATIVE BALANCE SHEET  
 WATER AND SEWER FUND  
SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,209	\$ 1,198
Accounts receivable, net	<u>41,333</u>	<u>33,988</u>
TOTAL CURRENT ASSETS	<u>42,542</u>	<u>35,186</u>
NON-CURRENT ASSETS		
Restricted:		
Cash and cash equivalents	35,624	34,842
Investments	3,500	3,500
Bond issuance, net	8,458	10,150
Capital Assets:		
Land	105,400	105,400
Construction in progress	109,591	150,892
Buildings and improvements	28,988	21,322
Infrastructure	2,529,511	2,378,619
Machinery and equipment	265,632	226,801
Office furniture and equipment	2,056	2,056
Transportation equipment	31,178	31,178
Less accumulated depreciation	<u>( 1,560,045 )</u>	<u>( 1,452,242 )</u>
TOTAL NON-CURRENT ASSETS	<u>1,559,893</u>	<u>1,512,518</u>
TOTAL ASSETS	<u>\$ 1,602,435</u>	<u>\$ 1,547,704</u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 4,325	\$ 753
Accrued liabilities	2,841	5,741
Current portion of certificates of obligation	<u>40,000</u>	<u>40,000</u>
TOTAL CURRENT LIABILITIES	<u>47,166</u>	<u>46,494</u>
NON-CURRENT LIABILITIES		
Meter deposits payable	35,624	34,842
Non-current portion of certificates of obligation	<u>180,000</u>	<u>220,000</u>
TOTAL NON-CURRENT LIABILITIES	<u>215,624</u>	<u>254,842</u>
TOTAL LIABILITIES	<u>262,790</u>	<u>301,336</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	758,656	755,000
Contributed capital	454,869	449,026
Assigned	259,124	298,342
Unassigned	<u>( 133,004 )</u>	<u>( 256,000 )</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,602,435</u>	<u>\$ 1,547,704</u>

The accompanying notes and accountant's report  
 should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 SCHEDULE OF OPERATING AND NON-OPERATING REVENUES, COMPARED TO BUDGET  
 WATER AND SEWER FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>OPERATING REVENUES</u>				
Water sales	\$ 359,784	\$ 245,800	\$ 113,984	\$ 337,715
Water taps	725	3,000	( 2,275 )	2,000
Service charges	18,109	18,000	109	17,202
Sewer service	123,835	110,000	13,835	128,317
Sewer taps	900	3,000	( 2,100 )	2,125
Miscellaneous	137		137	114
	<u>503,490</u>	<u>379,800</u>	<u>123,690</u>	<u>487,473</u>
Less Bad Debts	( 2,123 )		( 2,123 )	( 2,634 )
TOTAL OPERATING REVENUES	501,367	379,800	121,567	484,839
<u>NON-OPERATING REVENUES</u>				
Grant receipts	67,180		67,180	47,008
Sale of assets				
Investment earnings				1
TOTAL NON-OPERATING REVENUES	67,180		67,180	47,009
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	( 60,894 )		( 60,894 )	( 68,420 )
	<u>\$ 507,653</u>	<u>\$ 379,800</u>	<u>\$ 127,853</u>	<u>\$ 463,428</u>

The accompanying notes and accountant's report  
 should be read with these financial statements

CITY OF STINNETT, TEXAS  
SCHEDULE OF OPERATING AND NON-OPERATING EXPENSES, COMPARED TO BUDGET  
WATER AND SEWER FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS:				
Salaries	\$ 125,036	\$ 102,000	\$ ( 23,036 )	\$ 131,967
Social security	9,769	8,000	( 1,769 )	10,046
Retirement	3,590	4,000	410	4,775
Workers comp insurance	1,500	1,500		502
General liability insurance	19,829	20,000	171	22,468
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS	159,724	135,500	( 24,224 )	169,758
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES:				
Utilities and telephone	28,522	29,000	478	39,124
Office supplies	7,214	3,000	( 4,214 )	4,214
Travel, training and dues	7,308	3,500	( 3,808 )	6,960
Professional fees	7,415	8,000	585	13,534
Auto expense	9,141	6,500	( 2,641 )	8,205
Supplies	8,436	5,000	( 3,436 )	7,070
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES	68,036	55,000	( 13,036 )	79,107
Repairs and maintenance	84,373	25,000	( 59,373 )	40,301
Building insurance	1,214	1,200	( 14 )	1,058
Depreciation expense	82,842		( 82,842 )	82,145
Amortization expense	1,692		( 1,692 )	1,692
Capital improvements	87,800	85,000	( 2,800 )	50,894
Miscellaneous	2,210	3,100	890	3,089
TOTAL OPERATING EXPENSES	487,891	304,800	( 183,091 )	428,044
<u>NON-OPERATING EXPENSES</u>				
Interest expense	11,114	10,000	( 1,114 )	12,812
TOTAL OPERATING AND NON-OPERATING EXPENSES	<u>\$ 499,005</u>	<u>\$ 314,800</u>	<u>\$ ( 184,205 )</u>	<u>\$ 440,856</u>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 COMPARATIVE BALANCE SHEET  
 GAS FUND  
SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 775	\$ 1,084
Accounts receivable, net	11,649	22,630
TOTAL CURRENT ASSETS	<u>12,424</u>	<u>23,714</u>
NON-CURRENT ASSETS		
Restricted:		
Cash and cash equivalents	50,755	49,117
Capital Assets:		
Buildings and improvements	26,222	18,555
Infrastructure	295,805	295,805
Machinery and equipment	33,717	33,717
Office furniture and equipment	2,055	2,055
Transportation equipment	32,014	32,014
Less accumulated depreciation	<u>( 313,323 )</u>	<u>( 305,784 )</u>
TOTAL NON-CURRENT ASSETS	<u>127,245</u>	<u>125,479</u>
TOTAL ASSETS	<u>\$ 139,669</u>	<u>\$ 149,193</u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 338	\$ 5,991
Sales tax payable	1,347	1,347
Accrued liabilities	1,179	3,110
TOTAL CURRENT LIABILITIES	<u>2,864</u>	<u>10,448</u>
NON-CURRENT LIABILITIES		
Meter deposits payable	50,755	49,117
TOTAL NON-CURRENT LIABILITIES	<u>50,755</u>	<u>49,117</u>
TOTAL LIABILITIES	<u>53,619</u>	<u>59,565</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	76,490	76,362
Assigned	50,755	49,117
Unassigned	<u>( 41,195 )</u>	<u>( 35,851 )</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 139,669</u>	<u>\$ 149,193</u>

The accompanying notes and accountant's report should be read with these financial statements.



CITY OF STINNETT, TEXAS  
 SCHEDULE OF OPERATING AND NON-OPERATING REVENUES, COMPARED TO BUDGET  
 GAS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>OPERATING REVENUES</u>				
Gas sales	\$ 570,455	\$ 621,500	\$ ( 51,045 )	\$ 582,652
Gas taps		1,500	( 1,500 )	250
Service charges	9,792	9,000	792	9,285
Miscellaneous				6
	<u>580,247</u>	<u>632,000</u>	<u>( 51,753 )</u>	<u>592,193</u>
Less Bad Debts	( 1,372 )		( 1,372 )	( 2,192 )
TOTAL OPERATING REVENUES	578,875	632,000	( 53,125 )	590,001
<u>NON-OPERATING REVENUES</u>				
Grant receipts				
Sales of assets				
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	( 9,281 )		( 9,281 )	59,238
	<u>\$ 569,594</u>	<u>\$ 632,000</u>	<u>\$ ( 62,406 )</u>	<u>\$ 649,239</u>

The accompanying notes and accountant's report  
 should be read with these financial statements

CITY OF STINNETT, TEXAS  
SCHEDULE OF OPERATING AND NON-OPERATING EXPENSES, COMPARED TO BUDGET  
GAS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL 2010	ORIGINAL & FINAL BUDGET 2010	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2009
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS:				
Salaries	\$ 75,314	\$ 102,000	\$ 26,686	\$ 72,521
Social security	5,907	4,000	( 1,907 )	5,501
Retirement	2,497	2,500	3	2,631
Workers comp insurance	1,000	1,000		1,969
General liability insurance	6,761	10,000	3,239	7,841
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS	91,479	119,500	28,021	90,463
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES:				
Utilities and telephone	7,497	4,500	( 2,997 )	5,380
Office supplies	3,868	2,500	( 1,368 )	3,226
Training, travel and dues	1,997	2,500	503	2,835
Professional fees	3,062	7,000	3,938	8,175
Contract labor	3,403	5,000	1,597	
Auto expense	4,279	4,000	( 279 )	4,239
Supplies	3,529	1,500	( 2,029 )	2,793
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES	27,635	27,000	( 635 )	26,648
Natural gas purchases	410,546	410,000	( 546 )	512,167
Repairs and maintenance	23,782	10,500	( 13,282 )	14,788
Building insurance	1,214	1,200	( 14 )	1,058
Depreciation expense	7,540		( 7,540 )	8,283
Capital improvements	8,658	62,300	53,642	6,021
Miscellaneous	2,318	1,500	( 818 )	2,230
TOTAL OPERATING EXPENSES	573,172	632,000	58,828	661,658
<u>NON-OPERATING EXPENSES</u>				
Interest expense				
TOTAL OPERATING AND NON-OPERATING EXPENSES	<u>\$ 573,172</u>	<u>\$ 632,000</u>	<u>\$ 58,828</u>	<u>\$ 661,658</u>

The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 COMPARATIVE BALANCE SHEET  
 CEMETERY FUND  
SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 20,499	\$ 7,375
Accounts receivable		
TOTAL ASSETS	<u>\$ 20,499</u>	<u>\$ 7,375</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Fund balance		
Unassigned	\$ 20,499	\$ 7,375
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,499</u>	<u>\$ 7,375</u>

The accompanying notes and accountant's report  
 should be read with these financial statements.

CITY OF STINNETT, TEXAS  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 CEMETERY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Lot fees	\$ 21,786	\$ 10,065
Contributions	902	135
Service fees	<u>1,574</u>	<u>2,900</u>
TOTAL REVENUES	<u>24,262</u>	<u>13,100</u>
<u>EXPENDITURES</u>		
Insurance	2,242	
Repairs	803	
Supplies	224	1,401
Contract labor	5,469	5,106
Capital improvements	2,400	
Miscellaneous expenditures		<u>472</u>
TOTAL EXPENDITURES	<u>11,138</u>	<u>6,979</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES OTHER FINANCING SOURCES AND (USES)	<u>13,124</u>	<u>6,121</u>
Transfers in (out)		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	13,124	6,121
FUND BALANCES - OCTOBER 1	<u>7,375</u>	<u>7,375</u>
FUND BALANCES - SEPTEMBER 30	<u>\$ 20,499</u>	<u>\$ 13,496</u>

The accompanying notes and accountant's report  
 should be read with these financial statements

CITY OF STINNETT, TEXAS  
 STATEMENT OF GENERAL CAPITAL ASSETS - BY SOURCES  
 GENERAL CAPITAL ASSETS ACCOUNT GROUP  
SEPTEMBER 30, 2010

<u>GENERAL CAPITAL ASSETS</u>	<u>2010</u>	<u>2009</u>
Land	\$ 37,539	\$ 37,539
Buildings and improvements	804,807	843,844
Infrastructure	66,420	71,038
Machinery and equipment	178,876	213,293
Office furniture and equipment	1,695	2,293
Transportation equipment	<u>212,939</u>	<u>257,118</u>
TOTAL GENERAL CAPITAL ASSETS	<u>\$ 1,302,276</u>	<u>\$ 1,425,125</u>
Revenue sharing		
General revenues	1,302,276	1,425,125
Contributions		
Property forfeiture		
TOTAL INVESTMENT IN GENERAL CAPITAL ASSETS	<u>\$ 1,302,276</u>	<u>\$ 1,425,125</u>

The accompanying notes and accountant's report  
 should be read with these financial statements

CITY OF STINNETT, TEXAS  
STATEMENT OF GENERAL CAPITAL ASSETS  
BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2010

<u>FUNCTION AND ACTIVITY</u>	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>INFRASTRUCTURE</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>OFFICE FURNITURE AND EQUIPMENT</u>	<u>TRANSPORTATION EQUIPMENT</u>
Administrative	\$ 177,803	\$ 37,539	\$ 87,587	\$	\$ 34,444	\$ 5,500	\$ 12,733
Fire	317,242		5,067		62,790		249,385
Streets	378,388		6,535	257,347	114,196		310
Police	96,248				8,119	5,951	82,178
Sanitation	391,759		34,015		204,668		153,076
Public service	1,177,278		1,155,640		21,638		
Ambulance	224,609		2,134		46,957	2,530	172,988
	<u>\$ 2,763,327</u>	<u>\$ 37,539</u>	<u>\$ 1,290,978</u>	<u>\$ 257,347</u>	<u>\$ 492,812</u>	<u>\$ 13,981</u>	<u>\$ 670,670</u>

The accompanying notes and accountant's report  
should be read with these financial statements

CITY OF STINNETT, TEXAS  
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS  
 BY SOURCES  
SEPTEMBER 30, 2010

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>INFRASTRUCTURE</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>OFFICE FURNITURE AND EQUIPMENT</u>	<u>TRANSPORTATION EQUIPMENT</u>
GENERAL CAPITAL ASSETS OCTOBER 1, 2009	\$ 2,739,110	\$ 37,539	\$ 1,283,311	\$ 257,347	\$ 476,262	\$ 13,981	\$ 670,670
ADD:							
Expenditures from General Fund	24,217		7,667		16,550		
Contribution							
Property forfeiture							
DEDUCT:							
Capital assets sold, traded or scrapped							
GENERAL CAPITAL ASSETS SEPTEMBER 30, 2010	<u>\$ 2,763,327</u>	<u>\$ 37,539</u>	<u>\$ 1,290,978</u>	<u>\$ 257,347</u>	<u>\$ 492,812</u>	<u>\$ 13,981</u>	<u>\$ 670,670</u>

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