

CITY OF STINNETT, TEXAS

AUDIT REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2013

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JAMES R. ALLEN, C.P.A.

INDEPENDENT AUDITOR'S REPORT

The Honorable Colin Locke
The Honorable City Council
City of Stinnett, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Stinnett, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 and each major fund of the City of Stinnett, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis [pages i - vi] and analysis and budgetary comparison information [pages 26 - 36] 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 to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Stinnett, Texas's basic financial statements. The Comparative Fund Balance Sheets and accompanying Statement of Actual Revenues, Expenses, and Changes in Net Position (Budget Basis) Compared to Budget are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Comparative Fund Balance Sheet and accompanying Statement of Actual Revenues, Expenses, and Changes in Net Position (Budget Basis) Compared to Budget are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic 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 basic financial statements as a whole.

James R Allen, CPA
February 10, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The City of Stinnett's (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, 2013.

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

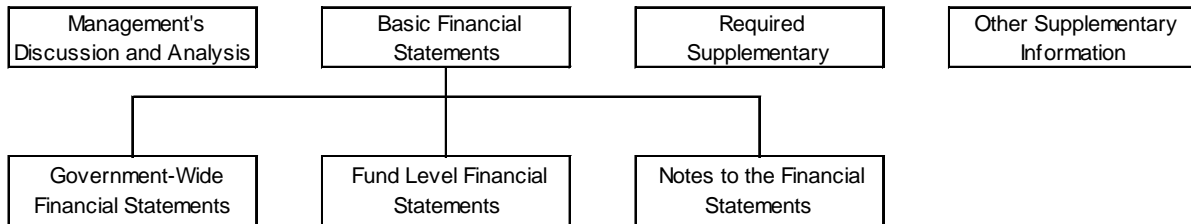
- The City's total net position increased over the course of this year's operations. The net position of our business-type activities decreased \$189.5 thousand due primarily to transfers to the governmental funds. We had an increase of \$198.6 thousand in the net position of our governmental activities due primarily to transfers.
- During the year, the City's expenses were \$9.1 less than the \$1,990.4 thousand generated in taxes and other revenues for governmental programs (before transfers). This is less than last year, when revenues exceeded expenses by \$399.8 thousand.
- In the City's business-type activities, revenues decreased to \$992.4 thousand.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, shows an increase in fund balance of \$129.7 thousand due to debt proceeds.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary funds statements offer short- and long-term financial information about the activities the government operates like businesses, such as the water, gas and sewer systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following figure shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds which are added together and presented in a single column in the financial statements.



A summary of the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain is shown below. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of City of Stinnett's Government-wide and Fund Level Financial Statements

	Government-wide Statements	Fund Level Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as public safety and economic development	Activities the City operates similar to private businesses: the water works system
Required Financial Statements	* Statement of Net Position * Statement of Activities	* Balance Sheet * Statement of Revenues, Expenditures, and Changes in Fund Balances	* Statement of Net Position * Statement of Revenues, Expenses, and Changes in Fund Balances * Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting economic resources focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statement report the City's net position and how they have changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into three categories:

- Governmental activities – Most of the City's basic services are included here, such as the police, fire, ambulance, parks and general administration. Property taxes and state grants primarily support these activities.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services provides. The City's water, gas and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The City has two kinds of funds:

- Governmental funds – Most of the City’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent reconciliation statement that explains the relationship (or differences) between them.
- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

Government-wide Financial Analysis

Net Position. The net position may serve over time as a useful indicator of a government’s financial position. The City’s net position, the amount by which assets exceeded liabilities, was \$3.0 million at the close of the fiscal year.

The City’s net position of the Governmental funds increased from \$2,990.8 thousand in 2012 to \$2,999.8 thousand in 2013. (See Table 1) The largest portion of the City’s net position (\$2,722.8 thousand) reflects its investments in capital assets, e.g., land, buildings, improvements, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

At the end of the fiscal year, the City had positive balances in all categories of net position (1 – invested in capital assets net of related debt, 2 – restricted and 3 – unrestricted), both for the government as a whole, as well as its separate Governmental and Business-type Activities

Table 1
Statement of Net Position
in thousands
as of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and other assets	\$ 866.5	\$ 580.2	\$ 159.2	\$ 334.8	\$ 1,025.7	\$ 915.0
Capital assets, net	1,149.8	1,118.2	1,668.0	1,720.4	2,817.8	2,838.6
TOTAL ASSETS	2,016.3	1,698.4	1,827.2	2,055.2	3,843.5	3,753.6
LIABILITIES						
Current and other liabilities	136.2	97.2	152.1	145.6	288.3	242.8
Long-term debt outstanding	505.3	425.0	50.0	95.0	555.3	520.0
TOTAL LIABILITIES	641.5	522.2	202.1	240.6	843.6	762.8
NET POSITION						
Invested in capital assets, net of debt	1,149.8	609.7	1,573.0	1,580.4	2,722.8	2,190.1
Restricted			0.1	143.5	0.1	143.5
Unrestricted	224.9	566.5	52.0	90.7	276.9	657.2
TOTAL NET POSITION	\$ 1,374.7	\$ 1,176.2	\$ 1,625.1	\$ 1,814.6	\$ 2,999.8	\$ 2,990.8

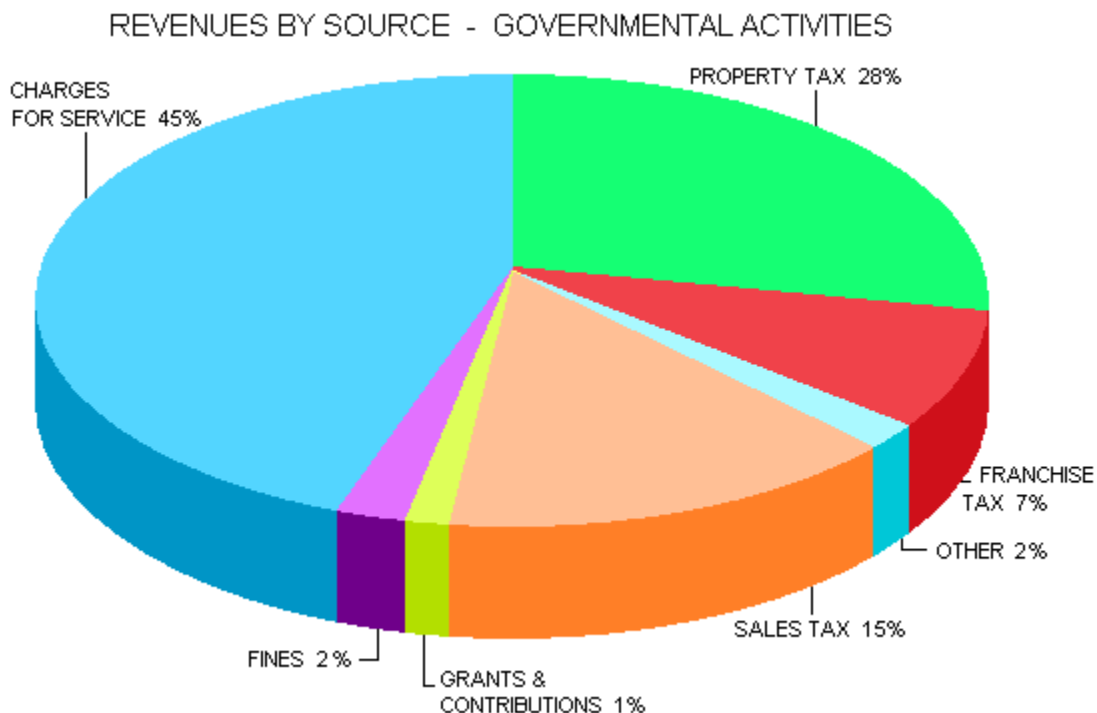
For more detailed information see the Statement of Net Position (page 3).

Change in Net Position. The City's total revenues decreased to \$1,990.4 thousand. (See Table 2) This decrease is due first to \$218.5 thousand in grant received for ongoing construction in progress of the sewer system received in 2012. Secondly there is a decrease in charges for services, property tax receipts, and fines for 2013. The other sources of revenue were virtually unchanged from 2012.

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

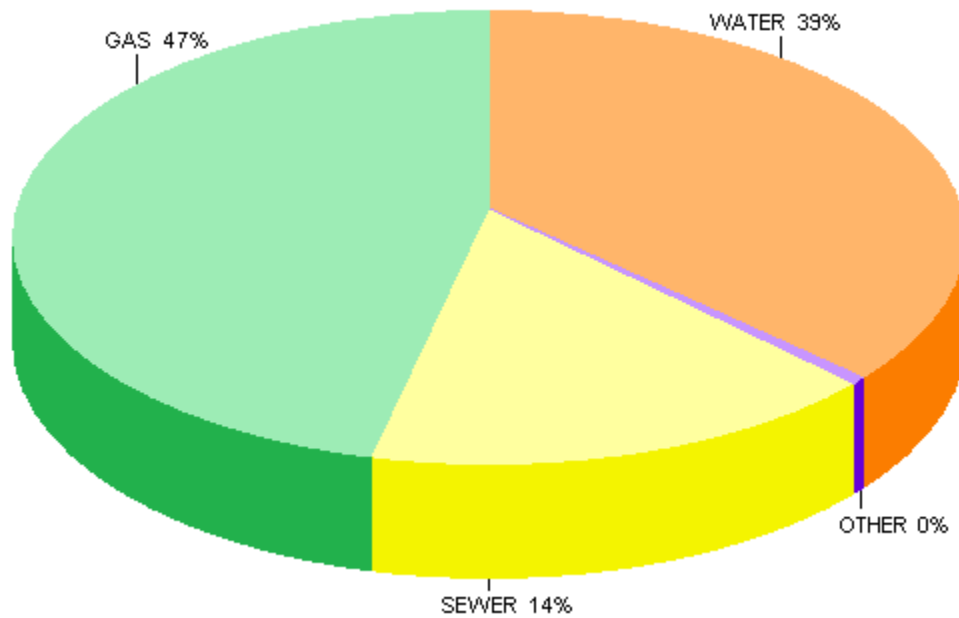
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 448.9	\$ 443.7	\$ 989.7	\$ 1,020.7	\$ 1,438.6	\$ 1,464.4
Grants & contributions	12.7	9.7		231.1	12.7	240.8
General revenues						
Property taxes	273.4	298.5			273.4	298.5
Other taxes	222.2	216.8			222.2	216.8
Fines and forfeitures	17.2	42.2			17.2	42.2
Investment earnings	0.5	0.6			0.5	0.6
Sale of assets	1.3				1.3	
Other	21.8	5.7	2.7		24.5	5.7
Total revenues	998.0	1,017.2	992.4	1,251.8	1,990.4	2,269.0
Expenses						
General administration	187.9	162.4			187.9	162.4
Fire	47.3	66.4			47.3	66.4
Streets	150.3	168.1			150.3	168.1
Police	237.6	213.8			237.6	213.8
Sanitation	140.3	183.5			140.3	183.5
Public service	205.4	214.4			205.4	214.4
Ambulance	112.6	101.8			112.6	101.8
Cemetery	8.2	5.2			8.2	5.2
Community promotion	1.5	3.1			1.5	3.1
Interest on long-term debt	24.7	27.3			24.7	27.3
Utilities			865.5	723.2	865.5	723.2
Total expenses	1,115.8	1,146.0	865.5	723.2	1,981.3	1,869.2
Increase in net position before transfers	(117.8)	(128.8)	126.9	528.6	9.1	399.8
Transfers	316.4	173.9	(316.4)	(173.9)		
Increase in net position	198.6	45.1	(189.5)	354.7	9.1	399.8
Net position - October 1	1,176.1	1,131.0	1,814.6	1,459.9	2,990.7	2,590.9
Net position - September 30	\$ 1,374.7	\$ 1,176.1	\$ 1,625.1	\$ 1,814.6	\$ 2,999.8	\$ 2,990.7

Charges for services remain the largest portion of governmental activity revenues in 2013.

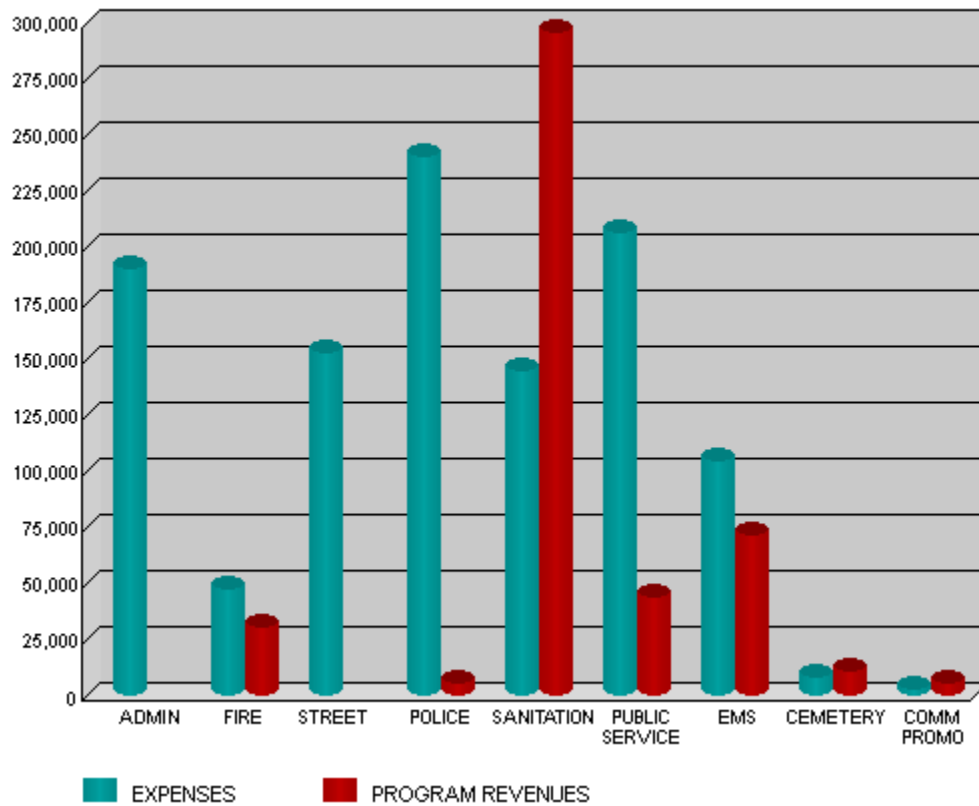


Revenues generated and expenses used in business-type activities remained consistent with previous years, with the exception of capital grants received.

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



The business-type activities generated revenues in excess of the cost of supplying the utility service to our residents including administrative costs in the aggregate.

Budgetary Highlights

The City budgets for general fund expenditures and operating expenses of the water, sewer, and sanitation departments. The City did not amend the budget in 2013. The general fund actual expenditures were less than the total budgeted by approximately 2%. The City's expense budget for the water and sewer fund was exceeded by actual expenses again in 2013 because the council consistently underestimates the expense for utilities and professional fees and depreciation expenses are not budgeted. The City's expenses for the gas fund were less than budgeted due almost entirely to the actual cost of gas being less than expected.

Capital Asset

At the end of 2013, the City had invested \$2,817.8 thousand in a broad range of capital assets, including public service equipment, buildings, facilities, and water, gas and sewer lines. (See Table 3) This amount represents a net decrease (including additions and deductions) of \$20.7 thousand over last year.

Table 3
Capital Assets
net of depreciation, in thousands
as of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 37.5	\$ 37.5	\$ 105.4	\$ 105.4	\$ 142.9	\$ 142.9
Construction in Progress				279.5		279.5
Buildings and Improvements	669.6	711.2	15.0	17.4	684.6	728.6
Infrastructure	52.6	57.2	1,426.6	1,238.2	1,479.2	1,295.4
Machinery and Equipment	142.2	165.3	97.0	49.4	239.2	214.7
Office Furniture and Equipment	7.4	9.6			7.4	9.6
Transportation Equipment	240.5	137.3	24.0	30.5	264.5	167.8
	<u>\$ 1,149.8</u>	<u>\$ 1,118.1</u>	<u>\$ 1,668.0</u>	<u>\$ 1,720.4</u>	<u>\$ 2,817.8</u>	<u>\$ 2,838.5</u>

This year's major capital asset additions included:

- Three 2013 Ford Interceptors, \$154.4 thousand
- 2012 Backhoe Loader, \$57.1 thousand
- JD 60" Mower, \$14.7 thousand
- K-9 German Shepherd, \$12.5 thousand
- Park sprinkler system, \$5.3 thousand

Long-term Debt

At year-end the City had \$759.4 thousand in certificates of obligation and finance contract outstanding – an increase of \$64.4 thousand over last year – as shown in Table 4. More detailed information about the City's long-term liabilities is presented in the Notes to the financial statements.

Table 4
Outstanding Debt
in thousands
as of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bond (backed by the City)	\$ 425.0	\$ 465.0	\$	\$	\$ 425.0	\$ 465.0
Finance contract (collateral 3 2013 Ford Interceptors)	154.4				154.4	
Proprietary obligation bond (backed by the City)			90.0	140.0	90.0	140.0
	<u>\$ 579.4</u>	<u>\$ 465.0</u>	<u>\$ 90.0</u>	<u>\$ 140.0</u>	<u>\$ 669.4</u>	<u>\$ 605.0</u>

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.

FINANCIAL STATEMENTS AND FOOTNOTES

CITY OF STINNETT, TEXAS
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<i>PRIMARY GOVERNMENT</i>			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 11,724	\$ 96,756	\$ 108,480	\$ 109,958
Receivables, net	97,285	58,838	156,123	
Prepaid expenses	239	126	365	
Due from other governments	4,998		4,998	
Investments	752,209	3,500	755,709	
Capital assets				
Non-depreciable	37,539	105,400	142,939	
Depreciable, net	1,112,251	1,562,583	2,674,834	
TOTAL ASSETS	2,016,245	1,827,203	3,843,448	109,958
<u>LIABILITIES</u>				
Accounts payable	14,509	11,518	26,027	
Sales tax payable	1,686	693	2,379	
Accrued liabilities	9,539	5,406	14,945	
Deferred property tax	35,957		35,957	
Deposits for meters	415	89,491	89,906	
Non-current liabilities				
Due within one year				
Finance contract	29,088		29,088	
Certificate of obligation	45,000	45,000	90,000	
Due in more than one year				
Finance contract	125,312		125,312	
Certificate of obligation	380,000	50,000	430,000	
TOTAL LIABILITIES	641,506	202,108	843,614	
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	1,149,790	1,572,983	2,722,773	
Restricted		126	126	
Unrestricted	224,949	51,986	276,935	109,958
TOTAL NET POSITION	\$ 1,374,739	\$ 1,625,095	\$ 2,999,834	\$ 109,958

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

FUNCTION / PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES			PRIMARY GOVERNMENT			COMPONENT UNITS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT								
Governmental Activities								
General administration	\$ 187,907	\$	\$	\$	\$ (187,907)	\$	\$ (187,907)	\$
Fire	47,287	26,660	79		(20,548)		(20,548)	
Streets	150,306				(150,306)		(150,306)	
Police	237,596		4,991		(232,605)		(232,605)	
Sanitation	140,328	293,115			152,787		152,787	
Public service	205,416	43,333			(162,083)		(162,083)	
Ambulance	112,621	73,352	2,782		(36,487)		(36,487)	
Cemetery	8,198	12,420	105		4,327		4,327	
Community promotion	1,460		4,720		3,260		3,260	
Interest on long-term debt	24,693				(24,693)		(24,693)	
Total governmental activities	1,115,812	448,880	12,677		(654,255)		(654,255)	
Business-Type Activities								
Water department	302,161	388,209				86,048	86,048	
Sewer department	98,881	133,584				34,703	34,703	
Gas department	464,478	467,877				3,399	3,399	
Total business-type activities	865,520	989,670				124,150	124,150	
TOTAL PRIMARY GOVERNMENT	\$ 1,981,332	\$ 1,438,550	\$ 12,677	\$	(654,255)	124,150	(530,105)	
COMPONENT UNIT								
Community Development Corporation	\$ 43,010	\$	\$ 2,311	\$				(40,699)
Emergency Medical Services	9,279		8,837					(442)
TOTAL COMPONENT UNITS	\$ 52,289	\$	\$ 11,148	\$				(41,141)
GENERAL REVENUES:								
Taxes								
Property tax					273,357		273,357	
Sales tax					150,506		150,506	50,523
Other intergovernmental sources					71,656		71,656	
Fines and forfeitures					17,222		17,222	
Investment earnings					559	4	563	13
Sales of assets					1,264		1,264	
Other					21,800	2,747	24,547	
Transfers in (out)					316,441	(316,441)		
Total general revenues and transfers					852,805	(313,690)	539,115	50,536
CHANGE IN NET POSITION					198,550	(189,540)	9,010	9,395
NET POSITION - OCTOBER 1					1,176,189	1,814,635	2,990,824	100,563
NET POSITION - SEPTEMBER 30					\$ 1,374,739	\$ 1,625,095	\$ 2,999,834	\$ 109,958

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Current cash and cash equivalents	\$ 888	\$ 4,327	\$ 5,215
Investments	523,442		523,442
Receivables, net			
Tax	46,829		46,829
Charges for service	9,757		9,757
Utilities	28,983		28,983
Prepaid expenditures	239		239
Due from other governments	4,493		4,493
TOTAL ASSETS	<u>\$ 614,631</u>	<u>\$ 4,327</u>	<u>\$ 618,958</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 14,509	\$	\$ 14,509
Sales tax payable	1,686		1,686
Accrued liabilities	6,594		6,594
Deferred property tax	24,982		24,982
Deposits for meters	415		415
TOTAL LIABILITIES	<u>48,186</u>		<u>48,186</u>
Fund Balances			
Assigned	239		239
Unassigned	566,206	4,327	570,533
TOTAL FUND BALANCES	<u>566,445</u>	<u>4,327</u>	<u>570,772</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 614,631</u>	<u>\$ 4,327</u>	<u>\$ 618,958</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 RECONCILIATION OF THE TOTAL FUND BALANCE OF GOVERNMENT FUNDS
 TO GOVERNMENT-WIDE NET POSITION
AS OF SEPTEMBER 30, 2013

FUND BALANCES - GOVERNMENTAL FUNDS \$ 570,772

Amounts reported for governmental activities in the statement of net position 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	\$ 2,950,490	
Less accumulated depreciation	<u>(1,800,700)</u>	1,149,790

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

236,522

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		(425,000)
Finance contract		(154,400)

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

(2,945)

GOVERNMENT-WIDE NET POSITION \$ 1,374,739

CITY OF STINNETT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	GENERAL	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Charges for services	\$ 436,460	\$ 12,420	\$ 448,880
Grants and contributions	12,572	105	12,677
Property tax	204,915		204,915
Sales tax	150,506		150,506
Other intergovernmental sources	71,656		71,656
Fines and forfeitures	17,222		17,222
Income on investments	495		495
Other	21,800		21,800
TOTAL REVENUES	<u>915,626</u>	<u>12,525</u>	<u>928,151</u>
<u>EXPENDITURES</u>			
Current Operating			
Administration	176,909		176,909
Fire	25,372		25,372
Streets	134,083		134,083
Police	205,522		205,522
Sanitation	114,627		114,627
Public service	160,994		160,994
Ambulance	98,896		98,896
Community promotion	1,460		1,460
Cemetery		8,198	8,198
Capital outlay	195,938		195,938
TOTAL EXPENDITURES	<u>1,113,801</u>	<u>8,198</u>	<u>1,121,999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(198,175)</u>	<u>4,327</u>	<u>(193,848)</u>
<u>OTHER FINANCING SOURCES AND (USES)</u>			
Debt proceeds	154,400		154,400
Sale of assets	1,264		1,264
Transfers in (out)	172,234	(25,820)	146,414
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>327,898</u>	<u>(25,820)</u>	<u>302,078</u>
NET CHANGES IN FUND BALANCES	129,723	(21,493)	108,230
FUND BALANCES - OCTOBER 1	436,722	25,820	462,542
FUND BALANCES - SEPTEMBER 30	<u>\$ 566,445</u>	<u>\$ 4,327</u>	<u>\$ 570,772</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 RECONCILIATION OF THE NET CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE CHANGE IN GOVERNMENT-WIDE NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 108,230

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	(140,553)
Capital asset additions	172,150

The proceeds of financing provides current financial resources to governmental funds, but financing increases long-term liabilities in the statement of net position. Repayment of debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Finance contract proceeds	(154,400)
---------------------------	-------------

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.

238,533

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.

(25,410)

NET CHANGE IN GOVERNMENT-WIDE NET POSITION

\$ 198,550

CITY OF STINNETT, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 45,009	\$ 51,747	\$ 96,756
Accounts receivable, net	45,654	13,184	58,838
Prepaid expenses	63	63	126
TOTAL CURRENT ASSETS	90,726	64,994	155,720
Non-Current Assets			
Investments	3,500		3,500
Capital Assets			
Land	105,400		105,400
Buildings and improvements	28,988	26,222	55,210
Infrastructure	2,960,901	295,805	3,256,706
Machinery and equipment	315,216	55,908	371,124
Office furniture and equipment	2,056	2,055	4,111
Transportation equipment	48,178	47,714	95,892
Less accumulated depreciation	(1,882,383)	(338,077)	(2,220,460)
TOTAL NON-CURRENT ASSETS	1,581,856	89,627	1,671,483
TOTAL ASSETS	1,672,582	154,621	1,827,203
<u>LIABILITIES</u>			
Accounts payable	2,428	9,090	11,518
Sales tax payable		693	693
Accrued liabilities	2,997	2,409	5,406
Deposits for meters	37,754	51,737	89,491
Non-current liabilities			
Due within one year			
Certificate of obligation	45,000		45,000
Due in more than one year			
Certificate of obligation	50,000		50,000
TOTAL LIABILITIES	138,179	63,929	202,108
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,483,356	89,627	1,572,983
Restricted for prepaid expenses	63	63	126
Unrestricted	50,984	1,002	51,986
TOTAL NET POSITION	\$ 1,534,403	\$ 90,692	\$ 1,625,095

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
<u>OPERATING REVENUES</u>			
Charges for services	\$ 524,315	\$ 468,102	\$ 992,417
Less bad debts	(10,016)	(3,946)	(13,962)
TOTAL OPERATING REVENUES	514,299	464,156	978,455
<u>OPERATING EXPENSES</u>			
Salaries, wages and employee benefits	104,710	103,734	208,444
Contractual services, materials and supplies	105,206	65,168	170,374
Natural gas purchases		246,237	246,237
Repairs and maintenance	28,506	6,806	35,312
Building insurance	2,557	2,557	5,114
State fees	3,294		3,294
Depreciation expense	115,744	10,725	126,469
Capital improvements	15,064	4,303	19,367
Other expenses	10,428	21,002	31,430
TOTAL OPERATING EXPENSES	385,509	460,532	846,041
OPERATING INCOME	128,790	3,624	132,414
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Income on investments	4		4
Interest expense	(5,517)		(5,517)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(5,513)		(5,513)
INCOME BEFORE TRANSFERS	123,277	3,624	126,901
Transfers out	(287,500)	(28,941)	(316,441)
CHANGE IN NET POSITION	(164,223)	(25,317)	(189,540)
NET POSITION - OCTOBER 1	1,698,626	116,009	1,814,635
NET POSITION - SEPTEMBER 30	\$ 1,534,403	\$ 90,692	\$ 1,625,095

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
CASH FLOWS FROM OPERATIONS			
Receipts from customers	\$ 528,678	\$ 462,792	\$ 991,470
Payments to suppliers	(164,454)	(337,918)	(502,372)
Payments to employees	(106,021)	(104,775)	(210,796)
Net Cash Provided By Operating Activities	<u>258,203</u>	<u>20,099</u>	<u>278,302</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to governmental funds	(287,500)	(28,941)	(316,441)
Net Cash Used By Noncapital Financing Activities	<u>(287,500)</u>	<u>(28,941)</u>	<u>(316,441)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(46,763)	(22,190)	(68,953)
Payments of certificate of obligation	(45,000)	—	(45,000)
Net Cash Used By Capital and Related Financing Activities	<u>(91,763)</u>	<u>(22,190)</u>	<u>(113,953)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from interest	4	—	4
Payments of interest	(5,517)	—	(5,517)
Net Cash Used By Investing Activities	<u>(5,513)</u>	<u>—</u>	<u>(5,513)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(126,573)	(31,032)	(157,605)
CASH AND CASH EQUIVALENTS - OCTOBER 1	<u>171,582</u>	<u>82,779</u>	<u>254,361</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30	<u>\$ 45,009</u>	<u>\$ 51,747</u>	<u>\$ 96,756</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
<u>OPERATING INCOME</u>	\$ 128,790	\$ 3,624	\$ 132,414
Adjustments			
Depreciation	115,744	10,725	126,469
Assets (increase) decrease			
Accounts receivable, net	14,379	(1,364)	13,015
Prepaid expenses	(63)	(63)	(126)
Liabilities increase (decrease)			
Accounts payable	567	8,815	9,382
Sales tax payable	—	181	181
Accrued liabilities	(1,311)	(1,041)	(2,352)
Deposits for meters	97	(778)	(681)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 258,203</u>	<u>\$ 20,099</u>	<u>\$ 278,302</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
SEPTEMBER 30, 2013

	<u>COMMUNITY DEVELOPMENT CORPORATION</u>	<u>EMERGENCY MEDICAL SERVICES</u>	<u>TOTAL COMPONENT UNITS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 84,885	\$ 25,073	\$ 109,958
TOTAL ASSETS	<u>84,885</u>	<u>25,073</u>	<u>109,958</u>
<u>NET POSITION</u>			
Unrestricted	84,885	25,073	109,958
TOTAL NET POSITION	<u>\$ 84,885</u>	<u>\$ 25,073</u>	<u>\$ 109,958</u>

CITY OF STINNETT, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	COMMUNITY DEVELOPMENT CORPORATION	EMERGENCY MEDICAL SERVICES	TOTAL COMPONENT UNITS
EXPENSES			
Promotional activity	\$ 84	\$	\$ 84
Supplies		2,127	2,127
Contract labor		3,904	3,904
Training, travel and dues	648	110	758
Advertising	7,579		7,579
Community projects	34,699		34,699
Capital improvements		2,738	2,738
Other expenses		400	400
TOTAL EXPENSES	43,010	9,279	52,289
PROGRAM REVENUES			
Operating grants and contributions	2,311	8,837	11,148
NET (EXPENSE) REVENUE	(40,699)	(442)	(41,141)
GENERAL REVENUES			
Sales tax	50,523		50,523
Investment earnings		13	13
TOTAL GENERAL REVENUES	50,523	13	50,536
CHANGE IN NET POSITION	9,824	(429)	9,395
NET POSITION - OCTOBER 1	75,061	25,502	100,563
NET POSITION - SEPTEMBER 30	\$ 84,885	\$ 25,073	\$ 109,958

SUMMARY OF SIGNIFICANT 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 two component units, Community Development Corporation of Stinnett and Stinnett Emergency Medical Service. Additional information about the Economic Development Corporation of Stinnett and Stinnett Emergency Medical Service can be obtained from their administrative office.

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

Stinnett Emergency Medical Service
609 Mackenzie
Stinnett, Texas 79083-0909

B. Government-wide Financial Statements

The government-wide financial statements include the statement of net position 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 restricted 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Fund Accounting

The accounts of the City are organized on the basis of funds which are considered a separate accounting entity. The operations of each fund is summarized by providing a separate set of self-balancing accounts which include it's 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:

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 are the City's governmental funds:

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.

Cemetery Fund - The Cemetery Fund is used to account for financial resources to be used to improve and maintain the Cemetery.

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 are the City's proprietary funds:

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

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.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Basis of Accounting - continued

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.

E. Budgetary Data

The budgetary data in the financial statements reflects the budget passed and approved by the City Council. The City Council approves 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. 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. All annual appropriations lapse at fiscal year end. The budgets were not amended during the year.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Proprietary Fund Accounts Receivable

Within the Water, Sewer and Gas Funds, services rendered and billed but not collected as of the close of the fiscal year are accrued and this amount is reflected in the accounts receivable balance. Amounts billed are reflected as accounts receivable net of an allowance for uncollectible accounts. The City has determined the provision for uncollectible accounts to be 90% of account balances more than four months old.

H. Property 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.

I. Capital Assets

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Capital Assets - continued

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or proved service. Common indicators of impairment include -- evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors; technological developments, or other evidence of obsolescence; changes in the manner of duration of use of capital assets; or construction stoppages due to lack of funding. Based on these criteria, there are no impairment charges during fiscal year 2013.

J. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Sales Tax Revenue

The tax is collected by vendors from their consumers and submitted to the Comptroller of the State of Texas by the 20th of the month following collection. The State then remits the allocated amount of sales tax to the City by the 10th of the month following vendor submission. These amounts are included in the gross receipts tax revenue and are recorded as revenue when the City receives the funds. The current rate is 8.25%.

L. Vacation

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 \$4,818 in the Proprietary Funds and \$5,644 in the Governmental Fund.

M. Risk Management

The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City purchases insurance coverage to mitigate the effects of any losses. There were no significant reductions in insurance coverage from coverage in the prior year. Any settlement amounts have not exceeded coverage for the current year or the past three fiscal years.

N. Commitments and Contingencies

The City participates in some state and/or federally assisted programs. In connection with grants under these programs, the City is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management the City has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the City expects the resulting liability to be immaterial.

O. Subsequent Events

Management has evaluated subsequent events and transactions which occurred after the balance sheet date through the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued. The accompanying financial statements include all Type 1 events and transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America. Management and those charged with governance have also determined that there are no non-recognized Type 2 subsequent events which require additional disclosure.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. New Accounting Pronouncements

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, improves financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement provides amendments to Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2012. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This requirement will bring the authoritative accounting and financial reporting literature together in one place. This Statement will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, resulting in more consistent application of applicable guidance. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, clarifies the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2011. The City does not use hedging relationships and therefore was not effected by this Statement.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City will implement this Statement in fiscal year 2014.

GASB Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City will implement this Statement in fiscal year 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The requirements of this Statement are effective for financial statement for fiscal years beginning after June 15, 2013. The City will implement this Statement in fiscal year 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, improves accounting and financial reporting for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2014. The City will implement this Statement in fiscal year 2015.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. New Accounting Pronouncements - continued

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The City does not anticipate the need for implementation of this Statement.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, the Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The requirements for this Statement are effective for financial reporting periods beginning after June 15, 2013. The City does not extend nonexchange financial guarantees and therefore will not be effected by this Statement.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*, amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. The requirements for this Statement are effective for financial reporting periods beginning after June 15, 2014 and must be applied simultaneously with the requirements of Statement 68. The City will implement this Statement in fiscal year 2015.

The City has not fully determined the effects that implementation of Statements No. 65, No. 66, No. 67, No. 68 and No. 71 will have on the City's financial statements.

BUDGETARY CONTROL AND PROCEDURES

The City Council appropriates a total expenditures budget based on projected revenues on an annual basis. The budget allocations among the various departments are included in the Required Supplemental Information section following the Notes to Financial Statements. The City's annual operating budgets include estimated revenues and expenditures for all funds. In accordance with the provisions of the general Texas municipality statutes, budget compliance and monitoring is on a department / fund level. The City Council's budgetary process is described below: 1) prior to the beginning of each fiscal year, the City Secretary submits proposed operating budgets for each fund to the Mayor and City Council for the fiscal year beginning October 1; 2) required public hearings are conducted to review and consider the proposed budget line items; 3) prior to October 1, the budgets are legally enacted through the passage of an ordinance; 4) the Mayor and City Council have the authority to transfer budgeted amounts between accounts within any fund; however, any changes to the budget fund totals for revenues and/or expenditures must be approved by ordinance.

CASH AND INVESTMENTS

The City's investment policies are governed by State statutes and City ordinances. The Public Funds Investment Act ("PFIA", Chapter 2256) requires the City to adopt, implement and publicize an investment policy which covers specific provisions in the Act regarding investment practices, management reporting and policy establishment. The investment policy in effect is available for public inspection at the City Hall. The PFIA establishes authorized investment vehicles for the City. The City is in substantial compliance with the PFIA at the end of the 2013 fiscal year.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City minimizes interest rate risk by limiting investments to having a maturity date of one year or less.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City manages its custodial credit risk by depositing its funds with institutions participating in the FDIC insurance programs and is able to collateralize the deposits in accordance to state statutes.

CITY OF STINNETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS

CASH AND INVESTMENTS - CONTINUED

In accordance with FDIC, public deposits are funds owned by the City. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution through December 2013, when the coverage will revert back to the original \$100,000 limit. As of September 30, 2013, the City's funds on deposit were adequately covered by either FDIC insurance or collateralized securities held by the financial institutions pledged to cover the City's deposits. The City had not time or demand deposits subject to custodial credit risk during the 2013 fiscal year.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least the amount on deposit with the institution. The types of collateral an institution is permitted to use as pledged securities are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of Texas.

At September 30, 2013, the City had insured bank balances as follows:

The Borger Interbank	
Carrying amounts in demand accounts	\$ 158,261
Less FDIC coverage	<u>250,000</u>
Collateralized	<u>\$ (91,739)</u>

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

City's deposits with Borger Interbank	\$ 108,080
Petty cash on hand	<u>400</u>
Cash and Cash Equivalents - Statement of Net Position	<u>\$ 108,480</u>

For the Proprietary 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 Position:

Cash and cash equivalents	\$ 96,756
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PROPERTY TAX

Real and personal property values are assessed by Hutchinson County 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. The County remits tax collections to the City in the month following collection.

SALES TAX

Sales tax is collected by vendors from their consumers and submitted to the Comptroller of the State of Texas by the 20th of the month following collection. The State then remits the allocated amount of sales tax to the City by the 10th of the month following vendor submission. These amounts are included in the gross receipts tax revenue and are recorded as revenue when the City receives the funds. The current rate is 8.25%.

CITY OF STINNETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS

INTERFUND TRANSFERS

Net transfers of \$173,935 from governmental activities to business-type activities on the government-wide statement of activities is the result of payroll coding errors. The following interfund transfers are reflected in the fund level financial statements for the year ended September 30, 2013:

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$	\$ 172,235
Debt Service Fund		170,026
Cemetery Fund	25,820	
Total Governmental Funds	<u>25,820</u>	<u>342,261</u>
Proprietary Funds		
Water and Sewer Fund	293,283	
Gas Fund	28,941	
Capital Grant Fund		
Debt Service Fund		5,783
Total Proprietary Funds	<u>322,224</u>	<u>5,783</u>
Total Transfers	<u>\$ 348,044</u>	<u>\$ 348,044</u>

CAPITAL ASSETS

CHANGES IN CAPITAL ASSETS

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

	<u>BEGINNING BALANCE 10/01/2012</u>	<u>ADDITIONS</u>	<u>DELETIONS AND DISPOSALS</u>	<u>ENDING BALANCE 09/30/2013</u>
PRIMARY GOVERNMENT				
<i>Governmental Activities</i>				
Assets not Depreciated				
Land	\$ 37,539	\$	\$	\$ 37,539
Construction in Progress				
Depreciable Assets				
Buildings and Improvements	1,290,978	5,250		1,296,228
Infrastructure	257,347			257,347
Machinery and Equipment	482,025	12,500		494,525
Office Furniture and Equipment	25,082			25,082
Transportation Equipment	685,369	154,400		839,769
Total Depreciable Assets	<u>2,740,801</u>	<u>172,150</u>		<u>2,912,951</u>
Accumulated Depreciation				
Buildings and Improvements	579,743	46,874		626,617
Infrastructure	200,164	4,618		204,782
Machinery and Equipment	316,680	35,675		352,355
Office Furniture and Equipment	15,501	2,136		17,637
Transportation Equipment	548,059	51,250		599,309
Total Accumulated Depreciation	<u>1,660,147</u>	<u>140,553</u>		<u>1,800,700</u>
Net Depreciable Assets	<u>1,080,654</u>	<u>31,597</u>		<u>1,112,251</u>
<i>Net Governmental Activities Capital Assets</i>	<u>\$ 1,118,193</u>	<u>\$ 31,597</u>	<u>\$</u>	<u>\$ 1,149,790</u>

CITY OF STINNETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS

CAPITAL ASSETS - CONTINUED

	BEGINNING BALANCE 10/01/2012	ADDITIONS	DELETIONS AND DISPOSALS	ENDING BALANCE 09/30/2013
<i>Business-Type Activities</i>				
Assets not Depreciated				
Land	\$ 105,400	\$	\$	\$ 105,400
Construction in Progress	279,470		279,470	
Depreciable Assets				
Buildings and Improvements	55,210			55,210
Infrastructure	2,974,982	281,724		3,256,706
Machinery and Equipment	299,349	71,774		371,123
Office Furniture and Equipment	4,111			4,111
Transportation Equipment	95,892			95,892
Total Depreciable Assets	3,429,544	353,498		3,783,042
Accumulated Depreciation				
Buildings and Improvements	37,781	2,436		40,217
Infrastructure	1,736,737	93,374		1,830,111
Machinery and Equipment	249,959	24,168		274,127
Office Furniture and Equipment	4,111			4,111
Transportation Equipment	65,403	6,490		71,893
Total Accumulated Depreciation	2,093,991	126,468		2,220,459
Net Depreciable Assets	1,335,553	227,030		1,562,583
<i>Net Business-Type Activities Capital Assets</i>	<u>\$ 1,720,423</u>	<u>\$ 227,030</u>	<u>\$ 279,470</u>	<u>\$ 1,667,983</u>
NET PRIMARY GOVERNMENT CAPITAL ASSETS	<u>\$ 2,838,616</u>	<u>\$ 258,627</u>	<u>\$ 279,470</u>	<u>\$ 2,817,773</u>

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.

	\$ 425,000
Less: certificate due within one year	<u>45,000</u>
Long-Term Debt	<u>\$ 380,000</u>

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

SEPTEMBER 30	PRINCIPLE	INTEREST	TOTAL
2014	\$ 45,000	\$ 22,675	\$ 67,675
2015	45,000	20,200	65,200
2016	50,000	17,540	67,540
2017	50,000	14,740	64,740
2018	55,000	11,786	66,786
2019-2021	180,000	15,947	195,947
	<u>\$ 425,000</u>	<u>\$ 102,888</u>	<u>\$ 527,888</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.

	\$ 95,000
Less: certificate due within one year	<u>45,000</u>
Long-Term Debt	<u>\$ 50,000</u>

PROPRIETARY FUND SPECIAL ASSESSMENT DEBT - CONTINUED

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

SEPTEMBER 30	PRINCIPLE	INTEREST	TOTAL
2014	\$ 45,000	\$ 3,603	\$ 48,603
2015	50,000	1,250	51,250
	<u>\$ 95,000</u>	<u>\$ 4,853</u>	<u>\$ 99,853</u>

GOVERNMENTAL FUND CAPITAL LEASE

The City entered into a finance contract with Government Capital Corporation on July 31, 2013, original balance of \$154,400, payable annually including 3.514% interest. This agreement is for the purchase of three 2013 Ford Interceptors each outfitted to the specific needs of the police department.

The annual requirements to amortize the finance contract as of September 30 are as follows:

SEPTEMBER 30	PRINCIPLE	INTEREST	TOTAL
2014	\$ 29,088	\$ 5,027	\$ 34,115
2015	29,731	4,384	34,115
2016	30,771	3,344	34,115
2017	31,848	2,267	34,115
2018	32,962	1,153	34,115
	<u>\$ 154,400</u>	<u>\$ 16,175</u>	<u>\$ 170,575</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.

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 from TMRS' website at 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:

	2012	2013
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	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.

CITY OF STINNETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN - CONTINUED

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 2013

Actuarial Valuation Date	12/31/2012
Actuarial Value of Assets	\$ 1,743,852
Actuarial Accrued Liability	\$ 1,407,804
Percentage Funded	123.90%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ (336,048)
Annual Covered Payroll	\$ 356,463
UAAL as a Percentage of Covered Payroll	(94.30%)
Net Pension Obligation (NPO) as the Beginning of Period	\$ -0-
Annual Pension Cost: Annual Required Contribution (ARC)	\$ 694
Contributions Made	\$ 694
NPO at the end of the period	<u>\$ -0-</u>

The required contributions rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
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	45.7 years; closed period	44.9 years; closed period
Amortization Period for new Gains / Losses	25 years	25 years	25 years
Asset Valuation Method	10-yr Smoothed Market	10-yr Smoothed Market	10-yr Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
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%	3.0%	3.0%
	0.0%	0.0%	0.0%

CITY OF STINNETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN - CONTINUED

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, 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.

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>
12/31/2005	\$ 974,992	\$ 956,225	102.0%	\$ (18,767)	\$ 469,262	(4.0) %
12/31/2006	1,070,835	1,049,936	102.0%	(20,899)	399,406	(5.2) %
12/31/2007	1,154,586	1,063,403	108.6%	(91,183)	387,161	(23.6) %
12/31/2008	1,231,188	1,139,270	108.1%	(91,918)	451,214	(20.4) %
12/31/2009	1,334,647	1,245,035	107.2%	(89,612)	436,396	(20.5) %
12/31/2010	1,503,337	1,214,526	123.8%	(288,811)	430,876	(67.0) %
12/31/2011	1,525,823	1,316,336	123.5%	(309,487)	395,689	(78.2) %
12/31/2012	1,743,852	1,407,804	123.9%	(336,048)	356,463	(94.3) %

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.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF STINNETT, TEXAS
SCHEDULE OF ACTUAL REVENUES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL REVENUES
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>REVENUES FROM CHARGES FOR SERVICES</u>				
Administration department	\$	\$	\$	\$
Fire department	26,660	32,000	(5,340)	24,636
Sanitation department	293,115	304,800	(11,685)	307,516
Public service department	43,333	26,200	17,133	26,610
Ambulance department	73,352	68,000	5,352	75,295
TOTAL REVENUES FROM CHARGES FOR SERVICES	436,460	431,000	5,460	434,057
<u>REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS</u>				
Fire department	79	3,000	(2,921)	2,784
Police department	4,991	1,000	3,991	985
Ambulance department	2,782	1,100	1,682	1,060
Helen's Kids	4,720	2,000	2,720	3,477
Stinnett Birthday Celebration	500	500	(500)	500
TOTAL REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS	12,572	7,600	4,972	8,306
<u>REVENUES FROM PROPERTY TAXES</u>				
Property tax	204,915	204,000	915	228,072
<u>REVENUES FROM INTERGOVERNMENTAL SOURCES</u>				
Sales tax	150,506	170,000	(19,494)	148,609
<u>REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES</u>				
Franchise tax	71,041	60,000	11,041	67,327
Hotel occupancy tax	615	1,000	(385)	833
TOTAL REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES	71,656	61,000	10,656	68,160
<u>REVENUES FROM FINES AND FORFEITURES</u>				
Police department	17,222	36,000	(18,778)	42,161

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 SCHEDULE OF ACTUAL REVENUES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL REVENUES
 GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>REVENUES FROM INCOME ON INVESTMENTS</u>				
Investment earnings	\$ 495	\$ 1,000	\$ (505)	\$ 542
<u>REVENUES FROM SALE OF ASSETS</u>				
Sale of assets	1,264	2,000	(736)	
<u>REVENUES FROM OTHER SOURCES</u>				
Miscellaneous	21,800	2,100	19,700	5,688
Debt proceeds [not budgeted]	154,400		154,400	
TOTAL REVENUES FROM OTHER SOURCES	<u>176,200</u>	<u>2,100</u>	<u>174,100</u>	<u>5,688</u>
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in	<u>172,234</u>	<u>60,000</u>	<u>112,234</u>	<u>166,403</u>
TOTAL REVENUES	<u>\$ 1,243,524</u>	<u>\$ 974,700</u>	<u>\$ 268,824</u>	<u>\$ 1,101,998</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
SCHEDULE OF ACTUAL EXPENDITURES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>GENERAL ADMINISTRATION EXPENDITURES</u>				
Salaries	\$ 79,469	\$ 77,000	\$ (2,469)	\$ 63,283
Social security	8,090	7,000	(1,090)	7,152
Retirement	381	2,000	1,619	1,643
Workers comp	975	2,500	1,525	2,087
General liability insurance	16,718	15,000	(1,718)	17,598
Insurance and bonds	616	3,000	2,384	1,279
Utilities and telephone	4,262	6,800	2,538	6,175
Janitorial expenditure	7,307	4,400	(2,907)	4,438
Office supplies	6,294	4,200	(2,094)	4,953
Training, travel and dues	4,504	10,000	5,496	5,369
Professional fees	21,065	13,000	(8,065)	15,543
Computer service	561	1,000	439	
Auto expense	104	500	396	155
Supplies	350	500	150	438
Election expense	2,676	6,000	3,324	6,370
Assessing and collecting	4,066	3,500	(566)	3,153
Repairs and maintenance	13,872	10,000	(3,872)	7,597
Miscellaneous	5,599	4,000	(1,599)	3,896
TOTAL GENERAL ADMINISTRATION EXPENDITURES	176,909	170,400	(6,509)	151,129
<u>FIRE DEPARTMENT EXPENDITURES</u>				
Firemen's fees	3,297	6,000	2,703	
Workers comp	976	2,000	1,024	2,087
Utilities	4,253	6,500	2,247	5,038
Dispatch fees	4,000	4,000		4,000
Office supplies	624	500	(124)	103
Training, travel and dues [not budgeted]				4,731
Professional fees	1,125	1,900	775	1,229
Auto expense	2,574	10,000	7,426	5,264
Supplies	5,774	3,000	(2,774)	2,552
Repairs and maintenance	2,322	11,000	8,678	6,177
Building insurance	427	1,500	1,073	1,244
TOTAL FIRE DEPARTMENT EXPENDITURES	25,372	46,400	21,028	32,425

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
SCHEDULE OF ACTUAL EXPENDITURES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>STREET DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 23,096	\$ 32,000	\$ 8,904	\$ 27,829
Social security	2,023	2,300	277	2,216
Retirement		1,000	1,000	416
Workers comp	976	2,500	1,524	2,087
General liability insurance	3,016	2,500	(516)	2,057
Utilities and telephone	23,291	15,000	(8,291)	14,015
Contract services	3,082	14,000	10,918	6,732
Supplies	671	2,000	1,329	2,150
Professional fees	400	2,400	2,000	2,447
Auto expense	3,153	7,000	3,847	5,899
Repairs and maintenance	70,454	108,000	37,546	85,798
Miscellaneous	3,921	1,000	(2,921)	871
TOTAL STREET DEPARTMENT EXPENDITURES	134,083	189,700	55,617	152,517
<u>POLICE DEPARTMENT EXPENDITURES</u>				
Salaries	109,996	112,580	2,584	105,312
Social security	7,698	7,000	(698)	7,301
Retirement	400	2,000	1,600	1,135
Workers comp	976	3,000	2,024	2,087
General liability insurance	22,615	21,700	(915)	17,152
Utilities and telephone	4,808	5,520	712	7,102
Contract services	4,748	4,500	(248)	4,175
Office supplies	2,303	2,500	197	2,411
Training, travel and dues	4,389	5,500	1,111	3,631
Professional fees	5,913	4,500	(1,413)	5,416
Court state fees	5,932	8,000	2,068	17,268
Auto expense	14,273	13,000	(1,273)	12,555
Supplies	2,661	2,500	(161)	6,453
Uniforms	3,593	2,500	(1,093)	1,618
Repairs and maintenance	8,089	6,200	(1,889)	5,991
Interest expenditure [not budgeted]	840		(840)	
Miscellaneous	6,288	2,000	(4,288)	824
TOTAL POLICE DEPARTMENT EXPENDITURES	205,522	203,000	(2,522)	200,431

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
SCHEDULE OF ACTUAL EXPENDITURES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>SANITATION DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 679	\$ 33,000	\$ 32,321	\$ 27,112
Social security		3,300	3,300	2,156
Retirement		1,500	1,500	
Workers comp	976	2,500	1,524	2,087
General liability insurance	3,541	7,000	3,459	6,454
Utilities and telephone	1,851	1,500	(351)	988
Contract services	85,594	90,000	4,406	82,780
Training, travel and dues	205	500	295	
Professional fees	459	1,400	941	1,079
Auto expense	17,418	17,500	82	18,335
Supplies	175	1,000	825	842
Repairs and maintenance	2,745	15,000	12,255	15,277
Miscellaneous	984	300	(684)	313
TOTAL SANITATION DEPARTMENT EXPENDITURES	114,627	174,500	59,873	157,423
<u>PUBLIC SERVICE DEPARTMENT EXPENDITURES</u>				
Salaries	76,615	83,000	6,385	73,166
Social security	5,296	4,500	(796)	5,531
Retirement	194	1,000	806	545
Workers comp	976	2,100	1,124	2,087
General liability insurance	4,932	3,200	(1,732)	
Utilities and telephone	29,440	22,000	(7,440)	34,585
Training, travel and dues	1,434	2,000	566	2,786
Professional fees	1,451	2,400	949	3,003
Auto expense	4,100	5,000	900	8,119
Supplies	6,835	8,000	1,165	11,235
Repairs and maintenance	18,053	15,000	(3,053)	5,765
Building insurance	427	1,500	1,073	1,244
Park special [not budgeted]	2,823		(2,823)	336
Concessions	5,264	5,000	(264)	5,805
Miscellaneous	3,154	2,800	(354)	1,577
TOTAL PUBLIC SERVICE DEPARTMENT EXPENDITURES	160,994	157,500	(3,494)	155,784

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
SCHEDULE OF ACTUAL EXPENDITURES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>AMBULANCE EXPENDITURES</u>				
Ambulance fees	\$ 1,890	\$ 3,000	\$ 1,110	\$ 2,495
Salaries	29,628	32,800	3,172	31,915
Social security	2,650	2,300	(350)	2,395
Retirement	153	800	647	545
Workers comp	976	2,500	1,524	2,087
General liability insurance	6,816	7,400	584	5,750
Utilities and telephone	5,332	4,500	(832)	3,333
Contract services	6,272	6,000	(272)	5,918
Office supplies	296	1,400	1,104	1,223
Training, travel and dues	3,425	4,000	575	2,526
Professional fees	10,740	7,400	(3,340)	5,764
Auto expense	3,833	6,500	2,667	5,640
Supplies	9,451	1,000	(8,451)	512
Medical supplies	5,232	5,000	(232)	3,937
Volunteer expenditures	2,655	5,000	2,345	2,505
Repairs and maintenance	8,461	13,000	4,539	4,100
Miscellaneous	1,086	500	(586)	529
TOTAL AMBULANCE EXPENDITURES	98,896	103,100	4,204	81,174
<u>COMMUNITY PROMOTION</u>				
Helen's Kids	1,460	1,500	40	1,622
Cemetery expenditure [not budgeted]				1,492
TOTAL COMMUNITY PROMOTION	1,460	1,500	40	3,114

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 SCHEDULE OF ACTUAL EXPENDITURES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL EXPENDITURES
 GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>CAPITAL IMPROVEMENT EXPENDITURES</u>				
General administration	\$ 1,205	\$ 2,000	\$ 795	\$ 2,150
Fire department		20,000	20,000	11,644
Street department	4,098	5,000	902	2,357
Police department	180,975	23,000	(157,975)	1,516
Sanitation department	4,410	8,000	3,590	79,190
Public service department	5,250	20,000	14,750	14,256
Ambulance department		8,000	8,000	4,754
TOTAL CAPITAL IMPROVEMENT EXPENDITURES	<u>195,938</u>	<u>86,000</u>	<u>(109,938)</u>	<u>115,867</u>
TOTAL EXPENDITURES	<u>\$ 1,113,801</u>	<u>\$ 1,132,100</u>	<u>\$ 18,299</u>	<u>\$ 1,049,864</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 SCHEDULE OF ACTUAL REVENUES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL REVENUES
 WATER AND SEWER FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>OPERATING REVENUES</u>				
Water sales	\$ 378,029	\$ 360,000	\$ 18,029	\$ 434,960
Water taps	1,000	1,000		775
Service charges	18,359	18,600	(241)	19,331
Sewer service	123,280	123,000	280	125,250
Sewer taps	1,125	1,400	(275)	675
Miscellaneous [not budgeted]	2,522		2,522	86
	<u>524,315</u>	<u>504,000</u>	<u>20,315</u>	<u>581,077</u>
Less Bad Debts	(10,016)		(10,016)	()
TOTAL OPERATING REVENUES	514,299	504,000	10,299	581,077
<u>NON-OPERATING REVENUES</u>				
Grant receipts				228,855
Contributions [not budgeted]				2,265
Investment earnings [not budgeted]	4		4	2
TOTAL NON-OPERATING REVENUES	4		4	231,122
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers out [not budgeted]	(287,500)		(287,500)	(138,935)
	<u>\$ 226,803</u>	<u>\$ 504,000</u>	<u>\$ (277,197)</u>	<u>\$ 673,264</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
SCHEDULE OF ACTUAL EXPENSES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL EXPENSES
WATER AND SEWER FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS				
Salaries	\$ 77,376	\$ 90,000	\$ 12,624	\$ 85,533
Social security	6,849	8,000	1,151	5,587
Retirement	519	3,500	2,981	1,122
Workers comp insurance	6,836	2,500	(4,336)	2,087
General liability insurance	13,130	22,000	8,870	16,618
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS	104,710	126,000	21,290	110,947
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES				
Utilities and telephone	45,453	30,500	(14,953)	32,345
Office supplies	2,521	3,500	979	3,779
Travel, training and dues	2,157	7,000	4,843	4,523
Professional fees	34,497	18,800	(15,697)	20,893
Contract labor [not budgeted]	1,289		(1,289)	
Auto expense	9,742	7,500	(2,242)	7,362
Supplies	9,547	8,500	(1,047)	6,986
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES	105,206	75,800	(29,406)	75,888
Repairs and maintenance	28,506	34,000	5,494	13,789
Building insurance	2,557	1,500	(1,057)	1,244
State fees	3,294	2,000	(1,294)	3,195
Depreciation expense [not budgeted]	115,744		(115,744)	98,633
Amortization expense [not budgeted]				1,692
Capital improvements	15,064	50,000	34,936	24,417
Miscellaneous	10,431	2,000	(8,431)	937
TOTAL OPERATING EXPENSES	385,512	291,300	(115,502)	330,742
<u>NON-OPERATING EXPENSES</u>				
Interest expense	5,517	5,800	283	7,562
TOTAL OPERATING AND NON-OPERATING EXPENSES	\$ 391,029	\$ 297,100	\$ (93,929)	\$ 338,304

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 SCHEDULE OF ACTUAL REVENUES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL REVENUES
 GAS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>OPERATING REVENUES</u>				
Gas sales	\$ 460,670	\$ 568,000	\$ (107,330)	\$ 432,447
Service charges	7,207	9,000	(1,793)	6,996
Miscellaneous [not budgeted]	225		225	176
	<u>468,102</u>	<u>577,000</u>	<u>(108,898)</u>	<u>439,619</u>
Less Bad Debts [not budgeted]	<u>(3,946)</u>		<u>(3,946)</u>	<u>()</u>
TOTAL OPERATING REVENUES	464,156	577,000	(112,844)	439,619
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers out [not budgeted]	<u>(28,941)</u>		<u>(28,941)</u>	<u>(35,000)</u>
	<u>\$ 435,215</u>	<u>\$ 577,000</u>	<u>\$ (141,785)</u>	<u>\$ 404,619</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
SCHEDULE OF ACTUAL EXPENSES COMPARED TO BUDGET AND TO PRIOR YEAR ACTUAL EXPENSES
GAS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ACTUAL 2013	ORIGINAL & FINAL BUDGET 2013	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2012
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS				
Salaries	\$ 76,713	\$ 90,000	\$ 13,287	\$ 85,536
Social security	6,815	5,500	(1,315)	5,587
Retirement	250	2,500	2,250	1,122
Workers comp insurance	6,836	2,500	(4,336)	2,087
General liability insurance	13,120	16,000	2,880	16,770
	<u>103,734</u>	<u>116,500</u>	<u>12,766</u>	<u>111,102</u>
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS				
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES				
Utilities and telephone	7,321	8,000	679	8,873
Office supplies	1,997	3,000	1,003	3,536
Training, travel and dues	3,064	4,000	936	2,392
Professional fees	34,701	11,300	(23,401)	12,305
Contract labor	3,929	4,000	71	
Auto expense	9,529	6,500	(3,029)	7,247
Supplies	4,627	5,000	373	3,337
	<u>65,168</u>	<u>41,800</u>	<u>(23,368)</u>	<u>37,690</u>
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES				
Natural gas purchases	246,237	350,000	103,763	198,292
Repairs and maintenance	6,806	27,000	20,194	18,544
Building insurance	2,557	1,500	(1,057)	1,244
Depreciation expense [not budgeted]	10,725		(10,725)	8,042
Capital improvements	4,303	45,000	40,697	8,284
Miscellaneous	21,002	3,000	(18,002)	1,657
	<u>\$ 460,532</u>	<u>\$ 584,800</u>	<u>\$ 124,268</u>	<u>\$ 384,855</u>
TOTAL OPERATING EXPENSES				

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 [UNAUDITED] SCHEDULE OF FUNDING PROGRESS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	FUNDED RATIO	UNFUNDED ACTUARIAL ACCRUED	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED	ANNUAL REQUIRED CONTRIBUTION
12/31/2012	\$ 1,743,852	\$ 1,407,804	123.9	\$ (336,048)	\$ 356,463	(94.3)	\$ 694
12/31/2011	1,525,823	1,316,336	120.0 %	(309,487)	395,689	(78.2) %	13,097
12/31/2010	1,503,337	1,214,526	120.0	(288,811)	430,876	(67.0)	13,406
12/31/2009	1,334,647	1,245,035	110.0	(89,612)	436,396	(20.5)	13,151
12/31/2008	1,231,188	1,139,270	110.0	(91,918)	451,214	(20.4)	15,137
12/31/2007	1,154,586	1,063,403	110.0	(91,183)	387,161	(23.6)	22,893
12/31/2006	1,070,835	1,049,936	100.0	(20,899)	399,406	(5.2)	25,820
12/31/2005	974,992	956,225	100.0	(18,767)	469,262	(4.0)	49,642

See Notes to Financial Statements and Independent Auditor's Report

OTHER SUPPLEMENTAL INFORMATION

CITY OF STINNETT, TEXAS
 COMPARATIVE BALANCE SHEET
 WATER AND SEWER FUND
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 45,009	\$ 171,582
Accounts receivable, net	45,654	60,033
Prepaid expenses	63	
TOTAL CURRENT ASSETS	<u>90,726</u>	<u>231,615</u>
Non-Current Assets		
Investments	3,500	3,500
Bond issuance, net		5,075
Capital Assets		
Land	105,400	105,400
Construction in progress		279,470
Buildings and improvements	28,988	28,988
Infrastructure	2,960,901	2,679,177
Machinery and equipment	315,216	265,632
Office furniture and equipment	2,056	2,056
Transportation equipment	48,178	48,178
Less accumulated depreciation	(1,882,383)	(1,766,639)
TOTAL NON-CURRENT ASSETS	<u>1,581,856</u>	<u>1,650,837</u>
TOTAL ASSETS	<u>\$ 1,672,582</u>	<u>\$ 1,882,452</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Current Liabilities		
Accounts payable	\$ 2,428	\$ 1,861
Accrued liabilities	2,997	4,308
Deposits for meters	37,754	37,657
Non-Current Liabilities		
Due within one year		
Certificate of obligation	45,000	45,000
Due in more than one year		
Certificate of obligation	50,000	95,000
TOTAL LIABILITIES	<u>138,179</u>	<u>183,826</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	1,483,356	1,502,262
Restricted for prepaid expenses	63	
Unrestricted	50,984	196,364
TOTAL FUND BALANCE	<u>1,534,403</u>	<u>1,698,626</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,672,582</u>	<u>\$ 1,882,452</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 COMPARATIVE BALANCE SHEET
 GAS FUND
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 51,747	\$ 82,779
Accounts receivable, net	13,184	11,820
Prepaid expenses	63	
TOTAL CURRENT ASSETS	<u>64,994</u>	<u>94,599</u>
Non-Current Assets		
Capital Assets		
Buildings and improvements	26,222	26,222
Infrastructure	295,805	295,805
Machinery and equipment	55,908	33,717
Office furniture and equipment	2,055	2,055
Transportation equipment	47,714	47,714
Less accumulated depreciation	(338,077)	(327,351)
TOTAL NON-CURRENT ASSETS	<u>89,627</u>	<u>78,162</u>
TOTAL ASSETS	<u>\$ 154,621</u>	<u>\$ 172,761</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Accounts payable	\$ 9,090	\$ 275
Sales tax payable	693	512
Accrued liabilities	2,409	3,450
Deposits for meters	51,737	52,515
TOTAL LIABILITIES	<u>63,929</u>	<u>56,752</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	89,627	78,162
Restricted for prepaid expenses	63	
Unrestricted	1,002	37,847
TOTAL FUND BALANCE	<u>90,692</u>	<u>116,009</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 154,621</u>	<u>\$ 172,761</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
STATEMENT OF ACTUAL REVENUES, EXPENSES, AND CHANGES IN NET POSITION (BUDGET BASIS) COMPARED TO BUDGET
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	ACTUAL ON BUDGETARY BASIS	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>OPERATING REVENUES</u>					
Water and sewer department	\$ 524,315		\$ 524,315	\$ 504,000	\$ 20,315
Gas department	468,102		468,102	577,000	(108,898)
Less bad debts	(13,962)		(13,962)		(13,962)
TOTAL OPERATING REVENUES	978,455		978,455	1,081,000	(102,545)
<u>OPERATING EXPENSES</u>					
Salaries, wages and employee benefits	208,444		208,444	242,500	34,056
Contractual services, materials and supplies	170,374		170,374	117,600	(52,774)
Natural gas purchases	246,237		246,237	350,000	103,763
Repairs and maintenance	35,312		35,312	61,000	25,688
Building insurance	5,114		5,114	3,000	(2,114)
State fees	3,294		3,294	2,000	(1,294)
Depreciation expense	126,469	\$ (126,469) ⁽¹⁾			
Capital improvements	19,367		19,367	145,000	125,633
Other expenses	31,430		31,430	5,000	(26,430)
TOTAL OPERATING EXPENSES	846,041	(126,469)	719,572	926,100	206,528
OPERATING INCOME (LOSS)	132,414	126,469	258,883	154,900	103,983
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Income on investments	4		4		4
Interest expense	(5,517)		(5,517)	(5,800)	283
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$ (5,513)	\$	\$ (5,513)	\$ (5,800)	\$ 287

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
STATEMENT OF ACTUAL REVENUES, EXPENSES, AND CHANGES IN NET POSITION (BUDGET BASIS) COMPARED TO BUDGET
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	<u>ACTUAL</u>	<u>ADJUSTMENT TO BUDGETARY BASIS</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
INCOME BEFORE TRANSFERS	\$ 126,901	\$ 126,469	\$ 253,370	\$ 149,100	\$ 104,270
Transfers out [not budgeted]	(316,441)	316,441	(2)		
CHANGE IN NET POSITION	(189,540)	442,910	253,370	149,100	104,270
NET POSITION - OCTOBER 1	<u>1,814,635</u>				
NET POSITION - SEPTEMBER 30	<u>\$ 1,625,095</u>				

NOTES

(1) The City of Stinnett does not budget depreciation expense.

(2) The City of Stinnett does not budget transfers.

CITY OF STINNETT, TEXAS
 COMPARATIVE BALANCE SHEET
 CEMETERY FUND
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,327	\$ 25,820
Accounts receivable		
TOTAL ASSETS	<u>\$ 4,327</u>	<u>\$ 25,820</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Fund balance		
Unassigned	\$ 4,327	\$ 25,820
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,327</u>	<u>\$ 25,820</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CEMETERY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>REVENUES</u>		
Lot fees	\$ 11,710	\$ 8,986
Contributions	105	1,385
Service fees	710	680
	<u>12,525</u>	<u>11,051</u>
TOTAL REVENUES		
<u>EXPENDITURES</u>		
Supplies	790	
Contract labor	3,585	4,169
Professional fees	3,403	
Utilities		873
Miscellaneous expenditures	420	176
	<u>8,198</u>	<u>5,218</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,327</u>	<u>5,833</u>
OTHER FINANCING SOURCES AND (USES)		
Transfers out	<u>(25,820)</u>	<u>(3,711)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(21,493)	2,122
FUND BALANCES - OCTOBER 1	<u>25,820</u>	<u>23,698</u>
FUND BALANCES - SEPTEMBER 30	<u>\$ 4,327</u>	<u>\$ 25,820</u>

See Notes to Financial Statements and Independent Auditor's Report