

CITY OF STINNETT, TEXAS

AUDIT REPORT

FISCAL YEAR ENDED  
SEPTEMBER 30, 2014

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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, 2014, 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, 2014, 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.

A handwritten signature in blue ink that reads "James R. Allen". The signature is written in a cursive style with a long, sweeping underline.

James R. Allen, CPA  
July 13, 2015

## 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, 2014.

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

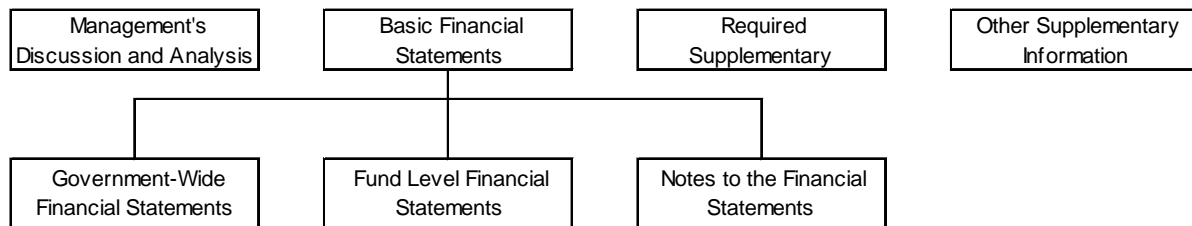
- The City's total net position decreased over the course of this year's operations. The net position of our business-type activities decreased \$67.3 thousand due primarily to transfers to the governmental funds. There was also a decrease of \$206.4 thousand in the net position of our governmental activities due primarily to increased expenditures in the street department.
- During the year, the City's expenses were \$272.6 more than the \$2,133.4 thousand generated in taxes and other revenues for governmental programs (before transfers). This is less than last year, when revenues exceeded expenses by \$9.1 thousand.
- In the City's business-type activities, revenues increased to \$1,102.9 thousand due to the corrected collection of gas receipts during the 2014 year.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, shows a decrease in fund balance of \$120.9 thousand compared to last year when debt proceeds were recorded.

### 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 \$2.7 million at the close of the fiscal year.

The City's net position of the Governmental funds decreased from \$2,999.8 thousand in 2013 to \$2,726.1 thousand in 2014. (See Table 1) The largest portion of the City's net position (\$2,569.2 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. Subsequently, only \$156.9 thousand is due for spending in addition to future revenues.

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	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current and other assets	\$ 697.6	\$ 866.5	\$ 132.2	\$ 159.2	\$ 829.8	\$ 1,025.7
Capital assets, net	1,030.6	1,149.8	1,588.6	1,668.0	2,619.2	2,817.8
<b>TOTAL ASSETS</b>	<b>1,728.2</b>	<b>2,016.3</b>	<b>1,720.8</b>	<b>1,827.2</b>	<b>3,449.0</b>	<b>3,843.5</b>
<b>LIABILITIES</b>						
Current and other liabilities	127.3	136.2	163.0	152.1	290.3	288.3
Long-term debt outstanding	432.6	505.3		50.0	432.6	555.3
<b>TOTAL LIABILITIES</b>	<b>559.9</b>	<b>641.5</b>	<b>163.0</b>	<b>202.1</b>	<b>722.9</b>	<b>843.6</b>
<b>NET POSITION</b>						
Invested in capital assets, net of debt	1,030.6	1,149.8	1,538.6	1,573.0	2,569.2	2,722.8
Restricted				0.1		0.1
Unrestricted	137.7	224.9	19.2	52.0	156.9	276.9
<b>TOTAL NET POSITION</b>	<b>\$ 1,168.3</b>	<b>\$ 1,374.7</b>	<b>\$ 1,557.8</b>	<b>\$ 1,625.1</b>	<b>\$ 2,726.1</b>	<b>\$ 2,999.8</b>

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

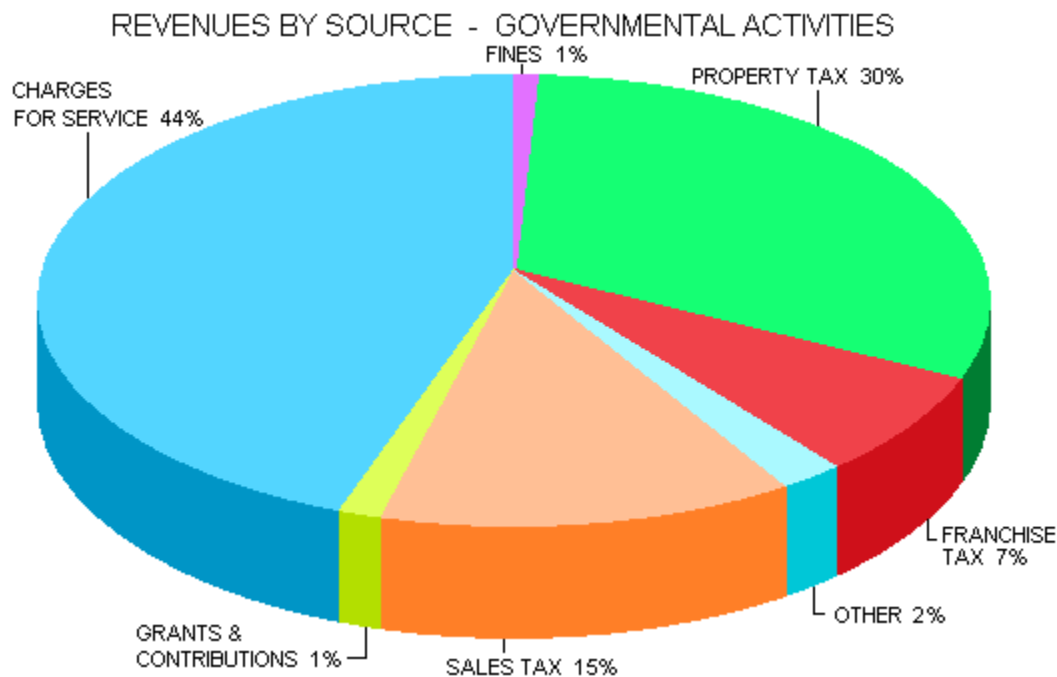


**Change in Net Position.** The City's total revenues increased to \$2,133.4 thousand. (See Table 2) This increase is due to appropriate gas revenue collections and an increase in property tax revenues.

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

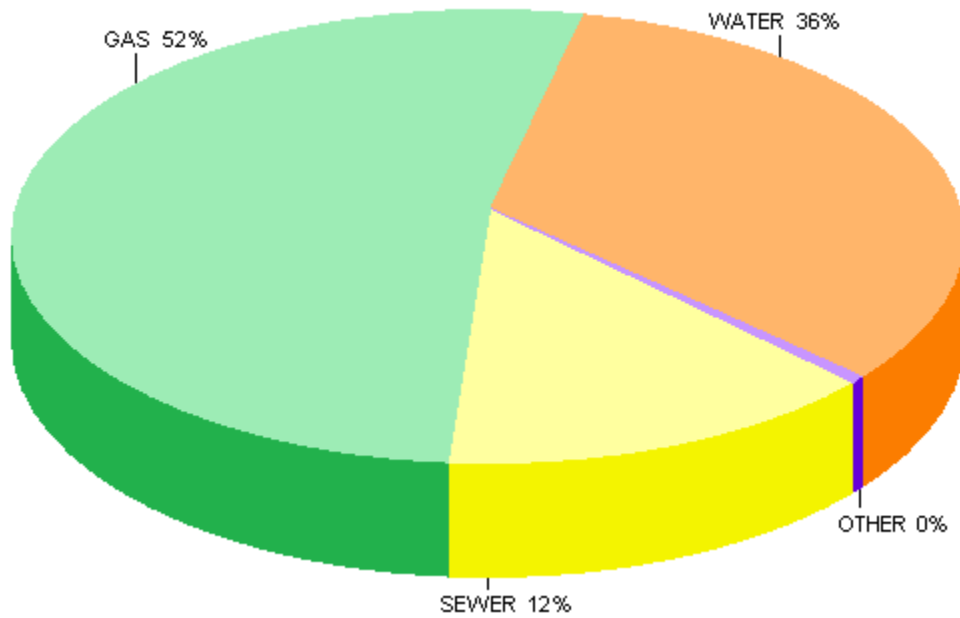
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 456.0	\$ 448.9	\$ 1,102.4	\$ 989.7	\$ 1,558.4	\$ 1,438.6
Grants & contributions	5.7	12.7			5.7	12.7
General revenues						
Property taxes	305.6	273.4			305.6	273.4
Other taxes	225.1	222.2			225.1	222.2
Fines and forfeitures	14.7	17.2			14.7	17.2
Investment earnings	0.3	0.5			0.3	0.5
Sale of assets		1.3				1.3
Other	23.1	21.8	0.5	2.7	23.6	24.5
<b>Total revenues</b>	<b>1,030.5</b>	<b>998.0</b>	<b>1,102.9</b>	<b>992.4</b>	<b>2,133.4</b>	<b>1,987.8</b>
<b>Expenses</b>						
General administration	219.0	187.9			219.0	187.9
Fire	88.7	47.3			88.7	47.3
Streets	264.5	150.3			264.5	150.3
Police	259.4	237.6			259.4	237.6
Sanitation	183.7	140.3			183.7	140.3
Public service	213.1	205.4			213.1	205.4
Ambulance	105.1	112.6			105.1	112.6
Cemetery	16.2	8.2			16.2	8.2
Community promotion		1.5				1.5
Interest on long-term debt	32.9	24.7			32.9	24.7
Utilities			1,023.4	865.5	1,023.4	865.5
<b>Total expenses</b>	<b>1,382.6</b>	<b>1,115.8</b>	<b>1,023.4</b>	<b>865.5</b>	<b>2,406.0</b>	<b>1,981.3</b>
Increase in net position before transfers	( 352.1 )	( 117.8 )	79.5	126.9	( 272.6 )	9.1
Transfers	145.8	316.4	( 146.8 )	( 316.4 )	( 1.1 )	
Increase in net position	( 206.4 )	198.6	( 67.3 )	( 189.5 )	( 273.7 )	9.1
Net position - October 1	1,374.7	1,176.1	1,625.1	1,814.6	2,999.8	2,990.7
<b>Net position - September 30</b>	<b>\$ 1,168.3</b>	<b>\$ 1,374.7</b>	<b>\$ 1,557.8</b>	<b>\$ 1,625.1</b>	<b>\$ 2,726.1</b>	<b>\$ 2,999.8</b>

Charges for services remain the largest portion of governmental activity revenues in 2014.

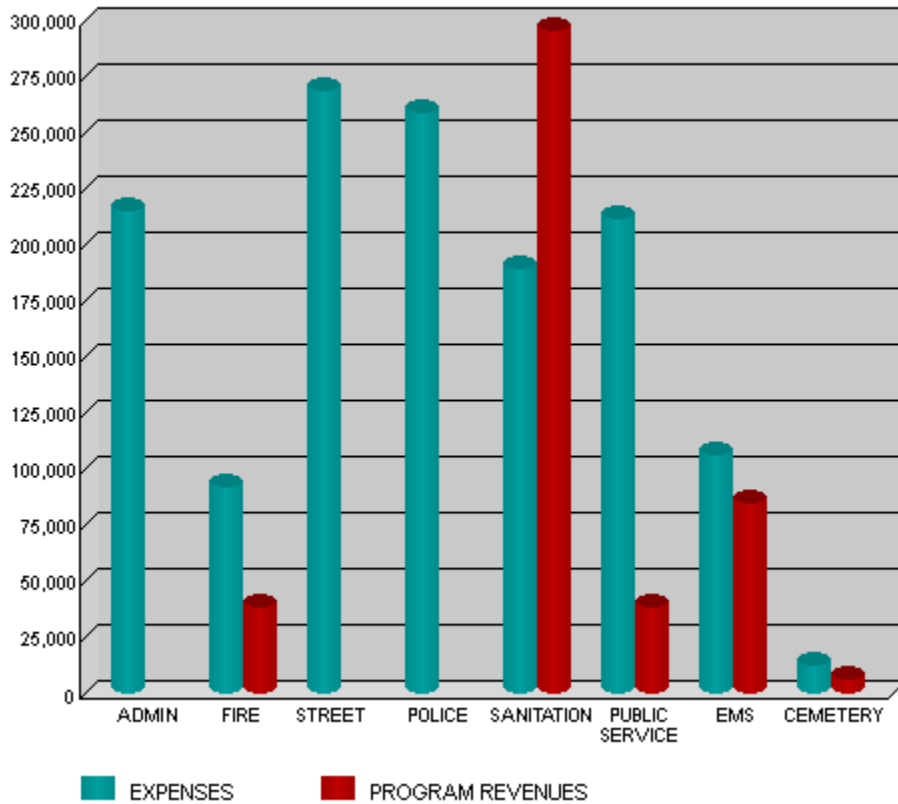


Revenues generated and expenses used in business-type activities remained consistent with previous years, with the exception of capital grants received.

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 2014. The general fund actual expenditures were less than the total budgeted by approximately 4%. The City's expense budget for the water and sewer fund was exceeded by actual expenses again in 2014 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 2014, the City had invested \$2,619.1 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, deductions, and depreciation) of \$198.7 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 37.5	\$ 37.5	\$ 105.4	\$ 105.4	\$ 142.9	\$ 142.9
Buildings and Improvements	622.4	669.6	12.6	15.0	635.0	684.6
Infrastructure	47.9	52.6	1,333.5	1,426.6	1,381.4	1,479.2
Machinery and Equipment	126.2	142.2	74.3	97.0	200.5	239.2
Office Furniture and Equipment	5.8	7.4			5.8	7.4
Transportation Equipment	190.8	240.5	62.9	24.0	253.7	264.5
	<u>\$ 1,030.6</u>	<u>\$ 1,149.8</u>	<u>\$ 1,588.7</u>	<u>\$ 1,668.0</u>	<u>\$ 2,619.3</u>	<u>\$ 2,817.8</u>

This year's major capital asset additions included:

- 2013 Chevy Silverado, \$44.5 thousand
- Pipe trailer, \$5.0 thousand
- 2002 Int'l firetruck, \$23.5 thousand
- 5055E Cat utility trailer, \$26.7 thousand

## Long-term Debt

At year-end the City had \$567.3 thousand in certificates of obligation and finance contract outstanding – a decrease of \$102.1 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	
	2014	2013	2014	2013	2014	2013
General obligation bond (backed by the City)	\$ 392.0	\$ 425.0	\$	\$	\$ 392.0	\$ 425.0
Finance contract (collateral 3 2013 Ford Interceptors)	125.3	154.4			125.3	154.4
Proprietary obligation bond (backed by the City)			50.0	90.0	50.0	90.0
	<u>\$ 517.3</u>	<u>\$ 579.4</u>	<u>\$ 50.0</u>	<u>\$ 90.0</u>	<u>\$ 567.3</u>	<u>\$ 669.4</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, 2014

	<i>PRIMARY GOVERNMENT</i>			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 16,820	\$ 69,260	\$ 86,080	\$ 161,463
Receivables, net	93,457	59,400	152,857	
Due from other governments	3,943		3,943	
Investments	583,388	3,500	586,888	
Capital assets				
Non-depreciable	37,539	105,400	142,939	
Depreciable, net	993,040	1,483,213	2,476,253	
<b>TOTAL ASSETS</b>	<b>1,728,187</b>	<b>1,720,773</b>	<b>3,448,960</b>	<b>161,463</b>
<u>LIABILITIES</u>				
Accounts payable	3,402	5,068	8,470	
Sales tax payable	1,744	778	2,522	
Accrued liabilities	4,118	12,665	16,783	
Deferred property tax	32,611		32,611	
Deposits for meters	695	94,478	95,173	
Non-current liabilities				
Due within one year				
Finance contract	29,731		29,731	
Certificate of obligation	52,000	50,000	102,000	
Due in more than one year				
Finance contract	95,581		95,581	
Certificate of obligation	340,000		340,000	
<b>TOTAL LIABILITIES</b>	<b>559,882</b>	<b>162,989</b>	<b>722,871</b>	
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	1,030,578	1,538,633	2,569,211	
Unrestricted	137,727	19,151	156,878	161,463
<b>TOTAL NET POSITION</b>	<b>\$ 1,168,305</b>	<b>\$ 1,557,784</b>	<b>\$ 2,726,089</b>	<b>\$ 161,463</b>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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	
<b>PRIMARY GOVERNMENT</b>								
Governmental Activities								
General administration	\$ 218,993	\$	\$	\$	\$ ( 218,993 )	\$	\$ ( 218,993 )	\$
Fire	88,630	33,000	1,955		( 53,675 )		( 53,675 )	
Streets	264,491				( 264,491 )		( 264,491 )	
Police	259,395				( 259,395 )		( 259,395 )	
Sanitation	183,748	298,672			114,924		114,924	
Public service	213,126	35,763			( 177,363 )		( 177,363 )	
Ambulance	105,140	77,104	3,781		( 24,255 )		( 24,255 )	
Cemetery	16,247	11,420	12		( 4,815 )		( 4,815 )	
Interest on long-term debt	32,884				( 32,884 )		( 32,884 )	
Total governmental activities	1,382,654	455,959	5,748		( 920,947 )		( 920,947 )	
Business-Type Activities								
Water department	327,340	400,843				73,503	73,503	
Sewer department	108,004	130,450				22,446	22,446	
Gas department	588,056	571,120				( 16,936 )	( 16,936 )	
Total business-type activities	1,023,400	1,102,413				79,013	79,013	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,406,054</b>	<b>\$ 1,558,372</b>	<b>\$ 5,748</b>	<b>\$</b>	<b>( 920,947 )</b>	<b>79,013</b>	<b>( 841,934 )</b>	
<b>COMPONENT UNIT</b>								
Community Development Corporation	\$ 12,295	\$	\$ 8,126	\$				( 4,169 )
Emergency Medical Services	6,176		8,225					2,049
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 18,471</b>	<b>\$</b>	<b>\$ 16,351</b>	<b>\$</b>				<b>( 2,120 )</b>
<b>GENERAL REVENUES:</b>								
Taxes								
Property tax					305,578		305,578	
Sales tax					157,738		157,738	52,493
Other intergovernmental sources					67,320		67,320	
Fines and forfeitures					14,743		14,743	
Investment earnings					300	4	304	
Other					23,067	446	23,513	125
Transfers in (out)					145,767	( 146,774 )	( 1,007 )	1,007
Total general revenues and transfers					714,513	( 146,324 )	568,189	53,625
<b>CHANGE IN NET POSITION</b>					<b>( 206,434 )</b>	<b>( 67,311 )</b>	<b>( 273,745 )</b>	<b>51,505</b>
<b>NET POSITION - OCTOBER 1</b>					<b>1,374,739</b>	<b>1,625,095</b>	<b>2,999,834</b>	<b>109,958</b>
<b>NET POSITION - SEPTEMBER 30</b>					<b>\$ 1,168,305</b>	<b>\$ 1,557,784</b>	<b>\$ 2,726,089</b>	<b>\$ 161,463</b>

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, 2014

	GENERAL	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Current cash and cash equivalents	\$ 6,863	\$	\$ 6,863
Investments	353,532		353,532
Receivables, net			
Tax	42,349		42,349
Charges for service	12,074		12,074
Utilities	28,702		28,702
Due from other governments	3,738		3,738
<b>TOTAL ASSETS</b>	<b>\$ 447,258</b>	<b>\$</b>	<b>\$ 447,258</b>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 3,402	\$	\$ 3,402
Sales tax payable	1,744		1,744
Accrued liabilities	3,074		3,074
Deferred property tax	22,946		22,946
Deposits for meters	695		695
<b>TOTAL LIABILITIES</b>	<b>31,861</b>		<b>31,861</b>
Fund Balances			
Assigned			
Unassigned	415,397		415,397
<b>TOTAL FUND BALANCES</b>	<b>415,397</b>		<b>415,397</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 447,258</b>	<b>\$</b>	<b>\$ 447,258</b>

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, 2014

FUND BALANCES - GOVERNMENTAL FUNDS \$ 415,397

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	\$ 2,959,383	
Less accumulated depreciation	<u>( 1,928,805 )</u>	1,030,578

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the governmental funds.		239,686
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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		( 392,000 )
Finance contract		( 125,312 )

Some liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>44</u>
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GOVERNMENT-WIDE NET POSITION \$ 1,168,305



CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	GENERAL	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Charges for services	\$ 455,959	\$	\$ 455,959
Grants and contributions	5,748		5,748
Property tax	235,548		235,548
Sales tax	157,738		157,738
Other intergovernmental sources	67,320		67,320
Fines and forfeitures	14,743		14,743
Income on investments	202		202
Other	23,067		23,067
TOTAL REVENUES	<u>960,325</u>		<u>960,325</u>
<u>EXPENDITURES</u>			
Current Operating			
Administration	213,048		213,048
Fire	41,328		41,328
Streets	224,921		224,921
Police	257,073		257,073
Sanitation	155,433		155,433
Public service	161,450		161,450
Ambulance	91,838		91,838
Community promotion	16,247		16,247
Cemetery			
Capital outlay	68,781		68,781
TOTAL EXPENDITURES	<u>1,230,119</u>		<u>1,230,119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>( 269,794 )</u>		<u>( 269,794 )</u>
<u>OTHER FINANCING SOURCES AND (USES)</u>			
Debt proceeds			
Sale of assets			
Transfers in (out)	148,829	( 4,327 )	144,502
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>148,829</u>	<u>( 4,327 )</u>	<u>144,502</u>
NET CHANGES IN FUND BALANCES	( 120,965 )	( 4,327 )	( 125,292 )
FUND BALANCES - OCTOBER 1	<u>566,445</u>	<u>4,327</u>	<u>570,772</u>
FUND BALANCES - SEPTEMBER 30	<u>\$ 445,480</u>	<u>\$</u>	<u>\$ 445,480</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, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ ( 125,292 )

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	( 151,787 )
Capital asset additions	32,575

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	( )
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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. 71,392

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. ( 33,322 )

NET CHANGE IN GOVERNMENT-WIDE NET POSITION \$ ( 206,434 )

CITY OF STINNETT, TEXAS  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 48,103	\$ 21,157	\$ 69,260
Accounts receivable, net	46,558	12,842	59,400
TOTAL CURRENT ASSETS	<u>94,661</u>	<u>33,999</u>	<u>128,660</u>
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	70,433	74,969	145,402
Less accumulated depreciation	( 1,997,320 )	( 352,020 )	( 2,349,340 )
TOTAL NON-CURRENT ASSETS	<u>1,489,174</u>	<u>102,939</u>	<u>1,592,113</u>
TOTAL ASSETS	<u>1,583,835</u>	<u>136,938</u>	<u>1,720,773</u>
<u>LIABILITIES</u>			
Accounts payable	3,388	1,680	5,068
Sales tax payable		778	778
Accrued liabilities	11,129	1,536	12,665
Deposits for meters	39,901	54,577	94,478
Non-current liabilities			
Due within one year			
Certificate of obligation	50,000		50,000
TOTAL LIABILITIES	<u>104,418</u>	<u>58,571</u>	<u>162,989</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,435,694	102,939	1,538,633
Unrestricted	43,723	( 24,572 )	19,151
TOTAL NET POSITION	<u>\$ 1,479,417</u>	<u>\$ 78,367</u>	<u>\$ 1,557,784</u>

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, 2014

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
<u>OPERATING REVENUES</u>			
Charges for services	\$ 531,240	\$ 571,620	\$ 1,102,860
Less bad debts	( 4,397 )	( 4,395 )	( 8,792 )
TOTAL OPERATING REVENUES	<u>526,843</u>	<u>567,225</u>	<u>1,094,068</u>
<u>OPERATING EXPENSES</u>			
Salaries, wages and employee benefits	135,789	126,914	262,703
Contractual services, materials and supplies	126,762	66,722	193,484
Natural gas purchases		330,365	330,365
Repairs and maintenance	35,229	38,027	73,256
Building insurance	5,712	5,712	11,424
State fees	3,405		3,405
Depreciation expense	114,937	13,943	128,880
Capital improvements	2,500		2,500
Other expenses	3,286	1,978	5,264
TOTAL OPERATING EXPENSES	<u>427,620</u>	<u>583,661</u>	<u>1,011,281</u>
OPERATING INCOME	<u>99,223</u>	<u>( 16,436 )</u>	<u>82,787</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Income on investments	4		4
Interest expense	( 3,327 )		( 3,327 )
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>( 3,323 )</u>		<u>( 3,323 )</u>
INCOME BEFORE TRANSFERS	<u>95,900</u>	<u>( 16,436 )</u>	<u>79,464</u>
Transfers in (out)	( 150,886 )	4,113	( 146,773 )
CHANGE IN NET POSITION	( 54,986 )	( 12,323 )	( 67,309 )
NET POSITION - OCTOBER 1	<u>1,534,403</u>	<u>90,690</u>	<u>1,625,093</u>
NET POSITION - SEPTEMBER 30	<u>\$ 1,479,417</u>	<u>\$ 78,367</u>	<u>\$ 1,557,784</u>

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, 2014

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
<b>CASH FLOWS FROM OPERATIONS</b>			
Receipts from customers	\$ 525,939	\$ 567,567	\$ 1,093,506
Payments to suppliers	( 173,724 )	( 447,226 )	( 620,950 )
Payments to employees	( 127,657 )	( 127,787 )	( 255,444 )
Net Cash Provided By Operating Activities	<u>224,558</u>	<u>( 7,446 )</u>	<u>217,112</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to governmental funds	<u>( 150,887 )</u>	<u>4,111</u>	<u>( 146,776 )</u>
Net Cash Used By Noncapital Financing Activities	<u>( 150,887 )</u>	<u>4,111</u>	<u>( 146,776 )</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	( 22,254 )	( 27,255 )	( 49,509 )
Payments of certificate of obligation	<u>( 45,000 )</u>	<u>                    </u>	<u>( 45,000 )</u>
Net Cash Used By Capital and Related Financing Activities	<u>( 67,254 )</u>	<u>( 27,255 )</u>	<u>( 94,509 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts from interest	4		4
Payments of interest	<u>( 3,327 )</u>	<u>                    </u>	<u>( 3,327 )</u>
Net Cash Used By Investing Activities	<u>( 3,323 )</u>	<u>                    </u>	<u>( 3,323 )</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	3,094	( 30,590 )	( 27,496 )
CASH AND CASH EQUIVALENTS - OCTOBER 1	<u>45,009</u>	<u>51,747</u>	<u>96,756</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30	<u>\$ 48,103</u>	<u>\$ 21,157</u>	<u>\$ 69,260</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
<u>OPERATING INCOME</u>	\$ 99,223	\$ ( 16,436 )	\$ 82,787
Adjustments			
Depreciation	114,937	13,943	128,880
Assets (increase) decrease			
Accounts receivable, net	( 904 )	342	( 562 )
Prepaid expenses	63	63	126
Liabilities increase (decrease)			
Accounts payable	960	( 7,410 )	( 6,450 )
Sales tax payable		85	85
Accrued liabilities	8,132	( 873 )	7,259
Deposits for meters	<u>2,147</u>	<u>2,840</u>	<u>4,987</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 224,558</u>	<u>\$ ( 7,446 )</u>	<u>\$ 217,112</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 COMPONENT UNITS  
SEPTEMBER 30, 2014

	<u>COMMUNITY DEVELOPMENT CORPORATION</u>	<u>EMERGENCY MEDICAL SERVICES</u>	<u>TOTAL COMPONENT UNITS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 134,216	\$ 27,247	\$ 161,463
TOTAL ASSETS	<u>134,216</u>	<u>27,247</u>	<u>161,463</u>
<u>NET POSITION</u>			
Unrestricted	<u>134,216</u>	<u>27,247</u>	<u>161,463</u>
TOTAL NET POSITION	<u>\$ 134,216</u>	<u>\$ 27,247</u>	<u>\$ 161,463</u>

CITY OF STINNETT, TEXAS  
 COMBINING STATEMENT OF ACTIVITIES  
 COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	COMMUNITY DEVELOPMENT CORPORATION	EMERGENCY MEDICAL SERVICES	TOTAL COMPONENT UNITS
<b>EXPENSES</b>			
Promotional activity	\$ 32	\$	\$ 32
Supplies		169	169
Training, travel and dues	175	3,241	3,416
Advertising	7,082		7,082
Community projects	3,000		3,000
Capital improvements		2,641	2,641
Other expenses	2,006	125	2,131
<b>TOTAL EXPENSES</b>	<b>12,295</b>	<b>6,176</b>	<b>18,471</b>
<b>PROGRAM REVENUES</b>			
Operating grants and contributions	8,126	8,225	16,351
<b>NET (EXPENSE) REVENUE</b>	<b>( 4,169 )</b>	<b>2,049</b>	<b>( 2,120 )</b>
<b>GENERAL REVENUES</b>			
Sales tax	52,493		52,493
Transfer In/Out	1,007		1,007
Other Income		125	125
<b>TOTAL GENERAL REVENUES</b>	<b>53,500</b>	<b>125</b>	<b>53,625</b>
<b>CHANGE IN NET POSITION</b>	<b>49,331</b>	<b>2,174</b>	<b>51,505</b>
<b>NET POSITION - OCTOBER 1</b>	<b>84,885</b>	<b>25,073</b>	<b>109,958</b>
<b>NET POSITION - SEPTEMBER 30</b>	<b>\$ 134,216</b>	<b>\$ 27,247</b>	<b>\$ 161,463</b>

See Notes to Financial Statements and Independent Auditor's Report

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 2014.

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 \$12,353 in the Proprietary Funds and \$1,585 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.

P. New Accounting Pronouncements

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

P. New Accounting Pronouncements - continued

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2014 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.

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, 2014, 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 no time or demand deposits subject to custodial credit risk during the 2014 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, 2014, the City had insured bank balances as follows:

The Borger Interbank	
Carrying amounts in demand accounts	\$ 496,122
Less FDIC coverage	<u>250,000</u>
Collateralized	<u>\$ 246,122</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	\$ 85,680
Petty cash on hand	<u>400</u>
Cash and Cash Equivalents - Statement of Net Position	<u>\$ 86,080</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	\$ 69,260
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CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

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%.

INTERFUND TRANSFERS

Net transfers of \$146,774 from business-type activities to governmental activities on the government-wide statement of activities is the City's designated payment of operations. The following interfund transfers are reflected in the fund level financial statements for the year ended September 30, 2014:

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$	\$ 148,829
Debt Service Fund		1,265
Community Development Corp.		1,007
Cemetery Fund	<u>4,327</u>	
Total Governmental Funds	<u>4,327</u>	<u>151,101</u>
Proprietary Funds		
Water and Sewer Fund	154,489	
Gas Fund		4,113
Capital Grant Fund		
Debt Service Fund		<u>3,602</u>
Total Proprietary Funds	<u>154,489</u>	<u>7,715</u>
Total Transfers	<u>\$ 158,816</u>	<u>\$ 158,816</u>

CITY OF STINNETT, TEXAS  
NOTES TO FINANCIAL STATEMENTS

CAPITAL ASSETS

*CHANGES IN CAPITAL ASSETS*

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

	BEGINNING BALANCE 10/01/2013	ADDITIONS	DELETIONS AND DISPOSALS	ENDING BALANCE 09/30/2014
<b>PRIMARY GOVERNMENT</b>				
<i>Governmental Activities</i>				
Assets not Depreciated				
Land	\$ 37,539	\$	\$	\$ 37,539
Construction in Progress				
Depreciable Assets				
Buildings and Improvements	1,296,228			1,296,228
Infrastructure	257,347			257,347
Machinery and Equipment	494,525	26,673	12,500	508,698
Office Furniture and Equipment	25,082			25,082
Transportation Equipment	839,769	23,501	28,780	834,490
Total Depreciable Assets	2,912,951	50,174	41,280	2,921,845
Accumulated Depreciation				
Buildings and Improvements	626,617	47,274		673,891
Infrastructure	204,782	4,618		209,400
Machinery and Equipment	352,355	33,375	3,125	382,605
Office Furniture and Equipment	17,637	1,632		19,269
Transportation Equipment	599,309	64,889	20,557	643,641
Total Accumulated Depreciation	1,800,700	151,788	23,682	1,928,806
Net Depreciable Assets	1,112,251	(101,614)	17,598	993,039
<i>Net Governmental Activities Capital Assets</i>	<u>\$ 1,149,790</u>	<u>\$ (101,614)</u>	<u>\$ 17,598</u>	<u>\$ 1,030,578</u>
<i>Business-Type Activities</i>				
Assets not Depreciated				
Land	\$ 105,400	\$	\$	\$ 105,400
Depreciable Assets				
Buildings and Improvements	55,210			55,210
Infrastructure	3,256,706			3,256,706
Machinery and Equipment	371,123			371,123
Office Furniture and Equipment	4,111			4,111
Transportation Equipment	95,892	49,511		145,403
Total Depreciable Assets	3,783,042	49,511		3,832,553
Accumulated Depreciation				
Buildings and Improvements	40,217	2,436		42,653
Infrastructure	1,830,111	93,138		1,923,249
Machinery and Equipment	274,127	22,715		296,842
Office Furniture and Equipment	4,111			4,111
Transportation Equipment	71,893	10,592		82,485
Total Accumulated Depreciation	2,220,459	128,881		2,349,340
Net Depreciable Assets	1,562,583	(79,370)		1,483,213
<i>Net Business-Type Activities Capital Assets</i>	<u>\$ 1,667,983</u>	<u>\$ (79,370)</u>	<u>\$</u>	<u>\$ 1,588,613</u>
<b>NET PRIMARY GOVERNMENT CAPITAL ASSETS</b>	<u>\$ 2,817,773</u>	<u>\$ (180,984)</u>	<u>\$ 17,598</u>	<u>\$ 2,619,191</u>

CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

GOVERNMENTAL FUND SPECIAL ASSESSMENT DEBT

General obligation refunding bond, series 2014 due in annual installments on February 15 backed by the full faith and credit of the City.

	\$	392,000
Less: certificate due within one year		<u>52,000</u>
Long-Term Debt	\$	<u><u>340,000</u></u>

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

<u>SEPTEMBER</u> <u>30</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$ 52,000	\$ 7,796	\$ 59,796
2016	55,000	6,656	61,656
2017	54,000	5,495	59,495
2018	57,000	4,313	61,313
2019	55,000	3,120	58,120
2020-2021	119,000	2,567	121,567
	<u>\$ 392,000</u>	<u>\$ 29,947</u>	<u>\$ 421,947</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.

	\$	50,000
Less: certificate due within one year		<u>50,000</u>
Long-Term Debt	\$	<u><u>0</u></u>

PROPRIETARY FUND SPECIAL ASSESSMENT DEBT - CONTINUED

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

<u>SEPTEMBER</u> <u>30</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	50,000	1,250	51,250
	<u>\$ 50,000</u>	<u>\$ 1,250</u>	<u>\$ 51,250</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:

<u>SEPTEMBER</u> <u>30</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>\$ 125,312</u>	<u>\$ 11,148</u>	<u>\$ 136,460</u>



CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

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](http://www.TMRS.com).

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

	<u>2013</u>	<u>2014</u>
Employee deposit rate	5%	5%
Matching Ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of	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 Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation: previously, the Projected Unit Credit actuarial cost method had been used. 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (ie, the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015. The annual pension cost and net pension obligation / (asset) are as follows:

Schedule of Actuarial Liabilities and Funding Progress  
 For the Year Ended September 2014

Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	\$ 1,855,073
Actuarial Accrued Liability	\$ 1,530,533
Percentage Funded	121.20%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ ( 324,540 )
Annual Covered Payroll	\$ 344,500
UAAL as a Percentage of Covered Payroll	( 94.20% )
Net Pension Obligation (NPO) as the Beginning of Period	\$ -0-
Annual Pension Cost: Annual Required Contribution (ARC)	\$ -0-
Contributions Made	\$ -0-
NPO at the end of the period	<u>\$ -0-</u>

CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN - CONTINUED

The required contributions rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
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	45.7 years; closed period	44.9 years; closed period	25.0 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% 0.0%	3.0% 0.0%	3.0% 0.0%

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)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	FUNDED RATIO	UNFUNDED ACTUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
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) %
12/31/2013	1,855,073	1,530,533	121.2%	(324,540)	344,500	( 94.2) %

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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>REVENUES FROM CHARGES FOR SERVICES</u>				
Administration department	\$	\$	\$	\$
Fire department	33,000	32,000	1,000	26,660
Sanitation department	298,672	293,500	5,172	293,115
Public service department	35,763	35,000	763	43,333
Cemetery	11,420		11,420	
Ambulance department	77,104	68,000	9,104	73,352
TOTAL REVENUES FROM CHARGES FOR SERVICES	<u>455,959</u>	<u>428,500</u>	<u>27,459</u>	<u>436,460</u>
<u>REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS</u>				
Fire department	1,955	1,000	955	79
Police department		2,000	( 2,000 )	4,991
Ambulance department	3,781	2,000	1,781	2,782
Helen's Kids		2,800	( 2,800 )	4,720
Cemetery	12		12	
TOTAL REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS	<u>5,748</u>	<u>7,800</u>	<u>( 2,052 )</u>	<u>12,572</u>
<u>REVENUES FROM PROPERTY TAXES</u>				
Property tax	235,548	236,000	( 452 )	204,915
<u>REVENUES FROM INTERGOVERNMENTAL SOURCES</u>				
Sales tax	157,738	129,000	28,738	150,506
<u>REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES</u>				
Franchise tax	65,845	65,000	845	71,041
Hotel occupancy tax	1,475	1,000	475	615
TOTAL REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES	<u>67,320</u>	<u>66,000</u>	<u>1,320</u>	<u>71,656</u>
<u>REVENUES FROM FINES AND FORFEITURES</u>				
Police department	14,743	26,000	( 11,257 )	17,222

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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>REVENUES FROM INCOME ON INVESTMENTS</u>				
Investment earnings	\$ 202	\$ 1,000	\$ ( 798 )	\$ 495
<u>REVENUES FROM SALE OF ASSETS</u>				
Sale of assets		2,000	( 2,000 )	1,264
<u>REVENUES FROM OTHER SOURCES</u>				
Miscellaneous	23,067	2,000	21,067	21,800
Debt proceeds [not budgeted]				154,400
TOTAL REVENUES FROM OTHER SOURCES	<u>23,067</u>	<u>2,000</u>	<u>21,067</u>	<u>176,200</u>
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in	<u>148,829</u>	<u>50,000</u>	<u>98,829</u>	<u>172,234</u>
TOTAL REVENUES	<u>\$ 1,109,154</u>	<u>\$ 948,300</u>	<u>\$ 160,854</u>	<u>\$ 1,243,524</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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>GENERAL ADMINISTRATION EXPENDITURES</u>				
Salaries	\$ 106,069	\$ 106,500	\$ 431	\$ 79,469
Social security	7,834	7,000	( 834 )	8,090
Retirement	167	250	83	381
Workers comp	5,419	5,500	81	975
General liability insurance	17,561	17,000	( 561 )	16,718
Insurance and bonds	1,297	1,450	153	616
Utilities and telephone	4,703	4,550	( 153 )	4,262
Janitorial expenditure	2,316	1,500	( 816 )	7,307
Office supplies	6,098	5,500	( 598 )	6,294
Training, travel and dues	6,796	7,500	704	4,504
Professional fees	36,144	38,100	1,956	21,065
Computer service	324	1,000	676	561
Auto expense	91	500	409	104
Supplies	1,116	500	( 616 )	350
Election expense	117	1,000	883	2,676
Assessing and collecting	4,808	4,500	( 308 )	4,066
Repairs and maintenance	9,303	4,500	( 4,803 )	13,872
Miscellaneous	2,885	2,950	65	5,599
<b>TOTAL GENERAL ADMINISTRATION EXPENDITURES</b>	<u>213,048</u>	<u>209,800</u>	<u>( 3,248 )</u>	<u>176,909</u>
<u>FIRE DEPARTMENT EXPENDITURES</u>				
Firemen's fees	13,545	13,500	( 45 )	3,297
Workers comp		2,000	2,000	976
Utilities	6,416	6,000	( 416 )	4,253
Dispatch fees	4,000	4,000		4,000
Office supplies	2,219	2,000	( 219 )	624
Training, travel and dues [not budgeted]	1,320	1,100	( 220 )	
Professional fees	658	900	242	1,125
Auto expense	4,078	4,500	422	2,574
Supplies	4,125	4,500	375	5,774
Repairs and maintenance	3,825	5,000	1,175	2,322
Building insurance	1,142	1,500	358	427
<b>TOTAL FIRE DEPARTMENT EXPENDITURES</b>	<u>41,328</u>	<u>45,000</u>	<u>3,672</u>	<u>25,372</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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>STREET DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 3,271	\$ 4,000	\$ 729	\$ 23,096
Social security	599	750	151	2,023
Retirement	8	100	92	
Workers comp		2,500	2,500	976
General liability insurance		4,000	4,000	3,016
Utilities and telephone	27,187	27,000	( 187 )	23,291
Contract services	6,698	8,000	1,302	3,082
Supplies	451	500	49	671
Professional fees	400	400		400
Auto expense	2,191	2,250	59	3,153
Repairs and maintenance	184,109	183,500	( 609 )	70,454
Miscellaneous	7	3,000	2,993	3,921
<b>TOTAL STREET DEPARTMENT EXPENDITURES</b>	<b>224,921</b>	<b>236,000</b>	<b>11,079</b>	<b>134,083</b>
<u>POLICE DEPARTMENT EXPENDITURES</u>				
Salaries	139,107	136,700	( 2,407 )	109,996
Social security	9,793	9,800	7	7,698
Retirement	264	500	236	400
Workers comp	4,142	4,000	( 142 )	976
General liability insurance	38,597	39,200	603	22,615
Utilities and telephone	4,557	4,500	( 57 )	4,808
Contract services	4,560	4,600	40	4,748
Office supplies	2,925	2,500	( 425 )	2,303
Training, travel and dues	8,180	7,500	( 680 )	4,389
Professional fees	7,603	7,650	47	5,913
Court state fees	5,485	6,000	515	5,932
Auto expense	12,022	13,000	978	14,273
Supplies	4,429	2,500	( 1,929 )	2,661
Uniforms	4,811	2,500	( 2,311 )	3,593
Repairs and maintenance	2,712	3,100	388	8,089
Interest expenditure [not budgeted]	5,675		( 5,675 )	840
Miscellaneous	2,211	2,000	( 211 )	6,288
<b>TOTAL POLICE DEPARTMENT EXPENDITURES</b>	<b>257,073</b>	<b>246,050</b>	<b>( 11,023 )</b>	<b>205,522</b>

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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>SANITATION DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 30,646	\$ 30,000	\$ ( 646 )	\$ 679
Social security	2,314	2,500	186	
Retirement	70	100	30	
Workers comp	1,381	1,500	119	976
General liability insurance	10,888	11,000	112	3,541
Utilities and telephone	3,825	3,650	( 175 )	1,851
Contract services	82,368	90,000	7,632	85,594
Training, travel and dues	929	1,000	71	205
Professional fees	400	400		459
Auto expense	17,145	16,500	( 645 )	17,418
Supplies	776	600	( 176 )	175
Repairs and maintenance	4,059	4,500	441	2,745
Miscellaneous	632	1,200	568	984
<b>TOTAL SANITATION DEPARTMENT EXPENDITURES</b>	<b>155,433</b>	<b>162,950</b>	<b>7,517</b>	<b>114,627</b>
<u>PUBLIC SERVICE DEPARTMENT EXPENDITURES</u>				
Salaries	94,510	98,000	3,490	76,615
Social security	6,979	7,500	521	5,296
Retirement	62	150	88	194
Workers comp	1,381	1,500	119	976
General liability insurance	3,861	4,000	139	4,932
Utilities and telephone	31,125	31,900	775	29,440
Training, travel and dues	2,132	2,300	168	1,434
Professional fees	1,144	1,400	256	1,451
Auto expense	1,560	1,750	190	4,100
Supplies	6,249	6,200	( 49 )	6,835
Repairs and maintenance	4,009	4,500	491	18,053
Building insurance	1,142	1,200	58	427
Park special [not budgeted]				2,823
Concessions	4,742	5,000	258	5,264
Miscellaneous	2,554	1,200	( 1,354 )	3,154
<b>TOTAL PUBLIC SERVICE DEPARTMENT EXPENDITURES</b>	<b>161,450</b>	<b>166,600</b>	<b>5,150</b>	<b>160,994</b>

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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>AMBULANCE EXPENDITURES</u>				
Ambulance fees	\$ 705	\$ 3,000	\$ 2,295	\$ 1,890
Salaries	32,596	31,800	( 796 )	29,628
Social security	2,447	2,500	53	2,650
Retirement	73	150	77	153
Workers comp	1,381	1,500	119	976
General liability insurance	7,432	7,700	268	6,816
Utilities and telephone	3,342	4,200	858	5,332
Contract services	6,823	6,300	( 523 )	6,272
Office supplies	1,548	1,600	52	296
Training, travel and dues	3,961	4,500	539	3,425
Professional fees	10,274	7,900	( 2,374 )	10,740
Auto expense	2,939	3,600	661	3,833
Supplies	2,132	2,200	68	9,451
Medical supplies	5,891	5,000	( 891 )	5,232
Volunteer expenditures	3,855	5,000	1,145	2,655
Repairs and maintenance	5,883	6,000	117	8,461
Miscellaneous	556	500	( 56 )	1,086
<b>TOTAL AMBULANCE EXPENDITURES</b>	<u>91,838</u>	<u>93,450</u>	<u>1,612</u>	<u>98,896</u>
<u>COMMUNITY PROMOTION</u>				
Helen's Kids		1,500	1,500	1,460
Cemetery expenditure [not budgeted]	16,247	10,000	( 6,247 )	
<b>TOTAL COMMUNITY PROMOTION</b>	<u>16,247</u>	<u>11,500</u>	<u>( 4,747 )</u>	<u>1,460</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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>CAPITAL IMPROVEMENT EXPENDITURES</u>				
General administration	\$ 200	\$ 2,000	\$ 1,800	\$ 1,205
Fire department	23,500	23,500		
Street department	26,673	27,000	327	4,098
Police department	1,910	36,500	34,590	180,975
Sanitation department	9,644	9,700	56	4,410
Public service department	6,854	7,000	146	5,250
Ambulance department				
TOTAL CAPITAL IMPROVEMENT EXPENDITURES	<u>68,781</u>	<u>105,700</u>	<u>36,919</u>	<u>195,938</u>
TOTAL EXPENDITURES	<u>\$ 1,230,119</u>	<u>\$ 1,277,050</u>	<u>\$ 46,931</u>	<u>\$ 1,113,801</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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>OPERATING REVENUES</u>				
Water sales	\$ 388,724	\$ 360,000	\$ 28,724	\$ 378,029
Water taps	3,525	1,000	2,525	1,000
Service charges	17,187	17,600	( 413 )	18,359
Sewer service	121,632	123,000	( 1,368 )	123,280
Sewer taps	225	1,400	( 1,175 )	1,125
Miscellaneous [not budgeted]	( 53 )		53	2,522
	531,240	503,000	28,240	524,315
Less Bad Debts	( 4,397 )		( 4,397 )	( 10,016 )
TOTAL OPERATING REVENUES	526,843	503,000	23,843	514,299
<u>NON-OPERATING REVENUES</u>				
Grant receipts				
Investment earnings [not budgeted]	4		4	4
TOTAL NON-OPERATING REVENUES	4		4	4
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers out [not budgeted]	( 150,887 )		( 150,887 )	( 287,500 )
	<u>\$ 375,960</u>	<u>\$ 503,000</u>	<u>\$ ( 127,040 )</u>	<u>\$ 226,803</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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS				
Salaries	\$ 108,715	\$ 100,500	\$ ( 8,215 )	\$ 77,376
Social security	7,674	8,000	326	6,849
Retirement	231	300	69	519
Workers comp insurance	2,839	3,000	161	6,836
General liability insurance	16,330	17,000	670	13,130
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS	135,789	128,800	( 6,989 )	104,710
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES				
Utilities and telephone	47,056	45,500	( 1,556 )	45,453
Office supplies	4,140	4,000	( 140 )	2,521
Travel, training and dues	6,270	6,000	( 270 )	2,157
Professional fees	59,978	59,000	( 978 )	34,497
Contract labor [not budgeted]				1,289
Auto expense	4,011	5,750	1,739	9,742
Supplies	5,307	5,500	193	9,547
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES	126,762	125,750	( 1,012 )	105,206
Repairs and maintenance	35,229	35,500	271	28,506
Building insurance	5,712	5,700	( 12 )	2,557
State fees	3,405	3,500	95	3,294
Depreciation expense [not budgeted]	114,937		( 114,937 )	115,744
Capital improvements	2,500	21,500	19,000	15,064
Miscellaneous	3,286	2,400	( 886 )	10,431
TOTAL OPERATING EXPENSES	427,620	323,150	( 104,470 )	385,512
<u>NON-OPERATING EXPENSES</u>				
Interest expense	3,327		( 3,327 )	5,517
TOTAL OPERATING AND NON-OPERATING EXPENSES	<u>\$ 430,947</u>	<u>\$ 323,150</u>	<u>\$ ( 107,797 )</u>	<u>\$ 391,029</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  
 GAS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<u>OPERATING REVENUES</u>				
Gas sales	\$ 563,074	\$ 568,000	\$ ( 4,926 )	\$ 460,670
Service charges	8,046	9,000	( 954 )	7,207
Miscellaneous [not budgeted]	500		500	225
	<u>571,620</u>	<u>577,000</u>	<u>( 5,380 )</u>	<u>468,102</u>
Less Bad Debts [not budgeted]	( 4,395 )		( 4,395 )	( 3,946 )
TOTAL OPERATING REVENUES	567,225	577,000	( 9,775 )	464,156
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out) [not budgeted]	4,113		4,113	( 28,941 )
	<u>\$ 571,338</u>	<u>\$ 577,000</u>	<u>\$ ( 5,662 )</u>	<u>\$ 435,215</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, 2014

	ACTUAL 2014	ORIGINAL & FINAL BUDGET 2014	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2013
<b>OPERATING EXPENSES</b>				
<b>SALARIES, WAGES AND EMPLOYEE BENEFITS</b>				
Salaries	\$ 99,438	\$ 100,000	\$ 562	\$ 76,713
Social security	7,673	7,600	( 73 )	6,815
Retirement	230	500	270	250
Workers comp insurance	3,336	3,000	( 336 )	6,836
General liability insurance	16,237	16,000	( 237 )	13,120
	<u>126,914</u>	<u>127,100</u>	<u>186</u>	<u>103,734</u>
<b>TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS</b>				
<b>CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES</b>				
Utilities and telephone	7,129	7,000	( 129 )	7,321
Office supplies	4,194	4,000	( 194 )	1,997
Training, travel and dues	6,510	4,000	( 2,510 )	3,064
Professional fees	42,312	42,500	188	34,701
Contract labor	1,365	1,500	135	3,929
Auto expense	3,591	4,400	809	9,529
Supplies	1,621	2,000	379	4,627
	<u>66,722</u>	<u>65,400</u>	<u>( 1,322 )</u>	<u>65,168</u>
<b>TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES</b>				
Natural gas purchases	330,365	300,000	( 30,365 )	246,237
Repairs and maintenance	38,027	40,500	2,473	6,806
Building insurance	5,712	5,700	( 12 )	2,557
Depreciation expense [not budgeted]	13,943		( 13,943 )	10,725
Capital improvements		23,000	23,000	4,303
Miscellaneous	1,978	3,000	1,022	21,002
	<u>\$ 583,661</u>	<u>\$ 564,700</u>	<u>\$ ( 18,961 )</u>	<u>\$ 460,532</u>
<b>TOTAL OPERATING EXPENSES</b>				

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, 2014

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
12/31/2013	\$ 1,855,073	\$ 1,530,533	121.2 %	\$ (324,540)	\$ 344,500	( 94.2) %	\$ 0
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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 48,103	\$ 45,009
Accounts receivable, net	46,558	45,654
Prepaid expenses		63
TOTAL CURRENT ASSETS	<u>94,661</u>	<u>90,726</u>
Non-Current Assets		
Investments	3,500	3,500
Bond issuance, net		
Capital Assets		
Land	105,400	105,400
Construction in progress		
Buildings and improvements	28,988	28,988
Infrastructure	2,960,901	2,960,901
Machinery and equipment	315,216	315,216
Office furniture and equipment	2,055	2,056
Transportation equipment	70,433	48,178
Less accumulated depreciation	( 1,997,320 )	( 1,882,383 )
TOTAL NON-CURRENT ASSETS	<u>1,489,173</u>	<u>1,581,856</u>
TOTAL ASSETS	<u>\$ 1,583,834</u>	<u>\$ 1,672,582</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Current Liabilities		
Accounts payable	\$ 3,388	\$ 2,428
Accrued liabilities	11,129	2,997
Deposits for meters	39,901	37,754
Non-Current Liabilities		
Due within one year		
Certificate of obligation	50,000	45,000
Due in more than one year		
Certificate of obligation		50,000
TOTAL LIABILITIES	<u>104,418</u>	<u>138,179</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	1,435,694	1,483,356
Restricted for prepaid expenses		63
Unrestricted	43,723	50,984
TOTAL FUND BALANCE	<u>1,479,416</u>	<u>1,534,403</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,583,834</u>	<u>\$ 1,672,582</u>

See Notes to Financial Statements and Independent Auditor's Report

CITY OF STINNETT, TEXAS  
 COMPARATIVE BALANCE SHEET  
 GAS FUND  
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 21,157	\$ 51,747
Accounts receivable, net	12,842	13,184
Prepaid expenses		63
TOTAL CURRENT ASSETS	<u>33,999</u>	<u>64,994</u>
Non-Current Assets		
Capital Assets		
Buildings and improvements	26,222	26,222
Infrastructure	295,805	295,805
Machinery and equipment	55,908	55,908
Office furniture and equipment	2,055	2,055
Transportation equipment	74,969	47,714
Less accumulated depreciation	( 352,020 )	( 338,077 )
TOTAL NON-CURRENT ASSETS	<u>102,939</u>	<u>89,627</u>
TOTAL ASSETS	<u>\$ 136,938</u>	<u>\$ 154,621</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Accounts payable	\$ 1,680	\$ 9,090
Sales tax payable	778	693
Accrued liabilities	1,536	2,409
Deposits for meters	54,577	51,737
TOTAL LIABILITIES	<u>58,571</u>	<u>63,929</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	102,939	89,627
Restricted for prepaid expenses		63
Unrestricted	( 24,572 )	1,002
TOTAL FUND BALANCE	<u>78,367</u>	<u>90,692</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 136,938</u>	<u>\$ 154,621</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, 2014

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	ACTUAL ON BUDGETARY BASIS	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<u>OPERATING REVENUES</u>					
Water and sewer department	\$ 531,240		\$ 531,240	\$ 503,000	\$ 28,240
Gas department	571,620		571,620	577,000	( 5,380 )
Less bad debts	( 8,792 )		( 8,792 )		( 8,792 )
<b>TOTAL OPERATING REVENUES</b>	<b>1,094,068</b>		<b>1,094,068</b>	<b>1,080,000</b>	<b>14,068</b>
<u>OPERATING EXPENSES</u>					
Salaries, wages and employee benefits	262,703		262,703	255,900	( 6,803 )
Contractual services, materials and supplies	193,484		193,484	191,150	( 2,334 )
Natural gas purchases	330,365		330,365	300,000	( 30,365 )
Repairs and maintenance	73,256		73,256	76,000	2,744
Building insurance	11,424		11,424	11,400	( 24 )
State fees	3,405		3,405	3,500	95
Depreciation expense	128,880	\$ ( 128,880 ) <sup>(1)</sup>			
Capital improvements	2,500		2,500	44,500	42,000
Other expenses	5,264		5,264	5,400	136
<b>TOTAL OPERATING EXPENSES</b>	<b>1,011,281</b>	<b>( 128,880 )</b>	<b>882,401</b>	<b>887,850</b>	<b>5,449</b>
<b>OPERATING INCOME (LOSS)</b>	<b>82,787</b>	<b>( 128,880 )</b>	<b>211,667</b>	<b>192,150</b>	<b>19,517</b>
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Income on investments	4		4		4
Interest expense	( 3,327 )		( 3,327 )		( 3,327 )
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$ ( 3,323 )</b>	<b>\$</b>	<b>\$ ( 3,323 )</b>	<b>\$</b>	<b>\$ ( 3,323 )</b>

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, 2014

	<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	\$ 79,464	\$ 128,880	\$ 208,344	\$ 192,150	\$ 16,194
Transfers out [not budgeted]	( 146,773 )	146,773	(2)		
CHANGE IN NET POSITION	( 67,309 )	275,653	208,344	192,150	16,194
NET POSITION - OCTOBER 1	<u>1,625,093</u>				
NET POSITION - SEPTEMBER 30	<u>\$ 1,557,784</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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$	\$ 4,327
Accounts receivable		
TOTAL ASSETS	<u>\$</u>	<u>\$ 4,327</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Fund balance		
Unassigned	\$	\$ 4,327
TOTAL LIABILITIES AND FUND BALANCE	<u>\$</u>	<u>\$ 4,327</u>

CITY OF STINNETT, TEXAS  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 CEMETERY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>REVENUES</u>		
Plot fees	\$	\$ 11,710
Contributions		105
Service fees		710
TOTAL REVENUES		<u>12,525</u>
<u>EXPENDITURES</u>		
Supplies		790
Contract labor		3,585
Professional fees		3,403
Utilities		
Miscellaneous expenditures		420
TOTAL EXPENDITURES		<u>8,198</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>4,327</u>
OTHER FINANCING SOURCES AND (USES)		
Transfers out	( 4,327 )	( 25,820 )
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	4,327	21,493
FUND BALANCES - OCTOBER 1	<u>4,327</u>	<u>25,820</u>
FUND BALANCES - SEPTEMBER 30	<u>\$</u>	<u>\$ 4,327</u>

See Notes to Financial Statements and Independent Auditor's Report