

CITY OF STINNETT, TEXAS

AUDIT REPORT

FISCAL YEAR ENDED  
SEPTEMBER 30, 2009

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CERTIFIED PUBLIC ACCOUNTANTS

February 8, 2010

Independent Auditor's Report

The Honorable Billy Murphy  
and  
The Honorable City Council  
Stinnett, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Stinnett, Texas, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Stinnett, Texas management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stinnett, Texas, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through v and 20 through 39, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stinnett, Texas basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sincerely,

James R Allen  
Certified Public Accountants

## Management's Discussion and Analysis

The City of Stinnett, Texas (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, its ability to address the next and subsequent year challenges, (d) identify any material deviations from the financial plan, the approved budget, and (e) identify individual fund issues or concerns for the fiscal year ended September 30, 2009.

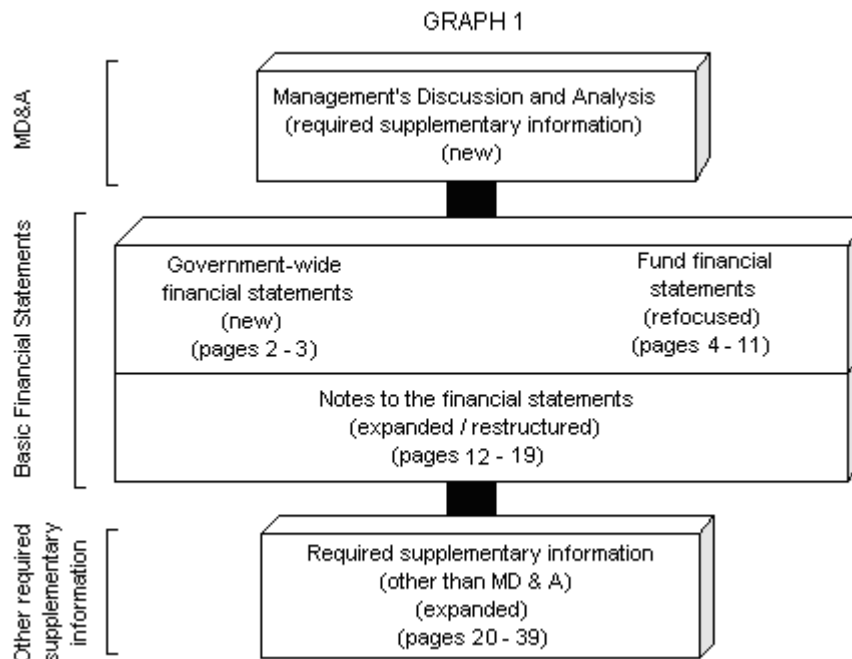
Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements beginning on page 2.

### Financial Highlights

- The assets of the City exceeded its liabilities by \$2.04 million (net assets). The City has an unrestricted net asset deficit of \$1.2 million. Governmental activities have unrestricted net asset deficit of \$846.2 thousand.
- The City's total net assets decreased \$26.8 thousand. This represents an decrease of \$46.2 thousand in the governmental activities and an increase of \$19.4 thousand in the business-type activities net assets before transfers.
- The general fund ended the year with a fund balance of \$252.1 thousand, which is a decrease from last year's balance by \$151.0 thousand before transfers.
- The governmental activities revenue decreased \$17.0 thousand due to a significant decrease in grant receipts.
- The business-type activities revenue decreased \$76.5 thousand due primarily to a drop in utility sales.

### Using this Annual Report

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



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

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

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

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

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

### **Fund Financial Statements**

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

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

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

### **Other Information**

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

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

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

## Net Assets

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>ASSETS</b>						
Current and other assets	\$ 436.5	\$ 467.4	\$ 156.5	\$ 184.8	\$ 593.0	\$ 652.2
Capital assets, net	1,425.1	1,366.1	1,091.4	1,102.5	2,516.5	2,468.6
Total assets	1,861.6	1,833.5	1,247.9	1,287.3	3,109.5	3,120.8
<b>LIABILITIES</b>						
Current and other liabilities	155.8	67.6	56.9	52.7	212.7	120.3
Long-term debt outstanding	551.9	575.0	304.0	357.8	855.9	932.8
Total liabilities	707.7	642.6	360.9	410.5	1,068.6	1,053.1
Net assets:						
<b>NET ASSETS</b>						
Invested in capital assets, net of debt	1,425.1	1,366.1	1,091.4	1,102.5	2,516.5	2,468.6
Restricted	575.0	610.0	127.5	141.2	702.5	751.2
Unrestricted (deficit)	( 846.2 )	( 785.2 )	( 331.9 )	( 366.9 )	( 1,178.1 )	( 1,152.1 )
TOTAL NET ASSETS	\$ 1,153.9	\$ 1,190.9	\$ 887.0	\$ 876.8	\$ 2,040.9	\$ 2,067.7

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

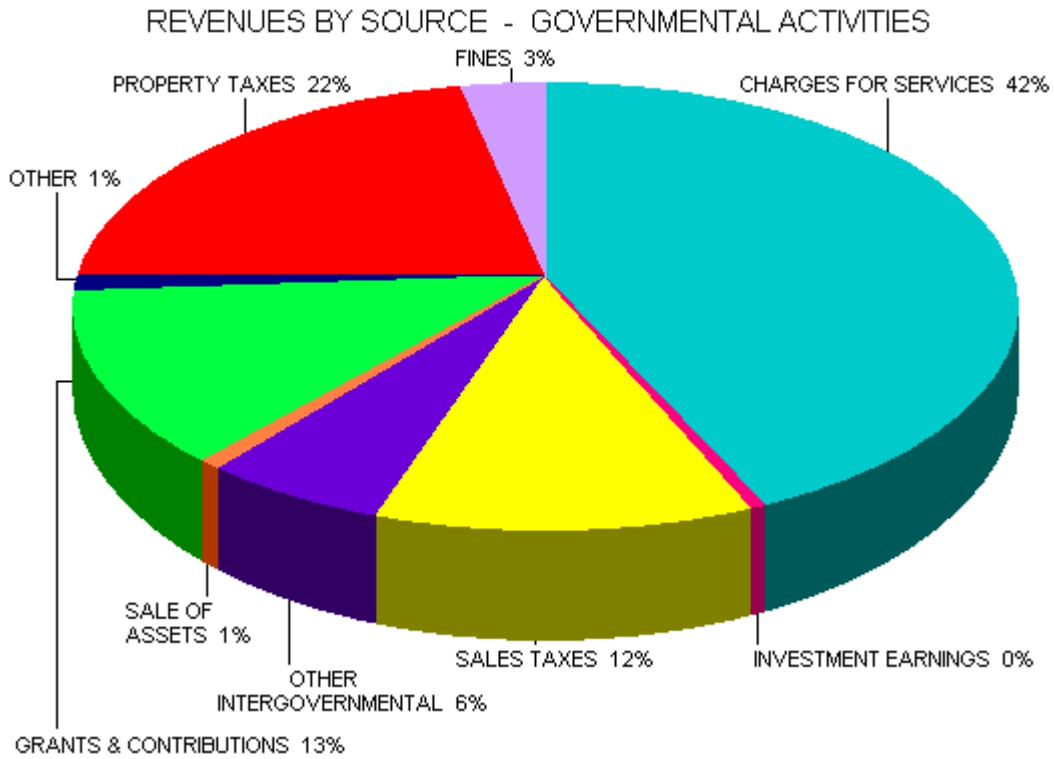
## Change in Net Assets

The City's total revenues and expenses for governmental and business-type activities for 2009 are reflected in a condensed version in the following table.

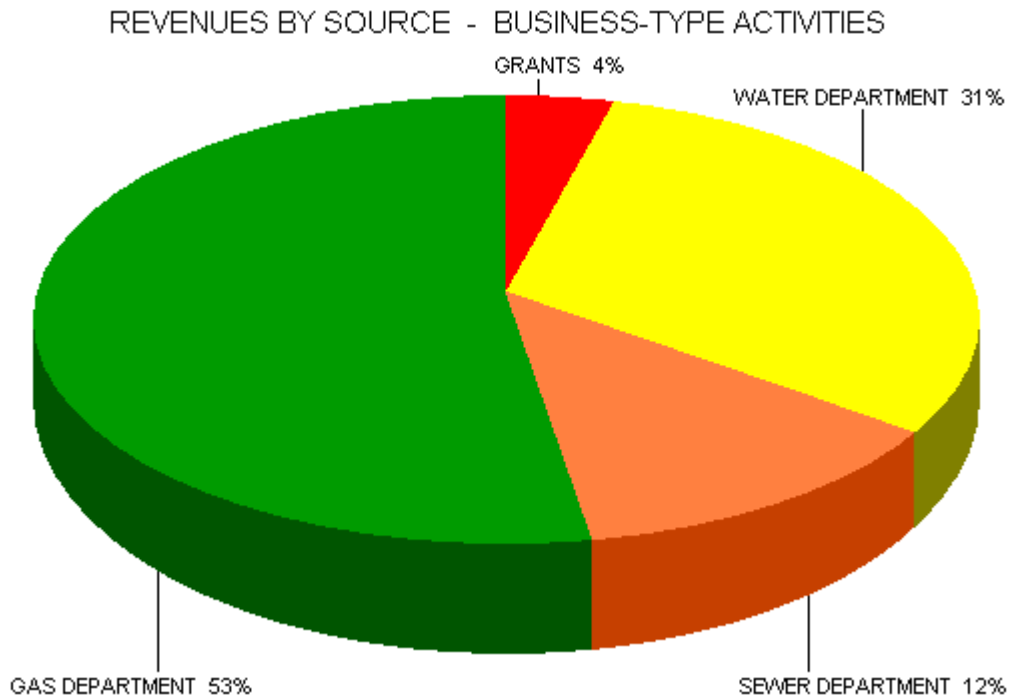
**Table 2**  
**Changes of Net Assets**  
**in thousands**  
**as of September 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 483.3	\$ 452.9	\$ 1,079.9	\$ 1,182.2	\$ 1,563.2	\$ 1,635.1
Grants & contributions	140.6	207.9	47.0	21.2	187.6	229.1
<b>General revenues:</b>						
Property taxes	242.0	191.4			242.0	191.4
Other taxes	192.3	213.0			192.3	213.0
Fines and forfeitures	37.4	16.5			37.4	16.5
Investment earnings	3.4	14.5			3.4	14.5
Sale of assets	7.3	25.0			7.3	25.0
Other	10.9	13.0			10.9	13.0
Total revenues	1,117.2	1,134.2	1,126.9	1,203.4	2,244.1	2,337.6
<b>Expenses:</b>						
General administration	158.9	185.7			158.9	185.7
Fire	71.3	94.2			71.3	94.2
Streets	183.7	189.3			183.7	189.3
Police	162.7	151.0			162.7	151.0
Sanitation	168.6	143.5			168.6	143.5
Public service	262.6	223.2			262.6	223.2
Ambulance	116.0	100.5			116.0	100.5
Cemetery	7.0				7.0	
Interest on long-term debt	32.6	34.6			32.6	34.6
Utilities			1,107.5	1,039.8	1,107.5	1,039.8
Total expenses	1,163.4	1,122.0	1,107.5	1,039.8	2,270.9	2,161.8
Increase in net assets before transfers	( 46.2 )	12.2	19.4	163.6	( 26.8 )	175.8
Transfers	9.2	128.5	( 9.2 )	( 128.5 )		
Increase in net assets	( 37.0 )	140.7	10.2	35.1	( 26.8 )	175.8
Net assets - October 1	1,190.9	1,050.2	876.8	841.7	2,067.7	1,891.9
Net assets - September 30	\$ 1,153.9	\$ 1,190.9	\$ 887.0	\$ 876.8	\$ 2,040.9	\$ 2,067.7

Charges for services continue to be the largest governmental activities component of revenues at 42%. Property taxes are the second largest (22%) component of the governmental activities revenues followed by sales tax at 12%.

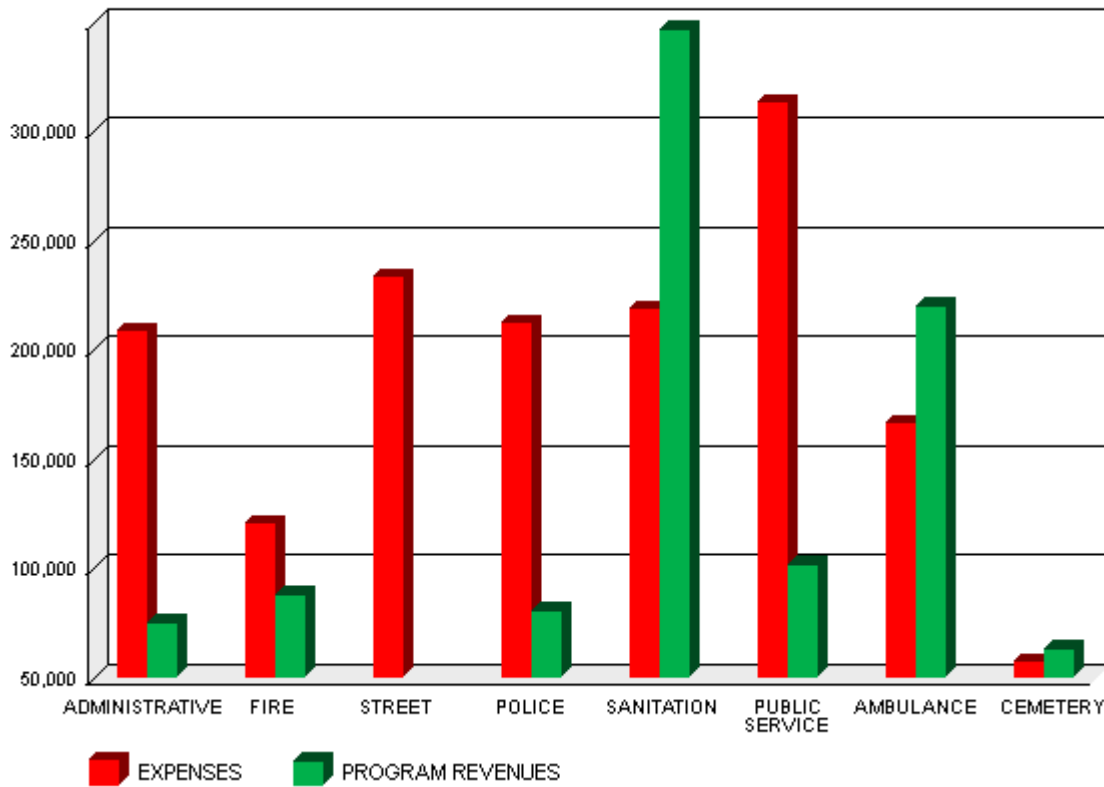


As indicated in the following chart, the utility revenue is the largest portion of business-type activity revenues representing a combined 96% of total revenue. The gas department stands for 53% of revenues generated by the business-type activities. With the exception of those previously discussed, revenues produced and expenses used in business-type activities remained consistent with the previous year.



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

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



**Requests for Information**

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



CITY OF STINNETT, TEXAS  
STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	PRIMARY GOVERNMENT			COMPONENT UNIT ECONOMIC DEVELOPMENT CORPORATION
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<u>ASSETS</u>				
Cash and cash equivalents	\$ ( 61,587 )	\$ 2,282	\$ ( 59,305 )	\$ 51,399
Receivables, net	55,078	56,618	111,696	
Due from other governments	15,212		15,212	
Restricted assets:				
Cash and cash equivalents		83,959	83,959	
Investments	427,772	3,500	431,272	
Debt issuance costs, net		10,150	10,150	
Capital assets:				
Non-depreciable	37,539	256,292	293,831	
Depreciable, net	1,387,586	1,284,096	2,671,682	
Less contributed capital		( 449,026 )	( 449,026 )	
<b>TOTAL ASSETS</b>	<b>1,861,600</b>	<b>1,247,871</b>	<b>3,109,471</b>	<b>51,399</b>
<u>LIABILITIES</u>				
Accounts payable	95,208	6,744	101,952	
Sales tax payable	1,263	1,347	2,610	
Accrued liabilities	12,195	8,851	21,046	
Due to primary government				
Non-current liabilities				
Due within one year:				
Capital leases	12,057			
Certificate of obligation	35,000	40,000	75,000	
Due in more than one year:				
Meter deposits		83,959	83,959	
Capital leases	11,943			
Certificate of obligation	540,000	220,000	760,000	
<b>TOTAL LIABILITIES</b>	<b>707,666</b>	<b>360,901</b>	<b>1,044,567</b>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,425,125	1,091,362	2,516,487	
Restricted for:				
Debt service	575,000	127,459	702,459	
Unrestricted (deficit)	( 846,191 )	( 331,851 )	( 1,178,042 )	51,399
<b>TOTAL NET ASSETS</b>	<b>\$ 1,153,934</b>	<b>\$ 886,970</b>	<b>\$ 2,040,904</b>	<b>\$ 51,399</b>

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

CITY OF STINNETT, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

FUNCTION / PROGRAM ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS							
	EXPENSES	PROGRAM REVENUES			PRIMARY GOVERNMENT			COMPONENT UNIT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	ECONOMIC DEVELOPMENT CORPORATION
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
General administration	\$ 158,905	\$ 25,238	\$	\$ ( 133,667 )	\$	\$ ( 133,667 )	\$	
Fire	71,260	19,112	18,764	( 33,384 )		( 33,384 )		
Streets	183,698			( 183,698 )		( 183,698 )		
Police	162,750		30,205	( 132,545 )		( 132,545 )		
Sanitation	168,641	296,674		128,033		128,033		
Public service	262,552	35,583	15,531	( 211,438 )		( 211,438 )		
Ambulance	116,029	93,728	75,953	53,652		53,652		
Cemetery	6,979	12,965	135	6,121		6,121		
Interest on long-term debt	32,600			( 32,600 )		( 32,600 )		
Total governmental activities	1,163,414	483,300	140,588	( 539,526 )		( 539,526 )		
Business-Type Activities								
Water department	333,428	348,632	47,008		62,212	62,212		
Sewer department	110,265	139,043			28,778	28,778		
Gas department	663,850	592,193			( 71,657 )	( 71,657 )		
Total business-type activities	1,107,543	1,079,868	47,008		19,333	19,333		
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,270,957</b>	<b>\$ 1,563,168</b>	<b>\$ 187,596</b>	<b>( 539,526 )</b>	<b>19,333</b>	<b>( 520,193 )</b>		
<b>COMPONENT UNIT:</b>								
Economic Development Corporation	\$ 33,138	\$	\$				( 33,138 )	
<b>GENERAL REVENUES:</b>								
Taxes:								
Property taxes, levied for general purposes				242,046		242,046		
Sales taxes				128,918		128,918	45,393	
Other intergovernmental sources				63,344		63,344		
Fines and forfeitures				37,391		37,391		
Investment earnings				3,443	1	3,444		
Sale of assets				7,279		7,279		
Other				10,950		10,950		
Transfers				9,182	( 9,182 )			
Total general revenues and transfers				502,553	( 9,181 )	493,372	45,393	
<b>CHANGE IN NET ASSETS</b>				<b>( 36,973 )</b>	<b>10,152</b>	<b>( 26,821 )</b>	<b>12,255</b>	
<b>NET ASSETS - OCTOBER 1</b>				<b>1,190,907</b>	<b>876,818</b>	<b>2,067,725</b>	<b>39,144</b>	
<b>NET ASSETS - SEPTEMBER 30</b>				<b>\$ 1,153,934</b>	<b>\$ 886,970</b>	<b>\$ 2,040,904</b>	<b>\$ 51,399</b>	

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

CITY OF STINNETT, TEXAS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Current cash and cash equivalents	\$ ( 69,315 )	\$ 7,375	\$ ( 61,940 )
Investments	380,772		380,772
Receivables (net)	54,225		54,225
Due from other governments	15,051		15,051
TOTAL ASSETS	<u>\$ 380,733</u>	<u>\$ 7,375</u>	<u>\$ 388,108</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Current Liabilities			
Accounts payable	\$ 95,208	\$	\$ 95,208
Sales tax payable	1,263		1,263
Accrued liabilities	8,211		8,211
Current portion of capital leases	12,057		12,057
TOTAL CURRENT LIABILITIES	<u>116,739</u>		<u>116,739</u>
Non-current portion of capital leases	11,943		11,943
TOTAL LIABILITIES	<u>128,682</u>		<u>128,682</u>
Fund Balances:			
Unrestricted	252,051	7,375	259,426
TOTAL FUND BALANCES	<u>252,051</u>	<u>7,375</u>	<u>259,426</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 380,733</u>	<u>\$ 7,375</u>	<u>\$ 388,108</u>

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

CITY OF STINNETT, TEXAS  
 RECONCILIATION OF THE BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2009

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 259,426

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

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

Governmental capital assets	\$ 2,739,110	
Less accumulated depreciation	<u>( 1,313,985 )</u>	1,425,125

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the governmental funds.		48,367
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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		( 575,000 )

Some liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		( 3,984 )
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NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,153,934

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

CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	GENERAL	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Charges for services	\$ 470,335	\$ 12,965	\$ 483,300
Grants and contributions	140,453	135	140,588
Property taxes	171,079		171,079
Sales taxes	128,918		128,918
Other intergovernmental sources	63,344		63,344
Fines and forfeitures	37,391		37,391
Income on investments	3,425		3,425
Sale of assets	7,279		7,279
Other	10,950		10,950
<b>TOTAL REVENUES</b>	<b>1,033,174</b>	<b>13,100</b>	<b>1,046,274</b>
<u>EXPENDITURES</u>			
Current Operating:			
General administration	150,787		150,787
Fire	42,541		42,541
Streets	171,976		171,976
Police	147,791		147,791
Sanitation	142,620		142,620
Public service	211,268		211,268
Ambulance	99,615		99,615
Cemetery		6,979	6,979
Capital outlay	217,543		217,543
<b>TOTAL EXPENDITURES</b>	<b>1,184,141</b>	<b>6,979</b>	<b>1,191,120</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	( 150,967 )	6,121	( 144,846 )
<u>OTHER FINANCING SOURCES AND (USES)</u>			
Transfers in (out)	14,162		14,162
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>14,162</b>		<b>14,162</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>( 136,805 )</b>	<b>6,121</b>	<b>( 130,684 )</b>
FUND BALANCES - OCTOBER 1	388,856	1,254	390,110
<b>FUND BALANCES - SEPTEMBER 30</b>	<b>\$ 252,051</b>	<b>\$ 7,375</b>	<b>\$ 259,426</b>

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

CITY OF STINNETT, TEXAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ ( 130,684 )

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	( 138,773 )
Capital asset additions	199,476
Capital asset disposals	( 1,650 )

Other proceeds reported in the statement of activities are not required for use as current financial resources and therefore are not reported as revenues in the governmental funds.	66,005
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	( 31,347 )
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ ( 36,973 )</u>
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The accompanying notes and accountant's report should be read with these financial statements.

CITY OF STINNETT, TEXAS  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTIVITIES ENTERPRISE FUNDS
	<u>UTILITY</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 2,282
Accounts receivable, net	56,618
TOTAL CURRENT ASSETS	<u>58,900</u>
Non-Current Assets:	
Restricted:	
Cash and cash equivalents	83,959
Investments	3,500
Bond issuance, net	10,150
Capital Assets:	
Land	105,400
Construction in progress	150,892
Buildings and improvements	39,877
Infrastructure	2,674,424
Machinery and equipment	260,518
Office furniture and equipment	4,110
Transportation equipment	63,192
Less accumulated depreciation	( 1,758,025 )
Less contributed capital	( 449,026 )
TOTAL NON-CURRENT ASSETS	<u>1,188,971</u>
TOTAL ASSETS	<u>1,247,871</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	6,744
Sales tax payable	1,347
Accrued liabilities	8,851
Current portion of certificates of obligation	40,000
TOTAL CURRENT LIABILITIES	<u>56,942</u>
Non-Current Liabilities:	
Meter deposits payable	83,959
Non-current portion of certificates of obligation	220,000
TOTAL NON-CURRENT LIABILITIES	<u>303,959</u>
TOTAL LIABILITIES	<u>360,901</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	1,091,362
Restricted:	
Debt service	127,459
Unrestricted:	( 331,851 )
TOTAL NET ASSETS	<u>\$ 886,970</u>

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

CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS <u>UTILITY</u>
<u>OPERATING REVENUES</u>	
Utilities	\$ 1,079,868
Less bad debts	( 4,826 )
TOTAL OPERATING REVENUES	<u>1,075,042</u>
<u>OPERATING EXPENSES</u>	
Salaries, wages and employee benefits	260,221
Contractual services, materials and supplies	105,755
Natural gas purchases	512,167
Repairs and maintenance	55,089
Building insurance	2,116
Depreciation expense	90,428
Amortization expense	1,692
Capital improvements	56,915
Other expenses	5,319
TOTAL OPERATING EXPENSES	<u>1,089,702</u>
OPERATING INCOME (LOSS)	<u>( 14,660 )</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Capital grants and donations	47,008
Sale of assets	
Income on investments	1
Interest expense	( 13,015 )
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>33,994</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>19,334</u>
Transfers in (out)	( 9,182 )
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>( 9,182 )</u>
CHANGE IN NET ASSETS	10,152
NET ASSETS - OCTOBER 1	<u>876,818</u>
NET ASSETS - SEPTEMBER 30	<u>\$ 886,970</u>

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



CITY OF STINNETT, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTIVITIES ENTERPRISE FUNDS <u>UTILITY</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	
<u>CASH FLOWS FROM OPERATIONS:</u>	
Receipts from customers	\$ 1,081,561
Payments to suppliers	( 731,254 )
Payments to employees	( 259,229 )
Net cash provided by (used in) operating activities	<u>91,078</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Receipts from grants and donations	47,008
Transfers (to) from general fund	4,058
Net cash flows from noncapital financing activities	<u>51,066</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Payments for acquisition of capital assets	( 122,311 )
Payments of certificate of obligation	( 40,000 )
Net cash flows from capital and related financing activities	<u>( 162,311 )</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Receipts from interest	1
Payments of interest	( 13,015 )
Net cash flows from investing activities	<u>( 13,014 )</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 20,167 )
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>106,408</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 86,241</u>
CLASSIFIED AS:	
Current assets	\$ 2,282
Restricted assets	<u>83,959</u>
TOTALS	<u>\$ 86,241</u>

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

CITY OF STINNETT, TEXAS  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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

<u>OPERATING INCOME:</u>	\$ ( 14,660 )
Adjustments:	
Depreciation	107,164
Amortization	1,692
Changes in assets and liabilities:	
(Increase) decrease in customer accounts receivable, net	6,519
Increase (decrease) in accounts payable	2,868
Increase (decrease) in sales tax payable	321
Increase (decrease) in accrued liabilities	992
Increase (decrease) in meter deposits payable	( 13,818 )
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 91,078</u>

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

CITY OF STINNETT, TEXAS  
NOTES TO FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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

A. The Reporting Entity

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

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

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

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

B. Government-wide Financial Statements

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including 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.

CITY OF STINNETT, TEXAS  
NOTES TO FINANCIAL STATEMENTS

ACCOUNTING POLICIES - CONTINUED

C. Fund Accounting

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

Governmental Fund

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

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

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

Proprietary Fund

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

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

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

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

D. Basis of Accounting

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

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

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

CITY OF STINNETT, TEXAS  
NOTES TO FINANCIAL STATEMENTS

ACCOUNTING POLICIES - CONTINUED

D. Basis of Accounting (con't)

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

F. Fixed Assets and Long-Term Liabilities

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

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

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

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

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

G. Delinquent Taxes Receivable

The delinquent taxes due the City represent all delinquent taxes on real property and the prior year on personal property. No provision for uncollectible taxes has been recorded. In accordance with generally accepted accounting principles applicable to government entities, the portion of taxes receivable that is deemed collectible, but not expected to be available within 60 days after the end of the year has been recorded as deferred revenue, \$26,068. This amount is reported net of taxes receivable, \$27,173.

CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

ACCOUNTING POLICIES - CONTINUED

H. Vacation Leave

Regular full-time employees are entitled to vacations of two to five weeks per year depending on longevity. Vacation time earned, but not taken, is paid at termination, but cannot be accumulated beyond one calendar year. The City has recorded a liability for accrued vacation \$8,851 in the Enterprise Fund and \$8,211 in the General Fund.

CASH AND INVESTMENTS

The City considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The City conducts all of its banking transactions with its depository bank. The City deposits are categorized to give an indication of the level of risk assumed by the City at September 30, 2009. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized

Deposits

At September 30, 2009 the carrying amount of the City's deposits with financial institutions was \$75,653 and the bank balance was \$134,701. All deposits as of the balance sheet date are covered by federal depository insurance coverage and collateralized securities. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 134,701
Collateralized	-0-
Total bank balance	<u>\$ 134,701</u>

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

City's deposits with Happy State Bank	\$ 75,653
Petty cash on hand	400
Cash restricted	( 83,959 )
Cash component unit	( 51,399 )
Cash and cash equivalents - Statement of Net Assets	<u>\$ ( 59,305 )</u>

At September 30, 2009, the City had investments of \$431,272 held in TexPool (Texas Treasury Safekeeping Trust Company) and Lone Star Investment Pool (First Public, LLC). These investments are not insured or guaranteed by the FDIC or any other government agency and though these investment pools seek to preserve the value of the investment at a fixed share price, it is possible to lose money by investing in municipal fund securities.

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

Cash	\$ 2,282
Restricted assets - cash	83,959
	<u>\$ 86,241</u>

CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

PROPERTY TAXES

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

CAPITAL ASSETS

*CHANGES IN CAPITAL ASSETS*

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

	CAPITAL ASSETS NOT DEPRECIATED		CAPITAL ASSETS - DEPRECIATED					Totals
	Land	Construction in Progress	Buildings and Improvements	Infrastructure	Machinery and Equipment	Office Furniture and Equipment	Transportation Equipment	
<b>PRIMARY GOVERNMENT</b>								
<i>Governmental Activities</i>								
Balance, October 1, 2008	\$ 37,539	\$	\$ 1,283,311	\$ 257,347	\$ 432,646	\$ 13,981	\$ 621,518	\$ 2,646,342
Increases					43,616		155,860	199,476
Decreases							106,708	106,708
Balance, September 30, 2009	<u>37,539</u>		<u>1,283,311</u>	<u>257,347</u>	<u>476,262</u>	<u>13,981</u>	<u>670,670</u>	<u>2,739,110</u>
<i>Accumulated Depreciation</i>								
Balance, October 1, 2008			393,188	181,691	217,766	10,568	477,057	1,280,270
Increases			46,279	4,618	45,203	1,120	41,553	138,773
Decreases							105,058	105,058
Balance, September 30, 2009			<u>439,467</u>	<u>186,309</u>	<u>262,969</u>	<u>11,688</u>	<u>413,552</u>	<u>1,313,985</u>
<i>Governmental Activities</i>								
Capital assets, net	<u>\$ 37,539</u>	<u>\$</u>	<u>\$ 843,844</u>	<u>\$ 71,038</u>	<u>\$ 213,293</u>	<u>\$ 2,293</u>	<u>\$ 257,118</u>	<u>\$ 1,425,125</u>
<i>Business-Type Activities</i>								
Balance, October 1, 2008	\$ 105,400	\$ 107,902	\$ 39,877	\$ 2,614,420	\$ 241,201	\$ 4,110	\$ 72,300	\$ 3,185,210
Increases		42,990		60,004	19,317			122,311
Decreases							9,108	9,108
Balance, September 30, 2009	<u>105,400</u>	<u>150,892</u>	<u>39,877</u>	<u>2,674,424</u>	<u>260,518</u>	<u>4,110</u>	<u>63,192</u>	<u>3,298,413</u>
<i>Accumulated Depreciation</i>								
Balance, October 1, 2008			30,081	1,378,977	188,706	3,977	58,227	1,659,968
Increases			903	85,851	15,744	133	4,533	107,164
Decreases							9,108	9,108
Balance, September 30, 2009			<u>30,984</u>	<u>1,464,828</u>	<u>204,450</u>	<u>4,110</u>	<u>53,652</u>	<u>1,758,024</u>
<i>Business-Type Activities</i>								
Capital assets, net	<u>\$ 105,400</u>	<u>\$ 150,892</u>	<u>\$ 8,893</u>	<u>\$ 1,209,596</u>	<u>\$ 56,068</u>	<u>\$</u>	<u>\$ 9,540</u>	<u>\$ 1,540,389</u>
<b>PRIMARY GOVERNMENT</b>								
Capital assets, net	<u>\$ 142,939</u>	<u>\$ 150,892</u>	<u>\$ 852,737</u>	<u>\$ 1,280,634</u>	<u>\$ 269,361</u>	<u>\$ 2,293</u>	<u>\$ 266,658</u>	<u>\$ 2,965,514</u>

CAPITAL LEASES

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

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

SEPTEMBER 30	PRINCIPLE	INTEREST	TOTAL
2010	\$ 12,057	\$ 394	\$ 12,451
2011	11,943	508	12,451
	<u>\$ 24,000</u>	<u>\$ 902</u>	<u>\$ 24,902</u>

CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

GOVERNMENTAL FUND SPECIAL ASSESSMENT DEBT

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

	\$ 575,000
Less: certificate due within one year	<u>35,000</u>
Long-Term Debt	<u><u>\$ 540,000</u></u>

The annual requirements to amortize the certificates of obligation as of September 30, 2009 are as follows:

<u>SEPTEMBER 30</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 35,000	\$ 30,800	\$ 65,800
2011	35,000	29,085	64,085
2012	40,000	27,130	67,130
2013	40,000	24,970	64,970
2014	45,000	22,675	67,675
Thereafter	380,000	80,213	460,213
	<u><u>\$ 575,000</u></u>	<u><u>\$ 214,873</u></u>	<u><u>\$ 789,873</u></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.

	\$ 260,000
Less: certificate due within one year	<u>40,000</u>
Long-Term Debt	<u><u>\$ 220,000</u></u>

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

<u>YEAR ENDING SEPTEMBER 30</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 40,000	\$ 11,355	\$ 51,355
2011	40,000	9,615	49,615
2012	40,000	7,795	47,795
2013	45,000	5,785	50,785
2014	45,000	3,603	48,603
Thereafter	50,000	1,250	51,250
	<u><u>\$ 260,000</u></u>	<u><u>\$ 39,403</u></u>	<u><u>\$ 299,403</u></u>

RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its full-time 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 by writing to TMRS, P O Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).



CITY OF STINNETT, TEXAS  
 NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN - CONTINUED

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:

Employee deposit Rate	5%
Matching Ratio (City to Employee)	1.5 to 1
A member is vested after	5 years
The Service Retirement Eligibilities	5 yrs/age 60, 25 yrs/any age.
Updated Service Credit	0%
Annuity Increase (to retirees)	0% of CPI

Contributions

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

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

Schedule of Actuarial Liabilities and Funding Progress  
 For the Year Ended September 2009

Actuarial Valuation Date	12/31/2008
Actuarial Value of Assets	\$ 1,231,188
Actuarial Accrued Liability	\$ 1,139,270
Percentage Funded	108.10%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ ( 91,918 )
Annual Covered Payroll	\$ 451,214
UAAL as a Percentage of Covered Payroll	( 20.40% )
Net Pension Obligation (NPO) as the Beginning of Period	\$ -0-
Annual Pension Cost: Annual Required Contribution (ARC)	\$ 15,137
Contributions Made	\$ 15,137
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 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/2006	12/31/2007	12/31/2008
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years: open period	25 years: closed period	24 years: closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.5%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.0% NA	3.0% 2.1%	3.0% 0.0%

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

Schedule of Funding Progress (unaudited)

<u>FISCAL YEAR</u>	<u>ACTUARIAL VALUE OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>PERCENTAGE FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>	<u>ANNUAL COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>
2006	\$ 974,992	\$ 956,225	102.00%	\$ (18,767)	\$ 469,262	-4.00%	\$ 49,642
2007	1,070,835	1,049,936	101.99%	(20,899)	399,406	-5.23%	25,820
2008	1,154,586	1,063,403	108.60%	(91,183)	387,161	-23.60%	22,893
2009	1,231,188	1,139,270	108.10%	(91,918)	451,214	-20.40%	15,137

SUPPLEMENTAL DEATH BENEFITS FUND

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

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

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

The city's contributions to the TMRS SDBF for the years ended 2009, 2008 and 2007 were \$1,180 \$1,277 and \$1,221, respectively, which equaled the required contributions each year.

CITY OF STINNETT, TEXAS  
 SCHEDULE OF REVENUES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>REVENUES FROM CHARGES FOR SERVICES</u>				
Administration department	\$ 25,238	\$ 27,500	\$ ( 2,262 )	\$ 10,589
Fire department	19,112	35,000	( 15,888 )	35,920
Sanitation department	296,674	270,000	26,674	287,970
Public service department	35,583	45,000	( 9,417 )	36,762
Ambulance department	93,728	75,000	18,728	81,640
<b>TOTAL REVENUES FROM CHARGES FOR SERVICES</b>	<b>470,335</b>	<b>452,500</b>	<b>17,835</b>	<b>452,881</b>
<u>REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS</u>				
Administration department				183,563
Fire department	18,764		18,764	4,561
Police department	30,205	20,000	10,205	15,703
Public service department	15,531		15,531	
Ambulance department	75,953		75,953	4,095
<b>TOTAL REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>140,453</b>	<b>20,000</b>	<b>120,453</b>	<b>207,922</b>
<u>REVENUES FROM PROPERTY TAXES</u>				
Property taxes	171,079	145,000	26,079	120,971
<u>REVENUES FROM INTERGOVERNMENTAL SOURCES</u>				
Sales taxes	128,918	168,000	( 39,082 )	151,488
<u>REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES</u>				
Franchise taxes	62,684	55,000	7,684	61,518
Hotel occupancy taxes	660		660	
<b>TOTAL REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES</b>	<b>63,344</b>	<b>55,000</b>	<b>8,344</b>	<b>61,518</b>

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF REVENUES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>ACTUAL 2009</u>	<u>ORIGINAL BUDGET 2009</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL 2008</u>
<u>REVENUES FROM FINES AND FORFEITURES</u>				
Police department	\$ 37,391	\$ 30,000	\$ 7,391	\$ 16,454
<u>REVENUES FROM INCOME ON INVESTMENTS</u>				
Investment earnings	3,425	10,000	( 6,575 )	14,490
<u>REVENUES FROM SALE OF ASSETS</u>				
Sale of assets	7,279	20,000	( 12,721 )	25,002
<u>REVENUES FROM OTHER SOURCES</u>				
Miscellaneous	10,950		10,950	13,053
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	<u>14,162</u>	<u>10,000</u>	<u>4,162</u>	<u>134,717</u>
TOTAL REVENUES	<u>\$ 1,047,336</u>	<u>\$ 910,500</u>	<u>\$ 136,836</u>	<u>\$ 1,198,496</u>

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>GENERAL ADMINISTRATION EXPENDITURES</u>				
Salaries	\$ 54,466	\$ 85,000	\$ 30,534	\$ 53,189
Social security	4,203	3,500	( 703 )	4,175
Retirement	2,510	2,000	( 510 )	2,653
Workers comp	543	2,000	1,457	2,640
General liability insurance	11,490	7,352	( 4,138 )	8,077
Insurance and bonds	329	1,700	1,371	2,983
Utilities and telephone	4,827	6,500	1,673	4,746
Telephone Lease	1,491		( 1,491 )	3,579
Office supplies	8,715	3,000	( 5,715 )	12,927
Training, travel and dues	15,162	12,000	( 3,162 )	16,510
Professional fees	10,520	8,000	( 2,520 )	7,268
Computer service	12,428	5,000	( 7,428 )	25,381
Auto expense	3,295	500	( 2,795 )	1,742
Supplies	734	500	( 234 )	5,386
Election expense	3,286	3,000	( 286 )	3,500
Assessing and collecting	3,146	3,000	( 146 )	2,780
Repairs and maintenance	9,996	7,500	( 2,496 )	17,383
Miscellaneous	3,646	2,300	( 1,346 )	3,033
<b>TOTAL GENERAL ADMINISTRATION EXPENDITURES</b>	<b>150,787</b>	<b>152,852</b>	<b>2,065</b>	<b>177,952</b>
<u>FIRE DEPARTMENT EXPENDITURES</u>				
Firemen's fees	6,233	5,000	( 1,233 )	2,209
Workers comp	502	2,000	1,498	1,327
Utilities	8,613	6,000	( 2,613 )	6,691
Contract services	2,500	3,500	1,000	3,333
Office supplies	2,357	200	( 2,157 )	625
Training, travel and dues	474	3,500	3,026	3,205
Auto expense	7,058	12,000	4,942	18,641
Supplies	4,127	2,000	( 2,127 )	13,817
Repairs and maintenance	9,778	8,000	( 1,778 )	13,402
Building insurance	899	1,500	601	766
Miscellaneous				
<b>TOTAL FIRE DEPARTMENT EXPENDITURES</b>	<b>42,541</b>	<b>43,700</b>	<b>1,159</b>	<b>64,016</b>

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>STREET DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 51,561	\$ 40,000	\$ ( 11,561 )	\$ 43,532
Social security	3,914	3,000	( 914 )	3,802
Retirement	2,020	2,000	( 20 )	2,273
Workers comp	1,163	1,000	( 163 )	446
General liability insurance	4,642	5,000	358	2,729
Utilities	21,783	20,000	( 1,783 )	24,238
Contract services	27,375	25,000	( 2,375 )	15,722
Supplies	2,318	1,500	( 818 )	1,409
Professional fees	168		( 168 )	1,671
Auto expense	7,074	8,500	1,426	5,172
Repairs and maintenance	47,757	55,000	7,243	78,926
Miscellaneous	2,201	1,500	( 701 )	1,589
<b>TOTAL STREET DEPARTMENT EXPENDITURES</b>	<b>171,976</b>	<b>162,500</b>	<b>( 9,476 )</b>	<b>181,509</b>
<u>POLICE DEPARTMENT EXPENDITURES</u>				
Salaries	64,148	82,400	18,252	66,257
Social security	4,243	3,000	( 1,243 )	4,515
Retirement	2,261	2,000	( 261 )	3,123
Workers comp	1,287	1,600	313	1,594
General liability insurance	16,386	10,000	( 6,386 )	12,805
Utilities and telephone	1,885	3,000	1,115	3,171
Contract services	7,500	3,500	( 4,000 )	833
Office supplies	4,907	3,000	( 1,907 )	6,843
Training, travel and dues	6,531	2,000	( 4,531 )	2,595
Professional fees	1,723	3,000	1,277	4,624
Court state fees	11,998	6,000	( 5,998 )	5,797
Auto expense	10,076	11,000	924	11,856
Supplies	3,688	1,000	( 2,688 )	2,479
Uniforms	8,038	9,000	962	8,051
Repairs and maintenance	3,120	2,000	( 1,120 )	5,238
Miscellaneous		500	500	35
<b>TOTAL POLICE DEPARTMENT EXPENDITURES</b>	<b>147,791</b>	<b>143,000</b>	<b>( 4,791 )</b>	<b>139,816</b>

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>SANITATION DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 41,297	\$ 38,000	\$ ( 3,297 )	\$ 41,568
Social security	3,163	2,000	( 1,163 )	3,135
Retirement	1,884	2,000	116	2,152
Workers comp	501	1,000	499	446
General liability insurance	6,906	5,000	( 1,906 )	5,076
Utilities	1,056	1,500	444	1,310
Contract services	63,858	50,000	( 13,858 )	60,797
Training, travel and dues	321	200	( 121 )	24
Professional fees		1,500	1,500	1,170
Auto expense	12,963	9,500	( 3,463 )	10,712
Supplies	690	500	( 190 )	583
Repairs and maintenance	9,981	3,000	( 6,981 )	3,119
Miscellaneous				362
TOTAL SANITATION DEPARTMENT EXPENDITURES	142,620	114,200	( 28,420 )	130,454
<u>PUBLIC SERVICE DEPARTMENT EXPENDITURES</u>				
Salaries	104,633	40,000	( 64,633 )	92,420
Social security	7,994	1,500	( 6,494 )	6,864
Retirement	872	1,000	128	971
Workers comp	502	1,500	998	552
Utilities and telephone	28,814	20,750	( 8,064 )	26,457
Training, travel and dues	1,991	1,500	( 491 )	2,414
Professional fees	1,417	1,000	( 417 )	475
Auto expense	6,064	2,500	( 3,564 )	3,270
Supplies	5,397	7,500	2,103	8,284
Repairs and maintenance	39,863	8,000	( 31,863 )	27,013
Building insurance	1,058	1,000	( 58 )	766
Concessions	12,663	7,500	( 5,163 )	10,916
Miscellaneous				
TOTAL PUBLIC SERVICE DEPARTMENT EXPENDITURES	211,268	93,750	( 117,518 )	180,402

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>AMBULANCE EXPENDITURES</u>				
Ambulance fees	\$ 3,080	\$	\$ ( 3,080 )	\$ 2,810
Salaries	31,154	31,000	( 154 )	27,432
Social security	2,330	1,500	( 830 )	2,090
Retirement	1,391	1,500	109	1,439
Workers comp	502	2,000	1,498	2,640
General liability insurance	5,955	5,000	( 955 )	1,299
Utilities and telephone	3,395	7,200	3,805	5,706
Contract services	1,116	4,500	3,384	1,759
Office supplies	1,023	1,000	( 23 )	1,096
Training, travel and dues	6,234	2,000	( 4,234 )	1,598
Professional fees	9,969	8,000	( 1,969 )	12,787
Auto expense	6,098	5,000	( 1,098 )	6,469
Supplies	1,917	1,000	( 917 )	495
Medical supplies	9,994	8,000	( 1,994 )	4,469
Uniforms	204	300	96	147
Volunteer expenditures	2,700	5,000	2,300	5,070
Repairs and maintenance	12,553	6,000	( 6,553 )	6,039
<b>TOTAL AMBULANCE EXPENDITURES</b>	<u>99,615</u>	<u>89,000</u>	<u>( 10,615 )</u>	<u>83,345</u>
<u>CAPITAL IMPROVEMENT EXPENDITURES</u>				
General administration		2,000	2,000	
Fire department		4,800	4,800	1,495
Street department	45,463	40,000	( 5,463 )	10,000
Police department	68,147	70,000	1,853	7,781
Sanitation department	4,130	15,000	10,870	125,196
Public service department	6,691	10,000	3,309	72,839
Ambulance department	93,112	101,000	7,888	
<b>TOTAL CAPITAL IMPROVEMENT EXPENDITURES</b>	<u>217,543</u>	<u>242,800</u>	<u>25,257</u>	<u>217,311</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,184,141</u>	<u>\$ 1,041,802</u>	<u>\$ ( 142,339 )</u>	<u>\$ 1,174,805</u>

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



CITY OF STINNETT, TEXAS  
BALANCE SHEET  
COMBINED UTILITY FUNDS  
SEPTEMBER 30, 2009 AND 2008

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,198	\$ 1,084	\$ 2,282
Accounts receivable, net	33,988	22,630	56,618
<b>TOTAL CURRENT ASSETS</b>	<b>35,186</b>	<b>23,714</b>	<b>58,900</b>
NON-CURRENT ASSETS			
Restricted:			
Cash and cash equivalents	34,842	49,117	83,959
Investments	3,500		3,500
Bond issuance, net	10,150		10,150
Capital Assets:			
Land	105,400		105,400
Construction in progress	150,892		150,892
Buildings and improvements	21,322	18,555	39,877
Infrastructure	2,378,619	295,805	2,674,424
Machinery and equipment	226,801	33,717	260,518
Office furniture and equipment	2,055	2,055	4,110
Transportation equipment	31,178	32,014	63,192
Less accumulated depreciation	( 1,452,241 )	( 305,784 )	( 1,758,025 )
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,512,518</b>	<b>125,479</b>	<b>1,637,997</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,547,704</b>	<b>\$ 149,193</b>	<b>\$ 1,696,897</b>
<u>LIABILITIES AND FUND BALANCES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 753	\$ 5,991	\$ 6,744
Sales tax payable		1,347	1,347
Accrued liabilities	5,741	3,110	8,851
Current portion of certificates of obligation	40,000		40,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>46,494</b>	<b>10,448</b>	<b>56,942</b>
NON-CURRENT LIABILITIES			
Meter deposits payable	34,842	49,117	83,959
Non-current portion of certificates of obligation	220,000		220,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>254,842</b>	<b>49,117</b>	<b>303,959</b>
<b>TOTAL LIABILITIES</b>	<b>301,336</b>	<b>59,565</b>	<b>360,901</b>
<u>FUND BALANCES</u>			
Invested in capital assets, net of related debt	1,015,000	76,362	1,091,362
Restricted:			
Debt service	78,342	49,117	127,459
Contributed capital	449,026		449,026
Unrestricted:	( 296,000 )	( 35,851 )	( 331,851 )
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,547,704</b>	<b>\$ 149,193</b>	<b>\$ 1,696,897</b>

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

CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
ACTUAL COMPARED TO BUDGETARY BASIS  
COMBINED UTILITY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	ACTUAL ON BUDGETARY BASIS	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b><u>OPERATING REVENUES</u></b>					
Utilities	\$ 1,079,868		\$ 1,079,868	\$ 1,043,500	\$ 36,368
Less bad debts	( 4,826 )		( 4,826 )		( 4,826 )
<b>TOTAL OPERATING REVENUES</b>	<b>1,075,042</b>		<b>1,075,042</b>	<b>1,043,500</b>	<b>31,542</b>
<b><u>OPERATING EXPENSES</u></b>					
Salaries, wages and employee benefits	260,221		260,221	265,798	5,577
Contractual services, materials and supplies	105,755		105,755	78,900	( 26,855 )
Natural gas purchases	512,167		512,167	470,000	( 42,167 )
Repairs and maintenance	55,089		55,089	35,500	( 19,589 )
Building insurance	2,116		2,116	2,000	( 116 )
Depreciation expense	90,428	\$( 90,428 ) <sup>(1)</sup>			
Amortization expense	1,692	( 1,692 ) <sup>(2)</sup>			
Capital improvements	56,915		56,915	63,000	6,085
Other expenses	5,319		5,319	5,500	181
<b>TOTAL OPERATING EXPENSES</b>	<b>1,089,702</b>	<b>( 92,120 )</b>	<b>997,582</b>	<b>920,698</b>	<b>( 76,884 )</b>
<b>OPERATING INCOME (LOSS)</b>	<b>( 14,660 )</b>	<b>92,120</b>	<b>77,460</b>	<b>122,802</b>	<b>( 45,342 )</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>					
Capital grants and donations	47,008		47,008		47,008
Sale of assets					
Income on investments	1		1		1
Interest expense	( 13,015 )		( 13,015 )		( 13,015 )
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$ 33,994</b>	<b>\$</b>	<b>\$ 33,994</b>	<b>\$</b>	<b>\$ 33,994</b>

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

CITY OF STINNETT, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
ACTUAL COMPARED TO BUDGETARY BASIS  
COMBINED UTILITY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>ACTUAL</u>	<u>ADJUSTMENT TO BUDGETARY BASIS</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 19,334	\$ 92,120	\$ 111,454	\$ 122,802	\$( 11,348 )
TRANSFERS IN (OUT)	( 9,182 )	9,182	(3)		
	( 9,182 )	9,182			
CHANGE IN NET ASSETS	10,152	101,302	111,454	122,802	( 11,348 )
NET ASSETS - OCTOBER 1	<u>876,818</u>				
NET ASSETS - SEPTEMBER 30	<u><u>\$ 886,970</u></u>				

NOTES

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

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

CITY OF STINNETT, TEXAS  
 COMPARATIVE BALANCE SHEET  
 WATER AND SEWER FUND  
SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,198	\$ 5,635
Accounts receivable, net	33,988	42,950
TOTAL CURRENT ASSETS	<u>35,186</u>	<u>48,585</u>
NON-CURRENT ASSETS		
Restricted:		
Cash and cash equivalents	34,842	41,151
Investments	3,500	3,500
Bond issuance, net	10,150	11,842
Capital Assets:		
Land	105,400	105,400
Construction in progress	150,892	107,902
Buildings and improvements	21,322	21,322
Infrastructure	2,378,619	2,318,615
Machinery and equipment	226,801	207,484
Office furniture and equipment	2,055	2,055
Transportation equipment	31,178	31,178
Less accumulated depreciation	( 1,452,241 )	( 1,353,361 )
TOTAL NON-CURRENT ASSETS	<u>1,512,518</u>	<u>1,497,088</u>
TOTAL ASSETS	<u>\$ 1,547,704</u>	<u>\$ 1,545,673</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 753	\$ 1,648
Accrued liabilities	5,741	5,331
Current portion of certificates of obligation	40,000	40,000
TOTAL CURRENT LIABILITIES	<u>46,494</u>	<u>46,979</u>
NON-CURRENT LIABILITIES		
Meter deposits payable	34,842	41,151
Non-current portion of certificates of obligation	220,000	260,000
TOTAL NON-CURRENT LIABILITIES	<u>254,842</u>	<u>301,151</u>
TOTAL LIABILITIES	<u>301,336</u>	<u>348,130</u>
 <u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	1,015,000	1,017,824
Restricted:		
Debt service	78,342	84,651
Contributed capital	449,026	422,772
Unrestricted:	( 296,000 )	( 327,704 )
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,547,704</u>	<u>\$ 1,545,673</u>

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF OPERATING AND NON-OPERATING REVENUES, COMPARED TO BUDGET  
 WATER AND SEWER FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>OPERATING REVENUES</u>				
Water sales	\$ 337,715	\$ 325,000	\$ 12,715	\$ 413,330
Water taps	2,000	1,500	500	
Service charges	17,202	6,000	11,202	16,998
Sewer service	128,317	100,000	28,317	108,564
Sewer taps	2,125	1,500	625	1,125
Miscellaneous	316		316	3,544
	487,675	434,000	53,675	543,561
Less Bad Debts	( 2,634 )		( 2,634 )	( 1,824 )
TOTAL OPERATING REVENUES	485,041	434,000	51,041	541,737
<u>NON-OPERATING REVENUES</u>				
Grant receipts	47,008		47,008	21,177
Sale of assets				
Investment earnings	1		1	5
TOTAL NON-OPERATING REVENUES	47,009		47,009	21,182
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	( 68,420 )		( 68,420 )	( 120,492 )
	<u>\$ 463,630</u>	<u>\$ 434,000</u>	<u>\$ ( 29,630 )</u>	<u>\$ 442,427</u>

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF OPERATING AND NON-OPERATING EXPENSES, COMPARED TO BUDGET  
 WATER AND SEWER FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS:				
Salaries	\$ 131,967	\$ 82,000	\$ ( 49,967 )	\$ 121,920
Safety performance		2,000	2,000	750
Social security	10,046	9,000	( 1,046 )	9,207
Retirement	4,775	6,000	1,225	5,735
Workers comp insurance	502	3,000	2,498	3,865
General liability insurance	22,468	20,000	( 2,468 )	16,447
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS	169,758	122,000	( 47,758 )	157,924
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES:				
Utilities and telephone	39,124	30,000	( 9,124 )	43,377
Office supplies	4,214	2,700	( 1,514 )	2,788
Travel, training and dues	6,960	2,000	( 4,960 )	2,890
Professional fees	13,534	9,000	( 4,534 )	19,955
Auto expense	8,205	8,500	295	8,799
Supplies	7,070	4,500	( 2,570 )	5,946
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES	79,107	56,700	( 22,407 )	83,755
Repairs and maintenance	40,301	23,000	( 17,301 )	61,954
Building insurance	1,058	1,000	( 58 )	766
Depreciation expense	82,145		( 82,145 )	83,428
Amortization expense	1,692		( 1,692 )	1,692
Capital improvements	50,894	50,000	( 894 )	8,882
Miscellaneous	3,089	4,000	911	3,652
TOTAL OPERATING EXPENSES	428,044	256,700	( 171,344 )	402,053
<u>NON-OPERATING EXPENSES</u>				
Interest expense	13,015		( 13,015 )	15,299
TOTAL OPERATING AND NON-OPERATING EXPENSES	\$ 441,059	\$ 256,700	\$ ( 184,359 )	\$ 417,352

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

CITY OF STINNETT, TEXAS  
 COMPARATIVE BALANCE SHEET  
 GAS FUND  
SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,084	\$ 2,996
Accounts receivable, net	22,630	20,187
TOTAL CURRENT ASSETS	<u>23,714</u>	<u>23,183</u>
NON-CURRENT ASSETS		
Restricted:		
Cash and cash equivalents	49,117	56,626
Capital Assets:		
Buildings and improvements	18,555	18,555
Infrastructure	295,805	295,805
Machinery and equipment	33,717	33,717
Office furniture and equipment	2,055	2,055
Transportation equipment	32,014	41,122
Less accumulated depreciation	( 305,784 )	( 306,608 )
TOTAL NON-CURRENT ASSETS	<u>125,479</u>	<u>141,272</u>
TOTAL ASSETS	<u>\$ 149,193</u>	<u>\$ 164,455</u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 5,991	\$ 2,228
Sales tax payable	1,347	1,026
Accrued liabilities	3,110	2,528
TOTAL CURRENT LIABILITIES	<u>10,448</u>	<u>5,782</u>
NON-CURRENT LIABILITIES		
Meter deposits payable	<u>49,117</u>	<u>56,626</u>
TOTAL NON-CURRENT LIABILITIES	<u>49,117</u>	<u>56,626</u>
TOTAL LIABILITIES	<u>59,565</u>	<u>62,408</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	76,362	84,646
Restricted:		
Debt service	49,117	56,626
Unrestricted:	( 35,851 )	( 39,225 )
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 149,193</u>	<u>\$ 164,455</u>

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF OPERATING AND NON-OPERATING REVENUES, COMPARED TO BUDGET  
 GAS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>OPERATING REVENUES</u>				
Gas sales	\$ 582,652	\$ 600,000	\$ ( 17,348 )	\$ 627,848
Gas taps	250	1,500	( 1,250 )	
Service charges	9,285	8,000	1,285	8,430
Sales tax				1,026
Miscellaneous	6		6	1,391
	592,193	609,500	( 17,307 )	638,695
Less Bad Debts	( 2,192 )	( )	( 2,192 )	( 2,745 )
TOTAL OPERATING REVENUES	590,001	609,500	( 19,499 )	635,950
<u>NON-OPERATING REVENUES</u>				
Grant receipts				
Sales of assets				
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	59,238		59,238	( 8,000 )
	\$ 649,239	\$ 609,500	\$ 39,739	\$ 627,950

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



CITY OF STINNETT, TEXAS  
 SCHEDULE OF OPERATING AND NON-OPERATING EXPENSES, COMPARED TO BUDGET  
 GAS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	ACTUAL 2009	ORIGINAL BUDGET 2009	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2008
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS:				
Salaries	\$ 72,521	\$ 110,798	\$ 38,277	\$ 84,693
Safety performance		2,000	2,000	900
Social security	5,501	5,000	( 501 )	6,392
Retirement	2,631	2,500	( 131 )	3,973
Workers comp insurance	1,969	2,000	31	2,609
General liability insurance	7,841	21,500	13,659	15,135
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS	90,463	143,798	53,335	113,702
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES:				
Utilities and telephone	5,380	4,500	( 880 )	5,692
Office supplies	3,226	2,700	( 526 )	2,522
Training, travel and dues	2,835	2,000	( 835 )	2,045
Professional fees	8,175	7,500	( 675 )	8,733
Auto expense	4,239	4,000	( 239 )	3,847
Supplies	2,793	1,500	( 1,293 )	2,044
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES	26,648	22,200	( 4,448 )	24,883
Natural gas purchases	512,167	470,000	( 42,167 )	457,065
Repairs and maintenance	14,788	12,500	( 2,288 )	9,426
Building insurance	1,058	1,000	( 58 )	766
Depreciation expense	8,283		( 8,283 )	8,634
Capital improvements	6,021	13,000	6,979	1,495
Miscellaneous	2,230	1,500	( 730 )	1,944
TOTAL OPERATING EXPENSES	661,658	663,998	2,340	617,915
<u>NON-OPERATING EXPENSES</u>				
Interest expense				
TOTAL OPERATING AND NON-OPERATING EXPENSES	<u>\$ 661,658</u>	<u>\$ 663,998</u>	<u>\$ 2,340</u>	<u>\$ 617,915</u>

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

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

ASSETS

Cash and cash equivalents	\$	7,375
Accounts receivable		
TOTAL ASSETS	\$	<u>7,375</u>

LIABILITIES AND FUND BALANCE

Fund balance		
Unrestricted - undesignated	\$	7,375
Restricted		
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>7,375</u>

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

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

	<u>2009</u>
<u>REVENUES</u>	
Lot fees	\$ 10,065
Contributions	135
Service fees	<u>2,900</u>
TOTAL REVENUES	<u>13,100</u>
<u>EXPENDITURES</u>	
Supplies	1,401
Contract labor	5,106
Miscellaneous expenditures	<u>472</u>
TOTAL EXPENDITURES	<u>6,979</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES OTHER FINANCING SOURCES AND (USES)	<u>6,121</u>
Transfers in (out)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6,121
FUND BALANCES - OCTOBER 1	<u>1,254</u>
FUND BALANCES - SEPTEMBER 30	<u><u>\$ 7,375</u></u>

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

CITY OF STINNETT, TEXAS  
 STATEMENT OF GENERAL CAPITAL ASSETS - BY SOURCES  
 GENERAL CAPITAL ASSETS ACCOUNT GROUP  
SEPTEMBER 30, 2009

<u>GENERAL CAPITAL ASSETS</u>	<u>2009</u>	<u>2008</u>
Land	\$ 37,539	\$ 37,539
Buildings and improvements	843,844	890,123
Infrastructure	71,038	75,656
Machinery and equipment	213,293	214,880
Office furniture and equipment	2,293	3,413
Transportation equipment	<u>257,118</u>	<u>144,461</u>
TOTAL GENERAL CAPITAL ASSETS	<u>\$ 1,425,125</u>	<u>\$ 1,366,072</u>
Revenue sharing		
General revenues	1,425,125	1,366,072
Contributions		
Property forfeiture		
TOTAL INVESTMENT IN GENERAL CAPITAL ASSETS	<u>\$ 1,425,125</u>	<u>\$ 1,366,072</u>

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

CITY OF STINNETT, TEXAS  
 STATEMENT OF GENERAL CAPITAL ASSETS  
 BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2009

<u>FUNCTION AND ACTIVITY</u>	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>INFRASTRUCTURE</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>OFFICE FURNITURE AND EQUIPMENT</u>	<u>TRANSPORTATION EQUIPMENT</u>
Administrative	\$ 170,136	\$ 37,539	\$ 79,920	\$	\$ 34,444	\$ 5,500	\$ 12,733
Fire	300,692		5,067		46,240		249,385
Streets	378,388		6,535	257,347	114,196		310
Police	96,248				8,119	5,951	82,178
Sanitation	391,759		34,015		204,668		153,076
Public service	1,177,278		1,155,640		21,638		
Ambulance	224,609		2,134		46,957	2,530	172,988
	<u>\$ 2,739,110</u>	<u>\$ 37,539</u>	<u>\$ 1,283,311</u>	<u>\$ 257,347</u>	<u>\$ 476,262</u>	<u>\$ 13,981</u>	<u>\$ 670,670</u>

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

CITY OF STINNETT, TEXAS  
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS  
 BY SOURCES  
SEPTEMBER 30, 2009

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>INFRASTRUCTURE</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>OFFICE FURNITURE AND EQUIPMENT</u>	<u>TRANSPORTATION EQUIPMENT</u>
GENERAL CAPITAL ASSETS OCTOBER 1, 2008	\$ 2,646,342	\$ 37,539	\$ 1,283,311	\$ 257,347	\$ 432,646	\$ 13,981	\$ 621,518
ADD:							
Expenditures from General Fund Contribution Property forfeiture	199,476				43,616		155,860
DEDUCT:							
Capital assets sold, traded or scrapped	<u>106,708</u>						<u>106,708</u>
GENERAL CAPITAL ASSETS SEPTEMBER 30, 2009	<u>\$ 2,739,110</u>	<u>\$ 37,539</u>	<u>\$ 1,283,311</u>	<u>\$ 257,347</u>	<u>\$ 476,262</u>	<u>\$ 13,981</u>	<u>\$ 670,670</u>

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