

CITY OF STINNETT, TEXAS

AUDIT REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2011

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JAMES R. ALLEN, CPA

CERTIFIED PUBLIC ACCOUNTANT

JAMES R. ALLEN, C.P.A.

914 SOUTH BLISS STREET

P.O. BOX 537

DUMAS, TEXAS 79029

♦ ♦ ♦

TELEPHONE (806) 935-7919

FAX (806) 935-3753

MEMBER OF

THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Honorable City Council
Stinnett, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Stinnett, Texas, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Stinnett, Texas management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Stinnett, Texas, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Sincerely,

February 13, 2012

James R Allen, CPA

CITY OF STINNETT, TEXAS
STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<i>PRIMARY GOVERNMENT</i>			<i>COMPONENT UNIT</i>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>ECONOMIC DEVELOPMENT CORPORATION</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 43,872	\$ 65,617	\$ 109,489	\$ 54,709
Receivables, net	56,229	63,799	120,028	
Due from other governments	4,617		4,617	
Restricted assets:				
Cash and cash equivalents		86,057	86,057	
Investments	393,084	3,500	396,584	
Debt issuance costs, net		6,766	6,766	
Capital assets:				
Non-depreciable	37,539	105,400	142,939	
Depreciable, net	1,144,226	1,409,529	2,553,755	
Less contributed capital		(470,150)	(470,150)	
TOTAL ASSETS	<u>1,679,567</u>	<u>1,270,518</u>	<u>2,950,085</u>	<u>54,709</u>
<u>LIABILITIES</u>				
Accounts payable	31,003	3,436	34,439	
Sales tax payable	1,294	590	1,884	
Accrued liabilities	11,275	10,674	21,949	
Due to primary government				
Non-current liabilities				
Due within one year:				
Certificate of obligation	40,000	40,000	80,000	
Due in more than one year:				
Meter deposits		86,057	86,057	
Certificate of obligation	465,000	140,000	605,000	
TOTAL LIABILITIES	<u>548,572</u>	<u>280,757</u>	<u>829,329</u>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	676,765	864,779	1,541,544	
Restricted	943,498	269,557	1,213,055	
Unrestricted	(489,268)	(144,575)	(633,843)	54,709
TOTAL NET ASSETS	<u>\$ 1,130,995</u>	<u>\$ 989,761</u>	<u>\$ 2,120,756</u>	<u>\$ 54,709</u>

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, 2011

FUNCTION / PROGRAM ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS							
	EXPENSES	PROGRAM REVENUES			PRIMARY GOVERNMENT			COMPONENT UNIT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	ECONOMIC DEVELOPMENT CORPORATION
PRIMARY GOVERNMENT:								
Governmental Activities:								
General administration	\$ 190,785	\$	\$	\$	\$ (190,785)	\$	\$ (190,785)	\$
Fire	83,717	32,016	7,730		(43,971)		(43,971)	
Streets	214,562				(214,562)		(214,562)	
Police	168,933		1,782		(167,151)		(167,151)	
Sanitation	166,972	304,170			137,198		137,198	
Public service	190,864	24,874			(165,990)		(165,990)	
Ambulance	105,593	80,420	1,000		(24,173)		(24,173)	
Cemetery	8,177	10,763	50		2,636		2,636	
Community promotion	8,160		11,410		3,250		3,250	
Interest on long-term debt	29,239				(29,239)		(29,239)	
Total governmental activities	1,167,002	452,243	21,972		(692,787)		(692,787)	
Business-Type Activities								
Water department	272,228	432,597	330			160,699	160,699	
Sewer department	87,612	135,844				48,232	48,232	
Gas department	430,921	461,116				30,195	30,195	
Total business-type activities	790,761	1,029,557	330			239,126	239,126	
TOTAL PRIMARY GOVERNMENT	\$ 1,957,763	\$ 1,481,800	\$ 22,302	\$	(692,787)	239,126	(453,661)	
COMPONENT UNIT:								
Economic Development Corporation	\$ 10,933	\$	\$	\$				(10,933)
GENERAL REVENUES:								
Taxes:								
Property taxes, levied for general purposes					272,905		272,905	
Sales taxes					132,763		132,763	44,245
Other intergovernmental sources					72,134		72,134	
Fines and forfeitures					11,329		11,329	
Investment earnings					6,443	3	6,446	
Sale of assets					(5,597)		5,597	
Other					7,288		7,288	
Transfers					220,194	(220,194)		
Total general revenues and transfers					717,459	(220,191)	508,462	44,245
CHANGE IN NET ASSETS					24,672	18,935	54,801	33,312
NET ASSETS - OCTOBER 1					1,106,323	970,826	2,077,149	21,397
NET ASSETS - SEPTEMBER 30					\$ 1,130,995	\$ 989,761	\$ 2,131,950	\$ 54,709

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, 2011

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Current cash and cash equivalents	\$ 18,977	\$ 23,698	\$ 42,675
Investments	346,084		346,084
Receivables (net)			
Taxes	22,342		22,342
Charges for service	5,973		5,973
Utilities	27,074		27,074
Due from other governments	4,180		4,180
TOTAL ASSETS	<u>\$ 424,630</u>	<u>\$ 23,698</u>	<u>\$ 448,328</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable	\$ 31,003	\$	\$ 31,003
Sales tax payable	1,294		1,294
Accrued liabilities	7,776		7,776
TOTAL LIABILITIES	<u>40,073</u>		<u>40,073</u>
Fund Balances:			
Assigned	352,756		352,756
Unassigned	31,801	23,698	55,499
TOTAL FUND BALANCES	<u>384,557</u>	<u>23,698</u>	<u>408,255</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 424,630</u>	<u>\$ 23,698</u>	<u>\$ 448,328</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, 2011

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 408,255

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	\$ 2,780,127	
Less accumulated depreciation	<u>(1,598,362)</u>	1,181,765

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the governmental funds. 49,474

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 (505,000)

Some liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (3,499)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,130,995

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, 2011

	GENERAL	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Charges for services	\$ 441,480	\$ 10,763	\$ 452,243
Grants and contributions	21,922	50	21,972
Property taxes	207,354		207,354
Sales taxes	132,763		132,763
Other intergovernmental sources	72,134		72,134
Fines and forfeitures	11,329		11,329
Income on investments	6,441		6,441
Sale of assets	1,260		1,260
Other	7,288		7,288
TOTAL REVENUES	901,971	10,813	912,784
<u>EXPENDITURES</u>			
Current Operating:			
General administration	181,610		181,610
Fire	39,086		39,086
Streets	200,047		200,047
Police	158,079		158,079
Sanitation	140,708		140,708
Public service	146,530		146,530
Ambulance	85,311		85,311
Community promotion	8,160		8,160
Cemetery	563	7,614	8,177
Capital outlay	56,400		56,400
TOTAL EXPENDITURES	1,016,494	7,614	1,024,108
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(114,523)	3,199	(111,324)
<u>OTHER FINANCING SOURCES AND (USES)</u>			
Transfers in (out)	220,194		220,194
TOTAL OTHER FINANCING SOURCES AND (USES)	220,194		220,194
NET CHANGES IN FUND BALANCES	105,671	3,199	108,870
FUND BALANCES - OCTOBER 1	278,885	20,499	299,384
FUND BALANCES - SEPTEMBER 30	\$ 384,556	\$ 23,698	\$ 408,254

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, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	108,870
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Current year depreciation	(139,454)
Capital asset additions		25,799
Capital asset disposals	(6,857)
<p>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.</p>		
		65,553
<p>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.</p>		
	(29,239)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>24,672</u>

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, 2011

	ACTIVITIES ENTERPRISE FUNDS <u>UTILITY</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 65,617
Accounts receivable, net	<u>63,799</u>
TOTAL CURRENT ASSETS	<u>129,416</u>
Non-Current Assets:	
Restricted:	
Cash and cash equivalents	86,057
Investments	3,500
Bond issuance, net	6,766
Capital Assets:	
Land	105,400
Buildings and improvements	55,210
Infrastructure	2,974,982
Machinery and equipment	299,349
Office furniture and equipment	4,111
Transportation equipment	63,192
Less accumulated depreciation	(1,987,315)
Less contributed capital	<u>(470,150)</u>
TOTAL NON-CURRENT ASSETS	<u>1,141,102</u>
TOTAL ASSETS	<u>1,270,518</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	3,436
Sales tax payable	590
Accrued liabilities	10,674
Current portion of certificates of obligation	<u>40,000</u>
TOTAL CURRENT LIABILITIES	<u>54,700</u>
Non-Current Liabilities:	
Meter deposits payable	86,057
Non-current portion of certificates of obligation	<u>140,000</u>
TOTAL NON-CURRENT LIABILITIES	<u>226,057</u>
TOTAL LIABILITIES	<u>280,757</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	864,779
Restricted	269,557
Unrestricted	<u>(144,575)</u>
TOTAL NET ASSETS	<u>\$ 989,761</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, 2011

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS <u>UTILITY</u>
<u>OPERATING REVENUES</u>	
Utilities	\$ 1,029,557
Less bad debts	<u>(3,706)</u>
TOTAL OPERATING REVENUES	<u>1,025,851</u>
<u>OPERATING EXPENSES</u>	
Salaries, wages and employee benefits	188,847
Contractual services, materials and supplies	99,805
Natural gas purchases	306,142
Repairs and maintenance	78,148
Building insurance	3,660
State fees	469
Depreciation expense	85,246
Amortization expense	1,692
Capital improvements	8,609
Other expenses	<u>5,044</u>
TOTAL OPERATING EXPENSES	<u>777,662</u>
OPERATING INCOME (LOSS)	<u>248,189</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Capital grants and contributions	
Operating grants and contributions	330
Income on investments	3
Interest expense	<u>(9,393)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(9,060)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>239,129</u>
Transfers in (out)	<u>(220,194)</u>
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>(220,194)</u>
CHANGE IN NET ASSETS	18,935
NET ASSETS - OCTOBER 1	<u>970,826</u>
NET ASSETS - SEPTEMBER 30	<u>\$ 989,761</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, 2011

	ACTIVITIES ENTERPRISE FUNDS <u>UTILITY</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	
<u>CASH FLOWS FROM OPERATIONS:</u>	
Receipts from customers	\$ 1,015,034
Payments to suppliers	(504,183)
Payments to employees	(182,193)
Net cash provided by (used in) operating activities	<u>328,658</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Receipts from grants and contributions	4,237
Transfers (to) from general fund	(220,194)
Net cash flows from noncapital financing activities	<u>(215,957)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Payments for acquisition of capital assets	()
Payments of certificate of obligation	(40,000)
Net cash flows from capital and related financing activities	<u>(40,000)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Receipts from interest	3
Payments of interest	(9,393)
Net cash flows from investing activities	<u>(9,390)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63,311
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>88,363</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 151,674</u>
 CLASSIFIED AS:	
Current assets	\$ 65,617
Restricted assets	<u>86,057</u>
TOTALS	<u>\$ 151,674</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, 2011

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

<u>OPERATING INCOME:</u>	\$	248,189
Adjustments:		
Depreciation		85,246
Amortization		1,692
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable, net	(10,817)
Increase (decrease) in accounts payable	(1,227)
Increase (decrease) in sales tax payable	(757)
Increase (decrease) in accrued liabilities		6,654
Increase (decrease) in meter deposits payable	(322)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$</u>	<u>328,658</u>

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

ACCOUNTING POLICIES

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

A. The Reporting Entity

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

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

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

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

B. Government-wide Financial Statements

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

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

Fund Financial Statements

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

C. Fund Accounting

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

ACCOUNTING POLICIES - CONTINUED

C. Fund Accounting (Con't)

Governmental Fund

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

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

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

Proprietary Fund

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

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

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

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

D. Basis of Accounting

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

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

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

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

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

ACCOUNTING POLICIES - CONTINUED

E. Budgetary Data

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

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

G. Delinquent Taxes Receivable

The delinquent taxes due the City represent all delinquent taxes on real property and the prior year on personal property. No provision for uncollectible taxes has been recorded. In accordance with generally accepted accounting principles applicable to government entities, the portion of taxes receivable that is deemed collectible, but not expected to be available within 60 days after the end of the year has been recorded as deferred revenue, \$36,771. This amount is reported net of taxes receivable, \$38,796.

H. Vacation Leave

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

CASH AND INVESTMENTS

The City considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The City conducts all of its banking transactions with its depository bank. The City deposits are categorized to give an indication of the level of risk assumed by the City at September 30, 2011. The categories are described as

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

CITY OF STINNETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS

CASH AND INVESTMENTS - CONTINUED

Deposits

At September 30, 2011 the carrying amount of the City's deposits with financial institutions was \$195,146 and the bank balance was \$260,615. 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	\$ 250,000
Collateralized	10,615
Total bank balance	<u>\$ 260,615</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	\$ 195,146
Petty cash on hand	400
Cash restricted	(86,057)
Cash and cash equivalents - Statement of Net Assets	<u>\$ 109,489</u>

At September 30, 2011, the City had investments of \$396,584 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	\$ 109,489
Restricted assets - cash	86,057
	<u>\$ 195,546</u>

PROPERTY TAXES

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

CAPITAL ASSETS

CHANGES IN CAPITAL ASSETS

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

	CAPITAL ASSETS - DEPRECIATED							Totals
	Land	Construction in Progress	Buildings and Improvements	Infrastructure	Machinery and Equipment	Office Furniture and Equipment	Transportation Equipment	
PRIMARY GOVERNMENT								
<i>Governmental Activities</i>								
Balance Oct 1, 2010	\$ 37,539	\$	\$ 1,290,978	\$ 257,347	\$ 492,812	\$ 13,981	\$ 670,670	\$ 2,763,327
Increases					9,000	11,101	14,699	25,800
Decreases								9,000
Balance Sept 30, 2011	<u>37,539</u>		<u>1,290,978</u>	<u>257,347</u>	<u>483,812</u>	<u>25,082</u>	<u>685,369</u>	<u>2,780,127</u>
<i>Accum Depreciation</i>								
Balance Oct 1, 2010			486,171	190,927	313,936	12,286	457,731	1,461,051
Increases			46,786	4,618	42,682	1,079	44,289	139,454
Decreases					2,143			2,143
Balance Sept 30, 2011			<u>532,957</u>	<u>195,545</u>	<u>354,475</u>	<u>13,365</u>	<u>502,020</u>	<u>1,598,362</u>
<i>Governmental Activities</i>								
Capital assets, net	\$ 37,539	\$	\$ 758,021	\$ 61,802	\$ 129,337	\$ 11,717	\$ 183,349	\$ 1,181,765
<i>Business-Type Activities</i>								
Balance Oct 1, 2010	\$ 105,400	\$ 109,591	\$ 55,210	\$ 2,825,316	\$ 299,349	\$ 4,111	\$ 63,192	\$ 3,462,169
Increases				149,666				149,666
Decreases		109,591						109,591
Balance Sept 30, 2011	<u>105,400</u>		<u>55,210</u>	<u>2,974,982</u>	<u>299,349</u>	<u>4,111</u>	<u>63,192</u>	<u>3,502,244</u>
<i>Accum Depreciation</i>								
Balance Oct 1, 2010			32,909	1,559,383	219,685	4,111	57,280	1,873,368
Increases			2,436	94,555	15,137		1,819	113,947
Decreases								
Balance Sept 30, 2011			<u>35,345</u>	<u>1,653,938</u>	<u>234,822</u>	<u>4,111</u>	<u>59,099</u>	<u>1,987,315</u>
<i>Business-Type Activities</i>								
Capital assets, net	\$ 105,400	\$	\$ 19,865	\$ 1,321,044	\$ 64,527	\$	\$ 4,093	\$ 1,514,929
PRIMARY GOVERNMENT								
Capital assets, net	\$ 142,939	\$	\$ 777,886	\$ 1,382,846	\$ 193,864	\$ 11,717	\$ 187,442	\$ 2,696,694

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

	\$ 505,000
Less: certificate due within one year	40,000
Long-Term Debt	<u>\$ 465,000</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>
2012	\$ 40,000	\$ 27,130	\$ 67,130
2013	40,000	24,970	64,970
2014	45,000	22,675	67,675
2015	45,000	20,200	65,200
2016	50,000	17,540	67,540
2017-2021	285,000	42,473	327,473
	<u>\$ 505,000</u>	<u>\$ 154,988</u>	<u>\$ 659,988</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

	\$ 180,000
Less: certificate due within one year	40,000
Long-Term Debt	<u>\$ 140,000</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>
2012	\$ 40,000	\$ 7,795	\$ 47,795
2013	45,000	5,785	50,785
2014	45,000	3,603	48,603
2015	50,000	1,250	51,250
	<u>\$ 180,000</u>	<u>\$ 18,433</u>	<u>\$ 198,433</u>

RETIREMENT PLAN

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

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

	<u>2010</u>	<u>2011</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

CITY OF STINNETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN - CONTINUED

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 2011

Actuarial Valuation Date	12/31/2010
Actuarial Value of Assets	\$ 1,503,337
Actuarial Accrued Liability	\$ 1,214,526
Percentage Funded	123.80%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ (288,811)
Annual Covered Payroll	\$ 430,876
UAAL as a Percentage of Covered Payroll	(67.00%)
Net Pension Obligation (NPO) as the Beginning of Period	\$ -0-
Annual Pension Cost: Annual Required Contribution (ARC)	\$ 13,406
Contributions Made	\$ 13,406
NPO at the end of the period	\$ -0-

The required contributions rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010 prior to restructuring	12/31/2010 Restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	24 years: closed period	23 years: closed period	22.5 years: closed period	25 years: closed period
Amortization Period for new Gains / Losses	25 years	25 years	25 years	25 years
Asset Valuation Method	Amortized Cost	10-yr Smoothed Market	10-yr Smoothed Market	10-yr Smoothed Market
Actuarial Assumptions:				
Investment Rate of Return *	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases *	Varies by age and service	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%	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.

CITY OF STINNETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN - CONTINUED

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	ANNUAL REQUIRED CONTRIBUTION
12/31/2005	\$ 974,992	\$ 956,225	102.0%	\$ (18,767)	\$ 469,262	-4.0%	\$ 49,642
12/31/2006	1,070,835	1,049,936	102.0%	(20,899)	399,406	-5.2%	25,820
12/31/2007	1,154,586	1,063,403	108.6%	(91,183)	387,161	-23.6%	22,893
12/31/2008	1,231,188	1,139,270	108.1%	(91,918)	451,214	-20.4%	15,137
12/31/2009	1,334,647	1,245,035	107.2%	(89,612)	436,396	-20.5%	13,151
12/31/2010 *	1,436,046	1,324,744	108.4%	(111,302)	430,876	-25.8%	13,406
12/31/2010 **	1,503,337	1,214,526	123.8%	(288,811)	430,876	-67.0%	13,406

* Actuarial valuation performed under the original fund structure.

** Actuarial valuation performed under the new fund structure.

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report.

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.

CITY OF STINNETT, TEXAS
 SCHEDULE OF REVENUES, COMPARED TO BUDGET
 GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>REVENUES FROM CHARGES FOR SERVICES</u>				
Administration department	\$	\$	\$	\$
Fire department	32,016	35,000	(2,984)	32,016
Sanitation department	304,170	320,000	(15,830)	329,094
Public service department	24,874	33,500	(8,626)	27,764
Ambulance department	80,420	81,200	(780)	94,973
TOTAL REVENUES FROM CHARGES FOR SERVICES	441,480	469,700	(28,220)	483,847
<u>REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS</u>				
Administration department				
Fire department	7,730		7,730	19,150
Police department	1,782		1,782	774
Public service department				374
Ambulance department	1,000		1,000	1,090
Helen's Kids	7,531		7,531	2,868
Stinnett Birthday Celebration	3,879		3,879	4,612
TOTAL REVENUES FROM OPERATING GRANTS AND CONTRIBUTIONS	21,922		21,922	28,868
<u>REVENUES FROM PROPERTY TAXES</u>				
Property taxes	207,354	278,000	(70,646)	190,491
<u>REVENUES FROM INTERGOVERNMENTAL SOURCES</u>				
Sales taxes	132,763	120,000	12,763	116,769
<u>REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES</u>				
Franchise taxes	71,200	60,000	11,200	63,794
Hotel occupancy taxes	934	1,500	(566)	1,298
TOTAL REVENUES FROM OTHER INTERGOVERNMENTAL SOURCES	72,134	61,500	10,634	65,092

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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>REVENUES FROM FINES AND FORFEITURES</u>				
Police department	\$ 11,329	\$ 31,500	\$ (20,171)	\$ 22,880
<u>REVENUES FROM INCOME ON INVESTMENTS</u>				
Investment earnings	6,441	1,000	5,441	816
<u>REVENUES FROM SALE OF ASSETS</u>				
Sale of assets	1,260	5,000	(3,740)	4,634
<u>REVENUES FROM OTHER SOURCES</u>				
Miscellaneous	7,288	500	6,788	8,027
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	220,194	41,900	178,294	73,605
TOTAL REVENUES	<u>\$ 1,122,165</u>	<u>\$ 1,009,100</u>	<u>\$ 113,065</u>	<u>\$ 995,029</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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>GENERAL ADMINISTRATION EXPENDITURES</u>				
Salaries	\$ 88,884	\$ 85,000	\$ (3,884)	\$ 54,275
Social security	6,892	3,700	(3,192)	4,192
Retirement	3,064	1,800	(1,264)	1,773
Workers comp	5,080	5,000	(80)	2,771
General liability insurance	12,434	10,000	(2,434)	10,222
Insurance and bonds	4,245	2,500	(1,745)	2,999
Utilities and telephone	6,876	5,500	(1,376)	6,696
Office supplies	8,216	7,500	(716)	14,900
Training, travel and dues	11,331	10,000	(1,331)	9,802
Professional fees	11,192	8,000	(3,192)	14,765
Computer service	387	5,000	4,613	10,780
Auto expense	1,165		(1,165)	2,931
Supplies	423	1,000	577	1,059
Election expense	326	8,000	7,674	8,652
Assessing and collecting	3,449	5,000	1,551	5,168
Repairs and maintenance	13,221	7,000	(6,221)	9,635
Miscellaneous	4,425	4,000	(425)	4,263
TOTAL GENERAL ADMINISTRATION EXPENDITURES	181,610	169,000	(12,610)	164,883
<u>FIRE DEPARTMENT EXPENDITURES</u>				
Firemen's fees		5,000	5,000	3,965
Workers comp	1,580	1,500	(80)	1,122
Utilities	5,799	6,500	701	7,442
Contract services	4,600	5,000	400	4,965
Office supplies	74	500	426	522
Training, travel and dues	6,785	3,000	(3,785)	6,379
Auto expense	9,276	7,000	(2,276)	8,720
Supplies	2,761	3,000	239	2,728
Repairs and maintenance	6,381	6,000	(381)	8,064
Building insurance	1,830	1,500	(330)	1,000
Miscellaneous				
TOTAL FIRE DEPARTMENT EXPENDITURES	39,086	39,000	(86)	44,907

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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>STREET DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 44,638	\$ 45,000	\$ 362	\$ 48,004
Social security	3,491	3,000	(491)	4,003
Retirement	1,444	1,500	56	1,444
Workers comp	2,080	2,000	(80)	1,500
General liability insurance	2,099	5,000	2,901	5,134
Utilities	18,294	22,000	3,706	23,252
Contract services	15,072	22,000	6,928	33,155
Supplies	1,281	1,500	219	1,151
Professional fees	1,836	1,000	(836)	
Auto expense	7,519	5,500	(2,019)	7,739
Repairs and maintenance	99,556	106,000	6,444	12,936
Interest expense	497		(497)	394
Miscellaneous	2,240	2,000	(240)	2,308
TOTAL STREET DEPARTMENT EXPENDITURES	200,047	216,500	16,453	141,020
<u>POLICE DEPARTMENT EXPENDITURES</u>				
Salaries	90,957	98,400	7,443	64,905
Social security	6,180	4,500	(1,680)	4,302
Retirement	2,199	2,000	(199)	1,803
Workers comp	1,780	1,700	(80)	1,500
General liability insurance	11,018	22,000	10,982	20,924
Utilities and telephone	5,160	3,000	(2,160)	3,295
Contract services	4,315	4,500	185	4,175
Office supplies	2,169	2,500	331	2,564
Training, travel and dues	977	6,500	5,523	9,119
Professional fees	5,412	2,500	(2,912)	2,870
Court state fees	3,486	12,000	8,514	10,161
Auto expense	13,588	13,500	(88)	14,063
Supplies	1,378	2,000	622	2,574
Uniforms	7,131	7,500	369	8,692
Repairs and maintenance	2,329	3,000	671	3,167
Miscellaneous				
TOTAL POLICE DEPARTMENT EXPENDITURES	158,079	185,600	27,521	154,114

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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>SANITATION DEPARTMENT EXPENDITURES</u>				
Salaries	\$ 33,923	\$ 40,000	\$ 6,077	\$ 44,204
Social security	2,720	3,000	280	3,290
Retirement	1,163	1,500	337	1,408
Workers comp	1,580	1,500	(80)	1,121
General liability insurance	4,288	6,000	1,712	6,734
Utilities and telephone	813	1,500	687	1,477
Contract services	68,157	55,000	(13,157)	60,906
Training, travel and dues	5	200	195	
Professional fees	2,427	1,000	(1,427)	1,200
Auto expense	15,960	11,000	(4,960)	13,535
Supplies	1,282	1,000	(282)	740
Repairs and maintenance	8,390	2,500	(5,890)	4,981
Miscellaneous				173
TOTAL SANITATION DEPARTMENT EXPENDITURES	140,708	124,200	(16,508)	139,769
<u>PUBLIC SERVICE DEPARTMENT EXPENDITURES</u>				
Salaries	86,386	103,500	17,114	96,171
Social security	6,452	6,000	(452)	7,324
Retirement	1,198	600	(598)	623
Workers comp	1,580	1,500	(80)	1,000
Utilities and telephone	19,381	22,500	3,119	25,994
Training, travel and dues	1,332	2,000	668	1,873
Professional fees	706	1,000	294	1,516
Auto expense	4,661	3,500	(1,161)	6,340
Supplies	4,114	4,000	(114)	7,269
Repairs and maintenance	8,378	4,500	(3,878)	5,117
Building insurance	1,830	1,500	(330)	1,000
Park special	3,612		(3,612)	
Concessions	6,619	6,500	(119)	10,056
Miscellaneous	281	2,000	1,719	
TOTAL PUBLIC SERVICE DEPARTMENT EXPENDITURES	146,530	159,100	12,570	164,283

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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>AMBULANCE EXPENDITURES</u>				
Ambulance fees	\$ 2,262	\$ 15,000	\$ 12,738	\$ 2,630
Salaries	30,027	32,500	2,473	30,918
Social security	2,330	2,000	(330)	2,330
Retirement	1,077	1,000	(77)	997
Workers comp	1,580	1,500	(80)	1,000
General liability insurance	5,218	6,000	782	5,977
Utilities and telephone	3,327	3,600	273	3,925
Contract services	4,000	5,500	1,500	5,312
Office supplies	1,116	1,000	(116)	1,685
Training, travel and dues	3,483	4,000	517	5,038
Professional fees	8,607	7,000	(1,607)	10,171
Auto expense	4,182	4,500	318	6,476
Supplies	314	1,000	686	175
Medical supplies	2,219	5,000	2,781	7,130
Uniforms	234	300	66	226
Volunteer expenditures	5,212	5,000	(212)	5,080
Repairs and maintenance	10,123	7,000	(3,123)	7,215
TOTAL AMBULANCE EXPENDITURES	85,311	101,900	16,589	96,285
<u>COMMUNITY PROMOTION</u>				
Helen's Kids	3,903		(3,903)	2,777
Stinnett Birthday Celebration	4,257		(4,257)	5,876
Cemetery expenditure	563		(563)	
TOTAL COMMUNITY PROMOTION	8,723		(8,723)	8,653

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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>CAPITAL IMPROVEMENT EXPENDITURES</u>				
General administration	\$ 5,969	\$ 5,000	\$ (969)	\$ 7,667
Fire department	21,578	20,000	(1,578)	17,485
Street department		10,000	10,000	2,183
Police department	20,993	10,000	(10,993)	7,644
Sanitation department	4,390	8,000	3,610	9,410
Public service department		25,000	25,000	4,393
Ambulance department	3,470	8,000	4,530	11,065
TOTAL CAPITAL IMPROVEMENT EXPENDITURES	<u>56,400</u>	<u>86,000</u>	<u>29,600</u>	<u>59,847</u>
 TOTAL EXPENDITURES	 <u>\$ 1,016,494</u>	 <u>\$ 1,081,300</u>	 <u>\$ 64,806</u>	 <u>\$ 973,761</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, 2011 AND 2010

	WATER AND SEWER FUND	GAS FUND	TOTAL UTILITY FUNDS
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 43,625	\$ 21,992	\$ 65,617
Accounts receivable, net	53,578	10,221	63,799
TOTAL CURRENT ASSETS	<u>97,203</u>	<u>32,213</u>	<u>129,416</u>
NON-CURRENT ASSETS			
Restricted:			
Cash and cash equivalents	35,982	50,075	86,057
Investments	3,500		3,500
Bond issuance, net	6,766		6,766
Capital Assets:			
Land	105,400		105,400
Buildings and improvements	28,988	26,222	55,210
Infrastructure	2,679,177	295,805	2,974,982
Machinery and equipment	265,632	33,717	299,349
Office furniture and equipment	2,056	2,055	4,111
Transportation equipment	31,178	32,014	63,192
Less accumulated depreciation	(1,668,006)	(319,309)	(1,987,315)
TOTAL NON-CURRENT ASSETS	<u>1,490,673</u>	<u>120,579</u>	<u>1,611,252</u>
TOTAL ASSETS	<u>\$ 1,587,876</u>	<u>\$ 152,792</u>	<u>\$ 1,740,668</u>
<u>LIABILITIES AND FUND BALANCES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 2,346	\$ 1,090	\$ 3,436
Sales tax payable		590	590
Accrued liabilities	5,882	4,792	10,674
Current portion of certificates of obligation	40,000		40,000
TOTAL CURRENT LIABILITIES	<u>48,228</u>	<u>6,472</u>	<u>54,700</u>
NON-CURRENT LIABILITIES			
Meter deposits payable	35,982	50,075	86,057
Non-current portion of certificates of obligation	140,000		140,000
TOTAL NON-CURRENT LIABILITIES	<u>175,982</u>	<u>50,075</u>	<u>226,057</u>
TOTAL LIABILITIES	<u>224,210</u>	<u>56,547</u>	<u>280,757</u>
<u>FUND BALANCES</u>			
Invested in capital assets, net of related debt	794,275	70,504	864,779
Contributed capital	470,150		470,150
Assigned	219,482	50,075	269,557
Unassigned	(120,241)	(24,334)	(144,575)
TOTAL FUND BALANCES	<u>1,363,666</u>	<u>96,245</u>	<u>1,459,911</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,587,876</u>	<u>\$ 152,792</u>	<u>\$ 1,740,668</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
ACTUAL COMPARED TO BUDGETARY BASIS
COMBINED UTILITY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>ACTUAL</u>	<u>ADJUSTMENT TO BUDGETARY BASIS</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>OPERATING REVENUES</u>					
Utilities	\$ 1,029,557		\$ 1,029,557	\$ 1,062,500	\$(32,943)
Less bad debts	(3,706)		(3,706)		(3,706)
TOTAL OPERATING REVENUES	1,025,851		1,025,851	1,062,500	(36,649)
<u>OPERATING EXPENSES</u>					
Salaries, wages and employee benefits	188,847		188,847	219,500	30,653
Contractual services, materials and supplies	99,805		99,805	74,000	(25,805)
Natural gas purchases	306,142		306,142	400,000	93,858
Repairs and maintenance	78,148		78,148	44,500	(33,648)
Building insurance	3,660		3,660	3,000	(660)
State fees	469		469	500	31
Depreciation expense	85,246	\$(85,246) ⁽¹⁾			
Amortization expense	1,692	(1,692) ⁽²⁾			
Capital improvements	8,609		8,609	145,000	136,391
Other expenses	5,044		5,044	4,300	(744)
TOTAL OPERATING EXPENSES	777,662	(86,938)	690,724	890,800	200,076
OPERATING INCOME (LOSS)	248,189	86,938	335,127	171,700	163,427
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Capital grants and contributions					
Operating grants and contributions	330		330		330
Income on investments	3		3		3
Interest expense	(9,393)		(9,393)		(9,393)
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$(9,060)	\$	\$(9,060)	\$	\$(9,060)

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, 2011

	<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	\$ 239,129	\$ 86,938	\$ 326,067	\$ 171,700	\$ 154,367
TRANSFERS IN (OUT)	(220,194)	220,194	(3)		
	(220,194)	220,194			
CHANGE IN NET ASSETS	18,935	307,132	326,067	171,700	154,367
NET ASSETS - OCTOBER 1	<u>1,440,976</u>				
NET ASSETS - SEPTEMBER 30	<u>\$ 1,459,911</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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 43,625	\$ 1,209
Accounts receivable, net	<u>53,578</u>	<u>41,333</u>
TOTAL CURRENT ASSETS	<u>97,203</u>	<u>42,542</u>
NON-CURRENT ASSETS		
Restricted:		
Cash and cash equivalents	35,982	35,624
Investments	3,500	3,500
Bond issuance, net	6,766	8,458
Capital Assets:		
Land	105,400	105,400
Construction in progress		109,591
Buildings and improvements	28,988	28,988
Infrastructure	2,679,177	2,529,511
Machinery and equipment	265,632	265,632
Office furniture and equipment	2,056	2,056
Transportation equipment	31,178	31,178
Less accumulated depreciation	<u>(1,668,006)</u>	<u>(1,560,045)</u>
TOTAL NON-CURRENT ASSETS	<u>1,490,673</u>	<u>1,559,893</u>
TOTAL ASSETS	<u>\$ 1,587,876</u>	<u>\$ 1,602,435</u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 2,346	\$ 4,325
Accrued liabilities	5,882	2,841
Current portion of certificates of obligation	<u>40,000</u>	<u>40,000</u>
TOTAL CURRENT LIABILITIES	<u>48,228</u>	<u>47,166</u>
NON-CURRENT LIABILITIES		
Meter deposits payable	35,982	35,624
Non-current portion of certificates of obligation	<u>140,000</u>	<u>180,000</u>
TOTAL NON-CURRENT LIABILITIES	<u>175,982</u>	<u>215,624</u>
TOTAL LIABILITIES	<u>224,210</u>	<u>262,790</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	794,275	837,442
Contributed capital	470,150	454,869
Restricted	219,482	259,124
Unrestricted	<u>(120,241)</u>	<u>(211,790)</u>
TOTAL FUND BALANCE	<u>1,363,666</u>	<u>1,339,645</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,587,876</u>	<u>\$ 1,602,435</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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>OPERATING REVENUES</u>				
Water sales	\$ 421,422	\$ 350,000	\$ 71,422	\$ 359,784
Water taps	725	1,500	(775)	725
Service charges	20,900	16,000	4,900	18,109
Sewer service	123,794	110,000	13,794	123,835
Sewer taps	1,600	1,500	100	900
Miscellaneous				137
	<u>568,441</u>	<u>479,000</u>	<u>89,441</u>	<u>503,490</u>
Less Bad Debts	(1,868)		(1,868)	(2,123)
TOTAL OPERATING REVENUES	566,573	479,000	87,573	501,367
<u>NON-OPERATING REVENUES</u>				
Grant receipts				67,180
Contributions	330		330	
Investment earnings	3		3	
TOTAL NON-OPERATING REVENUES	<u>333</u>		<u>333</u>	<u>67,180</u>
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	(200,194)		(200,194)	(60,894)
	<u>\$ 366,712</u>	<u>\$ 479,000</u>	<u>\$ (112,288)</u>	<u>\$ 507,653</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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS:				
Salaries	\$ 85,771	\$ 80,000	\$ (5,771)	\$ 125,036
Social security	6,305	8,000	1,695	9,769
Retirement	2,797	3,500	703	3,590
Workers comp insurance	2,080	2,000	(80)	1,500
General liability insurance	20,961	22,000	1,039	19,829
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS	117,914	115,500	(2,414)	159,724
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES:				
Utilities and telephone	38,163	24,500	(13,663)	28,522
Office supplies	2,998	3,500	502	7,214
Travel, training and dues	6,306	5,000	(1,306)	7,308
Professional fees	14,049	7,500	(6,549)	7,415
Contract labor	1,289		(1,289)	
Auto expense	5,760	4,500	(1,260)	9,141
Supplies	6,539	6,000	(539)	8,436
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES	75,104	51,000	(24,104)	68,036
Repairs and maintenance	61,819	27,000	(34,819)	84,373
Building insurance	1,830	1,500	(330)	1,214
State fees	469	500	31	
Depreciation expense	79,260		(79,260)	82,842
Amortization expense	1,692		(1,692)	1,692
Capital improvements	8,029	80,000	71,971	87,800
Miscellaneous	2,462	2,300	(162)	2,210
TOTAL OPERATING EXPENSES	348,579	277,800	(70,779)	487,891
<u>NON-OPERATING EXPENSES</u>				
Interest expense	9,393		(9,393)	11,114
TOTAL OPERATING AND NON-OPERATING EXPENSES	<u>\$ 357,972</u>	<u>\$ 277,800</u>	<u>\$ (80,172)</u>	<u>\$ 499,005</u>

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

CITY OF STINNETT, TEXAS
 COMPARATIVE BALANCE SHEET
 GAS FUND
SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 21,992	\$ 775
Accounts receivable, net	<u>10,221</u>	<u>11,649</u>
TOTAL CURRENT ASSETS	<u>32,213</u>	<u>12,424</u>
NON-CURRENT ASSETS		
Restricted:		
Cash and cash equivalents	50,075	50,755
Capital Assets:		
Buildings and improvements	26,222	26,222
Infrastructure	295,805	295,805
Machinery and equipment	33,717	33,717
Office furniture and equipment	2,055	2,055
Transportation equipment	32,014	32,014
Less accumulated depreciation	<u>(319,309)</u>	<u>(313,323)</u>
TOTAL NON-CURRENT ASSETS	<u>120,579</u>	<u>127,245</u>
TOTAL ASSETS	<u>\$ 152,792</u>	<u>\$ 139,669</u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,090	\$ 338
Sales tax payable	590	1,347
Accrued liabilities	<u>4,792</u>	<u>1,179</u>
TOTAL CURRENT LIABILITIES	<u>6,472</u>	<u>2,864</u>
NON-CURRENT LIABILITIES		
Meter deposits payable	<u>50,075</u>	<u>50,755</u>
TOTAL NON-CURRENT LIABILITIES	<u>50,075</u>	<u>50,755</u>
TOTAL LIABILITIES	<u>56,547</u>	<u>53,619</u>
<u>FUND BALANCE</u>		
Invested in capital assets, net of related debt	70,504	76,490
Restricted	50,075	50,755
Unrestricted	<u>(24,334)</u>	<u>(41,195)</u>
TOTAL FUND BALANCE	<u>96,245</u>	<u>86,050</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 152,792</u>	<u>\$ 139,669</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, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>OPERATING REVENUES</u>				
Gas sales	\$ 453,195	\$ 582,500	\$ (129,305)	\$ 570,455
Gas taps		1,000	(1,000)	
Service charges	7,921		7,921	9,792
Miscellaneous				
	<u>461,116</u>	<u>583,500</u>	<u>(122,384)</u>	<u>580,247</u>
Less Bad Debts	(1,838)		(1,838)	(1,372)
TOTAL OPERATING REVENUES	459,278	583,500	(124,222)	578,875
<u>NON-OPERATING REVENUES</u>				
Grant receipts				
Sales of assets				
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers in (out)	(20,000)		(20,000)	(9,281)
	<u>\$ 439,278</u>	<u>\$ 583,500</u>	<u>\$ (144,222)</u>	<u>\$ 569,594</u>

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

CITY OF STINNETT, TEXAS
SCHEDULE OF OPERATING AND NON-OPERATING EXPENSES, COMPARED TO BUDGET
GAS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	ACTUAL 2011	ORIGINAL & FINAL BUDGET 2011	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL 2010
<u>OPERATING EXPENSES</u>				
SALARIES, WAGES AND EMPLOYEE BENEFITS:				
Salaries	\$ 52,457	\$ 80,000	\$ 27,543	\$ 75,314
Social security	3,730	5,000	1,270	5,907
Retirement	1,641	2,500	859	2,497
Workers comp insurance	1,580	1,500	(80)	1,000
General liability insurance	11,525	15,000	3,475	6,761
TOTAL SALARIES, WAGES AND EMPLOYEE BENEFITS	70,933	104,000	33,067	91,479
CONTRACTUAL SERVICES, MATERIAL AND SUPPLIES:				
Utilities and telephone	4,727	6,500	1,773	7,497
Office supplies	2,586	2,500	(86)	3,868
Training, travel and dues	1,894		(1,894)	1,997
Professional fees	8,018	4,500	(3,518)	3,062
Contract labor		4,000	4,000	3,403
Auto expense	3,582	3,500	(82)	4,279
Supplies	3,894	2,000	(1,894)	3,529
TOTAL CONTRACTUAL SERVICES, MATERIALS AND SUPPLIES	24,701	23,000	(1,701)	27,635
Natural gas purchases	306,142	400,000	93,858	410,546
Repairs and maintenance	16,329	17,500	1,171	23,782
Building insurance	1,830	1,500	(330)	1,214
Depreciation expense	5,986		(5,986)	7,540
Capital improvements	580	65,000	64,420	8,658
Miscellaneous	2,582	2,000	(582)	2,318
TOTAL OPERATING EXPENSES	429,083	613,000	183,917	573,172
<u>NON-OPERATING EXPENSES</u>				
Interest expense				
TOTAL OPERATING AND NON-OPERATING EXPENSES	<u>\$ 429,083</u>	<u>\$ 613,000</u>	<u>\$ 183,917</u>	<u>\$ 573,172</u>

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

CITY OF STINNETT, TEXAS
 COMPARATIVE BALANCE SHEET
 CEMETERY FUND
SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 23,698	\$ 20,499
Accounts receivable		
TOTAL ASSETS	<u>\$ 23,698</u>	<u>\$ 20,499</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Fund balance		
Unassigned	\$ 23,698	\$ 20,499
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 23,698</u>	<u>\$ 20,499</u>

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

CITY OF STINNETT, TEXAS
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CEMETERY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>REVENUES</u>		
Lot fees	\$ 9,869	\$ 21,786
Contributions	50	902
Service fees	894	1,574
TOTAL REVENUES	<u>10,813</u>	<u>24,262</u>
<u>EXPENDITURES</u>		
Insurance		2,242
Repairs	26	803
Supplies	1,587	224
Contract labor	4,161	5,469
Capital improvements		2,400
Utilities	1,055	
Miscellaneous expenditures	785	
TOTAL EXPENDITURES	<u>7,614</u>	<u>11,138</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES OTHER FINANCING SOURCES AND (USES)	<u>3,199</u>	<u>13,124</u>
Transfers in (out)		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,199	13,124
FUND BALANCES - OCTOBER 1	<u>20,499</u>	<u>7,375</u>
FUND BALANCES - SEPTEMBER 30	<u>\$ 23,698</u>	<u>\$ 20,499</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, 2011

<u>GENERAL CAPITAL ASSETS</u>	<u>2011</u>	<u>2010</u>
Land	\$ 37,539	\$ 37,539
Buildings and improvements	758,021	804,807
Infrastructure	61,802	66,420
Machinery and equipment	129,337	178,876
Office furniture and equipment	11,717	1,695
Transportation equipment	183,349	212,939
TOTAL GENERAL CAPITAL ASSETS	<u>\$ 1,181,765</u>	<u>\$ 1,302,276</u>
Revenue sharing		
General revenues	1,181,765	1,302,276
Contributions		
Property forfeiture		
TOTAL INVESTMENT IN GENERAL CAPITAL ASSETS	<u>\$ 1,181,765</u>	<u>\$ 1,302,276</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, 2011

<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	\$ 183,331	\$ 37,539	\$ 87,587	\$	\$ 34,444	\$ 11,028	\$ 12,733
Fire	317,242		5,067		62,790		249,385
Streets	369,388		6,535	257,347	105,196		310
Police	116,520				8,119	11,524	96,877
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>\$ 2,780,127</u>	<u>\$ 37,539</u>	<u>\$ 1,290,978</u>	<u>\$ 257,347</u>	<u>\$ 483,812</u>	<u>\$ 25,082</u>	<u>\$ 685,369</u>

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CITY OF STINNETT, TEXAS
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS
 BY SOURCES
SEPTEMBER 30, 2011

	<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, 2010	\$ 2,763,327	\$ 37,539	\$ 1,290,978	\$ 257,347	\$ 492,812	\$ 13,981	\$ 670,670
ADD:							
Expenditures from General Fund Contribution Property forfeiture	25,800					11,101	14,699
DEDUCT:							
Capital assets sold, traded or scrapped	<u>9,000</u>				<u>9,000</u>		
GENERAL CAPITAL ASSETS SEPTEMBER 30, 2011	<u>\$ 2,780,127</u>	<u>\$ 37,539</u>	<u>\$ 1,290,978</u>	<u>\$ 257,347</u>	<u>\$ 483,812</u>	<u>\$ 25,082</u>	<u>\$ 685,369</u>

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 should be read with these financial statements