

City of Thrall, Texas**Statement of Activities**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>
		<u>Services</u>	<u>Grants and</u>	<u>and Contributions</u>
			<u>Contributions</u>	
Primary government:				
Governmental activities:				
General government	\$ 242,113	\$ 69,851	\$ 121,054	\$ -
Public safety	123,266	-	-	-
Municipal court	<u>94,930</u>	<u>120,249</u>	<u>-</u>	<u>-</u>
Total governmental activities	\$ <u>460,309</u>	\$ <u>190,100</u>	\$ <u>121,054</u>	\$ <u>-</u>
Business-type activities:				
Water and sewer	\$ <u>280,405</u>	\$ <u>246,729</u>	\$ <u>-</u>	\$ <u>182,870</u>
Total primary government	\$ <u>740,714</u>	\$ <u>436,829</u>	\$ <u>121,054</u>	\$ <u>182,870</u>

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		Total
	Governmental Activities	Business-Type Activities	
	\$ (51,208)	\$ -	\$ (51,208)
	(123,266)	-	(123,266)
	<u>25,319</u>	<u>-</u>	<u>25,319</u>
	\$ (149,155)	\$ -	\$ (149,155)
	\$ -	\$ 149,194	\$ 149,194
	\$ (149,155)	\$ 149,194	\$ 39
General revenues:			
Taxes:			
Property taxes	98,960	-	98,960
Sales taxes	22,895	-	22,895
Franchise taxes	26,748	-	26,748
Lease revenue	7,280	-	7,280
Miscellaneous	991	978	1,969
Investment earnings	222	270	492
Transfers	<u>11,236</u>	<u>(11,236)</u>	<u>-</u>
Total general revenues and transfers	<u>168,332</u>	<u>(9,988)</u>	<u>158,344</u>
Change in net assets	19,177	139,206	158,383
Net Assets, Beginning of Year	<u>115,893</u>	<u>1,755,679</u>	<u>1,871,572</u>
Net Assets, End of Year	\$ <u>135,070</u>	\$ <u>1,894,885</u>	\$ <u>2,029,955</u>

The accompanying notes are an integral part of the financial statements.

City of Thrall, Texas*Balance Sheet - Governmental Funds**As of September 30, 2006*

	Governmental Funds	
	General Fund	Total Governmental Funds
Assets		
Cash and savings	\$ 69,061	\$ 69,061
Receivables:		
Property taxes	4,985	4,985
Accounts receivable	5,692	5,692
Restricted temporary investment	<u>5,461</u>	<u>5,461</u>
Total Assets	\$ <u>85,199</u>	\$ <u>85,199</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 49,708	\$ 49,708
Accrued liabilities	11,557	11,557
Deferred revenues	<u>4,986</u>	<u>4,986</u>
Total Liabilities	<u>66,251</u>	<u>66,251</u>
Fund Balances:		
Reserved for:		
Capital equipment	23,126	23,126
Unreserved	<u>(4,178)</u>	<u>(4,178)</u>
Total Fund Balances	<u>18,948</u>	<u>18,948</u>
Total Liabilities and Fund Balances	\$ <u>85,199</u>	\$ <u>85,199</u>

The accompanying notes are an integral part of the financial statements.

City of Thrall, Texas*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets**As of September 30, 2006*

Total Fund Balance - Governmental Funds: \$ 18,948

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current
financial resources and therefore are not reported in the
governmental funds balance sheet. (See Note 6) 109,996

Other long-term assets that are not available to pay
for current period expenditures and therefore are not
reported in the governmental funds balance sheet. 12,946

Long-term liabilities are not due and payable in the current
period and therefore are not reported as liabilities in the
governmental funds balance sheet. (See Note 8) (6,820)

Net Assets of Governmental Activities \$ 135,070

The accompanying notes are an integral part of the financial statements.

City of Thrall, Texas*Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds**For the Year Ended September 30, 2006*

	General Fund	Total Governmental Funds
Revenues		
Tax collections, penalties, and interest	\$ 98,118	\$ 98,118
Sales tax	22,895	22,895
Franchise taxes	26,681	26,681
Municipal court fines	120,198	120,198
Garbage collections	54,987	54,987
Miscellaneous	<u>15,906</u>	<u>15,906</u>
Total Revenues	<u>338,785</u>	<u>338,785</u>
Expenditures		
General government	112,066	112,066
Public safety	116,122	116,122
Municipal court	<u>94,510</u>	<u>94,510</u>
Total Expenditures	<u>322,698</u>	<u>322,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,087</u>	<u>16,087</u>
Other Financing Sources (Uses)		
Grant proceeds	121,054	121,054
Grant expenditures	(119,954)	(119,954)
Transfers	11,236	11,236
Interest income	<u>222</u>	<u>222</u>
Total Other Financing Sources (Uses)	<u>12,558</u>	<u>12,558</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	28,645	28,645
Fund Balance - Beginning of Year	<u>(9,697)</u>	<u>(9,697)</u>
Fund Balance - End of Year	\$ <u>18,948</u>	\$ <u>18,948</u>

The accompanying notes are an integral part of the financial statements.

City of Thrall, Texas

Reconciliation of the Governmental Funds

For the Year Ended September 30, 2006

Statement of Revenues, Expenditures and Changes in

Fund Balances to the Government-Wide Statement of Activities

Net Change in Fund Balance - Governmental Funds	\$ 28,645
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the investment period. (See Note 6)	(27,558)
Revenues in the government-wide Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	8,190
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. (See Note 8)	<u>9,900</u>
Change in Net Assets of Governmental Activities	\$ <u>19,177</u>

The accompanying notes are an integral part of the financial statements.

City of Thrall, Texas*Statement of Net Assets
Proprietary Fund**As of September 30, 2006*

	Business-Type Activities Enterprise <u>Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 55,414
Accounts receivable	177,655
Unamortized issue costs	<u>7,802</u>
Total Current Assets	<u>240,871</u>
Non-Current Assets	
Restricted cash	25,047
Fixed assets (net of accumulated depreciation when applicable)	<u>2,259,350</u>
Total Non-Current Assets	<u>2,284,397</u>
Total Assets	\$ <u>2,525,268</u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 166,629
Accrued liabilities	11,435
Customer deposits	25,623
Current portion of long-term debt	<u>20,465</u>
Total Current Liabilities	<u>224,152</u>
Noncurrent Liabilities	
Bonds payable	<u>406,231</u>
Total Liabilities	<u>630,383</u>
Net Assets	
Invested in capital assets, net of related debt	1,832,654
Restricted for debt service	25,047
Unrestricted net assets (deficit)	<u>37,184</u>
Total Net Assets	<u>1,894,885</u>
Total Liabilities and Net Assets	\$ <u>2,525,268</u>

The accompanying notes are an integral part of the financial statements.

City of Thrall, Texas*Statement of Revenues, Expenses and
Changes in Fund Net Assets - Proprietary Fund**For the Year Ended September 30, 2006*

	Business-Type Activities Enterprise Fund
Revenues	
Charges for services	\$ 246,729
Miscellaneous	978
Total Revenues	<u>247,707</u>
Expenses	
Salaries and benefits	74,992
Depreciation	66,716
Water and wastewater supplies	21,002
Inspections fees	1,961
Water purchases	37,607
Legal and professional	2,672
Utilities	16,577
Office expense	12,067
Insurance	3,724
Repairs and maintenance	10,708
Total Expenses	<u>248,026</u>
Net Operating Income (Loss)	<u>(319)</u>
Non-Operating Revenue and (Expenses)	
Interest revenue	270
Interest expense - bonds	(21,379)
Transfers	(11,236)
Grant income	182,870
Grant expenses	(11,000)
Total Non-Operating Revenue and (Expenses)	<u>139,525</u>
Net Income (Loss)	139,206
Total Net Assets, Beginning of Year	<u>1,755,679</u>
Total Net Assets, End of Year	\$ <u>1,894,885</u>

The accompanying notes are an integral part of the financial statements.

City of Thrall, TexasStatement of Cash Flows
Proprietary Fund

For the Year Ended September 30, 2006

	Business-Type Activities Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 250,940
Payments to suppliers	(86,328)
Payments to employees	(74,992)
Net cash provided (used) by operating activities	<u>89,620</u>
Cash Flows from Non-Capital Financing Activities	
Transfers to other funds	(11,236)
Net cash (used) in non-capital financing activities	<u>(11,236)</u>
Cash Flows from Capital and Related Financing Activities	
Contributed capital-grant revenue	182,870
Grant expenses	(11,000)
Loan and loan proceeds	48,345
Principal paid on debt	(11,649)
Interest paid on bonds	(21,379)
Acquisition of capital assets	(249,791)
Net cash provided (used) by capital and related financing activities	<u>(62,604)</u>
Cash Flows from Investing Activities	
Interest on investments	270
(Increase) decrease in restricted cash	(25,024)
Net cash provided (used) by investing activities	<u>(24,754)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(8,974)
Cash and Cash Equivalents at Beginning of Year	<u>64,388</u>
Cash and Cash Equivalents at End of Year	\$ <u>55,414</u>

The accompanying notes are an integral part of the financial statements.

City of Thrall, Texas*Statement of Cash Flows
Proprietary Fund (Continued)**For the Year Ended September 30, 2006*

	Business-Type Activities Enterprise <u>Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income	\$ (319)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	66,716
(Increase) decrease in accounts receivable	(148,792)
(Increase) decrease in unamortized issue costs	592
(Increase) decrease in due from other funds	4,723
Increase (decrease) in accounts payable	156,938
Increase (decrease) in accrued expenses	<u>9,762</u>
Net cash provided by operating activities	\$ <u>89,620</u>

The accompanying notes are an integral part of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Thrall, Texas (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

Reporting Entity

The City is a general law city in Williamson County, which is incorporated in the State of Texas. The City operates under a Council form of government and provides such services as public safety, highways, streets, sanitation and water, judicial, community improvements, planning and zoning, culture-recreation, general administrative, and other services as are authorized by its code of ordinances and its citizens.

The City Council, which is elected at large, is the level of government that has governing responsibilities over all activities related to the City. The City is not included in any other governmental reporting entity. Aldermen are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City and its component units. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant indication of this ability is financial interdependency. Other indications of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. The City had no component units in the year ended September 30, 2006.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Financial Reporting Model***

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. GASB Statement No. 34 establishes requirements and a reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets

The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities). Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be reported in three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Statement of Activities*

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, and 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. In the financial statements in this report, the funds are grouped into two broad fund categories as follows:

*Governmental Funds*General Fund

This Fund is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds.

*Proprietary Funds*Enterprise Fund

This Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City's Enterprise Fund is used to account for the operations that provide water and wastewater services to the public on a continuing basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Budgetary Comparison Schedules***

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets during the period for a variety of reasons. Under the reporting model, governments compare the government's original budget to the comparison of final budget and actual results.

Basis of Presentation

The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles as applicable to cities. Generally accepted accounting principles for cities include those principles prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and appropriate pronouncements of the American Institute of Certified Public Accountants (AICPA).

Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. These financial statements focus on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis, and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City categorizes net assets as restricted or unrestricted. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, parks and recreation, etc.), which are otherwise being

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, parks and recreation, etc.) or a business-type activity. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The governmental fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental column in the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund financial statements with the governmental column of the government-wide presentation.

The focus of this reporting model is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared (between periods and between governments) to enhance the usefulness of the information.

Basis of Accounting

Basis of accounting refers to the method by which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All revenue and expenditure recognition for governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The City's revenues are recognized when they become measurable and available as current assets. Available means collectible within the current year or as soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal year. Utility franchise taxes, penalties and interest, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The government-wide statements of net assets and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or the statement of net assets-proprietary funds.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sanitation function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Budgets***

Prior to August of each fiscal year, the mayor submits a proposed operating budget for the fiscal year commencing the following October 1 to the City Council. The operating budget includes proposed expenditures and means of financing them for the upcoming years, along with estimates for the current year and actual data for the preceding year. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage by majority vote of the Council. The Council may authorize supplemental appropriations during the year.

The final amended budget is used in this report. Unused appropriations lapse at the end of the year unless carried forward to the next year by Council action. No encumbrances are recognized or recorded. The operating budget includes proposed expenditures for the General Fund and the Enterprise Fund. The City adopted the current year's budget on a line item basis.

Cash and Cash Equivalents

The City considers all highly liquid investments with an original maturity of one year or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The carrying amounts for cash and cash equivalents equal fair value.

Receivables

Receivables include amounts due from customers for water and wastewater services. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$7,255 for the year ended September 30, 2006.

Capital Assets

Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statements of the City. In accordance with GASB Statement No. 34, the City is not required to report infrastructure retrospectively. Therefore, infrastructure has been capitalized prospectively beginning July 1, 2002. Depreciation is recorded on general fixed assets on a government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Machinery and equipment	5-20 years
Buildings and improvements	20-40 years
Street improvements	20 years
Water system	50 years
Wastewater system	24-50 years

General Obligation Enterprise Bonds

The Proprietary Fund provides the annual debt service requirements on certain certificate of enterprise bonds issued to finance system improvements. Since the Proprietary Fund provides the annual debt service on these general obligation enterprise bonds, the bonds are considered to be obligations of the Proprietary Fund and have been reported on the balance sheet of the Proprietary Fund.

Compensated Absences

The City accrues a liability for compensated absences which meet the following criteria:

- (a) The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- (b) The obligation relates to rights that vest or accumulate.
- (c) Payment of the compensation is probable.
- (d) The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for vacation pay which has been earned but not taken by employees. As of the balance sheet date, the City expected that all of the liability for accrued vacation would be liquidated with expendable resources. Therefore, the liability for accrued vacation is reflected as a current liability in the financial statements for the year ended September 30, 2006.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year ended September 30, 2006, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the state as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. There were no significant reductions in commercial insurance coverage in the year ended September 30, 2006, and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Commitments and Contingencies

The City participates in grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectibility of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 2 - PROPERTY TAXES

Property taxes are levied each October 1 on the assessed value listed as of the previous January 1 for all real, business, and personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due in January following the October 1 statement date. The lien date is January 1 of that year, and they become delinquent on February 1.

NOTE 2 - PROPERTY TAXES (Continued)

The tax assessment of October 1, 2005 sets a tax levy at \$.41 per \$100 of assessed valuation at 100 percent of market value.

Delinquent property taxes estimated to be collectible within the next fiscal year are recognized as revenues. Other delinquent property taxes receivable at year end that are deemed to be ultimately collectible are recorded as deferred revenues.

NOTE 3 - EMPLOYEE BENEFITS

The City's policy is to account for the cost of employees' vacation time benefits as they are earned. At September 30, 2006, accrued vacation benefits related to employees of the General Fund totaling \$8,675 have been recorded on the General Fund. Accrued vacation benefits related to Enterprise Fund employees have been recorded on the Enterprise Fund in the amount of \$284.

NOTE 4 - DEPOSITS*Deposits*

The City maintains its cash deposits in interest bearing accounts which are all insured to a limit of \$100,000 by the FDIC. As of the balance sheet date, the City's deposits totaled \$154,983, and the bank balance was \$141,379. At September 30, 2006 \$41,379 of the City's balances were uninsured and uncollateralized above the FDIC amounts.

NOTE 5 - RESTRICTED TEMPORARY INVESTMENTS*Governmental Activities Assets Restricted*

Temporary investments consist of cash and other highly liquid investments that are dedicated to the following:

Capital Equipment Purchases	\$ <u>23,126</u>
-----------------------------	------------------

NOTE 5 - RESTRICTED TEMPORARY INVESTMENTS (Continued)***Business-Type Activities Assets Restricted***

Temporary investments consist of cash and other highly liquid investments that are dedicated to the following:

Debt Service	\$ <u>25,047</u>
--------------	------------------

NOTE 6 - CHANGES IN GOVERNMENTAL CAPITAL ASSETS

Changes in governmental capital assets during the year ended September 30, 2006, were as follows:

	Balance September 30, 2005	Increases	Decreases	Balance September 30, 2006
Capital Assets Not Being Depreciated				
Land	\$ <u>2,971</u>	\$ -	\$ -	\$ <u>2,971</u>
Other Capital Assets				
Machinery and equipment	165,695	-	29,369	136,326
Buildings and improvements	62,653	-	-	62,653
Street improvements	<u>157,413</u>	-	-	<u>157,413</u>
Total Other Capital Assets	385,761	-	29,369	356,392
Less accumulated depreciation	(251,178)	(27,558)	(29,369)	(249,367)
Other Capital Assets, Net	<u>134,583</u>	(27,558)	-	<u>107,025</u>
Total Capital Assets, Net of Depreciation	\$ <u>137,554</u>	\$ (27,558)	\$ -	\$ <u>109,996</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 10,846
Public safety	14,562
Court	<u>2,150</u>
Total depreciation expense - Governmental Activities	\$ <u>27,558</u>

NOTE 7 - CHANGES IN BUSINESS-TYPE CAPITAL ASSETS

Changes in business-type capital assets during the year ended September 30, 2006, were as follows:

	Balance September 30, 2005	Increases	Decreases	Balance September 30, 2006
Capital Assets Not Being Depreciated				
Land	\$ 114,209	\$ -	\$ -	\$ 114,209
Certificate of convenience and necessity	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total Capital Assets not being Depreciated	<u>134,209</u>	<u>-</u>	<u>-</u>	<u>134,209</u>
Other Capital Assets				
Machinery and equipment	67,475	66,921	6,238	128,158
Buildings and improvements	4,203	-	-	4,203
Work in progress	-	182,870	-	182,870
Water system	1,392,001	-	-	1,392,001
Wastewater system	<u>1,269,129</u>	<u>-</u>	<u>-</u>	<u>1,269,129</u>
Total Other Capital Assets	2,732,808	249,791	6,238	2,976,361
Less accumulated depreciation	<u>(790,742)</u>	<u>(66,716)</u>	<u>(6,238)</u>	<u>(851,220)</u>
Other Capital Assets, Net	<u>1,942,066</u>	<u>183,075</u>	<u>-</u>	<u>2,125,141</u>
Total Capital Assets, Net of Depreciation	\$ <u>2,076,275</u>	\$ <u>183,075</u>	\$ <u>-</u>	\$ <u>2,259,350</u>

NOTE 8 - CHANGES IN GOVERNMENTAL ACTIVITIES NON-CURRENT LIABILITIES

The following is a summary of long-term debt transactions in the governmental activities for the year ended September 30, 2006:

	Balance September 30, 2005	Additions	Reductions	Balance September 30, 2006
Notes and leases payable	\$ <u>16,720</u>	\$ <u>-</u>	\$ <u>9,900</u>	\$ <u>6,820</u>
	\$ <u>16,720</u>	\$ <u>-</u>	\$ <u>9,900</u>	\$ <u>6,820</u>

City of Thrall, Texas

Notes to the Financial Statements

**NOTE 8 - CHANGES IN GOVERNMENTAL
LIABILITIES (Continued)**

Long-term debt in the governmental activities co

Payee and Terms

Notes and Lease Obligations Payable

Capital lease payable to Diversified Lend
by the incode software system, payable in
installments of \$258 including interest at
with the final installment due February 20

Less current portion

Total Long-Term Debt

The annual requirements to amortize debt outstan
September 30, 2006, are as follows:

Year Ending September 30	Princip
2007	\$ 2,6
2008	2,8
2009	<u>1,2</u>
	\$ <u>6,8</u>

NOTE 9 - CHANGES IN BUSINESS-TYPE NON-CURRENT LIABILITIES

The following is a summary of long-term debt transactions in the business-type activities for the year ended September 30, 2006:

	Balance September 30, 2005	Additions	Reductions	Balance September 30, 2006
Note Payable	\$ 5,000	\$ 48,345	\$ 11,649	\$ 41,696
1989 Revenue Bond	<u>385,000</u>	<u>-</u>	<u>-</u>	<u>385,000</u>
	\$ <u>390,000</u>	\$ <u>48,345</u>	\$ <u>11,649</u>	\$ <u>426,696</u>

Long-term debt in the business-type activities consists of the following at September 30, 2006:

<u>Payee and Terms</u>		<u>Balance at September 30, 2006</u>
<u>Note Payable</u>		
Franklin Bank, payable in monthly installments of \$327 including interest, beginning November 2005, due October 2006, secured by Equipment.	8.4%	\$ 4,347
Capital lease obligation for a Backhoe dated January 2006, payable in monthly installments of \$684, final payment due January 2012, secured by the Backhoe recorded in machinery and equipment at \$41,145.	6.107%	37,349
<u>Bond Payable</u>		
\$489,000 1989 Revenue Bond Series, due in annual installments through October, 2030, plus interest.	5.00%	<u>385,000</u>
Total		426,696
Less current portion		<u>(20,465)</u>
Total Long-Term Debt		\$ <u>406,231</u>

NOTE 9 - CHANGES IN BUSINESS-TYPE NON-CURRENT LIABILITIES (Continued)

The annual requirements to amortize all debt as of September 30, 2006, are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 20,465	\$ 21,152	\$ 41,617
2008	16,500	20,212	36,712
2009	16,904	19,308	36,212
2010	17,334	18,378	35,712
2011	17,790	17,422	35,212
2012 to 2016	62,703	77,034	139,737
2017 to 2021	75,000	59,375	134,375
2022 to 2026	100,000	37,500	137,500
2027 to 2030	<u>100,000</u>	<u>10,000</u>	<u>110,000</u>
	\$ <u>426,696</u>	\$ <u>280,381</u>	\$ <u>707,077</u>

NOTE 10 - RESERVED AND DESIGNATED FUND BALANCES

Certain amounts have been segregated within the equity section of the governmental fund type balance sheets as reserved for specific purposes to indicate that these amounts are not available for the general operations of the City. Reserves indicate a legal, contractual, or moral segregation of funds.

NOTE 11 - INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The financial statements for the governmental and proprietary type funds generally reflect some transactions as transfers and others as receivables and payables.

NOTE 11 - INTERFUND TRANSACTIONS (Continued)

Operating transfers and receivables or payables as of September 30, 2006, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 11,236	\$ -	\$ -	\$ -
Enterprise Fund		-	11,236	-
Total Operating Transfers	\$ <u>11,236</u>	\$ <u>11,236</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE 12 - GRANT FUNDED PROGRAMS

In August 2005, the City entered into a contract and agreement with the Texas Department of Housing and Community Affairs for a grant, in the amount of \$275,000 to rehabilitate or reconstruct four owner occupied residences. As of September 30, 2006, \$121,054 has been spent, reimbursed, or recorded as a receivable.

In August 2005, the City (Enterprise Fund) was awarded a grant, Contract No. 725859, in the amount of \$250,000, funded through the Office of Rural Community Affairs. These funds are designated for water and wastewater system improvements. The grant requires the City to provide matching funds of \$14,000. During the year ended September 30, 2006, \$182,870 has been spent, reimbursed, or recorded as a receivable.

REQUIRED SUPPLEMENTARY INFORMATION

City of Thrall, Texas

Budgetary Comparison Schedule
General Fund

For the Year Ended September 30, 2006

	General Fund			Variance with Final Budget Positive (Negative)
	Budget			
	Original	Final	Actual	
Revenues				
Tax collections, penalties and interest	\$ 67,668	\$ 67,668	\$ 98,118	\$ 30,450
Sales tax	14,512	14,512	22,895	8,383
Franchise taxes	21,741	21,741	26,681	4,940
Municipal court fines	152,869	152,869	120,198	(32,671)
Garbage collection	48,438	48,438	54,987	6,549
Miscellaneous	5,912	5,912	15,906	9,994
Total Revenues	<u>311,140</u>	<u>311,140</u>	<u>338,785</u>	<u>27,645</u>
Expenditures				
General government	89,212	89,212	112,066	(22,854)
Public safety	121,528	121,528	116,122	5,406
Municipal court	50,956	50,956	94,510	(43,554)
Total Expenditures	<u>261,696</u>	<u>261,696</u>	<u>322,698</u>	<u>(61,002)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>49,444</u>	<u>49,444</u>	<u>16,087</u>	<u>(33,357)</u>
Other Financing Sources (Uses):				
Grant proceeds	-	-	121,054	121,054
Grant expenditures	-	-	(119,954)	(119,954)
Transfers	(9,000)	(9,000)	11,236	20,236
Interest income	-	-	222	222
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>(9,000)</u>	<u>12,558</u>	<u>21,558</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	\$ <u>40,444</u>	\$ <u>40,444</u>	28,645	\$ <u>(11,799)</u>
Fund Balance - Beginning of Year			<u>(9,697)</u>	
Fund Balance - End of Year			\$ <u>18,948</u>	



Sheila Pausewang City Secretary

P.O. Box 346
104 South Main Street
Thrall, Texas 76578
512-898-5306
Fax 512-898-5306

Here is a list of debt the City of Thrall has:

The Bank of New York Trust, N.A.
USDA
City of Thrall Waterworks & Sewer System Revenue Bonds, Ser 1989
1-800-705-0384 Loan No. 92-20-01
Next payment due: 10-1-09 \$8,875.00 (paid off in 2029)

Community Bank of Louisiana
2005 Case 580M Loader/Backhoe
Consolidated Financial Resources, Inc.
1-903-454-4000
Loan No. 612001326
Next payment due: 8-31-09 \$684.32 (paid off in 2011)

Frontier Bank of Texas
Jetter Eagle 200 (sewer jet)
512-281-1500
Loan No. 000004001034800
Next payment due: 8-22-09 \$247.53 (paid off in 2014)

ATTACHMENT 13

LIST OF NEIGHBORING PUBLIC UTILITIES & CITIES PROVIDING WATER SERVICE



SITE SEARCH:

please enter search phrase

Go

SUBJECT INDEX

› Air › Water › Waste

› Search TCEQ Data

› Agency Organization Map

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WUD Main

Utility details for NOACK WSC (12359)



Affiliations



Documents

Properties

CR Regulated Entity Number: RN101457729

CCEDS Status: NO ACTIVE NOE EXISTS

Utility Type: WATER UTILITY

Ownership Type: WATER SUPPLY CORPORATION

Primary County: WILLIAMSON

County Code: 246

Customers

Reference Number
CN600667448Name
NOACK WSCRole
RESPONSIBLE PARTY

Official Address / Phone

Address: PO BOX 323
THRALL, TX 76578-0000

Telephone: (512) 352-2005

PWS for this Utility

PWS Name	PWS ID	Status	District(Number)
NOACK WSC	2460020	A	

Water System occurrences retrieved.

Counties

Code	County Name	Primary
246	WILLIAMSON	Y

Activity

Activity Status: ACTIVE

End Date: 12/31/9999

Run Utility Summary Report

<http://www10.tceq.state.tx.us/iwud/util/index.cfm?fuseaction=DetailUtility&ID=16619>

7/13/2009


details for NOACK WSC

Utility successfully retrieved.

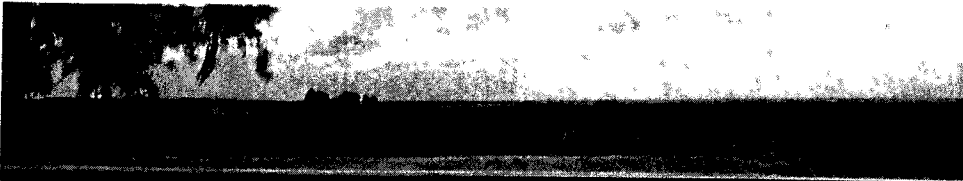
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<http://www10.tceq.state.tx.us/iwud/util/index.cfm?fuseaction=>



TCEQ



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SITE SEARCH:
please enter search phrase

SUBJECT INDEX
 > Air > Water > Waste
 > Search TCEQ Data
 > Agency Organization Map

TCEQ Home

Districts

Utilities

PWSs

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Documents

Reports

WUD Main

Utility details for SOUTHWEST MILAM WSC
(10027)

Affiliations

Documents

Properties

CR Regulated Entity Number: RN101248318
CCEDS Status: NO ACTIVE NOE EXISTS
Utility Type: WATER UTILITY
Ownership Type: WATER SUPPLY CORPORATION
Primary County: MILAM
County Code: 166

Customers

Reference Number	Name	Role
CN600684062	SOUTHWEST MILAM WSC	RESPONSIBLE PARTY

Official Address / Phone

Address: PO BOX 232
ROCKDALE, TX 76567-0000
Telephone: (512) 446-2604

PWS for this Utility

PWS Name	PWS ID	Status	District(Number)
SOUTHWEST MILAM WSC	1660015	A	

Water System occurrences retrieved.

Counties

Code	County Name	Primary
26	BURLESON	N
144	LEE	N
166	MILAM	Y
246	WILLIAMSON	N

Activity

Activity Status: **ACTIVE**

End Date: **12/31/9999**

[Run Utility Summary Report](#)
[Show Map](#)

Utility successfully retrieved.

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Version V2.2.3