

13063, and currently serves approximately 328 connections within its distribution system. The water system has two licensed operators, Mr. Walla (C-groundwater license, WG0010266), and Mr. Brian Johle (D-water, WO0023247). Mr. William Klesling does the customer service inspections for the City (CSI, CI0005136). The responsible official for the system is Mr. Troy Marx, Mayor of the City of Thrall.

The City of Thrall has two sources of water including purchased water and its own groundwater wells. The water system has two groundwater wells including Well Number 1 (62 GPM) and Well Number 2 (52 GPM). Finished drinking water is also purchased from the Noack Water Supply Corporation (PWS ID No.: 2460020). Treated surface water is initially purchased from the Brazos River Authority (BRA) Granger Lake Regional Water System (PWS ID No.: 2460155) and then sold to Noack WSC. Noack WSC then re-sells the water to the City of Thrall. The water is delivered via Noack WSC water lines. The City of Thrall can purchase up to 100,000 gallons of water per day (69.4 gallons per minute) from this contract. With a total well production of 114 gallons per minute and a maximum purchased water rate of 69 gallons per minute, the City of Thrall has a total water production of 183 gallons per minute.

BACKGROUND INFORMATION

On May 13, 2008 Chad W. Ahlgren, R.S., Environmental Investigator with the TCEQ Region 11 Office, conducted a Comprehensive Compliance Investigation (CCI) at the City of Thrall PWS. During the CCI, four violations were noted for: 1) failure to have a plant operations manual, 2) failure to install a backflow prevention device at the car wash, 3) failure to perform calibrations of the system's well meters at least once every three years, and 4) failure to provide enough water production capacity. Substantial compliance was achieved on the violations concerning the plant operations manual and the well meter calibration. Since these two issues were resolved in a timely manner, they were moved to Areas of Concern. The two remaining violations were still outstanding and addressed to the City on a Notice of Violation letter dated June 2, 2008.

ADDITIONAL INFORMATION

On December 22, 2008, a written response to the Notice of Violation letter was received in the TCEQ Austin Region Office. The documentation indicated that a reduced-pressure principle backflow prevention assembly had been installed at the Thrall Food Store (car wash location). This violation was therefore considered to be resolved. The violation concerning failure to provide enough water production capacity was still outstanding (on-going) and addressed to the system in a second letter.

NOV Date Method
01/08/2009 INADEQUATE INFORMATION SUBMITTED DEFICIENCY LETTER
OUTSTANDING ALLEGED VIOLATION(S)
ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 335139 Compliance Due Date: 03/09/2009

30 TAC Chapter 290.45(b)(1)(D)

Alleged Violation:
Investigation: 657370

Comment Date: 05/28/2008

Failure to provide enough water production capacity.

For community public water systems with more than 250 connections, the system must have two or more wells having a total capacity of 0.6 gallons per minute per connection.

At the time of the investigation, the water system had a total well production capacity of 114 gallons per minute (GPM). With a total well production of 114 GPM and a maximum purchased water rate of 69 GPM, the City of Thrall has a total water production of 183 GPM. However with 328 current connections, at a rate of 0.6 GPM/connection, the water system is required to have a total water production capacity of at least 196.8 GPM.

Comment Date: 01/06/2009

Investigation: 722776

Failure to provide enough water production capacity. During the current investigation, it was noted that this violation had not yet been resolved.

Recommended Corrective Action: To achieve compliance, increase the City of Thrall's water production capacity so that it meets the requirement of at least 0.6 GPM/connection per the current connection count. To verify compliance, please send documentation indicating compliance with this requirement by the compliance due date.

**ALLEGED VIOLATION(S) NOTED AND RESOLVED
ASSOCIATED TO A NOTICE OF VIOLATION**

Track No: 335016 Resolution Date: 12/22/2008

30 TAC Chapter 290.44(h)(1)(A)
30 TAC Chapter 290.47(l)

Alleged Violation:
Investigation: 657370

Comment Date: 06/02/2008

Failure to install a backflow prevention device at the car wash.

Since the carwash is considered to be a potential health hazard connection, it is required to have a reduced-pressure principle backflow prevention assembly device or an air gap installed on the potable water supply line. During the investigation it was noted that the carwash did not have any form of backflow prevention device installed on it.

Investigation: 722776

Comment Date: 01/06/2009

Failure to install a backflow prevention device at the car wash. During the current investigation, it was noted that this violation had been resolved.

Recommended Corrective Action: To achieve compliance, the City of Thrall shall have a reduced-pressure principle backflow prevention assembly device or an air gap installed on the potable water supply line to the carwash. To verify compliance, please send documentation indicating compliance with this requirement to the TCEQ Region 11 Office by the compliance due date.

Resolution: On December 22, 2008, a response to the Notice of Violation letter was received in the TCEQ Austin Region Office indicating that this violation had been resolved.

Signed


Environmental Investigator

Date

01/06/2009

Signed


Supervisor

Date

1/6/09

Attachments: (In order of final report submittal)

- ☐ Enforcement Action Request (EAR)
- ☒ Letter to Facility (specify type) Add. Compliance
- ☐ Investigation Report Rec. Needed
- ☐ Sample Analysis Results
- ☐ Manifests
- ☐ NOR

- ☐ Maps, Plans, Sketches
 - ☐ Photographs
 - ☒ Correspondence from the facility
 - ☐ Other (specify):
-
-

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*

COPY

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution
January 8, 2009

CERTIFIED MAIL 91 7108 2133 3935 1946 0971
RETURN RECEIPT REQUESTED

The Honorable Troy Marx
Mayor of the City of Thrall
P.O. Box 346
Thrall, Texas 76578

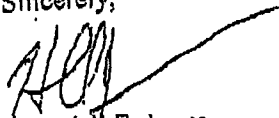
Re: Additional Compliance Documentation Needed for:
City of Thrall Public Water System, Located on Water Works Road, Thrall (Williamson County),
Texas
TCEQ PWS ID No.: 2460015, TCEQ Regulated Entity RN101388171

Dear Mayor Marx:

The Texas Commission on Environmental Quality (TCEQ) Austin Region Office has received the compliance documentation that you submitted December 22, 2008, for the alleged violations noted during the investigation of the above-referenced facility on May 13, 2008. The compliance documentation contained in your response appears to indicate that some of the problems documented during the investigation have been corrected. However, information is still needed for the alleged violation listed in the enclosed summary. Please submit to our office by March 9, 2009, a written description of corrective action taken and the required compliance documentation demonstrating that the remaining alleged violation has been resolved.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to protect the State's environment. We look forward to receiving your response for the remaining alleged violation. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. If you or members of your staff have any questions, please feel free to contact Mr. Chad Ahlgren in the Austin Region Office at (512) 339-2929.

Sincerely,



Herschel E. Janus
PWS Work Leader
Austin Region Office

HEJ/cwa

Enclosure: Summary of Investigation Findings

REPLY TO: REGION 11 • 2800 S. INTERSTATE HWY. 35, STE. 100 • AUSTIN, TEXAS 78704-5700 • 512-339-2929 • FAX 512-339-3795

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: www.tceq.state.tx.us

, WILLIAMSON COUNTY,

Additional ID(s): 2460015

**OUTSTANDING ALLEGED VIOLATION(S)
ASSOCIATED TO A NOTICE OF VIOLATION**Track No: 335139 Compliance Due Date: 03/09/2009
30 TAC Chapter 290.45(b)(1)(D)**Alleged Violation:**

Investigation: 722776

Comment Date: 01/06/2009

Failure to provide enough water production capacity. During the current investigation, it was noted that this violation had not yet been resolved.

Investigation: 657370

Comment Date: 05/28/2008

Failure to provide enough water production capacity.

For community public water systems with more than 250 connections, the system must have two or more wells having a total capacity of 0.6 gallons per minute per connection.

At the time of the investigation, the water system had a total well production capacity of 114 gallons per minute (GPM). With a total well production of 114 GPM and a maximum purchased water rate of 69 GPM, the City of Thrall has a total water production of 183 GPM. However with 328 current connections, at a rate of 0.6 GPM/connection, the water system is require to have a total water production capacity of at least 196.8 GPM.

Recommended Corrective Action: To achieve compliance, increase the City of Thrall's water production capacity so that it meets the requirement of at least 0.6 GPM/connection per the current connection count. To verify compliance, please send documentation indicating compliance with this requirement by the compliance due date.

**ALLEGED VIOLATION(S) NOTED AND RESOLVED
ASSOCIATED TO A NOTICE OF VIOLATION**Track No: 335016
30 TAC Chapter 290.44(h)(1)(A)
30 TAC Chapter 290.47(I)**Alleged Violation:**

Investigation: 722776

Comment Date: 01/06/2009

Failure to install a backflow prevention device at the car wash. During the current investigation, it was noted that this violation had been resolved.

Investigation: 657370

Comment Date: 06/02/2008

Failure to install a backflow prevention device at the car wash.

Since the carwash is considered to be a potential health hazard connection, it is required to have a reduced-pressure principle backflow prevention assembly device or an air gap installed on the potable water supply line. During the investigation it was noted that the carwash did not have any form of backflow prevention device installed on it.

Recommended Corrective Action: To achieve compliance, the City of Thrall shall have a reduced-pressure principle backflow prevention assembly device or an air gap installed on the potable

Page 1 of 2

REPA Plumbing & A/C, Inc.

#M 4828/TACLB 2373C
POST OFFICE BOX 308
GRANGER, TX 76530

(512) 859-2581

Statement

10-15-09

#2105

Date 8-27-08

To Thrall Food Store
P.O. Box 338
Thrall, Tx 76578

John Ruble
R. Ruble
8-28-08

813-2003

Terms

2	1 1/2 PVC male adpt	3.0	2.60
4	1 1/2 PVC ell's	98	3.92
10'	1 1/2 PVC pipe	56	5.60
	2" PVC coupling		1.20
	2 X 3/4 PVC red		1.55
2	3/4 PVC ell's	40	.80
	3/4 PVC 45		.49
10	3/4 PVC pipe	20	2.60
	1 1/2 RP2 valve		362.50
2	4-500/15	8.0	5.18
3'	angle iron		2.850
2	2" PVC st 1/8 bend	11	2.22
	3 X 2 PVC bell red		2.55
	2 X 2 X 1 1/2 PVC tee		3.19
	1 1/2 X 3/4 PVC red		1.78
			424.68
	PAK 4686 Labor		357.50
	Tax		56.71
			838.89

ANY BALANCE OVER 30 DAYS IS SUBJECT TO INTEREST AT 14% PER MONTH.
Any Accounts Turned Over For Collection Will Incur Attorney or Collection Fees.
YOUR CHECK IS YOUR RECEIPT

RECEIVED

DEC 22 2008

TCEQ FIELD OPERATIONS
AUSTIN REGION II

Fax 352-2213

Thrall Food Store
Backflow Prevention
Thrall TX 76578

12/15/2009

Thrall Food Store
Backflow Prevention
Thrall TX 76578

14:32

Thrall Food Store
Back Chew Prevention.
Thrall TX 76578

12/15/2008 14:33

ATTACHMENT 7

ACTIONS TO BE TAKEN TO MAKE WATER SYSTEM IMPROVEMENTS

CITY OF THRALL
WATER CCN AMENDMENT
ACTIONS TO BE TAKEN TO MAKE WATER SYSTEM IMPROVEMENTS
Water CCN # 13063

The City of Thrall was notified by TCEQ that the City's water production capacity is below the state required minimum. The City is required to provide 0.6 gpm per connection capacity. The City serves approximately 328 connections, therefore the City's minimum production capacity should be 196.8 gpm (328×0.6). The City's current, existing production capacity is 183 gpm. The City is currently exploring two alternatives for complying with the state's capacity rule. The first alternative is to request an alternative minimum capacity requirement from TCEQ. The City has initiated the background information inventory to evaluate the possibility of pursuing this alternative production capacity.

The second alternative is increasing the volume of the wholesale water contract with Noack WSC or pursuing additional wholesale water contracts with other public water supply sources. The City of Thrall has initiated discussions with Noack WSC on increasing their wholesale water contract. The Cities of Taylor and Hutto have also expressed interest in providing wholesale water service to Thrall. The City intends to resolve this issue by summer 2010.

ATTACHMENT 8

EFFECT OF GRANTING A CERTIFICATE AMENDMENT

CITY OF THRALL
WATER CCN AMENDMENT
EFFECT OF GRANTING A CERTIFICATE AMENDMENT
Water CCN # 13063

I. The Applicant

The land proposed to be certificated is currently not a part of any retail water utility's CCN. Both the City of Thrall and Noack WSC have water facilities adjacent to the land proposed to be certificated. Granting this certificate amendment will resolve any future disagreement between the City of Thrall and Noack WSC on which entity can provide retail water service to the subject areas.

II. Any Retail Public Utilities Already Serving the Proximate Area

The land proposed to be certificated is currently not served by any retail public water utilities. Both Thrall and Noack WSC water CCN's lie adjacent to the land proposed to be certificated. Because the land proposed to be certificated is not currently being served by Noack WSC, it was decided that granting this certificate amendment will have negligible effects on Noack WSC.

III. Landowner(s) in the Requested Area

The land proposed to be certificated is currently not a part of any retail water utility's CCN. As such, landowners in the requested area may be unsure who to contact regarding requests for water service. Granting this certificate amendment will provide clarification to landowners regarding the water service provider issue.

ATTACHMENT 9

**CITY OF THRALL
WATER PURCHASE CONTRACT**

WATER PURCHASE CONTRACT

This contract of the sale and purchase of water is entered into as of the 31st day of August, 1990, between the City of Thrall, P.O. Box 178, Thrall, Texas 76578, hereinafter referred to as the "Purchaser;" and the Noack Water Supply Corporation, P.O. Box 178, Thrall, Texas 76578, hereinafter referred to as the "Seller",

W I T N E S S E T H:

WHEREAS, the Seller is organized and established under the provisions of Article 1434a of the Vernon's Annotated Texas Statutes, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Seller and to accomplish this purpose, the Seller will require a supply of treated water, and

WHEREAS, the Seller owns and operates a water supply distribution system for its customers with a capacity currently capable of serving the present customer of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

WHEREAS, by Ordinance was approved, and the execution of this contract carrying out the said Ordinance by the Chairman of the Board of Commissioners, and attested by the City Clerk, Was duly authorized, and

WHEREAS, by Resolution of the City Commissioners of the Purchaser, enacted on the 31st day of August, 1990, the sale of water from the Purchaser in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the Mayor, and attested by the Secretary was duly authorized.

NOW, THEREFORE, in consideration of the foregoing and mutual agreements hereinafter set forth,

A. THE SELLER AGREES: (Noack)

1. (Quality and Quantity) To furnish the ^{City of Thrall} Purchaser at the point of delivery hereinafter specified during the term of this contract or any renewal or extension thereof, potable treated water of the same quality as it furnishes to its own customers in a minimum of 1000 gallons and a maximum quantity of, not to exceed 50,000 gallons in

a twenty-four (24) hour period commencing at 12:00 o'clock midnight and ending at the same time on the following day. It is understood that Seller intends to deliver as much of the daily requirements of Purchasers between the hours of 10:00 P.M. and 4:00 P.M. as possible which Purchaser acknowledges is agreeable to it.

(Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 50 pounds ground level from a proposed eight inch (8") main supply at a point just outside the municipal limits of the City of Thrall where the North ROW line of FM 79 intersects the Western Municipal limits of said City where such water shall be metered through a meter located on the highway right of way.

If greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failure of pressure or supply due to main supply breaks, power failure, flood, fire, and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

2. (Billing Procedures) To furnish the Purchaser at the above address not later than the fifth day of each month, with a statement of the amount of water furnished the Purchaser during the proceeding month.

- B. 1. (Rates and Payment Date) To pay the Seller, not later than the tenth day of each month, for water delivery, the sum of \$0.65 per 1000 gallons/ which is the current per 1000 gallon rate charged to Seller by City of Taylor through separate agreement.

2. Purchaser agrees to furnish and install all facilities necessary to receive the water at the point of delivery hereinafter described.

The installation of the proposed pipeline connecting the system shall be constructed according to the specifications of the City of Thrall.

3. (Maintenance) The Seller shall maintain and keep in a good state of repair that portion of the line located outside of the municipal limits of the City of Taylor parallel to Hwy 79 up to the meter located at the City limits of Thrall.

4. (Resale) That the water sold from the proposed 8" waterline to Noack Water Supply Corporation retail customer members located between Taylor and Thrall shall not adversely affect the City of Thrall water pressure or volume requirements at the point of entry to Thrall.

5. (Metering Equipment) The Purchaser agrees to operate and maintain at its own expense at a point of delivery, the necessary metering equipment including a meter house or pit, and required devices type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Seller but not more frequently than once every twelve (12) months. A meter registering not more than two per cent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the six (6) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meters fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read

on the last day of each month. An appropriate official of the Seller at all reasonable times shall have access to the meter for the purpose of verifying its readings.

"C. IT IS MUTUALLY AGREED BETWEEN THE SELLER AND THE PURCHASER AS FOLLOWS:

1. (Term of Contract) Subject to the terms of Paragraph 2 hereinbelow, this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser, and thereafter may be renewed or extended for such term, or terms as may be agreed upon by the Seller and Purchaser.
2. Subject to the provisions of Paragraph 9 hereinbelow, if Purchaser should default in the payment for water delivered hereunder or if Purchaser should default in any of the other obligations impose upon Purchaser under the terms of this contract, then Seller shall give notice of such default to Purchaser in writing and Purchaser shall have sixty (60) days from the receipt of such notice to cure such alleged default and if such default is not cured within such time Seller may, at it option, declare this contract null and void whereupon same shall become null and void and of no further force and effect.
3. (Delivery of water) That 60 days prior to the estimated date of completion of construction of the proposed 8" waterline, the Purchaser will notify the Seller in writing the date for the initial delivery of water.
4. (Water for Testing) When requested by Purchaser, the Seller will make available to the contractor at the point of delivery, or other point reasonable close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at no charge.
5. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is other wise diminished over an extended period of time, the supply of water to Purchaser's costumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
6. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one year period. Any increase in rates shall be based on a demonstrable increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder. Other provisions of this contract may be modified or altered by mutual agreement.
7. (Regulatory Agencies) That this contract is subject to such rules, regulatory, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
8. (Miscellaneous) That the construction of the proposed 8" water

supply system by the Purchaser is being financed by a \$260,000 grant made from, the United States of America, acting through the Department of Housing & Urban Development administered by the Texas Department of Commerce through an Urgent Need Grant, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Texas Department of Commerce.

The Seller, per original TDOC application agreement will contribute min \$50,000 cash to the Purchaser towards construction of the 8" transmission line for a total estimated project cost of \$310,000.

9. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three counterparts, each of which shall constitute an original.

ATTEST:

Tony Poldrack
SECRETARY

ATTEST:

Barbara Kelso
CITY CLERK

SELLER: NOACK WATER SUPPLY CORPORATION

BY: Ralph Bashunay

PURCHASER: CITY OF THRALL

BY: James Dvorak
James Dvorak
Mayor



NOACK WATER SUPPLY CORPORATION
P. O. Box 323
Thrall, Texas 76578
Proposed Area of Service
February 8, 1990

GENERAL HIGHWAY MAP WILLIAMSON COUNTY TEXAS

PREPARED BY THE
STATE DEPARTMENT OF HIGHWAYS
AND PUBLIC TRANSPORTATION
TRANSPORTATION PLANNING DIVISION
IN COOPERATION WITH THE

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION



KEY TO SUPPLEMENTARY SHEETS



KEY TO BASE SHEETS



1977

1980 CENSUS FIGURES

HIGHWAYS REVISED TO APRIL 1, 1989

Copies of this map are available for public use at nominal cost
from the State Department of Highways and Public Transportation,
P O Box 5051, Austin, Texas 78763

POLYCONIC PROJECTION NORTH AMERICAN DATUM
CONTROL U.S. COAST AND GEODETIC SURVEY AND U.S. GEOLOGICAL SURVEY

Sheet 1 of 2 Base Sheets and 4 Supplementary Sheets



NOACK WATER SUPPLY CORP.

P. O. BOX 323
THRALL, TX 76578

Invoice

Date	Invoice #
7/9/2009	145

Bill To
CITY OF THRALL P.O. Box 346 Thrall, TX 76578

P.O. No.	Terms	Project
	due by 10 th.	

Quantity	Description	Rate	Amount
3,020	JUNE WATER USAGE	1.68	5,073.60
	ADMINISTRATIVE FEE	5.00	5.00
		Total	55,078.60

ATTACHMENT 10

ABILITY TO PROVIDE
ADEQUATE SERVICE

**CITY OF THRALL
WATER CCN AMENDMENT
ABILITY TO PROVIDE ADEQUATE SERVICE
Water CCN # 13063**

The City of Thrall is a small community in eastern Williamson County, about 24 miles east of the City of Round Rock. Pursuant to the Thrall Independent School District's (Thrall ISD) request for domestic water and wastewater service to the proposed new Thrall High School facility, Hejl, Lee and Assoc., Inc. (HLA), performed a limited evaluation of existing water and wastewater system facilities located adjacent to the school site. Based on the school's anticipated number of students, HLA estimated its water use to be approximately 7,500 gpd (15.6 gpm) during Phase I of the school and approximately 10,500 gpd (21.9 gpm) after the Phase II expansion of the school. The City's water system is capable of producing up to approximately 264,000 gpd (183 gpm). Therefore, the school's estimated water use would constitute less than 3% of the City's water capacity during Phase I and approximately 4% of the system's available capacity during Phase II. The City's current average daily water demand is approximately 60,000 gpd, so the City should have adequate water capacity to serve both phases of the proposed Thrall High School without compromising service to any of its existing customers. Attached is a copy of the calculations HLA performed to determine the adequacy of the City's water service to the proposed high school.

The land use and projected density of the referenced proposed certification area are not anticipated to change immediately as a result of this CCN amendment. The high school expansion is the only proposed development in the referenced area. No other

development is expected to occur in the near future. The land use of Parcel I will change from vacant pastureland to educational institution.

CITY OF THRALL
THRALL INDEPENDENT SCHOOL DISTRICT
NEW HIGH SCHOOL SERVICE EXTENSION REQUEST
WATER CONSUMPTION CALCULATION
HLA # p09-04-02

Updated: 4/8/09

	STUDENT NUMBER ⁽¹⁾
PHASE 1	250
PHASE 2	350

ASSUMPTION⁽²⁾

Schools with cafeterias, gymnasiums, and showers demand	30	gpd/person
---	----	------------

FLOW CALCULATION⁽³⁾

	PHASE 1	PHASE 2
Water Consumption	7500 gpd	10500 gpd
	15.6 gpm	21.9 gpm

Note(s):

- Existing and projected student numbers are from Thrall I.S.D.
- Refer to TCEQ Chapter 290 Figure: 30 TAC §290.45(d)(1)
- Water Consumption (gpd) = Total student number x gpd/student
Water Consumption (gpm) = Total student number x gpd/student / (8 hours use duration per day * 60 mins per hour)

- (B) a treatment plant capacity of 0.6 gpm per unit;
- (C) a transfer pump capacity (where applicable) of 0.6 gpm per unit with the largest pump out of service;
- (D) a ground storage capacity of 35 gallons per unit with a minimum of 1,000 gallons as clearwell capacity;
- (E) two or more service pumps with a total capacity of 1.0 gpm per unit; and
- (F) a pressure tank capacity of ten gallons per unit with a minimum requirement of 220 gallons.

(d) Noncommunity water systems serving other than transient accommodation units.

(1) The following table is applicable to paragraphs (2) and (3) of this subsection and shall be used to determine the maximum daily demand for the various types of facilities listed.

Figure: 30 TAC §290.45(d)(1)

Table A

Type of Establishment	Gallons/Person
Restaurants	18
Schools without cafeterias, gymnasiums, or showers	18
Schools with cafeterias, but no gymnasiums or showers	24
Schools with cafeterias, gymnasiums, and showers	30
Youth camps without flush toilets, showers, or dining halls	6
Youth camps with flush toilets, but no showers or dining halls	24
Youth camps with flush toilets, showers, and dining halls	42
Office buildings	18
Hospitals (based on number of beds)	720
Institutions, other than hospitals	240
Factories (exclusive of industrial processes)	24
Parks	6
Swimming pools	12
Country clubs	120
Airports (per passenger)	6

ATTACHMENT 11

EFFECT ON THE LAND

CITY OF THRALL
WATER CCN AMENDMENT
EFFECTS OF CCN AMENDMENT ON LAND TO BE CERTIFIED
Water CCN # 13063

The land to be included in the certified area of Thrall can best be described as vacant pastureland. Inclusion of the proposed areas into the City of Thrall's CCN should have a negligible effect on land use. A new Thrall I.S.D. High School is proposed to be constructed in part of the land proposed to be included in the certified area. For more information on Thrall I.S.D. High School's request for water service, see Attachment No.

1. The construction of the High School will change the land use of Parcel I. It is important to note that the proposed school facility initiated the land use change and the need for CCN amendment. It is not the CCN amendment that creates the land use change. Parcels II, III, and IV are not anticipated to have an immediate land use change. Any land use change in the future would be initiated by many other factors beyond CCN amendment.

ATTACHMENT 12

**CITY OF THRALL FISCAL YEAR 2006
FINANCIAL AUDIT**

**City of Thrall, Texas
Financial Statements
For the Year Ended
September 30, 2006**

Michael Warner & Associates, P.C.
A Professional Corporation
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION

As management of the City of Thrall (the City), we are pleased to offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2006. We encourage readers to consider it in conjunction with the additional information presented in the accompanying basic financial statements and the notes to the financial statements.

Financial Statements

- The net assets of the City's governmental activities increased by \$19,177 as a result of the current year's operations. Net assets at year end consisted of invested in capital assets (net of related debt) of \$103,176, restricted net assets for capital equipment of \$23,126, and unrestricted net assets of \$8,768, for total net assets of \$135,070.
- The City's business-type activities net assets increased by \$139,206 as a result of the current year's operations. Business-type net assets consisted of invested in capital assets (net of related debt) of \$1,832,654, restricted net assets for debt service of \$25,047, and unrestricted net assets of \$37,184 for total net assets of \$1,894,885 at the end of the year.
- Total revenues from all sources were \$899,097, which represents an increase of \$370,067 due to increases in grants, charges for services and property taxes.
- Total costs of all programs were \$740,714, which represents an increase of \$159,831 also due mainly to an increase in grant expenditures.
- As of September 30, 2006, the City's governmental funds reported an ending fund balance of \$18,948, of which \$4,178 is an unreserved deficit and \$23,126 is reserved for capital equipment purchases. This represents an increase of \$28,645 which is primarily due to an increase in tax revenues.

Using this Annual Report

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements.

This report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the City as a whole.
2. Fund financial statements provide detailed information for the City's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund financial statements.

This report also contains other supplementary information in addition to the basic financial statements. Such supplementary information includes this management's discussion and analysis and a budgetary comparison schedule.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the assets and liabilities of the City. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information on how the City's net assets changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Both the Statement of Net Assets and the Statement of Activities present information for the following:

- Governmental activities include general government, public safety, highways, streets, community improvements, planning and zoning, judicial, general administrative, and other services as are authorized by its code of ordinances and its citizens.
- Business activities include water and sanitation services.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of these costs through user fees and charges (business-type activities).

The government-wide financial statements begin on page 10. The following table is a summary of net assets as of September 30, 2006:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u> <u>Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 87,699	\$ 28,198	\$ 240,871	\$ 101,645	\$ 328,570	\$ 129,843
Capital assets, net	109,996	137,554	2,259,350	2,076,275	2,369,346	2,213,829
Restricted assets	<u>5,461</u>	<u>2,623</u>	<u>25,047</u>	<u>23</u>	<u>30,508</u>	<u>2,646</u>
Total assets	<u>203,156</u>	<u>168,375</u>	<u>2,525,268</u>	<u>2,177,943</u>	<u>2,728,424</u>	<u>2,346,318</u>
Current liabilities	61,266	35,762	203,687	32,264	264,953	68,026
Noncurrent liabilities	<u>6,820</u>	<u>16,720</u>	<u>426,696</u>	<u>390,000</u>	<u>433,516</u>	<u>406,720</u>
Total liabilities	<u>68,086</u>	<u>52,482</u>	<u>630,383</u>	<u>422,264</u>	<u>698,469</u>	<u>474,746</u>
Net assets:						
Invested in capital assets, net of related debt	103,176	120,834	1,832,654	1,686,275	1,935,830	1,807,109
Restricted for:						
Debt Service	-	-	25,047	23	25,047	23
Capital equipment	23,126	23,636	-	-	23,126	23,636
Unrestricted	<u>8,768</u>	<u>(28,577)</u>	<u>37,184</u>	<u>69,381</u>	<u>45,952</u>	<u>40,804</u>
Total net assets	<u>\$ 135,070</u>	<u>\$ 115,893</u>	<u>\$ 1,894,885</u>	<u>\$ 1,755,679</u>	<u>\$ 2,029,955</u>	<u>\$ 1,871,572</u>

The following table is a summary of changes in net assets for the year ended September 30, 2006:

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program revenues:						
Charges for services	\$ 190,100	\$ 205,217	\$ 246,729	\$ 199,327	\$ 436,829	\$ 404,544
Capital grants and contributions	121,054	-	182,870	4,034	303,924	4,034
General revenues:						
Property taxes	98,960	67,758	-	-	98,960	67,758
Sales taxes	22,895	18,106	-	-	22,895	18,106
Franchise taxes	26,748	24,068	-	-	26,748	24,068
Lease revenue	7,280	-	-	-	7,280	-
Miscellaneous	991	4,623	978	5,484	1,969	10,107
Investment earnings	222	51	270	362	492	413
Transfers	<u>11,236</u>	<u>-</u>	<u>(11,236)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>479,486</u>	<u>319,823</u>	<u>419,611</u>	<u>209,207</u>	<u>899,097</u>	<u>529,030</u>
Expenses:						
General government	242,113	91,302	-	-	242,113	91,302
Public safety	123,266	150,506	-	-	123,266	150,506
Municipal court	94,930	107,739	-	-	94,930	107,739
Water and sewer	<u>-</u>	<u>-</u>	<u>280,405</u>	<u>231,336</u>	<u>280,405</u>	<u>231,336</u>
Total expenses	<u>460,309</u>	<u>349,547</u>	<u>280,405</u>	<u>231,336</u>	<u>740,714</u>	<u>580,883</u>
Increase in net assets	19,177	(29,724)	139,206	(22,129)	158,383	(51,853)
Net assets - October 1	<u>115,893</u>	<u>145,617</u>	<u>1,755,679</u>	<u>1,777,808</u>	<u>1,871,572</u>	<u>1,923,425</u>
Net assets - September 30	\$ <u>135,070</u>	\$ <u>115,893</u>	\$ <u>1,894,885</u>	\$ <u>1,755,679</u>	\$ <u>2,029,955</u>	\$ <u>1,871,572</u>

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds - not the City as a whole. All of the City's funds fall into two categories - governmental funds and proprietary funds.

The *governmental funds statements* provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. The focus of the City's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. *Unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. This allows the reader to evaluate the City's short-term financing requirements. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to the government-wide financial statements.

The City adopts an annual budget for the General Fund. A budgetary comparison schedule has been provided to demonstrate compliance. The governmental fund financial statements begin on page 13, and the budgetary comparison schedule is on page 38.

The *proprietary funds statements* present the same functions as the business-type activities in the government-wide financial statements. The City uses the proprietary funds to account for its water and sanitation operations. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements begin on page 17.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 36 of this report.

General Fund Budgetary Highlights

The City's original budget was not amended during the year ended September 30, 2006.

The City's overall actual revenue was 9 percent more than budgeted. This resulted primarily from unexpected increases in tax revenue. The City's overall actual expenses were 23 percent more than budgeted, which is due to increases in some unexpected court expenditures.

Capital Assets

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.

The City's investment in capital assets (net of accumulated depreciation) for its governmental activities as of September 30, 2006, amounts to \$109,996 and for the City's business-type activities \$2,259,350. This investment in capital assets includes land, buildings, water and sewer system assets, improvements, vehicles, machinery and equipment.

**Capital Assets at Period End
(net of depreciation)**

	Governmental Activities	Business-Type Activities	2006 Total	2005 Total
Land	\$ 2,971	\$ 114,209	\$ 117,180	\$ 117,180
Machinery and equipment	34,445	77,297	111,742	70,990
Buildings and improvements	46,279	1,977	48,256	50,215
Street improvements	26,301	-	26,301	34,171
Certificate of convenience & necessity	-	20,000	20,000	20,000
Water system	-	1,215,229	1,215,229	1,060,199
Wastewater system	-	830,638	830,638	861,074
Total	<u>\$ 109,996</u>	<u>\$ 2,259,350</u>	<u>\$ 2,369,346</u>	<u>\$ 2,213,829</u>

Major capital asset additions during the year included the following:

Construction in progress	\$ 182,870
Backhoe	41,145
Lift station overhaul	<u>14,953</u>
	<u>\$ 238,968</u>

Also during the year ended September 30, 2006, a police car and pickup were sold by the City.

Additional information on the City's capital assets can be found in Notes 6 and 7 beginning on page 31 of this report.

Debt Administration

As of September 30, 2006, the City was obligated on the following debt:

Outstanding Debt at Period End

	Governmental Activities	Business-Type Activities	2006 Total	2005 Total
Notes and Leases Payable	\$ 6,820	\$ 41,696	\$ 48,516	\$ 16,720
Revenue Bonds	-	385,000	385,000	390,000
Total	\$ <u>6,820</u>	\$ <u>426,696</u>	\$ <u>433,516</u>	\$ <u>406,720</u>

During the year, the City assumed a loan of \$7,200 for a jetter and a lease of \$41,145 for a backhoe.

The City incurred \$21,379 of interest expense during the year ended September 30, 2006. The interest has been directly charged to the function that bears responsibility.

Additional information on the City's non-current liabilities can be found in Notes 8 and 9 beginning on page 32 of this report.

Economic Factors, Next Period's Budgets, and Highlights

The City's water sales are expected to show a modest increase, as the number of users increases with population growth. Tax revenues are expected to remain relatively stable. Increases in both water and wastewater rates charged to users and property tax rates will be considered by the Council to provide additional funds. Additional funds are required for increasing debt service payments and increasing the City's capacity to provide water and wastewater services.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives from the citizens of Thrall. If you have any questions about this report or need further information, contact the City of Thrall, P.O. Box 346, Thrall, Texas, 76578, or call 512-898-5306.

MICHAEL WARNER & ASSOCIATES, P.C.

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Certified Public Accountants*

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512/756-4904; Fax: 512/756-4227*

INDEPENDENT AUDITORS' REPORT

To The Honorable Mayor and City Council
City of Thrall, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the City of Thrall, Texas, as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements, as listed in the accompanying Table of Contents. These financial statements are the responsibility of the City of Thrall, Texas. 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 misstatements. 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 and each major fund of the City of Thrall, Texas as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Michael Warner, Associates P.C.

Burnet, Texas
December 4, 2008

	Governmental	Primary Government	
	Activities	Business-Type	Total
		Activities	
Assets			
Cash and cash equivalents	\$ 69,061	\$ 55,414	\$ 124,475
Receivables, net of allowance for doubtful accounts	18,638	177,655	196,293
Unamortized issue costs	-	7,802	7,802
Capital assets, net	109,996	2,259,350	2,369,346
Restricted assets			
Temporary investments	<u>5,461</u>	<u>25,047</u>	<u>30,508</u>
Total assets	<u>203,156</u>	<u>2,525,268</u>	<u>2,728,424</u>
Liabilities			
Accounts payable	49,708	166,629	216,337
Accrued expenses	11,558	11,435	22,993
Customer deposits	-	25,623	25,623
Noncurrent liabilities			
Due within one year	2,674	20,465	23,139
Due in more than one year	<u>4,146</u>	<u>406,231</u>	<u>410,377</u>
Total liabilities	<u>68,086</u>	<u>630,383</u>	<u>698,469</u>
Net Assets			
Invested in capital assets, net of related debt	103,176	1,832,654	1,935,830
Restricted for:			
Debt service	-	25,047	25,047
Capital equipment	23,126	-	23,126
Unrestricted net assets (deficit)	<u>8,768</u>	<u>37,184</u>	<u>45,952</u>
Total net assets	\$ <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**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>

For the Year Ended September 30, 2006

<u>Net (Expense) Revenue and Changes in Net Assets</u>			
<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
	\$ (51,208)	\$ -	\$ (51,208)
	(123,266)	-	(123,266)
	<u>25,319</u>	<u>-</u>	<u>25,319</u>
	\$ <u>(149,155)</u>	\$ <u>-</u>	\$ <u>(149,155)</u>
	\$ -	\$ <u>149,194</u>	\$ <u>149,194</u>
	\$ <u>(149,155)</u>	\$ <u>149,194</u>	\$ <u>39</u>
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 Fund
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, Texas**Statement of Cash Flows**
Proprietary Fund**For the Year Ended September 30, 2006**

	Business-Type Activities Enterprise <u>Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 250,940
Payments to suppliers	(86,328)
Payments to employees	<u>(74,992)</u>
Net cash provided (used) by operating activities	<u>89,620</u>
Cash Flows from Non-Capital Financing Activities	
Transfers to other funds	<u>(11,236)</u>
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	<u>(249,791)</u>
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	<u>(25,024)</u>
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 Fund
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.