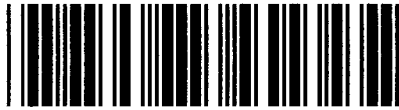




Control Number: 43041



Item Number: 1

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83<sup>rd</sup>  
Legislature, Regular Session, transferred the functions  
relating to the economic regulation of water and sewer  
utilities from the TCEQ to the PUC effective  
September 1, 2014.

# COATS | ROSE

*A Professional Corporation*

#43041

ANGELA M. STEPHERSON  
OF COUNSEL

astepherson@coatsrose.com  
Direct Dial  
(972) 982-8455  
Fax  
(972) 982-8451

May 1, 2014

VIA OVERNIGHT DELIVERY

Lisa Fuentes  
TCEQ Utilities & Districts Section  
Utilities Financial Review (MC 153)  
12100 Park 35 Circle, Building F  
Austin, Texas 78753

Dear Ms. Fuentes:

Enclosed please find four (4) originals of an application, including maps and a sealed metes and bound description of the amendment area, to amend CCN No. 12013 held by the City of Dorchester. Also enclosed is a CD with a digital map of the CCN area.

The applicant contact for this application will be:

Eddy Daniel, P.E.  
Daniel & Brown Inc.  
P.O. Box 606  
Farmersville, TX 75442  
972-784-7777  
[eddy@dbiconsultants.com](mailto:eddy@dbiconsultants.com)

I would appreciate it if you could include me on the mailing list. Thank you.

Very truly yours,



Angela M. Stepherson

Enclosures

cc: Eddy Daniel, P.E.

Two Lincoln Centre, 5420 LBJ Freeway, Suite 600 Dallas, Texas 75240  
Phone: 972-982-8450 Fax: 972-982-8451  
Web: [www.coatsrose.com](http://www.coatsrose.com)

HOUSTON | CLEAR LAKE | AUSTIN | DALLAS | SAN ANTONIO | NEW ORLEANS

4833-1350-6842.v1

RECEIVED  
2014 SEP 18 AM 11:00  
PUBLIC UTILITY COMMISSION  
FILING CLERK

RECEIVED  
2014 MAY 5 PM 9:34  
WATER SUPPLY DIV.



# APPLICATION TO OBTAIN OR AMEND A WATER/SEWER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)

\*CN# 600659676

\*RN# 101217578

\*If known (See Instructions)

## PURPOSE OF THIS APPLICATION

☐ OBTAIN ☐ New Water CCN ☐ New Sewer CCN

☒ AMEND ☒ Water CCN# (s) 12013

☐ AMEND ☐ Sewer CCN#(s)

## 1. APPLICANT INFORMATION

Utility Name City of Dorchester

Utility Address (City/ST/ZIP/Code) 373 Main Street, Dorchester, Texas 75459

Utility Phone Number and Fax (903) 476-2443 Fax: (903) 476-0172

Contact Person: Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name Eddy W. Daniel, P.E.

Title Engineer

Street Address (City/ST/ZIP/Code) P.O. Box 606, Farmersville, Texas 75442

Telephone and Fax (972) 784-7777 Fax: (972) 782-7721

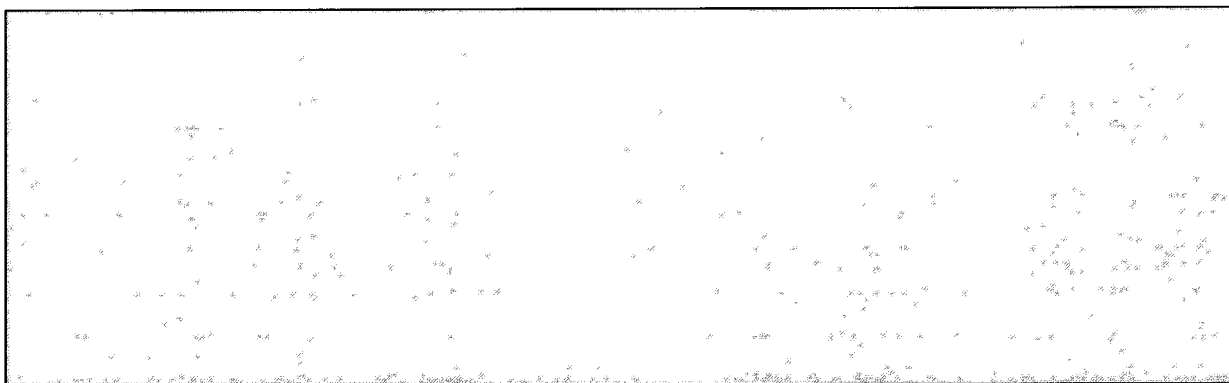
E-Mail Address Eddy@DBIConsultants.com

County (ies) in which service is proposed: Please list below:

Grayson

Check the appropriate box and provide information regarding the legal status of the applicant:

- ☐ Investor owned utility    ☐ Individual    ☐ Partnership
- ☐ Home or Property Owners Association    ☐ For-profit corporation
- ☐ Non-profit, member-owned, member-controlled cooperative corporation  
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
- ☒ Municipality    ☐ District    ☐ Other Please Explain:



If the applicant is a For-Profit business or corporation, please include the following information:

- i. Provide a copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
- ii. Provide the corporation's charter number as recorded with the Office of the Texas Secretary Of State \_\_\_\_\_
- iii. Provide a listing of all stockholders and their respective percentages of ownership.
- iv. Provide a copy of the company's organizational chart, if available.
- v. Provide a list of all directors and disclose the title of each individual.
- vi. Provide a list of all affiliated organizations (if any) and explain the relationship with the applicant.

If the applicant is a Water Code Chapter 67 water supply or sewer service corporation:

- i. Provide a copy of the Articles of Incorporation and By-Laws.
- ii. Provide the corporation's charter number as recorded with the Office of the Texas Secretary of State.
- iii. Identify all members including name, address, title, and telephone number.
- iv. Provide a copy of the corporation's Certificate of Account Status from the Texas Comptroller of Public Accounts.

## 2. LOCATION INFORMATION

- A. Are there people already living in the proposed area? ☒ Yes ☐ No  
If YES, are any currently receiving utility service?  
☒ Yes ☐ No If YES, from Whom:

City of Dorchester

Demonstrate the Need for Service by providing the following:

- B. Have you received any requests for service in the requested service area?  
☒ Yes ☐ No If YES, provide the following: *See attachment.*
- Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
  - Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
  - Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
  - Provide copies of any written applications or requests for service in the requested area; and/or
  - Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area. If no, please justify the need for service in the proposed area.
  - If none of these items exist or are available, please justify the need for service in the proposed area in writing.

**Note:** Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

- C. Is any portion of the proposed service area inside an incorporated city or district? ☒ Yes ☐ No

If YES, within the corporate limits of: Cottonwood Municipal Utility District Nos. 2 and 2B  
Provide a copy of any franchise, permit, or consent granted by the city or *Attached* district. If not available please explain:

D. Is any portion of the proposed service area inside another utility's CCN area?

☒ Yes ☐ No

If YES, has the current CCN holder agreed to decertify the proposed area?

☐ Yes ☒ No

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest.

Applicant is seeking dual certification of the area. The current CCN holder is Marilee Special Utility District, CCN No. 10150. Marilee SUD has agreed to dual certification of the area. A copy of the supporting resolution from Marilee SUD is attached.

### 3. MAP REQUIREMENTS:

**Attach the following hard copy maps with each copy of the application:**

- A. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
  - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
  - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
  - iii. following verifiable natural and man-made landmarks; or
  - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
  - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
  - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

**Note:** Failure to provide adequate mapping information may result in the delay or possible denial of your application. Digital data submitted in a format other than ESRI ArcGIS may result in the delay or inability to review applicant's mapping information.

#### 4. NEW SYSTEM INFORMATION OR UTILITIES REQUESTING A CCN FOR THE FIRST TIME

- A. Please provide the following information:
- a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
  - copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in #4.A.i above or documentation that it is not economically feasible to obtain service from each entity;
  - copies of written responses from each system or evidence that they did not reply; and
  - for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied?
- If yes, please provide documentation of the denial of service and go to 4.C.
  - If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

- D. Date of plat approval, if required: \_\_\_\_\_  
Approved by: \_\_\_\_\_
- E. Date Plans & Specifications submitted for approval: \_\_\_\_\_  
Log # \_\_\_\_\_ Attach copy of approval letter if available.
- F. Date construction is scheduled to commence: \_\_\_\_\_
- G. Date service is scheduled to commence: \_\_\_\_\_

## 5. EXISTING SYSTEM INFORMATION

A. Please provide the following information for each water and/or sewer system, attach

additional sheets if necessary.

i. Water system's TCEQ Public Water System identification number(s):

0	9	1	0	0	2	8														
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--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

ii. Sewer system's TCEQ Discharge Permit number(s)

W	Q	N	/	A			-					W	Q					-				
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W	Q						-					W	Q					-				
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W	Q						-					W	Q					-				
---	---	--	--	--	--	--	---	--	--	--	--	---	---	--	--	--	--	---	--	--	--	--

iii Date of last inspection: 09/29/2011

iv Attach a copy of the most recent inspection report letter.

v For each system deficiency listed in the inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

B. Provide the following information about the utility's certified operators

Name	Classes	License Number
James Parkman	A	WG0010484
Gary Bennett	C	WG0014369

- Attach additional sheet(s) if necessary -

C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

☐ Yes ☒ No

Attach an explanation listing the actions to be taken to make system improvements including proposed completion dates (See 291.93(3)(A) of TCEQ Rules).



- D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial documentation and reflect the number of service requests identified in Question 2.b in the application.

Water System			Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	584	1100	Residential		
1" meter or larger			Commercial		
Non-Metered			Industrial		
Other:			Other:		
Total Water	584	1100	Total Sewer		

- E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

Individual septic systems.

- F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

N/A

- G Effect of Granting a Certificate Amendment. *See attachment.*  
 Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:
- i the applicant,
  - ii any retail public utility of the same kind already serving the proximate area; and
  - iii any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

- i ☐ No, (skip the rest of this question and go to #6)  
ii ☒ Yes, Water

Purchased on a ☒ Regular ☐ Seasonal ☐ Emergency basis?

Source	% of Total Treatment
City of Sherman	50%

iii Sewer treatment capacity,

iv ☐ Yes

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Source	% of Total Treatment

vi Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density, and  
ii. the land use of the requested area.

J. wEffect on the Land.

Explain the effect on the land to be included in the certificated area.

The land will be provided with centralized water service, allowing it to be developed as a master planned residential community.

## 6. FINANCIAL INFORMATION

- A. For new systems and for applicants with existing CCNs who are constructing a new stand alone system:
- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
  - ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates should correlate to the projected growth in connections, shown on the projected profit and loss statement.
  - iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.
- B. For existing systems:
- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
  - ii. Attach a proposed rate schedule or tariff.  
★NOTE: An existing system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application.
- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

**Note:** Failure to provide adequate financial information may result in the delay or possible denial of your application.

## 7. NOTICE REQUIREMENTS

- A. All proposed notice forms must be completed and submitted with the application. However, do not mail or publish them until you receive written approval from the Commission to do so.
- B. The Commission cannot grant a CCN until proper notice of the application has been given. **Commission rules do not allow a waiver of these notice requirements for CCN applicants.**

- C. **It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.**
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application to use in preparing your proposed notices. (These notice forms are also available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the Commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully and note any additional neighboring utilities which may be included in the acceptance letter.
- F. Notice For Publication:  
The applicant shall publish the notice in a newspaper having general circulation in the county or counties where a CCN is being requested, once each week for two consecutive weeks beginning with the week after the notice is received from the Commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the Commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities: *See attachment.*
- i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
  - ii. For applications for the issuance of a **NEW** CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **five (5) miles** of the requested service area.
  - iii. For applications for the **AMENDMENT** of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within **two (2) miles** of the requested service area.
- H. Notice to Customers  
Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application. The notice must also list all zip codes affected by the application.
- I. The Commission may require the applicant to deliver notice to other affected persons or agencies.

**Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the Commission. Wait until you receive written authorization to do so. This will occur after the Commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.**

# OATH

STATE OF TEXAS  
COUNTY OF GRAYSON

I, David Smith, being duly sworn, file this application as Mayor (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps and financial information filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Texas Commission on Environmental Quality.

I further represent that the application form has not been changed, altered or amended from its original form available only from the Commission.

**I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.**



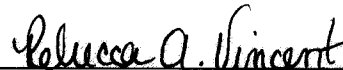
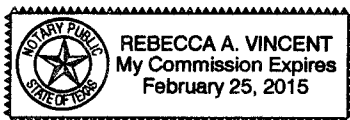
AFFIANT

(Utility's Authorized Representative)

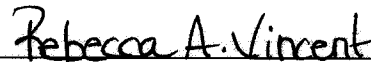
If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,  
This day 4th of December 20 13

SEAL



NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS



PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES February 25, 2015

## Notice for Publication

### NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

GRAYSON

COUNTY(IES), TEXAS

Name of Applicant City of Dorchester has filed an application for a CCN to obtain or amend CCN No. (s) 12013 and to decertify a portion(s) of \_\_\_\_\_ with the  
(Name of Decertificated Utility)

Texas Commission on Environmental Quality to provide water  
(specify 1) water or 2) sewer or 3) water & sewer)

utility service in Grayson County(ies).

The proposed utility service area is located approximately two miles southeast [direction] of downtown Dorchester, [City or Town] Texas, and is generally bounded on the north by McBee Road; on the east by Farmington Road; on the south by Hall Cemetery Road; and on the west by Mackey Road

#### ***See enclosed map of the proposed service area.***

The total area being requested includes approximately 369.689 acres and 1 current customers.

The proposed amendment affects customers and/or areas located in the following zip code(s):

75459

#### *(List All Affected Zip Codes)*

A copy of the proposed service area map is available at (Utility Address and Phone Number): 373 Main Street, Dorchester, Texas 75459 (903) 476-2443

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

**Persons who wish to intervene or comment should write the:**

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities and Districts Section, MC-153  
P. O. Box 13087  
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the Commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities and Districts Section, MC-153  
P. O. Box 13087  
Austin, TX 78711-3087

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

***Si desea informacion en Espanol, puede llamar al 1-512-239-0200.***

## Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO  
PROVIDE WATER/SEWER UTILITY SERVICE IN

GRAYSON

COUNTY(IES), TEXAS

To: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_ 20 \_\_\_\_  
(Neighboring System, Landowner or City)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
City State Zip

Name of Applicant City of Dorchester has filed an application for a  
CCN to obtain or amend CCN No. (s) 12013 and to  
decertify a portion(s) of \_\_\_\_\_ with the  
(Name of Decertificated Utility)

Texas Commission on Environmental Quality to provide water  
(specify 1) water or 2) sewer or 3) water & sewer)  
utility service in Grayson County(ies).

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[direction] of downtown Dorchester, [City or Town] Texas, and is  
generally bounded on the north by McBee Road; on the east by  
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code(s):

75459

\_\_\_\_\_  
(List All Affected Zip Codes)

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Austin, TX 78711-3087

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

**Si desea informacion en Espanol, puede llamar al 1-512-239-0200.**

## HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>CURRENT ASSETS</b>						
Cash	SEE ATTACHED AUDIT					
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
<b>WORKING CAPITAL</b>						
<b>CURRENT RATIO</b>						
<b>DEBT TO EQUITY RATIO</b>						
<b>EQUITY TO TOTAL ASSETS</b>						

## HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>METER NUMBER</b>						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
<b>METER REVENUE</b>						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
<b>GROSS WATER REVENUE</b>						
Fees						
Other						
Gross Income						
<b>OPERATING EXPENSES</b>						
General & Administrative						
Interest						
Other						
<b>NET INCOME</b>						

## HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

## PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CURRENT ASSETS</b>						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
<b>TOTAL ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>TOTAL LIABILITIES</b>						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES AND EQUITY</b>						
<b>WORKING CAPITAL</b>						
<b>CURRENT RATIO</b>						
<b>DEBT TO EQUITY RATIO</b>						
<b>EQUITY TO TOTAL ASSETS</b>						

## PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

## PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

## PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>						
Net Income						
Depreciation (if Funded)						
Loan Proceeds						
Other						
Total Sources						
<b>USES OF CASH</b>						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
TOTAL USES						
<b>NET CASH FLOW</b>						
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt						
Service (CADS)						
Net Income (Loss)						
Depreciation , or Reserve Interest						
TOTAL						
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest						
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS						



**CITY OF DORCHESTER, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended September 30, 2013**



**SCHALK & SMITH PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**A PROFESSIONAL CORPORATION**

Thomas E. Schaik, CPA  
Judy Smith, CPA  
Cynthia Muñoz, CPA

**INDEPENDENT AUDITOR'S REPORT**

City Council  
City of Dorchester  
373 Main Street  
Dorchester, Texas 75459

**Members of the Council:**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Dorchester (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**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 Dorchester, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**CITY OF DORCHESTER, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended September 30, 2013**

**CITY OF DORCHESTER, TEXAS**  
**Annual Financial Report**  
**For the Year Ended September 30, 2013**

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**SCHALK & SMITH PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**A PROFESSIONAL CORPORATION**

Thomas E. Schalk, CPA  
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**INDEPENDENT AUDITOR'S REPORT**

City Council  
City of Dorchester  
373 Main Street  
Dorchester, Texas 75459

Members of the Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Dorchester (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

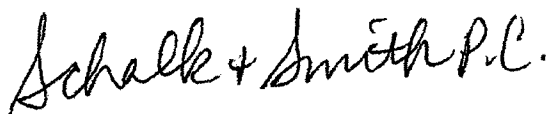
**Opinions**

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 Dorchester, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "Schalk & Smith P.C.".

Schalk & Smith, P.C.  
December 20, 2013

## **CITY OF DORCHESTER, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Dorchester, Texas, we offer readers of the City of Dorchester's financial statements this narrative overview and analysis of the financial activities of the City of Dorchester for the fiscal year ended September 30, 2013. Please consider this information in conjunction with the accompanying financial statements that begin on page 13.

### **FINANCIAL HIGHLIGHTS**

- The City's total net position of governmental activities increased \$9,442 to \$165,486 and the business-type activities increased \$44,195 to \$1,095,176, representing 13.13% and 86.87% respectively, of the total net position of \$1,260,662.
- General revenues from governmental activities accounted for \$17,452 in revenue or 100% of all revenues from governmental activities. The City had \$388,002 of program revenues and \$748 in general revenues related to business-type activities.
- The City had \$8,658 in expenses related to governmental activities. General revenues of \$17,452 were more than adequate to provide for the costs of these programs in the governmental activities net position. The City had \$343,907 in expenses related to business-type activities. Program specific charges for services of \$388,002, plus \$52 from miscellaneous sources and \$696 from investment income, were adequate to offset all of the costs.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of Dorchester, Texas' basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. All of the City's assets are reported whether they serve the current year or future years.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or as significant portion of their costs through user fees and charges (*business-type*). The governmental activities of the City of Dorchester include general government, public safety, and street and improvements. The business-type activities of the City include water.

The government-wide financial statements can be found on pages 13-15 of this report.

**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 of Dorchester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Dorchester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds**—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resource*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Dorchester maintains only one governmental fund – the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.



The City of Dorchester adopts an annual appropriated budget for its general fund. The basic governmental fund financial statements can be found on pages 16-20 of this report.

- **Proprietary funds-**The City reports the activities for which it charges users in a proprietary fund known as an *enterprise fund*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water operations.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

- **Fiduciary funds-** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Dorchester does not currently have any fiduciary funds.

**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 financial statements can be found on pages 24-32 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,260,662 and represented an increase of \$53,637 over the prior year net position of \$1,207,025. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$619,964 at September 30, 2013, an increase of \$76,172 from the prior year unrestricted net position of \$543,792.

The following tables represent a summary of the City's net position for the fiscal year ended September 30, 2013 and 2012.

NET POSITION  
2013

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 156,767	\$ 520,866	\$ 677,633
Capital assets	8,719	631,979	640,698
Total assets	<u>165,486</u>	<u>1,152,845</u>	<u>1,318,331</u>
Long-term liabilities	-	-	-
Other liabilities	-	57,669	57,669
Total liabilities	<u>-</u>	<u>57,669</u>	<u>57,669</u>
Net Position:			
Invested in capital assets net of related debt	8,719	631,979	640,698
Unrestricted	156,767	463,197	619,964
Total net position	<u>\$ 165,486</u>	<u>\$ 1,095,176</u>	<u>\$ 1,260,662</u>

NET POSITION  
2012

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 147,953	\$ 441,323	\$ 589,276
Capital assets	8,091	655,142	663,233
Total assets	<u>156,044</u>	<u>1,096,465</u>	<u>1,252,509</u>
Long-term liabilities	-	-	-
Other liabilities	-	45,484	45,484
Total liabilities	<u>-</u>	<u>45,484</u>	<u>45,484</u>
Net Position:			
Invested in capital assets net of related debt	8,091	655,142	663,233
Unrestricted	147,953	395,839	543,792
Total net position	<u>\$ 156,044</u>	<u>\$ 1,050,981</u>	<u>\$ 1,207,025</u>

The following tables present a summary of the changes in net position for the fiscal years ended September 30, 2013 and 2012.

# CHANGES IN NET POSITION

2013

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Fines, fees & charges for services	\$ -	\$ 388,002	\$ 388,002
General Revenues:			
Sales taxes	3,319	-	3,319
Other taxes	8,629	-	8,629
Miscellaneous	5,296	52	5,348
Investment Earnings	208	696	904
Total Revenue	17,452	388,750	406,202
Expenses:			
General government	1,437	-	1,437
Public safety	249	-	249
Public works	6,972	-	6,972
Water	-	343,907	343,907
Total Expenses	8,658	343,907	352,565
Increase (decrease) in net position before transfers	8,794	44,843	53,637
Transfers	648	(648)	-
Increase (decrease) in net position	9,442	44,195	53,637
Net position at 10/01/2012	156,044	1,050,981	1,207,025
Net position at 9/30/2013	\$ 165,486	\$ 1,095,176	\$ 1,260,662

CHANGES IN NET POSITION  
2012

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Fines, fees & charges for services	\$ -	\$ 384,755	\$ 384,755
General Revenues:			
Sales taxes	2,682	-	2,682
Other taxes	9,232	-	9,232
Miscellaneous	6,340	2,018	8,358
Investment Earnings	289	972	1,261
Total Revenue	18,543	387,745	406,288
Expenses:			
General government	3,682	-	3,682
Public safety	3,249	-	3,249
Public works	51	-	51
Water	-	322,219	322,219
Total Expenses	6,982	322,219	329,201
Increase (decrease) in net position before transfers	11,561	65,526	77,087
Transfers	-	-	-
Increase (decrease) in net position	11,561	65,526	77,087
Net position at 10/01/2011	144,483	985,455	1,129,938
Net position at 9/30/2012	\$ 156,044	\$ 1,050,981	\$ 1,207,025

A portion of the City's total net position, in the amount of \$640,698 (50.82 percent), reflects its investment in capital assets, (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (\$619,964) may be used to meet the City's ongoing obligations to citizens and creditors. This surplus is not an indication that the City has significant resources available to meet financial obligations next year, but rather the result of having *long-term commitments* that are less than currently available resources.

At the end of the current fiscal year, the City of Dorchester is able to report positive balances in both of its categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's total net position increased by \$53,637. The total cost of all programs and services was \$352,565, which was completely financed through charges for services \$388,002.

**Governmental activities.** Governmental activities increased the City of Dorchester's net position by \$9,442.

**Business-type activities.** Business-type activities increased the City's net position by \$44,195.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Dorchester uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$156,767 that was also the total fund balance. As a measure of the general fund's liquidity it may be useful to compare both unassigned and total fund balance to the total fund expenditures. In the City's case, total fund balance and unassigned fund balance are the same and represent more than the total fund expenditures.

The fund balance of the City of Dorchester's general fund increased by \$8,814 during the current fiscal year. A key mitigating factor in this increase can be traced to the increase in sales tax revenue.

**Proprietary Funds.** The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary fund at the end of the year amounted to \$463,197. The total increase in net position for the fund was \$44,195. Other factors concerning the finances of the fund have already been addressed in the discussion of the City of Dorchester's business-type activities.

#### **General Fund Budgetary Highlights**

There were no differences between the original budget and the final amended budget.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City of Dorchester's investment in capital assets for its governmental and business-type funds as of September 30, 2013 amounts to \$640,698 (net of accumulated depreciation). This investment in capital assets includes land, buildings, systems, machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 3.40 percent with an increase in governmental activities of 7.76 percent and a decrease in business-type activities of 3.54 percent.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal year ended September 30, 2013.

# CAPITAL ASSETS

2013

	Governmental	Business-type	
	Activities	Activities	
Land	\$ 1,120	\$ 18,151	\$ 19,271
Buildings	17,657	-	17,657
Machinery & equipment	1,282	6,161	7,443
Utility systems	-	1,065,825	1,065,825
Street & improvements	-	-	-
Depreciation	(11,340)	(458,158)	(469,498)
Total Capital Assets	\$ 8,719	\$ 631,979	\$ 640,698

**Long-term Debt.** The City had no long-term debt activity for the year ended September 30, 2013.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the fiscal year 2013-2014 budget, General Fund revenues are budgeted to increase by 42.36 percent from fiscal year 2012-2013 actual amounts, with franchise tax revenues making up 36.22 percent of the fiscal year 2013-2014 budget. The City's elected officials considered many factors when setting the fiscal year 2014 budget. Expenditures of the General Fund for fiscal year 2014 are budgeted at a 282.31 percent increase over actual expenditures for the previous fiscal year 2013.

The 2014 operating budget includes \$30,000 in repairs to roads and streets.

Water and Sewer Fund operating revenues are budgeted to increase 16.63 percent in fiscal year 2013-2014 over actual fiscal year 2012-2013 figures. Fiscal year 2013-2014 expenses are expected to decrease 1.48 percent from actual expenses for fiscal year 2012-2013.

The debt obligation for the Greater Texoma Utility Authority (GTUA)'s revenue bonds is not reflected in the City's financial statements and is presented in the notes for disclosure purposes only. The liability for the debt obligation, however, is separately presented in the publicly available September 30, 2013, financial statements of GTUA.

## **CONTACTING THE CITY OF DORCHESTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Dorchester's business office, at P.O. Box 839, Howe, Texas 75459 or 373 Main Street, Dorchester, Texas 75459.



## **BASIC FINANCIAL STATEMENTS**

**CITY OF DORCHESTER, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 146,767	\$ 489,265	\$ 636,032
Receivables (Net of Allowances for Uncollectibles)			
Service	-	31,601	31,601
Due From Enterprise Fund	10,000	-	10,000
Other	-	-	-
<b>Total Current Assets</b>	<u>156,767</u>	<u>520,866</u>	<u>677,633</u>
<b>Capital Assets:</b>			
Buildings and Improvements	17,657	-	17,657
Plant and Equipment	-	1,065,825	1,065,825
Furniture and Fixtures	1,282	6,161	7,443
Land	1,120	18,151	19,271
Less: Accumulated Depreciation	(11,340)	(458,158)	(469,498)
<b>Total Capital Assets</b>	<u>8,719</u>	<u>631,979</u>	<u>640,698</u>
<b>TOTAL ASSETS</b>	<u>\$ 165,486</u>	<u>\$ 1,152,845</u>	<u>\$ 1,318,331</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ -	\$ 13,820	\$ 13,820
Customer Deposits	-	31,795	31,795
Accrued Vacation	-	2,054	2,054
Due To General Fund	-	10,000	10,000
Current Portion - Long-Term Debt	-	-	-
<b>Total Current Liabilities</b>	<u>-</u>	<u>57,669</u>	<u>57,669</u>
<b>Noncurrent Liabilities:</b>			
Long-Term Debt	-	-	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>57,669</u>	<u>57,669</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	8,719	631,979	640,698
Unrestricted	156,767	463,197	619,964
<b>TOTAL NET POSITION</b>	<u>\$ 165,486</u>	<u>\$ 1,095,176</u>	<u>\$ 1,260,662</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF DORCHESTER, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<b>FUNCTIONS/ACTIVITY</b>	<b>EXPENSES</b>	<b>PROGRAM REVENUES</b>	
		<b>FINES, FEES, AND CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>
<b>Governmental Activities:</b>			
General Government	\$ 1,437	\$ -	\$ -
Public Safety - Fire	249	-	-
Streets and Improvements	6,972	-	-
Interest on Long-Term Debt	-	-	-
<b>Total Governmental Activities</b>	<b>8,658</b>	<b>-</b>	<b>-</b>
<b>Business-Type Activities:</b>			
Water Utilities	343,907	388,002	-
<b>Total Business-Type Activities</b>	<b>343,907</b>	<b>388,002</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 352,565</b>	<b>\$ 388,002</b>	<b>\$ -</b>

**General Revenues:**

Taxes:

Sales Taxes

Other Taxes

Investment Income

Miscellaneous

Transfers In (Out) Between Governmental and Business-Type Activities

**Total General Revenues and Transfers**

**Change in Net Assets**

**Net Position-Beginning of Year**

**Net Position-End of Year**

The notes to the financial statements are an integral part of this statement.

**NET (EXPENSE) REVENUES AND  
CHANGES IN NET POSITION  
PRIMARY GOVERNMENT**

<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS- TYPE ACTIVITIES</b>	<b>TOTAL</b>
\$ (1,437)	\$ -	\$ (1,437)
(249)	-	(249)
(6,972)	-	(6,972)
-	-	-
<u>(8,658)</u>	<u>-</u>	<u>(8,658)</u>
-	44,095	44,095
-	44,095	44,095
<u>\$ (8,658)</u>	<u>\$ 44,095</u>	<u>\$ 35,437</u>

\$ 3,319	\$ -	\$ 3,319
8,629	-	8,629
208	696	904
5,296	52	5,348
648	(648)	-
<u>\$ 18,100</u>	<u>\$ 100</u>	<u>18,200</u>
9,442	44,195	53,637
156,044	1,050,981	1,207,025
<u>\$ 165,486</u>	<u>\$ 1,095,176</u>	<u>\$ 1,260,662</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF DORCHESTER, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<b>GENERAL FUND</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 146,767
Receivables (Net of Allowances for Uncollectibles)	-
Due From Enterprise Fund	10,000
Other	-
<b>TOTAL ASSETS</b>	<u><u>\$ 156,767</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES:</b>	
Accounts Payable	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>
<b>FUND BALANCES:</b>	
Unassigned	156,767
<b>TOTAL FUND BALANCES</b>	<u>156,767</u>
<b>TOTAL LIABILITIES AND     FUND BALANCES</b>	<u><u>\$ 156,767</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF DORCHESTER, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**  
**September 30, 2013**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 156,767</b>
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Amounts reported for governmental activities in the statement of net assets  
are different due to the following:

Capital assets used in governmental activities are not financial resources and, therefore,  
are not reported in the governmental funds balance sheet, net of accumulated  
depreciation of \$10,619.

8,719

**Net Position of Governmental Activities**

<u><u>\$ 165,486</u></u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF DORCHESTER, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<b>REVENUES</b>	<b>GENERAL FUND</b>
Taxes:	
Sales taxes	\$ 3,319
Other local taxes	8,629
Investment income	208
Government grants	-
Other income	5,296
<b>TOTAL REVENUES</b>	<b>17,452</b>
 <b>EXPENDITURES</b>	
Current:	
General government	1,016
Public safety	
Fire	-
Recreation	-
Street and improvements	6,921
Debt service:	
Principal	-
Interest	-
Capital outlay	1,349
<b>TOTAL EXPENDITURES</b>	<b>9,286</b>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 <b>8,166</b>
 <b>OTHER FINANCING SOURCES (USES):</b>	
Funds transferred in	648
Funds transferred out	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>648</b>
 <b>NET CHANGE IN FUND BALANCES</b>	 <b>8,814</b>
<b>FUND BALANCE - October 1</b>	<b>147,953</b>
<b>FUND BALANCE - September 30</b>	<b>\$ 156,767</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF DORCHESTER, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2013**

**Net Change in Fund Balances - Total Governmental Funds** \$ 8,814

Amounts reported for governmental activities in the statement of activities  
are different due to the following:

Governmental funds report capital outlays as expenditures. However, in the government-  
wide statement of activities and changes in net assets, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense. This is the amount of  
capital assets recorded in the government-wide statement of net assets in the current  
period. 1,349

Depreciation expense on capital assets is reported in the government-wide statement of  
activities and changes in net assets, but they do not require the use of current  
financial resources. Therefore, depreciation expense is not reported as an  
expenditure in governmental funds. (721)

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. The debt issued in the current year was \$-0-, and  
the current year's repayments were \$-0-. -

Some revenues in the statement of activities do not provide current financial resources and,  
therefore, are not reported as revenues in governmental funds. -

**Change in Net Position of Governmental Activities** \$ 9,442

The notes to the financial statements are an integral part of this statement.



**CITY OF DORCHESTER, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

				<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
<b>REVENUES</b>	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL AMOUNTS</b>	
Taxes				
Sales taxes	\$ 2,000	\$ 2,000	\$ 3,319	\$ 1,319
Other local taxes	7,900	7,900	8,629	729
Investment income	-	-	208	208
Other income	5,000	5,000	5,296	296
<b>TOTAL REVENUES</b>	<u>14,900</u>	<u>14,900</u>	<u>17,452</u>	<u>2,552</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,750	1,750	1,016	734
Public safety				
Fire	-	-	-	-
Street and improvements	30,000	30,000	6,921	23,079
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	1,350	1,350	1,349	1
<b>TOTAL EXPENDITURES</b>	<u>33,100</u>	<u>33,100</u>	<u>9,286</u>	<u>23,814</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(18,200)</u>	<u>(18,200)</u>	<u>8,166</u>	<u>(21,262)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Funds transferred in	-	-	648	(648)
Funds transferred out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>648</u>	<u>(648)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(18,200)</u>	<u>(18,200)</u>	<u>8,814</u>	<u>(21,910)</u>
<b>FUND BALANCE - October 1</b>	<u>147,953</u>	<u>147,953</u>	<u>147,953</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 129,753</u>	<u>\$ 129,753</u>	<u>\$ 156,767</u>	<u>\$ (21,910)</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF DORCHESTER, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2013**

**ASSETS**

**CURRENT ASSETS:**

Cash and Cash Equivalents	\$ 489,265
Receivables (Net of Allowances for Uncollectibles)	
Services	31,601
Other	-

**TOTAL CURRENT ASSETS**

520,866

**NONCURRENT ASSETS:**

Capital Assets	
Plant and Equipment	1,065,825
Furniture and Fixtures	6,161
Land	18,151
Less: Accumulated Depreciation	(458,158)
Total Capital Assets	<u>631,979</u>

**TOTAL ASSETS**

\$ 1,152,845

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts Payable	\$ 13,820
Customer Deposits	31,795
Accrued Vacation	2,054
Due To General Fund	10,000
Current Portion - Long-Term Debt	-

**TOTAL CURRENT LIABILITIES**

57,669

**NONCURRENT LIABILITIES:**

Notes Payable	-
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**TOTAL NONCURRENT LIABILITIES**

-

**TOTAL LIABILITIES**

57,669

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	631,979
Unrestricted	463,197

**TOTAL NET POSITION**

\$ 1,095,176

The notes to the financial statements are an integral part of this statement.