



Control Number: 43070



Item Number: 1

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
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.





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

*CN# 600633432

*RN# 101387058

*If known (See Instructions)

43070

PURPOSE OF THIS APPLICATION

OBTAIN New Water CCN New Sewer CCN

AMEND Water CCN# (s) _____

AMEND Sewer CCN#(s) _____

UTILITIES & DISTRICTS SECTION

1. APPLICANT INFORMATION

Utility Name City of East Tawakoni

Utility Address (City/ST/ZIP/Code) 288 Briggs Blvd., East Tawakoni, Texas 75472

Utility Phone Number and Fax 903-447-2444 / 903-447-5080

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 Michael J. Donnan, P. E.

Title Principal / Project Manager
Hayter Engineering, Inc.

Street Address (City/ST/ZIP/Code) 4445 S.E. Loop 286, Paris, Texas 75460

Telephone and Fax 903-785-0303 / 903-785-0308

E-Mail Address mdonnan@haytereng.com

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

Rains County
Hunt County

RECEIVED
NOV 08 2013

UTILITIES & DISTRICTS SECTION

RECEIVED
NOV 13 2013

DISTRICTS

NOV 27 11:11:06

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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:

[Large empty rectangular box for providing additional information]

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

- 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: **NA**

- 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 East Tawakoni or private wells.

- 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:
- 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 **See Attachment 1**
 - 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 **See Attachment 1**
 - 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 **See Attachment 1**
 - Provide copies of any written applications or requests for service in the requested area; and/or **See Attachment 1A**
 - 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. **See Attachment 1**
 - 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: City of East Tawakoni
Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

NA - City of East Tawakoni is applicant.

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.

NA – No overlap of service areas.

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.

See Attachment 2

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 **See Attachment 3**
- 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. **See Attachment 4**

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).

See Attachment 5A, 5B & 5C

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: **See below**

- i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
- ii. 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;
 - iii. copies of written responses from each system or evidence that they did not reply; and
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
 - B. Were your requests for service denied? **See below**
 - i. If yes, please provide documentation of the denial of service and go to 4.C.
 - ii. 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: **See below**

A.i. City of West Tawakoni, Cash SUD, South Rains WSC, and City of Point.
 A. ii. NA – Existing water system requesting a CCN for first time.
 A.iii. NA – Existing water system requesting a CCN for first time.
 A.iv. NA – Water system.

B.i. NA – Existing water system requesting a CCN for first time.
 B.ii. NA – Existing water system requesting a CCN for first time.

C. Water service is available in a majority of the proposed CCN area. In those remaining areas where service is not available system expansion/construction would take place on a case by case basis as residential or commercial developers or individual property owners request service. The requesting party would be required to participate in the capital cost of the expansion.

- D. Date of plat approval, if required: NA – Existing water system requesting a CCN for first time.
 Approved by: _____
- E. Date Plans & Specifications submitted for approval: NA – Existing water system requesting a CCN for first time.
 Log # _____ Attach copy of approval letter if available.
- F. Date construction is scheduled to commence: NA – Existing water system requesting a CCN for first time.
- G. Date service is scheduled to commence: Service is currently being provided.

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):

1	9	0	0	0	1	1	1	1	6	0	0	4	8						

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

W	Q	1	1	4	2	8	-	0	0	1	W	Q									
W	Q						-				W	Q									
W	Q						-				W	Q									

- iii Date of last inspection: 9-9-2013
- iv Attach a copy of the most recent inspection report letter.
See Attachment 6
- 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.

NA

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

Name	Classes	License Number
Robert White	C - Surface	WS0000113

- 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). **NA - Not at 85% or greater of minimum standard capacity.**

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 - NA
---------------------	--------------------------

Water System			Sewer System - NA		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	850		Residential		
1" meter or larger	3		Commercial		
Non-Metered	0		Industrial		
Other:	0		Other:		
Total Water	853	0	Total Sewer		

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

The City of East Tawakoni provides sewer service within the city limits. Sewer service outside the city limits is provided on an individual basis by each property owner.

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

NA - Application is not for a sewer CCN.

- G Effect of Granting a Certificate Amendment.
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.

See Attachment 7

- 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 Emory Water Plant	25

- iii Sewer treatment capacity,

- iv Yes

Purchased on a Regular Seasonal Emergency basis?

Source	% of Total Treatment
NA - East Tawakoni has sewer plant	

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

See Attachment 8

- I. Ability to Provide Adequate Service. **See Attachment 9**
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. Effect on the Land.
Explain the effect on the land to be included in the certificated area.

There is no significant anticipated impact on land use in the proposed certified area. Waterlines have been sized to support existing customers and the modest projected growth, but not sized to encourage subdivisions or to induce development. Therefore, other than in the established residential additions, low to moderate customer densities are anticipated, with much of the land remaining agricultural.

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. **NA – See Attachment 10**
 - 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. **See Attachment 10**
 - C. Identify any funds you are required to accumulate and restrict by lenders or capital providers. **See Attachment 10**
 - 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. **Financial Audit attached - See Attachment 10**

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.) **See Attachment 11 for list of land owners**
- 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:

- 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.

See Attachment 12 for list of entities

- 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. **NA**

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. **NA**

- 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 HUNT & RAINS

I, Johnnie LaPrade, 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 _____ of _____ 20 13

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES _____

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO
PROVIDE WATER/SEWER UTILITY SERVICE IN
HUNT AND RAINS COUNTY(IES), TEXAS

Name of Applicant The City of East Tawakoni has filed an application
to obtain a water utility service CCN. NA and to
decertify a portion(s) of NA 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 Hunt and Rains County(ies).

The proposed utility service area is located approximately 3 & 2 miles North & east
[direction] of downtown East Tawakoni, Texas, and is
generally bounded on the north by the Cash SUD CCN boundary; on the east by
Cedar Cove; on the south by Lake; and on the west by Lake Tawakoni
Tawakoni

See enclosed map of the proposed service area.

The total area being requested includes approximately 332 acres and 853
current customers.

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

75472

(List All Affected Zip Codes)

A copy of the proposed service area map is available at (Utility Address and Phone
Number): City Hall, 288 Briggs Blvd., East Tawakoni 75472 / 903-447-2444

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
HUNT AND RAINS COUNTY(IES), TEXAS

To: Cash SUD Date Notice Mailed 20
(Neighboring System, Landowner or City)

P.O. Box 8129
(Address)
Greenville, Texas 75404
City State Zip

Name of Applicant City Of East Tawakoni has filed an application to obtain a water utility service CCN. NA and to decertify a portion(s) of NA 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 Hunt and Rains County(ies).

The proposed utility service area is located approximately 3 & 2 miles North & east [direction] of downtown East Tawakoni, Texas, and is generally bounded on the north by the Cash SUD CCN boundary; on the east by Cedar Cove; on the south by Lake Tawakoni; and on the west by Lake Tawakoni

See enclosed map of the proposed service area.

The total area being requested includes approximately 332 acres and 853 current customers.

The proposed amendment affects customers and/or areas located in the following zip code(s):
75472

(List All Affected Zip Codes)

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.

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN
HUNT AND RAINS COUNTY(IES), TEXAS

To: City of Point Date Notice Mailed 20
(Neighboring System, Landowner or City)

365 North Locust Street
(Address)
Point, Texas 75472

City State Zip

Name of Applicant City Of East Tawakoni has filed an application to obtain a water utility service CCN. NA and to decertify a portion(s) of NA with the (Name of Decertificated Utility)

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

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Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN
HUNT AND RAINS COUNTY(IES), TEXAS

To: City of West Tawakoni Date Notice Mailed 20
(Neighboring System, Landowner or City)

1533 E. Hwy 276
(Address)
West Tawakoni, Texas
75474
City State Zip

Name of Applicant City Of East Tawakoni has filed an application to obtain a water utility service CCN. NA and to decertify a portion(s) of NA with the
(Name of Decertificated Utility)

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75472

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Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN
HUNT AND RAINS COUNTY(IES), TEXAS

To: Combined Consumers SUD Date Notice Mailed 20
(Neighboring System, Landowner or City)

P.O. Box 2829
(Address)
Quinlan, Texas 75474
 City State Zip

Name of Applicant City Of East Tawakoni has filed an application to obtain a water utility service CCN. NA and to decertify a portion(s) of NA with the (Name of Decertificated Utility)

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

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Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN
HUNT AND RAINS COUNTY(IES), TEXAS

To: South Rains SUD Date Notice Mailed 20
(Neighboring System, Landowner or City)

P.O. Box 95
(Address)
Emory, Texas 75440

City State Zip

Name of Applicant City Of East Tawakoni has filed an application to obtain a water utility service CCN. NA and to decertify a portion(s) of NA with the (Name of Decertificated Utility)

Texas Commission on Environmental Quality to provide water utility service in Hunt and Rains County(ies).
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The proposed utility service area is located approximately 3 & 2 miles North & east [direction] of downtown East Tawakoni, Texas, and is generally bounded on the north by the Cash SUD CCN boundary; on the east by Cedar Cove; on the south by Lake Tawakoni; and on the west by Lake Tawakoni

See enclosed map of the proposed service area.

The total area being requested includes approximately 332 acres and 853 current customers.

The proposed amendment affects customers and/or areas located in the following zip code(s):
75472

(List All Affected Zip Codes)

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.

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN
HUNT AND RAINS COUNTY(IES), TEXAS

To: South Tawakoni WSC Date Notice Mailed 20
(Neighboring System, Landowner or City)

P.O. Box 485
(Address)
Wills Point, Texas 75169
City State Zip

Name of Applicant City Of East Tawakoni has filed an application to obtain a water utility service CCN. NA and to decertify a portion(s) of NA 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 Hunt and Rains County(ies).

The proposed utility service area is located approximately 3 & 2 miles North & east [direction] of downtown East Tawakoni, Texas, and is generally bounded on the north by the Cash SUD CCN boundary; on the east by Cedar Cove; on the south by Lake Tawakoni; and on the west by Lake Tawakoni

See enclosed map of the proposed service area.

The total area being requested includes approximately 332 acres and 853 current customers.

The proposed amendment affects customers and/or areas located in the following zip code(s):
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(List All Affected Zip Codes)

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.



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FEB 20 2014
UTILITIES & DISTRICTS
SECTION

CITY OF EAST TAWAKONI, TEXAS
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

Scott, Singleton, Fincher and Company, PC
Certified Public Accountants

**City of East Tawakoni, Texas
Annual Financial and Compliance Report
For The Year Ended December 31, 2012**

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**City of East Tawakoni, Texas
Annual Financial and Compliance Report
For The Year Ended December 31, 2012**

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FINANCIAL SECTION

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
TELEPHONE 903-455-4765
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Kelley D. Fincher, CPA
Tommy L. Nelson, CPA
Hannah C. Nelson, CPA
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Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of East Tawakoni, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of East Tawakoni, Texas, as of and for the year ended December 31, 2012, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Tawakoni, Texas, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and budgetary comparison information on pages 8 through 18 and page 52 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Tawakoni, Texas' basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30 2013, on our consideration of the City of East Tawakoni, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of East Tawakoni, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

Scott, Singleton, Fincher and Company, PC

Scott, Singleton, Fincher and Company, PC
Certified Public Accountants

July 30, 2013

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis

As management for the City of East Tawakoni, Texas, we offer readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2012. This discussion should be read in conjunction with the financial statements and related notes. Comparative data is presented for government-wide and fund financial statements at the end of this section.

FINANCIAL HIGHLIGHTS:

- Government-wide net position reported in the Statement of Activities are \$1,650,106. Of this amount \$1,692,372 is invested in capital assets or restricted for debt service and other activities, leaving (\$42,266) of unrestricted net position.
- Government-wide net position increased by \$101,944 during 2012.
- Each of the City's fund financial statements reported changes in equity as follows:

General Fund - \$556 decrease
Water & Sewer Fund - \$64,929 increase
Debt Service Fund - \$20,181 increase
Capital Projects Fund - \$139 decrease

USING THIS ANNUAL REPORT:

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests and appropriations from the State. Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and sewer system. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

REPORTING THE CITY AS A WHOLE-GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the City's overall financial condition and operations. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the City's assets and liabilities while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions and 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current year or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and the changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, you should consider non-financial factors as well, such as changes in the City's request for services from citizens and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activities:

Governmental Activities – Most of the City's services are reported here, including, administration, public safety and judicial, and street maintenance services. Property taxes, sales taxes, and franchise taxes finance most of these activities.

Business-type Activities – The City charges fees to customers to help it cover the cost of certain services it provides. The City's water and sewer system operations and sanitation services are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS:

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. The City's administration establishes funds to help it control and manage money for particular purposes. The City's two kinds of funds – governmental and proprietary use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules found at the bottom of each of the governmental fund financial statements.

Proprietary Funds – The Proprietary/Enterprise fund is used to account for operations that are financed in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis are financed through user charges.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS:

In the government-wide financial statements, net position serves as one useful indicator of a government's financial position. In the case of the City, the combined net position exceeded liabilities by \$1,650,106 and \$1,548,162 at the close of FY 2012 and FY 2011, respectively.

The combined net position of the City's activities increased from \$1,548,162 to \$1,650,106 or \$101,944 during 2012. 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 was (\$42,266).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS:

As the City completed the year, its governmental funds \$257,233 and proprietary funds \$1,359,903 reported combined fund balance and net position of \$1,617,136, an \$84,415 increase from last year.

CAPITAL ASSET AND DEBT ADMINISTRATION:

Capital Assets – the City's net investment in capital assets reported in the governmental activities and business-type activities was \$3,757 and \$1,251,410, respectively. This investment in capital assets includes land, buildings and improvements, equipment and vehicles. The change in the City's net investment in capital assets for the current fiscal year was a decrease of \$40,285 and an increase of \$622,624 in each of the respective activities.

Long-term Debt – at year-end the City had \$3,060,151 in bonds and capital leases payable outstanding – an increase of \$412,382 from last year. More detailed information about the City's long-term liabilities is presented in Note 7 to the basic financial statements.

BUDGETARY HIGHLIGHTS & ECONOMIC FACTORS:

The City continued to experience limited growth in the past year, possibly in connection to the rising price of gasoline and the cost of commuting to work in the metroplex area.

The City of East Tawakoni has a million dollar loan with the Texas Water Development Board to finish replacing any steel lines left in the Community Water System, which covers Holiday Hills, Highland Acres, Kiowa Village and Rolling Hills.

The City's Economic Development Corporation continues to work diligently to bring new businesses to the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and 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 information, contact the City Secretary at 288 Briggs Blvd., East Tawakoni, Texas 75472 or at (903) 447-2444.

CITY OF EAST TAWAKONI, TEXAS
COMPARATIVE STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	\$ 318,021	\$ 305,810	\$ 467,617	\$ 360,837	\$ 785,638	\$ 666,647
Capital assets, net	680,908	721,193	3,634,410	3,011,786	4,315,318	3,732,979
Total Assets	998,929	1,027,003	4,102,027	3,372,623	5,100,956	4,399,626
LIABILITIES						
Other liabilities	31,575	40,046	293,870	18,567	325,445	58,613
Long-term liabilities						
Meter deposits payable			65,254	59,860	65,254	59,860
Due within one year	61,365	56,017	102,000	46,000	163,365	102,017
Due in more than one year	615,786	677,752	2,281,000	1,868,000	2,896,786	2,545,752
Total Liabilities	708,726	773,815	2,742,124	1,992,427	3,450,850	2,766,242
NET POSITION						
Net investment in capital assets	3,757	(12,576)	1,251,410	1,097,787	1,255,167	1,085,211
Restricted for debt service	154,797	129,459	225,329	109,265	380,126	238,724
Restricted for capital improvements	27,878	28,017	29,201	38,507	57,079	66,524
Unrestricted	103,771	108,288	(146,037)	134,637	(42,266)	242,925
Total Net Position	\$ 290,203	\$ 253,188	\$ 1,359,903	\$ 1,380,196	\$ 1,650,106	\$ 1,633,384

CITY OF EAST TAWAKONI, TEXAS
COMPARATIVE STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 40,539	\$ 26,773	\$ 871,287	\$ 917,869	\$ 911,826	\$ 944,642
Operating grants/contributions			-		-	-
Capital grants/contributions	13,948		33,030	12,201	46,978	12,201
General revenues:						
Ad valorem taxes	213,036	210,835			213,036	210,835
Sales taxes	48,639	55,121			48,639	55,121
Franchise taxes	30,468	38,681			30,468	38,681
Other	13,378	8,877	299	237	13,677	9,114
Total revenues	360,008	340,287	904,616	930,307	1,264,624	1,270,594
Expenses:						
Administration	87,211	83,586			87,211	83,586
Public safety and judicial services	189,703	176,211			189,703	176,211
Street Maintenance	65,727	65,537			65,727	65,537
Interest on long-term debt	36,100	39,447			36,100	39,447
Water, Sewer and Sanitation Services			807,939	846,773	807,939	846,773
Total Expenses	378,741	364,781	807,939	846,773	1,186,680	1,211,554
Excess (deficiency) of revenues over (under) expenses before transfers	(18,733)	(24,494)	96,677	83,534	77,944	59,040
Transfers in (out)	55,748	53,766	(31,748)	(29,766)	24,000 *	24,000
Change in Net Position	37,015	29,272	64,929	53,768	101,944	83,040
Net position - beginning of year	253,188	223,916	1,380,196	1,326,428	1,633,384	1,550,344
Prior period adjustment (Note 3)			(85,222)		(85,222)	
Net position - end of year	\$ 290,203	\$ 253,188	\$ 1,359,903	\$ 1,380,196	\$ 1,650,106	\$ 1,633,384

*Net transfer in came from the component unit, East Tawakoni Economic Development Corporation.

**CITY OF EAST TAWAKONI, TEXAS
COMPARATIVE BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012 and 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Fund (Capital Projects Fund)</u>	<u>Total Governmental Funds</u>	
				<u>2012</u>	<u>2011</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 21,155	\$ -	\$ -	\$ 21,155	\$ 26,601
Sales and franchise taxes receivable	39,618			39,618	42,585
Property taxes receivable, net of allowance of \$5,779 (2012) and \$6,678 (2011)	52,001			52,001	60,101
Due from other funds	26,492			26,492	39,009
Prepaid expenses	7,258			7,258	5,463
<u>Restricted assets:</u>					
Cash and cash equivalents		124,201	27,878	152,079	123,769
Property tax receivable, net of allowance of \$3,400 (2012) and \$3,745 (2011)		30,596		30,596	33,707
Total Assets	<u>\$ 146,524</u>	<u>\$ 154,797</u>	<u>\$ 27,878</u>	<u>\$ 329,199</u>	<u>\$ 331,235</u>
 <u>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable	14,525			14,525	9,706
Due to other funds		19,871		19,871	45,378
Due to component unit	5,201			5,201	3,856
Total Liabilities	<u>19,726</u>	<u>19,871</u>	<u>-</u>	<u>39,597</u>	<u>58,940</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable property tax revenue	20,475	11,894		32,369	34,548
 <u>FUND BALANCES</u>					
Restricted for:					
Capital Improvements			27,878	27,878	28,017
Debt Service		123,032		123,032	102,851
Assigned for:					
Public safety and judicial services	534			534	634
Nonspendable:					
Prepaid expenses	7,258			7,258	5,463
Due from other funds	26,492			26,492	39,009
Unassigned	72,039			72,039	61,773
Total Fund Balances	<u>106,323</u>	<u>123,032</u>	<u>27,878</u>	<u>257,233</u>	<u>237,747</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 146,524</u>	<u>\$ 154,797</u>	<u>\$ 27,878</u>	<u>\$ 329,199</u>	<u>\$ 331,235</u>

CITY OF EAST TAWAKONI, TEXAS
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Years Ended December 31, 2012 and 2011

	General Fund	Debt Service Fund	Other Governmental Fund (Capital Projects Fund)	Total Governmental Funds	
				2012	2011
REVENUES:					
Ad valorem taxes	\$ 133,024	\$ 82,191		\$ 215,215	\$ 216,104
Franchise taxes	30,468			30,468	38,681
Sales taxes	48,639			48,639	55,121
Permits	4,060			4,060	3,758
Fines and other fees	38,809			38,809	25,938
ETCOG grant revenue	11,948			11,948	
Other revenue	8,905			8,905	4,919
Interest income		385	28	413	200
Total Revenues	275,853	82,576	28	358,457	344,721
EXPENDITURES:					
Administration	83,840			83,840	80,206
Public Safety and Judicial Services	177,111			177,111	166,623
Animal Control				-	-
Street Maintenance				-	798
Capital Outlay	39,405			39,405	33,769
Debt Service:					
Principal retirement	6,618	50,000		56,618	45,000
Interest and fiscal charges	1,350	36,395		37,745	38,665
Total Expenditures	308,324	86,395	-	394,719	365,061
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,471)	(3,819)	28	(36,262)	(20,340)
OTHER FINANCING SOURCES (USES):					
Proceeds from the sale of capital assets	-			-	4,000
Proceeds from capital lease agreements	-			-	33,769
Transfers in (out)	31,915	24,000	(167)	55,748	53,766
Net Other Financing Sources (Uses)	31,915	24,000	(167)	55,748	91,535
Net change in fund balances	(556)	20,181	(139)	19,486	71,195
Fund balance, January 1	106,879	102,851	28,017	237,747	166,552
Fund balance, December 31	\$ 106,323	\$ 123,032	\$ 27,878	\$ 257,233	\$ 237,747

COMPARATIVE STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
	<u>Enterprise Fund</u>	<u>Enterprise Fund</u>
	<u>Water and</u>	<u>Water and</u>
	<u>Sewer Fund</u>	<u>Sewer Fund</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 103,397	\$ -
Accounts receivable, net of allowance of \$4,730 in 2012 and \$5,041 in 2011	92,482	109,471
Prepaid expenses	8,523	9,687
Due from other funds		31,303
Restricted Assets:		
Cash and cash equivalents	206,588	100,042
Certificates of deposit	47,942	47,730
Total current assets	<u>458,932</u>	<u>298,233</u>
Noncurrent Assets:		
Capital Assets:		
Land	7,781	7,781
Construction in progress	811,618	78,716
Capital Assets, net of depreciation	<u>2,815,011</u>	<u>2,925,289</u>
Other Assets:		
Deposits	8,685	8,685
Total noncurrent assets	<u>8,685</u>	<u>3,020,471</u>
Total Assets	<u>\$ 4,102,027</u>	<u>\$ 3,318,704</u>
LIABILITIES:		
Current Liabilities:		
Book overdraft	\$ -	\$ 5,012
Accounts payable	248,489	2,875
Due to other funds	6,621	24,934
Payable from restricted assets:		
Accrued interest payable	38,760	17,049
Bonds payable	102,000	46,000
Total current liabilities	<u>395,870</u>	<u>95,870</u>
Noncurrent Liabilities:		
Meter deposits payable	65,254	59,860
Bonds payable	2,281,000	1,868,000
Total noncurrent liabilities	<u>2,346,254</u>	<u>1,927,860</u>
Total liabilities	<u>2,742,124</u>	<u>2,023,730</u>
NET POSITION:		
Net investment in capital assets	1,251,410	1,097,787
Restricted for debt service	225,329	109,265
Restricted for capital improvements	29,201	38,507
Unrestricted	(146,037)	49,415
Total Net Position	<u>\$ 1,359,903</u>	<u>\$ 1,294,974</u>

CITY OF EAST TAWAKONI, TEXAS
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Years Ended December 31, 2012 and 2011

	2012	2011
	Enterprise Fund	Enterprise Fund
	Water and	Water and
	Sewer Fund	Sewer Fund
OPERATING REVENUES:		
Water sales	\$ 548,689	\$ 585,856
Sewer sales	145,667	144,808
Garbage fees	144,196	149,091
Penalties	10,516	22,381
Other revenues	22,219	15,733
Total Operating Revenues	871,287	917,869
OPERATING EXPENSES:		
Salaries and benefits	173,810	167,371
Contract labor	18,185	8,890
Professional fees	525	9,711
Water purchases	196,281	206,347
Garbage fees	106,964	117,124
Repairs and facility maintenance	25,572	42,479
General insurance	6,227	6,221
Vehicle expense	10,181	12,901
Utilities and telephone	16,129	26,051
Chemicals and inspections	13,839	16,539
TCEQ fees and fines	2,032	3,291
Depreciation and amortization	147,308	150,296
Other expense	16,564	10,557
Total Operating Expenses	733,617	777,778
Operating Income (Loss)	\$ 137,670	\$ 140,091

(Continued)

CITY OF EAST TAWAKONI, TEXAS
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u> <u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>	<u>2011</u> <u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income	\$ 299	\$ 237
Interest and fiscal charges	<u>(74,322)</u>	<u>(68,995)</u>
Total Nonoperating Revenues (Expenses)	<u>(74,023)</u>	<u>(68,758)</u>
Income (loss) before contributions and transfers	<u>63,647</u>	<u>71,333</u>
Sabine River Authority capital grant	10,000	-
SECO capital grant	23,030	12,201
Transfers out to other funds	<u>(31,748)</u>	<u>(29,766)</u>
Change in net position	<u>64,929</u>	<u>53,768</u>
Total net position, January 1	<u>1,380,196</u>	<u>1,326,428</u>
Prior period adjustment (Note 3)	<u>(85,222)</u>	
Total net position, December 31	<u>\$ 1,359,903</u>	<u>\$ 1,380,196</u>

**BASIC
FINANCIAL STATEMENTS**

CITY OF EAST TAWAKONI, TEXAS
STATEMENT OF NET POSITION
December 31, 2012

	Primary Government		Total Primary Government	Component Unit
	Governmental Activities	Business-type Activities		
ASSETS				
Cash and cash equivalents	\$ 21,155	\$ 103,397	\$ 124,552	\$ 39,107
Sales and franchise taxes receivable	39,618		39,618	
Property taxes receivable, net of allowance of \$5,579	52,001		52,001	
Accounts receivable, net of allowance of \$4,730		92,482	92,482	
Due from primary government				5,201
Fines receivable, net	15,314		15,314	
Prepaid expenses	7,258	8,523	15,781	
Deposits		8,685	8,685	
Restricted assets:				
Cash and cash equivalents	152,079	206,588	358,667	
Certificates of deposit		47,942	47,942	
Property taxes receivable, net of allowance of \$3,400	30,596		30,596	
Capital assets:				
Land	32,703	7,781	40,484	
Construction in progress		811,618	811,618	
Capital assets, net of accumulated depreciation	648,205	2,815,011	3,463,216	
Total Assets	998,929	4,102,027	5,100,956	44,308
LIABILITIES				
Accounts payable	14,525	248,489	263,014	
Due to component unit	5,201		5,201	
Internal balances	(6,621)	6,621	-	
Payable from restricted assets:				
Accrued interest	18,470	38,760	57,230	
Noncurrent liabilities:				
Meter deposits payable		65,254	65,254	
Capital leases due within one year	6,365		6,365	
Capital leases due in more than one year	20,786		20,786	
Bonds due within one year	55,000	102,000	157,000	
Bonds due in more than one year	595,000	2,281,000	2,876,000	
Total Liabilities	708,726	2,742,124	3,450,850	-
NET POSITION				
Net investment in capital assets	3,757	1,251,410	1,255,167	
Restricted for debt service	154,797	225,329	380,126	
Restricted for capital improvements	27,878	29,201	57,079	
Unrestricted	103,771	(146,037)	(42,266)	44,308
Total Net Position	\$ 290,203	\$ 1,359,903	\$ 1,650,106	\$ 44,308

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

CITY OF EAST TAWAKONI, TEXAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Administration	\$ 87,211				\$ (87,211)	\$ (87,211)	\$ (4,581)
Public safety and judicial services	189,703	40,539		13,948	(135,216)	(135,216)	
Street Maintenance	65,727				(65,727)	(65,727)	
Interest on long-term debt	36,100				(36,100)	(36,100)	
Total governmental activities	378,741	40,539	-	13,948	(324,254)	(324,254)	(4,581)
Business-type activities:							
Water and sewer services	807,939	871,287	-	33,030	-	96,378	
Total business-type activities	807,939	871,287	-	33,030	-	96,378	
Total all activities	\$ 1,186,680	\$ 911,826	\$ -	\$ 46,978	\$ (324,254)	\$ 96,378	\$ (4,581)
General revenues:							
Ad valorem taxes					213,036	213,036	
Sales taxes					48,639	48,639	23,324
Franchise taxes					30,468	30,468	
Miscellaneous income and contributions					12,965	12,965	4,680
Unrestricted investment earnings					413	299	9
Transfers in (out)					55,748	(31,748)	(24,000)
Total general revenues and transfers					361,269	(31,449)	4,013
Change in net position					37,015	64,929	(568)
Net position-beginning of year - restated (Note 3)					253,188	1,294,974	1,548,162
Net position-end of year					\$ 290,203	\$ 1,359,903	\$ 1,650,106

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

**CITY OF EAST TAWAKONI, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Fund (Capital Projects Fund)</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 21,155	\$ -	\$ -	\$ 21,155
Sales and franchise taxes receivable	39,618			39,618
Property taxes receivable, net of allowance of \$5,779	52,001			52,001
Due from other funds	26,492			26,492
Prepaid expenses	7,258			7,258
Restricted assets:				
Cash and cash equivalents		124,201	27,878	152,079
Property tax receivable, net of allowance of \$3,400		30,596		30,596
Total Assets	<u>\$ 146,524</u>	<u>\$ 154,797</u>	<u>\$ 27,878</u>	<u>\$ 329,199</u>
 <u>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable	14,525			14,525
Due to other funds		19,871		19,871
Due to component unit	5,201			5,201
Total Liabilities	<u>19,726</u>	<u>19,871</u>	<u>-</u>	<u>39,597</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable property tax revenue	20,475	11,894	-	32,369
 <u>FUND BALANCES</u>				
Restricted for:				
Capital improvements			27,878	27,878
Debt service		123,032		123,032
Assigned for:				
Public safety and judicial services	534			534
Nonspendable:				
Prepaid expenses	7,258			7,258
Due from other funds	26,492			26,492
Unassigned	72,039			72,039
Total Fund Balances	<u>106,323</u>	<u>123,032</u>	<u>27,878</u>	<u>257,233</u>
 Total Liabilities, Deferred Inflows, and Fund Balances	 <u>\$ 146,524</u>	 <u>\$ 154,797</u>	 <u>\$ 27,878</u>	 <u>\$ 329,199</u>

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

CITY OF EAST TAWAKONI, TEXAS
Reconciliation of the Balance Sheet
Of Governmental Funds to the
Statement of Net Position
Year Ended December 31, 2012

Total fund balances - governmental funds	\$ 257,233
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$1,337,099, net of accumulated depreciation of \$(656,191) are not current financial resources and therefore are not reported in the fund balance sheet.	680,908
Other long-term assets (receivables) are not available to pay current-period expenditures and, therefore, are not reported in the funds. These include net fines receivable in the amount of \$15,314.	15,314
Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore are not recognized as an inflow of resources until the period that they amount become available. These include unavailable property taxes in the amount of \$32,369.	32,369
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund balance sheet. This amount consists of general long-term debt in the amount of (\$650,000), capital leases in the amount of (\$27,151), and accrued interest in the amount of (\$18,470).	<u>(695,621)</u>
Net Position of Governmental Activities	<u>\$ 290,203</u>

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

CITY OF EAST TAWAKONI, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2012

	General Fund	Debt Service Fund	Other Governmental Fund (Capital Projects Fund)	Totals Memorandum Only
REVENUES:				
Ad valorem taxes	\$ 133,024	\$ 82,191		\$ 215,215
Franchise taxes	30,468			30,468
Sales taxes	48,639			48,639
Permits	4,060			4,060
Fines and other fees	38,809			38,809
ETCOG grant revenue	11,948			11,948
Other revenue	8,905			8,905
Interest income		385	28	413
Total Revenues	275,853	82,576	28	358,457
EXPENDITURES:				
Current:				
Administration	83,840			83,840
Public Safety and Judicial Services	177,111			177,111
Street Maintenance			-	-
Capital Outlay	39,405			39,405
Debt Service:				
Principal retirement	6,618	50,000		56,618
Interest and fiscal charges	1,350	36,395		37,745
Total Expenditures	308,324	86,395	-	394,719
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,471)	(3,819)	28	(36,262)
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	31,915	24,000	(167)	55,748
Net Other Financing Sources (Uses)	31,915	24,000	\$ (167)	55,748
Net change in fund balances	(556)	20,181	(139)	19,486
Fund balance, January 1	106,879	102,851	28,017	237,747
Fund balance, December 31	\$ 106,323	\$ 123,032	\$ 27,878	\$ 257,233

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

CITY OF EAST TAWAKONI, TEXAS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2012

Net change in fund balances - total governmental funds \$ 19,486

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

Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of (\$81,690) exceeded capital expenditures of \$39,405 in the current period. (42,285)

Capital assets received as contributions do not provide current resources and are not recorded in the funds, however, the contribution of capital assets increases long term assets in the statement of net position. 2,000

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt principal repayments of \$56,618 exceeded debt proceeds of (\$0) for the year. 56,618

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. This includes the change in deferred ad valorem taxes in the amount of (\$2,179) and the change in fines and related charges in the amount of \$1,730. (449)

Some expenses in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the change in accrued interest on debt in the amount of \$1,645. 1,645

Change in net position of governmental activities \$ 37,015