

11/3/2005

I am interested in *water and sewer* service to my property located on FM 3108 and on FM 1200. I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

  
Signature

Donald Sandmann  
1849 FM 1630  
Gainesville, Texas 76240  
(940) 665-0907

*Property  
East 3108*

10/26/2005

I am interested in *water and sewer* service to my property located near/on Elmwood Dr.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Edward Sandmann  
Signature

Edward Sandmann  
Name

P.O. Box 104  
Address

Lindsay Tx 75250  
City, State, Zip

940-668-7550  
Phone Number

*Property on  
East 3108*

September 15, 2005

I am interested in *water and sewer* service to my properties located on FM 3108 and near FM 1200. I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

*Frank Sandmann*

Frank Sandmann  
P.O. Box 62  
Lindsay, Texas 76250  
940-665-0458

APP0395

10/18/2005

I am interested in water and sewer service to my property located near/on FM 3108, south of city limits.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay

Sincerely,

Paul Sandmann  
Signature

Paul Sandmann  
Name

P.O. Box 71  
Address

Lindsay TX 76250  
City, State, Zip

(940) 668-8229  
Phone Number

Copy  
East 3108

10/26/2005

I am interested in *water and sewer* service to my property located near/on 933 E.M. 3108.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Raymond Sandmann  
Signature

RAYMOND SANDMANN  
Name

Box 102  
Address

Lindsay, TEXAS 76250  
City, State, Zip

940-668-7454  
Phone Number

10/26/2005

I am interested in water and sewer service to my property located near/on CR 409.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Walter SchmidKofer  
Signature

Walter SchmidKofer  
Name

3175 CR 409  
Address

Gainesville Tex 76240  
City, State, Zip

940 668 2263  
Phone Number

10/26/2005

I am interested in water and sewer service to my property located near/on 3896 CR 422  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my  
property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Weldon Schmidkofer  
Signature

Weldon Schmidkofer  
Name

3896 CR 422  
Address

Gainesville TX 76240  
City, State, Zip

940-665-2828  
Phone Number

10/26/2006

I am interested in water and sewer service to my property located near/on FM 1199 - North Lindsey  
I hope that the City of Lindsey at some point in the future will be able to provide these services to my  
property. For this reason I would like to be included in the CCN for the City of Lindsey.

Sincerely,

Betty Stoffels  
Signature

Charles & Betty Stoffels  
Name

3719 FM 1199  
Address

Gainesville, TX 76240  
City, State, Zip

940-668-8731  
Phone Number

10/26/2005

I am interested in *water and sewer* service to my property located near/on CR 422<sup>E</sup> 409.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Rachel Whysong Schmidtkofer  
Signature

Rachel Whysong  
Name

404 CR 260  
Address

Gainesville Tex 76240  
City, State, Zip

940 665 2539  
Phone Number

2/16/2006

I am interested in *water and sewer* service to my property located near/on CR 409. I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Les and Julie Wilson  
Signature

Name: Les & Julie Wilson

Address: Box 120

City, State, Zip: Lindsay TX 76250

Phone # 940-665-3891

940-736-4667

940-736-4575-

10/31/2005

I am interested in water and sewer service to my property located near/on 3793 FM 1199  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my  
property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Charlotte Winter

Signature

Charlotte Winter

Name

P O Box 194

Address

Lindsay, TX 76250

City, State, Zip

940-668-2003

Phone Number

10/18/2005

I am interested in water and sewer service to my property located near/on CR 404.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Alcuin Zimmerer  
Signature

Alcuin Zimmerer  
Name

1661 CR-404  
Address

Gainesville, Texas  
City, State, Zip

668-8873  
Phone Number

October 17, 2005

I am Interested in *water and sewer* service to my property located on CR 404. I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

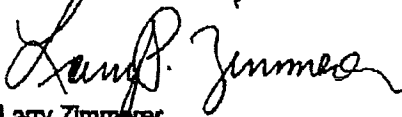
*Frances Zimmerer*

Frances Zimmerer  
1376 CR 404  
Gainesville, Texas 76240  
940-665-9906

September 15, 2005

I am interested in *water and sewer* service to my property located on County Road 404. I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry Zimmerer".

Larry Zimmerer  
1164 CR 404  
Gainesville, Texas 76240  
940-668-8298

10/26/2006

I am interested in water and sewer service to my property located near/on 1199.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Marie H. Zimmerman

Signature

MARIE H. ZIMMERER

Name

720 - FM 1199

Address

GAINESVILLE, TX 76240

City, State, Zip

940-665-6321

Phone Number

October 17, 2005

I am interested in *water and sewer* service to my property located near/on FM 1199.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Michael Zimmerer  
Signature

Michael Zimmerer  
Name

1092 FM 1199  
Address

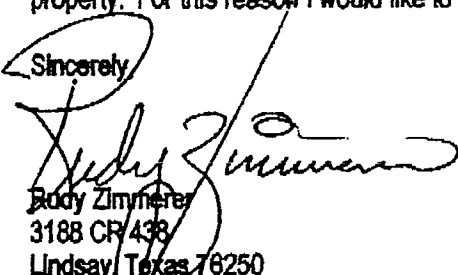
Gainesville, Tx. 76240  
City, State, Zip

940-668-6210  
Phone Number

September 15, 2005

I am interested in *water and sewer* service to my property located on County Road 438. I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,



Rudy Zimmerer  
3188 CR 438  
Lindsay Texas 76250  
940-736-518

4/12/04  
~~10/31/2004~~

27000	55416
15290	15287
26165	8436
15289	

Fm

I am interested in water and sewer service to my property located near/on CR 410 + 1199.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

*I have 5 lot total location.*

Sincerely,

Tom Zimmerer

Signature

Tom Zimmerer

Name

P.O. Box 217

Address

Lindsay Tx 76250

City, State, Zip

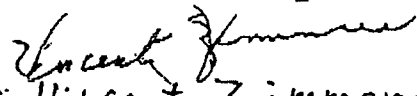
940-665-7813

Phone Number

Date:

I am interested in *water and sewer* service to my property located on CR 438.  
I hope that my City of Lindsay at some point in the future will be able to provide these  
services to my property. For this reason I would like to be included in the CCN for the  
City of Lindsay.

Sincerely,

  
Full Name: Vincent Zimmerer

Address: 3522 CR 438

Phone #: Lindsay, Texas 76252  
940-736-2258

3108 LP  
Box 863  
Gainesville TX 76241-0863

November 8, 2005

Town of Lindsay  
Box 153  
Lindsay TX 76250

Re: Certificate of Convenience and Necessity (CCN)

Ladies and Gentlemen:

Please be advised that 3108 LP is willing to include its property located at the end of Elm and Pecan streets in the CCN referenced in your October 11, 2005 letter.

Sincerely,

3108 LP by:

JSLP Inc, General Partner

  
Jacob Bezner, President

CPA

**J Bezner Inc**  
Professional Corporation  
Certified Public Accountants

Tel: 972-661-9131  
Fax: 972-661-8976  
www.JBeznerInc.com  
12900 Preston  
Suite 330 B-103  
Dallas Texas 75240

182171

10/26/2005

I am interested in water and sewer service to my property located near/on CR 404.  
I hope that the City of Lindsay at some point in the future will be able to provide these services to my property. For this reason I would like to be included in the CCN for the City of Lindsay.

Sincerely,

Leslie Sandman

Signature

Leslie Sandman

Name

761 CR 404

Address

Gainesville, TX 76240

City, State, Zip

(940) 668-6630


Phone Number

In the State of Texas

§  
§  
§

County of Cooke

I, Betsy Fleitman, City Secretary for the City of Lindsay, Texas, hereby certify that the attached document is a true and correct copy of a document taken from the official City files of the City of Lindsay, Texas, and is maintained in the regular course of business of the City of Lindsay, Texas. Given under my hand and the seal of office on June 3, 2008.

  
\_\_\_\_\_  
City Secretary  
City of Lindsay, Texas

## SETTLEMENT AGREEMENT

This Settlement Agreement (the Agreement) is entered into between the Town of Lindsay, Texas (ALindsay), Walter Lutkenhaus (ALutkenhaus), and Lindsay Pure Water Company (the ACompany) as of the 1 day of Apr., 2002.

### Recitals

1. Lindsay, Lutkenhaus and the Company are parties to a proceeding before the Texas Natural Resource Conservation Commission (ATNRCC) pending at the State Office of Administrative Hearings (ASOAH) as Docket No. 582-02-0431 (ADocket No. 582-02-0431").
2. In Docket No. 582-02-0431, Lindsay has applied for a Certificate of Convenience and Necessity (ACCN) to enable it to provide retail water and wastewater services in an area described in Lindsay's application (the AApplication). The Company and Lutkenhaus have each filed protests to Lindsay's application.
3. The Company intends to file an application with the TNRCC to amend its existing CCN for retail water service. The Company's application will seek certification of certain areas that are included in Lindsay's application pending before SOAH.
4. As a result of negotiations between the parties, Lindsay has agreed to amend its CCN application such that it will no longer seek certification for retail water service to that area shown on Exhibit A, generally being described as south of Highway 82, west of the most westerly portion of Lindsay's extraterritorial jurisdiction, and south of the most southerly boundary of Lindsay's city limits, all as more particularly described on Exhibit A (the ACompany Area). Lindsay has further agreed to not protest, either directly or indirectly, the Company's application to amend its CCN, provided the Company seeks to expand its area of retail water service certification to include the Company Area only.
5. As a result of negotiations between the parties, the Company and Lutkenhaus have agreed to withdraw their respective protests of Lindsay's CCN application pending as Docket No. 582-02-0431, provided the application is amended such that Lindsay shall not seek retail water certification of the Company Area.
6. The parties desire to enter into this Agreement to reflect their agreements concerning certification of the area set forth in Exhibit A, and in connection therewith, to fully settle and compromise all matters in dispute between them related to Docket No. 582-

02-0431, the Company=s CCN application, and certain other disputes as referenced herein.

#### Agreement

1. Lindsay agrees to amend the CCN Application that is the subject of Docket No. 582-02-0431 such that it shall not seek certification for retail water service for the Company Area depicted on Exhibit A. Lindsay shall file such amendment within 10 days of the date of execution of this Agreement by both parties.
2. The Company agrees to file an application with the TNRCC to amend its existing CCN for retail water service such that it will seek single certification for retail water service for the Company Area depicted on Exhibit A. The Company agrees to file such application within 10 days of the date of execution of this Agreement by the parties.
3. Lindsay agrees that it will not protest, directly or indirectly, or cause the protest of Company=s application, as described in paragraph 2 above.
4. The Company and Lutkenhaus mutually agree to withdraw their respective protests and requests for hearing with respect to Lindsay=s CCN application that is the subject of Docket No. 582-02-0431 within ten (10) days of receipt of notice that Lindsay has amended the application in accordance with paragraph 1 above.
5. If the Company provides retail water service within the Company Area, and Lindsay provides retail wastewater service within the area where the Company provides such retail water service, then the Company agrees to enter into an agreement with Lindsay to terminate water service in the event wastewater bills of the Company=s retail water customer owed to Lindsay are not paid timely in accordance with Lindsay=s service policies.
6. This Agreement shall in no manner restrict or compromise the right or ability of Lindsay or the Company to apply to the TNRCC in the future for certification to provide retail water or wastewater service in areas other than depicted on Exhibit A attached hereto. Similarly, either party may protest such subsequent applications that may be filed.
7. The parties agree to take all other actions necessary or convenient in connection with implementing this Agreement.
8. In the event that Lindsay executes this Agreement, together with the Company or Lutkenhaus, but not both of the protestants, the failure by such protestant will not

prevent this Agreement from being binding upon Lindsay and the executing protestant  
for all intents and purposes.

TOWN OF LINDSAY

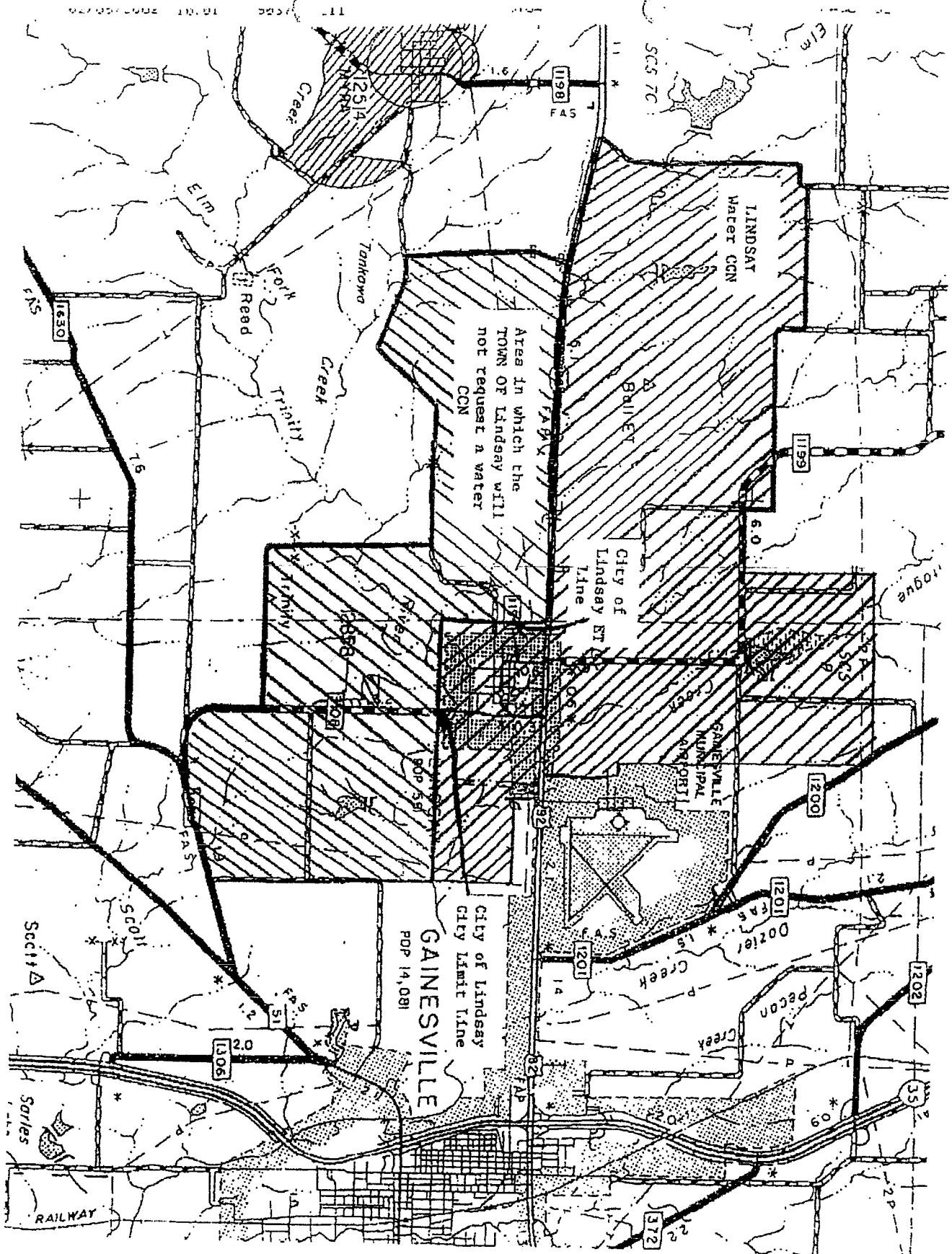
By: Norbert Mages, Mayor  
NORBERT MAGES, MAYOR

LINDSAY PURE WATER COMPANY

By: [Signature]

By: \_\_\_\_\_  
WALTER LUTKENHAUS

AUSTIN\_108664511  
25361-1 - 03/28/2002




In the State of Texas

§  
§  
§

County of Cooke

I, Betsy Fleitman, City Secretary for the City of Lindsay, Texas, hereby certify that the attached document is a true and correct copy of a document taken from the official City files of the City of Lindsay, Texas, and is maintained in the regular course of business of the City of Lindsay, Texas. Given under my hand and the seal of office on June 3, 2008.

  
\_\_\_\_\_  
City Secretary  
City of Lindsay, Texas

**CITY OF LINDSAY, TEXAS**

***ANNUAL FINANCIAL REPORT***

***For the Year  
Ended September 30, 2007***

DLM-15

**HESS & ROHMER, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**APP0291**

City of Lindsay  
Annual Financial Report  
For The Year Ended September 30, 2007

TABLE OF CONTENTS

FINANCIAL SECTION

Page

Independent Auditors' Report on Financial Statements.....	1
Management's Discussion and Analysis (Required Supplementary Information).....	3

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Assets.....	7
Statement of Activities.....	8
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	10
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Assets.....	11
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds .....	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	13
Statement of Fund Net Assets – Proprietary Fund.....	14
Statement of Revenues, Expenses, and Changes in	
Fund Net Assets – Proprietary Fund.....	15
Statement of Cash Flows – Proprietary Fund.....	16
Notes to the Financial Statements.....	17

Required Supplementary Information

Budgetary Comparison Schedule:	
General Fund.....	25

OTHER SUPPLEMENTARY INFORMATION SECTION

Report on Compliance and on Internal Control over Financial	
Reporting Based on an Audit of Financial Statements Performed	
in Accordance with <i>Government Auditing Standards</i> .....	26
Schedule of Findings and Questioned Costs .....	28
Summary Schedule of Prior Audit Findings.....	29

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*Financial Section*

# HESS & ROHMER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

BRIAN D. HESS, CPA  
MELODY ROHMER, CP  
LESLIE DANGELMAYR, CP  
CURTIS HOENIG, CPA  
DAVID STOFFELS, CP  
LISA MELTON, CP

## Independent Auditors' Report on Financial Statements

Honorable Steven Zwinggi, Mayor and  
Members of the City Council  
City of Lindsay, Texas  
P.O. Box 153  
Lindsay, Texas 76250

Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindsay, State of Texas, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lindsay, State of Texas management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Lindsay, State of Texas, as of September 30, 2007, and the respective changes in financial position and, when applicable, cash flows, thereof for year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2008, on our consideration of the City of Lindsay, State of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management

APP0295

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the City of Lindsay's basic financial statements. The accompanying supporting 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. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Hess & Rohmer, P.C.

January 7, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **City of Lindsay**

This section of the City of Lindsay's Annual Financial and Compliance Report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2007. Please read it in conjunction with the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The City's total combined net assets were \$2,389,171 at September 30, 2007.
- During the year, the City had expenses that were \$200,568 less than the \$606,636 generated in tax and other revenues for governmental and business-type programs, thereby increasing the City's net assets by approximately 9.2%.
- Total cost of the City's programs increased from last year, largely due to major street repairs.
- The General Fund ended the year with a fund balance of \$771,050.
- The resources available for appropriation were \$38,092 more than budgeted for the General Fund.

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

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City.

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses.

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

The statements are followed by a section of required supplementary information further explains and supports the information in the financial statements.

#### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds – not the city as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- **Governmental funds** – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we describe the differences between governmental activities and governmental funds in reconciliation schedules following each of the fund financial statements.
- **Proprietary funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets of the City's governmental and business-type activities increased from \$2,188,603 to \$2,389,171. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$1,247,476 at September 30, 2007. This increase in total net assets represents an increase of 9.2 percent from the prior year.

**Table I  
City of Lindsay**

**NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2007	2006	2007	2006	2007	2006
Current and other assets	868,101	828,980	623,699	505,045	1,491,800	1,334,025
Restricted assets	-	4,270	56,160	54,840	56,160	59,110
Capital assets	606,676	599,456	513,905	535,485	1,120,581	1,134,941
Total assets	1,474,777	1,432,706	1,193,764	1,095,370	2,668,541	2,528,076
Current liabilities	4,953	54,716	55,576	42,583	60,529	97,299
Long term liabilities	-	-	218,841	242,174	218,841	242,174
Total liabilities	4,953	54,716	274,417	284,757	279,370	339,473
Net Assets:						
Invested in capital assets net of related debt	606,676	599,456	270,064	271,644	876,740	871,100
Restricted	-	7,830	39,995	39,995	39,995	47,785
Reserved for improvements related to grant	225,000	-	-	-	225,000	-
Unrestricted	638,148	770,704	609,328	499,014	1,247,476	1,269,718
Total net assets	1,469,824	1,377,990	919,347	810,613	2,389,171	2,188,603

**Table II  
City of Lindsay**

**CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	36,788	26,052	234,757	229,949	271,545	256,001
Operating grants and contributions	1,021	17,058	-	-	1,021	17,058
General Revenues:						
Property taxes	107,117	100,357	-	-	107,117	100,357
Sales & liquor taxes	111,878	92,985	-	-	111,878	92,985
Franchise taxes (fees)	40,440	38,190	7,843	6,300	48,283	44,490
Investment Earnings	36,088	28,216	27,704	13,590	63,792	41,806
Total Revenue	333,332	302,858	270,304	249,839	603,636	552,697
Expenses:						
General government	86,280	63,992	-	-	86,280	63,992
Court	10,802	7,414	-	-	10,802	7,414
Police	63,752	73,148	-	-	63,752	73,148
Fire	5,895	3,453	-	-	5,895	3,453
Disaster	7,165	221	-	-	7,165	221
Recreation	7,059	5,903	-	-	7,059	5,903
Streets	17,134	6,375	-	-	17,134	6,375
Water & sewer utilities	-	-	159,584	146,689	159,584	146,689
Solid waste management	-	-	45,397	38,938	45,397	38,938
Total Expenses	198,087	160,506	204,981	185,627	403,068	346,133
Increase in net assets before transfers and special items	135,245	142,352	65,323	64,212	200,568	206,564
Transfers	(43,411)	(36,446)	43,411	36,446	-	-
Special Items	-	-	-	-	-	-
Net assets, beginning of year	1,377,990	1,272,084	810,613	709,955	2,188,603	1,982,039
Net assets, end of year	1,469,824	1,377,990	919,347	810,613	2,389,171	2,188,603

The Statement of Activities presents the cost of each of the City's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$ 198,087.
- However, the amount that our taxpayers paid for these activities through property taxes was \$107,117, and through sales & liquor taxes was \$111,878
- Some of the cost was paid by those who directly benefited from the programs, \$36,788, or
- By grants and contributions \$1,021.
- The cost of all *business-type* activities this year was \$204,981.
- This cost was paid by those who directly benefited from the program, \$234,757.

### THE CITY'S FUNDS

As the City completed fiscal the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$771,050, which has increased \$76,233 from last year's total of \$694,817. The increase is partially due to 2007 budgeted street projects being delayed due to bad weather and increases in tax revenues. Also, the City is setting aside funds in connection with the street projects to be completed in 2008 under the TCDGB contract. Under this contract, the City was awarded \$125,000 to be used for street improvements; and the City committed to matching and exceeding the awarded amount. The City's reserved amount for the street projects, to be completed by July 3, 2009, is \$225,000. The City was also awarded a planning grant in the amount of \$30,300, which is scheduled to begin in June 2008.

During Fiscal Year 2007 the City's revenue for water and sewer services increased by 2.1 percent. This increase was due to an increase in rates for sewer, and the addition of new customers; offset by a decrease in overall usage due to heavy rainfall the City experienced during the summer months. The expenses necessary to provide water and sewer service increased by 10.4 percent, primarily due to increases in labor and repair costs. Overall, governmental activity expenses increased by 23.4 percent. The increase is attributable to an increase in street maintenance/repair costs and general operating costs over prior year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal 2007, the City had \$1,858,830 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase of \$43,394, or 2.4 percent, above last year.

Additional information about the City's capital assets is presented in Note C to the financial statements.

#### Debt

No new debt was issued during the year. At year-end, the City had \$243,841 in a capital leases outstanding versus \$263,842 last year—a net decrease of 7.6 percent.

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

The Board approved a \$.2216/\$100 tax rate for 2007-2008, which is \$.0096 more than the rate for 2006-2007. In comparison to prior years, there were fewer capitalizable asset purchases for the water department and for the city.

The City has been awarded a contract by the Office of Rural Community Affairs under which the City will receive \$125,000 for street improvements to be completed by July 3, 2009. In connection with this contract, the City has also reserved \$225,000 of its own funds for the street projects to be completed under the terms of the grant agreement.

### 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 financial information, contact the City's business office, at City of Lindsay, P.O. Box 153/608 Ash Street, Lindsay, Texas, 76250.

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*Basic Financial Statements*

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**CITY OF LINDSAY**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 86,839	\$ 123,756	\$ 210,595
Certificates of deposit	666,754	487,286	1,154,040
Receivables	-	-	-
Accounts	-	-	-
Property taxes (net)	-	12,657	12,657
Sales taxes	102,460	-	102,460
Liquor and motel taxes	8,174	-	8,174
Accrued interest	2,827	-	2,827
Total current assets	1,047	-	1,047
	<u>868,101</u>	<u>623,699</u>	<u>1,491,800</u>
Restricted assets:			
Cash - meter deposits	-	5,605	5,605
Certificate of deposit -meter deposits	-	10,600	10,600
Lease reserve	-	39,955	39,955
Total restricted assets	-	56,160	56,160
	<u>-</u>	<u>56,160</u>	<u>56,160</u>
Capital assets:			
Buildings and improvements (net)	393,293	-	393,293
Plant and equipment (net)	53,611	503,905	557,516
Streets (net)	136,072	-	136,072
Land	23,700	10,000	33,700
Total capital assets	606,676	513,905	1,120,581
Total assets	<u>1,474,777</u>	<u>1,193,764</u>	<u>2,668,541</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,971	14,296	17,267
Accrued payroll liabilities	1,440	-	1,440
Customer deposits	-	16,280	16,280
Deferred revenue	542	-	542
Current lease payable	-	41,160	41,160
Less: discount on lease payable	-	(16,160)	(16,160)
Total current liabilities	4,953	55,576	60,529
	<u>4,953</u>	<u>55,576</u>	<u>60,529</u>
Long term liabilities:			
Lease payable	-	276,394	276,394
Less: discount on lease payable	-	(57,553)	(57,553)
Total long term liabilities	-	218,841	218,841
Total liabilities	<u>4,953</u>	<u>274,417</u>	<u>279,370</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	606,676	270,064	876,740
Restricted for lease reserve	-	39,955	39,955
Reserved for street improvement project	225,000	-	225,000
Unrestricted	638,148	609,328	1,247,476
Total net assets	<u>\$ 1,469,824</u>	<u>\$ 919,347</u>	<u>\$ 2,389,171</u>

See accompanying notes to financial statements.

**CITY OF LINDSAY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 86,280	\$ 14,515	\$ -	\$ (71,765)
Public safety:				
Court	10,802	20,248	-	9,446
Police	63,752	-	1,021	(62,731)
Fire	5,895	-	-	(5,895)
Disaster	7,165	-	-	(7,165)
Recreation	7,059	2,025	-	(5,034)
Streets and improvements	17,134	-	-	(17,134)
Total governmental activities	<u>198,087</u>	<u>36,788</u>	<u>1,021</u>	<u>(160,278)</u>
Business-type activities:				
Water and sewer utilities	159,584	189,927	-	30,343
Solid waste management	45,397	44,830	-	(567)
Total business-type activities	<u>204,981</u>	<u>234,757</u>	<u>-</u>	<u>29,776</u>
Total primary government	<u>\$ 403,068</u>	<u>\$ 271,545</u>	<u>\$ 1,021</u>	<u>\$ (130,502)</u>

See accompanying notes to financial statements.

**CITY OF LINDSAY**  
**STATEMENT OF ACTIVITIES (continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in net assets:			
Net (expense) revenue	\$ (160,278)	\$ 29,776	\$ (130,502)
General revenues:			
Taxes:			
Property	107,117	-	107,117
Franchise (fees)	40,440	7,843	48,283
Liquor	7,498	-	7,498
Motel	7,158	-	7,158
Sales	97,222	-	97,222
Interest income	36,088	27,704	63,792
Transfers	(43,411)	43,411	-
Total general revenues and transfers	252,112	78,958	331,070
Change in net assets	91,834	108,734	200,568
Net assets - beginning	1,377,990	810,613	2,188,603
Net assets - ending	<u>\$ 1,469,824</u>	<u>\$ 919,347</u>	<u>\$ 2,389,171</u>

See accompanying notes to financial statements.

**CITY OF LINDSAY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	General Fund	Other Governmental Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 86,297	\$ 542	\$ 86,839
Certificates of deposit	666,754	-	666,754
Property taxes receivable (net)	102,460	-	102,460
Liquor and motel taxes receivable	2,827	-	2,827
Sales taxes receivable	8,174	-	8,174
Accrued interest	1,047	-	1,047
Total assets	<u>\$ 867,559</u>	<u>\$ 542</u>	<u>\$ 868,101</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,971	\$ -	\$ 2,971
Accrued payroll liabilities	1,440	-	1,440
Deferred revenue	92,098	542	92,640
Total liabilities	<u>96,509</u>	<u>542</u>	<u>97,051</u>
<b>FUND BALANCES</b>			
Designated for improvements related to grant	225,000	-	225,000
Unreserved	546,050	-	546,050
Total fund balances	<u>771,050</u>	<u>-</u>	<u>771,050</u>
Total liabilities and fund balances	<u>\$ 867,559</u>	<u>\$ 542</u>	<u>\$ 868,101</u>

See accompanying notes to financial statements.

**CITY OF LINDSAY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE**  
**SHEET TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

Total fund balances - governmental funds balance sheet	\$ 771,050
Amounts reported for governmental activities in the statement of net assets are difference because:	
Capital assets used in governmental activities are not reported in the funds.	606,676
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	92,098
Net assets of governmental activities - statement of net assets	<u>\$ 1,469,824</u>

See accompanying notes to financial statements.

**CITY OF LINDSAY****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	General Fund	Other Governmental Fund	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 98,736	\$ -	\$ 98,736
Franchise taxes (fees)	40,440	-	40,440
Liquor taxes	7,498	-	7,498
Motel taxes	7,158	-	7,158
Sales taxes	97,222	-	97,222
Licenses and permits	11,202	-	11,202
Fees	25,586	-	25,586
Grants and donations	-	1,021	1,021
Interest	36,088	-	36,088
Total revenues	<u>323,930</u>	<u>1,021</u>	<u>324,951</u>
<b>EXPENDITURES</b>			
General government	84,339		84,339
Public safety			
Court	9,277		9,277
Police	53,733	1,021	54,754
Fire	5,063		5,063
Disaster	6,154		6,154
Recreation	17,042		17,042
Streets and improvements	28,678		28,678
Total expenditures	<u>204,286</u>	<u>1,021</u>	<u>205,307</u>
Excess (deficiency) of revenues over (under) expenditures	119,644	-	119,644
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other fund	(43,411)	-	(43,411)
Total other financing sources (uses)	<u>(43,411)</u>	<u>-</u>	<u>(43,411)</u>
Net change in fund balances	76,233	-	76,233
Fund balances - beginning	694,817	-	694,817
Fund balances - ending	<u>\$ 771,050</u>	<u>\$ -</u>	<u>\$ 771,050</u>

See accompanying notes to financial statements.

**CITY OF LINDSAY**  
**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, 2007**

Net change in fund balances - total governmental funds	\$ 76,233
Amounts reported for governmental activities in the statement activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA	35,178
The depreciation of capital assets used in governmental activities is not reported in the funds	(27,958)
Certain property tax revenues are deferred in the funds. This is the change in these amounts for this year.	8,381
Change in net assets of governmental activities - statement of activities	<u>\$ 91,834</u>

See accompanying notes to financial statements.

**CITY OF LINDSAY**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2007**

	<u>Water and Sewer Utilities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 123,756
Certificates of deposit	487,286
Accounts receivable	12,657
Total current assets	<u>623,699</u>
Restricted assets:	
Cash - meter deposits	5,605
Certificate of deposit - meter deposits	10,600
Lease reserve	39,955
Total restricted assets	<u>56,160</u>
Capital assets:	
Plant and equipment (net)	503,905
Land	10,000
Total capital assets	<u>513,905</u>
Total assets	<u>1,193,764</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	14,296
Customer deposits	16,280
Current lease payable	41,160
Less: discount on lease payable	(16,160)
Total current liabilities	<u>55,576</u>
Long term liabilities:	
Lease payable	276,394
Less: discount on lease payable	(57,553)
Total long term liabilities	<u>218,841</u>
Total liabilities	<u>274,417</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	270,064
Restricted for lease reserve	39,955
Unrestricted	609,328
Total net assets	<u>\$ 919,347</u>

See accompanying notes to financial statements.

**CITY OF LINDSAY**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Water and Sewer Utilities
<b>OPERATING REVENUES</b>	
Charges for services:	
Water and sewer charges	\$ 189,927
Water connection fees	
Sanitation charges	44,830
Franchise fees	7,843
Total operating revenues	<u>242,600</u>
<b>OPERATING EXPENSES</b>	
Depreciation	29,795
General and administrative	17,090
Labor	14,693
Payroll expenses	11,796
Repairs and maintenance	26,793
Supplies	3,994
Testing and inspections	1,295
Utilities	80,314
Total operating expenses	<u>185,770</u>
Operating income	<u>56,830</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	27,704
Interest expense	<u>(19,211)</u>
Total nonoperating revenues (expenses)	<u>8,493</u>
Net income before contributions and transfers	65,323
Transfers from other funds	43,411
Change in net assets	<u>108,734</u>
Net assets - beginning	810,613
Net assets - ending	<u>\$ 919,347</u>

See accompanying notes to financial statements.

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