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CITY OF GARRETT, TEXAS

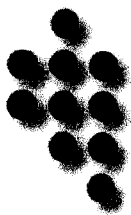
FINANCIAL STATEMENTS

For the Year Ended September 30, 2013

CITY OF GARRETT, TEXAS  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

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# CULPEPPER & LAWRENCE

CERTIFIED PUBLIC ACCOUNTANTS (A PROFESSIONAL CORPORATION)

## INDEPENDENT AUDITOR'S REPORT

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To the City Council  
City of Garrett, Texas

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of the City of Garrett, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the City Council  
City of Garrett, Texas

**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 3 through 8 and 29 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.

*Culpepper & Lawrence, P.C.*

Culpepper & Lawrence, P.C.  
Certified Public Accountants

June 13, 2014

# CITY OF GARRETT, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Garrett, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Garrett exceeded its liabilities at the close of the most recent fiscal year by \$876,906 (Net Position).
- The City's total net position increased by \$39,591.
- As of the close of the current fiscal year, the City of Garrett's governmental fund reported ending fund deficit of \$59,481.
- At the end of the current fiscal year, unassigned fund deficit for the general fund was \$89,871.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety and streets. The business-type activities of the City include Utility operations. The government-wide financial statements can be found on page 9-10 of this report.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories-governmental funds and proprietary funds.

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

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

The City maintains one individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, which is considered to be a major fund. The basic governmental funds financial statements can be found on page 11-13.

**Proprietary Funds** – The City maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its utility (sewer and sanitation) operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Utility fund. The basic proprietary fund financial statements can be found on pages 14-16 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-27 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General fund's Budget Comparison Schedule. Required supplementary information can be found on page 29 of this report.

## **GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Garrett, assets exceeded liabilities by \$876,906 as of September 30, 2013.

The largest portion of the City's net position reflects its investments in capital assets (e.g., buildings, improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### CITY OF GARRETT'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 152,105	\$ 89,499	\$ (1,290)	\$ 148,616	\$ 150,815	\$ 238,115
Capital assets	402,447	392,414	715,520	745,154	1,117,967	1,137,568
Total assets	554,552	481,913	714,230	893,770	1,268,782	1,375,683
Long term liabilities	153,247	206,459	-	-	153,247	206,459
Other liabilities	225,957	163,510	12,672	168,399	238,629	331,909
Total liabilities	379,204	369,969	12,672	168,399	391,876	538,368
Net position:						
Invested in capital assets, net of related debt	234,639	197,454	715,520	745,154	950,159	942,608
Restricted	30,390	41,117	-	-	30,390	41,117
Unrestricted	(89,681)	(126,627)	(13,962)	(19,783)	(103,643)	(146,410)
Total net position	\$ 175,348	\$ 111,944	\$ 701,558	\$ 725,371	\$ 876,906	\$ 837,315

An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used.

**Analysis of the City's Operations** – The following table provides a summary of the City's operations for the year ended September 30, 2013. Governmental activities increased the net position by \$63,404. Business-type activities decreased the City's net position by \$23,813.



# **CITY OF GARRETT'S CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	Year Ended September 30, 2013	Year Ended September 30, 2012	Year Ended September 30, 2013	Year Ended September 30, 2012	Year Ended September 30, 2013	Year Ended September 30, 2012
Revenues:						
Program revenues:						
Charges for services	\$ 402,387	\$ 368,917	\$ 109,319	\$ 114,006	\$ 511,706	\$ 482,923
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	32,635	13,861	-	306,894	32,635	320,755
General revenues:						
Property taxes	56,404	54,702	-	-	56,404	54,702
Sales tax	27,650	19,537	-	-	27,650	19,537
Franchise tax	11,011	11,865	-	-	11,011	11,865
Investment earnings	-	-	3	4	3	4
Miscellaneous	6,568	10,055	-	-	6,568	10,055
Total revenues	536,655	478,937	109,322	420,904	645,977	899,841
Expenses:						
General government	147,457	133,384	-	-	147,457	133,384
Public safety	269,486	293,555	-	-	269,486	293,555
Streets	45,944	46,784	-	-	45,944	46,784
Interest on long-term debt	10,364	8,937	-	-	10,364	8,937
Utility	-	-	133,135	135,007	133,135	135,007
Total expenses	473,251	482,660	133,135	135,007	606,386	617,667
Increase (decrease) in net position	63,404	(3,723)	(23,813)	285,897	39,591	282,174
Net position - beginning	111,944	115,667	725,371	439,474	837,315	555,141
Net position - ending	\$ 175,348	\$ 111,944	\$ 701,558	\$ 725,371	\$ 876,906	\$ 837,315

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City of Garrett's governmental fund reported ending unassigned fund deficit of \$89,871. Approximately \$30,390 of the fund balance is restricted to provide for public safety.

**General Fund Budgetary Highlights** – General fund budgeted revenues of \$813,714 exceeded actual revenues of \$683,389 by \$130,325. General Fund budgeted expenditures of \$784,109 exceeded actual expenditures of \$651,760 by \$132,349.

## CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$1,117,966 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 22,322	\$ 22,322	\$ -	\$ -	\$ 22,322	\$ 22,322
Construction in Progress	-	-	-	-	-	-
Buildings	63,517	66,868	-	-	63,517	66,868
Improvements	71,085	78,911	715,520	745,154	786,605	824,065
Machinery and Equipment	153,785	127,545	-	-	153,785	127,545
Infrastructure	91,738	96,768	-	-	91,738	96,768
Total	<u>\$ 402,447</u>	<u>\$ 392,414</u>	<u>\$ 715,520</u>	<u>\$ 745,154</u>	<u>\$ 1,117,967</u>	<u>\$ 1,137,568</u>

Additional information on the City of Garrett's capital assets can be found in Note C on page 23-24 of this report.

## DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total debt of \$167,809. This amount is backed by the full faith and credit of the government.

### Outstanding Debt at Year End Capital Lease Obligations and Note Payable

	Governmental Activities		Total	
	2013	2012	2013	2012
Notes payable	\$ 118,293	\$ 129,370	\$ 118,293	\$ 129,370
Capital leases payable	49,516	65,589	49,516	65,589
Total	<u>\$ 167,809</u>	<u>\$ 194,959</u>	<u>\$ 167,809</u>	<u>\$ 194,959</u>

Additional information on the City of Garrett's long term-debt can be found in Note C on page 24-26 of this report.

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

In the fiscal year 2013-2014 Budget, General fund revenues are budgeted to decrease by \$162,969 or 20% from the 2012-2013 budget year with general property taxes making up \$60,000 or 9.2% , sales taxes making up \$18,500 or 2.8% and court revenue making up \$550,000 or 84.5% of general fund budgeted revenues.

## REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have any questions about this report or need any additional information, contact the City of Garrett, Attention: City Secretary at 208 North Ferris Street, Garrett, Texas 75119, call (972) 875-5893.

CITY OF GARRETT, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 55,016	\$ 22,472	\$ 77,488
Restricted Assets: Cash and Cash Equivalents	-	9,111	9,111
Receivables, Net of Allowances for Uncollectible Amounts	26,723	8,857	35,580
Due from Other Governments	28,636	-	28,636
Internal Balances	41,730	(41,730)	-
Capital Assets:			
Non-depreciable	22,322	-	22,322
Depreciable (Net of Accumulated Depreciation)	380,125	715,520	1,095,645
Total Assets	<u>554,552</u>	<u>714,230</u>	<u>1,268,782</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable and Other Current Liabilities	202,360	4,322	206,682
Accrued Payroll	535	-	535
Liabilities Payable from Restricted Assets	-	8,350	8,350
Noncurrent Liabilities:			
Due Within One Year	23,062	-	23,062
Due in More Than One Year	153,247	-	153,247
Total Liabilities	<u>379,204</u>	<u>12,672</u>	<u>391,876</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	234,639	715,520	950,159
Restricted for:			
Public Safety	30,390	-	30,390
Unrestricted	(89,681)	(13,962)	(103,643)
Total Net Position	<u>\$ 175,348</u>	<u>\$ 701,558</u>	<u>\$ 876,906</u>

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

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

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>						
Governmental Activities:						
General Government	\$ 147,457	\$ 4,574	\$ 32,635	\$ (110,248)	\$ -	\$ (110,248)
Public Safety	269,486	397,813	-	128,327	-	128,327
Streets	45,944	-	-	(45,944)	-	(45,944)
Interest on Long-Term Debt	10,364	-	-	(10,364)	-	(10,364)
Total Governmental Activities	473,251	402,387	32,635	(38,229)	-	(38,229)
<b>Business-type Activities:</b>						
Sewer	133,135	109,319	-	-	(23,816)	(23,816)
Total Business-type Activities	133,135	109,319	-	-	(23,816)	(23,816)
Total Primary Government	606,386	511,706	32,635	(38,229)	(23,816)	(62,045)
<b>General Revenues:</b>						
Property Taxes				56,404	-	56,404
Sales Taxes				27,650	-	27,650
Franchise Taxes				11,011	-	11,011
Investment Earnings				-	3	3
Miscellaneous				6,568	-	6,568
Total General Revenues				101,633	3	101,636
Change in Net Position				63,404	(23,813)	39,591
Net Position (Deficit) - Beginning				111,944	725,371	837,315
Net Position - Ending				\$ 175,348	\$ 701,558	\$ 876,906

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

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

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 55,016	\$ 55,016
Receivables (Net of Allowance for Uncollectibles)	26,723	26,723
Due From Other Funds	41,730	41,730
Due From Other Governments	28,636	28,636
Total Assets	<u>\$ 152,105</u>	<u>\$ 152,105</u>
<b>LIABILITIES</b>		
Liabilities		
Accounts Payable and Other Current Liabilities	\$ 202,360	\$ 202,360
Accrued Payroll	535	535
Total Liabilities	<u>202,895</u>	<u>202,895</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	8,691	8,691
Total Deferred Inflows of Resources	<u>8,691</u>	<u>8,691</u>
<b>FUND BALANCES</b>		
Restricted for:		
Public Safety	30,390	30,390
Unassigned	(89,871)	(89,871)
Total Fund Balances (Deficit)	<u>(59,481)</u>	<u>(59,481)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 152,105</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	402,447
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	8,691
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(176,309)
Net position of governmental activities	<u>\$ 175,348</u>

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

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

	General Fund	Total Governmental Funds
<b>REVENUES</b>		
Property Tax	\$ 57,826	\$ 57,826
Sales Tax	27,650	27,650
Franchise Tax	11,011	11,011
Licenses, Permits and Fees	4,574	4,574
Fine, Forfeitures and Penalties	397,813	397,813
Intergovernmental	32,635	32,635
Other Revenue	6,568	6,568
Total Revenues	<u>538,077</u>	<u>538,077</u>
<b>EXPENDITURES</b>		
Current		
General Government	165,833	165,833
Public Safety	270,670	270,670
Streets	39,974	39,974
Debt Service		
Principal Retirement	28,336	28,336
Interest and Fiscal Charges	10,518	10,518
Total Expenditures	<u>515,331</u>	<u>515,331</u>
Excess (deficiency) of Revenues Over Expenditures	<u>22,746</u>	<u>22,746</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital Related Debt Issued	1,895	1,895
Total Other Financing Sources and Uses	<u>1,895</u>	<u>1,895</u>
Net Change in Fund Balance	24,641	24,641
Fund Balances (Deficit) - Beginning	(84,122)	(84,122)
Fund Balances (Deficit) - Ending	<u>\$ (59,481)</u>	<u>\$ (59,481)</u>

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

**CITY OF GARRETT, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT**  
**OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2013**

Amounts reported for governmental activities in the statement of activities (page 9) are different because:

Net change in fund balance-total governmental funds (page 11)	\$ 24,641
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Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current year.	61,135
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Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(44,789)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(6,312)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease payable issued	(1,895)	
Note payable retired	11,077	
Capital lease obligations retired	17,968	
Sales tax payable retired	<u>3,000</u>	30,150

Some property tax and intergovernmental revenues will not be collected for several months after the City's fiscal year end. These are not considered "available" revenues in the governmental funds until received. Change in the amount deferred on fund statements.	<u>(1,421)</u>
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Change in net position of governmental activities (page 9)	<u>\$ 63,404</u>
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The accompanying notes are an integral part of these financial statements.



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

	Business-type Activities- Enterprise (Utility) Fund
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 22,472
Restricted Cash and Cash Equivalents: Customer Deposits	9,111
Receivables (Net of Allowance for Uncollectibles)	8,857
Total Current Assets	<u>40,440</u>
Noncurrent Assets	
Capital Assets (net, where applicable of accumulated depreciation)	715,520
Total Noncurrent Assets	<u>715,520</u>
Total Assets	<u>755,960</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	4,322
Due To Other Funds	41,730
Total Current Liabilities	<u>46,052</u>
Current Liabilities Payable from Restricted Assets:	
Customer Deposits	8,350
Total Noncurrent Liabilities	<u>8,350</u>
Total Liabilities	<u>54,402</u>
<b>NET POSITION</b>	
Investment in Capital Assets, Net of Related Debt	715,520
Unrestricted	(13,962)
Total Net Position	<u>\$ 701,558</u>

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

**CITY OF GARRETT, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<b>Business-type Activities- Enterprise (Utility) Fund</b>
<b>OPERATING REVENUE</b>	
Sewer	
Sanitation	\$ 68,113
Other Revenue	40,302
Total Operating Revenues	<u>904</u>
	<u>109,319</u>
<b>OPERATING EXPENSES</b>	
Salaries, Wages and Related Taxes	17,916
Wastewater Treatment	47,533
Refuse Collection	30,879
Maintenance and Replacement	3,422
Audit and Accounting	1,125
Postage	1,054
Supplies	444
Miscellaneous	1,066
Contract Labor	60
Depreciation	29,636
Total Operating Expenses	<u>133,135</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(23,816)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest on Investments	3
Total Non-Operating Revenues (Expenses)	<u>3</u>
<b>CHANGE IN NET POSITION</b>	(23,813)
<b>NET POSITION-BEGINNING</b>	<u>725,371</u>
<b>NET POSITION-ENDING</b>	<u>\$ 701,558</u>

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

**CITY OF GARRETT, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<b>Business Type Activities- Enterprise (Utility) Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers and Users	\$ 255,241
Payments to Suppliers	(240,688)
Payments to Employees	(17,916)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(3,363)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Advances from Other Funds	14,674
<b>Net Cash Flows Provided (Used) by Noncapital Financing Activities</b>	<u>14,674</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	3
<b>Net Cash Provided by Investing Activities</b>	<u>3</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,314
Cash and Cash Equivalents - Beginning of Year	20,269
Cash and Cash Equivalents - End of Year	<u>\$ 31,583</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided</b>	
Operating Income (Loss)	\$ (23,813)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)	
Depreciation Expense	29,636
Change in Assets and Liabilities	
Receivables, net	146,548
Accounts Payable and Accrued Expenses	(155,109)
Customer Deposits	(625)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (3,363)</u>

The accompanying notes are an integral part of these financial statements

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The accompanying financial statements present the financial activity of the City.

The City applies the criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The City presently has no component units included within its reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, inventories of materials and supplies are considered expenditures when used and debt service expenditures, as well as expenditures related to accumulated unpaid sick pay, are recorded only when payment is due.

Property and taxpayer-assessed taxes estimated to be collectible within sixty days after balance sheet date, and expenditure driven grants are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The *utility fund* accounts for the activities of the sewage pumping stations and collection systems and sanitation services.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in the government-wide governmental and business type activities to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to apply private-sector guidance issued after November 30, 1989.

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

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

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

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

When fund balance resources are available for a specific purpose in more than one classification, it is the City of Garrett's policy to use the most restrictive funds first in the following order: restricted, committed, assigned and unassigned as they are needed.

Assets, liabilities, and net position or equity

Deposits and investments -

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City has not adopted an investment policy.

Investments are reported at fair value.

Receivables and payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to .2 percent of outstanding property taxes at year end.

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, liabilities, and net position or equity (continued)

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Ellis Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. Ellis County bills and collects property taxes for the City, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time substantially all property taxes are collected.

**Capital assets -**

Capital assets, which include buildings, improvements, machinery and equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Buildings, improvements, machinery and equipment and infrastructure assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Improvements	15
Machinery and equipment	5-15
Infrastructure	20

**Long-term obligations -**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, liabilities, and net position or equity (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity -

The following fund balance classifications describe the relative strength constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- *Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change to constraint;
- *Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official body to which the governing body delegates the authority;
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the general fund

City Council establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies.



**CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary information

Annual budgets are adopted on a budgetary basis for the general fund. All annual appropriations lapse at fiscal year end. The legal level of budgetary control is the fund level.

**NOTE C – DETAILED NOTES ON ALL FUNDS**

Deposits and investments

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2013. At year end the bank balance of the City's deposits was \$84,124, of which the entire balance was covered by federal depository insurance.

Investments – State statutes authorize the City to invest in certificates of deposit, obligations of the U.S. Treasury and the state treasurer's investment pool. The City does not have a written investment policy that would further limit its investment choices.

Receivables

Receivables as of year end for the government's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Receivables:			
Taxes	\$ 14,758	\$ -	\$ 14,758
Accounts	324	22,793	23,117
Other	13,455	-	13,455
Gross receivables	<u>28,537</u>	<u>22,793</u>	<u>51,330</u>
Less: allowance for uncollectibles	<u>(1,814)</u>	<u>(13,936)</u>	<u>(15,750)</u>
Net total receivables	<u>\$ 26,723</u>	<u>\$ 8,857</u>	<u>\$ 35,580</u>
			<u>Unavailable</u>
Delinquent property taxes receivable (general fund)			<u>\$ 8,691</u>

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE C – DETAILED NOTES ON ALL FUNDS (continued)

Capital assets

Capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,322	\$ -	\$ -	\$ 22,322
Total capital assets not being depreciated	22,322	-	-	22,322
Capital assets being depreciated:				
Buildings	88,143	-	(1,648)	86,495
Improvements	98,202	-	-	98,202
Machinery and equipment	216,337	61,135	(53,930)	223,542
Infrastructure	161,131	-	-	161,131
Totals capital assets being depreciated	563,813	61,135	(55,578)	569,370
Less accumulated depreciation for:				
Buildings	(21,275)	(2,729)	1,026	(22,978)
Improvements	(19,291)	(7,826)	-	(27,117)
Machinery and equipment	(88,793)	(29,204)	48,240	(69,757)
Infrastructure	(64,363)	(5,030)	-	(69,393)
Total accumulated depreciation	(193,722)	(44,789)	49,266	(189,245)
Total capital assets, being depreciated, net	370,091	16,346	(6,312)	380,125
Governmental activities capital assets, net	\$ 392,413	\$ 16,346	\$ (6,312)	\$ 402,447

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets being depreciated:				
Improvements	\$ 1,080,777	\$ -	\$ -	\$ 1,080,777
Totals capital assets being depreciated	1,080,777	-	-	1,080,777
Less accumulated depreciation for:				
Improvements	(335,621)	(29,636)	-	(365,257)
Total accumulated depreciation	(335,621)	(29,636)	-	(365,257)
Total capital assets being depreciated, net	745,156	(29,636)	-	715,520
Business-type capital assets, net	\$ 745,156	\$ (29,636)	\$ -	\$ 715,520

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE C – DETAILED NOTES ON ALL FUNDS (continued)

Capital assets (continued)

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

Governmental activities:	
General government	\$ 12,630
Public safety	25,414
Streets	6,745
Total depreciation expense - governmental activities	<u>\$ 44,789</u>
Business-type activities:	
Utility	\$ 29,636
Total depreciation expense - business-type activities	<u>\$ 29,636</u>

Interfund receivables, payables and transfers

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utility	\$ 41,730

These balances resulted from the lag time between the dates that transactions are recorded in the accounting system and payments between funds are made.

Long-term debt

Note Payable -

The City's note payable currently outstanding and reported as a liability of the City's governmental activities is:

<u>Note Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>	<u>Collateral</u>
\$ 147,000	6/17/2024	6.000%	\$ 117,689	Real property Vehicle
\$ 6,975	11/2/2013	6.000%	604	
			<u>\$ 118,293</u>	

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE C – DETAILED NOTES ON ALL FUNDS (continued)

Leases Payable -

The City's leases payable currently outstanding and reported as a liability of the City's governmental activities is:

<u>Note Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>	<u>Collateral</u>
\$ 71,868	1/26/2017	9.500%	\$ 47,827	Vehicles
\$ 1,895	5/20/2015	8.500%	1,689	Equipment
			<u>\$ 49,516</u>	

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 76,613
Less: accumulated depreciation	(21,597)
Total	<u>\$ 55,016</u>

Sales Tax Payable -

For a four year period from July 1987 to June 1991 the City received sales tax collected from a taxing unit that was located outside the city limits. The City entered into an agreement with the State Comptroller's office on January 19, 1994 to refund the tax collected at the rate of \$125 per quarter. In June 2004 the City was paid \$1,719 in error that was added to the amount to be refunded as per the original agreement with the payback period being extended. No interest is being charged on the amount to be refunded. The State Comptroller reserves the right to review and adjust this agreement in the future. The balance refundable at September 30, 2013 was \$8,500.

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE C – DETAILED NOTES ON ALL FUNDS (continued)

Long-term debt (continued)

Annual debt service requirements to maturity are as follows –

Year Ending	Governmental Activities				
	Note Payable		Leases Payable		Sales Tax Payable
	Principal	Interest	Principal	Interest	Principal
2014	\$ 8,649	\$ 6,849	\$ 11,413	\$ 2,010	\$ 3,000
2015	8,542	6,348	15,272	1,307	3,000
2016	9,052	5,838	15,071	678	2,500
2017	9,627	5,263	7,760	115	-
2018	10,221	4,670	-	-	-
2019-2023	61,361	13,889	-	-	-
2024	10,841	274	-	-	-
	<u>\$ 118,293</u>	<u>\$ 43,131</u>	<u>\$ 49,516</u>	<u>\$ 4,110</u>	<u>\$ 8,500</u>

Changes in long-term liabilities –

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balances	Due Within One Year
Governmental activities:					
Notes payable	\$ 129,370	\$ -	\$ (11,077)	\$ 118,293	\$ 8,649
Leases payable	65,589	1,895	(17,968)	49,516	11,413
Sales tax payable	11,500	-	(3,000)	8,500	3,000
	<u>\$ 206,459</u>	<u>\$ 1,895</u>	<u>\$ (32,045)</u>	<u>\$ 176,309</u>	<u>\$ 23,062</u>

The governmental note payable, leases payable and sales tax payable will be liquidated by the General Fund.

NOTE D – OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CITY OF GARRETT, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE D – OTHER INFORMATION (continued)

Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Commitments

On October 7, 2010, the City entered into an operating lease agreement for a copy machine and services related to the machine. The term of the agreement is for sixty-three months. Lease expense for the year ended September 30, 2013 was \$1,934. A current schedule of future minimum payments under the lease are as follows:

2014	\$ 1,922
2015	1,922
2016	480
	<u>\$ 4,324</u>

Related Party Transactions

The City's short-term debt and long-term note payable are due to a financial institution where the Mayor serves as a board of director.

## REQUIRED SUPPLEMENTARY INFORMATION

### General Fund

This supplementary schedule is included to supplement the basic financial statements as required by Governmental Accounting Standards Board.

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

	Budgeted Amounts	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Over (Under) Budget
<b>REVENUES</b>					
Property Tax	\$ 60,661	\$ 57,826	\$ (1,039)	\$ 58,865	\$ (1,796)
Sales Tax	17,500	27,650	4,775	22,875	5,375
Franchise Tax	14,000	11,011	-	11,011	(2,989)
Licenses, Permits and Fees	3,000	4,574	(200)	4,774	1,774
Fine, Forfeitures and Penalties	710,120	397,813	(181,480)	579,293	(130,827)
Intergovernmental	-	32,635	32,635	-	-
Other Revenue	8,433	6,568	-	6,568	(1,865)
Total Revenues	<u>813,714</u>	<u>538,077</u>	<u>(145,309)</u>	<u>683,386</u>	<u>(130,328)</u>
<b>EXPENDITURES</b>					
Current					
General Government:					
Administration	74,300	113,039	25,978	87,061	12,761
City Secretary	43,353	52,794	-	52,794	9,441
Total General Government	<u>117,653</u>	<u>165,833</u>	<u>25,978</u>	<u>139,855</u>	<u>22,202</u>
Public Safety:					
Police	159,183	162,962	(1,981)	164,943	5,760
Judicial	404,025	85,952	(163,427)	249,379	(154,646)
Fire	27,800	21,756	-	21,756	(6,044)
Total Public Safety	<u>591,008</u>	<u>270,670</u>	<u>(165,408)</u>	<u>436,077</u>	<u>(154,930)</u>
Streets	41,706	39,974	-	39,974	(1,732)
Debt Service					
Principal Retirement and Interest	33,742	38,854	3,000	35,854	2,112
Total Expenditures	<u>784,109</u>	<u>515,331</u>	<u>(136,430)</u>	<u>651,760</u>	<u>(132,348)</u>
Excess (deficiency) of Revenues Over Expenditures	29,605	22,746	(8,879)	31,626	2,020
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Related Debt Issued	-	1,895	1,895	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>1,895</u>	<u>1,895</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	29,605	24,641	(6,984)	31,626	2,020
Fund Balances (Deficit) - Beginning	-	(84,122)	-	(77,502)	(84,122)
Fund Balances (Deficit) - Ending	<u>\$ 29,605</u>	<u>\$ (59,481)</u>	<u>\$ (6,984)</u>	<u>\$ (45,876)</u>	<u>\$ (82,102)</u>



# Kimley»»Horn

July 30, 2014

Cari-Michel La Caille, Assistant Director  
Water Supply Division, MC-153  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

**RE: Application from the City of Garrett to Obtain a Certificate of Convenience and Necessity (CCN) and to Decertify a Portion of CCN No. 10534 held by Community Water Company in Ellis County; Application No. 37969-C**

Ms. La Caille:

We have received your letter dated July 25, 2014 which requested additional information for the referenced CCN Application. The following information is being provided in the order it was requested in your letter.

- A. Four copies of the general location map delineating the proposed service area within the county are enclosed.
- B. Four copies of the recorded plat map with metes and bounds of the proposed area was included in the July 7, 2014 CCN Application.
- C. Financial information is currently being prepared by Dan Jackson with Economists.com and will be submitted by him before August 25, 2014 under separate cover.

Also as requested in your letter, we have included the entities providing water and/or sewer service within 5 miles of the proposed service area. These entities are shown on the enclosed TCEQ CCN & GCD maps (four copies each) and include the following:

Community Water Company (CCN No. 10534)  
City of Palmer (CCN No. 11066)  
City of Palmer (CCN No. 20432)  
City of Ennis (CCN No. 12706)  
Rockett SUD (CCN No. 10099)  
East Garrett WSC (CCN No. 10887)  
Rice Water Supply and Sewer Service Corporation (CCN No. 10808)  
Prairielands GCD (GCD No. 94)

We trust this letter satisfies your requests and we are available to discuss this application further at your convenience.

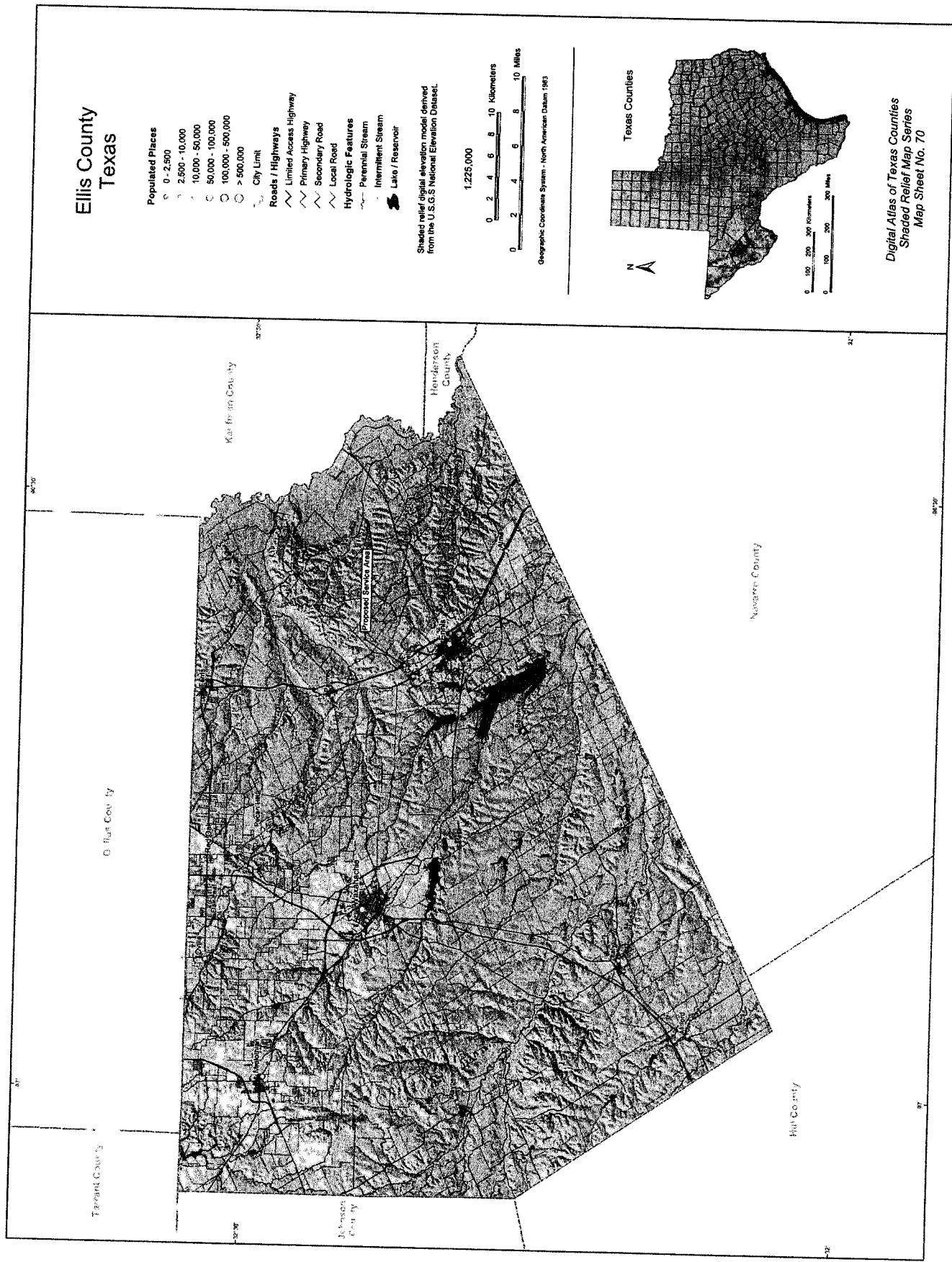
Sincerely,



Paul A. Carline, P.E.

Enclosure

cc: Mr. Don Lewis, Director of Public Works, City of Garrett  
Ms. Julie Featherston, City Secretary, City of Garrett  
Mr. Dan Jackson, Economists.com

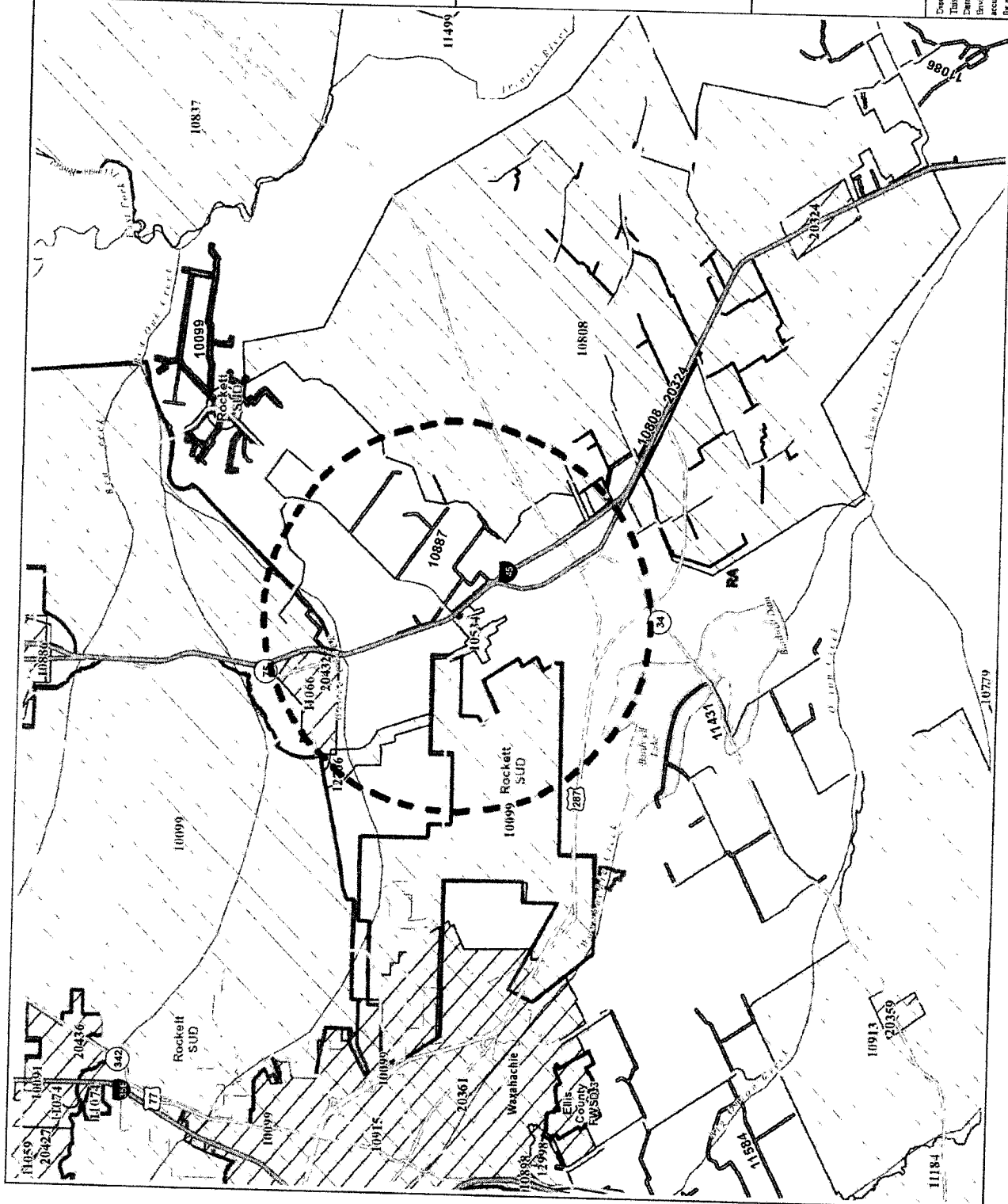


Preventing Texas by  
Reducing and  
Preventing Pollution

Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087  
For more information  
concerning this map, please contact the  
Water Supply Division at (512) 235-4091  
07/29/2014

# IWUD Map Viewer

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## Groundwater Conservation Districts

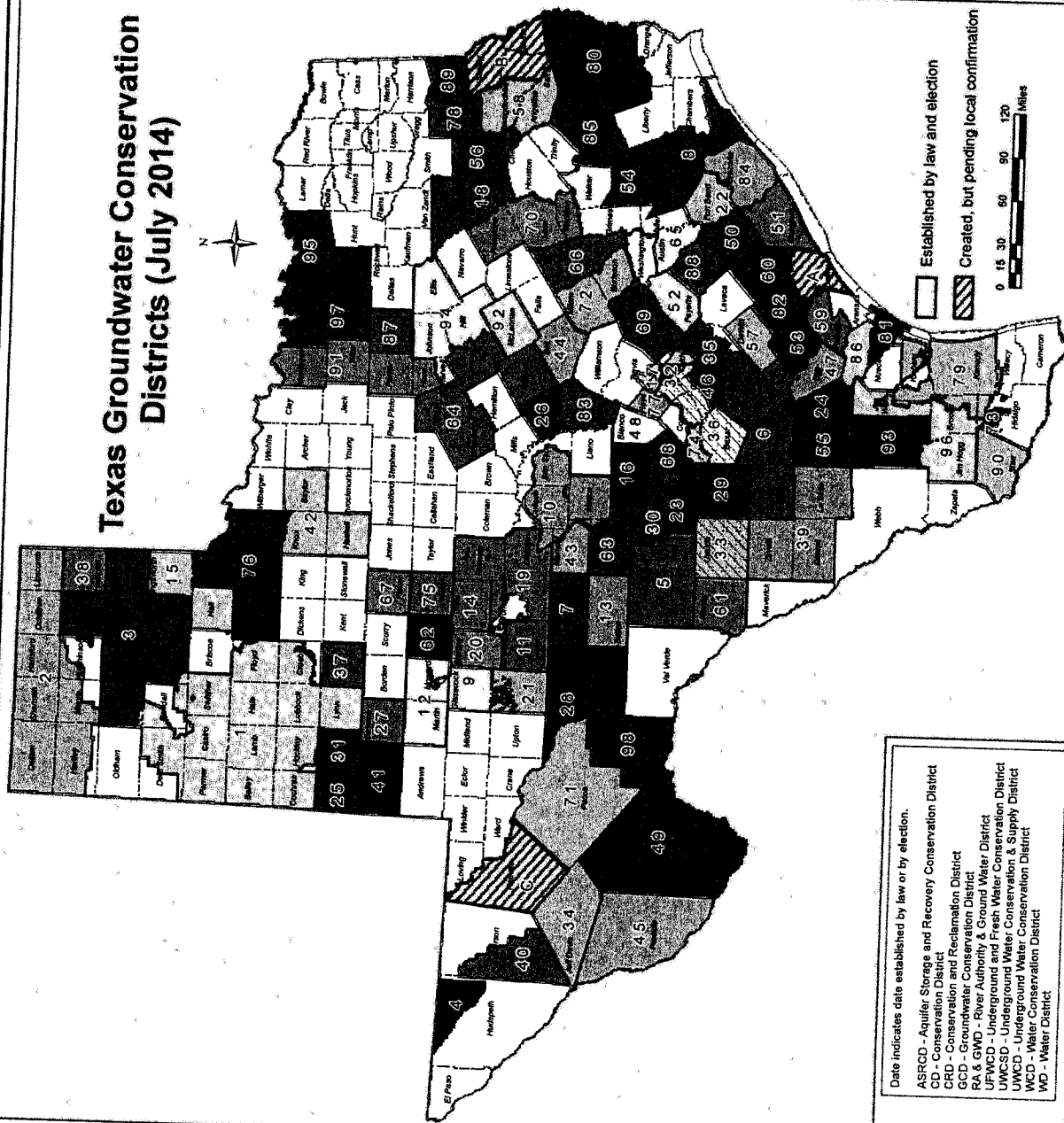
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| 1   | High Plains UWCD No. 1 - 8/29/1951                |
| 2   | North Plains GCD - 12/1/1955                      |
| 3   | Panhandle GCD - 1/21/1956                         |
| 4   | Hudspeth County UWCD No. 1 - 10/5/1957            |
| 5   | Real-Edwards C and R District - 5/30/1959         |
| 6   | Evergreen UWCD - 8/30/1961                        |
| 7   | Plateau UWCD and Supply District - 3/4/1974       |
| 8   | Harris-Galveston Subdivision District - 4/23/1975 |
| 9   | Glasscock GCD - 8/22/1981                         |
| 10  | Hickory UWCD No. 1 - 8/1/1982                     |
| 11  | Iron County WCD - 8/21/1985                       |
| 12  | Permian Basin UWCD - 9/21/1985                    |
| 13  | Sutton County UWCD - 4/5/1986                     |
| 14  | Coke County UWCD - 11/14/1986                     |
| 15  | Mesquite GCD - 11/4/1987                          |
| 16  | Hill Country UWCD - 8/8/1987                      |
| 17  | Barton Springs/Edwards Aquifer CD - 8/13/1987     |
| 18  | Anderson County UWCD - 10/17/1987                 |
| 19  | Lipan-Klickapoo WCD - 11/3/1987                   |
| 20  | Stirling County UWCD - 11/3/1987                  |
| 21  | Santa Rita UWCD - 8/19/1989                       |
| 22  | Fort Bend Subdivision District - 8/28/1989        |
| 23  | Bandera County RA & GWD - 11/7/1989               |
| 24  | Live Oak UWCD - 11/7/1989                         |
| 25  | Sandy Land UWCD - 11/1/1989                       |
| 26  | Saratoga UWCD - 11/7/1989                         |
| 27  | Mesa UWCD - 1/20/1989                             |
| 28  | Crocket County GCD - 1/26/1991                    |
| 29  | Medina County GCD - 8/26/1991                     |
| 30  | Headwaters UWCD - 11/5/1991                       |
| 31  | South Plains UWCD - 2/8/1992                      |
| 32  | Punt Creek CD - 5/7/1993                          |
| 33  | Valde County UWCD - 9/1/1993                      |
| 34  | Jeff Davis County UWCD - 11/2/1993                |
| 35  | Gonzales County UWCD - 11/2/1994                  |
| 36  | Edwards Aquifer Authority - 7/28/1996             |
| 37  | Garza County UWCD - 11/5/1996                     |
| 38  | Hemphill County UWCD - 11/4/1997                  |
| 39  | Winters Garden GCD - 1/17/1998                    |
| 40  | Culberson County GCD - 5/2/1998                   |
| 41  | Llano Estacado UWCD - 11/31/1998                  |
| 42  | Rolling Plains GCD - 1/26/1999                    |
| 43  | Menard County UWCD - 8/14/1999                    |
| 44  | Clearwater UWCD - 8/21/1999                       |
| 45  | Presidio County UWCD - 8/31/1999                  |
| 46  | Guadalupe County GCD - 11/14/1999                 |
| 47  | Bea GCD - 1/20/2001                               |
| 48  | Blanco-Pedernales GCD - 1/23/2001                 |
| 49  | Brewster County GCD - 11/6/2001                   |
| 50  | Coastal Bend GCD - 11/6/2001                      |
| 51  | Coastal Plains GCD - 11/6/2001                    |
| 52  | Fayette County GCD - 11/6/2001                    |
| 53  | Goliad County GCD - 11/6/2001                     |
| 54  | Lone Star GCD - 11/6/2001                         |
| 55  | McMullen GCD - 11/6/2001                          |
| 56  | Neches & Trinity Valleys GCD - 11/6/2001          |
| 57  | Pecan Valley GCD - 11/6/2001                      |
| 58  | Phineywoods GCD - 11/6/2001                       |
| 59  | Refugio GCD - 11/6/2001                           |
| 60  | Texana GCD - 11/6/2001                            |
| 61  | Kinney County GCD - 11/2/2002                     |
| 62  | Lone Wolf GCD - 2/2/2002                          |
| 63  | Kimble County GCD - 5/3/2002                      |
| 64  | Middle Trinity GCD - 5/4/2002                     |
| 65  | Bluemont GCD - 11/5/2002                          |
| 66  | Brazos Valley GCD - 11/5/2002                     |
| 67  | Clear Fork GCD - 11/5/2002                        |
| 68  | Cow Creek GCD - 11/5/2002                         |
| 69  | Lost Pines GCD - 11/5/2002                        |
| 70  | Mid-East Texas GCD - 11/5/2002                    |
| 71  | Post Oak Savannah GCD - 11/5/2002                 |
| 72  | Red Sands GCD - 11/5/2002                         |
| 73  | Trinity Glen Rose GCD - 11/5/2002                 |
| 74  | West-Tex GCD - 11/5/2002                          |
| 75  | Gauley GCD - 5/3/2003                             |
| 76  | Hayes Trinity GCD - 5/3/2003                      |
| 77  | Rusk County GCD - 6/5/2004                        |
| 78  | Kenedy County GCD - 11/2/2004                     |
| 79  | Southeast Texas GCD - 11/2/2004                   |
| 80  | Corpus Christi ASRCD - 6/17/2005                  |
| 81  | Victoria County GCD - 8/5/2005                    |
| 82  | Central Texas GCD - 8/24/2005                     |
| 83  | Brazoria County GCD - 11/8/2005                   |
| 84  | Lower Trinity GCD - 11/7/2006                     |
| 85  | San Patricio County GCD - 5/12/2007               |
| 86  | Northern Trinity GCD - 5/15/2007                  |
| 87  | Colorado County GCD - 11/6/2007                   |
| 88  | Panola County GCD - 11/6/2007                     |
| 89  | Star County GCD - 11/6/2007                       |
| 90  | Upper Trinity GCD - 11/6/2007                     |
| 91  | Southern Trinity GCD - 8/19/2009                  |
| 92  | Duval County GCD - 7/25/2009                      |
| 93  | Prineales GCD - 9/1/2009                          |
| 94  | Red River GCD - 8/1/2009                          |
| 95  | Bush County GCD - 11/13/2009                      |
| 96  | North Texas GCD - 12/1/2009                       |
| 97  | Terrill County GCD - 11/6/2012                    |
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**Texas Commission on Environmental Quality**

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Date indicates date established by law or by election.

ASQCD - Aquifer Storage and Recovery Conservation District
CCD - Conservation District
CRD - Conservation and Reclamation District
GCD - Ground Water Conservation District
RA & GMD - River Authority & Ground Water District
UFMCD - Underground Fresh Water Conservation District
UWCD - Underground Water Conservation & Supply District
UWCD - Underground Water Conservation District
WCD - Water Conservation District
WCD - Water District



Map printed July 1, 2014.