

CITY OF PARKER, TEXAS

**Financial Statements
(With Auditor's Report Thereon)**

September 30, 2010

CITY OF PARKER
Annual Financial Report
For the Year Ended September 30, 2010

	<u>Page Number</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Fund	14
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Assets	15
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Budget and Actual - General Fund	18
Statement of Net Assets - Proprietary Fund	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets -	
Proprietary Fund	20
Statement of Cash Flows - Proprietary Fund	21
Notes to the Financial Statements	23
Individual Fund Schedules:	
Schedule of Revenues, Expenses, and Changes in Fund Net Assets -	
Budget and Actual - Water and Sewer Fund	42

PINGLETON, HOWARD & COMPANY, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 148

FRISCO, TEXAS 75034

972-335-9754/FAX 972-335-9758

TOM W. PINGLETON, CPA
RANDY HOWARD, CPA
R. WAYNE NABORS, CPA
ROBIN J. TURNBULL, CPA
WHITNEY YOUNTS, CPA

MEMBERS
AMERICAN INSTITUTE OF CPAs
AICPA DIVISION FOR CPA FIRMS
TEXAS SOCIETY OF CPAs

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of the City Council
City of Parker
Parker, Texas 75002

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 Parker, Texas, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Parker. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 of the City of Parker, Texas, at September 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is 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 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.

Honorable Mayor
and Members of the City Council
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The individual fund schedule 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.

Pingleton, Howard + Company, P.C.
December 10, 2010

Management's Discussion and Analysis

As management of the City of Parker, we offer readers of the City of Parker's financial statements this narrative overview and analysis of the financial activities of the City of Parker for the fiscal year ended September 30, 2010. All amounts, unless otherwise indicated, are expressed in actual dollars.

Financial Highlights

- The assets of the City of Parker exceeded its liabilities at the close of the most recent fiscal year by \$51,160,632 (net assets). Of this amount, \$4,482,062, (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$425,532. This increase is attributable to the business-type activities.
- As of the close of the current fiscal year, the City of Parker's governmental funds reported combined ending fund balances of \$4,282,609, a decrease of \$3,110,918 in comparison with the prior year. Most of the decrease is due to capital outlay expenditures and transfers to the water and sewer fund. Of the fund balance, \$2,755,086 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,755,086 or 122 percent of total general fund expenditures.
- The City of Parker's long-term debt decreased by \$484,345 during the current fiscal year. This was due to scheduled principal payments on outstanding debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Parker's basic financial statements. The City of Parker's basic financial statements comprise 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 of Parker's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Parker that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other 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 of Parker include general government, public safety, transportation, and recreation. The business-type activities of the City of Parker include the water and sewer system.

The government-wide financial statements include only the City of Parker itself (known as the primary government). The Parker Volunteer Fire Department, although legally separate, functions as a special revenue fund of the City of Parker and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 11-13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Parker, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Parker 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 *near-term inflows and outflows of spendable resources*, as well as *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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Parker maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital improvement fund and fire department fund. All three funds are considered to be major funds.

The City of Parker adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Proprietary funds. The City of Parker maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Parker uses enterprise funds to account for its Water and 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 separate information for the Water and Sewer and Sanitation operations, which are considered to be major funds of the City of Parker.

The basic proprietary fund financial statements can be found on pages 19-22 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 23-40 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Parker, assets exceed liabilities by \$51,160,632 at the close of the most recent fiscal year.

A portion of the City of Parker's net assets (88 percent) reflects its investment in capital assets (e.g. land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Parker uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Parker'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.

An additional portion of the City of Parker's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$4,482,062 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Parker is able to report positive balances in all three categories of net assets for the government as a whole.

CITY OF PARKER - Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 4,630,852	7,813,733	1,871,936	1,704,748	6,502,788	9,518,481
Capital assets	41,057,953	39,742,007	12,613,143	10,960,282	53,671,096	50,702,289
Total assets	45,688,805	47,555,740	14,485,079	12,665,030	60,173,884	60,220,770
Long-term liabilities	4,485,818	4,721,753	4,071,519	4,319,929	8,557,337	9,041,682
Other liabilities	303,481	364,551	152,434	79,437	455,915	443,988
Total liabilities	4,789,299	5,086,304	4,223,953	4,399,366	9,013,252	9,485,670
Net assets:						
Invested in capital assets, net of						
related debt	36,599,154	35,054,386	8,551,893	6,654,032	45,151,047	41,708,418
Restricted	1,527,523	4,761,498			1,527,523	4,761,498
Unrestricted	2,772,829	2,653,552	1,709,233	1,611,632	4,482,062	4,265,184
Total net assets	\$ 40,899,506	42,469,436	10,261,126	8,265,664	51,160,632	50,735,100

CITY OF PARKER - Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 317,315	328,832	2,128,306	1,631,078	2,445,621	1,959,910
Operating grants and Contributions	92,836	18,021			92,836	18,021
Capital grants and Contributions	1,301,584	698,191			1,301,584	698,191
General revenues:						
Property taxes	1,875,353	1,859,822			1,875,353	1,859,822
Other taxes	283,582	304,975			283,582	304,975
Other	171,258	234,287	39,395	7,634	210,653	241,921
Total revenues	4,041,928	3,444,128	2,167,701	1,638,712	6,209,629	5,082,840
Expenses:						
General government activities	3,638,032	3,499,144			3,638,032	3,499,144
Garbage collection			215,523	185,674	215,523	185,674
Water & Sewer			1,930,542	1,829,911	1,930,542	1,829,911
Total expenses	3,638,032	3,499,144	2,146,065	2,015,585	5,784,097	5,514,729
Increase/(decrease) in net assets before transfers	403,896	(55,016)	21,636	(376,873)	425,532	(431,889)
Transfers in/(out)	(1,973,826)	2,492,507	1,973,826	(2,492,507)		
Increase(decrease) in net assets	(1,569,930)	2,437,491	1,995,462	(2,869,380)	425,532	(431,889)
Net assets - 10/01/09	42,469,436	40,031,945	8,265,664	11,135,044	50,735,100	51,166,989
Net Assets - 09/30/10	\$ 40,899,506	42,469,436	10,261,126	8,265,664	51,160,632	50,735,100

The following key elements influenced the changes in net assets from the prior year:

Governmental Activities:

- The elevated storage tank project, in the Capital Projects Fund, was completed and transferred to the Water and Sewer Fund.
- Public safety expense increased \$295,638 mainly due to increased depreciation expense.

Business-type Activities

Business-type activities increased the City of Parker's net assets by \$21,636, not including the transfer of the completed elevated storage tank from the Capital Projects Fund.

- Water, sewer and garbage collection charges increased by \$425,928.
- Operating expenses increased by \$130,480 over the previous year.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Parker'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 of Parker's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

As the end of the current fiscal year, the City of Parker's governmental funds reported combined ending fund balances of \$4,282,609, a decrease of \$3,110,918 from the prior year. Most of the decrease is due to capital outlay expenditures and transfers to the water and sewer fund. Of the current combined ending fund balance, \$2,755,086 is unreserved and not designated, and \$1,527,523 is reserved.

The general fund is the main operating fund of the City of Parker. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,755,086. Total unreserved fund balance represents 122% of total general fund expenditures.

Proprietary funds. The City of Parker's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Enterprise Funds at the end of the year amounted to \$1,709,233. The total increase in net assets of the Enterprise Funds was \$1,995,462. The factors concerning the finances of this fund have already been addressed in the discussion of the City of Parker's business type activities.

General Fund Budgetary Highlights

During the year, revenues did not meet budgetary estimates, and expenditures were less than budgetary estimates. The budget had called for a \$18,629 decrease in fund balance. Actual results increased the fund balance by \$73,077.

Capital Asset and Debt Administration

Capital assets. The City of Parker's investment in capital assets for its governmental and business-type activities as of September 30, 2010, was \$53,671,096 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, and equipment.

Major capital asset events during the current fiscal year included the following:

- Street improvement projects of \$1,986,154 were the major additions to the governmental activities capital assets.
- Construction of an elevated storage tank and water lines of \$1,963,826 shown as construction in progress in business-type activities.

Additional information on the City of Parker's capital assets can be found in note 3.C. on page 31 of this report.

Long-term debt. At the end of the current fiscal year, the City of Parker had bonded debt outstanding of \$8,495,000.

The City of Parker's long-term debt decreased by \$484,345 due to scheduled principal payments on outstanding debt.

Additional information on the City of Parker's long-term debt can be found in notes 3.F. and 3.G. on pages 32-37 of this report.

Economic Factors and Next Year's Budgets and Rates

With the completion of projects, last year, such as the Public Safety Building, Water System Improvements, McCreary Road and the nearly completed new Water Tower, management is forecasting no additional capital improvement projects in the near future except projects currently underway.

We are currently working on a trail project where approximately 80% will be funded by State and County grants.

There was a slight increase in Ad Valorem Taxes with the rate remaining at \$0.37708.

The City anticipates a small increase in building permits in FY2011.

Request for Information

This financial report is designed to provide a general overview of the City of Parker's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Parker, City Administrator, 5700 East Parker Road, Parker, Texas 75002.

BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

CITY OF PARKER
Statement of Net Assets
September 30, 2010

	Primary Government		
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,600,388	997,385	3,597,773
Investments	2,036,818		2,036,818
Receivables (net of allowance for uncollectibles)	33,122	227,373	260,495
Restricted assets - cash and cash equivalents		350,729	350,729
Due (to)/from other funds	(252,922)	252,922	
Due from other governments	172,946		172,946
Deferred charges	40,500	43,527	84,027
Capital assets not being depreciated:			
Land	843,484	107,417	950,901
Construction in progress		2,676,901	2,676,901
Capital assets (net of accumulated depreciation):			
Buildings and improvements	2,336,601		2,336,601
Water and sewer systems		9,776,547	9,776,547
Equipment and vehicles	861,411	52,278	913,689
Streets/infrastructure	<u>37,016,457</u>		<u>37,016,457</u>
Total assets	<u>45,688,805</u>	<u>14,485,079</u>	<u>60,173,884</u>
LIABILITIES			
Accounts payable	206,768	37,256	244,024
Accrued salaries	38,240	17,633	55,873
Accrued interest payable	21,973	97,545	119,518
Building permit deposits	36,500		36,500
Noncurrent liabilities:			
Due within one year	278,480	261,399	539,879
Due in more than one year	<u>4,207,338</u>	<u>3,810,120</u>	<u>8,017,458</u>
Total liabilities	<u>4,789,299</u>	<u>4,223,953</u>	<u>9,013,252</u>
NET ASSETS			
Invested in capital assets, net of related debt	36,599,154	8,551,893	45,151,047
Restricted	1,527,523		1,527,523
Unrestricted	<u>2,772,829</u>	<u>1,709,233</u>	<u>4,482,062</u>
Total net assets	<u>\$ 40,899,506</u>	<u>10,261,126</u>	<u>51,160,632</u>

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

CITY OF PARKER
Statement of Activities
For the Fiscal Year Ended September 30, 2010

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 575,367	149,840		
Public safety	1,224,341	167,475	92,836	165,132
Transportation	1,586,438			1,136,452
Culture and recreation	23,246			
Interest and fiscal charges	<u>228,640</u>			
Total governmental activities	<u>3,638,032</u>	<u>317,315</u>	<u>92,836</u>	<u>1,301,584</u>
Business-type activities:				
Water	1,695,404	1,725,987		
Sewer	235,138	154,927		
Garbage collection	<u>215,523</u>	<u>247,392</u>		
Total business-type activities	<u>2,146,065</u>	<u>2,128,306</u>		
Total primary government	<u>\$ 5,784,097</u>	<u>2,445,621</u>	<u>92,836</u>	<u>1,301,584</u>

General revenues:
Property taxes
Sales taxes
Franchise taxes
Unrestricted investment earnings
Miscellaneous revenue
Gain on sale of capital assets
Transfers
Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
(425,527)		(425,527)
(798,898)		(798,898)
(449,986)		(449,986)
(23,246)		(23,246)
<u>(228,640)</u>		<u>(228,640)</u>
<u>(1,926,297)</u>		<u>(1,926,297)</u>
	30,583	30,583
	(80,211)	(80,211)
	<u>31,869</u>	<u>31,869</u>
	<u>(17,759)</u>	<u>(17,759)</u>
<u>(1,926,297)</u>	<u>(17,759)</u>	<u>(1,944,056)</u>
1,875,353		1,875,353
91,240		91,240
192,342		192,342
100,368	2,111	102,479
67,808	37,284	105,092
3,082		3,082
<u>(1,973,826)</u>	<u>1,973,826</u>	
<u>356,367</u>	<u>2,013,221</u>	<u>2,369,588</u>
(1,569,930)	1,995,462	425,532
<u>42,469,436</u>	<u>8,265,664</u>	<u>50,735,100</u>
<u>40,899,506</u>	<u>10,261,126</u>	<u>51,160,632</u>

CITY OF PARKER

Balance Sheet
 Governmental Fund
 September 30, 2010

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvement Fund</u>	<u>Fire Department Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,122,607	71,879	1,377,950	27,952	2,600,388
Investments	2,001,868			34,950	2,036,818
Receivables (net of allowance for uncollectibles)	33,122				33,122
Due from other governments			172,946		172,946
Due from other funds	<u> </u>	<u>1,536</u>	<u> </u>	<u> </u>	<u>1,536</u>
Total assets	<u>\$ 3,157,597</u>	<u>73,415</u>	<u>1,550,896</u>	<u>62,902</u>	<u>4,844,810</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 47,078		159,690		206,768
Accrued salaries	38,240				38,240
Building permit deposits	36,500				36,500
Due to other funds	254,458				254,458
Deferred revenue	<u>26,235</u>		<u> </u>		<u>26,235</u>
Total liabilities	<u>402,511</u>		<u>159,690</u>		<u>562,201</u>
Fund balances:					
Reserved for:					
Debt service		73,415			73,415
Capital outlay			1,391,206		1,391,206
PVFD				62,902	62,902
Unreserved, undesignated:					
General fund	<u>2,755,086</u>		<u> </u>		<u>2,755,086</u>
Total fund balances	<u>2,755,086</u>	<u>73,415</u>	<u>1,391,206</u>	<u>62,902</u>	<u>4,282,609</u>
Total liabilities and fund balances	<u>\$ 3,157,597</u>	<u>73,415</u>	<u>1,550,896</u>	<u>62,902</u>	<u>4,844,810</u>

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

CITY OF PARKER
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
September 30, 2010

Total Fund Balances - Governmental Funds **\$ 4,282,609**

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$44,219,145 and the accumulated depreciation was \$(4,477,138). In addition, long-term liabilities, including bonds payable of \$(4,638,750) and notes payable of \$(48,871), are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.

35,054,386

Current year capital outlays of \$2,733,227 and long-term debt and note principal payments of \$228,822 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net assets.

2,962,049

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The net effect of including accrued interest is to decrease net assets.

(21,973)

The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.

(1,417,281)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue of \$26,235 as revenue, capitalizing bond issuance cost of \$40,500, and recognizing the liability for compensated absences of \$(27,019). The net effect of these reclassifications is to increase net assets.

39,716

Net Assets of Governmental Activities **\$ 40,899,506**

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

CITY OF PARKER
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2010

	General Fund	Debt Service Fund	Capital Improvement Fund	Fire Department Fund	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 1,416,006	449,637			1,865,643
Sales	91,240				91,240
Franchise	192,342				192,342
License and permits	149,840				149,840
Intergovernmental	140,342		1,136,453	4,955	1,281,750
Investment income	85,553	438	13,740	637	100,368
Fines, warrants and seizures	162,520				162,520
Donations/fund raisers	43,541			74,085	117,626
Miscellaneous	63,568				63,568
Total revenues	<u>2,344,952</u>	<u>450,075</u>	<u>1,150,193</u>	<u>79,677</u>	<u>4,024,897</u>
EXPENDITURES					
Current:					
General government	487,279				487,279
Police department	582,182				582,182
Municipal court	109,661				109,661
Fire department	254,830			97,606	352,436
Building and code enforcement	84,809				84,809
Parks and recreation	2,335				2,335
Public works/streets	298,903				298,903
City property	67,393				67,393
Capital outlay	377,565		2,355,662		2,733,227
Debt service:					
Principal		228,822			228,822
Interest and fiscal charges		218,024			218,024
Total expenditures	<u>2,264,957</u>	<u>446,846</u>	<u>2,355,662</u>	<u>97,606</u>	<u>5,165,071</u>
Excess (deficiency) of revenues over(under) expenditures	<u>79,995</u>	<u>3,229</u>	<u>(1,205,469)</u>	<u>(17,929)</u>	<u>(1,140,174)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	3,082				3,082
Transfer out	(10,000)		(1,963,826)		(1,973,826)
Refunding bonds issued		727,500			727,500
Payments to refund bond escrow agent		(727,500)			(727,500)
Total other financing sources (uses)	<u>(6,918)</u>	<u>0</u>	<u>(1,963,826)</u>		<u>(1,970,744)</u>
Net change in fund balances	73,077	3,229	(3,169,295)	(17,929)	(3,110,918)
Fund balances, beginning	<u>2,682,009</u>	<u>70,186</u>	<u>4,560,501</u>	<u>80,831</u>	<u>7,393,527</u>
Fund balances, ending	<u>\$ 2,755,086</u>	<u>73,415</u>	<u>1,391,206</u>	<u>62,902</u>	<u>4,282,609</u>

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

CITY OF PARKER
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
September 30, 2010

Total Net Change in Fund Balances - Governmental Funds \$ (3,110,918)

Current year capital outlays of \$2,733,227 and long-term debt principal payments of \$228,822 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reduction in debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net assets.

2,962,049

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current resources. The net effect of the current year's depreciation is to decrease net assets.

(1,417,281)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue of \$9,710 as revenue, and accrued interest of \$(8,366), amortization of bond issuance costs of \$(2,250), and compensated absences of \$(7,113) and other miscellaneous changes \$4,239 as an increase in expense. The net effect of these reclassifications is to decrease net assets.

(3,780)

Change in Net Assets of Governmental Activities \$ (1,569,930)

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

CITY OF PARKER
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Taxes:				
Property	\$ 1,450,495	1,450,495	1,416,006	(34,489)
Sales	120,000	120,000	91,240	(28,760)
Franchise	200,000	200,000	192,342	(7,658)
License and permits:				
Building permits	75,000	75,000	141,200	66,200
Special use permits	1,000	1,000	1,670	670
Alarm permits	4,500	4,500	6,970	2,470
Filing fee	1,000	1,000		(1,000)
Grants	156,000	156,000	140,342	(15,658)
Investment income	150,000	150,000	85,553	(64,447)
Fines, warrants and seizures	200,000	200,000	162,520	(37,480)
Miscellaneous	12,000	12,000	107,109	95,109
Total revenues	<u>2,369,995</u>	<u>2,369,995</u>	<u>2,344,952</u>	<u>(25,043)</u>
EXPENDITURES				
Current:				
General government	529,362	518,862	487,279	31,583
Police department	601,861	601,861	582,182	19,679
Municipal court	156,534	156,534	109,661	46,873
Fire department	255,050	255,050	254,830	220
Building & code enforcement	90,561	90,561	84,809	5,752
Parks and recreation	38,650	38,650	2,335	36,315
Public works/streets	301,159	301,159	298,903	2,256
City property	57,064	67,564	67,393	171
Capital outlay	388,383	388,383	377,565	10,818
Total expenditures	<u>2,418,624</u>	<u>2,418,624</u>	<u>2,264,957</u>	<u>153,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,629)</u>	<u>(48,629)</u>	<u>79,995</u>	<u>128,624</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	40,000	40,000	3,082	(36,918)
Transfers (out)	(10,000)	(10,000)	(10,000)	
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>(6,918)</u>	<u>(36,918)</u>
Net change in fund balances	(18,629)	(18,629)	73,077	91,706
Fund balances, beginning	<u>2,682,009</u>	<u>2,682,009</u>	<u>2,682,009</u>	
Fund balances, ending	<u>\$ 2,663,380</u>	<u>2,663,380</u>	<u>2,755,086</u>	<u>91,706</u>

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

CITY OF PARKER
Statement of Net Assets
Proprietary Fund
September 30, 2010

	Water/Sewer and <u>Sanitation</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 997,385
Restricted cash and cash equivalents	350,729
Receivables (net of allowance of uncollectibles)	227,373
Due from other funds	<u>252,922</u>
Total current assets	<u>1,828,409</u>
Noncurrent assets:	
Deferred charges	<u>43,527</u>
Capital assets:	
Land	107,417
Construction in progress	2,676,901
Water/sewer systems	11,770,456
Equipment & vehicles	257,072
Less: accumulated depreciation	<u>(2,198,703)</u>
Total capital assets (net of accumulated depreciation)	<u>12,613,143</u>
Total noncurrent assets	<u>12,656,670</u>
Total assets	<u>14,485,079</u>
LIABILITIES	
Current liabilities:	
Accounts payable	37,256
Accrued salaries	17,633
Compensated absences payable	10,269
Accrued interest payable	97,545
Current portion of revenue bonds payable	<u>253,184</u>
Total current liabilities	<u>415,887</u>
Noncurrent liabilities:	
Revenue bonds payable	<u>3,808,066</u>
Total noncurrent liabilities	<u>3,808,066</u>
Total liabilities	<u>4,223,953</u>
NET ASSETS	
Invested in capital assets, net of related debt	8,551,893
Unrestricted	<u>1,709,233</u>
Total net assets	<u>\$ 10,261,126</u>

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

CITY OF PARKER
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended September 30, 2010

	Water/Sewer and <u>Sanitation</u>
OPERATING REVENUES	
Water sales	\$ 1,654,687
Garbage collection	247,392
Sewer revenue	154,927
Meter installations	48,000
Tap fees	4,650
Late charges	18,150
Reconnect fees	500
Miscellaneous	<u>37,284</u>
Total operating revenues	<u>2,165,590</u>
OPERATING EXPENSES	
Water	1,186,872
Sewer	164,608
Garbage collection	215,523
Depreciation/amortization	<u>312,639</u>
Total operating expenses	<u>1,879,642</u>
Operating income/(loss)	<u>285,948</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	1,973,826
Interest income	2,111
Interest expense	<u>(266,423)</u>
Total nonoperating revenues (expenses)	<u>1,709,514</u>
Change in net assets	1,995,462
Net assets, beginning	<u>8,265,664</u>
Net assets, ending	<u>\$ 10,261,126</u>

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

CITY OF PARKER
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2010

	Water/Sewer and <u>Sanitation</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,077,299
Cash paid to suppliers	(1,242,020)
Cash paid to employees	<u>(321,053)</u>
Net cash provided (used) by operating activities	<u>514,226</u>
 Cash flows from noncapital financing activities:	
Transfers from other funds	1,973,826
Advances to other funds	<u>(53,327)</u>
Net cash provided (used) by noncapital financing activities	<u>1,920,499</u>
 Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(1,963,826)
Principal payments on capital debt	(245,000)
Interest paid on capital debt	<u>(189,462)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,398,288)</u>
 Cash flows from investing activities:	
Interest received	<u>2,111</u>
Net cash provided (used) by investing activities	<u>2,111</u>
 Net increase (decrease) in cash and cash equivalents	 38,548
Cash and cash equivalents, beginning	<u>1,309,566</u>
Cash and cash equivalents, ending	\$ <u><u>1,348,114</u></u>

CITY OF PARKER
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2010
-continued-

Reconciliation of Net Income to Net Cash Provided (Used)
by Operating Activities

	<u>Water/Sewer and Sanitation</u>
Operating income/(loss)	\$ <u>285,948</u>
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation/amortization expense	312,639
(Increase) decrease in accounts receivable	(88,291)
Increase (decrease) in accounts payable	1,228
Increase/(decrease) in accrued salaries	6,112
Increase/(decrease) in compensated absences	<u>(3,410)</u>
Total adjustments	<u>228,278</u>
Net cash provided (used) by operating activities	\$ <u><u>514,226</u></u>

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

CITY OF PARKER
Notes to the Financial Statements
September 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Parker, Texas, have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

City of Parker Volunteer Fire Department (PFVD)

The Parker Volunteer Fire Department (PFVD) is a separate corporation that provides fire protection services for the City. The PFVD must submit its budget to the City Council for approval. Since the PFVD directly serves the City and significant funding is from the City, the PFVD is included in the City's financial statements as a governmental fund. Separate financial statements are not prepared for the PFVD.

B. Government-wide and Fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of 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. *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

CITY OF PARKER
Notes to the Financial Statements
September 30, 2010
-continued-

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund financial statements (continued)

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.

C. 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.

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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government'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 *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital improvement fund* accounts for revenue sources that are legally restricted to expenditure for the acquisition or construction of major capital facilities.

CITY OF PARKER
Notes to the Financial Statements
September 30, 2010
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The *fire department fund* is the volunteer fire department. It accounts for all financial resources of the fire department.

The government reports the following proprietary funds:

The *water/sewer and sanitation fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The government's water/sewer fund is for water and sewer operations and the sanitation fund is for garbage operations

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. 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.

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 revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and Investments

Cash and cash equivalents includes cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Other short-term investments are included in investments. Investments are stated at cost.

2. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

3. Restricted Assets

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
System infrastructure	40
Street improvements	20
Equipment	5-10
Vehicles	5

-continued-

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

5. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the statement of net assets. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

6. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America with minor exceptions. Annual appropriated budgets are legally adopted for the general fund and water and sewer fund. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 30, the City Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year to which it applies, which can be amended by the Council.
4. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund. No supplemental appropriations were made during the fiscal year.
5. The budget approved for the Water/Sewer and Sanitation Fund follows similar approval procedures but departs from general accepted accounting principles by not including depreciation in the approved budget. These amounts are reported at year end as part of the "actual" column. No supplemental appropriations were made during the fiscal year.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. At year end, encumbrances are canceled or reappropriated as part of the following year budget.

B. Budget/GAAP Reconciliation

The following schedule reconciles the amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual - Water/Sewer and Sanitation Fund to the amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds:

	<u>Water/Sewer and Sanitation Fund</u>
Net assets (budget)	\$ 8,609,939
Depreciation	(312,639)
Capital Improvement - Transfer in	<u>1,963,826</u>
Net assets (GAAP)	\$ <u>10,261,126</u>

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At September 30, 2010, the City's carrying amount of deposits was \$1,335,890 and the bank balance was \$1,570,352. Of the bank balance, \$277,991 was covered by federal depository insurance and \$1,292,361 was covered by collateral held by the pledging financial institution's trust department or agent in the government's name.

In compliance with the Public Funds Investment Act, the government has adopted a deposit and investment policy. That policy addresses the following risks:

- a. **Custodial Credit Risk - Deposits:** In the case of deposits this is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The government is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.
- b. **Custodial Credit Risk - Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government's investments are with the Texas Short Term Asset Reserve Fund ("TexStar"). The pool is a public funds investment pool created to provide a safe environment for the placement of local government funds in authorized short-term investments. Local investment pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. The reported value of the pool is the same as the fair value of the pool share. Administration of TexStar is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The government is not exposed to custodial credit risk for its investments.
- c. **Credit Risk -** This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexStar at year end was AAAM by Standard & Poor's.
- d. **Interest Rate Risk -** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the Government's investment in external investment pools is less than 60 days.

-continued-

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The government is not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The government is not exposed to concentration of credit risk.

At year end, the government's investments were as follows:

	Fair Value
Texas Short Term Asset Reserve Fund (TexStar)	\$ 2,611,512
Certificates of deposit	127,318
Bank of Texas - CDARS	<u>1,909,500</u>
Total investments	<u>\$ 4,648,330</u>

A reconciliation of cash and investments is as follows:

Cash on hand	\$ 1,335,890
Petty cash	1,100
Investments	<u>4,648,330</u>
Total cash and investments	<u>\$ 5,985,320</u>

B. Receivables

Receivables at September 30, 2010 consisted of the following:

	<u>General</u>	<u>Water/Sewer and Sanitation</u>
Property tax	\$ 26,235	
Sales tax	6,459	
Mixed beverage tax	428	
Accounts		<u>227,373</u>
Net receivables	<u>\$ 33,122</u>	<u>227,373</u>

Property taxes are based on the appraised values provided by the Collin Central Appraisal District. Taxes are levied by October 1 of each year. Unpaid property taxes become delinquent on February 1 of the following year. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Land	\$ 843,484			843,484
Building and improvements	749,650	1,847,142		2,596,792
Equipment	1,895,545	195,158		2,090,703
Streets/infrastructure	37,797,156	3,624,237		41,421,393
Construction in progress	<u>2,933,310</u>	<u>2,538,069</u>	(5,471,379)	
Totals at historical cost	44,219,145	8,204,606	(5,471,379)	46,952,372
Less accumulated depreciation	<u>(4,477,138)</u>	<u>(1,417,281)</u>		<u>(5,894,419)</u>
Governmental activities capital assets, net	\$ <u>39,742,007</u>	<u>6,787,325</u>	<u>(5,471,379)</u>	<u>41,057,953</u>
Business-type activities:				
Land	\$ 107,417			107,417
Water and sewer system	11,770,456			11,770,456
Equipment and vehicles	257,072			257,072
Construction in progress	<u>713,075</u>	<u>1,963,826</u>		<u>2,676,901</u>
Totals at historical cost	12,848,020	1,963,826		14,811,846
Less accumulated depreciation	<u>(1,887,738)</u>	<u>(310,965)</u>		<u>(2,198,703)</u>
Business-type activities capital assets, net	\$ <u>10,960,282</u>	<u>1,652,861</u>		<u>12,613,143</u>

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

Government activities:	
General government	\$ 13,582
Public safety	95,253
Transportation/streets	1,287,535
Culture and recreation	<u>20,911</u>
Total depreciation expense - government activities	\$ <u>1,417,281</u>
Business-type activities:	
Water and sewer	\$ <u>310,965</u>
Total depreciation expense - business-type activities	\$ <u>310,965</u>

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

D. Construction Commitments

The City had the following projects under construction at September 30, 2010:

<u>Project Name</u>	<u>Scheduled Completion Date</u>	<u>Contract Amount</u>	<u>Costs Incurred Through 09/30/10</u>
<u>Business-type activities:</u>			
Water lines	01/11	\$ 250,000	\$ 216,603
Elevated storage tank	10/10	\$ 2,465,000	\$ 2,460,298

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2010, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer	General	\$ 252,922
Debt Service	General	<u>1,536</u>
		<u>\$ 254,458</u>

Interfund transfers:

	<u>Transfers In:</u>	
	Water & Sewer Fund	<u>Total</u>
<u>Transfers Out:</u>		
Capital Projects Fund	\$ 1,963,826	1,963,826
General Fund	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 1,973,826</u>	<u>1,973,826</u>

The transfer from the General Fund to the Water and Sewer Fund was for administrative costs. The transfer from the Capital Projects Fund to the Water and Sewer Fund was for completed construction projects.

F. Notes Payable

The City has entered into the following loan agreements for equipment and vehicles:

In October 2002, the government obtained a loan from American National Bank to purchase a new fire truck. The truck cost was \$212,306. The truck was pledged as collateral against the note. Annual payments of \$26,339 began on October 8, 2002, including interest at 5.15 percent. The note matures September 30, 2011.

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

F. Notes Payable (continued)

The following table summarizes the changes in notes payable for the year ended September 30, 2010:

	Balance, September 30, 2009	Additions	Retirements	Balance, September 30, 2010	Due Within One Year
<u>General long-term debt</u>					
Smeal fire truck	\$ 48,871		(23,822)	25,049	25,049
Total general long-term debt	\$ 48,871		(23,822)	25,049	25,049

Pursuant to the terms of the loan agreements, the City will be required to make future minimum payments as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 25,049	1,290	26,339
Totals	\$ 25,049	1,290	26,339

G. Long-term Debt

Long-term debt activity for the year ended September 30, 2010 for governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	\$ 48,871		(23,822)	25,049	25,049
1999 - C. O. s	792,500		(792,500)		
2008 - G. O. Bonds	1,975,000		(65,000)	1,910,000	70,000
2008 - C. O. s	1,871,250		(75,000)	1,796,250	78,750
2010 - Refunding Bonds		727,500		727,500	83,066
Compensated absences	34,132	20,193	(27,306)	27,019	21,615
Totals	\$ 4,721,753	747,693	(983,628)	4,485,818	278,480

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

G. Long-term Debt (continued)

Bonds payable at September 30, 2010 are comprised of the following issues for governmental activities:

2008 General Obligation Bonds issued September 16, 2008, due in annual installments through February 2028, bearing interest at 4.75% payable February 15 and August 15. \$ 1,910,000

2008 Combination Tax & Water System Revenue Certificates of Obligation issued September 30, 2008, due in annual installments through February, 2028, bearing interest at rates varying from 4.75% to 4.90% payable February 15 and August 15. The governmental activities portion is 37.5 percent or \$1,950,000 of the total \$5,200,000 issued. 1,796,250

2010 General Obligation Refunding Bonds issued February 11, 2010, due in annual installments through July 15, 2019, bearing interest ranging from 2.0% to 3.5% payable January 15 and July 15. The governmental activities portion is 40% or \$727,500 of the total \$1,750,000 issue. 727,500

Combined Debt \$ 4,433,750

The annual requirements to amortize the bonded debt outstanding for the governmental activities as of September 30, 2010 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>2008 G. O. Bonds</u>		<u>2008 C. O. s</u>		<u>2010 G. O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 70,000	89,063	78,750	83,511	83,066	21,709
2012	70,000	85,738	80,630	79,667	79,014	20,047
2013	75,000	82,294	84,380	75,748	83,066	17,677
2014	80,000	78,613	90,000	71,606	87,118	15,185
2015	85,000	74,694	95,630	67,198	89,144	12,571
2016	90,000	70,538	99,380	62,567	93,196	9,897
2017	90,000	66,263	105,000	57,713	68,884	7,912
2018	95,000	61,869	108,750	52,636	70,910	5,035
2019	100,000	57,238	114,380	47,337	73,102	1,741
2020	105,000	52,369	120,000	41,768		
2021	\$ 110,000	47,263	125,630	35,937		

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

G. Long-term Debt (continued)

The annual requirements to amortize the bonded debt outstanding for the governmental activities as of September 30, 2010 are as follows:

Year Ending September 30,	<u>2008 G. O. Bonds</u>		<u>2008 C. O. s</u>		<u>2010 G. O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 115,000	41,919	131,250	29,836		
2023	120,000	36,338	138,750	23,424		
2024	130,000	30,400	76,880	18,302		
2025	135,000	24,106	80,630	14,561		
2026	140,000	17,575	84,380	10,602		
2027	145,000	10,806	88,130	6,546		
2028	<u>155,000</u>	<u>3,681</u>	<u>93,700</u>	<u>1,852</u>		
Totals	\$ <u>1,910,000</u>	<u>930,767</u>	<u>1,796,250</u>	<u>780,811</u>	<u>727,500</u>	<u>111,774</u>

During the year ended September 30, 2010, the following changes occurred in long-term liabilities reported as business-type activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Series 1997	\$ 395,000		(395,000)		
Series 1999	792,500		(792,500)		
Series 2008	3,118,750		(125,000)	2,993,750	131,250
Series 2010		1,067,500		1,067,500	121,934
Compensated absences	<u>13,679</u>	<u>7,533</u>	<u>(10,943)</u>	<u>10,269</u>	<u>8,215</u>
Totals	\$ <u>4,319,929</u>	<u>1,075,033</u>	<u>(1,323,443)</u>	<u>4,071,519</u>	<u>261,399</u>

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

G. Long-term Debt (continued)

Bonds payable at September 30, 2010 are comprised of the following individual issues for the Water and Sewer Fund:

2008 Combination Tax & Water System Revenue Certificates of Obligation issued September 30, 2008, due in annual installments through February 2028, bearing interest at rates varying from 4.75% to 4.90% payable February 15 and August 15. The Water and Sewer Fund portion is 62.5 percent or \$3,250,000 of the total \$5,200,000 issued.

\$ 2,993,750

2010 General Obligation Refunding Bonds issued February 11, 2010, due in annual installments through July 15, 2019, bearing interest ranging from 2.0% to 3.5% payable January 15 and July 15. The water fund portion is 60% or \$1,067,500 of the total \$1,750,000 issue.

1,067,500

Combined Debt

\$ 4,061,250

The annual requirements to amortize the bonded debt outstanding for the Water and Sewer Fund as of September 30, 2010, are as follows:

Year Ending September 30,	Series 2008		Series 2010	
	Principal	Interest	Principal	Interest
2011	131,250	139,184	121,934	31,866
2012	134,370	132,777	115,986	29,428
2013	140,620	126,246	121,934	25,948
2014	150,000	119,344	127,882	22,290
2015	159,375	111,996	130,856	18,454
2016	165,625	104,278	136,804	14,528
2017	175,000	96,187	101,116	9,613
2018	181,250	87,726	104,090	7,398
2019	190,625	78,894	106,898	4,559
2020	200,000	69,620		
2021	209,375	59,894		
2022	218,755	49,727		
2023	231,255	39,039		
2024	128,125	30,504		
2025	134,375	24,270		
2026	140,625	17,779		
2027	146,875	10,910		
2028	156,250	4,086		
Total	<u>\$ 2,993,750</u>	<u>1,302,461</u>	<u>1,067,500</u>	<u>164,084</u>

-continued-

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)

G. Long-term Debt (continued)

Restrictions of Bonded Debt

There are a number of limitations and restrictions contained in the various bond ordinances. The City is in compliance with all significant limitations and restrictions.

On February 11, 2010, the government issued general obligation refunding bonds of \$1,795,000 (par value) with an effective interest rate of 3.18 percent to advance refund the Certificates of Obligations Series 1997 and 1999 (refunded bonds), with an effective interest rate of 5.65 percent and par value of \$1,795,000. The refunding bonds were issued at par and, after paying issuance costs of \$70,722, receiving a premium of \$63,140, and contributing \$203,210 from the Debt Service Fund, the net proceeds were \$1,990,628. All of the net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded portion is paid. All of the refunded bonds were called on February 16, 2010. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the government's Long-Term Debt Payable.

As a result of the advance refunding, the government's total debt service requirements did not change, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$151,198. Inasmuch as a portion of the debt was that of a proprietary fund, accounting standards established by Government Accounting Standards Board Statement Number 23 were observed. There was no gain or loss on refunding.

H. Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Accrued interest payable	\$ 97,545
Current revenue bonds payable	<u>253,184</u>
Total restricted assets	<u>\$ 350,729</u>

NOTE 4. OTHER INFORMATION

A. Risk Management

The government 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 government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located with Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 4. OTHER INFORMATION (continued)

B. Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. Each of the municipalities have an annual, individual actuarial valuation performed. All assumptions for the December 31, 2009 valuations are contained in the 2009 TMRS Comprehensive Annual Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are at 100 percent of the employees accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 25 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 6%, and the government matching ratio is currently 2 to 1, both as adopted by the governing body of the government. Under the state law governing TMRS, the government contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to government matching percent, which are the obligation of the government as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the government to each employee at the time his retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 24-year - closed period - amortization period, using the level percent of payroll amortization method. When the government periodically adopts updated service credits and increases its annuities in effect, the increased unfunded (overfunded) actuarial liability (asset) is to be amortized over a new 24-year period. Currently, the unfunded actuarial liability is being

-continued-

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 4. OTHER INFORMATION (continued)

B. Retirement System (continued)

Contributions (continued)

amortized over the 24-year period which began January, 2009. The projected unit credit actuarial cost method is used for determining the government contribution rate. Contributions are made monthly by both the employees and the government. Since the government needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Annual Pension Cost

For the year ended September 30, 2010, the City's annual pension cost of \$97,494 for TMRS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) no projected salary increases, and (c) no cost-of-living adjustments. A 3.0% inflation amount was used to computing (a) and (b). The actuarial value of TMRS assets was determined using amortized cost.

Three Year Trend Information for TMRS

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Contributions Made</u>	<u>Net Pension Obligation</u>
09/30/08	\$ 66,522	66,522	0
09/30/09	\$ 80,861	80,861	0
09/30/10	\$ 97,494	97,494	0

Schedule of Funding Progress for TMRS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)(b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>U.A.A.L. as a Percentage of Covered Payroll [(b)-(a)/(c)]</u>
12/31/07	\$ 780,905	1,100,779	319,874	70.9%	\$ 790,868	40.45%
12/31/08	\$ 901,272	1,402,313	501,041	64.3%	\$ 916,218	54.69%
12/31/09	\$ 1,036,616	1,608,029	571,413	64.5%	\$ 969,936	58.91%

-continued-

CITY OF PARKER
Notes to Financial Statements
September 30, 2010
-continued-

NOTE 4. OTHER INFORMATION (continued)

C. Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2010, 2009 and 2008 were \$3,591, \$1,224 and \$1,924, respectively, which equaled the required contributions each year.

INDIVIDUAL FUND SCHEDULES

CITY OF PARKER
Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Budget and Actual - Water and Sewer Fund
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
OPERATING REVENUES				
Water sales	\$ 1,650,000	1,650,000	1,654,687	4,687
Meter installation fees	30,000	30,000	48,000	18,000
Sewer revenue	140,000	140,000	154,927	14,927
Tap fees			4,650	4,650
Late charges	30,000	30,000	18,150	(11,850)
Reconnect fees			500	500
Miscellaneous			37,284	37,284
Garbage collections	<u>245,000</u>	<u>245,000</u>	<u>247,392</u>	<u>2,392</u>
Total operating revenues	<u>2,095,000</u>	<u>2,095,000</u>	<u>2,165,590</u>	<u>70,590</u>
OPERATING EXPENSES				
Water:				
Legal fees	30,000	30,000	26,007	3,993
Auditor fees	9,000	9,000	8,750	250
Engineering fees	38,500	8,500	725	7,775
Insurance - liability	20,000	18,785	14,857	3,928
Training/education	2,000	2,000	923	1,077
Health insurance	36,442	36,442	28,744	7,698
Worker's compensation	6,089	6,089	5,192	897
Payroll taxes	4,620	4,620	4,444	176
Salaries	307,329	307,329	308,549	(1,220)
TMRS Benefits	32,680	32,680	30,330	2,350
Office expense	17,000	17,500	16,759	741
Vehicle operation & maintenance	13,000	13,000	12,067	933
Equipment & tools	772	1,272	911	361
Repairs & maintenance	50,000	48,695	42,443	6,252
Meter reading	18,000	19,215	19,215	
Contingency	7,262	7,262	1,134	6,128
Water purchases	616,000	616,000	614,570	1,430
Utilities -distribution	<u>60,000</u>	<u>52,000</u>	<u>51,252</u>	<u>748</u>
Subtotal water	<u>1,268,694</u>	<u>1,230,389</u>	<u>1,186,872</u>	<u>43,517</u>
Sewer:				
Operating expense	110,000	158,000	153,190	4,810
Repair and maintenance	15,000	5,000	1,911	3,089
Vehicle operation and maintenance	500	500		500
Insurance - liability	450	450	334	116
Salaries and wages	7,622	7,622	7,603	19
TMRS benefits	510	775	772	3
Workers' compensation	163	163	139	24
Payroll taxes	72	112	111	1
Health insurance	<u>811</u>	<u>811</u>	<u>548</u>	<u>263</u>
Subtotal sewer	<u>\$ 135,128</u>	<u>173,433</u>	<u>164,608</u>	<u>8,825</u>

CITY OF PARKER
Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Budget and Actual - Water and Sewer Fund
For the Fiscal Year Ended September 30, 2010
-continued-

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
OPERATING EXPENSES (continued)				
Garbage collection:				
Collection service	\$ 234,000	233,689	206,350	27,339
Salaries and wages	7,622	7,622	7,603	19
TMRS benefits	510	780	772	8
Workers' compensation	163	163	139	24
Payroll taxes	72	113	111	2
Health insurance	811	811	548	263
Subtotal garbage collection	<u>243,178</u>	<u>243,178</u>	<u>215,523</u>	<u>27,655</u>
Total operating expense	<u>1,647,000</u>	<u>1,647,000</u>	<u>1,567,003</u>	<u>79,997</u>
Operating income	<u>448,000</u>	<u>448,000</u>	<u>598,587</u>	<u>150,587</u>
NONOPERATING REVENUES (EXPENSES)				
Transfers in	10,000	10,000	10,000	
Interest income	10,000	10,000	2,111	(7,889)
Interest expense	<u>(201,850)</u>	<u>(201,850)</u>	<u>(266,423)</u>	<u>(64,573)</u>
Total nonoperating revenues (expenses)	<u>(181,850)</u>	<u>(181,850)</u>	<u>(254,312)</u>	<u>(72,462)</u>
Change in net assets	266,150	266,150	344,275	78,125
Net assets, beginning	<u>8,265,664</u>	<u>8,265,664</u>	<u>8,265,664</u>	
Net assets, ending	<u>\$ 8,531,814</u>	<u>8,531,814</u>	<u>8,609,939</u>	<u>78,125</u>

