

**CITY OF BRUCEVILLE-EDDY, TEXAS**

**FINANCIAL STATEMENTS**

**September 30, 2012**

**TOGETHER WITH INDEPENDENT AUDITORS' REPORT THEREON**

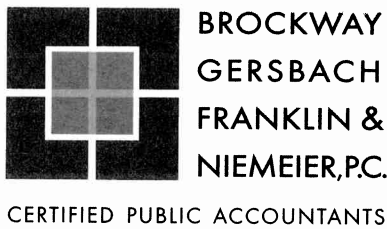
**AND SUPPLEMENTARY INFORMATION**



## CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	3-9
<b><i>Basic Financial Statements</i></b>	
Government – Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14-15
Fund Financial Statements:	
Balance Sheet - Governmental Fund	16
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	19
Statement of Net Assets - Proprietary Fund	20
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22-23
<b><i>Notes to Financial Statements</i></b>	25-41
<b><i>Required Supplemental Information</i></b>	
Schedule of Funding Progress	45
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	46-47
Statement of Revenues, Expenses, and Changes in Net Assets - Budget and Actual - Proprietary Fund	48-49
<b><i>Other Supplemental Information</i></b>	
Comparative Balance Sheets – General Fund	50
Comparative Statements of Net Assets – Proprietary Fund	51





## **Independent Auditors' Report**

Honorable Mayor and  
Members of the City Council  
City of Bruceville-Eddy, Texas

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 Bruceville-Eddy, Texas (the City) as for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express our 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bruceville-Eddy, Texas as of September 30, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the analysis and budgetary comparison information on pages 45 through 49 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. Other supplemental information on pages 50 through 51 is also included for additional analysis purposes. 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 response 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.

*Brockway Gersbach, Franklin & Niemeier, P.C.*

January 7, 2013

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial Report, we, the managers of City of Bruceville-Eddy, Texas, discuss and analyze the City's financial performance for the fiscal year ended September 30, 2012. Please read it in conjunction with the Independent Auditors' Report on page 1, and the City's Basic Financial Statements which begin on page 13.

**FINANCIAL HIGHLIGHTS**

- The City's net assets increased by \$ 169,433 as a result of this period's operations.
- The General Fund ended the period with a fund balance of \$ 609,477.
- During the year, the City had expenses that were \$ 19,251 less than the \$ 645,008 generated in tax and other revenues for governmental programs.
- The total cost of all the City's programs was \$ 2,020,817. Of this amount, \$ 1,660,254 was directly attributed to Public Safety (Police Department) and Water Services. The remainder of the cost was mainly for general government and street repair.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 13 through 15) These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 16) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. Proprietary statements provide the same type of information as the government-wide financial statements, only in more detail.

The notes to the financial statements (starting on page 25) provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS**

**USING THIS ANNUAL REPORT (CONTINUED)**

**Reporting the City as a Whole**

*The Statement of Net Assets and the Statement of Activities*

The analysis of the City's overall financial condition and operations begins on page 13. Its primary purpose is to show whether the City is better or worse off as a result of the period's activities. The Statement of Net Assets includes all the City's assets and liabilities at the end of the period while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the period.

All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes). Both the statement of net assets and the statement of activities are prepared utilizing the accrual basis of accounting.

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

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

**Governmental activities**—Most of the City's basic services are reported here, including the police, streets, culture & recreation, and general government. Property taxes, sales taxes and franchise fees finance most of these activities.

**Business-type activities** - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water system activities are reported here.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS**

**USING THIS ANNUAL REPORT (CONTINUED)**

**Reporting the City's Most Significant Funds**

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. The City's two kinds of funds - governmental and proprietary - utilize different accounting approaches.

Governmental funds—The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental fund statements are detailed in a reconciliation following the fund financial statements.

Proprietary funds - The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's combined net assets were \$ 2,859,838 as of September 30, 2012. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business-type activities net assets are \$ 2,016,793 and the governmental activities net assets are \$ 893,045. The following condensed financial statements focuses on the net assets (Table I) and general revenues and significant expenses of the City's governmental and business-type activities (Table II) as of and for the years ended September 30, 2012 and 2011.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS**

**Table I**

**NET ASSETS**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
	Current and other assets	\$ 698,449	\$ 625,216	\$ 1,272,184	\$ 1,601,408	\$ 1,970,633
Noncurrent and capital assets	235,052	237,842	1,840,348	1,503,786	2,075,400	1,741,628
<b>Total assets</b>	<b>933,501</b>	<b>863,058</b>	<b>3,112,532</b>	<b>3,105,194</b>	<b>4,046,033</b>	<b>3,968,252</b>
Other liabilities	82,905	17,458	100,739	192,583	183,644	210,041
Long-term liabilities	7,551	21,806	995,000	1,046,000	1,002,551	1,067,806
<b>Total liabilities</b>	<b>90,456</b>	<b>39,264</b>	<b>1,095,739</b>	<b>1,238,583</b>	<b>1,186,195</b>	<b>1,277,847</b>
Net Assets:						
Invested in capital assets, net of related debt	227,501	216,036	1,417,387	1,161,079	1,644,888	1,377,115
Restricted	26,021	21,768	107,300	107,013	133,321	128,781
Unassigned	589,523	585,990	492,106	598,519	1,081,629	1,184,509
<b>Total net assets</b>	<b>\$ 843,045</b>	<b>\$ 823,794</b>	<b>\$ 2,016,793</b>	<b>\$ 1,866,611</b>	<b>\$ 2,859,838</b>	<b>\$ 2,690,405</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS**

**Table II**

**CHANGE IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services	\$ 248,042	\$ 240,730	\$ 1,462,975	\$ 1,556,697	\$ 1,711,017	\$ 1,797,427
Operating grants and contributions	-	23,030	-	-	-	23,030
<b>General Revenues:</b>						
Property tax	249,430	243,190	-	-	249,430	243,190
Sales tax	59,265	57,865	-	-	59,265	57,865
Other taxes	68,381	62,856	-	-	68,381	62,856
Investment earnings	258	376	7,901	11,494	8,159	11,870
Grants (non-operating)	-	-	69,660	81,888	69,660	81,888
Miscellaneous	19,632	20,252	4,706	17,157	24,338	37,409
<b>Total Revenue</b>	<b>645,008</b>	<b>648,299</b>	<b>1,545,242</b>	<b>1,667,236</b>	<b>2,190,250</b>	<b>2,315,535</b>
<b>Expenses:</b>						
General government	342,790	332,916	-	-	342,790	332,916
Public safety	265,194	248,408	-	-	265,194	248,408
Streets	15,284	13,562	-	-	15,284	13,562
Culture and recreation	1,687	1,904	-	-	1,687	1,904
Interest on long-term debt	802	1,535	-	-	802	1,535
Water and sewer	-	-	1,395,060	1,342,167	1,395,060	1,342,167
<b>Total Expenses</b>	<b>625,757</b>	<b>598,325</b>	<b>1,395,060</b>	<b>1,342,167</b>	<b>2,020,817</b>	<b>1,940,492</b>
<b>Change in net assets before transfers</b>	<b>19,251</b>	<b>49,974</b>	<b>150,182</b>	<b>325,069</b>	<b>169,433</b>	<b>375,043</b>
<b>Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>19,251</b>	<b>49,974</b>	<b>150,182</b>	<b>325,069</b>	<b>169,433</b>	<b>375,043</b>
<b>Net assets - beginning</b>	<b>823,794</b>	<b>773,820</b>	<b>1,866,611</b>	<b>1,541,542</b>	<b>2,690,405</b>	<b>2,315,362</b>
<b>Net assets - ending</b>	<b>\$ 843,045</b>	<b>\$ 823,794</b>	<b>\$ 2,016,793</b>	<b>\$ 1,866,611</b>	<b>\$ 2,859,838</b>	<b>\$ 2,690,405</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

A large portion of the City's net assets (58 percent) reflect its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (5 percent) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net assets, \$ 1,081,629, may be used to meet the government's ongoing obligations to citizens and creditors.

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

For the year ended September 30, 2012, revenues from governmental activities totaled \$ 645,008. Charges for public safety services account for 38% of these revenues, while property taxes account for 39% of the total.

For the year ended September 30, 2012, expenses for governmental activities totaled \$ 625,757. The City's three largest funded programs are for general government, public safety, and streets.

Revenues of the City's business-type activities were \$ 1,545,242 for the year ended September 30, 2012. Expenses for the City's business-type activities were \$ 1,395,060. The City's largest business-type activities expense is the purchase of water.

**THE CITY'S FUNDS**

As the City completed the period, its governmental fund (as presented in the balance sheet on page 16) reported a fund balance of \$ 609,477 which is higher than last year's total of \$ 600,128.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2012, the City had \$ 2,075,400 invested in a broad range of capital assets, including facilities and equipment and land. This amount represents a net increase of \$ 333,772 due to purchases being greater than current year depreciation and disposals, as well as the completion of prior year's construction in progress. This period's major additions include purchases of \$ 25,765 for machinery and equipment, \$ 330,337 for water facilities and \$ 373,707 for water equipment.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**Debt**

At period-end, the City had \$ 1,002,551 in bonds and notes outstanding versus \$ 1,067,806 last year.

More detailed information about the City's long-term liabilities is presented in the Notes to the Financial Statements starting on page 35.

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

The City's elected and appointed officials considered population growth and available resources from water, public safety and tax revenues when setting the fiscal year ending September 30, 2013 budget and tax rate.

The City adopted a \$ 1,676,925 combined budget for fiscal year ending September 30, 2013. It will be funded through property taxes, water and utility charges, and other local revenues.

If the City does not incur any unforeseen expenditures or reductions in revenue, current revenues should cover current expenses with no change estimated in the General Fund fund balance and no change in the Water Fund net assets.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office at City of Bruceville-Eddy, 143 Wilcox Drive, # A, Bruceville-Eddy, Texas 76524.

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**BASIC FINANCIAL STATEMENTS**

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**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**September 30, 2012**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 379,961	\$ 424,115	\$ 804,076
Investments	250,258	-	250,258
Receivables, net of allowance for uncollectible:			
Accounts	8,762	191,506	200,268
Other	410	-	410
Cash and cash equivalents - restricted	26,021	679,339	705,360
Deferred charges	-	10,261	10,261
Internal balances	33,037	(33,037)	-
Capital assets, not being depreciated:			
Land and improvements	48,710	63,330	112,040
Capital assets, net of accumulated depreciation:			
Buildings and improvements	57,784	33,034	90,818
Water facilities	-	1,381,784	1,381,784
Machinery and equipment	70,141	362,200	432,341
Infrastructure	58,417	-	58,417
Total capital assets	<u>235,052</u>	<u>1,840,348</u>	<u>2,075,400</u>
Total Assets	933,501	3,112,532	4,046,033
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	80,307	67,550	147,857
Customer deposits	-	32,109	32,109
Compensated absences	2,598	1,080	3,678
Noncurrent liabilities:			
Due within one year	7,551	54,000	61,551
Due in more than one year	-	941,000	941,000
Total Liabilities	<u>90,456</u>	<u>1,095,739</u>	<u>1,186,195</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	227,501	1,417,387	1,644,888
Restricted for:			
Court technology and building security	26,021	-	26,021
Debt service	-	107,300	107,300
Unrestricted	<u>589,523</u>	<u>492,106</u>	<u>1,081,629</u>
Total Net Assets	<u>\$ 843,045</u>	<u>\$ 2,016,793</u>	<u>\$ 2,859,838</u>

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

**CITY OF BRUCEVILLE-EDDY, TEXAS  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary government:</b>			
Governmental activities:			
General government	\$ 342,790	\$ 2,595	\$ -
Public safety	265,194	245,447	-
Highways and streets	15,284	-	-
Culture and recreation	1,687	-	-
Interest on long-term debt	802	-	-
Total governmental activities	625,757	248,042	-
Business-type activities:			
Water Utility	1,395,060	1,462,975	-
Total business-type activities	1,395,060	1,462,975	-
<b>Total primary government</b>	<b>\$ 2,020,817</b>	<b>\$ 1,711,017</b>	<b>\$ -</b>

General revenues:

Property taxes

Sales and miscellaneous taxes

Franchise taxes

Investment income

TxDot Utility Relocation reimbursement

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (340,195)	\$ -	\$ (340,195)
(19,747)	-	(19,747)
(15,284)	-	(15,284)
(1,687)	-	(1,687)
(802)	-	(802)
<u>(377,715)</u>	<u>-</u>	<u>(377,715)</u>
-	67,915	67,915
<u>-</u>	<u>67,915</u>	<u>67,915</u>
(377,715)	67,915	(309,800)
249,430	-	249,430
59,265	-	59,265
68,381	-	68,381
258	7,901	8,159
-	69,660	69,660
19,632	4,706	24,338
<u>396,966</u>	<u>82,267</u>	<u>479,233</u>
19,251	150,182	169,433
<u>823,794</u>	<u>1,866,611</u>	<u>2,690,405</u>
<u>\$ 843,045</u>	<u>\$ 2,016,793</u>	<u>\$ 2,859,838</u>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUND  
September 30, 2012**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 379,961
Cash - restricted	26,021
Investments	250,258
Receivables, net of allowance for uncollectibles:	
Taxes	8,762
Due from other funds	33,037
Other	<u>410</u>
 Total Assets	 <u><u>\$ 698,449</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 23,544
Deferred revenue	8,762
Other accrued liabilities	<u>56,666</u>
Total Liabilities	88,972
 Fund Balance:	
Restricted for:	
Court technology and building security	26,021
Unassigned, reported in:	
General fund	<u>583,456</u>
Total Fund Balance	<u><u>609,477</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$ 698,449</u></u>

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

**CITY OF BRUCEVILLE-EDDY, TEXAS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND  
TO THE STATEMENT OF NET ASSETS  
September 30, 2012**

Total fund balance-governmental fund (page 16) \$ 609,477

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 48,710	
Buildings	115,844	
Equipment	241,695	
Infrastructure	90,830	
Accumulated depreciation	<u>(262,027)</u>	
Total capital assets	<u>\$ 235,052</u>	235,052

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.

Property taxes not collected	<u>\$ 8,762</u>	8,762
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Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes payable	<u>\$ (7,551)</u>	(7,551)
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Accrued interest is not due and payable in the current period and therefore is not reported in the funds.

Accrued interest	<u>\$ (97)</u>	(97)
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Accrued vacation and comp time payable is not due and payable in the current period and therefore is not reported in the funds.

Compensated absences	<u>\$ (2,598)</u>	<u>(2,598)</u>
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Net assets of governmental activities (page 13)	<u>\$ 843,045</u>	<u>\$ 843,045</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
For the Year Ended September 30, 2012**

	<u>General Fund</u>
<u>Revenues</u>	
Ad valorem tax	\$ 251,126
Sales tax	59,265
Franchise tax	68,381
Fines and forfeitures	245,447
Licenses and permits	2,595
Interest income	258
Lease and miscellaneous income	<u>19,631</u>
Total Revenues	646,703
<u>Expenditures</u>	
Current:	
General government	343,997
Public safety	261,825
Streets	16,202
Debt service:	
Principal	14,255
Interest and fiscal charges	<u>1,075</u>
Total Expenditures	<u>637,354</u>
Excess (deficiency) of revenues over (under) expenditures	9,349
Fund Balance- beginning of year	<u>600,128</u>
Fund Balance- end of year	<u><u>\$ 609,477</u></u>

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

**CITY OF BRUCEVILLE-EDDY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2012**

Net change in fund balance - total governmental fund (page 18) \$ 9,349

Amounts reported for governmental activities in the statement of activities  
(pages 14-15) are different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets is allocated over their estimated useful  
lives and reported as depreciation expense. This is the amount by which capital  
outlays exceeded depreciation in the current period.

Capital outlay	\$ 30,765	
Depreciation expense	(33,555)	
	<u>\$ (2,790)</u>	(2,790)

Revenues in the statement of activities that do not provide current financial resources  
are not reported as revenues in the funds.

Property taxes not collected	\$ 8,762	
Less prior year	(10,458)	
	<u>\$ (1,696)</u>	(1,696)

Some expenses reported in the statement of activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures in  
governmental funds.

Decrease in accrued interest payable	\$ 272	
Increase in compensated absences liability	(139)	
	<u>\$ 133</u>	133

Repayment of the principal of long-term debt consumes the current financial  
resources of governmental funds but reduces the long-term liability in the statement  
of activities.

Debt service - principal	\$ 14,255	14,255
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Change in net assets of governmental activities (page 15)	\$ 19,251	19,251
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The accompanying notes are an integral part of the financial statements.

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**September 30, 2012**

	<u>Business-type Activities Water Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 424,115
Accounts receivable, net	191,506
Deferred charges - bond issue costs	10,261
Total current assets	625,882
Noncurrent assets:	
Restricted cash and cash equivalents	679,339
Capital assets, net	<u>1,840,348</u>
Total Assets	3,145,569
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	64,167
Accrued liabilities	3,383
Customer deposits	32,109
Due to other funds	33,037
Liabilities payable from restricted assets:	
Revenue bonds payable - current portion	<u>54,000</u>
Total current liabilities	186,696
Noncurrent liabilities:	
Compensated absences	1,080
Liabilities payable from restricted assets:	
Revenue bonds payable	<u>941,000</u>
Total Liabilities	<u>1,128,776</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,417,387
Restricted	107,300
Unrestricted	<u>492,106</u>
Total Net Assets	<u><u>\$ 2,016,793</u></u>

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



**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
**For the Year Ended September 30, 2012**

	<u>Business-type Activities Water Fund</u>
<u>Operating Revenues</u>	
Water	\$ 1,325,420
Garbage	112,941
Water tap fees	4,500
Other operating revenues	<u>20,114</u>
Total Operating Revenues	1,462,975
<u>Operating Expenses</u>	
Water purchases	499,589
Water system utilities	85,042
Water system supplies	52,770
Repairs and maintenance	13,126
Other water system expenses	36,087
Personnel and support	203,088
Professional fees	58,276
Administrative expenses	47,504
Garbage collection fees	100,358
Depreciation and amortization	<u>166,351</u>
Total Operating Expenses	<u>1,262,191</u>
Operating Income	200,784
<u>Nonoperating Revenues (Expenses)</u>	
Interest income	7,901
Interest expense	(60,347)
Donations emergency services income	2,989
Donations emergency services expense	(2,862)
TxDot utility relocation reimbursement	69,660
TxDot utility relocation expense	(69,660)
Misc. income	1,717
Total Nonoperating Revenues (Expenses)	<u>(50,602)</u>
Change in Net Assets	150,182
Net Assets - beginning	<u>1,866,611</u>
Net Assets - ending	<u><u>\$ 2,016,793</u></u>

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

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year Ended September 30, 2012**

	<u>Business-type Activities Water Fund</u>
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 1,468,286
Cash paid to suppliers	(1,029,151)
Cash paid to employees	(166,141)
Net Cash Provided by Operating Activities	<u>272,994</u>
<u>Cash Flows from NonCapital Financing Activities</u>	
Grant and contribution income	72,649
Grant and contribution expense	(72,522)
Misc. income	1,715
Net Cash Provided by NonCapital Financing Activities	<u>1,842</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of capital assets	(502,122)
Payments on long-term bonds	(51,000)
Payments on loans from other funds	(6,000)
Interest paid	(60,347)
Net Cash Provided by Capital and Related Financing Activities	<u>(619,469)</u>
<u>Cash Flows from Investing Activities</u>	
Interest received	7,901
Cash payments to restricted invested cash	130,967
Net Cash Used by Investing Activities	<u>138,868</u>
Net Decrease in Cash and Cash Equivalents	(205,765)
Cash and cash equivalents - beginning of year	<u>629,880</u>
Cash and cash equivalents - end of year	<u><u>\$ 424,115</u></u>

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

**CITY OF BRUCEVILLE-EDDY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND (CONTINUED)  
For the Year Ended September 30, 2012**

	<u>Business-type Activities Water Fund</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	\$ 200,784
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	165,561
Increase in accounts receivable	(2,298)
Decrease in other current assets	792
Decrease in accounts payable	(98,586)
Decrease in accrued liabilities	(868)
Increase in customer deposits	7,609
Total Adjustments	<u>72,210</u>
Net Cash Provided by Operating Activities	<u><u>\$ 272,994</u></u>

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**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Bruceville-Eddy, Texas (the City) was incorporated in 1974 for the purpose of providing public safety, water and sanitation services, planning and general administrative services. The City's present population is approximately 1,499, and it serves approximately 1,779 metered customers.

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements of the City.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the City's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, grants and other intergovernmental revenues. Business-type activities include programs supported by primarily water revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. Examples include water payments, police fines, etc. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If revenue is not program revenue, it is general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet. All interfund transactions between governmental funds are eliminated on the government-wide statements.

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

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after period end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

**D. FUND ACCOUNTING**

The City reports the following major governmental fund:

General Fund - 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:

Water Fund - used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. FUND ACCOUNTING (CONTINUED)**

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for financial statements for periods beginning after June 15, 2010, requires governmental fund balances to be reported in one of five classifications, replacing the previous classifications of reserved, unreserved, and designated. These five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balances are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances have constraints imposed either 1) by law through constitutional provisions or enabling legislation or 2) by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances represent funds set aside formally by the City Council for specific purposes or by contract. Assigned fund balances are earmarked for specific purposes by the City Council, but are neither restricted nor committed. These balances represent tentative management plans that are subject to change. Unassigned fund balance is the residual classification for the general fund for which the previous classifications do not apply. When different classifications of funds are available for expenditure, the City considers the most restrictive classification amount to have been spent first.

The following is a list of fund balance restrictions used by the City and a description of each:

***Fund Balance Restrictions:***

***Debt Service-*** Funds restricted for the retirement of general long-term debt.

***Court Technology and Building Security-*** Funds restricted for the purchase of goods and services that will benefit the court from specific court fees.

***Drug Enforcement-*** Funds restricted for drug enforcement costs from restricted revenues.

**E. OTHER ACCOUNTING POLICIES**

1. The City follows these procedures in establishing the budgetary data reflected in the financial statements:
  - a. Prior to the beginning of each fiscal year, the Mayor submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing those expenditures.
  - b. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
  - c. The budget is legally enacted by the City Council.
  - d. Budget revisions may be made during the period.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. OTHER ACCOUNTING POLICIES (CONTINUED)**

2. For purposes of the statement of cash flows, cash and cash equivalents include all cash and certificates of deposit having an original maturity date of less than three months.
3. Water utility customers deposits are restricted to disbursements for the application to customer account balances or refund to the customer. Amounts transferred to sinking fund cash accounts are restricted to paying for debt service on the revenue bonds indebtedness.
4. The City's proprietary fund distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the City's water fund consist of charges for services (including tap fees) and the cost of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.
5. Fixed assets of the City are capitalized at cost. Gifts or contributions of fixed assets are recorded at fair market value at the time received. Repairs which do not increase the value or extended the life of such assets are charged against revenues in the year in which they are incurred. The City has elected to report major general infrastructure assets on a prospective basis.

Depreciation expense on the assets of the Primary Government is calculated by using the straight-line method and is based on estimated useful lives as follows:

Category	Life
Building and improvements	10-30 years
Machinery and equipment	3-10 years
Water facilities	30 years
Infrastructure	20 years

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The City adopts its annual budget on a basis consistent with accounting principles generally accepted in the United States of America (GAAP basis). All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund and function. The legal level of budgetary control is the fund level. The Council made supplemental budgetary appropriations throughout the period for the General Fund and the Water Fund. In addition to the Water Fund operating budget, the City also anticipated \$ 51,000 in principal payments on the bond as part of its budget process. This liability reduction is not reflected on GAAP basis budgetary statements. The following budget amendments were significant:

- The budget for salaries and wages was transferred from a public safety expense (the police department) to a general government expense (administrative), though governmental reporting requires that expenditures are reported by function (i.e. general government vs. public safety).



**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The City over-expended its budget as follows:

General Fund

General govt. utilities	\$	3,348
General govt. legal and accounting	\$	18,542
General govt. repairs and maintenance	\$	1,116
Salaries and wages	\$	10,779
Operating costs	\$	13,274
Equipment	\$	15,397
Debt service principal	\$	755

Proprietary Water Fund

Water system utilities	\$	8,042
Garbage collection fees	\$	7,358
Donations emergency service expense	\$	362

**III. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

Additional Contractual Provisions governing deposits and investments are as follows:

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The City's deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The City's policy is to be collateralized. The City was not fully collateralized during the period.
3. Interest Rate Risk – The City has no debt securities which have interest rate risk.
4. Other Credit Risk Exposure – The City does not invest in debt securities.
5. Concentration Risk – The City's deposits and investments are exposed to concentration risk in that they are all deposited with the same bank.

**Deposits Credit Risk**

The cash deposits and savings accounts held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the City's cash deposits are classified as Category 1.

Deposits are stated at cost plus accrued interest and the carrying amounts are displayed on the balance sheet as "Cash and Cash Equivalents." Following is a summary of the City's deposits, by category:

1. Insured by FDIC	\$ 1,872,907
2. Collateralized by pledged securities	-
3. Uninsured and uncollateralized	<u>-</u>
Total Bank Balance	<u>\$ 1,872,907</u>
Carrying Amount	<u>\$ 1,872,907</u>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. RESTRICTED CASH**

The City had restricted cash of \$ 679,339 in the Water Fund and \$ 26,021 in the General Fund as of September 30, 2012. The restrictions stem from the need to protect customer utility deposits, to set aside a reserve for the payment of interest and principal on bonded indebtedness, and to set aside monies that are restricted by revenue sources as to use.

**C. RECEIVABLES**

Receivables at period end for the government's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water Fund
Receivables:		
Taxes	\$ 34,714	\$ -
Accounts	-	191,506
Less: allowance for uncollectibles	(25,952)	-
Net total receivables	\$ 8,762	\$ 191,506

**D. INTERFUND RECEIVABLES AND PAYABLES**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." The individual interfund receivables and payable balances at September 30, 2012, were:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 33,037	\$ -
Water Fund	-	33,037
Total All Funds	\$ 33,037	\$ 33,037

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012 was as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 48,710	\$ -	\$ -	\$ 48,710
Total capital assets, not being depreciated	<u>48,710</u>	<u>-</u>	<u>-</u>	<u>48,710</u>
Capital assets, being depreciated:				
Buildings and improvements	110,844	5,000	-	115,844
Machinery and equipment	242,930	25,765	(27,000)	241,695
Infrastructure	90,830	-	-	90,830
Total capital assets, being depreciated	<u>444,604</u>	<u>30,765</u>	<u>(27,000)</u>	<u>448,369</u>
Less accumulated depreciation for:				
Buildings and improvements	(54,409)	(3,651)	-	(58,060)
Machinery and equipment	(173,192)	(25,362)	27,000	(171,554)
Infrastructure	(27,871)	(4,542)	-	(32,413)
Total accumulated depreciation	<u>(255,472)</u>	<u>(33,555)</u>	<u>27,000</u>	<u>(262,027)</u>
Total capital assets, being depreciated, net	<u>189,132</u>	<u>(2,790)</u>	<u>-</u>	<u>186,342</u>
Governmental activities capital assets, net	<u>\$ 237,842</u>	<u>\$ (2,790)</u>	<u>\$ -</u>	<u>\$ 235,052</u>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. CAPITAL ASSETS (CONTINUED)**

	<u>Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 61,330	\$ 2,000	\$ -	\$ 63,330
Construction in progress	208,922	-	(208,922)	-
Total capital assets, not being depreciated	<u>270,252</u>	<u>2,000</u>	<u>(208,922)</u>	<u>63,330</u>
Capital assets, being depreciated:				
Buildings and improvements	126,738	5,000	-	131,738
Water facilities	3,144,713	330,337	-	3,475,050
Machinery and equipment	192,721	373,708	-	566,429
Total capital assets, being depreciated	<u>3,464,172</u>	<u>709,045</u>	<u>-</u>	<u>4,173,217</u>
Less accumulated depreciation for:				
Buildings and improvements	(92,500)	(6,204)	-	(98,704)
Water facilities	(1,977,402)	(115,864)	-	(2,093,266)
Machinery and equipment	(160,736)	(43,493)	-	(204,229)
Total accumulated depreciation	<u>(2,230,638)</u>	<u>(165,561)</u>	<u>-</u>	<u>(2,396,199)</u>
Total capital assets, being depreciated, net	<u>1,233,534</u>	<u>543,484</u>	<u>-</u>	<u>1,777,018</u>
Business-type activities capital assets, net	<u>\$ 1,503,786</u>	<u>\$ 545,484</u>	<u>\$ (208,922)</u>	<u>\$ 1,840,348</u>

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

Governmental activities:

General government	\$ 3,651
Public safety	23,675
Highways and streets	4,542
Culture and recreation	1,687
Total depreciation expense - governmental activities	<u>\$ 33,555</u>

Business-type activities:

Water and sewer	\$ 165,561
Total depreciation expense - business-type activities	<u>\$ 165,561</u>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT**

The City's long-term debt at September 30, 2012 is comprised of the following individual issues:

General Government Notes Payable:

\$ 28,000 auto loan with local bank; maturing June 2013; payable \$ 7,923  
principal and interest annually; interest at 5%, secured by automobile 7,551

Proprietary Water Fund Revenue Refunding Bonds

\$ 371,000 Series 2011 Certificates of Obligation, maturing September 2025  
15 certificates with interest rates varying from 5.5% to 5.875%; annual  
principal payments ranging from \$17,000 to \$35,000 are due per the bonds'  
maturity dates schedule. Interest is due each March and September;  
secured by the revenues of the City's water system 331,000

Proprietary Water Fund Revenue Bonds:

\$ 731,000 Series 2011 Certificates of Obligation, maturing September 2025  
15 certificates with interest rates varying from 5.5% to 5.875%; annual  
principal payments ranging from \$33,000 to \$70,000 are due per the bonds'  
maturity dates schedule. Interest is due each March and September;  
secured by the revenues of the City's water system 664,000

Total Long-term Debt \$ 1,002,551

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

Debt service requirements to maturity for the above long-term debt are as follows:

General Government Note Payable

Year Ending

September 30	Principal	Interest	Total
2013	\$ 7,551	\$ 390	\$ 7,941
Total	<u>\$ 7,551</u>	<u>\$ 390</u>	<u>\$ 7,941</u>

Water Revenue Refunding Bonds - Series 2011

Year Ending

September 30	Principal	Interest	Total
2013	\$ 18,000	\$ 19,085	\$ 37,085
2014	19,000	18,095	37,095
2015	20,000	17,050	37,050
2016	21,000	15,994	36,994
2017	22,000	14,743	36,743
2018-2022	132,000	52,950	184,950
2023-2025	99,000	11,878	110,878
Total	<u>\$ 331,000</u>	<u>\$ 149,795</u>	<u>\$ 480,795</u>

Water Revenue Bonds - Series 2011

Year Ending

September 30	Principal	Interest	Total
2013	\$ 36,000	\$ 38,288	\$ 74,288
2014	38,000	36,308	74,308
2015	40,000	34,218	74,218
2016	42,000	32,105	74,105
2017	44,000	29,603	73,603
2018-2022	265,000	106,603	371,603
2023-2025	199,000	23,816	222,816
Total	<u>\$ 664,000</u>	<u>\$ 300,941</u>	<u>\$ 964,941</u>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

There are a number of limitations and restrictions contained in the various bond indentures, including, among others, the requirements of the payment of principal and interest from the ad valorem tax levy or from the net revenues of the water fund and the provision of certain reserve funds. The City is in compliance with all such significant financial limitations and restrictions. There is no specific maximum debt limit established by law for the City, therefore, the limit is governed by the City's ability to levy and collect taxes to service the debt.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental activities:</b>					
Notes payable	\$ 21,806	\$ -	\$ (14,255)	\$ 7,551	\$ 7,551
Governmental activity long-term liabilities	<u>\$ 21,806</u>	<u>\$ -</u>	<u>\$ (14,255)</u>	<u>\$ 7,551</u>	<u>\$ 7,551</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 1,046,000	\$ -	\$ (51,000)	\$ 995,000	\$ 54,000
Business-type activity long-term liabilities	<u>\$ 1,046,000</u>	<u>\$ -</u>	<u>\$ (51,000)</u>	<u>\$ 995,000</u>	<u>\$ 54,000</u>
Total long-term liabilities	<u>\$ 1,067,806</u>	<u>\$ -</u>	<u>\$ (65,255)</u>	<u>\$ 1,002,551</u>	<u>\$ 61,551</u>

**G. PROPERTY TAXES**

The appraisal of property within the City is the responsibility of the McLennan County Appraisal District (the "District"). The District is required under the Property Tax Code to assess all property within the District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the District must be reviewed every four years.

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 business personal property located in the City. The net assessed value, net of exemptions, upon which the fiscal year ended September 30, 2012, levy was based was \$ 49,270,140. The tax rate for the 2012 tax roll was \$ 0.484116 per \$ 100 of assessed value.

Property taxes not collected in the current period are considered not to be available, and therefore, are not accrued as revenue in the current period. Since the City recognizes taxes as revenues only when collected, an allowance for current and delinquent taxes receivable at the end of the period has been established. On the government-wide statements, the amount deferred in the fund statements is recognized as revenue.



**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. PROPERTY TAXES (CONTINUED)**

The City has contracted with McLennan County tax collector's office to collect ad valorem taxes on behalf of the City. The City paid the tax collector \$ 3,510 for these services during the fiscal year ended September 30, 2012.

**H. PENSION PLAN**

Plan Description

The City provides pension benefits for all of its eligible 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. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	Plan Year 2011	Plan Year 2012
	<hr/>	<hr/>
Employee deposit rate:	7.0%	7.0%
Matching Ratio (City to Employee):	1.5 to 1	1.5 to 1
Years required for vesting:	5	5
Updated Service Credit:	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	0% of CPI	0% of CPI

Members can retire at certain ages, based on the years of service with the City. The service retirement eligibilities for the City are: 5 yrs/age 60, 25 yrs/any age.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. PENSION PLAN (CONTINUED)**

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City's actuarially determined rate is, 2.65% for 2010, 4.50% for 2011, and 3.05% for 2012. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension costs and net pension obligation/(asset) are as follows:

	<b>Three-Year Trend Information</b>			
	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation (NPO)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
9/30/2010	16,890	16,890	100%	-
9/30/2011	15,729	15,729	100%	-
9/30/2012	23,902	23,902	100%	-

The required contribution rates for fiscal year ended September 30, 2012, were determined as part of the December 31, 2009 and 2010 actuarial valuations. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability of benefits. It also contains additional information as of the latest actuarial valuation.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. PENSION PLAN (CONTINUED)**

Funded Status and Funding Progress

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR). See the Schedule of Funding Progress for the funded status as of December 31, 2010, and the two separate actuarial valuations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**I. SUPPLEMENTAL DEATH BENEFITS**

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; additionally, retirees are responsible for 100% of premiums paid for the benefit.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. SUPPLEMENTAL DEATH BENEFITS (CONTINUED)**

**Contributions**

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 September 30, 2012, 2011 and 2010 were \$ 1,406, \$ 932 and \$ 913, respectively, which equaled the required contributions each year.

**J. COMMITMENTS AND CONTINGENCIES**

**Water Purchase Agreement**

The City has entered into a long-term agreement to purchase water from a water supply company. The contract requires the City to take and/or pay for a minimum quantity of water. The cost of water per gallon is based each year on the amount the water supply corporation needs to recover all operation and maintenance expenses and debt service of the system (i.e. its annual requirement). The water supply company's net annual requirement divided by all contracting parties' minimum take (annual water purchases in gallons) determines the rate per gallon each year. Based on the estimated annual requirements of the water supply company (estimated \$ 2.90 per thousand gallons) and the minimum take (172,272,000 gallons) for the City, the City is committed to pay an estimated \$ 499,589 for water during the fiscal year ended September 30, 2012, under this contract.

**Other**

The City is a defendant in two pending legal actions. The first pending action arises principally from claims against the City for alleged improper actions by a City employee. The second pending action involves a utility easement across private property. Total damages claimed are substantial; however, it has been the City's experience that such actions are usually dismissed or settled for amounts substantially less than the claimed amounts. The City's legal representation estimates that the potential claims against the City not covered by various insurance policies would not materially affect the financial condition of the City.

**K. 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 has joined together with other governments in Texas to form the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability, property and workers' compensation coverage. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**K. RISK MANAGEMENT (CONTINUED)**

The Texas Municipal League Intergovernmental Risk Pool has published its own financial report, which can be obtained by writing to the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754.

**L. COMPENSATED ABSENCES**

Employees accrue vacation leave based on the number of years employed up to a maximum of 20 days per year. The accrual year starts with the date employee starts full-time and subsequent anniversary dates. Employees may carry over earned vacation past the accrual year with approval of Mayor and Council. However, the accrual is not to exceed forty days beyond the end of the fiscal year. Upon separation from service employees are paid for any earned and unused vacation time. Vested vacation is recorded in the proprietary fund as a liability and expense and in the government fund as a fund liability and expenditure, if payable from current resources. The value of the earned and unused portion of governmental compensated absences at year-end is reported as a governmental activity non-current liability.

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**REQUIRED SUPPLEMENTAL INFORMATION**

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**CITY OF BRUCEVILLE-EDDY, TEXAS  
SCHEDULE OF FUNDING PROGRESS  
TMRS PENSION PLAN (UNAUDITED)  
September 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (c)=(a/b)	Unfunded (Over-funded) AAL (UAAL) (d)=(b-a)	Covered Payroll (e)	UAAL as a Percentage of Covered Payroll (d)/(e)
12/31/09	\$ 374,887	\$ 334,818	112.0%	\$ (40,069)	\$ 314,606	-12.7%
12/31/10 (1)	\$ 434,270	\$ 397,159	109.3%	\$ (37,111)	\$ 333,500	-11.1%
12/31/10 (2)	\$ 686,866	\$ 618,213	111.1%	\$ (68,653)	\$ 333,500	-20.6%
12/31/11	\$ 747,451	\$ 655,679	114.0%	\$ (91,722)	\$ 344,488	-26.6%

(1) Actuarial valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure

**Actuarial Assumptions**

Valuation Date:	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
		(1)	(2)	
Actuarial Cost Method:	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method:	Level % of Payroll	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period:	22.7 years; closed	21 years; closed	25.1 years; closed	24.9 years; closed
Asset Valuation Method:	10-year smoothed market	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions: Investment Rate of Return: *	7.5%	7.5%	7.0%	7.0%
Projected Salary Increases: *	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service

\* Includes 3% inflation and no cost of living adjustments

See independent auditors' report.

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended September 30, 2012**  
**with Comparative Totals for the Year Ended September 30, 2011**

	2012				2011
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget -	Amounts
<b>Revenues</b>					
Property taxes	\$ 239,048	\$ 239,048	\$ 251,126	\$ 12,078	\$ 241,713
Sales and miscellaneous taxes	36,000	36,000	59,265	23,265	57,865
Franchise taxes	62,000	62,000	68,381	6,381	62,856
Fines and forfeitures	239,000	239,000	245,447	6,447	239,385
Licenses and permits	1,500	1,500	2,595	1,095	1,345
Grants	-	-	-	-	23,030
Interest income	20	20	258	238	376
Lease and miscellaneous income	20,800	20,800	19,631	(1,169)	20,252
<b>Total Revenues</b>	<b>598,368</b>	<b>598,368</b>	<b>646,703</b>	<b>48,335</b>	<b>646,822</b>
<b>Expenditures</b>					
General government:					
Salaries & wages	115,000	115,000	114,953	47	107,543
Payroll taxes and insurance	30,900	30,900	28,596	2,304	31,375
Administrative costs	80,868	72,018	52,242	19,776	60,047
Utilities	18,000	21,050	24,398	(3,348)	22,269
Legal and accounting	80,000	83,900	102,442	(18,542)	71,523
Repairs and maintenance	14,450	20,250	21,366	(1,116)	13,834
Grant expenditures	-	-	-	-	23,030
Public safety:					
Salaries & wages	121,500	126,000	136,779	(10,779)	126,687
Payroll taxes and insurance	30,500	22,000	21,751	249	28,504
Operating costs	56,750	58,850	72,124	(13,274)	57,907
Equipment	5,000	8,000	23,397	(15,397)	4,934
Repairs and maintenance	9,500	7,500	7,774	(274)	10,375
Highways and streets:					
Streets	20,000	17,000	16,202	798	9,021
Capital outlay:					
Fixed asset expenditures	-	-	-	-	-
Debt service:					
Principal	13,500	13,500	14,255	(755)	13,564
Interest	2,400	2,400	1,075	1,325	1,795
<b>Total Expenditures</b>	<b>598,368</b>	<b>598,368</b>	<b>637,354</b>	<b>(38,986)</b>	<b>582,408</b>

See independent auditors' report.

(Continued)

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND (CONTINUED)**  
**For the Year Ended September 30, 2012**  
**with Comparative Totals for the Year Ended September 30, 2011**

	2012				2011
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget -	Amounts
<u>Expenditures (continued)</u>					
Excess of revenues					
over expenditures	\$ -	\$ -	\$ 9,349	\$ 9,349	\$ 64,414
<u>Other Financing Sources</u>					
Proceeds from insurance claims	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
Net Change in Fund Balance	-	-	9,349	9,349	64,414
Fund Balance - beginning of year	600,128	600,128	600,128	-	535,714
Fund Balance - end of year	<u>\$ 600,128</u>	<u>\$ 600,128</u>	<u>\$ 609,477</u>	<u>\$ 9,349</u>	<u>\$ 600,128</u>

See independent auditors' report.

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS – BUDGET AND ACTUAL**  
**PROPRIETARY FUND**  
**For the Year Ended September 30, 2012**  
**with Comparative Totals for the Year Ended September 30, 2011**

	2012				2011
	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Actual Amounts
	Original	Final			
<u>Operating Revenues</u>					
Water	\$ 1,250,000	\$ 1,250,000	\$ 1,325,420	\$ 75,420	\$ 1,411,816
Garbage	100,000	100,000	112,941	12,941	101,938
Water tap fees	2,000	2,000	4,500	2,500	10,823
Other operating revenues	20,000	20,000	20,114	114	24,839
<b>Total Operating Revenues</b>	<b>1,372,000</b>	<b>1,372,000</b>	<b>1,462,975</b>	<b>90,975</b>	<b>1,549,416</b>
<u>Operating Expenses</u>					
Water purchases	501,000	508,600	499,589	9,011	516,236
Water system utilities	75,000	77,000	85,042	(8,042)	83,553
Water system supplies	52,500	56,000	52,770	3,230	43,724
Repairs and maintenance	45,200	31,600	13,126	18,474	34,583
Other water system expenses	59,700	59,700	36,087	23,613	12,722
Personnel and support	205,500	205,500	203,088	2,412	211,884
Professional fees	120,500	115,300	58,276	57,024	24,784
Administrative expenses	48,800	54,300	47,504	6,796	46,502
Garbage collection fees	93,000	93,000	100,358	(7,358)	100,450
Depreciation and amortization	-	-	166,351	(166,351)	138,537
<b>Total Operating Expenses</b>	<b>1,201,200</b>	<b>1,201,000</b>	<b>1,262,191</b>	<b>(61,191)</b>	<b>1,212,975</b>
<b>Operating Income</b>	<b>170,800</b>	<b>171,000</b>	<b>200,784</b>	<b>29,784</b>	<b>336,441</b>

See independent auditors' report.

(Continued)

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS – BUDGET AND ACTUAL**  
**PROPRIETARY FUND (CONTINUED)**  
**For the Year Ended September 30, 2012**  
**with Comparative Totals for the Year Ended September 30, 2011**

	2012				2011
	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Actual Amounts
	Original	Final			
<u>Nonoperating Revenues (Expenses)</u>					
Interest income	\$ 5,000	\$ 5,000	\$ 7,901	\$ 2,901	\$ 11,494
Interest expense	-	-	(60,347)	(60,347)	(44,548)
Dontations Emergency Service					
Income	2,500	2,500	2,989	489	3,305
Expense	(2,300)	(2,500)	(2,862)	(362)	(2,756)
Grant revenue	-	-	-	-	81,888
Grant expense	-	-	-	-	(81,888)
TxDot Utility Relocation					
Reimbursement	-	-	69,660	69,660	-
Expense	-	-	(69,660)	(69,660)	-
Proceeds from insurance claims	-	-	-	-	13,852
Fixed asset sales income	-	-	-	-	4,295
Misc. income	2,000	2,000	1,717	(283)	2,986
	<u>7,200</u>	<u>7,000</u>	<u>(50,602)</u>	<u>(57,602)</u>	<u>(11,372)</u>
Total Nonoperating Revenues (Expenses)					
Change in Net Assets	178,000	178,000	150,182	(27,818)	325,069
Net Assets - beginning of year	<u>1,866,611</u>	<u>1,866,611</u>	<u>1,866,611</u>	<u>-</u>	<u>1,541,542</u>
Net Assets - end of year	<u>\$ 2,044,611</u>	<u>\$ 2,044,611</u>	<u>\$ 2,016,793</u>	<u>\$ (27,818)</u>	<u>\$ 1,866,611</u>

See independent auditors' report.

(Continued)

**CITY OF BRUCEVILLE-EDDY, TEXAS  
COMPARATIVE BALANCE SHEETS – GENERAL FUND  
September 30, 2012 and 2011**

	2012	2011
<b>ASSETS</b>		
Cash	\$ 379,961	\$ 553,643
Cash - restricted	26,021	21,768
Investments	250,258	-
Taxes receivable	34,714	41,305
Allowance for uncollectible taxes	(25,952)	(30,847)
Due from other funds	33,037	39,037
Other receivables, net of allowance for uncollectibles	410	310
<b>Total Assets</b>	<b>\$ 698,449</b>	<b>\$ 625,216</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 23,544	\$ 7,458
Deferred revenue	8,762	10,458
Other accrued expenses	56,666	7,172
<b>Total Liabilities</b>	88,972	25,088
<b>Fund Balances:</b>		
<b>Restricted for:</b>		
Court technology and building security	26,021	21,755
Public safety DAG	-	13
Unassigned	583,456	578,360
<b>Total Fund Balances</b>	609,477	600,128
<b>Total Liabilities and Fund Balances</b>	<b>\$ 698,449</b>	<b>\$ 625,216</b>

See independent auditors' report.

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUND**  
**September 30, 2012 and 2011**

	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash	\$ 424,115	\$ 629,880
Accounts receivable, net	191,506	189,208
Deferred charges - bond issue costs	10,261	11,051
Total current assets	625,882	830,139
Noncurrent assets:		
Restricted cash and cash equivalents	679,339	810,306
Capital assets:		
Land	63,330	61,330
Construction in progress	-	208,922
Buildings and improvements	131,738	126,738
Water facilities	3,475,050	3,144,713
Machinery and equipment	566,429	192,721
Less accumulated depreciation	(2,396,199)	(2,230,638)
Total capital assets	1,840,348	1,503,786
Total Assets	3,145,569	3,144,231
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	64,167	162,753
Accrued liabilities	3,383	3,193
Customer deposits	32,109	24,500
Due to other funds	33,037	39,037
Liabilities payable from restricted assets:		
Revenue bonds payable - current portion	54,000	51,000
Total current liabilities	186,696	280,483
Noncurrent liabilities:		
Compensated absences	1,080	2,137
Liabilities payable from restricted assets:		
Revenue bonds payable	941,000	995,000
Total Liabilities	1,128,776	1,277,620
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,417,387	1,161,079
Restricted for debt service	107,300	107,013
Unrestricted	492,106	598,519
Total Net Assets	\$ 2,016,793	\$ 1,866,611

See independent auditors' report.