

CITY OF FARMERSVILLE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2013

RUTHERFORD, TAYLOR & COMPANY, P.C.
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CITY OF FARMERSVILLE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2013

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GENERAL INFORMATION

CITY OF FARMERSVILLE, TEXAS
ROSTER OF CITY OFFICIALS
SEPTEMBER 30, 2013

Mayor Joe Helmberger
Mayor Pro-Tem..... Jim Foy
Treasurer Russell Chandler
Council Member Michael Hesse
Council Member Michael Carr
Council Member John Klostermann

CITY OF FARMERSVILLE, TEXAS
CITY DIRECTORS
SEPTEMBER 30, 2013

City Manager..... Ben White
City Attorney..... Alan Lathrom
City Secretary..... Edie Sims
Police Chief Mike Sullivan
Fire Chief..... Kim Morris
Municipal Judge Terry Douglas

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmersville, Texas (City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component unites each major fund, and the aggregate remaining fund information of the City of Farmersville, Texas as of

Independent Auditor's Report – Continued

September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note S to the financial statements, in 2013 the City adopted various accounting pronouncements issued by the Governmental Accounting Standards Board. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

March 31, 2014
Greenville, Texas



RUTHERFORD,
TAYLOR &
COMPANY, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmersville, Texas (City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control – Continued

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 31, 2014
Greenville, Texas

Rutherford, Taylor & Company PC

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

CITY OF FARMERSVILLE, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED SEPTEMBER 30, 2013

This section of the City of Farmersville, Texas annual financial report presents our discussion and analysis of the City's financial performance during the year ended September 30, 2013. Please read it in conjunction with the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined net assets were \$ 8,672,612 at September 30, 2013.
- During the year, the City's governmental activities expenses were \$ 570,176 more than the \$ 3,609,272 generated in taxes and other revenues, including transfers from business-type activities for governmental activities. Revenues of the business-type activities were \$ 84,352 less than the expenses, including transfers to governmental activities.
- The total cost of the City's programs was virtually unchanged from last year, and no new programs were added this year.
- The General Fund reported a fund balance this year of \$ 891,821.
- The City issued no new debt during the year.

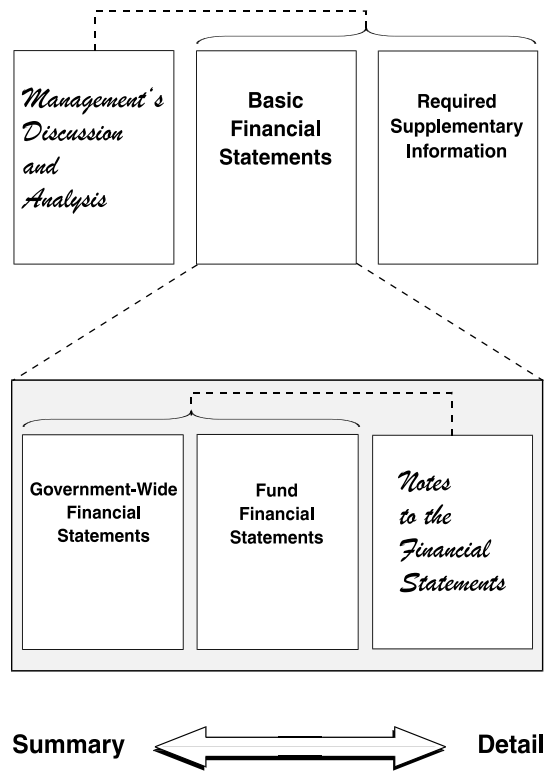
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as utility services.
- Fiduciary fund statements, if any, provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the City's Annual Financial Report



CITY OF FARMERSVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2013

Figure A-2 summarizes the major features of the City's basic financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the city that are not proprietary or fiduciary	Activities the city operates similar to private businesses: self insurance	Instances in which the city is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> * Statement of net assets * Statement of activities 	<ul style="list-style-type: none"> * Balance sheet * Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> * Statement of net assets * Statement of revenues, expenses and changes in fund net assets * Statement of cash flows 	<ul style="list-style-type: none"> * Statement of fiduciary net assets * Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

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

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base and population.

The government-wide financial statements of the City include the governmental activities. Most of the City's basic services are included here, such as Police and fire protection, public works, community development and general administration. Property taxes, fees, fines and intergovernmental support – including grants – finance most of these activities.

Fund Financial Statements

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

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

The City has the following kinds of funds:

- Governmental funds—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

CITY OF FARMERSVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2013

- Proprietary funds—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. We use internal service funds to report activities that provide supplies and services for the City's other programs and activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets were \$ 8,672,612 at September 30, 2013.

	Net Position					
	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Assets						
Cash and Investments	\$ 2,170,331	\$ 3,234,702	\$ 1,566,116	\$ 1,705,894	\$ 3,736,447	\$ 4,940,596
Receivables and Other Assets	654,785	386,126	500,284	176,328	1,155,069	562,454
Capital Assets, net of Accumulated Depreciation	<u>5,569,907</u>	<u>5,742,499</u>	<u>3,874,333</u>	<u>4,107,687</u>	<u>9,444,240</u>	<u>9,850,186</u>
Total Assets	<u>\$ 8,395,023</u>	<u>\$ 9,363,327</u>	<u>\$ 5,940,733</u>	<u>\$ 5,989,909</u>	<u>\$ 14,335,756</u>	<u>\$ 15,353,236</u>
Deferred Other Outflows						
Bond Refunding Loss	<u>\$ 7,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,557</u>	<u>\$ -</u>
Liabilities						
Current Liabilities	\$ 111,601	\$ 198,962	\$ 190,174	\$ 154,998	\$ 301,775	\$ 353,960
Noncurrent Liabilities	<u>5,368,926</u>	<u>5,672,136</u>	<u>-</u>	<u>-</u>	<u>5,368,926</u>	<u>5,672,136</u>
Total Liabilities	<u>\$ 5,480,527</u>	<u>\$ 5,871,098</u>	<u>\$ 190,174</u>	<u>\$ 154,998</u>	<u>\$ 5,670,701</u>	<u>\$ 6,026,096</u>
Net Position						
Invested in Capital Assets, net of Related Debt	\$ 1,495,140	\$ 1,890,844	\$ 3,874,333	\$ 4,107,687	\$ 5,369,473	\$ 5,998,531
Restricted	393,764	442,169	-	-	393,764	442,169
Unrestricted	<u>1,033,149</u>	<u>1,159,216</u>	<u>1,876,226</u>	<u>1,727,224</u>	<u>2,909,375</u>	<u>2,886,440</u>
Total Net Position	<u>\$ 2,922,053</u>	<u>\$ 3,492,229</u>	<u>\$ 5,750,559</u>	<u>\$ 5,834,911</u>	<u>\$ 8,672,612</u>	<u>\$ 9,327,140</u>

The largest portion of the City's net position (62%) reflects its investment in capital assets (land, buildings, equipment and infrastructure), net of any related debt used to acquire the assets that is outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

Approximately \$ 232,657 (59%) of the City's restricted net assets represents funds for debt retirement. These funds are restricted for repayment of tax supported debt. Approximately \$ 161,107 (41%) is restricted for other purposes within the City.

CITY OF FARMERSVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2013

CHANGE IN NET ASSETS

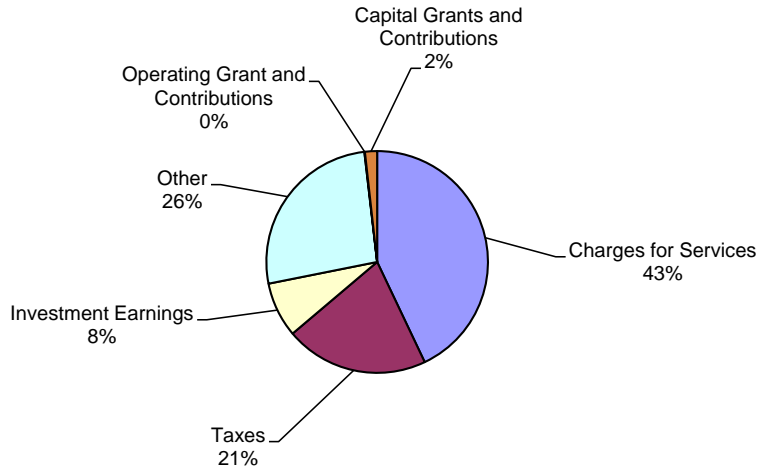
The following table presents the changes in net assets for the government-wide financial statements for the year ended September 30, 2013.

Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 209,360	\$ 217,286	\$ 2,232,478	\$ 2,056,784	\$ 2,441,838	\$ 2,274,070
Operating Grant and Contributions	190,178	205,388	997,858	865,068	1,188,036	1,070,456
Capital Grants and Contributions	457,009	105,336	-	30,257	457,009	135,593
General Revenues						
Taxes	1,495,079	1,533,732	-	-	1,495,079	1,533,732
Investment Earnings	3,074	2,086	1,453	1,692	4,527	3,778
Other	100,521	73,060	-	-	100,521	73,060
Total Revenues	\$ 2,455,221	\$ 2,136,888	\$ 3,231,789	\$ 2,953,801	\$ 5,687,010	\$ 5,090,689
Expenses						
Governmental Activities						
Mayor and City Council	\$ 24,529	\$ 7,702	\$ -	\$ -	\$ 24,529	\$ 7,702
Administration	411,080	469,890	-	-	411,080	469,890
Municipal Court	94,145	105,656	-	-	94,145	105,656
Library and Civic Center	167,334	133,019	-	-	167,334	133,019
Police	890,056	899,602	-	-	890,056	899,602
Fire and Emergency Services	320,925	306,985	-	-	320,925	306,985
Public Works	1,179,631	1,624,583	-	-	1,179,631	1,624,583
Community Development	794,157	110,907	-	-	794,157	110,907
Economic Development	-	-	-	-	-	-
Debt Service	297,591	153,823	-	-	297,591	153,823
Business-type Activities						
Water and Wastewater Utility	-	-	1,624,493	1,362,982	1,624,493	1,362,982
Electric Utility	-	-	172,439	71,676	172,439	71,676
Refuse Utility	-	-	365,158	343,311	365,158	343,311
Total Expenses	\$ 4,179,448	\$ 3,812,167	\$ 2,162,090	\$ 1,777,969	\$ 6,341,538	\$ 5,590,136
Excess (Deficiency) before Transfers	\$ (1,724,227)	\$ (1,675,279)	\$ 1,069,699	\$ 1,175,832	\$ (654,528)	\$ (499,447)
Transfer In (Out)	1,154,051	1,267,632	(1,154,051)	(1,267,632)	-	-
Increase (Decrease) in Net Assets	\$ (570,176)	\$ (407,647)	\$ (84,352)	\$ (91,800)	\$ (654,528)	\$ (499,447)
Net Position - October 1 (Beginning)	3,492,229	3,899,876	5,834,911	5,926,711	9,327,140	9,826,587
Net Position - September 30 (Ending)	\$ 2,922,053	\$ 3,492,229	\$ 5,750,559	\$ 5,834,911	\$ 8,672,612	\$ 9,327,140

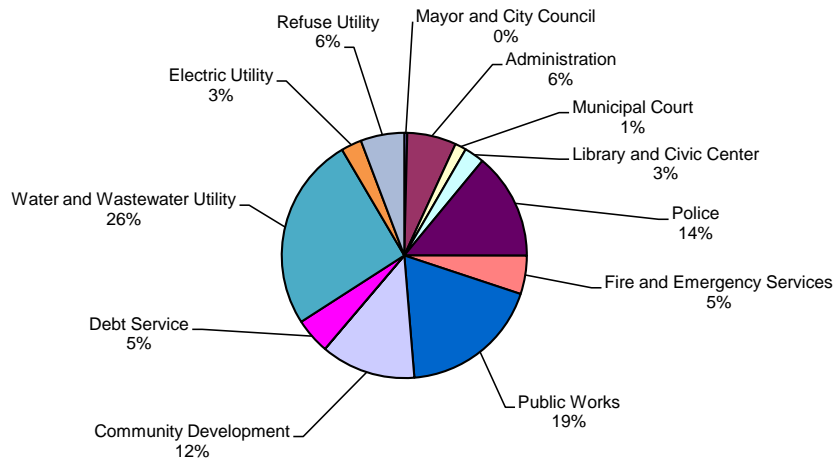
The charts that follow provide a snapshot of the government-wide activities of the City. The revenues are presented reflecting the sources and percentage of source of revenue. The expense chart presents expenses identified by the program or activity for which the expense was incurred.

CITY OF FARMERSVILLE, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED SEPTEMBER 30, 2013

Government-wide Revenues



Government-wide Expenses



CITY OF FARMERSVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2013

GOVERNMENTAL ACTIVITIES

The City's total governmental activities revenues were \$ 2,455,221. 61% of the City's revenue comes from taxes and franchise fees. Taxes include property taxes, sales taxes and utility franchise fees. 35% of revenue is generated through charges for services, which includes rental, licenses and permits, intergovernmental support for services provided to other entities and other user charges. The remaining 3% is comprised of other miscellaneous sources, including investment earnings.

The total cost of all governmental activities programs and services was \$ 4,179,448. Public works, which includes street maintenance and related activities, represents 28% of the expenses. Police, fire and emergency services comprised 29% of the current year expenses. The remaining 43% of expenses includes general administration, municipal court, community development and other governmental activities.

BUSINESS –TYPE ACTIVITIES

Business-type activities include the water and wastewater utility, electric utility and refuse utility. The overall operation of the utilities was similar to prior years.

The water and wastewater utility's revenues were less than its expenses and transfer to governmental activities by \$ 212,529. The utility provides water and wastewater services to the residents of the City. It provides treated water to various outside-the-city customers as well.

The electric utility is maintained to account for the operating costs associated with the upkeep of the City's electric distribution system. The City has leased out the system's operation to a third-party electricity provider, and in return the City receives a management fee. The City's responsibility is to provide all supplies and materials for the up-keep of the system. During this year, the City received a management fee totaling \$ 836,982.

The refuse utility accounts for the services provided for solid waste collection and disposal within the City. In 2013, the revenues generated were \$ 6,628 more than the expenses, including transfers to the governmental activities. The largest expense relates to the contract with the third-party collection and disposal company, which is 94% of the utility expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$ 2,589,966. Approximately one third of the total ending fund balance (\$ 891,821) constituted unreserved fund balance, which is considered available for appropriation. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted to pay debt service (\$ 238,308), or restricted for capital improvements (\$ 1,294,160) as well as other restricted or committed purposes.

General Fund expenditures and other uses were less than revenues and other resources in the current period by \$ 110,259. The expenses for the fund reflecting an overall increase of \$ 33,166. Expenditure classifications both increased and decreased with the largest variances in the Administration (12% decrease), Police (4% decrease), Fire and Emergency Services (2% increase) and Public Works (1% increase) classifications..

Other governmental funds ended the year with expenditures exceeding revenues and other uses by \$ 472,812.

Proprietary Funds – The proprietary funds – enterprise funds – are used to account for activities that are supported by charges for services rendered and are operated like a business. In each of the major enterprise funds, the revenues exceeded the expenses. The results of operations reflected gains that in part were transferred to the general fund to help defray the City's operating costs and to the debt service fund to retire the portion of the debt used to improve the water/wastewater system.

CITY OF FARMERSVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2013

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflected various supporting grants received for public works and community development projects in the City.

General Fund revenues earned exceeded anticipated revenues in the amended budget by \$ 123,809. Areas in which the estimated revenues were exceeded were fines, intergovernmental support taxes and franchise fees, and license and permits. Miscellaneous revenue was below estimated amounts.

General Fund actual expenditures were \$ 127,777 below the appropriated amounts. The administration and police areas were the largest positive variances.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities at September 30, 2013 exceeded the amounts previously reported by \$ 413,160. The total capital assets at year end were \$ 9,444,239 (net of accumulated depreciation). This investment in capital assets included land and right-of-way costs, construction in progress, buildings and improvements, equipment and infrastructure. Additional information on the City's capital assets can be found in the notes to the basic financial statements following this analysis.

Capital Assets						
	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Nondepreciable Assets						
Land	\$ 1,245,042	\$ 1,245,042	\$ 67,285	\$ 67,285	\$ 1,312,327	\$ 1,312,327
Construction in Progress	210,691	145,141	-	-	210,691	145,141
Depreciable Assets						
Buildings and Improvements	1,863,657	1,863,657	10,440,655	10,440,654	12,304,312	12,304,311
Equipment	2,095,409	1,747,799	353,072	353,073	2,448,481	2,100,872
Infrastructure	11,173,489	11,173,489	-	-	11,173,489	11,173,489
Total Capital Assets	16,588,288	16,175,128	10,861,012	10,861,012	27,449,300	27,036,140
Less Accumulated Depreciation	<u>(11,018,381)</u>	<u>(10,432,629)</u>	<u>(6,986,680)</u>	<u>(6,753,325)</u>	<u>(18,005,061)</u>	<u>(17,185,954)</u>
Net Capital Assets	<u>\$ 5,569,907</u>	<u>\$ 5,742,499</u>	<u>\$ 3,874,332</u>	<u>\$ 4,107,687</u>	<u>\$ 9,444,239</u>	<u>\$ 9,850,186</u>

CITY OF FARMERSVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2013

LONG-TERM OBLIGATIONS

The City's governmental activities long-term obligations, including bonds, capital leases and loans, totaled \$ 5,361,367 at September 30, 2013. This number represents a total decrease of \$ 310,768 during the year. The City has no business-type activities long-term obligations at September 30, 2013. Additional information on the City's long-term obligations can be found in the notes to the basic financial statements following this analysis.

Long Term Obligations						
	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Bonds	\$ 4,810,000	\$ 5,060,000	\$ -	\$ -	\$ 4,810,000	\$ 5,060,000
Loans	530,680	582,122	-	-	530,680	582,122
Capital Leases	11,070	21,643	-	-	11,070	21,643
Other	9,617	8,370	-	-	9,617	8,370
Total	\$ 5,361,367	\$ 5,672,135	\$ -	\$ -	\$ 5,361,367	\$ 5,672,135

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient, effective and economic uses of the City's resources, as well as a means to accomplish the highest priority objectives. Through the adopted budget, the City Council and the city administration set the direction of the City, allocate its resources and establish its priorities.

The City annually reviews all of its fees as part of the budget adoption process. Fees for general government, as well as user charges for the utilities are evaluated and, if necessary, adjusted to meet the needs of the operations of the systems. The budget is then adopted and a tax rate is approved to meet the demands of the budget.

Overall, total budgeted expenditures in all operating funds increased 1%, from \$ 6,073,103 in FY 2014 to \$ 6,131,679 in FY 2014. The overall increase in budgeted expenditures was primarily due to the increasing costs of operations in the City.

The FY 2014 budgeted expenditures are to be covered by budgeted revenues, with an overall projected positive variance of \$ 207,529.

REQUESTS FOR INFORMATION

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 demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ben White, City Manager for the City.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Investments	\$ 2,170,331	\$ 1,566,116	\$ 3,736,447	\$ 991,295
Accounts Receivable, net		241,500	241,500	-
Property Taxes Receivable, net	94,064		94,064	-
Fines Receivable, net	66,886		66,886	-
Sales Tax Receivable	86,450		86,450	86,450
Other Receivables	1,859	258,784	260,643	-
Due from Other Governments	405,526		405,526	-
Debt Issuance Costs			-	-
Restricted Cash			-	-
Capital Assets, net				
Nondepreciable	1,455,733	67,285	1,523,018	182,820
Depreciable	4,114,174	3,807,048	7,921,222	-
Total Assets	\$ 8,395,023	\$ 5,940,733	\$ 14,335,756	\$ 1,260,565
DEFERRED OTHER OUTFLOWS				
Bond Refunding Loss	\$ 7,557	\$ -	\$ 7,557	\$ -
LIABILITIES				
Accounts Payable	\$ 76,861	\$ 42,713	\$ 119,574	\$ -
Accrued Wages Payable	4,339	1,148	5,487	-
Interest Payable	30,401		30,401	1,908
Customer Deposits		146,313	146,313	-
Non-Current Liabilities				
Due within one year	320,241		320,241	12,856
Due in more than one year	5,048,685		5,048,685	122,532
Total Liabilities	\$ 5,480,527	\$ 190,174	\$ 5,670,701	\$ 137,296
NET POSITION				
Net Investment in Capital Assets	\$ 1,495,140	\$ 3,874,333	\$ 5,369,473	\$ 47,432
Restricted for:				
Debt Service	232,657		232,657	-
Other Purposes	161,107		161,107	-
Unrestricted	1,033,149	1,876,226	2,909,375	1,075,837
Total Net Position	\$ 2,922,053	\$ 5,750,559	\$ 8,672,612	\$ 1,123,269

The accompanying notes are an integral part of this statement.

CITY OF FARMERSVILLE, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
Mayor and City Council	\$ 24,529	\$ -	\$ -	\$ -	\$ (24,529)	\$ -	\$ (24,529)	
Administration	411,080	56,990			(354,090)	-	(354,090)	
Municipal Court	94,145	28,100			(66,045)	-	(66,045)	
Library and Civic Center	167,334		331		(167,003)	-	(167,003)	
Police	890,056	60,156	115,282		(714,618)	-	(714,618)	
Fire	320,925	32,057			(288,868)	-	(288,868)	
Public Works	1,179,631	32,057	24,855		(1,122,719)	-	(1,122,719)	
Community Development	794,157		49,710	457,009	(287,438)	-	(287,438)	
Debt Service	297,591				(297,591)	-	(297,591)	
Total Governmental Activities	\$ 4,179,448	\$ 209,360	\$ 190,178	\$ 457,009	\$ (3,322,901)	\$ -	\$ (3,322,901)	
Business-type Activities:								
Water and Wastewater	\$ 1,624,493	\$ 1,785,663	\$ -	\$ -	\$ -	\$ 161,170	\$ 161,170	
Electric	172,439		997,858			825,419	825,419	
Refuse	365,158	446,815				81,657	81,657	
Total Business-type Activities	\$ 2,162,090	\$ 2,232,478	\$ 997,858	\$ -	\$ -	\$ 1,068,246	\$ 1,068,246	
Total Primary Government	\$ 6,341,538	\$ 2,441,838	\$ 1,188,036	\$ 457,009	\$ (3,322,901)	\$ 1,068,246	\$ (2,254,655)	
Component Units:								
4A - Economic Development	\$ 104,414				\$ -	\$ -	\$ -	\$ (104,414)
4B - Community Development	206,532				-	-	-	(206,532)
Total Component Units	\$ 310,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (310,946)
General Revenues:								
Property Taxes					\$ 1,032,802	\$ -	\$ 1,032,802	
Sales Texas					400,614		400,614	400,524
Beverage Taxes / Franchise Fees					61,663		61,663	
Investment Earnings					3,074	1,453	4,527	1,835
Other Income					100,521		100,521	
Transfers					1,154,051	(1,154,051)	-	
Total General Revenues and Transfers					\$ 2,752,725	\$ (1,152,598)	\$ 1,600,127	\$ 402,359
Change in Net Position					\$ (570,176)	\$ (84,352)	\$ (654,528)	\$ 91,413
Net Position - October 1 (Beginning)					3,492,229	5,834,911	9,327,140	1,031,856
Net Position - September 30 (Ending)					\$ 2,922,053	\$ 5,750,559	\$ 8,672,612	\$ 1,123,269

The accompanying notes are an integral part of this statement.

CITY OF FARMERSVILLE TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 838,503	\$ 234,237	\$ 1,305,353	\$ -	\$ 2,378,093
Receivables:					
Sales Taxes	86,450	-	-	-	86,450
Property Taxes	77,016	27,500	-	-	104,516
Less: Allowance for Uncollectibles	(7,702)	(2,750)	-	-	(10,452)
Fines	445,638	-	-	-	445,638
Less: Allowance for Uncollectibles	(378,753)	-	-	-	(378,753)
Due from Other Governments	8,400	-	-	397,126	405,526
Due from Other Funds	-	4,071	-	-	4,071
Other Receivables	1,859	-	-	-	1,859
Total Assets	\$ 1,071,411	\$ 263,058	\$ 1,305,353	\$ 397,126	\$ 3,036,948
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 39,051	\$ -	\$ 7,122	\$ 238,449	\$ 284,622
Accrued Wages Payable	4,339	-	-	-	4,339
Due to Other Funds	-	-	4,071	-	4,071
Interest Payable	-	-	-	-	-
Total Liabilities	\$ 43,390	\$ -	\$ 11,193	\$ 238,449	\$ 293,032
DEFERRED OTHER RESOURCES					
Property Tax Revenue	\$ 69,314	\$ 24,750	\$ -	\$ -	\$ 94,064
Warrants and Fines	66,886	-	-	-	66,886
Total Deferred Other Resources	\$ 136,200	\$ 24,750	\$ -	\$ -	\$ 160,950
FUND BALANCE					
Restricted for:					
Debt Retirement	\$ -	\$ 238,308	\$ -	\$ -	\$ 238,308
Capital Projects	-	-	-	-	-
Other Purposes	-	-	1,294,160	158,677	1,452,837
Committed for:					
Other Purposes	-	-	-	-	-
Unassigned	891,821	-	-	-	891,821
Total Fund Balance	\$ 891,821	\$ 238,308	\$ 1,294,160	\$ 158,677	\$ 2,582,966
Total Liabilities, Deferred Other Resources and Fund Balance	\$ 1,071,411	\$ 263,058	\$ 1,305,353	\$ 397,126	\$ 3,036,948

The accompanying notes are an integral part of this statement.

CITY OF FARMERSVILLE, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2013

Total fund balance - governmental funds	\$	2,582,966
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore not reported in the balance sheet		5,869,907
Other assets are not available to pay current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities		160,948
Interest payable on noncurrent liabilities are not due and payable in the current period and are not reported in the funds		(30,401)
Noncurrent liabilities are not due and payable in the current period and therefore not reported in the funds as follows:		
Bonds		(4,810,000)
Loans		(530,680)
Leases		(11,070)
Unamortized Bond Premium		(17,176)
Other long term assets are not available to pay for current period expenditures and are deferred in the funds.		<u>7,559</u>
Total net assets - governmental activities (Exhibit A-1)	\$	<u><u>3,222,053</u></u>

The accompanying notes are an integral part of this statement.

CITY OF FARMERSVILLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and Franchise Fees	\$ 1,162,724	\$ 323,007	\$ -	\$ -	\$ 1,485,731
Licenses and Permits	24,933	-	-	-	24,933
Fines	89,873	-	-	19,252	109,125
Service Fees	128,225	-	-	-	128,225
Miscellaneous	94,484	-	-	331	94,815
Interest Income	989	481	1,605	-	3,075
Grant Proceeds	-	-	-	457,009	457,009
InterGovernmental Support	99,421	-	-	71,175	170,596
Total Revenues	\$ 1,600,649	\$ 323,488	\$ 1,605	\$ 547,767	\$ 2,473,509
EXPENDITURES					
Current:					
Mayor and City Council	\$ 24,529	\$ -	\$ -	\$ -	\$ 24,529
Administration	409,494	-	-	-	409,494
Municipal Court	93,367	-	-	778	94,145
Library and Civic Center	163,413	-	-	439	163,852
Police	855,923	-	-	31,230	887,153
Fire and Emergency Medical Service	249,134	-	244,380	-	493,514
Public Works	707,344	-	95,603	-	802,947
Community Development	-	-	90,137	743,496	833,633
Debt Service	71,065	436,338	-	-	507,403
Total Expenditures	\$ 2,574,269	\$ 436,338	\$ 430,120	\$ 775,943	\$ 4,216,670
OTHER RESOURCES (USES)					
Bond Premium (Discount)	\$ -	\$ 6,039	\$ -	\$ -	\$ 6,039
Transfers In	1,045,625	111,336	-	179,354	1,336,315
Transfers Out	(182,264)	-	-	-	(182,264)
Total Other Resources (Uses)	\$ 863,361	\$ 117,375	\$ -	\$ 179,354	\$ 1,160,090
Excess (Deficiency) of Revenues and Other Resources Over Expenditures and Other Uses	\$ (110,259)	\$ 4,525	\$ (428,515)	\$ (48,822)	\$ (583,071)
Fund Balance - October 1 (Beginning)	1,002,080	233,783	1,722,675	207,499	3,166,037
Fund Balance - September 30 (Ending)	<u>\$ 891,821</u>	<u>\$ 238,308</u>	<u>\$ 1,294,160</u>	<u>\$ 158,677</u>	<u>\$ 2,582,966</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund equity - total governmental funds	\$ (583,071)
Capital asset cost is allocated over the estimated useful life and reported as depreciation in the statement of activities	(585,752)
Acquisition of capital assets requires the use of current financial resources but has no effect on net assets	413,160
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(24,326)
Repayment of debt principal is an expenditure in the funds but the payments reduce liabilities in the statement of net assets. Debt principal payments are as follows:	
Bonds	250,000
Leases	10,573
Loans	51,442
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(99,053)
Changes in accrued interest expense from the beginning of the year to the end of the year	<u>(3,149)</u>
Change in net assets of governmental activities	<u><u>\$ (570,176)</u></u>

The accompanying notes are an integral part of this statement.

CITY OF FARMERSVILLE, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Water/ Wastewater Utility	Electric Utility	Refuse Utility	Total
ASSETS				
Current Assets				
Cash and Investments	\$ 1,197,353	\$ 240,998	\$ 127,765	\$ 1,566,116
Services Receivable	195,960	-	45,540	241,500
Other Receivables	-	258,784	-	258,784
Total Current Assets	\$ 1,393,313	\$ 499,782	\$ 173,305	\$ 2,066,400
Capital Assets				
Land	\$ 65,285	\$ 2,000	\$ -	\$ 67,285
Buildings and Improvements	7,367,969	3,072,686	-	10,440,655
Equipment	202,163	113,410	37,500	353,073
Less: Accumulated Depreciation	(3,807,614)	(3,141,566)	(37,500)	(6,986,680)
Capital Assets, net	\$ 3,827,803	\$ 46,530	\$ -	\$ 3,874,333
Total Assets	\$ 5,221,116	\$ 546,312	\$ 173,305	\$ 5,940,733
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 3,417	\$ 5,499	\$ 33,797	\$ 42,713
Accrued Wages Payable	1,026	122	-	1,148
Customer Deposits	70,240	76,073	-	146,313
Total Liabilities	\$ 74,683	\$ 81,694	\$ 33,797	\$ 190,174
NET POSITION				
Net Investment in Capital Assets	\$ 3,827,803	\$ 46,530	\$ -	\$ 3,874,333
Unrestricted	1,318,630	418,088	139,508	1,876,226
Total Net Position	\$ 5,146,433	\$ 464,618	\$ 139,508	\$ 5,750,559

The accompanying notes are an integral part of this statement.

CITY OF FARMERSVILLE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Water/ Wastewater Utility	Electric Utility	Refuse Utility	Total
OPERATING REVENUES				
Utility Sales	\$ 1,702,099	\$ -	\$ 437,891	\$ 2,139,990
Service Fees	23,884	-	8,924	32,808
Reconnects and Other	59,680	120,876	-	180,556
Management Fees	-	836,982	-	836,982
Total Operating Revenues	\$ 1,785,663	\$ 957,858	\$ 446,815	\$ 3,190,336
OPERATING EXPENSES				
Salaries and Related Benefits	\$ 382,582	\$ 36,813	\$ 186	\$ 419,581
Contracted Services	20,255	52,418	343,803	416,476
Professional Services	20,471	57,286	4,055	81,812
Maintenance	352,682	23,304	-	375,986
Operations	56,094	-	-	56,094
Supplies	525,567	-	-	525,567
Miscellaneous	36,105	-	17,114	53,219
Depreciation	230,737	2,618	-	233,355
Total Operating Expenses	\$ 1,624,493	\$ 172,439	\$ 365,158	\$ 2,162,090
Operating Income (Loss)	\$ 161,170	\$ 785,419	\$ 81,657	\$ 1,028,246
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 1,202	\$ 180	\$ 71	\$ 1,453
Grant Proceeds	-	40,000	-	40,000
Total Nonoperating Revenues (Expenses)	\$ 1,202	\$ 40,180	\$ 71	\$ 41,453
Income (Loss) before Transfers	\$ 162,372	\$ 825,599	\$ 81,728	\$ 1,069,699
Operating Transfers (Out)	(374,901)	(704,050)	(75,100)	(1,154,051)
Change in Net Position	\$ (212,529)	\$ 121,549	\$ 6,628	\$ (84,352)
Net Position - October 1 (Beginning)	5,358,962	343,069	132,880	5,834,911
Net Position - September 30 (Ending)	\$ 5,146,433	\$ 464,618	\$ 139,508	\$ 5,750,559

The accompanying notes are an integral part of this statement.

CITY OF FARMERSVILLE, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Water/ Wastewater Utility	Electric Utility	Refuse Utility	Total
Cash Flows from Operating Activities:				
Cash Received from Management Contract	\$ -	\$ 699,074	\$ -	\$ 699,074
Cash Received from Customers	1,712,875	-	454,431	2,167,306
Cash Payments for Goods and Services	(1,099,791)	(135,729)	(333,355)	(1,568,875)
Cash Payments to Employees for Services	(306,066)	(29,450)	(178)	(335,694)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 307,018</u>	<u>\$ 533,895</u>	<u>\$ 120,898</u>	<u>\$ 961,811</u>
Cash Flows from Noncapital Financing Activities:				
Operating Transfers In (Out)	\$ (374,901)	\$ (704,050)	\$ (75,100)	\$ (1,154,051)
Increase (Decrease) for Customer Deposits	11,011	-	-	11,011
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>\$ (363,890)</u>	<u>\$ (704,050)</u>	<u>\$ (75,100)</u>	<u>\$ (1,143,040)</u>
Cash Flows from Capital and Related Financing Activities:				
Contributions - 4A	\$ -	\$ 40,000	\$ -	\$ 40,000
(Purchase) Retirement of Property or Equipment	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Cash Flows from Investing Activities:				
Interest Received	\$ 1,202	\$ 180	\$ 71	\$ 1,453
Net Cash Provided by (Used for) Investing Activities	<u>\$ 1,202</u>	<u>\$ 180</u>	<u>\$ 71</u>	<u>\$ 1,453</u>
Net Increase (Decrease) in Cash	\$ (55,670)	\$ (129,975)	\$ 45,869	\$ (139,776)
Cash and Investments - October 1 (Beginning)	1,253,025	370,973	81,896	1,705,894
Cash and Investments - September 30 (Ending)	<u>\$ 1,197,355</u>	<u>\$ 240,998</u>	<u>\$ 127,765</u>	<u>\$ 1,566,118</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 161,170	\$ 785,419	\$ 81,657	\$ 1,028,246
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation Expense	230,737	2,618	-	233,355
Changes in Assets and Liabilities:				
Receivables	(72,788)	(258,784)	7,616	(323,956)
Accounts Payable	(1,951)	5,499	31,625	35,173
Accrued Wages Payable	(10,150)	(857)	-	(11,007)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 307,018</u>	<u>\$ 533,895</u>	<u>\$ 120,898</u>	<u>\$ 961,811</u>

The accompanying notes are an integral part of this statement.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

A. Summary of Significant Accounting Policies

Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City of Farmersville, Texas (City), the primary government, and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The component units described below are each legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of and accountable to the City and presented discretely in the basic financial statements.

Farmersville Economic Development Corporation (4A), a not-for-profit organization created to finance economic development within the City of Farmersville. Financial data of the corporation is blended into the governmental funds of the City.

Farmersville Community Development Corporation (4B), a not-for-profit organization created to finance community development within the City of Farmersville. Financial data of the corporation is blended into the governmental funds of the City.

Basic Financial Statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the City and its component units as a whole, excluding fiduciary activities. 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. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

A. Summary of Significant Accounting Policies (Continued)

The government-wide Statement of Net Assets reports all financial and capital resources to the City (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) external imposition by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposition by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various function and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds are combined in a single column on the fund financial statements.

The City reports the following major governmental funds:

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

The *Debt Service Fund* accounts for revenues generated for the retirement of general obligation debt the City has issued. The fund includes transfers from proprietary funds for their contributions to the retirement of the outstanding debt.

The *Capital Projects Fund* accounts for the proceeds from the issuance of Series 2005 and Series 2006 Certificates of Obligation. The proceeds are being used to construct various capital improvements in the City. The proceeds, along with interest earnings, are to be used to complete the projects.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

A. Summary of Significant Accounting Policies (Continued)

The City reports the following major enterprise funds:

The *Water/Wastewater Utility Fund* accounts for the operation of the City's water and wastewater utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in and outside of Farmersville.

The *Electric Utility Fund* accounts for the operation of the City's electric distribution activity. The City leases the distribution system to a third party provider and receives a management fee in return.

The *Refuse Fund* accounts for the operation of the City's sanitation program, a self-supporting activity, which provides for the collection and disposal of solid waste on a user charge basis to residents and businesses located in Farmersville.

Measurement Focus and Basis of Accounting

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Revenue is recorded when it becomes both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
2. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
3. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

A. Summary of Significant Accounting Policies (Continued)

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary financial statements.

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and space rentals. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 20, 1989.

Cash and Investments

The City pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. government and agency securities are carried at fair value based on market prices. The City's investment in the Texas Local Government Pool (TexPool) and TexStar are carried at fair value based on the value of each participating dollar as provided by TexPool. Interest income, which includes changes in fair value, on investments is allocated to all funds.

For purposes of the basic financial statements, the City considers investments to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired. Cash and investments include the City's cash and investment pool deposit balances.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

A. Summary of Significant Accounting Policies (Continued)

Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, Structures and Improvements	20-50 years
Utility Plant	10-40 years
Equipment Including Vehicles	5-20 years
Infrastructure	15-100 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Pension Plan

Full-time City employees are members of the Texas Municipal Retirement System (System). The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of April 1 by the System's actuary.

Fund Balances

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

A. Summary of Significant Accounting Policies (Continued)

cannot be used for any other purpose unless the City Council removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority. The City Council has delegated the authority to assign fund balances to the City Manager.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Restricted					
Debt Retirement	\$ -	\$ 238,308	\$ -	\$ -	\$ 238,308
Capital Projects	-	-	1,294,160	-	1,294,160
Law Officer Training	-	-	-	344	344
Municipal Court Security	-	-	-	10,197	10,197
Municipal Court Texchnology	-	-	-	13,227	13,227
Library Donations`	-	-	-	1,449	1,449
Community Development	-	-	-	(21,442)	(21,442)
Child Safety	-	-	-	12,953	12,953
Committed					
School Resource Officer	-	-	-	5,716	5,716
Police Siezed Funds	-	-	-	5,900	5,900
Special Projects	-	-	-	130,333	130,333
Unassigned	891,821	-	-	-	891,821
Totals	891,821	238,308	1,294,160	158,677	2,582,966

Budgetary Principles

The City is required by law to adopt an annual budget on or before the 1st day of its fiscal year. The General and Debt Service governmental fund types have legally adopted budgets. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments. Throughout the fiscal year, the budget was amended to add supplementary appropriations. All amendments to the budget which change the total appropriation amount for any department require City Council approval and all increases in appropriations must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Manager has the authority to change individual budget line items within a department as long as the total department's appropriation amount is not changed.

GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and other major special revenue funds be presented in the basic financial statements. These statements must display original budget, amended budget and actual results (on a budgetary basis).

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

A. Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the City to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The City levied taxes within the City at \$.489546 to fund general operations and \$.153355 for the payment of principal and interest on long term debt on property valued at \$ 146,736,174.

Revenue Recognition for Utility Funds

Revenue is recorded in the period in which services are provided. As such, revenue is recorded as billed to customer on a monthly basis.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual result could differ from those estimates.

B. Cash and Investments

The City's funds are deposited and invested under the terms of a depository agreement. The agreement requires the depository to pledge approved securities in an amount significant to protect the City's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2013, the City's cash deposits appear to have been properly secured by FDIC insurance or by pledged collateral held by the City or the depository in the City's name.

The City's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The City appears to have been in substantial compliance with the requirements of the Act.

State statutes and local policy authorize the City to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

B. Cash and Investments (Continued)

City investments include deposits in external investment pools, such as TexSTAR and TexPool. All TexSTAR and TexPool investments are reported at share price (fair value) and are presented as cash and investments.

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts (Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, (Trust Company), which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. (Federated), under an agreement with the Comptroller, acting on behalf of the Trust Company.

The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

The fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's. This rating as well as the operational policies and procedures allow the fund to comply with the requirements of the Public Funds Investment Act.

Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities (Participants) to invest their public funds and funds under their control through the investment pools.

J. P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Asset Management, Inc. (FSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (Board). JPMIM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

The Board may establish separate Funds within TexSTAR from time to time. Participants choose the Funds in which their deposits are invested. Participants' assets in the Funds are represented by units of beneficial interest (units). The Board may issue an unlimited number of units in each Fund.

TexSTAR is rated AAAM by Standard & Poor's rating agency. This rating and the fund's operational settings allow the fund to comply with the requirement of the Public Funds Investment Act.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

B. Cash and Investments (Continued)

The following table categorizes the City's investment at September 30, 2013:

	<u>Credit Rating</u>	<u>Fair Value</u>
TexPool	AAAm	\$ 2,121,532
TexSTAR	AAAm	<u>1,235,441</u>
Total		<u>\$ 3,356,973</u>

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At year end, the City was exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

C. Capital Assets

Capital asset activities for the year ended September 30, 2013, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 1,245,042	\$ -	\$ -	\$ 1,245,042
Construction in Progress	145,141	65,550	-	210,691
Total	<u>\$ 1,390,183</u>	<u>\$ 65,550</u>	<u>\$ -</u>	<u>\$ 1,455,733</u>
Depreciable Assets:				
Buildings & Improvements	\$ 1,863,657	\$ -	\$ -	\$ 1,863,657
Equipment	1,747,799	347,610	-	2,095,409
Infrastructure	11,173,489	-	-	11,173,489
Total	<u>\$ 14,784,945</u>	<u>\$ 347,610</u>	<u>\$ -</u>	<u>\$ 15,132,555</u>
Less Accumulated Depreciation				
Buildings & Improvements	\$ 1,275,499	\$ 39,058	\$ -	\$ 1,314,557
Equipment	1,130,980	147,762	-	1,278,742
Infrastructure	8,026,150	398,932	-	8,425,082
Total	<u>\$ 10,432,629</u>	<u>\$ 585,752</u>	<u>\$ -</u>	<u>\$ 11,018,381</u>
Total Governmental Activities Capital Assets, net	<u>\$ 5,742,499</u>	<u>\$ (172,592)</u>	<u>\$ -</u>	<u>\$ 5,569,907</u>
Business-type Activities				
Nondepreciable Assets:				
Land	\$ 67,285	\$ -	\$ -	\$ 67,285
Construction in Progress	-	-	-	-
Total	<u>\$ 67,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,285</u>
Depreciable Assets:				
Buildings & Improvements	\$ 10,440,655	\$ -	\$ -	\$ 10,440,655
Equipment	353,072	-	-	353,072
Total	<u>\$ 10,793,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,793,727</u>
Less Accumulated Depreciation				
Buildings & Improvements	\$ 6,400,252	\$ 233,356	\$ -	\$ 6,633,608
Equipment	353,072	-	-	353,072
Total	<u>\$ 6,753,324</u>	<u>\$ 233,356</u>	<u>\$ -</u>	<u>\$ 6,986,680</u>
Total Business-type Activities Capital Assets, net	<u>\$ 4,107,688</u>	<u>\$ (233,356)</u>	<u>\$ -</u>	<u>\$ 3,874,332</u>

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

C. Capital Assets (Continued)

Depreciation expenses were charged to functions/programs of the City as follows:

Governmental activities:	
Administration	\$ 1,586
Library and Civic Center	3,482
Police	30,269
Fire and Emergency	96,565
Public Works	427,774
Community Development	26,076
Total	<u>\$ 585,752</u>
Business-type activities:	
Water Utility	\$ 177,594
Wastewater Utility	53,143
Electric Utility	2,619
Total	<u>\$ 233,356</u>

D. Long-Term Obligations

The following is a summary of changes in long term obligations reported in the government-wide financial statements for the year ended September 30, 2013:

	Beginning Balances	Additions Increases	Reductions Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Bonds	\$ 5,060,000	\$ -	\$ 250,000	\$ 4,810,000	\$ 260,000
Unamortized Bond Premium	18,316	-	1,140	17,176	-
Capital Leases	21,643	-	10,573	11,070	11,070
Loans	582,122	-	51,442	530,680	49,161
Refunding Gain (Loss)	(9,946)	-	(2,387)	(7,559)	-
Totals	<u>\$ 5,672,135</u>	<u>\$ -</u>	<u>\$ 310,768</u>	<u>\$ 5,361,367</u>	<u>\$ 320,231</u>

Governmental Activities

Bonds

At year end, the City had outstanding the following obligation bonds for acquisition and construction of capital improvements in the City. General obligation debt has been issued for general government activities. As of September 30, 2013, the City has no proprietary activity long-term obligations.

General obligations bonds are direct obligations and pledge the full faith and credit of the City.

Description	Interest Rate	Original Issue	Outstanding
City of Farmersville, Texas Tax and Utility System (Limited Pledge) Revenue Certificate of Obligation, Series 2005	4.10%	\$ 1,020,000	\$ 730,000
City of Farmersville, Texas Tax and Utility System (Limited Pledge) Revenue Certificates of Obligation, Series 2005	4.12%	3,500,000	2,635,000
City of Farmersville, Texas General Obligation Bonds, Series 2012	2.12%	1,500,000	1,445,000
Total			<u>\$ 4,810,000</u>

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

D. Long-Term Obligations (Continued)

Maturity requirements of the general obligation debt listed above are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2014	\$ 260,000	\$ 170,647	\$ 430,647
2015	265,000	160,035	425,035
2016	280,000	149,017	429,017
2017	290,000	138,139	428,139
2018	300,000	127,485	427,485
2019-2023	1,715,000	458,894	2,173,894
2024-2028	1,305,000	139,931	1,444,931
2029-2032	395,000	24,998	419,998
Totals	<u>\$ 4,810,000</u>	<u>\$ 1,369,146</u>	<u>\$ 6,179,146</u>

Compliance with Debt Covenants

There are various limitations and restrictions contained in the City's bond obligations. The City believes they are in compliance with all significant limitations and restrictions.

Capital Leases

The City is obligated for various payments under the following lease agreements. The lease agreements qualify as capital leases for accounting purposes as defined under Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*, and therefore have been recorded at the present value of future minimum lease payments at the date of inception of the lease. The leases relate to the following:

<u>Description/Payee</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Original Lease Value</u>
First Bankers Corp. – Pumper Truck	09/25/04	4.72%	10 years	\$ 101,020

Future minimum lease payments to be made under these lease agreements are as follows:

<u>Year Ending September 30</u>	<u>Requirements</u>
2014	<u>\$ 11,570</u>
Total Requirements	\$ 11,570
Less Amount Representing Interest	<u>500</u>
Present Value of Minimum Lease Payments	<u>\$ 11,070</u>

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

D. Long-Term Obligations (Continued)

Loans

The City issued debt classified as loans during the year. The debt is for various terms not exceeding 10 years. The following identifies the items classified as loans that are outstanding at September 30, 2013:

Description	Interest Rate	Maturity Date	Original Amount	Outstanding Balance
Public Property Finance Contractual Obligations, Series 2012	1.84%	2/15/22	\$ 265,000	\$ 265,000
Public Property Finance Act Contract No 5944	3.89%	12/1/17	317,122	265,680
Total				<u>\$ 530,680</u>

Maturity requirements on the loan debt listed above are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2014	\$ 49,160	\$ 15,322	\$ 64,482
2015	81,072	13,148	94,220
2016	83,058	10,636	93,694
2017	85,123	8,047	93,170
2018	92,267	5,334	97,601
2019-2023	140,000	5,600	145,600
Totals	<u>\$ 530,680</u>	<u>\$ 58,087</u>	<u>\$ 588,767</u>

E. Commitments and Contingencies

Litigation – The City does not appear to be involved in any litigation at September 30, 2013.

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

Electric Utility

Effective October 1, 2011, the City executed an operating and management agreement with Sharyland Utilities, L.P. (Sharyland) to provide for the operation of the City-owned electrical distribution system. Per the agreement, all aspects of the operation and management of the City's electrical distribution system will be the responsibility of Sharyland. For the rights to distribute electrical utilities, Sharyland pays the City an annual base payment split quarterly among the City's fiscal year. This payment is in lieu of any other payments to the City. The five year agreement, set to expire December 31, 2016, provides for increases and decreases based on the net revenues of the system. Sharyland notified the City that they would terminate the agreement effective 2014 and the City will assume all activities beginning April 2014.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

F. 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 the TMRS' website at www.TMRS.com.

The plan provisions are adopted by City Council, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2012</u>
Employee deposit rate	5.00%	5.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60 / 5, 0 / 20	60 / 5, 0 / 20
Update Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

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 contributes to the TMRS Plan at an actuarially determined rate. 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 cost and net pension obligation/(asset) are as follows:

	<u>Year Ended</u> <u>9/30/2013</u>
Annual Required Contributions (ARC)	\$ 199,865
Interest on Net Position Obligation (NPO)	-0-
Adjustments to the ARC	<u>-0-</u>
Annual Pension Cost (APC)	\$ 199,865
Contributions Made	199,865
Increase (Decrease) in Net Pension	-0-
Net Pension Obligation - Beginning	<u>-0-</u>
Net Pension Obligation - Ending	<u><u>\$ -0-</u></u>

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

F. Pension Plan (Continued)

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	27.1 years; closed period	26.1 years; closed period	25.2 years; closed period
Amortization Period for new Gains/Losses	30 Years	30 Years	30 Years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress –

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	3,565,826	4,026,421	88.6%	460,595	1,261,253	36.5%

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

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

F. Pension Plan (Continued)

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.

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 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.

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 2013, 2012 and 2011 were \$ 652, \$ 597, and \$ 529, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates:

(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2010	0.04%	0.04%	100.00%
2011	0.06%	0.06%	100.00%
2012	0.06%	0.06%	100.00%

G. 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 purchases commercial insurance to provide coverage of their associated risks. There has been no significant change in insurance coverage from the previous year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

CITY OF FARMERSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

H. Interfund Balances and Activities

Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2013 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Water/Wastewater Utility	Debt Service Fund	\$ 108,426	Debt Retirement
Water/Wastewater Utility	General Fund	266,475	Operating Funds
Electric Utility	General Fund	704,050	Operating Funds
Refuse Utility	General Fund	75,100	Operating Funds
General Fund	Sidewalk Grant Fund	79,354	Grant Match
General Fund	Chaperrel Trial Fund	100,000	Grant Match
General Fund	Debt Service Fund	2,910	Debt Retirement
	Total	<u>\$ 1,336,315</u>	

Interfund Receivables and Payables

The composition of interfund receivables and payables as of September 30, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt Service Fund	Capital Projects Fund	\$ 4,071	Debt Proceeds

I. Subsequent Events

The City's management has evaluated subsequent events through March 31, 2014, the date which the financial statements were available for issue.

J. Change in Accounting Principle

The City implemented the following Governmental Accounting Standard Board Statements during the year. The provisions impact the financial reporting for the City. Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, created new reporting classifications and terminology for reporting information under the economic resources basis of accounting. Statement 65, *Items Previously Reported as Assets and Liabilities*, reclassifies items that have, in previous financial reports, been reported as assets or liabilities. Both Statement 63 and 65 relate to similar account classifications within the financial statements and are implemented in conjunction during the year. Statement 60, *Service Concession Arrangements*, is adopted with no implication on the City as the City has no current service concession arrangements. Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and Technical Corrections*, are a codification of all applicable literature of the FASB and AICPA issued prior to November 30, 1989 into GASB literature. Statement 61, *The Financial Reporting Entity: Omnibus*, restructures the reporting entity to require the presentation of component units under new requirements in the financial reports of primary reporting unit.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FARMERSVILLE, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
REVENUES				
Taxes and Franchise Fees	\$ 1,131,549	\$ 1,115,004	\$ 1,162,724	\$ 47,720
Licenses and Permits	34,150	19,790	24,933	5,143
Fines	95,000	69,000	89,873	20,873
Service Fees	109,500	91,500	128,225	36,725
Miscellaneous	59,340	121,279	94,484	(26,795)
Interest Income	1,000	1,060	989	(71)
InterGovernmental Support	60,500	59,207	99,421	40,214
Total Revenues	\$ 1,491,039	\$ 1,476,840	\$ 1,600,649	\$ 123,809
EXPENDITURES				
Current:				
Mayor and City Council	\$ 13,797	\$ 24,642	\$ 24,529	\$ 113
Administration	488,087	445,058	409,494	35,564
Municipal Court	105,800	97,954	93,367	4,587
Library and Civic Center	173,344	177,358	163,413	13,945
Police	927,155	902,977	855,923	47,054
Fire and Emergency Medical Service	268,930	268,251	249,134	19,117
Public Works	687,819	709,337	707,344	1,993
Debt Service	76,469	76,469	71,065	5,404
Total Expenditures	\$ 2,741,401	\$ 2,702,046	\$ 2,574,269	\$ 127,777
OTHER RESOURCES (USES)				
Loan Proceeds	\$ -	\$ -	\$ -	\$ -
Other Uses & Refunding	-	-	-	-
Sale of Capital Asset	-	-	-	-
Transfers In	1,069,935	1,069,935	1,045,625	(24,310)
Transfers Out	-	-	(182,264)	(182,264)
Total Other Resources (Uses)	\$ 1,069,935	\$ 1,069,935	\$ 863,361	\$ (206,574)
Excess (Deficiency) of Revenues and Other Resources Over Expenditures and Other Uses				
	\$ (180,427)	\$ (155,271)	\$ (110,259)	\$ 45,012
Fund Balance - October 1 (Beginning)	1,002,080	1,002,080	1,002,080	-
Fund Balance - September 30 (Ending)	\$ 821,653	\$ 846,809	\$ 891,821	\$ 45,012

CITY OF FARMERSVILLE, TEXAS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS
 YEAR ENDED SEPTEMBER 30, 2013

(Unaudited)

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Funded Ratio</i>	<i>Unfunded AAL (UAAL)</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2010	3,080,459	2,974,882	77.5%	894,423	845,967	105.7%
12/31/2011	3,272,305	3,924,699	83.4%	652,394	1,067,720	61.1%
12/31/2012	3,565,826	4,026,421	88.6%	460,595	1,261,253	36.50%

OTHER SUPPLEMENTARY INFORMATION
COMPONENT UNIT
FINANCIAL STATEMENTS

CITY OF FARMERSVILLE, TEXAS
 COMPONENT UNITS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2013

	4A Economic Development	4B Community Development	Total
ASSETS			
Cash and Investments	\$ 786,195	\$ 205,100	\$ 991,295
Sales Tax Receivable	43,225	43,225	86,450
Capital Assets - Non Depreciable	-	182,820	182,820
Total Assets	\$ 829,420	\$ 431,145	\$ 1,260,565
LIABILITIES			
Interest Payable	\$ -	\$ 1,908	\$ 1,908
Notes Payable			
Due within one year	-	12,856	12,856
Due in more than one year	-	122,532	122,532
Total Liabilities	\$ -	\$ 137,296	\$ 137,296
NET POSITION			
Net Investment in Capital Assets	\$ -	\$ 47,432	\$ 47,432
Restricted	829,420	246,417	1,075,837
Total Net Position	\$ 829,420	\$ 293,849	\$ 1,123,269

See accompanying notes to the financial statements – component units.

CITY OF FARMERSVILLE, TEXAS
 COMPONENT UNIT
 STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2013

	4A Economic Development	4B Community Development	Total
GENERAL REVENUES			
Sales Tax	\$ 200,262	\$ 200,262	\$ 400,524
Investment Earnings	1,708	127	1,835
Total Operating Revenues	\$ 201,970	\$ 200,389	\$ 402,359
EXPENSES			
Community Support	\$ 132	\$ 35,976	\$ 36,108
Professional Services	98,121	1,000	99,121
Grants - Projects	5,150	81,936	87,086
Marketing	-	12,000	12,000
Main Street Support	-	59,207	59,207
Debt Service	-	9,027	9,027
Operations	1,011	7,386	8,397
Total Expenses	\$ 104,414	\$ 206,532	\$ 310,946
Change in Net Assets	\$ 97,556	\$ (6,143)	\$ 91,413
Net Assets - October 1 (Beginning)	731,864	299,992	1,031,856
Net Assets - September 30 (Ending)	<u>\$ 829,420</u>	<u>\$ 293,849</u>	<u>\$ 1,123,269</u>

See accompanying notes to the financial statements – component units.

CITY OF FARMERSVILLE, TEXAS
COMPONENT UNITS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

A. FINANCIAL REPORTING ENTITY

The City of Farmersville is the primary government and reports the following entities in its financial statements. The two entities are considered component units of the City and are presented discretely in the City financial statements.

The *Farmersville Economic Development Corporation (4A Corporation)* was established to oversee economic development in the City of Farmersville, Texas (City). The 4A Corporation, chartered in the State of Texas, is under the direction of a board of directors comprised of City and local school district residents. The Board has all legal powers to control the operations and activation of the 4A Corporation.

The 4A Corporation's primary source of revenue consists of a local sales tax approved by the voters in the City. This one half cent sales tax is collected by the State of Texas and remitted to the City monthly. The City forwards the funds to the 4A Corporation.

The 4A Corporation's purpose is to direct and assist the City in growing economically. Many types of activities are considered and carried out in this regard.

The *Farmersville Community Development Corporation (4B Corporation)* was established to oversee community development in the City of Farmersville, Texas (City). The 4B Corporation, chartered in the State of Texas, is under the direction of a board of directors comprised of City and local school district residents. The Board has all legal powers to control the operations and activation of the 4B Corporation.

The 4B Corporation's primary source of revenue consists of a local sales tax approved by the voters in the City. This one half cent sales tax is collected by the State of Texas and remitted to the City monthly. The City forwards the funds to the 4B Corporation.

The 4B Corporation's purpose is to direct and assist the City in quality of life issues and overall community development. Many activities and programs have been implemented to further these purposes.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

Revenue Recognition

All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor.

Cash and Investments

For the purpose of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with a maturity of ninety days or less.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF FARMERSVILLE, TEXAS
 COMPONENT UNITS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2013

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The 4A and 4B Corporations operate under Section 501(c) (3) of the Internal Revenue Code and are generally exempt from federal, state, and local income taxes. Accordingly, no provision for income taxes is included in the financial statements. The 4A and 4B Corporations are not classified as private foundations.

Budgets

Each Corporation develops an annual budget coordinating the projected activities for the year. These budgets are forwarded to the City with the Council approving the budget for the year.

C. CASH

The Corporation's cash deposits are placed in Independent Bank - Farmersville and a government pool, TexPool. All balances are insured with FDIC depository insurance or supported by government securities.

D. NOTES PAYABLE

The 4B Corporation executed a note agreement with Independent Bank – Farmersville to purchase a parcel of land for use in expanding community space within the City. The note is for 10 years and requires monthly payments of \$ 1,666.06 comprising both principal and interest. The note incurs interest of 5.5% on the unpaid balance and will fully mature on May 31, 2022.

The following presents the maturity requirement on the note:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2014	\$ 12,856	\$ 7,136	\$ 19,992
2015	13,630	6,363	19,993
2016	14,367	5,625	19,992
2017	15,177	4,816	19,993
2018	16,015	3,978	19,993
2019-2022	63,343	6,631	69,974
Totals	<u>\$ 135,388</u>	<u>\$ 34,549</u>	<u>\$ 169,937</u>