

CITY OF GUN BARREL CITY, TEXAS

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2010

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Year Ended September 30, 2010

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Yeldell, Wilson & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS (A PROFESSIONAL CORPORATION)
Members of American Institute of Certified Public Accountants / Members of Private Companies Practice Section

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Gun Barrel City, Texas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Gun Barrel City, Texas, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Gun Barrel City, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gun Barrel City, Texas, as of September 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 36 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.

Honorable Mayor and City Council
City of Gun Barrel City, Texas
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gun Barrel City, Texas' financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Yeldell, Wilson & Co., P.C.

Yeldell, Wilson & Co., P.C.
Certified Public Accountants

October 28, 2011

CITY OF GUN BARREL CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gun Barrel City, Texas we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$6,588,737 (net assets). Of this amount, \$2,255,055 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$52,802.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,434,019. This total amount is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,471,698 or 40% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The governmental activities of the City include mayor and council, administration, city secretary, treasurer, municipal court, municipal buildings, police protection, code enforcement, building inspections, fire protection, streets, parks, animal control and economic development.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements for the Corporation may be obtained at the Corporation's administrative office.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

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

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

The City maintains fifteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Lowe's Incentive Fund which are considered to be major funds. Data from the other thirteen funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 11-13 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-34 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary comparison information. Required supplementary information can be found on pages 35-36 of this report.

The combining and individual statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual statements can be found on pages 37-41 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$6,588,737 as of September 30, 2010.

A large portion of the City's net assets (64%) reflects its investments in capital assets (e.g., land, buildings, improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GUN BARREL CITY'S NET ASSETS

	Governmental Activities		Total	
	2010	2009	2010	2009
Current and other assets	\$2,656,260	\$2,563,831	\$2,656,260	\$2,563,831
Capital assets	4,576,086	4,648,550	4,576,086	4,648,550
Total assets	7,232,346	7,212,381	7,232,346	7,212,381
Long term liabilities	422,286	403,181	422,286	403,181
Other liabilities	221,323	167,661	221,323	167,661
Total liabilities	643,609	570,842	643,609	570,842
Net assets:				
Invested in capital assets, net of related debt	4,223,077	4,295,541	4,223,077	4,295,541
Restricted	110,605	98,837	110,605	98,837
Unrestricted	2,255,055	2,247,161	2,255,055	2,247,161
Total net assets	\$6,588,737	\$6,641,539	\$6,588,737	\$6,641,539

At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets.

Analysis of the City's Operations. The following table provides a summary of the City's operations.

CITY OF GUN BARREL CITY'S CHANGES IN NET ASSETS

	Governmental Activities		Total	
	2010	2009	2010	2010
Revenues:				
Program revenues:				
Charges for services	\$ 393,765	\$ 377,449	\$ 393,765	\$ 377,449
Operating grants and contributions	34,573	301,330	34,573	301,330
Capital grants and contributions	216,405	63,308	216,405	63,308
General revenues:				
Sales tax	2,687,197	2,685,685	2,687,197	2,685,685
Franchise tax	338,861	278,543	338,861	278,543
Hotel occupancy tax	39,454	38,305	39,454	38,305
Alcoholic beverage tax	25,502	24,897	25,502	24,897
Investment earnings	15,183	37,550	15,183	37,550
Gain on sale of capital assets	1,634	143	1,634	143
Miscellaneous	69,474	95,175	69,474	95,175
Total revenues	3,822,048	3,902,385	3,822,048	3,902,385
Expenses:				
Mayor and council	5,082	5,083	5,082	5,083
Administration	545,286	636,826	545,286	636,826
City secretary	73,648	66,811	73,648	66,811
Treasurer	74,219	69,475	74,219	69,475
Municipal court	143,261	129,059	143,261	129,059
Municipal buildings	66,865	59,728	66,865	59,728
Police protection	1,151,572	1,058,018	1,151,572	1,058,018
Code enforcement	124,620	133,586	124,620	133,586
Building inspections	95,483	95,275	95,483	95,275
Fire protection	425,471	378,680	425,471	378,680
Streets	991,807	619,126	991,807	619,126
Parks	61,945	44,856	61,945	44,856
Animal control	52,485	48,262	52,485	48,262
Economic development	63,106	35,752	63,106	35,752
Total expenses	3,874,850	3,380,537	3,874,850	3,380,537
Increase (decrease) in net asset	(52,802)	521,848	(52,802)	521,848
Net assets - beginning	6,641,539	6,119,691	6,641,539	6,119,691
Net assets - ending	\$6,588,737	\$6,641,539	\$6,588,737	\$6,641,539

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 combined ending fund balances of \$2,434,019. The total amount constitutes unreserved fund balance.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,471,698. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and total fund balance represents 40% of total general fund expenditures.

The fund balance of the City's general fund decreased \$150,520 during the current fiscal year.

General Fund Budgetary Highlights. There were no amendments to the original budget.

General fund actual revenues of \$3,640,709 exceeded budgeted revenues of \$3,527,286 by \$113,423. Actual general fund expenditures of \$3,696,055 exceeded budgeted expenditures of \$3,528,286 by \$167,769.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of September 30, 2010 amounts to \$4,576,086 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment and infrastructure.

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

- Approximately \$71,000 of building improvements were completed
- A new police vehicle and equipment were acquired in the approximate amount of \$46,000
- A new fire truck was acquired in the approximate amount of \$200,000
- New street equipment was acquired in the approximate amount of \$22,500

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	Governmental Activities		Total	
	2010	2009	2010	2009
Land	\$ 206,296	\$ 206,296	\$ 206,296	\$ 206,296
Buildings	973,345	943,263	973,345	943,263
Machinery and equipment	1,159,832	1,133,408	1,159,832	1,133,408
Infrastructure	2,236,613	2,365,583	2,236,613	2,365,583
Total	\$4,576,086	\$4,648,550	\$4,576,086	\$4,648,550

Additional information on the City of Gun Barrel City capital assets can be found in note 3 on pages 21-22 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had the following debt:

**Outstanding Debt at Year End
Lease Payable**

	Governmental Activities		Total	
	2010	2009	2010	2009
Capital lease	\$ 353,009	\$ 353,009	\$ 353,009	\$ 353,009

Information on the City of Gun Barrel City long term-debt can be found in note 3 on page 23-24 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the 2010-11 Budget, General Fund revenues are budgeted to increase by 1% from the 2009-10 budget year with sales and use taxes making up about 76% of general fund budgeted revenues. This conservative forecast statement is a factor of the volatility of the stock market and the national economy of the country. The budget reviewed by department heads and the financial department will continue the efforts to practice good management practices, such as to provide the best service at the least cost.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 1810 W. Main Street, Gun Barrel City, Texas 75147.

CITY OF GUN BARREL CITY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government		Component Unit
	Governmental Activities	Total	
ASSETS			
Cash	\$ 1,801,382	\$ 1,801,382	\$ 936,794
Investments	1,247	1,247	3,497
Receivables (net of allowance for uncollectibles)	792,226	792,226	73,650
Due from primary government	-	-	62,513
Due from other governments	61,405	61,405	-
Deposit	-	-	1,980
Land held for resale	-	-	749,209
Capital assets:			
Non-depreciable	206,296	206,296	482,041
Depreciable (net of accumulated depreciation)	4,369,790	4,369,790	2,126
Total assets	7,232,346	7,232,346	2,311,810
LIABILITIES			
Accounts payable and other current liabilities	101,676	101,676	925
Accrued payroll payable	40,985	40,985	-
Due to other governments	16,149	16,149	-
Due to component unit	62,513	62,513	-
Noncurrent liabilities:			
Due within one year	112,398	112,398	-
Due in more than one year	309,888	309,888	-
Total liabilities	643,609	643,609	925
NET ASSETS			
Invested in capital assets, net of related debt	4,223,077	4,223,077	484,167
Restricted for:			
Public safety	110,605	110,605	-
Unrestricted	2,255,055	2,255,055	1,826,718
Total net assets	\$ 6,588,737	\$ 6,588,737	\$ 2,310,885

See accompanying notes to financial statements.

CITY OF GUN BARREL CITY, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2010

Function/Program Activities	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Assets		
					Primary Governmental Activities		Total
Primary government:							
Governmental activities:							
Mayor and council	\$ 5,082	\$ -	\$ -	\$ -	\$ (5,082)	\$ -	
Administration	545,286	137,119	13,500	61,405	(333,262)	(333,262)	
City secretary	73,648	-	-	-	(73,648)	(73,648)	
Treasurer	74,219	-	-	-	(74,219)	(74,219)	
Municipal court	143,261	-	-	-	(143,261)	(143,261)	
Municipal buildings	66,865	-	-	-	(66,865)	(66,865)	
Police protection	1,151,572	256,646	2,063	-	(892,863)	(892,863)	
Code enforcement	124,620	-	-	-	(124,620)	(124,620)	
Building inspections	95,483	-	-	-	(95,483)	(95,483)	
Fire protection	425,471	-	17,871	155,000	(252,600)	(252,600)	
Streets	991,807	-	-	-	(991,807)	(991,807)	
Parks	61,945	-	1,139	-	(60,806)	(60,806)	
Animal control	52,485	-	-	-	(52,485)	(52,485)	
Economic development	63,106	-	-	-	(63,106)	(63,106)	
Total primary government activities	<u>3,874,850</u>	<u>393,765</u>	<u>34,573</u>	<u>216,405</u>	<u>(3,230,107)</u>	<u>(3,230,107)</u>	
Total primary government	<u>\$ 3,874,850</u>	<u>\$ 393,765</u>	<u>\$ 34,573</u>	<u>\$ 216,405</u>	<u>(3,230,107)</u>	<u>(3,230,107)</u>	
Component unit:							
Gun Barrel City Economic Development Corporation	\$ 246,071	\$ -	\$ -	\$ 1,950	-	(244,121)	
Total component unit	<u>\$ 246,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,950</u>	<u>-</u>	<u>(244,121)</u>	
General revenues:							
Sales tax					2,687,197	383,886	
Franchise tax					338,861	-	
Hotel occupancy tax					39,454	-	
Alcoholic beverage tax					25,502	-	
Investment earnings					15,183	15,293	
Gain on sale of capital asset					1,634	-	
Miscellaneous					69,474	2,302	
Total general revenues					<u>3,177,305</u>	<u>401,481</u>	
Change in net assets					<u>(52,802)</u>	<u>157,360</u>	
Net assets - beginning					<u>6,641,539</u>	<u>2,153,525</u>	
Net assets - ending					<u>\$ 6,588,737</u>	<u>\$ 2,310,885</u>	

See accompanying notes to financial statements.

CITY OF GUN BARREL CITY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	General	Lowe's Incentive	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 857,865	\$ 548,696	\$ 394,821	\$ 1,801,382
Investments	47	1,129	71	1,247
Receivables (net of allowance for uncollectibles)	776,508	-	15,718	792,226
Due from other governments	61,405	-	-	61,405
Due from other funds	-	-	1,886	1,886
Total assets	\$ 1,695,825	\$ 549,825	\$ 412,496	\$ 2,658,146
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	\$ 101,676	\$ -	\$ -	\$ 101,676
Accrued payroll payable	40,985	-	-	40,985
Due to other funds	1,886	-	-	1,886
Due to other governments	16,149	-	-	16,149
Due to component unit	62,513	-	-	62,513
Deferred revenue	918	-	-	918
Total liabilities	224,127	-	-	224,127
Fund balances:				
Unreserved:				
Undesignated	1,471,698	549,825	-	2,021,523
Unreserved reported in nonmajor:				
Special revenue funds	-	-	412,496	412,496
Total fund balances	1,471,698	549,825	412,496	2,434,019
Total liabilities and fund balances	\$ 1,695,825	\$ 549,825	\$ 412,496	

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	4,576,086
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	918
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	
Due within one year	\$ (112,398)
Due in more than one year	(309,888)
Net assets of governmental activities	\$ 6,588,737

See accompanying notes to financial statements.

CITY OF GUN BARREL CITY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	<u>General</u>	<u>Lowe's Incentive</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Sales	\$2,687,197	\$ -	\$ -	\$ 2,687,197
Franchise	338,861	-	-	338,861
Hotel occupancy	-	-	39,454	39,454
Alcoholic beverage	25,502	-	-	25,502
Licenses and permits	134,994	-	-	134,994
Fines and forfeitures	244,110	-	12,537	256,647
Charges for current services	2,125	-	-	2,125
Revenues from use of money and property	8,666	3,900	2,617	15,183
Other	59,953	-	9,521	69,474
Intergovernmental	242,630	-	3,603	246,233
Contributions and donations	-	-	4,746	4,746
Total revenues	<u>3,744,038</u>	<u>3,900</u>	<u>72,478</u>	<u>3,820,416</u>
EXPENDITURES				
Current:				
Mayor and council	5,082	-	-	5,082
Administration	563,222	-	-	563,222
City secretary	72,679	-	-	72,679
Treasurer	73,081	-	-	73,081
Municipal court	136,023	-	250	136,273
Municipal buildings	66,609	-	-	66,609
Police protection	1,129,863	-	2,250	1,132,113
Code enforcement	107,131	-	1,075	108,206
Building inspections	94,642	-	-	94,642
Fire protection	512,168	-	10,671	522,839
Streets	828,696	-	-	828,696
Parks	56,961	-	-	56,961
Animal control	52,352	-	-	52,352
Economic development	-	-	61,184	61,184
Debt service:				
Interest and fiscal charges	9,344	-	-	9,344
Total expenditures	<u>3,707,853</u>	<u>-</u>	<u>75,430</u>	<u>3,783,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,185</u>	<u>3,900</u>	<u>(2,952)</u>	<u>37,133</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1	-	188,340	188,341
Transfers out	(188,340)	-	(1)	(188,341)
Sale of capital assets	1,634	-	-	1,634
Total other financing sources and uses	<u>(186,705)</u>	<u>-</u>	<u>188,339</u>	<u>1,634</u>
Net change in fund balances	<u>(150,520)</u>	<u>3,900</u>	<u>185,387</u>	<u>38,767</u>
Fund balances - beginning	<u>1,622,218</u>	<u>545,925</u>	<u>227,109</u>	<u>2,395,252</u>
Fund balances - ending	<u>\$ 1,471,698</u>	<u>\$ 549,825</u>	<u>\$ 412,496</u>	<u>\$ 2,434,019</u>
See accompanying notes to financial statements.				

CITY OF GUN BARREL CITY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2010

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

Net change in fund balance-total governmental funds (page 12)	\$	38,767
<p>Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current year.</p>		
		341,934
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.</p>		
		(414,398)
<p>Payment of compensated absences is reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of changes in net assets, compensated absences are expensed as they are accrued. Change in the compensated absences liability.</p>		
		<u>(19,105)</u>
Change in net assets of governmental activities (page 10)	\$	<u><u>(52,802)</u></u>

See accompanying notes to financial statements.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Gun Barrel City, Texas (the "City") was incorporated on May 26, 1969, under the provisions of the State of Texas. The City operates under a Home Rule Charter, with a mayor and one city council member elected at large and four council members elected from two districts. The City provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, public improvements, planning and zoning, and general administrative services.

Discretely Presented Component Unit. The Gun Barrel City Economic Development Corporation is responsible for collecting and disbursing the one-fourth percent sales tax to be used for economic development within the City. The Board of Directors of the Corporation shall consist of seven residents of the City of Gun Barrel City who shall be nominated by the Board of Directors and approved by two-thirds majority of the City Council. Not more than one Director may be an employee, officer, or elected member of the governing body of the City. The City Council may remove any Director from the Board, with or without cause, with a two-thirds majority vote of the Council. The Corporation is presented as a governmental fund type and has a September 30 year end.

Complete financial statements for the Corporation may be obtained at the Corporation's administrative office.

Gun Barrel City Economic Development Corporation
1835 West Main Street
Gun Barrel City, Texas 75147

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component unit. The primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The City reports the following major governmental 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 Lowe's Incentive fund is used to account for the sales tax incentive payable to Lowe's annually as provided for in the economic development program agreement.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity

Investments -

Investments for the City, as well as the Corporation, are reported at fair value.

Receivables and payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is the lesser of .2 percent of the tax levy for each fiscal year or the outstanding property taxes for each fiscal year at year end.

The City has not levied property taxes since 1992. Prior to 1992, the City's property tax was levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Henderson County Tax Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Henderson County Tax Assessor/Collector bills and collects the City's delinquent property taxes, which are due October 1. Over time substantially all property taxes are collected.

Effective October 1, 1992, in accordance with the results of an election, the City began collecting an additional 1/2 cent sales tax through the state, based on retail sales in the City. In conjunction with this election, property taxes are no longer being assessed as of October 1, 1992.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Land held for resale -

The Corporation has acquired a tract of land as part of their purpose to develop industry in the City. The Corporation records this tract as land held for resale in their financial records. The properties held for resale are recorded at cost.

Capital assets -

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	30
Improvements	10-20
Machinery and equipment	5-15
Infrastructure	10-40

Compensated absences –

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vacation leave shall be taken during the year following its accumulation.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Long-term obligations -

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Fund Equity -

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

B. Excess of expenditures/expenses over appropriations in individual funds

The General fund expenditures exceeded appropriations by \$167,769. This excess was funded by excess revenues in the amount of \$113,423 and beginning fund balance.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2010. At year end, the bank balance of the City's deposits was \$1,981,131. Of the bank balance, \$250,001 was covered by federal depository insurance and the remaining balance, \$1,731,131 was covered by collateral pledged in the City's name. The collateral was held in the City's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$2,466,000.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and investments (continued)

At year end, the bank balance of the Corporation's deposits was \$830,380. Of the bank balance, \$497,759 was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$2,031,000.

Investments – State statutes authorize the City and Corporation to invest in demand deposits, certificates of deposit, time deposits, and investment pools. The short-term investment pools are not evidenced by securities that exist in physical or book entry form and accordingly, not categorized for credit risk.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the Public Funds Investment Act, and the actual rating as of year end.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
Primary Government:			
TexPool	<u>\$ 1,247</u>	N/A	AAA

The City currently invests in one 2a7-like pool, the Texas Local Government Investment Pool (TexPool), which was created under the Interlocal Cooperation Act, Texas Government Code Ann. Ch. 791 and the Texas Government Code Ann. Ch. 2256. The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is the sole officer, director and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. Ch. 2256. The City's investment in TexPool is not categorized because it is not evidenced by securities that exist in physical or book entry form.

The daily operations of TexPool are managed by Federated Investors under a contract with the State Comptroller of Public Accounts. The state comptroller maintains oversight responsibility for TexPool including the ability to influence operations, designation of management and accountability for fiscal matters.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables

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

	General	Nonmajor Funds	Total
Receivables:			
Taxes	\$ 762,057	\$ 15,718	\$ 777,775
Other	14,757	-	14,757
Gross receivables	776,814	15,718	792,532
Less: allowance for uncollectibles	(306)	-	(306)
Net total receivables	\$ 776,508	\$ 15,718	\$ 792,226

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Delinquent property taxes receivable (general fund)	<u>Unavailable</u> <u>\$ 918</u>
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Corporation -

Notes receivable

The Corporation provided funds in the original amount of \$8,000 to a local business under a loan agreement. These funds will be repaid to the Corporation in sixty monthly installments of \$153 including interest at 5.5%. The unpaid balance of the note is \$4,002.

The Corporation provided funds in the original amount of \$45,000 to a local business under a loan agreement. These funds will be repaid to the Corporation in sixty monthly installments of \$789 including interest at 2%. The unpaid balance of the note is \$39,979.

The Corporation provided funds in the original amount of \$40,000 to a local business under a loan agreement. These funds will be repaid to the Corporation in sixty monthly installments of \$701 including interest at 2%. The unpaid balance of the note is \$29,669.

No allowance for uncollectible notes receivable has been provided since management considers all unpaid balances to be collectible.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 206,296	\$ -	\$ -	\$ 206,296
Total capital assets not being depreciated	206,296	-	-	206,296
Capital assets being depreciated:				
Buildings	1,310,017	71,019	-	1,381,036
Machinery and equipment	2,549,386	270,915	-	2,820,301
Infrastructure	2,666,607	-	-	2,666,607
Totals capital assets being depreciated	6,526,010	341,934	-	6,867,944
Less accumulated depreciation for:				
Buildings	(366,754)	(40,937)	-	(407,691)
Machinery and equipment	(1,415,978)	(244,491)	-	(1,660,469)
Infrastructure	(301,024)	(128,970)	-	(429,994)
Total accumulated depreciation	(2,083,756)	(414,398)	-	(2,498,154)
Total capital assets, being depreciated, net	4,442,254	(72,464)	-	4,369,790
Governmental activities capital assets, net	<u>\$ 4,648,550</u>	<u>\$ (72,464)</u>	<u>\$ -</u>	<u>\$ 4,576,086</u>

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

Governmental activities:	
Administration	\$ 43,474
Municipal court	1,927
Police protection	62,801
Code enforcement	14,566
Fire protection	102,383
Streets	184,236
Parks	3,089
Economic development	1,922
Total depreciation expense - governmental activities	<u>\$ 414,398</u>

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

Corporation -

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 482,041	\$ -	\$ -	\$ 482,041
Total capital assets not being depreciated	<u>482,041</u>	<u>-</u>	<u>-</u>	<u>482,041</u>
Capital assets being depreciated:				
Machinery and equipment	27,495	1,950	(21,449)	7,996
Totals capital assets being depreciated	<u>27,495</u>	<u>1,950</u>	<u>(21,449)</u>	<u>7,996</u>
Less accumulated depreciation for:				
Machinery and equipment	(14,659)	(4,399)	13,188	(5,870)
Total accumulated depreciation	<u>(14,659)</u>	<u>(4,399)</u>	<u>13,188</u>	<u>(5,870)</u>
Total capital assets, being depreciated, net	<u>12,836</u>	<u>(2,449)</u>	<u>(8,261)</u>	<u>2,126</u>
Governmental activities capital assets, net	<u>\$ 494,877</u>	<u>\$ (2,449)</u>	<u>\$ (8,261)</u>	<u>\$ 484,167</u>

Depreciation expense was charged to the Corporation's governmental activities as follows:

Governmental activities:	
Economic development	<u>\$ 4,399</u>

D. Interfund receivables, payables and transfers

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental funds	General	<u>\$ 1,886</u>

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

Interfund transfers:

<u>Transfer out:</u>	<u>Transfer in:</u>	<u>Amount</u>
General	City Hall	\$ 188,340
Capital Projects	General	1
		<u>\$ 188,341</u>

The transfers funded the purchase of a building to serve as city hall and closed an inactive fund.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

E. Leases

Capital -

The City is currently purchasing a fire truck under a lease purchase agreement. The interest on the lease is 5.18%.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 353,009
Less: accumulated depreciation	(50,010)
Total	<u>\$ 302,999</u>

Annual debt service requirements to maturity are as follows –

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 43,121	\$ 18,281
2012	45,355	16,047
2013	47,703	13,699
2014	50,174	11,228
2015	52,772	8,630
2016-2017	113,884	8,923
	<u>\$ 353,009</u>	<u>\$ 76,808</u>

F. Long-term liabilities

Changes in long-term liabilities –

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities:					
Compensated absences	\$ 50,172	\$ 90,635	\$ (71,530)	\$ 69,277	\$ 69,277
Capital lease	353,009	-	-	353,009	43,121
Governmental activity					
Long-term liabilities	<u>\$ 403,181</u>	<u>\$ 90,635</u>	<u>\$ (71,530)</u>	<u>\$ 422,286</u>	<u>\$ 112,398</u>

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term liabilities (continued)

Governmental compensated absences and capital lease obligations will be liquidated by the general fund.

NOTE 4 – OTHER INFORMATION

A. Risk management

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

B. Texas Municipal Retirement System

Plan Description -

The City provides pension benefits for all of its eligible employees (except those employees covered under the TESRS plan described in Note 5.C.) 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 TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

B. Texas Municipal Retirement System (continued)

	<u>Plan Year 2009</u>	<u>Plan Year 2010</u>
Employee deposit rate	5.0%	5.0%
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, 0/25	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI

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 remainder of the plan's 24-year amortization period. 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, which for 2010 and 2009 was 4.78% and 4.84%, respectively. 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:

Annual Required Contribution (ARC)	\$ 75,255
Interest on Net Pension Obligation	-
Adjustment to the ARC	-
Annual Pension Cost (APC)	<u>75,255</u>
Contributions Made	<u>(75,255)</u>
Increase (decrease) in net pension obligation	-
Net Pension Obligation/(Asset), beginning of year	-
Net Pension Obligation/(Asset), end of year	<u><u>\$ -</u></u>

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

B. Texas Municipal Retirement System (continued)

Six-year trend information is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2005	\$ 53,920	\$ 53,920	100%	\$ -
2006	57,380	57,380	100%	-
2007	62,068	62,068	100%	-
2008	66,243	66,243	100%	-
2009	70,716	70,716	100%	-
2010	75,255	75,255	100%	-

The required contribution rates for the year ended September 30, 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	12/31/2007	12/31/2008	12/31/2009
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	25 years; closed period	24 years; closed period	24 years; closed period
Amortization Period for new Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	Amortized Cost	Amortized Cost	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.5%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.0% 0.0%	3.0% 0.0%	3.0% 0.0%

The funded progress, presenting 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, is as follows:

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

B. Texas Municipal Retirement System (continued)

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
12/31/2004	\$ 776,960	\$ 832,999	93.3%	\$ 56,039	\$ 1,096,030	5.1%
12/31/2005	859,519	908,466	94.6%	48,947	1,095,986	4.5%
12/31/2006	994,195	1,031,559	96.4%	37,364	1,219,061	3.1%
12/31/2007	984,417	1,057,353	93.1%	72,936	1,346,772	5.4%
12/31/2008	1,064,253	1,144,737	93.0%	80,484	1,442,379	5.6%
12/31/2009	1,207,189	1,355,498	89.1%	148,309	1,610,806	9.2%

C. Texas Emergency Services Retirement System

Plan Description -

The Fire Fighter's Pension Commissioner is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2010 there were 199 member fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

At August 31, 2010, TESRS membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits*	2,167
Terminated Participants Entitled to Benefits but Not Yet Receiving Them	2,106
Active Participants (Vested and Nonvested)	4,371
	8,644

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

C. Texas Emergency Services Retirement System (continued)

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy -

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions up a limited amount to make TESRS actuarially sound.

Annual Required Contribution -

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2010 total contributions (dues and prior service) of \$2,875,103 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state did not appropriate any maximum state contribution for the fiscal year ending August 31, 2010 and 2011. Total contributions made were equal to the contributions required by the state statute and equal to the contributions required based on the August 31, 2008 actuarial valuation.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

C. Texas Emergency Services Retirement System (continued)

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2010 revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2010 (\$502,941 to help pay for the System's administrative expenses) and with the assumed continuation of legislative appropriations of (1) the maximum state contribution amount in future years as is necessary for the System to have a 30-year amortization period, and (2) approximately \$500,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2011 are less than the contributions required because of the lag in time between an actuarial valuation that shows the need for maximum state contribution amounts and the appropriations process.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability ¹ (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Total Members Covered	UAAL Per Member Covered
08/31/2005	N/A	N/A	N/A	N/A	N/A	N/A
08/31/2006 ²	42,268,305	58,082,828	15,814,523	72.8%	8,061	\$ 1,962
08/31/2007	N/A	N/A	N/A	N/A	N/A	N/A
08/31/2008 ³	60,987,157	64,227,341	3,240,184	95.0%	8,254	393
08/31/2009	N/A	N/A	N/A	N/A	N/A	N/A
08/31/2010	64,113,803	81,264,230	17,150,427	78.9%	8,644	1,984

Notes:

¹ The actuarial accrued liability is based upon the entry age actuarial cost method.

² Changes in actuarial assumptions were reflected in this valuation.

³ Changes in actuarial assumptions and methods were reflected in this valuation.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

C. Texas Emergency Services Retirement System (continued)

Six-year trend information is as follows:

Fiscal Year Ending	Annual Required Contributions (ARC)	Actual Contributions	Percentage of ARC Contributed
08/31/2005	\$ 3,206,300 ¹	\$ 1,606,759 ⁵	50%
08/31/2006	2,753,035 ²	2,753,035 ⁶	100%
08/31/2007	3,162,742 ³	3,162,742 ⁷	100%
08/31/2008	3,160,764 ³	11,239,339 ⁸	356%
08/31/2009	2,698,271 ⁴	2,698,271	100%
08/31/2010	2,875,103 ⁴	2,875,103	100%

¹ Based on the original August 31, 2004 actuarial valuation.

² Based on the revised August 31, 2004 actuarial valuation.

³ Based on the August 31, 2006 actuarial valuation.

⁴ Based on the August 31, 2008 actuarial valuation.

⁵ A change in billing procedures resulted in a one-time change in the timing of dues contributions, resulting in an atypical amount of dues contributions for the fiscal year.

⁶ Includes a state contribution of \$675,307.

⁷ Includes a state contribution of \$709,072.

⁸ Includes a state contribution of \$8,800,000.

Valuation Date	August 31, 2008	August 31, 2010
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level dollar, open	Level dollar, open
Amortization Period	6 years	30 years
Asset Valuation Method	Market value smoothed by a 5- year deferred recognition method with a 90%/110% corridor on market value	Market value smoothed by a 5- year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:		
Investment Rate of Return*	8.00% per year, net of investment expenses	7.75% per year, net of investment expenses
Projected Salary Increases	N/A	N/A
* Includes Inflation at	3.50%	3.50%
Cost-of-Living Adjustments	None	None

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

D. Postemployment Benefits

Program Description:

The City 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.

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 TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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

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

Plan / Calendar Year	Schedule of Contribution Rates				
	City's Contribution		As a Percentage of Covered Payroll		
	Annual Required Contribution	Actual Contribution Made	Annual Required Contribution	Actual Contribution Made	Percentage of ARC Contributed
2005	\$ 3,362	\$ 3,362	0.04%	0.04%	100.0%
2006	3,229	3,229	0.04%	0.04%	100.0%
2007	3,704	3,704	0.04%	0.04%	100.0%
2008	4,327	4,327	0.03%	0.03%	100.0%
2009	5,725	5,725	0.04%	0.04%	100.0%
2010	3,656	3,656	0.02%	0.02%	100.0%

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

E. Economic Dependence

A material part of the City's revenues are dependent on two taxpayers, the loss of which could have a material effect on the City. For the year ended September 30, 2010, approximately 50% of sales tax representing approximately 35% of total general fund revenues were attributable to these taxpayers.

F. Commitments and Contingencies

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

On June 18, 2003, the City entered into an economic development program agreement (Agreement) with Lowe's Home Centers, Inc. (Lowe's) whereby the City shall pay Lowe's an annual program sales tax refund/sharing payment as an economic development incentive equal to one half of Lowe's sales tax revenues until Lowe's has received \$1,500,000 or the agreement has terminated. All of the sales tax collected for economic development shall be refunded first and then any deficiencies shall be refunded from the City's share of the sales tax.

Under the Agreement, the City waives and abates all fees, charges and recoveries typically involved in the first year of a project for acquisition, development and operation of a new retail project. As part of the Agreement, within three year's from the date of the Agreement, Lowe's shall (1) build a retail facility of at least 100,000 square feet, (2) expend at least \$10,000,000 through direct and indirect cost related to the development of the project and (3) create and maintain a minimum of 100 full time positions (base employment) during each year the Agreement is in effect.

If Lowe's fails to create and maintain the base employment during any year of the terms of the Agreement, then Lowe's is not entitled to the annual payment for that year. If in any one year Lowe's fails to reach average annual sales of \$10,000,000 at the project commencing with the first day of the twelfth month after the opening date, then Lowe's is not entitled to the annual payment for that year. As of January 27, 2006, Lowe's had not met the requirements of the agreement and therefore, no liability has been incurred or reported by the City as of September 30, 2010.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

F. Commitments and Contingencies (continued)

On May 1, 2004, the City adopted a voluntary Sick Leave Bank (Bank) policy. The Bank is a pool of sick leave hours donated by eligible City employees for the use of fellow employees who would otherwise have to take leave without pay. Decisions concerning the granting of sick leave are made by the Bank's Board which consist of five employee members, one of whom must be the Personnel Coordinator, and will be appointed by and serving at the discretion of the City Manager. Membership to the Bank is available to any full-time regular employee of the City with an initial transfer of eight hours of sick leave and requires an annual contribution of eight hours or the equivalent number of hours worked during a routine shift. Any employee who has less than forty hours of accrued sick leave may not donate to the Bank.

A member must be in need of at least forty hours of leave in order to receive a loan from the Bank and must have exhausted all sick leave, vacation, compensatory time, and unused holiday time. Sick leave loans may be used for a continuous absence or a part-time, long-term absence if all other requirements are met. Requests for loans will be submitted to the Board for approval with Board consideration being taken upon the employee's length of service, prior utilization of sick leave, contributions to the Bank, and medical information.

Upon termination of any employee who contributes to the Bank, accrued sick leave automatically transfers to the Bank. Any time transferred to the Bank becomes property of the Bank and will not be returned to the employee. Membership requests and voluntary withdrawals of membership are automatically accepted and require no vote/discussion by the Board other than denials based on eligibility. Upon termination of the Bank, accrued leave reverts back to the employee who donated the time. As of September 30, 2010 the Bank had 5,609 hours accumulated to be used in future periods.

The Corporation has entered into a performance agreement whereby the Corporation shall provide funds in the amount of \$150,000 to a local business. These funds shall be forgiven by the Corporation 90 days after the business has been open for one month.

The Corporation has entered into a performance agreement in which the Corporation agrees to finance the construction of infrastructure improvements on property owned by a local developer. The developer will reimburse the Corporation with payment of \$100 per linear foot of frontage road upon sale and close of the property or portion of the property.

CITY OF GUN BARREL CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

G. Subsequent Events

Subsequent to year end:

- the City approved a bid in the amount of \$177,749 for a project.
- the City approved the purchase of six reconditioned vehicles in an amount not to exceed \$100,000.
- the City entered into an agreement for consulting services in the amount of \$31,000.
- the City entered into a loan agreement to finance a project in an amount up to \$1,500,000. This loan will be repaid with an interest rate of 3.55% for the first 10 years and a variable rate for the remaining 15 years.
- the Corporation entered into a loan agreement whereby the Corporation shall provide funds totaling \$25,000 to a local business. This loan will be repaid to the Corporation with an interest rate of 2% after a 12 month grace period.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

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

CITY OF GUN BARREL CITY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2010

	Original and Final Budgeted Amounts	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
REVENUES					
Taxes:					
Sales	\$ 2,707,121	\$ 2,687,197	\$ (7,149)	\$ 2,680,048	\$ (27,073)
Franchise	286,000	338,861	(35,617)	303,244	17,244
Alcoholic beverage	23,000	25,502	842	26,344	3,344
Licenses and permits	92,800	134,994	-	134,994	42,194
Fines and forfeitures	276,000	244,110	-	244,110	(31,890)
Charges for current services	12,125	2,125	-	2,125	(10,000)
Revenues from use of money and property	23,000	8,666	-	8,666	(14,334)
Other	73,240	59,953	-	59,953	(13,287)
Intergovernmental	34,000	242,630	(61,405)	181,225	147,225
Total revenues	3,527,286	3,744,038	(103,329)	3,640,709	113,423
EXPENDITURES					
Current:					
Mayor and council	5,000	5,082	-	5,082	82
Administration	435,298	563,222	193	563,415	128,117
City secretary	77,387	72,679	(352)	72,327	(5,060)
Treasurer	72,890	73,081	(317)	72,764	(126)
Municipal court	148,283	136,023	(2,419)	133,604	(14,679)
Municipal buildings	60,338	66,609	(157)	66,452	6,114
Police protection	1,168,129	1,129,863	(4,682)	1,125,181	(42,948)
Code enforcement	135,440	107,131	(55)	107,076	(28,364)
Building inspections	71,773	94,642	(545)	94,097	22,324
Fire protection	315,406	512,168	(878)	511,290	195,884
Streets	868,615	828,696	(1,616)	827,080	(41,535)
Parks	58,955	56,961	(652)	56,309	(2,646)
Animal control	49,370	52,352	(318)	52,034	2,664
Debt service:					
Interest and fiscal charges	61,402	9,344	-	9,344	(52,058)
Total expenditures	3,528,286	3,707,853	(11,798)	3,696,055	167,769
Excess (deficiency) of revenues over (under) expenditures	(1,000)	36,185	(91,531)	(55,346)	(54,346)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1	-	1	1
Transfers out	-	(188,340)	-	(188,340)	(188,340)
Sale of capital assets	1,000	1,634	-	1,634	634
Total other financing sources and uses	1,000	(186,705)	-	(186,705)	(187,705)
Net change in fund balance	-	(150,520)	(91,531)	(242,051)	(242,051)
Fund balance - beginning	-	1,622,218	-	1,622,218	1,622,218
Fund balance - ending	\$ -	\$ 1,471,698	\$ (91,531)	\$ 1,380,167	\$ 1,380,167

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to be used for specified purposes.

Volunteer Fire Department – This fund is used to account for donations received to benefit the volunteer fire department.

Parks Special – This fund is used to account for sign advertising revenue that is restricted for development of City parks. The general operations and maintenance of the parks is accounted for within the General Fund.

Police Special – This fund is used to account for donations received to benefit the police department.

Adopt a Family – This fund is used to account for donations received to assist the needy.

Court Security – This fund is used to account for the revenues collected to provide security services for buildings housing a municipal court.

Court Time Payment Fees – This fund is used to account for revenues that are to be used for the efficiency of judicial administration.

Court Technology – This fund is used to account for revenues that are to be used for technological enhancements to the municipal court.

Law Enforcement Education – This fund is used to account for revenues received to provide law enforcement training and education.

Forfeited Contraband – This fund is used to account for seized property to be used for official purposes as provided by Article 59.06 Texas Code of Criminal Procedure.

Tourism – This fund is used to account for Hotel/Motel taxes received to be used for historic preservation and tourism promotion as authorized by statute.

City Hall – This fund is used to account for revenues accumulated for the construction of a new city hall.

Reserve – This fund is used to account for funds set aside to assist with capital outlay and debt service payments as necessary.

CAPITAL PROJECT FUNDS - Capital project funds are used to account for the financial resources segregated for the acquisition of major capital facilities.

TXCDBG Fund – This fund is used to account for grant proceeds and sewer line improvements for East Cedar Creek Fresh Water Supply District.

CITY OF GUN BARREL CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2010

	Nonmajor Special Revenue	Nonmajor Capital Projects (TXCDBG)	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 394,821	\$ -	\$ 394,821
Investments	71	-	71
Receivables (net of allowance for uncollectibles)	15,718	-	15,718
Due from other funds	1,886	-	1,886
Total assets	\$ 412,496	\$ -	\$ 412,496
 LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
 Fund balances:			
Unreserved, undesignated reported in:			
Special revenue funds	412,496	-	412,496
Total fund balances	412,496	-	412,496
Total liabilities and fund balances	\$ 412,496	\$ -	\$ 412,496

CITY OF GUN BARREL CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2010

	Nonmajor Special Revenue	Nonmajor Capital Projects (TXCDBG)	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
Hotel occupancy	\$ 39,454	\$ -	\$ 39,454
Fines and forfeitures	12,537	-	12,537
Revenues from use of money and property	2,617	-	2,617
Other	9,521	-	9,521
Intergovernmental	3,603	-	3,603
Contributions and donations	4,746	-	4,746
Total revenues	72,478	-	72,478
EXPENDITURES			
Current:			
Municipal court	250	-	250
Police protection	2,250	-	2,250
Code enforcement	1,075	-	1,075
Fire protection	10,671	-	10,671
Economic development	61,184	-	61,184
Total expenditures	75,430	-	75,430
Excess (deficiency) of revenues over (under) expenditures	(2,952)	-	(2,952)
OTHER FINANCING SOURCES (USES)			
Transfers in	188,340	-	188,340
Transfers out	-	(1)	(1)
Total other financing sources and uses	188,340	(1)	188,339
Net change in fund balances	185,388	(1)	185,387
Fund balances - beginning	227,108	1	227,109
Fund balances - ending	\$ 412,496	\$ -	\$ 412,496

CITY OF GUN BARREL CITY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2010

	Volunteer Fire Department	Parks Special	Police Special	Adopt a Family	Court Security	Court Payment Fees	Court Technology	Law Enforcement Education	Forfeited Contraband	Tourism	City Hall	Reserve	Totals
ASSETS													
Cash and cash equivalents	\$ 8,526	\$ 3,970	\$ 2,663	\$ -	\$ 74,138	\$ 6,735	\$ 11,857	\$ 15,905	\$ 2,542	\$ 78,899	\$ 13	\$ 189,573	\$ 394,821
Investments	-	-	-	-	-	-	-	-	-	-	71	-	71
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-	15,718	-	-	15,718
Due from other funds	-	-	-	-	1,180	-	706	-	-	-	-	-	1,886
Total assets	\$ 8,526	\$ 3,970	\$ 2,663	\$ -	\$ 75,318	\$ 6,735	\$ 12,563	\$ 15,905	\$ 2,542	\$ 94,617	\$ 84	\$ 189,573	\$ 412,496
LIABILITIES AND FUND BALANCES													
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:													
Unreserved:													
Undesignated	8,526	3,970	2,663	-	75,318	6,735	12,563	15,905	2,542	94,617	84	189,573	412,496
Total fund balances	8,526	3,970	2,663	-	75,318	6,735	12,563	15,905	2,542	94,617	84	189,573	412,496
Total liabilities and fund balances	\$ 8,526	\$ 3,970	\$ 2,663	\$ -	\$ 75,318	\$ 6,735	\$ 12,563	\$ 15,905	\$ 2,542	\$ 94,617	\$ 84	\$ 189,573	\$ 412,496

CITY OF GUN BARREL CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2010

	Volunteer Fire Department	Parks Special	Police Special	Adopt a Family	Court Security	Court Payment Fees	Court Technology	Law		Tourism	City Hall	Reserve	Totals
								Enforcement	Education				
REVENUES													
Taxes:													
Hotel occupancy						\$ -	\$ -	\$ -	\$ -	\$ 39,454	\$ -	\$ -	\$ 39,454
Fines and forfeitures									942				12,537
Revenues from use of money	39	16	12		4,298	1,571	5,726			731		1,233	2,617
Other	4,749	466			440	28	46	53	19	4,306			9,521
Intergovernmental													3,603
Contributions and donations	3,065	1,139	542					3,603					4,746
Total revenues	7,853	1,621	554		4,738	1,599	5,772	3,656	961	44,491		1,233	72,478
EXPENDITURES													
Current:													
Municipal court					250								250
Police protection									2,250				2,250
Code enforcement				1,075									1,075
Fire protection	10,671												10,671
Economic development										61,184			61,184
Total expenditures	10,671			1,075	250				2,250	61,184			75,430
Excess (deficiency) of revenues over (under) expenditures	(2,818)	1,621	554	(1,075)	4,488	1,599	5,772	3,656	(1,289)	(16,693)		1,233	(2,952)
OTHER FINANCING SOURCES (USES)													
Transfers in												188,340	188,340
Total other financing sources and uses												188,340	188,340
Net change in fund balances	(2,818)	1,621	554	(1,075)	4,488	1,599	5,772	3,656	(1,289)	(16,693)		189,573	185,388
Fund balances - beginning	11,344	2,349	2,109	1,075	70,830	5,136	6,791	12,249	3,831	111,310	84		227,108
Fund balances - ending	\$ 8,526	\$ 3,970	\$ 2,663	\$ -	\$ 75,318	\$ 6,735	\$ 12,563	\$ 15,905	\$ 2,542	\$ 94,617	\$ 84	\$ 189,573	\$ 412,496

