

CITY OF VAN, TEXAS

AUDIT REPORT

FEBRUARY 28, 2001



CITY OF VAN, TEXAS
ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED FEBRUARY 28, 2001

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OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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**KENNETH L. WILLIAMS
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 912
QUITMAN, TEXAS 75783**

Independent Auditor's Report

Honorable Mayor and City Council
City of Van
Van, Texas

We have audited the accompanying general purpose financial statements of the City of Van as of and for the year ended February 28, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Van, Texas management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Van at February 28, 2001, and the results of its operations and the cash flow of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Van. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Kenneth L. Williams
Certified Public Accountant

August 29, 2001



GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF VAN, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
FEBRUARY 28, 2001

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
Cash	\$ 152,313	\$ --	\$ --
Receivables			
Taxes	43,480	--	17,804
Allowance for Uncollectible Tax	(10,870)	--	(4,451)
Accounts	75,359	--	--
Other Agencies	30,945	--	4,911
Sundry	426	--	--
Due From Other Funds	1,350	--	--
Utility Deposits	10	--	--
Restricted Assets - Cash	--	--	150,751
Property Plant & Equipment			
Land & Buildings	--	--	--
Water Improvements	--	--	--
Sewer Improvements	--	--	--
Equipment	--	--	--
Less: Accumulated Depreciation	--	--	--
Construction In Progress	--	--	--
Amount Available in Debt Service Funds	--	--	--
Amount to be Provided for Retirement of General Long Term Debt	--	--	--
TOTAL ASSETS	\$ 293,013 =====	\$ -- =====	\$ 169,015 =====
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,000	\$ --	\$ --
Customer Deposits	--	--	--
Due to Other Funds	--	--	--
General Obligation Bonds Payable	--	--	--
Notes Payable	--	--	--
Revenue Bonds Payable	--	--	--
Deferred Revenues	32,610	--	13,353
Total Liabilities	33,610 -----	-- -----	13,353 -----

CITY OF VAN, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
FEBRUARY 28, 2001

PROPRIETARY FUND	ACCOUNT GROUPS		TOTALS	
	GENERAL	GENERAL	(MEMORANDUM ONLY)	
	FIXED ASSETS	LONG-TERM DEBT	2-28-01	2-29-00
\$ 791,315	\$ --	\$ --	\$ 943,628	\$ 1,053,714
--	--	--	61,284	64,817
--	--	--	(15,321)	(16,204)
45,818	--	--	121,177	119,045
--	--	--	35,856	34,579
288	--	--	714	651
--	--	--	1,350	7,443
--	--	--	10	10
939,060	--	--	1,089,811	144,300
76,426	727,216	--	803,642	796,993
2,326,705	--	--	2,326,705	2,268,439
2,747,260	--	--	2,747,260	2,658,026
94,625	764,016	--	858,641	832,517
(2,264,078)	--	--	(2,264,078)	(2,116,915)
73,261	--	--	73,261	29,478
--	--	150,751	150,751	144,300
--	--	<u>1,239,249</u>	<u>1,239,249</u>	<u>1,314,742</u>
<u>\$ 4,830,680</u>	<u>\$ 1,491,232</u>	<u>\$1,390,000</u>	<u>\$ 8,173,940</u>	<u>\$ 7,335,935</u>
\$ 1,130	\$ --	\$ --	\$ 2,130	\$ 67,912
40,576	--	--	40,576	37,614
1,350	--	--	1,350	7,442
--	--	1,390,000	1,390,000	1,455,000
--	--	--	--	4,042
1,000,000	--	--	1,000,000	--
--	--	--	<u>45,963</u>	<u>48,612</u>
<u>1,043,056</u>	<u>--</u>	<u>1,390,000</u>	<u>2,480,019</u>	<u>1,620,622</u>

CITY OF VAN, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
FEBRUARY 28, 2001

<u>FUND EQUITY</u>	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
Investment in General Fixed Assets	--	--	--
Retained Earnings - Unreserved	--	--	--
- Reserved for Revenue			
Bond Retirement	--	--	--
- Construction Reserve	--	--	--
Contributed Capital	--	--	--
Fund Balance - Unreserved	259,403	--	--
- Reserve for Debt Service	--	--	<u>155,662</u>
Total Fund Equity	<u>259,403</u>	<u>--</u>	<u>155,662</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 293,013 =====	\$ -- =====	\$ 169,015 =====

Subject to the accompanying report of Kenneth L. Williams, C.P.A.

CITY OF VAN, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
FEBRUARY 28, 2001

PROPRIETARY FUND	ACCOUNT GROUPS		TOTALS	
	GENERAL	GENERAL	(MEMORANDUM ONLY)	
	FIXED	LONG-TERM	2-28-01	2-29-00
ENTERPRISE FUND	ASSETS	DEBT		
\$ --	\$ 1,491,232	\$ --	\$ 1,491,232	\$ 1,462,747
2,582,566	--	--	2,582,566	3,645,535
63,152	--	--	63,152	--
891,906	--	--	891,906	--
250,000	--	--	250,000	250,000
--	--	--	259,403	209,408
--	--	--	155,662	147,623
<u>3,787,624</u>	<u>1,491,232</u>	<u>--</u>	<u>5,693,921</u>	<u>5,715,313</u>
<u>\$ 4,830,680</u>	<u>\$ 1,491,232</u>	<u>\$1,390,000</u>	<u>\$ 8,173,940</u>	<u>\$ 7,335,935</u>

CITY OF VAN, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED FEBRUARY 28, 2001

	<u>GOVERNMENTAL</u>
<u>REVENUES</u>	
Ad Valorem Taxes	\$ 385,285
Franchise Fees	94,509
City Sales Taxes	228,681
Fines	9,378
Interest Income	4,404
Other Revenues	32,001
Grants	<u>20,177</u>
Total Revenues	<u>774,435</u>
 <u>EXPENDITURES</u>	
Administrative	248,616
Police Department	257,897
City Judge	12,604
Fire Department	44,850
Street Department	93,943
Swimming Pool	22,912
Community Center	24,511
Community Development	808
Retirement of Bonded Debt	--
Capital Outlay	<u>18,276</u>
Total Expenditures	<u>724,417</u>
 Revenues Over (Under) Expenditures	 <u>50,018</u>
 <u>OTHER SOURCES (USES)</u>	
Transfer In (Out)	--
Grant Refund	<u>--</u>
Total Other Sources (Uses)	<u>--</u>
 Revenues and Other Sources Over (Under) Expenditures and Other Uses	 50,018
 Fund Balance, March 1	 209,408
Other Adjustments	<u>(23)</u>
 Fund Balance, FEBRUARY 28	 \$ 259,403 =====

Subject to the Accompanying Report of Kenneth L. Williams, C.P.A.

CITY OF VAN, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED FEBRUARY 28, 2001

FUND TYPES		TOTALS	
SPECIAL REVENUE	DEBT SERVICE	(MEMORANDUM ONLY)	
		2-28-01	2-29-00
\$ --	\$ 151,126	\$ 536,411	\$ 520,224
--	--	94,509	88,027
--	--	228,681	216,814
--	--	9,378	7,574
--	2,557	6,961	5,592
--	--	32,001	30,522
--	--	20,177	--
<u> </u>	<u>153,683</u>	<u>928,118</u>	<u>868,753</u>
--	--	248,616	235,609
--	--	257,897	234,223
--	--	12,604	12,910
--	--	44,850	87,475
--	--	93,943	51,364
--	--	22,912	23,342
--	--	24,511	14,488
--	--	808	8,000
--	145,644	145,644	148,748
<u> </u>	<u> </u>	<u>18,276</u>	<u>39,302</u>
<u> </u>	<u>145,644</u>	<u>870,061</u>	<u>855,461</u>
--	8,039	58,057	13,292
--	--	--	--
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	8,039	58,057	13,292
--	147,623	357,031	343,770
<u> </u>	<u> </u>	<u>(23)</u>	<u>(31)</u>
<u> </u>	<u>155,662</u>	<u>415,065</u>	<u>357,031</u>
=====	=====	=====	=====

CITY OF VAN, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES
YEAR ENDED FEBRUARY 28, 2001

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAV.)
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 392,651	\$ 385,285	\$ (7,366)
Franchise Fees	90,000	94,509	4,509
City Sales Taxes	210,667	228,681	18,014
Fines	13,000	9,378	(3,622)
Interest Income	1,500	4,404	2,904
Other Revenues	31,050	32,001	951
Grants	--	20,177	20,177
Gifts and Bequests	--	--	--
TOTAL REVENUES	738,868	774,435	35,567
<u>EXPENDITURES</u>			
Administration Expense	252,301	248,616	3,685
Police Department Expense	219,840	257,897	(38,057)
City Judge	11,885	12,604	(719)
Fire Department Expense	52,640	44,850	7,790
Street Department Expense	111,000	93,943	17,057
Swimming Pool Expense	24,826	22,912	1,914
Community Center Expense	17,159	24,511	(7,352)
Community Development	--	808	(808)
Retirement of Bonded Debt	--	--	--
Capital Outlay	8,725	18,276	(9,551)
TOTAL EXPENDITURES	698,376	724,417	(26,041)
Revenues Over (Under) Expenditures	\$ 40,492	\$ 50,018	\$ 9,526
<u>OTHER SOURCES (USES)</u>			
Transfer In	--	--	--
Transfer Out	--	--	--
Grant Refund	--	--	--
Total Other Sources (Uses)	--	--	--
Revenues and Other Sources Over (Under) Expenditures and Other Uses	40,492	50,018	9,526
Fund Balance, March 1	209,408	209,408	--
Other Adjustments	--	(23)	(23)
FUND BALANCE, FEBRUARY 28	\$ 249,900	\$ 259,403	\$ 9,503

Subject to the Accompanying Report of Kenneth L. Williams, C.P.A.

CITY OF VAN, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES
YEAR ENDED FEBRUARY 28, 2001

<u>SPECIAL REVENUE FUND</u>			<u>DEBT SERVICE FUND</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAV.)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAV.)</u>
\$ --	\$ --	\$ --	\$ 149,710	\$ 151,126	\$ 1,416
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	2,557	2,557
--	--	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>149,710</u>	<u>153,683</u>	<u>3,973</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	149,710	145,644	4,066
<u>--</u>	<u>--</u>	<u>--</u>	<u>149,710</u>	<u>145,644</u>	<u>4,066</u>
--	--	--	--	8,039	8,039
--	--	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,039</u>	<u>8,039</u>
--	--	--	147,623	147,623	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>147,623</u>	<u>155,662</u>	<u>8,039</u>



CITY OF VAN, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
YEAR ENDED FEBRUARY 28, 2001
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2000)

<u>OPERATING REVENUES</u>	<u>2-28-01</u>	<u>2-29-00</u>
Charges for Services	\$ 647,282	\$ 681,417
TOTAL OPERATING REVENUES	<u>647,282</u>	<u>681,417</u>
<u>OPERATING EXPENSES</u>		
Salaries	153,657	117,917
Payroll Taxes	12,852	9,896
Retirement Expense	10,153	9,406
Group Insurance	30,750	12,158
Water Chemicals	8,006	6,038
Sewer Chemicals	11,333	12,597
Water System Maintenance	75,952	50,142
Sewer System Maintenance	34,922	27,003
Insurance and Bonds	3,443	13,363
Utilities	70,930	81,325
Office Supplies	10,442	13,131
Vehicle Expense	12,794	12,456
Labor	8,536	7,608
Miscellaneous	17,736	31,092
Depreciation	147,163	137,092
Garbage Collection Expense	79,718	79,277
Contract Ambulance Service	41,710	37,725
Sludge Removal	15,096	18,324
Water Testing	<u>7,109</u>	<u>--</u>
TOTAL OPERATING EXPENSES	<u>752,302</u>	<u>676,550</u>
OPERATING INCOME	<u>(105,020)</u>	<u>4,867</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest	51,562	25,347
Accrued Interest on Bonds	6,724	--
Interest Expense & agents Fees	(26,176)	--
Bond Issue Costs	<u>(35,000)</u>	<u>--</u>
Total Non-Operating Revenues (Expenses)	<u>(2,890)</u>	<u>25,347</u>
Net Income	(107,910)	30,214
Retained Earnings, March 1	3,645,534	3,615,321
Equity Transfers	--	--
RETAINED EARNINGS, FEBRUARY 28	<u>\$3,537,624</u>	<u>\$ 3,645,535</u>
Contributed Capital - March 1	250,000	250,000
Contributions-Capital Grants	--	--
Contributed Capital - February 28	<u>250,000</u>	<u>250,000</u>
FUND EQUITY, FEBRUARY 28	<u>\$3,787,624</u>	<u>\$ 3,895,535</u>
	=====	=====

Subject to the accompanying report of Kenneth L. Williams, C.P.A.



CITY OF VAN, TEXAS
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUNDS
YEAR ENDED FEBRUARY 28, 2001

	<u>2-28-01</u>
Cash Flows From Operating Activities:	
Operating Income (Loss)	\$ (105,020)
Adjustments to Reconcile Operating Income (Loss)	
To Net cash Provided (Used) By Operating Activities	
Depreciation	147,163
Changes in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	3,372
Increase (Decrease) in Accounts Payable	<u>(47,660)</u>
Total Adjustments	<u>102,875</u>
Net Cash Provided By Operating Activities	<u>(2,145)</u>
Cash Flows From Noncapital Financing Activities:	
Increase (Decrease) in Customer Deposits	2,962
Transfer (To) From Other Funds	<u>(6,092)</u>
Net Cash Provided (Used) by Noncapital Activities	<u>(3,130)</u>
Cash Flow From Capital and Related Financial Activities:	
Acquisition of Fixed Assets	(195,571)
Revenue Bond Proceeds	1,000,000
Accrued Interest on Bonds	6,724
Interest and Fiscal Agent Fees	<u>(61,176)</u>
Net Cash Provided (Used) from Capital and Related Financing Activities	<u>749,977</u>
Cash Flows From Investing Activities:	
Interest Earned on Operating Funds	<u>51,562</u>
Net Increase (Decrease) in Cash and Cash Equivalents	796,264
Cash and Cash Equivalents, March 1	<u>934,112</u>
CASH AND CASH EQUIVALENTS AT FEBRUARY 28	<u>\$1,730,376</u> =====

Subject to the Accompanying Report of Kenneth L. Williams, C.P.A.



CITY OF VAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FEBRUARY 28, 2001

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Van, Texas operates under a Mayor-Council form of government and provides the following services: general administration, police, fire, planning and zoning, street, solid waste, water and sewer services and ambulance service.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental unites. the Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. One June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements, (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below:

1. The Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present City of Van (the primary government) and its component unit. The component unit discussed below is included in the reporting entity because of the significance of their operational and financial relationship with the City of Van.

Individual Component Unit Disclosure - Blended Component Unit

The Van Economic Development Corporation is governed by a seven (7) member board. These board members are appointed by the City Council and Mayor. Although it is legally separate from the City of Van, the Van Economic Development Corporation is reported as if it were part of the primary government because its sole purpose is to determine the uses of the proceeds of a .5 per cent sales tax for the benefit of the citizens of the City of Van.

2. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which



spending activities are controlled. The various funds and account groups are reported by generic classification within the financial statements.

The following fund types and account groups are used by the City:

a. **Governmental Fund Types**

The focus of Governmental Fund measurement is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the City:

General Fund

To account for resources devoted to financing the general services that the City performs. This fund is charged with all costs of operating the City for which a separate fund has not been established.

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

b. **Proprietary Funds**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and changes in financial position. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The only Proprietary Fund of the City is an Enterprise Fund, which is describe in the following paragraph:

Enterprise Fund

To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City uses the Enterprise Fund to account for the activities and operations of the City's water works and sewer system, solid waste disposal and ambulance service.

c. **Fiduciary Fund Types**

Agency Funds

The City has no agency funds.

Trust Funds

The City has no trust funds.

d. **Account Groups**

Account Groups are not funds; they do not reflect available financial resources and related liabilities. The following is a description of the Account Groups of the City:



General Fixed Assets Account Group

This account group reflects the costs of fixed assets acquired or constructed by the City. No depreciation has been provided in the General Fixed Assets Account Group.

General Long-Term Account Group

This account group is used to record the outstanding long-term obligations, both bonds and capital leases.

3. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenues, and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Revenue recognition for cost reimbursement grants is recognized in accordance with GASB Statement 1. When the expenditure is incurred, grant revenue is considered to have been earned and therefore available and recognized as revenue.

Modified Accrual

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Accrual

The accrual basis of accounting is used by the Proprietary Fund types. Under this method, revenues are recorded when earned, and the expenses are recognized when they are incurred.

Propriety fund types follow GAAP prescribed by the Governmental Accounting Standards Board and all financial accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its proprietary fund as presented by the GASB.

4. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the General Fund of the City. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis.



The City Council adopts and "appropriated budget" for the General Fund. At a minimum, the City is required to present the final amended budgeted revenues and expenditures compared to actual revenues and expenditures for these two funds in Exhibit A-3.

The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

- a. The City Council prepares a budget for the next succeeding fiscal year beginning March 1. The operating budget includes proposed expenditures and the means of financing them. This proposed budget is filed at least thirty (30) days before the date the City Council determines the tax levy for the fiscal year.
- b. At least fifteen (15) days after preparation of the proposed budget, a meeting of the City Council is called for the purpose of adopting the proposed budget after at least ten (10) day's public notice of the meeting has been published.
- c. Prior to March 1, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can be amended only by approval of a majority of the City Council.

5. Cash and Investments

The City maintains separate cash accounts for each of its separate funds. All investments are certificates of deposit at the City's depository bank. For purposes of the statement of cash flows, the City considers all liquid investments available for current use with an initial maturity of twelve months or less to be cash equivalents.

6. Receivables

Property taxes which were levied during the fiscal year, and prior years, but are uncollected as of February 28, 2001, are recorded as delinquent taxes receivable. Based on historical experience, an allowance for uncollectible property taxes is established at 25% of the outstanding balance.

7. Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. Fixed assets acquired in governmental funds are accounted for as expenditures in the fund when the asset is purchased and are recorded in the General Fixed Assets account Group at historical cost. Where historical cost is not known, assets are recorded at estimated historical cost. Donated assets are valued at estimated fair market value at time of acquisition.

Infrastructure such as roads, bridges, and curbs are considered public property and are not accounted for in the General Fixed Assets Group.



Governmental fund acquired fixed assets of the City are not depreciated. Depreciation of fixed assets used by the Proprietary fund is charged as an expense against the operations. Accumulated depreciation is reported on the Proprietary Fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water and sewer plant	40 Years
Other system structures	30 Years
Equipment	10 Years
Vehicles	5 Years
Office equipment	5 Years

8. Inventory

Inventory items are expensed when purchased.

9. Accumulated Vacation Time

It is the City's policy to pay terminated employees for any accrued vacation leave earned but not used by the time of the termination. The City does not allow unused vacation leave to carry from one calendar year to the next calendar year. Employees earn one sick day per month and cannot accumulate more than 60 days. The City does not pay employees for unused sick leave.

10. Fund Equity

The unreserved fund balances for governmental funds present the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for the Proprietary Fund represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

11. Encumbrance System

The City does not use an encumbrance system of recording liabilities and expenditures.

12. Total Columns on Combined Statements

Amounts in the "Totals (Memorandum Only)" columns in the combined financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented for analytic purposes only. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. The summation includes fund types and account groups that use different basis of accounting, and includes interfund transactions that have not been eliminated and the caption "amounts to be provided:", which is not an asset in the usual sense. Consequently, amounts shown in the "Totals (Memorandum Only)" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the City.



B. CASH AND INVESTMENTS

The City's depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The Public Funds Investment Act requires an annual audit of investment practices. Audit procedures in this area disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City was in substantial compliance with the requirements of the Act.

At February 28, 2001, the carrying amount of the City's deposits (cash and certificates of deposit) was \$2,033,439. Pledged collateral held by the City's agent bank in the City's name was \$2,410,035. The City's depository bank is the First State Bank, Van, Texas.

The City does not pool cash. Instead, the City maintains separate cash accounts, in the form of checking and/or savings accounts, for each fund.

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

1. Insured or collateralized with securities held by the City or by the City's agent in the City's name.
2. Collateralized with securities held by the pledging financial institution's trust department or the City's agent in the in the City's name.
3. Uncollateralized.

Based on these three levels of risk, all of the City's cash deposits are classified as category 2.

Temporary Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas, (2) certificates of



deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. Similar to cash deposits, investments held at a financial institution can be categorized according to three levels of risk. these three levels of risk are:

1. Insured, registered for which the securities are held by the City or the City's agent in the City's name.
2. Uninsured and unregistered investments for which the securities are held by the City's agent in the City's name.
3. Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end.

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Category</u>
Certificates of Deposit	\$ 750,721	\$ 750,721	1

The City's only investments during the year were certificates of deposit.

C. **PROPERTY TAXES**

Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. A lien on all taxable real property is effective on January 1 of the tax year. Property tax revenues are recognized when they become available.

Available includes those property tax receivables expected to be collected within sixty days after year end.

Property within the City of Van is assessed by the Van Zandt County Appraisal District. The property taxes due to the City are collected by the Van Zandt County Appraisal District, Canton, Texas.

Based on collection histories, the City has provided an allowance for uncollectible real property taxes equivalent to 25% of the delinquent tax receivable balance.



D. CHANGES IN GENERAL FIXED ASSETS

	Balance March 1,	Additions	Reductions	Balance Feb. 28,
Land/Buildings	678,074	6,650	--	684,724
Machinery and Equipment	742,180	21,836	--	764,016
Improvements Other Than Buildings	<u>42,493</u>	<u>--</u>	<u>--</u>	<u>42,493</u>
Total	<u>\$1,462,747</u>	<u>\$ 28,486</u>	<u>\$</u>	<u>\$ 1,491,233</u>

E. CHANGES IN PROPRIETARY FUND FIXED ASSETS

	Balance March 1,	Additions	Reductions	Balance Feb. 28,
Buildings	60,856	--	--	60,856
Water System	\$2,268,438	\$ 58,266	\$ --	\$2,326,704
Sewer System	2,658,025	89,234	--	2,747,259
Equipment	90,338	4,289	--	94,627
Construction In progress	<u>29,478</u>	<u>43,783</u>	<u>--</u>	<u>73,261</u>
Total	5,107,135	195,572	--	5,302,707
Less: Acc. Depr.	(2,116,915)	(147,163)	--	(2,264,078)
Land/R-O-W	<u>15,570</u>	<u>--</u>	<u>--</u>	<u>15,570</u>
Net Fixed Assets	<u>\$3,005,790</u>	<u>\$ 48,409</u>	<u>\$</u>	<u>\$3,054,199</u>

F. CHANGES IN GENERAL LONG TERM DEBT

Bond transactions of the City of Van, for the year ended February 28, 2001 are as follows:

Tax and Waterworks & Sewer System Surplus Revenue
Certificate of Obligation, Series 1994
Original Amount \$1,750,000 @ 3.75%-6.00%, Maturing 2014

Bonds Payable at March 1,	\$ 1,455,000
Bonds Issues	--
Bonds Retired	<u>(65,000)</u>
Payable at February 28,	<u>\$ 1,390,000</u>

The loan transactions for the City of Van for the year ended February 28, 2001 are as follows:



Vendors Lein Note Dated 12-7-1990 in Amount of \$32,000
 10.00% interest payable in 120 monthly installments of \$422.88.

Loans Payable at March 1	\$ 4,042
Loan Proceeds	--
Loans Retired	<u>(4,042)</u>

Loans Payable at February 28,	\$ -- =====
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The annual requirements to amortize all bonded debt of the General Fund outstanding as of February 28, 2001 are as follows:

<u>Years Ending February 28,</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total</u>
2002	70,000	77,318	147,318
2003	70,000	73,783	143,783
2004	75,000	70,048	145,048
2005	80,000	65,978	145,978
2006	85,000	61,541	146,541
2007-2011	500,000	228,028	728,028
2012-2015	<u>510,000</u>	<u>63,478</u>	<u>573,478</u>
Total	<u>\$ 1,390,000</u> =====	<u>\$ 640,174</u> =====	<u>\$ 2,030,174</u> =====

G. CHANGES IN LONG TERM DEBT-PROPRIETARY FUND

Bond transactions of the City of Van, Water and Sewer Fund for the year ended February 28, 2001 are as follows:

Waterworks and Sewer System Revenue Bonds, Series 2000, Dated September 15, 2000.

Original Amount \$1,000,000 @ 5.25%-7.00%, Maturing 8-15-2020

Bonds Payable at March 1	--
Bonds Issued	\$1,000,000
Bonds Retired	<u>--</u>
Bonds Payable at February 28	<u>\$1,000,000</u> =====

The annual requirements to amortize all bonded debt of the Water and Sewer Fund outstanding as of February 28, 2001 are as follows:

<u>Years Ending February 28,</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total</u>
2002	25,000	57,988	82,988
2003	30,000	56,063	86,063
2004	30,000	53,963	83,963
2005	30,000	51,863	81,863
2006	35,000	49,588	84,588
2007-2011	200,000	208,606	408,606



2012-2016	275,000	141,141	416,141
2017-2021	<u>375,000</u>	<u>54,296</u>	<u>429,296</u>
Total	\$ 1,000,000 =====	\$ 673,508 =====	\$ 1,673,508 =====

H. COMMITMENTS UNDER NONCAPITALIZED LEASES

The City has no noncapitalized leases.

I. CAPITAL LEASE OBLIGATION -GENERAL FUND

The City has no capital lease obligations.

J. EMPLOYEE RETIREMENT PLAN

Plan Description

The City provides pension benefits for its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 745 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for services rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 10 or more years of service or with 25 years of service regardless of age. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.



The contribution rate for employees is 5%, and the City matching percent is currently 2 to 1, both as adopted by the governing body of the City.

Contributions

Under the state law governing TMRS, the city contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and calendar year when the rate goes into effect (i. e. December 31, 2000 valuation is effective for rates beginning January 2002).

Schedule of Actuarial Liabilities and Funding Progress

<u>Actuarial Valuation</u>	<u>12-95</u>	<u>12-94</u>	<u>12-93</u>	<u>12-92</u>	<u>12-91</u>
<u>Date</u>					
Actuarial Value of Assets	478,465	503,886	436,861	361,296	309,456
Actuarial Accrued Liability	652,615	664,725	582,820	470,243	408,657
Percentage Funded	73.32%	75.80%	74.96%	76.83%	75.73%
Unfunded Actuarial Accrued Liability	174,150	160,839	145,959	108,947	99,201
Annual Covered Payroll	257,209	266,644	244,356	243,286	279,061
UAAL as Percentage of Covered Payroll	67.71%	60.32%	59.73%	44.78%	35.55%
Net Pension Obligation (NPO) at the Beginning of Period	--	--	--	--	--
Annual Pension Cost Annual Required					
Contribution (ARC)	24,472	21,358	19,490	20,855	23,402
Interest on NPO	--	--	--	--	--
Adjustment to ARC	--	--	--	--	--
Contributions Made					
Increase in NPO	24,472	21,358	19,490	20,855	23,402
NPO at the end of Period	--	--	--	--	--



<u>Actuarial Valuation</u>					
<u>Date</u>	<u>12-96</u>	<u>12-97</u>	<u>12-98</u>	<u>12-99</u>	<u>12-00</u>
Actuarial Value of Assets	557,865	581,266	562,880	647,482	539,113
Actuarial Accrued Liability	748,703	336,784	598,513	682,384	575,805
Percentage Funded	74.51%	91.30%	94.00	94.9%	93.6%
Unfunded Actuarial Accrued Liability	190,838	55,518	35,633	34,902	36,692
Annual Covered Payroll	263,708	208,603	310,821	309,063	275,508
UAAL as Percentage of Covered Payroll	72.36%	26.60%	11.5%	11.3%	13.3%
Net Pension Obligation (NPO) at the Beginning of Period	--	--	--	--	--
Annual Pension Cost					
Annual Required Contribution (ARC)	27,523	30,307	28,452	27,115	24,274
Interest on NPO	--	--	--	--	--
Adjustment to ARC	--	--	--	--	--
Contributions Made					
Increase in NPO	27,523	30,307	28,452	27,115	24,274
NPO at the end of Period	--	--	--	--	--

The City of Van is one of 745 municipalities having the benefit plan administered by TMRS. Each of the 745 municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12-31-2000 valuations are contained in the 2000 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, Texas 78714-9153.

K. HEALTH INSURANCE

During the year ended February 28, 2001, the employees of the City were covered by a health insurance plan (the Plan). The City paid 100% of the premiums per pay period for each employee to the Plan and employees, at their option, authorized payroll withholding to pay premiums for dependents. All contributions were paid to a self-funded pool administered by the Texas Municipal League Group Benefits Risk Pool.

The City also pays the premiums for \$10,000 life insurance policies for each employee. Employees can, at their option, obtain coverage for cancer and additional life insurance through the Plan. Employees pay 100% of the premiums for any such additional insurance coverage.

The contract between the City and the other participants of the self-funded pool is renewable October 1 and the terms of coverage and premium costs are included in the contractual provision.

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CITY OF VAN, TEXAS
GENERAL FUND
COMBINING BALANCE SHEET
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2001

<u>ASSETS</u>	<u>GENERAL</u> <u>FUND</u>	<u>VAN</u> <u>DEVELOPMENT</u>	<u>TOTALS</u>	
			<u>MEMORANDUM ONLY</u> <u>2-28-01</u>	<u>2-29-00</u>
Cash	\$ 64,131	\$ 88,182	\$ 152,313	\$ 119,602
Receivables				
Taxes	43,480	--	43,480	46,021
Allowance For Uncollectible Tax	(10,870)	--	(10,870)	(11,505)
Accounts	75,359	--	75,359	69,617
Other Agencies	26,327	4,618	30,945	31,256
Sundry	426	--	426	601
Due From Other Funds	1,350	--	1,350	7,443
Utility Deposits	<u>10</u>	<u>--</u>	<u>10</u>	<u>10</u>
TOTAL ASSETS	\$ 200,213	\$ 92,800	\$ 293,013	\$ 263,045
	=====	=====	=====	=====
 <u>LIABILITIES</u>				
Accounts Payable	\$ 1,000	\$ --	\$ 1,000	\$ 19,122
Due To Other Funds	--	--	--	--
Notes Payable	--	--	--	--
Deferred Revenues	<u>32,610</u>	<u>--</u>	<u>32,610</u>	<u>34,515</u>
TOTAL LIABILITIES	\$ 33,610	\$ --	\$ 33,610	\$ 53,637
 <u>FUND EQUITY</u>				
Fund Balance - Unreserved	<u>\$ 166,603</u>	<u>\$ 92,800</u>	<u>\$ 259,403</u>	<u>\$ 209,408</u>
TOTAL FUND EQUITY	\$ 166,603	\$ 92,800	\$ 259,403	\$ 209,408
TOTAL LIABILITIES AND FUND EQUITY	\$ 200,213	\$ 92,800	\$ 293,013	\$ 263,045
	=====	=====	=====	=====

Subject to the accompanying report of Kenneth L. Williams, C.P.A.



CITY OF VAN, TEXAS
GENERAL FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED FEBRUARY 28, 2001

<u>REVENUES</u>	<u>GENERAL</u> <u>FUND</u>	<u>VAN</u> <u>DEVELOPMENT</u>	<u>TOTALS</u>	
			<u>MEMORANDUM</u> <u>2-28-01</u>	<u>ONLY</u> <u>2-29-00</u>
Ad Valorem Taxes	\$ 385,285	\$ --	\$ 385,285	\$ 370,451
Franchise Fees	94,509	--	94,509	88,027
City Sales Taxes	171,511	57,170	228,681	216,814
Fines	9,378	--	9,378	7,574
Interest Income	3,166	1,238	4,404	3,542
Other Revenues	24,961	7,040	32,001	30,522
Grants	<u>20,177</u>	<u>--</u>	<u>20,177</u>	<u>--</u>
 Total Revenues	 <u>\$ 708,987</u>	 <u>\$ 65,448</u>	 <u>\$ 774,435</u>	 <u>\$ 716,930</u>
 <u>EXPENDITURES</u>				
Administrative	\$ 248,616	\$ --	\$ 248,616	\$ 235,609
Police Department	257,897	--	257,897	234,223
City Judge	12,604	--	12,604	12,910
Fire Department	44,850	--	44,850	87,475
Street Department	93,943	--	93,943	51,364
Swimming Pool	22,912	--	22,912	23,342
Community Center	24,511	--	24,511	14,488
Community Development	--	808	808	8,000
Capital Outlay	<u>--</u>	<u>18,276</u>	<u>18,276</u>	<u>39,302</u>
 Total Expenditures	 <u>705,333</u>	 <u>\$ 19,084</u>	 <u>724,417</u>	 <u>706,713</u>
Revenues Over (Under) Expenditures	3,654	46,364	50,018	10,217
 <u>Other Sources (Uses)</u>				
Transfers In (Out)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Total Other Sources (Uses)	 <u>--</u>	 <u>--</u>	 <u>--</u>	 <u>--</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,654	46,364	50,018	10,217
Fund Balance, March 1	162,972	46,436	209,408	199,191
Prior Period Adjustments	<u>(23)</u>	<u>--</u>	<u>(23)</u>	<u>--</u>
FUND BALANCE, FEBRUARY 28	<u>\$ 166,603</u> =====	<u>\$ 92,800</u> =====	<u>\$ 259,403</u> =====	<u>\$ 209,408</u> =====

Subject to the accompanying report of Kenneth L. Williams, C.P.A.



SUPPLEMENTAL INFORMATION



CITY OF VAN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAV)</u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 392,651	\$ 385,285	\$ (7,366)
Franchise Fees	90,000	94,509	4,509
City Sales Taxes	158,000	171,511	13,511
Fines	13,000	9,378	(3,622)
Interest Income	1,500	3,166	1,666
Grants	--	20,177	20,177
Other Revenues	<u>31,050</u>	<u>24,961</u>	<u>(6,089)</u>
Total Revenues	<u>\$ 686,201</u>	<u>\$ 708,987</u>	<u>\$ 22,786</u>
<u>EXPENDITURES</u>			
<u>Administration and Non-Departmental</u>			
Salaries	79,800	74,985	4,815
Retirement	5,591	3,239	2,352
Payroll Taxes	6,245	6,403	(158)
Group Insurance	8,500	8,539	(39)
Auto Allowance	1,200	850	350
Auditor	2,250	2,250	--
City Attorney	3,500	3,400	100
Council Fees	3,600	3,550	50
Appraisal District	16,215	20,125	(3,910)
Office Expense	2,000	5,365	(3,365)
Utilities	65,000	79,031	(14,031)
Vehicle Gasoline	4,000	1,059	2,941
Vehicle Repair & Maintenance	6,500	4,338	2,162
Cleaning	--	825	(825)
Two-Way Radio	--	--	--
Insurance-General	22,000	18,398	3,602
Interest Other Than Bonds	4,500	3,066	1,434
Dog Leash Ordinance	1,800	1,257	543
Miscellaneous	14,600	11,936	2,664
Capital Improvement	<u>5,000</u>	<u>--</u>	<u>5,000</u>
Total Administration	<u>252,301</u>	<u>248,616</u>	<u>3,685</u>
<u>Police Department</u>			
Salaries	135,039	159,785	(24,746)
Retirement	9,831	11,387	(1,556)
Payroll Taxes	10,330	12,643	(2,313)
Supplies	13,000	6,633	6,367
Hospital Insurance	14,640	21,773	(7,133)



CITY OF VAN, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAV)</u>
<u>EXPENDITURES, Cont.</u>			
<u>Police Dept. Cont.</u>			
Office Expense	\$ 2,000	\$ 2,162	\$ (162)
Gas and Oil	6,000	7,472	(1,472)
Vehicle Repair	3,000	2,760	240
Uniforms	3,000	3,144	(144)
Education	3,000	2,307	693
Equipment	20,000	21,836	(1,836)
Miscellaneous	--	5,995	(5,995)
Total Police Department	<u>219,840</u>	<u>257,897</u>	<u>(38,057)</u>
 <u>City Judge</u>			
Salary	10,800	10,795	5
Payroll Tax	585	794	(209)
Clerical Expense	500	598	(98)
Miscellaneous	--	417	(417)
Total City Judge	<u>11,885</u>	<u>12,604</u>	<u>(719)</u>
 <u>Fire Department</u>			
Hospitalization Insurance	23,600	19,260	4,340
Supplies	18,000	10,854	7,146
Gas and Oil	2,300	1,953	347
Maintenance	2,700	1,746	954
Insurance-General	--	--	--
Fire School & Training	2,000	2,000	--
Equipment	--	--	--
Miscellaneous	4,040	9,037	(4,997)
Total Fire Department	<u>52,640</u>	<u>44,850</u>	<u>7,790</u>
 <u>Street Department</u>			
Oil Dirt	105,000	63,523	41,477
Contingencies	3,000	4,246	(1,246)
Streets	--	23,064	(23,064)
Miscellaneous	2,000	582	1,418
Equipment Fuel	1,000	2,528	(1,528)
Total Street Department	<u>111,000</u>	<u>93,943</u>	<u>17,057</u>
 <u>Swimming Pool</u>			
Salaries	6,200	9,198	(2,998)
Payroll Taxes	452	550	(98)
Parks & Recreation	3,000	861	2,139
Chemicals and Supplies	4,000	2,530	1,470



CITY OF VAN, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAV)</u>
<u>EXPENDITURES, Cont.</u>			
<u>Swimming Pool, Cont.,</u>			
Pool Concession	\$ 1,200	\$ 1,820	\$ (620)
Utilities	4,400	3,096	1,304
Debt Service	5,074	4,652	422
Miscellaneous	500	205	295
Total Swimming Pool	24,826	22,912	1,914
<u>Community Center</u>			
Salaries	6,000	6,296	(296)
Payroll Tax	459	481	(22)
Supplies	800	622	178
Office Expense	--	--	--
Utilities	7,000	8,110	(1,110)
Maintenance and Repair	1,200	833	367
Cont Lawn Service-Comm Center	700	330	370
Miscellaneous Expenses	1,000	1,189	(189)
Capital Outlay	--	6,650	(6,650)
Total Community Center	17,159	24,511	(7,352)
 TOTAL EXPENDITURES	 \$ 689,651	 \$ 705,333	 \$ (15,682)
Excess (Deficiency) of Revenues Over Expenditures	(3,450)	3,654	7,104
<u>Other Sources and Uses</u>			
Transfers In (Out)	--	--	--
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(3,450)	3,654	7,104
Fund Balance, March 1	162,972	162,972	--
Prior Period Adjustment	--	(23)	(23)
FUND BALANCE, FEBRUARY 28	\$ 159,522	\$ 166,603	\$ 7,081

Subject to the Accompanying Report of Kenneth L. Williams, C.P.A.



CITY OF VAN, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
WATER AND SEWER FUND
YEAR ENDED FEBRUARY 28, 2001

	<u>WATER AND SEWER FUND</u>		<u>VARIANCE FAVORABLE (UNFAV.)</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	
<u>OPERATING REVENUES</u>			
Water	\$ 373,940	\$ 355,659	\$ (18,281)
Sewer	130,582	127,930	(2,652)
Penalties	20,000	22,715	2,715
Water and Sewer Taps	15,000	18,400	3,400
Miscellaneous	4,000	1,210	(2,790)
Garbage	79,000	79,674	674
Ambulance Fees	42,000	41,694	(306)
Total Operating Revenues	<u>664,522</u>	<u>647,282</u>	<u>(17,240)</u>
<u>OPERATING EXPENDITURES</u>			
Salaries	123,600	153,657	(30,057)
Payroll Taxes	9,455	12,852	(3,397)
Retirement Expense	8,961	10,153	(1,192)
Group Insurance	12,000	30,750	(18,750)
Water Chemicals	6,000	8,006	(2,006)
Sewer Chemicals	12,000	11,333	667
Sludge Removal	20,000	15,096	4,904
Water System Maintenance	60,000	75,952	(15,952)
Sewer System Maintenance	63,300	34,922	28,378
Insurance and Bonds	20,000	3,443	16,557
Utilities	75,000	70,930	4,070
Office Expense	6,000	10,442	(4,442)
Vehicle Expenses	13,000	12,794	206
Professional Fees	2,250	2,250	--
Miscellaneous	16,588	15,486	1,102
Depreciation	159,000	147,163	11,837
Garbage Collection Expense	79,000	79,718	(718)
Contract Ambulance Service	42,000	41,710	290
Contract Meter Reading	7,700	8,536	(836)
Water Testing	--	7,109	(7,109)
Total Operating Expenses	<u>735,854</u>	<u>752,302</u>	<u>(16,448)</u>
Total Operating Income	<u>\$ (71,332)</u>	<u>\$ (105,020)</u>	<u>\$ (33,688)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest	24,212	51,562	27,350
Accrued Interest On Bonds	--	6,724	6,724
Interest Expense & Agents Fees	--	(26,176)	(26,176)
Bond Issuance Costs	--	(35,000)	(35,000)
Total Non-Operating Revenues	<u>24,212</u>	<u>(2,890)</u>	<u>(27,102)</u>
Net Income	<u>(47,120)</u>	<u>(107,910)</u>	<u>(60,790)</u>



CITY OF VAN, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL
WATER AND SEWER FUND
YEAR ENDED FEBRUARY 28, 2001

	<u>WATER AND SEWER FUND</u>		<u>VARIANCE FAVORABLE (UNFAV.)</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	
Retained Earnings at March 1	\$3,645,534	\$3,645,534	--
Equity Transfers	--	--	--
Retained Earnings at February 28	<u>3,598,414</u>	<u>3,537,624</u>	<u>(60,790)</u>
Contributed Capital - March 1	250,000	250,000	--
Contributions - Capital Grants	--	--	--
Contributed Capital - February 28	<u>250,000</u>	<u>250,000</u>	<u>--</u>
FUND EQUITY, FEBRUARY 28	<u>\$3,848,414</u>	<u>\$3,787,624</u>	<u>\$ (60,790)</u>



OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

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