

CITY OF VAN, TEXAS

REPORT OF EXAMINATION

FEBRUARY 28, 1961

1960-1961

GEORGE E. ARMS  
 CERTIFIED PUBLIC ACCOUNTANT  
 TYLER, TEXAS

June 12, 1961

The City Council  
 Van, Texas

Gentlemen:

I have examined the balance sheet of the City of Van, Texas, as of February 28, 1961, and the statement of receipts and disbursements for the fiscal year then ended and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence, by methods and to the extent I deemed appropriate. The examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which I considered necessary.

The following are included as a part of this report:

- Exhibit A - Balance Sheet as of February 28, 1961.
- B - Statement of Receipts and Disbursements for the fiscal year ending February 28, 1961.
- Schedule 1 - Bonds and Interest as of February 28, 1961.

BALANCE SHEET

Cash on hand was verified by count and tracing back to February 28, 1961. Cash in bank was verified by reconciliation of accounts to those of the bank and by confirmation from the bank.

Delinquent taxes are as follows:

Year	Balance Delinquent 3-1-60	Additions	Collections	Errors in Assessment	Balance Delinquent 2-28-61
1949	\$ .20				\$ .20
1950	.22				.22
1951	.38				.38
1952	.25				.25
1953	.51				.51
1954	8.52				8.52
1955	20.54				20.54
1956	14.10			\$ .72	14.82
1957	18.24			( .72)	17.52
1958	83.20		\$ 2.73		80.47
1959	310.83		154.18		156.65
1960		\$ 470.99	99.97		371.02
	<u>\$ 436.99</u>	<u>\$ 470.99</u>	<u>256.88</u>		<u>\$ 671.10</u>
Penalty and interest			23.27		
Cost			27.00		
Total collections			<u>\$ 307.15</u>		

During the year the following equipment was added:

<b>Water system</b>		
15 H.P. water pump with connections	\$1,484.84	
Meters	322.37	
Meter boxes and connections	<u>41.73</u>	\$1,848.94
<b>Sewer system</b>		
2 3 H.P. submersible sewage pumps with connections and starters	1,394.04	
Drain tile	35.00	
5 septic tanks	<u>90.00</u>	1,519.04
<b>Tractor equipment</b>		
Henry back hoe and linkage	144.80	
Wheel tire assembly for mower	<u>55.75</u>	200.55
<b>Office equipment</b>		
Shelving		35.67
<b>Cars and trucks</b>		
1961 Ford Police car	3,061.90	
Less 1958 Ford traded	<u>1,229.90</u>	
Difference paid		1,832.00
<b>Land and rights of way</b>		
75' x 75' lot in back of bank	300.00	
Grading and dirt on lot	<u>6.00</u>	306.00
<b>Other equipment</b>		
Christmas lights	481.50	
Power lawn mower	50.00	
Fan for fire hall	<u>93.00</u>	624.50
<b>Other lake equipment</b>		
3/4 ton hoist		78.02
<b>New City Hall building</b>		
Blue print of building		<u>52.00</u>
		<u>\$6,496.72</u>

The following is a detail of assets that are grouped on the balance sheet:

<b>Water and sewer systems</b>		
Lake construction	\$ 44,732.65	
Water treating plant	78,623.44	
Water pump station	15,181.27	
Overhead water storage	30,420.36	
Water lines	<u>217,223.13</u>	\$386,180.85
Sewer lift station and equipment	4,112.98	
Sewer lines	<u>110,915.56</u>	115,028.54
Engineering fees on construction		30,431.70
Road and bridge to lake		1,572.73
Telephone line to lake		791.85
		<u>\$534,005.67</u>
<b>Buildings</b>		
City hall and fire station	\$ 7,155.22	
City hall addition	52.00	
Storage building at lake	1,124.18	
Oil workers building (torn down after 3/1/61)	<u>2,000.00</u>	\$ 10,331.40

The City records are kept on the cash receipts and disbursements basis, however accounts receivable and payable are shown on the balance sheet for information. A composite rate of 3% a year is used for depreciation and is also shown only on the balance sheet.

On December 12, 1960, an election was held to approve a bond issue of \$196,000.00 tax bonds for water system improvement, \$29,000.00 for city hall and fire truck addition and \$100,000.00 for curb and gutter. The election carried and \$225,000.00 of the bonds for the first two projects were dated February 1, 1961, and sold to the First Southwest Company. The bonds mature in series over the next eleven years. The first \$81,000.00 bears interest at 4% a year, the next \$105,000.00 at 3% a year and the last \$39,000.00 at 3 1/4%. The First Southwest Company charged 1% or \$2,250.00 for their services in the bond issue. Interest was refunded on the sale of the bonds of \$106.35 which was for the interim period from date of the bonds, February 1, 1961, to sale date February 6.

The interest and sinking fund requirement for bonds and interest in the current and future years is as follows:

For fiscal year ending February 28, 1961	\$46,483.75
1962	48,012.50
1963	53,070.00
1964	28,057.50
1965	28,217.50
1966	28,337.50
1967	28,417.50
1968	29,697.50
1969	29,917.50
1970	30,107.50
1971	30,267.50
1972	10,325.00

This might indicate the advisability of short term borrowing in the 1962 and 1963 years to be repaid in the lower requirement years of 1964-5.

The following is a condensed, comparative balance sheet for the past two years:

Assets	Year Ending		Increase (Decrease)
	2-28-61	2-29-60	
Current assets	\$ 69,539.00	\$ 59,783.64	\$ 9,755.36
Current assets - from bond issue	222,856.35		222,856.35
Fixed assets	621,885.24	615,938.03	5,947.21
Reserve for depreciation	( 192,003.63)	( 174,644.74)	( 17,358.89)
Other assets	10.00	10.00	
<b>Total assets</b>	<b>\$722,286.96</b>	<b>\$501,086.93</b>	<b>\$221,200.03</b>

Condensed, comparative balance sheet (continued)

Liabilities	Year Ending		Increase (Decrease)
	2-28-61	2-29-60	
Current liabilities	\$ 2,419.54*	\$ 2,820.73*	(\$ 401.19)
Bonds	294,000.00	113,000.00	181,000.00
Other	2,355.00	2,385.00	( 30.00)
<b>Total liabilities</b>	<b>298,774.54</b>	<b>118,205.73</b>	<b>180,568.81</b>
<b>Surplus</b>	<b>423,512.42</b>	<b>382,881.20</b>	<b>40,631.22</b>
<b>Total liabilities and surplus</b>	<b>\$722,286.96</b>	<b>\$501,086.93</b>	<b>\$221,200.03</b>

\*Adjusted to show bond interest accrued.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

The following is a condensed, comparative statement of receipts and disbursements for the past two years:

Receipts	Year Ending		Increase (Decrease)
	2-28-61	2-29-60	
Taxes - appropriated	\$ 40,991.25	\$ 46,622.50	(\$ 5,631.25)
available for optg.	50,620.28	44,494.84	6,125.44
Water and sewer department	18,901.59	17,601.42	1,300.17
Bond issue	225,000.00		225,000.00
Interest refund	106.35		106.35
Other	558.19	968.30	( 410.11)
<b>Total receipts</b>	<b>336,177.66</b>	<b>109,687.06</b>	<b>226,490.60</b>

Disbursements	Year Ending		Increase (Decrease)
	2-28-61	2-29-60	
Fixed assets	6,496.72	4,970.64	1,526.08
Interest on bonds, hdlg. chg.	2,550.40	3,782.00	( 1,231.60)
Bonds redeemed	44,000.00	47,000.00	( 3,000.00)
Bond issue expense	2,250.00		2,250.00
Operating expense	48,482.99	52,291.68	( 3,808.69)
<b>Total disbursements</b>	<b>103,780.11</b>	<b>108,044.32</b>	<b>( 4,264.21)</b>
<b>Excess of receipts</b>	<b>\$232,397.55</b>	<b>\$ 1,642.74</b>	<b>\$230,754.81</b>

Warrants and bank transfers are not shown as the receipts and disbursements of these offset each other.

The operating expense for the year shows a decrease of \$3,808.69 from that of the previous year and is detailed in the following:

	Year Ending		Increase (Decrease)
	2-28-61	2-29-60	
Salaries	\$22,265.00	\$22,232.54	\$ 32.46
Labor		256.05	( 256.05)
Water chemicals	2,530.05	2,457.67	72.38
Water line additions expense	794.10	2,106.40	( 1,312.30)
Sewer chemicals	2,367.80	2,588.60	( 220.80)
Sewer line additions expense	502.01	744.74	( 242.73)
Council	2,280.00	2,370.00	( 90.00)
Election expense	254.91	82.48	172.43
Fire department expense	1,996.07	2,240.16	( 244.09)
Insurance - fire department	1,709.79	1,747.80	( 38.01)
other	1,069.90	1,110.04	( 40.14)
Interest - other	416.86	628.75	( 211.89)
Lake expense	251.25	776.00	( 524.75)
Light, power and telephone	4,096.86	3,983.31	113.55
Office	1,094.40	959.13	135.27
Police	1,263.27	920.82	342.45
Repairs - painting tanks		2,256.00	( 2,256.00)
Social security tax	651.52	515.21	136.31
Spraying	265.92	606.87	( 340.95)
Street	265.90	870.01	( 604.11)
Truck	1,096.46	632.97	463.49
Tractor	1,034.54	1,476.49	( 441.95)
Other	970.06	559.87	410.19
City industrial promotion	917.00		917.00
City park and garden club	389.32	169.77	219.55
	<u>\$48,482.99</u>	<u>\$52,291.68</u>	<u>(\$3,808.69)</u>

Sewer department chemicals for both years above are much larger than for prior years.

GENERAL

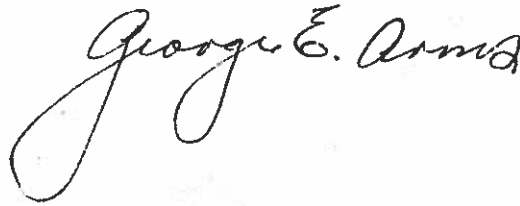
Insurance coverage on the city hall and contents is \$5,000.00 and \$1,000.00 burglary on office machines. All of the city vehicles have coverage for bodily injury and property damage. The policies should include endorsements to the effect that the insuring companies will not avoid liability on the grounds of the city's statutory exemption. To the contrary, the policy on the police car disclaims liability while the car is used for emergency service. It appears that the coverage on this car is of small value. An insurance survey might be of use to the city.

Tax rate for 1960 was \$1.30 as was the rate for 1959 and 1958. Total tax roll for 1960 was \$90,073.23, an increase over 1959 of \$159.51.

The records of the city are well kept and in good condition.

In my opinion the accompanying statements present fairly the position of the City of Van, Texas, at February 28, 1961, and the results of its operation for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours very truly,



Fixed Assets  
Land  
Buildings  
Equipment  
Investments  
Accounts Receivable  
Accounts Payable  
Prepaid Expenses  
Inventory  
Cash  
Notes Payable  
Long-Term Debt  
Deferred Income Taxes  
Other

Other

Other

Other

Other

Other

CITY OF VAN, TEXAS

Exhibit A

BALANCE SHEET AS OF FEBRUARY 28, 1961

<u>Assets</u>			
<u>Current assets</u>			
Cash in Bank		\$290,340.21	
Cash - building permits		6.00	
Change fund		37.00	
Petty cash		27.39	
Accounts receivable - water bills		1,313.65	
Delinquent taxes		671.10	\$292,395.35
			<hr/>
<u>Fixed assets</u>			
Land and rights of way		24,964.93	
Water and sewer systems	\$534,005.67		
Other lake equipment	1,891.89		
Buildings	10,331.40		
Curb and paving	16,631.95		
City park and equipment	920.75		
Fire department equipment	11,040.85		
Cars and trucks	6,149.90		
Tractors and equipment	9,061.35		
Office furniture and equipment	3,069.42		
Other equipment - tools, etc.	2,376.47		
Radio equipment	1,355.01		
Permits and certificates	85.65		
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	596,920.31		
Less Reserve for depreciation	192,003.63	404,916.68	429,881.61
			<hr/>
<u>Other assets</u>			
Service deposits			10.00
			<hr/>
			\$722,286.96
			<hr/>
<u>Liabilities and Surplus</u>			
<u>Current liabilities</u>			
Accounts payable	\$ 1,592.14		
Bonds due within one year	39,000.00		
Bond interest accrued	827.40	\$ 41,419.54	
			<hr/>
<u>Long term liabilities</u>			
Bonds payable after one year		255,000.00	\$296,419.54
			<hr/>
<u>Other</u>			
Water deposits			2,355.00
			<hr/>
<u>Surplus</u>			
			423,512.42
			<hr/>
			\$722,286.96
			<hr/>
			\$722,286.96



CITY OF VAN, TEXAS

Exhibit B

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR FISCAL YEAR ENDING FEBRUARY 28, 1961

	Total	General	Funds			
			Interest & Sinking	Tax Collector	Social Security	Tax Bond
Cash in Bank 3-1-60	\$ 57,942.66	\$ 9,235.84	\$47,363.20	\$ NONE	\$1,343.62	\$ NONE
<b>Receipts</b>						
<b>Taxes</b>						
Current	89,602.24			89,602.24		
Delinquent	256.88			256.88		
Penalty and cost	50.27			50.27		
Utilities	1,702.14	1,702.14				
Water and sewer service	18,394.52	18,394.52				
Water and sewer penalty	94.57	94.57				
Water meter deposits	295.00	295.00				
Tapping fees	270.00	270.00				
Hunting and fishing permits	157.50	157.50				
Miscellaneous	172.69	172.69				
Fines	415.50	415.50				
Warrants	15,000.00	15,000.00				
Refund of interim interest on new bonds sold	106.35					106.35
Sale of bonds	225,000.00					225,000.00
Transfer of funds	89,909.39	48,918.14	40,991.25			
Total receipts	<u>441,427.05</u>	<u>85,420.06</u>	<u>40,991.25</u>	<u>89,909.39</u>		<u>225,106.35</u>
<b>Disbursements</b>						
Water pump station & equip.	1,848.94	1,848.94				
Sewer line equipment	1,519.04	1,519.04				
Tractor and equipment	200.55	200.55				
Office furniture and equip.	35.67	35.67				
Cars and trucks	1,832.00	1,832.00				
Land and rights of way	306.00	306.00				
Other equipment	624.50	624.50				
Other lake equipment	78.02	78.02				
New City Hall building	52.00	52.00				
	<u>6,496.72</u>	<u>6,496.72</u>				
Salaries	22,265.00	21,616.52			648.48	
Water chemicals & exp.	3,324.15	3,324.15				
Sewer chemicals & exp.	2,869.81	2,869.81				
Bond issue expense	2,250.00					2,250.00
City park & Garden						
Club expense	389.32	389.32				
City industrial promotion	917.00	917.00				

CITY OF VAN, TEXAS

Exhibit B

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STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR FISCAL YEAR ENDING FEBRUARY 28, 1961

Disbursements (continued)	Total	General	Funds			
			Interest & Sinking	Tax Collector	Social Security	Tax Bond
Council expense	\$ 2,280.00	\$ 2,280.00	\$	\$	\$	\$
Dues and memberships	52.00	52.00				
Elections and notices	254.91	254.91				
Fire department expense	1,996.07	1,996.07				
Insurance - casualty and W. C.	1,044.90	1,044.90				
Insurance - firemen	1,709.79	1,709.79				
Insurance - bonds	25.00	25.00				
Interest and bond fees	66.65		66.65			
Interest on bonds	2,483.75		2,483.75			
Interest - other	416.86	416.86				
Lake fertilizing	251.25	251.25				
Lights, power and telephone	4,096.86	4,096.86				
Miscellaneous	180.55	180.55				
Office expense	1,094.40	1,094.40				
Police expense	1,263.27	1,263.27				
Refunds - meter deposits	325.00	325.00				
Tapping fees	15.00	15.00				
Social security tax	651.52				651.52	
Spraying	265.92	265.92				
Street expense	265.90	265.90				
Summer recreation program	400.00	400.00				
Supplies	218.61	218.61				
Tractor expense	1,034.54	1,034.54				
Truck expense	1,096.46	1,096.46				
Two-way radio expense	118.90	118.90				
<b>Total expense</b>	<b>53,623.39</b>	<b>47,522.99</b>	<b>2,550.40</b>		<b>1,300.00</b>	<b>2,250.</b>
Bond redemption	44,000.00		44,000.00			
Warrants paid	15,000.00	15,000.00				
Transfer of funds	89,909.39			89,909.39		
<b>Total other</b>	<b>149,909.39</b>	<b>15,000.00</b>	<b>44,000.00</b>	<b>89,909.39</b>		
<b>Total disbursements</b>	<b>209,029.50</b>	<b>69,019.71</b>	<b>46,550.40</b>	<b>89,909.39</b>	<b>1,300.00</b>	<b>2,250.</b>
Cash in Bank 2-28-61	\$290,340.21	\$25,636.19	\$41,804.05	\$ NONE	\$ 43.62	\$222,856.

CITY OF VAN, TEXAS

Schedule 1

SCHEDULE OF BONDS AND INTEREST

AS OF FEBRUARY 28, 1961

Date Due	Total		Tax Issue of 4-1-48 Refunded 4-1-54		Tax Issue of 4-1-49 Refunded 7-1-56		Tax Issue of 4-15-55		Tax Issue of 2-1-61	
	Bonds	Interest	Orig. \$277,000 - 2 3/4%	Interest	Orig. \$50,000 - 2 3/4%	Interest	Orig. \$26,000 - 2 1/2%	Interest	Orig. \$225,000 - Av. 3.27%	Interest
			Bonds		Bonds		Bonds		Bonds	
4-1-61	\$ 25,000.00	\$ 343.75	\$ 25,000.00	\$ 343.75						
4-15-61	5,000.00	62.50								
7-1-61	9,000.00	536.25			\$ 9,000.00	\$ 536.25	\$ 5,000.00	\$ 62.50		
1-1-62		412.50				412.50				
2-1-62		7,637.50								\$ 7,657.50
7-1-62	30,000.00	412.50			30,000.00	412.50				
8-1-62		3,828.75								3,828.75
2-1-63	15,000.00	3,828.75							\$ 15,000.00	3,828.75
8-1-63		3,528.75								3,528.75
2-1-64	21,000.00	3,528.75							21,000.00	3,528.75
8-1-64		3,108.75								3,108.75
2-1-65	22,000.00	3,108.75							22,000.00	3,108.75
8-1-65		2,668.75								2,668.75
2-1-66	23,000.00	2,668.75							23,000.00	2,668.75
8-1-66		2,208.75								2,208.75
2-1-67	24,000.00	2,208.75							24,000.00	2,208.75
8-1-67		1,848.75								1,848.75
2-1-68	26,000.00	1,848.75							26,000.00	1,848.75
8-1-68		1,438.75								1,438.75
2-1-69	27,000.00	1,438.75							27,000.00	1,438.75
8-1-69		1,053.75								1,053.75
2-1-70	28,000.00	1,053.75							28,000.00	1,053.75
8-1-70		633.75								633.75
2-1-71	29,000.00	633.75							29,000.00	633.75
8-1-71		162.50								162.50
2-1-72	10,000.00	162.50							10,000.00	162.50
	<u>\$294,000.00</u>	<u>\$50,427.50</u>	<u>\$ 25,000.00</u>	<u>\$ 343.75</u>	<u>\$ 39,000.00</u>	<u>\$ 1,361.25</u>	<u>\$ 5,000.00</u>	<u>\$ 62.50</u>	<u>\$225,000.00</u>	<u>\$ 48,660.00</u>