



Comprehensive Annual Financial Report

For the Fiscal Year Ended
September 30, 2010



CITY OF WHARTON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2010

Joan Andel, CPA
Finance Director

Andres Garza, Jr.
City Manager

Issued By:
Finance Department

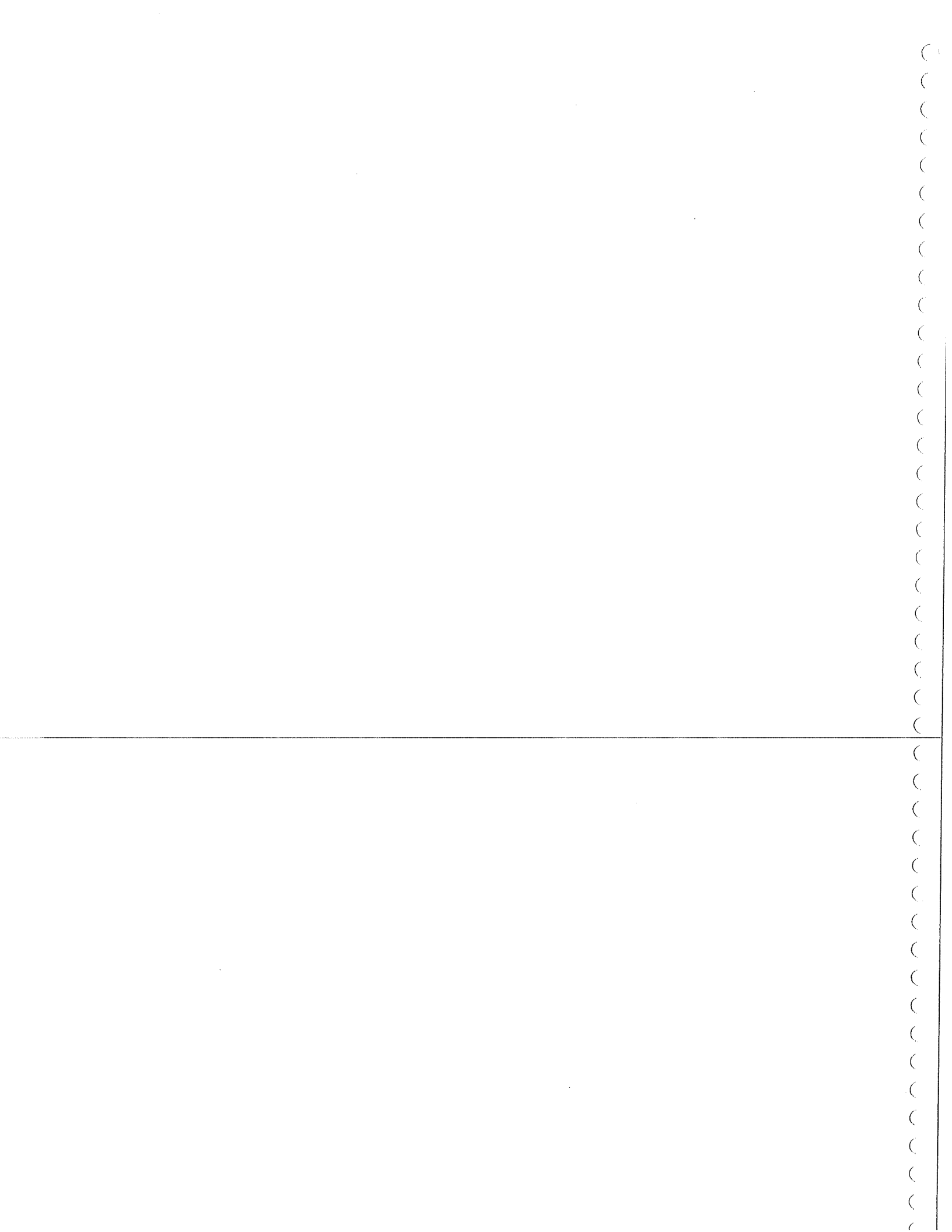


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INTRODUCTORY SECTION





City of Wharton

120 E. Caney Street • Wharton, Texas 77488
Phone (979) 532-2491 • Fax (979) 532-0181

April 19, 2011

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Wharton, Texas

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of the City of Wharton, Texas, hereafter referred to as the "City", for the fiscal year ended September 30, 2010, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditor's report.

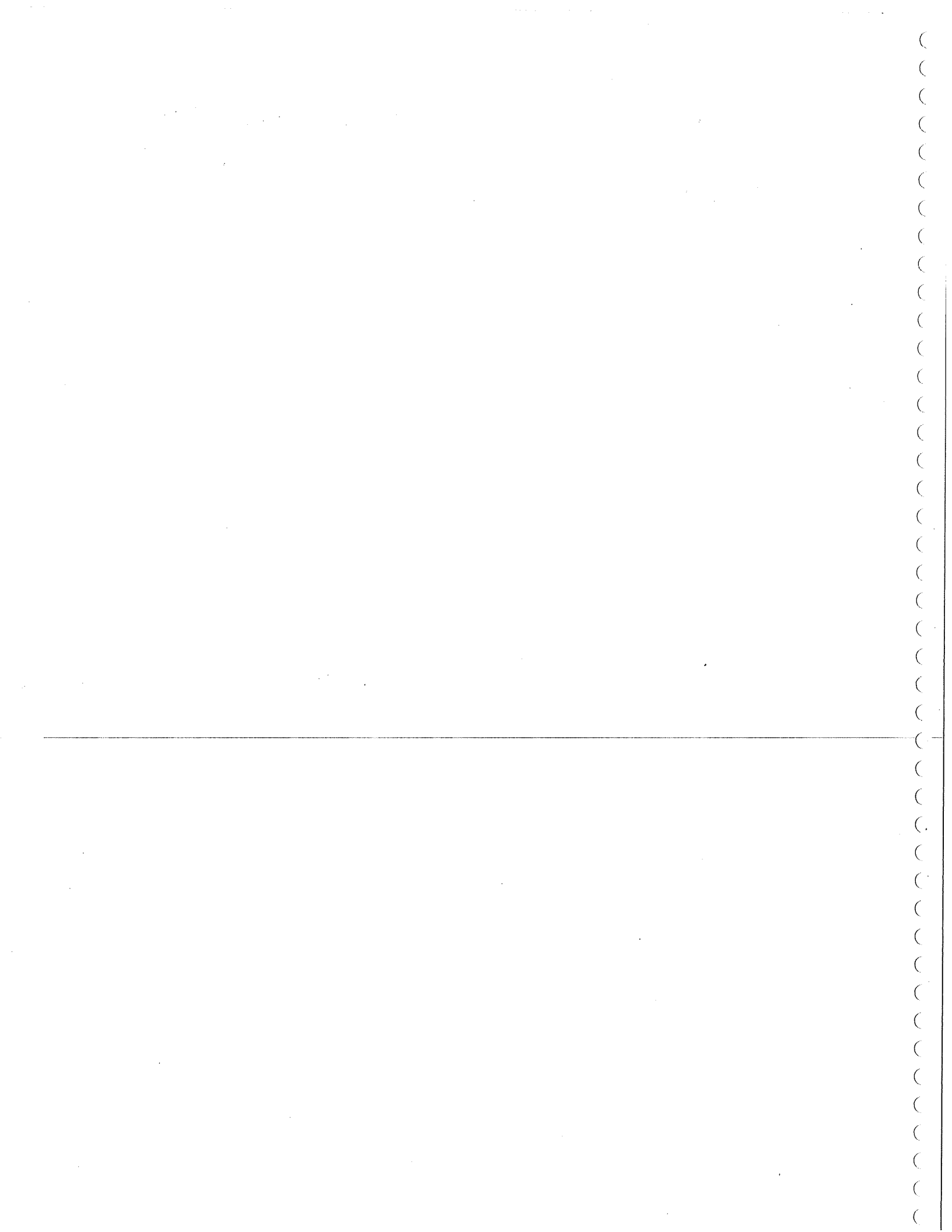
CITY PROFILE

As an independent political subdivision of the State of Texas, governed by an elected Mayor and Council, the City is considered a primary government. The City provides a full range of municipal services. These services include police and fire protection; construction and maintenance of streets and drainage systems; and cultural and recreation activities. In addition to general government activities, the City exercises authority over a water and wastewater system, sanitation services, emergency medical services, the civic center, and a municipal airport. These activities of the City are all included in this report as part of the primary government.

The Wharton Economic Development Corporation (WEDC) is also reported herein as a discretely presented component unit of the City based upon standards established by the GASB (see Note 1 to the financial statements). WEDC was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and related development activities on behalf of the City.

ECONOMIC CONDITION AND OUTLOOK

The City is located fifty-five miles southwest of Houston on the edge of the Houston Statistical Metropolitan Service Area (SMSA) with a population of 8,832. This proximity to Houston appeals to both domestic and foreign industry. The City is located on U.S. Highway 59 that ties the United States to Mexico and is currently being studied for conversion to an interstate highway that would link Mexico to Canada.



The Honorable Mayor,
Members of the City Council, and
Citizens of the City of Wharton, Texas

ECONOMIC CONDITION AND OUTLOOK - (Continued)

The industrial base within the City is anchored by Nan Ya Plastics and JM Manufacturing. These plants, which employ approximately 300 people, are the largest taxpayer in the City, with combined assessed valuations of approximately \$55 million. They are also the largest purchaser of water, consuming approximately 35 million gallons a year.

In addition to the industrial base, the City has a major hospital and medical clinic which provide medical facilities to the Gulf Coast region. The hospital and medical clinic employ nearly 675 people. The hospital is a regional cancer center, providing medical and economic impact to the community and surrounding area.

The City is also credited with a large agricultural base providing rice, corn, cotton, and other agricultural products. Wharton County has long been known as the top rice-producing county in the United States.

These three industries provide the City with a solid diverse economic base to support government activities and local citizens. The City, along with WEDC, is actively engaged in the promotion of economic development. The retail sector also continues to grow as confirmed by the increasing sales tax revenue.

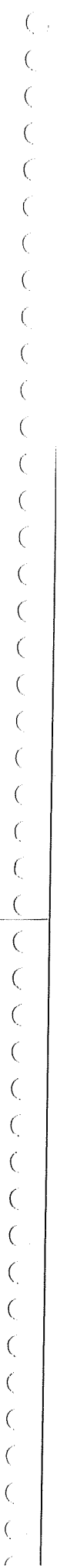
MAJOR INITIATIVES

During the 2010 fiscal year, the City's most important initiative was to continue to provide drainage improvements and reduce flooding in the City. The City has completed the construction of the Santa Fe drainage outfall channel project. Additionally, the City continues its efforts to reduce flooding in the City. The final report regarding the Wharton Interim Feasibility Study identifies potential flooding solutions from the Colorado River in the Wharton area. The City, in conjunction with the US Army Corp of Engineers and the federal elected officials, is securing funding on an annual basis for the Preconstruction Engineering and Design (PED) as well as the construction phase of the project. Through the Water Resources Development Act of 2007 (WRDA), congressional authorization was received for the project. The City must continue to make this project a priority and prepare for the future funding necessary to implement the identified solutions.

As part of the City's flood reduction initiative, the City has submitted the application to participate in the National Flood Insurance Program's (NFIP) Community Rating System (CRS). The CRS not only provides insurance premium rate reductions for communities that enact regulatory floodplain standards that are higher than the minimum NFIP requirements, but through these higher standards CRS helps protect property and people from potential flooding within the City.

The City is also in the pre-design and engineering phase of a railroad overpass project. TxDOT and the City are working together on this project and evaluating other options to ensure safety and access to the medical facilities since the railroad operations through the City became operational.

The Ahldag Sanitary Sewer System Project is also underway. The City received \$350,000 from the US Department of Housing and Urban Affairs through the Office of Rural and Community Affairs. This funding provided needed improvements to the sanitary sewer system in the Ahldag Addition.



The Honorable Mayor,
Members of the City Council, and
Citizens of the City of Wharton, Texas

MAJOR INITIATIVES - (Continued)

Another major initiative of the City is improvements at the Wharton Regional Airport. A drainage improvement project is currently being implemented at the airport.

During the 2010 fiscal year, the City completed many improvements throughout the City thru the issuance of \$4 million in bonds which were issued in 2009:

- Park improvements and two new mowers,
- Equipment for the emergency operations center,
- Heavy rescue truck for the Fire Department,
- Drainage improvements and bridge over the Ahldag ditch,
- Street improvements and street equipment including a new street sweeper,
- Water system improvements including rework water well and water line improvements,
- Sanitary sewer system improvements and
- Airport improvements including fuel tank improvements.

The following initiatives are still in progress with the remainder of the 2009 issuance of bonds:

- Additional drainage improvements and completion of Santa Fe ditch,
- Interior and exterior coating of water tanks with installing quick connects for generators and water line improvements,
- Sanitary sewer system installation of quick connects for generators and

These initiatives, along with the efforts of the WEDC, will help to develop existing businesses and attract new businesses to the City and play a key role in the City's future development.

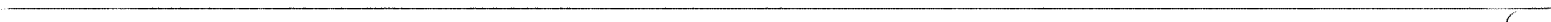
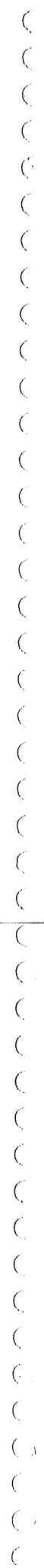
FINANCIAL INFORMATION, MANAGEMENT, AND CONTROL

The financial statements have been prepared in accordance with GAAP as prescribed by the GASB.

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse. In addition, the system is designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted government accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgements by management.

The City maintains effective budgeting controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget, City Charter, and State law.

The City maintains a General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and Enterprise Funds. These funds are included in the annual appropriated budget and are reported in the attached audit document. Council approves the budget appropriations and any amendments at the department level within the budgeted funds. The department heads have discretion over line items within the departmental budget. Budgetary control is exercised generally by the Director of Finance and specifically at the department level by the department heads.



The Honorable Mayor,
Members of the City Council, and
Citizens of the City of Wharton, Texas

INDEPENDENT AUDIT

This report is prepared in compliance with the legal requirement set forth by Section 31 of the Charter of the City of Wharton, Texas, as amended. In addition to fulfilling this legal requirement, this report serves to fully disclose financial data on an annual basis to management, the elected Council and Mayor, the public, investors, and other interested persons. The firm of Harrison, Waldrop & Uherek, L.L.P., Certified Public Accountants, was engaged by the City to satisfy this requirement.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2009. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

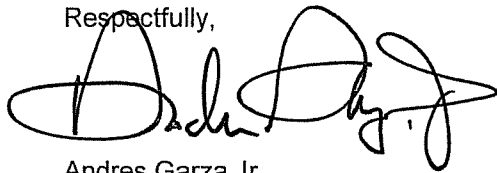
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Wharton has received a Certificate of Achievement for the last nineteen consecutive years (fiscal years ended 1991 - 2009). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting the report to GFOA to determine its eligibility for an additional certificate.

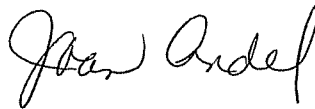
ACKNOWLEDGEMENT

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department of the City. We would also like to express our appreciation to the Mayor and the City Council Members for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

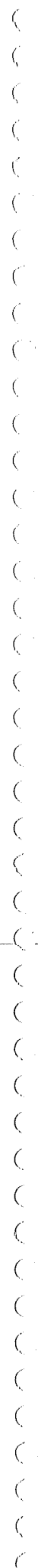
Respectfully,



Andres Garza Jr.
City Manager



Joan Andel, CPA
Director of Finance



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wharton
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

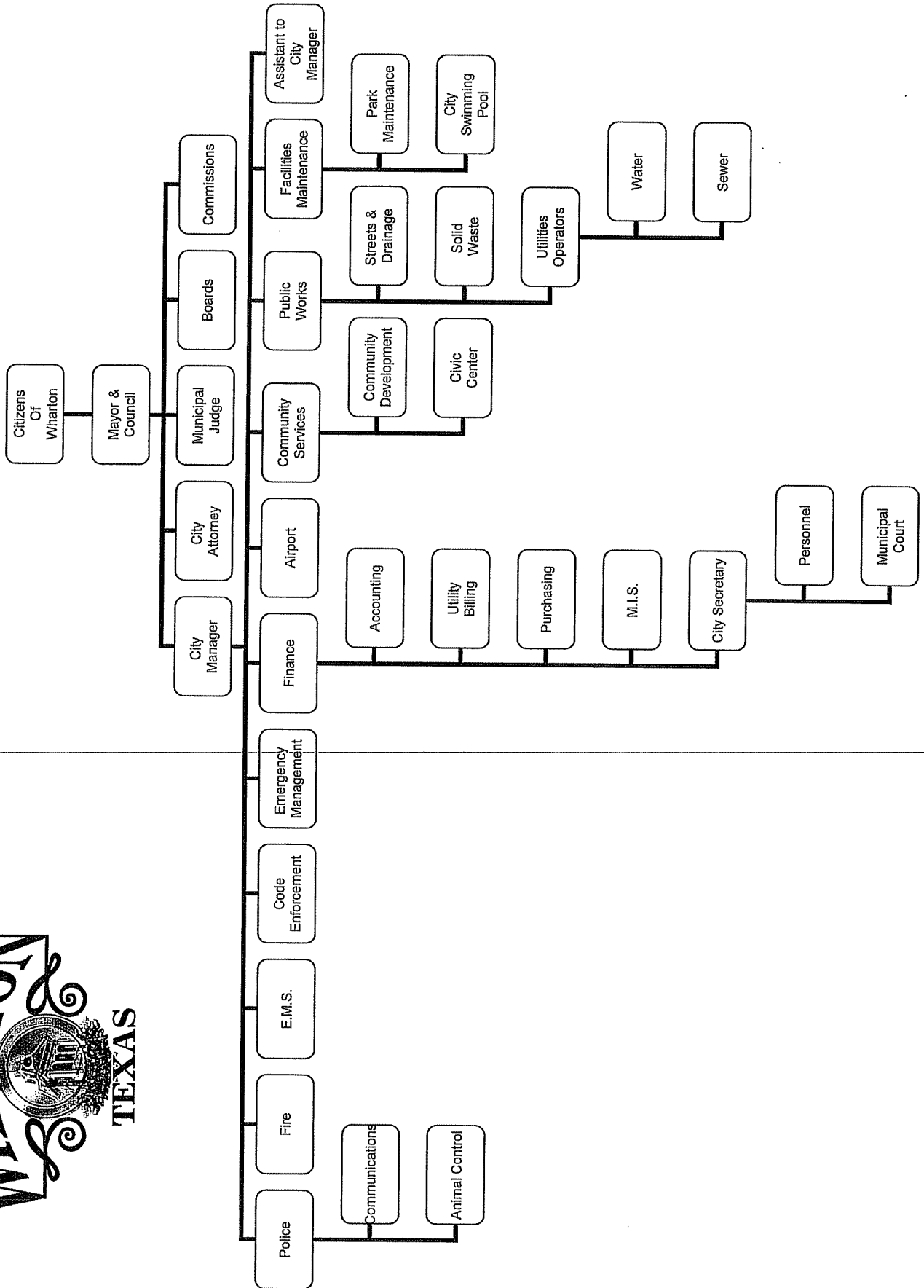


President

Executive Director



Organizational Chart



Elected Officials

Domingo Montalvo, Jr.	Mayor
V. L. Wiley, Jr.	Council Member District 1
Lewis Fortenberry, Jr.	Council Member District 2
Terry David Lynch	Council Member District 3
Donald Mueller	Council Member District 4
Bryce Kocian	Council Member At Large Place 5
Jeff Gubbels	Council Member At Large Place 6

Appointed Officials

Andres Garza, Jr.	City Manager
Paul Webb	City Attorney
John Murrile	Municipal Judge
Joan Andel, CPA	Finance Director

Department Heads

Paula Favors	City Secretary
Tim Guin	Police Chief
Bobby Barnett	Fire Chief
Ronnie Bollom	Building Official
Carter Miska	Public Works Director
John Kowalik	E.M.S. Director
Robert Baker	Facilities Maintenance Director
Jo Knezek	Community Services Director
Jim Cooper	Emergency Management Coordinator



FINANCIAL SECTION



HARRISON, WALDROP & UHEREK, L.L.P.



CERTIFIED PUBLIC ACCOUNTANTS
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VICTORIA, TEXAS 77901-8142

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council
City of Wharton, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wharton, Texas (the "City") 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 the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Wharton Economic Development Corporation, which statements reflect total assets of \$1,094,259 as of September 30, 2010, and total revenues of \$637,900 for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the component unit column, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards and standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Wharton Economic Development Corporation were not audited in accordance with *Government Auditing Standards*. 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Honorable Mayor and Members
of the City Council

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 14 and 61 through 62 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual major and nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual major and nonmajor fund financial statements and schedules 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Harrison Waldrop + Wheeler, LLP,

April 19, 2011

The discussion and analysis of the City of Wharton's (the "City") financial performance provides an overview of the City's financial activities for the year ended September 30, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended September 30, 2010, by \$20,857,850. Of this amount, \$3,086,697 of unrestricted net assets is available to meet the City's ongoing obligations to citizens and creditors.
- At September 30, 2010, the City's governmental funds reported combined ending fund balances of \$2,343,619, a net decrease of \$1,029,256 in comparison with prior year. The net decrease in fund balance was mainly due to the spending of the proceeds from the 2009 Certificates of Obligation during fiscal year 2010.
- At September 30, 2010, unreserved fund balance for the General Fund was \$1,377,683 or 26.81% of total General Fund expenditures.
- The total cost of all City activities was \$12,040,118 for the fiscal year. The net expense was \$5,559,865.
- During the year, the City's general net expenses exceeded general revenues of the governmental activities by \$309,788. This represents a 3.50% decrease in net assets from the previous fiscal year as a result of operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Organization and Flow of Financial Section Information

Independent Auditors' Report

Provides the opinion of the Independent Auditors on the fair presentation of the basic financial statements.

Management's Discussion and Analysis

This supplementary information is required for state and local government financial statements and is intended to provide a narrative introduction and analysis.

Pages 3 to 14

Government-wide Financial Statements

Provides information on governmental and business-type activities of the primary government.

Pages 15 to 18

Fund Financial Statements

Provides information on the financial position of specific funds of the primary governments.

Pages 19 to 30

Notes to Financial Statements

Provides a summary of significant accounting policies and related disclosures.

Pages 31 to 60

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Government-wide Financial Statements

The government-wide financial statements, which consist of the following two 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 fiscal year 2010. All changes in net assets are reported as soon as 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 and earned, but unused vacation leave).

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, cultural and recreation, and interest on long-term debt. The business-type activities of the City include water and wastewater services, solid waste disposal, emergency medical services, civic center, and airport operations. The government-wide financial statements can be found immediately following the Management's Discussion and Analysis.

The government-wide financial statements include not only the City itself (known as the primary government) but also the component unit, Wharton Economic Development Corporation (WEDC). The component unit is not included as part of the primary government.

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 can be divided into two categories: governmental funds and proprietary 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 near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 financial decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Fund Financial Statements - (Continued)

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements and schedules following the required supplementary information.

The City adopts an annual appropriated budget for its General and Debt Service Funds and some of the Special Revenue Funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance.

The basic governmental fund financial statements may be found immediately following the government-wide financial statements.

The City maintains one type of *proprietary fund* known as enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities relating to water and wastewater services, solid waste disposal, emergency medical services, civic center operations, and airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater services, solid waste disposal, emergency medical services, civic center operations, and airport operations which are all considered to be major funds.

The basic proprietary fund financial statements follow the governmental fund financial statements.

Notes to 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 financial statements can be found on pages 31 through 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund. Required supplementary information can be found on pages 61 through 62 of this report.

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds and nonmajor enterprise funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 63 through 114 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 \$20,857,850 at the close of the fiscal year ended September 30, 2010.

At the end of fiscal year 2010, the City is able to report positive balances in all three categories of net assets for the government as a whole.

City of Wharton, Texas

Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current assets	\$ 3,168,866	\$ 3,970,763	\$ 1,268,604	\$ 2,053,451	\$ 4,437,470	\$ 6,024,214
Capital assets (net)	12,771,153	12,326,038	17,020,709	16,896,577	29,791,862	29,222,615
Other noncurrent assets	190,794	166,500	197,351	121,250	388,145	287,750
Total assets	16,130,813	16,463,301	18,486,664	19,071,278	34,617,477	35,534,579
LIABILITIES						
Current and other liabilities	1,116,830	919,629	1,068,243	893,396	2,185,073	1,813,025
Noncurrent liabilities	6,471,080	6,690,981	5,103,474	5,671,808	11,574,554	12,362,789
Total liabilities	7,587,910	7,610,610	6,171,717	6,565,204	13,759,627	14,175,814
NET ASSETS						
Invested in capital assets, net of related debt	6,034,689	6,832,082	11,319,633	10,863,971	17,354,322	17,696,053
Restricted	416,831	418,240	-	-	416,831	418,240
Unrestricted	2,091,383	1,602,369	995,314	1,642,103	3,086,697	3,244,472
Total net assets	\$ 8,542,903	\$ 8,852,691	\$ 12,314,947	\$ 12,506,074	\$ 20,857,850	\$ 21,358,765

The largest portion of the City's net assets (83.20%) reflects its investment in capital assets (e.g., land, buildings, streets, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City has restricted net assets of \$416,831 for debt service and for special projects related to public safety and culture and recreation. The remaining balance of \$3,086,697 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities decreased the City's net assets by \$309,788 or 3.50% which was mainly due to the costs incurred for streets and drainage improvements and the flood reduction project which was paid for by the 2009 Certificates of Obligation. There was also a net decrease of \$191,127 in net assets reported in connection with the City's business-type activities. This decrease is mainly due to the operating transfers that were paid to Other funds. Overall, there was a \$500,915 decrease in the net assets of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

City of Wharton, Texas

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues:						
Charges for services	\$ 354,118	\$ 367,967	\$ 4,990,011	\$ 5,105,465	\$ 5,344,129	\$ 5,473,432
Operating grants and contributions	117,340	289,500	562,695	242,765	680,035	532,265
Capital grants and contributions	401,689	123,311	54,400	387,233	456,089	510,544
General revenues:						
Property taxes	1,885,118	1,947,147	-	-	1,885,118	1,947,147
Sales taxes	1,149,211	1,237,646	-	-	1,149,211	1,237,646
Franchise taxes	1,031,751	991,182	-	-	1,031,751	991,182
Other taxes	151,129	174,996	-	-	151,129	174,996
Unrestricted investment earnings	18,048	9,916	958	2,468	19,006	12,384
Industrial district payment	682,573	467,451	-	-	682,573	467,451
Miscellaneous	140,162	82,009	-	21,800	140,162	103,809
Total revenues	5,931,139	5,691,125	5,608,064	5,759,731	11,539,203	11,450,856
EXPENSES						
General government	822,213	822,357	-	-	822,213	822,357
Public safety	3,285,594	3,012,237	-	-	3,285,594	3,012,237
Public works	2,120,461	1,644,418	-	-	2,120,461	1,644,418
Cultural and recreation	259,386	218,224	-	-	259,386	218,224
Interest on long-term debt	272,026	250,056	-	-	272,026	250,056
Water and sewer	-	-	2,390,453	2,311,685	2,390,453	2,311,685
Solid waste	-	-	1,209,574	1,273,376	1,209,574	1,273,376
Emergency medical services	-	-	1,160,083	1,098,147	1,160,083	1,098,147
Civic center	-	-	276,345	279,893	276,345	279,893
Airport	-	-	243,983	225,539	243,983	225,539
Total expenses	6,759,680	5,947,292	5,280,438	5,188,640	12,040,118	11,135,932
Change in net assets before transfers	(828,541)	(256,167)	327,626	571,091	(500,915)	314,924
Transfers	518,753	204,852	(518,753)	(204,852)	-	-
Change in net assets	(309,788)	(51,315)	(191,127)	366,239	(500,915)	314,924
Net assets - beginning	8,852,691	8,904,006	12,506,074	12,139,835	21,358,765	21,043,841
Net assets - ending	<u>\$ 8,542,903</u>	<u>\$ 8,852,691</u>	<u>\$ 12,314,947</u>	<u>\$ 12,506,074</u>	<u>\$ 20,857,850</u>	<u>\$ 21,358,765</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Governmental Activities

Governmental activities decreased the City's net assets by \$309,788. Key elements of this decrease are as follows:

- Public safety expenses increased \$273,357 or 9.07% from prior year due to the
- Public works expenses increased \$476,043 or 28.95% from prior year due to costs incurred on streets and drainage improvements and the flood reduction project which was paid for by the 2009 Certificates of Obligation.

City of Wharton, Texas

Expenses and Program Revenues - Governmental Activities

<u>Functions/Programs</u>	<u>Expenses</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>	<u>Net (Expense) Revenue</u>
General government	\$ 822,213	12.16%	\$ 333,833	38.23%	\$ (488,380)
Public safety	3,285,594	48.61%	291,355	33.37%	(2,994,239)
Public works	2,120,461	31.37%	226,689	25.96%	(1,893,772)
Cultural and recreation	259,386	3.84%	21,270	2.44%	(238,116)
Interest on long-term debt	<u>272,026</u>	<u>4.02%</u>	<u>-</u>	<u>0.00%</u>	<u>(272,026)</u>
Total	<u>\$ 6,759,680</u>	<u>100.00%</u>	<u>\$ 873,147</u>	<u>100.00%</u>	<u>\$ (5,886,533)</u>

City of Wharton, Texas

Revenues by Source - Governmental Activities

<u>Description</u>	<u>Revenues</u>	<u>% of Total</u>
Charges for services	\$ 354,118	5.49%
Operating grants and contributions	117,340	1.82%
Capital grants and contributions	401,689	6.23%
Property taxes	1,885,118	29.23%
Sales taxes	1,149,211	17.82%
Franchise taxes	1,031,751	16.00%
Other taxes	151,129	2.34%
Unrestricted investments earnings	18,048	0.28%
Industrial district payment	682,573	10.58%
Miscellaneous	140,162	2.17%
Transfers	<u>518,753</u>	<u>8.04%</u>
	<u>\$ 6,449,892</u>	<u>100.00%</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type Activities

Business-type activities decreased the City's net assets by \$191,127. Key elements of this decrease are as follows:

- Capital grants and contributions were \$54,400 for all business-type activities which mainly consists of that reported in the Emergency Medical Services Fund. This was a decrease of \$332,833 or 85.95% from prior year.
- There was also an increase in the amount of operating transfers to other funds in the 2010 fiscal year. In the prior year transfers out totaled \$204,852, in the 2010 fiscal year transfers to other funds totaled \$518,753.

City of Wharton, Texas

Expenses and Program Revenues - Business-type Activities

<u>Functions/Programs</u>	<u>Expenses</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>	<u>Net (Expense) Revenue</u>
Water and sewer	\$ 2,390,453	45%	\$ 2,778,431	49.55%	\$ 387,978
Solid waste	1,209,574	23%	1,269,783	22.65%	60,209
Emergency medical services	1,160,083	22%	1,273,030	22.70%	112,947
Civic center	276,345	5%	67,951	1.21%	(208,394)
Airport	243,983	5%	217,911	3.89%	(26,072)
Total	\$ 5,280,438	100%	\$ 5,607,106	100.00%	\$ 326,668

City of Wharton, Texas

Revenues by Source - Business-type Activities

<u>Description</u>	<u>Revenues</u>	<u>% of Total</u>
Charges for services	\$ 4,990,011	98.05%
Operating grants and contributions	562,695	11.05%
Capital grants and contributions	54,400	1.07%
Unrestricted investment earnings	958	0.02%
Transfers	(518,753)	-10.19%
	\$ 5,089,311	100.00%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$1,547,140 a decrease of \$1,825,735 in comparison with prior year. The net decrease in fund balance was mainly due to the spending of the proceeds from the 2009 Certificates of Obligation during fiscal year 2010 which was accounted for in the 2009 Bond Construction Fund, a major capital project fund. The General Fund ended the fiscal year with a decrease of \$31,748, the Special Revenue Funds with a decrease of \$28,232, an increase in the Debt Service Fund of \$6,063, and an increase of \$205,166 in the nonmajor Capital Project Funds. Unreserved fund balance is \$1,537,859 and is available for spending, subject to regulatory, statutory, and budgetary restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period in the amount of \$9,281.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2010, unreserved fund balance of the General Fund was \$1,377,683, while total fund balance was \$1,386,964. 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 fund balance represents 26.81% of the total General Fund expenditures, while total fund balance represents 26.99% of that same amount.

The fund balance of the City's General Fund decreased by \$31,748 during the current fiscal year. Although the decrease was very minimal, there were offsetting factors that affected the fund balance:

- The Navasota Energy industrial payment increased from prior year by \$215,122.
- The water and sewer franchise tax increased by \$34,380 from the prior year.
- ~~Transfers in from the Water and Sewer Fund increased by \$139,094 for fiscal year 2010~~ administrative costs.
- Property tax revenues and sales tax revenues decreased from prior year by \$228,320 and \$88,435, respectively.
- Public safety expenditures increased from prior year by \$174,115 due mainly to an increase in personnel costs of \$91,798 and \$53,172 for the police and communications departments, respectively, due to there only being minimal vacant positions during the year.
- Maintenance expenditures decreased by \$40,369 from the prior year as well as fuel, oil and lubricants costs of \$16,073 in the street and drainage department.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - (Continued)

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of proprietary funds at the end of the year amounted to:

<u>Fund</u>	<u>Unrestricted Net Assets</u>
Water and sewer	\$ 534,420
Solid Waste	(51,150)
Emergency Medical Services	165,075
Civic Center	81,922
Airport	<u>265,047</u>
	<u>\$ 995,314</u>

This represents an increase of \$149,690 from the prior year unrestricted net assets balances. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund's original budget and final amended budget were a net decrease of \$23,648 to revenues and a net increase to expenditures of \$15,215. A few of the changes are briefly summarized as follows:

- A decrease of nearly \$131,000 in sales tax revenues.
- A decrease of \$34,000 in revenues from fines and forfeitures due to a decline in arrests and traffic violations.
- \$77,000 increase in grant funds for the police department.
- A decrease of \$50,000 for the sale of property which did not occur.
- \$22,850 increase in supplies expenditures for the police department which included the purchase of a computer and video equipment as well as an increase in fuel costs.
- \$46,044 decrease in the streets and drainage department expenditures which consisted of a \$30,419 decrease in personnel costs and a decrease of \$10,900 in expenditures for supplies. The decrease in personnel costs was due to an unfilled position along with the related benefits.

For fiscal year 2010, the General Fund's revenues were \$4,149 more than the final budget and expenditures were \$2,872 less than the final budget. There were no significant variances between the General Fund's actual revenues and expenditures compared to the final budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$29,791,862 (net of accumulated depreciation). This investment in capital assets includes land, machinery and equipment, buildings, infrastructure, and water and wastewater distribution system. The total net increase in the City's investment in capital assets for the current fiscal year was 1.95% (a 3.61% increase for governmental activities and a 0.73% increase for business-type activities).

City of Wharton, Texas

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,173,285	\$ 1,173,285	\$ 319,093	\$ 319,093	\$ 1,492,378	\$ 1,492,378
Construction in progress	84,039	15,340	493,757	172,311	577,796	187,651
Machinery and equipment	2,003,231	1,299,659	500,327	516,954	2,503,558	1,816,613
Land improvements	-	-	271,635	277,389	271,635	277,389
Bldgs. and improvements	2,887,189	2,994,944	4,397,984	4,506,450	7,285,173	7,501,394
Infrastructure	6,623,409	6,842,810	-	-	6,623,409	6,842,810
Water and sewer system	-	-	11,037,913	11,104,380	11,037,913	11,104,380
Total	\$ 12,771,153	\$ 12,326,038	\$ 17,020,709	\$ 16,896,577	\$ 29,791,862	\$ 29,222,615

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

- The additions to the governmental activities capital assets during the fiscal year ended September 30, 2010, consisted of the following:
 - The net increase in machinery and equipment of \$931,605 included the addition of a fire rescue truck, a street sweeper, and a tractor.
- The additions to the business-type activities capital assets during the fiscal year ended September 30, 2010, consisted of the following:
 - The construction costs on the Ahldag sewer system improvement project which was still in progress at year-end;
 - The addition of a 12,000 gallon fuel tank at the Wharton Regional Airport.
 - The increase in water and sewer system of \$331,307 included costs on various improvement projects.

Additional information on the City's capital assets can be found in Note 6 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)

Long-Term Debt

At the end of fiscal year 2010, the City had total bonded debt outstanding of \$11,425,382 (net of unamortized deferred amounts) of which 100% is backed by the full faith and credit of the government. In addition, the City had outstanding \$830,000 in tax anticipation notes, \$186,658 in capital leases, and \$320,329 in compensated absences as of September 30, 2010.

City of Wharton, Texas			
Long-term Debt			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General obligation bonds	\$ 665,792	\$ 2,254,208	\$ 2,920,000
Issuance premiums	52,484	118,059	170,543
Loss on refunding	(12,459)	(37,702)	(50,161)
Certificates of obligation	5,013,989	3,371,011	8,385,000
Tax anticipation notes	830,000	-	830,000
Capital leases	186,658	-	186,658
Compensated absences	260,600	59,729	320,329
Total	<u>\$ 6,997,064</u>	<u>\$ 5,765,305</u>	<u>\$ 12,762,369</u>

The City's total outstanding debt decreased by \$577,603 or 4.33% over the prior fiscal year. The key factors in this net decrease were:

- The City issued general obligation bonds in the amount of \$2,680,000 during the fiscal year to refund old outstanding debt.
- The City issued tax anticipation notes in the amount of \$265,000 during the fiscal year to fund various projects.
- Payments made on the certificates and bonds during fiscal year 2010 totaled \$389,400.

Additional information on the City's debt can be found in Note 11 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Net taxable assessed value before freeze for tax year 2010 increased by \$18,271,534 or 4.6% to over \$418 million.
- The top ten principal taxpayers account for 24.88% of the total assessed valuation as compared to 45.39% nine years ago.
- The ad valorem tax rate for the General Fund was increased by \$0.00702 per \$100 valuation to \$0.30414 per \$100 valuation for the 2010 fiscal year budget.
- The City is expecting sales tax revenue for fiscal year 2011 to be consistent with sales tax revenues in fiscal year 2010.
- The City's General Fund projected ending unreserved fund balance for fiscal year 2011 to remain stable.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - (Continued)

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Office of the Finance Director, 120 East Caney, Wharton, Texas 77488.

Basic Financial Statements

CITY OF WHARTON, TEXAS
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wharton Economic Development Corporation
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,158,779	\$ 494,161	\$ 1,652,940	\$ 556,725
Investments	1,259,824	-	1,259,824	-
Receivables, net	453,497	498,281	951,778	109,283
Internal balances	(976,465)	976,465	-	-
Due from component unit	20,208	-	20,208	-
Due from other governments	447,263	-	447,263	-
Deferred expenditures	9,281	-	9,281	2,461
Inventory	-	96,176	96,176	2,000
Total current assets	<u>2,372,387</u>	<u>2,065,083</u>	<u>4,437,470</u>	<u>670,469</u>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	1,257,324	812,850	2,070,174	385,334
Buildings, infrastructure, and equipment, net	<u>11,513,829</u>	<u>16,207,859</u>	<u>27,721,688</u>	<u>9,056</u>
Net capital assets	<u>12,771,153</u>	<u>17,020,709</u>	<u>29,791,862</u>	<u>394,390</u>
Bond issue costs, net	<u>190,794</u>	<u>197,351</u>	<u>388,145</u>	<u>29,400</u>
Total noncurrent assets	<u>12,961,947</u>	<u>17,218,060</u>	<u>30,180,007</u>	<u>423,790</u>
Total assets	<u>15,334,334</u>	<u>19,283,143</u>	<u>34,617,477</u>	<u>1,094,259</u>

Basic Financial Statements

CITY OF WHARTON, TEXAS
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wharton Economic Development Corporation
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,158,779	\$ 494,161	\$ 1,652,940	\$ 556,725
Investments	1,259,824	-	1,259,824	-
Receivables, net	453,497	498,281	951,778	109,283
Internal balances	(976,465)	976,465	-	-
Due from component unit	20,208	-	20,208	-
Due from other governments	447,263	-	447,263	-
Deferred expenditures	9,281	-	9,281	2,461
Inventory	-	96,176	96,176	2,000
Total current assets	2,372,387	2,065,083	4,437,470	670,469
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	1,257,324	812,850	2,070,174	385,334
Buildings, infrastructure, and equipment, net	11,513,829	16,207,859	27,721,688	9,056
Net capital assets	12,771,153	17,020,709	29,791,862	394,390
Bond issue costs, net	190,794	197,351	388,145	29,400
Total noncurrent assets	12,961,947	17,218,060	30,180,007	423,790
Total assets	15,334,334	19,283,143	34,617,477	1,094,259

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wharton Economic Development Corporation
LIABILITIES				
Current liabilities				
Accounts payable	\$ 369,879	\$ 138,935	\$ 508,814	\$ 3,731
Bank overdraft	64,482	-	64,482	-
Accrued expenditures/expenses	34,853	14,002	48,855	14,342
Due to primary government	-	-	-	20,208
Due to other governments	35,711	7,684	43,395	-
Deposits	150	184,261	184,411	-
Accrued interest payable	85,771	61,531	147,302	4,568
Compensated absences	26,060	5,973	32,033	-
Current portion of long-term obligations	499,924	655,857	1,155,781	80,000
Total current liabilities	<u>1,116,830</u>	<u>1,068,243</u>	<u>2,185,073</u>	<u>122,849</u>
Noncurrent liabilities				
Compensated absences	234,540	53,755	288,295	-
Noncurrent portion of long-term obligations (net of unamortized deferred amounts)	<u>6,236,540</u>	<u>5,049,719</u>	<u>11,286,259</u>	<u>538,100</u>
Total noncurrent liabilities	<u>6,471,080</u>	<u>5,103,474</u>	<u>11,574,554</u>	<u>538,100</u>
Total liabilities	<u>7,587,910</u>	<u>6,171,717</u>	<u>13,759,627</u>	<u>660,949</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,034,689	11,319,633	17,354,322	394,390
Restricted for:				
Debt service	346,116	-	346,116	-
Culture and recreation	49,290	-	49,290	-
Public safety	21,425	-	21,425	-
Unrestricted net assets	<u>2,091,383</u>	<u>995,314</u>	<u>3,086,697</u>	<u>38,920</u>
Total net assets	<u>\$ 8,542,903</u>	<u>\$ 12,314,947</u>	<u>\$ 20,857,850</u>	<u>\$ 433,310</u>

The accompanying notes are an integral part of this statement.

CITY OF WHARTON, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2010

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 822,213	\$ 324,198	\$ 9,635	\$ -
Public safety	3,285,594	18,250	98,105	175,000
Public works	2,120,461	-	-	226,689
Cultural and recreation	259,386	11,670	9,600	-
Interest on long-term debt	272,026	-	-	-
Total governmental activities	<u>6,759,680</u>	<u>354,118</u>	<u>117,340</u>	<u>401,689</u>
Business-type activities				
Water and sewer	2,390,453	2,778,431	-	-
Solid waste	1,209,574	1,269,783	-	-
Emergency medical services	1,160,083	703,134	515,496	54,400
Civic center	276,345	67,951	-	-
Airport	243,983	170,712	47,199	-
Total business-type activities	<u>5,280,438</u>	<u>4,990,011</u>	<u>562,695</u>	<u>54,400</u>
Total primary government	<u>\$ 12,040,118</u>	<u>\$ 5,344,129</u>	<u>\$ 680,035</u>	<u>\$ 456,089</u>
Component Unit				
Wharton Economic Development Corporation	<u>\$ 486,119</u>	<u>\$ 10,778</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Sales taxes
Franchise taxes
Other taxes
Unrestricted investment earnings
Industrial district payment
Miscellaneous
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			Component Unit
Primary Government			Wharton Economic Development Corporation
Governmental Activities	Business- type Activities	Total	
\$ (488,380)	\$ -	\$ (488,380)	\$ -
(2,994,239)	-	(2,994,239)	-
(1,893,772)	-	(1,893,772)	-
(238,116)	-	(238,116)	-
(272,026)	-	(272,026)	-
<u>(5,886,533)</u>	<u>-</u>	<u>(5,886,533)</u>	<u>-</u>
-	387,978	387,978	-
-	60,209	60,209	-
-	112,947	112,947	-
-	(208,394)	(208,394)	-
-	(26,072)	(26,072)	-
-	<u>326,668</u>	<u>326,668</u>	<u>-</u>
<u>(5,886,533)</u>	<u>326,668</u>	<u>(5,559,865)</u>	<u>-</u>
-	-	-	(475,341)
1,150,238	-	1,150,238	-
734,880	-	734,880	-
1,149,211	-	1,149,211	618,449
1,031,751	-	1,031,751	-
151,129	-	151,129	-
18,048	958	19,006	8,647
682,573	-	682,573	-
140,162	-	140,162	26
518,753	(518,753)	-	-
<u>5,576,745</u>	<u>(517,795)</u>	<u>5,058,950</u>	<u>627,122</u>
(309,788)	(191,127)	(500,915)	151,781
<u>8,852,691</u>	<u>12,506,074</u>	<u>21,358,765</u>	<u>281,529</u>
<u>\$ 8,542,903</u>	<u>\$ 12,314,947</u>	<u>\$ 20,857,850</u>	<u>\$ 433,310</u>

CITY OF WHARTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>2009 Bond Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 292,246	\$ 365,623	\$ 240,319	\$ 260,591	\$ 1,158,779
Investments	-	-	1,259,824	-	1,259,824
Receivables, net	344,860	66,264	-	42,373	453,497
Due from other funds	1,101,851	-	5,905	113,722	1,221,478
Due from component unit	20,208	-	-	-	20,208
Due from other governments	208,243	-	-	239,020	447,263
Deferred expenditures	9,281	-	-	-	9,281
Total assets	<u>\$ 1,976,689</u>	<u>\$ 431,887</u>	<u>\$ 1,506,048</u>	<u>\$ 655,706</u>	<u>\$ 4,570,330</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 173,296	\$ -	\$ 126,577	\$ 70,006	\$ 369,879
Bank overdraft	64,482	-	-	-	64,482
Accrued expenditures	32,366	-	2,487	-	34,853
Accrued interest payable	-	1,548	-	-	1,548
Due to other governments	35,711	-	-	-	35,711
Due to other funds	31,360	-	1,078,757	291,347	1,401,464
Deposits	150	-	-	-	150
Deferred revenue	252,360	66,264	-	-	318,624
Total liabilities	<u>589,725</u>	<u>67,812</u>	<u>1,207,821</u>	<u>361,353</u>	<u>2,226,711</u>
Fund balances					
Reserved for:					
Deferred expenditures	9,281	-	-	-	9,281
Unreserved, undesignated reported in:					
General fund	1,377,683	-	-	-	1,377,683
Special revenue funds	-	-	-	89,187	89,187
Debt service fund	-	364,075	-	-	364,075
Capital project funds	-	-	298,227	205,166	503,393
Total fund balances	<u>1,386,964</u>	<u>364,075</u>	<u>298,227</u>	<u>294,353</u>	<u>2,343,619</u>
Total liabilities and fund balances	<u>\$ 1,976,689</u>	<u>\$ 431,887</u>	<u>\$ 1,506,048</u>	<u>\$ 655,706</u>	<u>\$ 4,570,330</u>

The accompanying notes are an integral part of this statement.

CITY OF WHARTON, TEXAS**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS
OF GOVERNMENTAL ACTIVITIES**

September 30, 2010

Total governmental fund balances	\$ 2,343,619
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	249,282
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.	69,342
Other noncurrent assets (for example, bond issue costs) used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$236,688 and the accumulated amortization is \$45,894.	190,794
Capital assets used in governmental activities are reported as expenditures in governmental funds when purchased or constructed. The cost of these assets is \$21,199,598 and the accumulated depreciation is \$8,428,445.	12,771,153
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds and certificates payable	\$ (5,679,781)
Bond premiums	(52,484)
Loss on refunding	12,459
Tax anticipation notes payable	(830,000)
Capital leases payable	(186,658)
Accrued interest payable	(84,223)
Compensated absences	<u>(260,600)</u>
	<u>(7,081,287)</u>
Net assets of governmental activities	\$ <u>8,542,903</u>

The accompanying notes are an integral part of this statement.

CITY OF WHARTON, TEXAS

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS*

For the year ended September 30, 2010

	General	Debt Service	2009 Bond Construction	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,359,518	\$ 736,857	\$ -	\$ 151,129	\$ 4,247,504
Licenses and permits	70,814	-	-	-	70,814
Intergovernmental	139,060	-	25,000	245,370	409,430
Charges for services	28,815	-	-	-	28,815
Fines and forfeitures	220,665	-	-	13,177	233,842
Investment income	2,030	991	14,775	252	18,048
Industrial district fee	682,573	-	-	-	682,573
Miscellaneous	95,522	-	100,015	38,363	233,900
Total revenues	<u>4,598,997</u>	<u>737,848</u>	<u>139,790</u>	<u>448,291</u>	<u>5,924,926</u>
EXPENDITURES					
Current					
General government	794,131	-	-	17,287	811,418
Public safety	2,962,399	-	-	51,519	3,013,918
Public works	1,059,057	-	611,817	77,789	1,748,663
Cultural and recreation	122,335	-	-	77,062	199,397
Capital outlay	151,516	-	613,722	407,256	1,172,494
Debt service					
Principal retirement	38,656	489,400	-	-	528,056
Interest and fiscal charges	11,404	242,386	-	-	253,790
Bond issuance costs	-	28,506	-	10,200	38,706
Total expenditures	<u>5,139,498</u>	<u>760,292</u>	<u>1,225,539</u>	<u>641,113</u>	<u>7,766,442</u>
Excess (deficiency) of revenues over expenditures	(540,501)	(22,444)	(1,085,749)	(192,822)	(1,841,516)
OTHER FINANCING SOURCES (USES)					
Debt issued	-	665,663	-	265,000	930,663
Premium on issuance of bonds	-	21,306	-	-	21,306
Payment to escrow	-	(658,462)	-	-	(658,462)
Transfers in	508,753	-	-	214,756	723,509
Transfers out	-	-	(94,756)	(110,000)	(204,756)
Total other financing sources (uses)	<u>508,753</u>	<u>28,507</u>	<u>(94,756)</u>	<u>369,756</u>	<u>812,260</u>
Net change in fund balances	(31,748)	6,063	(1,180,505)	176,934	(1,029,256)
Fund balances at beginning of year	1,418,712	358,012	1,478,732	117,419	3,372,875
Fund balances at end of year	<u>\$ 1,386,964</u>	<u>\$ 364,075</u>	<u>\$ 298,227</u>	<u>\$ 294,353</u>	<u>\$ 2,343,619</u>

The accompanying notes are an integral part of this statement.

CITY OF WHARTON, TEXAS*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2010*

Total net change in fund balances - governmental funds		\$ (1,029,256)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2009/2010 capital outlays is to increase net assets.		1,149,378
Depreciation is not recognized as an expense on the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(704,263)
Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:		
Bond and certificates principal retirement	\$ 389,400	
Payment to the refunding agent	658,462	
Tax anticipation notes principal retirement	100,000	
Capital lease principal retirement	<u>38,656</u>	1,186,518
Proceeds of long-term debt during the year are recognized as other financing sources in the governmental funds but increases the liabilities in the statement of net assets. In the current year, this amount consisted of:		
2010 Tax Anticipation Notes	(265,000)	
2010 General Obligation Refunding Bonds	<u>(665,663)</u>	(930,663)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year-end and are not reported as revenue in the governmental funds.		
Property taxes	(1,027)	
Other revenues	<u>7,241</u>	6,214
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in compensated absences	13,121	
Net increase in bond issuance costs	24,294	
Net increase in loss on refunding	(211)	
Net increase in bond premium	(19,292)	
Increase in accrued interest	<u>(5,628)</u>	<u>12,284</u>
Change in net assets of governmental activities		\$ <u>(309,788)</u>

The accompanying notes are an integral part of this statement.

CITY OF WHARTON, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2010

	Business-type Activities		
	Water and Sewer	Solid Waste	Emergency Medical Services
ASSETS			
Current assets			
Cash and cash equivalents	\$ 101,072	\$ 7,261	\$ 160,881
Receivables, net			
Accounts	296,277	138,234	48,790
Due from other funds	837,271	14,554	8,415
Inventory	58,225	-	-
Total current assets	1,292,845	160,049	218,086
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	770,507	-	-
Buildings, improvements, and equipment, net	11,206,787	-	186,845
Net capital assets	11,977,294	-	186,845
Bond issue costs, net	178,575	-	-
Total noncurrent assets	12,155,869	-	186,845
Total assets	13,448,714	160,049	404,931
LIABILITIES			
Current liabilities			
Accounts payable	57,679	48,942	21,928
Accrued expenses	5,509	267	6,912
Due to other governments	-	7,684	-
Deposits	178,026	75	-
Accrued interest payable	55,233	-	-
Due to other funds	615,343	154,231	1,776
Compensated absences	2,521	-	2,240
Current portion of certificates of obligation	206,623	-	-
Current portion of general obligation bonds	390,740	-	-
Total current liabilities	1,511,674	211,199	32,856
Noncurrent liabilities			
Compensated absences	22,689	-	20,155
Bonds and certificates (net of unamortized deferred amounts)	4,516,720	-	-
Total noncurrent liabilities	4,539,409	-	20,155
Total liabilities	6,051,083	211,199	53,011
NET ASSETS			
Invested in capital assets, net of related debt	6,863,211	-	186,845
Unrestricted net assets	534,420	(51,150)	165,075
Total net assets	\$ 7,397,631	\$ (51,150)	\$ 351,920

The accompanying notes are an integral part of this statement.

Business-type Activities

<u>Civic Center</u>	<u>Airport</u>	<u>Total</u>
\$ 97,217	\$ 127,730	\$ 494,161
5,803	9,177	498,281
1,495	116,744	978,479
-	37,951	96,176
<u>104,515</u>	<u>291,602</u>	<u>2,067,097</u>
-	42,343	812,850
<u>1,479,859</u>	<u>3,334,368</u>	<u>16,207,859</u>
<u>1,479,859</u>	<u>3,376,711</u>	<u>17,020,709</u>
9,839	8,937	197,351
<u>1,489,698</u>	<u>3,385,648</u>	<u>17,218,060</u>
<u>1,594,213</u>	<u>3,677,250</u>	<u>19,285,157</u>
4,587	5,799	138,935
854	460	14,002
-	-	7,684
5,660	500	184,261
1,807	4,491	61,531
3,465	23,678	798,493
1,156	56	5,973
16,500	37,494	260,617
4,500	-	395,240
<u>38,529</u>	<u>72,478</u>	<u>1,866,736</u>
10,403	508	53,755
<u>233,794</u>	<u>299,205</u>	<u>5,049,719</u>
<u>244,197</u>	<u>299,713</u>	<u>5,103,474</u>
<u>282,726</u>	<u>372,191</u>	<u>6,970,210</u>
1,229,565	3,040,012	11,319,633
81,922	265,047	995,314
<u>\$ 1,311,487</u>	<u>\$ 3,305,059</u>	<u>\$ 12,314,947</u>

CITY OF WHARTON, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS

For the year ended September 30, 2010

	Business-type Activities		
	Water and Sewer	Solid Waste	Emergency Medical Services
OPERATING REVENUES			
Charges for services	\$ 2,778,431	\$ 1,269,783	\$ 703,134
Total operating revenues	<u>2,778,431</u>	<u>1,269,783</u>	<u>703,134</u>
OPERATING EXPENSES			
Personnel	724,041	35,220	852,897
Materials and supplies	88,858	-	72,078
Repairs and maintenance	151,830	-	26,199
Other services and charges	744,459	1,174,354	130,735
Depreciation and amortization	473,567	-	78,174
Total operating expenses	<u>2,182,755</u>	<u>1,209,574</u>	<u>1,160,083</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	595,676	60,209	(456,949)
NONOPERATING REVENUES (EXPENSES)			
Noncapital grants and contributions	-	-	515,496
Investment income	245	98	271
Interest and fiscal charges	(207,698)	-	-
Total nonoperating revenues (expenses)	<u>(207,453)</u>	<u>98</u>	<u>515,767</u>
Income (loss) before transfers and contributions	388,223	60,307	58,818
Contributions and transfers			
Capital grants and contributions	-	-	54,400
Transfers in	-	-	-
Transfers out	(501,094)	(50,000)	(47,659)
Total contributions and transfers	<u>(501,094)</u>	<u>(50,000)</u>	<u>6,741</u>
Change in net assets	(112,871)	10,307	65,559
Net assets at beginning of year	7,510,502	(61,457)	286,361
Net assets at end of year	<u>\$ 7,397,631</u>	<u>\$ (51,150)</u>	<u>\$ 351,920</u>

The accompanying notes are an integral part of this statement.

<u>Business-type Activities</u>		
<u>Civic Center</u>	<u>Airport</u>	<u>Total</u>
\$ 67,951	\$ 170,712	\$ 4,990,011
<u>67,951</u>	<u>170,712</u>	<u>4,990,011</u>
121,958	62,631	1,796,747
6,880	12,878	180,694
33,679	20,362	232,070
54,137	51,081	2,154,766
48,440	82,965	683,146
<u>265,094</u>	<u>229,917</u>	<u>5,047,423</u>
(197,143)	(59,205)	(57,412)
-	47,199	562,695
205	139	958
<u>(11,251)</u>	<u>(14,066)</u>	<u>(233,015)</u>
<u>(11,046)</u>	<u>33,272</u>	<u>330,638</u>
(208,189)	(25,933)	273,226
-	-	54,400
80,000	-	80,000
-	-	(598,753)
<u>80,000</u>	<u>-</u>	<u>(464,353)</u>
(128,189)	(25,933)	(191,127)
<u>1,439,676</u>	<u>3,330,992</u>	<u>12,506,074</u>
\$ <u>1,311,487</u>	\$ <u>3,305,059</u>	\$ <u>12,314,947</u>

CITY OF WHARTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2010

	Business-type Activities		
	Water and Sewer	Solid Waste	Emergency Medical Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 2,739,291	\$ 1,265,614	\$ 685,980
Cash paid to suppliers for goods and services	(1,016,571)	(1,178,413)	(253,721)
Cash paid to employees for services	(722,839)	(35,186)	(850,819)
Net cash provided (used) by operating activities	<u>999,881</u>	<u>52,015</u>	<u>(418,560)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Borrowing (repayments) to other funds	826,908	(11,728)	7,775
Transfers in from other funds	-	-	-
Transfers out to other funds	(501,094)	(50,000)	(47,659)
Grants and contributions	-	-	515,496
Net cash provided (used) by noncapital financing activities	<u>325,814</u>	<u>(61,728)</u>	<u>475,612</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(723,361)	-	-
Proceeds from capital grants and contributions	-	-	54,400
Proceeds from issuance of debt	1,841,433	-	-
Payments to refunding agent	(1,761,422)	-	-
Issuance costs paid on long-term debt	(76,255)	-	-
Principal paid on long-term debt	(356,725)	-	-
Interest paid on long-term debt	(208,840)	-	-
Net cash provided (used) by capital and related financing activities	<u>(1,285,170)</u>	<u>-</u>	<u>54,400</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	245	98	271
Net cash provided (used) by investing activities	<u>245</u>	<u>98</u>	<u>271</u>
Net increase (decrease) in cash and cash equivalents	40,770	(9,615)	111,723
Cash and cash equivalents at beginning of year	<u>60,302</u>	<u>16,876</u>	<u>49,158</u>
Cash and cash equivalents at end of year	<u>\$ 101,072</u>	<u>\$ 7,261</u>	<u>\$ 160,881</u>

Business-type Activities

<u>Civic Center</u>	<u>Airport</u>	<u>Total</u>
\$ 64,403	\$ 172,271	\$ 4,927,559
(101,363)	(115,430)	(2,665,498)
<u>(122,805)</u>	<u>(63,035)</u>	<u>(1,794,684)</u>
<u>(159,765)</u>	<u>(6,194)</u>	<u>467,377</u>
66,830	104,530	994,315
80,000	-	80,000
-	-	(598,753)
-	81,964	<u>597,460</u>
<u>146,830</u>	<u>186,494</u>	<u>1,073,022</u>
-	(73,118)	(796,479)
-	-	54,400
242,803	-	2,084,236
(231,127)	-	(1,992,549)
(10,006)	-	(86,261)
(20,525)	(38,350)	(415,600)
<u>(14,329)</u>	<u>(12,786)</u>	<u>(235,955)</u>
<u>(33,184)</u>	<u>(124,254)</u>	<u>(1,388,208)</u>
<u>205</u>	<u>139</u>	<u>958</u>
<u>205</u>	<u>139</u>	<u>958</u>
(45,914)	56,185	153,149
<u>143,131</u>	<u>71,545</u>	<u>341,012</u>
<u>\$ 97,217</u>	<u>\$ 127,730</u>	<u>\$ 494,161</u>

(continued)

CITY OF WHARTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2010

	Business-type Activities		
	Water and Sewer	Solid Waste	Emergency Medical Services
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 595,676	\$ 60,209	\$ (456,949)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	473,567	-	78,174
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(42,816)	(4,094)	(17,154)
(Increase) decrease in inventory	(12,607)	-	-
Increase (decrease) in accounts payable	(18,817)	(3,973)	(24,709)
Increase (decrease) in accrued expenses	1,549	100	1,553
Increase (decrease) in deposits	3,676	(75)	-
Increase (decrease) in due to other governments	-	(86)	-
Increase (decrease) in compensated absences	(347)	(66)	525
Total adjustments	404,205	(8,194)	38,389
Net cash provided (used) by operating activities	\$ 999,881	\$ 52,015	\$ (418,560)

The accompanying notes are an integral part of this statement.

Business-type Activities

<u>Civic Center</u>	<u>Airport</u>	<u>Total</u>
\$ (197,143)	\$ (59,205)	\$ (57,412)
48,440	82,965	683,146
(2,608)	1,759	(64,913)
-	(13,564)	(26,171)
(6,667)	(17,545)	(71,711)
95	(5)	3,292
(940)	(200)	2,461
-	-	(86)
<u>(942)</u>	<u>(399)</u>	<u>(1,229)</u>
<u>37,378</u>	<u>53,011</u>	<u>524,789</u>
<u>\$ (159,765)</u>	<u>\$ (6,194)</u>	<u>\$ 467,377</u>

(concluded)



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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wharton, Texas (the "City"), was organized in 1846 and has adopted a Home Rule Charter. The Charter, as amended, provides for a council-manager form of government. The City Council is the principal legislative body of the City and is composed of a mayor and six council members, two of which are elected at large and four of which are elected by the district, who serve two-year terms. The Mayor presides at City Council meetings and is entitled to vote on all matters considered by the City Council. All powers of the City are vested in the City Council. Such powers include: appointment of the City Manager, boards, and commissions; adoption of the budget; authorization of bond issues; and adoption of ordinances and resolutions as deemed necessary, desirable, and beneficial to the City. The City provides the following services: public safety to include police, fire and emergency medical services, highways and streets, water and wastewater, sanitation, recreation, public improvements, planning and zoning, and general administration.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the City's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Under these guidelines, the reporting entity consists of the primary government (all funds of the City), organizations for which the primary government is financially accountable, organizations for which the primary government is not financially accountable, organizations that raise and hold economic resources for the direct benefit of the primary government, and any other organization for which the nature and significance of their relationship with the primary government is such that exclusion could cause the City's financial statements to be misleading or incomplete. Entities other than the primary government that are included in the primary government's financial statements are called component units. The component units discussed in this note are included in the City's financial statements because of the significance of their financial relationships with the City.

Component Unit

The component unit column in the financial statements includes the financial data from one component unit. This component unit is reported in a separate column to emphasize that it is legally separate from the City.

The component unit column is made of the following:

The Wharton Economic Development Corporation (WEDC) - was created for the purpose of assisting in the promotion, development, and economic growth in the City. This is to be achieved through assistance in the retention of existing businesses and industries and the attraction of new businesses and industries and aid in their development and growth. WEDC was incorporated under the Texas Development Corporation Act of 1979, as amended; Article 5190.6 Vernon's Ann.CIV.ST. Section 4A, as amended, and qualifies as a tax-exempt organization under Code Section 501(c)(4) of the Internal Revenue Code. WEDC's primary source of income is from voter approved sales tax assessed in the City. All powers of WEDC are vested in the Board of Directors appointed by the City Council. The City is also able to impose its will on WEDC, including approving its annual budgets and bonded debt issuance.

The component unit is discretely presented in the financial statements. Complete financial statements of WEDC can be obtained from the WEDC office, 1944 N. Fulton, Wharton, Texas 77488.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Reporting Entity - (Continued)

Other Entities

Other governmental entities operating and providing services within the City's boundaries include the following:

County of Wharton, Texas
Wharton County Central Appraisal District
Wharton County Junior College
Wharton County Rural Fire District #1
Wharton Independent School District
Coastal Bend Groundwater Conservation District

None of these entities have been included in the City's financial reporting entity based on evaluation of the prescribed criteria discussed above.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

Separate financial statements are provided for governmental funds, proprietary funds, and discretely presented component units. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

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. The City considers property taxes as available if they are collected within 60 days after year-end. A 120-day availability period is used for recognition of all other Governmental Fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, fines, and interest associated with the current fiscal period 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 City.

The City reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City has three Capital Project Funds, one of which has been reported as a major fund. The 2009 Bond Construction Fund accounts for the use of the proceeds from the City's 2009 Certificates of Obligation on various capital improvement projects.

The City reports the following major proprietary funds:

Enterprise Funds are used to account for operations: 1) that are financed and operated in a manner similar to private business enterprises - where 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, or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Water and Sewer Fund, an enterprise fund, accounts for the activities of the City related to its sewage treatment plant and water distribution system.

The Solid Waste Fund, an enterprise fund, accounts for the operation of the City's garbage collection.

The Emergency Medical Services Fund, an enterprise fund, accounts for the emergency medical services provided to the residents of the City.

The Civic Center Fund, an enterprise fund, accounts for the operation of the City's civic center.

The Airport Fund, an enterprise fund, accounts for the operation of the City's airport.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

Additionally, the City reports the following fund types:

The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Budgets and Budgetary Accounting

Procedures in establishing budgetary data reflected in the financial statements are as follows:

1. City department and division leaders shall submit budget requests for the next fiscal year to and as directed by the City Manager for review and consolidation. The City Manager shall submit a proposed annual budget to the City Council before August 31st of each fiscal year. Before taxes are levied, but after a public hearing or hearings, the City Council shall adopt an annual budget. The budget shall be adopted by a majority of all members of the City Council not later than fifteen days prior to the beginning of the fiscal year.
2. At any time during the fiscal year, the City Manager is authorized to transfer unencumbered budgeted amounts between line-items within a department; however, any revisions that alter the total budgeted expenditures of any department must be approved by the City Council.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgets and Budgetary Accounting - (Continued)

3. Legally adopted annual budgets for the General Fund, certain special revenue funds (the Hotel/Motel Tax Fund, and Narcotics Control Fund), the Debt Service Fund, certain capital project funds (the Street Improvement Fund), and all enterprise funds are prepared on a basis consistent with GAAP. They are presented at the departmental level (i.e., City Manager, City Secretary, etc.), which is the legal level of budgetary control.
4. Unencumbered budget appropriations lapse at year-end and do not carry forward to future periods.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end lapse and are appropriately provided for in the subsequent year's budget. There are no outstanding encumbrances at September 30, 2010.

F. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or otherwise secured; and certain repurchase agreements.

The City Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the City are in compliance with the City Council's investment policies.

Investments for the City and the City's component unit, WEDC, are recorded at amortized cost, which as of September 30, 2010, approximates fair value.

G. 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 "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes. The allowance on the unpaid property taxes is equal to 10% of the outstanding property taxes and the allowance on the penalties and interest is equal to 50% of the assessed amount.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Inventories and Prepaid Items

Inventories of materials and supplies held by the enterprise funds are valued at the lower of cost (first-in, first-out) or market. Estimated cost is used when actual cost figures are not available. Inventories are not maintained in the General Fund since materials and supplies are charged to related expenditure accounts when purchased. As these amounts are not material to the financial statements, the exclusion of inventories does not materially affect their financial position or result of operations of the General Fund.

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are reported as deferred expenditures (governmental funds) or prepaid expenses (proprietary funds) in the fund financial statements and as deferred expenditures/expenses in the government-wide statements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred (interest earnings minus interest expense) during the construction phase of capital assets of business-type activities is capitalized as part of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Water and sewer system	50
Land improvements	50
Infrastructure	50
Machinery and equipment	5-15

J. Compensated Absences

Vacation, compensated time worked, and sick leave are accrued as a liability when earned by the employees since the employees' right to receive this compensation is already rendered and it is probable that the City will compensate the employees for benefits through paid time off or through cash payments at termination.

Employees receive 80 hours of vacation time for the first five years of employment and an additional eight hours for each year beyond the first five up to a maximum of 120 hours. Vacation time is earned on the first day of the fiscal year and must be used by the last day of the fiscal year. However, in some instances vacation time may be carried forward with approval by the City Manager. Upon termination, up to 120 hours of accumulated vacation will be paid to the employee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences - (Continued)

Employees receive eight hours of sick leave for each month of service. All employees hired after April 12, 1999, will not be eligible for payment for any unused sick leave at termination. Sick leave in excess of 45 days will only be paid upon illness while in the employment of the City.

Employees may accumulate unlimited compensated time for overtime at one and one-half times each hour earned; however, department heads may only accumulate compensated time at a straight-time rate. Employees may choose to be either paid for compensated time earned or use it as time off in the future. Upon termination, an employee will be paid for all unused compensated time.

All compensated absence pay is accrued when incurred in the government-wide and proprietary fund 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.

K. Long-term Obligations

In the government-wide financial statements, and in proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. 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, if any, represent tentative management plans that are subject to change.

M. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Compliance

Budgetary compliance is monitored at the departmental level in the General Fund. There were several situations of expenditures exceeding the amount appropriated during the fiscal year 2009-2010.

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Police	\$ 1,880,561	\$ 1,885,191	\$ (4,630)
Code enforcement	176,883	176,951	(68)

These over expenditures were funded by an available fund balance in the General Fund.

B. Deficit Fund Equity

As of September 30, 2010, the following funds had deficit equity balances:

<u>Fund</u>	<u>Fund Balance/ Net Assets</u>
Solid Waste	\$ 51,150
Nonmajor Governmental Funds	
Capital Project Funds	
Street Improvement	344

Steps will be taken to eliminate these deficits in the upcoming fiscal year.

NOTE 3: DEPOSITS AND INVESTMENTS

As of September 30, 2010, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Public Funds Investment Pool		
TexPool	\$ 159,173	34
Certificates of Deposits	1,259,824	217

The investment pool operates in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The pool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pool is the same as the value of the shares in the pool.

As previously discussed in Note 1, the investments are reported in the accompanying statements at amortized cost.

A. Interest Rate Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments in non-operating funds to less than five years from the time of purchase. The weighted average maturity of investments of the City's operating funds cannot exceed one year from the time of purchase. TexPool's weighted average maturity cannot exceed 60 days.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)

B. Credit Risk

It is the City's policy to limit its investments to those with ratings of not less than A or its equivalent. The City's investments in the public funds investment pools include those with TexPool. The pool operates in full compliance with the Public Funds Investment Act. TexPool is rated AAAM by Standard & Poor's.

C. Concentration of Credit Risk

The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the City was not exposed to concentration of credit risk.

D. Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized. The City also held deposits in a bank other than in the depository bank during fiscal year 2010 and at year-end. The amount on deposit exceeded the FDIC coverage by \$4,285 and therefore this amount is subject to custodial credit risk at September 30, 2010.

E. Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held in the name of the City or held on behalf of the City and that all securities are purchased using the delivery versus payment method. As of September 30, 2010, and for the year then ended, the City was not exposed to any custodial credit risk.

Please see Note 15 for discussions relative to the investments of the City's component unit.

NOTE 4: RECEIVABLES

Receivables at September 30, 2010, consisted of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Emergency Medical Services</u>	<u>Civic Center</u>	<u>Airport</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Gross receivables:									
Accounts	\$ -	\$ -	\$ 296,277	\$ 138,234	\$ 48,790	\$ 5,803	\$ 9,177	\$ 42,373	\$ 540,654
Ad valorem taxes	252,568	87,175	-	-	-	-	-	-	339,743
Franchise taxes	83,485	-	-	-	-	-	-	-	83,485
Fines	143,800	-	-	-	-	-	-	-	143,800
Other	<u>312,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312,418</u>
Total gross receivables	792,271	87,175	296,277	138,234	48,790	5,803	9,177	42,373	1,420,100
Less: Allowances	<u>447,411</u>	<u>20,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>468,322</u>
Total net receivables	<u>\$ 344,860</u>	<u>\$ 66,264</u>	<u>\$ 296,277</u>	<u>\$ 138,234</u>	<u>\$ 48,790</u>	<u>\$ 5,803</u>	<u>\$ 9,177</u>	<u>\$ 42,373</u>	<u>\$ 951,778</u>

NOTE 4: RECEIVABLES - (Continued)

The City's 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. The governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem receivable	\$ 183,018	\$ -	\$ 183,018
Fines	57,520	-	57,520
Other	11,822	-	11,822
Debt Service Fund			
Ad valorem receivable	<u>66,264</u>	-	<u>66,264</u>
	<u>\$ 249,282</u>	<u>\$ -</u>	<u>\$ 318,624</u>

The City's property taxes are levied annually on October 1st on the basis of the Appraisal District's assessed values as of January 1st of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and collected by the Wharton County Tax Assessor-Collector and are due and payable on January 31st. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on the property on February 1st of the subsequent calendar year.

The City provides an exemption from property taxes of \$10,000 of the assessed value of residential homesteads for persons 65 years of age or older. An exemption from \$1,500 to \$3,000 is allowed to disabled veterans on any one piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

The City, under Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population and by City Home Rule Charter, is limited to levy ad valorem tax at a rate up to \$2.50 per \$100 assessed valuation for general government services. Within the \$2.50 maximum levy, there is no legal limit on the amount of property taxes that can be levied for debt service.

Property taxes are prorated between operations and debt service for the current year roll. Delinquent taxes collected are used for maintenance and operations. For the current year, the City levied property taxes of \$0.48671 per \$100 of assessed valuation, which were prorated between operations and debt service in the amounts of \$0.29712 and \$0.18959, respectively. The resulting adjusted total tax levy was \$1,947,088 on the total adjusted taxable valuation of \$344,204,725 for the 2009 tax year.

NOTE 5: DUE FROM OTHER GOVERNMENTS

The City has amounts due from other governments as of the end of the current fiscal year. Amounts due from federal, state, and local governments as of September 30, 2010, are summarized as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Sales taxes	\$ 208,243	\$ -	\$ 208,243
Federal and state grants	-	<u>239,020</u>	<u>239,020</u>
	<u>\$ 208,243</u>	<u>\$ 239,020</u>	<u>\$ 447,263</u>

NOTE 6: CAPITAL ASSETS

The City's 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	\$ 1,173,285	\$ -	\$ -	\$ 1,173,285
Construction in progress	<u>15,340</u>	<u>68,699</u>	<u>-</u>	<u>84,039</u>
Total capital assets not being depreciated	<u>1,188,625</u>	<u>68,699</u>	<u>-</u>	<u>1,257,324</u>
Capital assets, being depreciated				
Machinery and equipment	3,687,690	1,014,891	83,286	4,619,295
Buildings and improvements	4,055,470	-	-	4,055,470
Infrastructure	<u>11,201,721</u>	<u>65,788</u>	<u>-</u>	<u>11,267,509</u>
Total capital assets being depreciated	<u>18,944,881</u>	<u>1,080,679</u>	<u>83,286</u>	<u>19,942,274</u>
Less accumulated depreciation for				
Machinery and equipment	2,388,031	311,319	83,286	2,616,064
Buildings and improvements	1,060,526	107,755	-	1,168,281
Infrastructure	<u>4,358,911</u>	<u>285,189</u>	<u>-</u>	<u>4,644,100</u>
Total accumulated depreciation	<u>7,807,468</u>	<u>704,263</u>	<u>83,286</u>	<u>8,428,445</u>
Total capital assets being depreciated, net	<u>11,137,413</u>	<u>376,416</u>	<u>-</u>	<u>11,513,829</u>
Governmental activities capital assets, net	<u>\$ 12,326,038</u>	<u>\$ 445,115</u>	<u>\$ -</u>	<u>\$ 12,771,153</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 319,093	\$ -	\$ -	\$ 319,093
Construction in progress	<u>172,311</u>	<u>321,446</u>	<u>-</u>	<u>493,757</u>
Total capital assets not being depreciated	<u>491,404</u>	<u>321,446</u>	<u>-</u>	<u>812,850</u>
Capital assets, being depreciated				
Machinery and equipment	2,053,922	143,727	-	2,197,649
Land improvements	287,717	-	-	287,717
Buildings and improvements	5,509,356	-	-	5,509,356
Water and sewer system	<u>18,321,406</u>	<u>331,307</u>	<u>-</u>	<u>18,652,713</u>
Total capital assets being depreciated	<u>26,172,401</u>	<u>475,034</u>	<u>-</u>	<u>26,647,435</u>
Less accumulated depreciation for				
Machinery and equipment	1,536,968	160,354	-	1,697,322
Land improvements	10,328	5,754	-	16,082
Buildings and improvements	1,002,906	108,466	-	1,111,372
Water and sewer system	<u>7,217,026</u>	<u>397,774</u>	<u>-</u>	<u>7,614,800</u>
Total accumulated depreciation	<u>9,767,228</u>	<u>672,348</u>	<u>-</u>	<u>10,439,576</u>
Total capital assets being depreciated, net	<u>16,405,173</u>	<u>(197,314)</u>	<u>-</u>	<u>16,207,859</u>
Business-type activities capital assets, net	<u>\$ 16,896,577</u>	<u>\$ 124,132</u>	<u>\$ -</u>	<u>\$ 17,020,709</u>

NOTE 6: CAPITAL ASSETS - (Continued)

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

Governmental activities

General government	\$ 19,566
Public safety	250,057
Public works	374,651
Cultural and recreation	59,989
Total depreciation expense - governmental activities	<u>\$ 704,263</u>

Business-type activities

Water and sewer	\$ 463,543
Emergency medical services	78,174
Civic center	48,200
Airport	82,431
Total depreciation expense - business-type activities	<u>\$ 672,348</u>

At September 30, 2010, the City had temporarily impaired idle assets in the business-type activities (the Airport Fund) that amounted to \$86,081. The assets relate to costs incurred on the airport terminal building project that has been temporarily suspended.

NOTE 7: EMPLOYEES' RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide 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.

	<u>Plan Year 2009</u>	<u>Plan Year 2010</u>
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	1 to 1	1.5 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age/years of service)	60/10, 0/20	60/10, 0/20
Updated service credit	100% repeating transfers	100% repeating transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

NOTE 7: EMPLOYEES' RETIREMENT PLAN - (Continued)

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) are as follows:

Contributions Required and Contributions Made				
Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
2010	\$ 314,888	100%	\$	-
2009	191,887	100%		-
2008	138,670	100%		-

The required contribution rates for fiscal year 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:

	Actuarial Valuation Information		
	12/31/09	12/31/08	12/31/07
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
Amortization period in years	28 - closed	29 - closed	30 - closed
Asset valuation method	10-year smoothed market	amortized cost	amortized cost
Investment return	7.50%	7.50%	7.00%
Projected salary increases	varies by age and service	varies by age and service	varies by age and service
Inflation	3.00%	3.00%	3.00%
Cost of living adjustments	2.1%	2.1%	2.1%

NOTE 7: EMPLOYEES' RETIREMENT PLAN - (Continued)

Contributions

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 6,082,674	\$ 8,225,454	\$ 2,142,780	73.95%	\$ 3,624,616	59.12%
12/31/08	5,437,481	6,639,042	1,201,561	81.90%	3,498,244	34.35%
12/31/07	5,225,360	6,190,137	964,777	84.41%	3,221,388	29.95%
12/31/06	5,342,676	5,729,629	386,953	93.25%	3,287,506	11.77%
12/31/05	4,870,630	5,277,872	407,242	92.28%	3,061,854	13.30%
12/31/04	4,529,921	4,928,170	398,249	91.92%	3,109,715	12.81%
12/31/03	4,319,465	4,744,440	424,975	91.04%	2,674,524	15.89%
12/31/02	4,030,311	4,392,391	362,080	91.76%	2,698,111	13.42%
12/31/01	3,765,295	4,104,529	339,234	91.74%	2,622,790	12.93%
12/31/00	3,490,489	3,790,518	300,029	92.08%	2,509,618	11.96%

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by 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 1st of any year to be effective the following January 1st.

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 retired term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2010, 2009, and 2008 were \$1,450, \$1,399, and \$1,289, respectively, which equaled the required contributions each year.

NOTE 9: 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 198 members of 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.

NOTE 9: TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - (Continued)

Plan Description

At August 31, 2010, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,152
Terminated participants entitled to benefits but not yet receiving them	2,105
Active participants (vested and nonvested)	<u>4,359</u>
	<u>8,616</u>

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005) recodified the provision 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.

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 originally established by Senate Bill 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 to a limited amount to make TESRS actuarially sound.

Annual Required Contributions

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 services) 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 years ending August 31, 2010 and 2011. Total contributions made were equal to the contributions required by the state statute and were equal to the contributions required based on the revised August 31, 2008, actuarial valuation.

NOTE 9: TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - (Continued)

Annual Required Contributions - (Continued)

The purpose of the biennial actuarial valuation is to test the adequacy of the financing 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 TESRS's administrative expenses) and with the assumed continuation of legislative appropriations of 1) the maximum state contribution amount in future years for up to 30 years as is necessary for the TESRS to have a 30-year amortization period, and 2) approximately \$500,000 each year to help pay for the TESRS'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.

Without the expected future annual contributions from the state, TESRS would have an inadequate contribution arrangement.

Actuarial Valuation Information

Following is a tabular summary of actuarial valuation information for the 8/31/08 and 8/31/10 valuation dates:

	Actuarial Valuation Information	
	8/31/08	8/31/10
Actuarial cost method	entry age	entry age
Amortization method	level dollar, open	level dollar, open
Amortization period in years	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
Investment return	8.00%, net of expenses	7.75%, net of expenses
Projected salary increases	n/a	n/a
Inflation	3.50%	3.50%
Cost of living adjustment	none	none

Required Supplementary Information

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability ¹ (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Total Members Covered (c)	UAAL per Member Covered (b-a)/(c)
8/31/2006	\$ 42,268,305	\$ 58,082,828	\$ 15,814,523	72.8%	8,061	\$ 1,962
8/31/2008 ²	60,987,157	64,227,341	3,240,184	95.0%	8,254	393
8/31/2010 ³	64,113,803	79,953,215	15,839,412	80.2%	8,708	1,819

Notes:

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

² Changes in actuarial assumptions and methods, as well as benefit and contribution provisions, were first reflected in this valuation.

³ Changes in actuarial assumptions were reflected in this valuation.

NOTE 9: TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - (Continued)

Required Supplementary Information - (Continued)

Three-Year Trend Information - State-wide			
<u>Fiscal Year Ending August 31</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2008	\$ 3,160,764 ²	\$ 11,239,339 ¹	356%
2009	2,698,271 ³	2,698,271	100%
2010	2,875,103 ³	2,875,103	100%

Notes:

¹ Includes a state contribution of \$8,800,000.

² Based on the August 31, 2006, actuarial valuation.

³ Based on the August 31, 2008, actuarial valuation.

State contributions to the City's plan for the fiscal year 2010 has been deemed insignificant to the financial statements. Therefore, no amounts have been recognized as revenues and expenditures during the period.

Three-Year Trend Information - City of Wharton, Texas			
<u>Year Ended September 30</u>	<u>Annual Required Contributions (ARC)</u>	<u>Percentage of Contributed</u>	<u>Net Obligation</u>
2010	\$ 15,525	100%	\$ -
2009	15,165	100%	-
2008	21,552	100%	-

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property, workers compensation, and health and liability insurance through commercial insurance carriers. The City has not retained any risks other than the deductible and is covered up to the limits of coverage after the deductible. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 11: LONG-TERM DEBT

A. 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 Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds and certificates payable					
Certificates of obligation	\$ 5,703,381	\$ -	\$ 689,392	\$ 5,013,989	\$ 94,383
General obligation bonds	345,800	665,792	345,800	665,792	209,760
Plus deferred amounts:					
Issuance premiums	33,193	21,306	2,015	52,484	-
Loss on refunding	-	(12,670)	(211)	(12,459)	-
Total bonds and certificates payable	<u>6,082,374</u>	<u>674,428</u>	<u>1,036,996</u>	<u>5,719,806</u>	<u>304,143</u>
Tax anticipation notes	<u>665,000</u>	<u>265,000</u>	<u>100,000</u>	<u>830,000</u>	<u>155,000</u>
Capital leases payable	<u>225,314</u>	<u>-</u>	<u>38,656</u>	<u>186,658</u>	<u>40,781</u>
Compensated absences	<u>273,721</u>	<u>210,964</u>	<u>224,085</u>	<u>260,600</u>	<u>26,060</u>
Total governmental activity long-term liabilities	<u>\$ 7,246,409</u>	<u>\$ 1,150,392</u>	<u>\$ 1,399,737</u>	<u>\$ 6,997,064</u>	<u>\$ 525,984</u>
Business-type activities					
Bonds and certificates payable					
Certificates of obligation	\$ 5,266,619	\$ -	\$ 1,895,608	\$ 3,371,011	\$ 260,617
General obligation bonds	714,200	2,014,208	474,200	2,254,208	395,240
Plus deferred amounts:					
Issuance premiums	51,787	70,028	3,756	118,059	-
Loss on refunding	-	(38,341)	(639)	(37,702)	-
Total bonds and certificates payable	<u>6,032,606</u>	<u>2,045,895</u>	<u>2,372,925</u>	<u>5,705,576</u>	<u>655,857</u>
Compensated absences	<u>60,957</u>	<u>69,186</u>	<u>70,414</u>	<u>59,729</u>	<u>5,973</u>
Total business-type activity long-term liabilities	<u>\$ 6,093,563</u>	<u>\$ 2,115,081</u>	<u>\$ 2,443,339</u>	<u>\$ 5,765,305</u>	<u>\$ 661,830</u>

In July 2010, the City issued \$2,680,000 General Obligation Refunding Bonds with interest varying between 2.00% and of 4.00% to advance refund bonds and certificates of obligation as follows: \$425,000 of the City's General Obligation Refunding Bonds, Series 1998, which were still outstanding in the amount of \$425,000 with an interest rate of 4.250%; \$1,830,000 of the City's Certificates of Obligation, Series 2000, which were still outstanding in the amount of \$1,955,000 with interest rates ranging from 4.900% to 5.875%; and \$345,000 of the City's Tax and Revenue Certificates of Obligation, Series 1998, which were still outstanding in the amount of \$345,000 with an interest rate of 4.500%. The 2010 General Obligation Refunding Bonds were also issued to provide funding for costs of issuance. As a result, these refunded bonds and certificates of obligation are considered defeased and the liabilities have been removed from the governmental and business-type activities columns of the statement of net assets.

NOTE 11: LONG-TERM DEBT - (Continued)

A. Changes In Long-term Liabilities - (Continued)

The net proceeds available for refunding bonds and certificates in the amount of \$2,654,879 was deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded issues. The refunding of the bonds and certificates resulted in an economic gain of \$151,088 and an increase in cash flow of \$133,062.

The City defeased certain outstanding bonds and certificates by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old bonds and certificates. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2010, \$2,790,000 of bonds and certificates outstanding was considered defeased.

Compensated absences are generally liquidated by the General Fund for the governmental activities. Please see Note 15 for discussions relative to the notes payable of the City's component unit.

B. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds have been issued for both governmental and business-type activities.

General obligation bonds currently outstanding are as follows:

	<u>Term</u>	<u>Interest Rates</u>	<u>Original Amount</u>
Refunding Series 2009	6/10 - 6/14	4.65%	\$ 300,000
Refunding Series 2010	6/11 - 6/21	2.00 - 4.00%	2,680,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 209,760	\$ 18,252	\$ 395,240	\$ 66,378	\$ 689,630
2012	105,250	14,805	199,750	62,948	382,753
2013	110,000	11,956	205,000	58,106	385,062
2014	108,000	8,738	212,000	53,435	382,173
2015	19,000	4,973	156,000	46,527	226,500
2016-2020	94,750	14,999	885,250	149,050	1,144,049
2021	19,032	761	200,968	8,039	228,800
	<u>\$ 665,792</u>	<u>\$ 74,484</u>	<u>\$ 2,254,208</u>	<u>\$ 444,483</u>	<u>\$ 3,438,967</u>

NOTE 11: LONG-TERM DEBT - (Continued)

C. Combination Tax and Revenue Certificates of Obligation

The City also issues combination tax and revenue certificates of obligation (C.O.'s) to provide funds for the acquisition and construction of major capital facilities payable from the proceeds of an annual ad valorem tax and further payable from a junior and subordinate pledge of the net revenues of the City's water and sewer system. The C.O.'s have been issued for both governmental and business-type activities. C.O.'s currently outstanding are as follows:

	<u>Term</u>	<u>Interest Rates</u>	<u>Original Amount</u>
Series 2000	09/00 - 12/20	4.45 - 5.00%	\$ 2,785,000
Series 2004	10/04 - 12/20	3.60 - 4.10%	1,715,000
Series 2006	11/06 - 12/27	3.60 - 4.125%	2,965,000
Series 2009	12/10 - 12/29	2.00 - 4.50%	4,000,000
			<u>\$ 11,465,000</u>

Annual debt service requirements to maturity for C.O.'s are as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 94,383	\$ 201,819	\$ 260,617	\$ 130,709	\$ 687,528
2012	152,600	197,515	182,400	122,957	655,472
2013	156,825	190,915	183,175	118,519	649,434
2014	166,750	183,451	188,250	113,198	651,649
2015	264,975	173,022	185,025	106,146	729,168
2016-2020	1,655,175	683,939	984,825	401,950	3,725,889
2021-2025	1,528,060	353,404	661,940	226,665	2,770,069
2026-2030	995,221	85,212	724,779	78,779	1,883,991
	<u>\$ 5,013,989</u>	<u>\$ 2,069,277</u>	<u>\$ 3,371,011</u>	<u>\$ 1,298,923</u>	<u>\$ 11,753,200</u>

D. Tax Anticipation Notes

The City issued tax anticipation notes to provide funds for the acquisition and renovation of the new police station, including related equipment and cost of issuance related to the notes. The notes are payable from and secured by ad valorem taxes and are designated as qualified tax-exempt obligations. The notes have been issued for governmental activities.

Tax anticipation notes currently outstanding are as follows:

	<u>Term</u>	<u>Interest Rates</u>	<u>Original Amount</u>
Refunding Series 1998	03/08 - 12/14	3.00%	\$ 665,000
Series 2010	12/10 - 06/15	4.40%	265,000

NOTE 11: LONG-TERM DEBT - (Continued)

D. Tax Anticipation Notes - (Continued)

Annual debt service requirements to maturity for tax anticipation notes are as follows:

Year	Governmental Activities		Total
	Principal	Interest	
2011	\$ 155,000	\$ 25,610	\$ 180,610
2012	160,000	21,610	181,610
2013	170,000	16,035	186,035
2014	170,000	10,165	180,165
2015	175,000	4,120	179,120
	<u>\$ 830,000</u>	<u>\$ 77,540</u>	<u>\$ 907,540</u>

E. Capital Leases

Lease purchase agreement on a Caterpillar motor grader. The original amount of the lease, entered into in 2007, was \$184,350. The lease is payable in annual installments of \$23,424 and bears interest at a rate of 5.55%. \$ 137,926

Lease purchase agreement on a Motorola communications console. The original amount of the lease, entered into in 2007, was \$111,744. The lease is payable in annual installments of \$26,636 and bears interest at a rate of 6.15%. 48,732

\$ 186,658

The present value of the capital leases after deduction of imputed interest is \$186,658.

Year	Governmental Activities		Total
	Principal	Interest	
2011	\$ 40,781	\$ 9,279	\$ 50,060
2012	43,025	7,035	50,060
2013	18,759	4,665	23,424
2014	19,624	3,800	23,424
2015	20,528	2,896	23,424
2016-2017	43,941	2,909	46,850
	<u>\$ 186,658</u>	<u>\$ 30,584</u>	<u>\$ 217,242</u>

NOTE 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

At times during the fiscal year the various funds of the City were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. The Water and Sewer Fund is expected to repay the General Fund approximately 35% of the year-end balance during fiscal year 2011. Interfund receivable and payable balances as of September 30, 2010, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	2009 Bond Construction	\$ 62,011
	Water and Sewer	585,343
	Solid Waste	134,231
	Emergency Medical Services	1,776
	Civic Center	3,465
	Airport	23,678
	Nonmajor	291,347
2009 Bond Construction	General	5,905
Nonmajor Governmental	General	520
	2009 Bond Construction	63,202
	Water and Sewer	30,000
	Solid Waste	20,000
Water and Sewer	General	471
	2009 Bond Construction	836,800
Solid Waste	General	14,554
Emergency Medical Services	General	8,415
Civic Center	General	1,495
Airport	2009 Bond Construction	116,744
		<u>\$ 2,199,957</u>

B. Interfund Transfers

Each year various funds of the City transfer funds to other funds. The most significant of these are the planned transfers from the City's enterprise funds to specified governmental funds. These transfers are intended to provide the necessary resources to meet the operating and debt service obligations of the receiving funds.

NOTE 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - (Continued)

B. Interfund Transfers - (Continued)

During the current fiscal year, transfers between funds consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Civic Center</u>	
2009 Bond Construction	\$ -	\$ 94,756	\$ -	\$ 94,756
Nonmajor Governmental	30,000	-	80,000	110,000
Water and Sewer	431,094	70,000	-	501,094
Solid Waste	-	50,000	-	50,000
Emergency Medical Services	47,659	-	-	47,659
	<u>\$ 508,753</u>	<u>\$ 214,756</u>	<u>\$ 80,000</u>	<u>\$ 803,509</u>

NOTE 13: COMMITMENTS AND CONTINGENCIES

Grant Programs

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2010, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Construction and Acquisition Commitments

As of September 30, 2010, the City had entered into contractual commitments with contractors for various City projects. The commitments with contractors were as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Ahldag sewer improvements	\$ 367,847
Alabama water well improvements	163,079
Emergency generator/auxilliary power	171,650
Various other projects	81,119
Total	<u>\$ 783,695</u>

The commitments are being funded by various federal grants, bond proceeds, and service revenues.

NOTE 14: ISSUED BUT NON-EFFECTIVE PRONOUNCEMENT

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," (the "Statement") was issued in February 2009. The Statement eliminates the requirement to report governmental fund balances as reserved, unreserved, or designated. It replaces those categories with five possible classifications of governmental fund balances – nonspendable, restricted, committed, assigned, and unassigned. The Statement also redefines the governmental funds for clarity and to be consistent with these new fund balance classifications. The provisions of the Statement are effective for periods beginning after June 15, 2010.

NOTE 15: WHARTON ECONOMIC DEVELOPMENT CORPORATION

As described in Note 1, the Wharton Economic Development Corporation (WEDC) is a component unit of the City. It is reported in a separate column to emphasize that it is legally separate for accounting purposes from the City. Following are note disclosures relating to this component unit:

A. Organization

WEDC, a public instrumentality and nonprofit corporation, under Section 501(c)(4) was created under Section 4B of the Development Corporation Act of 1979, Article 5190.6 of the Revised Civil Statutes of Texas (the "Act") on March 13, 1998. Under the Act, the Board of Directors consists of seven members appointed by and who serve at the pleasure of the City Council of the City for two-year terms.

WEDC may enter into any project authorized by the Act including, but not limited to, such projects as promotion and development of new and expanded business enterprises, job training centers, infrastructure improvements, public safety, municipal buildings, civic centers, recreation facilities, and other related facilities.

WEDC prepares annual financial statements as of September 30th of each year. WEDC reports its financial results as a governmental type of entity.

B. Summary of Significant Accounting Policies

The accounting and reporting policies of WEDC conform to GAAP, as applicable to governmental units. For inclusion in this report, WEDC's operations are reported as a governmental fund type.

Budgets and Budgetary Accounting

The Board of Directors submits an annual budget to the City for approval in accordance with the Texas Municipal Budget Act. In September of each year, the Board of Directors, with approval by the City, adopts an annual fiscal year appropriated budget for the General Fund. Once approved, the Board of Directors may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

~~The appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by functions and departments. This constitutes the legal level of control. Expenditures may not exceed appropriations and beginning fund balances. Budget revisions at this level are subject to final review by the Board of Directors. Within these above control levels, the Board of Directors may transfer appropriations without approval by the City.~~

The budget of WEDC is prepared on a basis consistent with GAAP. Revenues are budgeted in the year receipts are expected, and expenditures are budgeted in the year that the applicable purchase occurs. Any unencumbered appropriations for annually budgeted funds lapse at fiscal year end.

For the year ended September 30, 2010, the budget, as amended, anticipated \$314,141 more in expenditures than revenues. This amount is to be funded from existing fund balance of \$679,349.

Deposits and investments

WEDC's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 15: WHARTON ECONOMIC DEVELOPMENT CORPORATION - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

WEDC has adopted a written investment policy regarding the investments of its funds as defined in the Public Investment Act (Chapter 2256.001 Texas Government Code). The investments of WEDC are in compliance with the Board of Directors investment policy and the Public Funds Investment Act. WEDC is authorized to invest in obligations and instruments as follows: 1) obligations of the United States and its agencies, 2) direct obligations of the State of Texas or its agencies, 3) repurchase agreements and revenue repurchase agreements as defined by the Public Funds Investment Act, 4) No-load Securities Exchange Commission registered money markets funds, 5) Constant Dollar Texas Local Government Investments Pools as defined by the Public Funds Investment Act, 6) certificates of deposits, and 7) other instruments and obligations authorized by statute.

Capital Assets

WEDC's capital assets, which consist of furniture and fixtures, are recorded at cost. Real estate held for development is not subject to depreciation. Depreciation has been charged against these assets using a straight-line method from 5 to 7 years.

Compensated Absences and Retirement Plans

WEDC follows the City's policies for compensated absences, retirement, and other benefits for its employees.

Federal Income Taxes

WEDC is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code.

C. Deposits and Investments

As of September 30, 2010, WEDC had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>
Public Funds Investment Pool TexPool	\$ 1,633	33

The investment pool operates in a manner consistent with SEC Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The pool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pool is the same as the value of the shares in the pool.

As previously discussed, the investments are reported in the accompanying statements at amortized cost.

NOTE 15: WHARTON ECONOMIC DEVELOPMENT CORPORATION - (Continued)

C. Deposits and Investments - (Continued)

Interest Rate Risk

In accordance with WEDC's investment policy, WEDC manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments in non-operating funds to less than five years from the time of purchase. The weighted average maturity of investments of WEDC's operating funds cannot exceed one year from the time of purchase. TexPool's weighted average maturity cannot exceed 60 days.

Credit Risk

It is WEDC's policy to limit its investments to those with ratings of not less than A or its equivalent. WEDC's investments in the public funds investment pools include those with TexPool. The pool operates in full compliance with the Public Funds Investment Act. TexPool is rated AAAM by Standard & Poor's.

Concentration of Credit Risk

WEDC's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, WEDC was not exposed to concentration of credit risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, WEDC's deposits may not be returned to it. WEDC's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to WEDC by the depository in an amount equal to at least 102% of the carrying value of deposits held. As of September 30, 2010, and for the year then ended, WEDC was not exposed to any custodial credit risk.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, WEDC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. WEDC's investment policy requires that securities be held in the name of WEDC or held on behalf of WEDC and that all securities are purchased using the delivery versus payment method. As of September 30, 2010, and for the year then ended, WEDC was not exposed to any custodial credit risk.

D. Sales Taxes

WEDC, by law, is to receive one-half cent of the sales tax earned by the City and paid monthly to the City by the State of Texas. WEDC's outstanding receivable of the sales tax earned by the City for the year ended September 30, 2010, was \$104,120. The City collects the sales tax from the State of Texas and then pays WEDC's portion monthly when collected.

NOTE 15: WHARTON ECONOMIC DEVELOPMENT CORPORATION - (Continued)

E. Capital Assets

WEDC's capital asset activity for the year ended September 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Real estate held for development	\$ 253,548	\$ 131,787	\$ -	\$ 385,335
Total capital assets not being depreciated	<u>253,548</u>	<u>131,787</u>	<u>-</u>	<u>385,335</u>
Capital assets, being depreciated				
Leasehold improvements	8,975	-	-	8,975
Furniture and fixtures	<u>28,088</u>	<u>-</u>	<u>-</u>	<u>28,088</u>
Total capital assets being depreciated	<u>37,063</u>	<u>-</u>	<u>-</u>	<u>37,063</u>
Less accumulated depreciation for				
Furniture and fixtures	<u>25,520</u>	<u>2,787</u>	<u>-</u>	<u>28,307</u>
Total accumulated depreciation	<u>25,520</u>	<u>2,787</u>	<u>-</u>	<u>28,307</u>
Total capital assets being depreciated, net	<u>11,543</u>	<u>(2,787)</u>	<u>-</u>	<u>8,756</u>
Governmental activities capital assets, net	<u>\$ 265,091</u>	<u>\$ 129,000</u>	<u>\$ -</u>	<u>\$ 394,091</u>

F. Long-term Debt

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 Balance</u>	<u>Due Within One Year</u>
Sales tax revenue bonds	\$ 705,000	\$ -	\$ 75,000	\$ 630,000	\$ 80,000
Less deferred amounts:					
Issuance discounts	<u>(13,600)</u>	<u>-</u>	<u>(1,700)</u>	<u>(11,900)</u>	<u>-</u>
	<u>\$ 691,400</u>	<u>\$ -</u>	<u>\$ 73,300</u>	<u>\$ 618,100</u>	<u>\$ 80,000</u>

During the year ended September 30, 2007, WEDC issued Sales Tax Revenue Bonds in the amount of \$850,000 to provide for certain City infrastructure improvements. The bonds will be repaid over a ten-year period by sales tax revenues. Payments of principal and interest will be made in semi-annual installments at an interest rate of 4.35%. WEDC reserves the right to redeem the bonds in whole or from time to time in part, in integral multiples of \$5,000, on any date at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption; provided, however, that WEDC may make only one partial redemption each calendar year or portion thereof in which the bonds may be outstanding, for a par amount of not less than \$100,000.

NOTE 15: WHARTON ECONOMIC DEVELOPMENT CORPORATION - (Continued)

F. Long-term Debt - (Continued)

Annual debt service requirements to maturity for sales tax revenue bonds and notes payable are as follows:

<u>Year</u>	<u>Sales Tax Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 80,000	\$ 26,536	\$ 106,536
2012	80,000	23,056	103,056
2013	85,000	19,576	104,576
2014	90,000	15,769	105,769
2015	95,000	11,745	106,745
2016-2017	200,000	10,876	210,876
	<u>\$ 630,000</u>	<u>\$ 107,558</u>	<u>\$ 737,558</u>

G. Operating Lease Agreements

Lease Expense Agreements

WEDC leases its office facilities from the City on an annual lease agreement that requires \$1,154 per month for office space and \$1,000 per year for administrative support. Either WEDC or the City can terminate this lease by giving 30-days notice. For the year ended September 30, 2010, \$14,851 was paid under this agreement.

Lease Income Agreements

WEDC leases real estate to a manufacturing company for \$8,640 per year under the terms of the one-year lease effective November 17, 2009.

WEDC entered into a one-year lease of a signboard effective January 24, 2008. During the 2010 fiscal year, WEDC received \$2,138 in rental income from the lease. This lease is automatically renewed each year unless one party terminates the lease, with 30 days notice.

H. Related Party Transactions

During the normal course of business, WEDC purchased goods and services from businesses in and around the City of Wharton. On occasion, there are companies that WEDC conducts business with that are owned wholly, or partially owned, by members of the board of directors of WEDC. WEDC has established conflict of interest policies, as are outlined in WEDC's by-laws, which provide procedures when a business transaction involves a conflict of interest and/or the appearance of self-dealing with employees, officers or board members of WEDC.

The City pays WEDC's payroll each month from City funds, and WEDC generally reimburses the City the following month. At September 30, 2010, WEDC owed the City \$12,600 for wages and benefits previously paid by the City.

NOTE 15: WHARTON ECONOMIC DEVELOPMENT CORPORATION - (Continued)

I. Sales Tax Rebate Agreements

WEDC, along with the City, as part of a business development plan to bring in new businesses to Wharton, has entered into a ten-year agreement effective August 16, 2008 with Buc-ee's, Ltd. (Buc-ee's) whereby, collectively, WEDC and the City rebate Buc-ee's each month 1.5% of the sales tax collected from Buc-ee's based on Buc-ee's taxable sales for the month. WEDC's portion due to Buc-ee's each month is one-third of the total amount reimbursed to Buc-ee's. During the year ended September 30, 2010, WEDC incurred \$45,304 in tax rate expenditures.

WEDC entered into a rebate agreement with King Ranch Turfgrass, L.P. effective January 1, 2009 until December 18, 2018 (10 years) whereby WEDC would rebate this company a percentage of WEDC sales taxes collected on this company's sales. For the year ended September 30, 2010, WEDC's rebate expenditure under this agreement was \$11,865.



Required Supplementary Information



CITY OF WHARTON, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010			Variance Positive (Negative)	2009
	Original Budget	Final Budget	Actual		Actual
REVENUES					
Taxes	\$ 3,486,022	\$ 3,360,425	\$ 3,359,518	\$ (907)	\$ 3,635,704
Licenses and permits	79,300	72,300	70,814	(1,486)	72,908
Intergovernmental	59,500	139,800	139,060	(740)	137,223
Charges for services	17,000	26,000	28,815	2,815	12,709
Fines and forfeitures	249,700	215,700	220,665	4,965	244,022
Investment income	5,000	2,000	2,030	30	4,842
Industrial district fee	682,573	682,573	682,573	-	467,451
Miscellaneous	83,250	96,050	95,522	(528)	68,015
Total revenues	<u>4,662,345</u>	<u>4,594,848</u>	<u>4,598,997</u>	<u>4,149</u>	<u>4,642,874</u>
EXPENDITURES					
Current					
General government	812,989	797,581	794,131	3,450	781,164
Public safety	2,950,776	2,959,381	2,962,399	(3,018)	2,788,284
Public works	1,111,537	1,060,863	1,059,057	1,806	1,134,945
Cultural and recreation	138,793	122,968	122,335	633	129,379
Capital outlay	63,000	151,517	151,516	1	122,601
Debt service	50,060	50,060	50,060	-	62,048
Total expenditures	<u>5,127,155</u>	<u>5,142,370</u>	<u>5,139,498</u>	<u>2,872</u>	<u>5,018,421</u>
Excess (deficiency) of revenues over expenditures	(464,810)	(547,522)	(540,501)	7,021	(375,547)
OTHER FINANCING SOURCES (USES)					
Transfers in	464,810	508,659	508,753	(94)	376,056
Total other financing sources (uses)	<u>464,810</u>	<u>508,659</u>	<u>508,753</u>	<u>(94)</u>	<u>376,056</u>
Net change in fund balance	-	(38,863)	(31,748)	7,115	509
Fund balance at beginning of year	<u>1,418,712</u>	<u>1,418,712</u>	<u>1,418,712</u>	-	<u>1,418,203</u>
Fund balance at end of year	<u>\$ 1,418,712</u>	<u>\$ 1,379,849</u>	<u>\$ 1,386,964</u>	<u>\$ 7,115</u>	<u>\$ 1,418,712</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHARTON, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2010

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The City annually adopts budgets that are prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

NOTE 2: BUDGETARY LEGAL COMPLIANCE

For the year ended September 30, 2010, the City complied with budgetary restrictions at all departmental levels except the following. The following table details these variances:

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Police	\$ 1,880,561	\$ 1,885,191	\$ (4,630)
Code enforcement	176,883	176,951	(68)

Combining and Individual Fund Statements and Schedules



CITY OF WHARTON, TEXAS
ALL NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2010

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 46,619	\$ 213,972	\$ 260,591
Receivables, net	42,373	-	42,373
Due from other funds	63,722	50,000	113,722
Due from other governments	<u>239,020</u>	<u>-</u>	<u>239,020</u>
Total assets	<u>\$ 391,734</u>	<u>\$ 263,972</u>	<u>\$ 655,706</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 61,340	\$ 8,666	\$ 70,006
Due to other funds	<u>241,207</u>	<u>50,140</u>	<u>291,347</u>
Total liabilities	<u>302,547</u>	<u>58,806</u>	<u>361,353</u>
Fund balances			
Unreserved, undesignated reported in:			
Special revenue funds	89,187	-	89,187
Capital project funds	<u>-</u>	<u>205,166</u>	<u>205,166</u>
Total fund balances	<u>89,187</u>	<u>205,166</u>	<u>294,353</u>
Total liabilities and fund balances	<u>\$ 391,734</u>	<u>\$ 263,972</u>	<u>\$ 655,706</u>

CITY OF WHARTON, TEXAS

ALL NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the year ended September 30, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 151,129	\$ -	\$ 151,129
Intergovernmental	245,370	-	245,370
Fines and forfeitures	13,177	-	13,177
Investment income	181	71	252
Miscellaneous	38,363	-	38,363
Total revenues	<u>448,220</u>	<u>71</u>	<u>448,291</u>
EXPENDITURES			
Current			
General government	17,287	-	17,287
Public safety	45,414	6,105	51,519
Public works	-	77,789	77,789
Cultural and recreation	77,062	-	77,062
Capital outlay	321,445	85,811	407,256
Debt service	-	10,200	10,200
Bond issuance costs	-	10,200	10,200
Total expenditures	<u>461,208</u>	<u>179,905</u>	<u>641,113</u>
Excess (deficiency) of revenues over expenditures	(12,988)	(179,834)	(192,822)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	265,000	265,000
Transfers in	94,756	120,000	214,756
Transfers out	(110,000)	-	(110,000)
Total other financing sources (uses)	<u>(15,244)</u>	<u>385,000</u>	<u>369,756</u>
Net change in fund balances	(28,232)	205,166	176,934
Fund balances at beginning of year	117,419	-	117,419
Fund balances at end of year	<u>\$ 89,187</u>	<u>\$ 205,166</u>	<u>\$ 294,353</u>

SPECIAL REVENUE FUNDS

The City maintains eleven Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, private purpose trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The Texas Capital Buc-ee's Fund is reported as a major fund.

Hotel/Motel Tax Fund - Accounts for the collection of hotel and motel taxes collected within the City.

Municipal Court Technology and Building Security Funds - Account for funds received in addition to municipal court fines to enhance these specific areas.

Narcotics Control Fund - Accounts for the funds received from narcotics contraband seized within the City as a result of a final conviction or forfeiture by the federal government and the State of Texas. The funds are to be used solely for law enforcement purposes and for matching funds for LLEBG and other law enforcement grants.

Fire Department Special Fund - Accounts for funds received from services rendered by the Wharton Volunteer Fire Department and used for the purchase of fire department equipment and supplies.

Texas Capital Funds - Account for federal funds received for various projects that relate to economic development within the City.

Ahldag Sewer System Project - Accounts for federal funds received for replacement of sanitary sewer lines in the Ahldag Addition.

Railroad Depot Restoration Fund - Accounts for the railroad restoration project financed by grant proceeds and local contributions.

Santa Fe Trail Fund - Accounts for funds received to finance the "Santa Fe Trail Project".

CITY OF WHARTON, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2010

	<u>Hotel/Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Narcotics Control</u>	<u>Fire Department Special</u>
ASSETS				
Cash and cash equivalents	\$ 6,917	\$ 2,485	\$ 6,834	\$ -
Receivables, net				
Accounts	42,373	-	-	-
Due from other funds	-	434	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 49,290</u>	<u>\$ 2,919</u>	<u>\$ 6,834</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	125	-	-
Total liabilities	<u>-</u>	<u>125</u>	<u>-</u>	<u>-</u>
Fund balances				
Unreserved, undesignated	<u>49,290</u>	<u>2,794</u>	<u>6,834</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 49,290</u>	<u>\$ 2,919</u>	<u>\$ 6,834</u>	<u>\$ -</u>

<u>Municipal Court Building Security</u>	<u>Texas Capital Buc-ee's</u>	<u>Ahldag Sewer System Project</u>	<u>Railroad Depot Restoration</u>	<u>Santa Fe Trail</u>	<u>Total</u>
\$ 11,742	\$ -	\$ -	\$ 18,641	\$ -	\$ 46,619
-	-	-	-	-	42,373
55	-	63,202	31	-	63,722
-	-	239,020	-	-	239,020
<u>\$ 11,797</u>	<u>\$ -</u>	<u>\$ 302,222</u>	<u>\$ 18,672</u>	<u>\$ -</u>	<u>\$ 391,734</u>
\$ -	\$ -	\$ 61,140	\$ 200	\$ -	\$ 61,340
-	-	241,082	-	-	241,207
-	-	302,222	200	-	302,547
11,797	-	-	18,472	-	89,187
<u>\$ 11,797</u>	<u>\$ -</u>	<u>\$ 302,222</u>	<u>\$ 18,672</u>	<u>\$ -</u>	<u>\$ 391,734</u>

CITY OF WHARTON, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

For the year ended September 30, 2010

	<u>Hotel/Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Narcotics Control</u>	<u>Fire Department Special</u>
REVENUES				
Taxes	\$ 151,129	\$ -	\$ -	\$ -
Intergovernmental	-	-	13,681	-
Fines and forfeitures	-	7,783	-	-
Investment income	76	17	25	44
Miscellaneous	-	-	15,140	13,278
Total revenues	<u>151,205</u>	<u>7,800</u>	<u>28,846</u>	<u>13,322</u>
EXPENDITURES				
Current				
General government	-	11,750	-	-
Public safety	-	-	10,235	35,179
Cultural and recreation	71,294	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>71,294</u>	<u>11,750</u>	<u>10,235</u>	<u>35,179</u>
Excess (deficiency) of revenues over expenditures	79,911	(3,950)	18,611	(21,857)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(80,000)	-	(30,000)	-
Total other financing sources (uses)	<u>(80,000)</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
Net change in fund balances	(89)	(3,950)	(11,389)	(21,857)
Fund balances at beginning of year	<u>49,379</u>	<u>6,744</u>	<u>18,223</u>	<u>21,857</u>
Fund balances at end of year	<u>\$ 49,290</u>	<u>\$ 2,794</u>	<u>\$ 6,834</u>	<u>\$ -</u>

<u>Municipal Court Building Security</u>	<u>Texas Capital Buc-ee's</u>	<u>Ahldag Sewer System Project</u>	<u>Railroad Depot Restoration</u>	<u>Santa Fe Trail</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,129
-	5,000	226,689	-	-	245,370
5,394	-	-	-	-	13,177
19	-	-	-	-	181
-	-	-	345	9,600	38,363
<u>5,413</u>	<u>5,000</u>	<u>226,689</u>	<u>345</u>	<u>9,600</u>	<u>448,220</u>
537	5,000	-	-	-	17,287
-	-	-	-	-	45,414
-	-	-	5,768	-	77,062
-	-	321,445	-	-	321,445
<u>537</u>	<u>5,000</u>	<u>321,445</u>	<u>5,768</u>	<u>-</u>	<u>461,208</u>
4,876	-	(94,756)	(5,423)	9,600	(12,988)
-	-	94,756	-	-	94,756
-	-	-	-	-	(110,000)
-	-	94,756	-	-	(15,244)
4,876	-	-	(5,423)	9,600	(28,232)
6,921	-	-	23,895	(9,600)	117,419
<u>\$ 11,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,472</u>	<u>\$ -</u>	<u>\$ 89,187</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
HOTEL/MOTEL TAX
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 6,917	\$ 69,530
Receivables, net		
Accounts	<u>42,373</u>	<u>36,061</u>
Total assets	<u>\$ 49,290</u>	<u>\$ 105,591</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 8
Due to other funds	<u>-</u>	<u>56,204</u>
Total liabilities	<u>-</u>	<u>56,212</u>
Fund balance		
Unreserved, undesignated	<u>49,290</u>	<u>49,379</u>
Total liabilities and fund balance	<u>\$ 49,290</u>	<u>\$ 105,591</u>

CITY OF WHARTON, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****HOTEL/MOTEL TAX****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES				
Taxes				
Hotel/motel	\$ 144,000	\$ 151,129	\$ 7,129	\$ 174,996
Investment income	1,000	76	(924)	653
Total revenues	<u>145,000</u>	<u>151,205</u>	<u>6,205</u>	<u>175,649</u>
EXPENDITURES				
Current				
Cultural and recreation	71,556	71,294	262	48,182
Total expenditures	<u>71,556</u>	<u>71,294</u>	<u>262</u>	<u>48,182</u>
Excess (deficiency) of revenues over expenditures	73,444	79,911	6,467	127,467
OTHER FINANCING SOURCES (USES)				
Transfers out	(80,000)	(80,000)	-	(206,204)
Net change in fund balance	(6,556)	(89)	6,467	(78,737)
Fund balance at beginning of year	49,379	49,379	-	128,116
Fund balance at end of year	<u>\$ 42,823</u>	<u>\$ 49,290</u>	<u>\$ 6,467</u>	<u>\$ 49,379</u>

CITY OF WHARTON, TEXAS
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 MUNICIPAL COURT TECHNOLOGY
 BALANCE SHEET
 September 30, 2010
 With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 2,485	\$ 6,744
Due from other funds	434	-
Total assets	<u>\$ 2,919</u>	<u>\$ 6,744</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 125	\$ -
Total liabilities	<u>125</u>	<u>-</u>
Fund balance		
Unreserved, undesignated	<u>2,794</u>	<u>6,744</u>
Total liabilities and fund balance	<u>\$ 2,919</u>	<u>\$ 6,744</u>

CITY OF WHARTON, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

MUNICIPAL COURT TECHNOLOGY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Fines and forfeitures		
Municipal court fees	\$ 7,783	\$ 8,572
Investment income	<u>17</u>	<u>43</u>
Total revenues	<u>7,800</u>	<u>8,615</u>
EXPENDITURES		
Current		
General government	<u>11,750</u>	<u>9,250</u>
Total expenditures	<u>11,750</u>	<u>9,250</u>
Excess (deficiency) of revenues over expenditures	(3,950)	(635)
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
Net change in fund balance	(3,950)	(635)
Fund balance at beginning of year	<u>6,744</u>	<u>7,379</u>
Fund balance at end of year	<u>\$ 2,794</u>	<u>\$ 6,744</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
NARCOTICS CONTROL
BALANCE SHEET
 September 30, 2010
 With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 6,834	\$ 20,793
Due from other funds	-	867
Total assets	<u>\$ 6,834</u>	<u>\$ 21,660</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 3,437
Total liabilities	<u>-</u>	<u>3,437</u>
Fund balance		
Unreserved, undesignated	<u>6,834</u>	<u>18,223</u>
Total liabilities and fund balance	<u>\$ 6,834</u>	<u>\$ 21,660</u>

CITY OF WHARTON, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

NARCOTICS CONTROL

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES				
Intergovernmental	\$ 13,900	\$ 13,681	\$ (219)	\$ 30,367
Investment income	500	25	(475)	160
Miscellaneous	15,000	15,140	140	243
Total revenues	<u>29,400</u>	<u>28,846</u>	<u>(554)</u>	<u>30,770</u>
EXPENDITURES				
Current				
Public safety	11,000	10,235	765	15,300
Total expenditures	<u>11,000</u>	<u>10,235</u>	<u>765</u>	<u>15,300</u>
Excess (deficiency) of revenues over expenditures	18,400	18,611	211	15,470
OTHER FINANCING SOURCES (USES)				
Transfers out	(30,000)	(30,000)	-	(40,000)
Net change in fund balance	(11,600)	(11,389)	211	(24,530)
Fund balance at beginning of year	16,553	18,223	(1,670)	42,753
Fund balance at end of year	<u>\$ 4,953</u>	<u>\$ 6,834</u>	<u>\$ (1,459)</u>	<u>\$ 18,223</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FIRE DEPARTMENT SPECIAL
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 21,857
Total assets	<u>\$ -</u>	<u>\$ 21,857</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -	\$ -
Fund balance		
Unreserved, undesignated	-	21,857
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 21,857</u>

CITY OF WHARTON, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****FIRE DEPARTMENT SPECIAL****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Investment income	\$ 44	\$ 65
Miscellaneous	<u>13,278</u>	<u>20,905</u>
Total revenues	<u>13,322</u>	<u>20,970</u>
EXPENDITURES		
Current		
Public safety	<u>35,179</u>	<u>7,000</u>
Total expenditures	<u>35,179</u>	<u>7,000</u>
Excess (deficiency) of revenues over expenditures	(21,857)	13,970
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
Net change in fund balance	(21,857)	13,970
Fund balance at beginning of year	<u>21,857</u>	<u>7,887</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 21,857</u>

CITY OF WHARTON, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

MUNICIPAL COURT BUILDING SECURITY

BALANCE SHEET

September 30, 2010

With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 11,742	\$ 6,921
Due from other funds	55	-
Total assets	<u>\$ 11,797</u>	<u>\$ 6,921</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -	\$ -
Fund balance		
Unreserved, undesignated	<u>11,797</u>	<u>6,921</u>
Total liabilities and fund balance	<u>\$ 11,797</u>	<u>\$ 6,921</u>

CITY OF WHARTON, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

MUNICIPAL COURT BUILDING SECURITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Fines and forfeitures		
Municipal court fees	\$ 5,394	\$ 5,896
Investment income	<u>19</u>	<u>15</u>
Total revenues	<u>5,413</u>	<u>5,911</u>
EXPENDITURES		
Current		
General government	<u>537</u>	<u>-</u>
Total expenditures	<u>537</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	4,876	5,911
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
Net change in fund balance	4,876	5,911
Fund balance at beginning of year	<u>6,921</u>	<u>1,010</u>
Fund balance at end of year	<u>\$ 11,797</u>	<u>\$ 6,921</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
TEXAS CAPITAL BUC-EE'S
BALANCE SHEET
 September 30, 2010
 With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Due from other governments	\$ -	\$ 10,000
Total assets	<u>\$ -</u>	<u>\$ 10,000</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 10,000
Total liabilities	<u>-</u>	<u>10,000</u>
Fund balance		
Unreserved, undesignated	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 10,000</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
TEXAS CAPITAL BUC-EE'S
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the year ended September 30, 2010
With comparative totals for the year ended September 30, 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Intergovernmental	\$ 5,000	\$ 15,000
Total revenues	<u>5,000</u>	<u>15,000</u>
EXPENDITURES		
Current		
General government	<u>5,000</u>	<u>15,000</u>
Total expenditures	<u>5,000</u>	<u>15,000</u>
Excess (deficiency) of revenues over expenditures	-	-
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AHLDAG SEWER SYSTEM PROJECT
BALANCE SHEET
 September 30, 2010
 With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Due from other funds	\$ 63,202	\$ -
Due from other governments	<u>239,020</u>	<u>-</u>
Total assets	<u>\$ 302,222</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 61,140	\$ -
Due to other funds	<u>241,082</u>	<u>-</u>
Total liabilities	<u>302,222</u>	<u>-</u>
Fund balance		
Unreserved, undesignated	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 302,222</u>	<u>\$ -</u>

CITY OF WHARTON, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

AHLDAG SEWER SYSTEM PROJECT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Intergovernmental	\$ 226,689	\$ -
Total revenues	<u>226,689</u>	<u>-</u>
EXPENDITURES		
Capital outlay	<u>321,445</u>	<u>-</u>
Total expenditures	<u>321,445</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(94,756)	-
OTHER FINANCING SOURCES (USES)		
Transfers in	<u>94,756</u>	<u>-</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
RAILROAD DEPOT RESTORATION
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 18,641	\$ 24,044
Due from other funds	31	-
Total assets	<u>\$ 18,672</u>	<u>\$ 24,044</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 200	\$ 149
Total liabilities	<u>200</u>	<u>149</u>
Fund balance		
Unreserved, undesignated	<u>18,472</u>	<u>23,895</u>
Total liabilities and fund balance	<u>\$ 18,672</u>	<u>\$ 24,044</u>

CITY OF WHARTON, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****RAILROAD DEPOT RESTORATION****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Miscellaneous	\$ 345	\$ 108
Total revenues	<u>345</u>	<u>108</u>
EXPENDITURES		
Current		
Cultural and recreation	<u>5,768</u>	<u>2,681</u>
Total expenditures	<u>5,768</u>	<u>2,681</u>
Excess (deficiency) of revenues over expenditures	(5,423)	(2,573)
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
Net change in fund balance	(5,423)	(2,573)
Fund balance at beginning of year	<u>23,895</u>	<u>26,468</u>
Fund balance at end of year	<u>\$ 18,472</u>	<u>\$ 23,895</u>

CITY OF WHARTON, TEXAS
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 SANTA FE TRAIL
 BALANCE SHEET
 September 30, 2010
 With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	<u>\$ -</u>	<u>\$ 9,600</u>
Total liabilities	<u>-</u>	<u>9,600</u>
Fund balance		
Unreserved, undesignated	<u>-</u>	<u>(9,600)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

CITY OF WHARTON, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

SANTA FE TRAIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Investment income	\$ -	\$ 1
Miscellaneous	<u>9,600</u>	<u>9,600</u>
Total revenues	<u>9,600</u>	<u>9,601</u>
EXPENDITURES		
Current		
Cultural and recreation	<u>-</u>	<u>487</u>
Total expenditures	<u>-</u>	<u>487</u>
Excess (deficiency) of revenues over expenditures	9,600	9,114
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
Net change in fund balance	9,600	9,114
Fund balance at beginning of year	<u>(9,600)</u>	<u>(18,714)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (9,600)</u>



MAJOR DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.



CITY OF WHARTON, TEXAS

MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUND

BALANCE SHEET

September 30, 2010

With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 365,623	\$ 357,926
Receivables, net		
Taxes	66,264	57,556
Due from other funds	-	4,133
Due from other governments	-	900
Total assets	<u>\$ 431,887</u>	<u>\$ 420,515</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accrued interest payable	\$ 1,548	\$ 4,947
Deferred revenue	66,264	57,556
Total liabilities	<u>67,812</u>	<u>62,503</u>
Fund balance		
Unreserved, undesignated	<u>364,075</u>	<u>358,012</u>
Total fund balance	<u>364,075</u>	<u>358,012</u>
Total liabilities and fund balance	<u>\$ 431,887</u>	<u>\$ 420,515</u>

CITY OF WHARTON, TEXAS

MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes	\$ 737,500	\$ 736,857	\$ (643)	\$ 593,121
Investment income	1,000	991	(9)	3,708
Total revenues	<u>738,500</u>	<u>737,848</u>	<u>(652)</u>	<u>596,829</u>
EXPENDITURES				
Debt service				
Principal retirement	489,400	489,400	-	370,240
Interest and fiscal charges	247,580	242,386	5,194	229,339
Bond issuance costs	28,500	28,506	(6)	-
Total expenditures	<u>765,480</u>	<u>760,292</u>	<u>5,188</u>	<u>599,579</u>
Excess (deficiency) of revenues over expenditures	(26,980)	(22,444)	4,536	(2,750)
OTHER FINANCING SOURCES (USES)				
Debt issued	665,700	665,663	(37)	-
Premium on issuance of bonds	21,300	21,306	6	-
Payment to escrow	(658,500)	(658,462)	38	-
Total other financing sources (uses)	<u>28,500</u>	<u>28,507</u>	<u>7</u>	<u>-</u>
Net change in fund balance	1,520	6,063	4,543	(2,750)
Fund balance at beginning of year	358,012	358,012	-	360,762
Fund balance at end of year	<u>\$ 359,532</u>	<u>\$ 364,075</u>	<u>\$ 4,543</u>	<u>\$ 358,012</u>

CAPITAL PROJECT FUNDS

The City maintains three Capital Project Funds: Street Improvement Fund, the 2010 Tax Notes Fund, and the 2009 Bond Construction Fund. The purpose of these funds is to account for the acquisition or construction of City facilities, usually accounting for proceeds of bond issues and local sources. These funds are not used to account for projects financed by proprietary funds, trust funds, or Special Revenue Funds. The 2009 Bond Construction Fund is reported as a major fund.

Street Improvement Fund - Accounts for the improvement and construction of the City's streets.

2010 Tax Notes Fund - Accounts for the use of the proceeds from the City's 2010 Tax Anticipation Notes.

2009 Bond Construction Fund - Accounts for the use of the proceeds from the City's 2009 Certificates of Obligation.

CITY OF WHARTON, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS****COMBINING BALANCE SHEET**

September 30, 2010

	Street Improvement	2010 Tax Notes	Total
ASSETS			
Cash and cash equivalents	\$ 2	\$ 213,970	\$ 213,972
Due from other funds	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total assets	<u>\$ 50,002</u>	<u>\$ 213,970</u>	<u>\$ 263,972</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 206	\$ 8,460	\$ 8,666
Due to other funds	<u>50,140</u>	<u>-</u>	<u>50,140</u>
Total liabilities	<u>50,346</u>	<u>8,460</u>	<u>58,806</u>
Fund balance			
Unreserved, undesignated	<u>(344)</u>	<u>205,510</u>	<u>205,166</u>
Total liabilities and fund balance	<u>\$ 50,002</u>	<u>\$ 213,970</u>	<u>\$ 263,972</u>

CITY OF WHARTON, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

For the year ended September 30, 2010

	Street Improvement	2010 Tax Notes	Total
REVENUES			
Investment income	\$ 71	\$ -	\$ 71
Total revenues	<u>71</u>	<u>-</u>	<u>71</u>
EXPENDITURES			
Current			
Public safety	-	6,105	6,105
Public works	77,789	-	77,789
Capital outlay	42,626	43,185	85,811
Debt service			
Bond issuance costs	-	10,200	10,200
Total expenditures	<u>120,415</u>	<u>59,490</u>	<u>179,905</u>
Excess (deficiency) of revenues over expenditures	(120,344)	(59,490)	(179,834)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	265,000	265,000
Transfers in	120,000	-	120,000
Total other financing sources (uses)	<u>120,000</u>	<u>265,000</u>	<u>385,000</u>
Net change in fund balances	(344)	205,510	205,166
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ (344)</u>	<u>\$ 205,510</u>	<u>\$ 205,166</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
STREET IMPROVEMENT
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 2	\$ 37,875
Due from other funds	<u>50,000</u>	<u>-</u>
Total assets	<u>\$ 50,002</u>	<u>\$ 37,875</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 206	\$ 335
Due to other funds	<u>50,140</u>	<u>37,540</u>
Total liabilities	<u>50,346</u>	<u>37,875</u>
Fund balance		
Unreserved, undesignated	<u>(344)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 50,002</u>	<u>\$ 37,875</u>

CITY OF WHARTON, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS****STREET IMPROVEMENT****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010			2009
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Investment income	\$ 100	\$ 71	\$ (29)	\$ 56
Total revenues	<u>100</u>	<u>71</u>	<u>(29)</u>	<u>56</u>
EXPENDITURES				
Current				
Public works	78,050	77,789	261	37,541
Capital outlay	<u>42,400</u>	<u>42,626</u>	<u>(226)</u>	<u>21,949</u>
Total expenditures	<u>120,450</u>	<u>120,415</u>	<u>35</u>	<u>59,490</u>
Excess (deficiency) of revenues over expenditures	(120,350)	(120,344)	6	(59,434)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>75,000</u>
Total other financing sources (uses)	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>75,000</u>
Net change in fund balance	(350)	(344)	6	15,566
Fund balance at beginning of year	-	-	-	(15,566)
Fund balance at end of year	<u>\$ (350)</u>	<u>\$ (344)</u>	<u>\$ 6</u>	<u>\$ -</u>

CITY OF WHARTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
2010 TAX NOTES
BALANCE SHEET
September 30, 2010

ASSETS

Cash and cash equivalents \$ 213,970

Total assets \$ 213,970

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable \$ 8,460

Total liabilities 8,460

Fund balance

Unreserved, undesignated 205,510

Total liabilities and fund balance \$ 213,970

CITY OF WHARTON, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**

2010 TAX NOTES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2010

	2010		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Current			
Public safety	-	6,105	(6,105)
Capital outlay	254,800	43,185	211,615
Debt service			
Bond issuance costs	<u>10,200</u>	<u>10,200</u>	<u>-</u>
Total expenditures	<u>265,000</u>	<u>59,490</u>	<u>205,510</u>
Excess (deficiency) of revenues over expenditures	(265,000)	(59,490)	205,510
OTHER FINANCING SOURCES (USES)			
Debt issued	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Total other financing sources (uses)	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Net change in fund balance	-	205,510	205,510
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 205,510</u>	<u>\$ 205,510</u>

CITY OF WHARTON, TEXAS
MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
2009 BOND CONSTRUCTION
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 240,319	\$ 3,285,198
Investments	1,259,824	-
Due from other funds	<u>5,905</u>	<u>-</u>
Total assets	<u>\$ 1,506,048</u>	<u>\$ 3,285,198</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 126,577	\$ -
Accrued expenditures	2,487	-
Due to other funds	<u>1,078,757</u>	<u>1,806,466</u>
Total liabilities	<u>1,207,821</u>	<u>1,806,466</u>
Fund balance		
Unreserved, undesignated	<u>298,227</u>	<u>1,478,732</u>
Total liabilities and fund balance	<u>\$ 1,506,048</u>	<u>\$ 3,285,198</u>

CITY OF WHARTON, TEXAS

MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS

2009 BOND CONSTRUCTION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES				
Intergovernmental	\$ -	\$ 25,000	\$ 25,000	\$ -
Investment income	-	14,775	14,775	23
Miscellaneous	-	100,015	100,015	-
Total revenues	-	139,790	139,790	23
EXPENDITURES				
Current				
Public works	-	611,817	(611,817)	54,333
Capital outlay	3,840,000	613,722	3,226,278	-
Debt service				
Bond issuance costs	160,000	-	160,000	62,551
Total expenditures	4,000,000	1,225,539	2,774,461	116,884
Excess (deficiency) of revenues over expenditures	(4,000,000)	(1,085,749)	2,914,251	(116,861)
OTHER FINANCING SOURCES (USES)				
Debt issued	4,000,000	-	(4,000,000)	1,562,400
Premium on issuance of bonds	-	-	-	33,193
Transfers out	-	(94,756)	(94,756)	-
Total other financing sources (uses)	4,000,000	(94,756)	(4,094,756)	1,595,593
Net change in fund balance	-	(1,180,505)	(1,180,505)	1,478,732
Fund balance at beginning of year	1,478,732	1,478,732	-	-
Fund balance at end of year	<u>\$ 1,478,732</u>	<u>\$ 298,227</u>	<u>\$ (1,180,505)</u>	<u>\$ 1,478,732</u>



GENERAL FUND

The General Fund is a constitutional fund and is utilized to account for all of the City's revenues and expenditures except those which are required to be classed in other constitutional funds and such other funds that are presented separately to facilitate proper accountability.

CITY OF WHARTON TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 292,246	\$ 551,660
Receivables, net		
Taxes	266,503	277,771
Fines	57,520	55,123
Other	20,837	11,237
Due from other funds	1,101,851	825,657
Due from component unit	20,208	32,525
Due from other governments	208,243	212,825
Deferred expenditures	<u>9,281</u>	<u>12,571</u>
Total assets	<u>\$ 1,976,689</u>	<u>\$ 1,979,369</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 173,296	\$ 203,082
Bank overdraft	64,482	-
Accrued expenditures	32,366	19,054
Due to other governments	35,711	32,163
Due to other funds	31,360	51,532
Deposits	150	100
Deferred revenue	<u>252,360</u>	<u>254,726</u>
Total liabilities	<u>589,725</u>	<u>560,657</u>
Fund balance		
Reserved for deferred expenditures	9,281	12,571
Unreserved, undesignated	<u>1,377,683</u>	<u>1,406,141</u>
Total fund balance	<u>1,386,964</u>	<u>1,418,712</u>
Total liabilities and fund balance	<u>\$ 1,976,689</u>	<u>\$ 1,979,369</u>

CITY OF WHARTON TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
REVENUES				
Taxes				
Ad valorem	\$ 1,178,500	\$ 1,178,556	\$ 56	\$ 1,406,876
Sales	1,151,000	1,149,211	(1,789)	1,237,646
Franchise	1,030,925	1,031,751	826	991,182
Licenses and permits	72,300	70,814	(1,486)	72,908
Intergovernmental	139,800	139,060	(740)	137,223
Charges for services	26,000	28,815	2,815	12,709
Fines and forfeitures	215,700	220,665	4,965	244,022
Investment income	2,000	2,030	30	4,842
Industrial district fee	682,573	682,573	-	467,451
Miscellaneous	96,050	95,522	(528)	68,015
Total revenues	<u>4,594,848</u>	<u>4,598,997</u>	<u>4,149</u>	<u>4,642,874</u>
EXPENDITURES				
Current				
General government				
Mayor and council	26,725	26,616	109	29,103
City manager	194,548	194,316	232	184,455
City secretary	91,447	91,078	369	79,848
Legal and professional	54,550	54,295	255	60,200
Finance	251,472	250,734	738	240,541
Municipal court	110,542	109,336	1,206	122,398
Community services coordinator	-	-	-	17
Central services	68,297	67,756	541	64,602
Total general government	<u>797,581</u>	<u>794,131</u>	<u>3,450</u>	<u>781,164</u>
Public safety				
Police	1,880,561	1,885,191	(4,630)	1,826,955
Fire	291,451	291,069	382	282,636
Code enforcement	176,883	176,951	(68)	161,097
Emergency management	82,317	82,211	106	54,278
Animal control	54,096	53,768	328	53,066
Communications	474,073	473,209	864	410,252
Total public safety	<u>2,959,381</u>	<u>2,962,399</u>	<u>(3,018)</u>	<u>2,788,284</u>
Public works				
Streets and drainage	729,544	729,009	535	817,361
Garage	111,365	110,909	456	104,893
Facilities maintenance	219,954	219,139	815	212,691
Total public works	<u>1,060,863</u>	<u>1,059,057</u>	<u>1,806</u>	<u>1,134,945</u>

(continued)

CITY OF WHARTON TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010			2009
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Current - (continued)				
Cultural and recreation				
Community services	\$ 20,716	\$ 20,655	\$ 61	\$ 24,338
Recreation	59,850	59,433	417	47,593
Community pool	42,402	42,247	155	57,448
Total cultural and recreation	122,968	122,335	633	129,379
Capital outlay	151,517	151,516	1	122,601
Debt service				
Principal retirement	38,656	38,656	-	48,577
Interest and fiscal charges	11,404	11,404	-	13,471
Total debt service	50,060	50,060	-	62,048
Total expenditures	5,142,370	5,139,498	2,872	5,018,421
Excess (deficiency) of revenues over expenditures	(547,522)	(540,501)	7,021	(375,547)
OTHER FINANCING SOURCES (USES)				
Transfers in	508,659	508,753	94	376,056
Total other financing sources (uses)	508,659	508,753	94	376,056
Net change in fund balance	\$ (38,863)	(31,748)	\$ 7,115	509
Fund balance at beginning of year		1,418,712		1,418,203
Fund balance at end of year		\$ 1,386,964		\$ 1,418,712

ENTERPRISE FUNDS

Enterprise Funds account for the acquisition, operations, and maintenance of the City's facilities and services which are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All activities necessary to provide services are accounted for in this fund, including, but not limited to, administration, operations, and maintenance. Debt service amounts are also included.

Water and Sewer Fund - Accounts for the activities of the City related to its sewage treatment plant and water distribution system.

Solid Waste Fund - Accounts for the operations of the solid waste removal services provided to the residents of the City through a private company.

Emergency Medical Services Fund - Accounts for the emergency medical services provided to the residents of the City.

Civic Center Fund - Accounts for the operation of the City's civic center.

Airport Fund - Accounts for the operation of the City's airport.

CITY OF WHARTON, TEXAS
MAJOR ENTERPRISE FUND - WATER AND SEWER
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 101,072	\$ 60,302
Receivables, net		
Accounts	296,277	253,461
Due from other funds	837,271	1,576,255
Inventory	<u>58,225</u>	<u>45,618</u>
Total current assets	<u>1,292,845</u>	<u>1,935,636</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	999,247	928,638
Water and sewer system	<u>18,652,714</u>	<u>18,321,407</u>
Total capital assets	19,651,961	19,250,045
Accumulated depreciation	<u>(8,445,174)</u>	<u>(7,981,631)</u>
Subtotal	11,206,787	11,268,414
Land	276,750	276,750
Construction in progress	<u>493,757</u>	<u>172,311</u>
Net capital assets	<u>11,977,294</u>	<u>11,717,475</u>
Bond issue costs, net	<u>178,575</u>	<u>111,778</u>
Total noncurrent assets	<u>12,155,869</u>	<u>11,829,253</u>
Total assets	<u>13,448,714</u>	<u>13,764,889</u>
LIABILITIES		
Current liabilities		
Accounts payable	57,679	76,496
Accrued expenses	5,509	3,960
Deposits	178,026	174,350
Accrued interest payable	55,233	52,967
Due to other funds	615,343	527,419
Compensated absences	2,521	2,556
Current portion of certificates of obligation	206,623	114,150
Current portion of general obligation bonds	<u>390,740</u>	<u>242,575</u>
Total current liabilities	<u>1,511,674</u>	<u>1,194,473</u>
Noncurrent liabilities		
Compensated absences	22,689	23,001
Bonds and certificates (net of unamortized deferred amounts)	<u>4,516,720</u>	<u>5,036,913</u>
Total noncurrent liabilities	<u>4,539,409</u>	<u>5,059,914</u>
Total liabilities	<u>6,051,083</u>	<u>6,254,387</u>
NET ASSETS		
Invested in capital assets, net of related debt	6,863,211	6,323,837
Unrestricted net assets	<u>534,420</u>	<u>1,186,665</u>
Total net assets	<u>\$ 7,397,631</u>	<u>\$ 7,510,502</u>

CITY OF WHARTON, TEXAS

MAJOR ENTERPRISE FUND - WATER AND SEWER

SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
OPERATING REVENUES				
Water	\$ 1,357,500	\$ 1,368,837	\$ 11,337	\$ 1,404,044
Sewer	1,296,300	1,299,675	3,375	1,292,502
Penalties	32,500	32,821	321	33,247
Connection and installation fees	62,800	62,805	5	29,935
Other	14,290	14,293	3	14,154
Total operating revenues	<u>2,763,390</u>	<u>2,778,431</u>	<u>15,041</u>	<u>2,773,882</u>
OPERATING EXPENSES				
Water and sewer operations				
Personnel	727,302	724,041	3,261	639,637
Materials and supplies	88,450	88,858	(408)	102,533
Repairs and maintenance	162,125	151,830	10,295	178,515
Other services and charges	744,495	744,459	36	729,009
Depreciation and amortization	365,355	473,567	(108,212)	466,064
Total operating expenses	<u>2,087,727</u>	<u>2,182,755</u>	<u>(95,028)</u>	<u>2,115,758</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	675,663	595,676	(79,987)	658,124
NONOPERATING REVENUES (EXPENSES)				
Investment income	225	245	20	363
Interest and fiscal charges	(214,250)	(207,698)	6,552	(184,112)
Total nonoperating revenues (expenses)	<u>(214,025)</u>	<u>(207,453)</u>	<u>6,572</u>	<u>(183,749)</u>
Income (loss) before contributions and transfers	461,638	388,223	(73,415)	474,375
Contributions and transfers				
Capital grants and contributions	-	-	-	123,311
Transfers out	(501,094)	(501,094)	-	(367,000)
Total contributions and transfers	<u>(501,094)</u>	<u>(501,094)</u>	<u>-</u>	<u>(243,689)</u>
Change in net assets	\$ (39,456)	(112,871)	\$ (73,415)	230,686
Net assets at beginning of year		7,510,502		7,279,816
Net assets at end of year		<u>\$ 7,397,631</u>		<u>\$ 7,510,502</u>

CITY OF WHARTON, TEXAS
MAJOR ENTERPRISE FUND - SOLID WASTE
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,261	\$ 16,876
Receivables, net		
Accounts	138,234	134,140
Due from other funds	<u>14,554</u>	<u>1,486</u>
Total assets	<u>160,049</u>	<u>152,502</u>
LIABILITIES		
Current liabilities		
Accounts payable	48,942	52,915
Accrued expenses	267	167
Due to other governments	7,684	7,770
Deposits	75	150
Due to other funds	154,231	152,891
Compensated absences	<u>-</u>	<u>66</u>
Total liabilities	<u>211,199</u>	<u>213,959</u>
NET ASSETS		
Unrestricted net assets	<u>(51,150)</u>	<u>(61,457)</u>
Total net assets	<u>\$ (51,150)</u>	<u>\$ (61,457)</u>

CITY OF WHARTON, TEXAS**MAJOR ENTERPRISE FUND - SOLID WASTE****SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
OPERATING REVENUES				
Solid waste fees	\$ 1,159,000	\$ 1,162,390	\$ 3,390	\$ 1,192,239
Garbage collection fee	107,000	106,930	(70)	107,871
Other	500	463	(37)	524
Total operating revenues	<u>1,266,500</u>	<u>1,269,783</u>	<u>3,283</u>	<u>1,300,634</u>
OPERATING EXPENSES				
Solid waste operations				
Personnel	36,428	35,220	1,208	32,443
Materials and supplies	100	-	100	10
Other services and charges	1,172,250	1,174,354	(2,104)	1,240,923
Total operating expenses	<u>1,208,778</u>	<u>1,209,574</u>	<u>(796)</u>	<u>1,273,376</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	57,722	60,209	2,487	27,258
NONOPERATING REVENUES (EXPENSES)				
Investment income	300	98	(202)	277
Total nonoperating revenues (expenses)	<u>300</u>	<u>98</u>	<u>(202)</u>	<u>277</u>
Income (loss) before contributions and transfers	58,022	60,307	2,285	27,535
Transfers				
Transfers out	(50,000)	(50,000)	-	-
Total transfers	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ 8,022</u>	10,307	<u>\$ 2,285</u>	27,535
Net assets at beginning of year		(61,457)		(88,992)
Net assets at end of year		<u>\$ (51,150)</u>		<u>\$ (61,457)</u>

CITY OF WHARTON, TEXAS**MAJOR ENTERPRISE FUND - EMERGENCY MEDICAL SERVICES****BALANCE SHEET**

September 30, 2010

With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 160,881	\$ 49,158
Receivables, net		
Accounts	48,790	31,636
Due from other funds	8,415	16,525
Total current assets	<u>218,086</u>	<u>97,319</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	928,355	928,355
Less accumulated depreciation	<u>(741,510)</u>	<u>(663,336)</u>
Net capital assets	<u>186,845</u>	<u>265,019</u>
Total assets	<u>404,931</u>	<u>362,338</u>
LIABILITIES		
Current liabilities		
Accounts payable	21,928	46,637
Accrued expenses	6,912	5,359
Due to other funds	1,776	2,111
Compensated absences	<u>2,240</u>	<u>2,187</u>
Total current liabilities	<u>32,856</u>	<u>56,294</u>
Noncurrent liabilities		
Compensated absences	<u>20,155</u>	<u>19,683</u>
Total liabilities	<u>53,011</u>	<u>75,977</u>
NET ASSETS		
Invested in capital assets, net of related debt	186,845	265,019
Unrestricted net assets	<u>165,075</u>	<u>21,342</u>
Total net assets	<u>\$ 351,920</u>	<u>\$ 286,361</u>

CITY OF WHARTON, TEXAS**MAJOR ENTERPRISE FUND - EMERGENCY MEDICAL SERVICES****SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance	2009
	Final Budget	Actual	Positive (Negative)	Actual
OPERATING REVENUES				
Ambulance services	\$ 684,500	\$ 701,944	\$ 17,444	\$ 760,575
Other	500	1,190	690	5,508
Total operating revenues	<u>685,000</u>	<u>703,134</u>	<u>18,134</u>	<u>766,083</u>
OPERATING EXPENSES				
Emergency medical services				
Personnel	849,606	852,897	(3,291)	732,161
Materials and supplies	72,900	72,078	822	81,392
Repairs and maintenance	26,800	26,199	601	33,792
Other services and charges	130,500	130,735	(235)	154,698
Depreciation	98,150	78,174	19,976	96,104
Total operating expenses	<u>1,177,956</u>	<u>1,160,083</u>	<u>17,873</u>	<u>1,098,147</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	(492,956)	(456,949)	36,007	(332,064)
NONOPERATING REVENUES (EXPENSES)				
Noncapital grants and contributions	515,496	515,496	-	208,000
Gain on sale of capital assets	-	-	-	21,800
Investment income	500	271	(229)	355
Total nonoperating revenues (expenses)	<u>515,996</u>	<u>515,767</u>	<u>(229)</u>	<u>230,155</u>
Income (loss) before contributions and transfers	23,040	58,818	35,778	(101,909)
Contributions and transfers				
Capital grants and contributions	54,400	54,400	-	38,000
Transfers out	(47,659)	(47,659)	-	(44,056)
Total contributions and transfers	<u>6,741</u>	<u>6,741</u>	<u>-</u>	<u>(6,056)</u>
Change in net assets	\$ <u>29,781</u>	65,559	\$ <u>35,778</u>	(107,965)
Net assets at beginning of year		<u>286,361</u>		<u>394,326</u>
Net assets at end of year		<u>\$ 351,920</u>		<u>\$ 286,361</u>

CITY OF WHARTON, TEXAS
MAJOR ENTERPRISE FUND - CIVIC CENTER
BALANCE SHEET
September 30, 2010
With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 97,217	\$ 143,131
Receivables, net		
Accounts	5,803	3,195
Due from other funds	1,495	64,869
Total current assets	<u>104,515</u>	<u>211,195</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	126,949	126,949
Buildings and improvements	1,986,788	1,986,788
Total capital assets	<u>2,113,737</u>	<u>2,113,737</u>
Less accumulated depreciation	<u>(633,878)</u>	<u>(585,678)</u>
Net capital assets	<u>1,479,859</u>	<u>1,528,059</u>
Bond issue costs, net	<u>9,839</u>	<u>-</u>
Total noncurrent assets	<u>1,489,698</u>	<u>1,528,059</u>
Total assets	<u>1,594,213</u>	<u>1,739,254</u>
LIABILITIES		
Current liabilities		
Accounts payable	4,587	11,254
Accrued expenses	854	759
Deposits	5,660	6,600
Accrued interest payable	1,807	4,750
Due to other funds	3,465	9
Compensated absences	1,156	1,250
Current portion of certificates of obligation	16,500	20,525
Current portion of general obligation bonds	<u>4,500</u>	<u>-</u>
Total current liabilities	<u>38,529</u>	<u>45,147</u>
Noncurrent liabilities		
Compensated absences	10,403	11,251
Bonds and certificates (net of unamortized deferred amounts)	<u>233,794</u>	<u>243,180</u>
Total noncurrent liabilities	<u>244,197</u>	<u>254,431</u>
Total liabilities	<u>282,726</u>	<u>299,578</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,229,565	1,264,354
Unrestricted net assets	<u>81,922</u>	<u>175,322</u>
Total net assets	<u>\$ 1,311,487</u>	<u>\$ 1,439,676</u>

CITY OF WHARTON, TEXAS**MAJOR ENTERPRISE FUND - CIVIC CENTER****SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2010

With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
OPERATING REVENUES				
Civic center fees	\$ 67,951	\$ 67,951	\$ -	\$ 71,116
Other	500	-	(500)	-
Total operating revenues	<u>68,451</u>	<u>67,951</u>	<u>(500)</u>	<u>71,116</u>
OPERATING EXPENSES				
Civic center operations				
Personnel	121,970	121,958	12	120,004
Materials and supplies	6,123	6,880	(757)	9,494
Repairs and maintenance	34,300	33,679	621	39,554
Other services and charges	54,415	54,137	278	48,057
Depreciation and amortization	48,000	48,440	(440)	48,199
Total operating expenses	<u>264,808</u>	<u>265,094</u>	<u>(286)</u>	<u>265,308</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(196,357)	(197,143)	(786)	(194,192)
NONOPERATING REVENUES (EXPENSES)				
Investment income	200	205	5	787
Interest and fiscal charges	(13,863)	(11,251)	2,612	(14,585)
Total nonoperating revenues (expenses)	<u>(13,663)</u>	<u>(11,046)</u>	<u>2,617</u>	<u>(13,798)</u>
Income (loss) before transfers	(210,020)	(208,189)	1,831	(207,990)
Transfers				
Transfers in	80,000	80,000	-	206,204
Total transfers	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>206,204</u>
Change in net assets	\$ <u>(130,020)</u>	(128,189)	\$ <u>1,831</u>	(1,786)
Net assets at beginning of year		1,439,676		1,441,462
Net assets at end of year		<u>\$ 1,311,487</u>		<u>\$ 1,439,676</u>

CITY OF WHARTON, TEXAS**MAJOR ENTERPRISE FUND - AIRPORT****BALANCE SHEET**

September 30, 2010

With comparative totals for September 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 127,730	\$ 71,545
Receivables, net		
Accounts	9,177	10,936
Due from other funds	116,744	199,202
Due from other governments	-	34,765
Inventory	37,951	24,387
Total current assets	<u>291,602</u>	<u>340,835</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	143,097	69,979
Land improvements	287,717	287,717
Buildings and improvements	3,522,568	3,522,568
Total capital assets	<u>3,953,382</u>	<u>3,880,264</u>
Less accumulated depreciation	(619,014)	(536,583)
Subtotal	<u>3,334,368</u>	<u>3,343,681</u>
Land	42,343	42,343
Net capital assets	<u>3,376,711</u>	<u>3,386,024</u>
Bond issue costs, net	8,937	9,472
Total assets	<u>3,677,250</u>	<u>3,736,331</u>
LIABILITIES		
Current liabilities		
Accounts payable	5,799	23,344
Accrued expenses	460	465
Deposits	500	700
Accrued interest payable	4,491	2,998
Due to other funds	23,678	1,606
Compensated absences	56	96
Current portion of certificates of obligation	37,494	38,350
Total current liabilities	<u>72,478</u>	<u>67,559</u>
Noncurrent liabilities		
Compensated absences	508	867
Certificates (net of unamortized deferred amounts)	299,205	336,913
Total noncurrent liabilities	<u>299,713</u>	<u>337,780</u>
Total liabilities	<u>372,191</u>	<u>405,339</u>
NET ASSETS		
Invested in capital assets, net of related debt	3,040,012	3,010,761
Unrestricted net assets	265,047	320,231
Total net assets	<u>\$ 3,305,059</u>	<u>\$ 3,330,992</u>

CITY OF WHARTON, TEXAS
MAJOR ENTERPRISE FUND - AIRPORT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2010
With comparative totals for the year ended September 30, 2009

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
OPERATING REVENUES				
Airport fees	\$ 169,440	\$ 169,728	\$ 288	\$ 181,240
Other	500	984	484	695
Total operating revenues	<u>169,940</u>	<u>170,712</u>	<u>772</u>	<u>181,935</u>
OPERATING EXPENSES				
Airport operations				
Personnel	63,100	62,631	469	67,511
Materials and supplies	16,900	12,878	4,022	5,331
Repairs and maintenance	14,500	20,362	(5,862)	16,613
Other services and charges	51,650	51,081	569	47,326
Depreciation and amortization	73,000	82,965	(9,965)	80,528
Total operating expenses	<u>219,150</u>	<u>229,917</u>	<u>(10,767)</u>	<u>217,309</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions	(49,210)	(59,205)	(9,995)	(35,374)
NONOPERATING REVENUES (EXPENSES)				
Noncapital grants and contributions	47,000	47,199	199	34,765
Investment income	200	139	(61)	686
Interest and fiscal charges	(12,800)	(14,066)	(1,266)	(8,230)
Total nonoperating revenues (expenses)	<u>34,400</u>	<u>33,272</u>	<u>(1,128)</u>	<u>27,221</u>
Income (loss) before contributions	(14,810)	(25,933)	(11,123)	(8,153)
Contributions				
Capital grants and contributions	-	-	-	225,922
Total contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,922</u>
Change in net assets	\$ <u>(14,810)</u>	(25,933)	\$ <u>(11,123)</u>	217,769
Net assets at beginning of year		<u>3,330,992</u>		<u>3,113,223</u>
Net assets at end of year		<u>\$ 3,305,059</u>		<u>\$ 3,330,992</u>



STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.....	116
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and water and sewer revenues.....	127
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.....	138
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments	144
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs	146

CITY OF WHARTON, TEXAS
NET ASSETS BY COMPONENT (1)
Last seven fiscal years

	Fiscal Year		
	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	\$ 3,041,931	\$ 3,462,536	\$ 4,277,648
Restricted	375,245	377,314	500,635
Unrestricted	<u>1,992,192</u>	<u>1,370,948</u>	<u>1,378,511</u>
Total governmental activities net assets	<u>\$ 5,409,368</u>	<u>\$ 5,210,798</u>	<u>\$ 6,156,794</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 11,071,602	\$ 11,130,958	\$ 11,286,468
Unrestricted	<u>(241,357)</u>	<u>66,413</u>	<u>114,408</u>
Total business-type activities net assets	<u>\$ 10,830,245</u>	<u>\$ 11,197,371</u>	<u>\$ 11,400,876</u>
Primary government			
Invested in capital assets, net of related debt	\$ 14,113,533	\$ 14,593,494	\$ 15,564,116
Restricted	375,245	377,314	500,635
Unrestricted	<u>1,750,835</u>	<u>1,437,361</u>	<u>1,492,919</u>
Total primary government activities net assets	<u>\$ 16,239,613</u>	<u>\$ 16,408,169</u>	<u>\$ 17,557,670</u>

(1) Accrual basis of accounting

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004.

Fiscal Year			
2007	2008	2009	2010
\$ 5,330,747	\$ 6,863,521	\$ 6,832,082	\$ 6,034,689
613,877	513,775	418,240	416,831
<u>1,257,718</u>	<u>1,526,710</u>	<u>1,602,369</u>	<u>2,091,383</u>
<u>\$ 7,202,342</u>	<u>\$ 8,904,006</u>	<u>\$ 8,852,691</u>	<u>\$ 8,542,903</u>
\$ 11,500,738	\$ 12,596,624	\$ 10,863,971	\$ 11,319,633
180,125	(456,789)	1,642,103	995,314
<u>\$ 11,680,863</u>	<u>\$ 12,139,835</u>	<u>\$ 12,506,074</u>	<u>\$ 12,314,947</u>
\$ 16,831,485	\$ 19,460,145	\$ 17,696,053	\$ 17,354,322
613,877	513,775	418,240	416,831
1,437,843	1,069,921	3,244,472	3,086,697
<u>\$ 18,883,205</u>	<u>\$ 21,043,841</u>	<u>\$ 21,358,765</u>	<u>\$ 20,857,850</u>

CITY OF WHARTON, TEXAS
CHANGES IN NET ASSETS (1)
Last seven fiscal years

	Fiscal Year		
	2004	2005	2006
Governmental activities			
Expenses			
General government	\$ 1,292,705	\$ 1,735,633	\$ 1,208,119
Public safety	2,156,564	2,408,652	2,546,521
Public works	2,386,715	2,091,123	1,430,714
Culture and recreation	244,138	224,491	186,343
Interest on long-term debt	110,051	151,537	146,131
Total expenses	6,190,173	6,611,436	5,517,828
Program revenues			
Charges for services			
General government	83,691	51,505	144,315
Public safety	228,705	234,982	242,056
Public works	19,383	-	-
Culture and recreation	7,384	5,917	12,247
Operating grants and contributions	767,326	1,689,193	471,859
Capital grants and contributions	1,099,881	214,510	934,450
Total program revenues	2,206,370	2,196,107	1,804,927
Total governmental activities net program expense	(3,983,803)	(4,415,329)	(3,712,901)
General revenues and other changes in net assets			
Taxes			
Property taxes	1,754,009	1,916,640	1,836,399
Sales taxes	1,049,238	1,124,445	1,292,565
Franchise taxes	792,682	818,192	893,839
Other taxes	56,798	90,170	134,824
Unrestricted investment earnings	24,683	55,969	61,579
Industrial district payment	-	-	-
Miscellaneous	163,753	119,270	98,561
Transfers	266,300	247,012	341,130
Total general revenues and other changes in net assets	4,107,463	4,371,698	4,658,897
Total governmental activities change in net assets	\$ 123,660	\$ (43,631)	\$ 945,996

Fiscal Year			
2007	2008	2009	2010
\$ 1,197,103	\$ 1,316,196	\$ 822,357	\$ 822,213
2,653,594	2,825,817	3,012,237	3,285,594
1,300,791	1,817,233	1,644,418	2,120,461
215,996	248,535	218,224	259,386
222,145	231,552	250,056	272,026
<u>5,589,629</u>	<u>6,439,333</u>	<u>5,947,292</u>	<u>6,759,680</u>
166,240	261,706	356,333	324,198
244,350	55,071	-	18,250
-	-	-	-
12,808	15,397	11,634	11,670
526,724	729,601	289,500	117,340
824,211	1,899,894	123,311	401,689
<u>1,774,333</u>	<u>2,961,669</u>	<u>780,778</u>	<u>873,147</u>
(3,815,296)	(3,477,664)	(5,166,514)	(5,886,533)
1,914,766	1,928,867	1,947,147	1,885,118
1,319,795	1,240,084	1,237,646	1,149,211
924,196	1,047,982	991,182	1,031,751
175,474	199,153	174,996	151,129
174,312	65,870	9,916	18,048
-	79,268	467,451	682,573
76,942	245,218	82,009	140,162
275,359	372,886	204,852	518,753
<u>4,860,844</u>	<u>5,179,328</u>	<u>5,115,199</u>	<u>5,576,745</u>
\$ <u>1,045,548</u>	\$ <u>1,701,664</u>	\$ <u>(51,315)</u>	\$ <u>(309,788)</u>

(continued)

CITY OF WHARTON, TEXAS
CHANGES IN NET ASSETS (1)
Last seven fiscal years

	Fiscal Year		
	2004	2005	2006
Business-type activities			
Expenses			
Water and sewer	\$ 1,687,953	\$ 1,805,704	\$ 1,885,041
Solid waste	1,324,001	1,179,798	1,195,075
Emergency medical services	1,146,702	1,107,249	1,093,960
Civic center	199,272	176,969	185,618
Airport	100,092	104,536	129,760
Total expenses	<u>4,458,020</u>	<u>4,374,256</u>	<u>4,489,454</u>
Program revenues			
Charges for services			
Water and sewer	1,925,359	2,210,061	2,209,304
Solid waste	1,160,779	1,185,713	1,178,801
Emergency medical services	788,728	695,402	797,431
Civic center	48,103	77,548	76,894
Airport	118,795	120,482	117,446
Operating grants and contributions	169,607	191,440	221,110
Capital grants and contributions	821,243	454,269	389,104
Total program revenues	<u>5,032,614</u>	<u>4,934,915</u>	<u>4,990,090</u>
Total governmental activities net program expense	574,594	560,659	500,636
General revenues and other changes in net assets			
Unrestricted investment earnings	6,665	11,062	18,688
Miscellaneous	167,516	42,417	25,311
Transfers	<u>(266,300)</u>	<u>(247,012)</u>	<u>(341,130)</u>
Total general revenues and other changes in net assets	<u>(92,119)</u>	<u>(193,533)</u>	<u>(297,131)</u>
Total business-type activities change in net assets	<u>\$ 482,475</u>	<u>\$ 367,126</u>	<u>\$ 203,505</u>
Total primary government change in net assets	<u>\$ 606,135</u>	<u>\$ 323,495</u>	<u>\$ 1,149,501</u>

(1) Accrual basis of accounting

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004.

Fiscal Year			
2007	2008	2009	2010
\$ 2,067,083	\$ 2,162,499	\$ 2,311,685	\$ 2,390,453
1,242,914	1,175,700	1,273,376	1,209,574
1,339,596	1,300,504	1,098,147	1,160,083
188,687	222,166	279,893	276,345
221,619	252,061	225,539	243,983
<u>5,059,899</u>	<u>5,112,930</u>	<u>5,188,640</u>	<u>5,280,438</u>
2,283,549	2,436,197	2,785,697	2,778,431
1,279,305	1,158,403	1,300,634	1,269,783
988,845	1,065,258	766,083	703,134
80,373	88,102	71,116	67,951
171,888	186,038	181,935	170,712
255,649	243,467	242,765	562,695
614,784	752,387	387,233	54,400
<u>5,674,393</u>	<u>5,929,852</u>	<u>5,735,463</u>	<u>5,607,106</u>
614,494	816,922	546,823	326,668
21,204	14,936	2,468	958
-	-	21,800	-
<u>(275,359)</u>	<u>(372,886)</u>	<u>(204,852)</u>	<u>(518,753)</u>
<u>(254,155)</u>	<u>(357,950)</u>	<u>(180,584)</u>	<u>(517,795)</u>
<u>\$ 360,339</u>	<u>\$ 458,972</u>	<u>\$ 366,239</u>	<u>\$ (191,127)</u>
<u>\$ 1,405,887</u>	<u>\$ 2,160,636</u>	<u>\$ 314,924</u>	<u>\$ (500,915)</u>

CITY OF WHARTON, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS (1)
Last seven fiscal years

	Fiscal Year		
	2004	2005	2006
General Fund			
Reserved for deferred expenditures	\$ 12,925	\$ 21,887	\$ 20,409
Unreserved	<u>1,195,181</u>	<u>1,146,653</u>	<u>1,203,420</u>
Total general fund	<u>\$ 1,208,106</u>	<u>\$ 1,168,540</u>	<u>\$ 1,223,829</u>
All Other Governmental Funds			
Unreserved, reported in			
Special revenue funds	\$ 250,688	\$ 244,936	\$ 56,102
Debt service fund	365,845	366,349	431,913
Capital project funds	<u>71,833</u>	<u>754,942</u>	<u>255,294</u>
Total all other governmental funds	<u>\$ 688,366</u>	<u>\$ 1,366,227</u>	<u>\$ 743,309</u>

(1) Modified accrual basis of accounting

Note: Due to the changes in the City's fund structure initiated when GASB Statement No. 34 was implemented, the fund balance information is available only beginning in 2004.

Fiscal Year			
2007	2008	2009	2010
\$ 17,719	\$ 14,184	\$ 12,571	\$ 9,281
<u>1,193,412</u>	<u>1,404,019</u>	<u>1,406,141</u>	<u>1,377,683</u>
<u>\$ 1,211,131</u>	<u>\$ 1,418,203</u>	<u>\$ 1,418,712</u>	<u>\$ 1,386,964</u>
\$ 122,721	\$ 194,899	\$ 117,419	\$ 89,187
458,275	360,762	358,012	364,075
<u>1,195,917</u>	<u>94,703</u>	<u>1,478,732</u>	<u>503,393</u>
<u>\$ 1,776,913</u>	<u>\$ 650,364</u>	<u>\$ 1,954,163</u>	<u>\$ 956,655</u>

CITY OF WHARTON, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)
Last seven fiscal years

	Fiscal Year		
	2004	2005	2006
Revenues			
Taxes	\$ 3,651,309	\$ 3,933,874	\$ 4,210,088
Licenses and permits	83,691	63,597	66,286
Intergovernmental	1,867,207	1,851,081	1,285,045
Charges for services	21,996	9,522	16,171
Fines and forfeitures	223,122	227,231	230,221
Investment income	24,683	55,969	61,579
Industrial district payment	-	-	-
Miscellaneous	163,753	148,553	202,510
Total revenues	<u>6,035,761</u>	<u>6,289,827</u>	<u>6,071,900</u>
Expenditures			
Current			
General government	1,273,723	1,728,216	1,183,005
Public safety	1,997,416	2,274,101	2,437,946
Public works	932,792	1,591,928	1,314,051
Culture and recreation	240,805	472,851	950,388
Capital outlay	1,631,152	630,338	775,590
Debt service			
Principal retirement	274,480	296,622	304,633
Interest and fiscal charges	113,749	134,394	148,665
Bond issuance costs	-	39,194	-
Total expenditures	<u>6,464,117</u>	<u>7,167,644</u>	<u>7,114,278</u>
Excess (deficiency) of revenues over expenditures	(428,356)	(877,817)	(1,042,378)
Other financing sources (uses)			
Debt issued	-	1,269,100	-
Premium on issuance of bonds	-	-	-
Payment to escrow	-	-	-
Capital lease proceeds	221,349	-	133,619
Transfers in	728,142	531,064	527,276
Transfers out	(461,842)	(284,052)	(186,146)
Total other financing sources (uses)	<u>487,649</u>	<u>1,516,112</u>	<u>474,749</u>
Change in fund balances	<u>\$ 59,293</u>	<u>\$ 638,295</u>	<u>\$ (567,629)</u>
Debt service as a percentage of noncapital expenditures	<u>6.41%</u>	<u>6.37%</u>	<u>7.01%</u>

(1) Modified accrual basis of accounting

Note: Due to the changes in the City's fund structure initiated when GASB Statement No. 34 was implemented, the changes in fund balance information is available only beginning in 2004.

Fiscal Year				
	2007	2008	2009	2010
\$	4,325,427	\$ 4,517,831	\$ 4,403,821	\$ 4,247,504
	150,149	127,166	72,908	70,814
	569,126	1,724,602	403,211	409,430
	15,042	28,248	12,709	28,815
	236,772	155,945	258,490	233,842
	174,312	65,870	9,916	18,048
	-	79,268	467,451	682,573
	<u>1,045,302</u>	<u>1,475,063</u>	<u>98,871</u>	<u>233,900</u>
	<u>6,516,130</u>	<u>8,173,993</u>	<u>5,727,377</u>	<u>5,924,926</u>
	1,188,056	1,321,674	805,414	811,418
	2,539,906	2,524,255	2,810,584	3,013,918
	1,869,878	1,531,189	1,226,819	1,748,663
	378,528	195,918	180,729	199,397
	1,597,770	3,871,656	475,790	1,172,494
	414,041	433,538	418,817	528,056
	185,521	220,411	242,810	253,790
	54,877	32,715	62,551	38,706
	<u>8,228,577</u>	<u>10,131,356</u>	<u>6,223,514</u>	<u>7,766,442</u>
	(1,712,447)	(1,957,363)	(496,137)	(1,841,516)
	2,161,900	665,000	1,562,400	930,663
	-	-	33,193	21,306
	-	-	-	(658,462)
	296,094	-	-	-
	653,834	536,351	451,056	723,509
	<u>(378,475)</u>	<u>(163,465)</u>	<u>(246,204)</u>	<u>(204,756)</u>
	<u>2,733,353</u>	<u>1,037,886</u>	<u>1,800,445</u>	<u>812,260</u>
\$	<u>1,020,906</u>	<u>\$ (919,477)</u>	<u>\$ 1,304,308</u>	<u>\$ (1,029,256)</u>
	<u>9.19%</u>	<u>10.27%</u>	<u>11.26%</u>	<u>11.82%</u>



CITY OF WHARTON, TEXAS**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Penalty and Interest</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hotel/Motel</u>	<u>Total</u>
2001	\$ 1,670,559	\$ 24,321	\$ 1,217,512	\$ 830,621	\$ 59,252	\$ 3,802,265
2002	1,820,968	24,176	1,151,185	785,180	52,236	3,833,745
2003	1,778,107	34,225	1,235,592	796,546	48,856	3,893,326
2004	1,725,441	27,150	1,049,238	792,682	56,798	3,651,309
2005	1,858,369	42,698	1,124,445	818,192	90,170	3,933,874
2006	1,846,026	42,835	1,292,565	893,839	134,824	4,210,089
2007	1,870,702	40,867	1,319,795	918,589	175,474	4,325,427
2008	1,980,041	50,571	1,240,084	1,047,982	199,153	4,517,831
2009	1,962,203	37,794	1,237,646	991,182	174,996	4,403,821
2010	1,885,528	29,885	1,149,211	1,031,751	151,129	4,247,504

(1) Modified accrual basis of accounting

CITY OF WHARTON, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last ten fiscal years

Fiscal Year	Tax Roll	Real Property				Minerals	Less: Tax Exempt Real Property	Total Taxable Assessed Value Before Freeze
		Residential Property	Non-Residential Property	Personal Property				
2001	2000	\$ 80,629,021	\$ 147,551,241	\$ 17,705,074	\$ 131,551,070	\$ 94,431,643	\$ 283,004,763	
2002	2001	85,677,155	146,377,776	18,813,483	140,437,510	79,692,269	311,613,655	
2003	2002	90,014,100	151,308,122	19,386,761	127,143,500	83,092,699	304,759,784	
2004	2003	94,534,520	153,336,918	17,544,851	117,443,460	85,963,800	296,895,949	
2005	2004	100,566,970	161,689,206	22,823,136	119,002,010	90,722,440	313,358,882	
2006	2005	108,295,179	165,152,854	26,663,705	124,211,890	95,987,751	328,335,877	
2007	2006	135,066,795	197,960,574	27,341,467	119,532,580	134,278,532	345,622,884	
2008	2007	143,400,935	216,067,975	29,168,446	123,191,717	128,243,153	383,585,920	
2009	2008	151,738,474	229,199,375	33,527,938	111,476,192	128,235,483	397,706,496	
2010	2009	134,238,048	293,263,575	85,649,768	10,313,265	122,858,027	400,606,629	

(1) Includes tax-exempt property

NOTE: Property in the City is reassessed annually. The City assesses property at 100% of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Wharton County Appraisal District

<u>Total Freeze Taxable</u>	<u>Freeze Adjusted Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Tax Value Before Freeze Ceiling</u>	<u>Freeze Ceiling</u>	<u>Estimated Tax Value Including Freeze Ceiling</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ -	\$ 283,004,763	\$ 0.60000	\$ 1,698,029	\$ -	\$ 1,698,029	100.00%
-	311,613,655	0.59528	1,854,974	-	1,854,974	100.00%
-	304,759,784	0.58551	1,784,399	-	1,784,399	100.00%
-	296,895,949	0.58551	1,738,355	-	1,738,355	100.00%
-	313,358,882	0.58551	1,834,748	-	1,834,748	100.00%
(36,519,880)	291,815,997	0.56473	1,647,972	203,336	1,851,308	100.00%
(41,353,364)	304,269,520	0.54997	1,673,391	200,837	1,874,228	100.00%
(46,568,829)	337,017,091	0.51281	1,728,257	204,946	1,933,203	100.00%
(50,980,352)	346,726,144	0.51280	1,778,012	206,332	1,984,344	100.00%
(56,401,904)	344,204,725	0.48671	1,675,279	219,172	1,894,451	100.00%

CITY OF WHARTON, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUE
Last ten fiscal years

Fiscal Year	City Direct Rates			Overlapping Rates					
	Debt Service	General Fund	Total	School District	Junior College	Fire District	(1) Wharton County	Groundwater District	Total
2001	\$0.1850	\$0.4150	\$0.6000	\$1.4850	\$0.1564	\$ 0.0300	\$ 0.6900	\$ -	\$ 2.3614
2002	0.1919	0.4034	0.5953	1.4850	0.1564	0.0300	0.6875	-	2.3589
2003	0.1367	0.4488	0.5855	1.5000	0.1674	0.0300	0.6999	0.0200	2.4173
2004	0.1184	0.4671	0.5855	1.5000	0.1740	0.0300	0.6999	0.0200	2.4239
2005	0.1112	0.4743	0.5855	1.5000	0.1689	0.0300	0.6899	0.0190	2.4078
2006	0.1247	0.4400	0.5646	1.4850	0.1560	0.0300	0.6699	0.0165	2.3574
2007	0.1262	0.4238	0.5500	1.5658	0.1358	0.0300	0.5736	0.0112	2.3164
2008	0.1125	0.4003	0.5128	1.2229	0.1349	0.0300	0.5634	0.0085	1.9597
2009	0.1535	0.3593	0.5128	1.2327	0.1380	0.0300	0.5458	0.0071	1.9537
2010	0.1896	0.2971	0.4867	1.2366	0.1467	0.0300	0.5438	0.0071	1.9641

(1) Includes the Farm to Market and Lateral Roads Tax

SOURCE: Wharton County Tax Office

CITY OF WHARTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
(UNAUDITED)
Current Year and Nine Years Ago

2010		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Nan Ya Plastics Corp. USA	\$ 29,577,966	7.38%
J-M Manufacturing Company, Inc.	26,745,630	6.68%
Signature Gulf Coast Hospital LP	8,644,280	2.16%
Signature Gulf Coast Hospital LP	6,765,660	1.69%
Wal-Mart Stores Texas, LP	6,497,420	1.62%
Wal-Mart Property Tax Dept.	6,044,358	1.51%
Wharton RP LTD	5,024,174	1.25%
Centerpoint Energy Houston	4,237,188	1.06%
H E Butt Grocery Co.	3,150,028	0.79%
Reddy Partnership	2,976,703	0.74%
	<u>\$ 99,663,407</u>	<u>24.88%</u>

2001		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Nan Ya Plastics Corp. USA	\$ 73,978,610	26.14%
J-M Manufacturing Company, Inc.	18,864,900	6.67%
Health Trust - The Hospital Corporation	9,000,000	3.18%
Health Trust - The Hospital Corporation	7,209,650	2.55%
Reliant Energy - Houston	4,778,790	1.69%
Southwestern Bell Telephone Co.	4,771,990	1.69%
South Texas Medical Joint Venture	3,553,780	1.26%
Briar Point LTD	2,262,930	0.80%
Schlumberger - Wharton	2,014,600	0.71%
Wharton Assisted Living	1,989,850	0.70%
	<u>\$ 128,425,100</u>	<u>45.39%</u>

SOURCE: Wharton County Central Appraisal District

CITY OF WHARTON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten fiscal years

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>		<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
		<u>Adjustments</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2001	\$ 1,702,578	\$ (2,974)	\$ 1,699,604	\$ 1,643,704	96.71%
2002	1,854,974	(4,820)	1,850,154	1,790,769	96.79%
2003	1,784,399	(3,219)	1,781,180	1,724,846	96.84%
2004	1,738,355	135	1,738,490	1,680,268	96.65%
2005	1,834,748	(1,025)	1,833,723	1,790,363	97.64%
2006	1,840,931	1,699	1,842,630	1,793,802	97.35%
2007	1,872,269	30,899	1,903,168	1,820,927	95.68%
2008	1,930,230	11,151	1,941,381	1,884,553	97.07%
2009	1,983,352	(10,867)	1,972,485	1,916,102	97.14%
2010	1,947,068	(10,116)	1,936,952	1,841,678	95.08%

SOURCE: City of Wharton

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 47,597	\$ 1,691,301	99.51%
51,997	1,842,766	99.60%
48,915	1,773,761	99.58%
49,968	1,730,236	99.53%
35,779	1,826,142	99.59%
40,496	1,834,298	99.55%
70,272	1,891,199	99.37%
32,407	1,916,960	98.74%
20,843	1,936,945	98.20%
-	1,841,678	95.08%

CITY OF WHARTON, TEXAS

WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED

Last ten fiscal years

<u>Fiscal Year</u>	<u>Gallons of Water Produced</u>	<u>Gallons of Water Consumed</u>	<u>Gallons of Water Unbilled</u>	<u>Average Percent Unbilled</u>	<u>Gallons of Wastewater Treated</u>
2001	557,572,000	449,564,300	108,007,700	19%	193,561,000
2002	601,210,000	392,679,800	208,530,200	35%	206,576,000
2003	567,697,000	406,842,700	160,854,300	28%	207,436,000
2004	549,844,000	414,229,300	135,614,700	25%	236,780,000
2005	557,524,000	413,543,800	143,980,200	26%	239,161,000
2006	542,031,000	430,111,800	111,919,200	21%	197,909,000
2007	506,389,000	413,042,500	93,346,500	18%	437,312,000
2008	519,351,000	464,899,900	54,451,100	10%	343,549,000
2009	541,913,000	442,428,300	99,484,700	18%	266,410,000
2010	467,475,000	397,033,300	70,441,700	15%	337,000,000

NOTES: Water and sewer usage rates shown are for 5,000 - 7,000 gallon usage range.

Full detail of rate information can be found on schedule titled "Water and Sewer Rates".

N/A denotes information not available

SOURCE: City of Wharton Utility Department

Total Direct Rate			
Water		Sewer	
Base Rate	Usage Rate	Base Rate	Usage Rate
\$ 6.88	\$ 1.43	\$ 8.50	\$ 1.37
6.88	1.43	8.50	1.37
7.91	1.64	8.50	1.65
7.91	1.64	8.50	1.65
9.10	1.88	9.80	1.89
9.10	1.88	9.80	1.89
10.20	2.00	11.00	2.10
10.20	2.00	11.00	2.10
11.75	2.30	12.65	2.40
12.97	2.54	13.94	2.65

CITY OF WHARTON, TEXAS
WATER AND SEWER RATES
Last ten fiscal years

	Fiscal Year			
	2001	2002	2003	2004
Water Rates (per 2,000 gallons)				
Base Rate	\$ 6.88	\$ 7.91	\$ 7.91	\$ 9.10
Water usage rate				
2,000-4,000	1.38	1.59	1.59	1.82
4,000-7,000	1.43	1.64	1.64	1.88
7,000-11,000	1.49	1.71	1.71	1.96
11,000-15,000	1.56	1.79	1.79	2.05
15,000-50,000	1.65	1.90	1.90	2.18
50,000-100,000	1.75	2.01	2.01	2.31
100,000-150,000	1.90	2.19	2.19	2.51
>150,000	2.05	2.36	2.36	2.71
Sewer Rates (per 2,000 gallons)				
Base Rate	8.50	8.50	8.50	9.80
Sewer usage rate				
2,000-4,000	1.32	1.32	1.32	1.51
4,000-7,000	1.37	1.65	1.65	1.89
7,000-11,000	1.43	1.80	1.80	2.07
11,000-15,000	1.50	1.95	1.95	2.24
15,000-50,000	1.59	2.10	2.10	2.41
50,000-100,000	1.69	2.25	2.25	2.58
100,000-150,000	1.84	2.40	2.40	2.76
>150,000	1.99	2.55	2.55	2.93

NOTES: Increases in water and sewer are approved by the City Council.

Sewer consumption rates for residential customers are based on the average of the last three-month period of December, January, and February that preceded the billing date.

Fiscal Year						
2005	2006	2007	2008	2009	2010	
\$ 9.10	\$ 9.10	\$ 10.20	\$ 10.20	\$ 11.75		12.97
1.82	1.82	1.95	1.95	2.25		2.45
1.88	1.88	2.00	2.00	2.30		2.54
1.96	1.96	2.10	2.10	2.40		2.65
2.05	2.05	2.20	2.20	2.55		2.81
2.18	2.18	2.35	2.35	2.70		2.98
2.31	2.31	2.45	2.45	2.80		3.09
2.51	2.51	2.60	2.60	3.00		3.31
2.71	2.71	2.80	2.80	3.20		3.53
9.80	9.80	11.00	11.00	12.65		13.94
1.51	1.51	1.70	1.70	1.95		2.15
1.89	1.89	2.10	2.10	2.40		2.65
2.07	2.07	2.30	2.30	2.65		2.92
2.24	2.24	2.50	2.50	2.85		3.15
2.41	2.41	2.70	2.70	3.10		3.41
2.58	2.58	2.90	2.90	3.35		3.70
2.76	2.76	3.10	3.10	3.55		3.92
2.93	2.93	3.30	3.30	3.80		4.20



CITY OF WHARTON, TEXAS
TEN LARGEST WATER CUSTOMERS
(UNAUDITED)
Current Year and Nine Years Ago

2010			
<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Water Consumption</u>	<u>Percent of Total Billed</u>
Nan Ya Plastics Corp. USA	Manufacturing	28,398,000	7.15%
Briar Pointe-Reddy Partnership	Apartment Complex	15,793,100	3.98%
Gulf Coast Medical Center	Hospital	11,224,700	2.83%
Millcreek Apartments	Apartment Complex	7,848,900	1.98%
J-M Eagle	Manufacturing	5,502,000	1.39%
Southwest LTC	Skilled Nursing Facility	6,071,100	1.53%
Wharton County Jail	County Jail	4,068,400	1.02%
The Meadow Associate	Apartment Complex	5,291,100	1.33%
Buc-ee's	Retail	3,875,500	0.98%
Regency Nursing Center	Skilled Nursing Facility	3,451,100	0.87%

2001			
<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Water Consumption</u>	<u>Percent of Total Billed</u>
Nan Ya Plastics Corp. USA	Manufacturing	28,671,800	6.38%
Gulf Coast Medical Center	Hospital	16,100,100	3.58%
Briar Pointe LTD	Apartment Complex	11,051,700	2.46%
Avalon Place	Nursing Home facility	10,918,200	2.43%
JM Eagle	Manufacturing	7,350,800	1.64%
Wharton ISD	School	8,042,300	1.79%
Riverbend Apartments	Apartment Complex	6,989,600	1.55%
Wharton Manor #13955	Nursing Home Facility	4,773,500	1.06%
Millcreek Apartments	Apartment Complex	4,478,600	1.00%
The Medow Associate	Apartment Complex	4,264,300	0.95%
Rio Posada Apartments	Apartment Complex	3,984,900	0.89%

SOURCE: City of Wharton Utility Billing Department

CITY OF WHARTON, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last ten fiscal years

Fiscal Year	Governmental Activities				Business-type Activities	
	Certificates of Obligation	General Obligation Bonds	Tax Anticipation Notes	Capital Leases	Certificates of Obligation	General Obligation Bonds
2001	\$ 1,758,772	\$ 1,250,000	\$ -	\$ 30,391	\$ 2,906,228	\$ 1,495,000
2002	1,526,772	1,195,400	-	10,926	2,808,228	1,429,600
2003	1,285,372	1,136,200	-	-	2,704,628	1,358,800
2004	1,156,162	1,016,925	-	194,533	2,593,838	1,218,075
2005	2,295,537	891,800	-	152,761	2,924,463	1,068,200
2006	2,193,222	764,400	-	211,547	2,811,778	915,600
2007	4,226,697	632,450	-	354,339	3,488,303	757,550
2008	4,365,621	491,400	665,000	273,891	2,989,379	588,600
2009	5,703,381	345,800	665,000	225,314	5,266,619	714,200
2010	5,013,989	665,792	830,000	186,658	3,371,011	2,254,208

NOTE: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Business-type Activities

<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 48,213	\$ 7,488,604	3.4%	\$ 802.29
26,772	6,997,698	3.1%	751.87
-	6,485,000	2.8%	699.42
75,652	6,255,185	2.7%	675.58
59,407	7,392,168	3.0%	801.58
882,458	7,779,005	3.0%	842.43
792,000	10,251,339	3.7%	1,119.14
718,000	10,091,891	3.7%	1,102.94
-	12,920,314	4.7%	1,412.06
-	12,321,658	4.7%	1,395.12

CITY OF WHARTON, TEXAS**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING***Last ten fiscal years*

Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available
	Certificates of Obligation	General Obligation Bonds	Tax Anticipation Notes	Total	
2001	\$ 4,665,000	\$ 2,745,000	\$ -	\$ 7,410,000	\$ 223,958
2002	4,335,000	2,625,000	-	6,960,000	388,765
2003	3,990,000	2,495,000	-	6,485,000	375,937
2004	3,750,000	2,235,000	-	5,985,000	365,845
2005	5,220,000	1,960,000	-	7,180,000	366,349
2006	5,005,000	1,680,000	-	6,685,000	431,913
2007	7,715,000	1,390,000	-	9,105,000	458,275
2008	7,355,000	1,080,000	665,000	9,100,000	360,762
2009	10,970,000	1,060,000	665,000	12,695,000	358,012
2010	8,385,000	2,920,000	830,000	12,135,000	364,075

NOTE: Details regarding the City's outstanding debt can be found in the notes to financial statements.

SOURCE: City of Wharton

<u>Debt Payable from Enterprise Funds</u>	<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 4,401,228	\$ 2,784,814	0.98%	\$ 298.35
4,237,828	2,333,407	0.75%	250.72
4,063,428	2,045,635	0.67%	220.63
3,811,913	1,807,242	0.61%	195.19
3,992,663	2,820,988	0.90%	305.90
3,727,378	2,525,709	0.77%	273.52
4,245,853	4,400,872	1.27%	480.44
3,577,979	5,161,259	1.35%	564.07
5,980,819	6,356,169	1.60%	694.66
5,625,219	6,145,706	1.53%	695.85

CITY OF WHARTON, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(UNAUDITED)

September 30, 2010

	<u>Gross Debt Outstanding</u>		<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
	<u>Date</u>	<u>Amount</u>		
Direct Debt:				
City of Wharton	9/30/2010	<u>\$ 12,135,000</u>	100.00%	<u>\$ 12,135,000</u>
Overlapping Debt:				
Wharton County	9/30/2010	3,665,000	15.15%	555,248
Wharton Independent School District	9/30/2010	<u>24,492,940</u>	44.66%	<u>10,938,547</u>
Total Overlapping Debt		<u>28,157,940</u>		<u>11,493,795</u>
Total		<u>\$ 40,292,940</u>		<u>\$ 23,628,795</u>

NOTES: 1 There is no legal debt limit for the City. Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in a tax levy for general bonded debt of over \$1.00 for cities under 5,000 population, or \$1.50 for cities over 5,000 population.

2 The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each government's total taxable value.

SOURCE: Wharton County and Wharton Independent School District

CITY OF WHARTON, TEXAS
PLEDGED-REVENUE COVERAGE
Last ten fiscal years

<u>Fiscal Year</u>		<u>Gross Revenue</u>	<u>Direct Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Average Debt Service Requirements</u>	<u>Times Debt Coverage</u>
2001	(1)	\$ 1,884,591	\$ 1,600,028	\$ 284,563	\$ 312,989	0.91
2002	(1)	1,965,030	1,533,509	431,521	299,226	1.44
2003	(2)	1,875,592	1,152,349	723,243	315,910	2.29
2004	(2)	1,927,029	1,163,994	763,035	312,795	2.44
2005	(2)	2,212,044	1,258,856	953,188	293,307	3.25
2006	(2)	2,213,933	1,341,092	872,841	294,576	2.96
2007	(2)	2,286,698	1,446,595	840,103	227,480	3.69
2008	(2)	2,438,117	1,527,110	911,007	217,255	4.19
2009	(2)	2,774,245	1,649,694	1,124,551	308,641	3.64
2010	(2)	2,778,676	1,709,188	1,069,488	286,909	3.73

- (1) Revenues and expenses of the Water and Sewer Fund net of debt service.
- (2) "Gross Revenue" as used herein refers to all operating revenues and all interest income of the Water and Sewer Fund. "Direct Operating Expenses" is defined as all operating expenses of the Water and Sewer Fund (which does not include capital outlay or interest expense) less depreciation.

SOURCE: City of Wharton

CITY OF WHARTON, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)
Last ten fiscal years

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Personal Income</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
2001	9,334	\$ 222,811,914	\$ 23,871	2,605	4.3%
2002	9,307	222,753,738	23,934	2,616	5.7%
2003	9,272	228,267,368	24,619	2,520	6.2%
2004	9,259	234,613,801	25,339	2,450	5.9%
2005	9,222	245,710,968	26,644	2,543	5.3%
2006	9,234	258,376,554	27,981	2,399	5.0%
2007	9,160	273,526,760	29,861	2,280	4.4%
2008	9,150	273,228,150	29,861	2,265	4.3%
2009	9,150	273,228,150	29,861	2,221	6.3%
2010	8,832	263,732,352	29,861	2,180	8.0%

NOTES: The unemployment rates are a twelve month average from October through September for Wharton County.

SOURCE: (1) Population based on U.S. Census Bureau
(2) U.S. Department of Commerce, Bureau of Economic Analysis (for Wharton County)
(3) Wharton Independent School District
(4) U.S. Department of Labor - Bureau of Labor (for Wharton County)

CITY OF WHARTON, TEXAS
PRINCIPAL EMPLOYERS
(UNAUDITED)
Current Year and Four Years Ago

2010		
Employer	Employees	Percentage of Total City Employment
Wharton ISD	400	2.02%
Gulf Coast Medical Center	350	1.76%
South Texas Medical Clinic	325	1.64%
Wal-Mart	260	1.31%
Wharton County	253	1.28%
Maxim Production Co.	240	1.21%
Wharton Co. Jr. College	236	1.19%
Nan Ya Plastics Corp, USA	205	1.03%
HEB Food Store	130	0.66%
J-M Manufacturing	102	0.51%
	<u>2,501</u>	<u>13.86%</u>

2006		
Employer	Employees	Percentage of Total City Employment
Wharton ISD	395	2.19%
South Texas Medical Center	375	2.08%
Gulf Coast Medical Center	367	2.03%
Nan Ya Plastics Corp. USA	320	1.77%
Wharton Junior College	286	1.58%
Wal-Mart	260	1.44%
Schlumberger	126	0.70%
HEB Food Store	120	0.66%
J-M Manufacturing	102	0.56%
City of Wharton	93	0.52%
	<u>2,444</u>	<u>13.53%</u>

NOTE: Information for nine years ago was not readily available.

SOURCE: "Focus on Wharton - Wharton Economic Development Corporation"

CITY OF WHARTON, TEXAS

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2001	2002	2003	2004
General government				
City manager	2.0	2.0	2.0	2.0
City secretary	1.0	1.0	1.0	1.0
Finance	3.0	3.0	3.0	3.0
Municipal court	3.0	3.0	3.0	2.5
Community services coordinator	0.5	0.5	0.5	0.5
Central services	-	0.5	0.5	0.5
Public safety				
Police	21.0	21.5	22.0	21.5
Fire	1.5	2.0	2.0	2.0
Code enforcement	3.0	3.0	3.0	3.0
Emergency management	-	-	-	-
Animal control	1.0	1.0	1.0	1.0
Communications	8.0	8.0	8.0	8.0
DARE	1.0	1.0	1.0	1.0
Public works				
Public works	11.5	11.5	11.0	11.5
Garage	2.0	1.5	1.5	2.0
Facilities maintenance	4.0	4.0	4.0	4.0
Water/wastewater				
City planning	1.5	1.5	2.0	1.5
Administration	2.0	2.0	2.0	2.0
Water operations	5.0	5.5	6.5	6.0
Sewer operations	4.0	4.0	3.5	3.0
Beautification	0.5	1.0	1.0	1.0
EMS	11.0	11.0	9.0	9.0
Civic Center	3.5	3.5	3.5	4.0
Airport	-	-	-	-
Total	<u>90.0</u>	<u>92.0</u>	<u>91.0</u>	<u>90.0</u>

SOURCE: City of Wharton

Fiscal Year					
2005	2006	2007	2008	2009	2010
2.0	2.0	2.0	2.0	2.0	2.0
2.0	2.0	2.0	2.0	1.0	1.0
3.0	3.0	3.0	4.0	4.0	4.0
2.5	2.5	2.5	2.5	2.5	2.5
0.5	0.5	0.5	0.5	0.5	-
0.5	-	-	-	0.5	0.5
23.5	24.5	24.5	24.5	24.5	24.5
2.0	2.0	2.0	2.0	2.0	2.0
3.0	3.0	3.0	4.0	3.0	3.0
0.5	0.5	0.5	0.5	0.5	1.0
1.0	1.0	1.0	1.0	1.0	1.0
8.0	8.0	8.0	9.0	9.0	9.0
1.0	1.0	1.0	1.0	-	-
11.5	11.5	11.5	11.5	11.5	11.5
2.0	2.0	2.0	2.0	2.0	2.0
5.0	4.0	4.0	5.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0	1.0
2.0	2.0	2.0	1.0	1.5	1.5
7.0	7.0	7.0	7.0	7.5	7.5
4.0	4.0	4.0	4.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0	1.0
8.0	8.0	8.0	8.0	8.0	8.0
2.5	2.5	2.5	2.5	2.5	2.5
-	-	-	1.5	2.0	2.0
<u>93.5</u>	<u>93.0</u>	<u>93.0</u>	<u>97.5</u>	<u>95.5</u>	<u>95.5</u>

CITY OF WHARTON, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last ten fiscal years

Function/Program	Fiscal Year			
	2001	2002	2003	2004
General government				
Building permits issued	1,343	1,261	1,734	1,357
Building inspections conducted	N/A	N/A	N/A	1,323
Public safety				
Police				
Physical arrests	989	988	968	1,114
Traffic violations	3,325	4,685	2,587	3,066
Fire				
Fire calls	410	403	438	475
Public works				
Streets (miles)	95	95	95	95
Culture and recreation				
Parks and recreation				
Park rental	N/A	N/A	N/A	N/A
Community center rentals	336	316	286	322
Swimming pool				
Single admissions	N/A	N/A	N/A	N/A
Season passes	N/A	N/A	N/A	N/A
Aerobics	N/A	N/A	N/A	N/A
Swim lessons	N/A	N/A	N/A	N/A
Party rentals	N/A	N/A	N/A	N/A
Water and wastewater				
Water				
New connections/taps	21	14	4	9
Average daily consumption	1.2 mgd	1.1 mgd	1.1 mgd	1.1 mgd
Peak daily consumption	N/A	N/A	N/A	N/A
Wastewater				
Average daily sewage treatment	.5 mgd	.6 mgd	.6 mgd	.6 mgd
EMS				
Ambulance loads	2,760	2,491	2,688	2,784

NOTE: N/A denotes information not available

SOURCE: Various City departments

Fiscal Year					
2005	2006	2007	2008	2009	2010
1,152	1,048	1,099	1,031	947	348
1,387	1,484	1,003	1,658	959	1,080
957	908	789	657	881	759
2,610	3,401	3,238	1,932	4,521	3,896
502	511	457	527	512	459
95	95	97	97	97	97
99	103	96	58	57	33
496	320	294	310	303	278
N/A	4,824	4,770	2,633	2,979	2,585
N/A	19	87	56	49	32
N/A	41	43	32	44	26
N/A	29	29	42	34	22
N/A	11	6	12	7	6
7	3	14	17	13	14
1.1mgd	1.2 mgd	1.1 mgd	1.4 mgd	1.2mgd	1.1mgd
N/A	N/A	1.9 mgd	1.9 mgd	1.9 mgd	1.9mgd
.7 mgd	.5 mgd	1.2 mgd	.95 mgd	.73 mgd	.92 mgd
2,444	2,874	2,928	3,309	3,425	3,203

CITY OF WHARTON, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2001	2002	2003	2004
Public safety				
Police				
Stations	1	1	1	1
Patrol units	8	8	8	8
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	95	95	95	95
Streetlights	624	624	624	624
School zone flashers	4	4	4	4
Culture and recreation				
Acreage	90	90	90	90
Parks	10	10	10	10
Baseball/softball diamonds	5	5	5	5
Community centers	1	1	1	1
Swimming pools	1	1	1	1
Water and wastewater				
Water				
Water mains (miles)	75	75	75	75
Fire hydrants	430	430	430	430
Storage capacity	3.5mgd	3.5mgd	3.5mgd	3.5mgd
Wastewater				
Sanitary sewers (miles)	77	77	77	77
Storm sewers (miles)	15	15	15	15
Treatment capacity	2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd

SOURCE: Various City departments

Fiscal Year						
2005	2006	2007	2008	2009	2010	
1	1	1	1	1	1	1
8	8	8	8	8	8	9
1	1	1	1	1	1	1
95	96	96.5	96.5	96.5	97.0	
624	624	852	852	852	852	
4	4	8	8	8	8	
90	90	90	90	92	92	
10	10	10	10	11	11	
5	5	5	5	5	5	
1	1	1	1	1	1	
1	1	1	1	1	1	
75	75	80	80.5	80.5	80.5	
430	430	470	475	478	478	
3.5mgd	3.5mgd	3.5mgd	3.5mgd	3.5mgd	3.5mgd	
77	77	80	83	84	84	
15	15	15	15	15	15	
2.0 mgd	2.0 mgd	2.0 mgd	2.0 mgd	2.0mgd	2.0mgd	



**OVERALL COMPLIANCE AND INTERNAL CONTROL
SECTION**





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

The Honorable Mayor and Members
of the City Council
City of Wharton, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Wharton, Texas (the "City") as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

The Honorable Mayor and Members
of the City Council

This report is intended solely for the information and use of management, the Mayor and City Council, others within the organization, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Harrison Waldrop + Wheeler, LLP.
April 19, 2011



