

City of Dumas

Dumas, Texas



Audited Financial Statements
and Supplemental Information

September 30, 2011

**CITY OF DUMAS, TEXAS
TABLE OF CONTENTS
SEPTEMBER 30, 2011**

	<u>Page</u>
INTRODUCTION	
Table of Contents	i
Letter of Transmittal	iii
Official Roster	viii
Organizational Chart	ix
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
 Basic Financial Statements	
<u>Government-Wide</u>	
Statement of Net Assets	9
Statement of Activities	10
 <u>Fund Financial Statements</u>	
<u>Governmental Funds</u>	
Balance Sheet - Governmental Funds	12
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	15
General Fund Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	16
 <u>Proprietary Funds</u>	
Statement of Net Assets - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Notes to Financial Statements	20
 SUPPLEMENTAL INFORMATION	
 Combining Fund Statements and Schedules	
Combining Balance Sheets - Nonmajor Governmental Funds	42
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	44

**CITY OF DUMAS, TEXAS
TABLE OF CONTENTS
(Continued)
SEPTEMBER 30, 2011**

	<u>Page</u>
Governmental Funds Budget vs. Actual	
Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	46
Park Improvements Special Revenue Fund	47
Court Technology Special Revenue Fund	48
Law Enforcement Seizure Special Revenue Fund	49
Police Training Special Revenue Fund	50
Court Security Special Revenue Fund	51
Emergency Management Fund	52
Hotel/Motel Tax Special Revenue Fund	53
Christmas Decorations Special Revenue Fund	54
Insurance/Internal Service Fund	55
Debt Service Fund	55
Enterprise Funds Budget vs. Actual	
Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	56
Gas Utility Fund	57
Water Utility Fund	58
Waste Water Utility Fund	59
Pheasant Hills Golf Course Fund	59
 COMPLIANCE	
Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	60



July 11, 2012

Honorable Mayor, City Commission and Citizens of Dumas, Texas:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Dumas, Texas for the fiscal year ended September 30, 2011. The purpose of the CAFR is to provide accurate and meaningful information concerning the City's financial condition and performance. In addition, independent auditors have verified that the City has fairly presented its financial position, in all material respects.

This report was prepared by the Finance Department with the assistance of various other City departments. City management assumes full responsibility for the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. J.W. Anderson and Associates, certified public accountants, have issued an unqualified opinion on the City's CAFR for the year ended September 30, 2011. As indicated by the opinion of our independent auditors, the report fairly presents the financial position and the results of operations of the City as measured by the financial activity of the City's various funds. The report has been set forth in a manner that will give the reader a broad understanding of the City's financial affairs. It included disclosures necessary for the reader to gain an understanding of the City's financial activities. The independent auditors' report is located at the front of the financial section.

Management's Discussion & Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.



Profile of the City of Dumas

The City of Dumas, incorporated in 1930, is a city in Moore County, Texas, United States. Dumas Avenue, the main thoroughfare, is also United States Highways 287 and 87.



The population, according to the 2010 census, is 14,691, which is a 6.8% increase from 2000 of 13,747. (www.city-data.com). It is the county seat of Moore County. Located approximately fifty miles north of Amarillo, the city is named for its founder, **Louis Dumas** (1856–1923). In 1891 Mr. Dumas and his associates formed the Moore County Townsite Company and platted the town on a site some five miles south of South Palo Duro Creek. The first building housed the company office, a hotel, a general store, and the city's first post office. In 2009, there were an estimated 340 establishments within the City.

Dumas operates under a council/manager form of government consisting of a mayor and four commissioners. The mayor and commissioners are elected at large for three-year terms. The city manager, appointed by the City Commission, is responsible for the management of all City employees and the administration of all City affairs.

A full range of services are provided by the City of Dumas. These services include public safety (police and fire); community services (culture and recreation); facilities; streets, public improvements; planning, zoning, engineering; public utilities (water, gas, wastewater, solid waste) and general administration of services.

The CAFR of the City includes all government activities, organizations and functions for which the City is financially accountable. The criteria used to determine financial accountability are based on, and consistent with, the pronouncements of the Governmental Accounting Standards Board which sets criteria for defining the financial reporting entity. The City does not have relationships with any organizations not included in this CAFR of such nature and significance that exclusion would render the City's financial statements incomplete or misleading.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered within the context of the City's economy. The following information is provided to highlight a broad range of economic forces that support the City's operations.

Dumas is the fastest growing city in the Panhandle north of Amarillo. The City serves as the hub for a regional trade area of more than 70,000 people. Retail shoppers come to Dumas from New Mexico, Oklahoma and Kansas on a regular basis. (www.dumasedc.org). Although Sales tax revenues showed only a 2% increase in 2009

when compared to 2008, and only a 1% increase in 2010 when compared to 2009, the sales tax figures rebound with an 8% in 2011 when compared to 2010.

Dumas is in the heart of one of the state's leading grain sorghum producing areas. Moore County also produces large quantities of natural gas, as well as two-thirds of the nation's helium. Several feedlots, grain elevators, beef packers, and fertilizer plants attest to the leadership in agribusiness.

The City's 2010 census was 14,691, increasing 6.8% since 2000 and is the principal industrial and commercial center of Moore County. The economy is based on agriculture and cattle. The Texas Almanac designates cattle, corn, wheat, sorghum, cotton, soybeans and sunflowers as principal sources of agricultural income. Moore County was ranked as Texas' 5th leading producer of corn for 2006 and 7th leading producer of wheat in 2009.

In 2009, among the most common occupations in Dumas are Production, transportation, and material moving occupations, 25%. Management, professional and related occupations measured approximately 20% and Sales and office occupations were 18%. Approximately 75% of the workers in Dumas work for companies, 13% work for the government and 7% are self-employed.

The leading industries in Dumas are Manufacturing, 27%; Educational, health and social services, 17%; and Retail trade, 9%.

Dumas, Texas was named a Top 100 Micropolitan city for economic development and corporate real estate projects by Site Selection Magazine in their March 2011 edition. Dumas tied for 74th out of 576 micropolitan areas.

With nearly 300 days of sunshine annually, Dumas is fast becoming the green technology hub of the region. New solar based manufacturers are beginning to take a close look at Dumas for new development projects. Dumas is also the host to several wind farms in all directions around the City. Additional farms are being planned and developers are looking for ways to couple the wind energy with another means, such as solar, to create a more continual source of power. Amarillo Community College Moore County Campus has partnered with the Dumas Economic Development Corporation to provide a new state of the art Renewable Energy Program to train and educate young adults in, not only wind energy, but also biofuels and solar technologies. In 2010, Dumas was selected as Top 5 Community for Wind Energy Business by Expansion solutions Magazine for its proactive measures and positive business climate for new wind energy related businesses. http://www.expansionsolutionsmagazine.com/010awards_windenergy

Since 2010, Dumas has seen the development of several new businesses that include a new Dialysis Center, CVS Pharmacy, family medical practice, expansion of the JBS Beef Processing plant, a new RV Resort, a new restaurant and most recently, a new distribution company, Equipment Supply, Incorporated. Moore county Regional Airport has opened its new 6000 feet runway that accommodates small jet traffic. The community has a new intermediate school, a new overpass, a new aquatic park and the Dumas

Economic Development Corporation has begun construction of a new road and facility within the new 265 acre business park.

Internal Control Framework

Integrated within the business systems of the City are policies and procedures over accounting and financial reporting that make up the internal control framework. The internal control framework provides assurance that the accounting systems and underlying data are reliable. There are certain limitations inherent in the internal control framework. Management may choose to accept certain risks because the cost to prevent all risk is not reasonable. Additionally, while management is responsible for establishing and maintaining effective internal controls, the authority to override controls is retained within management. Although some level of risk within the internal control framework is unavoidable, the City's management maintains an attitude of supporting strong and effective internal controls.

Budgetary Control

Texas state statutes mandate that municipalities operate within the confines of a balanced budget. Annual budgets are adopted for all funds. All unexpended appropriations lapse at the end of the fiscal year. All City departments submit requests for appropriation to the Finance Director each year. The Finance Director uses these requests as the starting point for developing the proposed operating budget and then presents the requests to the City Manager. The City Manager then presents the proposed operating budget to the City Commission for review. The Commission sets hearings for annual budget review, approves the final budget and sets the property tax rates no later than September 30, the close of the City's fiscal year.

Expenditure authority is provided at the department levels. Management may make administrative transfers and increases or decreases between accounts below the department level without Commission approval. However, any transfer of funds between departments, the legal level of control, or higher level shall be presented to Commission for approval before such funds can be transferred between departments or expended.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the efforts and dedication of the City staff. Sincere appreciation goes out to them for their dedication to the project. Credit is also given to the Mayor, City Commission and the City Manager for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

Dottie Crockett

Finance Director

City of Dumas, Texas

Official Roster
September 30, 2011

City Council

Pat Sims

Michael Funk

Steve Bodnar

David Bonner

Vernon McDowell

Mayor

Commissioner

Commissioner

Commissioner

Commissioner

Administrative Officials

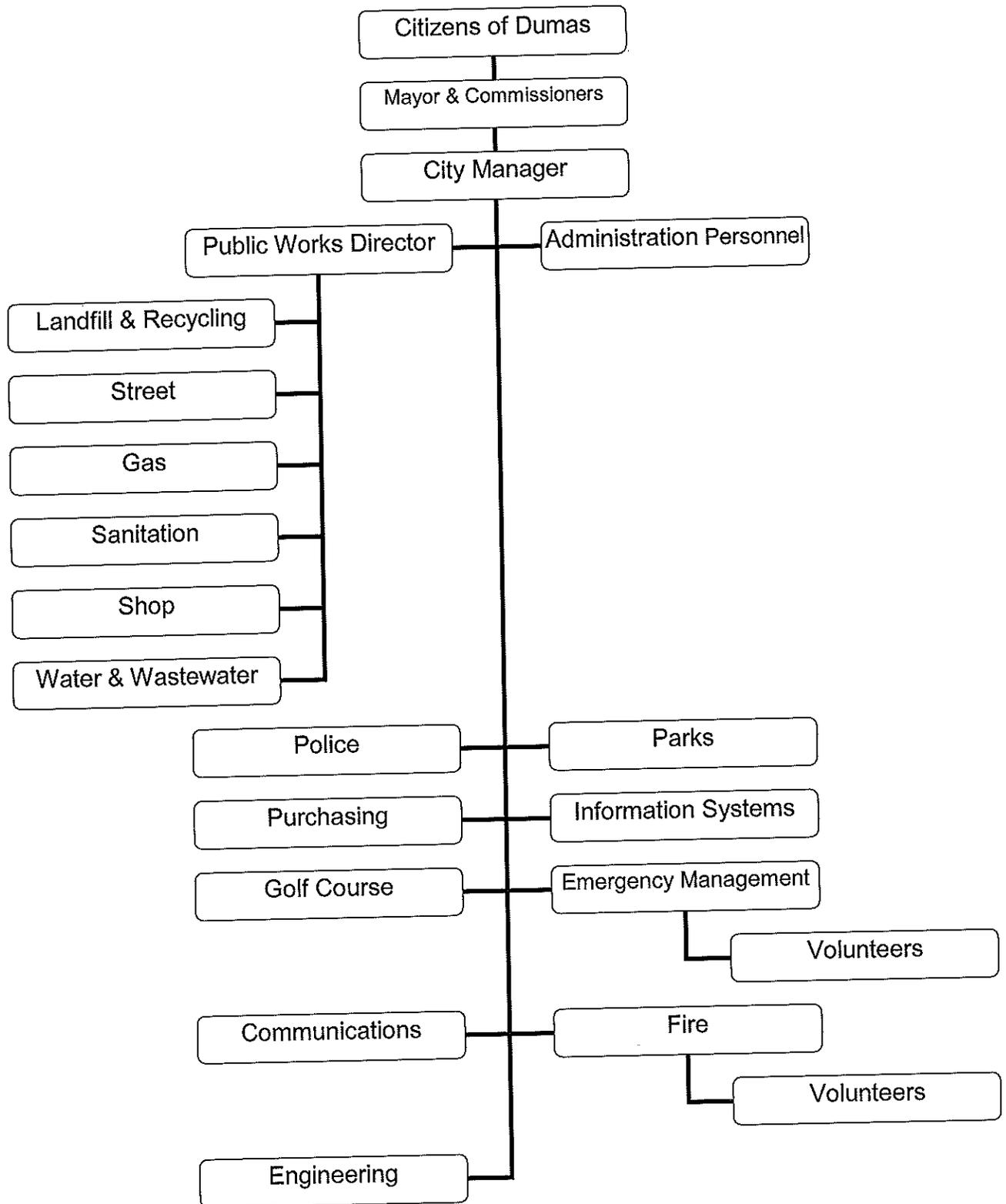
Vince DiPiazza

Dottie Cockett

City Manager

Finance Director

City of Dumas Organizational Chart



FINANCIAL SECTION

JW ANDERSON & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Dumas, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and business-type funds of the City of Dumas, Texas (City), as of and for the year ended September 30, 2011, 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 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Dumas as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund 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 July 11, 2012 on our consideration of the City of Dumas, Texas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the City of Dumas, Texas's basic financial statements and budgetary comparison schedule. The supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The management's discussion and analysis on pages 3 through 8 and the schedules of funding progress related to pension plans and other postemployment benefits disclosed in Note I are not a required part of the basic financial statements but are presented in compliance with requirements issued by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management

regarding the methods of measurement and presentation of the required information. However, we did not audit the information and we do not express an opinion or any other form of assurance on such information.

J W Anderson & Associates, PC

JW ANDERSON & ASSOCIATES, PC
A Professional Corporation
Lubbock, Texas
July 11, 2012

CITY OF DUMAS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of the City of Dumas, Texas discuss and analyze the City's financial performance for the fiscal year ended September 30, 2011. Please read it in conjunction with our transmittal letter, the Independent Auditor's Report, and the City's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

The City's net assets from governmental activities increased by \$1.0 million as a result of this year's operations. Net assets of our business-type activities decreased by \$0.44 million and net assets of Dumas Economic Development Corporation increased by \$0.43 million or slightly more than 2.2%.

During the year, the City had expenses that were \$8.7 million, which is more than the \$7.5 million generated in tax and other revenues for governmental programs, before special items.

In the City's business-type activities, revenues decreased to \$7.0 million or 2% and expenses decreased to \$5.3 million or just under 3%.

Total cost of all of the City's programs, after charges for services and operating grants, was \$5.6 million. The total cost of Dumas Economic Development Corporation's programs, after charges for services and operating grants was \$0.61 million.

The General Fund ended the year with a fund balance of \$1.6 million, which is an increase over last year's balance of \$1.4 million.

The resources available for appropriation were \$0.18 million more than budgeted for the General Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations, other financial matters, and financial matters of Dumas Economic Development Corporation. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to departments within the City or to external customers and how the sales revenues covered the expenses of the goods or services.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the City's individual funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The analysis of the City's overall financial condition and operations primary purpose is to show whether the City and Dumas Economic Development Corporation are better or worse as a result of the year's activities. The Statement of Net Assets includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's revenues are divided into those provided by outside parties who share the costs of some programs, such as fines, permits, and utility user charges (program revenues), and revenues provided by the taxpayers or by grant revenues (general revenues). All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current year or future years.

These two statements report the City and Dumas Economic Development Corporation's net assets and changes in them. The City's net assets (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, consideration should be given to the non-financial factors as well, such as changes in the City's needs based on population or its property tax base and the condition of the City's facilities.

In the Statement of Net Assets and the Statement of Activities, the City has two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including general government, public safety, highways and streets, sanitation, and culture and recreation. Property taxes, sales taxes, trash collection and utility fund, internal franchise fees, and indirect cost reimbursements finance most of these activities.
- Business-type activities – The City charges a fee to customers for utilities and golf to help cover the cost of services provided and to finance the services in the governmental activities.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City's management establishes many other funds to help control and manage money for particular purposes, like fire and police grants. The City's two kinds of funds, governmental and proprietary, use different accounting approaches:

- Governmental funds – Most of the City's basic services are reported in governmental funds. These use modified accrual accounting, a method that measure the receipt and disbursement of cash and all other financial assets that can be readily converted to cash and report balance that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities reported in the Statement of New Assets and the Statement of Activities and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds – The City reports the activities for which it charges users, whether outside customers or other units of the City, in proprietary funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. In fact, the City's

enterprise funds, which are one category of proprietary funds, are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds, which is the other category of proprietary funds, report activities that provide supplies and services for the City's other programs and activities, such as the City's self-insurance program.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City implemented GASBS Nos. 34 and 37 in prior years. Our analysis of comparative balances and changes focuses on the net assets (Table I) and changed in net assets (Table II) of the City's governmental and business-type activities.

Net assets of the City's governmental activities decreased from \$1.82 million to \$1.78 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, were (\$2.2) million at September 30, 2011. In 2011, net assets of our business-type activities decreased by \$0.44 million. This is due mainly to the transfers to the General Fund.

Table I
City of Dumas, Texas
NET ASSETS
(in thousands)

	Governmental Activities 2011	Business- Type Activities 2011	Total Primary Government 2011	Component Unit 2011	Total 2010
Current and other assets	\$ 1,656	\$ 1,216	\$ 2,873	\$ 911	\$ 4,741
Capital assets	9,021	4,454	13,475	1,676	11,833
Total Assets	10,677	5,671	16,348	2,587	16,574
Long-term liabilities	6,553	2,859	9,412	521	9,945
Other Liabilities	1,385	730	2,115	80	2,288
Total Liabilities	7,938	3,589	11,527	602	12,233
Net Assets:					
Invested in capital assets, net of related debt	4,676	1,430	6,107	1,104	4,728
Restricted for debt service	230	-	230	-	235
Unrestricted	(2,167)	2,089	(78)	571	(612)
Total Net Assets	2,739	3,519	6,258	1,675	4,351

Table II
City of Dumas, Texas
CHANGES IN NET ASSETS
(in thousands)

	Governmental Activities 2011	Business- Type Activities 2011	Total Primary Government 2011	Component Unit 2011	Total 2011	Total 2010
Revenues:						
Program Revenues:						
Charges for services	\$ 2,976	\$ 7,031	\$ 10,007	\$ 16	\$10,023	\$10,426
Grants and contributions	268	-	268	-	268	188
General Revenues:						
Property taxes, penalties, and interest	798	-	798	-	798	721
Sales tax and other taxes	3,376	-	3,376	661	4,037	3,757
Interest revenue	8	2	11	2	13	16
Miscellaneous revenue	100	-	100	1	101	116
Total Revenues	7,527	7,034	14,561	679	15,240	15,224
Expenses:						
General Government	1,196	-	1,196	-	1,196	2,117
Public safety	3,610	-	3,610	-	3,610	3,458
Highways and streets	641	-	641	-	641	567
Sanitation	1,380	-	1,380	-	1,380	1,196
Culture and recreation	1,110	-	1,110	-	1,110	826
Interest and fiscal charges	203	124	326	-	326	337
Unallocated Depreciation	530	-	530	-	530	382
Gas	-	3,145	3,145	-	3,145	3,442
Water	-	1,175	1,175	-	1,175	1,111
Wastewater	-	358	358	-	358	347
Golf course	-	490	490	-	490	412
Dumas Economic Development Corporation	-	-	-	637	637	637
Total Expenses	8,669	5,291	13,960	637	14,597	14,832
Increase (decrease) in net assets before transfers and special items						
	(1,142)	1,743	600	43	643	393
Transfers	2,186	(2,186)	-	-	-	-
Disposition of assets	3	1	4	-	4	8
Change in Net Assets	1,047	(443)	604	43	647	401
Net Assets at 10/1/10	1,821	2,532	4,353	1,931	6,284	5,925
Prior period adjustment	-	-	-	-	-	-
Net Assets - Beginning of Year as Restated	1,821	2,532	4,353	1,974	6,325	5,925
Net Assets - End of Year 9/30/11	2,868	2,089	4,957	2,017	6,972	6,326

The City took the following action this year to compensate for some increase in cost:

- The City monitored the expenditures during the year.

The cost of all governmental activities this year was \$8.7 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities was \$5.6 million because some \$2.98 million of these costs were paid by those who directly benefited from the programs and \$.27 million by other governments and organizations that subsidized certain programs with grants and contributions.

THE CITY'S FUNDS

As the City completed the year, its governmental funds, as presented in the balance sheet reported a combined fund balance of \$1.53 million, which is less than last year's total of \$1.78 million. Included in this year's total change in fund balance is an increase of \$0.23 million in the City's General Fund. The net assets of Dumas Economic Development Corporation increased by \$0.43 million to a total of \$2.02 million.

CAPTIAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the City had \$13.48 million invested in a broad range of capital assets, including land, buildings, machines and equipment, vehicles, furniture and office equipment, communications equipment, gas systems, water systems, sewer systems, and golf course. This amount represents a net increase of just over \$1.65 million or 14% above last year.

Debt

At year-end, the City had \$9.4 million in bonds, loans, capital leases, landfill closure costs, and unfunded defined benefit retirement obligation outstanding versus \$9.95 million last year which is a decrease of \$0.53 million. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2012 budget and tax rates. One of those factors is the economy. The City's population has increased slightly from the prior year. The City Commissioners considered this factor when adopting the 2012 budget.

Amounts available for appropriation in the General Fund budget are \$7.8 million, an increase of 17% over the final 2011 budget of \$6.7 million. The City will use its revenues to finance programs currently offered. Budgeted expenditures in the General Fund are expected to increase nearly 22% to \$8.67 million from \$7.25 million in 2011. The City has added no major new programs or initiatives to the 2012 budget.

If these estimates are realized, the City's budgetary General Fund balance is expected to decrease \$.89 million at the close of 2012

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances, and to show the City's accountability for the money it receives. If you have questions about his report or need additional financial information, contact the City's administrative office at City Hall, 124 W. 6th Street, Dumas, Texas, 79029.

FINANCIAL STATEMENTS

CITY OF DUMAS, TEXAS
 GOVERNMENT-WIDE STATEMENT OF NET ASSETS
 September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total 2011	
ASSETS				
CURRENT ASSETS				
Pooled Cash and Cash Equivalents	\$ (142,815)	391,486	\$ 248,671	\$ 513,595
Investments	371,869	350,059	721,928	-
Accounts Receivables, Net	127,341	443,934	571,275	-
Taxes Receivable, Net				
Sales	328,863	-	328,863	59,858
Occupancy	177,105	-	177,105	-
Intergovernmental Receivables	36,685	-	36,685	-
Inventories	62,553	-	62,553	-
Paving and Utility Assessments Receivable	172,609	-	172,609	-
Prepaid Expenses	20,453	30,658	51,111	7,134
Other Receivables	126,194	-	126,194	1,231
Deposits	2,910	-	2,910	-
Total Current Assets	1,283,767	1,216,137	2,499,904	581,818
NONCURRENT ASSETS				
Restricted Assets				
Cash and Cash Equivalents	229,910	-	229,910	-
Bond Issuance Costs, Net	-	7,478	7,478	-
Capital Assets, Net	9,020,640	4,454,490	13,475,130	2,180,605
Total Noncurrent Assets	9,250,550	4,461,968	13,712,518	2,180,605
Total Assets	\$ 10,534,317	\$ 5,678,105	\$ 16,212,422	\$ 2,762,423
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Cash and Cash Equivalents Overdraft	\$ -		\$ -	\$ -
Accounts Payable	190,470	161,988	352,458	63,911
Unapplied Utility Account Credits	-	14,109	14,109	-
Sales Tax Payable	-	2,511	2,511	-
Accrued Payroll	60,360	11,014	71,374	-
Accrued Interest	26,558	8,674	35,232	10,491
Due to Component Unit	60,819	-	60,819	-
Intergovernmental Payables	272,934	-	272,934	-
Insurance Claims Payable	65,976	-	65,976	-
Accrued Vacation	132,369	19,913	152,282	-
Current Portion of Long-Term Debt	549,648	548,347	1,097,995	30,725
Total Current Liabilities	1,359,134	766,556	2,125,690	105,127
NONCURRENT LIABILITIES				
Utility Customer Deposits	1,818	346,878	348,696	-
Landfill Closure Costs	1,305,280	-	1,305,280	-
Unfunded Defined-Benefit Retirement Obligation	1,334,254	-	1,334,254	-
Long Term Debt Due After One Year	3,794,807	2,463,124	6,257,931	467,980
Total NonCurrent Liabilities	6,436,159	2,810,002	9,246,161	467,980
Total Liabilities	7,795,293	3,576,558	11,371,851	573,107
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,676,185	1,443,019	6,119,204	1,681,900
Restricted for Incentives	-	-	-	310,000
Restricted for Debt Service	229,910	-	229,910	-
Unrestricted (Deficit)	(2,167,071)	2,101,547	(65,524)	197,416
Total Net Assets	2,739,024	2,101,547	4,840,571	2,189,316
Total Liabilities and Net Assets	\$ 10,534,317	\$ 5,678,105	\$ 16,212,422	\$ 2,762,423

CITY OF DUMAS, TEXAS
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2011

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
City Commission	\$ 36,377	\$ -	\$ -	\$ -
Administration	570,098	757,646	-	-
Information Systems	155,393	-	-	-
Warehouse	232,913	-	-	-
Engineering	103,824	93,300	-	-
Purchasing	27,266	-	-	-
Communications	69,991	-	-	-
Public Safety	131,184	29,180	100,828	-
Police	2,290,710	611,945	2,200	-
Fire	1,188,500	-	6,390	-
Streets	640,624	-	-	-
Sanitation	652,355	1,204,313	2,758	-
Landfill	670,409	181,685	-	-
Recycling	57,031	23,239	-	-
Culture and Recreation	629,117	74,642	153,924	-
Parks	480,761	-	-	1,858
Capital Expenses below Capitalization	127,828	-	-	-
Interest Expense	202,639	-	-	-
Unallocated Depreciation	530,064	-	-	-
Total Governmental Activities	8,797,084	2,975,950	266,100	1,858
Business Type Activities				
Gas	3,145,263	3,685,364	-	-
Water	1,174,909	2,002,522	-	-
Wastewater	345,024	1,060,873	-	-
Pheasant Trails Golf Course	489,796	282,556	-	-
Interest Expense	123,514	-	-	-
	<u>5,278,506</u>	<u>7,031,315</u>	<u>-</u>	<u>-</u>
Total Primary Government	\$ 14,075,590	\$ 10,007,265	\$ 266,100	\$ 1,858
Component Unit:				
Dumas Economic Development Corporation	\$ 634,737	\$ 17,810	\$ 12,000	

General Revenues:

- Taxes:
 - Sales
 - Property
 - Franchise
 - Occupancy
 - Other
- Investment Earnings
- Other Revenue
- Sale of Assets
- Transfers, Net

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (36,377)	\$ -	\$ (36,377)	\$ -
187,548	-	187,548	-
(155,393)	-	(155,393)	-
(232,913)	-	(232,913)	-
(10,524)	-	(10,524)	-
(27,266)	-	(27,266)	-
(69,991)	-	(69,991)	-
(1,176)	-	(1,176)	-
(1,676,565)	-	(1,676,565)	-
(1,182,110)	-	(1,182,110)	-
(640,624)	-	(640,624)	-
554,716	-	554,716	-
(488,724)	-	(488,724)	-
(33,792)	-	(33,792)	-
(400,551)	-	(400,551)	-
(478,903)	-	(478,903)	-
(127,828)	-	(127,828)	-
(202,639)	-	(202,639)	-
(530,064)	-	(530,064)	-
(5,553,176)	-	(5,553,176)	-
-	540,101	540,101	-
-	827,613	827,613	-
-	715,849	715,849	-
-	(207,240)	(207,240)	-
-	(123,514)	(123,514)	-
-	1,752,809	1,752,809	-
(5,553,176)	1,752,809	(3,800,367)	-
-	-	-	(604,927)
2,429,740		2,429,740	712,614
798,387		798,387	-
374,524		374,524	-
560,007		560,007	-
12,021		12,021	-
8,340	2,458	10,798	1,381
99,962		99,962	360
2,688	923	3,611	94,564
2,186,364	(2,186,364)	-	-
6,472,033	(2,182,983)	4,289,050	808,919
918,857	(430,174)	488,683	203,992
1,820,167	2,531,721	4,351,888	1,985,324
\$ 2,739,024	\$ 2,101,547	\$ 4,840,571	\$ 2,189,316

CITY OF DUMAS, TEXAS
BALANCE SHEETS
GOVERNMENTAL FUNDS
September 30, 2011

	General Fund	Construction Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 1,019,506		\$ 736,158	\$ 1,755,664
Investments	204,587	\$ 165,873	1,409	371,869
Utility Receivables, Net	127,340	-	-	127,340
Taxes Receivable, Net				
Sales	328,863	-	-	328,863
Occupancy	-	-	177,105	177,105
Due from Other Funds	18,000	-	-	18,000
Intergovernmental Receivables	172	-	36,513	36,685
Inventories	62,553	-	-	62,553
Paving and Utility Assessments Receivable	172,610	-	-	172,610
Prepaid Expenses	20,453	-	-	20,453
Other Receivables	126,153	-	41	126,194
Deposits	-	-	2,910	2,910
Total Assets	<u>\$ 2,080,237</u>	<u>\$ 165,873</u>	<u>\$ 954,136</u>	<u>\$ 3,200,246</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Pooled Cash and Cash Equivalents		\$ 1,668,568		
Accounts Payable	\$ 93,166	72,700	\$ 46,500	\$ 212,366
Accrued Payroll	59,046	-	1,314	60,360
Due to General Fund	-	-	18,000	18,000
Due to Component Unit	60,819	-	-	60,819
Intergovernmental Payables	96,896	-	154,142	251,038
Insurance Claims Payable	-	-	65,976	65,976
Utility Customer Deposits	1,818	-	-	1,818
Accrued Vacation	130,703	-	1,667	132,370
Total Liabilities	442,448	1,741,268	287,599	802,747
FUND BALANCES				
Nonspendable	62,553	-	-	62,553
Restricted	-	-	229,910	229,910
Committed	26,773	-	-	26,773
Assigned			436,627	436,627
Unassigned (Deficit)	1,548,463	(1,575,395)	-	(26,932)
Total Fund Balances	<u>1,637,789</u>	<u>(1,575,395)</u>	<u>666,537</u>	<u>728,931</u>
Total Liabilities and Fund Balances	<u>\$ 2,080,237</u>	<u>\$ 165,873</u>	<u>\$ 954,136</u>	<u>\$ 3,200,246</u>

CITY OF DUMAS, TEXAS
 RECONCILIATION OF THE BALANCE SHEET OF
 GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 September 30, 2011

Total Fund Balance - Governmental Funds	\$ 728,931
Amounts reported for governmental activities in the statement of net assets are different because:	
Net capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	9,020,640
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities include:	
Accrued Interest	(26,558)
Unfunded Defined-Benefit Retirement Obligation	(1,334,254)
Landfill Closure Costs	(1,305,280)
Bond and Note Obligations	(4,344,455)
	<u>2,739,024</u>
Net Assets of Governmental Activities	<u>\$ 2,739,024</u>

CITY OF DUMAS, TEXAS
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended September 30, 2011

	General Fund	Construction Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 407,248	\$ -	\$ 379,325	\$ 786,573
Sales	2,429,740	-	-	2,429,740
Franchise	374,524	-	-	374,524
Occupancy	1,080	-	560,006	561,086
Other	10,941	-	-	10,941
Insurance Premiums	-	-	757,646	757,646
Charges for Service	1,460,640	-	-	1,460,640
Penalties, Fines and Forfeitures	635,588	-	29,179	664,767
Licenses, Fees, and Permits	93,300	-	-	93,300
Intergovernmental Grants and Subsidies	9,148	-	55,143	64,291
Investment Income	8,028	310	-	8,338
Other Grants and Contributions	1,858	-	(4,519)	(2,661)
Other	111,373	-	-	111,373
Total Revenues	5,543,468	310	1,776,780	7,320,558
EXPENDITURES				
<i>Current</i>				
General Government:				
City Commission	36,377	-	-	36,377
Administration	681,382	-	836,637	1,518,019
Information Systems	155,393	-	-	155,393
Warehouse	232,913	-	-	232,913
Engineering	103,824	-	-	103,824
Purchasing	27,266	-	-	27,266
Communications	69,991	-	-	69,991
Public Safety			126,984	126,984
Fire	1,188,500	-	-	1,188,500
Police	2,279,990	-	4,000	2,283,990
Streets	640,624	-	-	640,624
Solid Waste				
Sanitation	471,264	-	-	471,264
Landfill	670,409	-	-	670,409
Recycling	57,031	-	-	57,031
Culture and Recreation			629,099	629,099
Parks	428,886	-	51,891	480,777
<i>Capital Outlay</i>				
Non Capital Purchases	-	-	-	-
Capital Purchases	1,179,417	1,089,252	10,159	2,278,828
<i>Debt Service</i>				
Principal	257,787	-	218,529	476,316
Interest and Administrative Fees	31,410	-	166,194	197,604
Total Operating Expenses	8,512,464	1,089,252	2,043,493	11,645,209
Excess (Deficit) of Revenues over Expenditures	(2,968,996)	(1,088,942)	(266,713)	(4,324,651)
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	1,081,237	-	-	1,081,237
Proceeds from Sales of Assets	2,688	-	-	2,688
Transfers Out	(215,540)	-	-	(215,540)
Transfers In	2,331,219	-	70,685	2,401,904
Total Other Financing Sources (Uses)	3,199,604	-	70,685	3,270,289
Net Change in Fund Balance	230,608	(1,088,942)	(196,028)	(1,054,362)
Fund Balance, Beginning of Year	1,407,181	(486,453)	862,565	1,783,293
Fund Balance, End of Year	\$ 1,637,789	\$ (1,575,395)	\$ 666,537	\$ 728,931

CITY OF DUMAS, TEXAS
 RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2011

Net Changes in Fund Balance - Governmental Funds \$ (1,054,362)

Amounts reported for governmental activities in the Statement of Activities
 are different because:

Governmental Funds to Statement of Activities Adjustments:

Governmental funds report capital outlays as expenditures. In the
 Statement of Activities, the cost of assets are allocated over their
 estimated useful lives in the form of depreciation. 2,300,725

Debt proceeds are reported as other financing sources in Governmental
 Funds but increases the debt liability on the Statement of Net Assets (1,081,237)

Debt service is an expenditure for governmental funds consisting
 of both interest expense and principal for the Notes Payable.
 The principal portion reduces Notes Payable on the Governmental
 Activities Balance Sheet and is not an expense on the Statement
 of Activities 476,254

Statement of Activities to Governmental Funds Adjustments:

Depreciation is recognized on the Statement of Activities as
 allocating the cost of the assets over their estimated useful lives (530,064)

The change in landfill closure costs is reported on the
 Statement of Activities but is not reflected in the Governmental Funds (181,091)

The change in accrued interest is reported on the Statement of Activities
 but is not reflected in the Governmental Funds (4,973)

The change in retirement benefit obligation liability is reported on the
 Statement of Activities but is not reflected in the Governmental Funds 993,605

Change in Net Assets of Governmental Activities \$ 918,857

CITY OF DUMAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes:				
Property	\$ 419,427	\$ 419,427	\$ 407,248	\$ (12,179)
Sales	2,291,304	2,291,304	2,429,740	138,436
Franchise	374,524	374,524	374,524	-
Occupancy	1,260	1,260	1,080	(180)
Other	9,500	9,500	10,941	1,441
Charges for Service	1,190,000	1,190,000	1,460,640	270,640
Penalties, Fines and Forfeitures	886,400	886,400	635,588	(250,812)
Licenses, Fees, and Permits	48,500	48,500	93,300	44,800
Intergovernmental Grants and Subsidies	16,500	16,500	9,148	(7,352)
Investment Income	11,579	11,579	8,028	(3,551)
Other Grants and Contributions			1,858	1,858
Other	111,020	111,020	111,373	353
Total Revenues	5,360,014	5,360,014	5,543,468	183,454
EXPENDITURES				
<i>Current</i>				
General Government:				
City Commission	59,245	51,977	36,377	15,600
Administration	698,460	675,183	681,382	(6,199)
Information Systems	169,454	97,251	155,393	(58,142)
Warehouse	231,694	225,945	232,913	(6,968)
Engineering	104,544	100,241	103,824	(3,583)
Purchasing	27,551	26,089	27,266	(1,177)
Communications	70,077	64,572	69,991	(5,419)
Fire	1,176,798	1,121,942	1,188,500	(66,558)
Police	2,284,272	2,238,844	2,279,990	(41,146)
Streets	659,414	650,786	640,624	10,162
Solid Waste				
Sanitation	465,691	541,282	471,264	70,018
Landfill	711,854	588,675	670,409	(81,734)
Recycling	54,127	37,551	57,031	(19,480)
Parks		425,726	428,886	(3,160)
<i>Capital Outlay</i>				
Non Capital Purchases		15,000	-	15,000
Capital Purchases		567,030	1,179,417	(612,387)
<i>Debt Service</i>				
Principal	150,716	150,716	257,787	(107,071)
Interest and Administrative Fees	41,287	41,287	31,410	9,877
Total Operating Expenses	6,905,184	7,620,097	8,512,464	(892,367)
Excess (Deficit) of Revenues over Expenditures	(1,545,170)	(2,260,083)	(2,968,996)	(708,913)
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	1,012,000	1,012,000	1,081,237	69,237
Proceeds from Sales of Assets			2,688	2,688
Transfers Out	(187,502)	(187,501)	(215,540)	(28,039)
Transfers In	2,465,164	63,892	2,331,219	2,267,327
Total Other Financing Sources (Uses)	3,289,662	888,391	3,199,604	2,311,213
Net Change in Fund Balance	1,744,492	(1,371,692)	230,608	\$ 1,602,300
Fund Balance, Beginning of Year	1,407,181	1,407,181	1,407,181	
Fund Balance, End of Year	\$ 3,151,673	\$ 35,489	\$ 1,637,789	

CITY OF DUMAS, TEXAS
 STATEMENTS OF NET ASSETS
 PROPRIETARY FUNDS
 September 30, 2011

	Gas Utility	Water Utility	Wastwater Utility	Pheasant Trails Golf Course	Total Proprietary Funds
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ (177,026)	\$ 419,790	\$ 201,967	\$ (53,244)	\$ 391,487
Investments	170,942	84,714	94,404	-	350,060
Accounts Receivables, Net:	116,811	214,727	112,429	-	443,967
Intergovernmental Receivables	-	-	-	-	-
Prepaid Expenses	13,258	17,398	-	-	30,656
Total Current Assets	<u>123,985</u>	<u>736,629</u>	<u>408,800</u>	<u>(53,244)</u>	<u>1,216,170</u>
NONCURRENT ASSETS					
Bond Issuance Costs, Net	-	2,991	4,487	-	7,478
Capital Assets, Net	521,652	1,441,745	1,580,521	910,572	4,454,490
Total NonCurrent Assets	<u>521,652</u>	<u>1,444,736</u>	<u>1,585,008</u>	<u>910,572</u>	<u>4,461,968</u>
Total Assets	<u>\$ 645,637</u>	<u>\$ 2,181,365</u>	<u>\$ 1,993,808</u>	<u>\$ 857,328</u>	<u>\$ 5,678,138</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 80,776	\$ 68,691	\$ 1,784	\$ 11,105	\$ 162,356
Unapplied Utility Account Credits	14,109	-	-	-	14,109
Sales Tax Payable	647	-	-	1,528	2,175
Accrued Interest	-	6,131	2,543	-	8,674
Accrued Wages	4,599	3,750	845	1,819	11,013
Accrued Vacation	10,146	5,582	31	4,153	19,912
Current Portion of Long-Term Debt	-	363,192	145,212	37,699	546,103
Total Current Liabilities	<u>110,277</u>	<u>447,346</u>	<u>150,415</u>	<u>56,304</u>	<u>764,342</u>
NONCURRENT LIABILITIES					
Utility Customer Deposits	174,806	172,073	-	-	346,879
Long Term Debt Due After One Year	-	1,565,996	768,665	130,708	2,465,369
Total Noncurrent Liabilities	<u>174,806</u>	<u>1,738,069</u>	<u>768,665</u>	<u>130,708</u>	<u>2,812,248</u>
Total Liabilities	<u>285,083</u>	<u>2,185,415</u>	<u>919,080</u>	<u>187,012</u>	<u>3,576,590</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	521,652	(487,443)	666,644	742,165	1,443,018
Unrestricted	(161,098)	483,393	408,083	(71,849)	658,529
Total Net Assets	<u>360,554</u>	<u>(4,050)</u>	<u>1,074,727</u>	<u>670,316</u>	<u>2,101,547</u>
Total Liabilities and Net Assets	<u>\$ 645,637</u>	<u>\$ 2,181,365</u>	<u>\$ 1,993,807</u>	<u>\$ 857,328</u>	<u>\$ 5,678,137</u>

CITY OF DUMAS, TEXAS
 STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year Ended September 30, 2011

	Gas Utility	Water Utility	Wastewater Utility	Pheasant Trails Golf Course	Total Proprietary Funds
OPERATING REVENUES					
Charges for Service	\$ 3,567,826	\$ 1,929,948	\$ 1,032,140	\$ 269,186	\$ 6,799,100
Late Charges	83,454	25,684	17,332	-	126,470
Tapping and Surcharge Fees	29,604	46,862	11,400	-	87,866
Other and Miscellaneous	4,480	28	-	13,370	17,878
Total Operating Revenues	3,685,364	2,002,522	1,060,872	282,556	7,031,314
OPERATING EXPENSES					
<i>Current</i>					
Salaries and Wages	321,703	261,708	63,394	132,505	779,310
Employee Benefits	97,326	79,540	19,064	42,570	238,500
Gas Purchases	2,188,677	-	-	-	2,188,677
Departmental Operating Costs	46,189	28,404	-	23,842	98,435
Professional and Technical Services	29,194	153,062	5,613	6,518	194,387
Repairs and Maintenance	36,560	59,295	18,027	46,501	160,383
Other Purchased Services	6,331	15,412	4,741	4,789	31,273
Property and Facility	18,365	259,113	8,883	24,183	310,544
Supplies	37,776	33,363	28,447	9,055	108,641
Lease Agreements	249,375	143,746	76,815	105,571	575,507
Warehouse	40,971	40,308	11,598	28,707	121,584
Bad Debts	10,225	2,695	2,260	-	15,180
Capital Expenses	17,159	9,608	-	16,612	-
Depreciation	45,412	88,655	104,882	48,943	287,892
Total Operating Expenses	3,145,263	1,174,909	343,724	489,796	5,110,313
Operating Income (Loss)	540,101	827,613	717,148	(207,240)	1,921,001
NONOPERATING REVENUES (EXPENSES)					
Investment Income	1,333	583	542	-	2,458
Sale of Assets	123	-	-	800	923
Interest Expense	-	(84,131)	(38,292)	(2,390)	(124,813)
Total Nonoperating Revenues (Expenses)	1,456	(83,548)	(37,750)	(1,590)	(121,432)
Income Before Transfers	541,557	744,065	679,398	(208,830)	1,799,569
TRANSFERS					
Transfers In	-	-	-	169,855	169,855
Transfers Out	(998,740)	(588,740)	(768,740)	-	(2,356,220)
Total Operating Transfers	(998,740)	(588,740)	(768,740)	169,855	(2,186,365)
Net Income (Loss)	(457,183)	155,325	(89,342)	(38,975)	(430,175)
Net Assets, Beginning of Year	817,737	(159,375)	1,164,069	709,291	2,531,722
Net Assets, End of Year	\$ 360,554	\$ (4,050)	\$ 1,074,727	\$ 670,316	\$ 2,101,547

CITY OF DUMAS, TEXAS
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2011

	Gas Utility	Water Utility	Wastewater Utility	Pheasant Trails Golf Course	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 3,717,686	\$ 1,994,050	\$ 1,058,354	\$ 282,555	\$ 7,052,645
Payments to Suppliers and Contractors	(2,667,874)	(684,374)	(154,675)	(261,663)	(3,768,586)
Payments to and On Behalf of Employees	(426,791)	(347,432)	(85,042)	(177,709)	(1,036,974)
Net Cash Provided (Used) By Operating Activities	623,021	962,244	818,637	(156,817)	2,247,085
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Short Term Cash Overdrafts Paid					-
Transfers, Net	(998,740)	(588,740)	(768,740)	169,855	(2,186,365)
Net Cash Provided (Used) By Noncapital Financing Activities	(998,740)	(588,740)	(768,740)	169,855	(2,186,365)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Interest Expense	-	(85,270)	(38,292)	(2,390)	(125,952)
Proceeds from Debt Issuance					-
Principal Payments on Debt		(352,210)	(144,554)	142,879	(353,885)
Net Cash Used By Capital Financing Activities	-	(437,480)	(182,846)	140,489	(479,837)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Capital Assets	-			(159,302)	(159,302)
Proceeds from Sale of Assets	123	-	-	800	923
Investment Income	1,333	583	542	-	2,458
Net Cash Used By Investing Activities	1,456	583	542	(158,502)	(155,921)
Net Decrease in Cash and Cash Equivalents	(374,263)	(63,393)	(132,407)	(4,975)	(575,038)
Cash and Cash Equivalents at Beginning of Year	368,179	567,897	428,778	(48,269)	1,316,585
Cash and Cash Equivalents at End of Year	\$ (6,084)	\$ 504,504	\$ 296,371	\$ (53,244)	\$ 741,547
Reconciliation to Cash and Cash Equivalents Balances at Year End					
Investments	170,942	84,714	94,404	-	\$ 350,060
Cash and Cash Equivalents Overdraft	(177,026)	419,790	201,967	(53,244)	391,487
Total Cash and Cash Equivalents	\$ (6,084)	\$ 504,504	\$ 296,371	\$ (53,244)	\$ 741,547
Reconciliation of Operating Income to Net Cash Flows Provided (Used) by Operating Activities					
Operating Income	\$ 540,101	\$ 827,613	\$ 717,148	\$ (207,240)	\$ 1,877,622
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation & Amortization	45,412	90,151	106,741	48,943	291,247
Changes in					
Accounts Receivable, Net	20,508	(18,863)	(2,518)	-	(873)
Intergovernmental Receivables	15,310	15,309	-	-	30,619
Prepaid Expenses	33	33	-	-	66
Accounts Payable	(2,395)	43,794	(150)	4,114	45,363
Unapplied Utility Account Credits	4,685	-	-	-	4,685
Sales Tax Payable	1,299	-	-	(1)	1,298
Accrued Wages	(10,667)	(8,808)	(2,156)	(4,058)	(25,689)
Accrued Vacation	2,905	2,624	(428)	1,424	6,525
Accrued Interest Expense					-
Utility Customer Deposits	5,830	10,391	-	-	16,221
Net Cash Provided (Used) by Operating Activities	\$ 623,021	\$ 962,244	\$ 818,637	\$ (156,818)	\$ 2,247,084

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Dumas, Moore County, Texas (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB approved Statement No. 34 "*Basic Financial Statements and Management Discussion and Analysis for State and Local Government.*" In June 2001, the GASB approved Statement No. 37, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*" and Statement No. 38 "*Certain Financial Statement Note Disclosures.*" Statement No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies establishes and rescinds certain financial statement disclosure requirements. The City of Dumas implemented the provisions of the above statements effective July 1, 2003.

GASB Statement Number 20 requires that governments' proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

The more significant accounting policies are described below.

Reporting Entity - The City is a municipal corporation governed by a Council-Manager form of government. The City, incorporated in 1955, is located in the panhandle part of the state, occupies a land area of approximately 5.3 square miles and serves a population exceeding 14,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the city council.

The City provides a range of services, including police and fire protection, maintenance of streets and other infrastructure, sanitation services and recreational activities. The City also provides utilities for water and sewer.

The City Council (the Council) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "*The Financial Reporting Entity.*"

As required by GAAP, the BFS present the reporting entity which consists of the City (the primary government), organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion could cause the City's BFS to be misleading or incomplete were noted for inclusion in the BFS.

Discretely Presented Component Unit - The Component Unit Columns in the Government-Wide Financial Statements include financial data from the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City. The Component Units are included in the reporting entity because the primary government is financially accountable and is able to impose its will (significantly influence operations and/or activities) on the organization.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Dumas Economic Development Corporation, (DEDC), is a legally separate entity formed by the City Council to create, manage, operate and supervise programs and activities to promote, assist, and enhance economic development within and around the city. The City Council appoints the board members and its operations and budget are approved by the council. Copies of the Dumas Economic Development Corporation's financial statements may be obtained from the Dumas City Hall or from the Dumas Economic Development Corporation, 1015 N. Maddox, Dumas, Texas, 79029. GASB Statement 14 requires portions of the DEDC component unit financial information to be presented along with the City information.

Government-wide Financial Statements and Fund Financial Statements - On October 1, 2003, the City implemented GASB Statement No.34 - *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments - Omnibus* and GASB Statement No. 38 - *Certain Financial Statement Note Disclosure*. Statement No. 34 represents changes in the financial reporting model. Under the new model specified by Statement No. 34, the BFS include both Government-wide and Fund Financial Statements.

Statement 34 requires the following components to the basic financial statements:

- Reporting operating revenues net of the provision of uncollectible accounts.
- Use the direct method of preparing the cash flow statement.
- Preparation by management of the required "Management's Discussion and Analysis" which is to be included with the audited financial statements as required supplemental information.

The Government-Wide Financial Statements (GWFS), such as the Statement of Net Assets and the Statement of Activities, report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business type, are reported in the GWFS using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The GWFS focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The Government-Wide Statement of Net Assets reports all financial and capital resources of the City. It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as net assets net of related debt or restricted, are shown as unrestricted. Generally when both restricted and unrestricted resources are available for use, the City will use restricted resources before using unrestricted resources, as they are needed.

Reservations or designations of net assets imposed by the City, whether by administrative policy or legislative actions of the city council that do not otherwise meet the definition of restricted net assets, are not segregated from unrestricted net assets in the GWFS.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who use the 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. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also part of the BFS are Fund Financial Statements (FFS) for governmental, proprietary and fiduciary funds, even though fiduciary funds are excluded from the GWFS. The focus of the FFS is on major funds as defined by GASB Statement No. 34. Although GASB Statement No. 34 sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenue or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. The City can elect to add some funds as major funds because of outstanding debt or community focus. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the FFS. Other non-major funds are combined in a single column in the appropriate FFS.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary FFS. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 have been met. Property taxes and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The City records reserves to indicate that a portion of fund balance is legally restricted for a specific future use or is not available for appropriation and/or expenditure.

Governmental Funds are those through which most of the governmental functions of the City are financed. The City reports the following major governmental funds:

The General Fund – The general fund is the City of Dumas' primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund presented in the financial statements consists of the following individual funds: General, Payroll, and Disbursement funds.

Construction Fund – This fund accounts for the City's activity in the construction of the City's various major construction projects.

Additionally, the City reports the following non-major governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital outlays) that are restricted to expenditures for specified purposes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Debt Service Fund is used to account for the accumulated resources and related payments of principal and interest on long term general obligation debts of the City.

Internal Service Fund is used to account for the revenues and expenses related to employee health and other insurance benefits provided by the City on a cost reimbursement basis.

Governmental Funds with Deficit Fund Balances - While the total unreserved fund balance is not in a deficit position, the City has funds with deficit fund balances as of September 30, 2011: Park Improvement Fund of \$(2,005) and the Law Enforcement Seizure Fund of \$(17,386). The City has made expenditures and encumbrances in these funds in anticipation of additional revenues and transfers.

Proprietary funds are those through which most of the costs of providing the services are funded through charges for services. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses 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 nonoperating revenues and expenses.

Gas Utility Fund - The Gas Utility Fund is used to account for the provision of gas services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance.

Water Utility Fund - The Water Utility Fund is used to account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance.

Wastewater Utility Fund - This fund accounts for the billings, collections and maintenance of the wastewater infrastructure and operations.

Pheasant Trails Golf Course Fund - This fund accounts for the operations of the municipal golf course.

Budgetary Data - Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles for the proprietary funds, with the exceptions of capital outlays being considered a budgeted line item and depreciation is not. Governmental funds are budgeted on a basis appropriate for the specific funds. All annual appropriations lapse at the end of the fiscal year.

The finance director annually submits to the City Council a proposed operating budget for the upcoming fiscal year. Public hearings are conducted to obtain taxpayer comments, and the budget is legally enacted through passage by the City Council. Council action is required for the approval of a supplemental appropriation.

All budget amounts presented in the budget comparison statement reflect the final budget after legally authorized adjustments to the original budget during the year. Budgetary control is maintained by department with all budget supplements to be approved by the City Council. Management may make administrative transfers and increases or decreased in accounts within categories, as long as expenditures do not exceed budgeted appropriations at the fund level. No significant budget adjustments were made during the fiscal year.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Equity in Pooled Cash and Investments - The City pools the resources of various funds in order to facilitate the management of cash and enhance investment earnings. Records are maintained which reflect each fund's equity in the pooled account. The City's investments are stated at fair value

Cash Equivalents - Cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less when purchased which present and insignificant risk of changes in value because of changes in interest rates.

Use of Restricted Cash - When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Property Taxes Receivable - The value of all real and business property located in the city is assessed annually on January 1 in conformity with Subtitle E of the Texas Property Code. Property taxes are levied on October 1 on those assessed values and the taxes are due upon receipt of the tax bill. The taxes are considered delinquent if not paid by the end of January. At the City's fiscal year end, all property taxes receivable are considered delinquent and an account for an allowance for uncollectible taxes is adjusted to counter the receivable. The property taxes are recorded in the General Fund and Debt Service Fund as appropriate.

Proprietary Fund Accounts Receivable - Within the Gas, Water, and Wastewater Funds, services rendered and billed but not collected as of the close of the fiscal year are accrued and this amount is reflected in the accounts receivable balance. Amounts billed are reflected as accounts receivable net of an allowance for uncollectible accounts.

Capital Assets and Depreciation - Capital assets, including public domain infrastructure (e.g. streets, bridges, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost and an estimated useful life in excess of one year. These capital assets are reported in the GWFS and in the proprietary FFS. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair value on the date of donation.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation is based on the estimated useful lives, and has been calculated by use of the straight-line method applied to cost. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the proprietary FFS. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The city uses the following schedule to determine the useful lives of capital assets:

Infrastructure/Improvements	10-50 Years
Buildings	15-50 Years
Equipment	3-15 Years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories - The City reports inventories of supplies at cost including consumable utility maintenance and office items. Supplies are recorded as expenditures when they are consumed, except for certain utility and other supplies.

Customer Deposits - Cash held in the Proprietary fund for customer deposits is reserved.

Long Term Debt - In the government-wide financial statements, and 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.

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

Sales Tax Revenue - The tax is collected by the vendor from consumers and is required to be submitted to the State of Texas by the 20th of the month following collection. The State then remits the allocated amount of sales tax to the City by the 10th of the month following vendor submission. These amounts are included in the gross receipts tax revenue and are recorded as revenue when the underlying exchange has taken place, regardless if the City has actually received the funds. The City collects and remits the appropriate portion designated for the Dumas Economic Development Corporation.

Compensated Absences - It is the City's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. All sick pay and vacation pay is accrued when incurred in the government-wide or proprietary fund financial statements.

Risk Management - The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For the past several years the City has obtained coverage from Texas Municipal League Intergovernmental Risk Pool. Participation in the risk pool serves to insure the City against the risk of loss, thereby transferring that risk to the risk pool. There were no significant reductions in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded coverage for the current year or the past three fiscal years.

Each fund (Worker's Compensation and Property-Liability) of the Risk Pool consists of an unincorporated association of political subdivisions of the State of Texas (hereinafter called Employer Members), which are authorized under Chapter 504, Labor Code, and Chapter 791, Government Code, to become self-insurers and enter into interpositional agreements with other political subdivisions to extend workers' compensation benefits and liability protection for themselves, their officers and employees while acting in their official capacities, as well as municipal property coverage. Each Employer Member of each fund shall adopt the rules, regulations and bylaws promulgated by the Board of Trustees for each Fund. The Funds are not intended to operate as an insurance company, but rather are intended to be the contracting mechanism by which each Employer Member provides self-insurance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Members of TML are required to pay their contributions as provided by the contract. All contributions from the employer members are combined for the payment of claims, purchase of reinsurance, and administrative expenses of the fund. Employer members are not subject to any additional contribution assessments above their required annual contributions. For the proper protection of the Funds, each Employer Member shall be required to implement such reasonable loss control recommendations and take such safety precautions as may be required by the Fund representative.

Fair Value Measurement - FASB ASC 820-10-50-1 defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. This statement establishes a hierarchy that prioritizes the methods used to measure fair value such that the highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1). Second priority is for quoted prices for similar assets in active or inactive markets, or valuations from other sources than quoted prices or other market data that can be observed, correlated or corroborated (Level 2), and the lowest priority to unobservable methods (Level 3). Currently, all the City's instruments are valued using Level 1 valuation methods.

Subsequent Events - FASB ASC 855-10-50-1 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. Management has evaluated subsequent events through July 9, 2012, the date the financial statements were issued.

NOTE B - CASH DEPOSITS AND INVESTMENTS

Cash Deposits - The City's investment policies are governed by State statutes and City ordinances. The Public Funds Investment Act ("PFIA", Chapter 2256) requires the City to adopt, implement and publicize an investment policy which covers specific provisions in the Act regarding investment practices, management reporting and policy establishment. The investment policy in effect is available for public inspection at the City Hall. The PFIA establishes authorized investment vehicles for the City. The City is in substantial compliance with the PFIA at the end of the 2011 fiscal year.

Interest Rate Risk - The City and DEDC minimizes interest rate risk by limiting investments to having a maturity date of one year or less.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City manages its custodial credit risk by depositing its funds with institutions participating in the FDIC insurance programs and is able to collateralize the deposits in accordance to state statutes, or depositing into investment pools overseen by the Texas State Comptroller of Public Accounts, such as TexPool.

In accordance with FDIC, public unit deposits are funds owned by the City. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution through December 2012, when the coverage will revert back to the original \$100,000 limit.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least the amount on deposit with the institution. The types of collateral an institution is permitted to use as pledged securities are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of Texas.

CITY OF DUMAS, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE B - CASH DEPOSITS AND INVESTMENTS - Continued

As of September 30, 2011, the City's funds on deposit were adequately covered by either FDIC insurance or collateralized securities held by the financial institutions pledged to cover the City's deposits. The City had no bank deposits subject to custodial credit risk during the 2011 fiscal year.

Dumas Economic Development Corporation - The DEDC maintains separate financial institution and TexPool accounts. Although the organization is a component unit of the City, its FDIC and collateralization of its deposits are covered separately because the Corporation is a separate non-profit entity. DEDC also does not participate in the City's internal pooling of cash as disclosed below.

At September 30, 2011, the City and DEDC had insured bank balances as follows:

	City of Dumas Happy State Bank	Dumas Economic Development Corporation
Carrying Amounts		
Demand Accounts	\$ 476,252	\$ 39,922
Certificates of Deposit	212,658	-
Net Reconciling Items	<u>229,291</u>	<u>209,071</u>
Total Public Funds on Deposit	918,201	248,993
Less FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>
Amount to be Collateralized	668,201	(1,007)
Collateralized by Institution	<u>(2,539,108)</u>	<u>-</u>
Under (Over) Collateralized	<u>\$ (1,870,907)</u>	<u>\$ (1,007)</u>

The City utilizes a pooled cash method of disbursements, whereby one bank account is used by both types of activities to pay expenditures, and the bank account is reimbursed by each fund for the proportionate amount spent by each fund. Below is the amounts allocated to the specific activity:

	Governmental Activities	Business-type Activities	City of Dumas Total	Dumas Economic Development Corporation
Pooled Cash	\$ 85,466	\$ 390,172	\$ 475,638	\$ -
Bank Deposits	614	-	<u>614</u>	<u>39,922</u>
Total Demand Accounts	86,080	390,172	476,252	39,922
Cash on Hand	<u>1,015</u>	<u>1,315</u>	<u>2,329</u>	<u>100</u>
Total Cash and Cash Equivalents	<u>\$ 87,095</u>	<u>\$ 391,487</u>	<u>\$ 478,581</u>	<u>\$ 40,022</u>
Statement of Net Asset Reconciliation				
Restricted Cash	\$ 229,910			
Unrestricted Cash	<u>(142,815)</u>			
Total Cash and Cash Equivalents	<u>\$ 87,095</u>			

CITY OF DUMAS, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE B - CASH DEPOSITS AND INVESTMENTS - Continued

Investments - The City and DEDC maintain accounts with LOGIC and TexPool which are public funds investments pool established under the authority of the Interlocal Cooperation Act and subject to the provisions of the Act. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires the pools to: 1) Have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) Maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by Standard and Poor's or other nationally recognized rating services; and 3) Maintain the market value of its underlying investment portfolio within one have of one percent of the value of its shares. The Weighted Average Maturity (WAM) of LOGIC and TexPool is 27 days. Participation in the pools is allowed under the guidelines of the PFIA, is voluntary, and may be terminated and the funds withdrawn at the discretion of the City Council and/or the DEDC board of directors.

	Governmental Activities	Business-type Activities	City of Dumas Total	Dumas Economic Development Corporation
Certificates of Deposits	\$ 102,279	\$ 111,379	\$ 213,658	\$ -
LOGIC Investments	267,529	10,358	277,887	-
TexPool Investments	2,061	228,323	230,384	473,573
Total Investments	<u>\$ 371,869</u>	<u>\$ 350,060</u>	<u>\$ 721,929</u>	<u>\$ 473,573</u>

NOTE C - RECEIVABLES

Primary Government:

The City maintains accounts receivable balances consists of various charges, reimbursements and assessments. Management reevaluates the collectability of the receivables on an ongoing basis. Below is a schedule of the receivables outstanding as of September 30, 2011:

	General Fund	Gas Utility	Water Utility	Wastewater Utility	Total
Refuse Collections	132,141	\$ -	\$ -	\$ -	\$ 132,141
Utilities	-	128,252	216,802	114,262	459,316
Allowance for Uncollectibles	(4,800)	(11,441)	(2,075)	(1,833)	(20,149)
	<u>\$ 127,341</u>	<u>\$ 116,811</u>	<u>\$ 214,727</u>	<u>\$ 112,429</u>	<u>\$ 571,307</u>

Taxes receivable for the General and Other Governmental Funds as of September 30, 2011 consist of the following tax categories and are considered fully collectible, except for the delinquent property taxes.

	Receivable Amount	Allowance Amount	Net Taxes Receivable
Sales Tax	328,863	\$ -	\$ 328,863
Occupancy Tax	177,105	-	177,105
Property Taxes	28,919	(28,919)	-
	<u>\$ 534,887</u>	<u>\$ (28,919)</u>	<u>\$ 505,968</u>

CITY OF DUMAS, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE D - CAPITAL ASSETS

The City reported \$530,064 of depreciation in general capital assets in use by Governmental Funds on the Government-Wide Statement of Activities. The City did not allocate the depreciation to the various governmental functions, instead presenting the amount separately from the departmental functions on the statement.

Construction in Progress for the Governmental Activities consist primarily of the Highway 287 utility relocation project costs being recorded in the Construction Fund. The project will be transferred to the appropriate utility funds upon completion of the project.

Capital asset activity for the City for the year ended September 30, 2011 is as follows:

Primary Government:

	Balance 9/30/10	Addition and Transfers In	Deletions and Transfers Out	Ending Balance 9/30/11
Governmental Activities:				
Assets Not Depreciated:				
Land	\$ 499,875		\$ -	\$ 499,875
Construction in Progress	606,062	1,118,421	-	1,724,483
Total Assets Not Depreciated	1,105,937	1,118,421	-	2,224,358
Depreciable Assets:				
Infrastructure	1,758,278	108,447	-	1,866,725
Buildings	2,304,056	-	-	2,304,056
Vehicles	4,612,807	510,350	-	5,123,157
Equipment and Furniture	6,402,518	563,507	-	6,966,025
Total Depreciable Assets	15,077,659	1,182,304	-	16,259,963
Accumulated Depreciation:				
Infrastructure	(1,697,852)	(17,828)	-	(1,715,680)
Buildings	(685,916)	(57,601)	-	(743,517)
Vehicles	(3,841,676)	(231,780)	-	(4,073,456)
Equipment and Furniture	(2,708,173)	(222,855)	-	(2,931,028)
Total Accumulated Depreciation	(8,933,617)	(530,064)	-	(9,463,681)
Net Depreciable Assets	6,144,042	652,240	-	6,796,282
Net Governmental Activities Capital Assets	\$ 7,249,979	\$ 1,770,661	\$ -	\$ 9,020,640

The City reported \$287,892 of depreciation in capital assets in use by Business-type Activities on the Government-Wide Statement of Activities. The City reported the depreciation as a separate line item in the appropriate Proprietary Fund.

CITY OF DUMAS, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2011

NOTE D - CAPITAL ASSETS - Continued

	Balance 9/30/10	Addition and Transfers In	Deletions and Transfers Out	Ending Balance 9/30/11
Business-Type Activities:				
Assets Not Depreciated:				
Land	\$ 562,775	\$ -	\$ -	\$ 562,775
Construction in Progress	331,862	-	(331,862)	-
Total Assets Not Depreciated	894,637	-	(331,862)	562,775
Depreciable Assets:				
Infrastructure	14,969,391	331,862	-	15,301,253
Buildings	334,301	-	-	334,301
Vehicles	895,196	-	(20,325)	874,871
Equipment and Furniture	281,758	159,301	-	441,059
Total Depreciable Assets	16,480,646	491,163	(20,325)	16,951,484
Accumulated Depreciation:				
Infrastructure	(11,605,524)	(234,360)	-	(11,839,884)
Buildings	(168,859)	(5,569)	-	(174,428)
Vehicles	(822,815)	(31,050)	20,325	(833,540)
Equipment and Furniture	(195,004)	(16,913)	-	(211,917)
Total Accumulated Depreciation	(12,792,202)	(287,892)	20,325	(13,059,769)
Net Depreciable Assets	3,688,444	203,271	-	3,891,715
Net Business-type Activities Capital Assets	\$ 4,583,081	\$ 203,271	\$ (331,862)	\$ 4,454,490

Dumas Economic Development Corporation reported \$33,337 in depreciation for the fiscal year ended September 30, 2011. Capital asset activity for DEDC is disclosed below.

	Balance 9/30/10	Addition and Transfers In	Deletions and Transfers Out	Ending Balance 9/30/11
Component Unit				
Assets Not Depreciated:				
Land	\$ 557,281	\$ 76,800	\$ (7,236)	\$ 626,845
Construction in Progress	-	468,720	-	468,720
Depreciable Assets:				
Buildings and Improvements	1,334,070	-	-	1,334,070
Furniture and Equipment	20,952	-	-	20,952
Total Depreciable Assets	1,355,022	-	-	1,355,022
Accumulated Depreciation:				
Buildings and Improvements	(216,548)	(32,482)	-	(249,030)
Furniture and Equipment	(20,097)	(855)	-	(20,952)
Total Accumulated Depreciation	(236,645)	(33,337)	-	(269,982)
Net Depreciable Assets	1,118,377	(33,337)	-	1,085,040
Net Component Unit Capital Assets	\$ 1,675,658	\$ 512,183	\$ (7,236)	\$ 2,180,605

NOTE E - LONG-TERM DEBT

The following details the outstanding bonds, notes and capital lease obligations for the City as of September 30, 2011:

Governmental Activities:

2001 Certificates of Obligation - The City issued Certificates of Obligation in 2001 to fund various projects in both the utilities and general government of the City. The first principal retirement payment of \$145,000 was scheduled for the 2001 fiscal year with principal payments ranging from \$110,000 to \$145,000 due annually thereafter, with interest paid on a semi-annual basis. Approximately 87.37% of the liability is being funded through the Debt Service Fund, while the remaining 12.63% is being funded by the revenues generated by the Water Utility Fund.

2008 Certificates of Obligation - The City issued Certificates of Obligation in 2008 to fund the construction of the municipal pool. The first principal retirement payment of \$70,000 was scheduled for the 2009 fiscal year with principal payments ranging from \$70,000 to \$205,000 due annually thereafter, with interest paid on a semi-annual basis. The obligations are being funded through the Debt Service Fund.

Happy State Bank - The City entered into a three notes payable with Happy State Bank in March 2010 to fund the purchase of a motorcycle for the police department, purchase of a water truck for the landfill and purchase of a vehicle for the warehouse. Monthly principal and interest payments are \$1,874. Funds from the City's general revenue are used for the debt service of this note payable.

Chase Equipment Finance, Inc. - The City entered into a capital lease obligation with Chase Equipment Finance, Inc. in January, 2011 to fund the purchase of various heavy equipment vehicles needed for the fire department and the landfill. Monthly principal and interest payments of \$25,753 were started in April, 2011. Funds from the City's general revenue are used for the debt service of this capital lease.

Wells Fargo Equipment Finance, Inc. - The City entered into a capital lease obligation with Wells Fargo Equipment Finance, Inc. in March, 2011 to fund the purchase of a two vehicles to be used at the landfill. Quarterly principal and interest payments are \$6,588. Funds from the City's general revenue are used for the debt service of this capital lease.

Government Capital Corporation - The City entered into a capital lease obligation with Government Capital Corporation in October 2008 for the purchase of patrol vehicles for the police department. Annual principal and interest payments of \$44,506 are to be made, starting October 2009. Funds from the City's general revenue are used for the debt service of this Capital Lease Obligation.

Diversified Lenders Corporation - The City entered into a capital lease obligation with Diversified Lenders Corporation in October 2009 for the combined purchase of a rescue unit for the fire department and a sewer rodder for the utilities department. Quarterly principal and interest payments of \$7,756 are to be made, starting January 2010. Funds from the City's general revenue are used for funding 55% of the debt service of this Capital Lease Obligation, and funds generated from the Wastewater Utility Fund are to be used for the remaining 45% of the obligation.

Diversified Lenders Corporation - The City entered into a capital lease obligation with Diversified Lenders Corporation in January 2008 for the purchase of packer bodies which were mounted on solid waste trucks for the sanitation department. Quarterly principal and interest payments of \$9,951 are to be made, starting October 2009. Funds from the City's sanitation billing are used for the debt service of this Capital Lease Obligation.

CITY OF DUMAS, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE F - LONG-TERM DEBT - Continued

Diversified Lenders Corporation - The City entered into a capital lease obligation with Diversified Lenders Corporation in February 2009 for the purchase of solid waste truck for the sanitation department. Quarterly principal and interest payments of \$13,490 are to be made, starting May 2009. Funds from the City's sanitation billing are used for the debt service of this Capital Lease Obligation.

JP Morgan Chase Bank - The City has two notes payable to JP Morgan Chase Bank the proceeds were used to fund the purchase of replacement patrol units for the police department and a new grass fire truck. Quarterly principal and interest payments are \$28,664. Funds from the City's general revenue will be used for the debt service of these notes payable.

	Balance 9/30/10	Additions	Payments	Balance 9/30/11
2001 Certificates of Obligation	\$ 401,901	\$ -	\$ (148,529)	\$ 253,372
2008 Certificates of Obligation	2,860,000	-	(70,000)	2,790,000
Happy State Bank	28,726		(11,184)	17,542
Happy State Bank	10,507		(4,092)	6,415
Happy State Bank	14,511		(5,651)	8,860
Government Capital Corporation	81,186		(39,342)	41,844
Diversified Lenders Corporation	35,972		(15,561)	20,411
Diversified Lenders Corporation	77,474		(50,997)	26,477
Diversified Lenders Corporation	19,608		(19,608)	-
Wells Fargo Lease		75,698	(6,077)	69,621
Chase Lease		882,834	(37,969)	844,865
JP Chase		125,000	(2,295)	122,705
JP Chase	209,588		(67,244)	142,344
	<u>\$ 3,739,473</u>	<u>\$ 1,083,532</u>	<u>\$ (478,549)</u>	<u>\$ 4,344,456</u>

The City paid cash of \$193,854 in interest for the Governmental debt obligations. Terms, amounts due within one year, and maturity dates of the City's outstanding long term debt are as follows:

	Interest Rate	Original Amount	Maturity	Due Within One Year
2001 Certificates of Obligation	4.4 - 5.5%	\$ 1,572,660	9/3033	\$ 157,266
2008 Certificates of Obligation	4.75 - 5.5%	3,000,000	9/2013	75,000
Happy State Bank	3.50%	34,170	3/2013	11,590
Happy State Bank	3.50%	12,500	3/2013	4,239
Happy State Bank	3.50%	17,263	3/2013	5,854
Government Capital Corporation	8.50%	118,728	10/2012	41,845
Diversified Lenders Corporation	4.00%	47,344	10/2011	16,298
Diversified Lenders Corporation	4.00%	149,315	2/2012	26,477
Wells Fargo Lease	2.70%	75,698	6/2014	24,722
Chase Lease	3.10%	882,834	1/2021	77,719
JP Chase	2.55%	125,000	7/2014	40,612
JP Chase	2.65%	209,588	9/2013	68,026
				<u>\$ 549,648</u>

CITY OF DUMAS, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE E - LONG-TERM DEBT - Continued

Scheduled debt service requirements for the City's long term debt for the Governmental Activities as of September 30, 2011 are as follows:

Year Ended December 31,	Principal	Interest	Debt Service
2012	\$ 549,648	\$ 192,218	\$ 741,866
2013	405,376	170,415	575,791
2014	225,112	156,981	382,093
2015	170,263	149,642	319,905
2016	177,937	142,930	320,867
2017-2021	941,119	604,768	1,545,887
2022-2026	645,000	465,000	1,110,000
2027-2031	830,000	251,900	1,081,900
2032-2033	400,000	33,275	433,275
	\$ 4,344,455	\$ 2,167,129	\$ 6,511,584

Business-type Activities:

2001 Certificates of Obligation - The City issued Certificates of Obligation in 2001 to fund various projects in both the utilities and general government of the City. The first principal retirement payment of \$145,000 was scheduled for the 2001 fiscal year with principal payments ranging from \$110,000 to \$145,000 due annually thereafter, with interest paid on a semi-annual basis. Approximately 87.37% of the liability is being funded through the Debt Service Fund, while the remaining 12.63% is being funded by the revenues generated by the Water Utility Fund.

2004 Certificates of Obligation - The City issued Certificates of Obligation in 2004 to fund expansion and renovation of the water and wastewater infrastructure and to purchase additional water rights.. The first principal retirement payment of \$145,000 was scheduled for the 2001 fiscal year with principal payments ranging from \$110,000 to \$145,000 due annually thereafter, with interest paid on a semi-annual basis. Approximately 40% of the liability is being funded through the Water Utility Fund, while the remaining 60% is being funded by the revenues generated by the Wastewater Utility Fund.

Diversified Lenders Corporation - The City entered into a capital lease obligation with Diversified Lenders Corporation in October 2009 for the combined purchase of a rescue unit for the fire department and a sewer rodder for the utilities department. Quarterly principal and interest payments of \$7,756 are to be made, starting January 2010. Funds from the City's general revenue are used for funding 55% of the debt service of this Capital Lease Obligation, and funds generated from the Wastewater Utility Fund are to be used for the remaining 45% of the obligation.

First State Bank - The City entered into a Note payable with First State Bank in March 2010 to fund the purchase and installation of the water automation project for the utility department. Quarterly principal and interest payments of \$75,150 are to be made starting in September 2004. Funds from the City's utility billings and collections are used for the debt service of this note payable.

Golf Cart Capital Leases - The City has entered into a two capital lease obligation with Textron Financial Corporation in June 2007 and TCF Equipment Finance, Inc. in 2011 for the purchase of golf carts used at the municipal golf course. Monthly principal and interest payments are \$4,121. Funds from the City's charges at the golf course are used for the debt service of these capital lease obligation.

CITY OF DUMAS, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE E - LONG-TERM DEBT - Continued

	Balance 9/30/10	Additions	Payments	Balance 9/30/11
Certificates of Obligation Series 2001	\$ 58,098	\$ -	\$ (21,471)	\$ 36,627
Certificates of Obligation Series 2004	1,715,000	-	(220,000)	1,495,000
Diversified Lenders Corporation	29,431		(12,554)	16,877
First State Bank of Stratford	1,537,300	-	(242,739)	1,294,561
Golf Cart Capital Leases	25,528	159,301	(16,423)	168,406
	<u>\$ 3,365,357</u>	<u>\$ 159,301</u>	<u>\$ (513,187)</u>	<u>\$ 3,011,471</u>

The City cash paid \$140,333 in interest expense for the Proprietary Fund obligations. Terms, amounts due within one year, and maturity dates of the City's outstanding long term debt are as follows:

	Interest Rate	Original Amount	Maturity	Due Within One Year
Certificates of Obligation Series 2001	4.4 - 5.5%	\$ 227,340	9/2013	\$ 22,734
Certificates of Obligation Series 2004	3.0-3.6%	3,465,000	9/2015	220,000
Diversified Lenders Corporation	4.00%	38,197	10/2013	13,232
First State Bank of Stratford	4.00%	866,743	6/2016	252,458
Textron Financial	6.38%	67,412	6/2012	13,400
TCF Equipment Lease	4.95%	159,301	7/2015	26,523
				<u>\$ 548,347</u>

Scheduled debt service requirements for the City's long term debt for the Business-type Activities as of September 30, 2011 are as follows:

Year Ended December 31,	Principal	Interest	Total Debt Service
2012	\$ 548,347	\$ 109,264	\$ 657,611
2013	643,251	89,480	732,731
2014	762,797	64,599	827,396
2015	835,964	35,916	871,880
2016	221,112	4,434	225,546
	<u>\$ 3,011,471</u>	<u>\$ 303,693</u>	<u>\$ 3,315,164</u>

Component Unit:

Dumas Economic Development Corporation financed the purchase and development of the Dumas Industrial Park with a local institution. The original \$400,000 note was secured by the real estate and buildings located in the park. The remaining \$293,900 note was refinanced in April 2008 at an annual interest rate of 5.25%, consisting of annual payments of principal and interest of \$38,665, with maturity in April 2018. The expected cash flows from the dedicated sales tax and the rental of the properties located in the industrial park are to be used to service the debt.

CITY OF DUMAS, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE E - LONG-TERM DEBT - Continued

Dumas Economic Development Corporation financed the purchase of highway frontage property adjacent to the Dumas Industrial Park with a owner of the property. The original \$325,000 note was secured by the real estate. Payment consists of annual payments of principal and interest of \$44,157, starting in June, 2011. The expected cash flows from the dedicated sales tax and the rental of the properties located in the industrial park are to be used to service the debt.

	Balance 9/30/10	Additions	Payments	Balance 9/30/11
Happy State Bank	\$ 246,603	\$ -	\$ (48,241)	\$ 198,362
HSPN Properties	<u>325,000</u>	<u> </u>	<u>(24,657)</u>	<u>300,343</u>
	<u>\$ 571,603</u>	<u>\$ -</u>	<u>\$ (72,898)</u>	<u>\$ 498,705</u>

DEDC cash paid \$14,606 in interest expense for the obligations in fiscal year 2011. Terms, amounts due within one year, and maturity dates of Dumas Economic Development Corporation's outstanding long term debt are as follows:

	Interest Rate	Original Amount	Maturity	Due Within One Year
Happy State Bank	5.25%	\$ 293,900	4/2018	\$ 4,589
HSPN Properties	6.00%	325,000	6/2020	<u>26,136</u>
				<u>\$ 30,725</u>

Following is a schedule of maturities as of September 30, 2011 for DEDC:

Year Ended December 31,	Principal	Interest	Total Debt Service
2012	30,725	29,595	60,320
2013	56,218	26,605	82,823
2014	59,377	23,446	82,823
2015	62,714	20,108	82,822
2016	66,240	16,582	82,822
2017-2020	<u>223,431</u>	<u>29,110</u>	<u>252,541</u>
	<u>\$ 498,705</u>	<u>\$ 145,446</u>	<u>\$ 644,151</u>

NOTE F – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill location when it stops accepting waste and to perform certain maintenance and monitoring functions at the location for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as operating expenses and increases the corresponding long term liability in each period based on landfill capacity used as each balance sheet date.

The TBLink #VALUE! included in the landfill closure and post closure care liability at September 30, 2011 represents the cumulative amount expensed by the City to date for its landfill that is registered under TCEQ permit numbers 211B Type 1 and 2285 Type IV, less any amounts previously paid. Approximately 62 percent of the overall estimated capacity has been used, with \$677,860 of the estimated \$1,802,049 closing costs to be recognized over the remaining closure period, currently estimated at approximately 2.28 years for Type I-AE usage, and approximately 24.6 years for Type IV usage under the existing permits. The volume amount of used capacity and estimated remaining life of the landfill is evaluated annually. Post closure care costs are based on prior estimates and have been adjusted for inflation. Actual costs may differ due to inflation, deflation, changes in technology, or other regulatory changes.

The City is required by state and federal laws and regulations to provide assurance that financial resources will be available for landfill closure, post closure care, and remediation or containment of environmental hazards. The City is in compliance with these requirements had has chosen the Local Government Financial Test mechanism for providing assurance. The City expects to finance costs through normal operations.

	Balance 9/30/10	Additions	Payments	Balance 9/30/11
Landfill Closure Costs	\$ 1,124,189	181,091	\$ -	1,305,280

NOTE G – INTERFUND TRANSFERS AND BALANCES

Interfund transfers are made for various purposes throughout the year. Transfers made by the City during the fiscal year ended September 30, 2011 are listed below.

Transfer To	Transfer From	Amount	Purpose
Golf Course Fund	General Fund	\$ 169,855	Subsidize Fund Operations
Christmas Decorations Fund	Water Utility Fund	10,000	Subsidize Fund Operations
Park Improvement Fund	Gas Utility Fund	15,000	Subsidize Fund Operations
General Fund	Gas Utility Fund	483,740	General Fund Indirect Cost Allocation
General Fund	Water Utility Fund	483,740	General Fund Indirect Cost Allocation
General Fund	Wastewater Utility Fund	483,740	General Fund Indirect Cost Allocation
General Fund	Gas Utility Fund	500,000	Subsidize Fund Operations
General Fund	Water Utility Fund	95,000	
General Fund	Wastewater Utility Fund	285,000	Subsidize Fund Operations
Total Transfers		\$ 2,526,075	

CITY OF DUMAS, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE G – INTERFUND TRANSFERS AND BALANCES – Continued

The City transfers certain costs incurred by the General Fund to the Proprietary Funds. Approximately 75 percent of the expenses incurred by the City Commission, Administration, Engineering, Information Systems, Warehouse, Communications and Purchasing departments in the General Fund are allocated equally among the Gas, Water and Wastewater Utility Funds, as disclosed in the above schedule.

The City had outstanding interfund balances as of September 30, 2011, which were to be transferred in the following fiscal year. Because both the General Fund and the Law Enforcement Seizure Fund are Governmental Funds, this interfund balance has been eliminated in the Government-wide Statement of Net Assets.

Due To	Due From	Amount	Purpose
General Fund	Law Enforcement Seizure Fund	<u>18,000</u>	Subsidize Fund Operations

Due to Component Unit - The City receives the sales tax remittances from the State Comptroller's Office electronically each month. In turn, the City electronically transfers the appropriate dedicated sales tax amounts to Dumas Economic Development Corporation. During the fiscal year, the City received and transferred the following amounts. The remaining balance due to DEDC is expected to clear out in the next fiscal year.

	Balance 9/30/10	Collections	Payments	Balance 9/30/11
Due to Component Unit	\$ 55,464	\$ 712,614	\$ 708,220	\$ 59,858

NOTE H – DISCRETELY PRESENTED COMPONENT UNIT

Component unit information for the City's major component unit, Dumas Economic Development Corporation, is provided in the following condensed financial statements for the fiscal year ended September 30, 2011. A complete audited financial statement may be obtained by contacting Dumas Economic Development Corporation, PO Box 595, Dumas, Texas, 79029.

CONDENSED STATEMENT OF NET ASSETS

<i>Current Assets</i>		<i>Liabilities</i>	
Cash and Cash Equivalents	\$ 513,595	Accrued Payables and Expenses	\$ 63,911
Sales Tax Receivables	59,858	Accrued Interest	10,491
Other Receivables	1,231	Notes Payable - Current	30,726
Prepaid Expenses	7134	Notes Payable - Long Term	<u>467,979</u>
Capital Assets, Net	2,180,605	Total Liabilities	573,107
		<i>Net Assets</i>	
		Invested in Capital Assets, Net of	
		Related Debt	1,681,900
		Reserved for Incentives	310,000
		Unrestricted	<u>197,416</u>
		Total Net Assets	<u>2,189,316</u>
Total Assets	<u>\$ 2,762,423</u>	Total Assets and Liabilities	<u>\$ 2,762,423</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED
 SEPTEMBER 30, 2011

NOTE H – DISCRETELY PRESENTED COMPONENT UNIT – Continued

**CONDENSED STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN NET ASSETS**

<i>Revenues</i>	
Sales Taxes	\$ 712,614
Lease Income	17,810
Intergovernment Participation	12,000
Interest Income	1,381
Gain on Sale of Assets & Other Income	<u>94,924</u>
Total Revenue	838,729
 <i>Expenses</i>	
Salaries and Employee Benefits	\$ 183,347
Grants and Development	188,782
Other Expenses	<u>262,608</u>
Total Expenses	<u>634,737</u>
Change in Net Assets	203,992
Net Assets at Beginning of Period	<u>1,985,324</u>
Net Assets at End of Period	<u><u>\$ 2,189,316</u></u>

NOTE I - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Pension Trust Fund:

Plan Description – The City and DEDC provide pension benefits for all of its eligible full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. The report may be obtained from the TMRS website at www.tnrs.org or by writing to TMRS, PO Box 149153, Austin, TX 78714-9153.

Members can retire at ages 60 and above with 5 or more years of service or with 25 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions – Under state law governing TMRS, the contribution rate for the City and DEDC is determined annually by the actuary, using the Protected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which are 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 the 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.

NOTE I - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The employee contribution rate is 5%, and the City and DEDC matching ratio is currently 1.5 to 1, both as adopted by the governing body of the City. The total contribution rate for the City and DEDC is 5.64% and 8.18% for the calendar years 2011 and 2010, respectively. Both the employees and the City and DEDC make contributions monthly. Since the City and DEDC 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 for when the rate goes into effect (i.e. December 31, 2010 valuation is effective for rates beginning January, 2012).

Employee contributions for the fiscal years ending September 30, 2011 were approximately 232,132, of which approximately \$8,567 were from DEDC employees. Contributions made by the City and DEDC totaled approximately \$370,875, of which DEDC contributed approximately \$12,851. Total contributions to TMRS were approximately \$603,007, which includes contributions to the Supplemental Death Benefit Fund.

Actuarial Changes - In December, 2007, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of the actuarial assumptions and definitions may be found in the TRMS Comprehensive Annual Financial Report for the year ended December 31, 2007.

Previously, TMRS had used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but did not project the potential future liability of provisions adopted by the City. For the December 31, 2007 valuation, the TMRS board determine that the Projected Unit Credit funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis.

In addition, the board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS rules provide that, whenever a change in actuarial assumptions or methods result in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result in initially higher required contributions and lower funded ratios; however the funded ratio should show steady improvement over time. To assist in the transition to higher rates, the TMRS board also approved an eight-year phase in period, which would allow cities the opportunity to increase their contributions gradually to the full or required contribution rate.

**City of Dumas
 Pension Plan Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Supplemental Death Benefit	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 603,007	\$ 7,182	100.00%	\$ 1,120,123
2010	\$ 599,168	\$ 9,113	100.00%	\$ 2,327,859
2009	566,285	8,097	100.00%	2,241,574

NOTE I - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued

**City of Dumas
 Pension Plan Schedule of Funding Progress
 (unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (b-a)	GASB 27 Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ 11,148,731	\$ 12,268,854	\$ 1,120,123	90.9%	\$ 4,787,737	23.4%
12/31/2009	\$ 6,111,029	\$ 8,438,888	\$ 2,327,859	72.4%	\$ 4,438,300	52.4%
12/31/2008	5,579,585	7,821,159	2,241,574	71.3%	4,300,709	52.1%

**Actuarial Valuation Information
 City of Dumas Pension and Supplemental Death Benefit Plans**

Actuarial Valuation Date	12/31/2008	12/31/2009	12/31/2010
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	29 years; closed period	28 years; closed period	26.6 years; closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return*	7.5%	7.5%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%

Supplemental Death Benefits Fund:

Plan Description - The City and DEDC participates in the Supplemental Death Benefits Fund (SDBF), which is a cost-sharing multiple-employer defined benefit group term life insurance plan operated by TMRS. This is a separate trust administered by the TMRS Board of Trustees. TMRS issued a publicly available Comprehensive Annual Financial Report that included financial and supplementary information for the SDBF. The report may be obtained from the TMRS website at www.tmrs.org or by writing to TMRS, PO Box 149153, Austin, TX 78714-9153.

NOTE I - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Benefits - The City elected to provide group-term life insurance coverage for both current and retired employees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculation based on the employee's actual earnings for a 12 month period preceding the month of death). Retired employees are insured for \$7,500.

Contributions - The City and DEDC contributes monthly to the SDBF at a contractually required rate as determined by an annual actuarial valuation. Such rates were 0.19% and 0.22% in 2009 and 2008, respectively, as a percentage of covered payroll. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City and is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during the employees' entire careers. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust fund to allocate the investment income to the SDBF on an annual basis. There is a one year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect (i.e. December 31, 2008 valuation is effective for rates beginning January, 2010).

The City's and DEDC's contributions to the SDBF for the current and prior fiscal years are scheduled above, which equaled the required contributions for each fiscal year, as well as the actuarial assumptions for the SDBF.

SUPPLEMENTAL INFORMATION

COMBINING FUND STATEMENTS AND SCHEDULES

CITY OF DUMAS, TEXAS
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2011

	Fire Safety Grants Fund	Park Improvement Fund	Police Grants Fund	Court Technology Fund	Law Enforcement Seizure Fund
ASSETS					
ASSETS					
Pooled Cash and Cash Equivalents	\$ 6,078	\$ (2,005)	4,282	74,184	614
Investments	-	-	-	-	-
Intergovernmental Receivables	-	-	-	-	-
Occupancy Tax Receivable, Net	-	-	-	-	-
Other Receivables	-	-	-	-	-
Deposits	-	-	-	-	-
Total Assets	<u>\$ 6,078</u>	<u>\$ (2,005)</u>	<u>\$ 4,282</u>	<u>\$ 74,184</u>	<u>\$ 614</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 3,944	\$ -	\$ -
Insurance Claims Payable	-	-	-	-	-
Intergovernmental Payables	-	-	-	-	18,000
Due to General Fund	-	-	-	-	-
Accrued Payroll	-	-	-	-	-
Accrued Vacation	-	-	-	-	-
Total Liabilities	-	-	3,944	-	18,000
FUND BALANCES					
Reserved for Debt Service	-	-	-	-	-
Unreserved	6,078	(2,005)	338	74,184	(17,386)
Total Fund Balances	<u>6,078</u>	<u>(2,005)</u>	<u>338</u>	<u>74,184</u>	<u>(17,386)</u>
Total Liabilities and Fund Balances	<u>\$ 6,078</u>	<u>\$ (2,005)</u>	<u>\$ 4,282</u>	<u>\$ 74,184</u>	<u>\$ 614</u>

Police Training Fund	Court Security Fund	Emergency Management Fund	Hotel/Motel Tax Fund	Christmas Decorations Fund	Insurance/Internal Service Fund	Debt Service	Total Non Major Governmental Funds
4,603	75,764	\$ (11,936)	560,006	16,490	89,789	229,910	\$ 736,158
-	-	-	248,385	-	609	-	1,409
-	-	36,513	800	-	-	-	36,513
-	-	-	177,105	-	-	-	177,105
-	-	-	-	-	41	-	41
-	-	-	-	-	2,910	-	2,910
<u>\$ 4,603</u>	<u>\$ 75,764</u>	<u>\$ 24,577</u>	<u>\$ 426,290</u>	<u>\$ 16,490</u>	<u>\$ 93,349</u>	<u>\$ 229,910</u>	<u>\$ 954,136</u>
					836,637		
\$ -	\$ -	\$ 3,112	\$ 7,107	\$ 10,007	\$ 22,330	\$ -	\$ 46,500
-	-	-	-	-	65,976	-	65,976
-	-	-	154,142	-	-	-	154,142
-	-	-	-	-	-	-	18,000
-	-	1,314	-	-	-	-	1,314
-	-	1,667	-	-	-	-	1,667
-	-	6,093	161,249	10,007	88,306	-	287,599
-	-	-	-	-	-	229,910	229,910
4,603	75,764	18,484	265,041	6,483	5,043	-	436,627
4,603	75,764	18,484	265,041	6,483	5,043	229,910	666,537
<u>\$ 4,603</u>	<u>\$ 75,764</u>	<u>\$ 24,577</u>	<u>\$ 426,290</u>	<u>\$ 16,490</u>	<u>\$ 93,349</u>	<u>\$ 229,910</u>	<u>\$ 954,136</u>

CITY OF DUMAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended September 30, 2011

	Fire Safety Grants Fund	Park Improvement Fund	Police Grants Fund	Court Technology Fund	Law Enforcement Seizure Fund
REVENUES					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy	-	-	-	-	-
Insurance Premiums	-	-	-	-	-
Penalties, Fines and Forfeitures	-	-	-	16,916	-
Intergovernmental Grants and Subsidies	-	-	-	-	-
Other Grants and Contributions	-	-	-	-	-
Investment Income	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,916</u>	<u>-</u>
EXPENDITURES					
<i>Current:</i>					
General Administration	-	-	-	-	-
Public Safety	20,000	-	6,156	-	-
Police	-	-	-	-	4,000
Culture and Recreation	-	-	-	-	-
Parks	-	51,891	-	-	-
<i>Capital Outlay</i>	-	-	-	10,159	-
<i>Debt Service</i>					
Principal	-	-	-	-	-
Interest and Administrative Fees	-	-	-	-	-
Total Expenditures	<u>20,000</u>	<u>51,891</u>	<u>6,156</u>	<u>10,159</u>	<u>4,000</u>
Excess (Deficit) of Revenues over Expenditures	<u>(20,000)</u>	<u>(51,891)</u>	<u>(6,156)</u>	<u>6,757</u>	<u>(4,000)</u>
OTHER FINANCING SOURCES					
Transfers In	-	15,000	-	-	-
Total Other Financing Sources	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(20,000)</u>	<u>(36,891)</u>	<u>(6,156)</u>	<u>6,757</u>	<u>(4,000)</u>
Fund Balance	<u>26,078</u>	<u>34,886</u>	<u>6,494</u>	<u>67,427</u>	<u>(13,386)</u>
Fund Balance, End of Year	<u>\$ 6,078</u>	<u>\$ (2,005)</u>	<u>\$ 338</u>	<u>\$ 74,184</u>	<u>\$ (17,386)</u>

Police Training Fund	Court Security Fund	Emergency Management Fund	Hotel/Motel Tax Fund	Christmas Decorations Fund	Insurance/Internal Service Fund	Debt Service	Total Non Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	379,325	\$ 379,325
-	-	-	560,006	-	-	-	560,006
-	-	-	-	-	757,646	-	757,646
-	12,263	-	-	-	-	-	29,179
-	-	55,143	-	-	-	-	55,143
(4,519)	-	-	-	-	-	-	(4,519)
-	-	-	-	-	-	-	-
<u>(4,519)</u>	<u>12,263</u>	<u>55,143</u>	<u>560,006</u>	<u>-</u>	<u>757,646</u>	<u>379,325</u>	<u>1,776,780</u>
-	-	-	-	-	836,637	-	836,637
-	-	100,828	-	-	-	-	126,984
-	-	-	-	-	-	-	4,000
-	-	-	617,196	11,903	-	-	629,099
-	-	-	-	-	-	-	51,891
-	-	-	-	-	-	-	10,159
-	-	-	-	-	-	218,529	218,529
-	-	-	-	-	-	166,194	166,194
-	-	100,828	617,196	11,903	836,637	384,723	2,043,493
<u>(4,519)</u>	<u>12,263</u>	<u>(45,685)</u>	<u>(57,190)</u>	<u>(11,903)</u>	<u>(78,991)</u>	<u>(5,398)</u>	<u>(266,713)</u>
-	-	45,685	-	10,000	-	-	70,685
-	-	45,685	-	10,000	-	-	70,685
<u>(4,519)</u>	<u>12,263</u>	<u>-</u>	<u>(57,190)</u>	<u>(1,903)</u>	<u>(78,991)</u>	<u>(5,398)</u>	<u>(196,028)</u>
9,122	63,501	18,484	322,231	8,386	84,034	235,308	862,565
<u>\$ 4,603</u>	<u>\$ 75,764</u>	<u>\$ 18,484</u>	<u>\$ 265,041</u>	<u>\$ 6,483</u>	<u>\$ 5,043</u>	<u>\$ 229,910</u>	<u>\$ 666,537</u>

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

Park Improvements Fund - Accounts for the operation and maintenance of municipal park improvements.

Court Technology Fund - Accounts for state-mandated fees designated for the court's technology upgrades and improvements.

Law Enforcement Seizure Fund - Accounts for grants for and funds acquired from law enforcement seizure cases.

Police Training Fund - Accounts for funds and expenses to for police department specific training exercises.

Court Security Fund - Accounts for state-mandated fees designated to maintain and upgrade the court's security system.

Hotel/Motel Tax Fund - Accounts for the special assessment tax on motel room rentals used for the promotion of the City.

Christmas Decorations Fund - Accounts for donations and expenses for the City's annual Christmas decoration effort.

OTHER GOVERNMENTAL FUNDS

Insurance/Internal Service Fund - Accounts for the premiums paid and expenses for the employees' insurance coverage.

Debt Service Fund - Accounts for the designated tax funds and the associated principal and interest expenditures related to the City's current bond issuances.

CITY OF DUMAS, TEXAS
 PARK IMPROVEMENTS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Grants and Contributions	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
<i>Current</i>				
Departmental Expenses	15,000	15,000	51,891	(36,891)
Total Operating Expenses	15,000	15,000	51,891	(36,891)
Excess (Deficit) of Revenues over Expenditures	(15,000)	(15,000)	(51,891)	36,891
OTHER FINANCING SOURCES				
Transfers In	15,000	15,000	15,000	-
Net Change in Fund Balance	-	-	(36,891)	36,891
Fund Balance, Beginning of Year	34,886	34,886	34,886	-
Fund Balance, End of Year	\$ 34,886	\$ 34,886	\$ (2,005)	\$ 36,891

CITY OF DUMAS, TEXAS
 COURT TECHNOLOGY FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Penalties, Fines and Forfeitures	\$ 20,000	\$ 20,000	\$ 16,916	(3,084)
Total Revenues	20,000	20,000	16,916	(3,084)
EXPENDITURES				
<i>Capital Outlay</i>	10,000	10,000	10,159	(159)
Total Operating Expenses	10,000	10,000	10,159	(159)
Net Change in Fund Balance	10,000	10,000	6,757	(2,925)
Fund Balance, Beginning of Year	67,427	67,427	67,427	-
Fund Balance, End of Year	\$ 77,427	\$ 77,427	\$ 74,184	\$ (2,925)

CITY OF DUMAS, TEXAS
LAW ENFORCEMENT SEIZURE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Penalties, Fines and Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	<u>5</u>	<u>5</u>	<u>-</u>	<u>(5)</u>
Total Revenues	5	5	-	(5)
EXPENDITURES				
<i>Current</i>				
Departmental Expenses	<u>10,700</u>	<u>10,700</u>	<u>4,000</u>	<u>6,700</u>
Total Operating Expenses	<u>10,700</u>	<u>10,700</u>	<u>4,000</u>	<u>6,700</u>
Net Change in Fund Balance	(10,695)	(10,695)	(4,000)	6,695
Fund Balance, Beginning of Year	<u>(13,386)</u>	<u>(13,386)</u>	<u>(13,386)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (24,081)</u></u>	<u><u>\$ (24,081)</u></u>	<u><u>\$ (17,386)</u></u>	<u><u>\$ 6,695</u></u>

CITY OF DUMAS, TEXAS
 POLICE TRAINING FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Grants and Contributions	\$ -	\$ -	\$ (4,519)	\$ (4,519)
Total Revenues	-	-	(4,519)	(4,519)
EXPENDITURES				
<i>Current</i>				
Departmental Expenses	-	-	-	-
Total Operating Expenses	-	-	-	-
Net Change in Fund Balance	-	-	(4,519)	(4,519)
Fund Balance, Beginning of Year	9,122	9,122	9,122	-
Fund Balance, End of Year	<u>\$ 9,122</u>	<u>\$ 9,122</u>	<u>\$ 4,603</u>	<u>\$ (4,519)</u>

CITY OF DUMAS, TEXAS
 COURT SECURITY FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Grants and Contributions	\$ 15,000	\$ 15,000	\$ 12,263	\$ (2,737)
Total Revenues	15,000	15,000	12,263	(2,737)
EXPENDITURES				
<i>Current</i>				
Departmental Expenses	-	-	-	-
Total Operating Expenses	-	-	-	-
Net Change in Fund Balance	15,000	15,000	12,263	(2,737)
Fund Balance, Beginning of Year	63,501	63,501	63,501	-
Fund Balance, End of Year	\$ 78,501	\$ 78,501	\$ 75,764	\$ (2,737)

CITY OF DUMAS, TEXAS
 EMERGENCY MANAGEMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental Grants and Subsidies	\$ -	\$ -	55,143	\$ 55,143
Other Grants and Contributions	-	-	-	-
Total Revenues	-	-	55,143	55,143
EXPENDITURES				
<i>Current</i>				
Departmental Expenses	-	-	100,828	(100,828)
<i>Capital Outlay</i>				
Total Operating Expenses	-	-	100,828	(100,828)
Excess (Deficit) of Revenues over Expenditures	-	-	(45,685)	(45,685)
OTHER FINANCING SOURCES				
Transfers In	-	-	45,685	45,685
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	18,484	18,484	18,484	-
Fund Balance, End of Year	\$ 18,484	\$ 18,484	\$ 18,484	\$ -

CITY OF DUMAS, TEXAS
HOTEL MOTEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Occupancy Taxes	\$ 430,000	\$ 430,000	\$ 560,006	\$ 130,006
Total Revenues	430,000	430,000	560,006	130,006
EXPENDITURES				
<i>Current</i>				
Departmental Expenses	386,500	386,500	617,196	(230,696)
Total Operating Expenses	386,500	386,500	617,196	(230,696)
Net Change in Fund Balance	43,500	43,500	(57,190)	360,702
Fund Balance, Beginning of Year	322,231	322,231	322,231	-
Fund Balance, End of Year	\$ 365,731	\$ 365,731	\$ 265,041	\$ 360,702

CITY OF DUMAS, TEXAS
CHRISTMAS DECORATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Grants and Contributions	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
<i>Current</i>				
Departmental Expenses	10,000	10,000	11,903	(1,903)
Total Operating Expenses	10,000	10,000	11,903	(1,903)
Excess (Deficit) of Revenues over Expenditures	(10,000)	(10,000)	(11,903)	(1,903)
OTHER FINANCING SOURCES				
Transfers In	10,000	10,000	10,000	-
Net Change in Fund Balance	-	-	(1,903)	(1,903)
Fund Balance, Beginning of Year	8,386	8,386	8,386	-
Fund Balance, End of Year	\$ 8,386	\$ 8,386	\$ 6,483	\$ (1,903)

CITY OF DUMAS, TEXAS
 INSURANCE/INTERNAL SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Insurance Premiums	\$ 755,000	\$ 755,000	\$ 757,646	\$ 2,646
Investment Income	<u>3</u>	<u>3</u>	<u>-</u>	<u>(3)</u>
Total Revenues	<u>755,003</u>	<u>755,003</u>	<u>757,646</u>	<u>2,643</u>
EXPENDITURES				
<i>Current</i>				
Departmental Expenses	<u>603,000</u>	<u>603,000</u>	<u>836,637</u>	<u>(233,637)</u>
Total Operating Expenses	<u>603,000</u>	<u>603,000</u>	<u>836,637</u>	<u>(233,637)</u>
Net Change in Fund Balance	<u>152,003</u>	<u>152,003</u>	<u>(78,991)</u>	<u>(230,994)</u>
Fund Balance, Beginning of Year	<u>84,034</u>	<u>84,034</u>	<u>84,034</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 236,037</u>	<u>\$ 236,037</u>	<u>\$ 5,043</u>	<u>\$ (230,994)</u>

CITY OF DUMAS, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 395,901	\$ 395,901	\$ 379,325	\$ (16,576)
Total Revenues	<u>395,901</u>	<u>395,901</u>	<u>379,325</u>	<u>(16,576)</u>
EXPENDITURES				
<i>Debt Service</i>				
Principal	218,529	218,529	218,529	-
Interest and Administrative Fees	<u>166,372</u>	<u>166,372</u>	<u>166,194</u>	<u>178</u>
Total Operating Expenses	<u>384,901</u>	<u>384,901</u>	<u>384,723</u>	<u>178</u>
Net Change in Fund Balance	<u>11,000</u>	<u>11,000</u>	<u>(5,398)</u>	<u>(16,754)</u>
Fund Balance, Beginning of Year	<u>235,308</u>	<u>235,308</u>	<u>235,308</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 246,308</u>	<u>\$ 246,308</u>	<u>\$ 229,910</u>	<u>\$ (16,754)</u>

ENTERPRISE FUNDS

BUDGET VS. ACTUAL

Gas Utility Fund – The Gas Utility Fund is used to account for the provision of gas service to the residents of the City. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance.

Water Utility Fund – The Water Fund is used to account for the provision of water to the residents of the City. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance.

Waste Water Utility Fund - The Wastewater Fund accounts for the billings and collections of the trash collection services.

Pheasant Hills Golf Course Fund – Accounts for the revenue and expenditures related to the operations of the Pheasant Hills municipal golf course.

CITY OF DUMAS, TEXAS
 BUDGETARY COMPARISON
 GAS UTILITY FUND
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES	\$ 4,135,500	\$ 4,135,500	\$ 3,567,826	\$ (567,674)
Charges for Service	85,000	85,000	83,454	(1,546)
Late Charges	23,400	23,400	29,604	6,204
Tapping and Surcharge Fees	700	700	4,481	3,781
Other and Miscellaneous	<u>700</u>	<u>700</u>	<u>4,481</u>	<u>3,781</u>
Total Operating Revenues	4,244,600	4,244,600	3,685,365	(559,235)
OPERATING EXPENSES				
<i>Current</i>	307,921	307,921	321,703	(13,782)
Salaries and Wages	99,310	99,310	97,326	1,984
Employee Benefits	2,120,160	2,120,160	2,188,677	(68,517)
Gas Purchases; Property & Facility	30,000	30,000	46,189	(16,189)
Departmental Operating Costs	32,750	32,750	29,194	3,556
Professional and Technical Services	28,000	28,000	36,560	(8,560)
Repairs and Maintenance	11,700	11,700	6,331	5,369
Other Purchased Services	54,400	54,400	48,001	6,399
Operational	247,604	247,604	249,375	(1,771)
Lease Agreements	33,500	33,500	40,971	(7,471)
Warehouse	20,000	20,000	17,159	2,841
<i>Capital Outlay</i>	<u>2,985,345</u>	<u>2,985,345</u>	<u>3,081,486</u>	<u>(96,141)</u>
Total Operating Expenses	2,985,345	2,985,345	3,081,486	(96,141)
Operating Income (Loss)	1,259,255	1,259,255	603,879	(655,376)
NONOPERATING REVENUES (EXPENSES)	3,500	3,500	1,333	(2,167)
Investment Income	(20,000)	(20,000)	(17,159)	2,841
Sale of Assets	-	-	-	-
Interest Expense	<u>(16,500)</u>	<u>(16,500)</u>	<u>(15,826)</u>	<u>674</u>
Total Nonoperating Revenues (Expenses)	(16,500)	(16,500)	(15,826)	674
Income Before Transfers	1,242,755	1,242,755	588,053	(654,702)
TRANSFERS	(1,043,388)	(1,043,388)	(998,740)	44,648
Transfers Out	<u>(1,043,388)</u>	<u>(1,043,388)</u>	<u>(998,740)</u>	<u>44,648</u>
Total Operating Transfers	(1,043,388)	(1,043,388)	(998,740)	44,648
Net Income (Loss)	199,367	199,367	(410,687)	(610,054)
Net Assets, Beginning of Year	817,737	817,737	817,737	-
Net Assets, End of Year	<u>\$ 1,017,104</u>	<u>\$ 1,017,104</u>	<u>\$ 407,050</u>	<u>\$ (610,054)</u>
Reconciliation of Net Loss for Budgetary Basis to Statement of Activities for Gas Utility Fund			\$ (410,687)	
Net Loss - Budgetary Basis				
Amounts reported in the Statement of Activities are different because:				
Depreciation is reported in the Proprietary Funds Statement of Activities but is not a budget expenditure item			(45,412)	
Capital Outlay is a budget expenditure but is reported on the Proprietary Funds Statement of Net Assets			<u>17,159</u>	
Net Loss - Financial Statement Basis			<u>\$ (438,940)</u>	

CITY OF DUMAS, TEXAS
 BUDGETARY COMPARISON
 WATER UTILITY FUND
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES				\$ 286,902
Charges for Service	\$ 1,643,047	\$ 1,643,047	\$ 1,929,949	\$ 5,684
Late Charges	20,000	20,000	25,684	5,862
Tapping and Surcharge Fees	41,000	41,000	46,862	(1,417)
Investment Income	2,000	2,000	583	8
Other and Miscellaneous	20	20	28	8
Total Operating Revenues	<u>1,706,067</u>	<u>1,706,067</u>	<u>2,003,106</u>	<u>297,039</u>
OPERATING EXPENSES				
<i>Current</i>				(86)
Salaries and Wages	261,622	261,622	261,708	7,380
Employee Benefits	86,920	86,920	79,540	(13,404)
Departmental Operating Costs	15,000	15,000	28,404	(102,262)
Professional and Technical Services	50,800	50,800	153,062	11,155
Repairs and Maintenance	70,450	70,450	59,295	1,088
Other Purchased Services	16,500	16,500	15,412	(14,883)
Property and Facility	244,230	244,230	259,113	22,475
Operational	84,115	84,115	61,640	2,442
Lease Agreements	146,187	146,187	143,745	(10,308)
Warehouse	30,000	30,000	40,308	10,392
Warehouse	20,000	20,000	9,608	
<i>Capital Outlay</i>				
<i>Debt Service</i>				807
Principal & Interest Payments	390,096	390,096	389,289	(85,204)
Total Operating Expenses	<u>1,415,920</u>	<u>1,415,920</u>	<u>1,501,124</u>	<u>211,835</u>
Operating Income (Loss)	290,147	290,147	501,982	44,648
TRANSFERS				
Transfers Out	(633,388)	(633,388)	(588,740)	44,648
Total Operating Transfers	<u>(633,388)</u>	<u>(633,388)</u>	<u>(588,740)</u>	<u>257,703</u>
Net (Loss) Income	(428,592)	(428,592)	(170,889)	
Net Assets, Beginning of Year	<u>(159,374)</u>	<u>(159,374)</u>	<u>(159,374)</u>	<u>-</u>
Net Assets, End of Year	<u>\$ (587,966)</u>	<u>\$ (587,966)</u>	<u>\$ (330,263)</u>	<u>\$ 257,703</u>
Reconciliation of Net Loss for Budgetary Basis to Statement of Activities for Water Utility Fund				
Net Income - Budgetary Basis			\$ (170,889)	
Amounts reported in the Statement of Activities are different because:				
Depreciation is reported in the Proprietary Funds Statement of Activities but is not a budget expenditure item			(88,655)	
Debt Service Expenditures reduce Water Fund liabilities and are not considered current year expenses			389,289	
Capital Outlay is a budget expenditure but is reported on the Proprietary Funds Statement of Net Assets			<u>9,608</u>	
Net Income - Financial Statement Basis			<u>\$ 139,353</u>	

CITY OF DUMAS, TEXAS
 BUDGETARY COMPARISON
 WASTEWATER UTILITY FUND
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES	\$ 1,510,809	\$ 1,510,809	\$ 1,032,140	\$ (478,669)
Charges for Service	15,000	15,000	17,332	2,332
Late Charges	8,000	8,000	11,400	3,400
Other and Miscellaneous				
Total Operating Revenues	<u>1,533,809</u>	<u>1,533,809</u>	1,060,872	(472,937)
OPERATING EXPENSES				
<i>Current</i>	59,932	59,932	63,394	(3,462)
Salaries and Wages	18,797	18,797	19,064	(267)
Employee Benefits	13,000	13,000	5,613	7,387
Professional and Technical Services	10,100	10,100	18,027	(7,927)
Repairs and Maintenance	5,150	5,150	4,741	409
Other Purchased Services	10,150	10,150	8,883	1,267
Property and Facility	203,950	203,950	66,756	137,194
Operational	76,815	76,815	76,815	-
Lease Agreements	4,800	4,800	11,598	(6,798)
Warehouse	-	-	38,197	(38,197)
<i>Capital Outlay</i>				
Debt Service	<u>134,243</u>	<u>134,243</u>	<u>134,243</u>	<u>-</u>
Principal & Interest Payments	536,937	536,937	447,331	89,606
Total Operating Expenses	<u>996,872</u>	<u>996,872</u>	613,541	(383,331)
Operating Income				
	996,872	996,872	613,541	(383,331)
NONOPERATING REVENUES (EXPENSES)	<u>2,500</u>	<u>2,500</u>	<u>542</u>	<u>(1,958)</u>
Investment Income	2,500	2,500	542	(1,958)
Total Nonoperating Revenues (Expenses)	<u>2,500</u>	<u>2,500</u>	<u>542</u>	<u>(1,958)</u>
Income Before Transfers	999,372	999,372	614,083	(385,289)
TRANSFERS	<u>(813,388)</u>	<u>(813,388)</u>	<u>(768,740)</u>	<u>44,648</u>
Transfers Out	(813,388)	(813,388)	(768,740)	44,648
Total Operating Transfers	<u>(813,388)</u>	<u>(813,388)</u>	<u>(768,740)</u>	<u>44,648</u>
Net (Loss) Income	185,984	185,984	(154,657)	<u>\$ (340,641)</u>
Net Assets, Beginning of Year	<u>1,164,069</u>	<u>1,164,069</u>	<u>1,164,069</u>	
Net Assets, End of Year	<u>\$ 1,350,053</u>	<u>\$ 1,350,053</u>	<u>\$ 1,009,412</u>	
Reconciliation of Net Loss for Budgetary Basis to Statement of Activities for Waste Water Utility Fund				
Net Loss - Budgetary Basis				\$ (154,657)
Amounts reported in the Statement of Activities are different because:				
Depreciation is reported in the Proprietary Funds Statement of Activities but is not a budget expenditure item				(104,882)
Debt Service Expenditures reduce Water Fund liabilities and are not considered current year expenses				134,243
Capital Outlay is a budget expenditure but is reported on the Proprietary Funds Statement of Net Assets				<u>38,197</u>
Net Loss - Financial Statement Basis				<u>\$ (87,099)</u>

CITY OF DUMAS, TEXAS
 BUDGETARY COMPARISON
 PHEASANT TRAILS GOLF COURSE FUND
 Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES				
Charges for Service	\$ 243,200	\$ 243,200	\$ 269,186	\$ 25,986
Other and Miscellaneous	15,150	15,150	13,371	(1,779)
Total Operating Revenues	<u>258,350</u>	<u>258,350</u>	<u>282,557</u>	<u>24,207</u>
OPERATING EXPENSES				
<i>Current</i>				
Salaries and Wages	135,984	135,984	132,505	3,479
Employee Benefits	50,648	50,648	42,570	8,078
Departmental Operating Costs	15,000	15,000	23,842	(8,842)
Professional and Technical Services	8,700	8,700	6,518	2,182
Repairs and Maintenance	10,500	10,500	46,501	(36,001)
Other Purchased Services	4,500	4,500	4,789	(289)
Property and Facility	22,950	22,950	24,183	(1,233)
Supplies	13,504	13,504	11,445	2,059
Lease Agreements	117,303	117,303	105,571	11,732
Warehouse	13,600	13,600	28,707	(15,107)
<i>Capital Outlay</i>	-	-	16,123	(16,123)
<i>Debt Service</i>				
Principal Payments	-	-	13,729	(13,729)
Total Operating Expenses	<u>392,689</u>	<u>392,689</u>	<u>456,483</u>	<u>(63,794)</u>
Operating Income	<u>(134,339)</u>	<u>(134,339)</u>	<u>(173,926)</u>	<u>(39,587)</u>
NONOPERATING REVENUES (EXPENSES)				
Sale of Assets	-	-	800	800
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
Loss Before Transfers	<u>(134,339)</u>	<u>(134,339)</u>	<u>(173,126)</u>	<u>(38,787)</u>
TRANSFERS				
Transfers In	-	-	169,855	169,855
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>169,855</u>	<u>169,855</u>
Net Loss	<u>(134,339)</u>	<u>(134,339)</u>	<u>(3,271)</u>	<u>131,068</u>
Net Assets, Beginning of Year	<u>709,291</u>	<u>709,291</u>	<u>709,291</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 574,952</u>	<u>\$ 574,952</u>	<u>\$ 706,020</u>	<u>\$ 131,068</u>
Reconciliation of Net Loss for Budgetary Basis to Statement of Activities for Waste Water Utility Fund				
Net Loss - Budgetary Basis			\$ (3,271)	
Amounts reported in the Statement of Activities are different because:				
Depreciation is reported in the Proprietary Funds Statement of Activities but is not a budget expenditure item			(48,943)	
Debt Service Expenditures reduce Water Fund liabilities and are not considered current year expenses			13,729	
Capital Outlay is a budget expenditure but is reported on the Proprietary Funds Statement of Net Assets			<u>16,123</u>	
Net Loss - Financial Statement Basis			<u>\$ (22,362)</u>	

COMPLIANCE

JW ANDERSON & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

**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***

Honorable Mayor and
Members of the City Council
South Plains Food Bank, Inc.

We have audited the accompanying financial statements of City of Dumas (City) as of and for the year ended September 30, 2011, and have issued our report thereon dated July 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 audits, 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within City, the members of the City Council, and 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.

J W Anderson & Associates, PC

JW ANDERSON & ASSOCIATES, PC
A Professional Corporation
Lubbock, Texas
July 11, 2012