

City of Newark, Texas

Comprehensive Annual Financial Report for the
Year Ended September 30, 2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT
The City of Newark, Texas
Year Ended September 30, 2006

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CITY OF NEWARK, TEXAS
PRINCIPAL OFFICERS
SEPTEMBER 30, 2006

MAYOR:	Bill Malone
MAYOR PRO-TEM:	Lucille Drain
COUNCIL:	Matt Newby
	Walter Stephenson, Jr.
	Jerry Davidson
	Bonnie J. Neal
SECRETARY-TREASURER-TAX COLLECTOR:	Sherry Edgemon
ATTORNEY FOR THE CITY:	Allen Taylor, Jr.
ENGINEER FOR THE CITY:	Eddie Cheatham
WATER SUPERINTENDENT:	Chris Cromer

PETER J. CHANEY, P.C.
CERTIFIED PUBLIC ACCOUNTANT
1604 GLASGOW DR.
ARLINGTON, TEXAS 76015

TELEPHONE: 817-465-8395

REPORT OF INDEPENDENT ACCOUNTANTS

City Council
City of Newark
Wise County
310 FM 718
Newark, Texas 76071

We have audited the accompanying basic financial statements of the City of Newark, Wise County, Texas, (the City) as of and for the year ended September 30, 2006, as listed in the Table of Contents. These financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these basic 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. 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City as of September 30, 2006, and the results of its operations and cash flows of its proprietary funds for the year the ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 6, the City is not in compliance with certain provisions of a bond ordinance.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

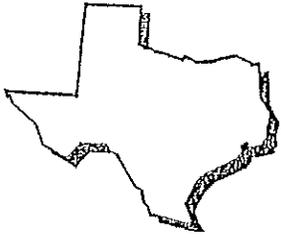
City of Newark
Wise County
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We performed our audit to form an opinion on the basic financial statements of the City, taken as a whole. The combining and individual fund statements and schedules listed in the Table of Contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

Peter J. Chaney CPA P.C.
Peter J. Chaney, CPA, P.C.

Newark, Texas
December 5, 2006



City of Newark

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Newark, TX 76071
817/489-2201
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CITY OF NEWARK, TEXAS
FYE SEPTEMBER 30, 2006
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Newark's financial performance provides an overview of the City's financial activities for the year ended September 30, 2006. Please read it in conjunction with the City's financial statements, which begin on page 9.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10-11) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the city's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 5. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities reports information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and any changes in them. You can think of the City's net assets—the difference between assets and liabilities—---as one way to measure 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. You will need to consider other nonfinancial factors,

however, such as changes in the City's property tax base and the condition of the City's property tax base and the condition of the City's roads, to access the overall health of the City.

In the statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

Government activities—Most of the City's basic services are reported here, including the police, fire, general administration, streets and parks. Sales taxes, franchise fees, fines, and property taxes finance most of these activities.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. 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, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

Proprietary funds—When the City changes customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

THE CITY AS A WHOLE

For the year ended September 30, 2006, net assets changed as follows:

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
Beginning net assets	\$111,080	\$1,130,282	\$1,241,362
Increase (decrease) in net assets	<u>25,083</u>	<u>(17,596)</u>	<u>7,487</u>
Ending net assets	<u>\$136,163</u>	<u>\$1,112,686</u>	<u>\$1,248,849</u>

This reflects a increase of 22.6 percent for the governmental activities and a 1.6 percent decrease for business-type activities.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Business-type Activities

In reviewing the departmental Net (Expense)/Revenue, it should be noted that the water and sewer fund shows a deficit of \$17,596. Water and sewer revenues increased \$39,001, or 14.3%, compared to the prior year. Expenses decreased \$7,470 or 1.96%.

THE CITY'S FUNDS

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended September 30, 2006 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenues</u>	FYE 9/30/06 Amount	Percent of Total	Increase (Decrease) from FYE 9/30/05	Percent Increase (Decrease)
Taxes	\$277,352	63.11%	\$26,324	10.49%
Charges for services/ Inter-Governmental	79,961	18.20%	8,964	12.63%
Fines and forfeitures	41,995	9.56%	24,130	135.07%
Licenses and permits	7,379	1.68%	(8,237)	-52.75%
Interest	155	.04%	48	44.86%
Miscellaneous	<u>32,603</u>	<u>7.48%</u>	<u>1,696</u>	<u>5.49%</u>
Total Revenues	<u>\$439,445</u>	<u>100.00%</u>	<u>\$52,925</u>	<u>13.69%</u>

Sales, property and franchise taxes all increased this year. Royalty income increased over last year. Licenses and permits decreased \$8,237. Total revenues increased 13.69%.

<u>Expenditures</u>	FYE 9/30/06 Amount	Percent of Total	Increase (Decrease) from FYE 9/30/05	Percent Increase (Decrease)
General Government	\$179,693	45.28%	\$ (754)	-.42%
Library	59,776	15.96%	(1,642)	-2.67%
Police Department	61,177	15.41%	(1,130)	-1.81%
Fire Department	55,274	13.93%	13,087	31.02%
Transportation/Roads	<u>40,965</u>	<u>10.32%</u>	<u>(4,443)</u>	<u>-9.78%</u>
	<u>\$396,885</u>	<u>100.00%</u>	<u>\$ 5,118</u>	<u>1.31%</u>

Expenses in all departments except the fire department decreased. Overall, expenses to operate the City's general fund increased 1.31%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2006, the City had \$2,385,435 invested in capital assets including police and fire equipment, buildings, park facilities, water and sewer lines. (See table below). This represents a net increase of \$30,620 or 1.3 percent over last year.

	Government Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	\$ 16,049	\$ 16,049	\$ 4,400	\$ 4,400	\$ 20,449	\$ 20,449
Buildings	126,961	126,961	--	--	126,961	126,961
Equipment	156,756	154,756	128,770	128,770	285,526	283,526
Utility Property	-	-	1,952,499	1,923,879	1,952,499	1,923,879
	<u>\$299,766</u>	<u>\$297,766</u>	<u>\$2,085,669</u>	<u>\$2,057,049</u>	<u>\$2,385,435</u>	<u>\$2,354,815</u>

This year's major additions include:

Library computer equipment	\$ 2,000
Construction in progress-infrustructure	<u>28,620</u>
	<u>\$30,620</u>

Debt Service

At year-end, the City had \$147,369 outstanding bond/notes compared to \$175,395 last year. This is a decrease of 15.98 percent as shown in the following table.

	Government Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Revenue/General						
Obligation Bonds	\$32,950	\$34,950	\$102,000	\$109,000	\$134,950	\$143,950
Equipment/Constr.						
Notes Payable	<u>12,419</u>	<u>31,445</u>	<u>--</u>	<u>--</u>	<u>12,419</u>	<u>31,445</u>
	<u>\$45,369</u>	<u>\$66,395</u>	<u>\$102,000</u>	<u>\$109,000</u>	<u>\$147,369</u>	<u>\$175,395</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City has appeared to stabilize its condition during the past year. Revenues increased in the general and water sewer fund. Expenses were kept level with the prior year. The City's cash reserves have been slightly increased.

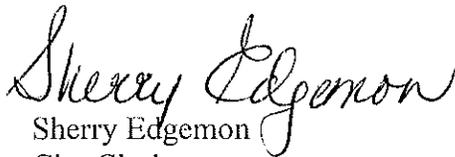
The City's tax rolls continue to increase due to new residential construction. The City assessed a tax rate of .53/100 which represents an increase of 8.79% and anticipates enhanced property tax revenues in the upcoming year.

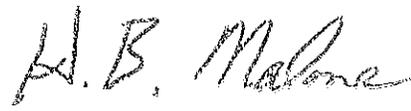
Deficits in the water and sewer fund were narrowed to \$20,127 from \$102,948 the prior year.

The City continues to be faced with major challenges. Major growth dictates that revenues must be increased, expenses reduced or a combination of both.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 this report or need additional financial information, contact the City Clerk's Office at 310 FM 718, Newark, Texas.


Sherry Edgemon
City Clerk


Bill Malone
Mayor

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets include:

- Government-wide financial statements

- Fund financial statements:
 - Governmental funds

 - Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF NEWARK, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash, including time deposits	\$ 96,099	\$ 7,853	\$ 103,952
Cash - restricted	16,776	-	16,776
Accounts Receivable (net)	-	34,369	34,369
Total current assets	<u>112,875</u>	<u>42,222</u>	<u>155,097</u>
Noncurrent Assets:			
Capital Assets (net)	117,818	1,242,308	1,360,126
Total noncurrent assets	<u>117,818</u>	<u>1,242,308</u>	<u>1,360,126</u>
Total assets	<u>230,693</u>	<u>1,284,530</u>	<u>1,515,223</u>
 LIABILITIES			
Current Liabilities:			
Accounts payable	46,336	22,102	68,438
Accrued liabilities	2,825	10,852	13,677
Customer service deposits	-	36,890	36,890
Current portion of notes/bond payables	11,709	7,000	18,709
Total current liabilities	<u>60,870</u>	<u>76,844</u>	<u>137,714</u>
Noncurrent Liabilities:			
Long term portion of notes/bond payables	33,660	95,000	128,660
Total noncurrent liabilities	<u>33,660</u>	<u>95,000</u>	<u>128,660</u>
Total liabilities	<u>94,530</u>	<u>171,844</u>	<u>266,374</u>
 NET ASSETS			
Invested in capital assets, net of related debt	72,449	1,140,308	1,212,757
Restricted	16,751	-	16,751
Unrestricted	46,963	(27,622)	19,341
Total net assets	<u>\$ 136,163</u>	<u>\$ 1,112,686</u>	<u>\$ 1,248,849</u>

The accompanying notes are an integral part of this financial statement.

CITY OF NEWARK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Net (Expense)/ Revenue</u>
Governmental activities:			
General government	\$ 179,715	\$ 26,219	\$ (153,496)
Public Safety and judiciary:			
Police	61,178	41,995	(19,183)
Fire	55,274	50,589	(4,685)
Total Public Safety	116,452	92,584	(23,868)
Library	74,702	20,441	(54,261)
Transportation	40,965	-	(40,965)
Total government activities	411,834	139,244	(272,590)
Business Type Activities:			
Water/Sewer	372,194	352,067	(20,127)
Total business activities	372,194	352,067	(20,127)
Total	\$ 784,028	\$ 491,311	\$ (292,717)
Changes in Net Assets:			
	Government	Business-type	Total
	Activities	Activities	
Net (expense)/revenue	\$ (272,590)	\$ (20,127)	\$ (292,717)
General revenues:			
Taxes:			
Sales and use taxes	58,964	-	58,964
Property taxes	169,163	-	169,163
Franchise and public service taxes	71,922	-	71,922
Investment Income	155	-	155
Total general revenues	300,204	-	300,204
Interfund transfers	(2,531)	2,531	-
Change in net assets	25,083	(17,596)	7,487
Net assets - beginning	111,080	1,130,282	1,241,362
Net assets - ending	\$ 136,163	\$ 1,112,686	\$ 1,248,849

The accompanying notes are an integral part of this financial statement.

**CITY OF NEWARK, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

ASSETS	General Fund
Cash, including time deposits	\$ 96,099
Cash - restricted	16,776
Accounts Receivable (net)	-
Total assets	<u>112,875</u>
LIABILITIES	
Accounts payable	46,336
Accrued liabilities	2,825
Current portion of notes/bonds payable	<u>11,709</u>
Total liabilities	<u>60,870</u>
FUND BALANCES	
Unreserved, general fund	<u>52,005</u>
Total fund balances	52,005
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$181,947	117,818
Long term liabilities are not due or payable in the current period and are not reported in the fund:	(33,660)
Net assets of governmental activities	<u>\$ 136,163</u>

The accompanying notes are an integral part of this financial statement.

CITY OF NEWARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2006

	General Fund
REVENUES	
Taxes	\$ 277,352
Intergovernmental	50,589
Charges for services	29,372
Fines and forfeitures	41,995
Licenses and permits	7,379
Investment Income	155
Royalties	22,697
Miscellaneous	9,906
Total revenues	439,445
EXPENDITURES	
Current:	
General government	169,946
Public safety and judiciary:	
Police	61,178
Fire	55,274
Total public safety and judiciary	116,452
Library	58,731
Transportation	40,965
Debt service:	
Interest and other charges	3,499
Depreciation expense	22,238
Total expenditures	411,831
Excess (deficiency) of revenues over expenditures	27,614
Transfer to water & sewer fund	2,531
Net changes in fund balances	25,083
Fund balances-beginning	111,080
Fund balances-ending	\$ 136,163

The accompanying notes are an integral part of this financial statement.

**CITY OF NEWARK, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
SEPTEMBER 30, 2006**

ASSETS	Water & Sewer Fund
Current Assets:	
Cash, including time deposits	\$ 7,853
Accounts Receivable (net)	34,369
Total current assets	42,222
Noncurrent Assets:	
Capital Assets (net)	1,242,308
Total noncurrent assets	1,242,308
Total assets	1,284,530
LIABILITIES	
Current Liabilities:	
Accounts payable	22,102
Accrued liabilities	10,852
Customer service deposits	36,890
Current portion of notes/bond payables	7,000
Total current liabilities	76,844
Noncurrent Liabilities:	
Long term portion of notes/bond payables	95,000
Total noncurrent liabilities	95,000
Total liabilities	171,844
NET ASSETS	
Invested in capital assets, net of related debt	1,140,308
Unrestricted	(27,622)
Total net assets	\$ 1,112,686

The accompanying notes are an integral part of this financial statement.

CITY OF NEWARK, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2006

	Water & Sewer Fund
Operating revenues:	
Charges for services:	
Water	\$ 161,049
Sewage	92,551
Garbage	54,740
Tap fees	3,000
Total charges for services	311,340
Grants	28,620
Miscellaneous	12,107
Total operating revenues	352,067
Operating expenses:	
Personal services	84,568
Others services and charges	228,220
Depreciation	59,406
Total operating expenses	372,194
Net operating income	(20,127)
Transfer from general fund	2,531
Net income	(17,596)
Net assets - beginning of year	1,130,282
Net assets - end of year	\$ 1,112,686

The accompanying notes are an integral part of this financial statement.

**CITY OF NEWARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2006**

	Water & Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 351,193
Payments to suppliers	(229,452)
Payments to employees	(84,568)
Net cash provided (used) by operating activities	37,173
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES	
Transfer from general fund	2,531
Principal paid on capital debt	(7,000)
Interest paid on capital debt	(5,275)
Net cash provided (used) by capital and related financial activities	(9,744)
CASH FLOWS FROM INVESTING ACTIVITIES	
Fixed asset purchases	(28,620)
Net cash provided (used) by investing activities	(28,620)
Net increase (decrease) in cash and cash equivalents	(1,191)
Balances - beginning of year	9,043
Balances - end of year	\$ 7,852

The accompanying notes are an integral part of this financial statement.

**CITY OF NEWARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2006**

	<u>Water & Sewer Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (17,595)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation	59,406
Transfer from general fund	(2,531)
Interest expense	5,275
Change in assets and liabilities:	
Receivables, net	(874)
Accounts and other payables	(6,508)
Net cash provided by operating activities	<u>\$ 37,173</u>

The accompanying notes are an integral part of this financial statement.

CITY OF NEWARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newark, Texas (the "City") was incorporated in 1951, under the provisions of the Home Rule Amendment to the State Constitution. The City operates under a Council Manager form of government and provides the following services to the citizens of the City: public safety (police and fire), public works, public welfare, parks and recreation, public health, water and sewer utilities, and general administrative services.

The Comprehensive Annual Financial Report (the "Report") of the City includes all funds and component units. The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

New Accounting Standards Adopted

In fiscal year 2003, the City adopted two new statements of financial accounting standards and one new interpretation issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 34—Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments
- Statement No. 38—Certain Financial Statement Disclosures
- Interpretation No. 6—Recognition and Measurements of Certain Liabilities & Expenditures in Governmental Fund Financial Statements

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. government-wide financial statements do not provide information by fund or account group, but distinguish between the City’s governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the City’s statement of net assets includes both non-current assets and non-current liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Debt Account Group.

The City's implementation of these standards had the following effect on the City's financial statements:

- The City has historically capitalized all capital assets, excluding infrastructure. The City also has not recorded annual depreciation expense or the related accumulated depreciation. As of October 1, 2003, the City recorded assets of \$268,764 and recognized \$124,911 in accumulated depreciation on all governmental activity assets that had not previously been recognized.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The accrual basis of accounting is utilized by the proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Accordingly, the accounting and financial reporting of the City's General Fund is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by Statement No. 34 to focus on major funds, as opposed to presenting fund types.

Statement No. 34 also requires certain required supplementary information in the form of Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results.

GASB has issued Statement No. 38, Certain Financial Statement Note Disclosures which modifies, establishes and rescinds certain financial statement disclosure requirements. This statement has become effective to the City in two phases—certain provisions became effective in fiscal year 2002 and certain other provisions will become effective in fiscal year 2003.

Interpretation 6 is an interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; and GASB Statement Nos. 10, 16, and 18. It clarifies the existing modified accrual standards for distinguishing the portion of a liability that should be reported as a governmental fund liability/expenditure from the portion that should be reported as a general long-term liability (i.e., government-wide reporting only).

Reporting Entity

The City is governed by an elected mayor and five member council. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units, entities for which the government is considered to be financially accountable.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model as defined by GASB Statement No. 34 the focus is either the City as a whole or major individual funds (within the fund financial statements).

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.).

Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc.).

The government-wide focus is 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 focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Ad valorem, franchise and sales tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewers are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major funds are used by the City:

Governmental Funds:

The General Fund accounts for several of the City's primary services (Public Safety and Transportation) and is the primary operating unit of the City.

Proprietary Funds:

The Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

Non-Current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

Cash, Cash Equivalents and Investments

To facilitate cash management, the operating cash of certain funds and component units is pooled into a cash management pool for the purpose of increasing income through combined investment activities. This cash and investment pool is available for use by all funds. Each fund's portion of this pool is allocated through its cash and cash equivalent account on the balance sheet. In addition, certain investments are separately held by several of the City's funds. Interest is allocated on a quarterly basis to all funds in the investment pool based on their average balance at the end of each month. Interest earned by separate investments is credited to the respective funds.

For purposes of the statement of cash flows, the City considers all unrestricted investments included in its cash management pool to be cash equivalents as these balances are used essentially as demand deposit accounts by the individual funds. Investments included in the cash management pool which are restricted for use are reported as investments. Additionally, certificates of deposit and temporary investments held separately from the City's cash management pool and which have maturities of three months or less are reported as cash equivalents.

Texas statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, fully collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the state of Texas. The City is also authorized to invest in direct obligations of the state of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, money market mutual funds, prime bankers' acceptances, and reverse repurchase agreements; however, the City has not invested in such instruments during fiscal 2003.

In accordance with GASB Statement No. 31, investments are recorded at fair value.

Effective September 1, 1995, the legislature of the state of Texas amended the Public Funds Investment Act (the "Investment Act"). Effective September 1, 1997, the legislature further amended the Investment Act. The current Investment Act governs items such as investment strategies and policies, training for investment officers, reporting requirements, and types of investments allowed. The City is in compliance with all State statutes.

Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Equipment	3-10
Automobiles	5
Sewer improvements	20-40
System infrastructure	20-40

Fund Equity

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

NOTE 2 - DETAILED NOTES ON ALL FUNDS

Deposits and investments

Deposits—State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2006.

PROPERTY TAXES

Property Taxes are levied on October 1 on the assessed value listed as of the prior January 1 and are due and payable by the following January 31. All unpaid taxes attach as a lien on property as of February 1. Penalty and interest is charged at 7% on delinquent taxes beginning February 1, and increase each month 1% to a maximum of 10%.

Appraised values are established by the Wise County Appraisal District at 100 percent of estimated market value and certified by the Appraisal Review Board. The assessed value for the tax roll of October 1, 2005, upon which the original 2005 levy was based, was \$32,424,982. City property tax revenues are recorded in governmental funds as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year-end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

For the fiscal year ended September 30, 2006, the City had a tax rate of \$.53 per \$100 valuation.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this system, the City sets tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

RECEIVABLES

Receivables at September 30, 2006 for the government's individual major funds and non-major, internal service, and enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	<u>General</u>	<u>Water & Sewer</u>	<u>Total</u>
Receivables:			
Taxes	\$ 30,098	\$ -	\$ 30,098
Trade Accounts	-	34,369	34,369
Gross receivables	30,098	34,369	64,467
Less: allowance for uncollectables	30,098	-	30,098
Net total receivables	<u>\$ -</u>	<u>\$ 34,369</u>	<u>\$ 34,369</u>

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006 was as follows:

	<u>Balance at Beginning Of Year</u>	<u>Transfers And Additions</u>	<u>Transfers And Retirements</u>	<u>Balance at End Of Year</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 16,049	\$ -	\$ -	\$ 16,049
Total capital assets, not being depreciated	<u>16,049</u>	<u>-</u>	<u>-</u>	<u>16,049</u>
Capital assets, being depreciated:				
Buildings	126,961	-	-	126,961
Equipment	154,756	2,000	-	156,756
Total capital assets being depreciated	<u>281,717</u>	<u>2,000</u>	<u>-</u>	<u>283,717</u>
Less accumulated depreciation for:				
Buildings	42,980	5,249	-	48,229
Equipment	116,730	16,989	-	133,719
Total accumulated depreciation	<u>159,710</u>	<u>22,238</u>	<u>-</u>	<u>181,948</u>
Total capital assets, being depreciated, net	<u>122,007</u>	<u>(20,238)</u>	<u>-</u>	<u>101,769</u>
Governmental activities capital assets, net	<u>\$ 138,056</u>	<u>\$ (20,238)</u>	<u>\$ -</u>	<u>\$ 117,818</u>

	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
Water and sewer activities:				
Capital assets, not being depreciated:				
Land	\$ 4,400	\$ -	\$ -	\$ 4,400
Construction in progress	-	28,620	-	28,620
Total capital assets, not being depreciated	<u>4,400</u>	<u>28,620</u>	<u>-</u>	<u>33,020</u>
Capital assets, being depreciated:				
Building	11,295	-	-	11,295
Water and sewer infrastructure	1,923,879	-	-	1,923,879
Equipment	117,475	-	-	117,475
Total capital assets being depreciated	<u>2,052,649</u>	<u>-</u>	<u>-</u>	<u>2,052,649</u>
Less accumulated depreciation for:				
Building	11,295	-	-	11,295
Water and sewer infrastructure	678,547	48,097	-	726,644
Equipment	94,113	11,309	-	105,422
Total accumulated depreciation	<u>783,955</u>	<u>59,406</u>	<u>-</u>	<u>843,361</u>
Total capital assets, being depreciated, net	<u>1,268,694</u>	<u>(59,406)</u>	<u>-</u>	<u>1,209,288</u>
Water and sewer activities capital assets, net	<u>\$ 1,273,094</u>	<u>\$ (30,786)</u>	<u>\$ -</u>	<u>\$ 1,242,308</u>

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

Governmental activities:

General government	\$ 7,311
Library	<u>14,927</u>

Total depreciation expense - governmental activities	<u>\$ 22,238</u>
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Business-type activities:

Water and sewer	<u>\$ 59,406</u>
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Total depreciation expense - business-type activities	<u>\$ 59,406</u>
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NOTE 4 - LONG-TERM DEBT

The City has the following long term debt:

<u>General Fund</u>	<u>Balance at 9/30/06</u>	<u>Current Portion 9/30/06</u>
Note payable, 8% interest, unsecured, in the amount of \$56,253 requiring monthly payments of \$1,140 due January, 2007	\$ 4,525	\$ 4,525
Note payable, 6.5% interest, secured by equipment, in the amount of \$23,607 requiring monthly payments of \$462 due March, 2008	\$ 7,894	\$ 5,184
Bond payable, 5% interest, unsecured, in the amount of \$68,000 requiring semi-annual payments of varying amounts due January, 2017	\$ 32,950	\$ 2,000
<u>Water and sewer fund</u>	<u>Balance at 9/30/06</u>	<u>Current Portion 9/30/06</u>
Bond payable, 5% interest, unsecured, in the amount of \$207,000 requiring semi-annual payments of varying amounts due January, 2017	\$ 102,000	\$ 7,000

The City had the following debt activity during the year ended September 30, 2006:

<u>General fund</u>	Payable at 9/30/05	Reduction	Increase	Payable at 9/30/06
Note Payable Due January, 2007	\$ 18,302	\$ 13,777	\$ -	\$ 4,525
Note Payable Due March, 2008	13,143	5,249	-	7,894
General obligation bonds - 1970	34,950	2,000	-	32,950
Total general fund	<u>66,395</u>	<u>21,026</u>	<u>-</u>	<u>45,369</u>
<u>Water and sewer fund</u>				
Revenue Bonds - 1979	109,000	7,000	-	102,000
Total water and sewer	<u>109,000</u>	<u>7,000</u>	<u>-</u>	<u>102,000</u>
Total all funds	<u>\$ 175,395</u>	<u>\$ 28,026</u>	<u>\$ -</u>	<u>\$ 147,369</u>

The City has the following principal repayments over the next five years:

	General Fund	Water and Sewer Fund	Total
Year ending September 30, 2007	\$ 11,709	\$ 7,000	\$ 18,709
Year ending September 30, 2008	6,118	8,000	14,118
Year ending September 30, 2009	3,000	8,000	11,000
Year ending September 30, 2010	3,000	8,000	11,000
Year ending September 30, 2011	3,000	9,000	12,000
Thereafter	18,542	62,000	80,542
Total	<u>\$ 45,369</u>	<u>\$ 102,000</u>	<u>\$ 147,369</u>

NOTE 5 - PENSION AND EMPLOYEE BENEFIT PLANS

The City sponsors a simplified employee pension (SEP) plan for eligible employees. Employees become eligible to participate after 3 full years of employment. Eligible employees receive \$100 per month in retirement contributions from the city regardless of elective deferrals from employees.

NOTE 6 – RESTRICTED ASSETS AND REVENUE BOND OBLIGATIONS

Under the terms of the Revenue Bond Ordinance dated March 1, 1979, the net revenues of the Water and Sewer System are irrevocably pledged for the payment of the next payment date and to make possible payments of the next maturing bond principal when due.

The Resource Fund described in section 16 of the Bond Ordinance calls for monthly deposits of at least \$204 to be accumulated until \$12,189 is reached. The beginning balance of the fund was \$16,751. In fiscal year 2006, the City earned interest of \$25. The ending balance in the fund was \$16,776.

Section 12 of the ordinance requires the City to charge and collect for water and sewer services at rates sufficient to pay all operating costs, depreciation charges, debt service and maintain the Resource Fund in accordance with such ordinance. During the current year, the water and sewer revenues were deficient by \$17,595.

Section 12 of the Bond Ordinance requires the City to maintain insurance on the system. During the current year, the system was fully covered in the City's insurance policies.

The cash in the Resource Fund is restricted to pay general long term debt as such amounts become due.

SUPPLEMENTAL SCHEDULES

CITY OF NEWARK, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amount</u>	<u>Actual Amount</u>	<u>Variance</u>
Beginning fund balance:	\$ 111,082	\$ 111,082	\$ -
Prior-period adjustment	-	-	-
Resources (Inflows):			
Taxes:			
Property	162,000	169,163	7,163
Sales	54,000	58,964	4,964
Franchise	50,000	49,225	(775)
Total taxes	<u>266,000</u>	<u>277,352</u>	<u>11,352</u>
Charges for services:			
Library	-	20,441	20,441
Permits	12,000	7,379	(4,621)
Total charges for services	<u>12,000</u>	<u>27,820</u>	<u>15,820</u>
Fines	<u>19,000</u>	<u>41,995</u>	<u>22,995</u>
Investment income	<u>100</u>	<u>153</u>	<u>53</u>
Miscellaneous income:			
Fire department transfers	4,000	50,589	46,589
Royalty income	20,000	22,697	2,697
Other income	9,500	18,839	9,339
Total miscellaneous income	<u>33,500</u>	<u>92,125</u>	<u>58,625</u>
Amounts available for appropriation	<u>441,682</u>	<u>550,527</u>	<u>108,845</u>
Charges to appropriations (Outflows):			
General government:			
Bank fees	400	432	32
Bond interest	3,700	1,698	(2,002)
Inspection fees	10,000	3,446	(6,554)
Copy machine	2,200	2,532	332
Computer	1,000	1,331	331
Consulting	3,000	1,708	(1,292)
Chamber of commerce	250	410	160
NW Partnership	500	-	(500)
NCTCOG	100	330	230
TML Dues	500	487	(13)
Elcction expense	-	805	805
Electricity	16,000	22,991	6,991
Repairs - Comm Center	2,500	-	(2,500)
Retirement	1,000	4,000	3,000
Insurance	21,000	19,767	(1,233)
Repairs - City hall	2,500	519	(1,981)
Miscellaneous	4,000	15,897	11,897
Office supplies	3,000	3,578	578
Payroll taxes	10,000	10,948	948

CITY OF NEWARK, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amount</u>	<u>Actual Amount</u>	<u>Variance</u>
Postage	500	428	(72)
Contract labor	4,000	-	(4,000)
Audit fees	3,550	4,775	1,225
Legal fees	18,000	27,648	9,648
Public notice	1,500	2,539	1,039
Telephone	7,000	8,473	1,473
Salaries	32,074	34,106	2,032
Wise county appraisal district	2,750	2,477	(273)
Election	800	-	(800)
NP Truck	5,544	757	(4,787)
Ball park electricity	500	-	(500)
Parks expense	-	320	320
Depreciation	-	7,311	7,311
Transfer to water and sewer	-	2,531	2,531
 Total general government	 <u>157,868</u>	 <u>182,244</u>	 <u>24,376</u>
 Police:			
Animal control	1,200	1,160	(40)
Judge	3,000	3,000	-
Court supplies	600	163	(437)
Code enforcement	3,500	1,955	(1,545)
Misc warrants	500	1,452	952
State comptroller	6,333	10,000	3,667
Court clerk	24,960	29,548	4,588
Police wages	14,700	12,475	(2,225)
Police supplies	2,000	1,424	(576)
 Total police	 <u>56,793</u>	 <u>61,177</u>	 <u>4,384</u>

CITY OF NEWARK, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amount</u>	<u>Actual Amount</u>	<u>Variance</u>
Fire:			
Electricity	2,400	3,781	1,381
County	-	49,218	49,218
Telephone	800	946	146
Gas	800	1,329	529
Total fire	<u>4,000</u>	<u>55,274</u>	<u>51,274</u>
Public works			
Equipment	3,000	133	(2,867)
Street improvements	28,000	11,450	(16,550)
Street signs	1,000	1,806	806
Wages	17,680	21,583	3,903
Truck expense	5,097	5,993	896
Total public works	<u>54,777</u>	<u>40,965</u>	<u>(13,812)</u>
Library			
Building expense	-	61	61
Electricity	6,000	7,054	1,054
Telephone	2,600	2,830	230
Salaries	33,630	38,479	4,849
Loan payments	13,681	1,044	(12,637)
County funds	-	10,308	10,308
Depreciation	-	14,927	14,927
Total library	<u>55,911</u>	<u>74,703</u>	<u>18,792</u>
Total charges to appropriations	329,349	414,363	85,014
Ending budgetary fund balance	<u>\$ 112,333</u>	<u>\$ 136,164</u>	<u>\$ 23,831</u>

CITY OF NEWARK, TEXAS
BUDGETARY COMPARISON SCHEDULE
WATER AND SEWER FUND
YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amount</u>	<u>Actual Amount</u>	<u>Variance</u>
Beginning fund balance:	\$ 1,130,282	\$ 1,130,282	\$ -
Resources (Inflows):			
Charges for services:			
Water	150,000	161,049	11,049
Sewage	89,300	92,551	3,251
Garbage	48,091	54,740	6,649
Reconnect fees	800	570	(230)
Late charges	5,500	10,634	5,134
Tap fees	11,000	3,000	(8,000)
Total charges for services	<u>304,691</u>	<u>322,544</u>	<u>17,853</u>
Miscellaneous income	<u>250</u>	<u>904</u>	<u>654</u>
Grants	<u>-</u>	<u>28,620</u>	<u>28,620</u>
Transfer from general fund	<u>-</u>	<u>2,531</u>	<u>2,531</u>
Amounts available for appropriation	<u>1,435,223</u>	<u>1,484,881</u>	<u>49,658</u>
Charges to appropriations (Outflows):			
Operating expenses:			
Electricity	46,000	64,405	18,405
Bank fees	900	751	(149)
Audit	3,350	4,175	825
Insurance	18,520	21,666	3,146
Gross Wages	87,393	84,568	(2,825)
Retirement	1,800	4,000	2,200
Office Supplies	750	1,115	365
Postage	1,400	1,171	(229)
Repairs & Materials	3,000	(1,073)	(4,073)
Supplies - General	18,000	14,059	(3,941)
Water Well Service	1,000	325	(675)

CITY OF NEWARK, TEXAS
BUDGETARY COMPARISON SCHEDULE
WATER AND SEWER FUND
YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amount</u>	<u>Actual Amount</u>	<u>Variance</u>
Vehicle gas & Misc.	7,500	10,607	3,107
Lab Fees/supplies	14,000	13,440	(560)
Permits/Inspections	2,000	1,264	(736)
Sewage expense	7,000	9,345	2,345
Lift Station expense	8,500	150	(8,350)
Fines and penalties	-	1,302	1,302
Water Well School	1,000	660	(340)
Engineering	-	8,880	8,880
Debt - 1979 Series	12,275	5,275	(7,000)
Backhoe	2,000	1,259	(741)
Garbage fees	39,200	34,002	(5,198)
Tractor/mower Expense	2,000	725	(1,275)
Water Sys. Improvements	2,500	2,525	25
Payroll Taxes	6,991	6,770	(221)
Other Expense	3,500	3,042	(458)
New Service	1,000	480	(520)
Pump Expense	2,500	10,540	8,040
Sewer grant/matching	-	4,150	4,150
Depreciation	-	59,406	59,406
Bad debt	2,000	2,014	14
Sales tax	3,251	-	(3,251)
Chlorinator expense	500	1,195	695
Equipment	500	-	(500)
Total operating expenses	<u>300,330</u>	<u>372,193</u>	<u>71,863</u>
Total charges to appropriations	300,330	372,193	71,863
Ending budgetary fund balance	<u>\$ 1,134,893</u>	<u>\$ 1,112,688</u>	<u>\$ (22,205)</u>