

CITY OF SHENANDOAH

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2009

City of Shenandoah
Annual Financial Report
For The Year Ended September 30, 2009

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Financial Section

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Hereford, Lynch, Sellars & Kirkham
Certified Public Accountants • A Professional Corporation

1110 Loop 336 W., 4th Floor
P. O. Box 2548
Conroe, Texas 77305

Members of the
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Private Companies Practice Section
of the AICPA Division for Firms

Conroe (936) 756-8127
Fax (936) 756-8132
Houston Metro 936-441-1338

INDEPENDENT AUDITOR'S REPORT

City Council
City of Shenandoah, Texas
29955 I-45
Shenandoah, Texas 77381

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shenandoah, Texas (City), as of and for the year ended September 30, 2009, 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. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shenandoah, Texas, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information noted in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hereford, Lynch, Sellars & Kirkham, P.C.
HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.
Certified Public Accountants

Conroe, Texas
March 12, 2010

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

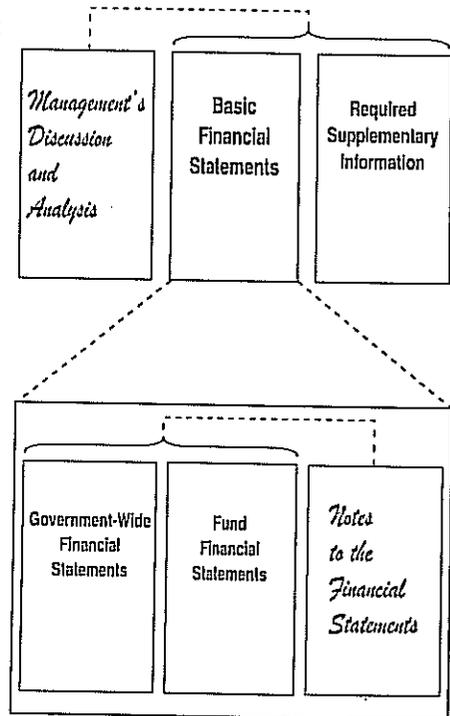
This section of the City of Shenandoah, Texas (the City) Annual Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2009. Please read it in conjunction with the City's financial statements, which follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to City of Shenandoah's basic financial statements. Beginning in fiscal year 2004, the City began presenting its basic financial statements under a new reporting model established by the Governmental Accounting Standards Board's (GASB's) Statement No. 34. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government services* were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1, Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Summary \longleftrightarrow Detail

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities of the City operates similar to private businesses; self insurance	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	* Statement of net assets	* Balance sheet	* Statement of net assets	* Statement of fiduciary net assets
	* Statement of activities	* Statement of revenues, expenditures & changes in fund balances	* Statement of revenues, expenses and changes in fund net assets * Statement of cash flows	* Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development, and interest on long-term debt. The business-type activities of the City include its Water & Sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate entity, Shenandoah Industrial Development Corporation (SIDC), for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

See the table of contents in the front of this report to find the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- **Governmental funds**—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the page subsequent to the governmental funds statement that explains the relationship (or differences) between the governmental fund and government-wide statements. See the table of contents of this report to find the governmental fund financial statements.
- **Proprietary funds**—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. See the table of contents in the front of this report to find the proprietary fund financial statements.
- **Notes to Financial Statements**—The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. See the table of contents in the front of this report to find the notes to the financial statements.
- **Other Information**—In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund. See the table of contents in the front of this report to find RSI.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$20,562,668 (net assets). Of this amount, \$266,999 is restricted for specific purposes. As required by GASB Statement No. 34, net assets also reflect \$18,235,561 that is invested in capital assets, net of related debt.
- During the year, the City's expenses were \$330,864 more than the \$8,561,396 generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$2,616,975, all of which was unreserved and undesignated. This amount equals 33% of General Fund expenditures.

- The City issued general improvement bonds in the amount of \$6,395,000 and certificates of obligation in the amount of \$2,405,000 for the year ending September 30, 2009.
- The overall financial position of the City has improved as noted by the aggregate increase in fund balance of \$417,328.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets were \$20,502,668 at September 30, 2009, which is a decrease from the prior year. (See Table A-1).

Table A-1
Net Assets

	Governmental Activities 2009	Business-type Activities 2009	Total 2009	Governmental Activities 2008	Business-type Activities 2008	Total 2008
Current and						
Other Assets	\$ 17,707,453	\$ 911,924	\$ 18,619,377	\$ 17,002,373	\$ 1,585,196	\$ 18,587,569
Capital Assets	20,881,871	10,707,594	31,589,465	14,255,286	9,767,505	24,022,791
Total Assets	38,589,324	11,619,518	50,208,842	31,257,659	11,352,701	42,610,360
Long-Term						
Liabilities Outstanding	27,747,825	24,676	27,772,501	19,788,138	18,121	19,806,259
Other Liabilities	1,773,570	160,103	1,933,673	1,549,535	195,424	1,744,959
Total Liabilities	29,521,395	184,779	29,706,174	21,337,673	213,545	21,551,218
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	7,527,967	10,707,594	18,235,561	4,862,868	9,767,505	14,630,373
Restricted	266,999	-	266,999	420,912	-	420,912
Unrestricted	1,272,963	727,145	2,000,108	4,636,206	1,371,650	6,007,856
Total Net Assets	\$ 9,067,929	\$ 11,434,739	\$ 20,502,668	\$ 9,919,986	\$ 11,139,155	\$ 21,059,141

The City's total assets of \$50,208,842 are largely comprised of capital assets net of related debt of \$31,589,465, or 63%. Historically, infrastructure (roads, bridges, signs, etc.) has not been included in capital asset reporting of governmental activities; however, GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported in the government-wide statements. Capital assets are non-liquid assets and cannot be utilized to satisfy City obligations.

Long-term liabilities of \$27,772,501 comprise the largest portion of the City's total liabilities of \$29,706,174 at 93%. Of total long-term liabilities, \$1,255,139 is due within one year, with the remainder \$26,517,362 being due over a period of time greater than one year. A more in-depth discussion of long-term debt can be found in the notes to the financial statements.

Approximately 1%, or \$266,999, of the City's net assets represents restricted net assets. These resources are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. The City of Shenandoah's restricted net assets are restricted to service its debt.

Changes in net assets. The City's combined changes in net assets were (\$919,789) at September 30, 2009. (See Table A-2).

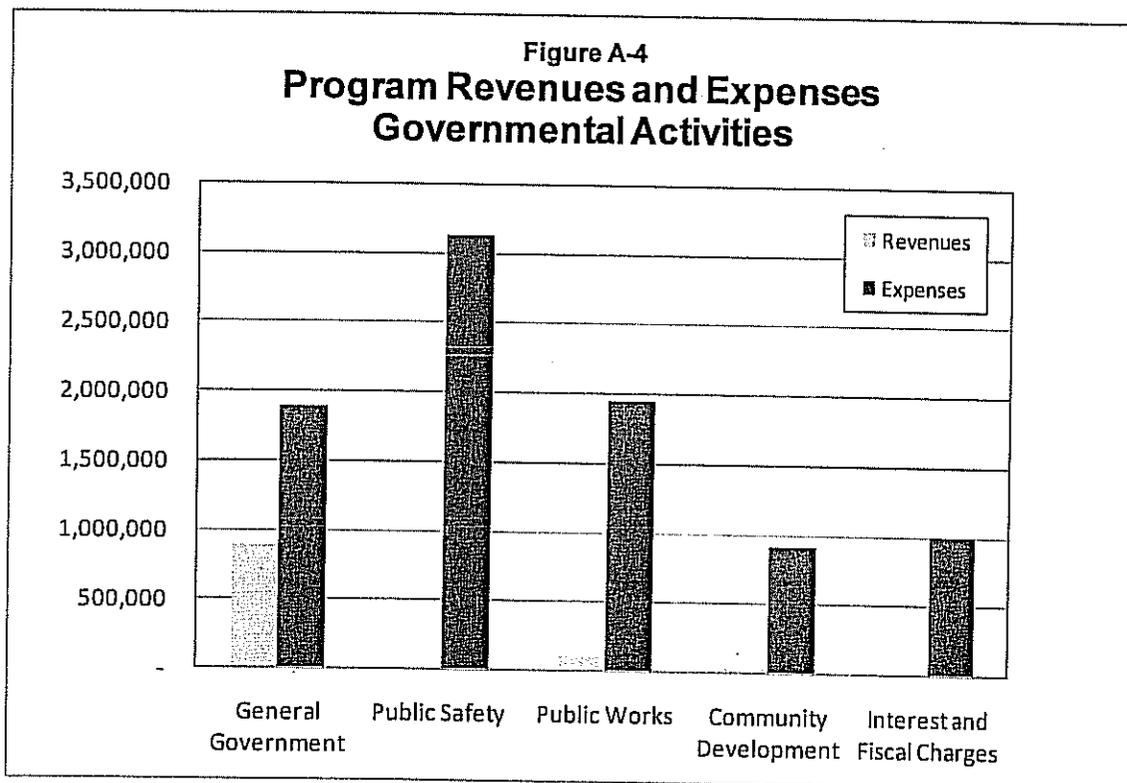
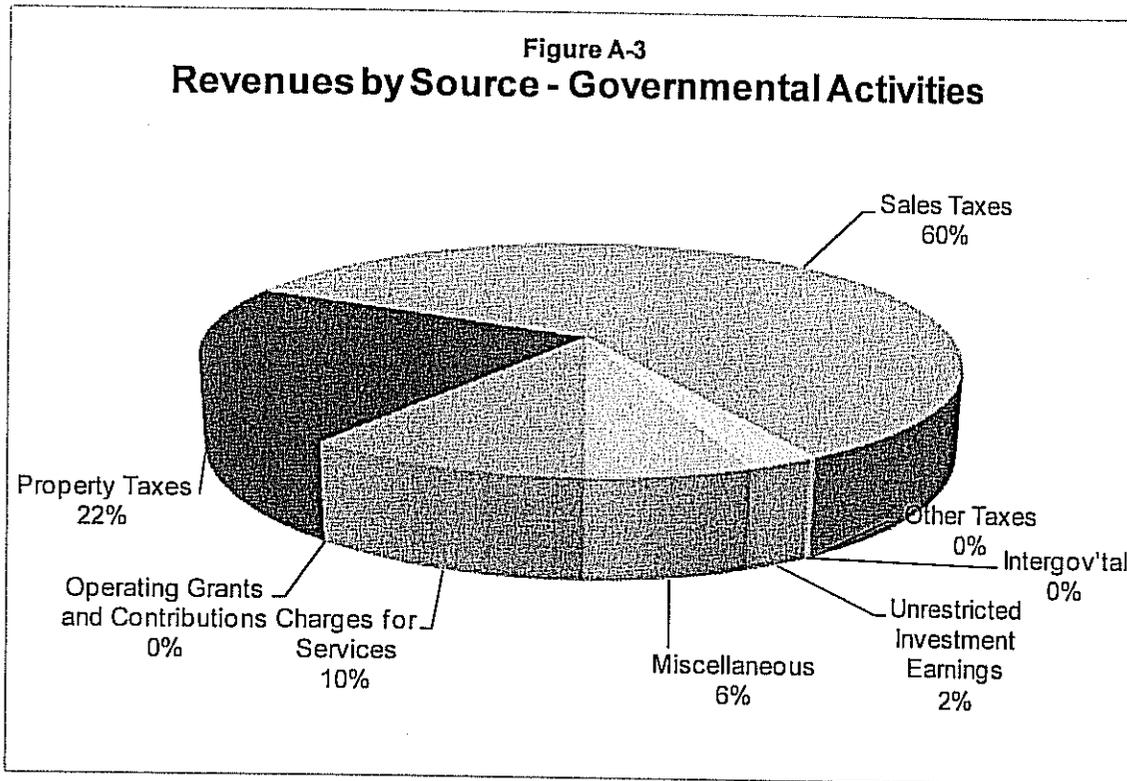
Table A-2
Change in Net Assets

	Govern- mental Activities 2009	Business- Type Activities 2009	Total 2009	Govern- mental Activities 2008	Business- Type Activities 2008	Total 2008
REVENUES						
Program Revenues:						
Charges for Services	\$ 723,366	\$ 1,162,752	\$ 1,886,118	\$ 957,332	\$ 1,249,370	\$ 2,206,702
Operating Grants and Contributions	318,737	-	318,737	236,835	-	236,835
General Revenues:						
Property Taxes	1,575,460	-	1,575,460	1,489,859	-	1,489,859
Sales Taxes	4,331,944	-	4,331,944	4,351,253	-	4,351,253
Franchise, Local, and Other Taxes	995,650	-	995,650	906,068	-	906,068
Intergovernmental	17,323	-	17,323	1,609,814	-	1,609,814
Investment Earnings	169,354	14,224	183,578	378,813	-	378,813
Other	429,562	(5,262)	424,300	69,979	71,339	141,318
Total Revenues	8,561,396	1,171,714	9,733,110	9,999,953	1,320,709	11,320,662
EXPENSES						
Governmental Activities:						
General Government	1,899,783	-	1,899,783	1,916,746	-	1,916,746
Public Safety	3,127,379	-	3,127,379	3,486,324	-	3,486,324
Public Works	1,946,894	-	1,946,894	1,913,820	-	1,913,820
Community Development	917,321	-	917,321	914,532	-	914,532
Interest and Fiscal Charges	1,000,883	-	1,000,883	678,856	-	678,856
Total Governmental Activities	8,892,260	-	8,892,260	8,910,278	-	8,910,278
Business Type Activities:						
Water and Sewer	-	1,760,639	1,760,639	-	1,929,744	1,929,744
Total Business Type Activities	-	1,760,639	1,760,639	-	1,929,744	1,929,744
Total Expenses	8,892,260	1,760,639	10,652,899	8,910,278	1,929,744	10,840,022
Excess (Deficiency)						
Before Transfers	(330,864)	(588,925)	(919,789)	1,089,675	(609,035)	480,640
Transfers In (Out)	(884,509)	884,509	-	(891,200)	891,200	-
Change in Net Assets	(1,215,373)	295,584	(919,789)	198,475	282,165	480,640
Net Assets - Beginning	9,919,986	11,139,155	21,059,141	9,434,234	10,741,860	20,176,094
Prior Period Adjustment	363,316	-	363,316	287,278	115,130	402,408
Net Assets - Ending	\$ 9,067,929	\$ 11,434,739	\$ 20,502,668	\$ 9,919,987	\$ 11,139,155	\$ 21,059,142

Governmental Activities

The City's total revenues were \$8,561,396 from all governmental activities. A significant portion, \$4,331,944 or 51%, of the City's revenue comes from sales taxes. Property tax revenue accounts for \$1,575,460, or 18%; and charges for services include \$723,366, or 8% of total revenue for governmental activities. (See Figure A-3.)

The total cost of all governmental programs and services was \$8,892,260. The public safety function accounted for \$3,127,379, or 35% of this total. (See Figure A-4.)



Program revenues of \$1,042,103 are comprised in large part (55%) by general government's revenues of \$568,548. The public safety function makes up 1% of program revenues at \$12,540; the public works function 10% at \$108,760 and the Community Development function 3% at \$33,518. As expected, general revenues provided the required support and coverage for additional expense.

The governmental activities showed a decrease in net assets over the prior year which is attributable to an increase in general government, public safety, and interest and fiscal charge expenses.

Business-type Activities

Business-type activities are financed in whole or part by fees charged to external users for goods or services. They are reported in the enterprise fund. Business-type activities increased the City's net assets by \$295,584. Revenue can be reported as program revenue or general revenue; all revenues are general unless they are required to be reported as program revenues. There are two categories under which program revenues can be reported. The first is charges for services, which includes revenues attributable to a specific program because they result from exchange-like transactions or other events, such as charges to customers. Charges for services reduce the net cost of the program financed from general revenues. The second is program-specific grants and contributions, which are not generated by the program, and generally the grantor is not the beneficiary of the goods, services, or privileges provided. Charges for service were \$1,162,752, and program expenses were \$1,760,639.

At the end of the current year, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its governmental and business-type activities separately.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved, undesignated fund balance of the general fund was \$2,177,858. The fund balance of the City's general fund decreased by \$2,055,154 during the current fiscal year. Key factors in this decline are as follows:

- Decrease in intergovernmental revenues
- Increase in capital outlay expenditures

The fund balance of the SIDC decreased by \$680,211. This is largely due to expansion projects.

Proprietary Funds

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$727,145. The total increase in net assets of \$295,584 was largely due to water and sewer charges of \$635,047 and \$470,786 respectively.

General Fund Budgetary Highlights

Over the course of the year, the City revised its budget one time. Actual expenditures are \$1,314,217 over the final budgeted amounts, largely due to capital purchases that were not budgeted for.

Resources available were \$652,277 below the final budgeted amount. This is due largely to the fact that intergovernmental revenues and sales tax revenues were less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the City had invested \$31,589,465 in a broad range of capital assets, including land, equipment, buildings, and infrastructure. (See Table A-3.)

Table A-3
Capital Assets

	Governmental Activities 2009	Business-type Activities 2009	Total 2009	Governmental Activities 2008	Business-type Activities 2008	Total 2008
Land	\$ 4,668,440	\$ 1,506,800	\$ 6,175,240	\$ 3,037,601	\$ 1,506,800	\$ 4,544,401
Construction in Progress	4,210,488	1,380,069	5,590,557	-	-	-
Infrastructure	13,940,831	-	13,940,831	12,513,289	-	12,513,289
Buildings & Improvements	3,253,237	-	3,253,237	3,253,237	-	3,253,237
Furniture & Equipment	1,797,072	436,829	2,233,901	1,617,477	399,364	2,016,841
Water & Sewer System	-	18,004,616	18,004,616	-	18,004,616	18,004,616
Totals	27,870,068	21,328,314	49,198,382	20,421,604	19,910,780	40,332,384
Accumulated Depreciation	(6,988,197)	(10,620,720)	(17,608,917)	(6,166,318)	(10,143,275)	(16,309,593)
Net Capital Assets	\$ 20,881,871	\$ 10,707,594	\$ 31,589,465	\$ 14,255,286	\$ 9,767,505	\$ 24,022,791

More detailed information about the City's capital assets is presented in Note E of the basic financial statements.

Long-Term Debt

At year-end the City had \$27,772,501 in long-term debt outstanding as shown in Table A-4. More detailed information about the City's debt is presented in Note G of the basic financial statements.

Table A-4
Long-Term Debt

	Governmental Activities 2009	Business-type Activities 2009	Total 2009	Governmental Activities 2008	Business-type Activities 2008	Total 2008
Bonds Payable	\$ 685,000	\$ -	\$ 685,000	\$ 900,000	\$ -	\$ 900,000
Certificates of Obligation	14,780,000	-	14,780,000	13,065,000	-	13,065,000
General Improvement Bonds	12,055,000	-	12,055,000	5,660,000	-	5,660,000
Premiums	55,977	-	55,977	8,059	-	8,059
Discounts	(10,801)	-	(10,801)	(11,253)	-	(11,253)
Compensated Absences	149,934	20,344	170,278	166,332	18,121	184,453
Net Pension Obligation	32,715	4,332	37,047	-	-	-
Total Long-Term Debt	\$ 27,747,825	\$ 24,676	\$ 27,772,501	\$ 19,788,138	\$ 18,121	\$ 19,806,259

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Appraised value used for the 2010 budget preparation is \$505,290,810, an 11% increase from 2009. The ad valorem tax rate decreased slightly to 0.3282 per \$100; however, the increased appraised value of property in the area is expected to lead to an increase in property tax revenues in 2010.
- Sales tax revenues are projected to be \$4,362,032 in 2010. Overall revenues are projected to increase approximately 10%.
- General operating fund spending decreases in the 2010 budget from \$7,929,109 to \$7,058,595. This is a 10% decrease.

If these estimates are realized, the City's budgetary general fund balance is not expected to change appreciably by the close of 2010.

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 demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department.

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Basic Financial Statements

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CITY OF SHENANDOAH

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 627,756	\$ 160,398	\$ 788,154	\$ 1,563
Investments	15,529,333	596,377	16,125,710	1,368,297
Receivables, net of allowance for uncollectibles	833,336	190,013	1,023,349	220,491
Internal balances	34,864	(34,864)	-	-
Deferred charges	682,164	-	682,164	-
Non-depreciable capital assets	8,878,928	2,886,869	11,765,797	-
Capital assets, net of accumulated depreciation	12,002,943	7,820,725	19,823,668	-
Total assets	<u>38,589,324</u>	<u>11,619,518</u>	<u>50,208,842</u>	<u>1,590,351</u>
LIABILITIES				
Unpresented checks	409,781	39,043	448,824	-
Accounts payable and other current liabilities	859,149	34,761	893,910	224,000
Customer deposits	196,742	82,995	279,737	5,000
Accrued interest payable	283,070	-	283,070	-
Accrued liabilities	24,828	3,304	28,132	-
Noncurrent liabilities				
Due within one year	1,244,967	10,172	1,255,139	-
Due in more than one year	26,502,858	14,504	26,517,362	-
Total liabilities	<u>29,521,395</u>	<u>184,779</u>	<u>29,706,174</u>	<u>229,000</u>
NET ASSETS				
Invested in capital assets, net of related debt	7,527,967	10,707,594	18,235,561	-
Restricted for:				
Debt service	266,999	-	266,999	-
Unrestricted	1,272,963	727,145	2,000,108	1,361,351
Total net assets	<u>\$ 9,067,929</u>	<u>\$ 11,434,739</u>	<u>\$ 20,502,668</u>	<u>\$ 1,361,351</u>

The accompanying notes are an integral part of this statement.

CITY OF SHENANDOAH

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT:			
Governmental activities:			
General government	\$ 1,899,783	\$ 568,548	\$ 316,468
Public safety	3,127,379	12,540	2,269
Public works	1,946,894	108,760	-
Community development	917,321	33,518	-
Interest and fiscal charges	1,000,883	-	-
Total governmental activities	<u>8,892,260</u>	<u>723,366</u>	<u>318,737</u>
Business-type Activities:			
Water and Sewer	1,760,639	1,162,752	-
Total Primary Government	<u>\$ 10,652,899</u>	<u>\$ 1,886,118</u>	<u>\$ 318,737</u>
COMPONENT UNIT:			
Shenandoah Industrial Development Corporation	<u>\$ 2,115,977</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
 Property taxes
 Sales taxes
 Other taxes
 Franchise taxes
 Intergovernmental
 Investment revenue
 Other revenues
 Transfers
 Total general revenues
 Change in net assets
 Net assets - beginning
 Prior period adjustment
 Net assets - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (1,014,767)		\$ (1,014,767)	
(3,112,570)		(3,112,570)	
(1,838,134)		(1,838,134)	
(883,803)		(883,803)	
(1,000,883)		(1,000,883)	
<u>(7,850,157)</u>		<u>(7,850,157)</u>	
-	\$ (597,887)	(597,887)	
<u>(7,850,157)</u>	<u>(597,887)</u>	<u>(8,448,044)</u>	
			\$ <u>(2,115,977)</u>
1,575,460	-	1,575,460	-
4,331,944	-	4,331,944	1,406,227
654,087	-	654,087	-
341,563	-	341,563	-
17,323	-	17,323	-
169,354	14,224	183,578	29,539
429,562	(5,262)	424,300	-
(884,509)	884,509	-	-
<u>6,634,784</u>	<u>893,471</u>	<u>7,528,255</u>	<u>1,435,766</u>
(1,215,373)	295,584	(919,789)	(680,211)
9,919,986	11,139,155	21,059,141	2,041,562
363,316	-	363,316	-
<u>\$ 9,067,929</u>	<u>\$ 11,434,739</u>	<u>\$ 20,502,668</u>	<u>\$ 1,361,351</u>

CITY OF SHENANDOAHBALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	General Fund	Debt Service Fund
ASSETS		
Cash and cash equivalents	\$ 576,684	\$ -
Investments	1,224,607	517,206
Receivables, net of allowances for uncollectibles	746,956	39,298
Due from other funds	68,728	-
Total assets	<u>\$ 2,616,975</u>	<u>\$ 556,504</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Unpresented checks	\$ 47,997	\$ -
Accounts payable	146,202	-
Customer deposits	196,742	-
Retainage payable	-	-
Due to other funds	29,539	300
Accrued liabilities	17,546	6,135
Deferred revenue	1,091	39,298
Total liabilities	<u>439,117</u>	<u>45,733</u>
Fund balances:		
Reserved for:		
Debt service	-	510,771
Capital improvements	-	-
Unreserved	<u>2,177,858</u>	<u>-</u>
Total fund balances	<u>2,177,858</u>	<u>510,771</u>
Total liabilities and fund balances	<u>\$ 2,616,975</u>	<u>\$ 556,504</u>

The accompanying notes are an integral part of this statement.

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 51,072	\$ 627,756
13,482,026	305,494	15,529,333
47,082	-	833,336
-	33,138	101,866
<u>\$ 13,529,108</u>	<u>\$ 389,704</u>	<u>\$ 17,092,291</u>
\$ 361,784	\$ -	\$ 409,781
480,925	6,942	634,069
-	-	196,742
225,080	-	225,080
2,096	35,067	67,002
-	1,147	24,828
-	-	40,389
<u>1,069,885</u>	<u>43,156</u>	<u>1,597,891</u>
-	-	510,771
12,459,223	-	12,459,223
-	346,548	2,524,406
<u>12,459,223</u>	<u>346,548</u>	<u>15,494,400</u>
<u>\$ 13,529,108</u>	<u>\$ 389,704</u>	<u>\$ 17,092,291</u>

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CITY OF SHENANDOAH

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2009

Total fund balances - governmental funds balance sheet	\$ 15,494,400
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	20,881,871
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	40,389
Payables for bond principal which are not due in the current period are not reported in the funds.	(27,565,176)
Payables for bond interest which are not due in the current period are not reported in the funds.	(283,070)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(149,934)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	682,164
The Net Pension Obligation which is not due in the current period is not reported in the funds.	<u>(32,715)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 9,067,929</u>

The accompanying notes are an integral part of this statement.

CITY OF SHENANDOAH**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General Fund	Debt Service Fund
REVENUES		
Taxes:		
Property taxes	\$ 43,043	\$ 1,532,417
Sales taxes	4,331,944	-
Other taxes	-	-
Franchise taxes	341,563	-
Licenses and permits	138,997	-
Intergovernmental	316,468	-
Charges for services	216,272	-
Investment revenue	22,730	4,100
Fines and forfeitures	295,647	-
Other revenues	429,562	-
Total revenues	<u>6,136,226</u>	<u>1,536,517</u>
EXPENDITURES		
Current:		
General government	1,863,154	1,846
Public safety	2,866,584	-
Public works	1,609,163	-
Community development	-	-
Debt service:		
Principal	-	905,000
Interest and fiscal charges	-	797,761
Capital outlay	1,590,208	-
Total expenditures	<u>7,929,109</u>	<u>1,704,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,792,883)</u>	<u>(168,090)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	506,100	195,044
Transfers out	(768,371)	-
Proceeds from bonds	-	-
Other Financing Uses	-	-
Total other financing sources (uses)	<u>(262,271)</u>	<u>195,044</u>
Net change in fund balance	(2,055,154)	26,954
Fund balances - beginning	4,233,012	483,817
Fund balances - ending	<u>\$ 2,177,858</u>	<u>\$ 510,771</u>

The accompanying notes are an integral part of this statement.

<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 1,575,460
-	-	4,331,944
-	654,087	654,087
-	-	341,563
-	-	138,997
17,323	2,269	336,060
-	52,542	268,814
136,772	5,752	169,354
-	15,107	310,754
-	4,800	434,362
<u>154,095</u>	<u>734,557</u>	<u>8,561,395</u>
21,685	22,950	1,909,635
-	783	2,867,367
-	-	1,609,163
-	733,711	733,711
-	-	905,000
-	-	797,761
5,428,245	-	7,018,453
<u>5,449,930</u>	<u>757,444</u>	<u>15,841,090</u>
<u>(5,295,835)</u>	<u>(22,887)</u>	<u>(7,279,695)</u>
795,528	-	1,496,672
(1,413,809)	(199,000)	(2,381,180)
8,848,364	-	8,848,364
(266,833)	-	(266,833)
<u>7,963,250</u>	<u>(199,000)</u>	<u>7,697,023</u>
2,667,415	(221,887)	417,328
9,791,808	568,435	15,077,072
<u>\$ 12,459,223</u>	<u>\$ 346,548</u>	<u>\$ 15,494,400</u>

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CITY OF SHENANDOAH

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009*

Net change in fund balances - total governmental funds	\$ 417,328
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	6,974,575
The depreciation of capital assets used in governmental activities is not reported in the funds.	(711,305)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	905,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	244,578
(Increase) decrease in accrued interest from beginning of period to end of period.	(180,868)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	16,398
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(8,800,000)
Bond premiums are reported in the funds but not in the SOA.	(48,364)
(Increase) decrease in the Net Pension Obligation from beginning of period to end of period.	<u>(32,715)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (1,215,373)</u>

The accompanying notes are an integral part of this statement.

CITY OF SHENANDOAH

STATEMENT OF NET ASSETS

ENTERPRISE FUND

SEPTEMBER 30, 2009

	Enterprise Fund <u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 160,398
Investments	596,377
Receivables, net of allowances for uncollectibles	190,013
Due from other funds	40
Total current assets	<u>946,828</u>
Noncurrent assets:	
Capital assets:	
Land	1,506,800
Construction in progress	1,380,069
Water and sewer system	18,004,616
Furniture and equipment	436,829
Less: accumulated depreciation	<u>(10,620,720)</u>
Total noncurrent assets	10,707,594
Total assets	<u>\$ 11,654,422</u>
LIABILITIES	
Current liabilities:	
Unpresented checks	\$ 39,043
Accounts payable	34,761
Compensated absences payable, current	10,172
Customer deposits	82,995
Due to other funds	34,904
Accrued liabilities	3,304
Total current liabilities	<u>205,179</u>
Current liabilities payable from restricted assets:	
Noncurrent liabilities:	
Compensated absences payable, noncurrent	10,172
Net pension obligation	4,332
Total noncurrent liabilities	<u>14,504</u>
Total liabilities	<u>219,683</u>
NET ASSETS	
Invested in capital assets, net of related debt	10,707,594
Unrestricted net assets	727,145
Total net assets	<u>\$ 11,434,739</u>

The accompanying notes are an integral part of this statement.

CITY OF SHENANDOAH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Enterprise Fund Water and Sewer Fund
Operating revenues:	
Water charges	\$ 635,047
Sewer charges	470,786
Penalties and reconnect fees	56,919
Total operating revenues	<u>1,162,752</u>
Operating expenses:	
Personnel	645,211
Supplies and services	441,298
Maintenance	196,685
Depreciation expense	477,445
Total operating expenses	<u>1,760,639</u>
Operating income	<u>(597,887)</u>
Nonoperating revenues (expenses):	
Investment earnings	14,224
Other	(5,262)
Total nonoperating revenues (expenses)	<u>8,962</u>
Income before transfers	(588,925)
Transfers in	1,413,809
Transfers out	<u>(529,300)</u>
Change in net assets	295,584
Total net assets - beginning	11,139,155
Total net assets - ending	<u>\$ 11,434,739</u>

The accompanying notes are an integral part of this statement.

CITY OF SHENANDOAH

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Enterprise Funds <u>Water & Sewer</u>
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ 1,171,489
<i>Cash Payments to Employees for Services</i>	(635,352)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(697,466)
Net Cash Provided (Used) by Operating Activities	<u>(161,329)</u>
Cash Flows from Non-capital Financing Activities:	
<i>Increase (Decrease) in Customer Deposits</i>	15,595
<i>Transfers From (To) Primary Government</i>	718,797
Net Cash Provided (Used) by Non-capital Financing Activities	<u>734,392</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Acquisition or Construction of Capital Assets</i>	(1,417,534)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,417,534)</u>
Cash Flows from Investing Activities:	
<i>Proceeds from Sale and Maturities of Securities</i>	815,198
Net Cash Provided (Used) for Investing Activities	<u>815,198</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(29,273)
Cash and Cash Equivalents at Beginning of Year	189,671
Cash and Cash Equivalents at End of Year	<u>\$ 160,398</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (603,149)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation</i>	477,445
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	8,737
<i>Increase (Decrease) in Accounts Payable</i>	(54,221)
<i>Increase (Decrease) in Compensated Absences Payable</i>	2,223
<i>Increase (Decrease) in Accrued Wages Payable</i>	3,304
<i>Increase (Decrease) in Net Pension Obligation</i>	4,332
Total Adjustments	<u>441,820</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (161,329)</u>

The accompanying notes are an integral part of this statement.

CITY OF SHENANDOAH

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

SEPTEMBER 30, 2009

	<u>Agency Fund</u>
	<u>C.I.S.D.</u>
ASSETS	
Cash and cash equivalents	\$ 40
Total assets	<u>\$ 40</u>
LIABILITIES	
Accounts payable	\$ 40
Total liabilities	<u>\$ 40</u>

The accompanying notes are an integral part of this statement.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

A. Summary of Significant Accounting Policies

The combined financial statements of the City of Shenandoah (the "City") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on these criteria, the City has one component unit, the Shenandoah Industrial Development Corporation.

Discretely Presented Component Unit

Shenandoah Industrial Development Corporation

Shenandoah Industrial Development Corporation (the "SIDC") has been included in the reporting entity as a discretely presented component unit. In 1998, the City of Shenandoah formed the SIDC, which was created by voters approving an additional 1/2 percent sales tax. State law allows the City to collect sales tax to assist in the promotion and development activities of the City. The City began receiving sales tax in 2000.

The SIDC was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic development activities on behalf of the City. The Board of Directors is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance.

Voters approved the dissolution of the SIDC on May, 9, 2009, at which time net assets were conveyed to the City. The 1/2-percent sales tax collected for SIDC was also repealed at that time.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

Debt Service Fund. This fund is used to account for the accumulation of resources for and the payment of general obligation bonds, contractual obligations, certificates of obligation, and other long-term debt. Generally accepted accounting principles do not mandate the use of a debt service fund to service debt unless the government is legally mandated to do so or unless resources are accumulated for payments maturing in future years. The principle source of revenue for the debt service fund is property taxes.

Capital Improvements Fund. This fund is a capital projects fund used to account for financial resources that are used for the acquisition or construction of major capital assets and infrastructure. This fund is financed principally from bond proceeds and certificates of obligation.

The City reports the following major enterprise funds:

Water/Sewer Fund. This fund is used to account for water, wastewater, and sanitation operations. These services are financed and operated in a manner similar to private business entities, and the costs of providing services are intended to be recovered primarily through charges to the general public for their use of such services.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

In addition to the governmental funds listed above, the City reports the following fund types:

Agency Funds. Agency funds typically involve only the receipt, temporary investment, and remittance of resources to individuals, private organizations, or other governments. Funds are held in a purely custodial manner, are not available to support the government's own programs, and are therefore not consolidated with other funds in the government-wide statements. Financial information about agency funds administered by the City is presented in a separate Statement of Net Assets.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash on hand and in bank depositories are considered to be cash equivalents.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

b. Property Taxes

Property taxes are levied during September of each year, are due upon receipt of the City's tax bill, and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid. The penalties and interest accumulate on the unpaid accounts until July 1, at which time the delinquent accounts are turned over to the tax attorney for legal action. The interest continues to accumulate on the account at 1% per month, but the penalty remains at a maximum of 12% until paid.

A penalty of 6% and interest of 1% is added to delinquent taxes on February 1. The penalty amount increases to a maximum of 12% on July 1 of each year, with interest continuing to increase at 1% per month until the account is paid. An additional penalty of 15% is added in July for attorney costs. There are no discounts allowed on taxes.

The combined current tax rate to finance general governmental services and payment of principal and interest on long-term debt for the year ended September 30, 2009 was \$0.3470 per \$100, allocated \$0.0094 for the General Fund and \$0.3376 for the Debt Service Fund.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Vehicles	4 to 20 years
Furniture and equipment	5 to 20 years
Infrastructure	20 to 50 years
Water and sewer system	20 to 50 years
Buildings and improvements	20 to 50 years

d. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

e. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results may differ from those estimates.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

4. Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for the capital projects fund, which adopts a project length budget. The original budget is adopted by the City Council prior to the beginning of the fiscal year. The legal level of control is the object and purpose stated in the approved budget. Appropriations lapse at the end of the year, excluding capital projects budgets. Supplemental budget appropriations were made for the year ended.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

3. Excess of Expenditures over Appropriations

For the year ended September 30, 2009, expenditures exceeded appropriations in Public Works by \$54,147 which were funded by greater than anticipated revenues.

C. Deposits and Investments

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

Cash Deposits:

At September 30, 2009, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$339,375 and the bank balance was \$1,099,457. The City's cash deposits at September 30, 2009 and during the year ended September 30, 2009, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Investments:

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investment at September 30, 2009 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	\$ 17,128,604
TexPool Prime		365,403
Total Investments		<u>\$ 17,494,007</u>

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

State law and the City's investment policy limits investments to obligations of states, agencies, counties and other political subdivisions of any state related as to investment quality by nationally recognized investment rating firms to be not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies. As of year end, the City's investment in TexPool was rated AAAM by Standard and Poor's.

b. Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized. As of year end, market values of pledged securities and FDIC insurance exceeded bank balances.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
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TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard and Poor's rates TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Poor's, as well as to the office of the Comptroller of Public Accounts for review.

D. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Capital Improvements Fund	Enterprise	Discrete Component Unit
Property Taxes	\$ 1,091	\$ 39,298	\$ -	\$ -	\$ -
Franchise Taxes	25,919	-	-	-	-
Sales Taxes	661,473	-	-	-	220,491
Accounts	-	-	47,082	193,013	-
Other	58,473	-	-	-	-
Gross Receivables	746,956	39,298	47,082	193,013	220,491
Less: Allowance for Uncollectibles	-	-	-	(3,000)	-
Net Total Receivables	\$ 746,956	\$ 39,298	\$ 47,082	\$ 190,013	\$ 220,491

E. Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,037,601	\$ 1,630,839	\$ -	\$ 4,668,440
Construction in progress	-	4,210,488	-	4,210,488
Total capital assets not being depreciated	3,037,601	5,841,327	-	8,878,928
<i>Capital assets being depreciated:</i>				
Infrastructure	12,987,179	953,652	-	13,940,831
Buildings and improvements	3,253,237	-	-	3,253,237
Furniture and Equipment	1,617,477	179,595	-	1,797,072
Total capital assets being depreciated	17,857,893	1,133,247	-	18,991,140
Less accumulated depreciation for:				
Infrastructure	(4,741,311)	(379,412)	-	(5,120,723)
Buildings and improvements	(563,163)	(81,331)	-	(644,494)
Furniture and equipment	(972,418)	(250,562)	-	(1,222,980)
Total accumulated depreciation	(6,276,892)	(711,305)	-	(6,988,197)
Total capital assets being depreciated, net	11,581,001	421,942	-	12,002,943
Governmental activities capital assets, net	\$ 14,618,602	\$ 6,263,269	\$ -	\$ 20,881,871

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,506,800	\$ -	\$ -	\$ 1,506,800
Construction in progress	-	1,380,069	-	1,380,069
Total capital assets not being depreciated	<u>1,506,800</u>	<u>1,380,069</u>	<u>-</u>	<u>2,886,869</u>
<i>Capital assets being depreciated:</i>				
Furniture and equipment	399,364	37,465	-	436,829
Water and sewer system	18,004,616	-	-	18,004,616
Total capital assets being depreciated	<u>18,403,980</u>	<u>37,465</u>	<u>-</u>	<u>18,441,445</u>
Less accumulated depreciation for:				
Furniture and equipment	(211,515)	(27,330)	-	(238,845)
Water and sewer system	(9,931,760)	(450,115)	-	(10,381,875)
Total accumulated depreciation	<u>(10,143,275)</u>	<u>(477,445)</u>	<u>-</u>	<u>(10,620,720)</u>
Total capital assets being depreciated, net	<u>8,260,705</u>	<u>(439,980)</u>	<u>-</u>	<u>7,820,725</u>
Business-type activities capital assets, net	<u>\$ 9,767,505</u>	<u>\$ 940,089</u>	<u>\$ -</u>	<u>\$ 10,707,594</u>

Depreciation was charged to functions as follows:

Governmental Activities:

Public Safety	\$ 284,179
Public Works	408,361
Community Development	18,765
	<u>\$ 711,305</u>

Business-type Activities:

Water and Sewer	\$ 477,445
	<u>\$ 477,445</u>

F. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2009, consisted of the following, and represent the current portion of lending/borrowing and interfund charges for goods and services arrangements outstanding at the fiscal year end:

Due To Fund	Due From Fund	Amount
General Fund	Water & Sewer Fund	\$ 34,904
	Debt Service Fund	300
	Capital Projects Fund	2,096
	Other Nonmajor Funds	31,428
Water & Sewer Fund	General Fund	40
Other Nonmajor Funds	General Fund	33,138
	Total	<u>\$ 101,906</u>

All amounts due are scheduled to be repaid within one year.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2009, consisted of the following and represent amounts that were paid for from one fund, but are being capitalized by another:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General fund	Water & Sewer Fund	\$ 199,000
	Other Nonmajor Funds	307,100
Water & Sewer Fund	Debt Service Fund	195,044
Capital Projects Fund	General Fund	795,527
	Water & Sewer Fund	1,413,809
	Total	\$ <u>2,910,480</u>

G. Long-Term Obligations

1. Long-Term Obligation Activity

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the General and Debt Service Funds to liquidate governmental long-term debt liabilities.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 900,000	\$ -	\$ (215,000)	\$ 685,000	\$ 220,000
Certificates of obligation	13,065,000	2,405,000	(690,000)	14,780,000	840,000
General improvement bonds	5,660,000	6,395,000	-	12,055,000	110,000
Less: deferred amounts					
Issuance premium	8,059	48,364	(446)	55,977	-
Issuance discount	(11,253)	-	452	(10,801)	-
Compensated absences*	166,332	133,138	(149,536)	149,934	74,967
Net Pension Obligation	-	32,715	-	32,715	-
Total governmental activities	\$ <u>19,788,138</u>	\$ <u>9,014,217</u>	\$ <u>(1,054,530)</u>	\$ <u>27,747,825</u>	\$ <u>1,244,967</u>
<u>Business-type activities:</u>					
Compensated absences*	\$ 18,121	\$ 19,246	\$ (17,023)	\$ 20,344	\$ 10,172
Net Pension Obligation	-	4,332	-	4,332	-
Total business-type activities	\$ <u>18,121</u>	\$ <u>23,578</u>	\$ <u>(17,023)</u>	\$ <u>24,676</u>	\$ <u>10,172</u>
<u>SIDC:</u>					
General obligation bonds	\$ 1,355,399	\$ 1,813,500	\$ (3,168,899)	\$ -	\$ -
Total component's activities	\$ <u>1,355,399</u>	\$ <u>1,813,500</u>	\$ <u>(3,168,899)</u>	\$ <u>-</u>	\$ <u>-</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General
Compensated absences	Business-type	Water & Sewer

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2009, are as follows:

Year Ending September 30,	General Obligation Bonds - Governmental		
	Principal	Interest	Total
2010	\$ 220,000	\$ 23,719	\$ 243,719
2011	230,000	16,569	246,569
2012	235,000	8,518	243,518
2013	-	-	-
2014	-	-	-
2015-2019	-	-	-
2020-2024	-	-	-
2025-2029	-	-	-
2030-2034	-	-	-
2035-2039	-	-	-
Totals	\$ 685,000	\$ 48,806	\$ 733,806

Year Ending September 30,	Certificates of Obligation		
	Principal	Interest	Total
2010	\$ 840,000	\$ 560,037	\$ 1,400,037
2011	880,000	539,520	1,419,520
2012	910,000	510,120	1,420,120
2013	690,000	479,076	1,169,076
2014	715,000	454,926	1,169,926
2015-2019	4,005,000	1,851,206	5,856,206
2020-2024	4,640,000	1,000,844	5,640,844
2025-2029	2,100,000	176,273	2,276,273
2030-2034	-	-	-
2035-2039	-	-	-
Totals	\$ 14,780,000	\$ 5,572,002	\$ 20,352,002

Year Ending September 30,	General Improvement Bonds		
	Principal	Interest	Total
2010	\$ 110,000	\$ 456,250	\$ 566,250
2011	215,000	471,663	686,663
2012	225,000	465,063	690,063
2013	465,000	458,162	923,162
2014	480,000	445,562	925,562
2015-2019	2,645,000	1,973,238	4,618,238
2020-2024	3,165,000	1,441,206	4,606,206
2025-2029	3,360,000	721,175	4,081,175
2030-2034	1,390,000	159,344	1,549,344
2035-2039	-	-	-
Totals	\$ 12,055,000	\$ 6,591,663	\$ 18,646,663

3. Continuing Disclosure

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

H. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2009, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

I. Pension Plan

1. Plan Description

The City provides pension benefits for all of its eligible 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. The plan provisions that have been adopted by the City are within the options available in the governing statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.tmr.org.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year (Calendar Year) 2008	Plan Year (Calendar Year) 2009
Employee deposit rate	6.0%	7.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

2. Funding Policy

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

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

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

3. Annual Pension Cost

The annual pension cost and net pension obligation/(asset) are as follows:

Annual Required Contribution (ARC)	\$	407,653
Interest on Net Pension Obligation		-
Adjustments to the ARC		-
Annual Pension Cost (APC)		<u>407,653</u>
Contributions Made		<u>(370,606)</u>
Increase (Decrease) in Net Pension Obligation		37,047
Net Pension Obligation/(Asset), Beginning of Year		-
Net Pension Obligation/(Asset), End of Year	\$	<u><u>37,047</u></u>

The increase in pension obligation was charged to the following functions:

Governmental Activities:

General Government	\$	6,545
Public Safety		18,420
Public Works		5,231
Community Development		2,519
	\$	<u><u>32,715</u></u>

Business-type Activities:

Water and Sewer	\$	4,332
	\$	<u><u>4,332</u></u>

4. Trend information for the plan:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2007	\$ 221,578	100%	\$ -
September 30, 2008	327,408	100%	-
September 30, 2009	407,653	91%	37,047

CITY OF SHENANDOAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008 follows:

Valuation Date	12/31/2006	12/31/2007	12/31/2008
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years; open period	30 years; closed period	29 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.5%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at Cost-of-Living Adjustments	3.00% NA	3.00% 2.1%	3.00% 2.1%

5. Schedule of Fund Progress for the Retirement Plan for employees of the City of Shenandoah:

Actuarial Valuation Date	Funded Ratio (a/b)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	58.3%	\$ 710,493	\$ 1,219,671	\$ 509,178	\$ 2,779,627	18.3%
12/31/07	42.7%	1,110,797	2,603,690	1,492,893	3,417,194	43.7%
12/31/08	46.0%	1,670,173	3,628,341	1,958,168	3,355,196	58.4%

J. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the City at September 30, 2009.

K. Prior Period Adjustment

The City's financial statements contain a prior period adjustment to account for the cost and accumulated depreciation associated with infrastructure assets donated to the City in 2001.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF SHENANDOAH

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 42,400	\$ 42,400	\$ 43,043	\$ 643
Sales taxes	4,418,700	4,400,029	4,331,944	(88,675)
Franchise taxes	320,400	341,805	341,563	(242)
Licenses and permits	330,000	220,000	138,997	(101,003)
Intergovernmental	724,700	824,700	316,468	(408,232)
Charges for services	209,500	219,038	216,272	(2,766)
Investment revenue	109,000	29,990	22,730	(86,270)
Fines and forfeitures	370,600	320,588	295,647	(75,013)
Other revenues	55,000	389,953	429,562	39,609
Total revenues	<u>6,580,300</u>	<u>6,788,503</u>	<u>6,136,226</u>	<u>(652,277)</u>
EXPENDITURES				
Current:				
General government	2,003,355	1,956,976	1,863,154	93,822
Public safety	3,128,050	2,984,000	2,866,584	117,416
Public works	1,728,950	1,555,016	1,609,163	(54,147)
Capital outlay	106,250	1,643,987	1,590,208	53,779
Total expenditures	<u>6,966,605</u>	<u>8,139,979</u>	<u>7,929,109</u>	<u>210,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(386,305)</u>	<u>(1,351,476)</u>	<u>(1,792,883)</u>	<u>(441,407)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	145,155	145,155	506,100	360,945
Transfers out	-	-	(768,371)	(768,371)
Total other financing sources (uses)	<u>145,155</u>	<u>145,155</u>	<u>(262,271)</u>	<u>(407,426)</u>
Net change in fund balance	(241,150)	(1,206,321)	(2,055,154)	(848,833)
Fund balances - beginning	4,233,012	4,233,012	4,233,012	-
Fund balances - ending	<u>\$ 3,991,862</u>	<u>\$ 3,026,691</u>	<u>\$ 2,177,858</u>	<u>\$ (848,833)</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

CITY OF SHENANDOAH

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 1,522,700	\$ 1,522,700	\$ 1,532,417	\$ 9,717
Investment revenue	18,500	18,500	4,100	(14,400)
Total revenues	<u>1,541,200</u>	<u>1,541,200</u>	<u>1,536,517</u>	<u>(4,683)</u>
EXPENDITURES				
Current:				
General government	9,700	9,700	1,846	7,854
Debt service:				
Principal	905,000	905,000	905,000	-
Interest and fiscal charges	804,848	804,848	797,761	7,087
Total expenditures	<u>1,719,548</u>	<u>1,719,548</u>	<u>1,704,607</u>	<u>14,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(178,348)</u>	<u>(178,348)</u>	<u>(168,090)</u>	<u>10,258</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	202,130	202,130	195,044	(7,086)
Total other financing sources (uses)	<u>202,130</u>	<u>202,130</u>	<u>195,044</u>	<u>(7,086)</u>
Net change in fund balance	23,782	23,782	26,954	3,172
Fund balances - beginning	483,817	483,817	483,817	-
Fund balances - ending	<u>\$ 507,599</u>	<u>\$ 507,599</u>	<u>\$ 510,771</u>	<u>\$ 3,172</u>