

CITY OF PLEASANTON, TEXAS

**ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
SEPTEMBER 30, 2010**

CITY OF PLEASANTON, TEXAS
Annual Financial Report
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Pleasanton, Texas

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasanton, Texas, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Pleasanton, Texas's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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, each major fund, and the aggregate remaining fund information of the City of Pleasanton, Texas, as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund, Debt Service Fund, Building Fund and the Drainage Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and the analysis, the non-major budgetary comparison information, the schedules of funding progress for the Public Employees Retirement System, and the respective budgetary comparison for the Building Fund and the Drainage Fund on pages 3 through 12, 59 through 65, page 53 and 54, and on pages 51 and 52, 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. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pleasanton, Texas's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "Wayne R Beyer".

WAYNE R. BEYER
Certified Public Accountant
Pleasanton, Texas
February 28, 2011

Management's Discussion and Analysis

As management of the City of Pleasanton, Texas, we offer readers of the City of Pleasanton, Texas's financial statements this narrative overview and analysis of the financial activities of the City of Pleasanton, Texas for the fiscal year ended September 30, 2010.

Financial Highlights

- . The assets of the City of Pleasanton, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$12,058,704 (net assets). Of this amount, \$6,294,668 or 52% (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net assets decreased by \$614,578. This decrease is mainly attributable to the City spending \$452,821 for landfill closure as required by the State of Texas.
- . The City of Pleasanton, Texas's total restricted net assets at September 30, 2010 are \$547,980 at September 30, 2010 or 4%.
- . The City of Pleasanton, Texas's total debt decreased by \$676,072 (4 percent) during the current fiscal year. The key factor in this decrease was the issuance of debt of \$425,000 coupled with bond and capital lease payments of \$1,105,000.

Overview of the Financial Statements

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

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Pleasanton, Texas's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Pleasanton, Texas's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Pleasanton, Texas is improving or deteriorating.

The *statement for activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City of Pleasanton, Texas 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 of Pleasanton, Texas include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Pleasanton, Texas include a Water and Sewer System.

The government-wide financial statements include only the City of Pleasanton, Texas itself (known as the *primary government*.)

The government-wide financial statements can be found on pages 13-14 for this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Pleasanton, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All other funds of the City of Pleasanton, Texas can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Pleasanton, Texas maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, building fund, drainage fund and the debt service fund and the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Pleasanton, Texas adopts an annual appropriated budget for its general fund, building fund, drainage fund and the debt service fund. A budgetary comparison statement has been provided for the general fund and the debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on 15-20 of this report.

Proprietary funds: The City of Pleasanton, Texas maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Pleasanton, Texas uses enterprise funds to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, both of which are considered to be major funds of the City of Pleasanton, Texas. The basic proprietary fund financial statements can be found on pages 21-25 of this report. The fiduciary net assets are found on page 26.

Notes to the financial statements: The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-49 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Pleasanton, Texas's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedules for the Building Fund and the Drainage Fund. Required supplementary information can be found on pages 50-52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 53-56 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 57-65 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Pleasanton, Texas, assets exceeded liabilities by \$12,058,704 at the close of the most recent fiscal year.

A portion of the City of Pleasanton, Texas's net assets (43 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Pleasanton, Texas uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Pleasanton, Texas's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF PLEASANTON, TEXAS
NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$3,189,928	\$2,934,243	\$3,039,583	\$3,402,150	\$6,229,511	\$6,336,393
Restricted Assets:	2,839,744	3,981,591	1,335,203	1,332,764	4,174,947	5,314,355
Capital Assets:	6,615,448	5,897,297	9,731,386	10,331,008	16,346,834	16,228,305
Total Assets	12,645,120	12,813,131	14,106,172	15,065,922	26,751,292	27,879,053
Long-Term Liabilities	6,687,759	6,877,624	7,230,553	7,716,760	13,918,312	14,594,384
Other Liabilities (Payable from Restricted Assets)			163,332	137,801	163,332	137,801
Other Liabilities	383,150	239,257	227,794	234,329	610,944	473,586
Total Liabilities	7,070,909	7,116,881	7,621,679	8,088,890	14,692,588	15,205,771
Invested in Capital Assets, Net of Related Debt	2,581,934	2,741,633	2,634,122	3,682,997	5,216,056	6,424,630
Restricted	214,766	318,810	333,214	330,775	547,980	649,585
Unrestricted	2,777,511	2,635,807	3,517,157	2,963,260	6,294,668	5,599,067
Total Net Assets	\$5,574,211	\$5,696,250	\$6,484,493	\$6,977,032	\$12,058,704	\$12,673,282

An additional portion of the City of Pleasanton, Texas's net assets (05 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$6,294,668) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Pleasanton, Texas is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$101,605 in restricted net assets reported in connection with the City of Pleasanton, Texas's governmental and business-type activities. This decrease resulted from construction during the year.

The government's net assets decreased by \$614,578 during the current fiscal year. This decrease is mainly attributable to the City spending \$452,821 for landfill closure as required by the State of Texas.

Governmental activities: Governmental activities decreased the City of Pleasanton, Texas's net assets by \$122,039, thereby accounting for 00 percent of the total growth in the net assets of the City of Pleasanton, Texas. Key elements of this decrease are as follows: 1) the State of Texas required the City to spend \$452,821 for landfill closure which offset an increase in both ad valorem taxes and charges for services of \$172,998 and \$193,424, respectively.

**CITY OF PLEASANTON, TEXAS
CHANGE IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$1,607,432	\$1,414,008	\$2,764,364	\$3,705,813	\$4,371,796	\$5,119,821
Operating Grants and Contributions	6,348	7,555	0	0	6,348	7,555
General Revenues:						
Maintenance and Operations Taxes	1,844,698	1,671,700			1,844,698	1,671,700
Sales Taxes	2,025,388	2,136,224			2,025,388	2,136,224
Franchise Taxes	311,041	312,433			311,041	312,433
Other Taxes	102,729	78,627			102,729	78,627
Licenses and Permits	69,421	56,801			69,421	56,801
Unrestricted Investment Earnings	98,817	325,583	38,039	125,833	136,856	451,416
Grants and Contributions not Restricted to						
Specific Programs	14,622	45,165			14,622	45,165
Miscellaneous	130,517	140,519			130,517	140,519
Total Revenue	6,211,013	6,188,615	2,802,403	3,831,646	9,013,416	10,020,261
Expenses:						
General Administration	538,034	690,872			538,034	690,872
Public Safety	2,171,446	2,168,395			2,171,446	2,168,395
Public Transportation	885,244	1,127,968			885,244	1,127,968
Culture and Recreation	969,908	1,049,709			969,908	1,049,709
Public Works	1,509,654	1,651,452			1,509,654	1,651,452
Interest and Fiscal Charges	258,766	210,546			258,766	210,546
Utility			3,294,942	3,520,349	3,294,942	3,520,349
Total Expenses	6,333,052	6,898,942	3,294,942	3,520,349	9,627,994	10,419,291
Increase in Net Assets Before Transfers and Special Items	(122,039)	(710,327)	(492,539)	311,297	(614,578)	(399,030)
Transfers	0	10,382		(10,382)	0	0
Increase in Net Assets	(122,039)	(699,945)	(492,539)	300,915	(614,578)	(399,030)
Net Assets at 09/30/2009	5,696,250	6,396,195	6,977,032	6,676,117	12,673,282	13,072,312
Net Assets at 09/30/2010	\$5,574,211	\$5,696,250	\$6,484,493	\$6,977,032	\$12,058,704	\$12,673,282

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Governemnt			
Government Activities:			
General Administration	\$538,034	\$102,775	\$0
Public Safety	2,171,446	202,361	
Public Transportation	885,244		
Culture and Recreation	969,908	139,116	6,348
Public Works	1,509,654	1,163,180	
Interest and Fiscal Charges	258,766		
Total Government Activities	\$6,333,052	\$1,607,432	\$6,348

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$1,607,432	26%
Operating Grants and Contributions	6,348	0%
Maintenance and Operations Taxes	1,845,779	30%
Sales Taxes	2,025,388	33%
Franchise Taxes	311,041	5%
Other Taxes	102,729	2%
Licenses and Permits	69,421	1%
Unrestricted Investment Earnings	98,817	2%
Grants and Contributions not Restricted to Specific Programs	14,622	0%
Miscellaneous	130,517	2%
	\$6,212,094	100%

Business-type activities: Business-type activities decreased the City of Pleasanton, Texas’s net assets by \$492,539, accounting for 0 percent of the total growth in the government’s net assets. Key elements of this decrease are as follows: This decrease is due to a drop in utility fee revenues of \$941,449.

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government			
Business-Type Activities:			
Water	\$3,294,942	\$2,764,364	\$0
Total Business-Type Activities	\$3,294,942	\$2,764,364	\$0

Financial Analysis of the Government’s Funds

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

Governmental funds: The focus of the City of Pleasanton, Texas’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 of Pleasanton, Texas’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Pleasanton, Texas’s governmental funds reported combined ending fund balances of \$5,053,672, a decrease of \$1,112,286 in comparison with the prior year. Approximately 45% of this total amount (\$2,272,420) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government’s discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) to pay for capital replacement (\$38,957), 2) to pay debt service (\$122,023), 3) and to pay for construction (\$2,620,272).

The general fund is the chief operating fund of the City of Pleasanton, Texas. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$1,680,202, while total fund balance reached \$1,680,202. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 34 percent of total general fund expenditures, while total fund balance represents 34 percent of that same amount.

The fund balance of the City of Pleasanton, Texas's general fund increased by \$107,919 during the current fiscal year. Key factors in this increase are as follows: 1) an increase in ad valorem taxes of \$196,992.

The fund balance of the City of Pleasanton, Texas's debt service fund decreased by \$111,232 during the current fiscal year. Key factor in this decrease is as follows: 1) debt service being more than the ad valorem taxes generated for the debt service. As a measure of the debt service fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Reserved fund balance represents 14 percent of total debt service fund expenditures, while total fund balance represents 14 percent of that same amount.

The building fund and the drainage fund are capital project funds and therefore any analysis regarding these funds will not be forthcoming.

Proprietary funds: The City of Pleasanton, Texas'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 Utility fund at the end of the year amounted to \$3,517,157. The total decrease in net assets for the Utility Fund was \$492,539. Key factors in this overall growth are as follows:

1. Water and sewer expenditures outpaced revenues by \$492,539 in 2010. The charges for services income decreased by \$941,449 from the prior year and interest income decreased by \$87,794 and expenses decreased by \$225,407.

General Fund Budgetary Highlights

During the year there was no change in appropriations between the original and final amended budget for the general fund or the debt service fund.

Capital Asset and Debt Administration

Capital assets: The City of Pleasanton, Texas's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$16,346,834 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Pleasanton, Texas's investment in capital assets for the current fiscal year was 1 percent (an 12 percent increase for governmental activities and a 6 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following: There were several sewer line replacement projects, a ground storage tank, and a drainage project. The City also is undergoing a massive landfill closure project.

CITY OF PLEASANTON, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$624,465	\$624,465	\$84,331	\$84,331	\$708,796	\$708,796
Construction in Progress	1,249,400	585,184	0	0	1,249,400	585,184
Building and Improvements	2,116,120	2,207,811	94,401	100,341	2,210,521	2,308,152
Machinery and Equipment	1,409,666	1,235,889	101,737	157,133	1,511,403	1,393,022
Infrastructure	7,609	8,560	0	0	7,609	8,560
Intangible	1,208,188	1,235,388	0	0	1,208,188	1,235,388
Distribution System	0	0	9,450,917	9,989,203	9,450,917	9,989,203
Total	\$6,615,448	\$5,897,297	\$9,731,386	\$10,331,008	\$16,346,834	\$16,228,305

Additional information of the City of Pleasanton, Texas's capital assets can be found in note IV.C on pages 40-41 of this report.

Long-term debt: At the end of the current fiscal year, the City of Pleasanton, Texas had total bonded debt outstanding of \$13,335,000. Of this amount, \$6,175,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pleasanton, Texas's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Pleasanton, Texas's Outstanding Bonded Debt

General Obligation and Revenue Bonds

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds	\$6,705,000	\$0	\$530,000	\$6,175,000	\$540,000
	6,705,000	0	530,000	6,175,000	540,000
<u>Business-Type Activities:</u>					
Revenue Bonds	7,650,000		490,000	7,160,000	290,000
	7,650,000	0	490,000	7,160,000	290,000
Grand Total	\$14,355,000	\$0	\$1,020,000	\$13,335,000	\$830,000

The City of Pleasanton, Texas's total bonded debt decreased by \$1,020,000 (7 percent) during the current fiscal year. The key factor in this decrease was bond payments of \$1,020,000.

Additional information on the City of Pleasanton, Texas's long-term debt can be found in note IV.F on pages 43-44 of this report.

Economic Factors and Future Trends

The City has future costs associated with the landfill closure.

Requests for Information

This financial report is designed to provide a general overview of the City of Pleasanton, Texas's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Pleasanton, Texas, 108 Second Street, Pleasanton, Texas, 78064.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PLEASANTON, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$2,557,146	\$2,427,861	\$4,985,007
Receivables (net of allowance for uncollectibles)	501,522	477,553	979,075
Inventories		41,246	41,246
Unamortized Bond Issuance Cost	47,138	92,923	140,061
Due from Other Funds	84,122		84,122
Restricted Assets:			
Cash and Cash Equivalents	2,839,744	1,335,203	4,174,947
Capital assets not being depreciated:			
Land	624,465	84,331	708,796
Construction in Progress	1,249,400		1,249,400
Total Capital assets being depreciated, net			
Building and improvements	2,116,120	94,401	2,210,521
Machinery and equipment	1,409,666	101,737	1,511,403
Infrastructure	1,208,188		1,208,188
Intangible	7,609		7,609
Distribution System		9,450,917	9,450,917
Total Assets	\$12,645,120	\$14,106,172	\$26,751,292
LIABILITIES:			
Accounts Payable	\$330,805	\$86,476	\$417,281
Due to Other Funds		84,122	84,122
Accrued Wages	8,576	5,346	13,922
Accrued Interest Payable	42,688	51,850	94,538
Unearned Revenues	1,081		1,081
Consumer Meter Deposit		163,332	163,332
Noncurrent Liabilities:			
Due within one year	710,574	548,022	1,258,596
Due in more than one year	5,977,185	6,682,531	12,659,716
Total Liabilities	7,070,909	7,621,679	14,692,588
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,581,934	2,634,122	5,216,056
Restricted for:			
Capital Replacement	38,957		38,957
Debt Service	122,023	333,214	455,237
Construction	53,786		53,786
Unrestricted	2,777,511	3,517,157	6,294,668
Total Net Assets	\$5,574,211	\$6,484,493	\$12,058,704

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in		Net (Expense) Revenue and Changes in Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government						
Government Activities:						
General Administration	\$538,034	\$102,775	\$0	(\$435,259)		(\$435,259)
Public Safety	2,171,446	202,361		(1,969,085)		(1,969,085)
Public Transportation	885,244			(885,244)		(885,244)
Culture and Recreation	969,908	139,116	6,348	(824,444)		(824,444)
Public Works	1,509,654	1,163,180		(346,474)		(346,474)
Interest and Fiscal Charges	258,766			(258,766)		(258,766)
Total Government Activities	6,333,052	1,607,432	6,348	(4,719,272)	0	(4,719,272)
Business-Type Activities:						
Utility	3,294,942	2,764,364			(530,578)	(530,578)
Total Business-Type Activities	3,294,942	2,764,364	0		(530,578)	(530,578)
Total Primary Government	\$9,627,994	\$4,371,796	\$6,348	(4,719,272)	(530,578)	(5,249,850)
General Revenues						
Property Taxes, Levies for General Purposes				1,844,698		1,844,698
Sales Taxes				2,025,388		2,025,388
Franchise Taxes				311,041		311,041
Other Taxes				102,729		102,729
Licenses and Permits				69,421		69,421
Unrestricted Investment Earnings				98,817	38,039	136,856
Grants and Contributions not Restricted to Specific Programs				14,622		14,622
Miscellaneous				130,517		130,517
Total General Revenues and Transfers				4,597,233	38,039	4,635,272
Change in Net assets				(122,039)	(492,539)	(614,578)
Net Assets - Beginning				5,696,250	6,977,032	12,673,282
Net Assets - Ending				\$5,574,211	\$6,484,493	\$12,058,704

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF PLEASANTON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Debt Service Fund	Building Fund	Drainage Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$1,917,741	\$0	\$0	\$0	\$639,405	\$2,557,146
Receivables (net of allowance for uncollectibles)	182,991	132,869			1,787	317,647
Due from Other Funds	82,930				1,192	84,122
Restricted Assets:						
Cash and Cash Equivalents		122,023	801,887	1,823,091	92,743	2,839,744
Total Assets	\$2,183,662	\$254,892	\$801,887	\$1,823,091	\$735,127	\$5,798,659
LIABILITIES AND FUND BALANCES:						
Accounts Payable	\$222,147		\$58,492		\$50,166	\$330,805
Accrued Wages	8,576					8,576
Compensated Absences	90,574					90,574
Unearned Revenues	182,163	132,869				315,032
Total Liabilities	503,460	132,869	58,492	0	50,166	744,987
Fund Balances:						
Reserved for Capital Replacement					38,957	38,957
Reserved for Debt Service		122,023				122,023
Reserved for Construction			743,395	1,823,091	53,786	2,620,272
Unreserved, Reported in						
General Fund	1,680,202					1,680,202
Special Revenue Funds					592,218	592,218
Total Fund Balance	1,680,202	122,023	743,395	1,823,091	684,961	5,053,672
Total Liabilities and Fund Balances	\$2,183,662	\$254,892	\$801,887	\$1,823,091	\$735,127	\$5,798,659

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2010

Total Fund Balances - governmental funds balance sheet

Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	\$5,053,672
Capital assets used in governmental activities are not reported in the funds.	6,615,448
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	313,951
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	183,875
Bond Issuance Costs are expenditures in the funds but are recorded as assets in the governmental activities.	47,138
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(6,639,873)
Net assets of governmental activities - statement of net assets	<u>\$5,574,211</u>

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Debt Service Fund	Building Fund	Drainage Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$1,034,389	\$762,621	\$0	\$0	\$0	\$1,797,010
Sales	2,025,388					2,025,388
Franchise	311,041					311,041
Other	13,044				89,685	102,729
Intergovernmental	14,622				6,348	20,970
Licenses and Permits	69,421					69,421
Charges for Services	1,308,569				112,687	1,421,256
Fines and Forfeitures	159,946					159,946
Interest	29,799	4,018	15,715	26,939	22,346	98,817
Miscellaneous	113,517				17,000	130,517
Total Revenues	5,079,736	766,639	15,715	26,939	248,066	6,137,095
EXPENDITURES						
Current:						
General Administration	492,995	6,595				499,590
Public Safety	1,964,414				471,232	2,435,646
Public Transportation	792,157					792,157
Culture and Recreation	666,479				225,756	892,235
Public Works	1,055,772					1,055,772
Capital Projects -						
Capital Outlay and Other			656,656	457,132	3,249	1,117,037
Debt Service						
Principal Retirement		615,000				615,000
Interest and Fiscal Charges		256,276				256,276
Total Expenditures	4,971,817	877,871	656,656	457,132	700,237	7,663,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	107,919	(111,232)	(640,941)	(430,193)	(452,171)	(1,526,618)
OTHER FINANCING SOURCES (USES):						
Other Financing Sources - Tax Note					425,000	425,000
Tax Note Issuance Cost					(10,668)	(10,668)
Total Other Financing Sources (Uses)	0	0	0	0	414,332	414,332
Net Changes in Fund Balances	107,919	(111,232)	(640,941)	(430,193)	(37,839)	(1,112,286)
Fund Balances - Beginning	1,572,283	233,255	1,384,336	2,253,284	722,800	6,165,958
Fund Balances - Ending	\$1,680,202	\$122,023	\$743,395	\$1,823,091	\$684,961	\$5,053,672

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 SEPTEMBER 30, 2010

Net Changes in Fund Balances - total governmental funds (\$1,112,286)

Amounts reported for governmental activities in the statement of net assets
 ("SNA") are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	718,151
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	26,230
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	47,688
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	615,000
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(425,000)
Increase in bond issuance costs are expenditures in the funds but not expenses in the SOA.	10,668
Amortization of Bond Issuance Costs and Premiums is an expense in the SOA but not an expense in the funds.	(4,360)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	1,870
Change in net assets of governmental activities - statement of activities	<u><u>(\$122,039)</u></u>

The accompanying notes are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$1,107,000	\$1,027,300	\$1,034,389	\$7,089
Sales	2,100,000	2,025,300	2,025,388	88
Franchise	285,000	306,500	311,041	4,541
Other	10,500	12,880	13,044	164
Intergovernmental	10,000	12,900	14,622	1,722
Licenses and Permits	62,450	60,360	69,421	9,061
Charges for Services	1,307,700	1,306,330	1,308,569	2,239
Fines and Forfeitures	124,500	159,000	159,946	946
Interest	25,000	29,500	29,799	299
Miscellaneous	85,375	113,375	113,517	142
Total Revenues	5,117,525	5,053,445	5,079,736	26,291
EXPENDITURES				
Current:				
General Administration				
General Administration	385,680	385,680	383,830	1,850
City Council	38,880	38,880	37,651	1,229
Non-Departmental	70,100	70,100	71,279	(1,179)
Elections	300	300	235	65
Public Safety				
Fire Department	98,895	98,895	101,919	(3,024)
Animal Control	95,570	95,570	94,069	1,501
Police	1,507,675	1,507,675	1,515,992	(8,317)
EMS	6,600	6,600	6,463	137
Municipal Court	157,215	157,215	152,879	4,336
Inspection	93,665	93,665	93,092	573
Public Transportation				
Streets	794,810	794,810	792,157	2,653
Culture and Recreation				
Library	196,395	196,395	198,855	(2,460)
Parks	383,270	383,270	383,069	201
Community Center	3,200	3,200	3,009	191
Museum	80,550	80,550	81,546	(996)
Public Works				
Sanitation	1,134,670	1,134,670	1,055,772	78,898
Total Expenditures	5,047,475	5,047,475	4,971,817	75,658
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	70,050	5,970	107,919	101,949
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	70,050	5,970	107,919	101,949
Fund Balances - Beginning	1,572,283	1,572,283	1,572,283	
Fund Balances - Ending	\$1,642,333	\$1,578,253	\$1,680,202	\$101,949

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$725,610	\$758,900	\$762,621	\$3,721
Interest	2,500	4,000	4,018	18
Total Revenues	728,110	762,900	766,639	3,739
EXPENDITURES				
General Administration				
General Administration	0	0	6,595	(6,595)
Debt Service				
Principal Retirement	615,000	615,000	615,000	0
Interest Retirement	258,257	258,257	256,276	1,981
Total Expenditures	873,257	873,257	877,871	(4,614)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145,147)	(110,357)	(111,232)	(875)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(145,147)	(110,357)	(111,232)	(875)
Fund Balances - Beginning	233,255	233,255	233,255	
Fund Balances - Ending	\$88,108	\$122,898	\$122,023	(\$875)

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010

BUSINESS TYPE ACTIVITIES
- ENTERPRISE FUNDS

	UTILITY FUND CURRENT YEAR	UTILITY FUND PRIOR YEAR	TOTALS CURRENT YEAR
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$2,427,861	\$2,755,599	\$2,427,861
Accounts receivables (net of allowance for uncollectibles)	477,553	526,525	477,553
Inventories	41,246	20,521	41,246
Due from Other Funds	0	0	0
Total Current Assets	2,946,660	3,302,645	2,946,660
Noncurrent Assets			
Restricted Assets:			
Cash and Cash Equivalents - Debt Service	333,214	330,775	333,214
Cash and Cash Equivalents - Construction	1,001,989	1,001,989	1,001,989
Total Restricted Assets	1,335,203	1,332,764	1,335,203
Other Assets			
Unamortized Bond Issuance Cost	92,923	99,505	92,923
Total Other Assets	92,923	99,505	92,923
Capital Assets			
Land	84,331	84,331	84,331
Building and Improvements	221,168	221,168	221,168
Machinery and Equipment	918,595	918,595	918,595
Distribution System	17,877,161	17,761,422	17,877,161
Total Capital Assets	19,101,255	18,985,516	19,101,255
Less Accumulated Depreciation	(9,369,869)	(8,654,508)	(9,369,869)
Total Capital Assets (net of accumulated depreciation)	9,731,386	10,331,008	9,731,386
Total Noncurrent Assets	11,159,512	11,763,277	11,159,512
TOTAL ASSETS	\$14,106,172	\$15,065,922	\$14,106,172

(continued)

(continued)

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	UTILITY FUND	UTILITY FUND	TOTALS
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities			
Current Liabilities (Payable from Current Assets)			
Accounts Payable	\$86,476	\$96,377	\$86,476
Due to Other Funds	84,122	82,415	84,122
Compensated Absences	38,022	32,196	38,022
Accrued Wages Payable	5,346	0	5,346
Accrued Interest Payable	51,850	55,537	51,850
Bonds Payable - Current	510,000	490,000	510,000
Total Current Liabilities (Payable from Current Assets)	<u>775,816</u>	<u>756,525</u>	<u>775,816</u>
Current Liabilities (Payable from Restricted Assets)			
Consumer Meter Deposits	163,332	137,801	163,332
Total Current Liabilities Payable from Restricted Assets	<u>163,332</u>	<u>137,801</u>	<u>163,332</u>
Total Current Liabilities	<u>939,148</u>	<u>894,326</u>	<u>939,148</u>
Noncurrent Liabilities			
Bonds Payable (net of unamortized discounts and premiums)	6,682,531	7,194,564	6,682,531
Total Noncurrent Liabilities	<u>6,682,531</u>	<u>7,194,564</u>	<u>6,682,531</u>
Total Liabilities	<u>7,621,679</u>	<u>8,088,890</u>	<u>7,621,679</u>
Invested in Capital Assets, Net of Related Debt	2,634,122	3,682,997	2,634,122
Restricted for Debt Service - Expendable	333,214	330,775	333,214
Unrestricted	3,517,157	2,963,260	3,517,157
Total Net Assets	<u>\$6,484,493</u>	<u>\$6,977,032</u>	<u>\$6,484,493</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

BUSINESS TYPE ACTIVITIES
 - ENTERPRISE FUNDS

	UTILITY FUND CURRENT YEAR	UTILITY FUND PRIOR YEAR	TOTALS CURRENT YEAR
OPERATING REVENUES:			
Charges for Services (Water and Sewer)	\$2,754,242	\$3,623,832	\$2,754,242
Miscellaneous	10,122	81,981	10,122
Total Operating Revenues	2,764,364	3,705,813	2,764,364
OPERATING EXPENSES:			
Personal Services	1,238,442	1,131,039	1,238,442
Supplies	33,724	49,657	33,724
Other Services and Charges	983,393	1,337,867	983,393
Depreciation	715,361	718,653	715,361
Total Operating Expenses	2,970,920	3,237,216	2,970,920
Operating Income (Loss)	(206,556)	468,597	(206,556)
NON-OPERATING REVENUES (EXPENSES):			
Interest Income - Debt Service	3,440	11,406	3,440
Interest Income - Construction	34,599	114,427	34,599
Interest and Fiscal Charges	(324,022)	(283,133)	(324,022)
Total Non-Operating Revenues (Expenses)	(285,983)	(157,300)	(285,983)
Income Before Transfers	(492,539)	311,297	(492,539)
Transfers In (Out) - Net		(10,382)	0
Change in Net Assets	(492,539)	300,915	(492,539)
Total Net Assets - Beginning	6,977,032	6,676,117	6,977,032
Total Net Assets - Ending	\$6,484,493	\$6,977,032	\$6,484,493

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

BUSINESS TYPE ACTIVITIES
- ENTERPRISE FUNDS

	UTILITY FUND CURRENT YEAR	UTILITY FUND PRIOR YEAR	TOTALS CURRENT YEAR
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$2,838,867	\$3,606,144	\$2,838,867
Payments to Suppliers	(1,044,848)	(1,378,534)	(1,044,848)
Payments to Employees	(1,225,563)	(1,167,146)	(1,225,563)
Net Cash Provided (Used) By Operating Activities	568,456	1,060,464	568,456
Cash Flows from Non-Capital and Related Financing Activities			
Transfers In (Out) - Net	0	(10,382)	0
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	0	(10,382)	0
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	(115,739)	(1,028,079)	(115,739)
Preceeds from Capital Debt	0	0	0
Principal Payment on Revenue Bonds, Notes and Capital Leases	(492,033)	(467,033)	(492,033)
Interest and Fiscal Charges	(324,022)	(283,133)	(324,022)
Net Cash Provided (Used) By Capital and Related Financing Activities	(931,794)	(1,778,245)	(931,794)
Cash Flows from Investing Activities			
Interest Received	38,039	125,833	38,039
Net Cash Provided (Used) by Investment Activities	38,039	125,833	38,039
Net Increase (Decrease) in Cash Equivalents	(325,299)	(602,330)	(325,299)
Cash and Cash Equivalents at Beginning of Year	4,088,363	4,690,693	4,088,363
Cash and Cash Equivalents at End of Year	\$3,763,064	\$4,088,363	\$3,763,064
Unrestricted Assets:			
Cash and Cash Equivalents	\$2,427,861	\$2,755,599	\$2,427,861
Restricted Assets:			
Cash and Cash Equivalents	1,335,203	1,332,764	1,335,203
Total	\$3,763,064	\$4,088,363	\$3,763,064

(continued)

(continued)

BUSINESS TYPE ACTIVITIES
- ENTERPRISE FUNDS

	UTILITY FUND CURRENT YEAR	UTILITY FUND PRIOR YEAR	TOTALS CURRENT YEAR
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating Income (Loss)	(\$206,556)	\$468,597	(\$206,556)
Adjustments to Reconcile to Net Cash Flow			
Non-Cash Items Included in Net Income			
Depreciation	715,361	718,653	715,361
Changes in Current Items			
Decrease (Increase) in Accounts Receivable	48,972	(111,936)	48,972
Decrease (Increase) in Inventory	(20,725)	12,063	(20,725)
Decrease (Increase) in Due from Other Funds	0	2,074	0
Decrease (Increase) in Bond Issuance Costs	6,582	6,583	6,582
Increase (Decrease) in Accounts Payable	(9,901)	53,809	(9,901)
Decrease (Increase) in Due to Other Funds	1,707	(4,942)	1,707
Increase (Decrease) in Compensated Absences	5,826	(189)	5,826
Increase (Decrease) in Accrued Wages Payable	5,346	(30,976)	5,346
Increase (Decrease) in Accrued Interest Payable	(3,687)	(65,539)	(3,687)
Increase (Decrease) in Consumer Meter Deposits	25,531	12,267	25,531
Net Cash Provided (Used) By Operating Activities	<u>\$568,456</u>	<u>\$1,060,464</u>	<u>\$568,456</u>
Noncash Investing, Capital, and Financing Activities:			
Water and Sewer Facilities from Revenue Bonds	<u>\$0</u>	<u>\$1,133,116</u>	<u>\$0</u>
	<u>\$0</u>	<u>\$1,133,116</u>	<u>\$0</u>

Note: The above funds are all Enterprise Funds.

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$6,690
Receivables (net of allowance for uncollectibles)	0
Total Assets	<u>\$6,690</u>
LIABILITIES	
Accounts Payable	\$0
Due to Others	6,690
Total Liabilities	<u>\$6,690</u>

The notes to the financial statements are an integral part of this statement.

City of Pleasanton, Texas
Notes to the Financial Statements
September 30, 2010

I. Summary of significant accounting policies

A. Reporting entity

The City of Pleasanton, Texas, was incorporated by an election. The City operates under a Home Rule type of government and provides the following services: public safety (fire, ambulance, and law enforcement), public transportation (streets), health, culture, recreation, public facilities, legal, election functions, water and sewer, and general administrative services. The accounting policies of the City of Pleasanton, Texas, (the City) conform to generally accepted accounting principles generally accepted in the United States of America. The City also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The debt service fund accounts for monies used to pay the general obligation debt.

The drainage fund accounts for monies used for Phase II of the landfill and for the clearing on the Atascosa River and on Bonita creek.

The building fund accounts for monies used to pay for the renovation of the City Hall and for the new Community Center.

The government reports the following major proprietary funds:

The utility fund accounts for the activities of the water distribution system, the sewer sewage treatment plant, sewage pumping stations and collection systems.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 nonoperating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable allowance in excess of 30 days is equal to 5 percent of outstanding trade accounts receivable at September 30, 2010, the trade accounts receivable allowance in excess of 60 days is equal to 10 percent of outstanding trade accounts receivable at September 30, 2010, the trade accounts receivable allowance in excess of 90 days is equal to 20 percent of outstanding trade accounts receivable at September 30, 2010, and the trade accounts receivable allowance in excess of 120 days is equal to 50 percent of outstanding trade accounts receivable at September 30, 2010. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at September 30, 2010, and 10 percent of delinquent outstanding property taxes at September 30, 2010. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the City bills the taxpayers. The City begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. There were no prepaid items at September 30, 2010.

4. Restricted assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Monies are set aside in the general fund for future projects and are maintained in a separate bank account. The restricted assets are as follows:

	Governmental Activities	Business-Type Activities	Total
Reserved for:			
Capital Replacement	\$38,957	\$0	\$38,957
Debt Service	122,023	333,214	455,237
Construction	2,678,764	1,001,989	3,680,753
	<u>\$2,839,744</u>	<u>\$1,335,203</u>	<u>\$4,174,947</u>

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

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. The total interest expense incurred by the City during the current fiscal year was \$582,788. Of this amount, \$-0- was included as part of the cost of capital assets.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

6. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, governmental funds and proprietary financial statements.

7. Long-term obligations

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

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

8. 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.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$6,639,873 difference are as follows:

Notes Payable	\$425,000
Bonds Payable	6,175,000
Accrued Interest Payable	42,688
Bond Issuance Program	1,626
Bond Refunding	(4,441)
	<u>\$6,639,873</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$6,615,448 difference are as follows:

Capital assets not being depreciated	\$1,873,865
Capital assets being depreciated	9,509,872
Depreciation expense	(4,768,289)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$6,615,448</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.") The details of this \$313,951 difference are as follows:

Property Taxes Receivable	\$337,758
Allowance for Doubtful Accounts	<u>(23,807)</u>
Net	<u>\$313,951</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Municipal fines and fees receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.") The details of this \$183,875 difference are as follows:

Fines Receivable	\$216,742
Allowance for Doubtful Accounts	<u>(32,867)</u>
Net	<u>\$183,875</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$718,151 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$664,216
Capital Outlay - Additions - Being Depreciated	471,232
Capital Outlay - Deletions	0
Depreciation Expense	(417,297)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$718,151</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Utility Construction fund. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control is the fund; whereby budgeted expenditures may not exceed budgeted revenues plus beginning unrestricted equity. The supplemental budgetary appropriations made in the general fund were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

For the year ended September 30, 2010, expenditures exceeded appropriations in the Debt Service fund (the legal level of budgetary control) by \$4,614, the Drainage fund (the legal level of budgetary control) by \$36,032, the Fire Department fund (the legal level of budgetary control) by \$471,232, and the Hotel Occupancy fund (the legal level of budgetary control) by \$20,940, and the Construction fund (the legal level of budgetary control) by \$249. These over expenditures were funded by greater than anticipated revenues and beginning fund reserves.

C. Deficit fund equity

The Construction fund had a deficit fund balance of \$144. This deficit was created by an accounts payable which in fact was paid by the general fund.

IV. Detailed notes on all funds

A. Deposits and investments

Legal and Contractual Provisions Governing Deposits and Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (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, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

The City's deposits and certificates of deposit are entirely with the city depository and are fully covered by federal depository insurance (FDIC) or by collateral held by the government's agent in the government's name. The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are insured by the collateral. As of year end, the City's bank balances totaled \$9,235,069 while the value of securities pledged at September 30, 2010 is \$11,697,573. The book balance of the City's bank balances at September 30, 2010 is \$9,159,954.

The securities are held by the pledging financial institution's trust department or agent in the City's name.

Investments: The City had no investments at September 30, 2010.

B. Receivables

Receivables as of year end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Other Governmental Funds	Water	Total
<u>Receivables</u>					
Taxes	\$194,814	\$142,945	\$0		\$337,759
Accounts				532,943	532,943
Fines	216,742				216,742
Other	1,909		1,787		3,696
Gross Receivables	413,465	142,945	1,787	532,943	1,091,140
Less: Allowance for Uncollectibles	46,599	10,076	0	55,390	112,065
Net Total Receivables	<u>\$366,866</u>	<u>\$132,869</u>	<u>\$1,787</u>	<u>\$477,553</u>	<u>\$979,075</u>

The receivables are expected to be collected within one year.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent Property Taxes Receivable (General Fund)	\$313,951	\$0
Deposits and Advances	0	1,081
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$313,951</u>	<u>\$1,081</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2010 was as follows:

Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	624,465	0	0	\$624,465
Construction in Progress	585,184	664,216	0	1,249,400
Total Capital Assets Not Being Depreciated:	1,209,649	664,216	0	1,873,865
Capital Assets Being Depreciated:				
Building and Improvements	3,740,297	0	0	3,740,297
Machinery and Equipment	3,173,809	471,232		3,645,041
Intangible	9,511	0		9,511
Infrastructure	2,115,023	0		2,115,023
Total Capital Assets Being Depreciated	9,038,640	471,232	0	9,509,872
Less Accumulated Depreciation for:				
Building and Improvements	1,532,486	91,691		1,624,177
Machinery and Equipment	1,937,920	297,455		2,235,375
Intangible	951	951		1,902
Infrastructure	879,635	27,200		906,835
Total Accumulated Depreciation	4,350,992	417,297	0	4,768,289
Total Capital Assets Being Depreciated, Net	4,687,648	53,935	0	4,741,583
Governmental Activities Capital Assets, Net	\$5,897,297	\$718,151	\$0	\$6,615,448
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$84,331	\$0	\$0	\$84,331
Construction in Progress	0	0	0	\$0
Total Capital Assets Not Being Depreciated	84,331	0	0	84,331
Capital Assets Being Depreciated:				
Machinery and Equipment	918,595	0		918,595
Building and Improvements	221,168			221,168
Distribution System	17,761,422	115,740		17,877,162
Total Capital Assets Being Depreciated	18,901,185	115,740	0	19,016,925
Less Accumulated Depreciation for:				
Machinery and Equipment	761,462	55,396		816,858
Building and Improvements	120,827	5,940		126,767
Distribution System	7,772,219	654,026		8,426,245
Total Accumulated Depreciation	8,654,508	715,362	0	9,369,870
Total Capital Assets Being Depreciated, Net	10,246,677	(599,622)	0	9,647,055
Business-Type Activities Capital Assets, Net	\$10,331,008	(\$599,622)	\$0	\$9,731,386

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

Governmental Activities	
General Administration	\$38,444
Public Safety	207,032
Public Transportation	93,087
Culture and Recreation	77,673
Public Works	1,061
Total Depreciation Expense - Governmental Activities	<u>\$417,297</u>
Business-Type Activities	
Water	\$249,481
Sewer	465,880
Total Depreciation Expense - Business-Type Activities	<u>\$715,361</u>

Construction commitments

The government has active construction projects as of September 30, 2010: The City is undergoing a massive landfill closure project.

Discretely presented component units

The City had no discretely presented component units as of September 30, 2010.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2010, is as follows:

None

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Inter-fund transfers:

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

In the year ended September 30, 2010, the government made the following one-time transfers:

DUE TO	UTILITY		REASON	EXPECTED TO BE LIQUIDATED
	FUNDS	TOTAL		
GENERAL FUND	\$82,930	\$82,930	GARBAGE BILLINGS	WITHIN ONE YEAR
NON-MAJOR GOVERNMENTAL FUNDS	1,192	1,192	FIRE EQUIPMENT	WITHIN ONE YEAR
TOTALS	<u>\$84,122</u>	<u>\$84,122</u>		

The above transfers are non-recurring.

E. Leases

Operating Leases

The government leases equipment under noncancellable operating leases. Total costs for such leases were \$21,571 for the year ended September 30, 2010. The future minimum lease payments for these leases are as follows:

<u>Year Ending Sept. 30</u>	<u>Amount</u>
2011	\$ 12,060
2012	12,060
2013	<u>8,160</u>
Total	<u>\$32,280</u>

F. Long-term debt

General Obligation Bonds and Revenue Bonds

The government issues Certificates of Obligation, Revenue, and General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. Certificates of Obligation, Revenue, and General Obligation bonds have been issued for both governmental and business-type activities. The Certificates of Obligation bonds are direct obligations and pledge the full faith and credit of the government. The original amount of the Certificates of Obligation, Revenue, and General Obligation Bonds issued in prior years was \$13,575,000. Certificates of Obligation, Revenue, and General Obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental activities	3.95	\$2,150,000
Governmental activities	3.65-4.00	\$ 830,000
Governmental activities	4.35-6.25	\$ 945,000
Governmental activities	2.50-5.00	\$2,250,000
Business-type activities	4.35-6.25	\$1,645,000
Business-type activities	3.65-4.00	\$ 170,000
Governmental activities	4.00-5.00	\$5,345,000

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

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$540,000	\$232,427	\$510,000	\$299,451
2012	560,000	213,159	520,000	275,670
2013	575,000	193,166	550,000	250,701
2014	510,000	173,337	575,000	224,334
2015	530,000	153,513	550,000	197,494
2016-2020	2,150,000	494,717	1,785,000	699,775
2021-2025	1,310,000	109,064	1,825,000	362,263
2026-2027	0	0	845,000	35,114
TOTALS	\$6,175,000	\$1,569,383	\$7,160,000	\$2,344,802

Notes Payable

Tax Notes Payable

Tax Notes, Series 2010, Issued 2010, Interest Rate: 1.57% to 3.0%, Maturity Year: 2015, Amount Issued: \$425,000, Amount Outstanding: \$425,000.

The annual requirements for the above general long-term debt outstanding at September 30, 2010 are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2011	\$80,000	\$9,244
2012	85,000	7,481
2013	85,000	5,803
2014	85,000	3,784
2015	90,000	1,350
TOTALS	<u>\$425,000</u>	<u>\$27,662</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
General Obligation Bonds	\$6,705,000	\$0	\$530,000	\$6,175,000	\$540,000	\$5,635,000
Less Deferred Amounts:						
For Issuance Premium	1,728		102	1,626		1,626
For Refunding	(4,718)		(277)	(4,441)		(4,441)
Total Bonds Payable	<u>6,702,010</u>	<u>0</u>	<u>529,825</u>	<u>6,172,185</u>	<u>540,000</u>	<u>5,632,185</u>
Notes Payable	85,000	425,000	85,000	425,000	80,000	345,000
Compensated Absences	90,614	90,574	90,614	90,574	90,574	0
	<u>6,877,624</u>	<u>515,574</u>	<u>705,439</u>	<u>6,687,759</u>	<u>710,574</u>	<u>5,977,185</u>
<u>Business-Type Activities:</u>						
Revenue Bonds	7,650,000		490,000	7,160,000	510,000	6,650,000
Less Deferred Amounts:						
For Issuance Premium	34,564		2,033	32,531		32,531
Total Bonds Payable	<u>7,684,564</u>	<u>0</u>	<u>492,033</u>	<u>7,192,531</u>	<u>510,000</u>	<u>6,682,531</u>
Compensated Absences	32,196	38,022	32,196	38,022	38,022	0
	<u>7,716,760</u>	<u>38,022</u>	<u>524,229</u>	<u>7,230,553</u>	<u>548,022</u>	<u>6,682,531</u>
Grand Total	<u>\$14,594,384</u>	<u>\$553,596</u>	<u>\$1,229,668</u>	<u>\$13,918,312</u>	<u>\$1,258,596</u>	<u>\$12,659,716</u>

Note: Compensated absences are considered to be short term liabilities.

The government-wide statement of net assets includes \$1,258,596 as "noncurrent liabilities, due within one year". There was no interest capitalized in the Capital assets but rather was expended in the financial statements. Note: Compensated absences are considered to be short term liabilities. The governmental activities bonds, notes payable and compensated absences are serviced by the debt service fund. The Business-type activities bonds and compensated absences are serviced by the both the water fund and the sewer fund.

G. Segment information

The city issued revenue bonds to finance certain improvements to its utility system and airport. Because the utility system is reported as a major fund in the fund financial statements, separate segment disclosures for it are not required.

H. Restricted net assets/fund balance reserve

The balances of the restricted asset/fund balance reserve accounts in the governmental activities are as follows:

Type	Governmental Funds	Total
Reserved for:		
Capital Replacement	\$38,957	\$38,957
Construction	2,620,272	2,620,272
Debt Service	122,023	122,023
	<u>\$2,781,252</u>	<u>\$2,781,252</u>

	Governmental Activities	Business-Type Activities	Total
Restricted for:			
Capital Replacement	\$38,957	\$0	\$38,957
Debt Service	122,023	333,214	455,237
Construction	53,786	0	53,786
	<u>\$214,766</u>	<u>\$333,214</u>	<u>\$547,980</u>

V. Other information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended <u>09/30/10</u>	Year ended <u>09/30/09</u>
Unpaid claims, beginning of fiscal year	\$ -0-	\$ -0-
Incurred claims (including IBNRs)		
Claim payments	<u>-0-</u>	<u>-0-</u>
Unpaid claims, end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>

B. Subsequent Events

1. The following are subsequent events requiring disclosure.

On October 21, 2010, the city council authorized the issuance of "City of Pleasanton, Texas General Obligation Refunding Bonds, Series 2010" to refund the Series 2001 issue.

On January 20, 2011, the city council awarded the bid for the rehabilitation of the Halpin and the North Town Ground Storage Tank in the amount of \$347,500 to Blastco Texas, Inc.

C. Related Party Transactions

There were no related party transactions for the year ended September 30, 2010.

D. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is not a defendant in any litigation at September 30, 2010.

E. Employee retirement systems and pension plans

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 state statutes of TMRS.

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

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	2009	2010
EMPLOYEE DEPOSIT RATE	5.00%	5.00%
MATCHING RATIO (city to employee)	1.5 to 1	1.5 to 1
YEARS REQUIRED FOR VESTING	5	5
SERVICE RETIREMENT ELIGIBILITY (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
UPDATED SERVICE CREDIT	100% repeating, transfers	100% repeating, Transfers
ANNUITY INCREASE (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by actuary, using the Projected Unit Credit actuarial 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 the prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

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

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

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09-30-08	138,412	100%	-0-
09-30-09	230,019	100%	-0-
09-30-10	246,055	100%	-0-

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest valuation, December 31, 2008, also 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	30 years; open period	29 years; closed period	28 years; closed period
ASSET VALUATION METHOD	Amortized Cost	Amortized Cost	10-year smoothed market

ACTUARIAL ASSUMPTIONS:

INVESTMENT RATE OF RETURN	7.0%	7.5%	7.5%
PROJECTED SALARY INCREASES	Varies by age and service	Varies by age and service	Varies by age and service
INCLUDES INFLATION AT	3.00%	3.00%	3.00%
ACOST-OF-LIVING ADJUSTMENTS	2.1	2.1%	2.1%

The funded status as of December 31, 2008, the most actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
12/31/2009	\$4,989,545	\$6,136,204	\$1,146,659	81.3%	\$3,119,520	36.8%

The schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

ANALYSIS OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
12/31/07	4,169,938	4,994,540	824,602	83.5%	2,442,770	33.8%
12/31/08	4,559,307	5,701,515	1,142,208	80.0%	3,037,150	37.6%
12/31/09	4,989,545	6,136,204	1,146,659	81.3%	3,119,520	36.8%

CITY OF PLEASANTON, TEXAS

BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$12,000	\$15,700	\$15,715	\$15
Total Revenues	12,000	15,700	15,715	15
EXPENDITURES				
Capital Projects -				
Capital Outlay and Other	797,730	797,730	656,656	141,074
Total Expenditures	797,730	797,730	656,656	141,074
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(785,730)	(782,030)	(640,941)	141,089
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Comb. G.O. and Rev. Bonds Issued				0
Revenue Bonds Issued - Issuance Cocts				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(785,730)	(782,030)	(640,941)	141,089
Fund Balances - Beginning	1,384,366	1,384,366	1,384,366	
Fund Balances - Ending	\$598,636	\$602,336	\$743,425	\$141,089

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
DRAINAGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interest	\$20,000	\$26,600	\$26,939	\$339
Total Revenues	20,000	26,600	26,939	339
EXPENDITURES				
Capital Projects - Capital Outlay and Other	421,100	421,100	457,132	(36,032)
Total Expenditures	421,100	421,100	457,132	(36,032)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(401,100)	(394,500)	(430,193)	(35,693)
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Comb. G.O. and Rev. Bonds Issued				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(401,100)	(394,500)	(430,193)	(35,693)
Fund Balances - Beginning	2,253,284	2,253,284	2,253,284	
Fund Balances - Ending	\$1,852,184	\$1,858,784	\$1,823,091	(\$35,693)

The notes to the financial statements are an integral part of this statement.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF PLEASANTON, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	SPECIAL REVENUE										CAPITAL PROJECTS				TOTAL
	FIRE EQUIPMENT FUND	GARBAGE RECYCLING FUND NO. 1	GARBAGE RECYCLING FUND NO. 2	AIRPORT OPERATIONS FUND	PARK IMPROVEMENT FUND	HOTEL OCCUPANCY FUND	LIBRARY-MUELLER ESTATE FUND	LIBRARY-MEMORIAL FUND	CAPITAL REPLACEMENT FUND	TDCP FUND	UTILITY CONSTRUCTION FUND	CONSTRUCTION FUND			
ASSETS															
Cash and Cash Equivalents	\$2,668	\$6,337	\$27,837	\$5,936	\$268,745	\$82,126	\$245,319	\$437						\$639,405	
Receivables (net of allowance for uncollectibles)	1,574	213												1,787	
Due from Other Funds	1,192													1,192	
Restricted Assets:															
Cash and Cash Equivalents									38,957		53,786			92,743	
Total Assets	\$5,434	\$6,550	\$27,837	\$5,936	\$268,745	\$82,126	\$245,319	\$437	\$38,957	\$0	\$53,786	\$0	\$735,127		

LIABILITIES AND FUND BALANCES

Liabilities														
Accounts Payable		\$27,794		\$1,078		\$21,150							\$144	\$50,166
Total Liabilities	0	27,794		1,078	0	21,150	0	0	0	0	0	0	144	50,166
Fund Balances														
Reserved for Capital Replacement									38,957					38,957
Reserved for Construction											53,786			53,786
Unreserved - Undesignated	5,434	6,550	43	4,858	268,745	60,976	245,319	437				(144)		592,218
Total Fund Balances	5,434	6,550	43	4,858	268,745	60,976	245,319	437	38,957	0	53,786	(144)		684,961
TOTAL LIABILITIES AND FUND BALANCES	\$5,434	\$6,550	\$27,837	\$5,936	\$268,745	\$82,126	\$245,319	\$437	\$38,957	\$0	\$53,786	\$0	\$0	\$735,127

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	SPECIAL REVENUE											TOTAL						
	GARBAGE RECYCLING FUND					PARK IMPROVEMENT FUND		HOTEL OCCUPANCY FUND		LIBRARY-MUELLER ESTATE FUND			LIBRARY-MEMORIAL FUND		CAPITAL REPLACEMENT FUND		UTILITY CONSTRUCTION FUND	
	FIRE EQUIPMENT FUND	NO. 1	NO. 2	NO. 2	NO. 2	AIRPORT OPERATIONS	IMPROVEMENT	FUND	FUND	FUND	FUND		FUND	FUND	FUND	FUND	FUND	FUND
REVENUES																		
Taxes																		
Other																		
Intergovernmental																		
Charges for Services																		
Interest	569	81	43			151	3,363	1,089			260	492			13,229			
Miscellaneous	16,516	176						300			8							
Total Revenues	17,085	257	43	43	43	119,186	3,363	91,074			268	492	0		13,229	0	248,066	
EXPENDITURES																		
Current:																		
Public Safety																		
Fire	471,232																	471,232
Culture and Recreation																		
Airport																		
Economic Development																		
Library																		
Park																		
Capital Projects -																		
Capital Outlay and Other																		
Total Expenditures	471,232	0	0	0	0	118,957	0	106,090			709	0	0		3,249	0	700,237	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(454,147)	257	43	43	43	229	3,363	(15,016)			(441)	492	0		9,980	0	(452,171)	
OTHER FINANCING SOURCES (USES):																		
Other Financing Sources - Tax Note	425,000																	425,000
Tax Note Issuance Cost	(10,668)																	(10,668)
Total Other Financing Sources (Uses)	414,332	0	0	0	0	0	0	0			0	0	0		0	0	414,332	
Net Changes in Fund Balances	(39,815)	257	43	43	43	229	3,363	(15,016)			(441)	492	0		9,980	0	(37,839)	
Fund Balances - Beginning	45,249	6,293	0	0	0	4,629	265,392	75,992			878	38,465	0		43,806	(144)	722,800	
Fund Balances - Ending	\$5,434	\$6,550	\$43	\$43	\$43	\$4,858	\$268,745	\$60,976			\$437	\$38,957	\$0		\$53,786	(\$144)	\$684,961	

The notes to the financial statements are an integral part of this statement.

CITY OF PLEASANTON, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED SEPTEMBER 30, 2010

	ASSET FORFEITURE FUND	J.P. SEIZURE FUND	Total
ASSETS			
Cash and Cash Equivalents	\$1,221	\$5,469	\$6,690
Total Assets	\$1,221	\$5,469	\$6,690
LIABILITIES			
Due to Others	\$1,221	\$5,469	\$6,690
Total Liabilities	\$1,221	\$5,469	\$6,690

CITY OF PLEASANTON, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED SEPTEMBER 30, 2010

<u>ASSET FORFEITURE FUND</u>		BALANCE 10/1/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS					
Cash and Cash Equivalents		\$2,121	\$23	\$923	\$1,221
Total Assets		\$2,121	\$23	\$923	\$1,221
LIABILITIES:					
Due to Others		\$2,121	\$23	\$923	\$1,221
Total Liabilities		2,121	23	923	1,221
<u>SEIZURE FUND</u>		BALANCE 10/1/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS					
Cash and Cash Equivalents		\$4,794	\$675		\$5,469
Total Assets		\$4,794	\$675	\$0	\$5,469
LIABILITIES:					
Due to Others		\$4,794	\$675	\$0	\$5,469
Total Liabilities		4,794	675	0	5,469
<u>TOTAL</u>		BALANCE 10/1/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS					
Cash and Cash Equivalents		\$6,915	\$698	\$923	\$6,690
Total Assets		\$6,915	\$698	\$923	\$6,690
LIABILITIES:					
Due to Others		\$6,915	\$698	\$923	\$6,690
Total Liabilities		6,915	698	923	6,690

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL

CITY OF PLEASANTON, TEXAS
 FIRE DEPARTMENT EQUIPMENT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$350	\$575	\$569	(\$6)
Miscellaneous	15,000	14,900	16,516	1,616
Total Revenues	15,350	15,475	17,085	1,610
EXPENDITURES				
Current:				
Public Safety				
Fire	0	0	471,232	(471,232)
Total Expenditures	0	0	471,232	(471,232)
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,350	15,475	(454,147)	(469,622)
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Tax Note	0	425,000	425,000	0
Tax Note Issuance Cost	0	(10,668)	(10,668)	0
Total Other Financing Sources (Uses)	0	414,332	414,332	0
Net Changes in Fund Balances	15,350	429,807	(39,815)	(469,622)
Fund Balances - Beginning	45,249	45,249	45,249	
Fund Balances - Ending	\$60,599	\$475,056	\$5,434	(\$469,622)

CITY OF PLEASANTON, TEXAS
 GARBAGE RECYCLING FUND NO. 1
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$50	\$50	\$81	\$31
Miscellaneous	150	150	176	26
Total Revenues	200	200	257	57
EXPENDITURES				
Current:				
Culture and Recreation				
Park	0	0	0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	200	200	257	57
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	200	200	257	57
Fund Balances - Beginning	6,293	6,293	6,293	
Fund Balances - Ending	\$6,493	\$6,493	\$6,550	\$57

CITY OF PLEASANTON, TEXAS
 CAPITAL REPLACEMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$100	\$100	\$492	\$392
Total Revenues	100	100	492	392
EXPENDITURES				
Capital Projects -				
Capital Outlay and Other				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	100	100	492	392
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	100	100	492	392
Fund Balances - Beginning	38,464	38,464	38,464	
Fund Balances - Ending	\$38,564	\$38,564	\$38,956	\$392

CITY OF PLEASANTON, TEXAS
 PARK IMPROVEMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$2,000	\$3,365	\$3,363	(\$2)
Total Revenues	2,000	3,365	3,363	(2)
EXPENDITURES				
Capital Projects -				
Capital Outlay and Other	0	0	0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	3,365	3,363	(2)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0	0	0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	2,000	3,365	3,363	(2)
Fund Balances - Beginning	265,382	265,382	265,382	
Fund Balances - Ending	\$267,382	\$268,747	\$268,745	(\$2)

CITY OF PLEASANTON, TEXAS
 AIRPORT OPERATIONS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$3,400	\$6,300	\$6,348	\$48
Charges for Services	112,500	106,020	112,687	6,667
Interest	125	140	152	12
Total Revenues	116,025	112,460	119,187	6,727
EXPENDITURES				
Current:				
Culture and Recreation				
Airport	119,510	119,510	118,957	553
Total Expenditures	119,510	119,510	118,957	553
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,485)	(7,050)	230	7,280
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(3,485)	(7,050)	230	7,280
Fund Balances - Beginning	4,628	4,628	4,628	
Fund Balances - Ending	\$1,143	(\$2,422)	\$4,858	\$7,280

CITY OF PLEASANTON, TEXAS
HOTEL OCCUPANCY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Other	\$66,000	\$89,600	\$89,685	\$85
Interest	900	1,000	1,089	89
Miscellaneous	0	0	300	300
Total Revenues	<u>66,900</u>	<u>90,600</u>	<u>91,074</u>	<u>474</u>
EXPENDITURES				
Current:				
Culture and Recreation				
Economic Development	85,150	85,150	106,090	(20,940)
Total Expenditures	<u>85,150</u>	<u>85,150</u>	<u>106,090</u>	<u>(20,940)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,250)	5,450	(15,016)	(20,466)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	(18,250)	5,450	(15,016)	(20,466)
Fund Balances - Beginning	75,992	75,992	75,992	
Fund Balances - Ending	<u>\$57,742</u>	<u>\$81,442</u>	<u>\$60,976</u>	<u>(\$20,466)</u>

CITY OF PLEASANTON, TEXAS
 LIBRARY - MUELLER ESTATE
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$1,500	\$3,050	\$3,069	\$19
Total Revenues	1,500	3,050	3,069	19
EXPENDITURES				
Current:				
Culture and Recreation				
Library				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,500	3,050	3,069	19
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	1,500	3,050	3,069	19
Fund Balances - Beginning	242,250	242,250	242,250	
Fund Balances - Ending	\$243,750	\$245,300	\$245,319	\$19

CITY OF PLEASANTON, TEXAS
 LIBRARY MEMORIAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$0	\$260	\$260	\$0
Miscellaneous	50	0	8	8
Total Revenues	50	260	268	8
EXPENDITURES				
Current:				
Culture and Recreation				
Library	1,550	1,550	709	841
Total Expenditures	1,550	1,550	709	841
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(1,290)	(441)	849
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(1,500)	(1,290)	(441)	849
Fund Balances - Beginning	878	878	878	
Fund Balances - Ending	(\$622)	(\$412)	\$437	\$849

CITY OF PLEASANTON, TEXAS
 UTILITY CONSTRUCTION FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$10,000	\$13,100	\$13,229	\$129
Total Revenues	10,000	13,100	13,229	129
EXPENDITURES				
Capital Projects -				
Capital Outlay and Other	3,000	3,000	3,249	(249)
Total Expenditures	3,000	3,000	3,249	(249)
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,000	10,100	9,980	(120)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0	0	0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	7,000	10,100	9,980	(120)
Fund Balances - Beginning	43,806	43,806	43,806	
Fund Balances - Ending	\$50,806	\$53,906	\$53,786	(\$120)

