

**NOTICE OF REGULAR MEETING
CITY OF JOHNSON CITY
CITY COUNCIL**

NOTICE IS HEREBY GIVEN THAT THE COUNCIL MEMBERS OF THE CITY OF JOHNSON CITY, TEXAS, WILL HOLD A REGULAR MEETING ON:

TUESDAY, JANUARY 7, 2013
6:00 P.M. AT THE MUNICIPAL BUILDING,
CITY COUNCIL CHAMBERS
303 EAST PECAN STREET, JOHNSON CITY, TEXAS

1. Call to order
2. Public Comments and Announcements: *This is an opportunity for citizens to speak to Council relating to agenda or non-agenda items. Speakers are required to address Council at the podium and give their name before addressing their concerns. [Note: State law will not permit the City Council to discuss, debate or consider items that are not on the agenda. A limit of 3 minutes is allowed per citizen during public comment.*
3. Presentations:
 - a. Presentation: Police Department Update
 - b. Presentation: Economic Development Report/ Update
 - c. Presentation: Johnson City Chamber of Commerce
 - d. Presentation: Planning & Zoning Board
4. Approve Consent Agenda:
 - a. Approve the minutes from the December 3, 2013 Regular Meeting and the December 12, 2013 Special Called Meeting (Holland)
 - b. Invoices for payment. (Holland)
 - c. Financial Condition Report (Holland)
 - d. Utilities Report which includes: pumping, billing and lab reports. (Dockery)
 - e. Approve Ordinance # 14-0101 which established an Investment Policy for the City of Johnson City.

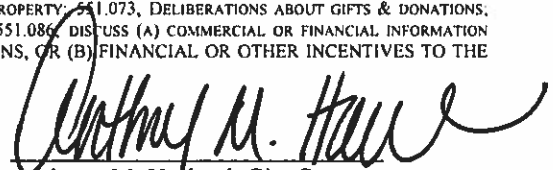
***Note- The items below are eligible for consideration and/or possible action:**

5. Approve the audit for year ending September 30, 2012.
6. Appoint members to the Economic Development Advisory Board.
7. Authorize the City Secretary to pay the accounts payable on a bi-weekly basis.
8. Select a bank, from the proposals submitted, for the City's banking depository services.
9. Provide City Staff with direction regarding paving Avenue 1.
10. Authorize the City Secretary to obtain refinancing for the 2012 Dodge Charger currently being used by the Police Department.

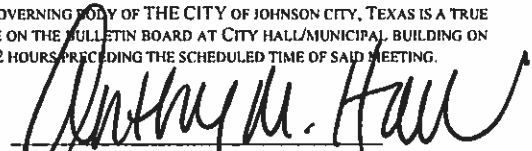
11. Appoint members to the Commercial Recycling Committee.
12. Authorize the City Administrator to cancel the CTRA Contract.
13. Assess and authorize the Mayor to act on agreements to provide uniform and janitorial services to the City.
 1. Uni-First Contract
 2. Cintas
14. Update regarding status of mediated settlement agreement:
 1. City of Johnson City vs. William L. Lindig & Peggy L. Lindig, 424th Judicial District Court, Blanco County, Texas
15. Adjourn

WE RESERVE THE RIGHT TO GO INTO EXECUTIVE SESSION REGARDING ANY OF THE ITEMS POSTED ON THIS AGENDA, PURSUANT TO SECTIONS 551.071, CONSULTATION WITH ATTORNEY; 551.072, DELIBERATIONS ABOUT REAL PROPERTY; 551.073, DELIBERATIONS ABOUT GIFTS & DONATIONS; 551.074, PERSONNEL MATTERS; 551.076, DELIBERATIONS ABOUT SECURITY DEVICES; AND/OR 551.086, DISCUSS (A) COMMERCIAL OR FINANCIAL INFORMATION RECEIVED FROM A BUSINESS PROSPECT WITH WHICH THE CITY IS CONDUCTING NEGOTIATIONS, OR (B) FINANCIAL OR OTHER INCENTIVES TO THE BUSINESS PROJECT.

DATED THIS THE 3RD DAY OF JANUARY 2014.


Anthony M. Holland, City Secretary

I, THE UNDERSIGNED AUTHORITY, DO HEREBY CERTIFY THAT THE ABOVE NOTICE OF MEETING OF THE GOVERNING BODY OF THE CITY OF JOHNSON CITY, TEXAS IS A TRUE AND CORRECT COPY OF SAID NOTICE AND THAT I POSTED A TRUE AND CORRECT COPY OF SAID NOTICE ON THE BULLETIN BOARD AT CITY HALL/MUNICIPAL BUILDING ON JANUARY 3, 2013 AT/OR BEFORE 6:00 P.M. AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING.


Anthony M. Holland, City Secretary



**CITY COUNCIL MEETING
CITY OF JOHNSON CITY
CONSENT AGENDA**

MEETING DATE: January 7, 2014

ITEM DESCRIPTION

NOTE: All matters listed under Consent Agenda are considered routine by the City Council of the City of Johnson City and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and considered separately.

Items to be considered are:

- a. Approve the minutes from the December 3, 2013 Regular Meeting and the December 12, 2013 Special Called Meeting (Holland)
- b. Invoices for payment. (Holland)
- c. Financial Condition Report (Holland)
- d. Utilities Report which includes: pumping, billing and lab reports. (Dockery)
- e. Approve Ordinance # 14-0101 which established an Investment Policy for the City of Johnson City.

RECOMMENDATIONS/COMMENTS

Approve Consent Agenda

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: Anthony Holland, City Secretary

DEPARTMENT: City Secretary's Office

ITEM

Approve the minutes from the December 3, 2013 Regular Meeting and the December 12, 2013 Special Called Meeting

ITEM BACKGROUND

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal:	YES: _____	NO: <u> X </u>
Approved by Legal:	YES: _____	NO: <u> X </u>

Comments:

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

<p style="text-align: center;">MINUTES CITY OF JOHNSON CITY CITY COUNCIL REGULAR MEETING</p>

1. CALL TO ORDER

The City Council Members of the City of Johnson City, Texas held a Regular Meeting on Tuesday, December 3, 2013 in the City Council Chambers located at City Hall, 303 E Pecan Drive, Johnson City Texas.

City Council members present were: Mayor Dawn Capra, Mayor Pro-Tem Rhonda Stell, Mitchell Liesmann, Pat Dildine, Mary Salazar (until 6:45P.M.). A quorum was present.

Mayor Dawn Capra called the meeting to order at 6:00 p.m.

City staff members present were City Administrator David Dockery, City Secretary Anthony Holland and City Attorney Cathy Riedel.

ITEM 1A – PUBLIC COMMENTS AND ANNOUNCEMENTS

No public comments or announcements were given.

2. PRESENTATIONS AND PROCLAMATIONS:

a. PROCLAMATION: JOEL & NORMA HONEYCUTT REGARDING LIGHTS SPECTACULAR

Mayor Dawn Capra presented a proclamation to Joel & Norma Honeycutt honoring their contribution to Lights Spectacular.

b. PROCLAMATION: RHONDA STELL REGARDING LIGHTS SPECTACULAR

Mayor Capra presented a proclamation to Rhonda Stell honoring her contribution to Lights Spectacular.

c. PRESENTATION: POLICE DEPARTMENT UPDATE:

Chief Randy Holland provided the City Council a departmental update. He also noted that the department had received a total of 127 calls in the month of November 2013.

d. PRESENTATION: ECONOMIC DEVELOPMENT REPORT/UPDATE:

No presentation was given.

The City Council instructed the City Secretary to place the Chamber of Commerce, Planning & Zoning and the Economic Development Board on all future regular City Council agendas.

3. **APPROVE CONSENT AGENDA:**
 - A. **APPROVE THE MINUTES FROM THE NOVEMBER 5, 2013 REGULAR MEETING AND THE NOVEMBER 18, 2013 SPECIAL CALLED MEETING.**
 - B. **INVOICES FOR PAYMENT**
 - C. **FINANCIAL CONDITION REPORT**
 - D. **UTILITIES REPORT WHICH INCULDES: PUMPING, BILLING AND LAB REPORTS.**
 - E. **APPROVE THE RESOLUTION AUTHORIZING THE CITY SECRETARY TO BE AN AUTHORIZED REPRESENTATIVE ON THE CITY'S TEXPOOL ACCOUNTS.**

Mayor Pro-Tem Rhonda Stell made a motion to approve the items under consent agenda and noted that four items on the November 5, 2013 minutes needed to be corrected to reflect: Council Member Liesmann was present at that meeting, the spelling of a citizens name be corrected, Todd Kneese's salary increase should properly reflect certification pay, update information regarding internal controls to properly reflect that no resolution was passed. Mitchell Liesmann seconded the motion and the motion carried unanimously.

4. **(PREVIOUSLY ITEM 6) DISCUSSION REGARDING RECYCLING CENTER**

Mayor Capra provided an update on the materials sent for testing from the Recycling Center. Mr. Capra with ALS Environmental updated the City Council on the test results.

5. **(PREVIOUSLY ITEM 4) DISCUSSION AND ACTION TO APPROVE ORDINANCE #13-1201 ESTABLISHING THE ECONOMIC DEVELOPMENT ADVISORY BOARD**

Council Member Pat Dildine made a motion to approve Ordinance #13-1201 with the amendments that were provided to the City Attorney which include: the board would consist of no less than 7 but no more than 9 members, the language regarding what criteria volunteers had to meet in order to serve on the EDAB was updated. Additionally, the ordinance would adopt the current board and as seats would become available the nepotism rule would take effect. Mitchell Liesmann seconded the motion and the motion was carried unanimously.

6. **(PREVIOUSLY ITEM 5) DISCUSSION AND ACTION REGARDING POSSIBLE FUNDING FOR STONEWALL HEAD START**

Center Director Kimberly Porter asked the City Council for funding which would help the Stonewall Head Start located in Johnson City. Funding would help add two classrooms and would help broaden the age group they served. Pat Dildine made a motion to forgive the trash bill and provide \$1500.00 in outside agency funding. Mitchell Liesmann seconded the motion and the motion carried unanimously.

7. DISCUSSION AND ACTION REGARDING THE APPOINTMENT OF WARREN VILMAIRE TO THE CITY OF JOHNSON CITY'S PLANNING & ZONING BOARD.

City Administrator David Dockery updated the City Council on the recommendation of Warren Vilmaire from the P&Z's December 2, 2013 meeting. It was also mentioned that City Attorney Cathy Riedel and City Planner would provide the P&Z board training at their next regular meeting which is slated for January 28, 2014 at 6:00 p.m. Rhonda Stell made a motion to appoint Warren Vilmaire to the Planning & Zoning board. Pat Dildine seconded the motion and the motion carried unanimously.

8. DISCUSSION AND ACTION REGARDING THE SELECTION OF A BANK, FROM THE PROPOSALS SUBMITTED, FOR THE CITY'S BANKING DEPOSITORY SERVICES.

Discussion was held regarding the cost associated with the one RFP the City received from Cattleman's National Bank. Rhonda Stell made a motion to deny the current RFP and to repost the ad in the Johnson City Courier and in the Blanco County Newspaper with an extended deadline of December 23, 2013. Pat Dildine seconded the motion and the motion carried unanimously.

9. DISCUSSION AND ACTION REGARDING THE CITY'S CERTIFICATE OF DEPOSIT.

Rhonda Stell made a motion authorizing City Staff to open two savings accounts at Johnson City Bank and deposit ninety two thousand for the settlement in one account and the remaining funds from the certificate of deposit in another special savings account until such later date where a bank is selected from the RFP's for depository services. Pat Dildine seconded the motion and the motion carried unanimously.

AT 7:37 P.M. THE CITY COUNCIL ADJORNED FROM REGULAR SESSION TO A PUBLIC HEARING

10. PUBLIC HEARING: DISCUSS THE ADOPTION AND SUBMISSION OF A MASTER PARKS, RECREATION AND OPEN SPACE PLAN TO THE TEXAS PARKS AND WILDLIFE DEPARTMENT.

A comment from Becca Renaud was made regarding a skate park in Johnson City. No further comments were made during the public hearing.

AT 7:54 P.M. THE CITY COUNCIL ADJOURNED FROM THE PUBLIC HEARING AND RECONVENED INTO REGULAR SESSION

11. DISCUSSION AND ACTION REGARDING THE ADOPTION AND SUBMISSION OF A MASTER PARKS, RECREATION AND OPEN SPACE PLAN TO THE TEXAS PARKS AND WILDLIFE DEPARTMENT.

Pat Dildine made a motion to adopt the Master Parks, Recreation and Open Space Plan and requested that Grant Development Services submit the plan to the Texas Parks and Wildlife Department. Mitchell Liesmann seconded the motion and the motion carried unanimously.

12. DISCUSSION AND ACTION TO APPROVE A BUDGET TRANSFER IN THE AMOUNT OF \$2,000 FROM THE VACATION/HOLIDAY PAY TO THE RESERVE REIMBURSEMENT ACCOUNT.

Chief Holland asked the City Council to approve the budget transfer which would have a net effect of zero dollars to the overall budget. Rhonda Stell made a motion to approve the budget transfer of \$2,000 from the Vacation/Holiday Pay line item to the Reserve Reimbursement account. Mitchell Liesmann seconded the motion and the motion carried unanimously.

13. ADJORN

Mayor Capra adjourned the meeting at 7:57 p.m.

ATTEST:

CITY OF JOHNSON CITY, TEXAS:

ANTHONY HOLLAND, CITY SECRETARY

DAWN CAPRA, MAYOR

MINUTES
CITY OF JOHNSON CITY
CITY COUNCIL SPECIAL CALLED MEETING

1. CALL TO ORDER

The City Council Members of the City of Johnson City, Texas held a Special Called Meeting on Thursday, December 12, 2013 at 6:00 P.M. in the City Council Chambers located at City Hall, 303 E Pecan Drive, Johnson City Texas.

City Council members present were: Mayor Dawn Capra and Council Members: Pat Dildine, Mary Salazar, Alyce Duncan and Mitchell Liesmann. Rhonda Stell was absent.

Mayor Dawn Capra called the meeting to order at 6:00 p.m.

City staff members present were City Secretary Anthony Holland and City Attorney Cathy Riedel.

2. EXECUTIVE SESSION:

A. INCIDENT AT JOHNSON CITY BANK THAT OCCURRED WHEN OPENING THE SAVINGS ACCOUNTS ON DECEMBER 4, 2013.

B. RECONSIDERATION AND POSSIBLE ACTION REGARDING THE SELECTION OF A BANK FROM THE PROPOSALS SUBMITTED, FOR THE CITY'S BANKING DEPOSITORY SERVICES.

C. UPDATE REGARDING STATUS OF MEDIATES SETTLEMENT AGREEMENT: CITY OF JOHNSON CITY VS. WILLIAM LINDIG & PEGGY LINDIG, 424TH JUDICIAL COURT, BLANCO COUNTY, TEXAS

Mayor Capra entered into executive session at 6:01 P.M. and reconvened into open session at 7:03 P.M.

3. INCIDENT AT JOHNSON CITY BANK THAT OCCURRED WHEN OPENING THE SAVINGS ACCOUNTS ON DECEMBER 4, 2013.

No action was taken.

4. RECONSIDERATION AND POSSIBLE ACTION REGARDING THE SELECTION OF A BANK FROM THE PROPOSALS SUBMITTED, FOR THE CITY'S BANKING DEPOSITORY SERVICES.

Council Member Mitchell Liesmann made a motion to amend the RFP to only allow Johnson City banks to submit RFP's to the City and also to extend the deadline for

submitting RFP's to the City to January 9, 2014. Mary Salazar seconded the motion and the motion carried.

5. UPDATE REGARDING STATUS OF MEDIATES SETTLEMENT AGREEMENT: CITY OF JOHNSON CITY VS. WILLIAM LINDIG & PEGGY LINDIG, 424TH JUDICIAL COURT, BLANCO COUNTY, TEXAS

No action taken.

6. ADJORN

Mayor Capra adjourned the meeting at 7:10 p.m.

ATTEST:

CITY OF JOHNSON CITY, TEXAS:

ANTHONY HOLLAND, CITY SECRETARY

DAWN CAPRA, MAYOR

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2013

NAME & TITLE: Anthony Holland, City Secretary

DEPARTMENT: City Secretary's Office

ITEM

Approve invoices for payment.

ITEM BACKGROUND

BUDGET/FINANCIAL SUMMARY

COMPREHENSIVE PLAN GOAL

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X
Approved by Legal: YES: _____ NO: X

Comments:

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

11:03 AM

01/03/14

Accrual Basis

General - City of Johnson City

Custom Transaction Detail Report

December 1, 2013 through January 3, 2014

Date	Num	Name	Split	Amount	Balance
Dec 1, '13 - Jan 3, 14					
12/01/2013		Johnson City Mini Storage	29-1000 · Perry Mu...	42.00	42.00
12/03/2013	Dece...	Norman, Cecelia	21-6060 · Contract ...	120.00	162.00
12/03/2013	17091	Norman, Cecelia	11-1002 · A Checki...	120.00	42.00
12/03/2013	11/4-...	Texas Fleet Fuel, Ltd.	21-6716 · Fuel - PD	334.31	376.31
12/03/2013	11/11...	Texas Fleet Fuel, Ltd.	-SPLIT-	358.86	735.17
12/03/2013	10/28...	Texas Fleet Fuel, Ltd.	21-6716 · Fuel - PD	297.42	1,032.59
12/03/2013		Odiome Feed & Ranch Su...	Repairs & Paving	99.85	1,132.44
12/03/2013	1121-...	Blanco Heating and Cooling	25-1002 · Utilities	192.00	1,324.44
12/03/2013	c0377...	Humana Specialty Benefits	-SPLIT-	87.52	1,411.96
12/03/2013	11-20...	Illinois Mutual Life Insuranc...	-SPLIT-	126.48	1,538.44
12/03/2013		Illinois Mutual Life Insuranc...	-SPLIT-	326.05	1,864.49
12/03/2013		Texas Social Security Progr...	20-1013 · New Hire...	17.50	1,881.99
12/03/2013	0866...	Cintas	-SPLIT-	107.17	1,989.16
12/03/2013	1000...	Pedemales Electric CoOp	26-1004 · Electricit...	3,737.35	5,726.51
12/03/2013	0866...	Cintas	-SPLIT-	125.13	5,851.64
12/03/2013	0866...	Cintas	-SPLIT-	109.29	5,960.93
12/03/2013	8668...	Cintas	-SPLIT-	125.13	6,086.06
12/03/2013		Bureau Veritas	-SPLIT-	958.68	7,044.74
12/03/2013		Verizon	-SPLIT-	598.79	7,643.53
12/05/2013		Blanco County Sheriff's Dept.	21-6710 · Dispatchi...	500.00	8,143.53
12/05/2013		Internal Revenue Service	Internal Revenue S...	810.42	8,953.95
12/05/2013	17092	Internal Revenue Service	11-1002 · A Checki...	810.42	8,143.53
12/05/2013		TX Child Support SDU	21-2119 · Child Su...	364.61	8,508.14
12/05/2013	17093	TX Child Support SDU	11-1002 · A Checki...	364.61	8,143.53
12/05/2013	17133	Card Service Center	11-1002 · A Checki...	1,055.26	7,088.27
12/05/2013		Tennlex	Recycling Center O...	0.00	7,088.27
12/06/2013		Williamson, Keith	21-6726 · Reserve ...	100.00	7,188.27
12/06/2013	17094	Williamson, Keith	11-1002 · A Checki...	100.00	7,088.27
12/06/2013	17096	Chamber of Commerce	11-1002 · A Checki...	0.00	7,088.27
12/06/2013		Pat's Temporary Agency	21-6060 · Contract ...	195.84	7,284.11
12/06/2013	17132	ALS Groups USA, Corp	11-1002 · A Checki...	836.78	6,447.33
12/06/2013	17131	Blanco County	11-1002 · A Checki...	500.00	5,947.33
12/06/2013	17130	Blanco Heating and Cooling	11-1002 · A Checki...	384.00	5,563.33
12/06/2013	17129	Bojorquez Law Firm, PC	11-1002 · A Checki...	8,096.60	2,533.27
12/06/2013	17128	Bureau Veritas	11-1002 · A Checki...	958.68	3,491.95
12/06/2013	17127	Cintas	11-1002 · A Checki...	466.72	3,958.67
12/06/2013	17126	Commercial Alternator	11-1002 · A Checki...	89.88	4,048.55
12/06/2013	17125	Hobbs Tire Service	11-1002 · A Checki...	15.00	4,063.55
12/06/2013	17124	Humana Specialty Benefits	11-1002 · A Checki...	87.52	4,151.07
12/06/2013	17123	Illinois Mutual Life Insuranc...	11-1002 · A Checki...	452.53	4,603.60
12/06/2013	17122	Johnson City Mini Storage	11-1002 · A Checki...	42.00	4,645.60
12/06/2013	17121	Johnson City Record Courier	11-1002 · A Checki...	200.00	4,845.60
12/06/2013	17120	KLBG Computer Services L...	11-1002 · A Checki...	907.14	5,752.74
12/06/2013	17119	Leslie's Pool Supplies	11-1002 · A Checki...	0.00	4,645.60
12/06/2013	17118	Lowes	11-1002 · A Checki...	258.70	4,845.60
12/06/2013	17117	Marble Falls Electric Inc.	11-1002 · A Checki...	695.00	6,011.44
12/06/2013	17116	Odiome Feed & Ranch Su...	11-1002 · A Checki...	133.75	6,706.44
12/06/2013	17115	Pat's Temporary Agency	11-1002 · A Checki...	195.84	7,036.03

4B-1

11:03 AM

01/03/14

Accrual Basis

General - City of Johnson City

Custom Transaction Detail Report

December 1, 2013 through January 3, 2014

Date	Num	Name	Split	Amount	Balance
12/06/2013	17114	Pedernales Electric CoOp	11-1002 · A Checki...	3,737.35-	10,773.38-
12/06/2013	17113	Progressive Waste Solution...	11-1002 · A Checki...	16,916.02-	27,689.40-
12/06/2013	17112	Tennflex	11-1002 · A Checki...	480.00-	28,169.40-
12/06/2013	17111	Texas Fleet Fuel, Ltd.	11-1002 · A Checki...	990.59-	29,159.99-
12/06/2013	17110	Texas Social Security Progr...	11-1002 · A Checki...	17.50-	29,177.49-
12/06/2013	17109	TML- IEBP	11-1002 · A Checki...	17,325.54-	46,503.03-
12/06/2013	17108	Verizon	11-1002 · A Checki...	598.79-	47,101.82-
12/06/2013	17107	Verizon Wireless	11-1002 · A Checki...	296.66-	47,398.48-
12/06/2013	17106	Xerox Corporation	11-1002 · A Checki...	92.60-	47,491.08-
12/06/2013		Chamber of Commerce	42-1002 · Funding -...	3,281.50	44,209.58-
12/06/2013	17097	Chamber of Commerce	11-1002 · A Checki...	0.00	44,209.58-
12/12/2013		City of Johnson City	11-1001 · General ...	1,000.00	43,209.58-
12/13/2013		TML- IEBP	-SPLIT-	3,745.18	39,464.40-
12/13/2013	Dece...	City of Johnson City	11-1002 · A Checki...	1,000.00-	40,464.40-
12/13/2013	17138	Odiome Feed & Ranch Su...	Recycle Equipment...	27.00	40,437.40-
12/18/2013	DOC ...	Odiome Feed & Ranch Su...	26-1005 · Maintena...	33.90	40,403.50-
12/18/2013	DOC ...	Gott, David	21-6665 · Court Se...	120.00	40,283.50-
12/18/2013	1773...	Ronnie's Ice House	-SPLIT-	38.28	40,245.22-
12/18/2013	801094	Ronnie's Ice House	-SPLIT-	44.66	40,200.56-
12/18/2013	804086	Card Service Center	-SPLIT-	140.37	40,060.19-
12/18/2013	Act E...	Bojorquez Law Firm, PC	40-1002 · Legal Se...	8,779.56	31,280.63-
12/18/2013	4228	McKamie, William M.	40-1002 · Legal Se...	906.12	30,374.51-
12/18/2013	8171	Bureau Veritas	21-6008 · Inspectio...	520.65	29,853.86-
12/18/2013	1208...	Bureau Veritas	21-6008 · Inspectio...	76.92	29,776.94-
12/18/2013	1212...	ETS Corporation	21-6671 · Municipal...	13.13	29,763.81-
12/18/2013	Act # ...	KLBG Computer Services L...	20-1001 · Office Eq...	100.00	29,663.81-
12/18/2013	69	Progressive Waste Solution...	21-6800 · Garbage ...	18,586.05	11,077.76-
12/18/2013	Inv 17...	Taser International	21-6714 · Equipme...	132.80	10,944.96-
12/18/2013	SI134...	Proforma	21-6717 · Office Su...	258.19	10,686.77-
12/18/2013	90M9...	Aqua Beverage Company	21-6724 · Bldg Utili...	25.92	10,660.85-
12/18/2013	Inv# 3...	H.A. Denmark	-SPLIT-	150.00	10,510.85-
12/18/2013	01	Felps Automotive	-SPLIT-	391.64	10,119.21-
12/18/2013	15522	Bureau Veritas	21-6008 · Inspectio...	797.85	9,321.36-
12/18/2013	1208...	Bureau Veritas	21-6008 · Inspectio...	797.85	8,523.51-
12/18/2013	1208...	Blanco County Appraisal Dist.	21-6202 · Blanco C...	3,629.00	4,894.51-
12/18/2013	1st Q...	Jerry Spears	21-6705 · Lighted ...	100.00	4,794.51-
12/18/2013	Inv 51...	Express Care	21-6702 · Automob...	112.86	4,681.65-
12/18/2013	3716...	Express Care	21-6702 · Automob...	72.87	4,608.78-
12/18/2013	3716...	Gulf Coast Paper Co. Inc.	-SPLIT-	596.52	4,012.26-
12/18/2013	Inv 67...	Municipal Services Bureau	-SPLIT-	189.90	3,822.36-
12/18/2013	548221	Commercial Alternator	Maintenance	34.22	3,788.14-
12/18/2013	10113	Tyler Technologies	21-6653 · Technolo...	900.00	2,888.14-
12/18/2013	025-8...	Xerox Corporation	-SPLIT-	198.49	2,689.65-
12/18/2013	0715...	Reliable Tire Disposal	Tire Disposal	498.50	2,191.15-
12/18/2013	1034	Grant Development Services	11-1004 · Grant Se...	1,000.00	1,191.15-
12/18/2013	2013-...	Aqua Beverage Company	40-1002 · A Checki...	25.92-	1,217.07-
12/18/2013	17140	Blanco County Appraisal Dist.	11-1002 · A Checki...	3,629.00-	4,846.07-
12/18/2013	17141	Bojorquez Law Firm, PC	11-1002 · A Checki...	8,779.56-	13,625.63-
12/18/2013	17142	Card Service Center	11-1002 · A Checki...	140.37-	13,766.00-
12/18/2013	17143				

4B-2

11:03 AM

01/03/14

Accrual Basis

General - City of Johnson City

Custom Transaction Detail Report

December 1, 2013 through January 3, 2014

Date	Num	Name	Split	Amount	Balance
12/18/2013	17144	Commercial Alternator	11-1002 · A Checki...	34.22-	13,800.22-
12/18/2013	17145	East Main Grill	11-1002 · A Checki...	0.00	13,800.22-
12/18/2013	17146	ETS Corporation	11-1002 · A Checki...	13.13-	13,813.35-
12/18/2013	17147	Express Care	11-1002 · A Checki...	185.73-	13,999.08-
12/18/2013	17148	Felps Automotive	11-1002 · A Checki...	391.64-	14,390.72-
12/18/2013	17149	Gott, David	11-1002 · A Checki...	120.00-	14,510.72-
12/18/2013	17150	Grant Development Services	11-1002 · A Checki...	1,000.00-	15,510.72-
12/18/2013	17151	Gulf Coast Paper Co. Inc.	11-1002 · A Checki...	596.52-	16,107.24-
12/18/2013	17152	H.A. Denmark	11-1002 · A Checki...	150.00-	16,257.24-
12/18/2013	17153	Jerry Spears	11-1002 · A Checki...	100.00-	16,357.24-
12/18/2013	17154	KLBG Computer Services L...	11-1002 · A Checki...	100.00-	16,457.24-
12/18/2013	17155	McKamie, William M.	11-1002 · A Checki...	906.12-	17,363.36-
12/18/2013	17156	Municipal Services Bureau	11-1002 · A Checki...	189.90-	17,553.26-
12/18/2013	17157	Odiome Feed & Ranch Su...	11-1002 · A Checki...	60.90-	17,614.16-
12/18/2013	17158	Proforma	11-1002 · A Checki...	258.19-	17,872.35-
12/18/2013	17159	Progressive Waste Solution...	11-1002 · A Checki...	18,586.05-	36,458.40-
12/18/2013	17160	Reliable Tire Disposal	11-1002 · A Checki...	498.50-	36,956.90-
12/18/2013	17161	Ronnie's Ice House	11-1002 · A Checki...	82.94-	37,039.84-
12/18/2013	17162	Taser International	11-1002 · A Checki...	132.80-	37,172.64-
12/18/2013	17163	Tenntex	11-1002 · A Checki...	0.00	37,172.64-
12/18/2013	17164	TML- IEBP	11-1002 · A Checki...	3,745.18-	40,917.82-
12/18/2013	17165	Tyler Technologies	11-1002 · A Checki...	0.00	40,917.82-
12/18/2013	17166	Xerox Corporation	11-1002 · A Checki...	198.49-	41,116.31-
12/19/2013	Dec 3-5	Thon Overstreet	21-6726 · Reserve ...	150.00	40,966.31-
12/19/2013	Dec ...	Williamson, Keith	21-6726 · Reserve ...	100.00	40,866.31-
12/19/2013	8285...	Scallorn Garrett	21-6726 · Reserve ...	200.00	40,666.31-
12/19/2013	Dec ...	Thompson West	20-1004 · Dues an...	57.00	40,609.31-
12/19/2013	70	TML- IEBP	21-6092 · Retirement ...	388.80	40,220.51-
12/19/2013	Dec ...	Humana Specialty Benefits	21-6703 · Compute...	239.64	39,980.87-
12/19/2013	17168	Bureau Veritas	-SPLIT-	87.52	39,893.35-
12/19/2013	17169	Humana Specialty Benefits	11-1002 · A Checki...	2,193.27-	42,086.62-
12/19/2013	17170	KLBG Computer Services L...	11-1002 · A Checki...	87.52-	42,174.14-
12/19/2013	17171	Scallorn Garrett	11-1002 · A Checki...	239.64-	42,413.78-
12/19/2013	17172	Thompson West	11-1002 · A Checki...	200.00-	42,613.78-
12/19/2013	17173	Thon Overstreet	11-1002 · A Checki...	57.00-	42,670.78-
12/19/2013	17174	TML- IEBP	11-1002 · A Checki...	150.00-	42,820.78-
12/19/2013	17175	Tyler Technologies	11-1002 · A Checki...	388.80-	43,209.58-
12/19/2013	17176	Williamson, Keith	11-1002 · A Checki...	900.00-	44,109.58-
12/19/2013	17177	Chamber of Commerce	11-1002 · A Checki...	100.00-	44,209.58-
12/30/2013	17179	Marian Hoy	11-1012 · Economi...	3,281.50-	47,491.08-
12/30/2013	5060-...	Norman, Cecelia	41-1012 · Economi...	123.09	47,367.99-
01/02/2014	17180	Norman, Cecelia	11-1002 · A Checki...	123.09-	47,491.08-
01/02/2014	17181	TX Child Support SDU	21-6060 · Contract ...	150.00	47,341.08-
01/02/2014		TX Child Support SDU	11-1002 · A Checki...	150.00-	47,491.08-
01/02/2014		TX Child Support SDU	21-2119 · Child Su...	364.61	47,126.47-
01/02/2014		TX Child Support SDU	11-1002 · A Checki...	364.61-	47,491.08-
Dec 1, '13 - Jan 3, 14				47,491.08-	47,491.08-

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01/03/14

Accrual Basis

System-City of Johnson City

Custom Transaction Detail Report

December 2, 2013 through January 3, 2014

Date	Name	Account	Split	Amount	Balance
Dec 2, '13 - Jan 3, 14					
12/02/2013	Environmental Safe...	2005 · Accounts Payable	1006 · A Chec...	0.00	0.00
12/02/2013	LJA Engineering	2005 · Accounts Payable	1006 · A Chec...	0.00	0.00
12/02/2013	Pedernales Electric ...	2005 · Accounts Payable	6312 · Utilities...	1,626.50	1,626.50
12/02/2013	Texas Social Sucuri...	2005 · Accounts Payable	6103 · Retire...	17.50	1,644.00
12/02/2013	Odiorne Feed Supply	2005 · Accounts Payable	6116 · Plant O...	8.00	1,652.00
12/02/2013	Humana Specialty ...	2005 · Accounts Payable	-SPLIT-	44.54	1,696.54
12/02/2013	Humana Specialty ...	2005 · Accounts Payable	-SPLIT-	0.00	1,696.54
12/03/2013	Odiorne Feed Supply	2005 · Accounts Payable	6306 · Plant O...	99.85	1,796.39
12/03/2013	Cintas	2005 · Accounts Payable	6310 · Unifor...	61.99	1,858.38
12/03/2013	Norman, Cecilia	2005 · Accounts Payable	6115 · Contra...	425.00	2,283.38
12/03/2013	Norman, Cecilia	2005 · Accounts Payable	1006 · A Chec...	425.00	2,408.38
12/03/2013	Cintas	2005 · Accounts Payable	6310 · Unifor...	61.99	1,920.37
12/03/2013	Cintas	2005 · Accounts Payable	6115 · Contra...	61.99	1,982.36
12/03/2013	Cintas	2005 · Accounts Payable	6115 · Contra...	79.95	2,062.31
12/03/2013	Texas Fleet Fuel, Ltd.	2005 · Accounts Payable	6307 · fuel	78.53	2,140.84
12/03/2013	Texas Fleet Fuel, Ltd.	2005 · Accounts Payable	6307 · fuel	267.94	2,408.78
12/03/2013	Texas Fleet Fuel, Ltd.	2005 · Accounts Payable	6307 · fuel	9.14	2,417.92
12/06/2013	Bojorquez Law Firm...	2005 · Accounts Payable	1006 · A Chec...	8,096.59	5,678.67
12/06/2013	Cintas	2005 · Accounts Payable	1006 · A Chec...	277.92	5,956.59
12/06/2013	DPC Industries	2005 · Accounts Payable	1006 · A Chec...	2,060.18	8,016.77
12/06/2013	Fort Bend Services,...	2005 · Accounts Payable	1006 · A Chec...	1,056.25	9,073.02
12/06/2013	Humana Specialty ...	2005 · Accounts Payable	1006 · A Chec...	0.00	9,073.02
12/06/2013	KLBG COMPUTER ...	2005 · Accounts Payable	1006 · A Chec...	0.00	9,073.02
12/06/2013	Lone Star Overnight	2005 · Accounts Payable	1006 · A Chec...	16.85	9,089.87
12/06/2013	Lowe's Pay & Save ...	2005 · Accounts Payable	1006 · A Chec...	536.13	9,626.00
12/06/2013	McKamie Krueger, ...	2005 · Accounts Payable	1006 · A Chec...	1,613.21	11,239.21
12/06/2013	NAPA Auto Parts	2005 · Accounts Payable	1006 · A Chec...	131.22	11,370.43
12/06/2013	NELtronics, LLC	2005 · Accounts Payable	1006 · A Chec...	211.64	11,582.07
12/06/2013	Odessa Pumps	2005 · Accounts Payable	1006 · A Chec...	135.12	11,717.19
12/06/2013	Odiorne Feed Supply	2005 · Accounts Payable	1006 · A Chec...	126.60	11,843.79
12/06/2013	Pedernales Electric ...	2005 · Accounts Payable	1006 · A Chec...	1,626.50	13,470.29
12/06/2013	Pollution Control Se...	2005 · Accounts Payable	1006 · A Chec...	469.57	13,939.86
12/06/2013	RVS Software	2005 · Accounts Payable	1006 · A Chec...	975.00	14,914.86
12/06/2013	Southeastern Freig...	2005 · Accounts Payable	1006 · A Chec...	76.45	14,991.31
12/06/2013	Texas Commission ...	2005 · Accounts Payable	1006 · A Chec...	3,265.46	18,256.77
12/06/2013	Texas Fleet Fuel, Ltd.	2005 · Accounts Payable	1006 · A Chec...	626.34	18,883.11
12/06/2013	Texas Social Sucuri...	2005 · Accounts Payable	1006 · A Chec...	17.50	18,900.61
12/06/2013	Verizon Wireless	2005 · Accounts Payable	1006 · A Chec...	289.29	19,189.90
12/06/2013	Water Tank Inspect...	2005 · Accounts Payable	1006 · A Chec...	750.00	19,939.90
12/06/2013	Xerox Corporation	2005 · Accounts Payable	1006 · A Chec...	92.59	20,032.49
12/06/2013	TML - IEBP	2005 · Accounts Payable	-SPLIT-	0.00	20,032.49
12/06/2013	Humana Specialty ...	2005 · Accounts Payable	-SPLIT-	0.00	20,032.49
12/06/2013	Humana Specialty ...	2005 · Accounts Payable	1006 · A Chec...	44.54	20,077.03
12/06/2013	TML - IEBP	2005 · Accounts Payable	1006 · A Chec...	2,460.56	22,537.59
12/06/2013	Humana Specialty ...	2005 · Accounts Payable	1006 · A Chec...	0.00	22,537.59
12/06/2013	TML - IEBP	2005 · Accounts Payable	1006 · A Chec...	0.00	22,537.59
12/09/2013	Illinois Mutual Life I...	2005 · Accounts Payable	-SPLIT-	81.68	22,455.91
12/09/2013	Illinois Mutual Life I...	2005 · Accounts Payable	-SPLIT-	103.68	22,352.23
12/09/2013	Illinois Mutual Life I...	2005 · Accounts Payable	1006 · A Chec...	185.36	22,537.59
12/16/2013	Humana Specialty ...	2005 · Accounts Payable	-SPLIT-	44.54	22,493.05
12/16/2013	TML - IEBP	2005 · Accounts Payable	-SPLIT-	2,460.56	20,032.49
12/16/2013	Odiorne Feed Supply	2005 · Accounts Payable	6306 · Plant O...	18.75	20,013.74
12/16/2013	Odiorne Feed Supply	2005 · Accounts Payable	6306 · Plant O...	8.00	20,005.74
12/20/2013	Grant Development ...	2005 · Accounts Payable	6805 · CDBG ...	1,000.00	19,005.74
12/20/2013	Grant Development ...	2005 · Accounts Payable	6805 · CDBG ...	500.00	18,505.74
12/20/2013	Grant Development ...	2005 · Accounts Payable	1006 · A Chec...	500.00	19,005.74
12/20/2013	Grant Development ...	2005 · Accounts Payable	1006 · A Chec...	1,000.00	20,005.74
01/02/2014	Norman, Cecilia	2005 · Accounts Payable	6115 · Contra...	425.00	19,580.74
01/02/2014	Norman, Cecilia	2005 · Accounts Payable	1006 · A Chec...	425.00	20,005.74
Dec 2, '13 - Jan 3, 14				20,005.74	20,005.74

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**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: Anthony Holland, City Secretary

DEPARTMENT: City Secretary's Office

ITEM

Approve the Financial Condition Report.

ITEM BACKGROUND

BUDGET/FINANCIAL SUMMARY

COMPREHENSIVE PLAN GOAL

LEGAL REVIEW

Sent to Legal: YES: _____ NO: _____
Approved by Legal: YES: _____ NO: _____

Comments:

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: David Dockery, City Administrator

DEPARTMENT: Public Works

ITEM

Approve Utilities Report which includes: pumping, billing and lab reports.

ITEM BACKGROUND

BUDGET/FINANCIAL SUMMARY

COMPREHENSIVE PLAN GOAL

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X
Approved by Legal: YES: _____ NO: X

Comments:

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: Anthony Holland, City Secretary

DEPARTMENT: City Secretary's Office

ITEM

Approve Ordinance # 14-0101 which established an Investment Policy for the City of Johnson City.

ITEM BACKGROUND

BUDGET/FINANCIAL SUMMARY

COMPREHENSIVE PLAN GOAL

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X
Approved by Legal: YES: _____ NO: X

Comments:

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: Anthony Holland, City Secretary

DEPARTMENT: City Secretary's Office

ITEM

Approve the draft audit for year ending September 30, 2012

ITEM BACKGROUND

On December 2, 2013 Neffendorf, Knopp, Doss & Company, P.C. submitted their independent auditors report to the City of Johnson City for period ending September 30, 2012.

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X

Approved by Legal: YES: _____ NO: X

Comments: N/A

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

DRAFT

REPORT OF EXAMINATION

**CITY OF
JOHNSON CITY**

Johnson City, Texas

**For the Year Ended
September 30, 2012**

DRAFT

CITY OF JOHNSON CITY, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012

CITY OF JOHNSON CITY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

DRAFT

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NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

Certified Public Accountants

P.O. BOX 874 • 736 S. WASHINGTON ST.
FREDERICKSBURG, TEXAS 78624-0874
(830) 997-3348

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Email: nkhd@austin.rr.com

DRAFT

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Mayor and Aldermen
City of Johnson City, Texas
Johnson City, TX 78636

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Johnson City, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Johnson City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Johnson City, as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013, on our consideration of the City of Johnson City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis (pages 3 – 8), budgetary comparison information (page 35), and the Schedule of Funding Progress for the Retirement Plan (page 36), are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

November 4, 2013

CITY OF JOHNSON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Johnson City, we offer readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the year ended September 30, 2012. Please read it in conjunction with the independent auditors' report on page 1, and City's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,332,853 (net assets). Of this amount, \$1,082,633 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's net assets increased by \$84,407 as a result of this year's operations.
- At September 30, 2012, the City's governmental funds reported combined ending fund balances of \$732,487, an increase of \$10,433 in comparison with the prior year.
- At September 30, 2012, the City's Water and Sewer Fund reported net assets of \$4,555,799, a decrease of \$17,713 in comparison with the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (beginning on page 12) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 21) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (operating fund) is presented as required supplementary information on page 35.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net assets and changes in them. The City's net assets (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider other factors as well, such as changes in the City's customers or its property tax base and the condition of the City's facilities.

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

- **Governmental activity** - Most of the City's basic services are reported here, including the public safety, public works, municipal court and administration. Property taxes, user charges, sales tax and franchise tax finance most of these activities.
- **Business-type activity** - The City's water and sewer system is reported as a business-type activity since the fees charged to customers cover the cost of services provided.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

The City has two kinds of funds:

- **Governmental funds** - All of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in Note 11 to the financial statements.
- **Proprietary funds** - Services for which the City charges customers a fee are generally reported in proprietary funds. The City's enterprise fund (Water and Sewer) is a business-type activity and provides both long and short-term financial information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the City's governmental and business-type activities.

Net assets of the City's governmental activities increased from \$674,934 to \$777,054. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$356,024 at September 30, 2012. This increase in governmental net assets was the result of three factors. First, the City's revenues exceeded the expenditures by \$10,433. Second, the City paid principal on long-term debt in the amount of \$72,232 and acquired capital assets in the amount of \$93,548. Third, the City recorded depreciation in the amounts of \$67,318.

Net assets of the City's business-type activities decreased from \$4,573,512 to \$4,555,799. Unrestricted net assets were \$726,609 at September 30, 2012. This decrease in business-type net assets was the result of a net loss of \$17,713 (including capital contributions of \$19,234).

Table I
City of Johnson City

NET ASSETS
in thousands

	Governmental Activities		Business Type Activities		TOTALS Primary Government	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 850	\$ 818	\$ 945	\$ 868	\$ 1,795	\$ 1,686
Capital Assets	1,649	1,623	3,824	4,013	5,473	5,636
Total Assets	\$ 2,499	\$ 2,441	\$ 4,769	\$ 4,881	\$ 7,268	\$ 7,322
Long-Term Liabilities	\$ 1,565	\$ 1,635	\$ 213	\$ 103	\$ 1,778	\$ 1,738
Other Liabilities	157	131	-	204	157	335
Total Liabilities	\$ 1,722	\$ 1,766	\$ 213	\$ 307	\$ 1,935	\$ 2,073
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	\$ 116	\$ 37	\$ 3,719	\$ 3,811	\$ 3,835	\$ 3,848
Restricted	305	278	110	110	415	388
Unrestricted	356	360	727	653	1,083	1,013
Total Net Assets	\$ 777	\$ 675	\$ 4,556	\$ 4,574	\$ 5,333	\$ 5,249

Table II
City of Johnson City

CHANGES IN NET ASSETS
in thousands

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>TOTALS Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Charges for Services	\$ 285	\$ 275	\$ 733	\$ 818	\$ 1,018	\$ 1,093
Municipal Court Fines	78	92	-	-	78	92
Property Taxes	333	331	-	-	333	331
Sales Tax	300	260	-	-	300	260
Franchise Tax	134	77	-	-	134	77
Other Taxes	8	63	-	-	8	63
Operating and Capital Grants	88	1	-	-	88	1
Investment Earnings	5	5	6	5	11	10
Miscellaneous	18	31	6	4	24	35
Total Revenue	<u>\$ 1,249</u>	<u>\$ 1,135</u>	<u>\$ 745</u>	<u>\$ 827</u>	<u>\$ 1,994</u>	<u>\$ 1,962</u>
Expenses:						
Financial Administration	\$ 356	\$ 335	\$ -	\$ -	\$ 356	\$ 335
Police	241	232	-	-	241	232
Highways and Streets	65	68	-	-	65	68
Sanitation	260	247	-	-	260	247
Parks	85	83	-	-	85	83
Municipal Court	16	5	-	-	16	5
Hotel Motel	52	46	-	-	52	46
Community Service	7	9	-	-	7	9
Water and Sewer	-	-	730	716	730	716
Debt Service	85	89	13	20	98	109
Total Expenses	<u>\$ 1,167</u>	<u>\$ 1,114</u>	<u>\$ 743</u>	<u>\$ 736</u>	<u>\$ 1,910</u>	<u>\$ 1,850</u>
Increase in Net Assets Before						
Capital Contributions & Transfers	\$ 82	\$ 21	\$ 2	\$ 91	\$ 84	\$ 112
Capital Contributions	(19)	(49)	19	69	-	20
Transfers	39	-	(39)	-	-	-
Net Assets - Beginning	<u>675</u>	<u>703</u>	<u>4,574</u>	<u>4,414</u>	<u>5,249</u>	<u>5,117</u>
Net Assets - Ending	<u>\$ 777</u>	<u>\$ 675</u>	<u>\$ 4,556</u>	<u>\$ 4,574</u>	<u>\$ 5,333</u>	<u>\$ 5,249</u>

The cost of all governmental activities this year was \$1,185,673. However, as shown in the Statement of Activities on page 10, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$340,516 because the other costs were paid by sales tax (\$299,990), franchise tax (\$73,250), hotel/motel tax (\$60,416), grants (\$87,892), user charges (\$363,157), investment interest (\$5,484) and other miscellaneous (\$18,239).

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined fund balance of \$732,487, which is more than last year's total of \$722,054. Included in this year's total change in fund balance is a decrease of \$6,812 in the City's General Fund.

The City adopted the General Fund Budget. However, actual expenditures were less than the budgeted amounts and actual revenues were more than the budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2012, the City had the following amounts invested in capital assets:

CAPITAL ASSETS in thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 495	\$ 495	\$ 41	\$ 41	\$ 536	\$ 536
Construction in Progress	101	13	-	-	101	13
Distribution & Collection Systems	-	-	6,554	6,525	6,554	6,525
Buildings & Improvements	1,477	1,477	85	85	1,562	1,562
Equipment	551	545	345	364	896	909
Total Capital Assets	<u>\$ 2,624</u>	<u>\$ 2,530</u>	<u>\$ 7,025</u>	<u>\$ 7,015</u>	<u>\$ 9,649</u>	<u>\$ 9,545</u>

This year's major additions included:

	Governmental Activities	Business Type Activities
System Improvements	\$ -	\$ 32,641
SRTS Grant	87,892	-
Machinery & Equipment	5,656	-
TOTALS	<u>\$ 93,548</u>	<u>\$ 32,641</u>

More detailed information about the City's capital assets is presented in Note E and F to the financial statements.

DEBT

At September 30, 2012, the City had the following outstanding debt:

OUTSTANDING DEBT
in thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2012	2011	2012	2011	2012	2011
Bonds Payable	\$ -	\$ -	\$ 105	\$ 205	\$ 105	\$ 205
Notes Payable	-	7	-	-	-	7
Certificates of Obligation Payable	1,635	1,700	-	-	1,635	1,700
Total Outstanding Debt	<u>\$ 1,635</u>	<u>\$ 1,707</u>	<u>\$ 105</u>	<u>\$ 205</u>	<u>\$ 1,740</u>	<u>\$ 1,912</u>

For governmental activities, the City paid \$7,232 in principal on the outstanding notes and paid \$65,000 in principal on the outstanding certificates of obligation.

For business-type activities, the City paid \$100,000 in principal on the outstanding long-term debt.

More detailed information about the City's long-term liabilities is presented in Notes G, H, I, J and K to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2013 budget and tax rates. The major factors are the assessed property valuation, economy and population growth. These indicators were taken into account when adopting the General Fund budget for 2013. Amounts available for appropriation in the General Fund budget are \$1,095,995 and expenditures are estimated to be \$1,095,995.

If these estimates are realized, the City's budgetary General fund balance is expected to remain about the same by the close of 2013.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at City of Johnson City, Johnson City, Texas.

CITY OF JOHNSON CITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

EXHIBIT DRAFT

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 74,672	\$ 219,263	\$ 293,935
Investments - Current	671,973	525,813	1,197,786
Receivables (net of allowance for uncollectibles)	106,690	61,108	167,798
Internal Balances	(28,436)	28,436	-
Capitalized Debt Issuance Costs	25,302	-	25,302
Restricted Assets:			
Restricted Asset-Debt Service	-	110,150	110,150
Capital Assets:			
Land	495,373	41,402	536,775
Buildings, net	124,267	14,219	138,486
Improvements other than Buildings, net	898,975	3,686,415	4,585,390
Machinery and Equipment, net	29,316	82,003	111,319
Construction in Progress	101,262	-	101,262
Other Assets	-	200	200
Total Assets	<u>2,499,394</u>	<u>4,769,009</u>	<u>7,268,403</u>
LIABILITIES			
Accounts Payable	58,017	17,842	75,859
Intergovernmental Payable	16,203	-	16,203
Accrued Interest Payable	13,120	1,027	14,147
Customer Deposits	-	90,317	90,317
Noncurrent Liabilities			
Due Within One Year	70,000	105,000	175,000
Due in More Than One Year	1,565,000	(976)	1,564,024
Total Liabilities	<u>1,722,340</u>	<u>213,210</u>	<u>1,935,550</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	116,412	3,719,040	3,835,452
Restricted for:			
Restricted for Debt Service	234,796	110,150	344,946
Restricted for Special Revenue	69,822	-	69,822
Unrestricted Net Assets	356,024	726,609	1,082,633
Total Net Assets	<u>\$ 777,054</u>	<u>\$ 4,555,799</u>	<u>\$ 5,332,853</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JOHNSON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

DRAFT

	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Financial Administration	\$ 356,169	\$ 11,993	\$ -
Police	241,104	-	-
Highways and Streets	64,583	-	-
Community Service	6,940	-	-
Hotel Motel	51,513	-	-
Municipal Court	15,977	77,786	-
Sanitation	260,222	264,391	-
Parks	85,070	8,987	-
Bond Interest	84,500	-	-
Other Debt Interest	361	-	-
Capital Outlay	19,234	-	87,892
Total Governmental Activities:	1,185,673	363,157	87,892
BUSINESS-TYPE ACTIVITIES:			
Water & Sewer Fund	742,822	732,872	19,234
Total Business-Type Activities:	742,822	732,872	19,234
TOTAL PRIMARY GOVERNMENT:	\$ 1,928,495	\$ 1,096,029	\$ 107,126

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Gross Receipts Business Tax

Penalty and Interest

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets--Ending

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (344,176)	\$ -	\$ (344,176)
(241,104)	-	(241,104)
(64,583)	-	(64,583)
(6,940)	-	(6,940)
(51,513)	-	(51,513)
61,809	-	61,809
4,169	-	4,169
(76,083)	-	(76,083)
(84,500)	-	(84,500)
(361)	-	(361)
68,658	-	68,658
(734,624)	-	(734,624)
-	9,284	9,284
-	9,284	9,284
(734,624)	9,284	(725,340)
160,179	-	160,179
172,471	-	172,471
299,990	-	299,990
133,666	-	133,666
7,866	-	7,866
18,239	6,407	24,646
5,484	5,445	10,929
38,849	(38,849)	-
836,744	(26,997)	809,747
102,120	(17,713)	84,407
674,934	4,573,512	5,248,446
\$ 777,054	\$ 4,555,799	\$ 5,332,853

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CITY OF JOHNSON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General Fund	Debt Service Fund	Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 41,568	\$ -	\$ 33,104
Investments - Current	597,585	-	74,388
Taxes Receivable	8,041	7,868	-
Allowance for Uncollectible Taxes (credit)	(402)	(393)	-
Receivables (Net)	44,553	-	29,299
Due from Other Funds	4,490	234,796	-
Total Assets	<u>\$ 695,835</u>	<u>\$ 242,271</u>	<u>\$ 136,791</u>
LIABILITIES			
Accounts Payable	\$ 38,994	\$ -	\$ 15,841
Wages and Salaries Payable	3,182	-	-
Intergovernmental Payable	16,203	-	-
Due to Other Funds	317,803	-	5,095
Deferred Revenues	7,639	7,475	-
Total Liabilities	<u>383,821</u>	<u>7,475</u>	<u>20,936</u>
Fund Balances:			
Restricted Fund Balance:			
Restricted for Special Revenue	-	-	-
Capital Acquisition and Contractual Obligation	-	-	115,855
Retirement of Long-Term Debt	-	234,796	-
Unassigned Fund Balance	312,014	-	-
Total Fund Balances	<u>312,014</u>	<u>234,796</u>	<u>115,855</u>
Total Liabilities and Fund Balances	<u>\$ 695,835</u>	<u>\$ 242,271</u>	<u>\$ 136,791</u>

The notes to the Financial Statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ -	\$ 74,672
-	671,973
-	15,909
-	(795)
14,646	88,498
55,176	294,462
<u>\$ 69,822</u>	<u>\$ 1,144,719</u>
\$ -	\$ 54,835
-	3,182
-	16,203
-	322,898
-	15,114
-	<u>412,232</u>
69,822	69,822
-	115,855
-	234,796
-	312,014
<u>69,822</u>	<u>732,487</u>
<u>\$ 69,822</u>	<u>\$ 1,144,719</u>

CITY OF JOHNSON CITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2012

Total Fund Balances - Governmental Funds	\$ 732,487
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$2,530,405 and the accumulated depreciation was \$907,442. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net assets.	(84,269)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2012 capital outlays and debt principal payments is to increase net assets.	165,780
The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(67,318)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	30,374
Net Assets of Governmental Activities	\$ 777,054

The notes to the Financial Statements are an integral part of this statement.

CITY OF JOHNSON CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

DRAFT

	General Fund	Debt Service Fund	Capital Projects
REVENUES:			
Taxes:			
Property Taxes	\$ 163,109	\$ 175,626	\$ -
General Sales and Use Taxes	299,990	-	-
Gross Receipts Business Tax	73,250	-	-
Penalty and Interest on Taxes	7,866	-	-
Licenses and Permits	12,355	-	-
Intergovernmental Revenue and Grants	-	-	87,892
Charges for Services	273,378	-	-
Fines	77,786	-	-
Investment Earnings	5,363	-	121
Rents and Royalties	13,225	-	-
Other Revenue	4,453	-	-
Total Revenues	930,775	175,626	88,013
EXPENDITURES:			
Current:			
General Government:			
Financial Administration	354,848	-	-
Public Safety:			
Police	231,954	-	-
Highways and Streets	59,813	-	-
Community Service	6,500	-	-
Hotel Motel	-	-	-
Municipal Court	13,922	-	-
Sanitation	249,911	-	-
Culture and Recreation:			
Parks	51,895	-	-
Debt Service:			
Bond Principal	-	65,000	-
Other Debt Principal	7,232	-	-
Bond Interest	-	83,611	-
Other Debt Interest	361	-	-
Capital Outlay:			
Capital Outlay	-	-	107,126
Total Expenditures	976,436	148,611	107,126
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,661)	27,015	(19,113)
OTHER FINANCING SOURCES (USES):			
Transfers In	38,849	-	-
Total Other Financing Sources (Uses)	38,849	-	-
Net Change in Fund Balances	(6,812)	27,015	(19,113)
Fund Balance - October 1 (Beginning)	318,826	207,781	134,968
Fund Balance - September 30 (Ending)	\$ 312,014	\$ 234,796	\$ 115,855

The notes to the Financial Statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ -	\$ 338,735
-	299,990
60,416	133,666
-	7,866
-	12,355
-	87,892
-	273,378
-	77,786
-	5,484
-	13,225
-	4,453
60,416	1,254,830
-	354,848
-	231,954
-	59,813
-	6,500
51,073	51,073
-	13,922
-	249,911
-	51,895
-	65,000
-	7,232
-	83,611
-	361
-	107,126
51,073	1,283,246
9,343	(28,416)
-	38,849
-	38,849
9,343	10,433
60,479	722,054
\$ 69,822	\$ 732,487

CITY OF JOHNSON CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Total Net Change in Fund Balances - Governmental Funds	\$ 10,433
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2012 capital outlays and debt principal payments is to increase net assets.	165,780
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(67,318)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.	(6,775)
Change in Net Assets of Governmental Activities	\$ 102,120

The notes to the Financial Statements are an integral part of this statement.

CITY OF JOHNSON CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Business Type Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 219,263
Investments - Current	525,813
Restricted Assets - Current:	
Restricted Asset-Debt Service	110,150
Accounts Receivable-Net of Uncollectible Allowance	61,108
Due from Other Funds	28,436
Total Current Assets	944,770
Noncurrent Assets:	
Capital Assets:	
Land Purchase and Improvements	41,402
Buildings	84,963
Accumulated Depreciation - Buildings	(70,744)
Improvements other than Buildings	6,553,948
Accumulated Depreciation - Other Improvements	(2,867,533)
Machinery and Equipment	345,413
Accumulated Depreciation - Machinery & Equipment	(263,410)
Other Asset	200
Total Noncurrent Assets	3,824,239
Total Assets	4,769,009
LIABILITIES	
Current Liabilities:	
Accounts Payable	16,266
Wages and Salaries Payable	1,576
Accrued Interest Payable	1,027
Bonds Payable - Current:	
Revenue Bonds Payable	105,000
Customer Deposits	90,317
Total Current Liabilities	214,186
NonCurrent Liabilities:	
Unamortized Charge - Refunding Bonds	(976)
Total Noncurrent Liabilities	(976)
Total Liabilities	213,210
NET ASSETS	
Investments in Capital Assets, Net of Debt	3,719,040
Restricted for Debt Service	110,150
Unrestricted Net Assets	726,609
Total Net Assets	\$ 4,555,799

The notes to the Financial Statements are an integral part of this statement.

CITY OF JOHNSON CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT D-1
DRAFT

	Business Type Activities
<hr/>	
OPERATING REVENUES:	
Charges for Services	\$ 732,872
Other Revenue	6,407
Total Operating Revenues	<u>739,279</u>
OPERATING EXPENSES:	
Water & Sewer Fund	
Personnel Services - Salaries and Wages	235,248
Personnel Services - Employee Benefits	64,271
Purchased Professional & Technical Services	13,661
Purchased Property Services	85,008
Other Operating Expenses	101,997
Supplies	7,464
Total Water & Sewer Fund	<u>507,649</u>
Depreciation	221,805
Total Operating Expenses	<u>729,454</u>
Operating Income	<u>9,825</u>
NON-OPERATING REVENUES (EXPENSES):	
Investment Earnings	5,445
Interest Expense - Non-Operating	<u>(13,368)</u>
Total Non-operating Revenue (Expenses)	<u>(7,923)</u>
Income Before Contributions & Transfers	1,902
Capital Contributions	19,234
Transfers Out	<u>(38,849)</u>
Change in Net Assets	<u>(17,713)</u>
Total Net Assets - October 1 (Beginning)	<u>4,573,512</u>
Total Net Assets - September 30 (Ending)	<u>\$ 4,555,799</u>

The notes to the Financial Statements are an integral part of this statement.

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CITY OF JOHNSON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT D-3
DRAFT

	Business Type Activities Water & Sewer Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 750,490
Cash Received Other Services	6,407
Cash Payments to Employees for Services	(299,168)
Cash Payments for Suppliers	(90,525)
Cash Payments for Other Operating Expenses	(115,658)
Cash Payments to Other Funds	(92,313)
Net Cash Provided by Operating Activities	<u>159,233</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfers Out	<u>(38,849)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition of Capital Assets	(32,641)
Capital Contributed by Other Funds	19,234
Interest Paid	(13,174)
Principal Payments – Certificates of Obligations	(100,000)
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(126,581)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>5,445</u>
Net Decrease in Cash and Cash Equivalents	(752)
Cash and Cash Equivalents at Beginning of the Year:	<u>745,828</u>
Cash and Cash Equivalents at End of the Year:	<u>\$ 745,076</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income:	\$ 9,825
Adjustments to Reconcile Operating Income to Net Cash Provided	
By Operating Activities:	
Depreciation	221,805
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due from Other Assets	(28,436)
Decrease in Receivables	13,920
Increase in Accounts Payable	1,947
Increase in Accrued Wages	351
Increase in Customer Deposits	3,698
Decrease in Due to Other Funds	(63,877)
Net Cash Provided by Operating Activities	<u>\$ 159,233</u>

The notes to the Financial Statements are an integral part of this statement.

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BASIC FINANCIAL STATEMENTS

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CITY OF JOHNSON CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

DRAFT

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Johnson City, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The *Government Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the City of Johnson City nonfiduciary activities with most of the Interfund activities removed. *Governmental activities* include programs supported primarily by taxes, sales tax, franchise tax, municipal court fines, charges for services and other miscellaneous revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes, sales tax, charges for services and fines. Property tax revenues and other revenues are recognized under the "susceptible to accrual" concept; that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the City to refund all or part of the unused amount.

D. Fund Accounting

The City reports the following major governmental funds:

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

Additionally, the City reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.
2. **Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
3. **Capital Projects Fund** - The Capital Projects Fund is used to account for the financial resources used for acquisition of major capital improvements.

Proprietary Fund:

1. **Enterprise Fund** - The Water and Sewer Fund is operated as an Enterprise Fund.

E. Other Accounting Policies

1. In the government-wide financial statements 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 recognized 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.

2. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings, furniture and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20-40
Buildings	30
Improvements	30
Equipment	7
Vehicles	5

Pursuant to GASB Statement Number 34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, and similar items) acquired before the implementation date becomes effective. Therefore, infrastructure assets acquired prior to October 1, 2001 have not yet been capitalized.

3. Beginning with fiscal year end September 30, 2012, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

4. Vacation and sick leave expenses are charged to operations when taken by the employees of the City. Accordingly, no accruals are reflected in the accounts for unpaid amounts of vacation and sick leave earned by employees. Employees are allowed to carry over up to 40 hours of vacation leave and up to 720 hours of sick leave. Upon termination, employees are entitled for payment of the vacation they have earned but not for any sick leave. The liabilities for accumulated vacation and sick leave at September 30, 2012 are estimated to be insignificant and are not reflected in the accompanying financial statements.
5. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. The original budget is adopted by the City Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.

Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report. Unencumbered appropriations lapse at the end of each year.

7. The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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

At September 30, 2012, the carrying amount of the City's deposits was \$295,684 and the bank balance was \$317,185. The City's cash deposits at September 30, 2012 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The City's deposits were secured by pledged securities and FDIC coverage.

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 temporary investments at September 30, 2012 are shown below:

	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
Investment Pool -				
TexPool	\$ 74,388	\$ 74,388	\$ -	\$ -
Certificates of Deposit -				
Johnson City Bank	1,233,548	1,233,548	250,000	1,500,000

Government pool investments are not categorized in accordance with GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book entry form. Also, investments in government investment pools are not required to disclose custodial credit risk, concentration of credit risk and interest rate risk in accordance with GASB Statement No. 40.



Credit Risk - Government pool investments have low market (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. The investment manager is required to maintain a stable \$1.00 net asset value and must take immediate action if the net asset value of the portfolio falls below \$.995 or rises above \$1.005.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the City has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2012, the City was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the City fiscal year.

The Johnson City County Appraisal District appraises and collects taxes for the City. For 2012, the City of Johnson City had property with an assessed valuation of \$117,367,638. The tax rate was \$.2970 (General Fund .1426 and Debt Service .1544) per \$100 valuation.

C. Court Fines and Fees Receivable

With the implementation of GASB Statement Number 34, the City has determined the amount of court fines and fees receivable to be \$6,155. Based on historical collection rates for the various courts, the City has booked an allowance for uncollectible court fines and fees of \$3,077, resulting in a net receivable of \$3,078.

D. Restricted Assets

Restricted assets in the Water and Sewer Fund represent cash that has been set aside for future payment of revenue bonds and capital improvements. A summary of restricted assets at September 30, 2012 appears below:

<u>Certificate of Deposit -</u>	<u>Amount</u>
Debt Service Fund	\$ <u>110,150</u>

E. Property, Plant and Equipment

A summary of fixed assets for the Water and Sewer Fund appears below:

	Balance 10/01/11	Additions	Deletions	Balance 9/30/12
Land	\$ 41,402	\$ -	\$ -	\$ 41,402
Buildings	84,963	-	-	84,963
Improvements	6,524,502	32,641	3,195	6,553,948
Machinery and Equipment	363,633	-	18,220	345,413
Construction in Progress	-	-	-	-
Total Fixed Assets	\$ 7,014,500	\$ 32,641	\$ 21,415	\$ 7,025,726
Less: Reserve for Depreciation	(3,001,297)	(221,805)	21,415	3,201,687
Net Fixed Assets	\$ <u>4,013,203</u>	\$ <u>(189,164)</u>	\$ <u>-</u>	\$ <u>3,824,039</u>

F. Capital Asset Activity

Capital asset activity for the City for the year ended September 30, 2012, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 495,373	\$ -	\$ -	\$ 495,373
Building	427,927	-	-	427,927
Machinery & Equipment	545,273	5,656	-	550,929
Improvements	1,048,462	-	-	1,048,462
Construction in Progress	13,370	87,892	-	101,262
Totals at Historic Cost	\$ <u>2,530,405</u>	\$ <u>93,548</u>	\$ <u>-</u>	\$ <u>2,623,953</u>
Less Accumulated Depreciation For:				
Building & Improvements	\$ (408,748)	\$ (44,400)	\$ -	\$ (453,148)
Machinery & Equipment	(498,694)	(22,918)	-	(521,612)
Total Accumulated Depreciation	\$ <u>(907,442)</u>	\$ <u>(67,318)</u>	\$ <u>-</u>	\$ <u>(974,760)</u>
Governmental Activities Capital Assets, Net	\$ <u>1,622,963</u>	\$ <u>26,230</u>	\$ <u>-</u>	\$ <u>1,649,193</u>

G. Revenue Bonds Payable and Certificates of Obligation

A summary of revenue bonds payable and certificates of obligation appears below:

	Balance 10/01/11	Issued	Retired	Balance 9/30/12	Due Within One Year
Waterworks and Sewer System					
Subordinate Lien Revenue & Refunding					
Bonds, Series 1999 (6.0%)	\$ 205,000	\$ -	\$ 100,000	\$ 105,000	\$ 105,000
Total	\$ 205,000	\$ -	\$ 100,000	\$ 105,000	\$ 105,000

Debt service requirements for the revenue bonds and certificates of obligation outstanding as of September 30, 2012 are as follows:

September 30,	Principal	Interest	Annual Requirements
2013	\$ 105,000	\$ 6,300	\$ 111,300
Totals	\$ 105,000	\$ 6,300	\$ 111,300

During 1999, the City issued the Waterworks and Sewer System Subordinate Lien Revenue and Refunding Bonds - Series 1999 for \$995,000. The bonds were issued (1) to effect the current refunding of a portion of the City's outstanding obligations, (2) construct, improve and extend the City's utility system, (3) pay the costs of issuance, and (4) fund a portion of the reserve fund. The Bonds constitute special obligations of the City and are payable and secured by lien on and pledge of the net revenues of the City's waterworks and sewer system.

H. Refunding Bonds - Long Term Debt

During 1999, the City currently refunded the City's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1989 and the Combination Tax and Revenue Refunding Bonds, Series 1989 (\$835,000). The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 9/30/12
Combination Tax and Revenue Certificates of Obligation Series 1989	\$ 745,000	\$ -
Combination Tax and Revenue Refunding Bonds - Series 1989	90,000	-
Total Amount Refunded	\$ 835,000	\$ -

I. General Long Term Debt

A summary of changes in General Long Term Debt follows:

	Balance 10/01/11	Issued	Retired	Balance 9/30/12	Due Within One Year
Certificates of Obligation -					
Series 2003 (4.55%)	\$ 130,000	\$ -	\$ 15,000	\$ 115,000	\$ 15,000
Series 2005 (4.95%)	1,570,000	-	50,000	1,520,000	55,000
Total Certificates of Obligation	\$ 1,700,000	\$ -	\$ 65,000	\$ 1,635,000	\$ 70,000

	Balance 10/01/11	Issued	Retired	Balance 9/30/12	Due Within One Year
Notes Payable -					
Daimler Chrysler	\$ 7,232	\$ -	\$ 7,232	\$ -	\$ -
Total Notes Payable	\$ 7,232	\$ -	\$ 7,232	\$ -	\$ -
Total Long Term Debt	\$ 1,707,232	\$ -	\$ 72,232	\$ 1,635,000	\$ 70,000

J. Certificates of Obligation

The Combination Tax and Revenue Certificates of Obligation, Series 2003, were issued to finance (1) construction of City parks and park improvement projects, including a public hike and bike trail, (2) construction of water storage facility and improvements and (3) issuance costs. The certificates of obligation are payable from the collections of an ad valorem tax levied on taxable property, and further payable by a limited pledge of the surplus revenues of the water and sewer system in an amount not to exceed \$1,000.

In October, 2005, the City issued Combination Tax and Revenue Certificates of Obligation - Series 2005 for \$1,600,000. The Certificates were issued for (1) constructing, improving and extending the City's waterworks and sewer system, including improvements to the City's wastewater treatment plant and a new water well, (2) constructing, improving and equipping of City parks and park improvements projects, including a public hike and bike trail, (3) constructing and improving street, drainage and sidewalk improvements within the City and purchasing any necessary right-of-way and other related costs, (4) the acquisition of land for municipal buildings, (5) purchasing municipal utility vehicles, and (6) paying bond issuance costs.

The certificates of obligation are payable from the collections of an ad valorem tax levied on taxable property, and further payable by a limited pledge of the surplus revenues of the water and sewer system in an amount not to exceed \$1,000.

Debt service requirements for the certificates of obligation as of September 30, 2012 are as follows:

<u>September 30.</u>	Principal	Interest	Annual Requirements
2013	\$ 70,000	\$ 80,473	\$ 150,473
2014	75,000	77,068	152,068
2015	80,000	73,399	153,399
2016	85,000	69,555	154,555
2017	85,000	65,428	150,428
2018 – 2022	405,000	266,478	671,478
2023 – 2027	485,000	160,380	645,380
2028 – 2032	350,000	35,393	385,393
Totals	\$ 1,635,000	\$ 828,174	\$ 2,463,174

K. Notes Payable

In October, 2007 the City entered into a capital lease with Daimler Chrysler Financial Services Americas, LLC for 2 police cars. The lease is due in 57 payments of \$950 per month beginning November, 2007. The capital lease was paid off in March, 2012.

L. Risk Management

The City of Johnson City is exposed to various risks of loss relating to general liability, accidental loss of real and personal property, damage to assets, errors and omissions, acts of God and personnel risks which relate to workers compensation.

The City contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-government group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are sent annually to TML. Liability by the City is generally limited to the contributed amounts. Contributions for the year ended September 30, 2012 were \$32,159.

M. Defined Benefit Pension Plan

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. 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, TX 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 2011	Plan Year 2012
Deposit Rate:	5%	6%
Matching Ratio (City to Employee):	1.5 to 1	1.5 to 1
A member is vested after	5 yrs	5 yrs
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 the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

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

**Trend Information
for the Retirement Plan for the Annual Pension Cost**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9-30-08	\$ 29,830	100%	- 0 -
9-30-09	35,936	100%	- 0 -
9-30-10	38,766	100%	- 0 -
9-30-11	41,552	100%	- 0 -
9-30-12	49,953	100%	- 0 -

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	12/31/2009	12/31/2010	12/31/2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	27.2 years; closed period	24.2 years; closed period	27.0 years; closed period
Amortization Period for new Gains/Losses	30 years	23 years	24 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.5%	7.0%	7.0%
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%
Cost-of-Living Adjustments	2.1%	2.1%	3.1%

Funded Status and Funding Progress – In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2011, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2011	\$ 897,730	\$ 1,136,825	79.0%	\$ 239,095	\$ 580,941	41.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

N. OPEB – Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2012, 2011 and 2010 were \$865, \$1,083 and \$1,052, respectively, which equaled the required contributions each year.

**Schedule of Contribution Rates:
(RETIREE – only portion of the rate)**

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Annual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2008	0.03%	0.03%	100.00%
2009	0.02%	0.02%	100.00%
2010	0.02%	0.02%	100.00%
2011	0.01%	0.015%	100.00%
2012	0.01%	0.015%	100.00%

O. Employee Insurance Benefits

All regular full time employees of the city are eligible for coverage under the group hospitalization, medical, dental and life insurance program provided by the city through Blue Cross Blue Shield. The city pays the premium for eligible employees and employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

P. Cash Flows Statement - Supplemental Disclosure

Since the City is tax exempt, no income tax was paid in 2012 and 2011. The City paid interest in the amount of \$12,300 in 2012 and \$19,125 in 2011 on their outstanding debt.

Q. Claims and Contingent Liabilities

The City is involved in a lawsuit which was brought by the City against an individual. Pending the outcome of an appeal by the plaintiff, in the opinion of the City's management, the resolution of this matter will not have a material adverse effect on the accompanying financial statements.

Amounts received or receivable from grantor 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 which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

R. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2012, is as follows:

Due to/from other funds:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 317,803	\$ 4,490
Special Revenue Fund	-	55,176
Debt Service Fund	-	234,796
Water/Sewer Fund	-	28,436
Capital Projects Fund	5,095	-
Total	<u>\$ 322,898</u>	<u>\$ 322,898</u>

During the year ended September 30, 2012, the City's transfers between funds consisted of:

	Transfers In	Transfers Out
General Fund	\$ 38,849	\$ -
Water/Sewer Fund	-	38,849
Total	<u>\$ 38,849</u>	<u>\$ 38,849</u>

S. Subsequent Events

The City has evaluated subsequent events through November 4, 2013, the date which the financial statements were available to be issued. In August, 2013, the City Secretary was arrested for theft of property greater than \$21,000 but less than \$100,000 (forged signatures on 2 checks written to herself and forged signature for retroactive pay increases).

In December, 2012, the City issued \$1,675,000 General Obligation Refunding Bonds, Series 2012 to refund the Series 2003 and 2005 issues.

In October, 2012, the City borrowed \$57,484 for the purchase of 2 police cars.

The City is not aware of any other subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JOHNSON CITY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 192,000	\$ 192,000	\$ 163,109	\$ (28,891)
General Sales and Use Taxes	236,720	236,720	299,990	63,270
Gross Receipts Business Tax	78,000	78,000	73,250	(4,750)
Penalty and Interest on Taxes	5,300	5,300	7,866	2,566
Licenses and Permits	9,000	9,000	12,355	3,355
Charges for Services	258,600	258,600	273,378	14,778
Fines	118,012	118,012	77,786	(40,226)
Investment Earnings	5,000	5,000	5,363	363
Rents and Royalties	10,200	10,200	13,225	3,025
Other Revenue	1,500	1,500	4,453	2,953
Total Revenues	914,332	914,332	930,775	16,443
EXPENDITURES:				
Current:				
General Government:				
Financial Administration	401,567	401,567	354,848	46,719
Public Safety:				
Police	242,230	242,230	231,954	10,276
Highways and Streets	65,398	65,398	59,813	5,585
Community Service	11,100	11,100	6,500	4,600
Municipal Court	40,932	40,932	13,922	27,010
Sanitation	235,355	235,355	249,911	(14,556)
Culture and Recreation:				
Parks	45,750	45,750	51,895	(6,145)
Debt Service:				
Other Debt Principal	-	-	7,232	(7,232)
Other Debt Interest	-	-	361	(361)
Total Expenditures	1,042,332	1,042,332	976,436	65,896
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,000)	(128,000)	(45,661)	82,339
OTHER FINANCING SOURCES (USES):				
Transfers In	128,000	128,000	38,849	(89,151)
Total Other Financing Sources (Uses)	128,000	128,000	38,849	(89,151)
Net Change	-	-	(6,812)	(6,812)
Fund Balance - October 1 (Beginning)	318,826	318,826	318,826	-
Fund Balance - September 30 (Ending)	\$ 318,826	\$ 318,826	\$ 312,014	\$ (6,812)

CITY OF JOHNSON CITY
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS
 SEPTEMBER 30, 2012
 (Unaudited)

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
 FOR THE EMPLOYEES OF THE CITY OF JOHNSON CITY**

(unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/2009	\$ 542,118	\$ 663,402	81.7%	\$ 121,284	\$ 544,515	22.3%
12/31/2010	782,340	988,867	79.1%	206,527	577,627	35.8%
12/31/2011	897,730	1,136,825	79.0%	239,095	580,941	41.2%

NEFFENDORE, KNOPP, DOSS & COMPANY, P.C.

DRAFT

Certified Public Accountants

P.O. BOX 874 • 736 S. WASHINGTON ST.
FREDERICKSBURG, TEXAS 78624-0874
(830) 997-3348

MEMBER
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CERTIFIED PUBLIC ACCOUNTANTS

FAX: (830) 997-3333
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MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

Honorable Mayor and Aldermen
City of Johnson City, Texas
Johnson City, TX 78636

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Johnson City, as of and for the year ended September 30, 2012, which collectively comprise the City of Johnson City's basic financial statements and have issued our report thereon dated November 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Johnson City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Johnson City's financial statements that is more than inconsequential will not be prevented or detected by the City of Johnson City's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

Poor internal controls regarding separation of duties, use of signature stamps and appropriate review and approvals allowed the City Secretary to write checks to herself and give herself a retroactive pay increase (occurred subsequent to the audit period).

Significant journal entries were necessary to correct beginning balances, record accrual adjustments, record fixed assets and accumulated depreciation balances, and record long-term debt adjustments. Management has reviewed and agreed to record all audit adjustments.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Johnson City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Johnson City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed are instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

For the fiscal year 2012-2013 budget and tax rate, the City did not comply with the appropriate sections of The Local Government Code (Section 102) for timely filing and public hearing on the budget and the Property Tax Code (Chapter 26) for timely filings and public hearings on the adoption of a tax rate.

We noted certain matters that we reported to management of City of Johnson City, in a separate letter dated November 4, 2013.

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

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

November 4, 2013

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Certified Public Accountants

P.O. BOX 874 • 736 S. WASHINGTON ST.
FREDERICKSBURG, TEXAS 78624-0874
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MEMBER
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MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

November 4, 2013

Honorable Mayor and Aldermen
City of Johnson City, Texas
Johnson City, TX 78636

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Johnson City for the year ended September 30, 2012, and have issued our report thereon dated November 4, 2013. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Johnson City are described in Note 1 to the financial statements. The City adopted GASB 54 Fund Balance Policy and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 4, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Recommendations

Financial Accounting and Controls

The City has not adopted a written policy manual for financial accounting, reporting and controls. We recommend that the City adopt a written manual for policies and procedures to address all financial aspects (reporting, recording, budgeting, utility billing, municipal court, payroll); internal controls and proper review and approvals.

Prior Year Recommendations

Investments

We again recommend the City prepare an investment report to include the following:

1. A listing of accounts by fund showing the type of investment (money market account, certificate of deposit, etc.), balance, interest rate and maturity date as applicable.
2. A summary which shows the FDIC coverage and the amount of pledged securities by the bank.

Long-Term Debt

Currently, the City records payments on all debt (bonds, notes and capital leases) as expenditures in the appropriate fund. However, the City does not maintain a separate schedule to include the beginning balances, amounts issued, principal paid, interest paid and ending balances on all debt. We again recommend that the City maintain a separate schedule for all debt to include the above information.

Journal Entries

Numerous journal entries were again made to adjust various account balances in the general ledger. We again recommend that the general ledger account balances be reviewed monthly and the appropriate journal entries be made.

DRAFT

Municipal Court Records

Prior year recommendations concerning the municipal court records (bond listing – open bonds and noncash transactions) were made.

This information is intended solely for the use of the City Council and management of City of Johnson City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

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**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2013

NAME & TITLE: Dawn Capra, Mayor

DEPARTMENT: City Council

ITEM

Appoint members to the Economic Development Advisory Board

Place 1 - _____ - Three (3) Year Term Ending December 1, 2016
Place 2 - _____ - Three (3) Year Term Ending December 1, 2016
Place 3 - _____ - Three (3) Year Term Ending December 1, 2016
Place 4 - _____ - Three (3) Year Term Ending December 1, 2016
Place 5 - _____ - Two (2) Year Term Ending December 1, 2015
Place 6 - _____ - Two (2) Year Term Ending December 1, 2015
Place 7 - _____ - Two (2) Year Term Ending December 1, 2015

Members who currently served on the Economic Development Committee:

Jasmin Arpin
Amber Fry
John Hever
Bret Perrenoud
Charlotte Mathews
Steve Mathews
Matt Wigglesworth
Barbara Hudson

ITEM BACKGROUND

At the December 3, 2013 Regular City Council Meeting the City Council established the Economic Development Advisory Board to create a Board to provide recommendations and advice to the City Council with respect to economic development in the City.

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X

Approved by Legal: YES: _____ NO: X

Comments: N/A

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

**ORDINANCE NO. 12-0301
ESTABLISHMENT OF ECONOMIC DEVELOPMENT
ADVISORY BOARD**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF JOHNSON CITY, BLANCO COUNTY, TEXAS TO ESTABLISH AN ECONOMIC DEVELOPMENT ADVISORY BOARD; DEFINING THE MEMBERSHIP CRITERIA, APPOINTMENT STANDARDS, TERMS OF OFFICE AND POWERS FOR SAID BOARD; PROVIDING FOR SEVERABILITY; REPEALER; FINDINGS OF FACT; ESTABLISHING AN EFFECTIVE DATE AND PROPER NOTICE & MEETING.

WHEREAS, the City of Johnson City ("City") is authorized to establish boards and commissions to receive public input and provide recommendations to the City Council; and

WHEREAS, the City wishes to encourage citizen input regarding the economic development process by establishing an Economic Development Advisory Board to study the economic conditions in the City of Johnson City and the surrounding area and make recommendations to the Council on ways to improve and develop the overall economic position of the City; and

WHEREAS, the City wishes to maintain and develop sound economic development guidelines for the enhanced promotion of tourism and development of the economy within the City; and

WHEREAS, the City Council of the City of Johnson City desires to create a citizen advisory commission to investigate and research economic development opportunities and advise regarding a long-range economic development plan, including new funding sources available to the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF JOHNSON CITY, TEXAS, ORDAINS AS FOLLOWS:

1. FINDINGS OF FACT

The foregoing recitals are incorporated into this Ordinance by reference as findings of fact as if expressly set forth herein.

2. ENACTMENT

The Economic Development Advisory Board is established as set forth in *Attachment "A"*, which is attached hereto and incorporated into this Ordinance for all intents and purposes.

3. REPEALER

To the extent reasonably possible, ordinances are to be read together in harmony. However, all ordinances,

or parts thereof, that are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters regulated, herein.

4. SEVERABILITY

Should any of the clauses, sentences, paragraphs, sections or parts of this Ordinance be deemed invalid, unconstitutional, or unenforceable by a court of law or administrative agency with jurisdiction over the matter, such action shall not be construed to affect any other valid portion of this Ordinance.

5. EFFECTIVE DATE

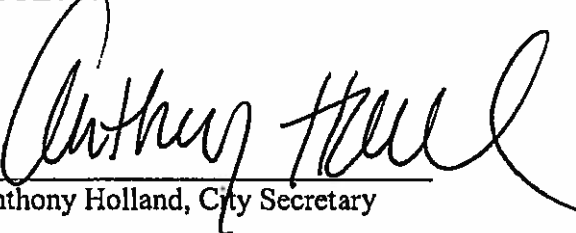
This Ordinance shall be effective upon passage as provided for by law.

6. PROPER NOTICE & MEETING

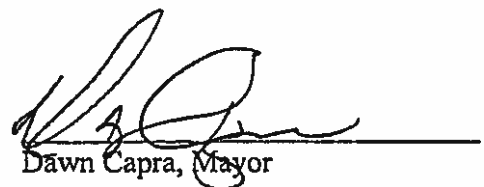
It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code Chapter 551. Notice was also provided as required by Chapter 52 of the Texas Local Government Code.

PASSED & APPROVED this, the 3rd day of December, 2013, by a vote of the City Council of Johnson City, Texas.

ATTEST.


Anthony Holland, City Secretary

CITY OF JOHNSON CITY:


Dawn Capra, Mayor

"Attachment A"

Economic Development Advisory Board

Sections:

- 1.1 Purpose
- 1.2 Created – Membership.
- 1.3 Appointment of Members – Terms.
- 1.4 Powers.
- 1.5 Organization.
- 1.6 Summary Preparation.
- 1.7 Removal and Vacancies.

1.1 Purpose

The purpose of this section is to create a citizen advisory Board to provide recommendations and advice to the City Council with respect to the promotion of business, civic and cultural affairs of the community in order to enhance and promote economic development in the City. This section is adopted so that the Economic Development Advisory Board ("Board") created herein may advise the City Council with respect to these matters.

1.2 Created – Membership.

There is hereby created an Economic Development Advisory Board (Board) consisting of at least seven (7) but no more than nine (9) members, of which at least four are residents of the City of Johnson City and because of the regional nature of economic development, concentration of population outside of the City and diverse ownership of business interests, up to four members may be non-residents of the City but must be a resident of Blanco County or a City business or property owner within the City if they do not reside within Blanco County. No member shall serve more than two full consecutive terms on the Board. The City Council shall reasonably endeavor to seek a diverse membership including without limitation members from the banking industry, tourism industry, wine industry, retail trade, real estate investment, real estate sales, commercial marketing, business professionals, and economic development specialists – with no more than three members representing the same industry. A Council member appointed by the Council may serve as ex officio member of the Board.

1.3 Appointment of Members – Terms.

- A. The initial members of the Board shall be appointed by the Mayor and confirmed by Council, by position number, and shall serve staggered terms as follows: Positions 1 through 4 will initially serve a three-year term expiring on December 1, 2016, with two-year terms being assigned thereafter, and positions 5 through 7 will be assigned two-year terms expiring on December 1, 2015.
- B. Members of the current Economic Development Committee will be randomly assigned a position numbers to be appointed to the Board. It is the intention of the Council that current Economic

Development Committee members are appointed to serve on this initial formation of the Board.

- C. The Board shall make recommendations for future members to the City Council and the City Council shall select and confirm future members.
- D. The Board shall serve the City Council as an advisory body with power to recommend policy to the Council. The Board shall not take binding action on behalf of the City.
- E. Board members serve without pay.
- F. The Council member serving as an ex officio board member is in addition to the appointed members and does not have voting privileges.
- G. A quorum consists of four (4) members.
- H. After the initial term of the appointed Board has expired, a member may not be appointed that is related by consanguinity or affinity in the first degree to another Board member or Council member.

1.4 Powers.

The Board is created to assist and advise the City Council in connection with issues and programs involving economic policy, commercial business, land use and development policy and business retention as may be referred to the Board by the City Council, including:

- A. Facilitate cooperation and coordination between various business groups on business issues;
- B. Work with Planning and Zoning to assist with regulations that promote economic development within the City;
- C. Work with other governmental entities located within City boundaries or adjacent to the City to encourage economic development;
- D. Make recommendations to the City Council and to City staff for programs in which the City could or should participate to enhance commercial and mixed use development opportunities in the City, which programs may be in cooperation with any appropriate private, public, civic or community agency, group or association of or in the City, county, state or federal government;
- E. Recommend ways and means of obtaining private, local, county, state or federal funds and other participation for the promotion of business development projects within the City;
- F. Work with City staff, City Council boards or commissions, task forces and other City/community based groups, as directed by the City Council, on relevant issues and projects;
- G. Advise and make recommendations to Council on economic policy;

- H. Periodically recommend projects or planning tools necessary to carry out its vision and develop the long-range capital budget necessary to support the recommendations;
- I. Recommend an annual budget to the City Council in connection with funds necessary to fulfill the economic development goals. The budget shall be presented to the City Council by the regular May Council meeting of the preceding year; and
- J. Work with Johnson City Chamber of Commerce and other organizations representing business to promote economic development within the City.

1.5 Organization.

- A. City staff will be assigned as deemed necessary by the Mayor or City Administrator in support of the Board.
- B. The Board shall elect officers from its members. The officers will be a Chair, Vice Chair, Secretary and Treasurer. The Officers' terms of office shall start in January of each year. The elected Vice Chair shall preside in the absence of the Chair. All Officers shall be voting members of the Board. The Mayor may create and fill other such offices as is determined necessary.
- C. The Treasurer will be responsible for maintaining financial records of all Board income and expenditures to ensure the Board remains within the budget presented to and approved by the City Council.
- D. At least once each year, the Board shall meet with the Council at a joint study session to discuss the Board's work plan for the coming year and other issues of general interest.
- E. The Board shall adopt such rules and regulations as are necessary for the conduct of its business, including rules of procedure, that are consistent with applicable City ordinances and resolutions.
- F. A simple majority of Board members shall represent a quorum for the transaction of businesses, and a majority vote of those present shall be necessary to carry any proposition.
- G. Board members shall participate in the Open Meetings Act and the Public Information Act training within ninety days of appointment.
- H. The Board shall conduct meetings in accordance with the Texas Open Meetings Act, and shall keep an audio recording and/or written minutes of its meetings, business transactions, findings and determinations.
- I. The Board Chair shall provide monthly reports to the City Council at the regular Council meeting.

1.6 Summary Preparation (Minutes).

- A. A sufficient record must be kept to furnish evidence that the Board has complied with the rules by which it is governed.

B. Summaries shall show exactly what actions were taken and decisions made at the Board meeting(s). The following is a list of information to be included in the summaries:

1. Date of meeting;
2. Location of meeting;
3. Type of meeting (regular, continued, public hearing, etc.);
4. Time of meeting;
5. Time meeting commenced;
6. Officials/members present;
7. Officials/members absent or excused;
8. Topics of business;
9. Actions taken on each business matter;
10. Record of motions;
11. Record of voting;
12. Date and time of next scheduled meeting; and
13. Time of adjournment.

1.7 Removal and vacancies.

The City Council may remove any appointed member of the Board. The Board may, by a vote in favor thereof by a majority of its members, recommend to the City Council removal of an appointed member upon such grounds as inefficiency, neglect of duty, or malfeasance in office. Three consecutive unexcused absences by any Board member from both regular and special meetings shall constitute grounds for removal. Any Board member may resign at any time by delivering written notice to the City Secretary and such resignation shall be effective upon delivery. Vacancies occurring other than by expiration of term shall be filled for the unexpired term in the manner set forth in Section 1.3A.

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**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: Anthony Holland, City Secretary

DEPARTMENT: City Secretary's Office

ITEM

Authorize the City Secretary to pay the accounts payable on a bi-weekly basis.

ITEM BACKGROUND

In an effort to reduce the late charges the City has been incurring we ask that the payable process be updated so that the City Secretary can process checks on a bi-weekly basis. In the past, checks would be printed and signed the Friday after the Regular City Council meeting. The reason the checks were cut on Friday is because it would allow City Staff to enter the invoices after they were approved by the Council. After careful review of the payables, the City Secretary has found that vendors are assessing the City late charges because usually payment is remitted after the 30 day grace period.

A few of the vendors that have assessed the City a late fees are: Verizon, Progressive, Card Services (City Credit Cards), and Fuel Man.

If the changes requested are approved; the City Secretary will still present all bills paid each month to the City Council for their review.

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X

Approved by Legal: YES: _____ NO: X

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ **Nays:** _____

Abstentions: _____

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2013

NAME & TITLE: Anthony Holland, City Secretary

DEPARTMENT: City Secretary's Office

ITEM

Discussion and action regarding the selection of a bank, from the proposals submitted, for the City's banking depository services.

ITEM BACKGROUND

At the December 3, 2013 regular City Council meeting the Council decided to deny the RFP submitted by Cattleman's National Bank and asked City Staff to repost the RFP in the local newspaper and extend the deadline for the RFP until December 23, 2013.

At the December 12, 2013 special called City Council meeting the Council met and decided to amend the RFP deadline to January 9, 2014 which would only allow local banks to submit RFP's for the City's banking services.

On December 23, 2013 Johnson City Bank submitted a letter to the City Secretary noting that they were not going to submit a proposal for the RFP and to advise us that we need to close our accounts with them by January 31, 2014.

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X

Approved by Legal: YES: _____ NO: _____

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ **Nays:** _____

Abstentions: _____



Cattleman's National Bank

a division of Lone Star Capital Bank, N.A.

P.O. Box 820
Marble Falls, TX 78654
830-693-5318 FAX: 830-693-6109
www.cattlemansnationalbank.com



November 21, 2013

Dawn Capra
Mayor
City of Johnson City
P.O. Box 369
303 E. Pecan Drive
Johnson City, Texas 78636

Ref: Proposal to Serve as Depository for City of Johnson City

Dear Mayor Capra:

Enclosed is our bid to serve as Depository for the purpose of assisting with the banking functions for checking account deposits of the City of Johnson City for the three-year period commencing not later than January 1, 2014 and ending December 31, 2017, or until such time as a successor Depository is named.

Thank you for the opportunity to submit this depository bid. If you have any questions or need any additional information, please feel free to call me at (210) 496-6116.

Sincerely,

Christy McCoy
Senior Vice President & Chief Financial Officer

PO Box 669
Blanco, TX 78606
830-833-4587
Fax: 830-833-4942

PO Box 1243
Dripping Springs, TX 78620
512-858-5159
Fax: 512-858-2021

PO Box 518
Johnson City, TX 78636
830-868-4051
Fax: 830-868-7310



Cattleman's National Bank
a division of Lone Star Capital Bank, N.A.

P.O. Box 820
Marble Falls, TX 78654
830-693-5318 FAX: 830-693-6109
www.cattlemansnationalbank.com



November 21, 2013

Dawn Capra
Mayor
City of Johnson City
P.O. Box 369
303 E. Pecan Drive
Johnson City, Texas 78636

Mayor Capra:

In accordance with your bid notice, the undersigned, Cattleman's National Bank, a division of Lone Star Capital Bank, N.A, hereinafter called "Cattleman's", for the privilege of acting as a Depository for designated funds of the City of Johnson City, Texas, hereinafter called the "Depositor", for a term of three (3) years beginning January 1, 2014 and ending December 31, 2017 or until such time as a successor Depository is selected and qualified agrees to:

(A). The Depositor will not be placing time deposits with Cattleman's nor will Cattleman's be offering time deposits services to the Depositor.

(B). All Depositor Checking Accounts as outlined on the attachment to the bid notice will be paid the following interest rate.

<u>Investment</u>	<u>Yield</u>
Interest Bearing Accounts	Rate paid by Cattleman's will be its stated NOW account rate which is currently .05% and subject to change at any time.

Note: The aggregate Checking Account balances of the Depositor cannot exceed \$1,000,000 (one million dollars) at any time nor can the aggregate Checking Account balances of the Depositor be less than 50% of the \$1,000,000.

PO Box 669
Blanco, TX 78606
830-833-4587
Fax: 830-833-4942

PO Box 1243
Dripping Springs, TX 78620
512-858-5159
Fax: 512-858-2021

PO Box 518
Johnson City, TX 78636
830-868-4051
Fax: 830-868-7310

BANK COMPENSATION

The Depositor will pay for Depository services on a straight fee basis in which no targeted balance will be maintained by the Depositor. Fees will be assessed and paid in accordance with the Depository's proposed fees as listed on Attachment A.

Cattleman's does not apply the earnings credit rate to interest bearing commercial checking accounts.

DEPOSITOR INVESTMENTS

Cattleman's acknowledges the Depositor's right to purchase, sell, and invest its funds and funds under its control, including bond funds, as authorized by the Government Code, Chapter 2256, Public Funds Investments Act, and in compliance with the Depositor's Investment Policy.

COLLATERALIZATION

Cattleman's will pledge with the Depositor approved securities in an amount of market value sufficient to adequately protect 102% of all Depositor checking deposits plus accrued interest minus applicable FDIC coverage from day to day during the term of this proposal. Such collateral will be limited to U.S. Treasury or U.S. Government Agency securities or FDIC insured certificates of deposit.

Maximum dollar amount of collateral Cattleman's will provide for checking deposits belonging to the Depositor is \$1,020,000 (one million twenty thousand dollars). Cattleman's will only provide collateral for pledging purposes on the Depositor's checking deposits in the form of U.S. Treasury or U.S. Government Agency securities or FDIC insured certificates of deposit.

BANKING SERVICES FEES

Cattleman's will provide the following services, as indicated on Exhibit A, for the compensation shown.

A copy of the current funds availability schedule is attached as Exhibit B. The daily cut-off time for same day ledger credit on deposits is currently 3:00 PM. Float is calculated

using the float tables established by our collecting bank. Be advised, the daily cut-off time for same day ledger credits will extend to 4:00 PM as of February 10, 2014.

Cattleman's acknowledges that venue for any litigation arising from a contractual dispute between the Depositor and Cattleman's shall be in the county in which the Depositor has its central office, provided that this venue designation shall not be deemed a waiver of any immunity which either party hereto may be entitled to claim.

Cattleman's would collateralize checking deposits of the Depositor based on ledger balances.

DEPOSITORY INFORMATION

- (1) Cattleman's National Bank, a division of Lone Star Capital Bank, N.A.
403 S US Hwy 281
P.O. Box 518
Johnson City, Texas 78636
830-868-4051
830-868-7310 (Fax)

Lone Star Capital Bank, N.A.
150 N Loop 1604 E
San Antonio, Texas 78232
210-496-6116
210-496-6118 (fax)

Branch locations within the Depositor's boundary are:

Johnson City Branch
403 S US Hwy 281
P.O. Box 518
Johnson City, Texas 78636
830-868-4051
830-868-7310 (fax)

- (2) The most recent fiscal year audited financial statement and the last two quarterly FDIC Call Reports for Lone Star Capital Bank published September 2013 and June 2013 have also been provided. The two banks merged as of September 30, 2012.
- (3) The account executive assigned to the Depositor will be Ernie Bustamante, Johnson City Branch Manager. He can be reached at (830) 833-4587. Camille Borgeson, Johnson City Assistant Branch Manager, will be the backup account executive. She can be reached at (830) 868-4051.

- (4) Cattleman's designated bank officers who will be the primary contact with the Depositor are Senior Vice President & Chief Financial Officer at the Stone Oak location of Lone Star Capital Bank, Christy McCoy, telephone number 210-496-6116 and Executive Vice President & Chief Operating Officer at the Stone Oak location of Lone Star Capital Bank, Ralph Yzaguirre, telephone number 210-496-6116.
- (5) Acceptance of the terms of the proposal will constitute the Depositor's agreement to such terms.

BANKING SERVICES

- (1) The daily balance information is available real-time via internet banking. The individual security user names and passwords are assigned by the authorized users. As of this time, there is not an option for on-line banking services to allow for numerous user accounts with varying access restrictions.
- (2) The Depository's daily cut-off time to assure same day ledger credit is 3:00 pm. Be advised, the daily cut-off time for same day ledger credits will extend to 4:00 PM as of February 10, 2014. Credit/Debit advices will be sent via USPS if a representative from the Depositor is not present.
- (3) There is a night depository available. The Depository has non-locking zipper bags available upon request. Other deposit bags include locking zipper bags. If the Depositor would like to upgrade to a locking zipper bag there will be a \$15.00 fee per bag. A key to the night depository drawer will be provided to the Depositor upon request.
- (4) The Depository images all checks and deposits. The images are available online after processing has completed. The Depository does not provide CDs and the reports are not downloadable. Check and deposit images are maintained on-line for 18 months.
- (5) The Depository does not offer online wire initiation. The Depositor will be notified about incoming wires by mail with the credit advice receipt. The Depositor is also able to notify by email if requested. The funds transfers and wire transfers must be requested on the date of the transaction. The deadline for initiation is 1:00 pm. Templates are available for repetitive transfer requests.
- (6) The Depositor will not have the option to purchase time deposits from Cattleman's National Bank.

- (7) The Depository recognizes all collateral pledged to the Depositor must be held by a custodian or permitted institution as specified by the Public Funds Collateral Act (Texas Government Code, Chapter 2257)

The Depository recognizes all time and demand deposits above FDIC coverage shall be collateralized at a minimum of 102% of principle plus accrued interest at all times (110% on mortgage backed securities.)

The Depository recognizes pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to the Depositor by the custodian within one business day of receipt.

The Depository recognizes substitution rights shall be granted if the Depository obtains the Depositor's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.

- (8) Statements are available at the end of each month. Statements are available online at the opening of business following the last day of the month. The monthly statement will be available online for 18 months. The paper statement will be mailed on the 1st business day of the month.
- (9) All accounts are aggregated for overdraft calculation purposes. The overdraft fee is \$25.00 and the returned item fee is \$27.00. The Depository does not have a policy for daylight overdrafts.
- (10) The time period options available for stop pays are as follows:
- Checks – 6 months
 - Reoccurring ACH – indefinite or one-time stop payment
 - The stop pays can be initiated online without required paper follow up.
 - There is no information on current and expiring stop pays available online.
- (11) The Depository will not furnish deposit slips or checks for the Depositor.
- (12) The Depository will not provide staff to reconcile the Depositor's account.

OPTIONAL SERVICES

- (1) The Depository supports the Visa card platform. An authorized signer for the Depositor must complete and sign a card request form for issuance.

An authorized signer is able to verbally request for a card to be deleted or replaced. When the Depository receives notification about a lost/stolen debit card, it is immediately closed.

Dated this the 21st day of November 2013.

Cattleman's National Bank, a division of Lone Star Capital Bank, N.A.

By: Christy McCoy
Christy McCoy
Senior Vice President & Chief Financial Officer

150 N Loop 1604 E
San Antonio, Texas 78232
210-496-6116



Johnson City Bank

P. O. BOX 426
JOHNSON CITY, TEXAS 78636
PHONE 830/868-7131

December 23, 2013

City of Johnson City
Hon. Dawn Capra, Mayor
P.O. Box 369
Johnson City, Texas 78636

Dear Mayor Capra,

The Board of Directors and management of Johnson City Bank will not submit a bid for the City of Johnson City deposits or loans. Please make arrangements to have all accounts closed and any loan or loans paid in full on or before January 31, 2014.

Sincerely,

Cubby Hudler
President
Chairman of Board

RECEIVED BY

DEC 23 2013

**CITY OF JOHNSON CITY
CITY SECRETARY**

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: David Dockery, City Administrator

DEPARTMENT: Public Works

ITEM

Provide City Staff with direction regarding paving Avenue I

ITEM BACKGROUND

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X

Approved by Legal: YES: _____ NO: X

Comments: N/A

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: Anthony Holland, City Secretary

DEPARTMENT: City Secretary's Office

ITEM

Authorize the City Secretary to obtain refinancing for the 2012 Dodge Charger currently being used by the Police Department.

ITEM BACKGROUND

Johnson City Bank sent a letter on December 23, 2013 noting the City had until January 31, 2014 to pay the car loan in full.

The City Secretary has contacted Cattleman's National Bank to inquire as to what it would cost the City to refinance our car loan through their bank.

Cattleman's Quote:

36 Month Term

3.25 %

Payment - \$ 1,189 +/-

Current Loan with Johnson City Bank Terms:

47 Month Term

2.50 %

Payment - \$1,298.32

Total Loan \$ 57,484.00

Loan Balance as of January 2, 2014 - \$ 39,523.26

The City has made 15 payments on this note as of December 2013.

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal: YES: _____ NO: _____X_____

Approved by Legal: YES: _____ NO: _____X_____

Comments: N/A

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____



Johnson City *Bank*

P. O. BOX 426
JOHNSON CITY, TEXAS 78636
PHONE 830/868-7131

December 23, 2013

City of Johnson City
Hon. Dawn Capra, Mayor
P.O. Box 369
Johnson City, Texas 78636

Dear Mayor Capra,

The Board of Directors and management of Johnson City Bank will not submit a bid for the City of Johnson City deposits or loans. Please make arrangements to have all accounts closed and any loan or loans paid in full on or before January 31, 2014.

Sincerely,

Cubby Hudler
President
Chairman of Board

RECEIVED BY

DEC 23 2013

**CITY OF JOHNSON CITY
CITY SECRETARY**

Anthony M. Holland

From: Michael Smith <Michael.Smith@lscb.com>
Sent: Tuesday, December 31, 2013 3:36 PM
To: aholland@johnsoncitytx.org
Subject: 2012 Dodge Auto Loan

I was able to lower the rate that I estimated. We can refinance the loan at 3.25% for 36 months. Terms would be \$40,700.00 @ 3.25% for 36 months, payments \$1,189 +/-.
Let me know if that sounds good. I will also need insurance on vehicle.
Does the loan include all equipment attached to the car?

Thank you,

Michael Smith
Assistant Vice President/ Loan Officer
MLO# 1072238



**CATTLEMAN'S
NATIONAL BANK**
a division of Lone Star Capital Bank, N.A.

P.O. Box 669
Blanco, TX 78606
(830) 833-4587 – office
(830) 833-4942 – fax

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**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: Dawn Capra, Mayor

DEPARTMENT: City Council

ITEM

Appoint members to the Commercial Recycling Committee

Positions available:

City Council Member - _____
City Council Member - _____
Residential Customer - _____
Residential Customer - _____
Commercial Customer - _____
Commercial Customer - _____

ITEM BACKGROUND

At the October 1, 2013 regular City Council meeting the Council decided to provide recycling services for commercial accounts for ninety (90) days and later create a committee to perform a cost analysis of the program.

The committee would consist of two (2) council members, two (2) residential customers and two (2) commercial customers. Their responsibility would consist of:

- Reviewing income and expenses of the program to obtain a better understanding of the program's effectiveness and overall cost to the City.

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X

Approved by Legal: YES: _____ NO: X

Comments: N/A

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____

**CITY OF JOHNSON CITY
CITY COUNCIL MEETING
AGENDA REQUEST FORM**

MEETING DATE: January 7, 2014

NAME & TITLE: David Dockery, City Administrator

DEPARTMENT: Public Works

ITEM

Authorize the City Administrator to begin the process of canceling the Cooperative Teamwork & Recycling Assistance (CTRA) Contract.

ITEM BACKGROUND

On June 20, 2012 a contract was executed with CTRA for the sale of recyclable materials. The contract was for a two year period ending on June 20, 2014.

The contract states that either party may discontinue the agreement with a thirty (30) day written notice stating the reason for the cancellation.

BUDGET/FINANCIAL SUMMARY

LEGAL REVIEW

Sent to Legal: YES: _____ NO: X

Approved by Legal: YES: _____ NO: X

COUNCIL ACTION

Motion: _____

Second: _____

Vote: Ayes: _____ Nays: _____

Abstentions: _____