TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

April 21, 2011

LaDonna Castañuela, Chief Clerk
Office of the Chief Clerk
Texas Commission on Environmental Quality
P.O. Box 13087, MC-105
Austin, Texas 78711-3087

Re: TCEQ Docket No. 2011-0359-UCR. Consideration of a request for a Commission Order approving a contract designating service areas between the City of Garden Ridge and the City of Selma pursuant to Texas Water Code Section 13.248.

Dear Ms. Castañuela:

Transmitted herewith for filing with the Texas Commission on Environmental Quality ("Commission") are the following items as backup material for the May 11, 2011 agenda regarding the request described above:

1. Proposed Order, with map attached;
2. Interoffice Memorandum containing an Executive Summary;
3. Application for a Commission order approving a Texas Water Code Section 13.248 contract and the contract dated November 20, 2008;
4. Interoffice Memorandum containing analysis of the City of Garden Ridge's financial, managerial, and technical capability;
5. Consent forms.

Respectfully submitted,

Douglas Brown

Douglas Brown, Staff Attorney
Environmental Law Division

AN ORDER approving an agreement designating service areas between the City of Garden Ridge and the City of Selma pursuant to section 13.248 of the Texas Water Code; TCEQ Docket No. 2011-0359-UCR.

A request for a Commission order approving a contract designating service areas between the City of Garden Ridge (Garden Ridge), Certificate of Convenience and Necessity (CCN) No. 11253, and the City of Selma (Selma), CCN No. 11522, in Guadalupe County, Texas, was presented to the Texas Commission on Environmental Quality (Commission) for approval pursuant to section 13.248 of the Texas Water Code and title 30, section 291.117 of the Texas Administrative Code.

The parties entered into an agreement dated November 20, 2008, under which Selma will transfer 7.14 acres of CCN No. 11522 to Garden Ridge, thereby incorporating the area into Garden Ridge's CCN area. The agreement is attached to this order. There are currently no customers or facilities in the area to be transferred.

Contracts between retail public utilities that designate areas to be served and customers to be served by those retail public utilities, when approved by the Commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity. TEXAS WATER CODE § 13.248.

The Executive Director of the Commission mailed notice of the hearing date on which the Commission was to consider the request to Garden Ridge and Selma.

Garden Ridge and Selma have reviewed the CCN map attached to this order and have approved it.

The Commission held a hearing on the request at its May 11, 2011 Agenda meeting and found the request has merit.

Garden Ridge is capable of rendering continuous and adequate water service to the area covered by the agreement. The transfer of Selma's authority to provide service in the affected area, which results in Garden Ridge as the sole service provider remaining in the area, is necessary for the service, accommodation, convenience, or safety of the public.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

1. The agreement addressing the transfer of a portion of Selma's CCN No. 11522 and designating that retail water service shall be provided by the Garden Ridge, CCN No. 11253, in that area is hereby approved.
2. CCN No. 11253, held by Garden Ridge, and CCN No. 11522, held by Selma, in Guadalupe County are hereby amended in accordance with the agreement. The transferred area is approximately 7.14 acres.
3. The Executive Director is directed to redraw the Garden Ridge's CCN No. 11253 and Selma's CCN No. 11522 as provided in the agreement and as set forth on the map attached to this order and to amend the Commission's official water service area map for Guadalupe County, Texas.
4. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this order and the attached map to the parties.

5. If any provision, sentence, clause, or phrase of this order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the order.

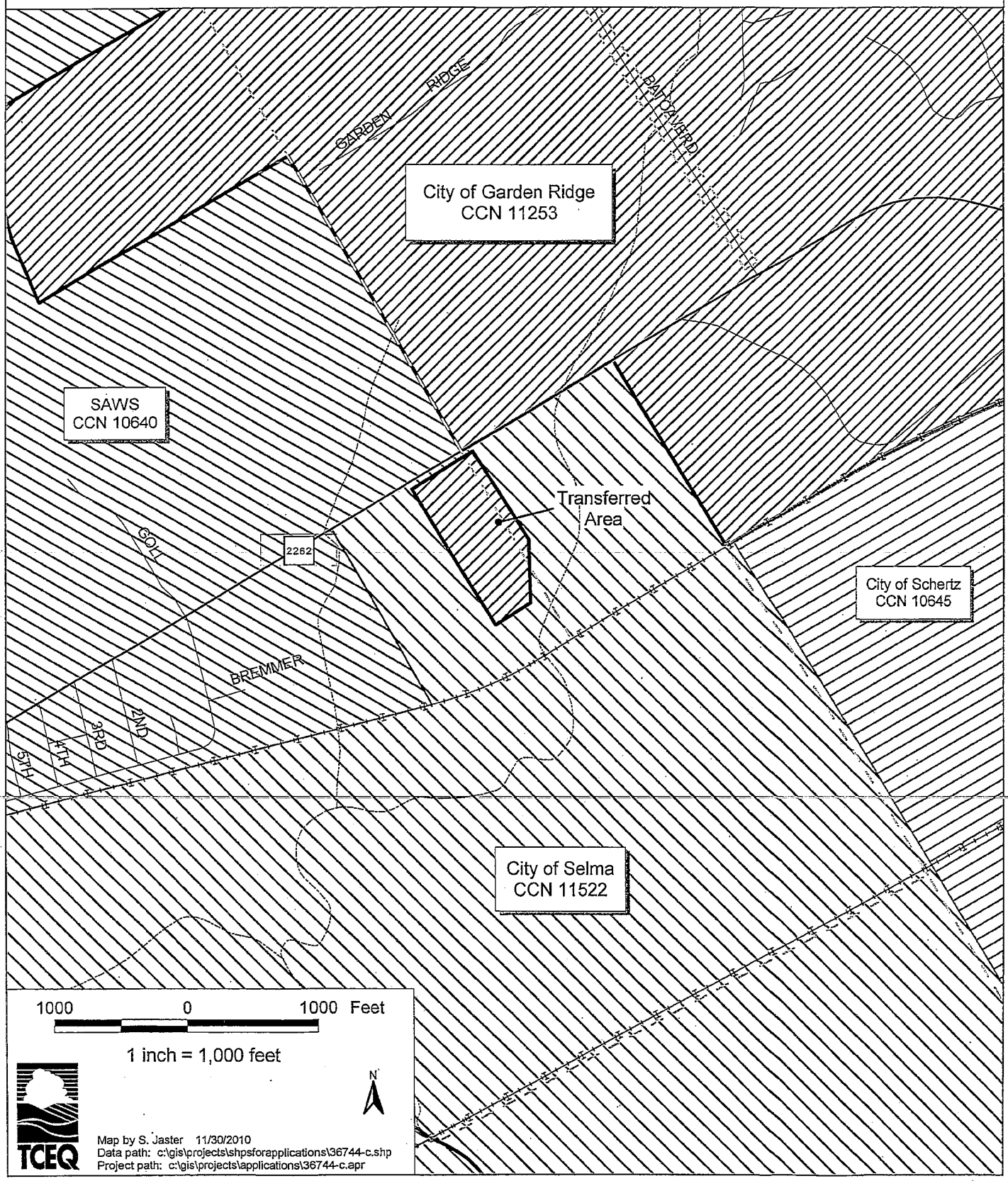
Issue Date:

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

_____

For the Commission

City of Garden Ridge / City of Selma
Portion of Water Service Areas
Application No. 36744-C (13.248 Contract Service Agreement
from City of Garden Ridge, CCN No. 11253
to Transfer a Portion of City of Selma, CCN No. 11522 in Comal County)



FORMAL AGREEMENT FOR TRANSFER OF EXISTING CCN

November 20, 2008

To: The City of Garden Ridge 11253
The City of Selma

The City of Selma hereby agrees to officially release and transfer a portion of their CCN 11522 on two parcels of land for a total of 7.14 acres {4.0 and 3.14 acres} that is known as Plaza Oaks Center Subdivision, Lots 1 thru 8 and 10 thru 15, located on FM 2252 {Nacogdoches Road}, ½ mile south of Bat Cave Road. The City of Garden Ridge will then assume this CCN area and these tracts will be provided water by the City of Garden Ridge, CCN 11253.

The final approval by the TCEQ will finalize this agreement and allow the City of Garden Ridge to serve these two tracts.

We agree and consent to the above information and request this transfer take place immediately.

CITY OF SELMA

MAYOR

City of Selma Title

City of Garden Ridge Title

8, 2008

Date

1-7-09

Date

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Interoffice Memorandum

DATE: December 29, 2010

TO: Texas Commission on Environmental Quality

THRU: LaDonna Castañuela, Chief Clerk

FROM: Douglas Brown, Staff Attorney, Environmental Law Division

SUBJECT: TCEQ Docket No. 2011-0359-UCR. Consideration of a request for a Commission order approving a contract designating water service areas between the City of Garden Ridge (Garden Ridge), Certificate of Convenience and Necessity (CCN) No. 11253, and the City of Selma (Selma), CCN No. 11522.

DESCRIPTION OF APPLICATION

Applicant: The City of Garden Ridge

Regulated Activity: Retail water utility service

Type of Application: Request for a Commission Order approving 1 contract

Commission Action: Hearing regarding approval of the contract

Authority: Texas Water Code §§ 13.248 and 13.255(a); 30 Texas Administrative Code §§ 291.117 and 291.120

FACTUAL BACKGROUND

The City of Garden Ridge (Garden Ridge), water certificate of convenience and necessity (CCN) No. 11253, and The City of Selma (Selma), water CCN No. 11522, provide retail water service in Comal County, Texas. On November 20, 2008, Garden Ridge and Selma entered into a contract, Water Supply Contract, regarding their respective water service areas pursuant to section 13.248 of the Texas Water Code.

Under the contract, Selma will transfer 7.14 acres of its CCN area to Garden Ridge, and Garden Ridge will be the sole retail water service provider in that 7.14 acre area. The 7.14 acre area contains no customers or facilities. Therefore, there will be no transfer of customers or facilities under the contract.

LEGAL AUTHORITY

The Texas Water Code prohibits a utility, a utility operated by an affected county, or a water supply corporation from rendering retail water or sewer utility service directly or indirectly to the public without first obtaining a CCN.[1] Conversely, a municipality is not required to obtain a CCN to provide retail water service.[2] However, a municipality may not provide service to areas that are outside of its corporate boundaries but within the CCN of another retail public utility without first obtaining written consent from that retail public utility.[3]

The Texas Water Code and TCEQ rules allow retail public utilities to enter into service area agreements and have the Commission affirm the agreements by amending the entities' respective CCNs.[4] A transfer of a water or sewer system that also includes the transfer of customers and/or facilities may, in some cases, also require separate Commission approval for the transfer of customers and/or facilities.[5]

The requests to approve the 13.248 agreements are not subject to the notice provisions of section 291.106, Title 30 of the Texas Administrative Code, which apply to applications for new and amended CCNs. The Commission may approve the service area agreement pursuant to section 13.248 of the Texas Water Code with the appropriate notice under the Open Meetings Act. The Executive Director will mail notice of the hearing upon the setting of an Agenda date.

---

[1] TEX. WATER CODE ANN. § 13.242(a) (Vernon 2006).

[2] A municipality is a "retail public utility" under section 13.002(19) of the Texas Water Code but is not a "utility" under section 13.002(23). Therefore, the section 13.242(a) requirement that a "utility" must obtain a CCN before providing retail water utility service does not apply to a municipality.

[3] *Id.* § 13.242(b).

[4] *Id.* § 13.248; 30 TEX. ADMIN. CODE § 291.117 (West 2005) (Tex. Comm'n on Envtl. Quality, Contracts Valid and Enforceable). Section 13.248 states "contracts between retail public utilities designating areas to be served and customers to be served by those retail public utilities, when approved by the commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity." Section 13.255(a) states that "[i]n the event that an area is incorporated or annexed by a municipality, ... the municipality and a retail public utility that provides water or sewer service to all or part of the area pursuant to a certificate of convenience and necessity may agree in writing that all or part of the area may be served by a municipally owned utility, by a franchised utility, or by the retail public utility. ... The executed agreement shall be filed with the commission, and the commission on receipt of the agreement, shall incorporate the terms of the agreement into the respective certificates of convenience and necessity of the parties to the agreement."

[5] TEX. WATER CODE § 13.301. The section requires that some applicants also demonstrate "adequate financial, managerial, and technical capability for providing continuous and adequate service to the service area being acquired and to any areas currently certificated to the person" for the separate transaction relating to the transfer of facilities and/or customers.

BASIS FOR STAFF RECOMMENDATION

The following items were considered in developing the staff's recommendation:

1. Request for a Commission order approving the 13.248 contract filed by the City of Garden Ridge and the city of Selma on June 16, 2010 (Application No. 36744-C);

2. Water Supply Contract between the City of Garden Ridge and the City of Selma, executed on November 20, 2008;

3. Final proposed map of the water service areas subject to the aforementioned agreement and contract;

4. Financial, Managerial, and Technical analysis of the City of Garden Ridge to operate in the affected area;

5. Proposed Order; and

6. Consent forms signed by representatives for both the City of Garden Ridge and The City of Selma, which give approval to the ED for the above final map.

STAFF RECOMMENDATION

Based on the facts stated in the application and the supporting documentation submitted by the city of Garden Ridge and the City of Selma, staff supports the request for a Commission order approving the contract designating the service area between the City of Garden Ridge and The City of Selma. Staff has confirmed that both parties are retail public utilities with active water CCNs and that the area the parties are seeking to transfer is certificated to the City of Selma. Staff is also satisfied that the City of Garden Ridge possesses the adequate financial, managerial, and technical capability to provide continuous and adequate service to the areas being transferred.

STAFF CONTACTS

Douglas Brown, Environmental Law Division (239-2253)
Kamal Adhikari, Water Supply Division (239-0680)

LF

January 26, 2009

Ms. Tammy Benter
TCEQ
Utilities and Districts Section {MC 153}
P.O. Box 13708
Austin, Texas 78711

Dear Ms. Benter:
Thank you for your emails and responses to my questions.

As requested, please find the original agreement you authorized and that were signed by both cities . Also, please find three copies of the various views showing the location of the property.
Please confirm that this CNN has been changed so I can begin work on our water line.

I would very much appreciate you handling this as quickly as possible!

Warmest Regards,

Larry Rheinlaender
8950 Garden Ridge Drive
San Antonio, Texas 78266
210-651-6485 Office
210-651-6485 Fax
210-834-5593 Mobile

FORMAL AGREEMENT FOR TRANSFER OF EXISTING CCN

November 20, 2008

To: The City of Garden Ridge 11253
The City of Selma

The City of Selma hereby agrees to officially release and transfer a portion of their CCN 11522 on two parcels of land for a total of 7.14 acres {4.0 and 3.14 acres} that is known as Plaza Oaks Center Subdivision, Lots 1 thru 8 and 10 thru 15, located on FM 2252 {Nacogdoches Road}, ½ mile south of Bat Cave Road. The City of Garden Ridge will then assume this CCN area and these tracts will be provided water by the City of Garden Ridge, CCN 11253.

The final approval by the TCEQ will finalize this agreement and allow the City of Garden Ridge to serve these two tracts.

We agree and consent to the above information and request this transfer take place immediately.

CITY OF SELMA TEXAS

MAYOR

City of Selma Title

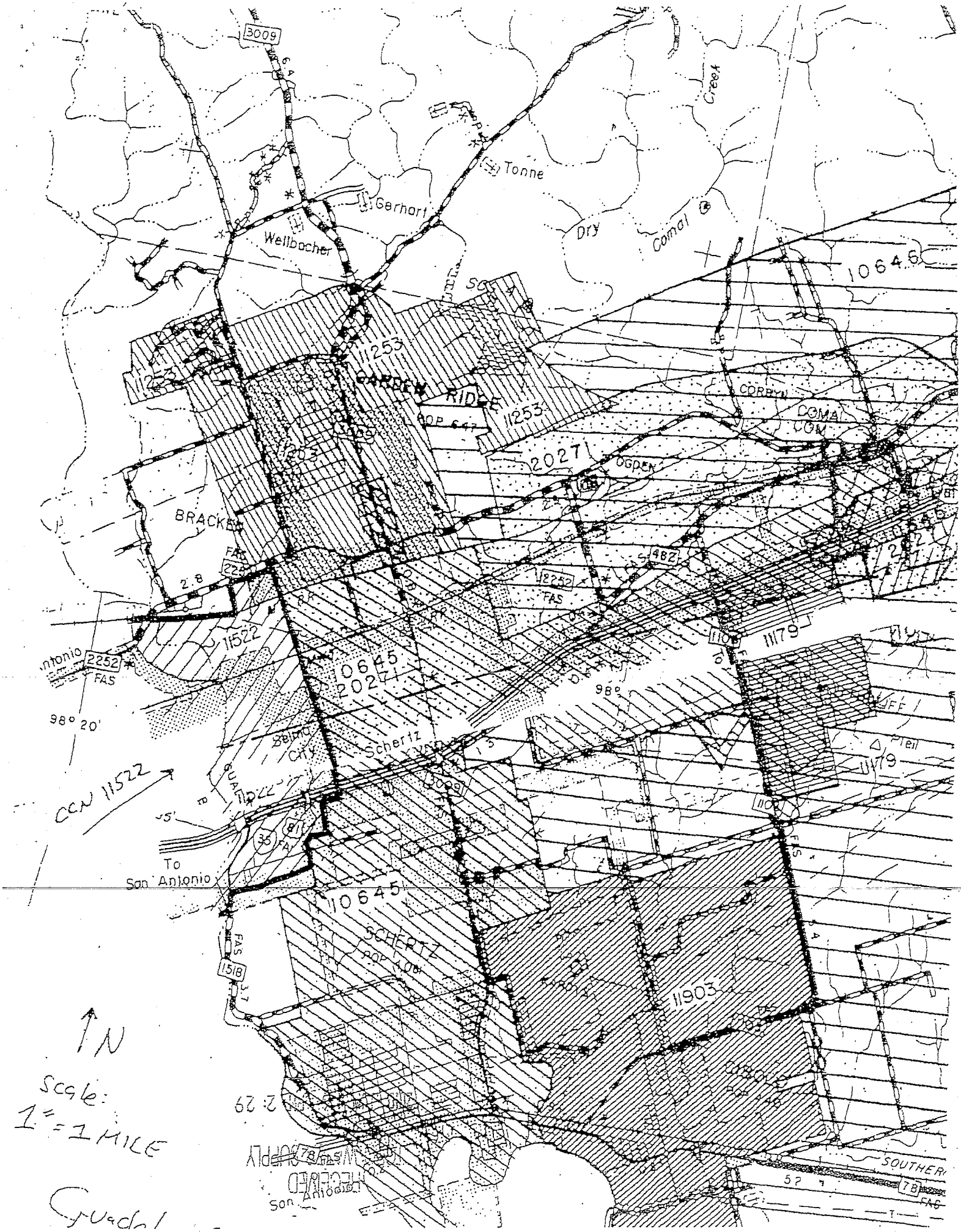
City of Garden Ridge Title

8, 2008

Date

1-7-09

Date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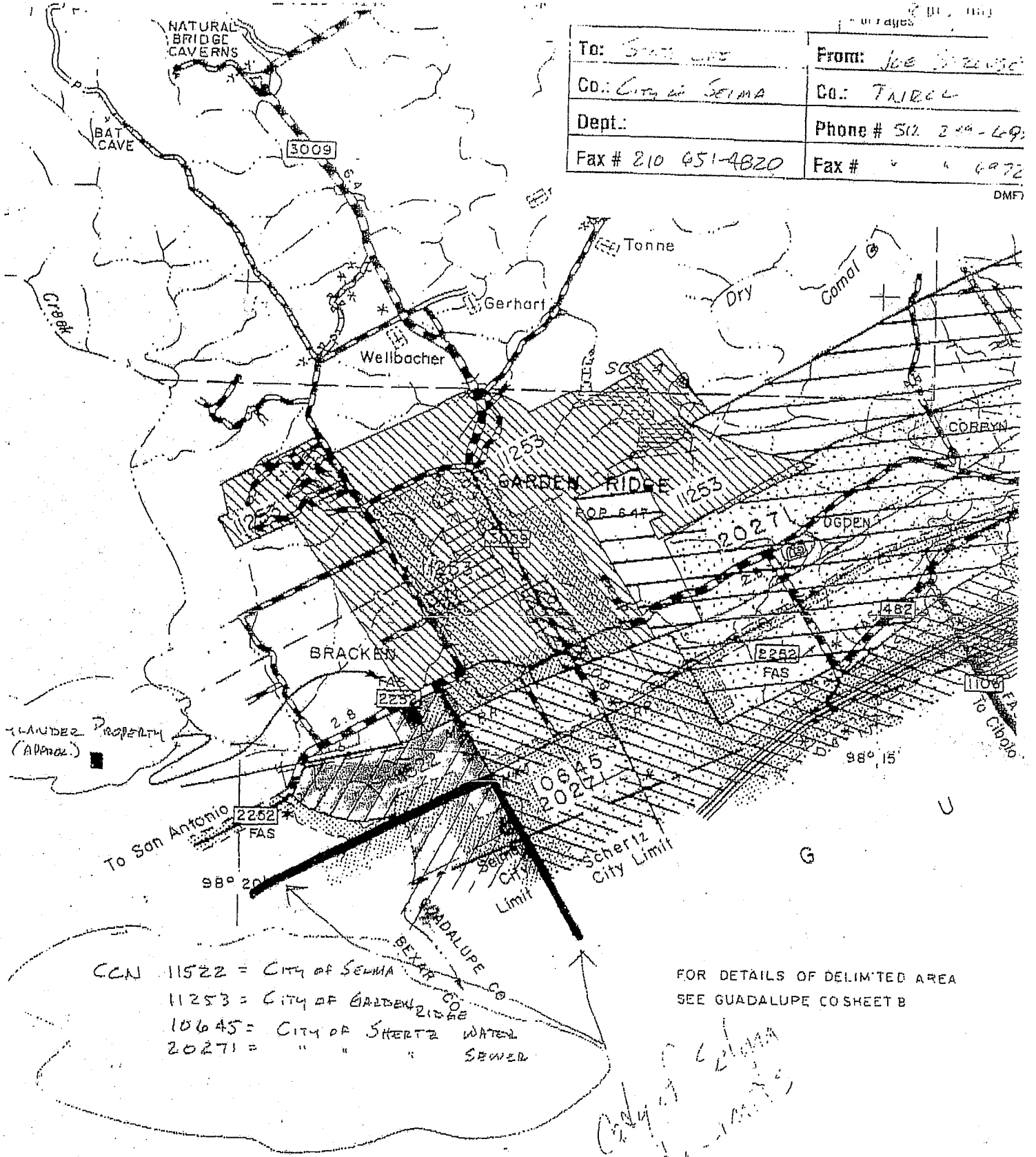
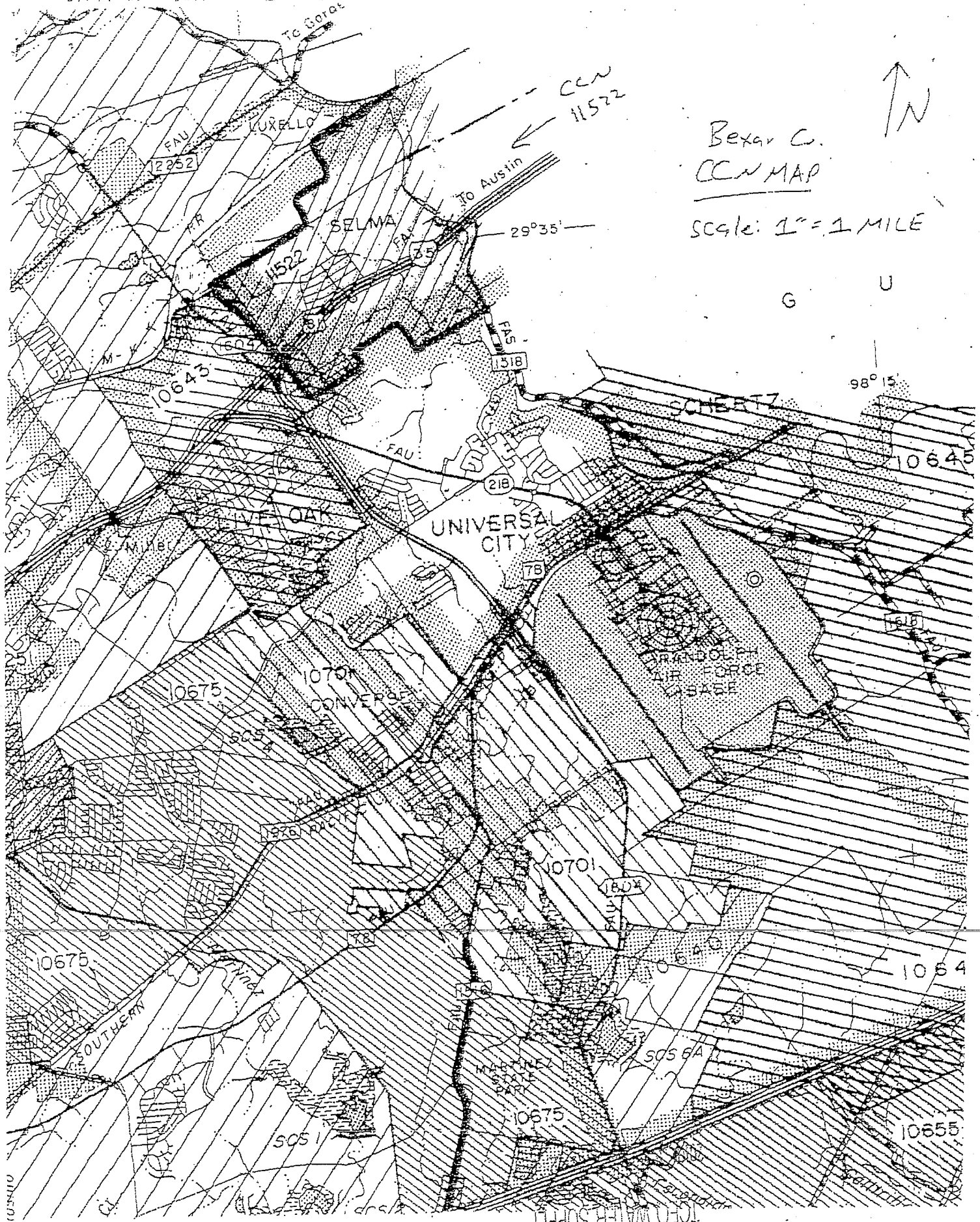
1" = 1 MILE
Guadal

To: [illegible]	From: Joe [illegible]
Co.: City of Selma	Co.: Tribble
Dept.:	Phone # 512 [illegible]
Fax # 210 651-4820	Fax # " " [illegible]

DMF



City of Selma
11,522 - [illegible]



Larry Rheinlaender
8950 Garden Ridge Drive
San Antonio, TX 78266

SAN ANTONIO TX 780
RIO GRANDE DISTRICT
27 JAN 2009 PM 7 L

USA Postage Forever

Ms. Tammy Benter
TCEQ
Utilities + Districts Section (MC 153)
P.O. Box 13708
Austin, TEXAS 78711-3087

RECEIVED
JAN 28 20
TCEQ MAIL CE
RB

7871 1-3708

RECEIVED
TCEQ WATER SUPPLY

2009 MAY 20 PM 3:44

May 15, 2009

Ms. Lisa Fuentes
TCEQ, Utilities and District Section
Water Supply Division
P.O. Box 13708
Austin, Texas 78711

Dear Ms. Fuentes:
Thank you for your phone call and giving me the information about what you require to get this completed.

Enclosed, please find the meets and bounds of the Nacogdoches Road property located in Comal County, San Antonio, Texas. There are four {4} pages, as this is the document secured from Comal County Courthouse.
You will also find the documents regarding the audit of financial responsibility provided by the City of Garden Ridge.
The check for $100.00 for the filing fee is enclosed.
These were all of the three final items you were needing to complete this filing.

This project has drug on since November 08, so any help you could give to finalize this would be greatly appreciated.

Thank you very much.

Larry Rheinlaender
8950 Garden Ridge Drive
San Antonio, Texas 78266
210.651.6485 Office
210.651.6485 Fax

RECEIVED
TCEQ WATER SUPPLY

2009 JUN 16 PM 2:29

NO. 260004

WARRANTY DEED WITH VENDOR'S LIEN
FROM: W. D. MORRIS, A SINGLE MAN
TO : LARRY RHEINLAENDER, JAMES G. RHEINLAENDER AND MIKE MOLTHAN

THE STATE OF TEXAS ¶
¶ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF COMAL ¶

That I, W. D. MORRIS, a single man, of Bexar County, Texas, for and in consideration of the sum of TEN DOLLARS ($10.00) and other valuable consideration to the undersigned cash in hand paid and secured to be paid by the GRANTEES herein named, the receipt of which is hereby acknowledged, and the further consideration of the execution and delivery by GRANTEES of their one certain promissory note of even date herewith in the principal sum of TWO HUNDRED FORTY TWO THOUSAND AND NO/100 DOLLARS ($242,000.00), payable to the order of NEW BRAUNFELS SAVINGS AND LOAN ASSOCIATION at New Braunfels, Comal County, Texas, as therein provided and bearing interest at the rates therein specified and providing for acceleration of maturity in event of default and for attorney's fees, the payment of which note is secured by vendor's lien herein retained, and is additionally secured by a Deed of Trust of even date herewith, to JOHN H. DAVIS, TRUSTEE, have GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL and CONVEY unto LARRY RHEINLAENDER, JAMES G. RHEINLAENDER and MIKE MOLTHAN, all of the following described real property in Comal County, Texas, to-wit:

TRACT 1

BEING Lot 1, Morris Subdivision, Comal County, Texas, recorded in Volume 7, Page 186, Map and Plat Records of Comal County, Texas; said tract of land being more particularly described as follows:

BEGINNING at an iron pin found on the southeast right-of-way line of F.M. 2252 (Nacogdoches Road) said pin being the northwest corner of this tract;

THENCE N. 57° 35' 04" E. 216.03 feet continuing along said southeast right-of-way line to an iron pin found at the beginning of a curve to the right; said pin also being the common most northwest corner of said Lot 1 and Lot 2, Morris Subdivision;

THENCE leaving said southeast right-of-way line of F.M. 2252, 39.32 feet along said curve to the right having a central angle of 90° 06' 39" and a radius of 25.00 feet to an iron pin found for the end of this curve;

THENCE S. 32° 18' 17" E. 535.50 feet to an iron pin set at the southeast corner of this tract, said pin also being the common most southeast corner between said Lots 1 and 2;

THENCE S. 57° 41' 43" W. 247.97 feet to an iron pin found for the southwest corner of this tract, said pin also being the common most southwest corner of said Lots 1 and 2;

THENCE N. 31° 35' 59" W. 560.12 feet leaving the common line between said Lots 1 and 2 to the point of BEGINNING and containing 3.14 acres of land, more or less.

TRACT 2

BEING a tract of land out of Lot 3, Morris Subdivision, Unit 2, Garden Ridge, Comal County, Texas, recorded in Volume 8, Page 57, Map and Plat Records of Comal County, Texas; said tract of land being more particularly described as follows:

BEGINNING at an iron pin found on the southeast right-of-way line of F.M. 2252 (Nacogdoches Road) said pin being the northeast corner of said Lot 3, Morris Subdivision, Unit 2, and also being the northeast corner of this tract;

THENCE S. 32° 18' 17" E. 723.53 feet leaving said southeast right-of-way line of F. M. 2252 and continuing along the southeast line of said Lot 3 to an iron pin set for the southeast corner of this tract;

THENCE S. 57° 41' 43" W. 241.08 feet leaving said southeast line of Lot 3 to an iron pin set on the common line between said Lot 3 and Lot 2, Morris Subdivision, recorded in Volume 7, Page 186, Map and Plat Records of Comal County, Texas, said pin being the southwest corner of this tract;

THENCE N. 32° 18' 17" W. 698.12 feet continuing along said common line between said Lots 3 and 2 to an iron pin found at the beginning of a curve to the right;

THENCE 39.22 feet along said curve to the right having a central angle of 89° 53' 21" and a radius of 25.00 feet to an iron pin found on the southeast right-of-way line of F.M. 2252 for the end of this curve;

THENCE N. 57° 35' 04" E. 216.13 feet continuing along said southeast right-of-way line of F.M. 2252 to the point of BEGINNING and containing 4.00 acres of land, more or less.

This conveyance is made and accepted subject to any and all covenants, conditions, reservations, easements, rights-of-way and set back lines, if any, now outstanding and of record in Comal County, Texas, and to all zoning laws, regulations and ordinances of municipal and/or governmental authorities, if any, but only to the extent that they are still in effect, relating to the hereinabove described property.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said GRANTEES, their heirs and assigns forever, and GRANTOR does hereby bind himself, his heirs and assigns to WARRANT AND FOREVER DEFEND, all and singular, the said premises unto the said GRANTEES, their heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as hereinabove stated.

But it is expressly agreed that the VENDOR'S LIEN, as well as the Superior Title in and to the above described premises, is retained against the above described property, premises and improvements until the above described note and all interest thereon are fully paid according to the face, tenor, effect and reading thereof, when this Deed shall become absolute. The said Vendor's Lien and Superior Title herein retained are hereby TRANSFERRED, ASSIGNED, SOLD and CONVEYED to NEW BRAUNFELS SAVINGS AND LOAN ASSOCIATION, its successors and assigns, the payee named in said note, without recourse on GRANTOR.

EXECUTED this the 4th day of April, 1985.

W. D. Morris

W. D. MORRIS, a single man

VOL 0441 PAGE 416

THE STATE OF TEXAS ¶
¶
COUNTY OF COMAL ¶

This instrument was acknowledged before me on this, the 4th day of April, 1985, by W. D. MORRIS.

Minnie Odell
NOTARY PUBLIC, STATE OF TEXAS

1-31-89

MINNIE ODELL

ADDRESS OF GRANTEES:

LARRY RHEINLAENDER
15203 Spring Water
San Antonio, Texas 78247

JAMES G. RHEINLAENDER
Rt. 2, Box 701A
New Braunfels, Texas 78130

MIKE MOLTHAN
2508 Flagstone
Plano, Texas 75075

CITY OF GARDEN RIDGE, TEXAS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2008

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CITY OF GARDEN RIDGE, TEXAS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2008

CITY OFFICIALS

MAYOR	JAY F. FEIBELMAN
MAYOR PRO-TEM	RUSS SANDERS
CITY COUNCIL	JOE BRITAN JOHN McCAW BOBBY ROBERTS JAMES YOUNG
CITY ADMINISTRATOR	NANCY CAIN
CITY SECRETARY/TREASURER	LINDA KNOWLSON
ATTORNEY	DENTON, NAVARRO, ROCHA & BERNAL, P.C.
AUDITOR	ARMSTRONG, VAUGHAN & ASSOC., P.C.

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CITY OF GARDEN RIDGE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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SHAREHOLDERS:
Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA

Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Garden Ridge, Texas

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 the City of Garden Ridge, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Garden Ridge, Texas', management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Garden Ridge, Texas, as of September 30, 2008, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information and schedule of funding progress on pages 2 through 9 and 43 through 48, 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Garden Ridge, Texas', basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of these basic financial statements. The other supplementary information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Armstrong, Vaughan & Assoc, P.C.

Armstrong, Vaughan & Assoc., P.C.

January 19, 2009

941 West Byrd Blvd., Suite 101 • Universal City, Texas 78148
Phone: 210-658-6229 • Fax: 210-659-7611 • Email: vaughan@avacpa.com • www.avacpa.com

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This section of City of Garden Ridge's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended 09/30/2008. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

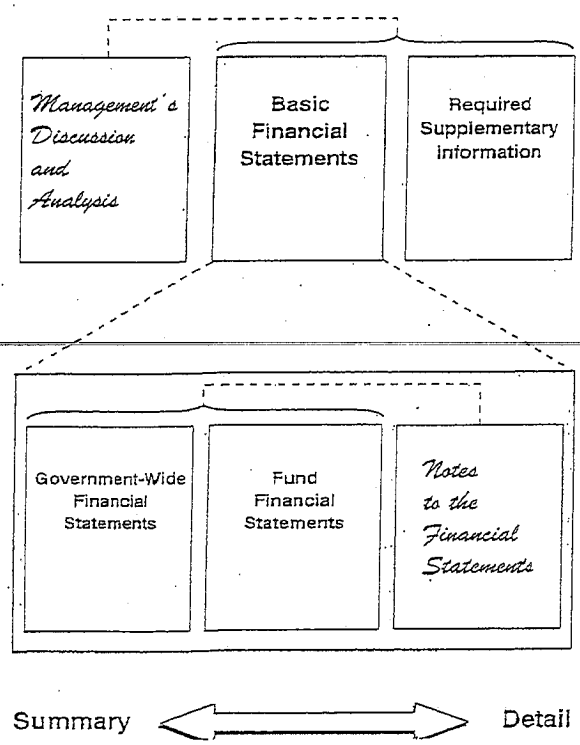
- The City's total combined net assets were $14,275,556 at September 30, 2008.
- During the year, the City's operating expenses were $64,304 less than the $1,791,327 generated in taxes and other revenues for the general fund.
- The total cost of the City's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of $1,462,558 of which $1,454,790 is unrestricted.
- The City issued no debt during the fiscal year ending September 30, 2008. The City entered into a capital lease in the current year for the purchase of four police vehicles. See Note 7 for more information.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements, and required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

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

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



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

further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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

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

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

Government-Wide Statements

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

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

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

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as public safety, public works and general administration. Property taxes, franchise fees and charges for services finance most of these activities.

Fund Financial Statements

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

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

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets were $14,275,556 at September 30, 2008. (See Table A-1).

Table A-1
City of Garden Ridge Net Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008-2007
Current Assets:							
Cash and Cash Equivalents	$ 1,791.8	$ 1,477.0	$ 1,383.7	$ 1,063.5	$ 3,175.5	$ 2,540.5	25.0%
Internal Balances	6.1	182.6	(6.1)	(182.6)	-	-	0.0%
Other Receivables	87.5	49.2	94.3	68.3	181.8	117.5	54.7%
Prepaid Expenses	1.5	2.1	-	-	1.5	2.1	-28.3%
Restricted Assets: Cash	235.4	251.7	873.9	756.4	1,109.3	1,008.1	10.0%
Deferred Charges - Bond Costs	50.3	57.1	-	-	50.3	57.1	-11.9%
Total Current Assets	2,172.7	2,019.7	2,345.7	1,705.6	4,518.4	3,725.3	21.3%
Noncurrent Assets:							
Land	461.4	461.4	148.3	148.3	609.8	609.7	0.0%
Water Rights	-	-	46.8	46.8	46.8	46.8	0.1%
Buildings & Improvements	3,601.7	3,601.7	87.7	87.8	3,689.4	3,689.5	0.0%
Equipment	424.5	297.1	291.4	226.1	715.9	523.2	36.8%
Infrastructure	4,795.8	4,795.8	4,276.8	4,276.8	9,072.6	9,072.6	0.0%
Less Accumulated Depreciation	(2,629.0)	(2,328.2)	(1,748.3)	(1,575.3)	(4,377.3)	(3,903.5)	12.1%
Total Noncurrent Assets	6,654.4	6,827.8	3,102.8	3,210.5	9,757.2	10,038.3	-2.8%
Total Assets	$ 8,827.0	$ 8,847.5	$ 5,448.5	$ 4,916.1	$ 14,275.6	$ 13,763.6	3.7%

Table A-1 (Continued)

Table A-1
City of Garden Ridge Net Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008-2007
Current Liabilities:							
Accounts Payable and Accrued Liabilities	$ 196.1	$ 200.9	$ 31.5	$ 87.5	$ 227.5	$ 288.4	-21.1%
Deferred Revenue	-	2.4	-	-	-	2.4	-100.0%
Total Current Liabilities	196.1	203.3	31.5	87.5	227.5	290.8	-21.8%
Long-Term Liabilities:							
Deposits Payable	4.8	4.4	326.0	282.1	330.7	286.5	15.4%
Bonds and Lease Payable	3,831.5	4,000.0	-	-	3,831.5	4,000.0	-4.2%
Total Liabilities	4,032.4	4,207.7	357.4	369.6	4,389.8	4,577.3	-4.1%
Net Assets:							
Invested in Capital Assets	2,822.8	2,366.4	3,102.8	3,210.5	5,925.6	5,576.9	6.3%
Donations	6.3	28.6	-	-	6.3	28.6	-78.1%
Debt Services	93.7	21.4	-	-	93.7	21.4	338.1%
Police Special	81.9	72.7	-	-	81.9	72.7	100.0%
Impact Fees	153.5	151.2	873.9	756.4	1,027.4	907.6	100.0%
Unrestricted	1,636.5	1,999.5	1,114.4	579.6	2,750.9	2,579.1	6.7%
Total Net Assets	4,794.7	4,639.8	5,091.1	4,546.5	9,885.8	9,186.3	[illegible].6%
Total Liabilities & Net Assets	$ 8,827.0	$ 8,847.5	$ 5,448.5	$4,916.1	$ 14,275.6	$ 13,763.6	[illegible]

Approximately $153.517 of the City's restricted net assets represents street impact fees collected that can only be spent on street improvements. The $1,443,923 of unrestricted net asset represents resources available to fund programs of the City next year.

Changes in Net Assets. The City's total revenues were $3,637,289. A significant portion, 41.2 percent of the City's revenue comes from taxes. No percent comes from state aid or grants, while 53.7 percent relates to charges for services.

The total cost of all programs and services was $3,006,034 and charges for these services were $1,953,836.

Governmental Activities

- Property tax rates remained at $.221024 Per $100 assessed value. This coupled with the increasing values enabled an increase of tax revenues to $1,024,432.
- The City purchased vehicles through capital lease financing.

Table A-2
Changes in City of Garden Ridge's Net Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008-2007
Program Revenues:							
Charges for Services	$ 575.8	$ 610.6	$ 1,378.0	$1,188.2	$ 1,953.8	$1,798.8	8.6%
Operating Grants & Contributions	12.7	29.6	-	-	12.7	29.6	-57.1%
Capital Grants & Contributions	-	127.3	-	276.5	-	403.8	-100.0%
General Revenues:							
Property Taxes	1,024.4	895.2	-	-	1,024.4	895.2	14.4%
Tax Franchise	285.8	234.5	-	-	285.8	234.5	21.9%
Sales Taxes	188.1	216.8	-	-	188.1	216.8	-13.3%
Investment Earnings	15.4	90.7	58.2	67.8	73.6	158.5	-53.5%
Other	98.8	87.2	-	-	98.8	87.2	13.4%
Total Revenues	2,201.1	2,291.9	1,436.2	1,532.5	3,637.3	3,824.4	-4.9%
General Government	508.4	415.6	-	-	508.4	415.6	22.3%
Public Safety	922.0	869.8	-	-	922.0	869.8	6.0%
Public Facilities	574.3	1,034.0	-	-	574.3	1,034.0	-44.5%
Municipal Court	40.3	43.4	-	-	40.3	43.4	-7.1%
Debt Service	163.4	125.0	-	-	163.4	125.0	30.7%
Water	-	-	797.6	701.9	797.6	701.9	13.6%
Total Expenses	2,208.4	2,487.8	797.6	701.9	3,006.0	3,189.7	-5.8%
Excess (Deficiency) Other Resources, Uses &	(7.3)	(195.9)	638.6	830.6	631.3	634.7	-0.5%
Transfers	159.2	(1.0)	(159.2)	1.0	-	-	0.0%
Increase (Decrease) in Net Assets	$ 151.8	$ (196.9)	$ 479.4	$ 831.6	$ 631.3	$ 634.7	-0.5%

Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was $1,619,844.
- However, the amount that our taxpayers paid for these activities through taxes was $1,498,272.
- Some of the cost was paid by those who directly benefited from the programs $575,849.

Table A-3
Net Cost of Selected City Functions
(in thousands of dollars)

	Total Cost of Services			Net Cost of Services		
	2008	2007	% Change	2008	2007	% Change
General Administration	$ 508.4	$ 415.6	22.3%	$ 55.3	$ 2.6	2026.5%
Police Protection	922.0	869.8	6.0%	786.5	637.6	23.4%
Municipal Court	40.3	43.4	-7.1%	40.3	43.4	-7.1%
Public Facilities	574.3	1,034.0	-44.5%	574.3	906.7	-36.7%
Debt Service – Interest & Fiscal Charges	163.4	125.1	30.6%	163.4	125.1	30.6%
Water Services	797.6	701.9	13.6%	(580.4)	(762.8)	-23.9%

Business-Type Activities

Revenues of the City's business-type activities were $1,436,224, and expenses were $797,629.

FINANCIAL ANALYSIS OF THE CITY'S FUND

Revenue from government fund types totaled $2,198,225. The increase in local revenues is a result of significant residential development and increases in ad valorem tax base as well as charges for services. Additionally significant population growth necessitates increased local revenues to offset resulting increased local expenses.

General Fund Budgetary Highlights

Over the course of the year, the City revised its budget one time. Even with these adjustments, actual expenditures were $62,850 below final budget amounts. The most significant positive variance resulted from deferring stadding and capital expenditures.

On the other hand, resources available were $91,231 less than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the City had invested $14,134,475 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
City's Capital Assets
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008-2007
Land	$ 461.4	$ 461.4	$ 148.3	$ 148.3	$ 609.8	$ 609.7	0.0%
Water Rights	-	-	46.8	46.8	46.8	46.8	0.1%
Buildings and Improvements	3,601.7	3,601.7	87.7	87.8	3,689.4	3,689.5	0.0%
Other Improvements	-	-	4,276.8	4,276.8	4,276.8	4,276.8	0.0%
Equipment	424.5	297.1	291.4	226.1	715.9	523.2	36.8%
Infrastructure	4,795.8	4,795.8	-	-	4,795.8	4,795.8	0.0%
Totals at Historical Cost	9,283.4	9,156.0	4,851.1	4,785.8	14,134.5	13,941.8	1.4%
Total Accumulated Depreciation	(2,629.0)	(2,328.2)	(1,748.3)	(1,575.3)	(4,377.3)	(3,903.5)	12.1%
Net Capital Assets	$ 6,654.4	$ 6,827.8	$ 3,102.8	$ 3,210.5	$ 9,757.2	$ 10,038.3	-2.8%

The City's fiscal year 2008 capital projects funds were used for capital outlay during this fiscal year. More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the City had $3,770,000 in bonds outstanding and $61,546 in capital lease payments as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long Term Debt
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008-2007
Bonds Payable	$ 3,770.0	$ 4,000.0	$ -	$ -	$ 3,770.0	$ 4,000.0	-5.8%
Capital Lease Payable	61.5	-	-	-	61.5	-	N/A
Total Bonds & Lease Payable	$ 3,831.5	$ 4,000.0	$ -	$ -	$ 3,831.5	$ 4,000.0	-4.2%

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2009 budget preparation were up $533,698,682, or 11.4%.
- General operating fund spending increased in the 2009 budget from $1,811,603 to $1,983,610. This was a 9.5% increase. Revenues increased in the 2009 budget from $1,883,558 to $2,013,619 which was a 6.9% increase.
- Franchise revenues are continuing to grow with increased property tax population.
- Permit fees are expected to decrease due to the current economic downturn.

Other significant items planned for next year:

- The City is razing the old City Hall.
- Enhancements at Paul Davis Park are scheduled.
- The City is updating the Water Master Plan and Street Master Plan
- The City raised employee wages to be comparable with the "mid-range" of cities salaries in the South Texas Area.
- The City raised retirement participation from a 1 to 1 to a 2 to 1 participation rate.

These indicators were taken into account when adopting the general fund budget for 2009. Property taxes will increase due to the increasing values even with a rate decrease. The City will use these increases in revenues to finance programs the city currently offers as well as constructing the municipal parkway.

If these estimates are realized, the City's budgetary general fund balance is not expected to change appreciably by the close of 2009.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Garden Ridge citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Administrator by phone 210-651-6632.

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CITY OF GARDEN RIDGE, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2008

BASIC FINANCIAL STATEMENTS

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

- Government – wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary funds

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

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 1,791,826	$ 1,383,671	$ 3,175,497
Receivables:			
Taxes (Net of Uncollectibles)	4,798	-	4,798
Other	82,711	94,291	177,002
Internal Balance	6,149	(6,149)	-
Prepaid Expenses	1,505	-	1,505
Restricted Assets:			
Cash and Investments	235,372	873,891	1,109,263
Deferred Charge - Bond Issuances Costs	50,322	-	50,322
Capital Assets:			
Land	461,414	148,342	609,756
Water Rights	-	46,825	46,825
Buildings and Improvements	3,601,682	87,748	3,689,430
Water Lines and Extensions	-	4,276,790	4,276,790
Equipment and Vehicles	424,487	291,408	715,895
Infrastructure	4,795,779	-	4,795,779
Accumulated Depreciation	(2,629,012)	(1,748,294)	(4,377,306)
TOTAL ASSETS	$ 8,827,033	$ 5,448,523	$ 14,275,556

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	$ 105,279	$ 9,493	$ 114,772
Vacation Leave Payable	45,114	13,274	58,388
Accrued Liabilities	24,806	8,706	33,512
Accrued Interest Payable	20,873	-	20,873
Payable from Restricted Assets:			
Customer Deposits	4,761	126,082	130,843
Impact/Prepaid Fees	-	199,870	199,870
Noncurrent Liabilities:			
Due within One Year	294,187	-	294,187
Due in more than One Year	3,537,359	-	3,537,359
TOTAL LIABILITIES	4,032,379	357,425	4,389,804
Net Assets:			
Investment in Capital Assets, Net of Related Debt	2,822,804	3,102,819	5,925,623
Restricted for:			
Donations	6,263	-	6,263
Impact Fees	153,517	873,891	1,027,408
Debt Service	93,744	-	93,744
PD Asset Forfeiture	81,855	-	81,855
Unrestricted	1,636,471	1,114,388	2,750,859
TOTAL NET ASSETS	4,794,654	5,091,098	9,885,752
TOTAL LIABILITIES AND NET ASSETS	$ 8,827,033	$ 5,448,523	$ 14,275,556

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

		Program Revenues		
Functions and Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Administration	$ (508,411)	$ 446,091	$ 7,031	$ -
Police Protection	(921,956)	129,758	5,681	-
Municipal Court	(40,300)	-	-	-
Public Facilities	(574,335)	-	-	-
Interest on Long-term Debt	(163,403)	-	-	-
Total Governmental Activities	(2,208,405)	575,849	12,712	-
Business-Type Activities:				
Water\Sewer Utility	(797,631)	1,377,989	-	-
Total Business-Type Activities	(797,631)	1,377,989	-	-
Total Primary Government	$(3,006,036)	$ 1,953,838	$ 12,712	$ -
General Revenues:				
Taxes:				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Interest and Investment Earnings				
Impact Fees				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Assets				
Net Assets at Beginning of Year				
Prior Period Adjustment				
Net Assets at End of Year				

See accompanying notes to basic financial statements.

Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (55,289)	$ -	$ (55,289)
(786,517)	-	(786,517)
(40,300)	-	(40,300)
(574,335)	-	(574,335)
(163,403)	-	(163,403)
(1,619,844)	-	(1,619,844)
-	580,358	580,358
-	580,358	580,358
(1,619,844)	580,358	(1,039,486)
1,024,432	-	1,024,432
285,789	-	285,789
188,051	-	188,051
15,390	58,237	73,627
43,596	-	43,596
55,246	-	55,246
1,612,504	58,237	1,670,741
159,179	(159,179)	-
151,839	479,416	631,255
4,639,781	4,546,342	9,186,123
3,034	65,340	68,374
$ 4,794,654	$ 5,091,098	$ 9,885,752

CITY OF GARDEN RIDGE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	Major Funds			Other Nonmajor Government Funds	Total Government Funds
	General	Debt Service	Capital Projects		
ASSETS					
Cash and Investments	$ 1,507,039	$ 92,198	$ 192,589	$ -	$ 1,791,826
Receivables:					
Taxes (Net of Uncollectibles)	3,252	1,546	-	-	4,798
Other	82,711	-	-	-	82,711
Due From Other Funds	6,149	-	-	-	6,149
Prepaid Expenses	1,505	-	-	-	1,505
Restricted Assets: Cash	-	-	153,517	81,855	235,372
TOTAL ASSETS	$ 1,600,656	$ 93,744	$ 346,106	$ 81,855	$ 2,122,361
LIABILITIES AND FUND BALANCES					
Accounts Payable	$ 105,279	$ -	$ -	$ -	$ 105,279
Accrued Expenses	24,806	-	-	-	24,806
Deposits	4,761	-	-	-	4,761
Deferred Revenue	3,252	1,546	-	-	4,798
TOTAL LIABILITIES	138,098	1,546	-	-	139,644
FUND BALANCES					
Fund Balances:					
Reserved For Prepaid Expenses	1,505	-	-	-	1,505
Reserved for Donations	6,263	-	-	-	6,263
Reserved for Street Impact Fees	-	-	153,517	-	153,517
Reserved For Debt Service	-	92,198	-	-	92,198
Reserved for PD Asset Forfeiture	-	-	-	81,855	81,855
Reserved for Capital Projects	-	-	192,589	-	192,589
Unreserved/Undesignated	1,454,790	-	-	-	1,454,790
TOTAL FUND BALANCES	1,462,558	92,198	346,106	81,855	1,982,717
TOTAL LIABILITIES AND FUND BALANCE	$ 1,600,656	$ 93,744	$ 346,106	$ 81,855	$ 2,122,361

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$ 1,982,717
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,654,350
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,798
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds.	(45,114)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	(3,831,546)
Accrued interest payable on long-term bonds is not due and payable in the current period and, therefore, not reported in the funds.	(20,873)
Deferred Charges - Bond issuance costs are deferred in Statement of of Activities	50,322
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 4,794,654

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR YEAR ENDED SEPTEMBER 30, 2008

	Major Funds			Other Nonmajor Government Funds	Total Government Funds
	General	Debt Service	Capital Projects		
REVENUES					
Taxes	$ 883,082	$ 330,561	$ -	$ -	$ 1,213,643
Franchise Fees	285,788	-	-	-	285,788
Licenses and Permits	357,210	-	-	-	357,210
Charges for Services	88,881	-	-	-	88,881
Fines and Forfeits	72,502	-	-	57,256	129,758
Other Sources	103,864	3,973	13,628	1,480	122,945
TOTAL REVENUES	1,791,327	334,534	13,628	58,736	2,198,225
EXPENDITURES					
Current:					
General Government	519,470	-	-	-	519,470
Municipal Court	39,733	-	-	-	39,733
Public Safety	861,237	-	-	49,615	910,852
Public Facilities	210,382		4,308	-	214,690
Capital Outlay	157,747		14,188		171,935
Debt Service	23,034	422,919	-	-	445,953
TOTAL EXPENDITURES	1,811,603	422,919	18,496	49,615	2,302,633
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,276)	(88,385)	(4,868)	9,121	(104,408)
OTHER SOURCES (USES)					
Proceeds from Capital Lease	84,580	-	-	-	84,580
Operating Transfers (In)	-	159,179	-	-	159,179
TOTAL OTHER SOURCES (USES)	84,580	159,179	-	-	243,759
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	64,304	70,794	(4,868)	9,121	139,351
Fund Balances - October 1	1,375,220	21,404	350,974	72,734	1,820,332
Prior Period Adjustment	23,034	-	-	-	23,034
Fund Balances - September 30	$ 1,462,558	$ 92,198	$ 346,106	$ 81,855	$ 1,982,717

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ 139,351
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.	(173,467)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(1,162)
The issuance of long-term debt (e.g. bonds and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	273,034
Proceeds of long-term debt (including capital leases) recorded as an other financing source for governmental funds but it is not recorded in the statement of activities. Proceeds of long-term debt are liabilities.	(84,580)
Bond Issuance cost amortized over life of Bond	(6,776)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued Interest	12,446
Compensated Absences	(7,007)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 151,839

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
COMPARATIVE STATEMENT OF NET ASSETS – PROPRIETARY FUND
SEPTEMBER 30, 2008 AND 2007

	2008	2007
ASSETS		
Current Assets:		
Cash and Investments	$ 1,383,671	$ 1,063,459
Accounts Receivable - Customers	94,291	68,307
Total Current Assets	1,477,962	1,131,766
Restricted Assets:		
Cash	873,891	756,362
Total Restricted Assets	873,891	756,362
Capital Assets:		
Land	148,342	148,342
Water Rights	46,825	46,825
Buildings	87,748	87,748
Water Lines, Wells & Tanks	4,276,790	4,276,790
Vehicles & Equipment	291,408	226,068
Accumulated Depreciation	(1,748,294)	(1,575,322)
Total Capital Assets, Net of Depreciation	3,102,819	3,210,451
TOTAL ASSETS	$ 5,454,672	$ 5,098,579
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	$ 9,493	$ 72,885
Vacation Leave Payable	13,274	8,184
Accrued Liabilities	8,706	6,551
Due to Other Funds	6,149	182,510
Payable from Restricted Assets:		
Customer Deposits	126,082	111,502
Water Impact Fees	46,003	46,003
Prepaid Fees	153,867	124,602
Total Liabilities	363,574	552,237
Net Assets:		
Invested in Capital Assets, Net of Related Debt	3,102,819	3,210,451
Restricted Water Impact Fees	873,891	756,362
Unrestricted	1,114,388	579,529
Total Net Assets	5,091,098	4,546,342
TOTAL LIABILITIES AND NET ASSETS	$ 5,454,672	$ 5,098,579

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
OPERATING REVENUE		
Water Sales	$ 1,144,538	$ 616,144
Meter Installation Fees	118,362	129,850
Impact Fees	91,650	424,958
Other	23,439	17,287
TOTAL OPERATING REVENUE	1,377,989	1,188,239
OPERATING EXPENSES		
Personnel Costs	229,712	212,815
Plant Operations and Maintenance	283,039	229,059
General and Administrative	111,908	86,398
Depreciation	172,972	173,612
TOTAL OPERATING EXPENSES	797,631	701,884
OPERATING INCOME (LOSS)	580,358	486,355
NONOPERATING INCOME (EXPENSES)		
Interest Income	58,237	67,728
TOTAL NONOPERATING INCOME (EXPENSES)	58,237	67,728
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	638,595	554,083
Contributions from Developers	-	276,474
Transfers In (Out)	(159,179)	1,026
CHANGE IN NET ASSETS	479,416	831,583
NET ASSETS - OCTOBER 1	4,546,342	3,714,759
Prior Period Adjustment	65,340	-
NET ASSETS - SEPTEMBER 30	$ 5,091,098	$ 4,546,342

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 1,395,850	$ 1,216,390
Cash paid to suppliers for goods and services	(456,184)	(206,390)
Cash paid to employees for services and benefits	(224,622)	(212,266)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	715,044	797,734
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Capital Acquisition	-	(58,950)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-	(58,950)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In (Out)	(159,179)	1,026
Increase (Decrease) in Due to Other Funds	(176,361)	99,670
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(335,540)	100,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	58,237	67,728
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	58,237	67,728
NET INCREASE (DECREASE) IN CASH	437,741	907,208
CASH AND CASH EQUIVALENTS AT OCTOBER 1	1,819,821	912,613
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30	$ 2,257,562	$ 1,819,821

Noncash Capital Financing Activities – During the year ended September 30, 2007 developers constructed water and sewer lines with an estimated value of $330,764 respectively and donated the infrastructure to the proprietary fund.

See accompanying notes to basic financial statements.

CITY OF GARDEN RIDGE, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS (CONT.)
PROPRIETARY FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 580,358	$ 486,355
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	172,972	173,612
Change in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(25,984)	28,151
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(61,237)	72,731
Increase (Decrease) in Vacation Payable	5,090	549
Increase (Decrease) in Prepaid Fees	29,265	27,062
Increase (Decrease) in Deposits Payable/Impact Fees	14,580	9,274
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 715,044	$ 797,734

See accompanying notes to basic financial statements.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

A. THE FINANCIAL 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 Financial Reporting Entity." 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 **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

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

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Debt Service Fund and Capital Projects Fund meet the criteria of a ***major governmental fund.*** The City's other governmental fund is the Special Revenue Fund. This fund is reflected in a separate column in the Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied on January 1, 2007, and became due October 1, 2007 have been assessed to finance the budget of the fiscal year beginning October 1, 2007 and, accordingly, have been reflected as deferred revenue and taxes receivable in the fund financial statements at September 30, 2008.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general government, public safety, public facilities, municipal court and capital acquisition.

The Debt Service Fund is used to account for all funds collected and disbursed in the retirement of governmental debt.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The City's non-major governmental fund is the Special Revenue Fund.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONT.)

Proprietary fund level financial statements are used to account for activities similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Water-Works and Sewer Fund (used to account for the provision of water and sewer services to residents). The Proprietary Fund is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.

2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

E. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, money market accounts investments in TexPool or certificates of deposit. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair value in accordance with GASB 31.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

H. RESTRICTED ASSETS

Certain deposits and payments of Enterprise Fund, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by agreements. Funds are also segregated to provide for debt services as provided under bond indenture agreements.

I. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of $5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs 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. Interest has not been capitalized during the construction period on property plant and equipment.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. CAPITAL ASSETS (CONT.)

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

ASSETS	Time Period
Buildings and Improvements	20 to 40 years
Improvements Other than Buildings	20 to 40 years
Utility System in Service	10 to 50 years
Machinery and Equipment	3 to 10 years

J. COMPENSATED ABSENCES

Employees earn vacation leave at a rate of 3.70 hours per bi-weekly pay period after completion of probationary period. Employees earn sick leave at the rate of 1.85 hours per bi-weekly pay period.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of the Enterprise Fund is recorded as an expense and liability of that fund as the benefits accrue to employees. Accumulated vacation pay at September 30, 2008, of $13,274 and $45,114 has been recorded in accrued liabilities of the Enterprise Fund and the General Fund respectively.

No sick leave days are paid when an employee leaves city employment and no liability is reported for unpaid sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

K. DEFERRED/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as deferred revenue.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

M. FUND EQUITY

In the fund financial statements governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties of use for a specific purpose. Fund reservations include special revenues, capital projects, and debt service.

N. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

O. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

P. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water, and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Q. USE OF ESTIMATES

The preparation 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 2 -- CASH AND CASH INVESTMENTS

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

1. Cash and Cash Equivalents

At September 30, 2008, the carrying amount of the city's cash on hand was $900 and deposits in bank were $1,230,149 and the bank balance was $1,261,619. Of the bank balance, $250,000 was covered by federal deposit insurance and the City's depository had pledged securities having a face value of $1,530,000 and market value of $1,419,538 as collateral for the City's deposits. All of the City's cash was fully collateralized.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must 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, and (9) bid solicitation preferences for certificates of deposit.

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

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

NOTE 2 -- CASH AND CASH INVESTMENTS (CONT.)

2. Investments (Cont.)

The City's investments at September 30, 2008 are as shown below:

	Reported Value	Fair Value
TexPool	$ 3,053,711	$ 3,052,306
Total Investment	$ 3,053,711	$ 3,052,306

During the period, the City did not invest in any investments which were not held at September 30, 2008.

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

At September 30, 2008, the City's investments were all in TexPool a public funds investment pool where all securities held maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

NOTE 2 -- CASH AND CASH INVESTMENTS (CONT.)

3. Analysis of Specific Deposit and Investment Risks (Cont.)

   d. Interest Rate Risk

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

   e. Foreign Currency Risk

   This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

4. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE 3 -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Comal County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2007, upon which the fiscal 2007 levy was based, was $458,896,985 (i.e., market value less

NOTE 3 – PROPERTY TAX CALENDAR (CONT.)

exemptions). The estimated market value was $479,032,381, making the taxable value 95.32% of the estimated market value. Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related Ad Valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

The City is permitted by the Constitution of the State of Texas to levy taxes up to $2.50 per $100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to $1.50 per $100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2008, was $.221024 per $100 of assessed value, which means that the City has a tax margin of $2.278976 for each $100 value and could increase its annual tax levy by approximately $10,458,152 based upon the present assessed valuation of $458,896,985 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code by more than three percent (3%) without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

NOTE 4 – INTERFUND RECEIVABLE/PAYABLE

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2008, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
General Fund Due From Water Fund	$ 6,149	$ -
	6,149	-
Water Fund Due To General Fund	-	6,149
	$ 6,149	$ 6,149

NOTE 5 -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, was as follows:

	*Balances At October 1, 2007	Additions/ Transfer In	Disposals/ Transfer Out	Balances At September 30, 2008
Governmental Activities				
Land	$ 461,414	$ -	$ -	461,414
Buildings & Improvements	3,601,682	-	-	3,601,682
Equipment & Vehicles	297,098	127,389	-	424,487
Infrastructure	4,795,779	-	-	4,795,779
	9,155,973	127,389	-	9,283,362
Less Accumulated Depreciation				
Buildings & Improvements	(280,598)	(104,645)	-	(385,243)
Equipment & Vehicles	(250,220)	(40,956)	-	(291,176)
Infrastructure	(1,797,338)	(155,255)	-	(1,952,593)
	(2,328,156)	(300,856)	-	(2,629,012)
Government Capital Assets, Net	$ 6,827,817	$ (173,467)	$ -	$ 6,654,350
Business-type Activities				
Land	$ 148,342	$ -	$ -	$ 148,342
Buildings & Improvements	87,748	-	-	87,748
Water Rights	46,825	-	-	46,825
Water Lines & Extensions	4,276,790	-	-	4,276,790
Equipment & Vehicles	291,408	-	-	291,408
	4,851,113	-	-	4,851,113
Less Accumulated Depreciation				
Buildings & Improvements	(38,059)	(3,141)	-	(41,200)
Water Lines & Extensions	(1,344,027)	(147,348)	-	(1,491,375)
Equipment & Vehicles	(193,236)	(22,483)	-	(215,719)
	(1,575,322)	(172,972)	-	(1,748,294)
Business-type Capital Assets, Net	$ 3,275,791	$ (172,972)	$ -	$ 3,102,819

Land and Water Rights are not depreciated

*Prior year opening balances were restated to reflect additional equipment purchased in the previous year. See Note 13 for details.

NOTE 5 – CAPITAL ASSETS (CONT.)

Depreciation expense was charged to the governmental functions as follows:

Administration	$ 123,496
Police Protection	22,103
Public Works	155,257
Total Depreciation Expense - Government Activities	$ 300,856

NOTE 6 – LONG-TERM DEBT

At September 30, 2008, the City's long-term debt consisted of the following:

Government Activities:	Range of Interest Rates	Unpaid Principal*	Current Maturities	Long-Term Maturities
Capital Leases	6.2%	$ 61,546	$ 19,187	$ 42,359
Certificates of Obligation Series 1998	4.75%-6.5%	915,000	70,000	845,000
Certificates of Obligations Series 2002	3.625%-4.75%	700,000	40,000	660,000
Certificates of Obligations Series 2005	3.5%-4.5%	1,810,000	55,000	1,755,000
Tax Certificates Series 2005	3.67-4.28%	345,000	110,000	235,000
		$ 3,831,546	$ 294,187	$ 3,537,359

Changes in the City's long-term debt during the fiscal year ended September 30, 2008, follows:

Government Activities:	Original Amount	Interest Rates	Balance Outstanding Oct. 1, 2007*	Current (Retirements) Additions	Balance Outstanding Sept. 30, 2008
Capital Leases	84,580	6.2%	$ -	$ 61,546	$ 61,546
1998 Series	1,175,000	4.75%-6.5%	980,000	(65,000)	915,000
2002 Series	900,000	3.625%-4.75%	735,000	(35,000)	700,000
2005 Series	1,925,000	* 3.5%-4.5%	1,855,000	(45,000)	1,810,000
2005 Tax Certificates	500,000	3.67-4.28%	450,000	(105,000)	345,000
Accrued Employees Compensated Absences			38,107	7,007	45,114
			$ 4,058,107	$ (181,447)	$ 3,876,660

* Prior year opening balances were restated to reflect bond cost not included in the previous year. See Note 13 for details.

NOTE 6 -- LONG-TERM DEBT (CONT.)

A. General Obligation Bonds

These bonds are supported by a pledge of the City's faith and credit. The related bond ordinances require a levy and collection of a tax without limitation as to rate or amount on all property subject to taxation by the City sufficient in amount to pay the principal and interest on such bonds as they shall become due. The ordinances also require that a sinking fund be created and administered by the City solely for the purpose of paying principal and interest when due. Specific sinking fund reserve requirements for the City's general obligation bonds are being followed.

On March 1, 1998, the City issued $1,175,000 Certificates of Obligation Series 1998 pursuant to Certificate of Obligation Act of 1971 as amended. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all taxable property within the city and further secured by a lien on and pledge of the net revenue derived from the operation of the water fund. The certificates were issued to upgrade and expand the City's water system.

On August 15, 2002, the City issued $900,000 Certificates of Obligation Series 2002 pursuant to Certificate of Obligation Act of 1971 as amended. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all taxable property within the city and further secured by a lien on and pledge of the surplus revenues derived from the operations of the water fund. The certificates were issued to drill a new water well, and upgrade and expand the City's water system.

On March 1, 2005, the City issued $1,925,000 Certificates of Obligations Series 2005 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and an ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all taxable property within the city. The certificates were issued for the purpose of paying contractual obligations of the City for the construction and equipping of a new Municipal Complex including city offices and library on city-owned property.

On November 2, 2005, the City issued $550,000 Tax Notes Series 2005 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and an ordinance adopted by the City Council. The notes constitute direct and general obligations of the City payable from ad valorem taxes levied against all taxable property within the city. The certificates were issued for the purpose of paying contractual obligations of the City for construction and equipment of a new Municipal Complex.

NOTE 6 -- LONG-TERM DEBT (CONT.)

B. Debt Amortization

Requirements to amortize all long-term debt over the remaining lives are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2009	$ 275,000	$ 161,020	$ 436,020
2010	300,000	149,335	449,335
2011	320,000	136,497	456,497
2012	210,000	124,994	334,994
2013	225,000	114,965	339,965
Subsequent	2,440,000	572,067	3,012,067
	$ 3,770,000	$ 1,258,878	$ 5,028,878

NOTE 7 -- CAPITAL LEASES

The City has entered into a capital lease agreement with Daimler Chrysler Financial Services for the purchase of four vehicles. The leases qualify as capital leases for accounting purposes as defined under the Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*, and therefore have been recorded at the present value of future minimum lease payments at the date of inception. Lease payments are being made from the General Fund. The capital lease agreement is for forty-eight months to be paid on an annual basis.

The vehicles acquired through capital leases are as follows:

	Government Activities
Asset:	
Four Police Cars	$ 84,580
Less: Accumulated Depreciation	(16,916)
Total	$ 67,664

Future minimum lease payments are to be made as follows:

Fiscal Year Ending	Government Activities
2009	$ 23,033
2010	23,033
2011	23,033
Total Lease Payments	69,099
Less: Amount Representing Interest	(7,553)
Present Value of Future Minimum Lease Payments	$ 61,546

NOTE 8 -- PENSION PLAN

A. Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 827 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin TX 78714.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contribution and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TRMS and within the actuarial constraints also in the statutes.

Deposit Rate	5%
Matching Ratio (City to Employee)	1 to 1
A Member is Vested After	5 years

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

B. Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective. The prior service

NOTE 8 -- PENSION PLAN (CONT.)

B. Contributions (Cont.)

contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The projected unit credit cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e., December 31, 2007 valuation is effective for rates beginning January 2009).

A summary of actuarial assumptions is as follows:

	Pension	SDBF
Actuarial Valuation Date	December 31, 2007	December 31, 2007
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years - Closed Period	25 years - Open Period
Asset Valuation Method	Amortized Cost	Fund value
Investment Rate of Return	7.00%	4.25%
Projected Salary Increases	Varies by Age and Service	None
Inflation Rate	3.00%	3.00%
Cost-of-Living Adjustments	0.00%	None
City-specific assumptions:		
Payroll growth assumption	3.00%	N/A
Withdrawal rates for Male/Female	Mid-Low/Mid-Low	N/A

	Pension			SDBF		
Fiscal Year	Annual Pension Cost	Percentage of APC Contribution	Net Pension Obligation	Annual Pension Cost	Percentage of APC Contribution	Net Pension Obligation
2006	22,906	100%	-	1,373	100%	-
2007	23,574	100%	-	1,423	100%	-
2008	26,958	100%	-	1,620	100%	-

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

NOTE 8 -- PENSION PLAN (CONT.)

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25 year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx 12.5% each year) to their full rate (or their required contribution rate).

If changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city's unfunded actuarial accrued liability would have been $32,808 and the funded ratio would have been 94%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

C. Other Post-Employment Benefits

The City also contributes to the Supplemental Death Benefits Fund (SDBF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by TMRS. SDBF provides life insurance to active and retired employees of participating municipalities. SDBF is a separate trust administered by the TMRS Board of Trustees. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for SDBF. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153.

NOTE 8 -- PENSION PLAN (CONT.)

C. Other Post-Employment Benefits (Cont.)

Participating municipalities are contractually required to contribute at a rate assessed each year by TMRS based upon annual covered payroll. The TMRS Board of Trustees sets the employer contribution rate based on the *annual required contribution of the employers (ARC),* an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Additional supplementary three-year trend information may be found on page 48.

NOTE 9 -- OPERATING TRANSFERS

Operating transfers during the year ended September 30, 2008 were as follows:

	Transfers In	Transfers Out
Debt Service Fund	$ 159,179	$ -
Water Fund	-	159,179
	$ 159,179	$ 159,179

NOTE 10 -- CONTINGENT LIABILITIES

Litigation

No reportable litigation was pending against the City.

NOTE 11 -- RISK MANAGEMENT

The City of Garden Ridge, Texas, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover this risk the City contracts with the Texas Municipal League (TML) to provide insurance coverage for Property/Casualty and Worker's Compensation. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2008, were $57,696.

NOTE 12 -- SUBSEQUENT EVENT

In November 2008, the City contracted with Wagner Materials & Construction to complete the reconstruction of the municipal parkway. As of December 2008, the contracted amount for the project was $148,563. It is expected that the project will be completed by January 2009.

In January 2009, the Council approved the bid from Hansco, Inc. for $12,000 to complete the demolition of the old City Hall building.

NOTE 13 -- PRIOR PERIOD ADJUSTMENT

The financial statements for the fiscal period ending September 30, 2007 did not reflect the addition of equipment. Also, the capital lease payment from the current year was expensed in the prior year. Lastly, the bond payable was previously expensed for an amount not actually paid, therefore the debt was understated. The beginning net assets of the governmental activities and the business-type activities (Proprietary Fund) have been restated to reflect the cumulative balance as follows:

	Governmental Activities	General Fund	Business-Type Activities (Proprietary Fund)
Beginning Net Assets	$ 4,639,781	$ 1,375,220	$ 4,546,342
Adjustment to Correct Overstatement of Expense in the Prior Year	3,034	23,034	-
Adjustment to Reflect Prior Year Addition of Equipment	-	-	65,340
Beginning Net Assets, as Restated	$ 4,639,781	$ 1,375,220	$ 4,611,682

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Funding Progress – Defined Benefit

CITY OF GARDEN RIDGE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget Amounts		Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes:				
Ad Valorem	$ 705,411	$ 705,411	$ 695,032	$ (10,379)
Mixed Beverage	350	350	335	(15)
Sales	270,000	270,000	187,715	(82,285)
Total Taxes	975,761	975,761	883,082	(92,679)
Franchise Fees:				
Cable	40,000	40,000	65,330	25,330
Electric	150,000	150,000	137,573	(12,427)
Gas	9,200	11,425	11,425	-
Telephone	20,000	20,000	19,912	(88)
Water	48,552	48,552	51,548	2,996
Total Franchise Fees	267,752	269,977	285,788	15,811
Licenses and Permits:				
Building & Electrical	301,000	328,000	353,815	25,815
Other	3,900	4,150	3,395	(755)
Total Licenses and Permits	304,900	332,150	357,210	25,060
Charges for Services:				
Rental Fees	54,300	57,180	36,070	(21,110)
Planning & Variance	25,000	25,000	16,987	(8,013)
Recycling	4,000	4,000	5,622	1,622
Garbage Collection	50,000	50,000	27,877	(22,123)
Pet Registration	2,800	2,800	2,325	(475)
Total Charges for Services	136,100	138,980	88,881	(50,099)
Fines and Forfeitures:				
Court Fines	50,150	58,950	70,204	11,254
Warrant Fees & Fines	3,500	3,500	2,298	(1,202)
Total Fines and Forfeitures	$ 53,650	$ 62,450	$ 72,502	$ 10,052

CITY OF GARDEN RIDGE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget Amounts		Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES (CONT.)				
Other Sources:				
Interest	$ 10,000	$ 20,000	$ 24,515	$ 4,515
Contributions	8,950	13,450	12,712	(738)
Street Impact Fees	-	-	15,390	15,390
Miscellaneous	69,044	70,790	51,247	(19,543)
Total Other Sources	87,994	104,240	103,864	(376)
TOTAL REVENUES	1,826,157	1,883,558	1,791,327	(92,231)
EXPENDITURES				
General Government:				
Personnel	210,393	175,816	148,977	26,839
Contract Fees	190,371	209,669	235,482	(25,813)
Administrative	94,875	94,775	90,688	4,087
Insurance	22,673	25,383	11,764	13,619
Other	11,308	14,608	32,559	(17,951)
Capital Outlay	6,500	26,380	4,765	21,615
Total General Government	536,120	546,631	524,235	22,396
Municipal Court:				
Personnel	31,742	31,773	33,005	(1,232)
Contract Fees	4,800	4,800	4,800	-
Other	8,617	8,732	1,928	6,804
Total Municipal Court	45,159	45,305	39,733	5,572
Public Safety:				
Personnel	712,536	701,820	698,683	3,137
Contract Fees	50,285	29,140	50,668	(21,528)
Operations & Maintenance	68,714	77,096	84,684	(7,588)
Other	36,471	36,065	27,202	8,863
Capital Lease Payment	-	-	23,034	(23,034)
Capital Outlay	101,580	101,580	107,599	(6,019)
Total Public Safety	$ 969,586	$ 945,701	$ 991,870	$ (46,169)

CITY OF GARDEN RIDGE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
EXPENDITURES (CONT.)				
Public Facilities:				
Personnel	$ 85,048	$ 83,792	$ 64,253	$ 19,539
Contract Fees	2,700	2,700	2,252	448
Operations & Maintenance	71,629	88,740	81,816	6,924
Other	-	-	-	-
Library	46,817	53,817	41,140	12,677
Community Center	22,882	22,767	20,921	1,846
Capital Outlay	88,000	85,000	45,383	39,617
Total Public Facilities	317,076	336,816	255,765	81,051
TOTAL EXPENDITURES	1,867,941	1,874,453	1,811,603	62,850
Excess (Deficiency) Over (Under) Expenditures	(41,784)	9,105	(20,276)	29,381
OTHER SOURCES (USES)				
Proceeds from Capital Lease	84,580	84,580	84,580	-
TOTAL OTHER SOURCES (USES)	84,580	84,580	84,580	-
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures & Other Uses	42,796	93,685	64,304	29,381
Fund Balance - October 1	1,375,220	1,375,220	1,375,220	-
Prior Period Adjustment	-	-	23,034	(23,034)
Fund Balance - September 30	$ 1,418,016	$ 1,468,905	$ 1,462,558	$ 6,347

CITY OF GARDEN RIDGE
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2008

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Debt Service Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF GARDEN RIDGE, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLAN
LAST THREE FISCAL YEARS

FISCAL YEAR	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2005	$ 354,629	$ 375,447	94.5%	$ 20,818	$ 732,988	2.8%
2006	$ 436,445	$ 461,506	94.6%	$ 25,061	$ 792,108	3.2%
2007	$ 517,841	$ 562,687	92.0%	$ 44,846	$ 883,560	5.1%

* As of December 31 of the preceding year, the date of the actuarial valuation.
** Assets are stated at cost as of December 31 of the preceding year.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Debt Service
- Comparative Statements – Capital Projects

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GENERAL FUND

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CITY OF GARDEN RIDGE, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007

	2008	*2007
ASSETS		
Cash and Investments	$ 1,507,039	$ 986,062
Taxes Receivable (Net of Uncollectible which is $3,832 and $5,676)	3,252	3,859
Other Receivables	82,711	43,348
Due from Other Funds	6,149	452,467
Prepaid Expenses	1,505	2,094
TOTAL ASSETS	$ 1,600,656	$ 1,487,830
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$ 105,279	$ 50,213
Accrued Expenses	24,806	28,704
Deposits	4,761	4,361
Deferred Revenue	3,252	3,859
Deferred Revenue Training	-	2,439
Total Liabilities	138,098	89,576
Fund Balance:		
Reserve for Prepaid Expenses	1,505	2,094
Reserve for Donations	6,263	28,557
Unreserved	1,454,790	1,367,603
Total Fund Balance	1,462,558	1,398,254
TOTAL LIABILITIES AND FUND BALANCE	$ 1,600,656	$ 1,487,830

* Restated for prior period adjustment. See Note 13 for details.

CITY OF GARDEN RIDGE, TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	*2007
REVENUES		
Taxes:		
Ad Valorem	$ 695,032	$ 582,247
Mixed Beverage	335	309
Sales	187,715	216,535
Total Taxes	883,082	799,091
Franchise Fees:		
Cable	65,330	40,518
Electric	137,573	123,118
Gas	11,425	8,520
Telephone	19,912	14,798
Water	51,548	47,513
Total Franchise Fees	285,788	234,467
Licenses and Permits:		
Building & Electrical	353,815	324,202
Other	3,395	4,122
Total Licenses and Permits	357,210	328,324
Charges for Services:		
Rental Fees	36,070	31,595
Planning & Variance	16,987	6,236
Recycling	5,622	3,701
Garbage Collection	27,877	15,732
Pet Registration	2,325	3,101
Total Charges for Services	88,881	60,365
Fines and Forfeitures:		
Court Fines	70,204	52,854
Warrant Fees & Fines	2,298	16,144
Total Fines & Forfeitures	$ 72,502	$ 68,998

* Restated for prior period adjustment. See Note 13 for details.

CITY OF GARDEN RIDGE, TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	*2007
REVENUES (CONT.)		
Other Sources:		
Interest	$ 24,515	$ 9,753
Contributions	12,712	29,719
Street Impact Fees	15,390	54,392
Miscellaneous	51,247	38,315
Total Other Sources	103,864	132,179
TOTAL REVENUES	1,791,327	1,623,424
EXPENDITURES		
General Government:		
Personnel	148,977	143,022
Contract Fees	235,482	172,504
Administrative	90,688	77,882
Insurance	11,764	1,450
Other	32,559	26,172
Capital Outlays	4,765	16,423
Total General Government	524,235	437,453
Municipal Court:		
Personnel	33,005	31,225
Contract Fees	4,800	6,585
Other	1,928	4,128
Total Municipal Court	39,733	41,938
Public Safety:		
Personnel	698,683	627,609
Contract Fees	50,668	23,436
Operations & Maintenance	84,684	75,543
Other	27,202	22,319
C apital Lease Payment	23,034	-
Capital Outlay	107,599	-
Total Public Safety	$ 991,870	$ 748,907

* Restated for prior period adjustment. See Note 13 for details.

CITY OF GARDEN RIDGE, TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	*2007
EXPENDITURES (CONT.)	-	
Public Facilities:		
Personnel	$ 64,253	$ 63,474
Contract Fees	2,252	2,458
Operations & Maintenance	81,816	59,577
Other	-	-
Library	41,140	20,249
Community Center	20,921	6,855
Capital Outlay	45,383	31,171
Total Public Facilities	255,765	183,784
TOTAL EXPENDITURES	1,811,603	1,412,082
Excess (Deficiency) Over (Under) Expenditures	(20,276)	211,342
OTHER SOURCES (USES)		
Proceeds from Capital Lease	84,580	-
Operating Transfers In (Out)	-	836,658
TOTAL OTHER SOURCES (USES)	84,580	836,658
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures & Other Uses	64,304	1,048,000
Fund Balance - October 1	1,398,254	350,254
Fund Balance - September 30	$ 1,462,558	$ 1,398,254

* Restated for prior period adjustment. See Note 13 for details.

DEBT SERVICE FUND

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CITY OF GARDEN RIDGE
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007

	2008	2007
ASSETS		
Cash	$ 92,198	$ 192,854
Taxes Receivable (Net of Uncollectible which is $0)	1,546	2,101
TOTAL ASSETS	$ 93,744	$ 194,955
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deferred Revenues	$ 1,546	$ 2,101
Due to Other Funds	-	171,450
Total Liabilities	1,546	173,551
Fund Balance	92,198	21,404
TOTAL LIABILITIES AND FUND BALANCE	$ 93,744	$ 194,955

CITY OF GARDEN RIDGE, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	2008	2007
REVENUES		
Ad Valorem Tax	$ 330,561	$ 317,115
Interest	3,973	5,841
TOTAL REVENUES	334,534	322,956
EXPENDITURES		
Bond Principal	145,769	225,000
Bond Interest	276,535	181,000
Agent Fees	615	1,684
TOTAL EXPENDITURES	422,919	407,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,385)	(84,728)
OTHER SOURCES (USES)		
Operating Transfer In	159,179	-
TOTAL OTHER SOURCES	159,179	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	70,794	(84,728)
Fund Balance - October 1	21,404	106,132
Fund Balance - September 30	$ 92,198	$ 21,404

CAPITAL PROJECTS FUND

CITY OF GARDEN RIDGE
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007

	2008	2007
ASSETS		
Cash and Investments	$ 192,589	$ 298,051
Restricted Cash	153,517	151,190
TOTAL ASSETS	$ 346,106	$ 449,241
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to Other Funds	$ -	$ 98,267
Total Liabilities	-	98,267
Fund Balance:		
Reserved for Street Impact Fees	153,517	151,190
Unreserved/Undesignated	192,589	199,784
Total Fund Balance	346,106	350,974
TOTAL LIABILITIES AND FUND BALANCE	$ 346,106	$ 449,241

CITY OF GARDEN RIDGE, TEXAS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	2008	2007
REVENUES		
Interest	$ 13,628	$ 73,886
TOTAL REVENUES	13,628	73,886
EXPENDITURES		
Municipal Complex Project	14,188	920,899
Miscellaneous Expenses	4,308	-
TOTAL EXPENDITURES	18,496	920,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,868)	(847,013)
OTHER SOURCES (USES)		
Operating Transfer In Water Fund	-	(837,684)
TOTAL OTHER SOURCES	-	(837,684)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(4,868)	(1,684,697)
Fund Balance - October 1	350,974	2,035,671
Fund Balance - September 30	$ 346,106	$ 350,974

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To: Administrative Reviewer Date: May 26, 2009

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. **A-59-9 / 36408-C**
13.248 City of Garden Ridge/City of Selma

1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?

7. Map submitted is digital request digital data.

9. Utility notice was sufficient.
10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:

    TWO MILES:

X 11. Notice: **DO NOT NOTICE**

X 12. Other comments: **Maps do not meet requirements. Please submit original and copies of the following. (metes and bounds not certified by surveyor, need map showing how multiple tracts go together, location map does not have enough detail to accurately locate area)**

A. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.

B. A map showing only the proposed area by:
   (1) Metes and bounds survey certified by a licensed state or register professional land surveyor ; or
   (2) Projectable digital data with metadata (proposed areas should be in a single record and clearly labeled for each utility) ; or
   (3) Following verifiable natural and man-made landmarks; or
   (4) Copy of recorded plat map with metes and bounds

Kent Steelman

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 28, 2009

BY FAX TO 210/651-6485 AND
BY CERTIFIED MAIL

Mr. Larry Rheinlaender
8950 Garden Ridge Drive
San Antonio, Texas 78266

NOTICE OF DEFICIENCY

Re: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from the City of Garden Ridge, Certificate of Convenience and Necessity (CCN) No. 11253, to Transfer a Portion of CCN No. 11522 from the City of Selma, in Guadalupe County; Application No. 36408-C

CN: 600704720; RN: 101391217 (transferee/City of Garden Ridge)
CN: 600665160; RN: 101388817 (transferor/City of Selma)

Dear Mr. Rheinlaender:

Your contract service agreement for the City of Garden Ridge, received on May 21, 2009, has been assigned Application No. 36408-C, but has not been accepted for filing. Please refer to the application number in future correspondence.

Processing for the above referenced application cannot proceed until we receive the following information:

1. It appears the maps submitted do not meet the mapping requirements. The metes and bounds are not certified by a surveyor. A map should be submitted to show how multiple tracts go together and the location map does not have enough detail to accurately locate the proposed service area. Please submit the following maps.

   A. General location map delineating the proposed service area with enough detail to accurately locate the proposed service area within the county.

   B. Map showing only the proposed service area by:
      (1) metes and bounds survey certified by a licensed state land surveyor or a registered professional land surveyor; or
      (2) projectable digital data with metadata (proposed areas should be in a single record and clearly labeled for each utility), or
      (3) following verifiable natural and man-made landmarks; or
      (4) copies of recorded plat map with metes and bounds.

2. The application filing fee for the referenced application is $100.00. Please submit the $100.00 application filing fee. The payment should be mailed to TCEQ, Revenue Section, (MC 214), P.O. Box 13088, Austin, Texas 78711-3088. Please send a copy of the check to our office.

3. Please submit a list of the customers affected by this transfer agreement.

These items must be completed and returned to our office by **June 29, 2009**. If we do not receive the requested information by this date, your application will be returned for failure to prosecute.

If you have any questions, please contact me at 512/239-6932, or if by correspondence, include Mail Code 153 in the letterhead address.

Sincerely,

Karen Blaschke
Utilities & Districts Section
Water Supply Division
Texas Commission on Environmental Quality

KLB/as

cc: The Honorable Jay F. Feibelman, Mayor of Garden Ridge
The Honorable Jim Parma, Mayor of Selma

LP

June 8, 2010

Ms. Karen Blaske
TCEQ
P. O. Box 13087
Austin, Texas 78711

Dear Ms. Blaske:
I hope this finds you doing fine and everything going well for you!

Enclosed, please find my resubmitted package of the required information to change the water jurisdiction from the City of Selma to the City of Garden Ridge. All of the first information I sent to you is enclosed.
I think everything else has already been reviewed and approved by you except the "exact location map" that I discussed with Mr. Kent Steelman. Mr. Steelman also spoke with Mr. Jerry Wilkie of Wilkie Surveying and told Mr. Wilkie this information was the only thing that he lacked for my approval.
Those coordinates he requested are as follows:
North 13772332.7405
East 2186843.8382
Longitude 98 Degrees 18'46"W
Latitude 29 Degrees 36' 59.3" N
Please pass this information on to Mr. Steelman.

I am also enclosing another check for $100.00 for processing my request, as the previous one I enclosed must have been lost.
Thank you for giving this paperwork your immediate attention and providing me with your written approval.
I really appreciate all you have done to help me get this complete.
Warmest Regards,

Larry Rheinlaender

Larry Rheinlaender
8950 Garden Ridge Drive
San Antonio, Texas 78266
210-651-6485 Office and Fax
Lr@satx.rr.com email address

To: Administrative Reviewer Date: June 23, 2010

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. **P-003-10/36744-Q**

13.248 City of Garden Ridge/City of Selma

1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?

7. Map submitted is digital request digital data.

9. Utility notice was sufficient.
10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:

    TWO MILES:

X 11. Notice: **DO NOT NOTICE**

X 12. Other comments: **Maps do not meet requirements. Please submit original and copies of the following. (no map showing the proposed area, coordinates were not what I requested to locate, we do not work from coordinates)**

A. A general location map delineating the proposed service area with enough detail
to accurately locate the proposed area within the county.

B. A map showing only the proposed area by:

(1) Metes and bounds survey certified by a licensed state or register professional land surveyor ; or

(2) ~~Projectable digital data with metadata (proposed areas~~ should be in a single record and clearly labeled for each utility) ; or

(3) Following verifiable natural and man-made landmarks; or

(4) Copy of recorded plat map with metes and bounds

Kent Steelman

August 1, 2010

Mr. Kent Steelman
TCEQ
P. O. Box 13087
Austin, Texas 78711

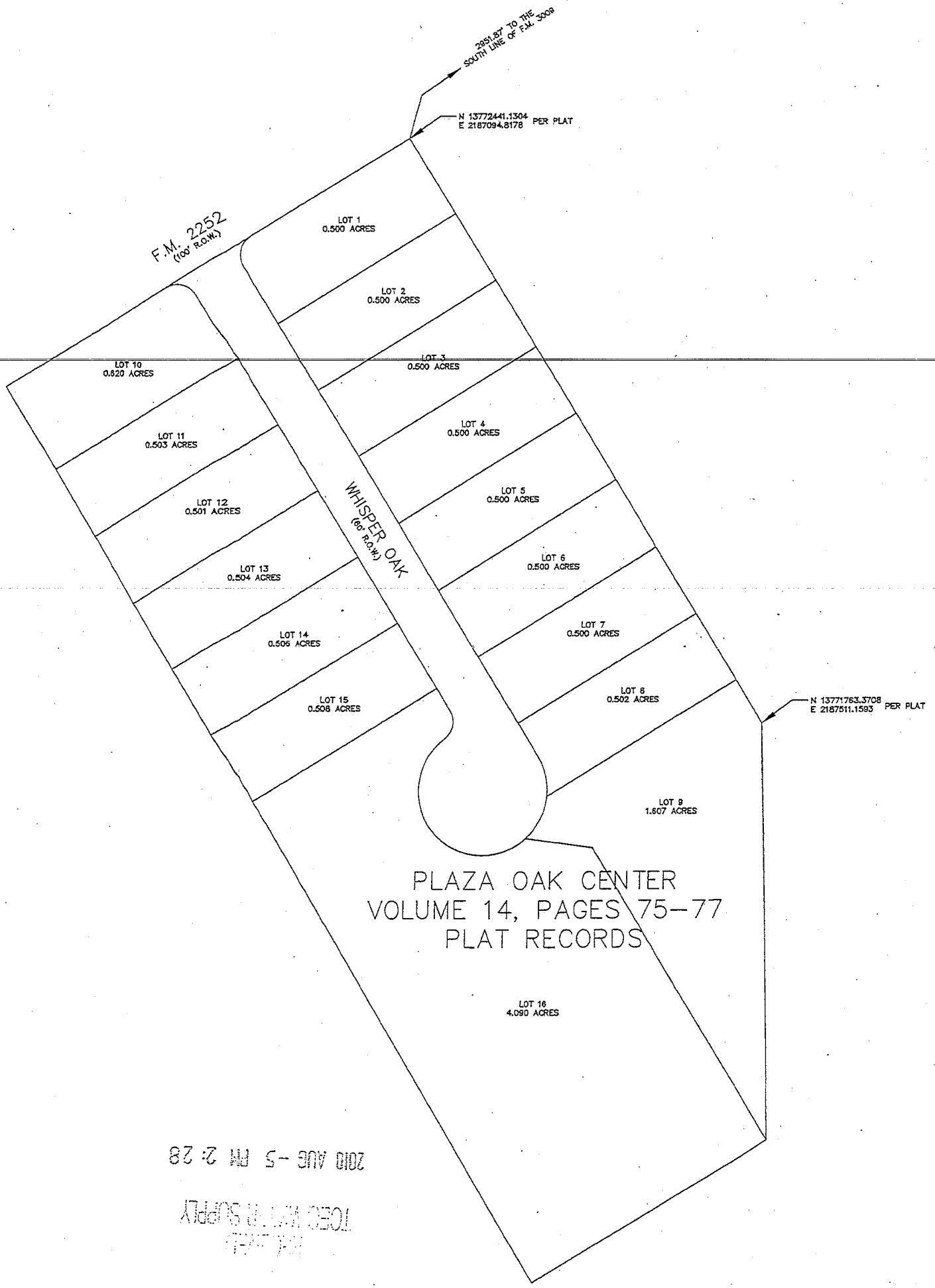
Dear Mr. Steelman:
Enclosed, please find the disc and sheet printed out that you discussed with my survey in reference to my water jurisdiction change request that you have in your possession {was actually sent to Karen Blaske}.

I understand that this is all the you require and would appreciate you giving your approval to Ms. Blaske so that we can get this finalized.

Thank you in advance for all of your help.

Warmest Regards,

Larry Rheinlaender
8950 Garden Ridge Drive
San Antonio, Texas 78266
210.651.6485 Office
Lr@satx.rr.com email address



To: Administrative Reviewer Date: August 12, 2010

From: Cartographer-Utilities & Districts Section

Subject: Overlap & Notice Check for Administrative Review No. **P-003-10/36744**

13.248 City of Garden Ridge/City of Selma

1. No new overlap of service areas exists.
2. An overlap:
3. Dual certification:
4. An overlap exists with the city limits of:
5. If this is a Sale, Transfer, or Merger, is additional area being requested?

7. Map submitted is digital request digital data.

9. Utility notice was sufficient.
10. Utility notice was insufficient. In addition to those systems listed in the application, they will also need to notify:

    TWO MILES:

11. Notice:

X 12. Other comments: The area is in the City of Selmas CCN.

only contact appears to be the landowner shouldn't we get both cities consent before agenda.

Kent Steelman

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 18, 2010

Mr. Larry Rheinlaender
8950 Garden Ridge Drive
San Antonio, Texas 78266

Re: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from the City of Garden Ridge, Certificate of Convenience and Necessity (CCN) No. 11253, to Transfer a Portion of CCN No. 11522 from the City of Selma in Guadalupe County; Application No. 36744-C

CN: 600704720; RN: 101391217 (transferee/City of Garden Ridge)
CN: 600665160; RN: 101388817 (transferor/City of Selma)

Dear Mr. Rheinlaender:

Your contract service agreement application for the City of Garden Ridge to transfer a portion of the City of Selma's CCN, was received on June 16, 2010, and has been accepted for filing. Thank you for providing the items we requested with your August 1, 2010, letter. Mr. Kamal Adhikari has been assigned to perform the technical review.

Additional financial or technical information may be requested through future correspondence from the assigned staff.

If you have any questions, please contact Mr. Adhikari at 512/239-0680, or if by correspondence, include Mail Code 153 in the letterhead address.

Sincerely,

Tammy Benter

Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division

TB/KA/ln

cc: The Honorable Jay F. Feibelman, Mayor of Garden Ridge
The Honorable Jim Parma, Mayor of Selma

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Environmental Law Division **Date:** August 30, 2010

Thru: Kamal Adhikari/Lisa Fuentes

From: Debi Loockerman CPA

Subject: Contract Service Agreement Pursuant to Texas Water Code Section 13.248, from the City of Garden Ridge, Certificate of Convenience and Necessity (CCN) No. 11253, to Transfer a Portion of CCN No. 11522 from City of Selma in Guadalupe County; Application No. 36744-C

CN: 600704720; RN: 101391217 (transferee/City of Garden Ridge)
CN: 600665160; RN: 101388817 (transferor/City of Selma)

In my opinion, the City of Garden Ridge (Garden Ridge) CCN No. 11253, has demonstrated adequate financial, managerial and technical capability to provide service to the area contracted for release and transfer.

Signed: Debi Loockerman CPA Date: August 28, 2010

Background

Garden Ridge and City of Selma (Selma) entered an agreement as of November 20, 2008 to transfer a total of 7.14 acres from Selma's CCN to Garden Ridge's CCN. Because Selma is simply releasing the CCN area to Garden Ridge for provision of water service, no compensation or payment is mentioned.

Garden Ridge provides service to more than 1,300 connections according to the TCEQ Water Utilities Database (WUD). Garden Ridge's water system is ranked superior. Selma provides service to more than 1,300 connections. The amount of area being transferred is less than 10% of either of the affected CCN areas.

I have reviewed an unqualified auditor's opinion and attached financial statements for Garden Ridge for the fiscal year ended September 30, 2008. The balance sheet for the water system showed total assets of $5,454,672, no long-term debt, and net assets (equity) of $5,091,098, for a ratio of debt to equity of 0.0:1. The city as a whole has a debt to net asset (equity) ratio of $4,032,400 to $8,827,000, or 0.46:1.

(continued)

The statement of revenues and expenses for the water utility showed a net operating income before transfers of $580,358 after covering depreciation expense of $172,972 and no interest expense. The utility operations fund has no debt, therefore there is no debt service or debt service coverage.

This information supports a finding of adequate financial and managerial capability to provide service to the area contracted for transfer.

JF 91 7108 2133 3935 2229 1111

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 14, 2011

CERTIFIED MAIL

Honorable Jay F. Feibelman, Mayor
City of Garden Ridge
9400 Municipal Parkway
Garden Ridge, Texas 78266

Re: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from the City of Garden Ridge, Certificate of Convenience and Necessity (CCN) No. 11253, to Transfer a Portion of CCN No. 11522 from the City of Selma in Comal County; Application No. 36744-C

CN: 600704720; RN: 101391217 (City of Garden Ridge)
CN: 600665160; RN: 101388817 (City of Selma)

Honorable Mayor Feibelman:

Enclosed is the map and certificate for the above referenced application. Please review the map to determine if it correctly represents the actions in the City of Garden Ridge and the City of Selma's pending matters.

If you agree that the map is accurate, please sign the **CONSENT FORM**, mark the line that says you concur and return the signed statement. We recommend keeping a copy of the letter you signed along with the documents listed above for your records.

If you believe that the map is inaccurate or you disagree that it correctly represents the City of Garden Ridge and the City of Selma's intentions in the matter referenced above, please mark the line on the **CONSENT FORM** that says you do not concur, sign the form and return it to the address or fax number on the form.

If you have any questions, please contact Mr. Kamal Adhikari by phone at 512/239-0680, by fax at 512/239-6972, by email at kamal.adhikari@tceq.state.gov, or if by correspondence, include MC-159 in the letterhead address.

Sincerely,

Tammy Benter

Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division

TB/KA/db

Enclosures (map, certificate & consent form)

Texas Commission On Environmental Quality

By These Presents Be It Known To All That

City of Garden Ridge

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 11253

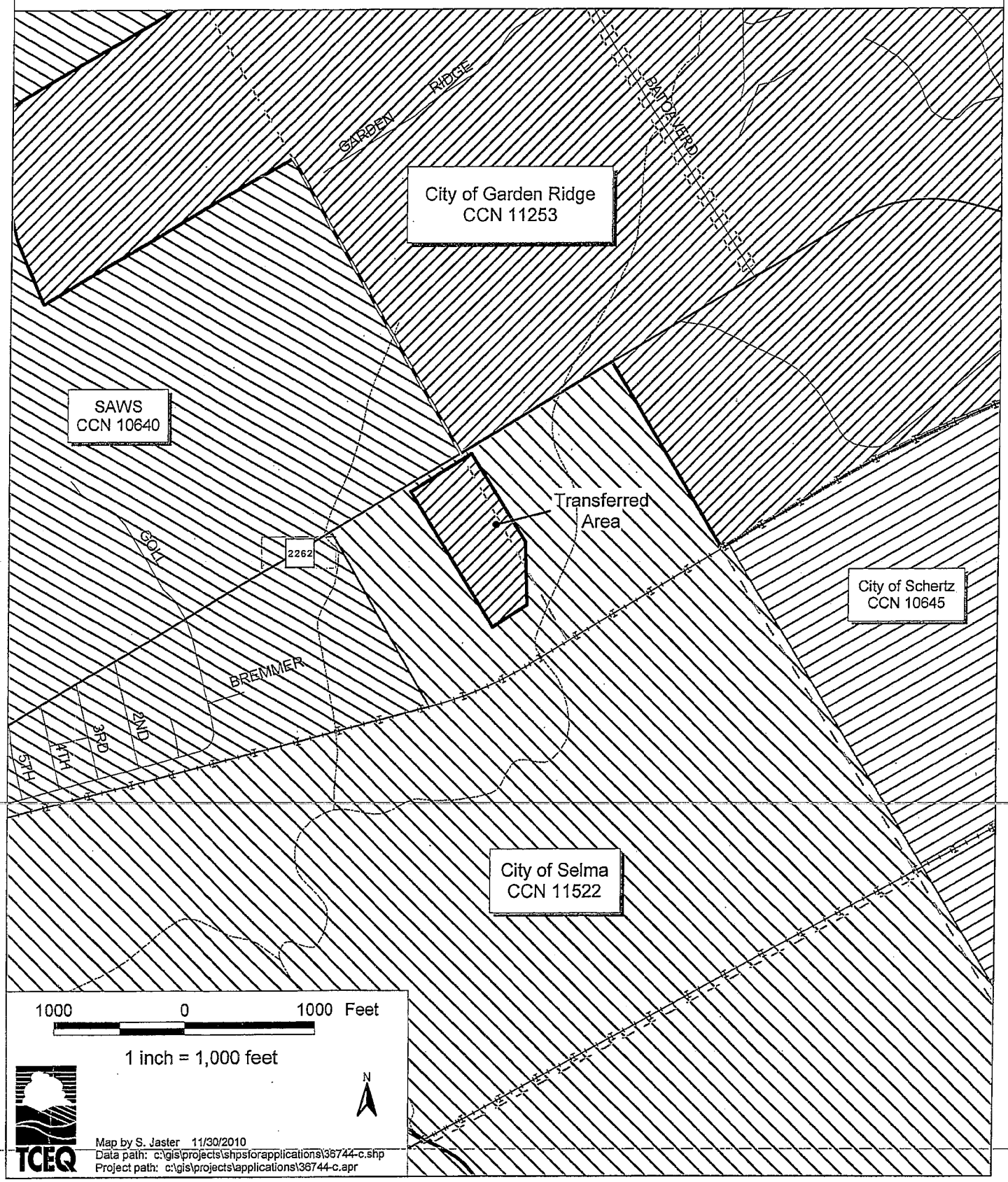
to provide continuous and adequate water utility service to that service area or those service areas in Comal County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36744-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Garden Ridge to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

_____

For the Commission

City of Garden Ridge / City of Selma
Portion of Water Service Areas
Application No. 36744-C (13.248 Contract Service Agreement
from City of Garden Ridge, CCN No. 11253
to Transfer a Portion of City of Selma, CCN No. 11522 in Comal County)



CONSENT FORM

Applicant's Name: City of Garden Ridge
Application Nos.: 36744-C

☐ I concur with the recommendation contained in the staff memorandum transmitted by letter dated _____.

☐ I do not concur with and intend to respond to the recommendation contained in the staff memorandum transmitted by letter dated _____. I understand that I have 14 days from the date of this letter to provide my response.

I am authorized by the City of Garden Ridge to sign this form.

Signature: _____

Printed Name: _____

Relationship to Applicant: _____

Date signed: _____

Mail or Fax to:
Kamal Adhikari, E.I.T.
Plan and Groundwater Review Section, MC 159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax: (512) 239-6972

TD 91 7108 2133 3935 2229 1128

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 14, 2011

CERTIFIED MAIL

Honorable Tom Daly, Mayor
City of Selma
9375 Corporate Drive
Selma, Texas 78154

Re: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from the City of Garden Ridge, Certificate of Convenience and Necessity (CCN) No. 11253, to Transfer a Portion of CCN No. 11522 from the City of Selma in Comal County; Application No. 36744-C

CN: 600704720; RN: 101391217 (City of Garden Ridge)
CN: 600665160; RN: 101388817 (City of Selma)

Honorable Mayor Daly:

Enclosed is the map and certificate for the above referenced application. Please review the map to determine if it correctly represents the actions in the City of Garden Ridge and the City of Selma's pending matters.

If you agree that the map is accurate, please sign the **CONSENT FORM,** mark the line that says you concur and return the signed statement. We recommend keeping a copy of the letter you signed along with the documents listed above for your records.

If you believe that the map is inaccurate or you disagree that it correctly represents the City of Garden Ridge and the City of Selma's intentions in the matter referenced above, please mark the line on the **CONSENT FORM** that says you do not concur, sign the form and return it to the address or fax number on the form.

If you have any questions, please contact Mr. Kamal Adhikari by phone at 512/239-0680, by fax at 512/239-6972, by email at kamal.adhikari@tceq.state.gov, or if by correspondence, include MC-159 in the letterhead address.

Sincerely,

Tammy Benter

Tammy Benter, Manager
Utilities & Districts Section
Water Supply Division

TB/KA/db

Enclosures (map, certificate & consent form)

Texas Commission On Environmental Quality

By These Presents Be It Known To All That

City of Selma

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 11522

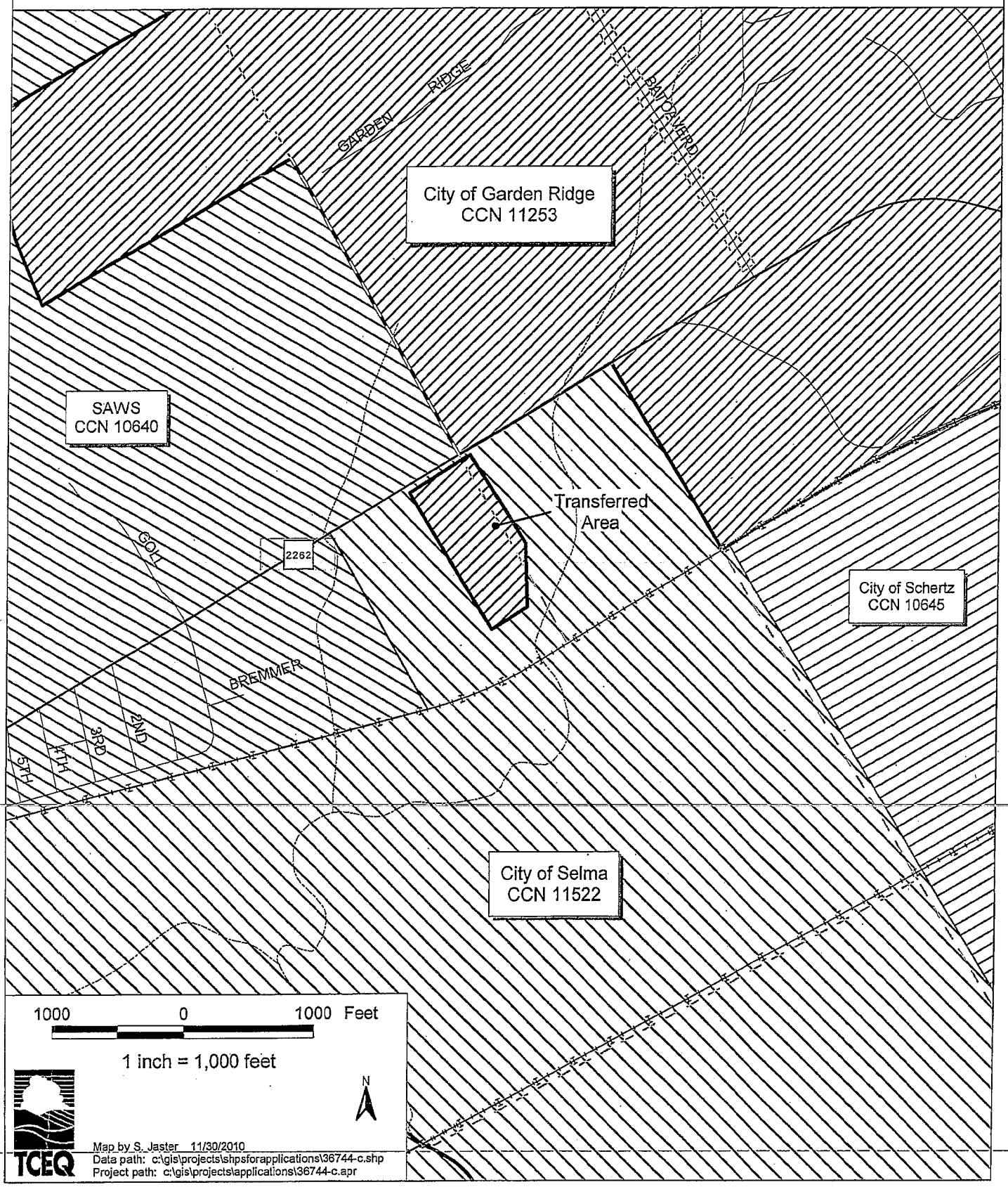
to provide continuous and adequate water utility service to that service area or those service areas in Bexar, Comal and Guadalupe Counties as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36744-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Selma to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

_____

For the Commission

City of Garden Ridge / City of Selma
Portion of Water Service Areas
Application No. 36744-C (13.248 Contract Service Agreement
from City of Garden Ridge, CCN No. 11253
to Transfer a Portion of City of Selma, CCN No. 11522 in Comal County)



CONSENT FORM

Applicant's Name: City of Garden Ridge
Application Nos.: 36744-C

☐ I concur with the recommendation contained in the staff memorandum transmitted by letter dated _____.

☐ I do not concur with and intend to respond to the recommendation contained in the staff memorandum transmitted by letter dated _____. I understand that I have 14 days from the date of this letter to provide my response.

I am authorized by the City of Selma to sign this form.

Signature: _____

Printed Name: _____

Relationship to Applicant: _____

Date signed: _____

Mail or Fax to:
Kamal Adhikari, E.I.T.
Plan and Groundwater Review Section, MC 159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax: (512) 239-6972

CONSENT FORM

Applicant's Name: City of Garden Ridge
Application Nos.: 36744-C

☒ I concur with the recommendation contained in the staff memorandum transmitted by letter dated _____.

☐ I do not concur with and intend to respond to the recommendation contained in the staff memorandum transmitted by letter dated _____. I understand that I have 14 days from the date of this letter to provide my response.

I am authorized by the City of Garden Ridge to sign this form.

Signature: _____

Printed Name: Jay F. Feibelman

Relationship to Applicant: Mayor

Date signed: 1/24/2011

RECEIVED
JAN 26 2011
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Mail or Fax to:
Kamal Adhikari, E.I.T.
Plan and Groundwater Review Section, MC 159
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax: (512) 239-6972

CONSENT FORM

Applicant's Name: City of Garden Ridge
Application Nos.: 36744-C

☑ I concur with the recommendation contained in the staff memorandum transmitted by letter dated 1/14/2011.

☐ I do not concur with and intend to respond to the recommendation contained in the staff memorandum transmitted by letter dated _____. I understand that I have 14 days from the date of this letter to provide my response.

I am authorized by the City of Selma to sign this form.

Signature: [signature]

Printed Name: Ken Roberts

Relationship to Applicant: Mayor

Date signed: 1/24/2011

Mail or Fax to:
Kamal Adhikari, E.I.T.
Plan and Groundwater Review Section, MC 159
Water Supply Division
Texas Commission on Environmental Quality
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