

**MINUTES OF THE SPECIAL MEETING  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
3915 COTTONWOOD DRIVE, COTTONWOOD SHORES, TEXAS**

**TUESDAY, FEBRUARY 2, 1999  
4:30 P.M.**

**1. MAYOR PICKENS CALLED THIS MEETING TO ORDER AND ROLL CALL WAS CONDUCTED: COMMISSIONER FRANK PFEIFER AND COMMISSIONER RAY WHITIS BOTH BEING PRESENT, A QUORUM WAS IN ATTENDANCE.**

**THE MAYOR INTRODUCED OTHER ATTENDEES: CITIZEN FRANK SMITH, CPA BURL HARPER, ENGINEER TROY PLUMLEE, GDS REPRESENTATIVES J. GANDOLF BURRUS AND KATERINA DITTEMORE AND CITIZEN GLENN WALLACE.**

**[ITEM 2 ON AGENDA WAS MOVED TO END OF MEETING]**

**3. J. GANDOLF BURRUS DISCUSSED THE PROPOSED CONTRACT BETWEEN THE CITY AND THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA) TO REPAIR LAKEVIEW DRIVE, COMMENTING THAT IT IS A STANDARD STATE CONTRACT WHICH THE CITY OFFICIALS DIDN'T NEED TO STUDY IN DETAIL, HE REMARKED THAT ALL SUBCONTRACTS ON THE PROJECT SHOULD BE VERY CAREFULLY REVIEWED BY THE ADMINISTRATION. THE CITY ATTORNEY, BARNEY KNIGHT, IS FAMILIAR WITH THE "STANDARD STATE" CONTRACT AND GDS HAS REVIEWED THE PARTICULARS AND FOUND THEM CORRECT AS REQUESTED IN THE GRANT APPLICATION. MR. BURRUS REQUESTED THE MAYOR SIGN THE LETTER OF ACKNOWLEDGMENT OF THE GRANT AWARD AND A REQUEST FOR A WAIVER OF PROFESSIONAL SERVICES PROCUREMENT REQUIREMENTS (ENGINEERING).. IN ORDER TO PROCEED WITH THE PROJECT IMMEDIATELY, WHICH WAS DONE.**

**MR. J. GANDOLF BURRUS AND MS. KATERINA DITTEMORE DEPARTED FOR ANOTHER APPOINTMENT AT THIS TIME.**

**3A. THE CITY'S CPA, BURL HARPER, STATED THAT THE FY1997-1998 AUDIT WAS COMPLETED AND THE CITY WAS IN GOOD FINANCIAL COMPLIANCE. HE COMMENTED THAT THE CITY WOULD HAVE TO REPLACE THE PRESENT COMPUTER SETUP TO BE COMPLIANT WITH Y2K. OTHER CITY OPERATIONS WILL BE REVIEWED FOR THIS NEED, ALSO, SHORTLY.**

**3B. REAL ESTATE MATTER. MAYOR PICKENS STATED THAT WITHOUT GOING INTO SPECIFICS AS TO LOCATION AND BUILDING, (IT WAS APPARENT) THAT THE CITY NEEDS SPACE. HE REMINDED THAT THE CITY BUDGETED SOME DOLLARS FOR FY 1998-1999 FOR A PORTABLE BUILDING...NO LONG-TIME SOLUTION. HE ADDED THAT WE NEED TO EAST INTO NEW SPACE...THE FIRST TWO-THREE YEARS WON'T KILL US..WE NEED TO MAKE IT WORK, HE EMPHASIZED. IN THIS REGARD, CONTINUED MAYOR PICKENS, HE HAD APPOINTED RESIDENT GLENN WALLACE, CPA BURL HARPER AND**

APPOINTED RESIDENT GREEN MATTICE. CBY BOB HARPER AND  
EMPHASIZED. IN THIS REGARD, CONTINUED MAYOR PICKENS, HE HAD  
TWO-THREE YEARS WOULD GET US WE NEED TO MAKE IT WORK. HE  
SOLUTION. HE ADDED THAT WE NEED TO GET INTO NEW SPACE. THE FIRST  
DOLLARS FOR FY 1998-1999 FOR A PORTABLE BUILDING. NO LONG-TERM  
THAT THE CITY NEEDS SPACE. HE REMINDED THAT THE CITY BUDGETED SOME  
GOING INTO SPECIFICS AS TO LOCATION AND BUILDING. (IT WAS APPARENT)  
30. NEXT ESTATE MATTER. MAYOR PICKENS STATED THAT WITHOUT

WILL BE BELIEVED FOR THE NEED, ALSO SHORTLY.  
COMPUTER SET UP TO BE COMPLIANT WITH ASK OTHER CITY OPERATIONS.  
COMMENTED THAT THE CITY WOULD HAVE TO REPLACE THE PRESENT  
WAS COMPLETED AND THE CITY WAS IN GOOD FINANCIAL COMPLIANCE. HE  
31. THE CITY'S CBY BOB HARPER, STATED THAT THE FISCAL 1998-1999 AUDIT

ANOTHER APPOINTMENT AT THIS TIME.  
MR. T. GAYDOFF BUCKS AND MS. KATERINA DITTEMORE DEPARTED FOR

THE PROJECT IMMEDIATELY, WHICH WAS DONE.  
PROPOSEMENT REQUIREMENTS (ENGINEERING) IN ORDER TO PROCEED WITH  
GRANT AWARD AND A REQUEST FOR A WAIVER OF PROFESSIONAL SERVICES.  
REQUESTED THE MAYOR SIGN THE LETTER OF ACKNOWLEDGMENT OF THE  
CORRECT AS REQUESTED IN THE GRANT APPLICATION. MR. BUCKS  
CONTRACT AND CDS HAS REVIEWED THE PARTICULARS AND FOUND THEM  
ATTORNEY, BARNEY KNIGHT, IS FAMILIAR WITH THE STANDARD STATE  
BE LEVY SUBVERTED BY THE ADMINISTRATION. THE CITY  
DETAIL. HE REMARKED THAT ALL SUBCONTRACTS ON THE PROJECT SHOULD  
STATE CONTRACT WHICH THE CITY OFFICIALS DID NOT NEED TO STUDY IN  
(LDHCA) TO REPAIR GUYLEW DRIVE. COMMENTING THAT IT IS A STANDARD  
THE CITY AND THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.  
32. T. GAYDOFF BUCKS DISCUSSED THE PROPOSED CONTRACT BETWEEN

ITEM 3 ON AGENDA WAS MOVED TO END OF MEETING.

GAYDOFF BUCKS AND KATERINA DITTEMORE AND CITIZEN GREEN MATTICE  
CBY BOB HARPER, ENGINEER TROY RUMBLE. CDS REPRESENTATIVES.  
THE MAYOR INTRODUCED OTHER ATTENDEES: CITIZEN FRANK SMITH

WAS BOTH BEING PRESENT. A QUORUM WAS IN ATTENDANCE.  
CONDUCTED. COMMISSIONER FRANK BEFFER AND COMMISSIONER RAY  
33. MAYOR PICKENS CALLED THIS MEETING TO ORDER AND ROLL CALL WAS

11:15 PM  
TUESDAY, FEBRUARY 2, 1998

249 COTTONWOOD DRIVE, COTTONWOOD SPRINGS, TEXAS  
CITY COUNCIL - CITY OF COTTONWOOD SPRINGS  
MINUTES OF THE SPECIAL MEETING

**PAGE 2**  
**SPECIAL MEETING 2/2/89**  
**CWS CITY COUNCIL**

COMMISSIONER RAY WHITIS TO EXPLORE POSSIBILITIES. THIS GROUP RECENTLY MET...THE MAYOR ASKED FOR A REPORT. COMMISSIONER RAY WHITIS BEGAN THIS REPORT CITING A FEBRUARY 19TH MEETING REGARDING THE PROPERTY ON COTTONWOOD DRIVE EAST OF THE PRESENT CITY HALL. GLENN WALLACE PROVIDED MARKET PROPERTY VALUES, RAY WHITIS HAD SOME BUDGET IDEAS...ADVICE ON BOTH WAS PROVIDED BY BURL HARPER. THE NEEDS OF THE POLICE DEPARTMENT FOR A LARGER SPACE, A SECURE AREA, MORE COURT SPACE AND A GREAT MORE GENERAL ADMINISTRATION SPACE WAS REITERATED. THE SUBJECT PROPERTY IS COMPOSED OF FIVE CONTIGUOUS LOTS WITH THE BUILDING OVER TWO OF THEM (LOTS 98 AND 99). THE METAL BUILDING IS 3,750 SQ.FT. TOTAL IN AREA, WITH 1,200 OF IT CLIMATIZED, THE BALANCE BEING WAREHOUSE SPACE. THE TWO LOTS CONTAINING THE BUILDING ARE FENCED IN. ALL ARE CONTIGUOUS AND FACE COTTONWOOD DRIVE. FRANK L. THOMPSON IS THE OWNER AND THERE IS INDICATION OF HIS INTEREST IN WORKING WITH THE CITY. THE THREE UNIMPROVED LOTS ARE VALUED AS \$1,950. EACH, TOTAL \$8,850. THE BUILDING ON TWO LOTS: IMPROVEMENTS \$59,592, TWO LOTS AT \$1,950. EACH (\$3,900.), TOTAL \$61,592. ESTIMATE FOR ENTIRE PACKAGE \$69,392 (TAX ROLL VALUE). APPROXIMATELY \$35.00 PER SQUARE FOOT. GLENN WALLACE STATED THAT HE BELIEVES A FAIR MARKET VALUE REPLACEMENT COST WOULD BE ABOUT \$131,250. PROPERTY IS ON DEMAND, WHICH IS ON THE INCREASE. COMMERCIAL AND INDUSTRIAL PROPERTIES...WHILE SOME ARE OVERPRICED IN GLENN'S EXPERIENCE BUT HE THINKS THE COMMERCIAL OUT HERE...THE MORE THE CITY GROWS, THE MORE WE HAVE...THAT PROPERTY IS BEST FOR THE CITY. MAYOR PICKENS STATED EMPHATICALLY THAT THE CITY IS GOING TO HAVE TO DO THIS! IT WOULD SAVE THE CITY DOLLARS IF WE HAD A BUILDING, WE COULD BUY PARTS AND EQUIPMENT IN BULK...WE WASTE TIME, MONEY AND VEHICLE USE AS IT IS NOW. GLENN WALLACE SAYS THE THREE VACANT LOTS ARE NOT ON THE MARKET, BUT IF THE CITY CAN STRIKE A DEAL, SHOULD BE ABLE TO GET IT ALL. BURL HARPER IS TALKING ABOUT DEALING WITH MR. THOMPSON AS CHEAP AS WE CAN BUT MAKE IT WORTH HIS WHILE...ONE SUGGESTION IS INTEREST AS A TAX DEFERMENT GLENN SUGGESTED IF THE CITY CAN COME UP WITH AN OFFER AND ASK MR. THOMPSON TO FINANCE...THE IMPROVED PROPERTY WITH THE THREE VACANT LOTS INCLUDED, MAYBE HE WOULD CONSIDER "DONATING" THREE LOTS VALUED AT \$3,000. EACH...

COMMISSIONER WHITIS CITED THE UNIQUE CIRCUMSTANCES: DEPRESSED MARKET, CURRENT INTEREST RATES, GOOD CLIMATE, GOOD PROPERTY, STRUCTURE WHERE OWNER CAN BENEFIT FROM A TAX EXEMPTION....NEED IDEAS OF ASKING HIM....HOW MUCH MONEY CAN THE CITY AFFORD FOR A MONTHLY PAYMENT? HOW MUCH DOWN? AS LITTLE CASH AS POSSIBLE...REAL ESTATE CLOSING COSTS..."FACTOR IN" THREE DONATED LOTS FOR IMMEDIATE CASH BENEFIT (TO EQUATE TO CASH DONATION).....SO, MONTHLY PAYMENT? GLENN WALLACE SUGGESTED A 5 YEAR CALL NOTE, 15 YEARS AT 8% INTEREST = \$85,000 APPROXIMATELY....\$812.31 PER MONTH AT 15 YEARS, 5 YEAR CALL PROVISION. NEGOTIABLE....COMMISSIONER WHITIS SAID THIS WAS A VERY GOOD RATE RETURN - 5 YEAR CALL..REFINANCE OR.... GLENN WALLACE CAUTIONED THAT THERE WOULD HAVE TO BE SOME CASH DOWN...CLOSING COSTS ESTIMATED \$4,500...\$2,550. FOR 3% COMMISSION (IF LISTING REALTOR

COMMISSIONER WHITE SAID HE WOULD LIKE TO SEE A REPORT FROM THE GROUP CONCERNING THE PROS AND CONS OF THE PROPOSAL. HE SAID HE WOULD LIKE TO SEE A REPORT FROM THE GROUP CONCERNING THE PROS AND CONS OF THE PROPOSAL. HE SAID HE WOULD LIKE TO SEE A REPORT FROM THE GROUP CONCERNING THE PROS AND CONS OF THE PROPOSAL.

THE GROUP WOULD CONSIDER DONATING THE THREE LOTS VALUED AT \$3,000 EACH. INVOLVED PROPERTY WITH THE THREE LOTS WOULD BE THE CITY CAN COME UP WITH AN OFFER AND ASK MR. THOMPSON TO FINANCE. THE SUGGESTION IS INTEREST AS A TAX DEFERMENT. GIBBY SUGGESTED IF THE THOMPSON AS OWNER AS WE CAN BUY MAKE IT WORK IN HIS WHITE. ONE WAY TO GET IT OUT. BUT NUMBER IS TALKING ABOUT DEALING WITH MR. WHEATON ON THE MARKET. BUT IF THE CITY CAN STRIKE A DEAL, SHOULD BE AVOIDED. USE AS IT IS NOW. GIBBY WANTS TO SAY THE THREE LOTS. WE COULD BUY PARTS AND EQUIPMENT IN WORK. WE WASTE TIME, MONEY AND HAVE TO DO THIS. IT WOULD SAVE THE CITY DOLLARS IF WE HAD A BUILDING. CITY MAYOR PICKENS STATED EMPHATICALLY THAT THE CITY IS GOING TO THE CITY COUNCIL. THE MORE WE HAVE. THAT PROPERTY IS BEST FOR THE CITY'S EXPERIENCE BUT HE THINKS THE COMMERCIAL OUT HERE. THE MORE COMMERCIAL AND INDUSTRIAL PROPERTIES. WHITE SOME ARE OVERPRICED IN ABOUT \$100,000. PROPERTY IS ON DEMAND WHICH IS ON THE INCREASE. THAT HE BELIEVES A FAIR MARKET VALUE REPLACEMENT COST WOULD BE ABOUT \$100,000 PER SQUARE FOOT. GIBBY WANTS TO SAY \$100,000 PER SQUARE FOOT. ESTIMATE FOR ENTIRE PACKAGE \$60,000 (TAX ROLL ON TWO LOTS INVOLVEMENTS \$20,000. TWO LOTS AT \$10,000 EACH. INVOLVED LOTS ARE VALUED AT \$1,000 EACH. TOTAL \$2,000. THE BUILDING INDICATION OF HIS INTEREST IN WORKING WITH THE CITY. THE THREE COTTONWOOD DRIVE. FRANK THOMPSON IS THE OWNER AND THERE IS CONTAINING THE BUILDING ARE FINISHED IN ALL ARE CONDITIONS AND SPACE OPTIMIZED. THE BALANCE BEING MAINTAINED SPACE. THE TWO LOTS. THE METAL BUILDING IS 3,000 SQ FT. TOTAL IN AREA WITH 1,000 SQ FT. CONDITIONS LOTS WITH THE BUILDING OVER TWO OF THEM (LOTS 28 AND 29) SPACE WAS REITERATED. THE SUBJECT PROPERTY IS COMPOSED OF FIVE ACRES. MORE COURT SPACE AND A GREAT MORE GENERAL ADMINISTRATION. THE NEEDS OF THE POLICE DEPARTMENT FOR A LARGER SPACE. A SECURE SOME BUDGET IDEAS. ADVICE ON BOTH WAS PROVIDED BY BOB HANSEN. GIBBY WANTS PROVIDED MARKET PROPERTY VALUES. RAY WHITE HAD THE PROPERTY ON COTTONWOOD DRIVE EAST OF THE PRESENT CITY HALL. WHITE BEGAN THIS REPORT DURING A FEBRUARY 19TH MEETING REGARDING RECENTLY MET. THE MAYOR ASKED FOR A REPORT. COMMISSIONER RAY. COMMISSIONER RAY WHITE TO EXPLOR POSSIBILITIES. THIS GROUP

WILL WAIVE THE OTHER 3%)....BREAKOUT OF CLOSING COSTS: \$1,200 TITLE POLICY, \$300 ATTORNEY FEES, \$300 SURVEY....THE MAYOR SAID HE FELT SURE THE CITY COULD OBTAIN A L.C.R.A. GRANT FOR GETTING INTO THE BUILDING - ABOUT \$12-20 GRANT, BUT NOT UP FRONT. L.C.R.A. ACCEPTS GRANTS ON A QUARTERLY APPLICATION PROCESS. RESIDENT FRANK SMITH ASKED IF ANYONE HAD AN IDEA OF THE COST ESTIMATE TO REFIT THE BUILDING AND DALE PICKENS RESPONDED NOT YET, WILL INCLUDE PAINTING, PHONE SYSTEM, FURNITURE, BLOWN INSULATION...THE MAYOR BELIEVES THIS PROJECT NEEDS TO BE ENOUGH TO MEET THE CITY'S NEEDS FOR TWENTY YEARS. MR. SMITH ADDED THAT HE WOULD LIKE TO SEE THE BUILDING AND THAT THIS IS A LAST OPPORTUNITY FOR THE MOVE FOR A LONG TIME. BURL HARPER STATED THE NEED FOR CREATIVE FINANCING. RAY WHITIS ASKED IF THERE WAS ANYTHING FURTHER TO DO AT THIS MEETING AND THE MAYOR STATED HE WOULD LIKE TO SEE A VOTE ON WHETHER OR NOT TO PURSUE AND DRAFT PROPOSALS...GLENN WALLACE SUGGESTED A DRAFT CONTRACT (OFFER), \$90,000 FOR EXAMPLE, 20% DOWN (\$18,000), MAYBE 10% DOWN FOR "CITY" IMPROVEMENTS AND FIVE LOTS...\$90,000 A REALLY GOOD PRICE. WE CAN ASK THE SELLER ABOUT FINANCING AND GETTING THE 3 LOTS AT NO DOLLARS DOWN, SET UP A TAX FREE DEAL...WITH THIS, COMMISSIONER PFEIFER MOVED TO DRAFT A CONTRACT INCLUDING THE PROPOSED MONTHLY PAYMENT AND CASH DOWN PAYMENT. GLENN WALLACE THEN SUGGESTED AN "OFFER LETTER", CONTINGENT ON THE CITY ACCEPTING A CONTRACT...BURL ADDED WE NEED TO GET THE SELLER LOCKED DOWN ON THE PURCHASE STRUCTURE. THE MAYOR STATED HE WOULD CALL THE CITY ATTORNEY WEDNESDAY (NEXT DAY) TO DO THE OFFER LETTER. GLENN WALLACE REMINDED HIM THAT WE NEED TO BE SURE THE LISTING AGENT ACCEPTS A REDUCED COMMISSION, 3%...COMMISSIONER PFEIFER REVISED HIS MOTION TO HAVE THE CITY ATTORNEY DRAFT AN OFFER LETTER, A NON-BINDING OFFER. COMMISSIONER WHITIS SECONDED THIS MOTION WHICH CARRIED ON VOTE. GLENN WALLACE STATED IT WOULD PROBABLY BE SIX MONTHS TO CLOSING DATE AND THE CITY SHOULD GO FOR AN EARNEST MONEY CONTRACT WITH \$1,000. CASH EARNEST MONEY.

**THEN MAYOR THEN TABLED ITEM 4, DISCUSSION/ACTION REGARDING INCREASES FOR WATER SERVICE.**

**ITEM 2. ON THE AGENDA - DISCUSSION/ACTION REGARDING REQUEST OF MS. SHARON A. ELLER, 631 DRIFTWOOD, REGARDING USE OF A 26-FOOT TRAVEL TRAILER. THE MAYOR EXPLAINED MS. ELLER'S REQUEST THAT HER MOTHER BE ALLOWED TO CONTINUE TO LIVE IN THE TRAILER DURING WEEKDAYS TO CARE FOR THE ELLER CHILDREN, RETURNING TO HER OWN HOME IN JOHNSON CITY ON THE WEEKENDS. COMMISSIONER PFEIFER REITERATED THE BUILDING ORDINANCE WHICH PROHIBITS PROLONGED USE OF TRAVEL TRAILERS. AFTER FURTHER DISCUSSION, THE MAYOR STATED HE WOULD ENTERTAIN A MOTION TO SEND MS. ELLER A LETTER STATING THAT HER REQUEST COULD NOT BE GRANTED AS ASKED, BUT THE CITY WILL ISSUE A 14-DAY PERMIT FOR OCCUPANCY AT NO COSTS ON AN ON-GOING BASIS FOR A LIMITED PERIOD OF TIME. THE LETTER WILL ALSO STATE THAT WATER AND SEWER SERVICES WILL NOT BE CONNECTED TO THE TRAILER, AND MS. ELLER MUST REQUEST**

NOT BE COMMITTED TO THE TRAVEL AND WE'LL GET MOST REVENUE  
TIME. THE LETTER WILL ALSO STATE THAT MYLES AND GEMER SERVICES WILL  
OCCUR AT NO COST TO US OR GOING FURTHER FOR A LIMITED PERIOD OF  
OBTAINED AS ASKED FOR. THE CITY WILL ISSUE A FORMAL PERMIT FOR  
TO SEND THE LETTER A LETTER STATING THAT HER REQUEST COULD NOT BE  
FURTHER DISCUSSION. THE MAYOR STATED HE WOULD ENDEAVOR A MOTION  
ORDINANCE WHICH PROHIBITS PROLONGED USE OF TRAVEL TRAILERS  
ON THE WEEKENDS. COMMISSIONER REEHER BELIEVED THE BUILDING  
FOR THE OTHER CHILDREN. RETURNING TO HER OWN HOME IN JOHNSON CITY  
WANTED TO CONTINUE TO LIVE IN THE TRAVEL DURING WEEKDAYS TO TAKE  
TRAVEL. THE MAYOR EXPLAINED MR. GEMER'S REQUEST THAT HER MOTHER BE  
SHARON A LETTER 234 OAKWOOD REGARDING ONE OF A 24-FOOT TRAVEL  
TRAILER. ON THE AGENDA - DISCUSSION/ ACTION REGARDING REQUEST OF MR.

INCREASES FOR WATER SERVICE  
THEY MAYOR THEN TRIGGERED NEW A DISCUSSION ACTION REGARDING

MONEY  
SHOULD GO FOR AN EARLIER MONEY CONTRACT WITH \$1,000,000 SUCH EARLIER  
STATED IT WOULD PROBABLY BE SIX MONTHS TO CLOSING DATE AND THE CITY  
WANTS SECURED THIS MONTH WHICH CARRIES ON AOTE. STEIN WANTED  
ATTORNEY DONALD VAN OFFER LETTER A NON-BINDING OFFER. COMMISSIONER  
30. COMMISSIONER REEHER BELIEVED HIS MOTION TO HAVE THE CITY  
NEED TO BE SURE THE BUILDING WOULD ACCEPTLY REDUCED COMMISSION  
DUAL TO DO THE OFFER LETTER. STEIN WANTED REMIND HIM THAT WE  
THE MAYOR STATED HE WOULD CUT THE CITY ATTORNEY WEDNESDAY NEXT  
WE NEED TO GET THE LETTER LOCKED DOWN ON THE PURCHASE STRUCTURE  
LETTER. CONTINGENT ON THE CITY ACCEPTING A CONTRACT. BUT AVOID  
CASH DOWN PAYMENT. STEIN WANTED THEN SUGGESTED AN OFFER  
TO DRAFT A CONTRACT INCLUDING THE PROPOSED MONTHLY PAYMENT AND  
DOWN. SET UP A 12% FREE RATE. WITH THIS COMMISSIONER REEHER MOVED  
THE LETTER ABOUT FINANCING AND GETTING THE \$100,000 IN DOLLARS  
INVOLVEMENTS AND WAS GOING TO \$200,000 A MONTH. GOOD PRICE. WE CAN ASK  
\$200,000 FOR EXAMPLE. 30% DOWN (\$60,000) MAYBE 10% DOWN FOR CITY  
PROBABLE. STEIN WANTED SUGGESTED A DRAFT CONTRACT (OFFER)  
TO SEE A VOTE ON WHETHER OR NOT TO PROCEED AND DRAFT  
FURTHER TO DO AT THIS MEETING AND THE MAYOR STATED HE WOULD LIKE  
NEED FOR OVERSIGHT FINANCIAL. KAY WOULD ASKED IF THERE WAS ANYTHING  
OPPORTUNITY FOR THE MOLE FOR A LONG TIME. BUT HANSEN STATED THE  
VOTED THAT HE WOULD LIKE TO SEE THE BUILDING AND THAT THIS IS A FIRST  
TO BE ENOUGH TO MEET THE CITY'S NEEDS FOR TWENTY YEARS. MR. SMITH  
ENLIGHTENED. COMMI. INQUIRY. THE MAYOR BELIEVED THIS PROJECT NEEDS  
DATE PICKING RESPONDED NOT YET WILL INCLUDE PAINTING PHONE SYSTEM  
ANYONE HAD AN IDEA OF THE COST ESTIMATE TO BUILD THE BUILDING AND  
OCCUPANCY APPLICATION PROCESS. RESIDENT FRANK SMITH ASKED IF  
ABOUT \$150,000 BUT NOT UP FROM. G.C.B.V. ACCEPTS GRANTS ON A  
THE CITY COULD OBTAIN A G.C.B.V. GRANT FOR GETTING INTO THE BUILDING.  
POLICE. \$200,000 ATTORNEY FEE. \$200,000 PAYABLE. THE MAYOR STATED HE BELIEVES  
WILL HAVE THE OTHER 30% PAYABLE OF CLOSING COSTS. \$1,200,000

ANOTHER HEARING DURING THE SUMMER IF SHE HAS FAILED TO FIND ANOTHER SOLUTION TO HER PROBLEM. HER RESPONSIBILITIES WILL BE CLEARLY SET OUT IN THE LETTER. COMMISSIONER PFEIFER MOVED TO GO FORWARD WITH THIS, SECONDED BY COMMISSIONER WHITIS, PASSED ON VOTE.

5. OPEN DISCUSSION.

NONE.

6. ADJOURNMENT WAS CALLED AT 7:00 P.M. BY MAYOR PICKENS.

ATTEST:

BY *Sue Porter*  
SUE PORTER, CITY SECRETARY

*Dale Pickens*  
DALE PICKENS, MAYOR



THE HONORABLE CLIA SECRETARY

DAVE SICKENS' MARCH

ALERT

8. A MEETING WAS CALLED AT 1:00 P.M. BY MARY SICKENS.

NONE

2. OPEN DISCUSSION

FORWARD WITH THIS RECORDED BY COMMISSIONER ANNE PASSED ON AOTE  
STEVIA SET OUT IN THE LETTER. COMMISSIONER PASSED TO GO  
ANOTHER SOLUTION TO HER PROBLEM. HER RESPONSIBILITIES WILL BE  
ANOTHER HEARING DURING THE PERIOD IF SHE HAS FAILED TO FIND

CLIA COUNCIL  
SECRETARY'S OFFICE  
CLIA



**SPECIAL MEETING  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
3915 COTTONWOOD DRIVE, COTTONWOOD SHORES, TEXAS**

**TUESDAY, FEBRUARY 2, 1999  
4:30 P.M.**

**A G E N D A**

1. CALL TO ORDER AND ROLL CALL.
2. DISCUSSION/ACTION REGARDING REQUEST OF MS. SHARON A. ELLER, 631 DRIFTWOOD, REGARDING USE OF A 26 FOOT TRAVEL TRAILER.
3. DISCUSSION AND POSSIBLE ACTION ON A CONTRACT BETWEEN THE CITY AND THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA) TO REPAIR LAKEVIEW DRIVE.
4. DISCUSSION/ACTION REGARDING INCREASES FOR WATER SERVICE.
5. OPEN DISCUSSION.
6. ADJOURNMENT.

I CERTIFY THAT THE ABOVE NOTICE WAS POSTED AT CITY HALL, 3915 COTTONWOOD DRIVE, COTTONWOOD SHORES, TX, ON THIS THE 27TH DAY OF JANUARY, 1999 AT 4:00 P.M.

  
SUE PORTER, CITY SECRETARY

(THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS FOR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THE MEETING. 830-693-3830)

FOR THE CITY OF COTTONWOOD SHORES, TEXAS  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
SPECIAL MEETING

SPECIAL CITY MEETING

WEDNESDAY, FEBRUARY 3, 1999  
COTTONWOOD DRIVE, COTTONWOOD SHORES, TEXAS  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
SPECIAL MEETING

1. APPROVAL
2. OPEN DISCUSSION
3. DISCUSSION REGARDING INCREASES FOR WATER SERVICE
4. DISCUSSION REGARDING USE OF A 38 FOOT TRAVEL TRAILER
5. DISCUSSION AND POSSIBLE ACTION ON A CONTRACT BETWEEN THE CITY AND THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
6. DISCUSSION REGARDING REQUEST OF MR. SHAWON A LETTER
7. CALL TO ORDER AND ROLL CALL

**AGENDA**

4:30 P.M.  
WEDNESDAY, FEBRUARY 3, 1999

3870 COTTONWOOD DRIVE, COTTONWOOD SHORES, TEXAS  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
SPECIAL MEETING

**SPECIAL MEETING  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
3915 COTTONWOOD DRIVE, COTTONWOOD SHORES, TEXAS**

**TUESDAY, FEBRUARY 2, 1999  
4:30 P.M.**

**SUPPLEMENTAL  
A G E N D A**

- 3A. DISCUSSION/ACTION ON FISCAL YEAR 1997-1998 ANNUAL AUDIT.**
- 3B. DISCUSSION/ACTION ON REAL ESTATE MATTER.**

I CERTIFY THAT THE ABOVE NOTICE WAS POSTED AT CITY HALL, 3915 COTTONWOOD DRIVE, COTTONWOOD SHORES, TX, ON THIS THE 28TH DAY OF JANUARY, 1999 AT 5:00 P.M.

  
\_\_\_\_\_  
SUE PORTER, CITY SECRETARY

(THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS FOR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THE MEETING. 830-693-3830)

NOTICE TO THE PUBLIC  
CITY OF COTTONWOOD SHORES TEXAS  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
SPECIAL MEETING

CITY COUNCIL AGENDA

7:00 P.M.  
COTTONWOOD DRIVE, COTTONWOOD SHORES, TX ON THE 28TH DAY OF  
FEBRUARY THAT THE ABOVE NOTICE WAS POSTED AT CITY HALL 3812

1. DISCUSSION ON REVENUE MATTER

2. DISCUSSION ON FISCAL YEAR 1987-1988 BUDGET

**AGENDA  
SUPPLEMENTAL**

7:30 P.M.  
TUESDAY, FEBRUARY 2, 1988

3812 COTTONWOOD DRIVE, COTTONWOOD SHORES, TEXAS  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
SPECIAL MEETING

**SPECIAL MEETING  
CITY COUNCIL - CITY OF COTTONWOOD SHORES  
3915 COTTONWOOD DRIVE, COTTONWOOD SHORES, TEXAS**

**TUESDAY, FEBRUARY 2, 1999  
4:30 P.M.**

**SUPPLEMENTAL  
AGENDA**

**3.A. DISCUSSION/ACTION ON FISCAL YEAR 1997-1998 ANNUAL AUDIT.**

*Revised  
agenda*

I CERTIFY THAT THE ABOVE NOTICE WAS POSTED AT CITY HALL, 3915 COTTONWOOD DRIVE, COTTONWOOD SHORES, TX, ON THIS THE 28TH DAY OF JANUARY, 1999 AT 12:00 NOON.

  
**SUE PORTER, CITY SECRETARY**

(THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS FOR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THE MEETING. 830-693-3830)

THE BOARD OF DIRECTORS OF THE CITY OF COTTONWOOD PHOENIX, ARIZONA  
DO HEREBY CERTIFY THAT THE ABOVE IS A TRUE AND CORRECT COPY OF THE  
ORIGINAL AS KEPT IN THE OFFICE OF THE CLERK OF THE BOARD.

CITY CLERK

*[Handwritten signature]*

THIS CERTIFICATE IS VALID FOR THE CITY OF COTTONWOOD PHOENIX, ARIZONA  
ON THE 15TH DAY OF MAY, 1981.

*[Handwritten signature]*

ATTEST:

**VERDA  
LATHAM**

1981 MAY 15 4:30 P.M.

CITY OF COTTONWOOD PHOENIX, ARIZONA  
CITY CLERK

**CITY OF  
COTTONWOOD SHORES**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 1998**

FOR THE STATE OF TEXAS

COUNTY OF DALLAS



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WITNESSED AND SUBSCRIBED AT THE CITY OF DALLAS



# **CITY OF COTTONWOOD SHORES**

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## **General Purpose Financial Statements**

**Fiscal Year Ended September 30, 1998**

### **TABLE OF CONTENTS**

	<b>Page Number</b>
<b>Part I - Financial Section</b>	
Independent Auditors' Report	1
<b>General Purpose Financial Statements</b>	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenue, Expenditures and Changes in Fund Balances - All Governmental Fund Types	4
Combined Statement of Revenue, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - All Government Fund Types	6
Combined Statement of Revenue, Expenses and Changes in Retained Earnings - Proprietary Fund	9
Combined Statement of Cash Flows - Proprietary Fund	11
Combined Statement of Revenues, Expenses and Changes in Retained Earning - Budget and Actual - Proprietary Fund	12
Notes to the Combined Financial Statements	14

**FINANCIAL SECTION**



# CLARK, HARPER, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
Independent Auditor's Report

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

JACK N. CLARK, CPA  
BURL N. HARPER, CPA

To the Honorable Mayor and City Council  
City of Cottonwood Shores

We have audited the accompanying general-purpose financial statements of City of Cottonwood Shores, Texas (the City) as of and for the year ended September 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The City of Cottonwood Shores, Texas, has included such disclosures in Note 10. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City's disclosures with respect to the year 2000 issue made in Note 10. Further, we do not provide assurance that the City will be year 2000 ready, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general-purpose financial statements referred to above present fairly, the financial position of the City of Cottonwood Shores, Texas, as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principals.

  
Clark, Harper, Brooks & Co., P.C.

January 22, 1999

**CITY OF COTTONWOOD SHORES  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
September 30, 1998**

Governmental Fund Types		Debt Service Fund	
General Fund	Fund	General Fund	Fund
		\$	\$
Cash in Bank	300		
Temporary Investments	68,016		
Receivable:			
Taxes - Net of Allowance for Uncollectible			
Taxes, 1998 \$2,257 and \$641	9,026		2,563
Customers			
Sundry	781		145
Due from Other Funds	1,712		
Restricted Assets:			
Cash in Bank			
Prepaid Expenses			
Property, Plant & Equipment			
Accumulated Depreciation			
General Fixed Assets			
<b>TOTAL ASSETS</b>	<b>\$ 77,835</b>	<b>\$ 2,708</b>	
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	5,459		
Payable from Restricted Assets:			
Accrued Interest on Certificates of Obligation			
Current Portions of Certificates of Obligation			
Customer Deposits			
Deferred Revenues - Property Taxes	9,026		2,563
Due to Other Funds	165,837		1,712
Certificates of Obligation - Net of Current Portion			
Total Liabilities	\$ 180,322	\$ 4,275	
<b>Commitments and Contingencies (Note 9)</b>			
Fund Balances			
Contributed Capital - Equity Grants			
Invested in General Fixed Assets			
Retained Earnings:			
Reserved for Bond Retirement			(1,567)
Unreserved			
Fund Balance - Unreserved/(Deficit)	(102,487)	(1,567)	
Total Fund Balances	\$ (102,487)	\$ (1,567)	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 77,835</b>	<b>\$ 2,708</b>	

The accompanying notes are an integral part of these financial statements

<u>Proprietary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
<u>Water/Sewer/ Garbage Fund</u>	<u>General Fixed Assets</u>	<u>September 30, 1998</u>
\$ 2,180	\$ -	\$ 2,480
-	-	66,016
-	-	11,589
22,131	-	22,131
-	-	926
165,837	-	167,549
68,550	-	68,550
550	-	550
2,234,276	-	2,234,276
(209,110)	-	(209,110)
-	27,722	27,722
<u>\$ 2,284,414</u>	<u>\$ 27,722</u>	<u>\$ 2,392,679</u>

\$ 7,587	\$ -	\$ 13,046
11,514	-	11,514
9,000	-	9,000
16,096	-	16,096
-	-	11,589
-	-	167,549
587,000	-	587,000
<u>\$ 631,197</u>	<u>\$ -</u>	<u>\$ 815,794</u>

1,583,292	-	1,583,292
-	27,722	27,722
38,477	-	38,477
31,448	-	29,881
-	-	-
-	-	(102,487)
<u>1,653,217</u>	<u>27,722</u>	<u>1,576,885</u>
<u>2,284,414</u>	<u>27,722</u>	<u>2,392,679</u>



**CITY OF COTTONWOOD SHORES  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED SEPTEMBER 30, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only) September 30, 1998</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	
<b>CONTINUED</b>			
<b>Public Service Department:</b>			
Salaries and Contract Labor	\$ 65,097	\$ -	\$ 65,097
Payroll Taxes	4,804	-	4,804
Telephone and Utilities	101	-	101
Travel and Education	663	-	663
Street Repair	9,242	-	9,242
Repairs and Maintenance	2,113	-	2,113
Dispatch Fee	3,014	-	3,014
Office Supplies and Expenses	2,603	-	2,603
Capital Outlay	4,924	-	4,924
Fuel and Oil	3,929	-	3,929
Vehicle Expense	3,293	-	3,293
Total Public Service	<u>99,783</u>	<u>-</u>	<u>99,783</u>
<b>Other Departments:</b>			
Volunteer Fire Department	-	-	-
Civic Center and Pool	2,796	-	2,796
Municipal Court	7,310	-	7,310
Building and Zoning	-	-	-
Animal Control	437	-	437
Total Other Departments	<u>10,543</u>	<u>-</u>	<u>10,543</u>
Total Expenditures	<u>171,713</u>	<u>20,902</u>	<u>192,615</u>
Excess of Revenues over Expenditures	(76,938)	(1,566)	(78,504)
Fund Balance - At Beginning of Year	<u>(25,549)</u>	<u>-</u>	<u>(25,549)</u>
Fund Balance - At End of Year	<u>\$ (102,487)</u>	<u>\$ (1,566)</u>	<u>\$ (104,053)</u>

The accompanying notes are an integral part of these financial statements

**CITY OF COTTONWOOD SHORES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUND TYPE  
YEAR ENDED SEPTEMBER 30, 1998**

GOVERNMENTAL FUND TYPE		GENERAL FUND		Variance Favorable (Unfavorable)
Budget	Actual	Budget	Actual	
<b>1998</b>				
<b>Revenues</b>				
Ad Valorem Taxes	\$ 36,200	\$ 35,886	\$ 3,632	(314)
Penalty, Interest, and Fees	2,204	3,632	8,936	1,428
Franchise Tax	8,880	8,936	56	56
Sales Taxes	1,350	3,160	1,810	1,810
Animal control	1,165	1,290	125	125
Mowing Fees	13,725	13,825	100	100
Police Donations and Fees	740	836	96	96
Permits and Inspection Fees	1,350	1,475	125	125
Interest on Investments	3,500	3,169	(331)	(331)
Court Costs	700	744	44	44
Fines and Forfeitures	3,046	3,365	319	319
Civic Center and Pool	1,703	1,903	200	200
Miscellaneous	16,649	16,554	(95)	(95)
<b>Total Revenues</b>	<b>91,212</b>	<b>94,775</b>	<b>3,563</b>	<b>3,563</b>
<b>Expenditures</b>				
City Administrative Department:	15,600	18,042	2,442	(2,442)
Salaries and Benefits	1,000	906	94	94
Payroll Taxes	1,502	1,788	(286)	(286)
Advertising	8,080	6,980	1,100	1,100
Accounting and Auditing	1,850	2,070	(220)	(220)
Attorney Fees	9,238	9,794	(556)	(556)
Telephone and Utilities	7,900	7,804	96	96
Office Expense	960	788	172	172
Dues	300	221	79	79
Travel and Education	9,615	9,581	34	34
Insurance and Bonds	140	140	-	-
Election Costs	600	527	73	73
Repair and Maintenance	1,397	1,396	1	1
Appraisal District Fees	1,350	1,350	-	-
Capital Outlay	59,532	61,387	(1,855)	(1,855)

The accompanying notes are an integral part of these financial statements



**CITY OF COTTONWOOD SHORES  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPE  
 YEAR ENDED SEPTEMBER 30, 1998**

	<b>GOVERNMENTAL FUND TYPE</b>		
	<b>GENERAL FUND</b>		
	<b>1998</b>		<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>Public Service Department:</b>			
Salaries and Benefits	\$ 59,978	\$ 65,097	\$ (5,119)
Payroll Tax	5,245	4,804	441
Telephone and Utilities	100	101	(1)
Travel	745	663	82
Street Repair	8,900	9,242	(342)
Repairs and maintenance	2,042	2,113	(71)
Dispatch Fee	3,265	3,014	251
Office Supplies and Expenses	2,866	2,603	263
Fuel and Oil	3,800	3,929	(129)
Vehicle Expense	3,200	3,293	(93)
Capital Outlay	4,460	4,924	(464)
<b>Total Public Service</b>	<b>94,601</b>	<b>99,783</b>	<b>(5,182)</b>
<b>Other Departments</b>			
Volunteer Fire Department	1,000	-	1,000
Civic Center and Pool	2,850	2,796	54
Municipal Court	5,650	7,310	(1,660)
Building and Zoning	-	-	-
Animal Control	440	437	3
<b>Total Other Departments</b>	<b>9,940</b>	<b>10,543</b>	<b>(603)</b>
<b>Total Expenditures</b>	<b>164,073</b>	<b>171,713</b>	<b>(7,640)</b>
<b>Excess of Expenditures over Revenues</b>	<b>(72,861)</b>	<b>(76,938)</b>	<b>(4,077)</b>
<b>Fund Balance - At Beginning of Year</b>	<b>(25,549)</b>	<b>(25,549)</b>	<b>-</b>
<b>Fund Balance - At End of Year</b>	<b>\$ (98,410)</b>	<b>\$ (102,487)</b>	<b>\$ (4,077)</b>

The accompanying notes are an integral part of these financial statements

The accompanying notes are an integral part of these financial statements

GOVERNMENTAL FUND TYPE		DEBT SERVICE FUND	
	1998	Budget	Actual
			Variance Favorable (Unfavorable)
Revenues:			
Ad Valorem Taxes	\$ 20,800	\$ 19,336	\$ (1,464)
Total Revenue	20,800	19,336	(1,464)
Expenses:			
Debt Service Payments	-	20,902	(20,902)
Total Expenditures	-	20,902	(20,902)
Excess of Expenditures over Revenues	\$ 20,800	\$ (1,566)	\$ (22,366)

CONTINUED

CITY OF COTTONWOOD SHORES  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPE  
 YEAR ENDED SEPTEMBER 30, 1998

**CITY OF COTTONWOOD SHORES  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 YEAR ENDED SEPTEMBER 30, 1998**

	<u>Proprietary Fund Type Enterprise</u>	<u>Total (Memorandum Only) September 30, 1998</u>
<b>Revenues</b>		
Water Sales	\$ 126,256	\$ 126,256
Sewer Sales	79,177	79,177
Garbage Collection Fees	53,367	53,367
Connection Fees and Other	21,089	21,089
Interest on Investments	1,688	1,688
	<u>281,577</u>	<u>281,577</u>
<b>Total Revenues</b>	<b>281,577</b>	<b>281,577</b>
<b>Expenses</b>		
<b>Water Department:</b>		
Accounting and Legal	5,660	5,660
Salaries and Benefits	46,543	46,543
Payroll Taxes	4,007	4,007
Water Taps	2,095	2,095
Telephone and Utilities	9,147	9,147
Travel and Fuel	4,334	4,334
Water Purchases	15,131	15,131
Chemicals and Testing	5,252	5,252
Repairs and Maintenance	12,030	12,030
Fees and Licenses	847	847
Contract Labor	325	325
Depreciation	19,083	19,083
Interest	2,658	2,658
Miscellaneous	57	57
	<u>127,169</u>	<u>127,169</u>
<b>Total Water Department</b>	<b>127,169</b>	<b>127,169</b>
<b>Sewer Department:</b>		
Accounting and Audit	3,960	3,960
Sewer Treatment	10,185	10,185
Telephone and Utilities	4,229	4,229
Supplies and Repairs	607	607
Sewer Taps	2,301	2,301
Interest	9,136	9,136
Depreciation	45,657	45,657
	<u>76,075</u>	<u>76,075</u>
<b>Total Sewer</b>	<b>76,075</b>	<b>76,075</b>

The accompanying notes are an integral part of these financial statements

**CITY OF COTTONWOOD SHORES  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 YEAR ENDED SEPTEMBER 30, 1998**

CONTINUED

<b>Proprietary Fund Type Enterprise</b>		<b>Total (Memorandum Only) September 30, 1998</b>	
	\$	\$	
Garbage Department:			
Contract Services	42,998	42,998	
Total Garbage Department	<u>42,998</u>	<u>42,998</u>	
Total Expenses	246,242	246,242	
Excess of Revenues over (under) Expenditures	35,335	35,335	
Retained Earnings, At Beginning of Year	34,590	34,590	
Retained Earnings, At End of Year	\$ 69,925	\$ 69,925	

**CITY OF COTTONWOOD SHORES  
 COMBINED STATEMENT OF CASH FLOWS -  
 ALL PROPRIETARY FUND TYPES  
 YEAR ENDED SEPTEMBER 30, 1998**

	<u>Proprietary Fund Type Enterprise September 30, 1998</u>
<u>Cash Flows from Operations Activities</u>	
Net Income (Loss)	\$ 35,335
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	64,740
Increase in Accounts Receivable	(4,701)
Increase in Restricted Assets	(11,547)
Increase in Due from Other Funds	(112,691)
Decrease in Accounts Payable	(6,370)
Decrease in Accrued Interest Payable	(108)
Increase in Customer Deposits	844
Total Adjustments	<u>(69,833)</u>
Net Cash used by Operating Activities	<u>(34,498)</u>
<u>Cash Flows from Financing Activities</u>	
Principle and Bonds	<u>(9,000)</u>
Net Increase (Decrease) in Cash Balances	(43,498)
Unrestricted Cash - Beginning of Year	<u>45,678</u>
Unrestricted Cash - End of Year	<u>\$ 2,180</u>

The accompanying notes are an integral part of these financial statements

CITY OF COTTONWOOD SHORES  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN RETAINED EARNINGS - BUDGET AND ACTUAL - PROPRIETARY FUND  
 YEAR ENDED SEPTEMBER 30, 1998

Proprietary Fund Type	1998		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Enterprise</b>			
<b>Revenues</b>			
Water Sales	\$ 147,673	\$ 126,256	\$ (21,417)
Sewer Sales	82,000	79,177	(2,823)
Garbage Collection Fees	56,000	53,367	(2,633)
Connection Fees and Other	25,600	21,089	(4,511)
Interest on Investments	1,600	1,688	88
<b>Total Revenues</b>	<b>312,873</b>	<b>281,577</b>	<b>(31,296)</b>
<b>Expenses</b>			
Water Department:			
Salaries and Benefits	47,635	46,543	1,092
Payroll Tax	4,025	4,007	18
Accounting and Legal	5,291	5,660	(369)
Water Taps	1,500	2,095	(595)
Telephone and Utilities	7,882	9,147	(1,265)
Travel and Fuel	4,755	4,334	421
Water Purchases	14,000	15,131	(1,131)
Chemicals and Testing	4,100	5,252	(1,152)
Repair and Maintenance	11,190	12,030	(840)
Fees and Licenses	850	847	3
Contract Labor	325	325	-
Depreciation	19,100	19,083	17
Interest	3,788	2,658	1,130
Miscellaneous	60	57	3
<b>Total Water Department</b>	<b>124,501</b>	<b>127,169</b>	<b>(2,668)</b>
<b>Sewer Department:</b>			
Accounting and Audit	4,329	3,960	369
Sewer Treatment	9,500	10,185	(685)
Telephone and Utilities	4,244	4,229	15
Supplies and Repairs	600	607	(7)
Sewer Taps	2,301	2,301	-
Interest	12,682	9,136	3,546
Depreciation	45,650	45,657	(7)
Capital Improvements	1,500	-	1,500
<b>Total Sewer</b>	<b>80,806</b>	<b>76,075</b>	<b>4,731</b>

The accompanying notes are an integral part of these financial statements

**CITY OF COTTONWOOD SHORES  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN RETAINED EARNINGS - BUDGET AND ACTUAL - PROPRIETARY FUND  
 YEAR ENDED SEPTEMBER 30, 1998**

	<u>Proprietary Fund Type</u>		<u>Variance Favorable (Unfavorable)</u>
	<u>Enterprise</u>		
	<u>1998</u>		
	<u>Budget</u>	<u>Actual</u>	
<b>CONTINUED</b>			
<b>Garbage Department:</b>			
Contract Services	<u>\$ 43,000</u>	<u>\$ 42,998</u>	<u>\$ 2</u>
Total Garbage Department	<u>43,000</u>	<u>42,998</u>	<u>2</u>
<b>Total Expenses</b>	<u><b>248,307</b></u>	<u><b>246,242</b></u>	<u><b>2,065</b></u>
Excess of Revenues of (under) Expenditures	64,566	35,335	(29,231)
Retained Earnings, At the Beginning of Year	<u>34,590</u>	<u>34,590</u>	<u>-</u>
Retained Earnings, At the End of Year	<u><u>\$ 99,156</u></u>	<u><u>\$ 69,925</u></u>	<u><u>\$ (29,231)</u></u>

The accompanying notes are an integral part of these financial statements

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Cottonwood Shores conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity - The Mayor and City Council are the basic level of government which has oversight responsibility and control over all activities related to the City of Cottonwood Shores, Texas. The City of Cottonwood Shores receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the Mayor and City Council are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Fund Accounting - The accounts of the city are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped in the accompanying financial statements into the following categories:

Governmental Fund

General Fund - The general fund is the general operating fund of the city

Debt Service Fund

Debt Service Fund - This fund is established to make debt service payments.

Proprietary Fund

Enterprise Fund - The Water, Sewer and Garbage Fund is operated as an enterprise fund.

Account Groups

General Fixed Assets - Fixed assets used in governmental fund type operations are accounted for in this account group.

C. Basis of Accounting - Governmental fund type revenues and expenditures are recorded on the modified accrual basis. Revenues are recorded when they become available and measurable. Expenditures are recorded when the liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recorded when due.

D. Taxes Receivable - Property taxes are recorded as revenue when collected and the amount of billed but uncollected taxes are deferred pending collection.

E. Property, Plant and Equipment - Property, plant and equipment of the enterprise funds are recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the asset. The estimated useful lives are as follows:

Water and Sewer Plant	40 years
Buildings and Improvements	20 years
Equipment	5-7 years



## CITY OF COTTONWOOD SHORES

### Notes to the Financial Statements

For the Year Ended September 30, 1998

Maintenance and repairs are charges to operations as incurred and improvements which extend the asset lives are capitalized.

- F. General Fixed Assets - Purchases of fixed assets are capitalized at cost in the General Fixed Asset account group, offset by a similar invested fund-balance account. There is no provision for depreciation on assets in this account group. General Fixed Assets purchased from the General Funds are recorded as expenditures in the acquiring fund at the time of purchase. Infrastructure assets are not included.
- G. Vacation and Sick Leave - Vacation and sick pay expenses are charges to operations when taken by the employees of the City. Accordingly, no accruals are reflected in accounts for unpaid amounts of vacation and sick pay earned by employees. In the event of termination, an employee is reimbursed for all accumulated vacation days. The liabilities for accumulated vacation and sick leave at September 30, 1998, are estimated to be insignificant, and are not reflected in the accompanying financial statements.
- H. Budget - The official budget was prepared for adoption for all funds and formally adopted by the City Council prior to disbursement of funds.
- I. Inventory of Supplies - cost of all supplies and materials is recorded as expenditures/expenses at the time of purchase. Quantity on hand is insignificant.
- J. Cash Flows - For purposes of reporting cash flows, cash equivalents are considered to be temporary cash investments purchased with a maturity of three months or less (does not include restricted assets).
- K. Interfund Charges - The City allocates a percentage of general administrative expenditures to the various accounts group, governmental fund and proprietary fund.

### NOTE 2. DEPOSITS AND INVESTMENTS

The City maintains a cash pool that is available for use by all funds. All cash funds were held by local financial institutions in demand and interest bearing accounts which were secured at the balance sheet date by FDIC coverage.

The collateral for the City's deposits is categorized to give an indication of the level of risk assumed by the City at the year end. Category 1 includes deposits that are insured or for which the securities are held by the City or its agent in the City's name.

All of the deposits are classified as category 1.

**NOTE 3. PROPERTY TAXES**

Property taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year.

The City contracts with the Burnet County Appraisal District for the appraisal and collection of taxes. For the tax roll for 1997 the assessed valuation was \$15,528,783 and a tax rate of \$.3650 per \$100 valuation.

**NOTE 4. RESTRICTED ASSETS**

Restricted assets represent cash that has been set aside in the Water, Sewer and Garbage Fund for future payments of certificates of obligation, customer deposits and for the purchase and improvements to the water and wastewater system, as follows:

Restricted for Customer Deposits	\$ 16,603
Restricted for Debt Service	38,477
Restricted for Capital Improvements	13,470
Total Restricted Assets	<u>\$ 68,550</u>

**NOTE 5. PROPERTY, PLANT AND EQUIPMENT**

A summary of fixed assets in the Water, Sewer and Garbage Fund as follows:

Land	\$ 18,984	Additions	\$ -	Deletions	\$ -
Water Plant	352,498				
Building & Improvements	8,805				
Office Furniture & Equipment	62,328				
Wastewater Collection System	1,535,337				
Water Distribution System	254,924				
Vehicles	1,400				
Total Fixed Assets	<u>\$2,234,276</u>				
Less: Accumulated Depreciation					
Net Fixed Assets	<u>(209,100)</u>				<u>\$ 2,025,166</u>
Balance 10/1/97	\$ 18,984	Balance 9/30/98	\$ 18,984		

**CITY OF COTTONWOOD SHORES**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

**NOTE 6. GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>10/1/97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/98</u>
Building and Improvements	\$ 11,275	\$	\$	\$ 11,275
Office Furniture & Equipment	8,144	6,273		14,417
Streets	2,030			2,030
Total	<u>\$ 21,449</u>	<u>\$ 6,273</u>	<u>\$ -</u>	<u>\$ 27,722</u>

**NOTE 7. CERTIFICATES OF OBLIGATION**

A summary of changes in revenue bonds payable follows:

	<u>Outstanding</u> <u>10/1/97</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u> <u>9/30/98</u>
Combination Tax & Revenue Certificates of Obligation Series #1990	\$ 88,000	\$ -0-	\$ 4,000	\$ 84,000
Combination Tax & Revenue Certificates of Obligation Series #1993	517,000	-0-	5,000	512,000
	<u>\$ 605,000</u>	<u>\$ -0-</u>	<u>\$ 9,000</u>	<u>\$ 596,000</u>

The annual requirements to amortize the certificates of obligation outstanding at September 30, 1998, including interest payments of \$158,306 for the next five years follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Series #1990</u>	<u>FmHA</u> <u>Series #1993</u>	<u>Total</u>
1999	10,035	31,240	41,275
2000	10,723	31,984	42,707
2001	10,370	31,676	42,046
2002	10,105	31,369	41,474
2003	9,650	32,061	41,711
Thereafter	<u>77,441</u>	<u>938,433</u>	<u>1,015,871</u>
Totals	<u>\$ 128,324</u>	<u>\$ 1,096,763</u>	<u>\$ 1,225,087</u>

The Certificates of Obligation Series 1990 are payable on March 1 and September 1 (interest only) at interest rates which range from 5.65% to 7.5%. The City has the option to redeem the certificates on or after March 1, 2001 at par.

The Certificates of Obligation, FmHA Series 1993 were issued in conjunction with an FmHA Grant of \$1,170,000 for the purpose of constructing a Wastewater Collections System. The obligations have an annual rate of interest of 5 1/8%, payable semi-annually on May 1 and November 1, with principle installments payable May 1 each year.

Since the City anticipates the Water, Sewer and Garbage Fund will provide the annual debt service on the certificates of obligation, they are considered to be liabilities of the Utility Fund. The certificates of obligation are payable from a continuing ad valorem tax levied on all taxable property which may be reduced to the extent and by the amount of gross revenues of the City's utility fund on deposit in the interest and sinking fund in advance of the time when taxes are levied. Although the certificates are reported on the balance sheet of the Utility Fund, they are backed by the full faith credit of the City and are a contingent liability to the general government.

#### NOTE 8. STATEMENT OF CASH FLOWS

The City has adopted the indirect method of reporting cash flows for its proprietary fund activity. For purpose of reporting cash flow, all highly liquid investments (excluding restricted assets) with a maturity date of three (3) months or less are considered to be cash equivalents.

#### NOTE 9. COMMITMENTS AND CONTINGENCIES

The City entered into a standard water sale contract for municipal uses with the Lower Colorado River Authority in January 1991 for a term of 25 years (through December 2015).

The City entered into a solid waste collection and disposal contract with Browning-Ferris Industries. The initial term of this contract was May 1, 1994, through April 30, 1997, with an automatic extension of the contract annually for three (3) additional years.

The City entered into a Wastewater Treatment Disposal contract in the Lake LBJ Municipal Utility District, effective November 10, 1993, for a term of forty (40) years an may be mutually extended by agreement of the parties.

#### NOTE 10. YEAR 2000 ISSUE

The City has determined that its computer hardware and software are year 2000 compliant. The City cannot however determine at this time the year 2000 compliance of its vendors and other parties with which the City does business.

**REQUEST TO BE PLACED ON AGENDA OF THE NEXT REGULAR MEETING OF THE  
CITY COUNCIL OF THE CITY OF COTTONWOOD SHORES**

DATE OF REQUEST: 1-20-99

DATE OF MEETING: \_\_\_\_\_

NAME(S), ADDRESS Sharon A. ELLER

PHONE OF REQUESTER: 693-1758

SUBJECT TO BE  
ADDRESSED: Travel Trailer Use

INFORMATIONAL  
PRESENTATION: YES \_\_\_\_\_ NO \_\_\_\_\_

REQUIRES ACTION  
BY COUNCIL: YES \_\_\_\_\_ NO \_\_\_\_\_

SIGNED BY Sharon A. Eller DATE: 1-20-99

RECEIVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
NAME/TITLE OF CITY EMPLOYEE

*See attached statement.*

REGISTRATION NO. 11111111111111111111 DATE 11/11/11

NAME OF THE 11111111111111111111 11111111111111111111

NO. OF 11111111111111111111 11111111111111111111

AMOUNT 11111111111111111111 11111111111111111111

DATE 11/11/11 11/11/11 11/11/11

INITIALS 11111111111111111111 11111111111111111111

SIGNATURE 11111111111111111111 11111111111111111111

DATE 11/11/11 11/11/11 11/11/11

THIS RECEIPT IS VALID ONLY IF SIGNED BY THE ISSUING OFFICE  
AND IS NOT VALID FOR ANY OTHER PURPOSES. IT IS NOT VALID FOR ANY OTHER PURPOSES.

January 21, 1999

TO: THE CITY COUNCIL OF THE CITY OF COTTONWOOD SHORES  
FROM: SHARON A. ELLER, RESIDENT OF COTTONWOOD SHORES  
SUBJECT: TRAVEL TRAILER USAGE AT 631 DRIFTWOOD LANE

I PURCHASED A 26 FOOT TRAVEL TRAILER THIS PAST SUMMER AND PUT IT ON MY PREMISES TO BE USED PRIMARILY AS A BEDROOM FOR MY MOTHER FOR 4 OR 5 NIGHTS A WEEK. MY MOTHER LIVES IN JOHNSON CITY AND STAYS WITH ME SUNDAY OR MONDAY NIGHT THRU FRIDAY AFTERNOON TO CARE FOR MY NOW 2 AND A HALF YEAR OLD DAUGHTER SO THAT I CAN WORK IN AUSTIN. MY 2 BEDROOM AND 1 BATH HOME IS NOT LARGE ENOUGH FOR MY MOM TO CONTINUE TO LIVE WITH ME DURING THE WEEK EVEN THOUGH WE TOUGHED IT OUT FOR A YEAR AND A HALF. DUE TO THE FACT THAT I HAVE HAD TO RENNOVATE THE TRAILER MY MOM HAS ONLY STAYED IN THE TRAILER SO FAR ABOUT A MONTH AND A HALF. I PLANNED ON MY MOM TAKING CARE OF MY DAUGHTER UNTIL SHE REACHES SCHOOL AGE. I HAD MY DAUGHTER IN DAY CARE BUT FOUND THAT IT WAS DIFFICULT TO MEET THE CLOSING TIME OF 6:00 P.M., PLUS MY DAUGHTER WAS SICK A LOT AND I HAD TO MISS TOO MUCH WORK.

AFTER I WAS NOTIFIED THAT I WAS VIOLATING A CITY ORDINANCE, I INQUIRED ABOUT THE POSSIBILITY OF ENCLOSING THE CARPORT INSTEAD AND WAS TOLD THAT THE CARPORT IN TOO CLOSE TO THE ROAD TO ENCLOSE.

IF NECESSARY MY MOM WILL DRIVE BACK AND FORTH A COUPLE OF NIGHTS A WEEK AND USE THE TRAILER EVEN LESS IF THAT WILL MAKE A DIFFERENCE. BUT IT IS TOO DIFFICULT FOR HER TO DRIVE BACK AND FORTH EVERY DAY.

I HOPE THAT YOU WILL CONSIDER MY REQUEST OF ALLOWING ME TO USE THE TRAVEL TRAILER DUE TO THE FACT THAT IT IS ONLY USED PART-TIME. THANK YOU.

SHARON A. ELLER  
631 DRIFTWOOD LANE  
693-1758

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