

1948-1951

ITS
ITEMS
NATIONS
RAL TAXES

GEORGE E. ARMS
CERTIFIED PUBLIC ACCOUNTANT
TYLER, TEXAS

September 12, 1951

The City Council
Van, Texas

Gentlemen:

I have made an examination of records of the City of Van, Texas for the fiscal years ended February 28, 1949, 1950 and 1951. Without making a detailed audit of every transaction, I examined or tested the records and supporting data in accordance with accepted auditing procedure and to the extent I deemed necessary. The following statements are included as a part of this report:

- Exhibit 1 - Balance Sheets as of February 28, 1949, 1950 and 1951.
2 - Statement of Income for years ended February 28, 1949, 1950 and 1951.
3 - Statement of Receipts and Disbursements for year ended February 28, 1949.
4 - Statement of Receipts and Disbursements for year ended February 28, 1950.
5 - Statement of Receipts and Disbursements for year ended February 28, 1951.

BALANCE SHEETS

Cash on hand - while cash on hand at end of years could not be verified by count, by working from the present the cash shown was doubtless on hand. The following is a detail of cash on hand and its source:

	February 28		
	<u>1949</u>	<u>1950</u>	<u>1951</u>
Tax collectors change fund - withheld from tax receipts		17.00	17.00
Taxes undeposited	20.85	155.20	40.55
Water and sewer change fund - withheld from tax receipts		20.00	20.00
Petty cash - established by check		20.36	23.65
	<u>\$20.85</u>	<u>\$212.56</u>	<u>\$101.20</u>

The petty cash fund varies in amount due to replenishments being for \$20.00 each and not for the amount of petty cash that had been paid out.

Cash in banks was verified by reconciliation of fund balances per the city records with balances shown by the banks.

Amount due Interest and Sinking fund by General fund - during 1948 the Council set a tax rate for the Interest and Sinking fund of 86¢ per hundred, which of the actual tax collected that year would amount to \$38,690.11 whereas \$12,810.00 was transferred to Interest and Sinking fund. The bonds provide, as regards the Interest and Sinking fund "taxes.....when collected, shall be appropriated exclusively to the payment of this bond and the series of which it is a part, and to the payment of interest coupons". It would seem that setting of the tax rate appropriates that part of taxes collected to the Interest and Sinking fund. Calculation of amount due is as follows:

	Int. and Sinking Fund part of tax collections	Amt. trans-ferred to Int. and Sinking Fund	Amt. due Int. and Sinking Fund
Year ending 2-28-49			
Tax collected (exclusive of penalty, etc.) \$44,988.50	\$38,690.11	\$12,810.00	\$25,880.11
Tax rate appropriated 86¢			
Year ending 2-28-50			
Tax collected (exclusive of penalty, etc.) \$46,204.60	37,565.84	37,543.23	22.61
Tax rate appropriated 77.93¢			<u>6,425.00</u>
Transfer from General Fund			\$19,477.72
Balance due 2-28-50			
Year ending 2-28-51			
Tax collected (exclusive of penalty, etc.) \$52,714.53	40,273.90	47,580.00	1,306.10
Tax rate appropriated 76.4¢			8,000.00
Warrants paid			399.60
Interest on warrants			<u>\$20,571.22</u>
Balance due 2-28-51			

It might be well to work out a schedule of amount to be appropriated to the Interest and Sinking fund that each years payment would be the same or in a descending amount.

Delinquent taxes - Balance shown delinquent was reconciled to approved tax rolls. Included in the balance is \$33.50 for 1948 tax on Van townsite property which has since been bought in at tax sale by the Van Independent School District and is therefore uncollectible. Balance of delinquent tax for all years at August 31, 1951 was \$109.34 and less the mentioned \$33.50 would leave a net balance of \$75.84.

Fixed assets - costs have been compared with the contracts available and with engineers approval of payment. The contract with Hedrick Engineering Company provided for construction contracts to be let on a bid basis but Council minutes do not reflect whether there was more than one bid on each job. Estimates approved by engineers for L. G. Palmer, lake construction, and Swilling & Boyd for water distribution system are in excess of record of Council approved contracts.

The following is a detail of a portion of the fixed asset accounts:

Other lake equipment	
Boat and motor acquired 1949	\$250.00
Lake butane system acquired 1949	254.50
	<u>\$504.50</u>

Detail of fixed asset accounts continued:

Fire department equipment

Truck - American LaFrance Ford pumper acquired 1949	\$ 8,850.00
Nozzles and hose - acquired 1949	182.85
Siren - acquired 1949	470.47
Installation of siren acquired 1949	233.25
Hose - additional 300' - acquired 1950	329.28
	<u>\$10,065.85</u>

Office furniture and equipment

Filing cabinet - acquired 1948	103.34
Chair acquired 1948	25.94
Desk - acquired 1949	56.25
Money box - acquired 1949	4.00
Gas heater - acquired 1949	29.50
Monroe adding machine - acquired 1950	387.00
Adding machine stand - acquired 1950	27.00
Typewriter stand - acquired 1950	28.50
Royal typewriter - acquired 1950	210.38
Friden calculator and stand - acquired 1950	697.50
	<u>\$1,569.41</u>

Depreciation is not set up as it is not important in municipal accounting.

Bonds payable were verified by correspondence in file and by cancelled bonds on hand.

There is no record of the bonds having been sold on a bid basis. Since income from bonds of a city are not subject to income tax, usually a rate of interest advantageous to the issuing municipality may be set.

The following is a detail of the scheduled yearly liability for bond retirement and interest payment:

279
32
427

<u>Calendar Year</u>	<u>Bond Retirement</u>	<u>Interest</u>	<u>Total</u>
1948		\$ 6,395.00	\$ 6,395.00
1949		12,822.50	12,822.50
1950	\$ 26,000.00	14,198.75	40,198.75
1951	27,000.00	13,335.00	40,335.00
1952	28,000.00	12,438.75	40,438.75
1953	29,000.00	11,510.00	40,510.00
1954	31,000.00	10,532.50	41,532.50
1955	35,000.00	9,415.00	44,415.00
1956	36,000.00	8,172.50	44,172.50
1957	35,000.00	6,930.00	41,930.00
1958	37,000.00	5,670.00	42,670.00
1959	38,000.00	4,357.50	42,357.50
1960	39,000.00	3,010.00	42,010.00
1961	36,000.00	1,837.50	37,837.50
1962	30,000.00	1,050.00	31,050.00
	<u>\$427,000.00</u>	<u>\$121,675.00</u>	<u>\$548,675.00</u>

Water meter deposits were verified from records of installation.

STATEMENT OF INCOME

Since the year of 1948 did not include income from water and sewer service and 1949 was not a full year of operation, a comparative statement that would be of value cannot be made.

RECOMMENDATION

Council minutes - since this is the only record of official actions, they should be complete. The minutes for the first year are inadequate.

Bills and data supporting disbursements - during the first year, some of the paid bills are not on hand. Approved bills and contracts should be preserved.

Uncollectible 1948 delinquent tax of \$33.50 should be written off when next delinquent roll is prepared.

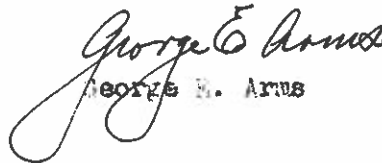
GENERAL

Records improved after the first year and tax and water department records are adequate and well handled.

I received most courteous cooperation from the city officials during the course of the audit.

I hereby certify, that in my opinion, the accompanying statements correctly reflect the results of the operation of the City of Van for the years ended February 28, 1949, 1950 and 1951 and the financial position of the city at those dates.

Yours very truly,


George E. Arms

CITY OF VAN, TEXAS

Exhibit 1

BALANCE SHEETS AS OF FEBRUARY 28, 1949, 1950 AND 1951

	February 28		
	1949	1950	1951
Assets			
Cash in banks	\$207,278.78	\$ 39,412.44	\$ 36,110.19
Cash on hand	20.85	212.56	101.20
Accounts receivable- due Int. & Sinking fund	25,800.11	19,477.72	20,571.22
Delinquent taxes	268.50	93.00	346.77
	<u>\$233,448.24</u>	<u>\$ 59,125.72</u>	<u>\$ 57,129.38</u>
Land and rights of way	23,277.76	24,201.26	24,215.93
Lake construction	44,722.90	44,732.65	44,732.65
Water treating plant	15,054.65	75,000.00	75,000.00
Overhead water tank		19,900.00	19,900.00
Water lines	112,988.87	164,803.27	164,803.27
Sewer system		88,460.00	88,460.00
Engineers fees	13,350.41	26,959.85	27,966.71
Road and bridge building	1,572.73	1,572.73	1,572.73
Permits and certificates	85.65	85.65	85.65
Other lake equipment		504.50	504.50
City Hall building		7,001.65	7,001.65
Fire department equipment		9,736.57	10,065.85
Office furniture and equipment	129.28	219.03	1,569.41
	<u>\$211,182.25</u>	<u>\$463,177.16</u>	<u>\$465,878.35</u>
Service deposits		10.00	10.00
Total assets	<u>\$444,630.49</u>	<u>\$522,382.88</u>	<u>\$523,017.73</u>
Liabilities and Net Worth			
Warrants payable		8,000.00	
Bonds payable	375,000.00	427,000.00	401,000.00
Accounts payable- due by General Fund	25,880.11	19,477.72	20,571.22
Unclaimed checks			8.50
Water meter deposits		1,095.00	1,205.00
	<u>\$400,880.11</u>	<u>\$455,572.72</u>	<u>\$422,784.72</u>
Net worth	<u>43,750.38</u>	<u>66,810.16</u>	<u>100,233.01</u>
Total liabilities and net worth	<u>\$444,630.49</u>	<u>\$522,382.88</u>	<u>\$523,017.73</u>

CITY OF VAN, TEXAS

Exhibit 2

STATEMENT OF INCOME

FOR YEAR ENDING FEBRUARY 28, 1949, 1950 AND 1951

	Total	Year Ending February 28		
		1949	1950	1951
Income				
Taxes - property	\$116,254.40	\$45,220.52	\$48,065.58	\$52,968.30
Interest penalty and cost	171.86	16.63	88.21	67.02
Licenses and permits	111.20	31.85	37.50	41.85
utility	1,461.89	275.00	305.61	881.28
Water and sewer service	\$117,999.35	\$45,544.00	\$48,496.90	\$53,958.45
Water and sewer tapping fees	11,434.11		4,029.62	7,404.49
Hunting and fishing permits	2,280.00		1,777.50	502.50
Donations	837.00		623.00	214.00
Total income	\$162,710.46	\$45,554.00	\$55,077.02	\$62,079.44
Expenses				
Salaries	13,996.22	1,462.40	5,377.82	7,156.00
Water treating supplies	1,873.28		721.86	1,151.42
Water department repairs, etc.	2,657.31		635.70	2,021.61
Lake repairs	4,105.35		4,105.35	
Lights and telephone	1,608.16	144.31	567.73	896.12
Police expense	800.00		480.00	320.00
Fire department expense	37.82		4.50	33.32
Office expense	1,077.07	421.72	255.76	399.59
Insurance and bonding	914.59	42.50	510.90	361.19
Memberships and dues	57.50	17.25	17.25	23.00
Legal	596.64		50.00	546.64
Legal notices and elections	148.36	28.00	62.60	57.76
Travel	179.06		57.11	121.95
Miscellaneous	252.25	162.08	51.02	39.15
Interest on bonds	32,102.83	2,025.09	19,071.67	15,056.25
Interest other	427.93	28.33		399.60
Bond issue expense	1,522.12	1,522.12		
Bank charges on bonds and interest	120.96		47.97	72.99
Total expense	\$ 62,477.45	\$ 1,803.62	\$32,017.24	\$28,656.59
Net income	\$100,233.01	\$43,750.38	\$23,059.78	\$33,422.85

CITY OF VAN, TEXAS

Exhibit 3

STATEMENT OF RECEIPTS AND DISBURSEMENTS

YEAR ENDING FEBRUARY 28, 1949

	Total	General	Funds	
			Interest and Sinking	Tax Collectors
Receipts				
land sales	\$375,000.00	\$375,000.00		
refund of interest on sale of bonds	2,025.09	2,025.09		
Taxes- property	44,931.17			44,931.17
penalty interest and cost	16.63			16.63
other	306.85	306.85		
transfers	44,590.70	31,780.70	12,810.00	
note payable	1,000.00	1,000.00		
Other	45.62	45.62		
Total receipts	<u>\$467,916.06</u>	<u>\$410,158.26</u>	<u>\$12,810.00</u>	<u>\$44,947.80</u>
Disbursements				
fixed assets	211,182.25	211,182.25		
operating expense	2,342.21	2,342.21		
bond issue expense	1,522.12	1,522.12		
note payable paid	1,000.00	1,000.00		
transfers	44,590.70			44,590.70
Total disbursements	<u>\$260,637.28</u>	<u>\$216,046.58</u>		<u>\$44,590.70</u>
balance in bank 2-28-49	<u>\$207,278.78</u>	<u>\$194,111.68</u>	<u>\$12,810.00</u>	<u>\$ 357.10</u>

CITY OF VAN, TEXAS

Exhibit 4

STATEMENT OF RECEIPTS AND DISBURSEMENTS

YEAR ENDING FEBRUARY 28, 1950

	Total	General	Funds		
			Water and sewer	Interest and Sinking	Tax Collectors
Cash in bank 3/1/49	\$207,278.78	\$194,111.68		\$12,810.00	\$ 357.10
Receipts					
Bond sales	52,000.00	52,000.00			
Interest refund	145.83	145.83			
Taxes - property	48,106.73				48,106.73
penalty, etc.	88.21				88.21
other	343.11	343.11			
transfer	47,999.59	10,456.36			
Water and sewer service	4,068.36			37,543.23	
sewer			4,068.36		
sewer	1,777.50		1,777.50		
Meter deposits	1,095.00		1,095.00		
Other income	773.00	150.00	623.00		
Transfer funds	6,425.00			6,425.00	
Warrants payable	8,000.00	8,000.00			
Total receipts	\$170,822.33	\$ 71,095.30	\$7,563.86	\$43,968.23	\$48,194.94
Less amount retained as change funds	37.00		20.00		17.00
	\$170,785.33	\$ 71,095.30	\$7,543.86	\$43,968.23	\$48,177.94
Disbursements					
Fixed assets	\$252,004.91	\$252,004.91			
Operating expense	12,956.70	5,592.36	7,362.32		
Bond interest	19,217.50				2.02
Bank hdlg. chg.	47.97			19,217.50	
Transfers	54,424.59	6,425.00		47.97	
Total disbursements	\$338,651.67	\$264,022.27	\$7,362.32	\$19,265.47	\$48,001.61
Cash in bank 2/28/50	\$ 39,412.44	\$ 1,104.71	\$ 181.54	\$37,512.76	\$ 533.43

CITY OF VAN, TEXAS

Exhibit 5

STATEMENT OF RECEIPTS AND DISBURSEMENTS

YEAR ENDING FEBRUARY 28, 1951

	Total	Funds			
		General	Water and Sewer	Interest and Sinking	Tax Collectors
Cash in bank 3/1/50	\$ 39,412.44	\$1,184.71	\$ 181.54	\$37,512.76	\$ 533.43
Receipts					
Taxes- property	52,829.18				52,829.18
penalty, etc.	67.02				67.02
other	923.13	889.38	33.75		
transfers	53,429.63	5,849.63		47,580.00	
Water and sewer service	7,484.31		7,484.31		
Tapping fees	502.50		502.50		
Meter deposit	110.00		110.00		
Other deposits	222.50	8.50	214.00		
Total receipts	\$115,568.27	\$6,747.51	\$8,344.56	\$47,580.00	\$52,896.20
Disbursements					
Fixed assets	2,701.19	2,701.19			
Operating expense	13,210.86	4,743.55	8,467.31		
Warrants paid	8,000.00			8,000.00	
Interest on warrants	399.60			399.60	
Bonds paid	26,000.00			26,000.00	
Bond interest	15,056.25			15,056.25	
Bank hdq.-- bonds and int.	72.99			72.99	
Transfers	53,429.63				53,429.63
Total disbursements	\$118,870.52	\$7,444.74	\$8,467.31	\$49,528.84	\$53,429.63
Cash in bank 2/28/51	\$ 36,110.19	\$ 487.48	\$ 58.79	(\$35,563.92)	-00-