



City of White Settlement, Texas
Comprehensive Annual Financial Report
for Fiscal Year Ended
September 30, 2012

CITY OF WHITE SETTLEMENT, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

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

Prepared by the Finance Department.

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CITY OF WHITE SETTLEMENT, TEXAS
Comprehensive Annual Financial Report
For the Year Ended September 30, 2012

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INTRODUCTORY SECTION

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March 1, 2013

Honorable Mayor, City Council Members and the Citizens of the City of White Settlement:

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of White Settlement, Texas (the City) for the fiscal year ended September 30, 2012.

The purpose of this report is to provide the City Council, citizens, investors and other interested parties with detailed information regarding the financial condition and operations of the City. In addition, this report provides assurance that the financial position of the City has been presented fairly as verified by the City's independent auditors.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

George, Morgan & Sneed, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the city's financial statements for the year ended September 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A) located immediately following the independent auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the City of White Settlement

General information

The City of White Settlement, incorporated in 1941, is located in northwest Tarrant County and abuts the west side of the City of Fort Worth. It currently occupies 5.5 square miles and serves a population of 16,116. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City has no extra-territorial jurisdiction.

The City has operated under the council-manager form of government since 1954. Policy-making and legislative authority are vested in a governing council (City Council) consisting of a Mayor and five Council members, all elected at-large for three-year staggered terms. To be in compliance with Senate Bill 100, cities were encouraged to consider a change to November elections or May elections in odd-years. After exploring the possibilities of changing Council Members terms to two years or four years, the City Council voted to move their election date to November and remain with the three year terms. The City Council appoints the City Manager, City Attorney, Municipal Judge, City Secretary and members of various boards and commissions. The City Manager is responsible for the proper administration of the daily operations of the City.

Services provided

The City provides a full range of municipal services including general government, public safety, (police, fire, code compliance, municipal court, streets, library, parks and recreation, senior services, animal control, and water and sewer services. Sanitation services are provided by the City but are privately contracted with IESI, Inc. The White Settlement Crime Control & Prevention District is combined with the financial statements of the City. The White Settlement Economic Development Corporation (4B Corporation) is included in the financial statements as a discretely presented component unit. Both the Economic Development Corporation and the Crime District are primarily funded with sales tax revenues. Both entities are discussed more fully in the notes to the financial statements.

Basis of accounting

The City accounts for governmental funds using the modified-accrual basis of accounting, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Proprietary funds are recorded using the full-accrual basis of accounting where revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred. Both the governmental activities and business-type activities reported on the government-wide financial statements are reported on the accrual basis.

Internal controls

The City has established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse and to compile reliable information for the preparation of the City's financial statements. The cost of internal controls should not outweigh their benefits; therefore, the City's internal controls have been designed to provide reasonable rather than absolute assurance.

Budget

The annual budget of the City serves as a foundation for its financial planning and control. All departments of the City are required to submit budget requests for appropriation to the Director of Finance in or before June each year. After departmental review by the City Manager, a proposed budget is presented to the City Council by August 1st. The level of legal budgetary control is at the line item level. The City Manager is authorized to make transfers of budgeted amounts up to \$5,000 from budget line items (accounts) to other budget line items within a department or between departments within an operating fund. Transfers of budgeted line item amounts of \$5,000 or more must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget was adopted.

Economic Outlook and Financial Planning

Local economy

The City of White Settlement has been impacted by the national recession, but to a lesser degree than other areas in the nation. In late 2010, the Dallas Fort Worth area was named as one of only 35 metro areas to have a "rebounding economy" by the Bureau of Labor and Statistics. In addition, economic indicators suggest that the state and regional economy will continue to show moderate growth. The local employment rate dropped from 7.8% in September 2011 to 7.4% in September 2012. This continues to compare favorably with national unemployment levels.

The community is adjacent to major business and cultural centers in Fort Worth and Dallas, yet it remains uncongested with property available for development. Interstate 30 makes up the southern border of the City and Interstate Loop 820 the western border which makes the City easily accessible from all areas of the state. The daily inflow of thousands of employees to the huge Lockheed-Martin aircraft assembly plant on the eastern border of the City has helped sales tax revenues keep pace with the property tax revenues since the 1980's. The City is home to retail outlets such as Academy Sports and Outdoors, Toys "R" Us, and Lowe's Home Improvement Center. Co-Operative Aerospace moved into our City in the December 2010 bringing over 125 employees with them and continues to expand. Co-Operative Industries Aerospace is a customer oriented team that offers extensive experience in harness solutions. They are known for design and manufacturing of electrical wiring harnesses, cables, ignition leads and flexible conduit for the aerospace market. In addition, the City's top taxpayer, SPM/Weir Enterprises, a manufacturer of oil and gas field machinery has relocated their home office to our City. The three-story \$18 million dollar complex, SPM/Weir Enterprises serves as their administrative offices, but they have also purchased existing properties surrounding its complex for manufacturing expansion.

Over the years, White Settlement has grown into a diverse urban community of approximately 16,116 residents. Though surrounded by Fort Worth and other urban developments, it has not lost its small town sense of community and neighborliness. White Settlement's growth and development over the past decade have been built on a strong foundation of overall planning, management, quality of life and policy direction. All in all, the picture of White Settlement is one vital community, facing economic challenges and opportunities of the future with optimism and forethought. In 2009, to encourage developments within the City, the City Council approved an ordinance to add a new zoning classification known as Multi-Use Overlay District (MUOD). The primary purpose of the MUOD is to provide flexibility and compatibility in land uses and regulations that will encourage the development, redevelopment and revitalization of areas suitable for commercial and light industrial uses.

Future economic outlook

Sales tax revenues rebounded last fiscal year with an increase of 11.37% allowing the City to purchase capital equipment that has been delayed in the original budget. Capital included a new bus for Community Services (Senior Center, Library, and Parks & Recreation), a new vehicle for the Marshal, two signal lights, and a bucket van/lift for public works and streets. However, the City remained cautious with sales tax revenue projections for the 2013 budget year, budgeting approximately 76% of 2012 receipts. Unfortunately, sales taxes revenues may not reach their proposed budget due to reduction in the oil and gas manufacturing enterprises.

Ad valorem tax values for 2011-2012, as provided by the Tarrant County Appraisal District, increased slightly to \$509,361,948 from prior year values at \$500,939,778. The City Council adopted the roll back tax rate of \$0.742135. New construction in our City made a much needed impact in the City's tax base. New construction values increased significantly to \$7.2 million from prior year at \$2.7 million. In the 2012-2013 Budget, City Council was able to lower the tax rate to \$0.614715, a decrease of 17.17%. This was an encouraging sign for the City because if this trend continues it will allow the City to maintain lower tax rates. The City continues to take steps in developing areas to attract commercial customers and residents. With the projected increase in revenues for 2011-2012, several new positions were reinstated and council gave a 4% cost of living raise for the second consecutive year. Additionally, staff actively reviewed departmental and internal processes to identify cost savings and promote better efficiencies while maintaining current levels of service.

Major initiatives

The City's mission is promoting and sustaining a superior quality of life. This mission is accomplished by the following priorities:

- The provision of public safety to our citizens
- The rehabilitation and replacement of aging infrastructure
- The improvement and maintenance of the City's park system
- Attracting and promoting commercial business within the City

Major initiatives included in the 2012-2013 Fiscal Year Budget are discussed below:

Public safety – The budget includes several enhancements for public safety and retains public safety staff training levels. The Crime Control District allocated a \$667,000 to the General Fund for police department personnel costs and \$250,000 for contractual services. A new position was funded but deleted after the fund year started. Three patrol vehicles are budgeted and a fourth replacement vehicle for Police Chief.

Infrastructure – The CDBG 37th Year Project which replaced the storm drain on Comal Avenue from Quebec Drive to Easley Street and on Easley Street from Comal Avenue to Hallvale Drive was near completion. The CDBG 38th Year Project will begin in the new year which replaces the water main on Delmar Street from Pemberton Street to Meadow Park Drive. The City will receive an allocation of limited federal grant funds being passed through Tarrant County. The 2012-2013 budget includes a total of \$363,983 allocated in the General and Street Improvements fund. The Stormwater Fund is budgeted at \$532,000 for storm water improvements.

Park system – Economic Development within the City also remains a high priority. The Economic Development Corporation appropriated \$3,000,000 for Central Park renovation after a large portion of the Park was destroyed by storm damage in May 2011. EDC borrowed \$1.4 million from General Fund to be repaid in five annual payments with the balance coming from EDC reserves. In addition, the General Fund allocated \$332,104 for the personnel, maintenance and operation of the City's park system.

Commercial business – The Economic Development Corporation initiated a small business incentive program last year and allocated \$100,000 for the program in 2012-2013. \$105,000 was appropriated for Business Incentive Grants in the EDC fund. .

Long-term financial planning

In 2000, a street improvement program was implemented with a long-range goal of having funds available to pave streets within the City's jurisdiction on a regular planned basis. The pay-as-you-go funding is provided by a 5% franchise tax imposed upon the City's water and sewer operations. In 2012, the City received \$259,828 for this purpose. As of September 30, 2012, \$987,098 has been set aside for street improvements.

The City of White Settlement conducted an evaluation of the Farmer's Branch Sewer (FBS) through the services of CH2M Hill Company. The FBS serves both White Settlement and the City of Fort Worth, and flows generally from the west to the east. The evaluation confirmed the feasibility of moving the existing sewer interceptor out of Farmers Branch Creek. The realignment of this jointly owned sanitary sewer interceptor benefits White Settlement by eliminating significant infiltration and inflow that occurs along the existing sewer interceptor as well as facilitating the United States Army Corps of Engineers drainage improvement project

design along the creek. The Study also examined the future capacity needs of this facility due to significant new development anticipated from the City of Fort Worth upstream of the City. For these reasons, the Study recommended realigning and upsizing the existing Farmers Branch interceptor. This project is shared with the City of Fort Worth (51.46%) and White Settlement (48.54%). In 2009, the City of White Settlement issued Combination Tax and Revenue Certificates of Obligations in the amount of \$8 million. The City of Fort Worth makes annual payments to the City for their portion of the debt. This project was completed in late 2011.

For many years homes along Farmers Branch running through the center of the City have received major flooding in high rain events. As a result of the flooding, several studies were performed by the United States Army Corps of Engineers, in conjunction with the City, which suggested that Farmers Branch be upgraded into a grass-lined and concrete channel. In 2005, a bond election was passed whereby voters approved the issuance of general obligation bonds in the amount of \$6.15 million. In early 2007, \$1.3 million of federal funding was released to the Corps of Engineers to begin the planning and design process for the project. This plan referred to as the Locally Preferred and N.E.D. Plan has been completed. The City completed all of the property acquisitions and the temporary and permanent easements necessary to construct the channel. When construction bids were received, additional funds were needed to complete the project. A special election was held in November 2011 to determine citizen's support of the City issuing the required debt. The special election failed to support issuing the additional debt of six million dollars to complete the project. The U.S. Corps of Engineers redesigned a smaller portion of the main channel and eliminating the tributary. City Council deposited an additional \$1.5 million to retain the federal dollars. Bid was awarded and construction should begin in late 2012.

The White Settlement Crime Control and Prevention District (CCPD) was created in 1996 and a ½ cent sales tax approved to support it. In May 2010, the CCPD was re-approved for an additional twenty years. This tax has played a significant role in maintaining police salaries at satisfactory levels. These revenues also provide Community Crime Prevention Programs, purchase vehicles, train police personnel, and purchase equipment.

The White Settlement Economic Development Corporation, a 4B corporation, was established and approved by the voters in 1994. An approved ½ cent sales tax provides approximately one million dollars per year. Last year the corporation provided \$105,000 in direct economic incentives known as the Business Incentive Grant (B.I.G.) to local businesses for upgrading their facilities. Another \$100,000 is budgeted for small business incentives. A majority of this fund provides for annual maintenance and operations costs and park improvements.

In March 2006, a Storm Water Utility Fund was created to fund storm water projects and equipment that will help control flooding and storm water drainage problems, water quality improvements and operations and maintenance throughout the City. Projects may include repair of storm water drains, improving maintenance of branches and channels, constructing new drainage systems and meeting state mandated water quality standards.

The Lariat Lift Station and Las Vegas Sewer are among the projects to be initiated in the new year. The Lariat lift station is believed to have been constructed in the 1960's, as a dry pit/wet pit installation. In the mid 1970's the lift station was renovated and self-priming pumps were installed. The existing pumps have been in service for approximately 12 years and have been out of service many times. The new lift station will have submersible pumps and a larger diameter force main to lower velocities, pump head and resulting energy cost. Large trees have grown near portions of the Las Vegas Trail sewer, resulting in recurring blockages due to root intrusion. The scope is based on installing a new lift station that will provide the required pumping volume to meet TCEQ requirements.

Other Information

Independent audit

The City Charter and Chapter 103 of the Texas Local Government Code require an annual audit of the City's financial statements by an independent certified public accountant. In addition, the City's compliance with various grant programs was audited in accordance with OMB Circular A-133 and Uniform Grant Management Standards.

Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of White Settlement for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

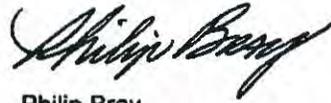
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of White Settlement also received the Government Finance Officers Association award for the Distinguished Budget Presentation for the twenty-fifth consecutive year for its annual budget for the fiscal year beginning October 1, 2011 and ending September 30, 2012. In order to qualify for this award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unflinching support for maintaining the highest standards of professionalism in management of the City of White Settlement's finances.

Respectfully submitted,


Linda Ryan
City Manager


Philip Bray
Finance Director

City of White Settlement, Texas

City Council And Principal Officials

September 30, 2012

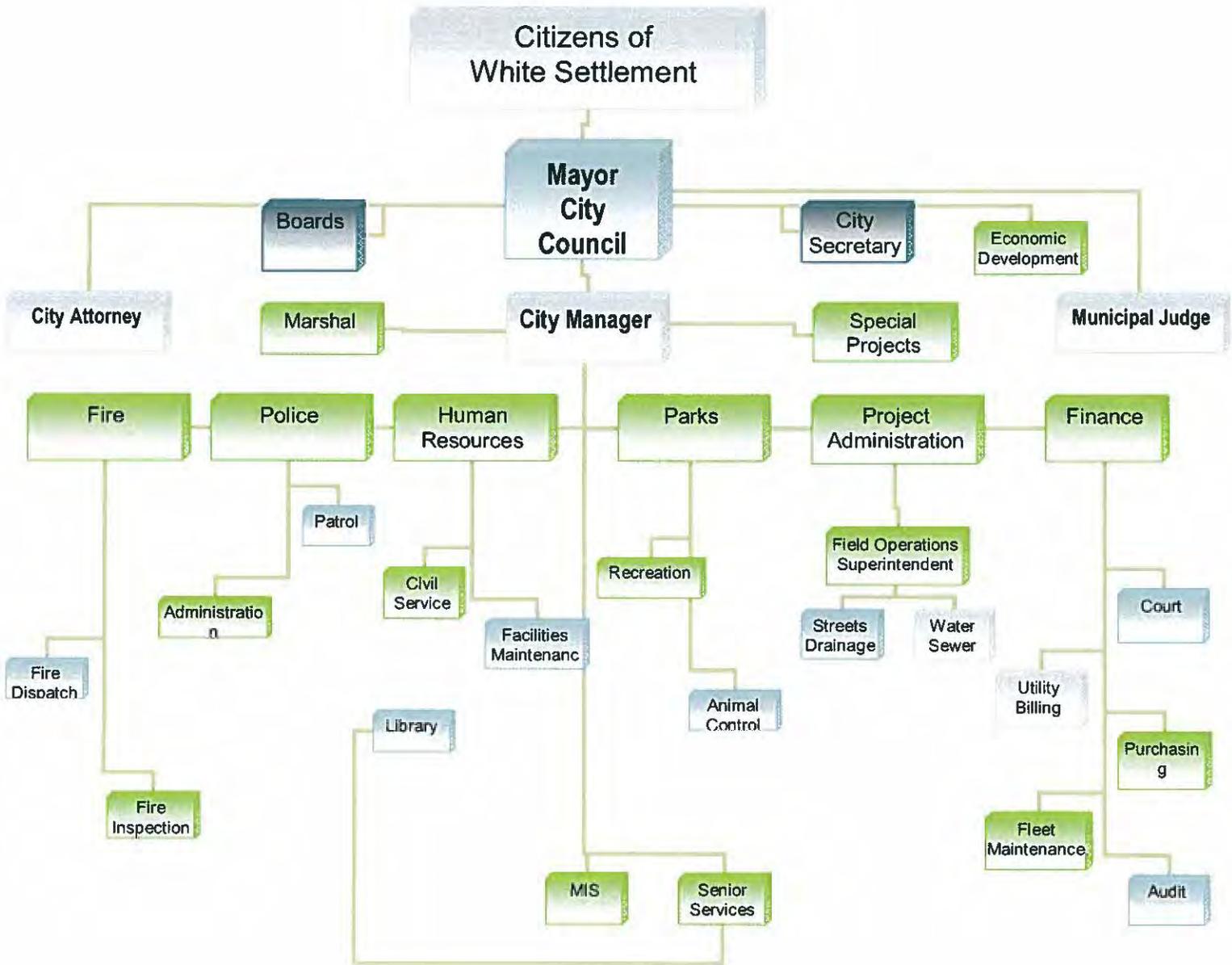
**Mayor
Jerry Burns**

CITY COUNCIL

Gene Hatcher	Mayor Pro-Tem	Place 1
Elzie Clements	Councilmember	Place 2
Mike Arnold Sr.	Councilmember	Place 3
Paul Moore	Councilmember	Place 4
Garry Wilson	Councilmember	Place 5

CITY STAFF

Linda Ryan	City Manager
Philip Bray	Director of Finance
Jack Ely	Police Chief
Brian Thompson	Fire Chief
Amy Arnold	City Secretary
Warren Spencer	City Attorney



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of White Settlement
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moirill
President

Jeffrey R. Enow
Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of White Settlement, Texas

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-16, budgetary comparison information on pages 55-75 and Texas Municipal Retirement System Schedule of Funding Progress on page 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining nonmajor funds financial statements and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor funds financial statements and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



George, Morgan & Sneed, P.C.
Weatherford, Texas
March 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The City of White Settlement, Texas, we offer readers of The City of White Settlement's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of White Settlement exceeded its liabilities at the close of the most recent fiscal year by \$46,991,167 (*net assets*) compared to \$43,421,301 for the prior year. Of this amount, \$17,655,115 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$3,569,866. The City's governmental activities net assets increased by \$2,079,819 and the business-type activities net assets increased \$1,490,047.
- As of the close of the current fiscal year, the City of White Settlement's governmental funds reported combined ending fund balances of \$15,256,039 compared to \$13,370,233 for the prior year. Approximately \$8,777,947 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,777,947, or 107% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, public health, culture and recreation and economic development. The business-type activities of the City include water and sewer, sanitation and storm water utility.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Crime Control and Prevention District, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Crime Control and Prevention District, and debt service fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary funds. The City maintains one type of proprietary fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, sanitation operations and storm water utility district.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, which is considered a major fund. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-54 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on Exhibits E-1 through E-3 of this report.

The combining and individual nonmajor governmental funds and combining enterprise fund statements are presented immediately following the required supplementary information. These statements can be found on Exhibits F-1 through F-8 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$46,991,167 as of September 30, 2012.

The largest portion of the City's net assets (52%) reflects its investment in capital assets (e.g. land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$17,655,115) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Below are summaries of the City's Statement of Net Assets and Changes in Net Assets.

Condensed Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 16,202,078	\$ 14,378,367	\$ 10,671,227	\$ 9,518,079	\$ 26,873,305	\$ 23,896,446
Capital assets	18,066,067	18,746,161	20,310,916	20,318,585	38,376,983	39,064,746
Total Assets	<u>34,268,145</u>	<u>33,124,528</u>	<u>30,982,143</u>	<u>29,836,664</u>	<u>65,250,288</u>	<u>62,961,192</u>
Long-term liabilities	7,630,762	8,527,534	8,946,361	9,570,493	16,577,123	18,098,027
Other liabilities	400,986	440,416	1,281,012	1,001,448	1,681,998	1,441,864
Total liabilities	<u>8,031,748</u>	<u>8,967,950</u>	<u>10,227,373</u>	<u>10,571,941</u>	<u>18,259,121</u>	<u>19,539,891</u>
Net Assets:						
Invested in capital assets						
net of related debt	12,329,870	12,013,563	11,949,257	11,694,923	24,279,127	23,708,486
Restricted	4,285,434	3,938,972	771,491	527,239	5,056,925	4,466,211
Unrestricted	9,621,093	8,204,043	8,034,022	7,042,561	17,655,115	15,246,604
Total Net Assets	<u>\$ 26,236,397</u>	<u>\$ 24,156,578</u>	<u>\$ 20,754,770</u>	<u>\$ 19,264,723</u>	<u>\$ 46,991,167</u>	<u>\$ 43,421,301</u>

Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,111,834	\$ 867,582	\$ 6,768,526	\$ 6,976,780	\$ 7,880,360	\$ 7,844,362
Operating grants and contributions	13,762	59,407	-	-	13,762	59,407
Capital grants and contributions	-	174,806	375,116	571,511	375,116	746,317
General revenues:						
Property taxes	3,797,676	3,475,352	-	-	3,797,676	3,475,352
Sales taxes	4,655,270	4,162,050	-	-	4,655,270	4,162,050
Franchise taxes	1,189,497	1,210,396	-	-	1,189,497	1,210,396
Hotel Occupancy taxes	194,549	133,505	-	-	194,549	133,505
Oil & gas revenues	498,998	349,979	-	-	498,998	349,979
Investment earnings	15,823	16,119	9,826	12,645	25,649	28,764
Gain on sale of capital assets	3,839	6,710	-	-	3,839	6,710
Other revenue	93,982	51,677	-	-	93,982	51,677
Total revenues	11,575,230	10,507,583	7,153,468	7,560,936	18,728,698	18,068,519
Expenses						
General government	1,419,423	1,362,135	-	-	1,419,423	1,362,135
Public safety	5,499,077	5,136,644	-	-	5,499,077	5,136,644
Public works	1,203,843	986,818	-	-	1,203,843	986,818
Public health	198,373	214,829	-	-	198,373	214,829
Culture and recreation	1,467,194	1,412,396	-	-	1,467,194	1,412,396
Interest on long-term debt	292,201	303,458	-	-	292,201	303,458
Water and Sewer	-	-	4,457,221	3,733,018	4,457,221	3,733,018
Storm water utility	-	-	32,503	25,219	32,503	25,219
Sanitation	-	-	588,997	577,472	588,997	577,472
Total expenses	10,080,111	9,416,280	5,078,721	4,335,709	15,158,832	13,751,989
Increase (decrease) in net assets before transfers	1,495,119	1,091,303	2,074,747	3,225,227	3,569,866	4,316,530
Transfers	584,700	1,452,933	(584,700)	(1,452,933)	-	-
Increase (decrease) in net assets	2,079,819	2,544,236	1,490,047	1,772,294	3,569,866	4,316,530
Net Assets October 1	24,156,578	21,612,342	19,264,723	17,492,429	43,421,301	39,104,771
Net Assets September 30	\$ 26,236,397	\$ 24,156,578	\$ 20,754,770	\$ 19,264,723	\$ 46,991,167	\$ 43,421,301

Governmental Activities. Governmental activities increased the City's net assets by \$2,079,819 in the current year compared with an increase of \$2,544,236 in the prior year.

Total governmental activities revenues increased \$1,067,647 (10%) to \$11,575,230. Key elements of this change are as follows:

- Charges for services revenue increased \$244,252 primarily due to an increase in permits revenue of approximately \$94,000 due to the construction of a new facility that took place in during 2012 and an increase in municipal court revenue of approximately \$109,000 due to an increase in the number of payments received and an increase in the number of citations issued.
- Capital grants and contributions decreased from \$174,806 to \$0. Capital grants in the prior year included \$100,000 paid by the Economic Development Corporation for the

Clifford Street access road to the new hotel/restaurant site and \$74,806 from the Texas Forestry Service for a small brush truck for the fire department.

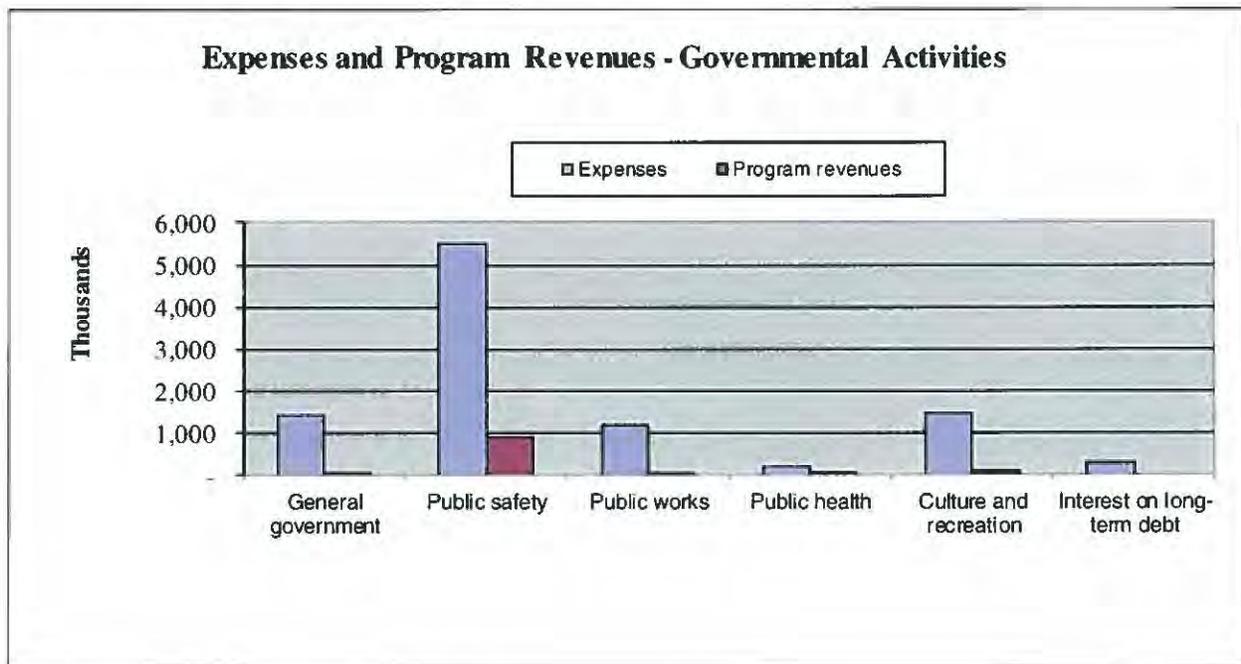
- Property tax revenue increased \$322,324 (9%) primarily because the property tax rate increased from \$.686037 to \$.742135 per \$100 assessed valuation.
- Sales taxes increased \$493,220 (12%).
- Oil & gas revenues increased approximately \$150,000 due to a lease bonus of \$398,195 in the current year compared to \$127,288 in the prior year and a decrease in royalties.

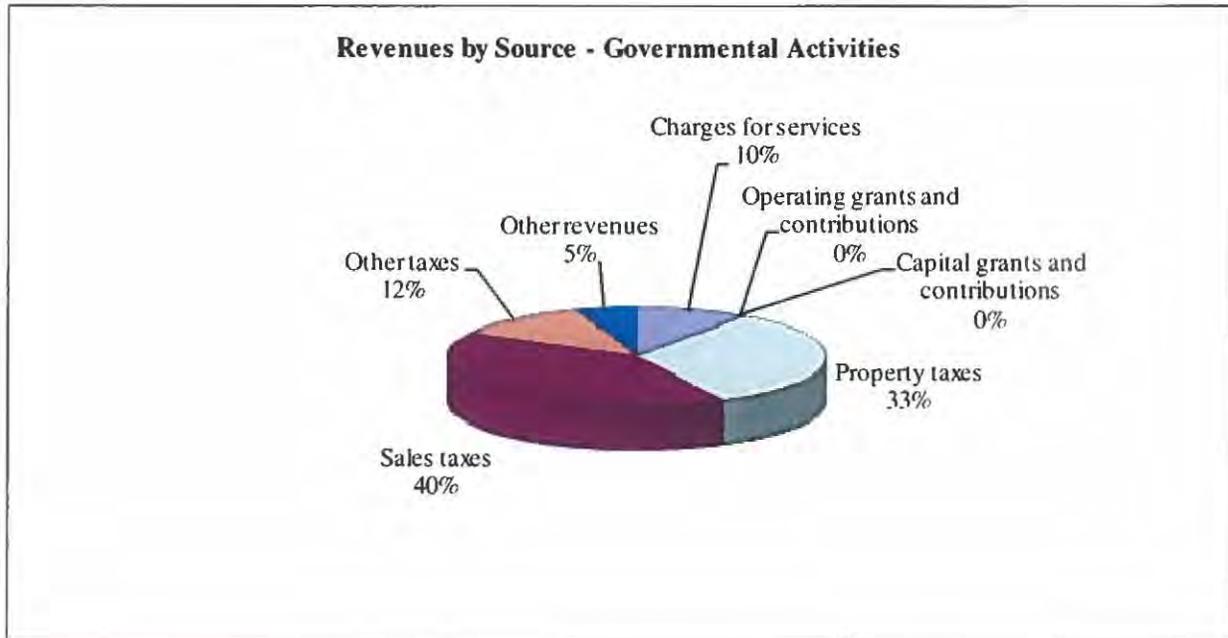
Total governmental activities expenses increased \$663,831 to \$10,080,111. Key changes are as follows.

- Public safety expenses increased \$362,433 (7%) primarily because 1 position in code compliance frozen in the prior year was filled and police patrol increased by an average of 3 employees during the current year and because compensated absences increased approximately \$102,000.
- Public works increased \$217,025 primarily due to street improvements of \$204,725 done in the current year.

Transfers from the business-type activities decreased by \$868,233 primarily because \$750,000 was transferred for half of the amount deposited with the Army Corp of Engineers for the Farmers Branch Flood Control Project in the prior year.

Below are two graphs summarizing governmental revenue and expense:





Business-type activities. Business-type activities increased the City's net assets by \$1,490,047 in the current year compared to an increase in net assets of \$1,772,294 in the prior year.

Total revenues decreased \$407,468 (5%) to \$7,153,468. Key elements of these changes are as follows.

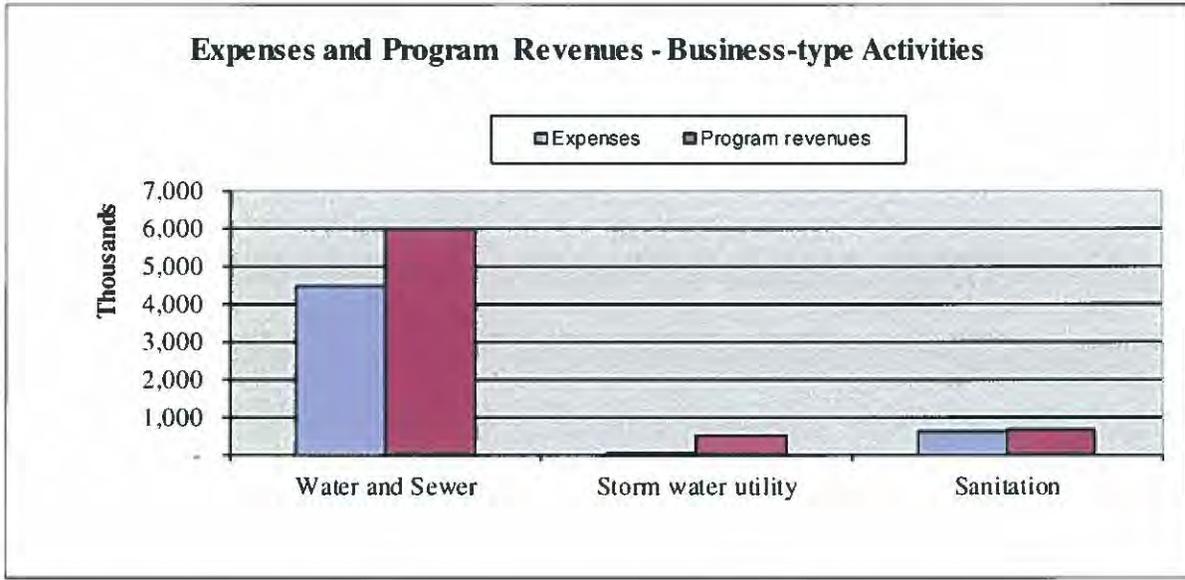
- Charges for services decreased \$208,254 (3%). Water sales and sewer charges decreased \$109,008 and \$131,888 respectively due to a decrease of approximately 42 million gallons of water sold. Water and sewer rates increased effective January 1, 2012.
- Capital grants and contributions were \$375,116 which is a decrease of \$196,395 from the prior year. \$70,000 is a Community Development Block Grant through Tarrant County for a water line replacement on Comal Avenue. \$305,116 is the City of Fort Worth's share of the debt service requirements of the 2009 Certificates of Obligation for the Farmers Branch sewer interceptor project.

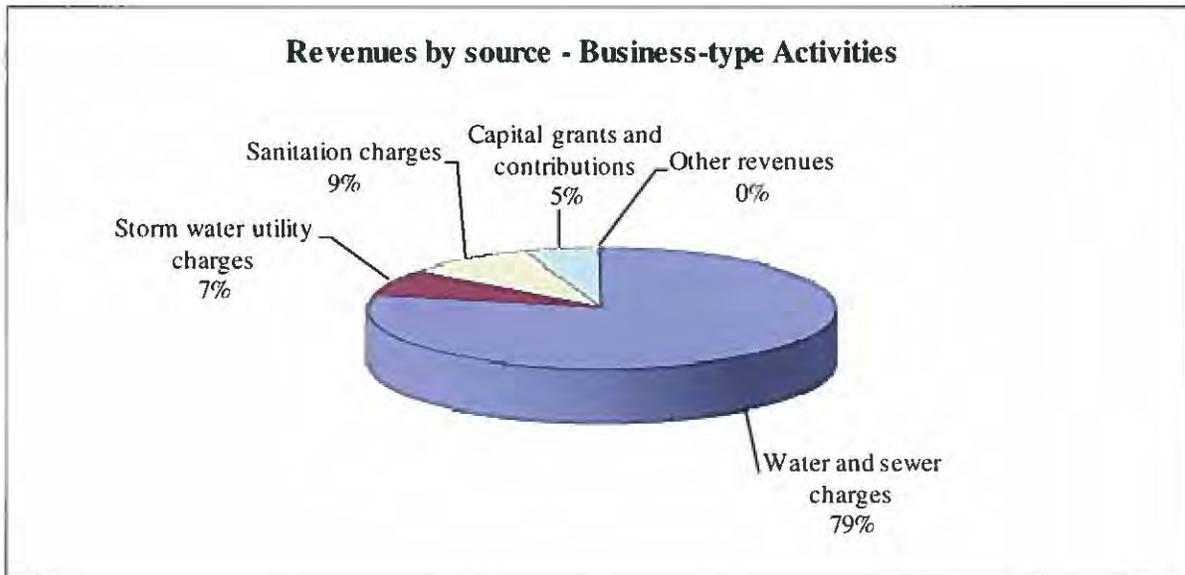
Total expenses increased \$743,012 (17%) to \$5,078,721. Key elements of these changes are as follows.

- Wastewater charges from the City of Fort Worth increased \$172,753 (22%) due to an increase of approximately 88 million gallons in the volume treated.
- Water purchases from the City of Fort Worth increased \$204,991 due to an increase in gallons of water purchased of approximately 7.8 million and a rate increase.
- Salaries increased approximately \$75,000 primarily because the public works director position was unfrozen.

- Depreciation increased \$93,173 primarily because the Farmer's Branch Interceptor Projected was completed and placed in service on March 31, 2012.
- System maintenance increased because well repairs of \$73,369 were done in the current year.

Below are two graphs summarizing business-type activities revenue and expense:





Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At year end, the City's governmental funds reported combined ending fund balances of \$15,256,039. \$8,777,947 (58%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been restricted or committed for projects and debt service.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,777,947. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 107% of the total general fund expenditures. Fund balance of the general fund increased \$1,476,560 compared to an increase of \$1,281,133 in the prior year. Key factors in this growth are as follows:

- Revenues increased \$834,731. General fund property taxes increased \$246,805 due to an M&O tax rate increase of \$.041387 per \$100 assessed value, however, intergovernmental revenue decreased \$107,289. Sales tax, fines and forfeitures, licenses and permits, and oil and gas revenues increased \$321,589, \$120,547, \$93,679 and \$149,019 respectively.
- Total expenditures increased \$455,289. Public safety expenditures increased \$269,109 primarily due to an increase in personnel and the purchase of motor vehicles. General government and culture and recreation expenditures increased \$77,502 and \$112,955 respectively.

The White Settlement Crime Control and Prevention District (the "Crime District") was created to finance, develop and provide crime reduction programs for the City of White Settlement. It is funded with a .5% sales tax. Fund balance of the Crime District increased \$304,427 to \$1,116,430. Sales tax revenue increased \$171,631 and transfers to the general fund decreased \$21,104.

The debt service fund has a total fund balance of \$382,938, all of which is restricted for the payment of debt service.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City's water and sewer fund, storm water utility fund and sanitation fund are enterprise funds that comprise the City's proprietary funds. Unrestricted net assets of the water and sewer fund, storm water utility fund and sanitation fund at the end of the year amounted to \$6,502,426, \$1,214,835 and \$316,761 respectively. The total change in net assets for the three funds was \$917,557, \$557,024 and \$15,466 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original and final budget were significant. Budgeted revenue was increased \$420,550 and budgeted expenditures were increased \$1,943,718. The most significant changes in revenue were an increase in budgeted sales tax of \$145,155 and an increase in oil and gas royalties of \$285,395 due to a lease bonus. There were several expenditures that increased, the most significant were as follows: park improvements increased \$1,399,640 for Central Park improvements, municipal facilities building improvements increased \$50,000, firefighter incentive program increased \$60,000, code compliance demolitions and lot clearing increased \$85,500, other equipment in the streets and drainage department increased \$122,395, and motor vehicles in the senior services department increased \$56,000.

During the year, actual revenues were \$991,226 greater than budgeted and actual expenditures were \$1,973,445 less than budgeted.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2012, amounts to \$38,376,983 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer systems, land improvements, machinery and equipment, vehicles, roads, highways and bridges.

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Court Marshal's Tahoe for \$32,455.
- Senior bus for \$56,054
- Police truck for \$29,081.
- Metal building at the police department for \$32,948.
- (2) Tahoes for the crime district for \$78,259.
- \$12,718 for the Farmers Branch Flood Control Project.
- \$50,070 for a new maintenance building.

Business-type activities:

- \$361,877 Farmers Branch Sewer Interceptor Project.
- \$195,133 water line replacement on Comal Avenue.

**The City of White Settlement's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,400,731	\$ 1,400,731	\$ 36,995	\$ 36,995	\$ 1,437,726	\$ 1,437,726
Construction in progress	4,941,231	4,928,513	59,009	7,107,386	5,000,240	12,035,899
Land improvements	860,960	923,212	176,934	22,666	1,037,894	945,878
Buildings and improvements	3,672,327	3,752,428	34,504	35,928	3,706,831	3,788,356
Machinery and equipment	1,932,653	2,189,391	490,322	602,807	2,422,975	2,792,198
Infrastructure	5,258,165	5,551,886	-	-	5,258,165	5,551,886
Water and sewer systems	-	-	18,051,414	11,224,740	18,051,414	11,224,740
Stormwater systems	-	-	1,461,738	1,288,063	1,461,738	1,288,063
Total	\$ 18,066,067	\$ 18,746,161	\$ 20,310,916	\$ 20,318,585	\$ 38,376,983	\$ 39,064,746

Additional information on the City's capital assets can be found in note 1.D.6. and note 6 to the financial statements.

Long-Term Debt

At year-end the City had \$15,362,748 in bonds and leases outstanding, a decrease of \$1,694,011 from the prior year. \$7,829,671 are general obligation bonds and tax notes that are backed by the full faith and credit of the City, \$7,176,338 are certificates of obligation secured by surplus revenues of the water and sewer fund and ad valorem taxes and \$100,000 are revenue bonds secured solely from water and sewer revenues.

City of White Settlement's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital leases	\$ 221,283	\$ 456,039	\$ 35,456	\$ 123,990	\$ 256,739	\$ 580,029
Tax Notes	125,000	580,000	-	-	125,000	580,000
General Obligation Bonds	6,125,561	6,494,123	1,579,110	1,737,406	7,704,671	8,231,529
Certificates of Obligation	-	-	7,176,338	7,480,201	7,176,338	7,480,201
Revenue bonds	-	-	100,000	185,000	100,000	185,000
Total	\$ 6,471,844	\$ 7,530,162	\$ 8,890,904	\$ 9,526,597	\$ 15,362,748	\$ 17,056,759

The City's outstanding debt continues to have favorable ratings. The ratings are as follows:

	<u>Moody's Investor Service</u>	<u>Standard & Poor's</u>
General Obligation Refunding Bonds, Series 2003	A3	A+
Waterworks and Sewer System Revenue Refunding Bonds, Series 2004	Baa1	A+
General Obligation Bonds, Series 2009	A3	A+
Certificates of Obligation, Series 2009	A3	A+
General Obligation Refunding Bonds, Series 2011	A1	A+

No direct funded debt limitation is imposed on the City under current state law or the City's Home Rule Charter. However, bond covenant requirements of the revenue bonds require that the City maintain a coverage ratio of 1.25 times the annual debt service. The measure of adequacy of service ability of this debt is the revenue bond coverage factor (net revenues available for debt service divided by the current debt service requirements). For the current fiscal year, this ratio is measured at 2.78, meaning sufficient net revenues were available to comply with this bond covenant. Comparative data for the Water and Sewer Fund for the past three fiscal years is presented in the following schedule:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Gross Revenues	\$ 5,913,597	\$ 6,082,219	\$ 5,612,715
Direct Operating Expenses	\$ 3,467,865	\$ 2,859,218	\$ 3,549,671
Net Revenue Available for Debt	\$ 2,445,732	\$ 3,223,001	\$ 2,063,044
Debt Service	\$ 880,851	\$ 892,495	\$ 886,487
Debt Coverage Ratio (Revenue available for Debt Service divided by current year debt service)	2.78	3.61	2.33

More detailed information about the City's debt is presented in note 7 to the Financial Statements.

Economic factors and the Next Year's Budgets and Rates

The following factors were considered in preparing the City of White Settlement 2012-2013 budget:

Sales tax collection for 2011-2012 fiscal year totaled \$6,166,421 (GF-\$3,107,576; EDC-\$1,553,787; Crime-\$1,505,058) compared to \$5,510,925 (GF-\$2,784,999; EDC-\$1,392,499; Crime-\$1,333,427) in 2010-2011. However, revenues for 2012-2013 are conservatively budgeted to total \$6,300,000 (GF-\$3,200,000; EDC-\$1,600,000; Crime-\$1,500,000).

Total assessed value of property within the City for the 2012 tax year was \$620 million compared to prior year at \$506 million. The tax rate for 2012 is \$0.61472 with \$0.44974 for maintenance and operations and \$0.16498 for debt interest and sinking. New construction values decreased significantly to \$3,044,628 compared to prior year at \$7,177,745. By passing the tax rate of \$0.61472 the City Council was able to maintain quality services provided to its citizens and approve a 4% cost-of-living raise to its employees. The primary reason for the reduction in tax rate is a reduction in debt service payments. Final 2010 Capital Lease payments were made in 2012 and final 2010 Certificate of Obligation payments will be made in 2013. Management and Council will address a new five year CIP program during the upcoming year.

The City approved the General Fund budget of \$9,302,364 for 2012-2013 which is an increase of \$958,191 compared to 2011-2012. The budget focused on 1) streamlining processes in order to maintain the current level of service, 2) continuing to defer and trim the majority of capital purchases, 3) continuing to freeze the full-time positions, 4) re-evaluating fees.

Request for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 214 Meadow Park Drive, White Settlement, Texas 76108.

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BASIC FINANCIAL STATEMENTS

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CITY OF WHITE SETTLEMENT, TEXAS
Statement of Net Assets
September 30, 2012

	Primary Government			Component Unit Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 11,766,601	\$ 7,723,193	\$ 19,489,794	\$ 4,060,790
Receivables (Net of allowances for uncollectibles)				
Property taxes	205,358	-	205,358	-
Franchise taxes	186,012	-	186,012	-
Accounts	-	842,615	842,615	-
Miscellaneous	181,415	-	181,415	-
Note Receivable Short-term	280,000	-	280,000	-
Due from other governments	740,900	-	740,900	247,515
Prepaid expenses	1,501,659	3,965	1,505,624	-
Inventory	57,721	-	57,721	-
Note Receivable Long-term	1,120,000	-	1,120,000	-
Restricted assets:				
Cash and investments	-	1,805,953	1,805,953	-
Deferred charges	162,412	295,501	457,913	-
Capital assets:				
Nondepreciable	6,341,962	96,004	6,437,966	1,932,072
Depreciable, net of accumulated depreciation	11,724,105	20,214,912	31,939,017	1,283,413
Total Assets	34,268,145	30,982,143	65,250,288	7,523,790
LIABILITIES:				
Accounts payable	226,351	752,908	979,259	26,457
Accrued liabilities	126,838	22,888	149,726	8,343
Customer deposits	5,648	-	5,648	3,025
Current Liabilities Payable from Restricted Assets:				
Interest payable	42,149	43,078	85,227	-
Customer deposits	-	462,138	462,138	-
Noncurrent liabilities:				
Due Within One Year	1,101,564	634,584	1,736,148	287,862
Due in More Than One Year	6,529,198	8,311,777	14,840,975	1,142,826
Total Liabilities	8,031,748	10,227,373	18,259,121	1,468,513
NET ASSETS:				
Investments in Capital Assets, Net of Debt	12,329,870	11,949,257	24,279,127	3,215,485
Restricted Net Assets (Nonexpendable)				
Library and Senior Services	23,210		23,210	
Restricted Net Assets (Expendable)				
Debt service	400,996	771,491	1,172,487	
Construction	2,235,647		2,235,647	
Police and court	1,225,627		1,225,627	
Tourism, library and senior services	399,954		399,954	
Unrestricted Net Assets	9,621,093	8,034,022	17,655,115	2,839,792
Total Net Assets	\$ 26,236,397	\$ 20,754,770	\$ 46,991,167	\$ 6,055,277

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

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Activities
For the Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 1,419,423	\$ 79,808	\$ -	\$ -
Public safety	5,499,077	881,978	6,262	-
Public works	1,203,843	4,653	7,500	-
Public health	198,373	29,763	-	-
Culture and recreation	1,467,194	115,632	-	-
Interest on long-term debt	292,201	-	-	-
Total governmental activities	<u>10,080,111</u>	<u>1,111,834</u>	<u>13,762</u>	<u>-</u>
Business-type activities:				
Water and sewer	4,457,221	5,608,481	-	375,116
Storm water utility	32,503	518,382	-	-
Sanitation	588,997	641,663	-	-
Total business-type activities	<u>5,078,721</u>	<u>6,768,526</u>	<u>-</u>	<u>375,116</u>
Total primary government	<u>\$ 15,158,832</u>	<u>\$ 7,880,360</u>	<u>\$ 13,762</u>	<u>\$ 375,116</u>
Component Unit				
Economic Development	305,829			
Culture and Recreation	714,601	198,785		
	<u>1,020,430</u>	<u>198,785</u>	<u>-</u>	<u>-</u>

General Revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Sales and use
Franchise
Hotel occupancy tax
Oil and gas revenues
Investment Earnings
Gain on sale of capital assets
Other revenue
Transfers
Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

Exhibit B-1

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Corporation
\$ (1,339,615)	\$ -	\$ (1,339,615)	\$ -
(4,610,837)		(4,610,837)	
(1,191,690)		(1,191,690)	
(168,610)		(168,610)	
(1,351,562)		(1,351,562)	
(292,201)		(292,201)	
<u>(8,954,515)</u>	<u>-</u>	<u>(8,954,515)</u>	<u>-</u>
	1,526,376	1,526,376	
	485,879	485,879	
	52,666	52,666	
<u>-</u>	<u>2,064,921</u>	<u>2,064,921</u>	<u>-</u>
\$ <u>(8,954,515)</u>	\$ <u>2,064,921</u>	\$ <u>(6,889,594)</u>	\$ <u>-</u>
			(305,829)
			(515,816)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(821,645)</u>
\$ 2,569,748	\$ -	\$ 2,569,748	\$ -
1,227,928		1,227,928	
4,655,270	-	4,655,270	1,553,787
1,189,497	-	1,189,497	
194,549		194,549	
498,998		498,998	
15,823	9,826	25,649	4,025
3,839	-	3,839	
93,982	-	93,982	
584,700	(584,700)	-	
<u>11,034,334</u>	<u>(574,874)</u>	<u>10,459,460</u>	<u>1,557,812</u>
2,079,819	1,490,047	3,569,866	736,167
<u>24,156,578</u>	<u>19,264,723</u>	<u>43,421,301</u>	<u>5,319,110</u>
\$ <u>26,236,397</u>	\$ <u>20,754,770</u>	\$ <u>46,991,167</u>	\$ <u>6,055,277</u>

CITY OF WHITE SETTLEMENT, TEXAS
Balance Sheet
Governmental Funds
September 30, 2012

	<u>General</u>	<u>Crime District</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Assets:					
Cash and investments	\$ 8,286,188	\$ 888,534	\$ 376,535	\$ 2,215,344	\$ 11,766,601
Receivables (Net of allowances for uncollectibles)					
Property taxes	138,699	-	66,659	-	205,358
Franchise taxes	172,131	-	-	13,881	186,012
Miscellaneous	131,014	-	-	50,401	181,415
Note Receivable Short-term	280,000	-	-	-	280,000
Due from other governments	504,806	236,094	-	-	740,900
Prepays	1,659	-	-	1,500,000	1,501,659
Inventory - supplies	57,721	-	-	-	57,721
Note Receivable Long-term	<u>1,120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,120,000</u>
Total assets	<u>\$ 10,692,218</u>	<u>\$ 1,124,628</u>	<u>\$ 443,194</u>	<u>\$ 3,779,626</u>	<u>\$ 16,039,666</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 193,585	\$ 8,198	\$ 48	\$ 24,520	\$ 226,351
Accrued liabilities	126,838	-	-	-	126,838
Customer deposits	5,648	-	-	-	5,648
Deferred revenue	<u>364,582</u>	<u>-</u>	<u>60,208</u>	<u>-</u>	<u>424,790</u>
Total liabilities	<u>690,653</u>	<u>8,198</u>	<u>60,256</u>	<u>24,520</u>	<u>783,627</u>
Fund Balances:					
Nonspendable	1,179,416	-	-	1,523,210	2,702,626
Restricted		1,116,430	382,938	1,244,798	2,744,166
Committed	42,079	-	-	987,098	1,029,177
Assigned	2,123	-	-	-	2,123
Unassigned	<u>8,777,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,777,947</u>
Total fund balances	<u>10,001,565</u>	<u>1,116,430</u>	<u>382,938</u>	<u>3,755,106</u>	<u>15,256,039</u>
Total liabilities and fund balances	<u>\$ 10,692,218</u>	<u>\$ 1,124,628</u>	<u>\$ 443,194</u>	<u>\$ 3,779,626</u>	<u>\$ 16,039,666</u>

CITY OF WHITE SETTLEMENT, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
September 30, 2012

Total Fund Balances - Governmental Funds \$ 15,256,039

Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was \$43,187,691 and the accumulated depreciation was \$25,121,624. 18,066,067

Capitalized bond issuance costs related to governmental activity debt are not financial resources and therefore are not reported in the governmental funds. 162,412

Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Assets. The details of these differences are as follows:

Interest payable	(42,149)	
General obligation bonds	(5,985,000)	
Premium on general obligation bonds	(140,561)	
Tax notes	(125,000)	
Capital leases	(221,283)	
Net pension obligation	(204,620)	
Compensated absences	(954,298)	
		(7,672,911)

Certain receivables are not available soon enough to pay for the current period's expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets. The details of these differences are as follows:

Property taxes	185,480	
Court fines	117,598	
Franchise taxes	121,712	
		424,790

Net Assets of Governmental Activities \$ 26,236,397

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2012

	General	Crime District	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 2,580,393	\$ -	\$ 1,234,574	\$ -	\$ 3,814,967
Sales and use	3,150,212	1,505,058	-	-	4,655,270
Franchise	945,941	-	-	259,828	1,205,769
Hotel occupancy tax	-	-	-	194,549	194,549
Fines and forfeitures	400,481	-	-	-	400,481
Licenses and permits	436,309	-	-	-	436,309
Intergovernmental revenue	86,943	-	-	6,262	93,205
Charges for service	164,229	-	-	-	164,229
Oil and gas revenues	498,998	-	-	-	498,998
Investment Earnings	11,574	807	541	2,901	15,823
Other revenue	12,526	-	-	44,193	56,719
Total revenues	<u>8,287,606</u>	<u>1,505,865</u>	<u>1,235,115</u>	<u>507,733</u>	<u>11,536,319</u>
EXPENDITURES					
Current					
General government	1,357,354	-	-	-	1,357,354
Public safety	4,829,689	337,207	-	32,495	5,199,391
Public works	600,613	-	-	204,725	805,338
Public health	183,025	-	-	-	183,025
Culture and recreation	1,244,713	-	-	128,349	1,373,062
Capital outlay	-	-	-	62,788	62,788
Debt service:					
Principal	-	-	1,049,756	-	1,049,756
Interest and fiscal charges	-	-	280,289	-	280,289
Total expenditures	<u>8,215,394</u>	<u>337,207</u>	<u>1,330,045</u>	<u>428,357</u>	<u>10,311,003</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>\$ 72,212</u>	<u>\$ 1,168,658</u>	<u>\$ (94,930)</u>	<u>\$ 79,376</u>	<u>\$ 1,225,316</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from insurance recoveries	59,449	-	-	-	59,449
Proceeds from sale of general capital assets	16,341	-	-	-	16,341
Transfers in	1,328,558	-	120,373	-	1,448,931
Transfers out	-	(864,231)	-	-	(864,231)
Total other financing sources (uses)	<u>1,404,348</u>	<u>(864,231)</u>	<u>120,373</u>	<u>-</u>	<u>660,490</u>
NET CHANGE IN FUND BALANCES	1,476,560	304,427	25,443	79,376	1,885,806
FUND BALANCE, OCTOBER 1, 2011	<u>8,525,005</u>	<u>812,003</u>	<u>357,495</u>	<u>3,675,730</u>	<u>13,370,233</u>
FUND BALANCE, SEPTEMBER 30, 2012	<u>\$ 10,001,565</u>	<u>\$ 1,116,430</u>	<u>\$ 382,938</u>	<u>\$ 3,755,106</u>	<u>\$ 15,256,039</u>

CITY OF WHITE SETTLEMENT, TEXAS
Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances of
The Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2012

Total Net Change in Fund Balances - Governmental Funds		\$ 1,885,806
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$317,315 of capital outlays and \$1,049,756 of debt principal payments is to increase net assets.		1,367,071
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals and transfers between activities) is to decrease net assets.		(34,688)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(962,721)
Certain liabilities are not due and payable in the current period and deferred charges are not financial resources of the current period, and, therefore are not reported as liabilities or assets in the funds. Changes in these balances are reported as expenses in the governmental activities of the Statement of Activities.		
Deferred charges	(20,474)	
Premium on general obligation bonds	8,562	
Net pension obligation	(16,395)	
Compensated absences	(145,151)	
	(173,458)	
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,191)
Change in Net Assets of Governmental Activities		\$ 2,079,819

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Net Assets
Proprietary Funds
September 30, 2012

	Enterprise Funds		
	Water and Sewer	Other Funds	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 6,206,136	\$ 1,517,057	\$ 7,723,193
Receivables (Net of allowance for uncollectibles):			
Accounts	696,981	145,634	842,615
Prepaid expenses	3,965		3,965
Restricted Assets:			
Cash and cash equivalents	1,805,953		1,805,953
Total current assets	<u>8,713,035</u>	<u>1,662,691</u>	<u>10,375,726</u>
Noncurrent Assets:			
Deferred Charges	<u>295,501</u>	<u>-</u>	<u>295,501</u>
Capital assets, at cost:			
Land	-	36,995	36,995
Construction in progress	59,009	-	59,009
Buildings and improvements	52,516	-	52,516
Land improvements	211,511	-	211,511
Waterworks and sewer system	26,143,490	-	26,143,490
Stormwater systems	-	1,556,383	1,556,383
Machinery and equipment	1,470,876	-	1,470,876
	<u>27,937,402</u>	<u>1,593,378</u>	<u>29,530,780</u>
Less: accumulated depreciation	<u>(9,125,219)</u>	<u>(94,645)</u>	<u>(9,219,864)</u>
Capital assets, net	<u>18,812,183</u>	<u>1,498,733</u>	<u>20,310,916</u>
Total noncurrent assets	<u>19,107,684</u>	<u>1,498,733</u>	<u>20,606,417</u>
Total assets	<u>\$ 27,820,719</u>	<u>\$ 3,161,424</u>	<u>\$ 30,982,143</u>

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

	Enterprise Funds		
	Water and Sewer	Other Funds	Totals
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 621,813	\$ 131,095	\$ 752,908
Accrued liabilities	22,888	-	22,888
Current portion of long-term liabilities	634,584	-	634,584
Current Liabilities Payable from Restricted Assets:			
Interest payable	43,078	-	43,078
Customer deposits payable	462,138	-	462,138
Total current liabilities	1,784,501	131,095	1,915,596
Noncurrent Liabilities:			
Net pension obligation	26,328	-	26,328
Bonds payable	8,285,449	-	8,285,449
Total noncurrent liabilities	8,311,777	-	8,311,777
Total liabilities	10,096,278	131,095	10,227,373
NET ASSETS:			
Investment in capital assets, net of debt	10,450,524	1,498,733	11,949,257
Restricted for debt service (Expendable)	771,491	-	771,491
Unrestricted	6,502,426	1,531,596	8,034,022
Total net assets	\$ 17,724,441	\$ 3,030,329	\$ 20,754,770

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2012

	Enterprise Funds		
	Water and Sewer	Other Funds	Totals
Operating revenues:			
Charges for sales and services	\$ 5,608,481	\$ 1,160,045	\$ 6,768,526
Total operating revenue	<u>5,608,481</u>	<u>1,160,045</u>	<u>6,768,526</u>
Operating expenses:			
Utility Billing	397,717		397,717
Water production and distribution	1,881,913		1,881,913
Wastewater collection and treatment	1,188,235		1,188,235
Stormwater utility		100	100
Sanitation		588,997	588,997
Depreciation	615,061	32,403	647,464
Total operating expenses	<u>4,082,926</u>	<u>621,500</u>	<u>4,704,426</u>
Operating income (loss)	<u>1,525,555</u>	<u>538,545</u>	<u>2,064,100</u>
Nonoperating revenues (expenses):			
Investment earnings	8,681	1,145	9,826
Interest expense	<u>(374,295)</u>	<u>-</u>	<u>(374,295)</u>
Total nonoperating revenues (expenses)	<u>(365,614)</u>	<u>1,145</u>	<u>(364,469)</u>
Income (loss) before contributions and transfers	1,159,941	539,690	1,699,631
Capital contributions and transfers:			
Capital Contributions	305,116	70,000	375,116
Transfers out	<u>(547,500)</u>	<u>(37,200)</u>	<u>(584,700)</u>
Change in Net Assets	917,557	572,490	1,490,047
Net Assets, October 1, 2011	<u>16,806,884</u>	<u>2,457,839</u>	<u>19,264,723</u>
Net Assets, September 30, 2012	<u>\$ 17,724,441</u>	<u>\$ 3,030,329</u>	<u>\$ 20,754,770</u>

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

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2012

	Enterprise Funds		
	Water and Sewer Fund	Other Funds	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 5,799,277	\$ 1,190,829	\$ 6,990,106
Cash paid to suppliers	(2,642,671)	(511,480)	(3,154,151)
Cash paid to employees	(529,681)	-	(529,681)
Net cash provided by operating activities	<u>2,626,925</u>	<u>679,349</u>	<u>3,306,274</u>
Cash flow from noncapital financing activities:			
Transfers to other funds	(547,500)	(37,200)	(584,700)
Net cash provided (used) by noncapital financing activities	<u>(547,500)</u>	<u>(37,200)</u>	<u>(584,700)</u>
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(633,535)	-	(633,535)
Capital contribution for debt service	305,116	-	305,116
Capital expenditures	(505,687)	(125,133)	(630,820)
Interest paid on bonds	(352,760)	-	(352,760)
Net cash (used) by capital and related financing activities	<u>(1,186,866)</u>	<u>(125,133)</u>	<u>(1,311,999)</u>
Cash flow from investing activities:			
Investment earnings	8,681	1,145	9,826
Net cash provided by investing activities	<u>8,681</u>	<u>1,145</u>	<u>9,826</u>
Net increase (decrease) in cash and cash equivalents	901,240	518,161	1,419,401
Cash and cash equivalents, beginning	<u>7,110,849</u>	<u>998,896</u>	<u>8,109,745</u>
Cash and cash equivalents, ending	<u>\$ 8,012,089</u>	<u>\$ 1,517,057</u>	<u>\$ 9,529,146</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 1,525,555	\$ 538,545	\$ 2,064,100
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	615,061	32,403	647,464
(Increase) decrease in accounts receivable	208,411	30,784	239,195
(Increase) decrease in prepaid expenses	(3,965)	-	(3,965)
Increase (decrease) in accounts payable	279,251	77,617	356,868
Increase (decrease) in accrued liabilities	8,666	-	8,666
Increase (decrease) in customer meter deposits	(17,615)	-	(17,615)
Increase (decrease) in net pension obligation	2,110	-	2,110
Increase (decrease) in compensated absences payable	9,451	-	9,451
Total adjustments	<u>1,101,370</u>	<u>140,804</u>	<u>1,242,174</u>
Net cash provided by operating activities	<u>\$ 2,626,925</u>	<u>\$ 679,349</u>	<u>\$ 3,306,274</u>
Noncash Investing, Capital and Financing Activities			
Contributions of capital assets from another government	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>

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

CITY OF WHITE SETTLEMENT, TEXAS

Notes to Financial Statements

September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of White Settlement, Texas (the City) was incorporated under the laws of the State of Texas in 1941. The City is governed by an elected mayor and five-member council. The City provides the following services: public safety, streets, parks and recreation, library, water and sewer, sanitation, planning and zoning, building inspection, code enforcement, and general administrative services.

As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. Based on these considerations, the White Settlement Economic Development Corporation and the White Settlement Crime Control Prevention have been included in the City's reporting entity as component units. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Consideration regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity is based on criteria presented by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is financially independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that inclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

The White Settlement Economic Development Corporation (a nonprofit development corporation formed under the Development Corporation Act of 1979, Texas Rev. Civil Statute) was incorporated June 28, 1994. The Corporation's services are provided to stimulate economic growth for the City. A board of seven directors appointed by the City Council governs the Corporation. The purpose of the Corporation is to develop, implement, provide and finance projects allowed under the Development Corporation Act. Operation of the Corporation is funded by one-half percent sales tax approved by the voters. Separate unaudited financial statements may be obtained at the City's administrative office.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Unit

The White Settlement Crime Control and Prevention District (the "Crime District") is an entity legally separate from the City and was created by resolution of the City Council with approval by vote of the residents of White Settlement. The Crime District is governed by a seven-member board appointed by the City Council. The City Council approves the budget of the Crime District. The day-to-day operations of the Crime District are performed by City employees. For financial reporting purposes, the Crime Control and Prevention District is reported as if it were a part of the City's operations because its primary purpose is to support the crime prevention and enforcement activities of the general fund. The Crime District makes transfers to the General and Debt Service funds of the City for police salaries and debt payments for police equipment. In addition the Crime District pays for ammunition, uniforms, tools and equipment, equipment and building repairs, travel, training and automobiles for the White Settlement police department. The services provided to others are insignificant to the overall activities of the Crime District (GASBS 14: 53.b.). The Crime Control and Prevention District is presented as a special revenue fund. Separate unaudited financial statements may be obtained at the City's administrative office.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separately component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

CITY OF WHITE SETTLEMENT, TEXAS

Notes to Financial Statements

September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

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

The White Settlement Crime Control and Prevention District ("*Crime District*") is a blended component unit that is financed with a ½ percent sales tax. The Crime District was created to develop and provide crime reduction programs for the City of White Settlement.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The debt service fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary fund:

The *water and sewer fund* accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities, which cannot be eliminated.

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

Proprietary funds, distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF WHITE SETTLEMENT, TEXAS

Notes to Financial Statements

September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased. Assets reported as cash and investments are considered cash and cash equivalents for the statement of cash flows.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable aged +2 months comprises the trade accounts receivable allowance for uncollectible accounts. The property tax receivable and municipal court allowances are equal to 30% and 85% respectively of the outstanding balances at September 30, 2012.

3. Unbilled Service

Utility operating revenues (water, sewer, storm water and refuse collection) are billed on monthly cycles. The City records estimated revenues for services delivered during the fiscal year, which will be billed during the next fiscal year.

4. Inventory

The inventories of supplies are valued at cost using the first-in-first-out ("FIFO") method.

5. Prepaid Expenses

Payments made for services that will benefit periods beyond September 30, 2012, are recorded as prepaid expenses in both the government-wide and fund financial statements.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the water and sewer fund during the current fiscal year was \$374,295. Of this amount \$0 was included as part of the cost of capital assets under construction in connection with water and sewer construction projects.

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

Land improvements	20 - 30 years
Buildings	10 - 40 years
Water and sewer system	20 - 50 years
Machinery and equipment	3 - 10 years
Vehicles	3 - 10 years
Infrastructure	20 - 50 years

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. After completing one full year of service, employees are eligible to be reimbursed an amount equal to 40 hours of sick pay (calculated at their then-current rate of pay), less the number of sick pay hours claimed during the preceding 12-month period. Otherwise, the City's policy is that upon separation from service, only civil service employees will receive payment for unused sick pay benefits. All vacation pay and civil service employees' sick leave benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

8. Long-term Obligations

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

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

9. Fund Balance – Governmental Funds

The City implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance).

Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Manager has been delegated the authority to assign fund balance.

Unassigned – All amounts not included in other spendable classifications.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

9. Fund Balance – Governmental Funds (Continued)

The details of the fund balances of the governmental funds are as follows:

	General Fund	Crime District	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays and inventory	\$ 59,416	\$ -	\$ -	\$ 1,500,000	\$ 1,559,416
Long-term note receivable	1,120,000				1,120,000
Library Endowment				12,105	12,105
Senior Services Endowment				11,105	11,105
Restricted:					
Debt Service			382,938		382,938
Construction				735,647	735,647
Police and court		1,116,430		109,197	1,225,627
Tourism, library and senior services				399,954	399,954
Committed:					
Street improvement				987,098	987,098
Outstanding encumbrances	42,079				42,079
Assigned:					
Pride Commission	2,123				2,123
Unassigned	8,777,947				8,777,947
	<u>\$ 10,001,565</u>	<u>\$ 1,116,430</u>	<u>\$ 382,938</u>	<u>\$ 3,755,106</u>	<u>\$ 15,256,039</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the city strive to maintain a yearly unassigned fund balance in the general fund of 144 days of annual budgeted expenditures.

10. 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 legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

10. Net Assets

The following is a reconciliation of restricted fund balance reported in the governmental fund financial statements to restricted net assets of the governmental activities reported in the government-wide financial statements.

Restricted Fund Balance (Exhibit C-1)	\$ 2,744,166
Adjustments	
Accrued interest payable restricted for debt service	(42,149)
Deferred property tax revenue restricted for debt service	60,207
Permanent Fund principal	23,210
Prepayment restricted for construction	1,500,000
Total adjustments	1,541,268
Restricted Net Assets (Exhibit A-1)	\$ 4,285,434

11. 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Substantially all operating cash and investments, including those of the White Settlement Economic Development Corporation, discretely presented component units, are maintained in consolidated cash and investment accounts. Investment income relating to consolidated investments is allocated to the individual funds monthly based on the funds' pro-rata share of total cash and investments.

The City's investment policy authorizes the City to invest in obligations of the United States and its agencies; direct obligations of the State of Texas and agencies thereof; other obligations, the principal and interest on which are unconditionally guaranteed by the State of Texas and United States; obligations of the states, agencies, counties, cities and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent; secured certificates of deposit of state and national banks domiciled in Texas; fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies; and joint pools of political subdivisions in the State of Texas. Investments are stated at fair value except for short-term highly liquid investments which are stated at cost or amortized cost. During the year ended September 30, 2012, the City did not own any types of securities other than those permitted by statute.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The City invests idle funds in the Texas Local Government Investment Pool (TexPool). The City's investment pool operates in a manner consistent with the SEC's Rule 2A7 of the Investment Act of 1940. The Pool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the City's position is the same as the value of the City's shares.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit

Insurance Corporation ("FDIC") Insurance. At September 30, 2012, the City's deposits were covered by FDIC Insurance or collateralized with securities held by the bank's agent in the City's name.

Credit Risk– Investments

The City controls credit risk by limiting its investments to those instruments allowed by its investment policy.

Interest Rate Risk – Investments

In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting the final stated maturity of any investment to three years and the average maturity of the City's operating funds to one year. As of September 30, 2012, all of the City's investments were invested for a period not exceeding three years and the average maturity of operating funds was less than one year.

The City's investments at September 30, 2012 included the following:

<u>Investment</u>	<u>Credit Rating</u>	<u>Weighted Average Maturities</u>	<u>Percentage of Total Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in Tex-Pool	AAAm	81 days	100.00%	<u>\$23,532,165</u>	<u>\$23,532,165</u>
				<u>\$23,532,165</u>	<u>\$23,532,165</u>

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The following cash and investments in the enterprise funds are restricted for the following purposes:

	Cash and Investments
Enterprise Funds	
Customer deposits	\$ 462,138
Construction	529,246
Interest and sinking funds	712,688
Revenue bond reserve	101,881
Total	\$ 1,805,953

NOTE 3: PROPERTY TAX

The City's property tax is levied (assessed) each October 1, on the value listed as of the prior January 1, for all real property and personal property located in the City. Such assessed value for 2011 was computed based on 100% of appraised value.

Beginning with the 1982 levy, the appraisal property within the City became the responsibility of a countrywide appraisal district as required by legislation passed by the Texas Legislature. The appraisal district is required under such legislation to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the government may, at its own expense require annual reviews of appraised values.

The government may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

General property taxes are limited by the government's Home Rule Charter to \$1.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the period ended September 30, 2012, was \$0.742135 per \$100 of assessed valuation.

Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees being added on July 1. Lien attaches to properties on the January 1 following levy date. Tarrant County bills and collects the general property taxes for the City. During the fiscal year, the City collected approximately 98% of the 2011 tax levy.

In the governmental funds the City's property tax revenues are recognized when levied to the extent that they result in current receivables available for financing current operations. The remaining receivables are reflected in deferred revenue.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 4: RECEIVABLES

Receivables as of year-end for the City's major and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Nonmajor Enterprise</u>
Receivables:					
Property taxes	\$ 198,141	\$ 95,228	\$ -	\$ -	\$ -
Franchise taxes	172,131	-	13,881	-	-
Occupancy tax	-	-	50,401	-	-
Water and sewer	-	-	-	396,615	-
Stormwater utility	-	-	-	-	37,969
Sanitation	-	-	-	-	47,596
Earned and unbilled services	-	-	-	316,659	61,116
Miscellaneous	797,400	-	-	-	-
Note receivable short-term	280,000	-	-	-	-
Note receivable long-term	1,120,000	-	-	-	-
Gross Receivables	<u>2,567,672</u>	<u>95,228</u>	<u>64,282</u>	<u>713,274</u>	<u>146,681</u>
Less: allowance for uncollectibles	<u>(725,828)</u>	<u>(28,569)</u>	<u>-</u>	<u>(16,293)</u>	<u>(1,047)</u>
Net total receivables	<u>\$ 1,841,844</u>	<u>\$ 66,659</u>	<u>\$ 64,282</u>	<u>\$ 696,981</u>	<u>\$ 145,634</u>

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

Deferred property taxes receivable (General Fund)	\$ 138,699
Franchise tax receivable	108,286
Court fees receivable	117,597
Deferred property taxes receivable (Debt Service Fund)	<u>60,208</u>
Total deferred revenue for governmental funds	<u>\$ 424,790</u>

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 5: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2012, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Crime District	743,858	Crime prevention
	Water and Sewer	547,500	Payments in lieu of taxes
	Other Enterprise	37,200	Payments in lieu of taxes
Debt Service Fund	Crime District	120,373	Debt Service
Total Governmental Funds Transfers In		<u>\$ 1,448,931</u>	

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Non - Depreciable Assets:				
Land	\$ 1,400,731	\$ -	\$ -	\$ 1,400,731
Construction in Progress	4,928,513	12,718	-	4,941,231
Total non-depreciable assets	<u>6,329,244</u>	<u>12,718</u>	<u>-</u>	<u>6,341,962</u>
Depreciable Assets:				
Land improvements	2,124,939	-	-	2,124,939
Building and improvements	6,739,899	83,019	-	6,822,918
Machinery and equipment	7,190,423	221,578	(106,958)	7,305,043
Infrastructure	20,592,829	-	-	20,592,829
Total capital assets being depreciated	<u>36,648,090</u>	<u>304,597</u>	<u>(106,958)</u>	<u>36,845,729</u>
Accumulated Depreciation:				
Land improvements	(1,201,727)	(62,252)	-	(1,263,979)
Building and improvements	(2,987,471)	(163,120)	-	(3,150,591)
Machinery and equipment	(5,001,032)	(443,628)	72,270	(5,372,390)
Infrastructure	(15,040,943)	(293,721)	-	(15,334,664)
Total accumulated depreciation	<u>(24,231,173)</u>	<u>(962,721)</u>	<u>72,270</u>	<u>(25,121,624)</u>
Governmental activities capital assets, net	<u>\$ 18,746,161</u>	<u>\$ (645,406)</u>	<u>\$ (34,688)</u>	<u>\$ 18,066,067</u>

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 6: CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Non - Depreciable Assets:				
Land	\$ 36,995	\$ -	\$ -	\$ 36,995
Construction in Progress	7,107,386	616,029	(7,664,406)	59,009
Total non-depreciable assets	<u>7,144,381</u>	<u>616,029</u>	<u>(7,664,406)</u>	<u>96,004</u>
Depreciable Assets:				
Land improvements	53,367	158,144		211,511
Building and improvements	52,516			52,516
Machinery and equipment	1,474,564	11,225	(14,913)	1,470,876
Water and sewer systems	18,830,766	7,312,724		26,143,490
Stormwater systems	1,350,304	206,079		1,556,383
Total capital assets being depreciated	<u>21,761,517</u>	<u>7,688,172</u>	<u>(14,913)</u>	<u>29,434,776</u>
Accumulated Depreciation:				
Land improvements	(30,701)	(3,876)		(34,577)
Building and improvements	(16,588)	(1,424)		(18,012)
Machinery and equipment	(871,757)	(123,710)	14,913	(980,554)
Water and sewer systems	(7,606,026)	(486,050)		(8,092,076)
Stormwater systems	(62,241)	(32,404)		(94,645)
Total accumulated depreciation	<u>(8,587,313)</u>	<u>(647,464)</u>	<u>14,913</u>	<u>(9,219,864)</u>
Business-type activities capital assets, net	<u>\$ 20,318,585</u>	<u>\$ 7,656,737</u>	<u>\$ (7,664,406)</u>	<u>\$ 20,310,916</u>
Component Unit:				
Non - Depreciable Assets:				
Land	\$ 1,149,762	\$ 23,126	\$ -	\$ 1,172,888
Construction in Progress		759,184		759,184
Total non-depreciable assets	<u>1,149,762</u>	<u>782,310</u>	<u>-</u>	<u>1,932,072</u>
Depreciable Assets:				
Land improvements	2,110,664	17,986	-	2,128,650
Building and improvements	36,408		-	36,408
Machinery and equipment	374,021		-	374,021
Total capital assets being depreciated	<u>2,521,093</u>	<u>17,986</u>	<u>-</u>	<u>2,539,079</u>
Accumulated Depreciation:				
Land improvements	(941,303)	(85,296)	-	(1,026,599)
Building and improvements	(13,494)	(1,214)	-	(14,708)
Machinery and equipment	(189,184)	(25,175)	-	(214,359)
Total accumulated depreciation	<u>(1,143,981)</u>	<u>(111,685)</u>	<u>-</u>	<u>(1,255,666)</u>
Component unit capital assets, net	<u>\$ 2,526,874</u>	<u>\$ 688,611</u>	<u>\$ -</u>	<u>\$ 3,215,485</u>

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 6: CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 39,389
Public safety	373,847
Public works	397,861
Public health	12,624
Culture and recreation	<u>139,000</u>
Total depreciation expense - governmental activities	<u>\$ 962,721</u>
Business-type activities:	
Water and sewer	\$ 615,061
Stormwater utility	<u>32,403</u>
Total depreciation expense - business-type activities	<u>\$ 647,464</u>
Component Unit:	
Economic Development	\$ 3,965
Culture and Recreation	<u>107,720</u>
Total depreciation expense - component unit	<u>\$ 111,685</u>

NOTE 7: LONG-TERM LIABILITIES

A. Capital Leases Payable

Governmental Activities:

On December 26, 2006, the City entered into a municipal lease-purchase agreement in the amount of \$47,940 for financing the purchase of fire department bunker gear. The total cost of the bunker gear was \$61,940 with the City paying \$14,000 toward these costs at the inception of the lease. This lease is considered a capital lease for accounting purposes and, accordingly, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

On June 25, 2009, the City entered into a municipal lease-purchase agreement in the amount of \$799,775 for financing the purchase of a radio system. The total cost of the radio system was \$1,299,775 with the City paying \$500,000 toward these costs with a federal grant. This lease is considered a capital lease for accounting purposes and, accordingly, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The radio system is being used by both the governmental activities and business-type activities and has been allocated \$689,326 and \$110,449 respectively.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

A. Capital Leases Payable (Continued)

Business-type Activities:

On January 20, 2005, the City entered into a capital lease agreement with Chase Equipment Leasing, Inc. in the amount of \$1,129,708 for the purchase and installation of an automated meter system. This lease is considered a capital lease for accounting purposes and, accordingly, has been recorded at the present value of the future minimum lease payments as of the date of its inception. Equipment acquired from this lease is valued at \$1,091,206 as shown below. The City received a refund in late 2005 for the difference.

Total capital assets acquired through capital leases were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Water system	\$ -	\$ 1,091,206
Machinery and equipment	1,251,266	110,449
Less: accumulated depreciation	<u>(357,249)</u>	<u>(187,762)</u>
Total	<u>\$ 894,017</u>	<u>\$ 1,013,893</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, were as follows:

<u>Year Ending September 30,</u> 2013	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>\$ 231,086</u>	<u>\$ 37,026</u>
Total debt service requirements	231,086	37,026
Less: interest portion	<u>9,803</u>	<u>1,570</u>
Obligations under capital lease	<u>\$ 221,283</u>	<u>\$ 35,456</u>

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

B. Tax Notes Payable

The City issues Tax Notes for the purpose of acquiring street maintenance equipment, constructing and equipping a new early warning system, renovating and expanding City facilities, and to pay the costs of issuance incurred in connection with the issuance of the note. Tax notes outstanding are as follows:

Purpose	Date Issued	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
General government	09/21/06	08/15/13	4.08%	\$ 1,025,000	\$ 125,000
General government	09/25/07	08/15/12	3.88%	1,215,000	-

The annual debt service requirements to maturity for tax notes outstanding as of September 30, 2012 are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 125,000	\$ 5,100	\$ 130,100
	<u>\$ 125,000</u>	<u>\$ 5,100</u>	<u>\$ 130,100</u>

C. Bonds Payables

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding are as follows:

Purpose	Date Issued	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
General government	07/01/03	02/15/14	2.5 - 3.2%	\$ 3,075,000	\$ 240,000
General government	05/01/09	02/15/29	2.5 - 4.625%	6,150,000	5,745,000

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

C. Bonds Payables (Continued)

The annual debt service requirements to maturity for general obligation bonds outstanding as of September 30, 2012, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 365,000	\$ 229,521	\$ 594,521
2014	380,000	218,731	598,731
2015	265,000	208,931	473,931
2016	275,000	200,831	475,831
2017	280,000	191,806	471,806
2018 - 2022	1,580,000	788,056	2,368,056
2023 - 2027	1,940,000	427,041	2,367,041
2028 - 2029	900,000	41,813	941,813
	<u>\$ 5,985,000</u>	<u>\$ 2,306,730</u>	<u>\$ 8,291,730</u>

The City's Water and Sewer Fund also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Water and Sewer Fund bonds outstanding are as follows:

<u>Purpose</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Amount Outstanding</u>
Water and sewer	05/01/09	02/15/29	2.5 - 4.625%	\$ 8,000,000	\$ 7,195,000
Enterprise refunding	04/06/04	01/01/13	2.5 - 3.25%	1,125,000	100,000
Enterprise refunding	07/15/11	02/15/21	2.0 - 3.0%	1,705,000	1,550,000

April 8, 2010 the City of White Settlement and City of Fort Worth entered into an agreement where the City of Fort Worth agreed to pay 51.46% of the cost of the Farmers Branch Sewer Interceptor Project. The City of White Settlement issued 2009 certificates of obligation to fund the project. The City of Fort Worth agreed to pay 51.46% of the annual debt service requirements beginning in 2010 through maturity in 2029. The amount received from the City of Fort Worth was \$305,116 and was reported as a capital contribution in the water and sewer fund.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

C. Bonds Payables (Continued)

Water and Sewer Fund bond debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2013	\$ 570,000	\$ 318,594	\$ 888,594
2014	475,000	305,131	780,131
2015	495,000	292,181	787,181
2016	510,000	278,781	788,781
2017	520,000	264,156	784,156
2018 - 2022	2,710,000	1,033,193	3,743,193
2023 - 2027	2,430,000	536,216	2,966,216
2028 - 2030	1,135,000	52,724	1,187,724
	<u>\$ 8,845,000</u>	<u>\$ 3,080,976</u>	<u>\$ 11,925,976</u>

The various bond ordinances contain a number of limitations and restrictions. Management believes the City is in compliance with all significant limitation and restrictions at September 30, 2012.

D. Note Payable

The General Fund loaned the Economic Development Corporation \$1,400,000 for the renovation of Central Park. The loan is to be repaid, interest free, \$280,000 per year for five years beginning in 2013.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

E. Changes in Long-term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 6,345,000	\$ -	\$ 360,000	\$ 5,985,000	\$ 365,000
Issuance premium	149,123	-	8,562	140,561	8,562
Total bonds payable	6,494,123	-	368,562	6,125,561	373,562
Capital leases	456,039	-	234,756	221,283	221,283
Tax notes	580,000	-	455,000	125,000	125,000
Net pension obligation	188,225	448,361	431,966	204,620	-
Compensated absences	809,147	468,780	323,629	954,298	381,719
Total Governmental Activities	<u>\$ 8,527,534</u>	<u>\$ 917,141</u>	<u>\$ 1,813,913</u>	<u>\$ 7,630,762</u>	<u>\$ 1,101,564</u>
Business-type Activities:					
Certificates of obligation	\$ 7,500,000	\$ -	\$ 305,000	\$ 7,195,000	\$ 315,000
General obligation bonds	1,705,000	-	155,000	1,550,000	155,000
Revenue bonds	185,000	-	85,000	100,000	100,000
Issuance premium/discount	12,607	-	2,159	10,448	-
Total bonds payable	9,402,607	-	547,159	8,855,448	570,000
Capital leases	123,990	-	88,534	35,456	35,455
Net pension obligation	24,218	57,689	55,579	26,328	-
Compensated absences	19,678	29,129	19,678	29,129	29,129
Total Business-type Activities	<u>\$ 9,570,493</u>	<u>\$ 86,818</u>	<u>\$ 710,950</u>	<u>\$ 8,946,361</u>	<u>\$ 634,584</u>
Economic Development:					
Net pension obligation	\$ 10,150	\$ 24,178	\$ 23,294	\$ 11,034	\$ -
Compensated absences	22,992	5,859	9,197	19,654	7,862
Note payable - General Fund	-	1,400,000	-	1,400,000	280,000
Total Economic Development	<u>\$ 33,142</u>	<u>\$ 1,430,037</u>	<u>\$ 32,491</u>	<u>\$ 1,430,688</u>	<u>\$ 287,862</u>
Total Long-term Liabilities	<u>\$ 18,131,169</u>	<u>\$ 2,433,996</u>	<u>\$ 2,557,354</u>	<u>\$ 18,007,811</u>	<u>\$ 2,024,010</u>

Compensated absences and the net pension obligations of the governmental activities and business-type activities are paid by the general fund and water and sewer fund, respectively.

F. Federal Arbitrage

General obligation bonds, combination tax revenue bonds and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 8: RISK MANAGEMENT

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City's general liability, automobile and property insurance is underwritten through a self-insurance fund for Texas political subdivisions. Premiums are paid to the carrier, and they administer all claims. The City is also insured for workers' compensation claims through a self-insurance fund for Texas political subdivisions. Rates are determined by the state, and the pool assigns discount rates to premiums based upon the City's claims history. The City retains, as a risk, only the deductible amount of each policy.

The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with not reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

NOTE 9: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The City's responsibility is to transmit employee contributions to the third party plan administrator for deposit to the credit of the individual participant accounts. The City does not have significant administrative involvement for the assets of the plan and does not perform the investment function for the plan.

NOTE 10: RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statues of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS's website at www.TMRS.com.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 10: RETIREMENT PLAN (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows for both the 2011 and 2012 plan years:

Employee Deposit Rate:	5%
Matching Ratio (city to employee)	2 to 1
Years required before vesting	5 years
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increases (to retirees)	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The city contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Fiscal Year	2010	2011	2012
Annual Required Contribution (ARC)	\$ 554,840	\$ 520,224	\$ 528,040
Interest on Net Pension Obligation	4,346	11,260	15,582
Adjustment to ARC	(3,538)	(9,316)	(13,394)
Annual Pension Cost (APC)	555,648	522,168	530,228
Contributions Made	(463,473)	(449,700)	(510,839)
Increase (Decrease) in Net Pension Obligation	92,175	72,468	19,389
Net Pension Obligation/(Asset), beginning of year	57,950	150,125	222,593
Net Pension Obligation/(Asset), end of year	\$ 150,125	\$ 222,593	\$ 241,982
Contributions as a percentage of APC	83.4%	86.1%	96.3%

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 10: RETIREMENT PLAN (Continued)

Contributions (Continued)

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

General System-wide Actuarial Assumptions

Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payoll	Level Percent of Payoll	Level Percent of Payoll
GASB 25 Equivalent Single Amortization Period	28.1 Years-Closed	27.3 Years-Closed	26.3 Years-Closed
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed	10-year Smoothed	10-year Smoothed
Actuarial Assumptions:			
Investment Rate of Return	7.5%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation At	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%

Funding Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 86.4% funded. The actuarial accrued liability was \$19,257,566 and the actuarial value of assets was \$16,630,678, resulting in an unfunded actuarial accrued liability of \$2,626,888. The covered payroll was \$4,786,697 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 54.9%.

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 10: RETIREMENT PLAN (Continued)

Funding Status and Funding Progress (Continued)

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

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

Supplemental Death Benefits Fund

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

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

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

The city's contributions to the TMRS SDBF for the years ended 2012, 2011, and 2010 were \$1,533, \$1,412, and \$1,587, respectively, which equaled the required contributions each year.

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

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2010	0.03%	0.03%	100.0%
2011	0.03%	0.03%	100.0%
2012	0.03%	0.03%	100.0%

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 12: CONTINGENT LIABILITIES

Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency.

These programs are governed by various statutory rules and regulations of grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

Litigation

Various claims and lawsuits are pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City management and legal counsel that the potential loss on all claims will be covered by the City's insurance policy or will not have a material adverse effect on the financial condition of the City.

Oncor Franchise Fees

The City participates in the Steering Committee of Cities Serviced by Oncor and in 2011 received \$39,405 in retrospective franchise fees from Oncor Electric Delivery Company. The retrospective franchise fee may be subject to future refund/offset depending upon the final resolution of franchise tax issues in the court of appeals.

NOTE 13: CONTRACTS AND COMMITMENTS

A. Water and Sewer Contracts

The City has separate contracts with the City of Fort Worth, Texas for the purchase of treated water and for the treatment of wastewater, which expire in 2031 and 2017, respectively. The contracts require the City to pay varying amounts based on the costs associated with water purchased and treated. Payments during 2012 for the purchase of treated water were \$1,085,048 and payments made for the treatment of wastewater by the City of Fort Worth were \$956,568.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 13: CONTRACTS AND COMMITMENTS (Continued)

B. Economic Development Agreements

In August 2011, the Economic Development Corporation agreed to sell property to S.P.M. Flood Control, Inc. for \$250,000 financed with a promissory note. The promissory note matures in three years and bears no interest. If certain conditions are met before the maturity date the entire balance of the promissory note will be deemed paid in full.

C. Farmers Branch Sewer Interceptor Relocation

August 25, 2009, the City awarded a \$6,197,591 contract for the Farmers Branch Sewer Interceptor Relocation project. As of September 30, 2012 \$6,457,782 has been expended on the project and the project has been completed. The project is funded with proceeds of the 2009 Certificates of Obligation.

D. Farmers Branch Flood Control Project

October 24, 2008, the City entered into a project partnership agreement with The Department of the Army for the design and construction of the Farmers Branch, White Settlement, section 205 flood damage reduction project. The total estimated cost of the project was \$16,256,836 with the Department of the Army contributing a maximum of \$7,000,000 and the City's estimated cost being \$9,256,836.

In the November 2011 election, voters of the City did not approve the issuance of combination tax and revenue certificates of obligation to fund the City's portion of construction costs. As a result the scope of the project has been reduced to approximately one third. During 2011 the City deposited \$1,500,000 with the Army Corp of Engineers (the "Corp") for the City's share of the construction. As of September 30, 2012, the Corp has awarded a contract, however, construction had not begun.

As of September 30, 2012, the City has expended \$4,941,232 towards the project for engineering, property and easement acquisitions, demolitions and utility relocations.

E. Renovation of Central Park

April 24, 2012, the City awarded a \$3,000,000 contract for the renovation of Central Park. As of September 30, 2012, \$654,034 has been expended. This project is funded by the EDC.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events were evaluated through March 1, 2013, which is the date the financial statements were available to be issued.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2012

NOTE 15: NEW PRONOUNCEMENTS

In November 2010, the GASB issued Statement No. 61, *Financial Reporting Entity: Omnibus – an amendment to GASB Statements No. 14 and No. 34*. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The provisions of the Statement are effective for financial statement periods beginning after June 15, 2012. The City has not yet determined the effect this Statement will have on its financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides guidance for deferred outflows of resources and deferred inflows of resources as introduced and defined in Concepts Statement No. 4, Elements of Financial Statements. Concepts No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. The provisions of this Statement are effective for financial statements for periods beginning after December 31, 2011. The City has not yet determined the effect this Statement will have on its financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City has not yet determined the effect this Statement will have on its financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27*. This Statement is to improve the accounting and financial reporting by state and local governments for pensions. This Statement will require government-wide and proprietary fund statements to recognize a liability equal to the net pension liability and that changes in the net pension liability be included in pension expense in the period of the change. The Statement is effective for fiscal years beginning after June 15, 2014. The City has not yet determined the effect this Statement will have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes				
Current property taxes	\$ 2,468,580	\$ 2,468,580	\$ 2,493,137	\$ 24,557
Miscellaneous property tax revenue	5,000	5,000	8,760	3,760
Delinquent tax collections	50,000	50,000	51,001	1,001
Taxes - penalties and interest	25,000	25,000	27,495	2,495
Total general property taxes	<u>2,548,580</u>	<u>2,548,580</u>	<u>2,580,393</u>	<u>31,813</u>
Sales and use taxes				
General sales tax	2,400,000	2,545,155	3,107,576	562,421
Mixed beverage tax	4,000	4,000	865	(3,135)
Bingo tax	40,000	40,000	41,771	1,771
Total sales and use taxes	<u>2,444,000</u>	<u>2,589,155</u>	<u>3,150,212</u>	<u>561,057</u>
Franchise tax				
Telephone franchise fees	100,000	100,000	82,947	(17,053)
Electric franchise fees	480,000	480,000	520,486	40,486
Cable TV franchise fees	70,000	70,000	100,896	30,896
Gas franchise fees	90,000	90,000	72,837	(17,163)
Refuse franchise fees	140,000	140,000	168,775	28,775
Total franchise tax	<u>880,000</u>	<u>880,000</u>	<u>945,941</u>	<u>65,941</u>
Fines and fees				
Municipal court fees	225,000	225,000	264,065	39,065
Deferred disposition fee	21,000	21,000	28,406	7,406
Court administrative fee	7,500	7,500	6,279	(1,221)
Extension fee - City	4,500	4,500	8,189	3,689
Warrant fees	38,000	38,000	83,240	45,240
ACO fees	2,000	2,000	3,318	1,318
Code compliance fine	5,000	5,000	6,984	1,984
Total fines and fees	<u>303,000</u>	<u>303,000</u>	<u>400,481</u>	<u>97,481</u>
Licenses and permits				
Building permits	150,000	150,000	227,566	77,566
Mechanical permits	25,000	25,000	17,208	(7,792)
Appeal/variance permits	500	500	750	250
Plumbing permits	25,000	25,000	17,521	(7,479)
Electrical permits	80,000	80,000	48,239	(31,761)
Alarm permits	8,000	8,000	6,140	(1,860)
Sign permits	5,000	5,000	5,954	954
Garage sale permits	3,000	3,000	6,860	3,860
Curb and gutter permits	100	100	505	405
Gas and oil permits	-	-	8,750	8,750
Miscellaneous permits	-	-	3,229	3,229

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES (Continued)				
Licenses and permits (Continued)				
Demolition fees	\$ 200	\$ 200	\$ 600	\$ 400
Occupancy permits	2,000	2,000	35,175	33,175
Fence permits	4,000	4,000	4,145	145
Other license	1,500	1,500	200	(1,300)
Contractor registration fee	25,000	25,000	29,300	4,300
Fire inspections	20,000	20,000	10,916	(9,084)
Recreational license	-	-	4,500	4,500
Recreational machine permits	6,500	6,500	4,810	(1,690)
Platting fees	-	-	1,141	1,141
False Alarm Fine	-	-	2,800	2,800
Total licenses and permits	<u>355,800</u>	<u>355,800</u>	<u>436,309</u>	<u>80,509</u>
Intergovernmental	<u>80,000</u>	<u>70,000</u>	<u>86,943</u>	<u>16,943</u>
Charges for services				
Copying Fee	250	250	240	(10)
Returned check fee	200	200	125	(75)
Building rental - cultural center	2,500	2,500	2,706	206
Building rental - recreation	35,000	35,000	33,391	(1,609)
Supervised recreation	50,000	50,000	62,908	12,908
Mowing fees	18,000	18,000	4,653	(13,347)
Animal control fees	18,000	18,000	26,445	8,445
Library revenue	15,000	15,000	16,012	1,012
Library memorial	-	-	2	2
Library processing	200	200	126	(74)
Reimburse lost/damaged books	400	400	487	87
Fingerprinting fees	150	150	160	10
Police report fees	500	500	581	81
Wrecker service fees	2,000	2,000	2,063	63
Fleet cost shares	-	-	14,330	14,330
Total charges for services	<u>142,200</u>	<u>142,200</u>	<u>164,229</u>	<u>22,029</u>
Oil and gas royalties	<u>100,000</u>	<u>385,395</u>	<u>498,998</u>	<u>113,603</u>
Investment earnings	<u>20,000</u>	<u>20,000</u>	<u>11,574</u>	<u>(8,426)</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES (Continued)				
Other revenue				
Pay phone income	\$ 750	\$ 750	\$ 1,557	\$ 807
Council filing fee	-	-	150	150
Over/short	-	-	67	67
Interlocal radio support fee	-	-	6,450	6,450
Miscellaneous revenues	1,500	1,500	4,302	2,802
Total other revenue	<u>2,250</u>	<u>2,250</u>	<u>12,526</u>	<u>10,276</u>
 Total revenues	 <u>6,875,830</u>	 <u>7,296,380</u>	 <u>8,287,606</u>	 <u>991,226</u>
EXPENDITURES				
Current				
General Government:				
City council				
Part-time temporary salaries	7,800	7,800	5,547	2,253
FICA	597	597	421	176
Workers' compensation	20	20	20	-
Unemployment insurance	62	62	131	(69)
Office supplies	1,500	1,500	1,702	(202)
Postage and freight	100	100	-	100
Legal costs	30,000	30,000	19,000	11,000
Audit services	22,000	22,000	21,568	432
Copy rental/lease	225	225	208	17
Professional services	-	-	5,404	(5,404)
Communications	2,400	2,400	2,330	70
Insurance	21,603	21,603	19,471	2,132
Dues/subscriptions/memberships	16,000	16,000	15,468	532
Marketing and promotional services	1,500	1,500	1,788	(288)
Travel and training	10,000	10,000	5,057	4,943
Miscellaneous materials and supplies	500	500	383	117
Appreciation	5,000	5,000	1,200	3,800
Plaques, awards and recognition	750	750	919	(169)
Grant match	10,000	10,000	-	10,000
Park improvements	360	1,400,000	-	1,400,000
City council reserve	10,000	10,000	-	10,000
Total City council	<u>140,417</u>	<u>1,540,057</u>	<u>100,617</u>	<u>1,439,440</u>
Administration				
Regular salaries	125,008	125,008	127,508	(2,500)
Part-time temporary salaries	23,795	29,722	-	29,722
Longevity pay	189	189	164	25
FICA	12,219	12,219	9,663	2,556
TMRS	12,984	12,984	13,237	(253)

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Administration (Continued)				
Workers' compensation	\$ 472	\$ 472	\$ 461	\$ 11
Unemployment insurance	144	540	261	279
Health insurance	6,780	6,780	6,770	10
Dental insurance	275	275	274	1
Life insurance	98	98	98	-
Vehicle allowance	4,800	4,800	4,800	-
Office supplies	1,500	1,500	593	907
Postage and freight	210	210	48	162
Copy rental/lease	3,000	3,000	2,192	808
Communications	1,200	1,200	498	702
Dues/subscriptions/memberships	500	500	61	439
Marketing and promotional services	1,000	1,000	-	1,000
Travel and training	2,000	2,000	30	1,970
Employee appreciation	6,000	6,000	1,012	4,988
City manager reserve	10,000	10,000	-	10,000
Other professional services	4,000	4,000	7	3,993
Total administration	<u>216,174</u>	<u>222,497</u>	<u>167,677</u>	<u>54,820</u>
City secretary				
Regular salaries	48,456	48,456	48,654	(198)
Longevity pay	172	172	172	-
FICA	3,720	3,720	3,360	360
TMRS	4,858	4,858	4,867	(9)
Workers' compensation	144	144	141	3
Unemployment insurance	72	261	261	-
Health insurance	9,315	9,315	9,338	(23)
Dental insurance	275	275	274	1
Life insurance	98	98	98	-
Office supplies	1,000	1,600	1,588	12
Photo and duplication supplies	100	100	-	100
Miscellaneous materials and supplies	250	550	201	349
Postage and freight	465	465	254	211
Copy rental/lease	3,000	3,000	2,192	808
Other professional services	30,000	29,100	8,366	20,734
Dues/subscriptions/memberships	350	350	362	(12)
Travel and training	2,000	2,000	2,482	(482)
Employee appreciation	500	500	174	326
Advertisement/notices	15,000	15,000	934	14,066
Total City secretary	<u>119,775</u>	<u>119,964</u>	<u>83,718</u>	<u>36,246</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current (Continued)				
Finance				
Regular salaries	\$ 153,348	\$ 153,348	\$ 158,440	(5,092)
Overtime	1,778	1,778	2,378	(600)
Longevity pay	1,016	1,016	899	117
FICA	11,945	11,945	12,118	(173)
TMRS	15,598	15,598	16,121	(523)
Workers' compensation	462	462	451	11
Unemployment insurance	216	783	983	(200)
Health insurance	20,340	20,340	16,924	3,416
Dental insurance	825	825	731	94
Life insurance	294	294	261	33
Office supplies	2,500	2,925	3,172	(247)
Photo and duplication supplies	1,350	1,050	567	483
Postage and freight	2,875	2,875	2,452	423
Copy rental/lease	1,500	1,500	1,301	199
Other professional services	38,300	38,300	30,042	8,258
Communications	600	600	400	200
Computer maintenance	15,000	15,000	14,011	989
Equipment maintenance/repairs	-	635	634	1
Insurance	1,580	1,580	1,530	50
Dues/subscriptions/memberships	1,375	1,500	1,499	1
Travel and training	4,000	2,270	1,762	508
Advertisement/notices	2,000	1,425	1,423	2
Furniture and fixtures	-	770	766	4
Data processing equipment	-	650	-	650
Total finance	<u>276,902</u>	<u>277,469</u>	<u>268,865</u>	<u>8,604</u>
Human resources				
Regular salaries	69,309	69,309	70,107	(798)
Overtime	476	476	-	476
Part-time/temporary salaries	-	23,795	20,552	3,243
Longevity pay	419	419	343	76
FICA	7,191	7,191	6,673	518
TMRS	8,286	8,286	8,147	139
Workers' compensation	278	278	271	7
Unemployment insurance	216	783	695	88
Health insurance	6,780	6,780	6,770	10
Dental insurance	275	275	274	1
Life insurance	98	98	98	-
Office supplies	1,200	1,200	885	315
Education materials	3,800	3,800	1,215	2,585
Postage and freight	620	620	300	320

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Human resources (Continued)				
Legal services	\$ 9,000	\$ 9,000	\$ 4,032	\$ 4,968
Copier lease/rental	900	900	780	120
Other professional services	16,000	17,500	17,195	305
Communications	400	400	371	29
Insurance	2,300	2,300	5,237	(2,937)
Dues/subscriptions/memberships	300	300	466	(166)
Travel and training	1,800	1,800	1,431	369
Employee appreciation	500	500	136	364
Advertisement/notices	4,500	4,500	4,499	1
Total human resources	134,648	160,510	150,477	10,033
Management information services				
Regular salaries	78,610	78,610	80,155	(1,545)
Overtime	1,405	1,405	2,526	(1,121)
Longevity pay	337	337	337	-
FICA	6,331	6,331	6,534	(203)
TMRS	8,267	8,267	8,511	(244)
Workers' compensation	245	245	239	6
Unemployment insurance	144	522	522	-
Health insurance	13,560	13,560	13,539	21
Dental insurance	550	550	548	2
Life insurance	196	196	196	-
Vehicle allowance	2,400	2,400	2,400	-
Office supplies	100	1,313	1,313	-
Photo duplication & supplies	-	1,487	1,485	2
Miscellaneous materials and supplies	250	250	-	250
Tools and equipment < \$5,000	500	500	-	500
Copier lease/rental	6,000	6,000	5,255	745
Other professional services	3,500	4,100	3,773	327
Communications	16,000	16,000	12,990	3,010
Equipment maintenance/repair	25,000	21,700	21,751	(51)
Dues/subscriptions/memberships	500	500	185	315
Travel and training	500	500	-	500
Machinery & equipment	15,000	15,000	13,073	1,927
Total management information services	179,395	179,773	175,332	4,441
Purchasing/warehouse				
Regular salaries	119,493	119,493	122,128	(2,635)
Overtime	300	300	-	300
Longevity pay	1,935	1,935	1,935	-
FICA	9,312	9,312	9,036	276

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Purchasing/warehouse (Continued)				
TMRS	\$ 12,161	\$ 12,161	\$ 12,215	\$ (54)
Workers' compensation	3,211	3,211	3,136	75
Unemployment insurance	216	783	783	-
Health insurance	20,340	20,340	19,181	1,159
Dental insurance	825	825	777	48
Life insurance	294	294	277	17
Office supplies	750	750	678	72
Janitorial supplies	150	160	159	1
Building, electrical and plumbing supplies	50	50	34	16
Uniforms	300	300	227	73
Postage and freight	110	110	47	63
Fuel and lubricants	3,500	3,000	3,237	(237)
Safety supplies and equipment	50	40	8	32
Tools and equipment < \$5,000	500	500	286	214
Inventory over/short	150	150	24	126
Obsolete/salvaged inventory	-	-	751	(751)
Janitorial services	1,000	1,000	209	791
Pest control services	100	100	54	46
Copier lease/rental	400	400	547	(147)
Communications	3,800	3,800	2,776	1,024
Utilities	7,400	7,400	5,362	2,038
Vehicle/equipment non-target	1,800	1,800	-	1,800
Vehicle maintenance/repairs	18,000	18,000	14,703	3,297
Equipment maintenance/repairs	500	400	83	317
Building maintenance and repair	800	1,200	1,209	(9)
Insurance	3,150	3,150	3,170	(20)
Dues/subscriptions/memberships	850	850	724	126
Travel and training	1,000	1,600	1,437	163
Advertisement/notices	500	100	675	(575)
Employee testing/physicals	50	50	-	50
First aid and medical supplies	250	250	248	2
Total purchasing/warehouse	213,247	213,814	206,116	7,698
Municipal facilities				
Regular salaries	68,314	68,314	69,343	(1,029)
Overtime	832	832	184	648
Longevity pay	863	863	863	-
FICA	5,356	5,356	5,058	298
TMRS	6,994	6,994	6,956	38
Workers' compensation	2,315	2,315	2,261	54
Unemployment insurance	144	522	522	-

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
Municipal facilities (Continued)				
Health insurance	\$ 16,095	\$ 16,095	\$ 16,107	\$ (12)
Dental insurance	550	550	548	2
Life insurance	196	196	196	-
Office supplies	100	1,300	1,479	(179)
Janitorial supplies	1,000	1,000	835	165
Building, electrical and plumbing supplies	1,000	1,000	859	141
Batteries	300	300	48	252
Miscellaneous materials and supplies	500	500	273	227
Uniforms	300	300	553	(253)
Fuel and lubricants	1,800	1,800	2,026	(226)
Safety supplies and equipment	250	250	25	225
Tools and equipment < \$5,000	1,000	1,000	880	120
First aid and medical supplies	500	500	445	55
Janitorial services	13,000	11,800	10,712	1,088
Pest control services	500	500	429	71
Communications	800	800	733	67
Utilities	30,000	30,000	24,390	5,610
Vehicle/equipment non-target	565	565	-	565
Vehicle maintenance/repairs	5,660	5,660	5,656	4
Equipment maintenance/repairs	200	200	260	(60)
Building maintenance and repair	25,000	25,000	23,477	1,523
Rental equipment and building	1,000	1,000	-	1,000
Insurance	900	900	917	(17)
Travel and training	500	500	-	500
Employee testing/physicals	200	200	40	160
Building improvements	9,500	59,500	28,477	31,023
Total municipal facilities	<u>196,234</u>	<u>246,612</u>	<u>204,552</u>	<u>42,060</u>
Total general government	<u>1,476,792</u>	<u>2,960,696</u>	<u>1,357,354</u>	<u>1,603,342</u>
Public Safety:				
Police administration				
Regular salaries	1,006,704	1,006,704	1,018,961	(12,257)
Overtime	15,252	15,252	10,454	4,798
Certification pay	18,300	18,300	17,800	500
Longevity pay	12,084	12,084	11,807	277
FICA	80,504	80,504	76,586	3,918
TMRS	105,129	105,129	104,770	359
Workers' compensation	16,770	16,770	16,377	393
Unemployment insurance	1,584	5,742	6,035	(293)
Health insurance	171,975	171,975	171,146	829

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current (Continued)				
Police administration (Continued)				
Dental insurance	\$ 6,050	\$ 6,050	\$ 5,916	\$ 134
Life insurance	2,156	2,156	2,102	54
Office supplies	8,240	8,371	8,379	(8)
Shop and lab supplies	1,670	1,514	1,514	-
Photo and duplication supplies	1,000	1,225	1,144	81
Janitorial supplies	1,105	1,405	1,479	(74)
Building, electrical and plumbing supplies	980	1,454	1,374	80
Batteries	940	366	210	156
Miscellaneous materials and supplies	5,800	8,800	9,171	(371)
Uniforms	3,500	3,300	1,342	1,958
Postage and freight	1,500	1,400	1,081	319
Fuel and lubricants	16,200	16,200	11,292	4,908
Safety supplies and equipment	400	400	393	7
Tools and equipment < \$5,000	2,540	2,540	2,386	154
First aid and medical supplies	3,330	2,230	1,968	262
Janitorial services	13,000	13,000	13,044	(44)
Pest control services	400	400	307	93
Copier lease/rental	6,500	6,500	6,762	(262)
Other professional services	14,500	27,500	23,893	3,607
Communications	9,000	9,000	8,553	447
Utilities	42,000	41,000	34,183	6,817
Computer maintenance	1,000	600	-	600
Vehicle/equipment non-target	2,034	2,034	1,099	935
Vehicle maintenance/repairs	21,050	21,050	20,713	337
Equipment maintenance/repairs	4,420	3,920	1,510	2,410
Building maintenance and repair	3,920	5,320	5,549	(229)
Insurance	24,240	24,240	27,755	(3,515)
Dues/subscriptions/memberships	1,475	1,475	1,410	65
Employee appreciation	500	1,000	771	229
Employee testing/physicals	-	790	795	(5)
911 PSAP dispatch grant	-	7,400	-	7,400
Total police administration	<u>1,627,752</u>	<u>1,655,100</u>	<u>1,630,031</u>	<u>25,069</u>
Police patrol/CID				
Regular salaries	1,381,982	1,381,982	1,401,170	(19,188)
Overtime	28,159	28,159	25,469	2,690
Part-time temporary salaries	18,090	18,090	14,729	3,361
Certification pay	29,100	29,100	27,700	1,400
Longevity pay	11,474	11,474	10,274	1,200
FICA	112,364	112,364	111,873	491
TMRS	144,926	144,926	149,002	(4,076)

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Police patrol/CID (Continued)				
Workers' compensation	\$ 40,656	\$ 40,656	\$ 39,703	\$ 953
Unemployment insurance	2,017	7,311	7,882	(571)
Health insurance	200,805	200,805	192,202	8,603
Dental insurance	7,150	7,150	7,126	24
Life insurance	2,548	2,548	2,543	5
Office supplies	1,500	1,500	2,001	(501)
Photo and duplication supplies	200	200	-	200
Building, electrical and plumbing supplies	1,000	1,000	930	70
Batteries	1,000	1,695	1,479	216
Miscellaneous materials and supplies	2,000	2,000	1,459	541
Uniforms	5,400	5,400	2,979	2,421
Fuel and lubricants	70,000	70,000	80,434	(10,434)
Safety supplies and equipment	500	500	390	110
Tools and equipment < \$5,000	5,100	4,405	3,002	1,403
First aid and medical supplies	1,750	1,750	106	1,644
Other professional services	500	500	479	21
Communications	1,150	1,150	798	352
Vehicle/equipment non-target	5,050	5,050	2,418	2,632
Vehicle maintenance/repairs	50,500	50,500	50,318	182
Equipment maintenance/repairs	3,500	3,500	2,339	1,161
Insurance	9,800	9,800	10,181	(381)
Dues/subscriptions/memberships	1,400	1,400	1,270	130
Employee testing/physicals	925	1,850	1,420	430
Travel and training	-	-	57	(57)
Motor vehicles	-	-	29,081	(29,081)
Total police patrol/CID	2,140,546	2,146,765	2,180,814	(34,049)
Municipal Court				
Regular salaries	114,498	114,498	116,849	(2,351)
Overtime	6,870	6,870	3,736	3,134
Certification pay	2,400	2,400	2,100	300
Longevity pay	652	652	652	-
FICA	9,518	9,518	9,134	384
TMRS	12,430	12,430	12,273	157
Workers' compensation	1,624	1,624	1,587	37
Unemployment insurance	216	783	783	-
Health insurance	22,875	22,875	20,309	2,566
Dental insurance	825	825	822	3
Life insurance	294	294	293	1
Office supplies	2,500	2,750	2,576	174
Janitorial supplies	250	250	-	250

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current (Continued)				
Municipal Court (Continued)				
Miscellaneous materials and supplies	\$ 250	\$ -	\$ -	\$ -
Uniforms	600	600	142	458
Postage and freight	1,030	1,030	2,083	(1,053)
Fuel and lubricants	2,000	2,000	2,014	(14)
Legal services	44,000	44,000	43,056	944
Copier lease/rental	200	200	156	44
Other professional services	1,500	1,500	1,950	(450)
Communications	1,200	1,200	1,056	144
Computer maintenance	2,500	2,500	2,859	(359)
Vehicle/equipment non-target	285	285	50	235
Vehicle maintenance/repairs	2,830	2,830	2,828	2
Equipment maintenance/repairs	-	-	383	(383)
Dues/subscriptions/memberships	500	500	242	258
Travel and training	3,000	3,000	1,795	1,205
Employee testing/physicals	100	100	90	10
Motor vehicles	-	32,455	32,455	-
Total municipal court	<u>234,947</u>	<u>267,969</u>	<u>262,273</u>	<u>5,696</u>
Fire department				
Part-time temporary salaries	169,394	169,394	168,695	699
FICA	12,959	12,959	12,906	53
Workers' compensation	5,163	5,163	2,112	3,051
Unemployment insurance	1,224	4,437	2,750	1,687
Volunteer injury insurance	5,675	5,675	5,675	-
Volunteer worker's compensation	-	3,000	2,930	70
Volunteer fire retirement	2,400	2,400	2,400	-
Office supplies	1,500	1,500	913	587
Photo and duplication supplies	250	250	-	250
Janitorial supplies	400	600	545	55
Building, electrical and plumbing supplies	450	450	102	348
Batteries	300	300	-	300
Miscellaneous materials and supplies	5,400	3,300	1,832	1,468
Uniforms	7,000	7,000	6,537	463
Postage and freight	75	175	124	51
Fuel and lubricants	11,600	11,600	10,266	1,334
Safety supplies and equipment	8,850	8,850	8,270	580
Tools and equipment < \$5,000	2,300	3,300	1,805	1,495
Chemicals	250	250	232	18
EMO Supplies	-	1,000	949	51
First aid and medical supplies	4,000	4,000	3,490	510
Janitorial services	300	300	-	300

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
Fire department (Continued)				
Pest control services	\$ 250	\$ 250	\$ 191	\$ 59
Other professional services	1,200	1,200	1,818	(618)
Communications	800	800	736	64
Utilities	19,800	18,800	15,446	3,354
Vehicle/equipment non-target	4,000	4,000	13,831	(9,831)
Vehicle maintenance/repairs	23,000	23,000	22,333	667
Equipment maintenance/repairs	13,600	13,600	13,520	80
Building maintenance and repair	350	1,150	685	465
Insurance	8,850	8,850	9,037	(187)
Dues/subscriptions/memberships	1,885	1,885	1,980	(95)
Travel and training	6,225	6,225	5,243	982
VFD utility service	30,000	30,000	29,881	119
Employee testing/physicals	750	750	725	25
Firefighter incentive program	-	60,000	44,782	15,218
Total fire department	<u>350,200</u>	<u>416,413</u>	<u>392,741</u>	<u>23,672</u>
Code compliance				
Regular salaries	231,020	231,020	227,962	3,058
Overtime	2,294	2,294	292	2,002
Certification pay	2,100	2,100	1,800	300
Longevity pay	485	485	485	-
FICA	18,046	18,046	16,703	1,343
TMRS	23,566	23,566	23,015	551
Workers' compensation	1,251	1,251	1,222	29
Unemployment insurance	432	1,566	1,797	(231)
Health insurance	38,970	38,970	35,852	3,118
Dental insurance	1,650	1,650	1,644	6
Life insurance	588	588	553	35
Office supplies	3,800	4,407	4,117	290
Photo and duplication supplies	1,750	1,750	1,575	175
Uniforms	800	800	450	350
Postage and freight	2,600	2,600	2,939	(339)
Fuel and lubricants	3,300	3,300	3,412	(112)
Tools and equipment < \$5,000	500	500	435	65
First aid and medical supplies	100	100	13	87
Legal services	2,500	2,456	-	2,456
Copier lease/rental	3,000	3,000	2,594	406
Other professional services	5,000	5,000	9,292	(4,292)
Demolitions and lot clearing	12,000	97,500	5,010	92,490
Communications	2,200	2,200	2,628	(428)
Computer maintenance	3,000	3,044	3,044	-

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Code compliance (Continued)				
Vehicle/equipment non-target	\$ 855	\$ 855	\$ 650	\$ 205
Vehicle maintenance/repairs	8,525	8,525	8,516	9
Equipment maintenance/repairs	250	250	83	167
Insurance	1,365	1,365	1,403	(38)
Dues/subscriptions/memberships	1,000	1,000	31	969
Travel and training	2,500	4,393	3,099	1,294
Advertisement/notices	5,000	5,000	3,174	1,826
Employee testing/physicals	200	200	40	160
Total code compliance	<u>380,647</u>	<u>469,781</u>	<u>363,830</u>	<u>105,951</u>
Total public safety	<u>4,734,092</u>	<u>4,956,028</u>	<u>4,829,689</u>	<u>126,339</u>
Public Works:				
Streets and drainage				
Regular salaries	156,232	156,232	137,264	18,968
Overtime	6,857	6,857	3,218	3,639
Part-time/temporary salaries	-	25,000	8,606	16,394
Certification pay	900	900	900	-
Longevity pay	968	968	889	79
FICA	12,619	12,619	11,282	1,337
TMRS	16,479	16,479	14,134	2,345
Workers' compensation	11,684	11,684	11,410	274
Unemployment insurance	360	1,305	1,595	(290)
Health insurance	33,900	33,900	29,042	4,858
Dental insurance	1,375	1,375	1,142	233
Life insurance	490	490	407	83
Office supplies	500	500	365	135
Janitorial supplies	200	200	89	111
Building, electrical and plumbing supplies	200	200	-	200
Batteries	750	750	218	532
Miscellaneous materials and supplies	200	200	246	(46)
Uniforms	2,400	2,400	2,385	15
Fuel and lubricants	19,000	19,000	18,412	588
Safety supplies and equipment	3,000	3,000	2,798	202
Tools and equipment < \$5,000	3,000	3,000	2,631	369
Chemicals	1,200	1,200	1,338	(138)
Parts for equipment	1,500	1,500	274	1,226
Street maintenance	75,000	75,000	36,831	38,169
Street sign supplies	7,500	7,500	5,636	1,864
First aid and medical supplies	250	250	120	130
Sanitation services	17,500	17,500	1,681	15,819

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Streets and drainage (Continued)				
Pest control service	\$ 100	\$ 100	\$ 54	\$ 46
Copier lease/rental	400	400	547	(147)
Street lights and signals	165,000	165,000	156,470	8,530
Other professional services	3,000	3,000	1,270	1,730
Communications	2,500	2,500	1,583	917
Utilities	2,400	2,400	2,404	(4)
Vehicle/equipment non-target	5,275	5,275	1,063	4,212
Vehicle maintenance/repairs	52,730	52,730	52,730	-
Equipment maintenance/repairs	1,000	1,000	88	912
Building maintenance and repair	250	525	525	-
Building and equipment rental	2,000	2,000	-	2,000
Insurance	9,800	9,800	9,798	2
Dues/subscriptions/memberships	200	200	111	89
Travel and training	1,000	725	12	713
Employee testing/physicals	650	650	730	(80)
Other equipment	-	122,395	80,315	42,080
Total streets and drainage	620,369	768,709	600,613	168,096
 Total public works	 620,369	 768,709	 600,613	 168,096
 Public Health:				
Animal control				
Regular salaries	59,618	59,618	60,167	(549)
Overtime	3,577	3,577	1,210	2,367
Part-time temporary salaries	17,337	17,337	18,723	(1,386)
Certification pay	2,400	2,400	2,950	(550)
Longevity pay	84	124	124	-
FICA	6,351	6,351	6,363	(12)
TMRS	6,561	6,561	6,411	150
Workers' compensation	2,187	2,187	2,136	51
Unemployment insurance	216	783	808	(25)
Health insurance	13,560	13,520	13,539	(19)
Dental insurance	550	550	548	2
Life insurance	196	196	196	-
Office supplies	4,500	4,500	4,584	(84)
Janitorial supplies	1,800	6,700	2,203	4,497
Building, electrical and plumbing supplies	3,000	3,000	2,365	635
Miscellaneous materials and supplies	3,000	5,700	6,148	(448)
Uniforms	1,200	1,200	1,212	(12)
Postage and freight	150	150	122	28
Fuel and lubricants	2,500	2,100	2,169	(69)

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current (Continued)				
Animal control (Continued)				
Safety supplies and equipment	\$ 700	\$ 700	\$ (12)	\$ 712
Tools and equipment < \$5,000	6,000	5,300	5,803	(503)
Street sign supplies	300	300	-	300
First aid and medical supplies	6,000	6,000	5,941	59
Pest control service	400	400	191	209
Copier lease/rental	200	200	156	44
Other professional services	4,100	4,100	1,693	2,407
Communications	3,400	3,400	3,633	(233)
Utilities	21,000	21,000	19,240	1,760
Vehicle/equipment non-target	570	570	-	570
Vehicle maintenance/repairs	5,700	5,700	5,656	44
Equipment maintenance/repairs	800	800	1,224	(424)
Building maintenance and repair	2,400	17,400	3,795	13,605
Insurance	2,990	2,990	2,985	5
Dues/subscriptions/memberships	150	150	-	150
Travel and training	950	950	642	308
Advertisements/notices	300	300	60	240
Employee testing/physicals	250	250	40	210
Total animal control	<u>184,997</u>	<u>207,064</u>	<u>183,025</u>	<u>24,039</u>
Total public health	<u>184,997</u>	<u>207,064</u>	<u>183,025</u>	<u>24,039</u>
Culture and Recreation:				
Senior services				
Regular salaries	159,813	159,813	161,742	(1,929)
Overtime	499	499	-	499
Longevity pay	1,697	1,697	1,697	-
FICA	12,394	12,394	12,459	(65)
TMRS	16,185	16,185	16,181	4
Workers' compensation	1,586	1,586	1,549	37
Unemployment insurance	360	1,305	1,305	-
Health insurance	27,120	27,120	27,079	41
Dental insurance	1,375	1,375	1,370	5
Life insurance	490	490	385	105
Office supplies	1,300	1,440	1,366	74
Janitorial supplies	2,000	2,000	1,488	512
Building, electrical and plumbing supplies	900	200	62	138
Landscaping supplies	500	500	239	261
Miscellaneous materials and supplies	340	225	-	225
Postage and freight	250	110	115	(5)
Fuel and lubricants	4,000	4,000	4,519	(519)

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Senior services (Continued)				
Safety supplies and equipment	\$ 75	\$ 75	\$ -	\$ 75
Tools and equipment < \$5,000	-	700	669	31
Senior special supplies	-	-	91	(91)
First aid and medical supplies	250	250	-	250
Equipment maintenance	-	65	-	65
Janitorial services	10,500	10,500	8,417	2,083
Pest control service	500	500	320	180
Copier lease/rental	2,000	2,000	1,102	898
Other professional services	2,600	2,600	590	2,010
Communications	400	400	371	29
Utilities	23,000	23,000	19,271	3,729
Vehicle/equipment non-target	570	570	5,521	(4,951)
Vehicle maintenance/repairs	5,700	5,700	5,656	44
Equipment maintenance/repairs	200	200	708	(508)
Building maintenance and repair	1,500	1,550	1,664	(114)
Insurance	3,700	3,700	3,726	(26)
Dues/subscriptions/memberships	105	105	76	29
Travel and training	1,950	1,750	911	839
Marketing and promotional services	600	800	666	134
Advertisement/notices	160	160	-	160
Employee testing/physicals	75	75	80	(5)
Motor vehicles	-	56,000	55,607	393
Total senior services	284,694	341,639	337,002	4,637
Parks maintenance				
Regular salaries	132,178	132,178	133,995	(1,817)
Overtime	4,422	4,422	3,573	849
Longevity pay	1,423	1,423	1,423	-
FICA	10,742	10,742	10,130	612
TMRS	14,028	14,028	14,004	24
Workers' compensation	3,935	3,935	3,843	92
Unemployment insurance	216	783	783	-
Health insurance	25,410	25,410	25,445	(35)
Dental insurance	825	825	822	3
Life insurance	294	294	293	1
Vehicle allowance	2,400	2,400	2,400	-
Office supplies	350	350	200	150
Janitorial supplies	1,200	1,200	970	230
Building, electrical and plumbing supplies	1,000	1,000	286	714
Landscaping supplies	3,500	3,500	986	2,514
Miscellaneous materials and supplies	1,600	1,600	451	1,149

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Parks maintenance (Continued)				
Uniforms	\$ 1,000	\$ 1,000	\$ 109	\$ 891
Postage and freight	25	25	5	20
Fuel and lubricants	6,300	6,300	7,824	(1,524)
Safety supplies and equipment	500	500	59	441
Tools and equipment < \$5,000	4,300	4,300	3,558	742
Chemicals	1,000	1,000	216	784
Parts for equipment	600	600	699	(99)
Street sign supplies	200	200	-	200
First aid and medical supplies	250	250	174	76
Pest control service	1,000	1,000	237	763
Copier lease/rental	500	500	416	84
Other professional services	30,000	30,000	28,644	1,356
Communications	2,950	2,950	3,334	(384)
Utilities	7,500	7,500	4,405	3,095
Vehicle/equipment non-target	2,000	2,000	1,440	560
Vehicle maintenance/repairs	40,000	40,000	39,500	500
Equipment maintenance/repairs	1,500	1,500	617	883
Building maintenance and repair	250	250	126	124
Building and equipment rental	6,700	6,700	6,105	595
Insurance	2,300	2,300	2,303	(3)
Dues/subscriptions/memberships	350	350	377	(27)
Travel and training	1,100	1,100	1,026	74
Employee testing/physicals	200	200	40	160
Total parks maintenance	314,048	314,615	300,818	13,797
Recreation				
Regular salaries	64,420	64,420	69,414	(4,994)
Overtime	3,543	3,543	3,281	262
Part-time temporary salaries	16,681	24,681	19,794	4,887
Longevity pay	157	157	132	25
FICA	6,487	6,487	6,598	(111)
TMRS	6,803	6,803	7,275	(472)
Workers' compensation	2,376	2,376	2,320	56
Unemployment insurance	216	783	740	43
Health insurance	16,095	16,095	16,107	(12)
Dental insurance	550	550	548	2
Life insurance	196	196	196	-
Office supplies	1,700	1,700	1,757	(57)
Janitorial supplies	1,000	1,000	717	283
Building, electrical and plumbing supplies	2,000	2,000	1,592	408
Miscellaneous materials and supplies	4,500	4,191	3,459	732

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current (Continued)				
Recreation (Continued)				
Uniforms	\$ 400	\$ 400	\$ 395	\$ 5
Postage and freight	500	500	206	294
Safety supplies	100	100	-	100
Tools and equipment < \$5,000	3,000	3,000	403	2,597
NRPA take me fishing grant	10,000	10,000	10,440	(440)
First aid and medical supplies	350	350	119	231
Janitorial services	500	500	326	174
Pest control service	300	300	191	109
Copier lease/rental	950	950	832	118
Other professional services	2,000	2,000	1,400	600
Program instructors	35,000	35,000	27,197	7,803
Utilities	25,800	25,800	19,792	6,008
Computer maintenance	-	-	975	(975)
Equipment maintenance/repairs	200	200	177	23
Building maintenance and repair	2,500	3,000	4,345	(1,345)
Rental equipment and building	250	200	-	200
Insurance	1,550	1,550	1,503	47
Dues/subscriptions/memberships	100	270	257	13
Marketing & promotional service	1,500	880	845	35
Travel and training	300	300	135	165
Advertisement/notices	850	850	-	850
Employee testing/physicals	500	500	85	415
Building improvements	19,410	19,410	19,718	(308)
Total recreation	<u>232,784</u>	<u>241,042</u>	<u>223,271</u>	<u>17,771</u>
Library				
Regular salaries	156,423	156,423	154,263	2,160
Part-time temporary salaries	61,491	61,491	55,816	5,675
Longevity pay	1,688	1,688	1,588	100
FICA	16,800	16,800	15,817	983
TMRS	19,778	19,778	18,002	1,776
Workers' compensation	635	635	620	15
Unemployment insurance	648	2,349	2,308	41
Health insurance	27,120	27,120	26,515	605
Dental insurance	1,100	1,100	1,073	27
Life insurance	392	392	383	9
Office supplies	6,155	6,155	5,483	672
Photo and duplication supplies	800	2,196	2,196	-
Janitorial supplies	750	750	594	156
Landscaping supplies	1,190	1,190	392	798
Miscellaneous materials and supplies	3,900	3,700	3,314	386

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current (Continued)				
Library (Continued)				
Uniforms	\$ 180	\$ -	\$ -	\$ -
Postage and freight	1,800	1,800	2,452	(652)
Books	23,530	26,342	26,023	319
Janitorial services	13,000	13,000	11,230	1,770
Copier lease/rental	5,000	5,000	7,146	(2,146)
Other professional services	-	200	162	38
Other leases/books	6,375	3,563	3,563	-
Communications	600	600	620	(20)
Utilities	20,000	20,000	18,221	1,779
Equipment maintenance/repairs	3,600	3,600	2,736	864
Building maintenance and repair	2,000	2,000	750	1,250
Insurance	2,400	2,400	2,293	107
Dues/subscriptions/memberships	6,500	7,100	7,098	2
Marketing and promotional services	5,890	4,724	4,592	132
Travel and training	650	-	-	-
Employee testing/physicals	700	700	285	415
Total library	<u>391,095</u>	<u>392,796</u>	<u>375,535</u>	<u>17,261</u>
Pride Commission				
Office Supplies	100	100	-	100
Photo duplication & supplies	100	100	-	100
Landscaping supplies	2,100	2,100	2,100	-
Postage & freight	50	50	-	50
Street sign supplies	500	500	99	401
Dues/subscriptions/memberships	75	75	100	(25)
Marketing & promotional services	3,325	3,325	5,788	(2,463)
Total Pride Commission	<u>6,250</u>	<u>6,250</u>	<u>8,087</u>	<u>(1,837)</u>
Total culture and recreation	<u>1,228,871</u>	<u>1,296,342</u>	<u>1,244,713</u>	<u>51,629</u>
Total expenditures	<u>8,245,121</u>	<u>10,188,839</u>	<u>8,215,394</u>	<u>1,973,445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,369,291)	(2,892,459)	72,212	2,964,671
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance refunds/claims	-	-	59,449	59,449
Proceeds from sale of general capital assets	-	-	16,341	16,341

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES) (Continued)				
Transfers in:				
Administrative cost share water/sewer fund	\$ 495,000	\$ 495,000	\$ 495,000	\$ -
Administrative cost share crime district fund	57,500	57,500	76,858	19,358
Administrative cost share refuse	37,200	37,200	37,200	-
Administrative cost share customer service	52,500	52,500	52,500	-
Crime district	<u>667,000</u>	<u>667,000</u>	<u>667,000</u>	<u>-</u>
Total transfers in	<u>1,309,200</u>	<u>1,309,200</u>	<u>1,328,558</u>	<u>19,358</u>
 Total other financing sources (uses)	 <u>1,309,200</u>	 <u>1,309,200</u>	 <u>1,404,348</u>	 <u>95,148</u>
 NET CHANGE IN FUND BALANCES	 (60,091)	 (1,583,259)	 1,476,560	 3,059,819
 FUND BALANCE, OCTOBER 1, 2011	 <u>8,525,005</u>	 <u>8,525,005</u>	 <u>8,525,005</u>	 <u>-</u>
 FUND BALANCE, SEPTEMBER 30, 2012	 <u>\$ 8,464,914</u>	 <u>\$ 6,941,746</u>	 <u>\$ 10,001,565</u>	 <u>\$ 3,059,819</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Crime District Fund
For the Year Ended September 30, 2012

Exhibit E-2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and use taxes	\$ 1,150,000	\$ 1,150,000	\$ 1,505,058	\$ 355,058
Investment earnings	750	750	807	57
Total revenues	<u>1,150,750</u>	<u>1,150,750</u>	<u>1,505,865</u>	<u>355,115</u>
EXPENDITURES				
Current				
Public safety				
Miscellaneous materials and supplies	23,247	23,247	20,701	2,546
Education materials	10,470	10,470	8,711	1,759
Ammunition	27,337	26,337	24,191	2,146
Uniforms	14,000	14,000	8,201	5,799
Tools and equipment < \$5,000	9,722	8,608	8,381	227
First aid and medical supplies	-	-	9	(9)
Other professional services	4,700	3,726	1,386	2,340
Communications	13,000	13,000	9,633	3,367
Equipment maintenance/repair	82,338	79,079	79,158	(79)
Building mainenance/repairs	4,400	4,400	4,377	23
Rental equipment	7,500	7,500	6,909	591
Insurance	-	140	140	-
Dues/subscriptions/memberships	2,418	2,418	2,418	-
Travel and training	32,000	32,000	29,986	2,014
Advertisement/notices	-	-	350	(350)
Contribute to other agencies	40,000	40,000	-	40,000
Data processing equipment	15,000	15,000	14,685	315
Motor vehicles	75,000	78,259	79,756	(1,497)
Building improvements	30,000	32,948	32,948	-
Other equipment	5,268	5,268	5,267	1
Total public safety	<u>396,400</u>	<u>396,400</u>	<u>337,207</u>	<u>59,193</u>
Total expenditures	<u>396,400</u>	<u>396,400</u>	<u>337,207</u>	<u>59,193</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	754,350	754,350	1,168,658	414,308
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Administrative cost share to general fund	(57,500)	(57,500)	(76,858)	(19,358)
Transfer to debt service fund	(120,373)	(120,373)	(120,373)	-
Transfer to general fund	(667,000)	(667,000)	(667,000)	-
Total transfers out	<u>(844,873)</u>	<u>(844,873)</u>	<u>(864,231)</u>	<u>(19,358)</u>
Total other financing sources (uses)	<u>(844,873)</u>	<u>(844,873)</u>	<u>(864,231)</u>	<u>(19,358)</u>
NET CHANGE IN FUND BALANCES	(90,523)	(90,523)	304,427	394,950
FUND BALANCE, OCTOBER 1, 2011	812,003	812,003	812,003	-
FUND BALANCE, SEPTEMBER 30, 2012	\$ 721,480	\$ 721,480	\$ 1,116,430	\$ 394,950

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF WHITE SETTLEMENT, TEXAS
Texas Municipal Retirement System
Schedule of Funding Progress

Exhibit E-3

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	9,177,247	12,871,933	71.3%	3,694,686	5,020,840	73.6%
12/31/2010	15,709,426	18,494,077	84.9%	2,784,651	4,950,642	56.2%
12/31/2011	16,630,678	19,257,566	86.4%	2,626,888	4,786,697	54.9%

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Required Supplementary Information
September 30, 2012

1. Summary of Significant Accounting Policies

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, Crime Control and Prevention District, Occupancy Tax Fund, Debt Service Fund, and Street Improvement Fund. The capital projects fund adopts project-length budgets. All annual appropriations lapse at fiscal year end.

The City Council follows these procedures in establishing budgetary data reflected in the financial statements.

1. Prior to the beginning of the fiscal year, the City Manager submits to the City Council proposed operating budgets for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and the means of financing them for the general and certain special revenue and debt service funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized by the City Council to make adjustments to budgeted amounts between departments within an operating fund or line items within an operating department in amounts not to exceed \$5,000. However, any budget adjustments that exceed \$5,000 in a line item or that result in total expenditures for an operating fund exceeding the legally adopted expenditure appropriation for that fund must first be approved by the City Council after a public hearing conducted in compliance with the Texas Open Meetings Act.
5. Budgetary control is maintained at the line item level, subject to adjustments permitted as described above.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances 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. All encumbrances lapse at the fiscal year-end.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Required Supplementary Information
September 30, 2012

C. Excess of Expenditures Over Appropriations

The expenditures of the general fund were less than appropriations by \$1,973,445.

The following line items exceeded their budget for the year by greater than \$5,000 (the legal level of budgetary control.)

<u>Department</u>	<u>Line Item</u>	<u>Amount</u>
General Fund		
City Council	Professional services	\$ 5,404
Finance	Regular salaries	5,092
Police administration	Regular salaries	12,257
Police patrol/CID	Regular salaries	19,188
Police patrol/CID	Fuel and lubricants	10,434
Police patrol/CID	Motor vehicles	29,081
Fire department	Vehicle/equipment non-target	9,831

2. Factors Affecting TMRS Schedule of Funding Progress

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting. For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report. These changes were used to perform the December 31, 2010 actuarial valuation.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF WHITE SETTLEMENT, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2012

	Special Revenue Funds			
	Occupancy Tax	Friends of Library	Other Special Revenue	Total Special Revenue
Assets:				
Cash and investments	\$ 306,698	\$ 23,498	\$ 109,780	\$ 439,976
Receivables (Net of allowances for uncollectibles)				
Franchise taxes				
Miscellaneous	50,401	-	-	50,401
Prepaid items				
Total assets	<u>\$ 357,099</u>	<u>\$ 23,498</u>	<u>\$ 109,780</u>	<u>\$ 490,377</u>
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ 17,619	\$ 1,661	\$ 419	\$ 19,699
Total liabilities	<u>17,619</u>	<u>1,661</u>	<u>419</u>	<u>19,699</u>
Fund Balance:				
Nonspendable				
Restricted	339,480	21,837	109,361	470,678
Committed				
Total fund balances	<u>339,480</u>	<u>21,837</u>	<u>109,361</u>	<u>470,678</u>
Total liabilities and fund balances	<u>\$ 357,099</u>	<u>\$ 23,498</u>	<u>\$ 109,780</u>	<u>\$ 490,377</u>

Capital Projects Funds			Permanent Funds			Total Nonmajor Funds
Street Improvement	General Capital Projects	Total Capital Projects	Library Endowment	Senior Services Endowment	Total Permanent	
\$ 977,173	\$ 736,512	\$ 1,713,685	\$ 33,528	\$ 28,155	\$ 61,683	\$ 2,215,344
13,881	-	13,881				13,881
-	-	-	-	-	-	50,401
	1,500,000	1,500,000				1,500,000
<u>\$ 991,054</u>	<u>\$ 2,236,512</u>	<u>\$ 3,227,566</u>	<u>\$ 33,528</u>	<u>\$ 28,155</u>	<u>\$ 61,683</u>	<u>\$ 3,779,626</u>
<u>\$ 3,956</u>	<u>\$ 865</u>	<u>\$ 4,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,520</u>
<u>3,956</u>	<u>865</u>	<u>4,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,520</u>
	1,500,000	1,500,000	12,105	11,105	23,210	1,523,210
	735,647	735,647	21,423	17,050	38,473	1,244,798
987,098	-	987,098				987,098
<u>987,098</u>	<u>2,235,647</u>	<u>3,222,745</u>	<u>33,528</u>	<u>28,155</u>	<u>61,683</u>	<u>3,755,106</u>
<u>\$ 991,054</u>	<u>\$ 2,236,512</u>	<u>\$ 3,227,566</u>	<u>\$ 33,528</u>	<u>\$ 28,155</u>	<u>\$ 61,683</u>	<u>\$ 3,779,626</u>

CITY OF WHITE SETTLEMENT, TEXAS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended September 30, 2012

	Special Revenue Funds			
	Occupancy Tax	Friends of Library	Other Special Revenue	Total Special Revenue
Revenues:				
Franchise taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	194,549			194,549
Intergovernmental	-	-	6,262	6,262
Investment earnings	307	25	109	441
Other	600	2,300	41,293	44,193
Total revenue	<u>195,456</u>	<u>2,325</u>	<u>47,664</u>	<u>245,445</u>
Expenditures:				
Current:				
Public Safety	-	-	32,495	32,495
Public Works	-	-	-	-
Culture and recreation	127,299	1,050	-	128,349
Capital Outlay				
Total expenditures	<u>127,299</u>	<u>1,050</u>	<u>32,495</u>	<u>160,844</u>
Net change in fund balances	68,157	1,275	15,169	84,601
Fund Balance, October 1, 2011	<u>271,323</u>	<u>20,562</u>	<u>94,192</u>	<u>386,077</u>
Fund Balance, September 30, 2012	<u>\$ 339,480</u>	<u>\$ 21,837</u>	<u>\$ 109,361</u>	<u>\$ 470,678</u>

Capital Projects Funds			Permanent Funds			Total Nonmajor Funds
Street Improvement	General Capital Projects	Total Capital Projects	Library Endowment	Senior Services Endowment	Total Permanent	
\$ 259,828	\$ -	\$ 259,828	\$ -	\$ -	\$ -	\$ 259,828
-	-	-	-	-	-	194,549
1,035	871	1,906	523	31	554	6,262
-	-	-	-	-	-	2,901
<u>260,863</u>	<u>871</u>	<u>261,734</u>	<u>523</u>	<u>31</u>	<u>554</u>	<u>44,193</u>
-	-	-	-	-	-	32,495
204,725	-	204,725	-	-	-	204,725
-	-	-	-	-	-	128,349
-	62,788	62,788	-	-	-	62,788
<u>204,725</u>	<u>62,788</u>	<u>267,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,357</u>
56,138	(61,917)	(5,779)	523	31	554	79,376
<u>930,960</u>	<u>2,297,564</u>	<u>3,228,524</u>	<u>33,005</u>	<u>28,124</u>	<u>61,129</u>	<u>3,675,730</u>
<u>\$ 987,098</u>	<u>\$ 2,235,647</u>	<u>\$ 3,222,745</u>	<u>\$ 33,528</u>	<u>\$ 28,155</u>	<u>\$ 61,683</u>	<u>\$ 3,755,106</u>

CITY OF WHITE SETTLEMENT, TEXAS
Combining Statement of Net Assets
Nonmajor Enterprise Funds
September 30, 2012

	Stormwater Utility	Sanitation	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,227,354	\$ 289,703	\$ 1,517,057
Receivables (Net of allowance for uncollectibles):			
Accounts	62,403	83,231	145,634
Total current assets	1,289,757	372,934	1,662,691
Noncurrent Assets:			
Capital assets, at cost:			
Land	36,995	-	36,995
Stormwater systems	1,556,383	-	1,556,383
	1,593,378	-	1,593,378
Less: accumulated depreciation	(94,645)	-	(94,645)
Capital assets, net	1,498,733	-	1,498,733
Total noncurrent assets	1,498,733	-	1,498,733
Total assets	\$ 2,788,490	\$ 372,934	\$ 3,161,424
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 74,922	\$ 56,173	\$ 131,095
Total current liabilities	74,922	56,173	131,095
NET ASSETS:			
Investment in capital assets, net of debt	1,498,733	-	1,498,733
Unrestricted	1,214,835	316,761	1,531,596
Total net assets	\$ 2,713,568	\$ 316,761	\$ 3,030,329

CITY OF WHITE SETTLEMENT, TEXAS
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended September 30, 2012

	<u>Stormwater Utility</u>	<u>Sanitation</u>	<u>Totals</u>
Operating revenues:			
Charges for sales and services	\$ 518,382	\$ 641,663	\$ 1,160,045
Total operating revenue	<u>518,382</u>	<u>641,663</u>	<u>1,160,045</u>
Operating expenses:			
Stormwater utility	100		100
Sanitation		588,997	588,997
Depreciation	<u>32,403</u>	<u>-</u>	<u>32,403</u>
Total operating expenses	<u>32,503</u>	<u>588,997</u>	<u>621,500</u>
Operating income (loss)	<u>485,879</u>	<u>52,666</u>	<u>538,545</u>
Nonoperating revenues (expenses):			
Investment earnings	<u>1,145</u>	<u>-</u>	<u>1,145</u>
Total nonoperating revenues (expenses)	<u>1,145</u>	<u>-</u>	<u>1,145</u>
Income (loss) before contributions and transfers	487,024	52,666	539,690
Capital contributions and transfers:			
Contributions	70,000	-	70,000
Transfers out	<u>-</u>	<u>(37,200)</u>	<u>(37,200)</u>
Change in Net Assets	557,024	15,466	572,490
Net Assets, October 1, 2011	<u>2,156,544</u>	<u>301,295</u>	<u>2,457,839</u>
Net Assets, September 30, 2012	<u>\$ 2,713,568</u>	<u>\$ 316,761</u>	<u>\$ 3,030,329</u>

CITY OF WHITE SETTLEMENT, TEXAS
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended September 30, 2012

	Stormwater Utility	Sanitation	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 532,427	\$ 658,402	\$ 1,190,829
Cash paid to suppliers	<u>74,822</u>	<u>(586,302)</u>	<u>(511,480)</u>
Net cash provided by operating activities	<u>607,249</u>	<u>72,100</u>	<u>679,349</u>
Cash flow from noncapital financing activities:			
Transfers to other funds		<u>(37,200)</u>	<u>(37,200)</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(37,200)</u>	<u>(37,200)</u>
Cash flow from capital and related financing activities:			
Capital expenditures	<u>(125,133)</u>	<u>-</u>	<u>(125,133)</u>
Net cash (used) by capital and related financing activities	<u>(125,133)</u>	<u>-</u>	<u>(125,133)</u>
Cash flow from investing activities:			
Investment earnings	<u>1,145</u>	<u>-</u>	<u>1,145</u>
Net cash provided by investing activities	<u>1,145</u>	<u>-</u>	<u>1,145</u>
Net increase (decrease) in cash and cash equivalents	483,261	34,900	518,161
Cash and cash equivalents, beginning	<u>744,093</u>	<u>254,803</u>	<u>998,896</u>
Cash and cash equivalents, ending	<u>\$ 1,227,354</u>	<u>\$ 289,703</u>	<u>\$ 1,517,057</u>
Reconciliation of Operating Income to			
Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 485,879	\$ 52,666	\$ 538,545
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	32,403	-	32,403
(Increase) decrease in accounts receivable	14,045	16,739	30,784
Increase (decrease) in accounts payable	<u>74,922</u>	<u>2,695</u>	<u>77,617</u>
Total adjustments	<u>121,370</u>	<u>19,434</u>	<u>140,804</u>
Net cash provided by operating activities	<u>\$ 607,249</u>	<u>\$ 72,100</u>	<u>\$ 679,349</u>
Noncash Investing, Capital and Financing Activities			
Contributions of capital assets from another government	<u>\$ 70,000</u>	<u>-</u>	<u>\$ 70,000</u>

CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Occupancy Tax Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Hotel occupancy tax	\$ 150,000	\$ 150,000	\$ 194,549	\$ 44,549
Investment earnings	300	300	307	7
Other	500	500	600	100
Total revenues	<u>150,800</u>	<u>150,800</u>	<u>195,456</u>	<u>44,656</u>
EXPENDITURES				
Culture and recreation				
Miscellaneous materials and supplies	-	-	-	-
Utilities	2,000	2,000	878	1,122
Building and equipment rental	9,600	9,600	9,600	-
Marketing and promotional services	5,000	5,000	483	4,517
Christmas event	11,000	11,000	12,087	(1,087)
Easter event	12,000	10,889	10,889	-
Settlers' day	15,000	15,000	13,999	1,001
Miss White Settlement pageant	5,000	5,000	5,000	-
Chamber of commerce	30,000	30,000	30,000	-
White Settlement museum	24,500	24,500	24,500	-
Community chest	-	1,000	1,294	(294)
Movies in the park	10,000	11,111	10,699	412
Veteran's memorial plaque	125,000	250,000	7,870	242,130
City manager reserve	10,000	10,000	-	10,000
City council reserve	10,000	9,000	-	9,000
Total culture and recreation	<u>269,100</u>	<u>394,100</u>	<u>127,299</u>	<u>266,801</u>
Total expenditures	<u>269,100</u>	<u>394,100</u>	<u>127,299</u>	<u>266,801</u>
NET CHANGE IN FUND BALANCES	(118,300)	(243,300)	68,157	311,457
FUND BALANCE, OCTOBER 1, 2011	<u>271,323</u>	<u>271,323</u>	<u>271,323</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2012	<u>\$ 153,023</u>	<u>\$ 28,023</u>	<u>\$ 339,480</u>	<u>\$ 311,457</u>

CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Debt Service Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,184,471	\$ 1,184,471	\$ 1,234,574	\$ 50,103
Investment earnings	750	750	541	(209)
Other	-	-	-	-
Total revenues	<u>1,185,221</u>	<u>1,185,221</u>	<u>1,235,115</u>	<u>49,894</u>
EXPENDITURES				
Debt service				
Principal	1,049,757	1,049,757	1,049,756	1
Interest	281,241	281,241	280,289	952
Total debt service	<u>1,330,998</u>	<u>1,330,998</u>	<u>1,330,045</u>	<u>953</u>
Total expenditures	<u>1,330,998</u>	<u>1,330,998</u>	<u>1,330,045</u>	<u>953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(145,777)	(145,777)	(94,930)	50,847
OTHER FINANCING SOURCES (USES)				
Transfers in:	<u>120,373</u>	<u>120,373</u>	<u>120,373</u>	<u>-</u>
Total other financing sources (uses)	<u>120,373</u>	<u>120,373</u>	<u>120,373</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(25,404)	(25,404)	25,443	50,847
FUND BALANCE, OCTOBER 1, 2011	<u>357,495</u>	<u>357,495</u>	<u>357,495</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2012	<u>\$ 332,091</u>	<u>\$ 332,091</u>	<u>\$ 382,938</u>	<u>\$ 50,847</u>

CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Street Improvement Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes	\$ 277,500	277,500	259,828	\$ (17,672)
Investment earnings	850	850	1,035	185
Total revenues	<u>278,350</u>	<u>278,350</u>	<u>260,863</u>	<u>(17,487)</u>
EXPENDITURES				
Capital Outlay				
Street Improvements	278,350	278,350	204,725	73,625
Total capital outlay	<u>278,350</u>	<u>278,350</u>	<u>204,725</u>	<u>73,625</u>
Total expenditures	<u>278,350</u>	<u>278,350</u>	<u>204,725</u>	<u>73,625</u>
NET CHANGE IN FUND BALANCES	-	-	56,138	56,138
FUND BALANCE, OCTOBER 1, 2011	<u>930,960</u>	<u>930,960</u>	<u>930,960</u>	-
FUND BALANCE, SEPTEMBER 30, 2012	<u>\$ 930,960</u>	<u>\$ 930,960</u>	<u>\$ 987,098</u>	<u>\$ 56,138</u>

CITY OF WHITE SETTLEMENT, TEXAS
Balance Sheet
Economic Development Corporation
September 30, 2012

ASSETS

Assets:

Cash and investments	\$ 4,060,790
Due from other governments	<u>247,515</u>
Total assets	<u>\$ 4,308,305</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 26,457
Accrued liabilities	8,343
Customer deposits	3,025
Due to other governments	<u>1,400,000</u>
Total liabilities	<u>1,437,825</u>

Fund Balances:

Unassigned	<u>2,870,480</u>
Total fund balances	<u>2,870,480</u>
Total liabilities and fund balances	<u>\$ 4,308,305</u>

Reconciliation to government-wide statement of net assets:

Fund Balances \$ 2,870,480

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of these assets was \$4,471,151 and the accumulated depreciation was \$1,255,666. 3,215,485

Some liabilities, including a \$11,034 net pension obligation and \$19,654 liability for compensated absences are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Assets. (30,688)

Net Assets of Governmental Activities \$ 6,055,277

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Economic Development Corporation
For the Year Ended September 30, 2012

REVENUES

Taxes:

Sales and use	\$ 1,553,787
Charges for service	198,785
Investment Earnings	4,025
Total revenues	<u>1,756,597</u>

EXPENDITURES

Current

Economic Development	319,600
Culture and recreation	<u>1,391,895</u>
Total expenditures	<u>1,711,495</u>

NET CHANGE IN FUND BALANCES 45,102

FUND BALANCE, OCTOBER 1, 2011 2,825,378

FUND BALANCE, SEPTEMBER 30, 2012 \$ 2,870,480

Reconciliation to government-wide statement of activities:

Net Change in Fund Balance \$ 45,102

Current year capital outlays are expenditures in the fund financial statements but are increases in capital assets in the government-wide financial statements. 800,296

Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. (111,685)

Certain liabilities are not due and payable in the current period and therefore are not reported as liabilities of the funds. The \$3,422 increase in the net pension obligation and \$6,457 increase in the liability for compensated absences are reported as expenses in the governmental activities of the Statement of Activities 2,454

Change in Net Assets of Governmental Activities \$ 736,167

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STATISTICAL SECTION
(Unaudited)

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STATISTICAL SECTION (Unaudited)

This part of the City of White Settlement's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

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Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Capital Assets Statistics by Function/Program	112

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in Fiscal Year 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF WHITE SETTLEMENT, TEXAS

NET ASSETS BY COMPONENT

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 10,916,647	\$ 11,326,471	\$ 12,026,541	\$ 12,333,128
Restricted	347,023	415,489	424,082	452,258
Unrestricted	<u>5,401,293</u>	<u>6,313,005</u>	<u>6,895,059</u>	<u>7,970,504</u>
Total governmental activities net assets	<u>\$ 16,664,963</u>	<u>\$ 18,054,965</u>	<u>\$ 19,345,682</u>	<u>\$ 20,755,890</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 5,823,123	\$ 6,600,568	\$ 7,236,273	\$ 7,561,400
Restricted	944,837	760,392	778,489	711,832
Unrestricted	<u>1,086,413</u>	<u>1,578,582</u>	<u>2,697,798</u>	<u>4,023,800</u>
Total business-type activities net assets	<u>\$ 7,854,373</u>	<u>\$ 8,939,542</u>	<u>\$ 10,712,560</u>	<u>\$ 12,297,032</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 16,739,770	\$ 17,927,039	\$ 19,262,814	\$ 19,894,528
Restricted	1,291,860	1,175,881	1,202,571	1,164,090
Unrestricted	<u>6,487,706</u>	<u>7,891,587</u>	<u>9,592,857</u>	<u>11,994,304</u>
Total primary government net assets	<u>\$ 24,519,336</u>	<u>\$ 26,994,507</u>	<u>\$ 30,058,242</u>	<u>\$ 33,052,922</u>

Notes:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

The EDC fund was reclassified as a discretely presented component unit from a blended component unit and the Crime District was reclassified as a blended component unit from a discretely presented component unit in fiscal year 2008.

TABLE I

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 12,876,732	\$ 10,699,737	\$ 12,411,227	\$ 12,556,237	\$ 12,013,563	\$ 12,329,870
483,140	1,998,862	494,855	527,060	3,938,972	4,285,434
<u>8,922,203</u>	<u>7,671,504</u>	<u>7,576,201</u>	<u>8,529,045</u>	<u>8,204,043</u>	<u>9,621,093</u>
<u>\$ 22,282,075</u>	<u>\$ 20,370,103</u>	<u>\$ 20,482,283</u>	<u>\$ 21,612,342</u>	<u>\$ 24,156,578</u>	<u>\$ 26,236,397</u>
\$ 8,139,623	\$ 9,938,336	\$ 11,097,198	\$ 10,951,282	\$ 11,694,923	\$ 11,949,257
-	-	-	149,824	527,239	771,491
<u>5,493,975</u>	<u>5,127,688</u>	<u>5,270,789</u>	<u>6,391,323</u>	<u>7,042,561</u>	<u>8,034,022</u>
<u>\$ 13,633,598</u>	<u>\$ 15,066,024</u>	<u>\$ 16,367,987</u>	<u>\$ 17,492,429</u>	<u>\$ 19,264,723</u>	<u>\$ 20,754,770</u>
\$ 21,016,355	\$ 20,638,073	\$ 23,508,425	\$ 23,507,519	\$ 23,708,486	\$ 24,279,127
483,140	1,998,862	494,855	676,884	4,466,211	5,056,925
<u>14,416,178</u>	<u>12,799,192</u>	<u>12,846,990</u>	<u>14,920,368</u>	<u>15,246,604</u>	<u>17,655,115</u>
<u>\$ 35,915,673</u>	<u>\$ 35,436,127</u>	<u>\$ 36,850,270</u>	<u>\$ 39,104,771</u>	<u>\$ 43,421,301</u>	<u>\$ 46,991,167</u>

TABLE 2

**CITY OF WHITE SETTLEMENT, TEXAS
CHANGES IN NET ASSETS**

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES										
Governmental activities:										
General government	\$ 1,133,758	\$ 1,460,638	\$ 1,552,905	\$ 1,628,581	\$ 1,583,555	\$ 1,581,711	\$ 1,827,445	\$ 1,581,559	\$ 1,362,135	\$ 1,419,423
Public safety	3,707,842	3,755,000	3,971,007	4,111,378	4,173,538	4,799,134	5,072,660	5,214,067	5,136,644	5,499,077
Public works	1,177,272	778,465	908,143	873,125	1,048,929	954,898	998,121	1,019,006	986,818	1,203,843
Public health	140,931	121,901	123,588	132,213	128,437	134,283	160,127	214,752	214,829	198,373
Culture and recreation	2,093,724	2,118,642	2,062,064	2,043,922	2,068,259	1,404,433	1,449,217	1,432,284	1,412,396	1,467,194
Economic development and assistance	66,260	8,356	49,803	67,414	107,449	-	-	-	-	-
Interest on long-term debt	213,758	142,506	104,151	83,929	112,118	124,618	341,143	373,587	303,458	292,201
Total governmental activities expenses	8,533,545	8,385,508	8,771,661	8,940,562	9,222,285	8,999,077	9,848,713	9,835,255	9,416,280	10,080,111
Business-type activities:										
Water and sewer	2,941,427	3,091,287	3,339,449	3,632,072	3,758,579	3,829,200	3,683,618	4,463,414	3,733,018	4,457,221
Stormwater utility	-	-	50,160	87,122	12,277	44,230	16,389	24,038	25,219	32,503
Sanitation	377,976	395,222	413,630	471,116	482,168	530,470	558,063	597,957	577,472	588,997
Total business-type activities expenses	3,319,403	3,486,509	3,803,239	4,190,310	4,253,024	4,403,900	4,258,070	5,085,409	4,335,709	5,078,721
Total primary government expenses	\$ 11,852,948	\$ 11,872,017	\$ 12,574,900	\$ 13,130,872	\$ 13,475,309	\$ 13,402,977	\$ 14,106,783	\$ 14,920,664	\$ 13,751,989	\$ 15,158,832
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 10,638	\$ 14,598	\$ 18,760	\$ 100,781	\$ 221,061	\$ 46,051	\$ 358,346	\$ 64,788	\$ 66,130	\$ 79,808
Public safety	675,660	704,342	566,001	768,359	766,412	306,812	335,813	530,914	653,561	881,978
Culture and recreation	228,072	244,629	246,147	227,983	242,618	43,300	45,289	71,538	112,572	115,632
Other	22,893	18,363	21,161	18,684	18,036	33,323	44,473	43,661	35,319	34,416
Operating grants and contributions:	80,195	39,979	38,283	19,396	5,574	7,028	17,357	26,868	59,407	13,762
Capital grants and contributions	1,544,189	292,321	545,724	405,156	206,052	-	-	591,989	174,806	-
Total governmental activities program revenues	2,561,647	1,314,232	1,436,076	1,540,359	1,459,753	436,514	801,278	1,329,758	1,101,795	1,125,596
Business-type activities:										
Charges for services:										
Water and sewer	4,418,741	4,500,512	4,908,922	5,320,338	4,980,882	5,457,394	5,037,370	5,306,756	5,778,390	5,608,481
Stormwater utility	-	-	-	312,658	513,853	529,541	564,784	530,991	534,690	518,382
Sanitation	436,523	450,588	459,685	478,587	561,410	612,239	618,274	654,088	663,700	641,663
Capital grants and contributions	865,212	236,217	726,011	26,127	-	-	179,689	382,830	571,511	375,116
Total business-type activities program revenues	5,720,476	5,187,317	6,094,618	6,137,710	6,056,145	6,599,174	6,400,117	6,874,665	7,548,291	7,143,642
Total primary government program revenues	\$ 8,282,123	\$ 6,501,549	\$ 7,530,694	\$ 7,678,069	\$ 7,515,898	\$ 7,035,688	\$ 7,201,395	\$ 8,204,423	\$ 8,650,086	\$ 8,269,238

(continued)

TABLE 2

**CITY OF WHITE SETTLEMENT, TEXAS
CHANGES IN NET ASSETS**

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NET (EXPENSE) REVENUES										
Governmental activities	\$(5,971,898)	\$(7,071,276)	\$(7,335,585)	\$(7,400,203)	\$(7,762,532)	\$(8,562,563)	\$(9,047,435)	\$(8,505,497)	\$(8,314,485)	\$(8,954,515)
Business-type activities	2,401,073	1,700,808	2,291,379	1,947,400	1,803,121	2,195,274	2,142,047	1,789,256	3,212,582	2,064,921
Total primary government net expense	<u>(3,570,825)</u>	<u>(5,370,468)</u>	<u>(5,044,206)</u>	<u>(5,452,803)</u>	<u>(5,959,411)</u>	<u>(6,367,289)</u>	<u>(6,905,388)</u>	<u>(6,716,241)</u>	<u>(5,101,903)</u>	<u>(6,889,594)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Taxes										
Property	2,367,247	2,669,296	2,759,859	2,969,860	3,231,498	3,519,246	3,585,249	4,208,683	3,475,352	3,797,676
Sales	2,927,280	3,216,337	3,308,686	3,057,056	2,929,980	3,210,348	3,366,590	3,250,703	4,162,050	4,655,270
Franchise	1,016,475	1,003,640	975,682	1,079,735	919,659	887,330	878,989	1,115,058	1,210,396	1,189,497
Occupancy	166,666	127,218	126,371	155,226	213,763	168,524	138,664	113,712	133,505	194,549
Payments from Crime District	705,260	822,781	714,118	649,351	648,000	-	-	-	-	-
Oil and gas royalties	-	-	-	-	-	1,724,928	76,429	63,080	349,979	498,998
Investment earnings	66,518	70,586	176,384	366,391	483,665	269,426	75,754	33,442	16,119	15,823
Other	39,364	(19,776)	-	-	5,901	275,049	142,130	160,531	58,387	97,821
Transfers	-	-	-	-	-	901,717	895,810	690,347	1,452,933	584,700
Total governmental activities	<u>7,288,810</u>	<u>7,890,082</u>	<u>8,061,100</u>	<u>8,277,619</u>	<u>8,432,466</u>	<u>10,956,568</u>	<u>9,159,615</u>	<u>9,635,556</u>	<u>10,858,721</u>	<u>11,034,334</u>
Business-type activities:										
Investment earnings	32,000	28,722	67,889	169,864	263,479	138,867	48,367	23,350	12,645	9,826
Other	383	(73,165)	(21,047)	-	-	-	7,359	2,183	-	-
Transfers	-	-	-	-	-	(901,717)	(895,810)	(690,347)	(1,452,933)	(584,700)
Total business-type activities	<u>32,383</u>	<u>(44,443)</u>	<u>46,842</u>	<u>169,864</u>	<u>263,479</u>	<u>(762,850)</u>	<u>(840,084)</u>	<u>(664,814)</u>	<u>(1,440,288)</u>	<u>(574,874)</u>
Total primary government	<u>7,321,193</u>	<u>7,845,639</u>	<u>8,107,942</u>	<u>8,447,483</u>	<u>8,695,945</u>	<u>10,193,718</u>	<u>8,319,531</u>	<u>8,970,742</u>	<u>9,418,433</u>	<u>10,459,460</u>
CHANGE IN NET ASSETS										
Governmental activities	1,316,912	818,806	725,515	877,416	669,934	2,394,005	112,180	1,130,059	2,544,236	2,079,819
Business-type activities	2,433,456	1,656,365	2,338,221	2,117,264	2,066,600	1,432,424	1,301,963	1,124,442	1,772,294	1,490,047
Total primary government	<u>\$ 3,750,368</u>	<u>\$ 2,475,171</u>	<u>\$ 3,063,736</u>	<u>\$ 2,994,680</u>	<u>\$ 2,736,534</u>	<u>\$ 3,826,429</u>	<u>\$ 1,414,143</u>	<u>\$ 2,254,501</u>	<u>\$ 4,316,530</u>	<u>\$ 3,569,866</u>

Notes:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

The EDC fund was reclassified as a discretely presented component unit from a blended component unit and the Crime District was reclassified as a blended component unit from a discretely presented component unit in fiscal year 2008.

CITY OF WHITE SETTLEMENT, TEXAS

**FUND BALANCES
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	1,165,337	1,178,536	1,210,310	1,267,628
Unreserved, undesignated	1,885,097	2,249,014	2,494,707	3,178,607
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total general fund	<u>\$ 3,050,434</u>	<u>\$ 3,427,550</u>	<u>\$ 3,705,017</u>	<u>\$ 4,446,235</u>
All other governmental funds				
Reserved	\$ 357,521	\$ 424,636	\$ 438,631	\$ 464,510
Unreserved, reported in:				
Special revenue funds	1,447,015	1,879,477	2,208,954	2,811,271
Capital projects funds	74,097	210,226	226,343	1,259,705
Permanent funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Total all other governmental funds	<u>\$ 1,878,633</u>	<u>\$ 2,514,339</u>	<u>\$ 2,873,928</u>	<u>\$ 4,535,486</u>

Notes:

The City implemented GASB 34 in fiscal year 2003.

The EDC fund was reclassified as a discretely presented component unit from a blended component unit and the Crime District was reclassified as a blended component unit from a discretely presented component unit in fiscal year 2008.

The city implented GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in 2011. The following definitions related to the pre-GASB 54 fund balance categories. Definitions of GASB 54 fund balance categories can be found on page 34 of the notes to the financial statements.

Reserved - Amounts that are not available for appropriation or are legally restricted by an outside party for a specific use.

Designated - Represents management's tentative plans that are subject to change.

Unreserved, undesignated - Fund balance that is not reserved or designated.

TABLE 3

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ -	\$ -	\$ 69,978	\$ 57,978	\$ -	\$ -
1,335,990	1,335,990	-	-	-	-
3,450,403	5,681,925	6,852,466	7,183,003	-	-
				152,637	1,179,416
				-	-
				-	42,079
				155,598	2,123
				8,216,770	8,777,947
<u>\$ 4,786,393</u>	<u>\$ 7,017,915</u>	<u>\$ 6,922,444</u>	<u>\$ 7,240,981</u>	<u>\$ 8,525,005</u>	<u>\$ 10,001,565</u>
\$ 499,467	\$ 448,310	\$ 425,482	\$ 417,777	\$ -	\$ -
3,254,478	775,811	923,650	992,163	-	-
2,007,900	1,669,634	4,290,930	2,400,099	-	-
-	59,428	60,177	60,664	-	-
-	-	-	-	1,523,210	1,523,210
-	-	-	-	2,391,058	2,744,166
-	-	-	-	930,960	987,098
<u>\$ 5,761,845</u>	<u>\$ 2,953,183</u>	<u>\$ 5,700,239</u>	<u>\$ 3,870,703</u>	<u>\$ 4,845,228</u>	<u>\$ 5,254,474</u>

TABLE 4

CITY OF WHITE SETTLEMENT, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 6,443,491	\$ 7,046,935	\$ 7,076,580	\$ 7,594,680	\$ 7,260,764	\$ 7,799,194	\$ 7,962,834	\$ 8,384,833	\$ 8,969,708	\$ 9,870,555
Fines and fees	380,947	349,447	367,062	412,811	410,081	342,224	309,408	254,318	279,934	400,481
Licenses and permits	268,907	319,072	258,241	260,330	311,793	359,486	273,757	247,562	342,630	436,309
Charges for services	251,517	263,724	267,740	239,942	249,676	98,198	125,207	158,449	174,879	164,229
Intergovernmental	75,649	38,522	31,078	13,597	207,350	64,028	75,127	671,644	199,737	93,205
Oil and gas royalties	-	-	-	-	-	1,724,928	76,429	63,080	349,979	498,998
Interest income	66,518	70,586	176,384	366,391	483,665	269,425	75,754	33,442	16,119	15,823
Other revenues	33,048	58,146	104,282	210,987	238,363	19,330	39,064	123,801	27,334	56,719
Payment from Crime District	727,624	822,781	714,118	656,454	648,000	-	-	-	-	-
Total revenues	8,247,701	8,969,213	8,995,485	9,755,192	9,809,692	10,676,813	8,937,580	9,937,129	10,360,320	11,536,319
EXPENDITURES										
General government	1,027,636	1,376,854	1,524,025	1,569,431	1,569,230	1,583,241	1,786,477	1,485,075	1,279,852	1,357,354
Public safety	3,522,113	3,614,464	3,688,456	3,721,407	4,334,527	4,443,963	4,673,324	6,138,940	4,917,947	5,199,391
Public works	543,554	576,568	572,303	597,991	885,616	618,629	626,014	633,289	586,341	805,338
Public health	132,219	117,112	120,228	129,905	122,337	128,901	151,706	210,076	201,574	183,025
Culture and recreation	1,850,953	2,010,500	1,976,208	1,802,114	1,925,376	1,259,425	1,281,192	1,321,603	1,253,404	1,373,062
Other	65,475	7,398	48,848	66,459	107,297	-	-	-	-	-
Capital outlay	378,533	127,490	272,898	258,527	614,639	2,255,806	4,178,475	2,219,038	197,453	62,788
Debt service										
Principal	555,772	633,542	657,260	678,712	625,377	731,040	671,961	749,563	888,956	1,049,756
Interest and fiscal charges	326,789	111,123	100,656	103,595	124,242	109,595	273,388	362,650	487,098	280,289
Total expenditures	8,403,044	8,575,051	8,960,882	8,928,141	10,308,641	11,130,600	13,642,537	13,120,234	9,812,625	10,311,003
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(155,343)	394,162	34,603	827,051	(498,949)	(453,787)	(4,704,957)	(3,183,105)	547,695	1,225,316
OTHER FINANCING SOURCES (USES)										
Proceeds from insurance recoveries	-	-	-	-	-	220,997	105,161	26,949	24,343	59,449
Proceeds from sale of capital assets	103,259	12,139	37,251	17,933	40,276	36,562	35,756	13,381	213,578	16,341
Transfers in	991,801	924,281	732,775	731,487	47,940	2,605,671	1,635,347	1,678,022	2,339,048	1,448,931
Transfers out	(481,329)	(317,760)	(167,573)	(198,695)	(36,779)	(704,313)	(739,537)	(715,572)	(886,115)	(864,231)
Proceeds from capital lease	-	-	-	-	-	-	-	689,326	-	-
Proceeds from debt issuance	3,075,000	-	-	1,025,000	1,433,676	-	6,150,000	-	-	-
Premium (discount) on bonds	30,953	-	-	-	(577,325)	-	169,815	-	-	-
Payment to refunded bond escrow agent	(3,001,888)	-	-	-	1,215,000	-	-	-	-	-
Total other financing sources (uses)	717,796	618,660	602,453	1,575,725	2,122,788	2,158,917	7,356,542	1,692,106	1,690,854	660,490
NET CHANGE IN FUND BALANCES	\$ 562,453	\$ 1,012,822	\$ 637,056	\$ 2,402,776	\$ 1,623,839	\$ 1,705,130	\$ 2,651,585	\$ (1,490,999)	\$ 2,238,549	\$ 1,885,806
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	9.74%	8.82%	8.72%	8.74%	7.47%	8.59%	10.03%	11.73%	14.77%	13.31%

Notes:

The City implemented GASB 34 in fiscal year 2003.

The EDC fund was reclassified as a discretely presented component unit from a blended component unit and the Crime District was reclassified as a blended component unit from a discretely presented component unit in fiscal year 2008.

TABLE 5

CITY OF WHITE SETTLEMENT, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
2003	\$ 297,778,127	\$ 81,313,032	\$ 379,091,159	100.00%	0.615
2004	323,681,806	82,132,890	405,814,696	100.00%	0.619
2005	353,752,036	89,397,336	443,149,372	100.00%	0.617
2006	380,034,561	87,009,094	467,043,655	100.00%	0.613
2007	426,471,402	102,395,711	528,867,113	100.00%	0.613
2008	486,428,300	145,521,653	631,949,953	100.00%	0.613
2009	440,762,127	139,680,959	580,443,086	100.00%	0.614
2010	453,224,861	148,067,129	601,291,990	100.00%	0.686
2011	403,002,445	97,937,333	500,939,778	100.00%	0.686
2012	406,457,750	102,904,198	509,361,948	100.00%	0.742

Source: Tarrant Appraisal District

CITY OF WHITE SETTLEMENT, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

**LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Adjustments to Levy in Subsequent Years</u>	<u>Adjusted Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2003	\$ 2,331,410	\$ (6,856)	\$ 2,324,554	\$ 2,255,853	96.76%
2004	2,620,000	14,053	2,634,053	2,553,413	97.46%
2005	2,757,388	(36,218)	2,721,170	2,681,473	97.25%
2006	2,927,217	4,758	2,931,975	2,858,555	97.65%
2007	3,241,955	(44,917)	3,197,038	3,098,420	95.57%
2008	3,468,077	13,552	3,481,629	3,422,417	98.68%
2009	3,562,322	1,026	3,563,348	3,483,686	97.79%
2010	4,125,086	(1,616)	4,123,470	4,024,396	97.56%
2011	3,436,632	(789)	3,435,843	3,358,329	97.72%
2012	3,752,309	-	3,752,309	3,688,395	98.30%

TABLE 6

	<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>		<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Adjusted Levy</u>
		<u>Total Tax Amount</u>	<u>Percentage of Levy</u>		
\$	55,171	\$ 2,311,024	99.42%	\$ 13,530	0.58%
	68,008	2,621,421	99.52%	12,632	0.48%
	26,903	2,708,376	99.53%	12,794	0.47%
	59,787	2,918,342	99.54%	13,633	0.46%
	82,636	3,181,056	99.50%	15,982	0.50%
	43,447	3,465,864	99.55%	15,765	0.45%
	54,299	3,537,985	99.29%	25,363	0.71%
	62,396	4,086,792	99.11%	36,678	0.89%
	38,099	3,396,428	98.85%	39,415	1.15%
	-	3,688,395	98.30%	63,914	1.70%

CITY OF WHITE SETTLEMENT, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Per \$100 Assessed Value)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	City Direct Rates			Overlapping Rates				
	General	Debt Service	Total Direct Rate	County College	School District	Hospital District	County	Total
2003	\$ 0.413	\$ 0.202	\$ 0.615	\$ 0.139	\$ 1.580	\$ 0.232	\$ 0.273	\$ 2.839
2004	0.433	0.186	0.619	0.139	1.675	0.235	0.273	2.941
2005	0.448	0.169	0.617	0.139	1.790	0.235	0.273	3.054
2006	0.456	0.157	0.613	0.139	1.790	0.235	0.273	3.050
2007	0.476	0.137	0.613	0.139	1.768	0.235	0.272	3.027
2008	0.481	0.132	0.613	0.139	1.466	0.230	0.267	2.715
2009	0.487	0.127	0.614	0.138	1.498	0.228	0.264	2.742
2010	0.517	0.169	0.686	0.138	1.540	0.228	0.264	2.856
2011	0.460	0.226	0.686	0.149	1.540	0.228	0.264	2.867
2012	0.501	0.241	0.742	0.149	1.540	0.228	0.264	2.923

Notes:

Ad Valorem Tax Limitation. The City of White Settlement, Texas, has the power to levy taxes to the extent of the constitutional limit State of Texas. The constitutional limitation is \$2.50 per hundred dollars valuation for all purposes. This limitation is \$1.50 per hundred dollars valuation purposes in the City Charter.

Due Date of Current Taxes. Full payment of taxes is due on or before January 31st. No provision is made for partial payments.

Penalties for Delinquents. Failure to make full payments before February 1st causes the tax to become delinquent immediately, subject to a penalty in accordance with the State Property Tax Code 33.01.

Delinquent Tax Collections. A tax lien is placed on property on which the taxes have not been paid. The Tax Collector sends tax demand letters from the attorney's office setting a final date for payment. If payment is not made by the final date, the City of White Settlement instigates legal procedures.

TABLE 8

CITY OF WHITE SETTLEMENT, TEXAS

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

Taxpayer	Type of Business	2012			2003		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
SPM Flow Control	Industrial	\$ 135,410,104	1	26.58%	\$ -	-	- %
Lowe's Home Center, Inc.	Retail outlet	12,850,963	2	2.52%	-	-	- %
Chesapeake Land Development	Real estate	11,716,810	3	2.30%	-	-	- %
Graham Realty Investments, Ltd.	Real estate	6,384,879	4	1.25%	-	-	- %
Quicksilver Resources Inc.	Real estate	5,922,480	5	1.16%	-	-	- %
ESS Prisa II TX, Lp	Real estate	5,857,712	6	1.15%	-	-	- %
Oncor Electric Delivery Co., LLC	Electric utility	5,101,825	7	1.00%	-	-	- %
Deepdale Investments LTD	Real estate	4,700,000	8	0.92%	-	-	- %
Armet Dale St Ltd Partnership	Real estate	4,678,069	9	0.92%	-	-	- %
Fort Worth SNF LTD	Real estate	4,476,255	10	0.88%	-	-	- %
Walmart Stores East, Inc.	Retail outlet	-	-	- %	19,213,995	1	5.07%
Lowe's Home Center, Inc.	Retail outlet	-	-	- %	14,822,725	2	3.91%
Home Depot, Inc	Retail outlet	-	-	- %	9,939,980	3	2.62%
Susa Partnership, Lp	Storage facility	-	-	- %	6,400,817	4	1.69%
Oncor Electric Delivery Co., LLC	Electric utility	-	-	- %	6,383,895	5	1.68%
PDX Inc.	Health care	-	-	- %	5,210,577	6	1.37%
Summit Care Texas LP	Health care	-	-	- %	4,839,158	7	1.28%
B H Westside Building LLC	Real estate	-	-	- %	4,800,000	8	1.27%
Armet Dale St Ltd Partnership	Real estate	-	-	- %	4,692,706	9	1.24%
Southwestern Bell	Phone utility	-	-	- %	4,517,101	10	1.19%
Total	Total	\$ 197,099,097		38.68%	\$ 80,820,954		21.32%

Source: Tarrant Appraisal District

CITY OF WHITE SETTLEMENT, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Total Debt Per Capita	Debt as % of Personal Income
	General Obligation Bonds	Tax Notes	Capital Leases	General & Certificates of Obligation	Revenue Bonds	Capital Leases			
2003	\$ 3,155,000	\$ -	\$ 735,183	\$ 2,450,000	\$ 1,435,000	\$ -	\$ 7,775,183	\$ 510	3.10%
2004	2,630,000	-	626,641	2,370,000	1,125,000	-	6,751,641	440	2.60%
2005	2,085,000	-	514,381	2,285,000	765,000	1,062,421	6,711,802	436	2.60%
2006	1,525,000	1,025,000	395,669	2,190,000	595,000	900,780	6,631,449	421	2.50%
2007	1,155,000	2,110,000	318,233	2,090,000	515,000	743,102	6,931,335	436	2.60%
2008	770,000	1,905,000	177,193	1,985,000	435,000	579,662	5,851,855	366	1.50%
2009	6,720,000	1,580,000	30,232	9,875,000	350,000	410,248	18,965,480	1,174	4.90%
2010	6,495,000	1,065,000	709,996	9,555,000	270,000	345,092	18,440,088	1,124	4.70%
2011	6,345,000	580,000	456,039	9,205,000	185,000	123,990	16,895,029	1,043	5.30%
2012	5,985,000	125,000	221,283	8,745,000	100,000	35,456	15,211,739	944	3.60%

Notes: Excludes bond issuance and other costs.

CITY OF WHITE SETTLEMENT, TEXAS

RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITALAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Assessed Value (In Thousands)²</u>	<u>Gross Bonded Debt³</u>	<u>Less Debt Service Funds⁴</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2003	15,250	\$ 379,091	\$ 3,155,000	\$ 287,658	\$ 2,867,342	0.76%	\$ 188
2004	15,350	405,815	2,630,000	372,437	2,257,563	0.56%	147
2005	15,400	443,149	2,085,000	382,971	1,702,029	0.38%	111
2006	15,750	467,044	1,525,000	410,560	1,114,440	0.46%	71
2007	15,900	528,867	1,155,000	442,207	712,793	0.53%	45
2008	16,000	631,949	770,000	379,090	390,910	0.69%	24
2009	16,150	580,443	6,720,000	364,883	6,355,117	1.09%	394
2010	16,300	601,292	6,495,000	359,284	6,135,716	1.02%	376
2011	16,350	500,940	6,345,000	357,495	5,987,505	1.20%	366
2012	16,116	620,483	5,985,000	382,938	5,602,062	0.90%	348

- (1) Source: North Central Texas Council of Governments
(2) Table 5
(3) Amount does not include Revenue Bonds.
(4) Amount available for repayment of General Obligation Bonds

CITY OF WHITE SETTLEMENT, TEXAS

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDSAS OF SEPTEMBER 30, 2012
(UNAUDITED)

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of White Settlement</u>	<u>Amount Applicable to City of White Settlement</u>
Direct:			
City of White Settlement	6,331,283	100.00%	\$ 6,331,283
Total direct debt	<u>6,331,283</u>		<u>6,331,283</u>
Overlapping:			
White Settlement Independent School District	168,902,009	35.14%	59,352,166
Fort Worth Independent School District ¹	715,114,995	- %	-
Tarrant County	317,725,000	0.41%	1,302,673
Tarrant County Hospital District	56,385,000	0.41%	231,179
Tarrant County College District	<u>20,765,026</u>	0.41%	<u>85,137</u>
Total overlapping debt	<u>1,278,892,030</u>		<u>60,971,154</u>
Total direct and overlapping debt	<u>\$ 1,285,223,313</u>		<u>\$ 67,302,437</u>
Ratio of overlapping bonded debt to taxable assessed valuation			13.21%
Per capita overlapping bonded debt			\$ 4,176

(1) That portion of the City which overlaps Fort Worth Independent School District is federal land and not subject to taxation.

CITY OF WHITE SETTLEMENT, TEXAS

LEGAL DEBT MARGIN INFORMATION

**AS OF SEPTEMBER 30, 2012
(UNAUDITED)**

No direct funded debt limitation is imposed on the City under current state law or the City's Home rule Charter.

The City Charter empowers the City Council, under the provisions of the Texas Constitution, Article II, Section 5, to levy, assess and collect an annual tax upon taxable property within the City. The Charter further states the tax is not to exceed a total of one dollar and fifty cents (\$1.50) on the one hundred dollars (\$100.00) assessed valuation of said property. No provisions are made limiting the amount of this tax rate that can be used for debt service. The City may issue only those bonds and amounts approved by the voters of the City.

CITY OF WHITE SETTLEMENT, TEXAS

REVENUE BOND COVERAGE
WATER AND SEWER BONDSLAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service ²			Coverage ³
				Principal	Interest	Total	
2003	\$ 4,428,372	\$ 2,535,520	\$ 1,892,852	\$ 470,000	\$ 185,190	\$ 655,190	2.89
2004	4,541,441	3,154,532	1,386,909	445,000	141,473	586,473	2.36
2005	4,976,811	3,335,412	1,641,399	265,000	131,290	396,290	4.14
2006	5,487,914	3,588,884	1,899,030	180,000	124,215	304,215	6.24
2007	4,980,882	3,111,019	1,869,863	185,000	117,960	302,960	6.17
2008	5,457,394	3,205,402	2,251,992	195,000	112,511	307,511	7.32
2009	5,037,370	3,000,353	2,037,017	400,000	490,418	890,418	2.29
2010	5,612,715	3,549,671	2,063,044	500,000	386,487	886,487	2.33
2011	6,082,219	2,859,218	3,223,001	500,000	392,495	892,495	3.61
2012	5,913,597	3,467,865	2,445,732	545,000	335,851	880,851	2.78

Notes:

- (1) Total operating expenses exclusive of depreciation and administrative cost sharing.
- (2) Revenue bonded debt only
- (3) Based on current debt service as opposed to maximum annual debt service as specified in the bond ordinances.

TABLE 14

CITY OF WHITE SETTLEMENT, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Population ¹	Median Income ²	Per Capita Income	Personal Income ²	School Enrollment ⁴	Unemployment Rate ⁵
2003	15,250	\$ 44,200	\$ 16,554 ³	\$ 252,448,500	\$ 4,793	6.2%
2004	15,350	45,530	17,052 ³	261,748,200	4,930	5.0%
2005	15,400	45,530	17,052 ³	262,600,800	5,167	4.8%
2006	15,750	45,530	17,052 ³	268,569,000	5,464	3.0%
2007	15,900	45,530	17,052 ³	271,126,800	5,432	3.8%
2008	16,000	54,089	24,093 ²	385,488,000	5,732	4.3%
2009	16,150	54,089	24,093 ²	389,101,950	5,882	8.3%
2010	16,400	55,425	24,093 ²	395,101,950	5,864	7.9%
2011	16,200	45,886	19,551 ²	316,726,200	6,369	7.8%
2012	16,116	56,532	26,492 ²	426,945,072	6,548	7.4%

Sources:

- (1) North Texas Council of Governments
- (2) Department of Housing and Urban Development - American Community Survey (3-year survey).
- (3) City staff calculation based on family median income for 2.696 members per family.
- (4) White Settlement Independent School District
- (5) Texas Workforce Commission-Tarrant County

CITY OF WHITE SETTLEMENT, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR
(UNAUDITED)

Employer	Type of Business	2012	
		Employees	Percentage of Total City Employment
Weir SPM	Oil field equipment	1,300	16.90%
White Settlement I.S.D.	Education	613	7.97%
Western Hill Rehabilitation & Nursing Center	Rehabilitation/nursing	215	2.79%
PDX, Inc./PCI Professional Systems	Pharmaceutical software	175	2.27%
City of White Settlement	Municipal government	153	1.98%
West Side Campus of Care	Retirement home	150	1.95%
Co-Operative Industries	Electrical wiring harnesses mfg.	112	1.45%
Lowe's Home Center #1619	Building materials/hardware retail	95	1.23%
OmniAmerican Bank	Financial institution	85	1.10%
Academy Sports & Outdoors #97	Retail	84	1.09%
	Totals	<u>2,982</u>	<u>38.73%</u>
2012 Total City employment		<u>7,691</u>	

GASB 44 was implemented for the fiscal year ended September 30, 2006. The schedules are not required to be adopted retroactively, therefore, comparative information for nine years ago will not be presented until 2015.

CITY OF WHITE SETTLEMENT, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year						
	2006	2007	2008	2009	2010	2011	2012
General government							
Administration	2.00	3.00	3.00	3.00	2.50	2.00	2.00
City secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	4.00	4.00	4.00	4.00	3.00	3.00	4.00
Facilities services	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Personnel	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Purchasing	4.00	4.00	4.00	4.00	3.00	3.00	2.00
Management information systems	2.50	2.50	2.00	2.00	2.00	2.00	2.00
Public safety							
Police	46.50	46.50	49.00	50.00	50.00	50.00	50.00
Municipal court	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Fire	4.20	4.20	4.00	4.00	4.00	4.00	4.00
Code compliance	4.50	4.50	5.00	5.50	7.00	6.00	6.00
Public works							
Streets and drainage	7.00	7.00	7.00	7.00	7.00	5.00	5.00
Public health							
Animal control	2.50	2.50	2.00	2.50	3.50	3.00	3.00
Culture and recreation							
Senior services	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Park maintenance and recreation	7.00	7.00	7.50	7.50	7.50	8.00	8.00
Library	7.00	7.50	7.00	7.00	7.00	7.00	7.00
EDC operations and parks	6.50	6.50	6.50	6.50	6.50	7.00	6.00
Economic development and assistance	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water production and distribution	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Sewer operations	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Utility billing	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<u>126.70</u>	<u>128.20</u>	<u>130.00</u>	<u>132.00</u>	<u>133.00</u>	<u>130.00</u>	<u>129.00</u>

GASB 44 was implemented for the fiscal year ended September 30, 2006. The schedules are not required to be adopted retroactively, therefore, comparative information will be presented in future years.

TABLE 17

CITY OF WHITE SETTLEMENT, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2006	2007	2008	2009	2010	2011	2012
Public safety							
Police department							
Calls for service	25,671	27,253	28,393	27,362	26,161	25,989	27,375
Traffic citations	4,465	3,849	3,044	3,362	2,750		3,722
Criminal offenses	2,306	1,765	1,765	1,495	1,716	1,528	1,943
Number of accidents	241	215	215	162	170	119	204
Persons confined	1,164	942	783	804	872	791	889
Municipal Court							
Active warrants	2,443	4,090	4,051	3,659	3,227	917	2,243
Closed warrants	1,798	2,968	1,415	1,333	1,338	1,905	3,321
Fire department							
Fire runs	357	52	392	432	513	538	460
Emergency runs	1,055	1,322	1,482	1,123	1,232	1,119	1,151
Code compliance							
Permits issued	2,734	2,434	1,836	2,199	1,769	1,849	2,081
Public works							
Streets and drainage							
Streets resurfaced (miles)	2.03	1.53	1.53	1.47	0.27	0.78	0.45
Public health							
Animal control - calls for service	2,183	2,268	2,135	2,035	2,035	1,953	1,710
Culture and recreation							
Senior services							
Meals served	23,442	22,064	22,504	21,468	23,047	21,740	22,366
Library							
Average daily circulation	265	289	256	333	362	312	320
Average patron visits per month	5,070	4,972	4,860	5,410	5,865	4,683	5,440
EDC operations and parks							
Number of league participants	7,000	7,000	7,600	7,900	8,100	7,578	8,900
Water production and distribution							
Number of water connections	5,400	5,306	5,340	5,417	5,352	5,330	5,370
Average daily consumption (thousands of gallons)	1,860	1,469	1,538	1,450	1,406	1,652	1,552
Sewer operations							
Number of sewer connections	5,225	5,209	5,240	5,323	5,265	5,239	5,264

(1) Indicators are not available for the general government and economic development functions.

GASB 44 was implemented for the fiscal year ended September 30, 2006. The schedules are not required to be adopted retroactively, therefore, comparative information will be presented in future years.

CITY OF WHITE SETTLEMENT, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year						
	2006	2007	2008	2009	2010	2011	2012
Public safety							
Police department							
Stations	1	1	1	1	1	1	1
Patrol cars	11	11	11	11	11	11	15
Fire department							
Stations	1	1	1	1	1	1	1
Fire trucks	7	9	9	9	9	11	11
Public works							
Streets and drainage							
Streets (miles)	Approx. 68	Approx. 68	Approx. 68	Approx. 68	Approx. 68	Approx. 67	Approx. 67
Culture and recreation							
Senior services							
Community centers	1	1	1	1	1	1	1
Library							
Volumes	74,693	73,855	73,707	69,513	73,494	70,732	67,012
Parks and recreation							
Acreage	299	299	350	350	350	350	350
Playgrounds	6	6	6	6	6	6	6
Picnic areas	22	22	22	22	22	22	22
EDC parks and operations							
Baseball/softball diamonds	11	11	11	11	11	11	11
Soccer/football fields	1	1	1	1	1	1	1
Water production and distribution							
Water mains (miles)	88	88	88	88	88	88	88
Storage capacity (thousands of gallons)	2,445	2,445	2,445	2,445	2,445	2,445	2,445
Sewer operations							
Sewer lines (miles)	70	70	70	70	70	70	70

(1) Indicators are not available for the general government, public health and economic development functions.

GASB 44 was implemented for the fiscal year ended September 30, 2006. The schedules are not required to be adopted retroactively, therefore, comparative information will be presented in future years.

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