Please attach this Supplement Dated August 10, 2011, to all copies of the Official Statement described below that are in your possession, and forward copies of this Supplement Dated August 10, 2011, to each of the parties to whom you have previously delivered copies of such Official Statement.

SUPPLEMENT DATED AUGUST 10, 2011

to the

OFFICIAL STATEMENT DATED JULY 26, 2011

Relating to the issuance of

$1,705,000
CITY OF WHITE SETTLEMENT, TEXAS
(Tarrant County, Texas)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011

This Supplement Dated August 10, 2011, ("Supplement") amends and supplements the Official Statement dated July 26, 2011 (the "Official Statement"), relating to the captioned Bonds and constitutes an integral part of the Official Statement. Capitalized terms used in this Supplement but not defined herein have the meanings given to such terms in the Official Statement.

Changes Made By This Supplement:

(1) Cover Page of the Official Statement, upper righthand corner, **"S&P: "AA+"/"A+""** (underlying) is supplemented by inserting the phrase, (negative outlook), as follows:

"S&P: "AA+" (negative outlook)/"A+" (underlying)"

(2) Page vi of the Official Statement, under the heading "**OFFICIAL STATEMENT SUMMARY – Ratings**" is supplemented with the modification of "AA+ by S&P" in the first sentence as follows:

"AA+ (negative outlook) by S&P"

(3) Page 6 of the Official Statement**: The section encaptioned "BOND INSURANCE" is hereby deleted in its entirety and replaced with the following:**

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM" or the "Insurer")will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA+" (negative outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 8, 2011, S&P published a Research Update in which it affirmed the "AA+" financial strength rating of AGM. At the same time, S&P revised the ratings outlook on AGM to negative from stable. Reference is made to the Research Update a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

On January 24, 2011, S&P published a Request for Comment: Bond Insurance Criteria (the "Bond Insurance RFC") in which it requested comments on its proposed changes to its bond insurance ratings criteria. In the Bond Insurance RFC, S&P notes that it could lower its financial strength ratings on existing investment-grade bond insurers (including AGM) by one or more rating categories if the proposed bond insurance ratings criteria are adopted, unless those bond insurers (including AGM) raise additional capital or reduce risk. Reference is made to the Bond Insurance RFC, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed by AGL with the Securities and Exchange Commission (the "SEC") on March 1, 2011, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which was filed by AGL with the SEC on May 10, 2011.

Capitalization of AGM

At March 31, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately $ 3,058,791,206 and its total net unearned premium reserve was approximately $ 2,285,987,748, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (which was filed by AGL with the SEC on March 1, 2011); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (which was filed by AGL with the SEC on May 10, 2011).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

(4) Page 28 of the Official Statement, under the heading "**OTHER RELEVANT INFORMATION - Ratings**" is supplemented with the modification of "AA+ (stable outlook) by S&P" in the second sentence as follows:

"AA+ (negative outlook) by S&P"

(5) In the fourth paragraph on Page 3 of the Official Statement under "THE BONDS - Book-Entry Only System" there is a statement that DTC is rated AAA by S&P. On August 8, 2011, DTC was downgraded to AA+ by S&P.

* * * * *

SUPPLEMENT DATED AUGUST 10, 2011

OFFICIAL STATEMENT
Dated July 26, 2011

NEW ISSUE - Book-Entry-Only

RATINGS:
Moody's: "Aa3"/"A1" (underlying)
S&P: "AA+"/"A+" (underlying)
(AGM Insured)
(See "BOND INSURANCE", "BOND INSURANCE RISKS" and "OTHER RELEVANT INFORMATION - Ratings" herein)

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations.

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$1,705,000
CITY OF WHITE SETTLEMENT, TEXAS
(Tarrant County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011

Dated: July 15, 2011 **Due: February 15, as shown on page ii hereof**

PAYMENT TERMS . . . Interest on the City of White Settlement, Texas (the "City") General Obligation Refunding Bonds, Series 2011 (the "Bonds") will accrue from the dated date as shown above and will be payable on February 15 and August 15 of each year, commencing February 15, 2012, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or any integral multiple thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only"). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Texas Government Code, Chapter 1207, as amended ("Chapter 1207"), and are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the issuance of the Bonds (the "Bond Ordinance" or "Ordinance") (see "THE BONDS – Authority for Issuance" and "THE BONDS – Security for the Bonds").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to refund a portion of the City's outstanding debt (the "Refunded Obligations") in order to lower the overall debt service requirements of the City, and to pay the costs associated with the issuance of the Bonds.

ASSURED GUARANTY MUNICIPAL

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("Assured Guaranty Municipal Corp." or "AGM"). See "BOND INSURANCE" herein.

See Maturity Schedule on Page ii

RATINGS . . . The Bonds are expected to be rated "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's") and "AA+" (stable outlook) by Standard & Poor's Rating Services, a Standard and Poor's Financial Services LLC business ("S&P") based upon a bond insurance policy issued by Assured Guaranty Corp. In addition, the Bonds and the currently outstanding general obligation debt of the City are rated "A1" by Moody's and "A+" by S&P, without regard to credit enhancement. "BOND INSURANCE", "BOND INSURANCE RISKS" and "OTHER INFORMATION – Ratings").

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser(s) (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C - "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by Vinson & Elkins LLP, Dallas, Texas and The Law Office of Renee Higginbotham-Brooks, Fort Worth, Co-Counsel to the Underwriters.

DELIVERY . . . It is expected that the Bonds will be available for delivery to the Underwriters through DTC on or about August 11, 2011.

RBC CAPITAL MARKETS **CREWS AND ASSOCIATES, INC.**

MATURITY SCHEDULE

$1,705,000
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011

Maturity	Amount	Rate	Yield	CUSIIP [1]
2012	$ 155,000	2.000%	0.450%	964542LV4
2013	155,000	2.000%	0.700%	964542LW2
2014	155,000	2.000%	1.000%	964542LX0
2015	165,000	2.000%	1.250%	964542LY8
2016	170,000	2.000%	1.540%	964542LZ5
2017	170,000	2.000%	1.870%	964542MA9
2018	175,000	3.000%	2.260%	964542MB7
2019	180,000	3.000%	2.580%	964542MC5
2020	185,000	3.000%	2.830%	964542MD3
2021	195,000	3.000%	2.950%	964542ME1

(Accrued interest from July 15, 2011 to be added)

REDEMPTION PROVISION OF THE BONDS . . . The Bonds are not subject to optional redemption.

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City, the Financial Advisor, nor the Purchasers are responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Official Statement, which includes the Schedule and Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy the Bonds to any person in any jurisdiction in which it is unlawful to make such offer or solicitation.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriters.

Certain information set forth herein has been provided by the City and other sources which are believed to be reliable as having been authorized by the City or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE CITY NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM OR ANY INFORMATION UNDER THE CAPTION "BOND INSURANCE" REGARDING ASSURED GUARANTY MUNICIPAL CORP. ("ASSURED GUARANTY MUNICIPAL CORP" OR "AGM") OR ITS POLICY, AS SUCH INFORMATION HAS BEEN FURNISHED BY THE DEPOSITORY TRUST COMPANYAND AGM, RESPECTIVELY.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completion of such information.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy".

TABLE OF CONTENTS

The cover page hereof, this page, the appendices included herein, the Financial Statements and any addenda, supplement or amendment hereto, are part of the Official Statement.

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Jerry Burns Mayor	3 Years, 1 Month	May, 2014	Lockheed Martin
Gene Hatcher Place 1, Mayor Pro-Tem	3 Years, 1 Month	May, 2014	Retired
Elzie Clements Place 2, Councilmember	1 Month	May, 2015	Retired
Mike Arnold, Sr Place 3, Councilmember	1 Month	May, 2015	Retired
Paul Moore Place 4, Councilmember	1 Month	May, 2012	Retired
Gary Wilson Place 5, Councilmember	5 Years 1 Month	May, 2012	Retired

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service With the City	Length of Service in Current Position
Linda Ryan	City Manager	10 Years	1 Year
Renita Bishop	Director of Finance	2 Years	2 Years
Amy Arnold	City Secretary	3 Years	3 Years
Jack Bell	Project Manager	2 Years	2 Years
Mike Burkett[1]	City Attorney	14 Years	14 Years

CONSULTANTS AND ADVISORS

Certified Public Accountants .... George, Morgan & Sneed, P.C. Weatherford, Texas

Bond Counsel ....McCall, Parkhurst & Horton L.L.P, Dallas, Texas

Financial Advisor ....Estrada Hinojosa & Company, Inc., Dallas, Texas

For additional information regarding the City, please contact:

Linda Ryan City Manager City of White Settlement 214 Meadow Park Drive White Settlement, Texas 76108 (817) 246-4971 - Telephone (817) 367-0885	or	Renita Bishop Director of Finance City of White Settlement 214 Meadow Park Drive White Settlement, Texas 76108 (817) 246-4971 - Telephone (817) 367-0885 – Fax	or	U. S. Williams, Jr. Nicole Roberts Estrada Hinojosa & Company 1717 Main Street, Suite 4700 Dallas, Texas 75201 (214) 658-1670 - Telephone (214) 658-1671 – Fax

(1) Mr. Burkett has announced his retirement. The City has begun a search for his replacement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this data page from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY	The City of White Settlement, Texas is a political subdivision and municipal corporation of the State, located in Tarrant, County, Texas. The City operates as a home-rule city under the City Councilmember/Manager form of government where the Mayor and five City Council members are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City covers approximately 5 square miles (see APPENDIX A - "General Information Regarding the City").
THE BONDS	The Bonds are issued as $1,705,000 General Obligation Refunding Bonds, Series 2011 (the "Bonds") (see "THE BONDS - Description of the Bonds").
PAYMENT OF INTEREST	Interest on the Bonds accrues from July 15, 2011, and is payable February 15, 2012 and each August 15 and February 15 thereafter until maturity (see "THE BONDS - Description of the Bonds").
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly, Texas Government Code, Chapter 1207, as amended ("Chapter 1207"), and the ordinance authorizing the issuance of the Bonds (the "Bond Ordinance" or "Ordinance") (see "THE BONDS - Authority for Issuance").
SECURITY FOR THE BONDS	The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, as provided in the Bond Ordinance. (see "THE BONDS - Security for the Bonds")
OPTIONAL REDEMPTION	The Bonds are not subject to optional redemption.
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations.
QUALIFIED TAX-EXEMPT OBLIGATIONS	The City will designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS – Qualified Tax Exempt Obligations").
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used to refund a portion of the City's outstanding debt (the "Refunded Obligations"), in order to lower the overall debt service requirements of the City, and to pay the costs associated with the issuance of the Bonds.
RATINGS	The Bonds are expected to be rated "Aa3" (negative outlook) by Moody's and "AA+" (stable outlook) by S&P based upon a bond insurance policy issued by Assured Guaranty Municipal Corp. In addition, the Bonds and the currently outstanding general obligation debt of the City are rated "A1" by Moody's and "A+" by S&P, without regard to credit enhancement. "BOND INSURANCE", "BOND INSURANCE RISKS" and "OTHER INFORMATION – Ratings").
INSURANCE	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("Assured Guaranty Municipal Corp." or "AGM"). See "BOND INSURANCE" and "BOND INSURANCE RISKS" herein..

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD.......................... The City has never defaulted in the payment of any of its bonded indebtedness.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended September 30,	Estimated Population	Taxable Assessed Valuation [3]	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year	Ratio Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita	% of Total Tax Collections
2007	15,900 [1]	535,588,605	33,685	5,955,000	1.11%	374.53	98.08%
2008	16,000 [1]	576,832,025	36,052	5,355,000	0.93%	334.69	99.87%
2009	16,158 [1]	618,099,885	38,253	7,877,500	1.27%	487.53	99.19%
2010	16,116 [2]	598,380,941	37,130	6,052,500	1.01%	375.56	98.61%
2011	16,200 [1]	502,523,606	31,020	7,352,500 [4][5]	1.46% [4]	453.86 [4]	91.84%
2012	16,200 [1]	502,548,436	31,022	6,412,426 [4][5]	1.28% [4]	395.83 [4]	N/A

(1) Source: North Texas Council of Governments and City estimate.

(2) U.S. Census.

(3) The valuations shown are the Certified Taxable Assessed Valuations reported annually in September to the Texas Comptroller of Public Accounts. The valuations are subject to change during the ensuing year due to settlement of contested valuations, etc.

(4) Includes the Bonds and excludes the Refunded Obligations and self-supported debt.

(5) The City intends to issue approximately $6,000,000 of combination tax and limited surplus revenue certificates of obligation within the next month. The current value of Funded Debt Outstanding at End of Year will be increased by the aggregate principal amount of the certificates issued.

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OFFICIAL STATEMENT
Relating to

$1,705,000
CITY OF WHITE SETTLEMENT, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011

INTRODUCTION

This Official Statement, which includes the cover pages and the Appendices hereto, provides certain information regarding the issuance by the City of White Settlement, Texas (the "City") of its General Obligation Refunding Bonds, Series 2011 (the “Bonds”). Capitalized terms used in this Official Statement and not otherwise defined herein shall have the same meanings assigned to such terms in the ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (the “Bond Ordinance” or “Ordinance”).

There follow in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Estrada Hinojosa & Company, Inc., 1717 Main Street, Suite 4700, Dallas, Texas 75201, upon payment of reasonable copying and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the final Official Statement will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and a municipal corporation of the State, duly organized and existing under the laws of the State of Texas, including the City's Home Rule Charter. The City was incorporated in 1848, and first adopted its Home Rule Charter in 1954, which was last amended in 2005. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers who are elected for staggered three-year terms. The Council formulates the policies while the City Manager is the chief administrative officer for the City. Some of the services that the City provides are public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2000 U.S. Census population for the City was 14,831, while the 2010 U.S. Census population was 16,116. The City covers approximately 5 square miles.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City’s outstanding debt listed on Schedule I attached hereto (the “Refunded Obligations”) in order to lower the overall debt service requirements of the City (see Schedule I attached hereto for a detailed description of the Refunded Obligations); and (ii) pay the costs of issuance of the Bonds.

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Obligations (see Schedule I attached hereto) are to be paid on the redemption date of such Refunded Obligations, from funds to be deposited pursuant to a certain escrow agreement (the “Escrow Agreement”) between the City and Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Escrow Agent”). The Bond Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriter and funds contributed by the City, if any, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their respective redemption dates. Such funds will be held uninvested by the Escrow Agent in a special escrow account (the “Escrow Fund”). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations. **The funds on deposit in the Escrow Fund will not be available to pay the Bonds.**

By the deposit of the cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the sufficiency certificate of Estrada Hinojosa & Company, Inc., the Refunded Obligations will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes nor for the purpose of applying any limitation on the issuance of debt.

The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated July 15, 2011 and mature on February 15 in each of the years and in amounts shown on page 4 hereof. Interest will be payable on February 15 and August 15 of each year, commencing February 15, 2012, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or any integral multiple thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "The Bonds - Book-Entry-Only System").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Texas Government Code, Chapter 1207, as amended ("Chapter 1207"), and the Bond Ordinance.

SECURITY FOR THE BONDS . . . The Bonds constitute direct obligations of the City and the principal thereof and interest thereon are payable from a direct and continuing ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City, as provided in the Bond Ordinance.

OPTIONAL REDEMPTION . . . The Bonds are not subject to optional redemption.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, as the case may be, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized entity, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the paying agent for the Bonds being defeased. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of such Bonds have been made as described above, all rights of the City to initiate proceedings to call such Bonds for redemption or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of such Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorize.

AMENDMENTS . . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any holder for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

The Ordinance further provides that the holders of the Bonds, as applicable, aggregating in principal amount 51% of the outstanding Bonds, as the case may be, shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Bonds so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered 12 into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co. consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participant's accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the City takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS - Transfer, Exchange and Registration."

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In each Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds, as the case may be, are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds affected by the changes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE, AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed versions of the Bonds will be delivered to the registered owners thereof and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond(s) surrendered for exchange or transfer. (See “BOOK-ENTRY-ONLY SYSTEM” herein for a description of the system to be utilized in regard to initial ownership and transferability of the Bonds.)

Neither the City or the Paying Agent/Registrar shall be required to transfer or exchange any Bond during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

PAYMENT PROCEDURES . . . Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made as described in “Book-Entry-Only System” herein.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of past due interest, which shall be 15 days after the Special Record Date, shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the 15th business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of the principal of or interest on the Bonds when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds, or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, and so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Bond Holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages, Bond Holders may not be able to bring such a suit against the City for breach of the covenants in the Bonds or in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, Bond Holders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

See "Book-Entry-Only System" herein for a description of the duties of DTC with regard to ownership of the Bonds. Initially, the only registered owner of the Bonds will be The Depository Trust Company. See "Book- Entry-Only System" herein.

SOURCES AND USES OF FUNDS . . . The proceeds of the Bonds will be used as follows:

Sources:		
Par Amount of Bonds	$	1,705,000.00
Accrued Interest		2,993.61
Premium		32,955.05
City Contribution		39,160.00
Total Sources of Funds	$	1,780,108.66
Uses:		
Deposit to Escrow Fund		1,686,058.50
Accrued Interest		2,993.61
Costs of Issuance, Underwriter's Discount & Insurance Premium		91,056.55
Total Uses of Funds	$	1,780,108.66

BOND INSURANCE

BOND INSURANCE POLICY . . . Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM" or the “Insurer”) will issue a Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP . . . AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM’s financial strength is rated “AA+” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “Aa3” (negative outlook) by Moody’s Investors Service, Inc. (“Moody’s”). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 13, 2011, S&P issued a release stating that it had affirmed the “AA+” financial strength rating of AGM, with a stable outlook. Reference is made to the release, a copy of which is available at www.standardandpoors.com, for the complete text of S&P’s comments.

On January 24, 2011, S&P published a Request for Comment: Bond Insurance Criteria (the “Bond Insurance RFC”) in which it requested comments on its proposed changes to its bond insurance ratings criteria. In the Bond Insurance RFC, S&P notes that it could lower its financial strength ratings on existing investment-grade bond insurers (including AGM) by one or more rating categories if the proposed bond insurance ratings criteria are adopted, unless those bond insurers (including AGM) raise additional capital or reduce risk. Reference is made to the Bond Insurance RFC, a copy of which is available at www.standardandpoors.com, for the complete text of S&P’s comments.

On December 18, 2009, Moody’s issued a press release stating that it had affirmed the “Aa3” insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody’s comments.

There can be no assurance as to any further ratings action that Moody’s or S&P may take with respect to AGM.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed by AGL with the Securities and Exchange Commission (the “SEC”) on March 1, 2011, and AGL’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which was filed by AGL with the SEC on May 10, 2011.

Capitalization of AGM

At March 31, 2011, AGM’s consolidated policyholders’ surplus and contingency reserves were approximately $ 3,058,791,206 and its total net unearned premium reserve was approximately $ 2,285,987,748, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (which was filed by AGL with the SEC on March 1, 2011); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (which was filed by AGL with the SEC on May 10, 2011).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at http://www.sec.gov, at AGL’s website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”.

BOND INSURANCE RISKS

GENERAL . . . As described above, the City will purchase the Policy to guarantee the scheduled payment of principal and interest on the Bonds and the following are risk factors relating to bond insurance.

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "The Bonds - Bondholders' Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Bondholders. In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. An Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds.

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the City, the Financial Advisor or the Underwriters have made independent investigation into the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . Moody's Investor Services, Inc., Standard & Poor's Ratings Services, a Standard and Poor's Financial Services LLC business and Fitch Ratings (the "Rating Agencies") have, in recent months, downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including the Insurer. Thus, when making an investment decision, potential investors should carefully consider the ability of the Insurer to pay principal and interest on the Bonds and the claims-paying ability of any the Insurer, particularly over the life of the Bonds.

AD VALOREM TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Tarrant County Appraisal District. Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Texas Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to Title I of the Texas Tax Code (the "Tax Code"), for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxation.

In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value the preceding year plus (b) the property's appraised value in the preceding year plus (c) the market value of all new improvements to the property.

Article VIII of the Texas Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Article VIII, Section 1-b and other State law, the governing body of a political subdivision, at its option, may grant: (1) an exemption of not less than $3,000 of the market value of residence homesteads of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) an exemption of up to 20% of the market value of residence homesteads; minimum exemption $5,000. The surviving spouse of an individual who qualifies for the foregoing exemption identified in clause (1) for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created. As of January 1, 2004, under Article VIII and State law, the governing body of a county, municipality or junior college district may provide for a freeze on total amount of ad valorem levied on the residence homestead of a disabled person or persons 65 years of age or older above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, the total amount of taxes imposed on such homestead cannot be increased except for improvements and such freeze is transferable to a different residence homestead and to the surviving spouse living in such homestead who is disabled or is at least 55 years of age. Once established such freeze cannot be repealed or rescinded. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years.

Other State law and Article VIII, Section 2 allow for an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Section 11.253 of the Tax Code provides for the exemption from taxation of "goods-in-transit" unless a taxing unit opts out of the exemption. "Goods-in-transit" is defined as tangible personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas and that is detained at a location in the state in which the owner of the property does not have a direct or indirect ownership interest for assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and retail manufactured housing inventory. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in- transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property.

The City may create one or more tax increment financing districts ("TIF") within the City and freeze the taxable values of property in the TIF at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIF may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIF in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIF. Taxes levied by the City against the values of real property in the TIF in excess of the "frozen" value are not available for general city use but are restricted to paying or financing "project costs" within the TIF. The City also may enter into tax abatement agreements to encourage economic development. Under a tax abatement agreement, a property owner typically agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Municipalities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs or promote state or local economic development and to stimulate business and commercial activity in the city. In accordance with a program established pursuant to Chapter 380, a city may make loans or grants of public funds for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the city.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . Section 26.05 of the Property Tax Code provides that the governing body of a taxing unit is required to adopt the annual tax rate for the unit before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit for the tax year to be the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. Furthermore, Section 26.05 provides the City Council may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate." If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted).

"Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is assessed as of January 1 of each year. (Business inventory may, at the option of the taxpayer, be assessed as of September 1; oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year). Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Penalty	Interest	Total
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July	12%	6%	18%

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee that exceeds 20% of the amount of delinquent tax, penalty, and interest collected, and such fee may be added to the total tax penalty and interest charged to the taxpayer. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 Assessed Valuation for all City purposes. The City operates under a Home Rule Charter which authorizes a total tax rate of $1.50 per $100 of taxable assessed valuation.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $37,000; the disabled are also granted an exemption of $10,000. The City has granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000. See Table 1 for a listing of the amounts of the exemptions.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and the Tarrant County Tax Assessor/Collector's office collects the City's ad valorem taxes.

The City does permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City does collect the additional one-half cent sales tax for economic development.

The City does collect the additional one-half cent sales tax for a crime district program.

The City has adopted a tax abatement policy.

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TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

2011 Market Valuation Established by Tarrant County Appraisal District		$	670,622,999
Less Exemptions/Reductions at 100% Market Value:			
Residential Homestead Exemptions	30,821,689		
Over 65/Disabled Exemptions	32,673,105		
Local % Exemption Loss	39,472,159		
Disabled Veterans Exemptions	2,647,500		
Freeport Exemption Loss	62,408,453		
Pollution Control	-		
AG Deferrals	51,657		168,074,563
2011 Taxable Assessed Valuation		$	502,548,436
Debt Payable from Ad Valorem Taxes			
(as of June 1, 2011)			
General Obligation Debt		$	16,285,000
The Bonds			1,705,000
Total		$	17,990,000
Less: Refunded Obligations			1,640,000
Less: Self-Supporting Debt [1]			8,997,500
General Purpose Funded Debt Payable From Ad Valorem Taxes		$	7,352,500
Interest and Sinking Fund (as of September 30, 2010)		$	359,284
Ratio General Obligation Debt to Taxable Assessed Valuation			3.24%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation			1.46%

2011 Estimated Population -		16,200
Per Capita Taxable Assessed Valuation -	$	31,022
Per Capita General Purpose Funded Debt -	$	454

Sources: State of Texas Property Tax Division and the City.

[1] The City currently makes payments on the amount of debt identified as self-supporting from surplus net revenues of the City's water and sanitary sewer system, drainage system and contractual payments received from the City of Fort Worth to satisfy its share of the costs of the Farmer's Branch Sewer Interceptor Line. In the event such revenues are insufficient to make required payments, the City will be required to assess an ad valorem tax sufficient to make such payments. (See "Table 8A – Computation of Self-Supporting Debt")

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value For Fiscal Year Ended September 30,					
	2012		2011		2010	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$275,366,328	41.06%	$286,102,496	43.17%	$320,068,788	42.64%
Real, Residential, Multi-Family	44,173,780	6.59%	46,265,096	6.98%	42,575,092	5.67%
Real, Vacant Lots/Tracts	7,288,128	1.09%	8,779,658	1.32%	7,337,734	0.98%
Real, Acreage (Land Only)	2,354,396	0.35%	2,094,950	0.32%	2,605,516	0.35%
Real, Farm and Ranch Improvements	47,000	0.01%	51,836	0.01%	-	0.00%
Real, Commercial	186,830,480	27.86%	194,972,802	29.42%	255,222,245	34.00%
Real, Industrial	1,328,200	0.20%	1,623,066	0.24%	2,140,342	0.29%
Real and Tangible Personal, Utilities	17,742,236	2.65%	12,416,780	1.87%	3,830,579	0.51%
Tangible Personal, Commercial	32,268,832	4.81%	47,877,493	7.22%	29,210,688	3.89%
Tangible Personal, Industrial	98,956,453	14.76%	55,874,528	8.43%	84,841,024	11.30%
Tangible Personal, Mobile Homes	1,129,300	0.17%	3,126,786	0.47%	1,409,135	0.19%
Real Property, Inventory [(1)]	3,137,866	0.47%	3,499,866	0.53%	1,434,717	0.19%
Total Appraised Value Before Exemptions	$670,622,999	100.00%	$662,685,357	100.00%	$750,675,859	100.00%
Less: Total Exemptions/Reductions	168,074,563		160,161,751		152,294,918	
Taxable Assessed Valuation	$502,548,436		$502,523,606		$598,380,941	

	Taxable Appraised Value For Fiscal Year Ended September 30,			
	2009		2008	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	329,844,184.90	42.58%	$321,295,680	48.42%
Real, Residential, Multi-Family	42,849,400	5.53%	52,551,616	7.92%
Real, Vacant Lots/Tracts	7,425,799	0.96%	8,374,994	1.26%
Real, Acreage (Land Only)	2,737,500	0.35%	3,405,656	0.51%
Real, Farm and Ranch Improvements	137,100	0.02%	211,424	0.03%
Real, Commercial	242,509,690	31.31%	154,213,654	23.24%
Real, Industrial	1,626,476	0.21%	1,735,731	0.26%
Real and Tangible Personal, Utilities	12,162,813	1.57%	12,845,046	1.94%
Tangible Personal, Commercial	49,020,672	6.33%	42,615,951	6.42%
Tangible Personal, Industrial	79,691,079	10.29%	60,338,334	9.09%
Tangible Personal, Mobil Homes	4,095,485	0.53%	1,689,750	0.25%
Tangible Personal, Other	-	0.00%	-	0.00%
Intangible, Personal	-	0.00%	-	0.00%
Real Property, Inventory [(1)]	2,463,889	0.32%	4,236,146	0.64%
Total Appraised Value Before Exemptions	$774,564,089	100.00%	$663,513,982	100.00%
Less: Total Exemptions/Reductions	156,464,204		86,681,957	
Taxable Assessed Valuation	$618,099,885		$576,832,025	

NOTE: Valuations shown are certified taxable assessed values reported by the Tarrant County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

[(1)] Real inventory properties in the hands of developers or builders; each group of properties in this category is appraised on the basis of its value as a whole as a sale to another developer or builder. This category was initiated in 1988.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended September 30,	Estimated Population [(1)]	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year	Ratio Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2002	14,831	327,291,268	22,068	6,035,000	1.84%	406.92
2003	15,250	379,091,159	24,858	6,035,000	1.59%	395.74
2004	15,350	405,814,696	26,437	5,605,000	1.38%	365.15
2005	15,400	443,149,372	28,776	5,000,000	1.13%	324.68
2006	15,750	467,043,655	29,654	4,740,000	1.01%	300.95
2007	15,900	535,588,605	33,685	5,955,000	1.11%	374.53
2008	16,000	576,832,025	36,052	5,355,000	0.93%	334.69
2009	16,158	618,099,885	38,253	7,877,500	1.27%	487.53
2010	16,116	598,380,941	37,130	6,052,500	1.01%	375.56
2011	16,200	502,523,606	31,020	7,352,500 [(3)(4)]	1.46% [(3)]	453.86 [(3)]
2012	16,200	502,548,436 [(2)]	31,022	6,412,426 [(3)(4)]	1.28% [(3)]	395.83 [(3)]

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(1) Source: North Texas Council of Governments and the U. S. Census Bureau and City estimate.
(2) As reported by the Tarrant County Appraisal District on City's Annual State Property Tax Board Reports.
(3) Includes the Bonds and excludes the Refunded Obligations and self-supported debt.
(4) The City intends to issue approximately $6,000,000 of combination tax and limited surplus revenue certificates of obligation within the next month. The current value of Funded Debt Outstanding at End of Year will be increased by the aggregate principal amount of the certificates issued.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended September 30,	Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2002	0.6150	0.3908	0.2242	2,033,454	95.93%	98.07%
2003	0.6150	0.4130	0.2020	2,331,410	96.76%	99.12%
2004	0.6180	0.4325	0.1855	2,610,000	97.46%	100.05%
2005	0.6170	0.4478	0.1691	2,757,388	97.25%	98.22%
2006	0.6130	0.4559	0.1571	2,927,217	97.65%	99.70%
2007	0.6130	0.4763	0.1367	3,241,955	95.57%	98.08%
2008	0.6137	0.4866	0.1271	3,468,077	98.68%	99.87%
2009	0.6137	0.4866	0.1271	3,562,322	97.79%	99.19%
2010	0.6860	0.5171	0.1689	4,125,085	97.56%	98.61%
2011 [(1)]	0.6860	0.4598	0.2262	3,451,644	91.84% [(1)]	91.84% [(1)]

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Source: City of White Settlement.
(1) Collections as of May 31, 2011.

TABLE 5 - TEN LARGEST TAXPAYERS

Taxpayer	Nature of Business	2010 Taxable Assessed Valuation	% of Taxable Assessed Valuation
SPM Flow Control	Manufacturing	$ 35,727,837	7.11%
Lowe's Home Center Inc.	Retail	12,148,602	2.42%
Graham Realty Investments LTD	Real Estate	6,384,879	1.27%
ESS PRSIA II TX LP	Retail	5,856,602	1.17%
Oncor Electric Delivery Co., LLC	Utility	4,742,795	0.94%
Armet Dale St. Ltd Partnership	Real Estate	4,690,022	0.93%
Ddre McDonald Family, LP	Finance	4,558,300	0.91%
OMNIAMERICAN Bank	Finance	4,370,202	0.87%
Shg McDonald Family LP	Real Estate	4,348,757	0.87%
PDX Inc	Medical	4,198,215	0.84%
Totals		$ 87,026,211	17.32%

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the boundaries of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities may have issued additional debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping tax debt of the City.

Taxing Jurisdiction	2011 Taxable Assessed Valuation	2010 Tax Rate	Total Funded Debt	Estimated % Applicable	City's Overlapping Funded Debt	Authorized But Unissued Debt 9/30/2011
City of White Settlement	$502,548,436	$ 0.6860	$ 7,352,500 (1)	100.00%	$ 7,352,500	$ -
Fort Worth Independent School District	24,782,443,327	1.3220	771,686,326	0.00%	- (2)	10,000
Tarrant County	117,270,057,870	0.2640	353,941,048	0.50%	1,769,705	136,520,000
Tarrant County Hospital District	117,351,565,658	0.2270	29,311,690	0.50%	146,558	-
Tarrant County Junior College District	117,742,461,547	0.1370	43,109,589	0.50%	215,548	-
White Settlement Independent School District	1,429,911,414	1.5400	173,184,880	43.60%	75,508,608	-
					$ 84,992,919	
Ratio of Direct Overlapping G. O. Tax Debt to Taxable Assessed Valuation					16.91%	
Per Capita Overlapping Funded Debt					$5,246	

(1) Includes the Bonds and excludes the Refunded Obligations and self-supported debt.
(2) The City’s overlapping portion is Federal land and is not subject to taxation.

Source: "Texas Municipal Reports" published by the Municipal Advisory Council of Texas.

TABLE 7 - INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Debt Service Requirements, Fiscal Year Ended September 30, 2011	$ 1,912,291	
Fiscal Agent Fees	2,250	1,914,541
Interest and Sinking Fund as of September 30, 2010	$ 359,284	
Interest and Sinking Fund Tax Levy @ 97% Collection	1,135,577	
From City of Fort Worth	303,830	
From Drainage	118,233	
From Water and Sewer	490,529	
Estimated Investment Income	1,050	2,408,503
Estimated Balance on September 30, 2011		$ 493,962

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Source: City of White Settlement.

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TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS [(1)]

Fiscal Year Ended 9/30	Existing Debt Service Total	General Obligation Refunding Bonds, Series 2011 Principal	Interest	Total	Less: Refunded Obligations Total	Total Debt Service Requirements	Less: Self-Supporting Debt Service Requirements [(2)]	Total Net Debt Service Requirements	% of Principal Retired	Fiscal Year Ended 9/30
2011	$ 1,912,291	$ -	$ -	$ -	$ 40,050	$ 1,872,241	$ 912,592	$ 959,649		2011
2012	1,871,975	155,000	43,354	198,354	207,110	1,863,219	918,746	944,473		2012
2013	1,525,738	155,000	36,800	191,800	205,948	1,511,590	919,537	592,053		2013
2014	1,394,613	155,000	33,700	188,700	204,450	1,378,863	913,814	465,048		2014
2015	1,273,138	165,000	30,500	195,500	207,525	1,261,113	917,689	343,423	39.17%	2015
2016	1,277,468	170,000	27,150	197,150	210,005	1,264,613	920,594	344,018		2016
2017	1,269,255	170,000	23,750	193,750	207,043	1,255,963	915,400	340,562		2017
2018	1,273,350	175,000	19,425	194,425	208,625	1,259,150	919,477	339,673		2018
2019	1,279,188	180,000	14,100	194,100	209,625	1,263,663	922,445	341,217		2019
2020	1,276,788	185,000	8,625	193,625	210,125	1,260,288	921,845	338,442	57.13%	2020
2021	1,277,788	195,000	2,925	197,925	210,125	1,265,588	921,270	344,317		2021
2022	1,062,563	-	-	-	-	1,062,563	708,595	353,967		2022
2023	1,065,763	-	-	-	-	1,065,763	711,137	354,626		2023
2024	1,066,519	-	-	-	-	1,066,519	712,031	354,488		2024
2025	1,065,288	-	-	-	-	1,065,288	711,583	353,705	78.79%	2025
2026	1,066,325	-	-	-	-	1,066,325	710,591	355,734		2026
2027	1,069,363	-	-	-	-	1,069,363	712,634	356,728		2027
2028	1,065,488	-	-	-	-	1,065,488	712,106	353,381		2028
2029	1,064,050	-	-	-	-	1,064,050	711,072	352,978	100.00%	2029
	$ 24,156,945	$ 1,705,000	$ 240,329	$ 1,945,329	$ 2,120,630	$ 23,981,644	$ 15,793,158	$ 8,188,485		

[(1)] The City currently makes payments on the amount of debt identified as self-supporting from surplus net revenues of the City's water and sanitary sewer system, drainage system and contractual payments received from the City of Fort Worth to satisfy its share of the costs of the Farmers Branch Sewer Interceptor Line. In the event such revenues are insufficient to make required payments, the City will be required to assess an ad valorem tax sufficient to make such payments. (See "Table 8A – Computation of Self-Supporting Debt.")

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TABLE 8A – COMPUTATION OF SELF SUPPORTING DEBT

Waterworks and Sewer System [1]		
Revenue Available for Debt Service from WWS Revenues, FY 2010	$	2,063,044
City of Fort Worth (51.46%) contribution for Comb Tax & Rev Surplus C/O, Ser 2009		303,829
Less: Waterworks and Wastewater System Revenue Debt requirements, FY 2011		92,128
Less: Waterworks and Wastewater System GO Debt requirements, FY 2011		794,359
Balance Available for Other Purposes		1,480,387
Stormwater		
Net Revenue Available for Debt Service from Stormwater Revenues, FY 2010	$	509,212
Less: Stormwater System GO Debt Requirements, FY 2011		118,233
Balance Available for Other Purposes		390,979

[1] 51.46% of Combination Tax & Revenue Surplus C/O, Series 2009 is paid from contract payments received from the City of Fort Worth for its share of the costs of the Farmers Branch Sewer Interceptor Line.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City has no authorized and unissued general obligation debt.

ANTICIPATED ISSUANCE OF TAX SUPPORTED DEBT

Except as hereinafter described, the City does not anticipate issuing any additional debt within the ensuing twelve months. The City intends to issue within the next month approximately $6,000,000 of combination tax and limited water and sewer system revenue certificates of obligation to fund drainage and flood control improvements.

TABLE 9 - OTHER OBLIGATIONS

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.

Business –type Activities

On January 20, 2005, the City entered into a capital lease agreement with Chase Equipment Leasing, Inc. in the amount of $l,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 ofthe 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.

The City's future capital lease payments as of September 30, 2010 are as follows:

Fiscal Year Ended September 30,	Capital Leases Governmental Activities	Capital Leases Business-type Activities
2011	255,050	226,899
2012	255,050	101,685
2013	231,086	37,026
Total minimum lease payment	$ 741,186	$ 365,610
Less: Amount representing interest	31,191	20,518
Present value of future minimum payment	$ 709,995	$ 345,092

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan and deferred compensation plans, including post-retirement health care, see Appendix B, "Excerpts from the City's Comprehensive Annual Financial Report" - Notes 11 and 12.)

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FINANCIAL INFORMATION

TABLE 10 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY [(1)]

	Fiscal Year Ended September 30,				
Revenues	2010	2009	2008	2007	2006
Taxes	$ 6,234,646	$ 6,021,981	$ 5,852,846	$ 5,390,314	$ 5,383,494
Licenses and permits	247,562	273,757	358,440	311,793	260,330
Charges for services	158,449	125,207	99,244	79,347	67,009
Fines and forfeitures	254,318	294,420	277,826	410,081	412,811
Grants from other governments	-	-	-	235,321	162,543
Intergovernmental revenue	73,459	69,554	55,715	-	12,260
Interest Income	24,117		170,101	243,479	219,723
Oil and gas royalties	63,080	76,429	1,724,928	-	-
Miscelleous	59,236	88,109	1,839	648,000	656,454
Total Revenues	$ 7,114,867	$ 6,949,457	$ 8,540,939	$ 7,318,335	$ 7,174,624
Expenditures					
General government	$ 1,485,075	$ 1,747,138	$ 1,583,241	$ 1,569,230	$ 1,569,431
Public Safety	5,210,588	4,442,882	4,242,555	4,285,947	3,707,904
Public Works	633,289	626,014	576,694	885,616	597,991
Public Health	210,076	151,706	128,901	122,337	129,905
Culture and Recreation	1,174,730	1,141,481	1,132,074	1,085,971	1,067,006
Capital outlay	-	266,897	352,624	-	-
Total Expenditures	$ 8,713,758	$ 8,376,118	$ 8,016,089	$ 7,949,101	$ 7,072,237
Excess (Deficiency) of Revenues Over Expenditures	$ (1,598,891)	$ (1,426,661)	$ 524,850	$ (630,766)	$ 102,387
Other Soures (Uses):					
Proceeds from sale of general fixed assets	$ 13,381	$ 105,161	$ 36,562	$ 40,276	$ 17,933
Proceeds from insurance recoveries	26,949	35,756	220,997	-	-
Proceeds from capital lease	689,326	-	-	47,940	-
Operating Transfers In	1,244,022	1,246,523	1,224,013	1,057,305	670,898
Operating Transfers Out	(56,250)	(56,250)	(50,000)	(50,000)	(50,000)
Total other financing sources	$ 1,917,428	$ 1,331,190	$ 1,431,572	$ 1,095,521	$ 638,831
Revenues and Other Sources and (Uses) Over (Under) Expenditures	$ 318,537	$ (95,471)	$ 1,956,422	$ 464,755	$ 741,218
Fund Balance at Beginning of Year	6,922,444	7,017,915	4,786,393	4,446,235	3,705,017
Prior Year Adjustment (due to change in accounting method)			275,100	(124,597)	
Fund Balance at End of Year	$ 7,240,981	$ 6,922,444	$ 7,017,915	$ 4,786,393	$ 4,446,235

[(1)] City of White Settlement FYE 2010 Annual Report.

TABLE 11 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City the proceeds of which are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. Since July 1, 1994, the City has collected a one-half of one percent (1/2 of 1%) additional sales tax for funding of its economic development. Since July 1, 1996, the City has collected an additional sales and use tax of one-half of one percent (1/2 of 1%) for its Crime District.

Fiscal Year Ended September 30,	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2002	3,147,621	154.79%	0.9617%	212.23
2003	2,904,766	124.59%	0.7662%	190.48
2004	3,216,337	123.23%	0.7925%	209.53
2005	3,308,686	119.99%	0.7466%	214.85
2006	3,057,056	104.43%	0.6545%	194.10
2007	2,929,980	90.37%	0.5470%	184.28
2008	3,210,348	92.56%	0.5565%	200.65
2009	3,366,590	94.50%	0.5446%	208.35
2010	3,250,703	78.80%	0.5432%	201.71
2011(1)	2,442,284	70.75%	0.4860%	150.76

NOTE: Total City tax equals 2%.
(1) Source: City of White Settlement, as of March 31, 2011.

The sales tax breakdown for the City is as follows:

Economic Development Sales and Use Tax	0.50%
Crime District Sales & Use Tax	0.50%
City Sales & Use Tax	1.00%
State Sales & Use Tax	6.25%
Total	8.25%

FINANCIAL POLICIES

Basis of Accounting . . . All governmental funds, the expendable trust fund and the agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become measurable and available as net current assets, that is, when they become susceptible to accrual. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

All proprietary fund and pension trust fund revenues and expenses are recognized on the accrual basis of accounting, whereby revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period on which they are incurred.

General Fund Balance . . . According to City Policy, the minimum fund balance acceptable in the General Fund is the equivalent of one-hundred forty-four (144) days expenditure. The General Fund has a three hundred and one day (301) reserve as of September 30, 2010.

Use of Bond Proceeds, Grants, etc. . . . The City's policy is to use bond proceeds or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund City operations.

Budgetary Procedures . . . The City adheres to the following procedures in establishing the operating budgets reflected in the general purpose financial statements:

(1) Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning October 1.

(2) Public hearings are conducted at which all interested persons may comment concerning the proposed budget.

(3) Council adopts the budget on or before the last day of the month of the fiscal year currently ending through passage of an appropriation ordinance and tax levying ordinance. If the City Council fails to adopt the budget at that time, the budget of the previous year is deemed to be adopted.

FISCAL YEAR 2011 BUDGET . . . As shown in Table 2, Fiscal Year 2011 taxable assessed values decreased approximately 16% from prior year values. Tarrant County Appraisal District reports indicated that 9% of the decrease was due to the City's largest taxpayer lowering its inventory and claiming a freeport exemption; while the remaining 7% loss consisted of decreased residential values. The City Council maintained the prior year's tax rate of $0.6860 despite the fact that the tax rate required to generate an equivalent amount of tax revenues was $0.8245. To balance its budget, the City froze administrative positions, laid-off employees, and limited capital purchases. The City anticipates its Fiscal Year 2012 taxable assessed valuations will remain at or below Fiscal Year 2011 levels.

LEGAL INVESTMENTS . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both state law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) (i) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits; or (ii) where: (a) the funds are invested by the City through a depository institution that has a main office or branch office in this state and that is selected by the City; (b) the depository institution selected by the City arranges for the deposit of funds in one or more federally insured depository institutions, wherever located; (c) the certificates of deposit are insured by the United States or an instrumentality of the United States; (d) the depository institution acts as a custodian for the City with respect to the certificates of deposit; and (e) at the same time that the certificates of deposit are issued, the depository institution selected by the City receives deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the funds invested by the City through the depository institution selected under clause (ii)(a) above, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9), securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service.

The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City’s entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

CITY’S INVESTMENTS . . . The City’s investment policy provides that funds of the City may be invested in the following instruments. Investments not specifically listed below are not authorized. The City’s investment policy is subject to change.

A. Obligations of the United States of America, its agencies and instrumentalities.

B. Direct obligations of the State of Texas and agencies thereof.

C. Other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas and the United States of America.

D. Obligations of states, agencies thereof, counties, cities, and other political subdivisions of any state, rated as to investment quality by a nationally recognized investment rating firm, and having received a rating of not less than “A” or its equivalent.

E. Certificates of Deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or are secured as to principal by obligations described in A through D above, which are intended to include all direct agency or instrumentality issued mortgage backed securities rated AAA by a nationally recognized investment rating agency or by Article 2529b-1, V.T.C.S., and that have market value of not less than the principal amount of the certificates.

F. Fully collateralized direct repurchase agreements with the defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, selected by the Director of Finance, other than an agency for the pledgor. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas.

G. Government investment pools which invests in instruments and follow practices allowed by state law. Government investment pools must be rated AAA or AAAm or their equivalents by a nationally recognized credit rating agency.

TABLE 12 - CURRENT INVESTMENTS

As of March 31, 2011, all of the City's investments were in local government investment pools or guaranteed obligations of the U.S. government or its agencies. The City's investments on March 31, 2011 were as follows:

	Fair Value	S&P	Weighted Average Maturity
Government Agency	$ 500,531	N/A	36 Months
Investment in Tex-Pool	20,997,454	AAAm	1 Day

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds and. See Appendix C - Form of Opinions of Bond Counsel.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, (b) covenants of the City contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Obligations and the property financed or refinanced therewith and (c) the sufficiency certificate report of Estrada Hinojosa & Company, Inc. Failure by the City to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgement based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the use of the proceeds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bond Holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds (the "Original Issue Discount Bonds") may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year. In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

ALTERNATIVE MINIMUM, TAX ON CORPORATIONS. . . Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than $10,000,000 of tax-exempt” obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The City has designated the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the City has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded, however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be “qualified tax-exempt obligations.”**

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay such Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the “MSRB”).

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 12 and in Appendix A. The City will update and provide this information within six months after the end of each fiscal year.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC") as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The City shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) Principal and interest payment delinquencies; (2) Non-payment related defaults, if material; (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (5) Substitution of credit or liquidity providers, or their failure to perform; (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Bonds, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the City; (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material. (Neither the Bonds nor the Ordinance make any provision for debt service reserves or liquidity enhancement.)

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emmamsrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds, as the case may be, in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds, as the case may be, consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of such Bonds. The City may also amend or repeal the provisions of a continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling such Bonds in the primary offering of such Bonds. If the City so amends its agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City's annual financial statements for the 2008 fiscal year were filed late on May 18, 2009 due to a delay by the City in approving its Comprehensive Annual Financial Report. For the 2009 fiscal year, the annual financial information and operating data (other than audited financial statements, which were timely filed) was filed late on April 5, 2009, due to an administrative error by the City's disclosure agent. The City has otherwise complied in all material respects with its continuing disclosure agreements made in accordance with the Rule, including timely filing audited financial statements and other required annual financial information and operating data for the 2010 fiscal year.

OTHER RELEVANT INFORMATION

RATINGS . . . The Bonds are expected to be rated "Aa3" (negative outlook) by Moody's and "AA+" (stable outlook) by S&P based upon a municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp for the Bonds. In addition, the Bonds and the currently outstanding general obligation debt of the City is rated "A1" by Moody's and "A+" by S&P, without regard to credit enhancement. "BOND INSURANCE", "BOND INSURANCE RISKS" and "OTHER RELEVANT INFORMATION – Ratings"). An explanation of the significance of such rating may be obtained from the company furnishing the rating. Any rating reflects only the view of the rating organization and the City makes no representation as to the appropriateness of any rating. There is no assurance that such rating will continue for any given period of time or it will not be revised downward or withdrawn entirely by such rating organization, if in the judgment of such organization, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The sale of the Bonds has not been registered under the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds will not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudence standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. In accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, the Bonds must be rated "A" or its equivalent as to investment quality by a national rating agency in order for most municipalities or other political subdivisions or public agencies of the State of Texas to invest in the Bonds for sinking funds and other public funds. See "OTHER RELEVANT INFORMATION – Ratings" herein. Moreover, municipalities or other political subdivisions or public agencies of the State of Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act may have other, more stringent requirements for purchasing securities, including the Bonds.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE . . .The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding obligations of the City. In addition, based upon an examination of such transcript of proceedings, the legal opinion of Bond Counsel will be furnished to like effect, and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under "TAX MATTERS", including the alternative minimum tax on corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished by the City. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the City. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under captions “Plan of Financing”, "The Bonds" (exclusive of subcaptions "Book-Entry-Only System," "Bondholders' Remedies", and “Sources and Uses of Funds”), "Tax Matters" and "Continuing Disclosure of Information" (exclusive of the subcaption "Compliance with Prior Undertakings" and the subcaptions "Legal Opinions and No-Litigation Certificate" and "Legal Investments and Eligibility to Secure Public Funds in Texas" in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the respective Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorney rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION . . The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statues, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR . . . Estrada Hinojosa & Company, Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Estrada Hinojosa & Company, Inc., in its capacity as Financial Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

UNDERWRITING . . . The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City at an underwriting discount of $18,943.08. The Underwriters’ obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

FORWARD-LOOKING STATEMENTS DISCLAIMER . . . The statements contained in this Official Statement, and in any other information provided by the City that are not purely historical, are forward-looking statements, including statements regarding the City’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City’s actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CERTIFICATION OF THE OFFICIAL STATEMENT

The Ordinance authorizing the issuance of the Bonds approved the form and content of this Official Statement, and any addenda, supplement, or amendment thereto, and authorized its further use in the reoffering of the Bonds by the Underwriters.

/s/ Jerry Burns
Mayor
City of White Settlement, Texas

ATTEST:

/s/ Amy Arnold
City Secretary

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATION [1]

Combination Tax & Revenue Certificates of Obligation, Series 2001			
Original Dated Date	Original Maturity Date	Interest Rates	Amount
5/15/2001	2/15/2012	4.600%	$ 130,000
	2/15/2013	4.700%	135,000
	2/15/2014	4.750%	140,000
	2/15/2015	4.800%	150,000
	2/15/2017 [2]	4.900%	325,000
	2/15/2019 [3]	5.000%	360,000
	2/15/2021 [4]	5.000%	400,000
			$ 1,640,000

[1] The obligations will be redeemed on September 12, 2011 at par.

[2] Represents a Term Certificate with a mandatory sinking fund payment on February 15, 2016 and a final maturity on February 15, 2017.

[3] Represents a Term Certificate with a mandatory sinking fund payments on February 15, 2018 and a final maturity on February 15, 2019.

[4] Represents a Term Certificate with a mandatory sinking fund payments on February 15, 2020 and a final maturity on February 15, 2021.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION

The City is located in northwest Tarrant County and abuts the City of Fort Worth ("Fort Worth"). The City is conveniently located within a network of freeways which makes it accessible to all parts of Texas and the nation. The City is bound on the south by Interstate Highway 30; on the west by the Jim Wright Freeway (more commonly known as Loop 820, a multi-lane highway which loops Fort Worth) and on the north by the Lockheed Aircraft assembly plant, Lake Worth and the City of Westworth Village. The City has no extra-territorial jurisdiction.

The City is a political subdivision of the State of Texas and was incorporated in 1952. The current charter was approved by the voters in 1954 and last amended in 2005. The City is a home rule city and operates under the Council/Manager form of government. The Council is composed of a mayor and five councilmembers. All City residents vote for all six places. Councilmembers are elected for three year staggered terms and elections are held annually in May.

Policy-making and oversight functions are the responsibility of, and are vested in, the City Council. The City Council is required by the charter to appoint a City Manager to serve as the chief administrative and executive officer of the City. The duties of the City Manager include the appointment of City department heads and the daily conduct of City affairs.

As of June 1, 2011, the City has approximately 116 full-time and 31 part-time employees. This includes 34 sworn policemen. The City provides the following services: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. The City covers approximately 5.5 square miles.

POPULATION

The City was initially settled in the early 1840's as a trading post and supply point for a series of forts established in north and west Texas. After approximately 110 years of existence, the City was incorporated in 1951 with an estimated population of 10,800. Since that time, the City has grown to a currently estimated population of 16,200, an increase of approximately 50%.

Population history of the City is:

Year[(1)]	Population
2001	14,850
2002	15,050
2003	15,250
2004	15,350
2005	15,400
2006	15,570
2007	15,900
2008	16,000
2009	16,150
2010	16,116
2011	16,200

[(1)] Population figures are from the U.S. Census Bureau and North Central Texas Council of Government estimates.

ECONOMY

The City is largely a bedroom community with a rural lifestyle in an urban environment. During World War II, the City was the home to the work force of the General Dynamics Corporation assembly plant, one of the largest assembly plants in the world and to military personnel stationed at adjacent Carswell Air Force Base. The assembly plant is now owned and operated by the Lockheed Aircraft Corporation and assembles military aircraft for both domestic and foreign governments. Lockheed Martin Corporation employs approximately 15,089 (2011) in the Forth Worth area.

Carswell Air Force Base closed as an active air force facility in September 1993. In October 1994 the base was reopened and transformed into NAS Fort Worth, Joint Reserve Base, Carswell Field, a navy reserve base. Now that all the units have been transferred here from NAS Dallas, Glenview NAS, Detroit, and Memphis, NAS JRB Fort Worth employs approximately 6,812 civilians while approximately 1,173 reservists utilize the base. Approximately $130 million of construction, remodeling and renovation was invested over the transition period.

The BX Mart continues to operate the base exchange store and the grocery store for the benefit of active duty military and retired military in the metroplex. The golf course is now under lease to the Carswell Redevelopment Authority and is operated as a public use facility. The Justice Department has established a Federal Medical center in the area around the old base hospital. The facility is for Federal inmates and employs 300 personnel.

Cooperative Industries Aerospace and Defense, a manufacturer of electrical wiring harnesses, cables, ignition leads and flexible conduit for aerospace companies worldwide, recently purchased and renovated a 110,129 square foot building located within the City. The company currently employees 125, but anticipates that number to increase.

The southern border of the City situated along and adjacent to Highway 30 has developed into a shopping center anchor for the surrounding area because of the traffic accessibility of the area. The lifeblood of the community of White Settlement is retail activity. Though the City has a nighttime population of approximately 16,200, the daytime population is much larger because of employees of the Lockheed plant who daily commute through the area to their jobs and utilize the convenient shopping facilities of the area. Sale tax revenue has kept pace with property taxes as the primary sources of operating revenue for the City since the 1980s. The City is home to retail outlets such as Academy Sports and Outdoors, Conn's Electronics and Furniture, ALDI's, Toys "R" Us, and Lowe's Home Improvement Center. Due to economic downturn, sales tax revenue has decreased for many cities. White Settlement experienced a decrease of approximately 3.5% in sales tax revenue from 2008-2009 to 2009-2010 primarily due to recoveries in 2008-2009 from a sales tax audit. Current year sales tax revenues are approximately 24% higher than sales tax revenues over the same period last year.

HISTORICAL EMPLOYMENT DATA

	May 1,				
	2011	2010	2009	2008	2007
City of Fort Worth					
Civilian Labor Force	340,967	336,555	331,967	322,394	311,702
Total Employment	312,567	309,002	306,924	307,036	298,427
Unemployment	28,400	27,553	25,043	15,358	13,275
Unemployment Rate	8.30%	8.20%	7.50%	4.80%	4.30%
State of Texas					
Civilian Labor Force	12,241,965	12,107,298	11,866,930	11,575,936	11,345,019
Total Employment	11,269,620	11,155,447	11,006,044	11,058,660	10,890,547
Unemployment	972,345	951,851	860,886	517,276	454,472
Unemployment Rate	7.90%	7.90%	7.30%	4.50%	4.00%

Source: Texas Workforce Commission.

MAJOR EMPLOYERS IN THE CITY

Name	Type of Business	Employment
White Settlement Independent School District	Education	613
Weir SPM	Oil Field Equipment	414
Western Hills Rehabilitation & Nursing Center	Nursing Home	215
PDX Inc./ PCI Professional Systems	Pharmaceutical Software	175
City of White Settlement	Municipal Government	153
West Side Campus of Care	Retirement Home	150
Lowe's Home Improvement Center	Retail	112
OmniAmerican Credit Union	Banking	95
Academy Sports & Outdoors #97	Retail	85
Manuel Lincoln Mercury	Automobiles	84
	TOTAL	2,096 [1]

Source: White Settlement Annual Financial Report.
(1) 36.55% Employment represented by City and White Settlement ISD employees.

EDUCATION

The White Settlement Independent School District provides modern air conditioned educational facilities for the City's youth. The District owns and operates four elementary schools, one middle school and one high school. The District provides instructional courses PK through 12.

ENROLLMENT

Year Ending 8/31	Enrollment
2001	4,496
2002	4,640
2003	4,765
2004	4,771
2005	4,930
2006	5,410
2007	5,414
2008	5,732
2009	5,882
2010 [1]	5,864

(1) City of White Settlement as of October 3, 2010.

Secondary education opportunities are numerous and within easy driving distance of the City. Some of the colleges and universities within a 50-mile radius are as follows:

College/University	Location
Texas Christian University	Fort Worth, Texas
Texas Wesleyan University	Fort Worth, Texas
Tarrant County Colleges	Fort Worth, Texas
Tarleton State University	Stephenville, Texas
Texas University at Arlington	Arlington, Texas
University of North Texas	Denton, Texas
Texas Woman's University	Denton, Texas
Southern Methodist University	Dallas, Texas
University of Texas at Dallas	Richardson, Texas

RECREATION

The City has a total of 350 acres of park facilities available to its residents. Additionally, the City has numerous choices for recreation with easy commuting distances. Lake Worth, a large water reservoir for Fort Worth borders the City on the north and is within 5 minutes drive. Lake Benbrook, Lake Arlington and Lake Grapevine are within 30 minutes by interstate highway. Nearby Fort Worth offers museums, botanical gardens, numerous parks and dining establishments within 15 minutes driving time. Located approximately 25 miles north is Texas Motor Speedway, which hosts various NASCAR and nationwide series events. In nearby Arlington and Dallas are professional baseball, football, basketball and hockey teams.

BUILDING PERMIT HISTORY

Fiscal Year Ended	Commercial Construction		Residential Construction		
Sept. 30,	Number of Units	Value	Number of Units	Value	Totals
2001	8	8,798,999	61	4,478,145	13,277,144
2002	8	14,759,765	88	6,469,677	21,229,442
2003	6	1,909,070	91	7,508,265	9,417,335
2004	5	3,377,338	74	6,603,166	9,980,504
2005	5	4,785,684	89	7,892,219	12,677,903
2006	9	2,899,246	75	6,926,360	9,825,606
2007	6	13,162,801	49	4,268,997	17,431,798
2008	24	2,530,318	70	4,866,792	7,397,110
2009	27	2,646,448	29	4,270,758	6,917,206
2010	23	3,714,640	38	4,974,489	8,689,129
2011 (1)	28	2,044,740	15	1,795,480	3,840,220

(1) City of White Settlement as of May 31, 2011.

APPENDIX B

EXCERPTS FROM THE
CITY OF WHITE SETTLEMENT, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

(For the Year Ended September 30, 2010)

The information contained in this Appendix consists of excerpts from the City of White Settlement, Texas Comprehensive Annual Financial Report for the Year Ended September 30, 2010, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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STEVE D. MORGAN - CPA
(1925-1994)
PETER H. MORGAN - CPA
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JAMES E. SLEDGE - CPA
ROY D. STONE - CPA
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GEORGE MORGAN & SNEED, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
AMERICAN INSTITUTE
OF CERTIFIED
PUBLIC ACCOUNTANTS
AND
TEXAS SOCIETY
OF CERTIFIED
PUBLIC ACCOUNTANTS

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, 2010, 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, 2010, 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 February 21, 2011, 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 3-14, budgetary comparison information on pages 53-73 and Texas Municipal Retirement System Schedule of Funding Progress on page 74 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

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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 basic financial statements. 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 taken 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 basic 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 express no opinion on them.

George, Morgan & Sneed, P.C.

George, Morgan & Sneed, P.C.
Weatherford, Texas
February 21, 2011

Exhibit A-1

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Net Assets
September 30, 2010

	Primary Government Governmental Activities	Primary Government Business-type Activities	Primary Government Total	Component Unit Economic Development Corporation
ASSETS:				
Cash and cash equivalents	$ 10,094,693	$ 9,994,003	$ 20,088,696	$ 2,629,519
Receivables (Net of allowances for uncollectibles)				
Property taxes	196,159	-	196,159	-
Franchise taxes	197,265		197,265	
Accounts	-	946,861	946,861	
Interest	3,850	-	3,850	
Miscellaneous	119,215	-	119,215	
Due from other governments	634,212		634,212	200,572
Inventory	57,978	-	57,978	-
Restricted assets:				
Cash and investments	521,810	648,031	1,169,841	-
Deferred charges	203,361	256,491	459,852	-
Capital assets:				
Nondepreciable	6,337,874	4,014,997	10,352,871	1,065,545
Depreciable, net of accumulated depreciation	13,100,692	13,275,244	26,375,936	1,481,305
Total Assets	31,467,109	29,135,627	60,602,736	5,376,941
LIABILITIES:				
Accounts payable	180,634	643,485	824,119	16,027
Accrued liabilities	97,610	10,660	108,270	5,128
Retainage payable		310,058	310,058	
Customer deposits	4,483		4,483	3,025
Current Liabilities Payable from Restricted Assets:				
Interest payable	39,984	50,669	90,653	
Customer deposits	-	447,538	447,538	
Noncurrent liabilities:				
Due Within One Year	1,407,051	736,456	2,143,507	6,614
Due in More Than One Year	8,125,005	9,444,332	17,569,337	16,649
Total Liabilities	9,854,767	11,643,198	21,497,965	47,443
NET ASSETS:				
Investments in Capital Assets, Net of Debt	12,556,237	10,951,282	23,507,519	2,546,850
Restricted for:				
Debt Service	367,594	149,824	517,418	
Community Services	80,973		80,973	
Public Safety	78,493		78,493	
Unrestricted Net Assets	8,529,045	6,391,323	14,920,368	2,782,648
Total Net Assets	$ 21,612,342	$ 17,492,429	$ 39,104,771	$ 5,329,498

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, 2010

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	$ 1,581,559	$ 64,788	$ -	$ -
Public safety	5,214,067	530,914	11,058	552,127
Public works	1,019,006	22,894	7,500	-
Public health	214,752	20,767	-	-
Culture and recreation	1,432,284	71,538	8,310	39,862
Interest on long-term debt	373,587	-	-	-
Total governmental activities	9,835,255	710,901	26,868	591,989
Business-type activities:				
Water and sewer	4,463,414	5,306,756	-	382,830
Storm water utility	24,038	530,991	-	-
Sanitation	597,957	654,088	-	-
Total business-type activities	5,085,409	6,491,835	-	382,830
Total primary government	$ 14,920,664	$ 7,202,736	$ 26,868	$ 974,819
Component Unit				
Economic Development	225,656			
Culture and Recreation	836,200	192,930		5,000
	1,061,856	192,930	-	5,000

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 royalties
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.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Acitvities	Total	Economic Development Corporation
$ (1,516,771)	$	$ (1,516,771)	$
(4,119,968)		(4,119,968)	
(988,612)		(988,612)	
(193,985)		(193,985)	
(1,312,574)		(1,312,574)	
(373,587)		(373,587)	
(8,505,497)	-	(8,505,497)	-
	1,226,172	1,226,172	
	506,953	506,953	
	56,131	56,131	
-	1,789,256	1,789,256	-
$ (8,505,497)	$ 1,789,256	$ (6,716,241)	$ -
			(225,656)
			(638,270)
-	-	-	(863,926)
$ 3,183,345	$ -	$ 3,183,345	$
1,025,338		1,025,338	
3,250,703	-	3,250,703	1,088,311
1,115,058	-	1,115,058	
113,712		113,712	
63,080	-	63,080	
33,442	23,350	56,792	5,045
9,781	2,183	11,964	
150,750	-	150,750	
690,347	(690,347)	0	
9,635,556	(664,814)	8,970,742	1,093,356
1,130,059	1,124,442	2,254,501	229,430
20,482,283	16,367,987	36,850,270	5,100,068
$ 21,612,342	$ 17,492,429	$ 39,104,771	$ 5,329,498

Exhibit C-1

CITY OF WHITE SETTLEMENT, TEXAS
Balance Sheet
Governmental Funds
September 30, 2010

	General	Crime District	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash and investments	$ 6,881,125	$ 509,270	$ 1,790,346	$ 913,952	$ 10,094,693
Receivables (Net of allowances for uncollectibles)					
Property taxes	147,865	-	-	48,294	196,159
Franchise taxes	197,265	-	-	-	197,265
Interest	3,850	-	-	-	3,850
Miscellaneous	92,496	-	-	26,719	119,215
Due from other funds	39,862	-	-	-	39,862
Due from other governments	411,505	182,845	-	39,862	634,212
Inventory - supplies	57,978	-	-	-	57,978
Restricted assets:					
Cash and investments	-	-	-	521,810	521,810
Total assets	$ 7,831,946	$ 692,115	$ 1,790,346	$ 1,550,637	$ 11,865,044
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 126,395	$ 3,481	$ 47,277	$ 3,481	$ 180,634
Accrued liabilities	97,610	-	-	-	97,610
Customer deposits	4,483	-	-	-	4,483
Deferred revenue	362,477	-	-	48,294	410,771
Due to other funds	-	-	-	39,862	39,862
Total liabilities	590,965	3,481	47,277	91,637	733,360
Fund Balances:					
Reserved for:					
Inventory	57,978	-	-	-	57,978
Debt service	-	-	-	359,284	359,284
Public safety	-	-	-	78,493	78,493
Unreserved, reported in:					
General Fund	7,183,003				7,183,003
Special revenue funds	-	688,634	-	303,529	992,163
Capital projects funds	-	-	1,743,069	657,030	2,400,099
Permanent funds	-	-	-	60,664	60,664
Total fund balances	7,240,981	688,634	1,743,069	1,459,000	11,131,684
Total liabilities and fund balances	$ 7,831,946	$ 692,115	$ 1,790,346	$ 1,550,637	$ 11,865,044

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

Exhibit C-2

CITY OF WHITE SETTLEMENT, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
September 30, 2010

Total Fund Balances - Governmental Funds		$ 11,131,684
Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was $43,566,516 and the accumulated depreciation was $24,127,950.		19,438,566
Capitalized bond issuance costs related to governmental activity debt are not financial resources and therefore are not reported in the governmental funds.		203,361
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	(39,984)	
General obligation bonds	(6,495,000)	
Premium on general obligation bonds	(157,685)	
Accreted interest on general obligaition bonds	(197,718)	
Tax notes	(1,065,000)	
Capital leases	(709,995)	
Net pension obligation	(127,121)	
Compensated absences	(779,537)	
		(9,572,040)
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	196,159	
Court fines	81,612	
Franchise taxes	133,000	
		410,771
Net Assets of Governmental Activities		$ 21,612,342

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

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2010

	General	Crime District	General Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	$ 3,165,760	$ -	$ -	$ 1,011,093	$ 4,176,853
Sales and use	2,225,321	1,025,382	-	-	3,250,703
Franchise	843,565	-	-	272,103	1,115,668
Hotel occupancy tax	-	-	-	113,712	113,712
Fines and forfeitures	254,318	-	-	-	254,318
Licenses and permits	247,562	-	-	-	247,562
Intergovernmental revenue	73,459	-	-	598,185	671,644
Charges for service	158,449	-	-	-	158,449
Oil and gas royalties	63,080	-	-	-	63,080
Investment Earnings	24,117	999	5,131	3,195	33,442
Other revenue	59,236	-	-	64,565	123,801
Total revenues	7,114,867	1,026,381	5,131	2,062,853	10,209,232
EXPENDITURES					
Current					
General government	1,485,075	-	-	-	1,485,075
Public safety	5,210,588	310,405	-	617,947	6,138,940
Public works	633,289	-	-	-	633,289
Public health	210,076	-	-	-	210,076
Culture and recreation	1,174,730	-	-	146,873	1,321,603
Capital outlay	-	-	2,177,984	41,054	2,219,038
Debt service:					
Principal	-	-	-	749,563	749,563
Interest and fiscal charges	-	-	-	362,650	362,650
Total expenditures	8,713,758	310,405	2,177,984	1,918,087	13,120,234
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (1,598,891)	$ 715,976	$ (2,172,853)	$ 144,766	(2,911,002)
OTHER FINANCING SOURCES (USES)					
Proceeds from insurance recoveries	26,949	-	-	-	26,949
Proceeds from sale of general capital assets	13,381	-	-	-	13,381
Proceeds from capital lease	689,326	-	-	-	689,326
Transfers in	1,244,022	-	-	161,897	1,405,919
Transfers out	(56,250)	(654,847)	-	(4,475)	(715,572)
Total other financing sources (uses)	1,917,428	(654,847)	-	157,422	1,420,003
NET CHANGE IN FUND BALANCES	318,537	61,129	(2,172,853)	302,188	(1,490,999)
FUND BALANCE, OCTOBER 1, 2009	6,922,444	627,505	3,915,922	1,156,812	12,622,683
FUND BALANCE, SEPTEMBER 30, 2010	$ 7,240,981	$ 688,634	$ 1,743,069	$ 1,459,000	$ 11,131,684

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

Exhibit C-4

CITY OF WHITE SETTLEMENT, TEXAS
Reconciliation of Statement of Revenues, Expenditures and Changes is Fund Balances of The Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2010

Total Net Change in Fund Balances - Governmental Funds		$ (1,490,999)
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 $3,639,043 of capital outlays and $749,563 of debt principal payments is to increase net assets.		4,388,606
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.		(3,600)
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.		(964,825)
Current year capital lease proceeds are other financing sources (uses) in the fund financial statements. The effect of the $689,326 increase in capital leases payable is a decrease in net assets.		(689,326)
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	(20,475)	
Interest payable	5,476	
Premium on general obligation bonds	8,562	
Accreted interest on general obligaition bonds	(4,500)	
Net pension obligation	(77,935)	
Compensated absences	(49,930)	
		(138,802)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.		29,005
Change in Net Assets of Governmental Activities		$ 1,130,059

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

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Net Assets
Proprietary Funds
September 30, 2010

	Enterprise Funds		
	Water and Sewer	Other Funds	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 8,589,103	$ 1,404,900	$ 9,994,003
Receivables (Net of allowance for uncollectibles):			
Accounts	786,295	160,566	946,861
Restricted Assets:			
Cash and investments	648,031		648,031
Total current assets	10,023,429	1,565,466	11,588,895
Noncurrent Assets:			
Deferred Charges	256,491	-	256,491
Capital assets, at cost:			
Land	-	36,995	36,995
Construction in progress	3,969,952	8,050	3,978,002
Buildings and improvements	52,516	-	52,516
Land improvements	53,367	-	53,367
Waterworks and sewer system	18,539,275	-	18,539,275
Stormwater systems	-	1,200,304	1,200,304
Machinery and equipment	1,633,198		1,633,198
	24,248,308	1,245,349	25,493,657
Less: accumulated depreciation	(8,166,293)	(37,123)	(8,203,416)
Capital assets, net	16,082,015	1,208,226	17,290,241
Total noncurrent assets	16,338,506	1,208,226	17,546,732
Total assets	$ 26,361,935	$ 2,773,692	$ 29,135,627

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

Exhibit D-1

	Enterprise Funds		
	Water and Sewer	Other Funds	Totals
LIABILITIES:			
Current Liabilities:			
Accounts payable	$ 635,581	$ 7,904	$ 643,485
Accrued liabilities	10,660	-	10,660
Retainage payable	310,058	-	310,058
Current portion of long-term liabilities	736,456	-	736,456
Current Liabilities Payable from Restricted Assets:			
Interest payable	50,669	-	50,669
Customer deposits payable	447,538	-	447,538
Total current liabilities	2,190,962	7,904	2,198,866
Noncurrent Liabilities:			
Net pension obligation	16,276	-	16,276
Capital leases payable	123,991	-	123,991
Bonds payable	9,304,065		9,304,065
Total noncurrent liabilities	9,444,332	-	9,444,332
Total liabilities	11,635,294	7,904	11,643,198
NET ASSETS:			
Investment in capital assets, net of debt	9,743,056	1,208,226	10,951,282
Restricted for debt service (Expendable)	149,824		149,824
Unrestricted	4,833,761	1,557,562	6,391,323
Total net assets	$ 14,726,641	$ 2,765,788	$ 17,492,429

Exhibit D-2

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2010

	Enterprise Funds		
	Water and Sewer	Other Funds	Totals
Operating revenues:			
Charges for sales and services	$ 5,306,756	$ 1,185,079	$ 6,491,835
Total operating revenue	5,306,756	1,185,079	6,491,835
Operating expenses:			
Cost of sales and services	3,549,671	602,201	4,151,872
Depreciation	531,114	19,794	550,908
Total operating expenses	4,080,785	621,995	4,702,780
Operating income (loss)	1,225,971	563,084	1,789,055
Nonoperating revenues (expenses):			
Gain on sale of capital assets	2,183	-	2,183
Investment earnings	21,091	2,259	23,350
Interest expense	(382,629)	-	(382,629)
Total nonoperating revenues (expenses)	(359,355)	2,259	(357,096)
Income (loss) before contributions and transfers	866,616	565,343	1,431,959
Capital contributions and transfers:			
Capital Contributions	382,830	-	382,830
Transfers out	(547,500)	(142,847)	(690,347)
Change in Net Assets	701,946	422,496	1,124,442
Net Assets, October 1, 2009	14,024,695	2,343,292	16,367,987
Net Assets, September 30, 2010	$ 14,726,641	$ 2,765,788	$ 17,492,429

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, 2010

	Enterprise Funds		
	Water and Sewer Fund	Other Funds	Totals
Cash flows from operating activities:			
Cash received from customers	$ 5,171,160	$ 1,170,590	$ 6,341,750
Cash paid to suppliers	(2,866,256)	(600,175)	(3,466,431)
Cash paid to employees	(556,646)	-	(556,646)
Net cash provided by operating activities	1,748,258	570,415	2,318,673
Cash flow from noncapital financing activities:			
Transfers to other funds	(547,500)	(142,847)	(690,347)
Net cash provided (used) by noncapital financing activities	(547,500)	(142,847)	(690,347)
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(575,606)	-	(575,606)
Capital contribution for debt service	305,959	-	305,959
Proceeds from sale of capital assets	2,183	-	2,183
Capital expenditures	(3,378,959)	(75,535)	(3,454,494)
Increase (decrease) in retainage payable	310,058		310,058
Increase (decrease) in accounts payable for capital expenditures	247,007	(245,554)	1,453
Interest paid on bonds	(406,062)	-	(406,062)
Net cash (used) by capital and related financing activities	(3,495,420)	(321,089)	(3,816,509)
Cash flow from investing activities:			
Investment earnings	21,091	2,259	23,350
Net cash provided by investing activities	21,091	2,259	23,350
Net increase (decrease) in cash and cash equivalents	(2,273,571)	108,738	(2,164,833)
Cash and cash equivalents, beginning	11,510,705	1,296,162	12,806,867
Cash and cash equivalents, ending	$ 9,237,134	$ 1,404,900	$ 10,642,034
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 1,225,971	$ 563,084	$ 1,789,055
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	531,114	19,794	550,908
(Increase) decrease in accounts receivable	(149,108)	(14,489)	(163,597)
Increase (decrease) in accounts payable	142,341	2,026	144,367
Increase (decrease) in accrued liabilities	(21,628)	-	(21,628)
Increase (decrease) in customer meter deposits	13,512	-	13,512
Increase (decrease) in net pension obligation	10,033	-	10,033
Increase (decrease) in compensated absensces payable	(3,977)	-	(3,977)
Total adjustments	522,287	7,331	529,618
Net cash provided by operating activities	$ 1,748,258	$ 570,415	$ 2,318,673
Noncash Investing, Capital and Financing Activities			
Capital assets purchased with a capital lease	$ 110,449	$	$ 110,449
Contributions of capital assets from another government	76,871		76,871
	$ 187,320	$ -	$ 187,320

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

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.

The accounting and reporting polices of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled, *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply Financial Accounting Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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.

Blended Component Unit

The White Settlement Crime Control and Prevention District, an entity legally separate from the City and created by resolution of the City Council with approval by vote of the residents of White Settlement, is governed by a seven-member board appointed by the City Council and all services are provided for the benefit of the Police Department of the City. For financial reporting purposes, the Crime Control and Prevention District is reported as if it were a part of the City's operations in as much as its sole purpose is to finance and to develop and provide crime reduction programs for the City of White Settlement. 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*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The *general capital projects fund* accounts for the acquisition or construction of major capital assets and facilities not finance by proprietary 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.

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. 80% of inactive (final billed) trade accounts receivable comprises the trade accounts receivable allowance for uncollectible accounts. The property tax receivable allowance is equal to 30% of outstanding delinquent property taxes at September 30, 2010.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *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 $481,699. Of this amount $99,070 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

6. *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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. ***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. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by an outside party for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. *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.

10. *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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Reclassifications*

Certain accounts and funds in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

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, 2010, the City did not own any types of securities other than those permitted by statute.

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

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

Insurance Corporation ("FDIC") Insurance. At September 30, 2010, 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, 2010, 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, 2010 included the following:

Investment	Credit Rating	Weighted Average Maturities	Percentage of Total Investments	Cost	Fair Value
Government Agency	N/A	36 months	2.36%	$ 500,000	$ 503,585
Investment in Tex-Pool	AAAm	77 days	97.64%	20,679,785	20,679,785
				$21,179,785	$21,183,370

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. The assessed value upon which the 2009 levy was based was $601,291,990. Such assessed value for 2009 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.

NOTE 3: PROPERTY TAX (Continued)

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, 2010, was $0.686037 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 98% of the 2009 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.

NOTE 4: RESTRICTED ASSETS

The following cash and investments in the government-wide financial statement of net assets are restricted for the following purposes:

	Cash and Investments
Governmental Activities	
Debt service	$ 359,284
Community Services	82,634
Public Safety	79,892
	521,810
Business-type Activities	
Customer deposits	447,538
Interest and sinking funds	98,857
Revenue bond reserve	101,636
	648,031
Total	$ 1,169,841

NOTE 5: RECEIVABLES

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

	General	Nonmajor Governmental	Water and Sewer	Nonmajor Enterprise
Receivables:				
Property taxes	$ 211,236	$ 68,992	$ -	$ -
Franchise taxes	197,265	-	-	-
Occupancy tax	-	26,719	-	-
Water and sewer	-	-	476,336	-
Stormwater utility	-	-	-	39,371
Sanitation	-	-	-	46,070
Earned and unbilled services	-	-	353,011	79,174
Interest	3,850	-	-	-
Miscellaneous	554,963	-	-	-
Gross Receivables	967,314	95,711	829,347	164,615
Less: allowance for uncollectibles	(525,838)	(20,698)	(43,052)	(4,049)
Net total receivables	$ 441,476	$ 75,013	$ 786,295	$ 160,566

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)	$ 147,865
Franchise tax receivable	133,000
Court fees receivable	81,612
Deferred property taxes receivable (Debt Service Fund)	48,294
Total deferred revenue for governmental funds	$ 410,771

NOTE 6: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund balances for the City's individual major funds and nonmajor funds as of September 30, 2010, is as follows:

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	$ 39,862
Total Governmental Funds		$ 39,862

The General fund paid expenditures for the other governmental funds.

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2010, is as follows:

Transfer In	Transfer Out	Amount	Purpose
General	Water and Sewer	$ 584,700	Payments in lieu of taxes
	Crime District	654,847	Crime prevention
	Other Governmental	4,475	Public safety
Other Governmental	General	56,250	Street improvements
	Other Enterprise	105,647	Debt service
Total Governmental Funds Transfers In		$ 1,405,919	

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Non - Depreciable Assets:				
Land	$ 1,606,814	$ -	$ -	$ 1,606,814
Construction in Progress	2,553,076	2,177,984	-	4,731,060
Total non-depreciable assets	4,159,890	2,177,984	-	6,337,874
Depreciable Assets:				
Land improvements	2,114,154	10,785	-	2,124,939
Building and improvements	6,700,037	39,862	-	6,739,899
Machinery and equipment	6,567,320	1,369,358	(65,703)	7,870,975
Infrastructure	20,451,775	41,054	-	20,492,829
Total capital assets being depreciated	35,833,286	1,461,059	(65,703)	37,228,642
Accumulated Depreciation:				
Land improvements	(1,077,854)	(61,622)	-	(1,139,476)
Building and improvements	(2,680,848)	(143,720)	-	(2,824,568)
Machinery and equipment	(5,006,591)	(470,080)	62,103	(5,414,568)
Infrastructure	(14,459,935)	(289,403)	-	(14,749,338)
Total accumulated depreciation	(23,225,228)	(964,825)	62,103	(24,127,950)
Governmental activities capital assets, net	$ 16,767,948	$ 2,674,218	$ (3,600)	$ 19,438,566

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2010

NOTE 7: CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Non - Depreciable Assets:				
Land	$ 36,995	$ -	$ -	$ 36,995
Construction in Progress	1,127,330	3,478,778	(628,106)	3,978,002
Total non-depreciable assets	1,164,325	3,478,778	(628,106)	4,014,997
Depreciable Assets:				
Land improvements	53,367	-	-	53,367
Building and improvements	52,516	-	-	52,516
Machinery and equipment	1,527,097	117,900	(11,799)	1,633,198
Water and sewer systems	18,341,453	197,822	-	18,539,275
Stormwater systems	724,883	475,421	-	1,200,304
Total capital assets being depreciated	20,699,316	791,143	(11,799)	21,478,660
Accumulated Depreciation:				
Land improvements	(26,929)	(1,886)		(28,815)
Building and improvements	(13,740)	(1,424)		(15,164)
Machinery and equipment	(806,063)	(127,983)	11,799	(922,247)
Water and sewer systems	(6,800,246)	(399,822)		(7,200,068)
Stormwater systems	(17,328)	(19,794)	-	(37,122)
Total accumulated depreciation	(7,664,306)	(550,909)	11,799	(8,203,416)
Business-type activities capital assets, net	$ 14,199,335	$ 3,719,012	$ (628,106)	$ 17,290,241
Component Unit:				
Non - Depreciable Assets:				
Land	$ 1,040,564	$ 24,981	$ -	$ 1,065,545
Total non-depreciable assets	1,040,564	24,981	-	1,065,545
Depreciable Assets:				
Land improvements	2,091,382	10,786		2,102,168
Building and improvements	36,408	-		36,408
Machinery and equipment	354,228	37,991	-	392,219
Total capital assets being depreciated	2,482,018	48,777	-	2,530,795
Accumulated Depreciation:				
Land improvements	(773,251)	(83,591)	-	(856,842)
Building and improvements	(11,066)	(1,214)	-	(12,280)
Machinery and equipment	(155,410)	(24,958)	-	(180,368)
Total accumulated depreciation	(939,727)	(109,763)	-	(1,049,490)
Component unit capital assets, net	$ 2,582,855	$ (36,005)	$ -	$ 2,546,850

NOTE 7: CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	$ 67,555
Public safety	361,563
Public works	379,417
Public health	5,426
Culture and recreation	150,864
Total depreciation expense - governmental activities	$ 964,825
Business-type activities:	
Water and sewer	$ 531,114
Stormwater utility	19,794
Total depreciation expense - business-type activities	$ 550,908
Component Unit:	
Economic Development	$ 3,965
Culture and Recreation	105,798
Total depreciation expense - component unit	$ 109,763

NOTE 8: 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.

NOTE 8: 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:

	Governmental Activities	Business-type Activities
Assets:		
Water system	$ -	$ 1,091,206
Machinery and equipment	1,251,266	110,449
Less: accumulated depreciation	(100,802)	(122,026)
Total	$ 1,150,464	$ 1,079,629

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2011	$ 255,050	$ 226,899
2012	255,050	101,685
2013	231,086	37,026
Total debt service requirements	741,186	365,610
Less: interest portion	31,191	20,518
Obligations under capital lease	$ 709,995	$ 345,092

NOTE 8: 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	$ 520,000
General government	09/25/07	08/15/12	3.88%	1,215,000	545,000

The annual debt service requirements to maturity for tax notes outstanding as of September 30, 2010 are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Total
2011	$ 485,000	$ 37,221	$ 522,221
2012	455,000	17,672	472,672
2013	125,000	5,100	130,100
	$ 1,065,000	$ 59,993	$ 1,124,993

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	$ 465,000
General government	05/01/09	02/15/29	2.5 - 4.625%	6,150,000	6,030,000

NOTE 8: LONG-TERM LIABILITIES (Continued)

C. Bonds Payables (Continued)

The annual debt service requirements to maturity for general obligation bonds outstanding as of September 30, 2010, are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Total
2011	$ 150,000	$ 445,711	$ 595,711
2012	360,000	239,274	599,274
2013	365,000	229,521	594,521
2014	380,000	218,731	598,731
2015	265,000	208,931	473,931
2016 - 2020	1,465,000	903,381	2,368,381
2021 - 2025	1,780,000	584,403	2,364,403
2026 - 2029	1,730,000	161,764	1,891,764
	$ 6,495,000	$ 2,991,716	$ 9,486,716

The City's General Obligation Bonds, Series 2009 include $40,000 capital appreciation bonds that mature February 15, 2011. Accreted interest on the bonds totaled $197,718 at September 30, 2010.

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding are as follows:

Purpose	Date Issued	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
Water and sewer	05/15/01	02/15/21	3.4 - 6.4%	$ 2,560,000	$ 1,760,000
Water and sewer	05/01/09	02/15/29	2.5 - 4.625%	8,000,000	7,795,000
Enterprise refunding	04/06/04	01/01/13	2.5 - 3.25%	1,125,000	270,000

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 in 2010 was $305,959 and was reported as a capital contribution in the water and sewer fund.

NOTE 8: LONG-TERM LIABILITIES (Continued)

D. Bonds Payables (Continued)

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities Principal	Interest	Total
2011	$ 500,000	$ 386,487	$ 886,487
2012	520,000	369,607	889,607
2013	550,000	352,741	902,741
2014	460,000	335,881	795,881
2015	480,000	319,206	799,206
2016 - 2020	2,710,000	1,297,666	4,007,666
2021 - 2025	2,435,000	738,515	3,173,515
2026 - 2030	2,170,000	203,464	2,373,464
	$ 9,825,000	$ 4,003,567	$ 13,828,567

The various bond ordinances contain limitations and restrictions on annual debt restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various sinking funds.

The bond ordinance for the 2009 Certificates of Obligation requires the City to establish an interest and sinking fund with a balance of never less than 2% of the original amount of the bonds. The sinking fund has a balance $98,857 which is $61,143 less than the requirement. Subsequent to September 30, 2010 the City transferred sufficient funds to bring the account into compliance.

NOTE 8: 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	$ 6,720,000	$ -	$ 225,000	$ 6,495,000	$ 150,000
Issuance premium	166,247	-	8,562	157,685	8,562
Total bonds payable	6,886,247	-	233,562	6,652,685	158,562
Accreted interest	193,218	4,500	-	197,718	197,718
Capital leases	30,232	689,326	9,563	709,995	253,956
Tax notes	1,580,000		515,000	1,065,000	485,000
Net pension obligation	49,186	469,855	391,920	127,121	-
Compensated absences	729,607	214,220	164,290	779,537	311,815
Total Governmental Activities	$ 9,468,490	$ 1,377,901	$ 1,314,335	$ 9,532,056	$ 1,407,051
Business-type Activities:					
Certificates of obligation	$ 9,875,000	$ -	$ 320,000	$ 9,555,000	$ 415,000
Revenue bonds	350,000	-	80,000	270,000	85,000
Issuance discount	(22,072)		(1,137)	(20,935)	
Total bonds payable	10,202,928	-	398,863	9,804,065	500,000
Capital leases	410,248	110,449	175,605	345,092	221,101
Net pension obligation	6,243	60,455	50,422	16,276	-
Compensated absences	19,332	6,169	10,146	15,355	15,355
Total Business-type Activities	$ 10,638,751	$ 177,073	$ 635,036	$ 10,180,788	$ 736,456
Economic Development:					
Net pension obligation	$ 2,521	$ 25,337	$ 21,130	$ 6,728	$ -
Compensated absences	5,634	14,006	3,105	16,535	6,614
Total Economic Development	$ 8,155	$ 39,343	$ 24,235	$ 23,263	$ 6,614
Total Long-term Liabilities	$ 20,115,396	$ 1,594,317	$ 1,973,606	$ 19,736,107	$ 2,150,121

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.

NOTE 8: LONG-TERM LIABILITIES (Continued)

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.

NOTE 9: 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 10: 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 11: 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.

NOTE 11: RETIREMENT PLAN (Continued)

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available of TMRS's website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows for both the 2009 and 2010 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:

NOTE 11: RETIREMENT PLAN (Continued)

Contributions (Continued)

Fiscal Year	2008	2009	2010
Annual Required Contribution (ARC)	$ 402,010	$ 477,957	$ 554,840
Interest on Net Pension Obligation	-	-	4,346
Adjustment to ARC	-	-	(3,538)
Annual Pension Cost	402,010	477,957	555,648
Contributions Made	(402,010)	(420,007)	(463,473)
Increase (Decrease) in Net Pension Obligation	-	57,950	92,175
Net Pension Obligation/(Asset), beginning of yeai	-	-	57,950
Net Pension Obligation/(Asset), end of year	$ -	$ 57,950	$ 150,125
Contributions as a percentage of ARC	100.0%	87.9%	83.5%

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

General System-wide Actuarial Assumptions

Actuarial Valuation Date	12/31/07	12/31/08	12/31/09
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	30 Years - Closed	29 Years-Closed	28 Years-Closed
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	Amortized Cost	10-year Smoothed
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.5%	7.5%
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%

NOTE 11: RETIREMENT PLAN (Continued)

As of December 31, 2009, the most recent actuarial valuation date, the plan was 71.3% funded. The actuarial accrued liability was $12,871,933 and the actuarial value of assets was $9,177,247, resulting in an unfunded actuarial accrued liability of $3,694,686. The covered payroll was $5,020,840 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 73.6%.

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 12. 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 fiscal years ended 2010 and 2009 were $11,394, and $1,966, respectively, which equaled the required contributions each year. Fiscal year 2009 was a transition year for the implementation of GASB 45; therefore, only two years of contributions are disclosed.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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
2008	0.04%	0.04%	100.0%
2009	0.04%	0.04%	100.0%
2010	0.04%	0.04%	100.0%

NOTE 13: 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.

NOTE 14: 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 2010 for the purchase of treated water were $662,865 and payments made for the treatment of wastewater by the City of Fort Worth were $1,450,280.

B. Economic Development Agreements

The Economic Development Corporation has entered into a grant agreement with certain entities for the purpose of developing economic growth within the City of White Settlement. This agreement provides funds contingent upon the fulfillment of certain conditions by the grantees. The anticipated payout of these grants in the following years totals $120,000.

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, 2010 $3,100,576 has been expended on the project leaving a balance of $3,097,015. 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.

As of September 30, 2010, the City has expended $4,731,061 towards the project for engineering, property and easement acquisitions, demolitions and utility relocations. The City's estimated cost to complete the project is approximately $5,600,000. The City estimates that to complete the project it will have to issue approximately $4,800,000 in debt or use resources of the general fund.

The Department of the Army has given the City a deadline of September 30, 2011 to begin the construction phase of the project. If the project is not completed the City will owe the Department of the Army for additional engineering costs. The estimated amount the City would have owed at September 30, 2010 if the project had been stopped was $232,367.

NOTE 15: RELATED PARTY TRANSACTION

December 23, 2009, the City purchased property for the Farmers Branch Flood Control Project from a member of the City Council for $280,000 pursuant to proceedings of eminent domain in the County Court at Law No. 3 Tarrant County, Texas.

NOTE 16: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 21, 2011, which is the date the financial statements were available to be issued.

NOTE 17: NEW PRONOUNCEMENTS

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this statement are effective for the City for periods beginning after June 15, 2010. The City has not yet determined the effect this statement will have on its financial statements.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF WHITE SETTLEMENT, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011
DATED JULY 15, 2011
IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,705,000

AS BOND COUNSEL FOR THE CITY OF WHITE SETTLEMENT, TEXAS, (the "Issuer") in connection with the issuance of the General Obligation Refunding Bonds, Series 2011, described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued and delivered in accordance with law; and except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

Financial Advisory Services
Provided By

ESTRADA • HINOJOSA
INVESTMENT BANKERS