

**CITY OF
WHITE SETTLEMENT, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2008

CITY OF WHITE SETTLEMENT, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

TABLE OF CONTENTS

	<u>Page Number</u>
 INTRODUCTORY SECTION	
Letter of Transmittal.....	i – v
Principal Officials.....	vi
GFOA Certificate of Achievement.....	vii
Organization Chart.....	viii
 FINANCIAL SECTION	
Independent Auditor’s Report.....	1 – 2
Management’s Discussion and Analysis.....	3 – 16
Basic Financial Statements	
<u>Government-wide Financial Statements</u>	
Statement of Net Assets.....	17 – 18
Statement of Activities.....	19 – 20
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds.....	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	22

(continued)

CITY OF WHITE SETTLEMENT, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008
(Continued)
TABLE OF CONTENTS

Page
Number

FINANCIAL SECTION (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Assets – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	26
Statement of Cash Flows – Proprietary Funds	27
Notes to the Financial Statements	28 – 49

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund	50 – 72
Notes to Required Supplementary Information.....	73 – 74

(continued)

CITY OF WHITE SETTLEMENT, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008
(Continued)
TABLE OF CONTENTS

	<u>Table</u>	<u>Page Number</u>
FINANCIAL SECTION (Continued)		
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet – Nonmajor Governmental Funds		75 – 76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds		77 – 78
Combining Balance Sheet – Nonmajor Enterprise Funds.....		79
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds		80
Combining Statement of Cash Flows – Nonmajor Enterprise Funds		81
Budgetary Comparison Schedule – Debt Service Fund		82
Budgetary Comparison Schedule – Occupancy Tax Fund		83
STATISTICAL SECTION (Unaudited)		
Net Assets by Component	1	84
Changes in Net Assets	2	85 – 86
Fund Balances – Governmental Funds	3	87
Changes in Fund Balances – Governmental Funds	4	88
Property Tax Levies and Collections	5	89
Assessed and Estimated Actual Value of Taxable Property	6	90

(continued)

CITY OF WHITE SETTLEMENT, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008
(Continued)
TABLE OF CONTENTS

	<u>Table</u>	<u>Page Number</u>
STATISTICAL SECTION (Unaudited) (Continued)		
Direct and Overlapping Property Tax Rates.....	7	91
Principal Property Taxpayers.....	8	92
Ratio of Outstanding Debt by Type.....	9	93
Ratio of General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita.....	10	94
Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds.....	11	95
Legal Debt Margin Information.....	12	96
Revenue Bond Coverage – Water and Sewer Bonds.....	13	97
Demographic and Economic Statistics.....	14	98
Principal Employers – Current and Nine Years Ago.....	15	99
Fulltime Equivalent City Government Employees by Function/Program.....	16	100
Operating Indicators by Function/Program.....	17	101
Capital Asset Statistics by Function/Program.....	18	102

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



February 23, 2009

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

The Comprehensive Annual Financial Report (CAFR) of the City of White Settlement, Texas (the City), for the fiscal year ended September 30, 2008, is submitted herewith. This report consists of management's representations concerning the finances of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. To provide a reasonable basis for making the representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP).

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

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart and a list of the City Council and principal officials. The financial section includes the independent auditors' report on the financial statements and schedules, MD&A, basic financial statements, required supplementary information, as well as the combining financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Profile of the City

The City of White Settlement, incorporated in 1941, is located in northwest Tarrant County and abuts the west side of the City of Fort Worth. It currently occupies 4.96 square miles and serves a population of 16,000. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City has no extra-territorial jurisdiction.

The City has operated under the council-manager form of government since 1954. Policy-making and legislative authority are vested in a governing council (City Council) consisting of a Mayor and five Council members, all elected at-large for three-year staggered terms. The City Council appoints the City Manager, City Attorney, Municipal Judge, City Secretary and members of various boards and commissions. The City Manager is responsible for the proper administration of the daily operations of the City.

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

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

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of White Settlement operates.

Local economy

The City of White Settlement currently enjoys a favorable economic environment and local indicators point to continued growth. The community is adjacent to major business and cultural centers in Fort Worth and Dallas, yet it remains uncongested with property available for development. Interstate 30 makes up the southern border of the City and Interstate Loop 820 the western border which makes the City easily accessible from all areas of the state. The daily inflow of thousands of employees to the huge Lockheed-Martin aircraft assembly plant on the eastern border of the City has helped sales tax revenues keep pace with the property tax revenues since the 1980's. The City is home to

retail outlets such as Academy Sports and Outdoors, Conn's Electronics and Furniture, Toys "R" Us, and Lowe's Home Improvement Center. Our tax values this year, as provided by the Tarrant County Appraisal District, has grown by \$41 million to \$618 million.

Over the years, White Settlement has grown into a diverse urban community of approximately 16,000 residents. Though surrounded by Fort Worth and other urban developments, it has not lost its small town sense of community and neighborliness. White Settlement's growth and development over the past decade have been built on a strong foundation of overall planning, management, quality of life and policy direction. All in all, the picture of White Settlement is one vital community, facing economic challenges and opportunities of the future with optimism and forethought.

Long-term financial planning

In 2000, a street improvement program was implemented with a long-range goal of having funds available to pave streets within the City's jurisdiction on a regular planned basis. The pay-as-you-go funding is provided by a 5% franchise tax imposed upon the City's water and sewer operations. Last year, the City received \$210,795 for these purposes.

For several years, homes along Farmers Branch running through the center of the City have received major flooding in high rain events. As a result of the flooding, a study was performed by the Army Corps of Engineers, in conjunction with the City, which suggested that Farmers Branch be upgraded into a grass-lined and concrete channel with cost estimates in excess of \$13.5 million. The City and the Corps Engineers will cost share the project. In 2005, a bond election was passed whereby voters approved the issuance of general obligation bonds in the amount of \$6.1 million. The issuance of the bonds was contingent on the City receiving federal funding for the difference. In early 2007, the City received \$1.3 million of federal funding to begin the planning and design process for the project. The Corps of Engineers are in the process of designing the project. The City of White Settlement began acquisitions of approximately 40 properties at the beginning of 2009 and expects completion by year-end.

A ½ cent sales tax, for the creation of the White Settlement Crime Control and Prevention District, was approved in 1996 for 5 years and in 2001 for an additional 10 years. In 2009, the District will begin preparation for an election to extend the tax for an additional 20 years. This tax has played a significant role in maintaining police salaries at satisfactory levels. These revenues also fund a majority of the equipment and vehicles for the police department as well as several community programs.

A ½ cent sales tax was also approved for the White Settlement Economic Development Corporation, a 4B corporation. Last year, the corporation provided over \$5,000 in direct economic incentives to local businesses for upgrading their facilities. A majority of these funds provide for annual maintenance and operations costs and park improvements on a pay-as-you-go-basis for the City's two major parks, Veterans Park and Central Park.

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

Cash management

The City currently utilizes Compass Bank as the main depository of City funds. All City funds are deposited into the City depository on a daily basis. Bank deposits are secured by allowable securities and held as collateral at the Federal Reserve Bank. The market value of the pledged collateral must be equal to or greater than 102% of the principal and accrued interest for cash balances in excess of the FDIC insurance coverage.

City officials, as allowed by the City Investment Policy and Texas state statutes, invest cash balances during the year. The three overall objectives of the City's investment policy, in their order of importance, are the preservation and safety of principal, liquidity and yield. Currently, the City invests all available funds in the local government investment pool, TexPool. TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. Government securities, and AAA-rated no-load money market mutual funds. Standard & Poor's rates TexPool AAA, the highest rating a local government investment pool can achieve. At September 30, 2008, the fair market value of the City's investment portfolio was \$15,097,927.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To this end, the City purchased general liability, property, public official and police professional liability insurance from the Texas Municipal League Intergovernmental Risk Pool, (the Pool). In addition, the City's workers' compensation insurance coverage is also with the Pool. Blue Cross and Blue Shield of Texas provided group health insurance coverage for all employees.

Awards and Acknowledgements

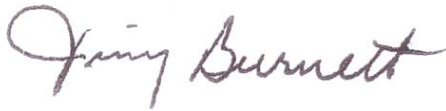
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of White Settlement for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the 22nd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City of White Settlement also received the Government Finance Officers Association award for the Distinguished Budget Presentation for the 21st consecutive year for its annual budget for the fiscal year beginning October 1, 2007 and ending September 30, 2008. In order to qualify for this award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

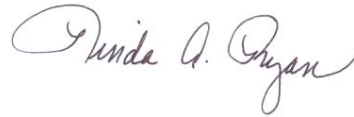
The preparation of this report would not have been possible without the efficient and dedicated service of the staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given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

Respectfully submitted,



Jimmy Burnett
City Manager

Respectfully submitted,



Linda Ryan
Assistant City Manager

City of White Settlement, Texas

City Council and Principal Officials

**Mayor
Jerry Burns**

CITY COUNCIL

Gene Hatcher	Councilmember	Place 1
Freta Powell	Councilmember	Place 2
Vacant	Councilmember	Place 3
Don Smith	Mayor Pro-Tem	Place 4
Garry Wilson	Councilmember	Place 5

CITY STAFF

**Jimmy Burnett
Linda Ryan
Rachel Plantz
Randy Brown
Jack Ely
Mike Ikerd
Amy Neal
Mike Burkett**

**City Manager
Assistant City Manager
Director of Finance
Director of Public Works
Police Chief
Fire Chief
City Secretary
City Attorney**

Certificate of Achievement for Excellence in Financial Reporting

Presented to
City of White Settlement
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

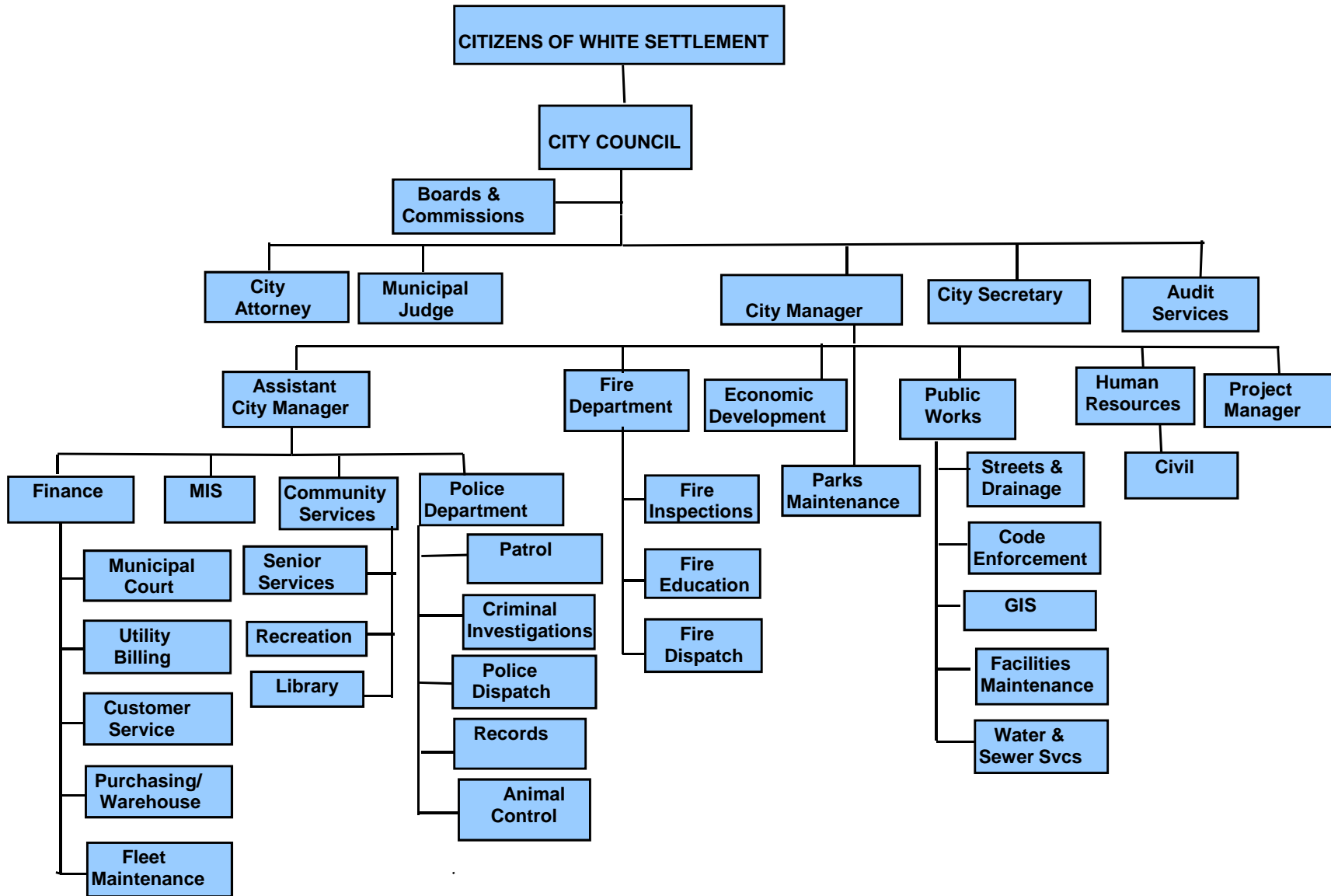
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of White Settlement Organizational Chart FY 2008-2009



FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of White Settlement, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of White Settlement, Texas' 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. 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, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of White Settlement, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 50 through 74 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of White Settlement, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pattillo, Brown & Hill, L.L.P.

February 23, 2009

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the City of White Settlement, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. It should be read in conjunction with the accompanying transmittal letter and basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of White Settlement exceeded its liabilities at the close of the most recent fiscal year by \$35,436,127 (*net assets*) compared to \$31,821,933 for the previous year. Of this amount, \$12,799,192 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$3,614,192. Approximately 60% of this increase is attributable to governmental activities and 40% is attributable to business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,971,098 compared to \$7,990,868 for the previous fiscal year. \$9,522,788 is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,017,915, or 87% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Crime Control and Prevention District for which the City is financially accountable. The City of White Settlement Crime Control and Prevention District finances, develops, and provides crime reduction programs for the City. For financial purposes, the Crime Control and Prevention District is reported as if it were a part of the City's operations.

The government-wide financial statements can be found on pages 17 – 19 of this report.

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Street System Improvement Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statement elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 – 23 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Sanitation Fund and Storm Water Utility Fund. The Water and Sewer Fund is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 24 – 26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 27 – 49 of this report.

Other Information. In addition to the basic financial statements and accompany notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found beginning on page 50 – 74 of this report.

The individual major governmental funds and combining and individual nonmajor governmental funds, combining nonmaor Enterprise Funds statements and discretely presented component unit statements are presented immediately following the required supplementary information. These statements can be found on pages 75 – 83 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$35,436,127 as of September 30, 2008.

The largest portion of the City's net assets (58%) reflects its investment in capital assets (e.g. land, land improvements, buildings, machinery and equipment, infrastructure and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,799,192) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Below are summaries of the City's statement of activities and changes in net assets.

CITY OF WHITE SETTLEMENT'S NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 10,821,938	\$ 12,053,862	\$ 5,939,874	\$ 6,124,885	\$ 16,761,812	\$ 18,178,747
Capital assets	<u>13,481,448</u>	<u>10,673,695</u>	<u>12,883,350</u>	<u>11,487,725</u>	<u>26,364,798</u>	<u>22,161,420</u>
Total assets	<u>24,303,386</u>	<u>22,727,557</u>	<u>18,823,224</u>	<u>17,612,610</u>	<u>43,126,610</u>	<u>40,340,167</u>
Long-term liabilities	3,498,348	363,389	738,142	616,210	4,236,490	979,599
Other liabilities	<u>434,935</u>	<u>4,175,833</u>	<u>3,019,058</u>	<u>3,362,802</u>	<u>3,453,993</u>	<u>7,538,635</u>
Total liabilities	<u>3,933,283</u>	<u>4,539,222</u>	<u>3,757,200</u>	<u>3,979,012</u>	<u>7,690,483</u>	<u>8,518,234</u>
Net assets:						
Invested in capital assets, net of related debt	10,699,737	8,782,892	9,938,336	8,139,623	20,638,073	16,922,515
Restricted	1,998,862	483,140	-	-	1,998,862	483,140
Unrestricted	<u>7,671,504</u>	<u>8,922,303</u>	<u>5,127,688</u>	<u>5,493,975</u>	<u>12,799,192</u>	<u>14,416,278</u>
Total net assets	<u>\$ 20,370,103</u>	<u>\$ 18,188,335</u>	<u>\$ 15,066,024</u>	<u>\$ 13,633,598</u>	<u>\$ 35,436,127</u>	<u>\$ 31,821,933</u>

The following table provides a summary of the City's operations for the year ended September 30, 2008.

CITY OF WHITE SETTLEMENT'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 429,486	\$ 1,077,798	\$ 6,599,174	\$ 6,056,145	\$ 7,028,660	\$ 7,133,943
Operating grants and contributions	7,028	43,453	-	-	7,028	43,453
Capital grants and contributions	-	206,052	-	126,317	-	332,369
General revenues:						
Property taxes	3,519,246	3,231,498	-	-	3,519,246	3,231,498
Sales taxes	3,378,872	2,870,181	-	-	3,378,872	2,870,181
Other taxes	887,330	1,133,422	-	-	887,330	1,133,422
Oil and gas royalties	1,724,928	-	-	-	1,724,928	-
Interest	269,426	366,200	138,867	263,479	408,293	629,679
Gain on sale of capital assets	36,562	5,901	-	-	36,562	5,901
Miscellaneous	238,487	-	-	-	238,487	-
Total revenues	<u>10,491,365</u>	<u>8,934,505</u>	<u>6,738,041</u>	<u>6,445,941</u>	<u>17,229,406</u>	<u>15,380,446</u>
Expenses:						
General government	1,581,711	1,583,555	-	-	1,581,711	1,583,555
Public safety	4,799,134	4,556,386	-	-	4,799,134	4,556,386
Public works	954,898	1,048,929	-	-	954,898	1,048,929
Public health	134,283	128,437	-	-	134,283	128,437
Culture and recreation	1,404,433	1,329,714	-	-	1,404,433	1,329,714
Interest on long-term debt	124,618	112,118	-	-	124,618	112,118
Water and sewer	-	-	3,829,200	3,758,579	3,829,200	3,758,579
Storm water utility	-	-	44,230	12,277	44,230	12,277
Sanitation	-	-	530,470	482,168	530,470	482,168
Total expenses	<u>8,999,077</u>	<u>8,759,139</u>	<u>4,403,900</u>	<u>4,253,024</u>	<u>13,402,977</u>	<u>13,012,163</u>
Increases in net assets before transfers	1,492,288	175,366	2,334,141	2,192,917	3,826,429	2,368,283
Transfers	<u>901,717</u>	<u>856,351</u>	<u>(901,717)</u>	<u>(856,351)</u>	<u>-</u>	<u>-</u>
Change in net assets	2,394,005	1,031,717	1,432,424	1,336,566	3,826,429	2,368,283
Net assets, beginning	18,188,335	17,156,618	13,633,598	12,297,032	31,821,933	29,453,650
Prior period adjustment	<u>(212,237)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(212,237)</u>	<u>-</u>
Net assets, ending	<u>\$ 20,370,103</u>	<u>\$ 18,188,335</u>	<u>\$ 15,066,022</u>	<u>\$ 13,633,598</u>	<u>\$ 35,436,125</u>	<u>\$ 31,821,933</u>

Governmental activities. Governmental activities increased the City's net assets by \$2,394,005, which accounts for 63% of the total growth in net assets.

Total revenues only increased \$1,556,860 (17%) from the prior year but there were significant fluctuations in revenue categories. Key elements in the analysis of revenues are as follows:

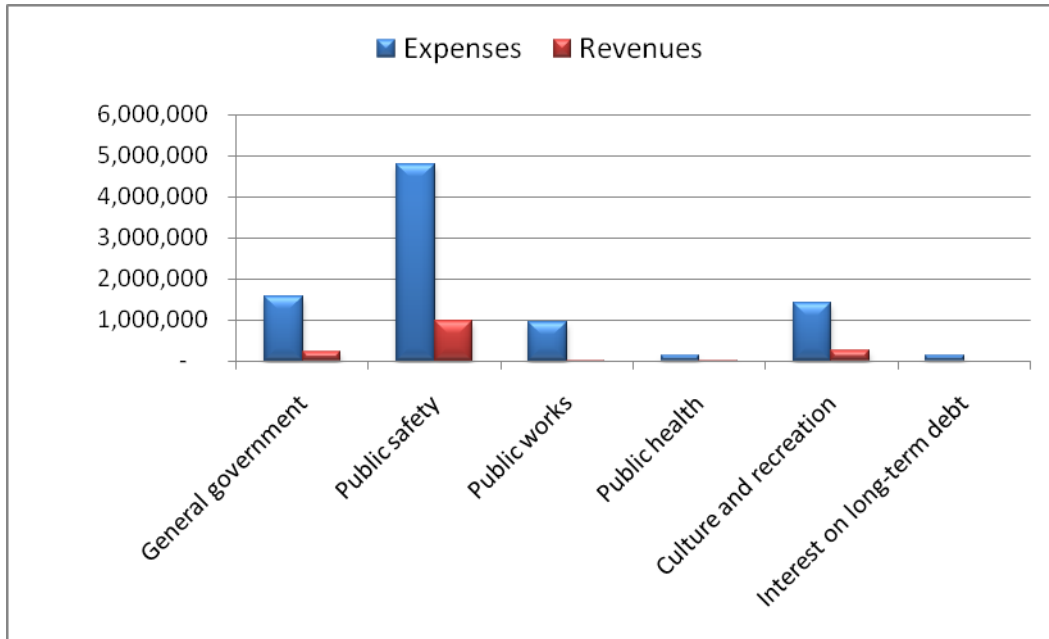
- Property taxes increased by \$287,748, 9%, during the year. Assessed property tax values increased \$41,569,402 but the tax rate remained the same at \$0.613 per \$100 assessed value.
- Sales taxes of the government increased \$508,691, or 17%.
- Other taxes decreased \$246,092, (22%).
- The City received oil and gas royalties this year for \$1,724,928. An increase from the prior year due to a one-time payment from Chesapeake Energy.

Total expenses increased \$239,938 (3%) from the prior year. Key elements in the analysis of expenses are as follows:

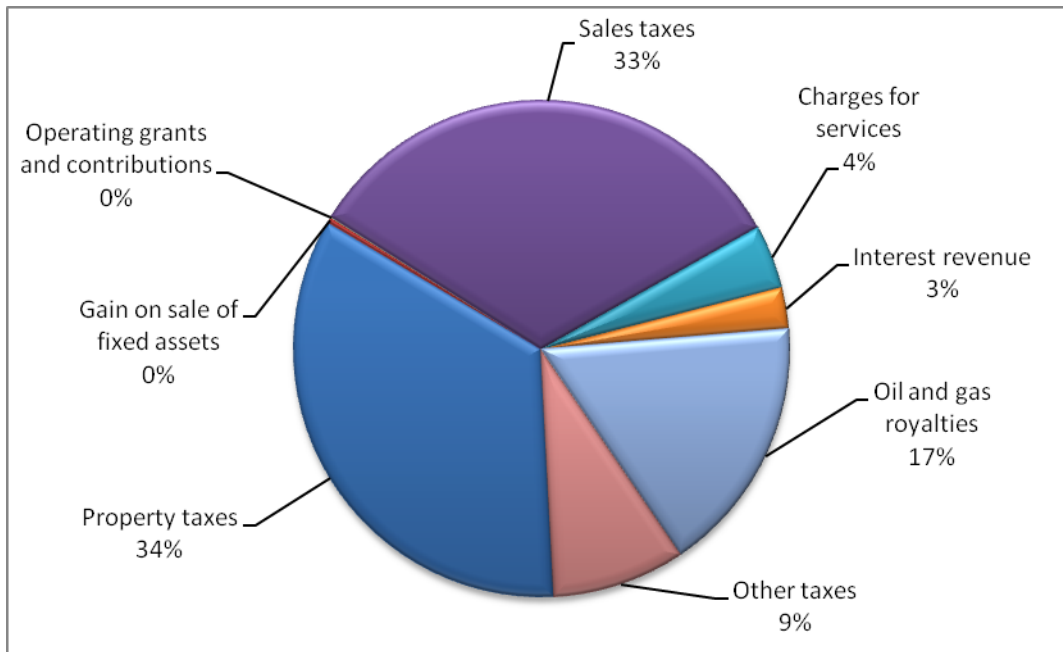
- Decreases in public works expenses accounted for 42% of the decrease.
- Public works expenses decreased \$94,031 primarily because street overlay costs decreased by \$15,824.
- Public safety expenses increased \$242,748, or 5.3%. General government expenses decreased by \$1,844 and public health expenses increased by \$5,846.
- Culture and recreation increased \$74,719 and interest on long-term debt increased \$12,500.

Below are two graphs summarizing governmental revenue and expenses:

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type Activities

Business-type activities increased the City's net assets by \$1,432,424 accounting for 37% of the total increase of net assets.

Total operating revenues increased \$292,100 (5%). Key elements of these changes are as follows:

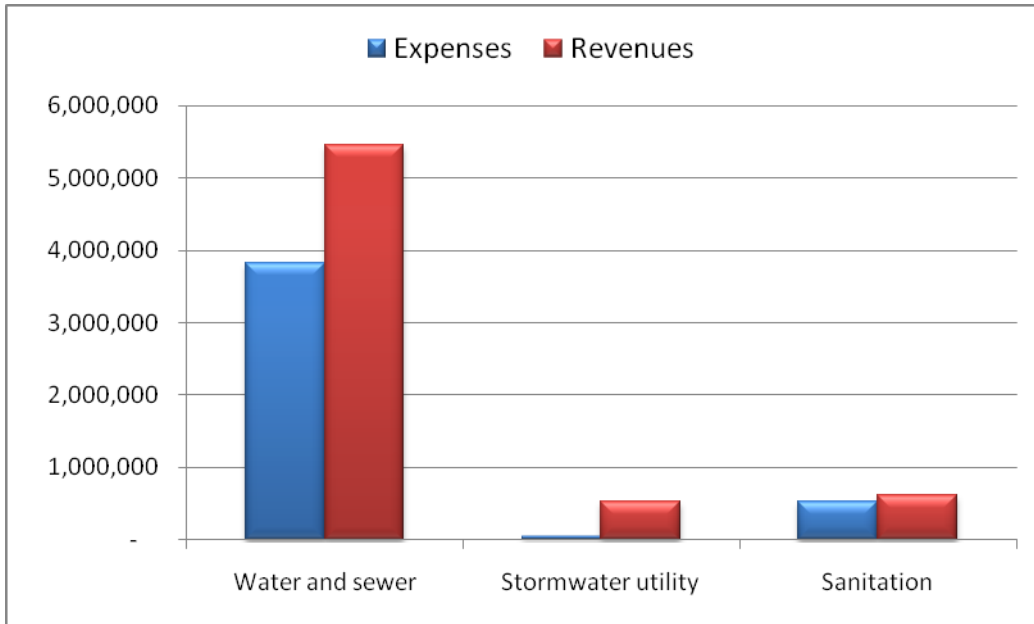
- Charges for services increased \$543,029 (9%). Water sales increased \$72,780 due to an increase in consumption of approximately 25,000,000 gallons. Sewer sales increased \$191,661 also due to an increase in water consumption. Penalty and late charges decreased \$41,976. Residential sanitation revenue increased by \$38,532 due to the commercial and residential fees being increased.
- Capital grants and contributions decreased \$126,317 and investment earnings increased \$124,612 (47%). All investments are held in TexPool. In 2007 – 2008, rates ranged from 2.25% to 4.71%.

Total expenses increased \$150,876 (4%) from the prior year. Water and sewer expenses increased \$70,621. Sanitation expenses increased \$48,302, and Storm Water Utility district expenses decreased \$31,953. Key elements for these changes are as follows:

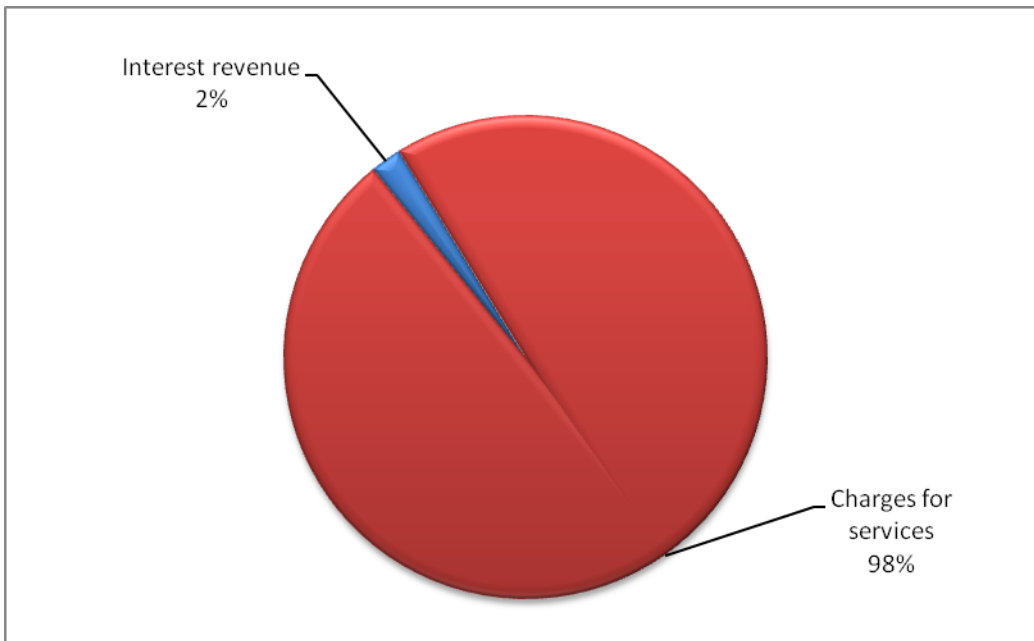
- Water purchased from the City of Fort Worth increased \$85,301 due to higher overall water consumption by customers.
- Wastewater treatment costs decreased \$111,413, due to an overall increase in the total amount of wastewater treated by the City of Fort Worth.

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

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At year-end, the City's governmental funds reported combined ending fund balances of \$9,971,098, an increase of \$1,705,130 in comparison with the prior year. \$9,522,788 (95%) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for special projects and debt service.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,017,915. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Undesignated fund balance represents 71% of the total General Fund expenditures. Fund balance of the General Fund increased by \$2,231,522. Total revenues increased \$1,222,604 and total expenditures increased \$66,988. Key factors in this growth are as follows:

- Property tax revenue increased \$268,953 (11%) due to an increase in the assessed value of \$41,569,402 with the tax rate remaining the same at \$0.613 per \$100 assessed value.
- Sales tax revenue increased \$195,192, franchise revenue decreased by \$1,613, and interest income decreased \$73,378 (30%).
- Oil and gas royalties received from Chesapeake Energy in the amount of \$1.6 million.

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

The City's Water and Sewer Fund, Sanitation Fund and Storm Water Utility are Enterprise Funds that comprise the City's proprietary funds. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$4,139,245. The total increase in net assets in the Water and Sewer was \$881,010. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final budget were \$99,519 due to an increase in appropriations and can be briefly summarized by the following chart:

	Budgeted Amounts		Increase (Decrease) in Budget
	Original	Final	
EXPENDITURES			
Current:			
General government:			
City council	\$ 308,344	\$ 302,945	\$ (5,399)
Administration	314,053	295,053	(19,000)
City secretary	83,139	100,575	17,436
Finance	314,476	314,496	20
Human resources	153,605	168,699	15,094
Management information services	144,134	176,133	31,999
Purchasing/warehouse	227,262	233,262	6,000
Municipal facilities	<u>111,354</u>	<u>112,454</u>	<u>1,100</u>
Total general government	<u>1,656,367</u>	<u>1,703,617</u>	<u>47,250</u>
Public safety:			
Police administration	1,025,365	1,011,592	(13,773)
Patrol division	2,355,163	2,356,918	1,755
Municipal court	198,175	197,885	(290)
Fire department	306,647	328,747	22,100
Code compliance	<u>394,896</u>	<u>454,306</u>	<u>59,410</u>
Total public safety	<u>4,280,246</u>	<u>4,349,448</u>	<u>69,202</u>
Public health:			
Animal control	<u>142,516</u>	<u>145,432</u>	<u>2,916</u>
Total public health	<u>142,516</u>	<u>145,432</u>	<u>2,916</u>
Public works:			
Streets and drainage	<u>664,090</u>	<u>641,567</u>	<u>(22,523)</u>
Total public works	<u>664,090</u>	<u>641,567</u>	<u>(22,523)</u>
Culture and recreation:			
Senior services	267,411	267,411	-
Park maintenance	292,223	294,940	2,717
Recreation	194,796	195,086	290
Library	<u>366,365</u>	<u>366,032</u>	<u>(333)</u>
Total culture and recreation	<u>1,120,795</u>	<u>1,123,469</u>	<u>2,674</u>
Total expenditures	<u>\$ 7,864,014</u>	<u>\$ 7,963,533</u>	<u>\$ 99,519</u>

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$26,364,798 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer systems, land improvements, machinery and equipment, vehicles, roads, highway and bridges. The City's investment in capital assets increased during the year by 4% (a 9% decrease for governmental activities and a 12% increase for business-type activities).

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

Governmental activities:

- (1) 2008 Pickup super-cab, (1) 2008 F250 Pickup with super-cab and ACO.
- Atrium renovation at the Senior Services Building (\$42,500).
- Central Park Detention Pond (\$270,093).
- Street improvements costing \$186,744 were funded by the 07-08 street overlay program.
- Construction was completed on the CDBG 32nd year 500 block of Parkside Drive project was \$30,510.

Business-type activities:

- Water System Master Plan Phase I (\$51,108).
- 2008 Sterling L 7500 MBE 900 Allison Cab and Chassis with a vactor (\$154,998).
- Sanitary Sewer Interceptor (\$144,624).

CITY OF WHITE SETTLEMENT'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,606,814	\$ 1,418,984	\$ 36,995	\$ 36,995	\$ 1,643,809	\$ 1,455,979
Construction in progress	30,510	49,944	15,255	151,018	45,765	200,962
Land improvements	1,072,387	2,471,587	28,325	30,290	1,100,712	2,501,877
Buildings and improvements	3,246,664	3,052,822	40,199	41,624	3,286,863	3,094,446
Machinery and equipment	1,646,638	1,870,751	631,875	588,066	2,278,513	2,458,817
Infrastructure	5,878,435	5,821,058	-	-	5,878,435	5,821,058
Water and sewer systems	-	-	11,690,214	10,592,781	11,690,214	10,592,781
Stormwater systems	-	-	440,487	46,951	440,487	46,951
Other improvements	-	82,389	-	-	-	82,389
Total capital assets	\$ <u>13,481,448</u>	\$ <u>14,767,535</u>	\$ <u>12,883,350</u>	\$ <u>11,487,725</u>	\$ <u>26,364,798</u>	\$ <u>26,255,260</u>

Additional information on the City’s capital assets can be found on pages 38 – 39 to the financial statements.

Long-term Debt

CITY OF WHITE SETTLEMENT’S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Capital leases	\$ 177,193	\$ 318,233	\$ 579,662	\$ 743,102	\$ 756,855	\$ 1,061,335
Tax notes	1,905,000	2,110,000	-	-	1,905,000	2,110,000
General obligation bonds	770,000	1,155,000	-	-	770,000	1,155,000
Revenue bonds	-	-	2,420,000	2,605,000	2,420,000	2,605,000
Compensated absences	646,155	592,600	19,396	14,700	665,551	607,300
	<u>\$ 3,498,348</u>	<u>\$ 4,175,833</u>	<u>\$ 3,019,058</u>	<u>\$ 3,362,802</u>	<u>\$ 6,517,406</u>	<u>\$ 7,538,635</u>

At year-end, the City had \$5,851,855 in bonds and leases outstanding – a decrease of 16% from last year.

February 5, 2005, voters authorized the issuance of \$6,150,000 tax bonds for constructing, acquiring and installing storm water drainage and flood control improvements, including Farmers Branch Creek channel improvements. As of September 30, 2008, none of the tax bonds were issued.

The City’s outstanding debt continues to have favorable ratings, as shown below:

	Moody's Investor Service	Standard & Poor's
General Obligation Refunding Bonds, Series 2003	A3	A+
Combination Tax and Revenue Certificates of Obligation, Series 2001	A3	A+
Waterworks & Sewer System Revenue Refunding Bonds, Series 2004	Baal	A+

No direct funded debt limitation is imposed on the City under current state law or the City’s Home Rule Charter. However, bond covenant requirements of the revenue bonds require that the City maintain a coverage ratio of 1.25 times the annual debt service. The measure of adequacy of service ability of this debt is the revenue bond coverage factor (net revenues available for debt service divided by the current debt service requirements). For the current fiscal year, this ratio is measured at 4.47, meaning sufficient net revenues are available for debt service to be paid. Comparative data for the Water and Sewer Fund for the past three fiscal years is presented in the following schedule:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Gross revenues	\$ 5,457,394	\$ 4,980,882	\$ 4,976,811
Direct operating expenses	3,205,402	3,111,019	2,810,413
Administrative cost	532,500	514,258	524,999
Net revenue available for debt	1,719,492	1,355,605	1,641,399
Debt service	307,511	302,960	396,290
Debt coverage ratio	5.59	4.47	6.24

More detailed information about the City's debt is presented in this report on pages 40 – 45.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property tax rate remained the same as the 2007–08 fiscal year at \$.613 per \$100 taxable value. Although the property tax rate remained the same the assessed valuation increased by 7.2% to \$618,009,885 in FY 08–09 and is expected to increase General Fund property tax revenue by \$227,963. Sales tax revenues are budgeted to decrease approximately \$52,000 in FY 08–09 over actual sales tax revenue in 07–08. Total expenditures for the General Fund are budgeted to increase by only \$910,069 over the actual expenditures for 2007–2008. Like the 2007–2008 budget, the 2008–2009 General Fund budget includes revenue transferred from one-half cent sales tax collected by the Crime Control and Prevention District in the amount of \$605,000 for the community policing programs.

Total Water and Sewer (Enterprise Fund) revenues are budgeted to decrease by \$565,131 over actual revenues for FY 2007–2008. Water rates were increased by 1.35% (minimum rates increasing from \$18.50 per month to \$18.75 and consumption rates increasing from \$3.45 per 1,000 gallons of water consumed to \$3.70 per 1,000 gallons). No rate increases for sewer services. The total increase in water rates should realize about \$124,000 in more revenue. Solid waste revenues increased in 2008–2009, from \$620,000 to \$636,000 due to the five-year contract with Waste Management expiring in May 2007 and a new five-year contract starting with IESI. The most rates for commercial customers increased by about 6.2% and the fee charged residential customers increased from \$10.45 to \$11.05 per month. This was mainly due to Waste Management's Westside landfill closing and all waste haulers having to haul the collected waste farther away from White Settlement. The contract does not allow IESI to petition the City Council for an increase until October 2009. Any rate increase would not go into effect until FY 2009–10.

REQUESTS FOR INFORMATION

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

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development
ASSETS				
Cash and investments	\$ 9,599,516	\$ 4,959,594	\$ 14,559,110	\$ 2,358,638
Receivables (net of allowances for uncollectibles)				
Accounts	-	906,142	906,142	-
Property taxes	149,781	-	149,781	-
Franchise taxes	192,010	-	192,010	-
Miscellaneous	111,444	-	111,444	-
Internal balance	1,621	(1,621)	-	-
Due from other governments	558,130	-	558,130	191,147
Inventories - supplies	65,712	-	65,712	-
Prepaid items	73,242	1,715	74,957	1,823
Deferred charges	70,482	74,044	144,526	-
Capitals assets:				
Nondepreciable	1,637,324	52,250	1,689,574	763,711
Depreciable, net of accumulated depreciation	11,844,124	12,831,100	24,675,224	1,588,822
Total capital assets	13,481,448	12,883,350	26,364,798	2,352,533
 Total assets	24,303,386	18,823,224	43,126,610	4,904,141
LIABILITIES				
Accounts payable	224,847	285,613	510,460	28,620
Accrued liabilities	191,913	28,563	220,476	-
Customer deposits	4,174	415,894	420,068	-
Interest payable	14,001	8,072	22,073	-
Noncurrent liabilities:				
Due within one year	972,289	383,790	1,356,079	-
Due in more than one year	2,526,059	2,635,268	5,161,327	-
Total liabilities	3,933,283	3,757,200	7,690,483	28,620
NET ASSETS				
Invested in capital assets, net of related debt	10,699,737	9,938,336	20,638,073	2,352,533
Restricted for:				
Debt service	397,281	-	397,281	-
Capital projects	1,454,564	-	1,454,564	-
Community development	18,369	-	18,369	-
Community services	59,428	-	59,428	-
Public safety	69,220	-	69,220	-
Unrestricted	7,671,504	5,127,688	12,799,192	2,522,988
 Total net assets	\$ 20,370,103	\$ 15,066,024	\$ 35,436,127	\$ 4,875,521

The accompanying notes are an integral part of these financial statements.

CITY OF WHITE SETTLEMENT, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2008

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 1,581,711	\$ 46,051	\$ 7,028	\$ -
Public safety	4,799,134	306,812	-	-
Public works	954,898	18,265	-	-
Public health	134,283	15,058	-	-
Culture and recreation	1,404,433	43,300	-	-
Interest long-term debt	<u>124,618</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>8,999,077</u>	<u>429,486</u>	<u>7,028</u>	<u>-</u>
Business-type activities:				
Water and sewer	3,829,200	5,457,394	-	-
Stormwater utility	44,230	529,541	-	-
Sanitation	<u>530,470</u>	<u>612,239</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>4,403,900</u>	<u>6,599,174</u>	<u>-</u>	<u>-</u>
Total primary government	<u>13,402,977</u>	<u>7,028,660</u>	<u>7,028</u>	<u>-</u>
Component unit				
Economic development	<u>1,049,485</u>	<u>200,549</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 1,049,485</u>	<u>\$ 200,549</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property				
Sales and use				
Franchise				
Oil and gas royalties				
Investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Prior period adjustment				
Net assets - beginning, restated				
Net assets - ending				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development
\$(1,528,632)	\$ -	\$(1,528,632)	\$ -
(4,492,322)	-	(4,492,322)	-
(936,633)	-	(936,633)	-
(119,225)	-	(119,225)	-
(1,361,133)	-	(1,361,133)	-
(124,618)	-	(124,618)	-
(8,562,563)	-	(8,562,563)	-
-	1,628,194	1,628,194	-
-	485,311	485,311	-
-	81,769	81,769	-
-	2,195,274	2,195,274	-
(8,562,563)	2,195,274	(6,367,289)	-
-	-	-	(848,936)
-	-	-	(848,936)
3,519,246	-	3,519,246	-
3,378,872	-	3,378,872	1,076,007
887,330	-	887,330	-
1,724,928	-	1,724,928	-
269,426	138,867	408,293	87,097
36,562	-	36,562	-
238,487	-	238,487	3,362
901,717	(901,717)	-	-
10,956,568	(762,850)	10,193,718	1,166,466
2,394,005	1,432,424	3,826,429	317,530
18,188,335	13,633,600	31,821,935	4,557,991
(212,237)	-	(212,237)	-
17,976,098	13,633,600	31,609,698	4,557,991
\$ 20,370,103	\$ 15,066,024	\$ 35,436,127	\$ 4,875,521

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	<u>General</u>	<u>Street System Improvement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 6,800,862	\$ 1,454,564	\$ 1,344,090	\$ 9,599,516
Receivables (net of allowances for uncollectibles):				
Property taxes	117,589	-	32,192	149,781
Franchise taxes	192,010	-	-	192,010
Miscellaneous	70,109	-	41,335	111,444
Due from other governments	382,294	-	175,836	558,130
Due from other funds	42,371	-	-	42,371
Prepaid items	73,242	-	-	73,242
Inventory - supplies	65,712	-	-	65,712
Total assets	<u>7,744,189</u>	<u>1,454,564</u>	<u>1,593,453</u>	<u>10,792,206</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	202,955	-	21,892	224,847
Accrued liabilities	191,913	-	-	191,913
Customer deposits	4,174	-	-	4,174
Due to other funds	-	-	40,750	40,750
Deferred revenue	327,232	-	32,192	359,424
Total liabilities	<u>726,274</u>	<u>-</u>	<u>94,834</u>	<u>821,108</u>
Fund balances:				
Reserved for:				
Debt service	-	-	379,090	379,090
Public safety	-	-	69,220	69,220
Unreserved, designated for contingencies	1,335,990	-	-	1,335,990
Unreserved, undesignated	5,681,925	-	-	5,681,925
Unreserved, reported in non-major:				
Special revenue funds	-	-	775,811	775,811
Capital projects funds	-	1,454,564	215,070	1,669,634
Permanent funds	-	-	59,428	59,428
Total fund balances	<u>7,017,915</u>	<u>1,454,564</u>	<u>1,498,619</u>	<u>9,971,098</u>
Total liabilities and fund balances	<u>\$ 7,744,189</u>	<u>\$ 1,454,564</u>	<u>\$ 1,593,453</u>	<u>\$ 10,792,206</u>

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2008

Total fund balance, governmental funds \$ 9,971,098

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 13,481,448

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. The details of these differences are as follows:

Property taxes	\$ 149,781	
Court fines	68,143	
Franchise taxes	<u>141,500</u>	
		359,424

Some liabilities, (such as Capital Lease Obligations, Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. The details of these differences are as follows:

Bonds payable	(770,000)	
Issuance cost	70,482	
Accrued interest payable	(14,001)	
Tax notes	(1,905,000)	
Capital lease obligation	(177,193)	
Compensated absences	<u>(646,155)</u>	
		(3,441,867)

Net assets of governmental activities in the statement of net assets \$ 20,370,103

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General	Street System Improvement	Other Governmental	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 2,771,930	\$ -	\$ 761,062	\$ 3,532,992
Sales and use	2,193,586	-	1,185,286	3,378,872
Franchise	887,330	-	-	887,330
Fines and forfeitures	277,826	-	64,398	342,224
Licenses, permits and fees	358,440	-	-	358,440
Intergovernmental	55,715	-	8,313	64,028
Charges for services	99,244	-	-	99,244
Oil and gas royalties	1,724,928	-	-	1,724,928
Investment earnings	170,101	53,636	45,688	269,425
Other	1,839	-	17,491	19,330
Total revenues	<u>8,540,939</u>	<u>53,636</u>	<u>2,082,238</u>	<u>10,676,813</u>
EXPENDITURES				
Current:				
General government	1,583,241	-	-	1,583,241
Public safety	4,242,555	-	201,408	4,443,963
Public works	576,694	-	41,935	618,629
Public health	128,901	-	-	128,901
Culture and recreation	1,132,074	-	127,351	1,259,425
Capital outlay	352,624	1,390,696	512,486	2,255,806
Debt service:				
Principal payments	-	-	731,040	731,040
Interest and fiscal charges	-	-	109,595	109,595
Total expenditures	<u>8,016,089</u>	<u>1,390,696</u>	<u>1,723,815</u>	<u>11,130,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>524,850</u>	<u>(1,337,060)</u>	<u>358,423</u>	<u>(453,787)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance recoveries	220,997	-	-	220,997
Sale of capital assets	36,562	-	-	36,562
Transfers in	1,224,013	1,095,166	286,492	2,605,671
Transfers out	<u>(50,000)</u>	<u>-</u>	<u>(654,313)</u>	<u>(704,313)</u>
Total other financing sources and uses	<u>1,431,572</u>	<u>1,095,166</u>	<u>(367,821)</u>	<u>2,158,917</u>
NET CHANGE IN FUND BALANCES	1,956,422	(241,894)	(9,398)	1,705,130
FUND BALANCES, BEGINNING	4,786,393	1,696,458	1,508,017	7,990,868
PRIOR PERIOD ADJUSTMENT	<u>275,100</u>	<u>-</u>	<u>-</u>	<u>275,100</u>
FUND BALANCES, BEGINNING, RESTATED	<u>5,061,493</u>	<u>1,696,458</u>	<u>1,508,017</u>	<u>8,265,968</u>
FUND BALANCES, ENDING	<u>\$ 7,017,915</u>	<u>\$ 1,454,564</u>	<u>\$ 1,498,619</u>	<u>9,971,098</u>

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Net change in fund balances - total governmental funds: \$ 1,705,130

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay (\$1,344,263) exceeded depreciation (\$881,643) in the current period. 462,620

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. The details of these differences are as follows:

Property taxes	(13,746)	
Franchise taxes	6,316	
Court fines	<u>(435,577)</u>	
		(443,007)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. The details of these differences are as follows:

Payments on bonds	385,000	
Payments on capital lease	141,040	
Payments on tax notes	<u>205,000</u>	
		731,040

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Compensated absences	(46,755)	
Accrued interest	(1,159)	
Bond issuance cost	<u>(13,864)</u>	
		(61,778)

Change in net assets of governmental activities \$ 2,394,005

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2008

	Enterprise Funds		
	Water and Sewer	Other	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,057,559	\$ 902,035	\$ 4,959,594
Accounts receivable, net	810,563	95,579	906,142
Prepaid items	1,715	-	1,715
Total current assets	<u>4,869,837</u>	<u>997,614</u>	<u>5,867,451</u>
Noncurrent assets:			
Deferred charges	74,044	-	74,044
Capital assets:			
Land	-	36,995	36,995
Construction in progress	15,255	-	15,255
Land improvements	53,367	-	53,367
Buildings and improvements	52,515	-	52,515
Water and sewer systems	18,094,649	-	18,094,649
Stormwater systems	-	445,766	445,766
Machinery and equipment	1,339,337	-	1,339,337
Less: accumulated depreciation	(7,149,255)	(5,279)	(7,154,534)
Total capital assets, net of accumulated depreciation	<u>12,405,868</u>	<u>477,482</u>	<u>12,883,350</u>
Total noncurrent assets	<u>12,479,912</u>	<u>477,482</u>	<u>12,957,394</u>
Total assets	<u>17,349,749</u>	<u>1,475,096</u>	<u>18,824,845</u>
LIABILITIES			
Current liabilities:			
Accounts payable	276,442	9,171	285,613
Accrued liabilities	28,563	-	28,563
Due to other funds	1,621	-	1,621
Customer deposits	415,894	-	415,894
Accrued interest payable	8,072	-	8,072
Current portion of long-term liabilities	383,790	-	383,790
Total current liabilities	<u>1,114,382</u>	<u>9,171</u>	<u>1,123,553</u>
Noncurrent liabilities:			
Revenue bonds payable	2,225,000	-	2,225,000
Capital lease payable	410,268	-	410,268
Total noncurrent liabilities	<u>2,635,268</u>	<u>-</u>	<u>2,635,268</u>
Total liabilities	<u>3,749,650</u>	<u>9,171</u>	<u>3,758,821</u>
NET ASSETS			
Invested in capital assets, net of related debt	9,460,854	477,482	9,938,336
Unrestricted	4,139,245	988,443	5,127,688
Total net assets	<u>\$ 13,600,099</u>	<u>\$ 1,465,925</u>	<u>\$ 15,066,024</u>

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Funds		
	Water and Sewer	Other	Total
OPERATING REVENUES			
Charges for services	\$ 5,457,394	\$ 1,141,780	\$ 6,599,174
Total operating revenues	<u>5,457,394</u>	<u>1,141,780</u>	<u>6,599,174</u>
OPERATING EXPENSES			
Costs of sales and services	3,205,402	567,766	3,773,168
Administration	-	1,750	1,750
Depreciation	<u>470,857</u>	<u>5,184</u>	<u>476,041</u>
Total operating expenses	<u>3,676,259</u>	<u>574,700</u>	<u>4,250,959</u>
OPERATING INCOME	<u>1,781,135</u>	<u>567,080</u>	<u>2,348,215</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	117,333	21,534	138,867
Interest expense	(152,941)	-	(152,941)
Total non-operating revenues (expenses)	<u>(35,608)</u>	<u>21,534</u>	<u>(14,074)</u>
INCOME BEFORE TRANSFERS	1,745,527	588,614	2,334,141
TRANSFERS IN	999,641	-	999,641
TRANSFERS OUT	(1,864,158)	(37,200)	(1,901,358)
CHANGE IN NET ASSETS	881,010	551,414	1,432,424
TOTAL NET ASSETS, BEGINNING	<u>12,719,089</u>	<u>914,511</u>	<u>13,633,600</u>
TOTAL NET ASSETS, ENDING	<u>\$ 13,600,099</u>	<u>\$ 1,465,925</u>	<u>\$ 15,066,024</u>

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS

STATEMENT OF CASH FLOWS

PROPRETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Funds		
	Water and Sewer	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 5,367,977	\$ 1,164,420	\$ 6,532,397
Cash paid to suppliers for goods and services	(615,240)	(564,854)	(1,180,094)
Cash paid to employees for services	(2,503,805)	-	(2,503,805)
Net cash provided by operating activities	2,248,932	599,566	2,848,498
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments received from other funds	1,621	-	1,621
Transfers to other funds	(1,864,158)	(37,200)	(1,901,358)
Net cash used by noncapital financing activities	(1,862,537)	(37,200)	(1,899,737)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal repayments on bonds	(348,440)	-	(348,440)
Acquisition and construction of capital assets	(473,304)	(398,721)	(872,025)
Interest and fiscal charges debt	(142,342)	-	(142,342)
Net cash used by capital and related financing activities	(964,086)	(398,721)	(1,362,807)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	117,333	21,534	138,867
Net cash provided by investing activities	117,333	21,534	138,867
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(460,358)	185,179	(275,179)
CASH AND CASH EQUIVALENTS, BEGINNING	4,517,917	716,856	5,234,773
CASH AND CASH EQUIVALENTS, ENDING	\$ 4,057,559	\$ 902,035	\$ 4,959,594
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,781,135	\$ 567,080	\$ 2,348,215
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	470,857	5,184	476,041
Decrease (increase) in accounts receivable	(131,408)	22,640	(108,768)
Decrease (increase) in prepaid and other	6,381	-	6,381
Increase (decrease) in accounts payable	46,717	4,662	51,379
Increase (decrease) in accrued liabilities	28,563	-	28,563
Increase (decrease) in customer deposits	41,991	-	41,991
Increase (decrease) in customer deposits	4,696	-	4,696
Total adjustment	467,797	32,486	500,283
Net cash provided by operating activities	\$ 2,248,932	\$ 599,566	\$ 2,848,498

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

CITY OF WHITE SETTLEMENT, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. Reporting Entity

The accounting and reporting policies 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 Standards 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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

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

B. Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the primary government and its component unit. 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 revenue, 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 separate component units for which the primary government is financially accountable.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

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 Financial Statement 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 revenue 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. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property 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 revenue 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 cash is received by the City.

(continued)

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

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

The City reports the following major governmental funds:

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

The **Street System Improvement Fund** is a Capital Projects Fund that accounts for the financial resources to be used for the acquisition or construction of streets and street systems.

The City reports the following major Enterprise 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 between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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 include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity

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.

Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 30 percent of outstanding property taxes at September 30, 2008.

Unbilled Service

Utility operating revenues (water, sewer 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.

Inventory

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

Prepaid Items

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

(continued)

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

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

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure, and water rights, are reported in the applicable governmental or business-type activities columns in the government-wide 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 historical 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Land improvements	20 - 30
Buildings	10 - 40
Water and sewer system	20 - 50
Machinery and equipment	3 - 10
Vehicles	3 - 10
Infrastructure	20 - 50

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 governmental funds only if they matured, for example, as a result of resignations and retirements.

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 statement 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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Obligations (Continued)

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

Fund Equity

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

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.

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.

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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The Utility Capital Projects Fund had a deficit fund balance of \$41,935 as of September 30, 2008. The City plans to transfer funds from the Water and Sewer Fund to cover the deficit fund balance.

3. DETAILED NOTES ON ALL FUNDS

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, 2008, the City did not own any types of securities other than those permitted by statute.

Public Funds Investment Pools

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. In the case of deposits, this is the risk that in the event of a bank failure, the City'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 financial institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance. At September 30, 2008, 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. It is the City's policy to control credit risk by limiting investments to those instruments allowed by its investment policy.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting 30% of its portfolio to be invested for a period of more than two years. As of September 30, 2008, all of the City's investments were invested for a period less than two years.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The City's investments as of September 30, 2008, had a rating and weighted average days to maturity as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Standard and Poor's</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 15,097,927	AAAm	45 days

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 2007 levy was based was \$569,535,624. Such assessed value for 2007 was computed based on 100% of appraised value.

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

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

General property taxes are limited by the government's Home Rule Charter to \$1.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the period ended September 30, 2008, was \$0.613 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 2008 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 as deferred revenue.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables

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

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Nonmajor Enterprise</u>
Receivables:				
Property taxes	\$ 167,984	\$ 45,989	\$ -	\$ -
Franchise taxes	192,010	-	-	-
Occupancy tax	-	41,335	-	-
Water and sewer	-	-	358,512	68,605
Stormwater utility	-	-	-	5,604
Earned and unbilled services	-	-	457,985	21,444
Miscellaneous	<u>456,370</u>	<u>-</u>	<u>2,988</u>	<u>-</u>
Gross receivables	816,364	87,324	819,485	95,653
Less: allowance for uncollectibles	<u>436,536</u>	<u>13,797</u>	<u>8,912</u>	<u>74</u>
Net total receivables	<u>\$ 379,828</u>	<u>\$ 73,527</u>	<u>\$ 810,573</u>	<u>\$ 95,579</u>

Governmental funds report *deferred revenue* in connection with receivables for revenue that is 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 current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

Delinquent property taxes receivable (General Fund)	\$ 117,589
Franchise tax receivable	141,500
Court fees receivable	68,143
Delinquent property taxes receivable (Debt Service Fund)	<u>32,192</u>
Total deferred revenue for governmental funds	<u>\$ 359,424</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables (Continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other governmental	\$ 40,750
General	Water and sewer	1,621

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The following schedule briefly summarizes the City's transfer activity:

Interfund Transfers:

	<u>Transfers Out</u>				<u>Totals</u>
	<u>General</u>	<u>Other Governmental</u>	<u>Water and Sewer</u>	<u>Other Enterprise</u>	
Transfers in:					
General	\$ -	\$ -	\$ 1,186,813	\$ 37,200	\$ 1,224,013
Street system improvement	-	654,313	440,853	-	1,095,166
Other governmental	50,000	-	236,492	-	<u>286,492</u>
Total transfers out					2,605,671
Transfer of governmental capital assets to water and sewer capital assets					<u>999,641</u>
Total transfers in					<u>\$ 3,605,312</u>

In the fund financial statements, total transfers in the amount of \$3,605,312 are greater than total transfers out of \$2,605,671, because of the treatment of transfers of capital assets to the Water and Sewer Fund from governmental capital assets. Capital assets were transferred from governmental capital assets to the Water and Sewer Fund in the amount of \$999,641. This amount was not reported in the governmental funds as it did not involve the transfer of financial resources. However, the Water and Sewer Fund did report a transfer in for the capital assets transferred from governmental capital assets.

Transfers to the General Fund from the Water and Sewer Fund and Other Enterprise Funds were payments in lieu of taxes. The remainder of the transfers between funds was to fund various capital projects.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

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

Primary Government

	Beginning Balance	Increases	Reclassification/ Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,418,984	\$ 206,083	\$ -	\$(18,253)	\$ 1,606,814
Construction in progress	49,944	200,373	(219,807)	-	30,510
Total assets not being depreciated	<u>1,468,928</u>	<u>406,456</u>	<u>(219,807)</u>	<u>(18,253)</u>	<u>1,637,324</u>
Capital assets, being depreciated:					
Land improvements	2,194,545	-	-	(105,272)	2,089,273
Buildings and improvements	5,468,249	406,449	-	(98,406)	5,776,292
Machinery and equipment	7,126,353	421,612	(248,203)	(1,038,256)	6,261,506
Infrastructure	19,747,911	329,553	-	(23,534)	20,053,930
Library books	421,189	-	-	(421,189)	-
Total capital assets being depreciated	<u>34,958,247</u>	<u>1,157,614</u>	<u>(248,203)</u>	<u>(1,686,657)</u>	<u>34,181,001</u>
Less accumulated depreciation:					
Land improvements	(1,008,958)	(60,965)	-	53,037	(1,016,886)
Buildings and improvements	(2,443,197)	(155,585)	-	69,154	(2,529,628)
Machinery and equipment	(5,395,913)	(397,214)	248,203	930,056	(4,614,868)
Infrastructure	(13,926,853)	(267,879)	-	19,237	(14,175,495)
Library books	(421,189)	-	-	421,189	-
Total accumulated depreciation	<u>(23,196,110)</u>	<u>(881,643)</u>	<u>248,203</u>	<u>1,492,673</u>	<u>(22,336,877)</u>
Total capital assets being depreciated, net	<u>11,762,137</u>	<u>275,971</u>	<u>-</u>	<u>(193,984)</u>	<u>11,844,124</u>
Governmental activities capital assets, net	<u>\$ 13,231,065</u>	<u>\$ 682,427</u>	<u>\$(219,807)</u>	<u>\$(212,237)</u>	<u>\$ 13,481,448</u>
Business-type activities:					
Capital assets, not being depreciated:					
Stormwater land	\$ 36,995	\$ -	\$ -	\$ -	\$ 36,995
Construction in progress	151,018	15,255	(151,018)	-	15,255
Total assets not being depreciated	<u>188,013</u>	<u>15,255</u>	<u>(151,018)</u>	<u>-</u>	<u>52,250</u>
Capital assets, being depreciated:					
Land improvements	53,559	-	-	(192)	53,367
Buildings and improvements	53,171	-	-	(656)	52,515
Machinery and equipment	1,389,389	154,998	(63,950)	(141,100)	1,339,337
Water and sewer systems	16,670,265	1,521,460	-	(97,076)	18,094,649
Stormwater systems	47,046	398,720	-	-	445,766
Total capital assets being depreciated	<u>18,213,430</u>	<u>2,075,178</u>	<u>(63,950)</u>	<u>(239,024)</u>	<u>19,985,634</u>
Less accumulated depreciation:					
Land improvements	(23,269)	(1,886)	-	113	(25,042)
Buildings and improvements	(11,547)	(1,424)	-	655	(12,316)
Machinery and equipment	(801,323)	(99,023)	63,950	128,934	(707,462)
Water and sewer systems	(6,077,483)	(368,525)	-	41,573	(6,404,435)
Stormwater systems	(96)	(5,183)	-	-	(5,279)
Total accumulated depreciation	<u>(6,913,718)</u>	<u>(476,041)</u>	<u>63,950</u>	<u>171,275</u>	<u>(7,154,534)</u>
Total capital assets being depreciated, net	<u>11,299,712</u>	<u>1,599,137</u>	<u>-</u>	<u>(67,749)</u>	<u>12,831,100</u>
Business-type activities capital assets, net	<u>\$ 11,487,725</u>	<u>\$ 1,614,392</u>	<u>\$(151,018)</u>	<u>\$(67,749)</u>	<u>\$ 12,883,350</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Economic Development:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 763,711	\$ -	\$ 763,711
Total assets not being depreciated	<u>-</u>	<u>763,711</u>	<u>-</u>	<u>763,711</u>
Capital assets, being depreciated:				
Land improvements	1,903,846	120,388	-	2,024,234
Buildings and improvements	36,408	-	-	36,408
Machinery and equipment	249,910	20,700	-	270,610
Other improvements	<u>83,316</u>	<u>8,650</u>	<u>-</u>	<u>91,966</u>
Total capital assets being depreciated	<u>2,273,480</u>	<u>149,738</u>	<u>-</u>	<u>2,423,218</u>
Less accumulated depreciation:				
Land improvements	(617,846)	(72,851)	-	(690,697)
Buildings and improvements	(8,638)	(1,214)	-	(9,852)
Machinery and equipment	(109,599)	(18,073)	-	(127,672)
Other improvements	<u>(1,229)</u>	<u>(4,946)</u>	<u>-</u>	<u>(6,175)</u>
Total accumulated depreciation	<u>(737,312)</u>	<u>(97,084)</u>	<u>-</u>	<u>(834,396)</u>
Total capital assets being depreciated, net	<u>1,536,168</u>	<u>52,654</u>	<u>-</u>	<u>1,588,822</u>
Component unit capital assets, net	<u>\$ 1,536,168</u>	<u>\$ 816,365</u>	<u>\$ -</u>	<u>\$ 2,352,533</u>

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

Governmental activities:	
General government	\$ 83,651
Public safety	313,529
Public works	336,141
Culture and recreation	143,065
Public health	<u>5,257</u>
Total depreciation expense - governmental activities	<u>\$ 881,643</u>
Business-type activities:	
Water and sewer	\$ 470,857
Stormwater utility	<u>5,184</u>
Total depreciation expense - business-type activities	<u>\$ 476,041</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt

Capital Leases Payable

Governmental Activities:

On March 14, 2000, the City entered into a municipal lease-purchase agreement in the total amount of \$801,500 for financing the purchase of certain equipment including a communications system, air conditioning systems, fire utility and brush trucks, two dump trucks, asphalt roller and other equipment. The agreement was amended on May 9, 2001, to increase the principal amount by \$93,325 for the purchase of additional special purpose equipment and for accrued interest. 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 August 28, 2001, the City entered into a municipal lease purchase agreement in the total amount of \$228,000 for financing the purchase of equipment including a bus, forklift and claw truck. Only \$226,348 of the lease was expended. The remaining \$1,652 was applied against the lease. The 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 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.

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.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Capital Leases Payable (Continued)

Governmental Activities: (Continued)

Total capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Buildings	\$ 259,045	\$ -
Water system	-	1,129,708
Machinery and equipment	1,725,568	-
Less: accumulated depreciation	<u>1,228,767</u>	<u>(225,942)</u>
Total	<u>\$ 3,213,380</u>	<u>\$ 903,766</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2009	\$ 156,890	\$ 187,822
2010	11,162	187,822
2011	11,162	187,822
2012	<u>11,162</u>	<u>62,607</u>
Total debt service requirements	190,376	626,073
Less: interest portion	<u>13,183</u>	<u>46,411</u>
Obligations under capital lease	<u>\$ 177,193</u>	<u>\$ 579,662</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

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:

<u>Purpose</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Amount Outstanding</u>
General government	09/21/06	08/15/13	4.08%	\$ 1,025,000	\$ 880,000
General government	09/25/07	08/15/12	3.88%	1,215,000	1,025,000

The annual debt service requirements to maturity for tax notes outstanding as of September 30, 2008, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 325,000	\$ 70,309	\$ 395,309
2010	515,000	57,917	572,917
2011	485,000	37,221	522,221
2012	455,000	17,672	472,672
2013	<u>125,000</u>	<u>5,100</u>	<u>130,100</u>
Total	<u>\$ 1,905,000</u>	<u>\$ 188,219</u>	<u>\$ 2,093,219</u>

Bonds Payable

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:

<u>Purpose</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Amount Outstanding</u>
General government	07/01/03	02/15/14	2.5 - 3.2%	\$ 3,075,000	\$ 770,000

At February 5, 2005, bond election voters authorized the issuance of \$6,150,000 tax bonds for constructing, acquiring and installing stormwater drainage and flood control improvements, including Farmers Branch Creek channel improvements. As of September 30, 2008, none of the tax bonds were issued.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Bonds Payable (Continued)

The annual debt service requirements to maturity for general obligation bonds outstanding as of September 30, 2008, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 200,000	\$ 20,330	\$ 220,330
2010	105,000	16,005	121,005
2011	110,000	12,780	122,780
2012	115,000	9,405	124,405
2013	115,000	3,840	118,840
2014	<u>125,000</u>	<u>2,000</u>	<u>127,000</u>
Total	<u>\$ 770,000</u>	<u>\$ 64,360</u>	<u>\$ 834,360</u>

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	3.40 - 6.40%	\$ 2,560,000	\$ 1,985,000
Enterprise refunding	04/06/04	01/01/03	2.50% o 3.25%	1,125,000	435,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2009	\$ 195,000	\$ 112,511	\$ 307,511
2010	195,000	105,165	300,165
2011	205,000	97,341	302,341
2012	215,000	88,756	303,756
2013	235,000	79,243	314,243
2014-2018	790,000	272,451	1,062,451
2019-2021	<u>585,000</u>	<u>49,766</u>	<u>634,766</u>
Total	<u>\$ 2,420,000</u>	<u>\$ 805,233</u>	<u>\$ 3,225,233</u>

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Bonds Payable (Continued)

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 City is in compliance with all significant limitations and restrictions.

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 1,155,000	\$ -	\$ 385,000	\$ 770,000	\$ 200,000
Capital leases	318,233	-	141,040	177,193	149,409
Tax notes	2,110,000	-	205,000	1,905,000	325,000
Compensated absences	<u>592,600</u>	<u>307,672</u>	<u>254,117</u>	<u>646,155</u>	<u>297,880</u>
Governmental activities long-term liabilities	<u>\$ 4,175,833</u>	<u>\$ 307,672</u>	<u>\$ 985,157</u>	<u>\$ 3,498,348</u>	<u>\$ 972,289</u>
Business-type activities					
Certificates of obligation	\$ 2,090,000	\$ -	\$ 105,000	\$ 1,985,000	\$ 110,000
Revenue bonds	515,000	-	80,000	435,000	85,000
Capital leases	743,102	-	163,440	579,662	169,394
Compensated absences	<u>14,700</u>	<u>25,439</u>	<u>20,743</u>	<u>19,396</u>	<u>19,396</u>
Business-type activities long-term liabilities	<u>\$ 3,362,802</u>	<u>\$ 25,439</u>	<u>\$ 369,183</u>	<u>\$ 3,019,058</u>	<u>\$ 383,790</u>
Total long-term debt	<u>\$ 7,538,635</u>	<u>\$ 333,111</u>	<u>\$ 1,354,340</u>	<u>\$ 6,517,406</u>	<u>\$ 1,356,079</u>

The General Fund is generally used to liquidate compensated absences for governmental activities.

Prior Year Defeasance of Bonds

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2008, the City does not have bonds considered defeased and still outstanding.

(continued)

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

Long-term Debt (Continued)

Federal Arbitrage

General obligation bonds, combination tax and 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.

Risk Management

Group health insurance for City employees is provided by health maintenance organizations. The City pays premiums for all fulltime City employees, and a portion of the premium for dependents is also borne by the City. 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 no reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

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.

Retirement Plan

Plan Description

The City provides pension benefits for all of its fulltime employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. All assumptions for the December 31, 2007, valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, Texas 78714-9153.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plan (Continued)

Plan Description (Continued)

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

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 5%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfounded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2007, valuation is effective for rates beginning January 2009).

(continued)

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

Retirement Plan (Continued)

Contributions (Continued)

Assumptions and Schedule of Actuarial Liabilities and Funding Progress

Actuarial Cost Method	-	Projected Unit Credit
Amortization Method	-	Level Percent of Payroll
Remaining Amortization Period	-	30 Years - Closed Period
Asset Valuation Method	-	Amortized Cost
Investment Rate of Return	-	7%
Projected Salary Increases	-	Varies by age and service
Includes Inflation at	-	3.0%
Cost-of-living Adjustments	-	2.1% (3.0% CPI)
Payroll growth assumption	-	3.0%
Withdrawal rates for Male/Female	-	Mid-High/Mid-High

Actual Valuation Date	12/031/07	12/031/06	12/031/05
Actuarial value of assets	\$ 9,860,467	\$ 9,688,732	\$ 9,451,868
Actuarial accrued liability	13,087,539	11,332,386	10,898,362
Percent funded	75.3%	85.5%	86.7%
Unfunded (overfunded) actuarial accrued liability (UAAL)	3,227,072	1,643,654	1,446,494
Annual covered payroll	4,282,205	3,975,233	3,789,972
UAAL as a percentage of covered payroll	75.4%	41.3%	38.2%
Net pension obligation (NPO at the beginning of period)	-	-	-
Annual Pension Cost:			
Annual required contribution (ARC)	349,642	329,553	346,837
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Total annual pension cost	349,642	329,553	346,837
Contributions made (100%)	349,642	329,553	346,837
Increase in NPO	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -

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

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plan (Continued)

Contributions (Continued)

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

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City’s unfunded actuarial accrued liability would have been \$17,059,352 and the funded ratio would have been 78.5%.

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

Contingent Liabilities

Federal and State Programs

The City recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Contingent Liabilities (Continued)

Litigation

The City is a defendant in various lawsuits. The outcome and the impact of these lawsuits is not presently determinable.

Prior Period Adjustment

With the issuance of *GASB Interpretation 6*, the criteria for the accrual of liabilities normally financed in future periods were changed. Under this guidance, expenditures and liabilities related to compensate absences should be recognized in governmental funds only when mature (when due). Thus, the only portion of the liability that should be recorded in a governmental fund would be the amount of reimbursable compensated absences payable to employees who had terminated their employment as of the end of the fiscal year. The effect of eliminating this liability was an increase to beginning fund balance in the General Fund of \$275,100.

In a prior year, the City changed its capitalization threshold to \$5,000. During the current year, the City determined additional capital assets needed to be removed from the governmental activities in accordance with the City's capitalization policy. The effect of removing capital assets below the City's capitalization threshold was a decrease to beginning net assets in the governmental activities of \$212,327.

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes				
Current property taxes	\$ 2,719,062	\$ 2,719,062	\$ 2,668,505	\$(50,557)
Miscellaneous property tax revenue	40,000	40,000	64,361	24,361
Delinquent tax collections	2,500	2,500	2,777	277
Taxes - penalties and interest	30,000	30,000	36,287	6,287
Total general property taxes	<u>2,791,562</u>	<u>2,791,562</u>	<u>2,771,930</u>	<u>(19,632)</u>
Sales and use taxes				
General sales tax	1,930,500	1,961,500	2,151,753	190,253
Mixed beverage tax	1,000	1,000	632	(368)
Bingo tax	25,000	25,000	41,201	16,201
Total sales and use	<u>1,956,500</u>	<u>1,987,500</u>	<u>2,193,586</u>	<u>206,086</u>
Franchise tax				
Telephone franchise fees	110,000	110,000	94,292	(15,708)
Electric franchise fees	470,000	470,000	481,425	11,425
Cable tv franchise fees	65,000	65,000	80,954	15,954
Gas franchise fees	95,000	95,000	91,705	(3,295)
Refuse franchise fees	155,000	155,000	138,954	(16,046)
Total franchise tax	<u>895,000</u>	<u>895,000</u>	<u>887,330</u>	<u>(7,670)</u>
Fines and fees				
Municipal court fees	237,000	237,000	186,909	(50,091)
Deferred disposition fee	46,250	46,250	38,871	(7,379)
Court administrative fee	4,500	4,500	10,352	5,852
Extension fee - city	2,000	2,000	2,559	559
Accident offense reports	1,200	-	-	-
Warrant fees	67,000	67,000	35,260	(31,740)
ACO fees	1,000	1,000	825	(175)
Code compliance fine	5,000	5,000	3,050	(1,950)
Total fines and fees	<u>363,950</u>	<u>362,750</u>	<u>277,826</u>	<u>(84,924)</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES (Continued)				
Licenses and permits				
Building permits	\$ 130,000	\$ 130,000	\$ 195,399	\$ 65,399
Electrical licenses	12,000	12,000	8,967	(3,033)
Appeal/variance permits	2,000	2,000	1,645	(355)
Plumbing permits	16,500	16,500	10,487	(6,013)
Electrical permits	22,000	22,000	40,704	18,704
Alarm permits	1,000	1,000	6,650	5,650
Sign permits	3,000	3,000	8,861	5,861
Garage sale permits	3,200	3,200	3,240	40
Curb and gutter permits	4,000	4,000	1,038	(2,962)
Gas and oil permits	-	-	3,500	3,500
Miscellaneous permits	-	-	3,044	3,044
Demolition fees	-	-	950	950
Occupancy permits	2,800	2,800	1,830	(970)
Fence permits	1,200	1,200	4,921	3,721
Electrical licenses	1,000	1,000	-	(1,000)
Other license	-	-	1,964	1,964
Contractor registration fee	27,500	27,500	39,405	11,905
Fire inspections	3,000	3,000	11,392	8,392
Recreational license	500	500	1,000	500
Rec. machine tax	700	700	810	110
Platting fees	1,000	1,000	838	(162)
Other inspection fees	1,000	1,000	760	(240)
Animal control fees	8,500	8,500	11,035	2,535
Total license and permits	<u>240,900</u>	<u>240,900</u>	<u>358,440</u>	<u>117,540</u>
Intergovernmental	48,250	48,250	55,715	7,465
Charges for services				
Copying fee	200	200	190	(10)
Returned check fee	250	250	375	125
Building rental - cultural center	7,000	7,000	9,799	2,799
Building rental - recreation	6,000	6,000	10,747	4,747
Supervised recreation	28,000	28,000	20,944	(7,056)
Mowing fees	13,000	13,000	12,081	(919)

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES (Continued)				
Charges for services (Continued)				
Animal shelter fees	\$ 250	\$ 250	\$ 247	\$(3)
Dog license fees	-	-	3,776	3,776
Library revenue	13,500	13,500	16,162	2,662
Library memorial	-	-	58	58
Library processing	250	250	325	75
Reimburse lost/damaged books	300	300	564	264
Gas well inspector fees	-	8,150	22,300	14,150
Fingerprinting fees	-	-	313	313
Police report fees	-	1,200	1,363	163
Total charges for services	<u>68,750</u>	<u>78,100</u>	<u>99,244</u>	<u>21,144</u>
Oil and gas royalties	<u>-</u>	<u>26,886</u>	<u>1,724,928</u>	<u>1,698,042</u>
Investment earnings	<u>260,000</u>	<u>260,000</u>	<u>170,101</u>	<u>(89,899)</u>
Other revenue				
Pay phone income	1,000	1,000	2,043	1,043
Council filing fee	140	140	240	100
Certified abandoned vehicles sale	5,000	5,000	180	(4,820)
Over/short	-	-	(624)	(624)
Miscellaneous service fees	27,200	27,200	-	(27,200)
Miscellaneous revenues	<u>25,000</u>	<u>275,000</u>	<u>-</u>	<u>(275,000)</u>
Total other revenue	<u>58,340</u>	<u>308,340</u>	<u>1,839</u>	<u>(306,501)</u>
Total revenues	<u>6,683,252</u>	<u>6,999,288</u>	<u>8,540,939</u>	<u>1,541,651</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current				
City council				
Part-time temporary salaries	\$ 7,800	\$ 7,800	\$ 5,950	\$ 1,850
FICA	600	600	419	181
Workers' compensation	252	252	25	227
Unemployment Insurance	234	234	20	214
Office supplies	1,550	2,025	3,451	(1,426)
Photo and duplication supplies	450	450	270	180
Building electrical and plumbing supplies	1,500	560	19	541
Postage and freight	600	600	14	586
Legal costs	30,000	30,000	28,041	1,959
Audit services	17,000	18,500	18,500	-
Janitorial services	1,600	1,705	1,701	4
Pest control services	125	175	129	46
Copy rental/lease	1,750	1,750	1,135	615
Communications	330	1,190	1,187	3
Utilities	5,600	5,600	4,367	1,233
Insurance	54,253	51,364	15,977	35,387
Dues/subscriptions/memberships	11,000	11,000	9,951	1,049
Marketing and promotion services	1,500	1,500	571	929
Travel and training	5,500	5,200	3,877	1,323
Miscellaneous materials and supplies	1,700	1,700	319	1,381
Grant match	125,000	125,000	19,747	105,253
City council reserve	40,000	34,601	6,560	28,041
Building maintenance/repairs	-	-	16,045	(16,045)
Employee appreciation	-	1,139	1,131	8
Total City council	<u>308,344</u>	<u>302,945</u>	<u>139,406</u>	<u>163,539</u>
Administration				
Regular salaries	205,992	188,473	194,130	(5,657)
Longevity pay	208	208	205	3
FICA	16,417	16,417	14,790	1,627
TMRS	18,091	18,091	17,084	1,007
Workers' compensation	1,187	1,187	670	517
Unemployment insurance	810	810	101	709
Health insurance	16,114	9,514	8,243	1,271

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Administration (Continued)				
Vehicle allowance	\$ 8,400	\$ 8,400	\$ 7,500	\$ 900
Office supplies	1,863	3,473	5,318	(1,845)
Photo and duplication supplies	250	250	67	183
Janitorial supplies	100	100	-	100
Building electrical and plumbing supplies	1,000	405	192	213
Postage and freight	300	300	155	145
Computer parts and software	1,050	120	118	2
Janitorial services	835	905	902	3
Postage meter contract	-	2,500	2,477	23
Pest control services	86	86	30	56
Copy rental/lease	8,000	7,000	6,699	301
Communications	1,400	1,400	592	808
Utilities	2,800	2,800	2,033	767
Equipment maintenance repairs	-	150	141	9
Dues/subscriptions/memberships	500	1,245	794	451
Marketing and promotion services	400	995	595	400
Travel and training	4,250	2,950	717	2,233
Employee appreciation	9,000	9,050	9,050	-
City manager reserve	15,000	5,500	5,435	65
First aid and medical supplies	-	105	105	-
Land purchases	-	4,000	3,987	13
Other professional services	-	8,619	8,506	113
Total administration	<u>314,053</u>	<u>295,053</u>	<u>290,636</u>	<u>4,417</u>
City secretary				
Regular salaries	50,000	10,832	10,830	2
FICA	3,901	1,194	642	552
TMRS	3,995	1,169	798	371
Workers' compensation	282	163	163	-
Unemployment insurance	366	-	(28)	28
Health insurance	5,376	1,088	1,086	2
Office supplies	1,200	1,200	2,554	(1,354)
Photo and duplication supplies	300	250	-	250

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
City secretary (Continued)				
Miscellaneous materials and supplies	\$ 250	\$ 1,360	\$ 670	\$ 690
Postage and freight	600	300	215	85
Janitorial services	800	850	845	5
Pest control services	79	79	30	49
Other professional services	3,400	72,362	72,200	162
Communications	520	820	412	408
Utilities	2,200	2,200	1,865	335
Equipment maintenance/repairs	250	250	-	250
Building and equipment rental	720	720	663	57
Dues/subscriptions/memberships	200	200	62	138
Travel and training	2,500	2,090	763	1,327
Advertisement/notices	6,200	3,308	2,577	731
Insurance	-	140	140	-
Total City secretary	83,139	100,575	96,487	4,088
Finance				
Regular salaries	193,267	189,767	180,004	9,763
Overtime	1,320	1,320	506	814
Longevity pay	600	600	584	16
FICA	14,932	14,932	13,075	1,857
TMRS	16,454	12,854	12,806	48
Workers' compensation	1,080	1,080	629	451
Unemployment insurance	1,080	1,080	233	847
Health insurance	21,493	21,493	19,660	1,833
Office supplies	3,000	3,145	4,553	(1,408)
Photo and duplication supplies	3,000	2,885	1,586	1,299
Janitorial supplies	100	100	-	100
Postage and freight	2,000	1,970	1,655	315
First aid and medical supplies	200	220	208	12
Janitorial services	1,300	1,400	1,393	7
Pest control services	150	151	151	-
Other professional services	26,000	36,100	36,061	39

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Finance (Continued)				
Communications	\$ 1,200	\$ 1,000	\$ 273	\$ 727
Utilities	4,600	4,600	4,109	491
Equipment maintenance/repairs	12,000	10,000	8,308	1,692
Building and equipment rental	1,000	1,350	1,332	18
Insurance	3,000	1,950	-	1,950
Dues/subscriptions/memberships	1,700	1,700	1,468	232
Travel and training	4,000	3,799	3,158	641
Advertisement/notices	1,000	1,000	885	115
Total finance	<u>314,476</u>	<u>314,496</u>	<u>292,637</u>	<u>21,859</u>
Human resources				
Regular salaries	82,841	82,841	82,817	24
Overtime	-	100	73	27
Longevity pay	212	212	211	1
FICA	6,354	6,354	5,037	1,317
TMRS	7,001	7,001	6,987	14
Workers' compensation	460	460	270	190
Unemployment insurance	540	540	64	476
Health insurance	10,690	12,984	12,960	24
Office supplies	1,000	919	2,262	(1,343)
Photo and duplication supplies	300	300	168	132
Educational materials	4,000	4,000	3,606	394
Postage and freight	200	200	140	60
Legal services	9,000	9,000	570	8,430
Janitorial services	1,000	1,075	1,070	5
Pest control services	107	112	111	1
Other professional services	8,440	21,940	20,661	1,279
Communications	500	500	228	272
Utilities	2,750	2,750	2,519	231
Equipment maintenance/repairs	500	500	156	344

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
Human resources (Continued)				
Building and equipment rental	\$ 600	\$ 601	\$ 600	\$ 1
Insurance	3,000	2,200	1,877	323
Dues/subscriptions/memberships	310	310	235	75
Travel and training	1,800	1,800	1,669	131
Advertisement/notices	12,000	12,000	11,427	573
Total human resources	<u>153,605</u>	<u>168,699</u>	<u>155,718</u>	<u>12,981</u>
Management information services				
Regular salaries	36,555	40,055	40,421	(366)
Overtime	1,000	1,000	112	888
Part-time temporary salaries	25,000	21,500	15,976	5,524
Longevity pay	68	68	25	43
FICA	4,791	4,791	4,127	664
TMRS	3,145	3,400	3,398	2
Workers' compensation	346	346	119	227
Unemployment insurance	810	810	107	703
Health insurance	5,317	5,817	5,680	137
Office supplies	700	210	1,468	(1,258)
Miscellaneous materials and supplies	250	250	11	239
Postage and freight	100	100	19	81
First aid and medical supplies	100	250	243	7
Janitorial services	950	1,030	1,027	3
Pest control services	102	107	106	1
Other professional services	34,000	34,000	28,729	5,271
Communications	2,000	29,100	29,020	80
Utilities	3,400	3,400	2,397	1,003
Equipment maintenance/repairs	25,000	29,399	28,328	1,071
Dues/subscriptions/memberships	500	500	-	500
Total management information services	<u>144,134</u>	<u>176,133</u>	<u>161,313</u>	<u>14,820</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Purchasing/warehouse				
Regular salaries	\$ 132,954	\$ 127,954	\$ 132,712	\$(4,758)
Overtime	510	510	261	249
Longevity pay	1,688	1,688	1,658	30
FICA	10,338	10,338	9,435	903
TMRS	11,392	11,392	11,229	163
Workers' compensation	11,033	3,483	3,408	75
Unemployment Insurance	1,080	180	163	17
Health Insurance	21,303	22,803	22,676	127
Office supplies	1,150	1,490	2,705	(1,215)
Photo and duplication supplies	100	100	28	72
Janitorial supplies	150	150	112	38
Building electrical and plumbing supplies	-	130	128	2
Uniforms	500	500	391	109
Postage and freight	-	10	1	9
Fuel and lubricants	2,000	3,432	5,175	(1,743)
Safety supplies and equipment	50	50	48	2
Tools and equipment <\$5000	6,500	8,412	8,250	162
Inventory over/short	-	116	36	80
Janitorial services	1,200	1,400	1,300	100
Pest control services	200	258	208	50
Other professional services	100	300	276	24
Communications	2,600	2,600	2,392	208
Utilities	6,300	6,965	7,241	(276)
Vehicle maintenance/repairs	6,402	16,307	16,303	4
Equipment maintenance/repairs	3,022	1,480	715	765
Building and maintenance repair	1,000	5,230	5,083	147
Building and equipment rental	1,200	494	442	52
Insurance	1,790	2,740	2,733	7
Dues/subscriptions/memberships	800	800	753	47
Travel and training	1,900	1,900	1,451	449
First aid and medical supplies	-	50	35	15
Total purchasing/warehouse	<u>227,262</u>	<u>233,262</u>	<u>237,348</u>	<u>(4,086)</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Municipal facilities				
Regular salaries	\$ 61,169	\$ 58,369	\$ 60,697	\$(2,328)
Overtime	1,020	249	224	25
Longevity pay	484	484	479	5
FICA	4,794	4,794	4,474	320
TMRS	5,189	5,189	5,136	53
Workers' compensation	4,568	2,500	2,412	88
Unemployment insurance	540	140	79	61
Health insurance	10,640	11,340	11,326	14
Office supplies	200	200	1,510	(1,310)
Uniforms	700	468	213	255
Fuel and lubricants	1,400	2,000	2,165	(165)
Safety supplies and equipment	150	150	123	27
Tools and equipment <\$5000	1,000	1,000	880	120
First aid and medical supplies	200	211	211	-
Communications	1,200	350	197	153
Utilities	-	3,300	5,372	(2,072)
Vehicle maintenance/repairs	2,500	5,800	5,797	3
Equipment maintenance/repairs	300	300	105	195
Building and maintenance repairs	12,000	12,050	104,753	(92,703)
Building and equipment rental	2,500	2,660	2,658	2
Insurance	800	900	885	15
Total municipal facilities	<u>111,354</u>	<u>112,454</u>	<u>209,696</u>	<u>(97,242)</u>
 Total general government	 <u>1,656,367</u>	 <u>1,703,617</u>	 <u>1,583,241</u>	 <u>(120,376)</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Police administration				
Regular salaries	\$ 616,829	\$ 590,729	\$ 593,337	\$(2,608)
Overtime	20,000	20,000	17,434	2,566
Certification pay	8,280	8,280	8,025	255
Longevity pay	6,016	6,016	5,586	430
FICA	49,811	49,811	42,262	7,549
TMRS	54,711	54,711	52,106	2,605
Workers' compensation	14,448	13,143	7,465	5,678
Unemployment insurance	4,590	4,590	785	3,805
Health insurance	90,641	102,968	93,316	9,652
Office supplies	9,985	9,580	10,237	(657)
Photo and duplication supplies	3,330	864	859	5
Janitorial supplies	795	910	907	3
Building electrical and plumbing supplies	2,336	2,336	1,550	786
Miscellaneous material and supplies	5,921	5,416	4,983	433
Uniforms	3,060	3,060	2,576	484
Postage and freight	873	1,323	1,079	244
Fuel and lubrications	3,000	5,466	4,219	1,247
Safety supplies and equipment	400	400	357	43
Tools and equipment <\$5000	200	200	171	29
First aid and medical supplies	3,500	3,350	2,893	457
Janitorial services	13,400	14,404	13,909	495
Pest control services	540	540	270	270
Other professional services	3,690	3,690	1,827	1,863
Communications	10,323	11,126	8,770	2,356
Utilities	45,867	43,134	39,383	3,751
Vehicle maintenance/repairs	3,082	3,682	3,623	59
Equipment maintenance/repairs	8,743	8,743	7,145	1,598
Building and maintenance/repair	17,735	17,735	17,020	715

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Police administration (Continued)				
Building and equipment rental	\$ 5,318	\$ 6,139	\$ 6,136	\$ 3
Insurance	16,691	17,996	17,993	3
Dues/subscriptions/memberships	800	800	620	180
Employee appreciation	450	450	(1,382)	1,832
Total police administration	<u>1,025,365</u>	<u>1,011,592</u>	<u>965,461</u>	<u>46,131</u>
Police patrol/CID				
Regular salaries	1,526,028	1,503,928	1,523,777	(19,849)
Overtime	65,000	61,000	45,790	15,210
Part-time temporary salaries	8,000	12,000	11,629	371
Certification pay	33,000	33,000	34,825	(1,825)
Longevity pay	11,704	12,024	12,023	1
FICA	125,745	125,745	116,381	9,364
TMRS	137,892	137,892	132,253	5,639
Workers' compensation	104,390	59,890	49,365	10,525
Unemployment insurance	8,880	8,880	1,928	6,952
Health insurance	171,233	180,088	173,823	6,265
Office supplies	1,600	1,600	3,000	(1,400)
Photo and duplication supplies	200	200	108	92
Building electrical and plumbing supplies	2,440	1,040	1,012	28
Miscellaneous materials and supplies	500	2,138	2,109	29
Uniforms	4,000	3,925	3,823	102
Postage and freight	160	235	229	6
Fuel and lubricants	41,000	70,975	77,676	(6,701)
Safety supplies and equipment	700	500	486	14
Tools and equipment <\$5000	9,634	10,096	10,092	4
First aid and medical supplies	1,600	1,485	1,485	-
Other professional services	24,500	23,150	16,855	6,295
Communications	1,600	1,850	1,836	14

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Police patrol/CID (Continued)				
Vehicle maintenance/repairs	\$ 64,000	\$ 86,000	\$ 85,027	\$ 973
Equipment maintenance/repairs	5,500	5,920	5,469	451
Insurance	4,857	12,357	12,336	21
Dues/subscriptions/memberships	1,000	1,000	550	450
Total police patrol/CID	<u>2,355,163</u>	<u>2,356,918</u>	<u>2,323,887</u>	<u>33,031</u>
Municipal court				
Regular salaries	93,370	93,370	95,369	(1,999)
Overtime	4,080	4,080	2,769	1,311
Certification pay	900	900	200	700
Longevity pay	344	344	185	159
FICA	7,550	7,550	6,985	565
TMRS	8,320	8,320	8,276	44
Workers' compensation	2,668	1,568	1,203	365
Unemployment insurance	810	810	160	650
Health insurance	15,979	14,479	12,527	1,952
Office supplies	3,800	4,300	5,600	(1,300)
Photo and duplication supplies	500	45	-	45
Janitorial supplies	100	100	-	100
Building electrical and plumbing supplies	200	200	-	200
Uniforms	500	884	883	1
Postage and freight	2,000	1,000	560	440
Fuel and lubricants	700	800	1,010	(210)
First aid and medical supplies	-	134	134	-
Legal services	37,100	41,400	41,315	85
Janitorial services	1,440	1,552	1,551	1
Pest control services	89	94	93	1
Other professional services	2,150	1,150	850	300
Communications	2,700	1,888	578	1,310
Utilities	2,210	2,210	2,085	125

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Municipal court (Continued)				
Vehicle maintenance/repairs	\$ -	\$ 2,300	\$ 2,233	\$ 67
Equipment maintenance/repairs	5,500	3,147	2,450	697
Building and equipment rental	150	440	411	29
Dues/subscriptions/memberships	340	376	376	-
Municipal court services	600	500	-	500
Travel and training	3,175	2,675	2,520	155
Miscellaneous materials and supplies	900	1,269	1,268	1
Total municipal court	198,175	197,885	191,591	6,294
Fire department				
Part-time temporary salaries	131,044	131,044	136,309	(5,265)
FICA	10,025	10,025	10,022	3
Workers' compensation	6,084	2,784	1,219	1,565
Unemployment insurance	3,769	3,769	246	3,523
Volunteer injury insurance	5,390	5,390	5,190	200
Volunteer fire retirement	2,400	3,000	3,000	-
Office supplies	1,150	1,150	2,247	(1,097)
Photo and duplication supplies	500	500	198	302
Janitorial supplies	500	500	387	113
Building electrical and plumbing supplies	450	450	209	241
Miscellaneous materials and supplies	4,500	4,500	4,083	417
Uniforms	5,000	4,490	3,942	548
Postage and freight	100	100	48	52
Fuel and lubricants	7,000	9,200	9,856	(656)
Safety supplies and equipment	17,500	17,500	16,931	569
Tools and equipment <\$5000	1,150	1,150	1,074	76
Chemicals	250	250	242	8
First aid and medical supplies	1,750	1,750	1,507	243
Janitorial services	1,800	1,950	1,950	-
Pest control services	180	190	187	3
Other professional services	1,500	1,000	245	755
Communications	2,700	3,200	2,580	620

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Fire department (Continued)				
Utilities	\$ 18,300	\$ 17,430	\$ 18,247	\$(817)
Vehicle maintenance/repairs	15,000	37,100	37,085	15
Equipment maintenance/repairs	23,000	21,400	19,298	2,102
Building maintenance/repairs	1,700	2,300	2,431	(131)
Insurance	5,900	9,200	9,179	21
Dues/subscriptions/memberships	255	255	150	105
Travel and training	5,750	4,650	4,460	190
VFD utility service	32,000	32,520	32,518	2
Total fire department	<u>306,647</u>	<u>328,747</u>	<u>325,040</u>	<u>3,707</u>
Code compliance				
Regular salaries	218,504	201,099	205,155	(4,056)
Overtime	5,355	5,355	-	5,355
Part-time temporary salaries	12,220	18,420	19,053	(633)
Certification pay	1,600	1,600	1,665	(65)
Longevity pay	408	408	298	110
FICA	18,214	18,214	16,228	1,986
TMRS	18,041	18,041	17,715	326
Workers' compensation	2,837	1,637	1,578	59
Unemployment insurance	1,890	1,890	245	1,645
Health insurance	32,052	31,482	26,254	5,228
Office supplies	5,000	3,800	5,033	(1,233)
Photo and duplication supplies	1,750	1,750	1,618	132
Uniforms	650	650	630	20
Postage and freight	2,000	2,000	1,352	648
Fuel and lubricants	2,000	3,500	3,893	(393)
Tools and equipment <\$5000	500	500	481	19
First aid and medical supplies	300	300	243	57
Legal services	1,000	48,000	47,978	22
Engineering costs	5,000	8,220	8,218	2
Janitorial services	1,650	1,785	1,783	2

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
Code compliance (Continued)				
Pest control services	\$ 200	\$ 408	\$ 204	\$ 204
Other professional services	5,000	17,450	17,408	42
Demolitions and lot clearing	25,000	23,815	19,190	4,625
Communications	3,500	2,792	1,932	860
Utilities	7,300	5,800	4,598	1,202
Vehicle maintenance/repairs	5,500	6,400	6,258	142
Equipment maintenance/repairs	3,500	10,600	10,037	563
Building and equipment rental	2,500	2,580	2,577	3
Insurance	1,200	1,430	1,430	-
Dues/subscriptions/memberships	1,330	1,465	1,464	1
Travel and training	5,895	5,895	5,041	854
Advertisement/notices	3,000	7,020	7,017	3
Total code compliance	<u>394,896</u>	<u>454,306</u>	<u>436,576</u>	<u>17,730</u>
Total public safety	<u>4,280,246</u>	<u>4,349,448</u>	<u>4,242,555</u>	<u>106,893</u>
Streets and drainage				
Regular salaries	188,437	188,437	166,639	21,798
Overtime	3,535	8,535	8,180	355
Certification pay	600	600	600	-
Longevity pay	1,504	1,504	1,427	77
FICA	15,994	15,994	12,778	3,216
TMRS	16,361	16,361	14,803	1,558
Workers' compensation	33,899	16,899	16,528	371
Unemployment insurance	2,340	2,340	273	2,067
Health insurance	37,168	38,045	32,754	5,291
Office supplies	900	800	2,080	(1,280)
Photo and duplication supplies	100	100	-	100

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
Streets and drainage (Continued)				
Janitorial supplies	\$ 250	\$ 250	\$ 116	\$ 134
Building electrical and plumbing supplies	400	400	228	172
Uniforms	2,500	2,000	1,330	670
Fuel and lubricants	11,000	19,650	20,858	(1,208)
Safety supplies and equipment	4,000	3,250	509	2,741
Tools and equipment <\$5000	1,200	1,200	575	625
Chemicals	1,000	1,000	-	1,000
Parts for equipment	2,000	2,000	1,120	880
Street maintenance	60,000	55,000	35,214	19,786
Street sign supplies	5,000	6,100	6,040	60
First aid and medical supplies	950	950	781	169
Sanitation services	12,500	12,500	7,000	5,500
Street lights and signals	170,000	172,300	184,887	(12,587)
Other professional services	3,000	3,000	2,357	643
Communications	2,000	2,000	1,503	497
Utilities	2,300	2,600	2,532	68
Vehicle maintenance/repairs	53,500	53,500	43,327	10,173
Equipment maintenance/repairs	1,000	1,600	1,445	155
Building maintenance/repairs	1,000	1,000	178	822
Building and equipment rental	2,000	2,000	1,307	693
Insurance	6,052	9,052	9,004	48
Dues/subscriptions/memberships	100	150	143	7
Travel and training	1,500	450	178	272
Total streets and drainage	<u>644,090</u>	<u>641,567</u>	<u>576,694</u>	<u>64,873</u>
 Total public works	 <u>644,090</u>	 <u>641,567</u>	 <u>576,694</u>	 <u>64,873</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Animal control				
Regular salaries	\$ 58,527	\$ 58,527	\$ 52,665	\$ 5,862
Overtime	4,187	4,187	3,914	273
Certification pay	3,000	3,000	2,650	350
Part-time temporary salaries	15,693	13,493	9,561	3,932
Longevity pay	580	580	106	474
FICA	6,043	6,043	4,473	1,570
TMRS	5,336	5,336	4,928	408
Workers' compensation	2,926	1,876	1,230	646
Unemployment insurance	810	810	121	689
Health insurance	10,635	13,151	11,828	1,323
Office supplies	200	788	2,147	(1,359)
Janitorial supplies	350	350	256	94
Building electrical and plumbing supplies	4,500	2,286	2,036	250
Miscellaneous materials and supplies	671	700	671	29
Uniforms	500	500	326	174
Fuel and lubricants	3,000	3,350	3,760	(410)
Safety supplies and equipment	50	50	44	6
Tools and equipment <\$5000	3,775	3,646	3,177	469
First aid and medical supplies	2,500	4,439	4,428	11
Pest control services	250	250	125	125
Other professional services	200	200	-	200
Communications	1,950	1,950	1,394	556
Utilities	6,300	6,912	7,446	(534)
Vehicle maintenance/repairs	4,410	6,610	6,581	29
Equipment maintenance/repairs	495	495	210	285
Building maintenance/repairs	1,200	1,200	714	486
Building and equipment rental	1,156	1,156	1,015	141
Insurance	672	947	945	2
Dues/subscriptions/memberships	100	100	100	-
Travel and training	2,500	2,500	2,050	450
Total animal control	<u>142,516</u>	<u>145,432</u>	<u>128,901</u>	<u>16,531</u>
Total public health	<u>142,516</u>	<u>145,432</u>	<u>128,901</u>	<u>16,531</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Senior services				
Regular salaries	\$ 157,318	\$ 148,943	\$ 142,139	\$ 6,804
Longevity pay	1,144	1,144	752	392
FICA	12,122	12,122	10,132	1,990
TMRS	13,358	13,358	11,980	1,378
Workers' compensation	877	3,687	3,685	2
Unemployment insurance	1,350	1,350	250	1,100
Health insurance	26,615	26,615	23,679	2,936
Office supplies	1,210	878	2,271	(1,393)
Photo and duplication supplies	900	-	-	-
Janitorial supplies	1,100	1,650	1,486	164
Building electrical and plumbing supplies	900	900	496	404
Miscellaneous materials and supplies	-	260	260	-
Postage and freight	100	100	85	15
Fuel and lubricants	2,300	3,800	4,037	(237)
Safety supplies and equipment	75	-	-	-
Computer parts and software	500	575	547	28
First aid and medical supplies	190	280	276	4
Janitorial services	8,400	7,970	7,968	2
Pest control services	800	330	125	205
Copy rental/lease	770	1,882	1,819	63
Other professional services	1,000	1,245	1,139	106
Communications	3,000	2,025	861	1,164
Utilities	26,200	25,952	23,672	2,280
Vehicle maintenance/repairs	3,180	4,280	4,264	16
Equipment maintenance/repairs	-	142	141	1
Building maintenance/repairs	2,190	2,048	17,798	(15,750)
Insurance	672	3,892	3,891	1
Dues/subscriptions/memberships	170	89	89	-
Travel and training	720	1,114	1,053	61
Employee appreciation	150	72	72	-
Advertisements/notices	100	708	708	-
Total senior services	<u>267,411</u>	<u>267,411</u>	<u>265,675</u>	<u>1,736</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Parks maintenance				
Regular salaries	\$ 131,004	\$ 127,874	\$ 130,657	\$(2,783)
Overtime	8,000	7,500	6,893	607
Longevity pay	964	964	957	7
FICA	10,708	10,708	9,681	1,027
TMRS	11,799	11,799	11,569	230
Workers' compensation	7,997	4,097	4,049	48
Unemployment insurance	1,080	1,080	192	888
Health insurance	21,298	25,115	25,094	21
Office supplies	500	500	1,830	(1,330)
Janitorial supplies	350	450	443	7
Building electrical and plumbing supplies	550	600	584	16
Landscaping supplies	5,000	5,010	5,002	8
Miscellaneous material and supplies	525	1,525	1,521	4
Uniforms	1,000	1,000	943	57
Postage and freight	-	5	3	2
Fuel and lubricants	2,650	5,050	5,640	(590)
Safety supplies and equipment	300	300	208	92
Tools and equipment <\$5000	5,000	4,000	3,938	62
Chemicals	1,000	1,000	810	190
Computer parts and software	300	300	136	164
Street sign supplies	200	200	122	78
First aid and medical supplies	325	325	220	105
Pest control services	740	525	374	151
Other professional services	31,000	31,000	30,167	833
Communications	1,200	1,530	1,527	3
Utilities	7,700	7,400	6,666	734
Vehicle maintenance/repairs	25,800	27,800	27,739	61
Equipment maintenance/repairs	3,240	4,190	4,145	45
Building maintenance/repairs	500	500	196	304
Building and equipment rental	6,700	7,750	6,808	942
Insurance	3,093	3,093	2,678	415
Dues/subscriptions/memberships	500	500	405	95
Travel and training	1,200	1,250	1,242	8
Total parks maintenance	<u>292,223</u>	<u>294,940</u>	<u>292,439</u>	<u>2,501</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Recreation				
Regular salaries	\$ 71,131	\$ 71,131	\$ 72,068	\$(937)
Overtime	1,000	1,000	724	276
Part-time temporary salaries	36,830	36,830	32,509	4,321
Longevity pay	1,188	1,188	1,185	3
FICA	8,426	8,426	7,486	940
TMRS	6,181	6,181	5,937	244
Workers' compensation	6,293	6,293	2,198	4,095
Unemployment insurance	1,350	1,350	141	1,209
Health insurance	10,662	10,962	10,864	98
Office supplies	925	1,030	2,385	(1,355)
Photo and duplication supplies	1,000	200	-	200
Janitorial supplies	700	700	699	1
Building electrical and plumbing supplies	2,000	2,000	1,955	45
Miscellaneous materials and supplies	-	290	224	66
Uniforms	300	370	368	2
Postage and freight	200	360	357	3
Fuel and lubricants	100	100	67	33
First aid and medical supplies	1,000	960	959	1
Janitorial services	9,300	6,825	6,825	-
Other professional services	200	200	75	125
Communications	2,900	2,095	1,630	465
Utilities	28,000	27,810	27,022	788
Vehicle maintenance/repairs	150	250	141	109
Building maintenance/repairs	2,500	3,700	19,469	(15,769)
Building and equipment rental	400	500	479	21
Dues/subscriptions/memberships	260	705	700	5
Travel and training	1,000	250	190	60
Insurance	-	2,090	2,020	70
Advertisements/notices	800	1,290	1,287	3
Total recreation	<u>194,796</u>	<u>195,086</u>	<u>199,964</u>	<u>(4,878)</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Library				
Regular salaries	\$ 165,078	\$ 168,078	\$ 173,215	\$(5,137)
Overtime	697	697	121	576
Part-time temporary salaries	45,158	45,158	44,926	232
Longevity pay	2,608	2,658	2,639	19
FICA	16,336	16,336	16,051	285
TMRS	14,195	14,705	14,704	1
Workers' compensation	1,207	1,207	537	670
Unemployment insurance	2,430	2,430	298	2,132
Health insurance	26,655	20,747	16,561	4,186
Office supplies	2,600	3,022	4,159	(1,137)
Photo and duplication supplies	1,800	878	873	5
Janitorial supplies	500	500	400	100
Miscellaneous materials and supplies	3,000	3,496	3,168	328
Postage and freight	900	900	475	425
Computer parts and software	8,000	6,302	4,831	1,471
Books	26,000	26,022	25,778	244
First aid and medical supplies	-	286	285	1
Janitorial services	10,500	9,500	8,695	805
Other professional services	590	590	80	510
Communications	3,000	3,000	1,372	1,628
Utilities	19,000	20,740	22,354	(1,614)
Equipment maintenance/repairs	-	142	141	1
Building maintenance/repairs	5,734	5,121	19,534	(14,413)
Building and equipment rental	152	152	119	33
Dues/subscriptions/memberships	3,200	3,200	2,663	537
Marketing and promotional services	1,050	1,664	1,661	3
Other leases/books	5,000	5,000	4,857	143
Insurance	-	3,140	3,138	2
Travel and training	975	361	361	-
Total library	<u>366,365</u>	<u>366,032</u>	<u>373,996</u>	<u>(7,964)</u>
Total culture and recreation	<u>1,120,795</u>	<u>1,123,469</u>	<u>1,132,074</u>	<u>(8,605)</u>
Capital outlay	<u>146,967</u>	<u>364,340</u>	<u>352,624</u>	<u>11,716</u>
Total expenditures	<u>7,990,981</u>	<u>8,327,873</u>	<u>8,016,089</u>	<u>311,784</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)**

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$(1,307,729)	\$(1,328,585)	\$ 524,850	\$(1,853,435)
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance recoveries	15,000	15,000	220,997	205,997
Sale of capital assets	20,000	20,000	36,562	(16,562)
Transfers in:				
Administrative cost share w/s fund	485,000	485,000	480,000	5,000
Administrative cost share Crime District fund	44,625	44,625	49,313	(4,688)
Administrative cost share refuse	37,200	37,200	37,200	-
Administrative cost share customer service	50,000	50,000	52,500	(2,500)
Crime district	605,000	605,000	605,000	-
Total transfers in	<u>1,221,825</u>	<u>1,221,825</u>	<u>1,224,013</u>	<u>(2,188)</u>
Transfers out:				
Transfer to street improvement fund	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,206,825</u>	<u>1,206,825</u>	<u>1,431,572</u>	<u>187,247</u>
NET CHANGE IN FUND BALANCES	(100,904)	(121,760)	1,956,422	(1,666,188)
FUND BALANCES, BEGINNING	4,786,393	4,786,393	4,786,393	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>275,100</u>	<u>275,100</u>
FUND BALANCE, ENDING AS RESTATED	<u>4,786,393</u>	<u>4,786,393</u>	<u>5,061,493</u>	<u>275,100</u>
FUND BALANCE, ENDING	<u>\$ 4,685,489</u>	<u>\$ 4,664,633</u>	<u>\$ 7,017,915</u>	<u>\$ 2,353,282</u>

CITY OF WHITE SETTLEMENT, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Occupancy Tax Fund, and the Debt Service Fund. The Capital Projects Fund adopts project-length budgets. All annual appropriations lapse at fiscal year-end.

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

1. Prior to the beginning of the fiscal year, the City Manager submits to the City Council proposed operating budgets for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and the means of financing them for the general and certain Special Revenue and Debt Service Funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized by the City Council to make adjustments to budgeted amounts between departments within an operating fund or line items within an operating department in amounts not exceeding \$5,000. However, any budget adjustments that exceed \$5,000 in a line item or that result in total expenditures for an operating fund exceeding the legally adopted expenditure appropriation for that fund must first be approved by the City Council after a public hearing conducted in compliance with the Texas Open Meetings Act.
5. Budgetary control is maintained at the line item level, subject to adjustments permitted as described above.
6. The budget was approved by the City Council by ordinance adopting the 2007-2008 budget.
7. The budget was amended during the year.

(continued)

CITY OF WHITE SETTLEMENT, TEXAS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)
SEPTEMBER 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. All encumbrances lapse at the fiscal year-end.

C. Excess of Expenditures Over Appropriations

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

<u>Department</u>	<u>Line Item</u>	<u>Amount</u>
General fund		
City Council	Building maintenance/repairs	\$ 16,045
Administration	Regular salaries	5,657
Municipal facilities	Building maintenance/repairs	92,703
Recreation	Building maintenance/repairs	15,769
Police Patrol/CID	Regular salaries	19,849
Police Patrol/CID	Fuel lubricants	6,701
Library	Building maintenance/repairs	14,413
Library	Regular salaries	5,137
Streets and drainage	Street lights and signals	12,587
Fire department	Part-time temporary salaries	5,265
Senior services	Building maintenance/repairs	15,750
Recreation	Building maintenance/repairs	15,769
Debt service		
Debt service	Principal	43,431

These overexpenditures were funded by greater than anticipated revenues and under expenditure of funds in other line items within the department.

THIS PAGE LEFT BLANK INTENTIONALLY

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF WHITE SETTLEMENT, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds				
	Crime District	Occupancy Tax	Friends of Library	Pride Commission	Other Special Revenue
ASSETS					
Cash and investments	\$ 320,374	\$ 229,832	\$ 19,355	\$ 873	\$ 73,593
Property tax receivable	-	-	-	-	-
Occupancy tax receivable	-	41,166	-	-	-
Other receivable	-	-	-	-	169
Due from other governments	<u>175,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 496,210</u>	 <u>\$ 270,998</u>	 <u>\$ 19,355</u>	 <u>\$ 873</u>	 <u>\$ 73,762</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,212	\$ 11,969	\$ 986	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,212</u>	<u>11,969</u>	<u>986</u>	<u>-</u>	<u>-</u>
 Fund balances:					
Reserved for:					
Public safety	-	-	-	-	69,220
Unreserved, undesignated	<u>492,998</u>	<u>259,029</u>	<u>18,369</u>	<u>873</u>	<u>4,542</u>
Total fund balances	<u>492,998</u>	<u>259,029</u>	<u>18,369</u>	<u>873</u>	<u>73,762</u>
 Total liabilities and fund balances	 <u>\$ 496,210</u>	 <u>\$ 270,998</u>	 <u>\$ 19,355</u>	 <u>\$ 873</u>	 <u>\$ 73,762</u>

Capital Projects Funds			Permanent Funds		Debt Service Fund	Total Nonmajor Governmental Funds
Street Improvement	Utility Capital Projects	Memorial Garden Fund	Library Endowment	Senior Services Endowment		
\$ 260,773	\$ -	\$ 772	\$ 31,622	\$ 27,806	\$ 379,090	\$ 1,344,090
-	-	-	-	-	32,192	32,192
-	-	-	-	-	-	41,166
-	-	-	-	-	-	169
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,836</u>
<u>\$ 260,773</u>	<u>\$ -</u>	<u>\$ 772</u>	<u>\$ 31,622</u>	<u>\$ 27,806</u>	<u>\$ 411,282</u>	<u>\$ 1,593,453</u>
\$ 4,540	1,185	\$ -	\$ -	\$ -	\$ -	\$ 21,892
-	40,750	-	-	-	-	40,750
-	-	-	-	-	32,192	32,192
<u>4,540</u>	<u>41,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,192</u>	<u>94,834</u>
-	-	-	-	-	-	69,220
<u>256,233</u>	<u>(41,935)</u>	<u>772</u>	<u>31,622</u>	<u>27,806</u>	<u>379,090</u>	<u>1,429,399</u>
<u>256,233</u>	<u>(41,935)</u>	<u>772</u>	<u>31,622</u>	<u>27,806</u>	<u>379,090</u>	<u>1,498,619</u>
<u>\$ 260,773</u>	<u>\$ -</u>	<u>\$ 772</u>	<u>\$ 31,622</u>	<u>\$ 27,806</u>	<u>\$ 411,282</u>	<u>\$ 1,593,453</u>

CITY OF WHITE SETTLEMENT, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds				
	Crime District	Occupancy Tax	Friends of Library	Pride Commission	Other Special Revenue
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	1,016,762	168,524	-	-	-
Fines and forfeitures	-	-	860	-	63,538
Intergovernmental	-	-	-	-	8,313
Investment earnings	9,298	7,375	553	119	202
Other	14,045	-	-	90	3,356
Total revenues	<u>1,040,105</u>	<u>175,899</u>	<u>1,413</u>	<u>209</u>	<u>75,409</u>
EXPENDITURES					
Current:					
Public safety	197,207	-	-	-	4,201
Public works					
Culture and Recreation	-	118,594	21	6,105	2,631
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	160,040	-	2,000	-	-
Total expenditures	<u>357,247</u>	<u>118,594</u>	<u>2,021</u>	<u>6,105</u>	<u>6,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>682,858</u>	<u>57,305</u>	<u>(608)</u>	<u>(5,896)</u>	<u>68,577</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(654,313)	-	-	-	-
Total other financing sources and uses	<u>(654,313)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	28,545	57,305	(608)	(5,896)	68,577
FUND BALANCES, BEGINNING	<u>464,453</u>	<u>201,724</u>	<u>18,977</u>	<u>6,769</u>	<u>5,185</u>
FUND BALANCES, ENDING	<u>\$ 492,998</u>	<u>\$ 259,029</u>	<u>\$ 18,369</u>	<u>\$ 873</u>	<u>\$ 73,762</u>

Capital Projects Funds			Permanent Funds		Debt Service Fund	Total Nonmajor Governmental Funds
Street Improvement	Utility Capital Projects	Memorial Garden Fund	Library Endowment	Senior Services Endowment		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761,062	\$ 761,062
-	-	-	-	-	-	1,185,286
-	-	-	-	-	-	64,398
-	-	-	-	-	-	8,313
9,495	-	22	1,284	884	16,456	45,688
-	-	-	-	-	-	17,491
<u>9,495</u>	<u>-</u>	<u>22</u>	<u>1,284</u>	<u>884</u>	<u>777,518</u>	<u>2,082,238</u>
-	-	-	-	-	-	201,408
-	41,935	-	-	-	-	41,935
-	-	-	-	-	-	127,351
-	-	-	-	-	731,040	731,040
-	-	-	-	-	109,595	109,595
<u>350,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,486</u>
<u>350,446</u>	<u>41,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>840,635</u>	<u>1,723,815</u>
(340,951)	(41,935)	22	1,284	884	(63,117)	358,423
286,492	-	-	-	-	-	286,492
-	-	-	-	-	-	(654,313)
<u>286,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(367,821)</u>
(54,459)	(41,935)	22	1,284	884	(63,117)	(9,398)
<u>310,692</u>	<u>-</u>	<u>750</u>	<u>30,338</u>	<u>26,922</u>	<u>442,207</u>	<u>1,508,017</u>
<u>\$ 256,233</u>	<u>\$ (41,935)</u>	<u>\$ 772</u>	<u>\$ 31,622</u>	<u>\$ 27,806</u>	<u>\$ 379,090</u>	<u>\$ 1,498,619</u>

CITY OF WHITE SETTLEMENT, TEXAS

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

SEPTEMBER 30, 2008

	<u>Stormwater Utility</u>	<u>Sanitation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 725,487	\$ 176,548	\$ 902,035
Accounts receivable, net	<u>26,974</u>	<u>68,605</u>	<u>95,579</u>
Total current assets	<u>752,461</u>	<u>245,153</u>	<u>997,614</u>
Noncurrent assets:			
Capital assets:			
Land and improvements	36,995	-	36,995
Stormwater systems	445,766	-	445,766
Less: accumulated depreciation	<u>(5,279)</u>	<u>-</u>	<u>(5,279)</u>
Total capital assets	<u>477,482</u>	<u>-</u>	<u>477,482</u>
Total noncurrent assets	<u>477,482</u>	<u>-</u>	<u>477,482</u>
Total assets	<u>1,229,943</u>	<u>245,153</u>	<u>1,475,096</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>5,862</u>	<u>3,309</u>	<u>9,171</u>
Total liabilities	<u>5,862</u>	<u>3,309</u>	<u>9,171</u>
NET ASSETS			
Invested in capital assets	477,482	-	477,482
Unrestricted	<u>746,599</u>	<u>241,844</u>	<u>988,443</u>
Total net assets	<u>\$ 1,224,081</u>	<u>\$ 241,844</u>	<u>\$ 1,465,925</u>

CITY OF WHITE SETTLEMENT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Stormwater Utility	Sanitation	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Charges for services	\$ 529,541	\$ 612,239	\$ 1,141,780
Total operating revenues	<u>529,541</u>	<u>612,239</u>	<u>1,141,780</u>
OPERATING EXPENSES			
Costs of sales and services	39,046	528,720	567,766
Administration	-	1,750	1,750
Depreciation	5,184	-	5,184
Total operating expenses	<u>44,230</u>	<u>530,470</u>	<u>574,700</u>
OPERATING INCOME	<u>485,311</u>	<u>81,769</u>	<u>567,080</u>
NON-OPERATING REVENUES			
Investment earnings	21,534	-	21,534
Total non-operating revenues	<u>21,534</u>	<u>-</u>	<u>21,534</u>
INCOME BEFORE TRANSFERS	506,845	81,769	588,614
TRANSFERS OUT	<u>-</u>	<u>(37,200)</u>	<u>(37,200)</u>
CHANGE IN NET ASSETS	506,845	44,569	551,414
TOTAL NET ASSETS, BEGINNING	<u>717,236</u>	<u>197,275</u>	<u>914,511</u>
TOTAL NET ASSETS, ENDING	<u>\$ 1,224,081</u>	<u>\$ 241,844</u>	<u>\$ 1,465,925</u>

CITY OF WHITE SETTLEMENT, TEXAS

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Stormwater Utility</u>	<u>Sanitation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 546,697	\$ 617,723	\$ 1,164,420
Cash paid to suppliers for goods and services	<u>(33,184)</u>	<u>(531,670)</u>	<u>(564,854)</u>
Net cash provided by operating activities	<u>513,513</u>	<u>86,053</u>	<u>599,566</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>-</u>	<u>(37,200)</u>	<u>(37,200)</u>
Net cash used by noncapital financing activities	<u>-</u>	<u>(37,200)</u>	<u>(37,200)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(398,721)</u>	<u>-</u>	<u>(398,721)</u>
Net cash used by capital and related financing activities	<u>(398,721)</u>	<u>-</u>	<u>(398,721)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	<u>21,534</u>	<u>-</u>	<u>21,534</u>
Net cash provided by investing activities	<u>21,534</u>	<u>-</u>	<u>21,534</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	136,326	48,853	185,179
CASH AND CASH EQUIVALENTS, BEGINNING	<u>589,161</u>	<u>127,695</u>	<u>716,856</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 725,487</u>	<u>\$ 176,548</u>	<u>\$ 902,035</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 485,311	\$ 81,769	\$ 567,080
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	5,184	-	5,184
Decrease (increase) in accounts receivable	17,156	5,484	22,640
Increase (decrease) in accounts payable	<u>5,862</u>	<u>(1,200)</u>	<u>4,662</u>
Total adjustment	<u>28,202</u>	<u>4,284</u>	<u>32,486</u>
Net cash provided by operating activities	<u>\$ 513,513</u>	<u>\$ 86,053</u>	<u>\$ 599,566</u>

CITY OF WHITE SETTLEMENT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 771,387	\$ 771,387	\$ 761,062	\$ 10,325
Investment earnings	<u>28,000</u>	<u>28,000</u>	<u>16,456</u>	<u>11,544</u>
Total revenues	<u>799,387</u>	<u>799,387</u>	<u>777,518</u>	<u>21,869</u>
EXPENDITURES				
Debt service:				
Principal	687,699	687,699	731,040	(43,341)
Interest and fiscal changes	<u>111,688</u>	<u>111,688</u>	<u>109,595</u>	<u>2,093</u>
Total expenditures	<u>799,387</u>	<u>799,387</u>	<u>840,635</u>	<u>(41,248)</u>
NET CHANGE IN FUND BALANCE	-	-	(63,117)	63,117
FUND BALANCE, BEGINNING	<u>442,207</u>	<u>442,207</u>	<u>442,207</u>	-
FUND BALANCE, ENDING	<u>\$ 442,207</u>	<u>\$ 442,207</u>	<u>\$ 379,090</u>	<u>\$ 63,117</u>

CITY OF WHITE SETTLEMENT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OCCUPANCY TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 155,000	\$ 155,000	\$ 168,524	\$(13,524)
Interest revenue	<u>6,440</u>	<u>6,440</u>	<u>7,375</u>	<u>(935)</u>
Total revenues	<u>161,440</u>	<u>161,440</u>	<u>175,899</u>	<u>(14,459)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>161,380</u>	<u>161,380</u>	<u>118,594</u>	<u>42,786</u>
Total expenditures	<u>161,380</u>	<u>161,380</u>	<u>118,594</u>	<u>42,786</u>
NET CHANGE IN FUND BALANCE	60	60	57,305	(57,245)
FUND BALANCE, BEGINNING	<u>201,724</u>	<u>201,724</u>	<u>201,724</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 201,784</u>	<u>\$ 201,784</u>	<u>\$ 259,029</u>	<u>\$(57,245)</u>

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

This part of the City of White Settlement, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	84 – 88
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	89 – 92
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	93 – 97
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	98 – 99
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	100 – 102

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF WHITE SETTLEMENT, TEXAS

NET ASSETS BY COMPONENT

**LAST SIX FISCAL YEARS
(UNAUDITED)**

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:						
Invested in capital assets, net of related debt	\$ 10,916,647	\$ 11,326,471	\$ 12,026,541	\$ 12,333,128	\$ 12,876,732	\$ 10,699,737
Restricted	347,023	415,489	424,082	452,258	483,140	1,998,862
Unrestricted	<u>5,401,293</u>	<u>6,313,005</u>	<u>6,895,059</u>	<u>7,970,504</u>	<u>8,922,203</u>	<u>7,671,504</u>
Total governmental activities net assets	<u>\$ 16,664,963</u>	<u>\$ 18,054,965</u>	<u>\$ 19,345,682</u>	<u>\$ 20,755,890</u>	<u>\$ 22,282,075</u>	<u>\$ 20,370,103</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 5,823,123	\$ 6,600,568	\$ 7,236,273	\$ 7,561,400	\$ 8,139,623	\$ 9,938,336
Restricted	944,837	760,392	778,489	711,832	-	-
Unrestricted	<u>1,086,413</u>	<u>1,578,582</u>	<u>2,697,798</u>	<u>4,023,800</u>	<u>5,493,975</u>	<u>5,127,688</u>
Total business-type activities net assets	<u>\$ 7,854,373</u>	<u>\$ 8,939,542</u>	<u>\$ 10,712,560</u>	<u>\$ 12,297,032</u>	<u>\$ 13,633,598</u>	<u>\$ 15,066,024</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 16,739,770	\$ 17,927,039	\$ 19,262,814	\$ 19,894,528	\$ 21,016,355	\$ 20,638,073
Restricted	1,291,860	1,175,881	1,202,571	1,164,090	483,140	1,998,862
Unrestricted	<u>6,487,706</u>	<u>7,891,587</u>	<u>9,592,857</u>	<u>11,994,304</u>	<u>14,416,178</u>	<u>12,799,192</u>
Total primary government net assets	<u>\$ 24,519,336</u>	<u>\$ 26,994,507</u>	<u>\$ 30,058,242</u>	<u>\$ 33,052,922</u>	<u>\$ 35,915,673</u>	<u>\$ 35,436,127</u>

Notes:

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

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

CITY OF WHITE SETTLEMENT, TEXAS
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(UNAUDITED)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
EXPENSES						
Governmental activities:						
General government	\$ 1,133,758	\$ 1,460,638	\$ 1,552,905	\$ 1,628,581	\$ 1,583,555	\$ 1,581,711
Public safety	3,707,842	3,755,000	3,971,007	4,111,378	4,173,538	4,799,134
Public works	1,177,272	778,465	908,143	873,125	1,048,929	954,898
Public health	140,931	121,901	123,588	132,213	128,437	134,283
Culture and recreation	2,093,724	2,118,642	2,062,064	2,043,922	2,068,259	1,404,433
Economic development and assistance	66,260	8,356	49,803	67,414	107,449	-
Interest on long-term debt	213,758	142,506	104,151	83,929	112,118	124,618
Total governmental activities expenses	<u>8,533,545</u>	<u>8,385,508</u>	<u>8,771,661</u>	<u>8,940,562</u>	<u>9,222,285</u>	<u>8,999,077</u>
Business-type activities:						
Water and sewer	2,941,427	3,091,287	3,339,449	3,632,072	3,758,579	3,829,200
Stormwater utility	-	-	50,160	87,122	12,277	44,230
Sanitation	377,976	395,222	413,630	471,116	482,168	530,470
Total business-type activities expenses	<u>3,319,403</u>	<u>3,486,509</u>	<u>3,803,239</u>	<u>4,190,310</u>	<u>4,253,024</u>	<u>4,403,900</u>
Total primary government expenses	<u>\$ 11,852,948</u>	<u>\$ 11,872,017</u>	<u>\$ 12,574,900</u>	<u>\$ 13,130,872</u>	<u>\$ 13,475,309</u>	<u>\$ 13,402,977</u>
PROGRAM REVENUES						
Governmental activities:						
Charges for services:						
General government	\$ 10,638	\$ 14,598	\$ 18,760	\$ 100,781	\$ 221,061	\$ 46,051
Public safety	675,660	704,342	566,001	768,359	766,412	306,812
Culture and recreation	228,072	244,629	246,147	227,983	242,618	43,300
Other	22,893	18,363	21,161	18,684	18,036	33,323
Operating grants and contributions	80,195	39,979	38,283	19,396	5,574	7,028
Capital grants and contributions	1,544,189	292,321	545,724	405,156	206,052	-
Total governmental activities program revenues	<u>2,561,647</u>	<u>1,314,232</u>	<u>1,436,076</u>	<u>1,540,359</u>	<u>1,459,753</u>	<u>436,514</u>
Business-type activities:						
Charges for services:						
Water and sewer	4,418,741	4,500,512	4,908,922	5,320,338	4,980,882	5,457,394
Stormwater utility	-	-	-	312,658	513,853	529,541
Sanitation	436,523	450,588	459,685	478,587	561,410	612,239
Capital grants and contributions	865,212	236,217	726,011	26,127	-	-
Total business-type activities program revenues	<u>5,720,476</u>	<u>5,187,317</u>	<u>6,094,618</u>	<u>6,137,710</u>	<u>6,056,145</u>	<u>6,599,174</u>
Total primary government program revenues	<u>\$ 8,282,123</u>	<u>\$ 6,501,549</u>	<u>\$ 7,530,694</u>	<u>\$ 7,678,069</u>	<u>\$ 7,515,898</u>	<u>\$ 7,035,688</u>

(continued)

CITY OF WHITE SETTLEMENT, TEXAS
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(UNAUDITED)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
NET (EXPENSE) REVENUES						
Governmental activities	\$(5,971,898)	\$(7,071,276)	\$(7,335,585)	\$(7,400,203)	\$(7,762,532)	\$(8,562,563)
Business-type activities	<u>2,401,073</u>	<u>1,700,808</u>	<u>2,291,379</u>	<u>1,947,400</u>	<u>1,803,121</u>	<u>2,195,274</u>
Total primary government net expense	<u>(3,570,825)</u>	<u>(5,370,468)</u>	<u>(5,044,206)</u>	<u>(5,452,803)</u>	<u>(5,959,411)</u>	<u>(6,367,289)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS						
Governmental activities:						
Taxes						
Property	2,367,247	2,669,296	2,759,859	2,969,860	3,231,498	3,519,246
Sales	2,927,280	3,216,337	3,308,686	3,057,056	2,929,980	3,210,348
Franchise	1,016,475	1,003,640	975,682	1,079,735	919,659	887,330
Occupancy	166,666	127,218	126,371	155,226	213,763	168,524
Payments from Crime District	705,260	822,781	714,118	649,351	648,000	-
Oil and gas royalties	-	-	-	-	-	1,724,928
Investment earnings	66,518	70,586	176,384	366,391	483,665	269,426
Other	39,364	(19,776)	-	-	5,901	275,049
Transfers	-	-	-	-	-	901,717
Total governmental activities	<u>7,288,810</u>	<u>7,890,082</u>	<u>8,061,100</u>	<u>8,277,619</u>	<u>8,432,466</u>	<u>10,956,568</u>
Business-type activities:						
Investment earnings	32,000	28,722	67,889	169,864	263,479	138,867
Other	383	(73,165)	(21,047)	-	-	-
Transfers	-	-	-	-	-	(901,717)
Total business-type activities	<u>32,383</u>	<u>(44,443)</u>	<u>46,842</u>	<u>169,864</u>	<u>263,479</u>	<u>(762,850)</u>
Total primary government	<u>7,321,193</u>	<u>7,845,639</u>	<u>8,107,942</u>	<u>8,447,483</u>	<u>8,695,945</u>	<u>10,193,718</u>
CHANGE IN NET ASSETS						
Governmental activities	1,316,912	818,806	725,515	877,416	669,934	2,394,005
Business-type activities	<u>2,433,456</u>	<u>1,656,365</u>	<u>2,338,221</u>	<u>2,117,264</u>	<u>2,066,600</u>	<u>1,432,424</u>
Total primary government	<u>\$ 3,750,368</u>	<u>\$ 2,475,171</u>	<u>\$ 3,063,736</u>	<u>\$ 2,994,680</u>	<u>\$ 2,736,534</u>	<u>\$ 3,826,429</u>

Notes:

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

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

CITY OF WHITE SETTLEMENT, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDSLAST SIX FISCAL YEARS*
(UNAUDITED)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General fund						
Unreserved, designated	\$ 1,165,337	\$ 1,178,536	\$ 1,210,310	\$ 1,267,628	\$ 1,335,990	\$ 1,335,990
Unreserved, undesignated	<u>1,885,097</u>	<u>2,249,014</u>	<u>2,494,707</u>	<u>3,178,607</u>	<u>3,450,403</u>	<u>5,681,925</u>
Total general fund	<u>\$ 3,050,434</u>	<u>\$ 3,427,550</u>	<u>\$ 3,705,017</u>	<u>\$ 4,446,235</u>	<u>\$ 4,786,393</u>	<u>\$ 7,017,915</u>
All other governmental funds						
Reserved for special projects	\$ 60,734	\$ 52,199	\$ 55,660	\$ 53,950	\$ 57,260	\$ -
Reserved for debt service	296,787	372,437	382,971	410,560	442,207	379,090
Reserved for public safety	-	-	-	-	-	69,220
Unreserved, reported in:						
Special revenue funds	1,447,015	1,879,477	2,208,954	2,811,271	3,254,478	775,811
Capital projects funds	74,097	210,226	226,343	1,259,705	2,007,900	1,669,634
Permanent funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,428</u>
Total all other governmental funds	<u>\$ 1,878,633</u>	<u>\$ 2,514,339</u>	<u>\$ 2,873,928</u>	<u>\$ 4,535,486</u>	<u>\$ 5,761,845</u>	<u>\$ 2,953,183</u>

Notes:

* The City implemented GASB 34 in fiscal year 2003.

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

TABLE 4

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
REVENUES						
Taxes	\$ 6,443,491	\$ 7,046,935	\$ 7,076,580	\$ 7,594,680	\$ 7,260,764	\$ 7,799,194
Fines and fees	380,947	349,447	367,062	412,811	410,081	342,224
Licenses and permits	268,907	319,072	258,241	260,330	311,793	359,486
Charges for services	251,517	263,724	267,740	239,942	249,676	98,198
Intergovernmental	75,649	38,522	31,078	13,597	207,350	64,028
Oil and gas royalties	-	-	-	-	-	1,724,928
Interest income	66,518	70,586	176,384	366,391	483,665	269,425
Other revenues	33,048	58,146	104,282	210,987	238,363	19,330
Payment from Crime District	727,624	822,781	714,118	656,454	648,000	-
Total revenues	<u>8,247,701</u>	<u>8,969,213</u>	<u>8,995,485</u>	<u>9,755,192</u>	<u>9,809,692</u>	<u>10,676,813</u>
EXPENDITURES						
General government	1,027,636	1,376,854	1,524,025	1,569,431	1,569,230	1,583,241
Public safety	3,522,113	3,614,464	3,688,456	3,721,407	4,334,527	4,443,963
Public works	543,554	576,568	572,303	597,991	885,616	618,629
Public health	132,219	117,112	120,228	129,905	122,337	128,901
Culture and recreation	1,850,953	2,010,500	1,976,208	1,802,114	1,925,376	1,259,425
Other	65,475	7,398	48,848	66,459	107,297	-
Capital outlay	378,533	127,490	272,898	258,527	614,639	2,255,806
Debt service						
Principal	555,772	633,542	657,260	678,712	625,377	731,040
Interest and fiscal charges	326,789	111,123	100,656	103,595	124,242	109,595
Total expenditures	<u>8,403,044</u>	<u>8,575,051</u>	<u>8,960,882</u>	<u>8,928,141</u>	<u>10,308,641</u>	<u>11,130,600</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>\$ (155,343)</u>	<u>\$ 394,162</u>	<u>\$ 34,603</u>	<u>\$ 827,051</u>	<u>\$ (498,949)</u>	<u>\$ (453,787)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from insurance recoveries	-	-	-	-	-	220,997
Proceeds from sale of capital assets	103,259	12,139	37,251	17,933	40,276	36,562
Transfers in	991,801	924,281	732,775	731,487	47,940	2,605,671
Transfers out	(481,329)	(317,760)	(167,573)	(198,695)	(36,779)	(704,313)
Proceeds from borrowing	3,075,000	-	-	1,025,000	1,433,676	-
Premium on bonds	30,953	-	-	-	(577,325)	-
Payment to refunded bond escrow agent	(3,001,888)	-	-	-	1,215,000	-
Total other financing sources (uses)	<u>717,796</u>	<u>618,660</u>	<u>602,453</u>	<u>1,575,725</u>	<u>2,122,788</u>	<u>2,158,917</u>
NET CHANGE IN FUND BALANCES						
	<u>\$ 562,453</u>	<u>\$ 1,012,822</u>	<u>\$ 637,056</u>	<u>\$ 2,402,776</u>	<u>\$ 1,623,839</u>	<u>\$ 1,705,130</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES						
	<u>9.74%</u>	<u>8.82%</u>	<u>8.72%</u>	<u>8.74%</u>	<u>7.47%</u>	<u>8.59%</u>

Notes:

* The City implemented GASB 34 in fiscal year 2003.

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

TABLE 5

CITY OF WHITE SETTLEMENT, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

**LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year Ended</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Tax Levy</u>
1999	\$ 16,666,286	\$ 1,590,789	95.47%	\$ 25,856	\$ 1,616,645	97.02%	\$ 131,393	7.89%
2000	1,686,825	1,636,457	97.01%	16,379	1,652,836	97.99%	143,277	8.49%
2001	1,901,173	1,823,166	95.90%	12,722	1,835,888	96.57%	158,608	8.34%
2002	2,033,454	1,950,741	95.93%	43,236	1,993,977	98.06%	193,613	9.52%
2003	2,331,410	2,255,853	96.76%	54,430	2,310,283	99.09%	217,471	9.33%
2004	2,620,000	2,553,413	97.46%	67,441	2,620,854	100.03%	205,010	7.82%
2005	2,757,388	2,681,473	97.25%	25,593	2,707,066	98.18%	217,517	7.89%
2006	2,927,217	2,858,555	97.65%	57,066	2,915,621	99.60%	229,111	7.83%
2007	3,241,955	3,098,420	95.57%	77,956	3,176,376	97.98%	233,609	7.21%
2008	3,468,077	3,422,417	98.68%	-	3,422,417	98.68%	213,973	6.17%

TABLE 6

CITY OF WHITE SETTLEMENT, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

**LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1999	\$ 214,054,877	\$ 214,054,877	\$ 68,366,412	\$ 68,366,412	\$ 282,421,289	\$ 282,421,289	100.00%
2000	218,827,371	218,827,371	67,201,777	67,201,777	286,029,148	286,029,148	100.00%
2001	241,335,112	241,335,112	67,798,633	67,798,633	309,133,745	309,133,745	100.00%
2002	262,668,683	262,668,683	64,622,585	64,622,585	327,291,268	327,291,268	100.00%
2003	297,778,127	297,778,127	81,313,032	81,313,032	379,091,159	379,091,159	100.00%
2004	323,681,806	323,681,806	82,132,890	82,132,890	405,814,696	405,814,696	100.00%
2005	353,752,036	353,752,036	89,397,336	89,397,336	443,149,372	443,149,372	100.00%
2006	380,034,561	380,034,561	87,009,094	87,009,094	467,043,655	467,043,655	100.00%
2007	426,471,402	426,471,402	102,395,711	102,395,711	528,867,113	528,867,113	100.00%
2008	486,428,300	486,428,300	145,520,621	145,520,621	631,948,921	631,948,921	100.00%

CITY OF WHITE SETTLEMENT, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Per \$100 Assessed Value)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	City Direct Rates			Overlapping Rates				
	General	Debt Service	Total Direct Rate	County College	School District	Hospital District	County	Total
1999	\$ 0.367	\$ 0.223	\$ 0.590	\$ 0.106	\$ 1.540	\$ 0.234	\$ 0.265	\$ 2.735
2000	0.353	0.237	0.590	0.106	1.540	0.234	0.275	2.745
2001	0.364	0.251	0.615	0.106	1.580	0.234	0.275	2.810
2002	0.391	0.224	0.615	0.106	1.540	0.234	0.265	2.760
2003	0.413	0.202	0.615	0.139	1.580	0.232	0.273	2.839
2004	0.433	0.186	0.619	0.139	1.675	0.235	0.273	2.941
2005	0.448	0.169	0.617	0.139	1.790	0.235	0.273	3.054
2006	0.456	0.157	0.613	0.139	1.790	0.235	0.273	3.050
2007	0.476	0.137	0.613	0.139	1.768	0.235	0.272	3.027
2008	0.481	0.132	0.613	0.138	1.498	0.228	0.264	2.741

Notes:

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

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

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

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

TABLE 8

CITY OF WHITE SETTLEMENT, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(UNAUDITED)

Taxpayer	Type of Business	2008			1999		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
SPM Flow Control	Industrial	\$ 24,269,944	1	3.84%	\$ -		- %
Lowe's Home Center, Inc.	Retail outlet	13,559,639	2	2.15%	-		- %
Graham Realty Investments, Ltd.	Real estate	6,932,099	3	1.10%	-		- %
Pro Financial, Inc.	Financial	6,715,220	4	1.06%	-		- %
ESS Prisa II TX LP	Real estate	5,924,611	5	0.94%	-		- %
Shg Secured Resources	Extended care facility	5,107,056	6	0.81%	-		- %
Ddre Mcdonald Family, LP	Real estate	5,036,900	7	0.80%	-		- %
Oncor Electric Delivery Co., LLC	Electric utility	4,959,005	8	0.78%	-		- %
Armet Dale St Ltd Partnership	Real estate	4,883,013	9	0.77%	-		- %
Omni American Bank	Banking	4,818,140	10	0.76%	-		- %
Home Depot USA, Inc.	Retail outlet	-		- %	10,138,863	1	3.59%
Walmart Stores East, Inc.	Retail outlet	-		- %	8,714,496	2	3.09%
Churchill Auto Group	Auto dealership	-		- %	6,761,248	3	2.39%
E. Hoyle Graham Properties, Ltd.	Real estate	-		- %	5,519,827	4	1.95%
Sam's East, Inc.	Retail outlet	-		- %	5,443,296	5	1.93%
Texas Motors, Inc.	Auto dealership	-		- %	5,214,662	6	1.85%
Southwestern Bell Telephone Co.	Telephone utility	-		- %	4,844,060	7	1.72%
Texas Utilities Electric	Electric utility	-		- %	4,655,505	8	1.65%
Summit Care Corporation	Extended care facility	-		- %	4,168,340	9	1.48%
Brentwood Investors	Real estate	-		- %	4,004,691	10	1.42%
Total	Total	\$ 82,205,627		13.01%	\$ 59,464,988		21.07%

CITY OF WHITE SETTLEMENT, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government
	General Obligation Bonds	Tax Notes	Capital Leases	Revenue Bonds	Capital Leases	
1999	\$ 4,980,000	\$ 1,285,000	\$ 50,443	\$ 2,805,000	\$ -	\$ 9,120,443
2000	4,470,000	880,000	753,057	2,485,000	-	8,588,057
2001	3,940,000	450,000	705,884	4,710,000	-	9,805,884
2002	3,510,000	-	835,955	4,325,000	-	8,670,955
2003	3,155,000	-	735,183	3,885,000	-	7,775,183
2004	2,630,000	-	626,641	3,495,000	-	6,751,641
2005	2,085,000	-	514,381	2,785,000	1,062,421	6,446,802
2006	1,525,000	1,025,000	395,669	2,785,000	900,780	6,631,449
2007	1,155,000	2,110,000	318,233	2,605,000	743,102	6,931,335
2008	770,000	1,905,000	177,193	2,420,000	579,662	5,851,855

Notes: Excludes bond issuance and other costs.

CITY OF WHITE SETTLEMENT, TEXAS

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

Fiscal Year	Population ¹	Assessed Value (In Thousands) ²	Gross Bonded Debt ³	Less Debt Service Funds ⁴	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1999	15,400	\$ 282,421	\$ 6,030,000	\$ 228,181	\$ 5,801,819	2.05%	\$ 377
2000	15,650	286,029	5,230,000	197,605	5,032,395	1.76%	322
2001	14,800	309,134	4,390,000	261,979	4,128,021	1.34%	279
2002	14,831	327,291	3,510,000	268,563	3,241,437	0.99%	219
2003	15,250	379,091	3,155,000	287,658	2,867,342	0.76%	188
2004	15,350	405,815	2,630,000	372,437	2,257,563	0.56%	147
2005	15,400	443,149	2,085,000	382,971	1,702,029	0.38%	111
2006	15,750	467,044	2,550,000	410,560	2,139,440	0.46%	136
2007	15,900	528,867	3,265,000	442,207	2,822,793	0.53%	178
2008	16,000	581,825	2,675,000	379,090	2,295,910	0.69%	143

(1) Source: North Central Texas Council of Governments

(2) Table 7

(3) Amount does not include Revenue Bonds.

(4) Amount available for repayment of General Obligation Bonds

CITY OF WHITE SETTLEMENT, TEXAS

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDSAS OF SEPTEMBER 30, 2008
(UNAUDITED)

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of White Settlement	Amount Applicable to City of White Settlement
Direct:			
City of White Settlement	\$ <u>2,675,000</u>	100.00%	\$ <u>2,675,000</u>
Total direct debt	<u>2,675,000</u>		<u>2,675,000</u>
Overlapping:			
White Settlement Independent School District	2,624,997	52.02%	1,365,523
Fort Worth Independent School District ¹	518,284,800	- %	-
Tarrant County	345,904,856	0.79%	2,732,648
Tarrant County Hospital District	64,620,000	0.79%	510,498
Tarrant County College District	<u>46,301,947</u>	0.79%	<u>365,785</u>
Total overlapping debt	<u>977,736,600</u>		<u>4,974,455</u>
Total direct and overlapping debt	<u>\$ 980,411,600</u>		<u>\$ 7,649,455</u>

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

CITY OF WHITE SETTLEMENT, TEXAS

LEGAL DEBT MARGIN INFORMATION

AS OF SEPTEMBER 30, 2008
(UNAUDITED)

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

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

CITY OF WHITE SETTLEMENT, TEXAS

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service ²			Coverage ³
				Principal	Interest	Total	
1999	\$ 2,968,054	\$ 2,060,105	\$ 907,949	\$ 320,000	\$ 132,773	\$ 452,773	\$ 2.01
2000	3,392,103	2,179,216	1,212,887	335,000	117,668	452,668	2.68
2001	3,508,160	2,584,147	924,013	385,000	256,671	641,671	1.44
2002	3,775,107	2,729,247	1,045,860	440,000	206,086	646,086	1.62
2003	4,428,372	2,535,520	1,892,852	470,000	185,190	655,190	2.89
2004	4,541,441	3,154,532	1,386,909	445,000	141,473	586,473	2.36
2005	4,976,811	3,335,412	1,641,399	265,000	131,290	396,290	4.14
2006	5,487,914	3,588,884	1,899,030	180,000	124,215	304,215	6.24
2007	4,980,882	3,625,277	1,355,605	185,000	117,960	302,960	4.47
2008	5,457,394	3,205,402	2,251,992	195,000	112,511	307,511	7.32

Notes:

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

CITY OF WHITE SETTLEMENT, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Median Income²</u>	<u>Per Capita Income³</u>	<u>School Enrollment⁴</u>	<u>Unemployment Rate⁵</u>
1999	15,400	\$ 43,300	\$ 16,217	\$ 4,445	3.0%
2000	15,650	43,682	16,360	4,466	3.0%
2001	14,800	43,682	16,360	4,612	3.0%
2002	14,831	43,545	16,308	4,765	5.6%
2003	15,250	44,200	16,554	4,793	6.2%
2004	15,350	45,530	17,052	4,930	5.0%
2005	15,400	45,530	17,052	5,167	4.8%
2006	15,750	45,530	17,052	5,464	3.0%
2007	15,900	45,530	17,052	5,432	3.8%
2008	16,150	51,503	20,197	5,732	4.3%

Sources:

- (1) North Texas Council of Governments
- (2) Department of Housing and Urban Development - American Community Survey (3-year survey).
FY 07-08 - North Central Texas Council of Governments Census 2000
- (3) City staff calculation based on family median income for 2.67 members per family.
- (4) White Settlement Independent School District
- (5) Texas Workforce Commission

CITY OF WHITE SETTLEMENT, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR
(UNAUDITED)

Employer	Type of Business	2008	
		Employees	Percentage of Total City Employment
White Settlement I.S.D.	Education	850	16.03%
Weir SPM	Oil field equipment	562	10.60%
PDX, Inc./PCI Professional Systems	Pharmaceutical software	330	6.22%
Western Hill Rehabilitation & Nursing Center	Rehabilitation/nursing	215	4.05%
West Side Campus of Care	Retirement home	180	3.39%
City of White Settlement	Municipal government	157	2.96%
Lowe's Home Center #1619	Building materials/hardware retail	115	2.17%
OmniAmerican Bank	Financial institution	100	1.89%
Academy Sports & Outdoors #97	Retail	85	1.60%
Manuel Auto Group	Auto dealership	80	1.51%
	Totals	<u>2,674</u>	<u>50.42%</u>

2008 Total City employment

5,303

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

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

	Fiscal Year		
	2006	2007	2008
General government			
Administration	2.00	3.00	3.00
City secretary	1.00	1.00	1.00
Finance	4.00	4.00	4.00
Facilities services	2.00	2.00	2.00
Personnel	2.00	2.00	2.00
Purchasing	4.00	4.00	4.00
Management information systems	2.50	2.50	2.00
Public safety			
Police Department	46.50	46.50	49.00
Municipal court	3.00	3.00	3.00
Fire Department	4.20	4.20	-
Code compliance	4.50	4.50	5.00
Public works			
Streets and drainage	7.00	7.00	7.00
Public health			
Animal control	2.50	2.50	2.00
Culture and recreation			
Senior services	5.00	5.00	5.00
Park maintenance and recreation	7.00	7.00	6.00
Library	7.00	7.50	5.00
EDC operations and parks	6.50	6.50	6.00
Economic development and assistance	1.00	1.00	1.00
Water production and distribution	7.00	7.00	7.00
Sewer operations	3.00	3.00	3.00
Utility billing	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
Total	<u><u>126.70</u></u>	<u><u>128.20</u></u>	<u><u>122.00</u></u>

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

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

	Fiscal Year		
	2006	2007	2008
Public safety			
Police department			
Calls for service	25,671	27,253	28,393
Traffic citations	4,465	3,849	3,044
Criminal offenses	2,306	1,765	1,765
Number of accidents	241	215	215
Persons confined	1,164	942	783
Municipal court			
Active warrants	2,443	4,090	4,051
Closed warrants	1,798	2,968	14,159
Fire department			
Fire runs	357	52	392
Emergency runs	1,055	1,322	1,482
Code compliance			
Permits issued	2,734	2,434	1,836
Public works			
Streets and drainage			
Streets resurfaced (miles)	2.03	1.53	1.53
Public health			
Animal control - calls for service	2,183	2,268	235
Culture and recreation			
Senior services			
Meals served	23,442	22,064	22,504
Library			
Average daily circulation	265	289	256
Average patron visits per month	5,070	4,972	4,860
EDC operations and parks			
Number of league participants	7,000	7,000	7,000
Water production and distribution			
Number of water connections	5,400	5,306	5,340
Average daily consumption (thousands of gallons)	2,030	1,721	1,721
Sewer operations			
Number of sewer connections	5,225	5,209	5,240

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

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

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

	Fiscal Year		
	2006	2007	2008
Public safety			
Police department			
Stations	1	1	1
Patrol cars	11	11	11
Fire department			
Stations	1	1	1
Fire trucks	7	9	9
Public works			
Streets and drainage			
Streets (miles)	Approx. 68	Approx. 68	Approx. 68
Culture and recreation			
Senior services			
Community centers	1	1	1
Library			
Volumes	74,693	73,855	73,707
Parks and recreation			
Acreage	299	299	350
Playgrounds	6	3	6
Picnic areas	22	22	22
EDC parks and operations			
Baseball/softball diamonds	11	11	11
Soccer/football fields	1	1	1
Water production and distribution			
Water mains (miles)	88	100	88
Storage capacity (thousands of gallons)	2,445	2,445	2,445
Sewer operations			
Sewer lines (miles)	70	70	250

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

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

THIS PAGE LEFT BLANK INTENTIONALLY