



**Comprehensive Annual Financial Report
For Fiscal Year Ended
September 30, 2013**

CITY OF WHITE SETTLEMENT, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
September 30, 2013**

Prepared by the Finance Department.

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CITY OF WHITE SETTLEMENT, TEXAS
Comprehensive Annual Financial Report
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CITY OF WHITE SETTLEMENT, TEXAS

Comprehensive Annual Financial Report

For the Year Ended September 30, 2013

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INTRODUCTORY SECTION

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February 28, 2014

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

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of White Settlement, Texas (the City) for the fiscal year ended September 30, 2013.

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

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

George, Morgan & Sneed, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the city's financial statements for the year ended September 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City of White Settlement

General information

The City of White Settlement, incorporated in 1941, is located in northwest Tarrant County and abuts the west side of the City of Fort Worth. It currently occupies 5.5 square miles and serves a population of 16,390. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City has no extra-territorial jurisdiction.

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

Services provided

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

Basis of accounting

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

Internal controls

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

Budget

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

Economic Outlook and Financial Planning

Local economy

The City of White Settlement has been impacted by the national recession, but to a lesser degree than other areas in the nation. In a report May 29, 2013, the U.S. Bureau of Labor Statistics, reported the Dallas/Fort Worth area as 3rd in the nation in the number of jobs added. In addition, economic indicators suggest that the state and regional economy will continue to show moderate growth. The local unemployment rate dropped from 7.4% in September 2012 to 5.3% in September 2013. This continues to compare favorably with national unemployment levels. The community is adjacent to major business and cultural centers in Fort Worth and Dallas, yet it remains uncongested with property available for development. Interstate 30 makes up the

southern border of the City and Interstate Loop 820 the western border which makes the City easily accessible from all areas of the state. The daily inflow of thousands of employees to the huge Lockheed-Martin aircraft assembly plant on the eastern border of the City has helped sales tax revenues keep pace with the property tax revenues since the 1980's. Over the years, White Settlement has grown into a diverse urban community of approximately 16,116 residents. Though surrounded by Fort Worth and other urban developments, it has not lost its small town sense of community and neighborliness. White Settlement's growth and development over the past decade have been built on a strong foundation of overall planning, management, quality of life and policy direction. All in all, the picture of White Settlement is one vital community, facing economic challenges and opportunities of the future with optimism and forethought. In 2009, to encourage developments within the City, the City Council approved an ordinance to add a new zoning classification known as Multi-Use Overlay District (MUOD). The primary purpose of the MUOD is to provide flexibility and compatibility in land uses and regulations that will encourage the development, redevelopment and revitalization of areas suitable for commercial and light industrial uses.

The City is home to retail outlets such as Academy Sports and Outdoors, Toys "R" Us, and Lowe's Home Improvement Center. Co-Operative Aerospace moved into our City in the December 2010 bringing over 125 employees with them and continues to expand. The City's top taxpayer, SPM/Weir Enterprises, a manufacturer of oil and gas field machinery has relocated their home office to our City. The new, three-story \$18 million dollar complex, which serves as their administrative offices was completed in 2012-2013. Looking forward, they have also purchased existing properties surrounding its complex for manufacturing expansion.

The future for the City looks increasingly promising for several reasons. One promising project is a shared Project with "Hawaiian Falls" for a Water and Adventure Park to be constructed on the 16 acres abutting Veterans' Park. This endeavor should boost the economy by bringing in thousands of visitors and enhance business growth within our community. Hawaiian Falls will be one of the biggest attractions on the west side of the metroplex, and it will be in White Settlement, located between Clifford and White Settlement, just west of Las Vegas Trail. The anticipated development construction and start-up cost budget for Hawaiian Parks will be 12.5 Million with the EDC financing through issued bonds. The Debt payments will be paid by Hawaiian Falls, and they will lease the Park for 40 years with four, five year renewal options. Hawaiian Falls will fully operate and maintain the Parks during the lease term as a recreational facility.

Another promising event is the relocation of Region XI Education Service Center to White Settlement. Region 11 is one of 20 education service centers established by the Texas State Legislature in 1967. Region 11 provides professional development, technical assistance and management of educational programs to 77 public school districts and 42 charter schools in a 10-county area in north central Texas. Region XI purchased the vacant SAM'S Club building located in the southeast corner of the City, just north of I-30 and east of Cherry Lane. The building is currently undergoing a complete renovation. When the renovation is completed and operations begin, Region XI will generate over fifty thousand visitors to our City annually.

Other promising events are: The relocation of a major auto dealership from a nearby community to White Settlement, the continued investment and expansion of one of the major businesses in White Settlement, the opening of a new "fun-and-fitness" family oriented business and the investment in and opening of two new hotels.

Future economic outlook

Sales tax revenues decreased last fiscal year by 21.02% resulting in many capital items being placed on hold. The 2012-2013 revenue was in line with the 2010-2011 revenue indicating 2011-2012 was an unusual year.

Ad valorem tax values for 2012-2013, as provided by the Tarrant County Appraisal District, increased slightly to \$620,482,804 from prior year values at \$509,361,948. The City Council adopted the tax rate of \$0.614715. New construction and some economic redevelopment continued to positively impact property values and the City's tax base. In the 2013-2014 Budget, City Council adopted the tax rate of \$0.670653. This was done in order to be somewhat proactive toward economic development and still maintain the level of services desired by the City Council. The City continues to take steps in developing areas to attract commercial customers and residents. Operationally, staff actively reviews departmental and internal processes to identify cost savings and promote better efficiencies while maintaining current levels of service.

Major initiatives

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

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

Major initiatives included in the 2013-2014 Fiscal Year Budget are discussed below:

Public safety – The budget includes several enhancements for public safety and retains public safety staff training levels. The Crime Control District allocated a \$667,000 to the General Fund for police department personnel costs and \$250,000 for contractual services

Infrastructure – The 39th CDBG Project awarded in 2012-2013 budget was for 1,220 linear feet of wastewater main - Ozona Avenue from Longfield to Abbott and Collett Drive from Ozona to S. Grants Lane. Construction began on the Lariat Lift Station in 2013 and is due to be completed within the new budget year. The million dollar project is funded with the reserves in the Wastewater I & I Fund.

Park system – The Economic Development Corporation (EDC) has played an important role in upgrading the City's parks. EDC funded the \$3M recently completed renovation of Central Park and entered into an agreement with Hawaiian Falls to build a \$12.5M Water/Adventure Park on the south 16 acres of Veterans Park. Pegged to open in May of 2014, the new venture will employ more than 300 seasonal workers for the water park and 100 full-time employees for the adventure park and conference center. The entertainment complex is expected to draw around three to four hundred thousand visitors per year.

Commercial business – The Economic Development Corporation's small business incentive program allocated \$550,000 for two new hotels and \$105,000 for other Business Incentive Grants in 2013-2014.

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 wastewater operations. In 2013, the City received \$276,517 for this purpose. As of September 30, 2013, \$1,045,473 has been set aside for street improvements.

The Farmer's Branch Sewer (FBS) serves both White Settlement and the City of Fort Worth, and flows generally from the west to the east. The City used an engineering firm to evaluate the

feasibility of moving the existing wastewater interceptor out of Farmers Branch Creek. Based on that evaluation, plans were made for the realignment of this jointly owned sanitary wastewater interceptor. The realignment benefits White Settlement by eliminating significant infiltration and inflow that occurs along the existing wastewater interceptor as well as facilitating the United States Army Corps of Engineers drainage improvement project design along the creek. The Study also examined the future capacity needs of this facility due to significant new development anticipated from the City of Fort Worth upstream of the City. For these reasons, the Study recommended realigning and upsizing the existing Farmers Branch interceptor. This project was completed in late 2011 and the cost is shared with the City of Fort Worth (51.46%) and White Settlement (48.54%). In 2009, the City of White Settlement issued Combination Tax and Revenue Certificates of Obligations in the amount of \$8 million. The City of Fort Worth makes annual payments to the City for their portion of the debt.

For many years homes along Farmers Branch running through the center of the City have received major flooding in high rain events. As a result of the flooding, several studies were performed by the United States Army Corps of Engineers, in conjunction with the City, which suggested that Farmers Branch be upgraded into a grass-lined and concrete channel. In 2005, a bond election was passed whereby voters approved the issuance of general obligation bonds in the amount of \$6.15 million. In early 2007, \$1.3 million of federal funding was released to the Corps of Engineers to begin the planning and design process for the project. This plan referred to as the Locally Preferred and N.E.D. Plan has been completed. The City completed all of the property acquisitions and the temporary and permanent easements necessary to construct the channel. When construction bids were received, additional funds were needed to complete the project. A special election was held in November 2011 to determine citizen's support of the City issuing the required debt. The special election failed to support issuing the additional debt of six million dollars to complete the project. The U.S. Corps of Engineers redesigned a smaller portion of the main channel and eliminating the tributary. City Council deposited an additional \$1.5 million to retain the federal dollars. The bid was awarded and construction begin in late 2012 and the project was completed in 2013.

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

The White Settlement Economic Development Corporation, a 4B corporation, was established and approved by the voters in 1994. An approved ½ cent sales tax provides approximately one million dollars per year. Last year the corporation provided \$70,000 in direct economic incentives known as the Business Incentive Grant (B.I.G.) to local businesses for upgrading their facilities. Another \$35,000 was spent for small business incentives. A majority of this fund provides for annual maintenance and operations costs and park improvements.

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

The Lariat Lift Station and Las Vegas Wastewater are among the projects initiated in 2012- 2013. The Lariat lift station is believed to have been constructed in the 1960's, as a dry pit/wet pit installation. In the mid 1970's the lift station was renovated and self-priming pumps were installed. The existing pumps have been in service for approximately 12 years and have been out of service many times. The new lift station will have submersible pumps and a larger diameter force main to lower velocities, pump head and resulting energy cost. Large trees have grown near portions of the Las Vegas Trail wastewater, resulting in recurring blockages due to

root intrusion. The scope is based on installing a new lift station that will provide the required pumping volume to meet TCEQ requirements. At year end, the project was under way with completion scheduled in the early spring of 2014.

Other Information

Independent audit

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

Awards and acknowledgements

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

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

In addition, the City of White Settlement also received the Government Finance Officers Association award for the Distinguished Budget Presentation for the twenty-sixth consecutive year for its annual budget for the fiscal year beginning October 1, 2012 and ending September 30, 2013. 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,


Linda Ryan
City Manager


Philip Bray
Finance Director

City of White Settlement, Texas

City Council And Principal Officials

September 30, 2013

**Mayor
Jerry Burns**

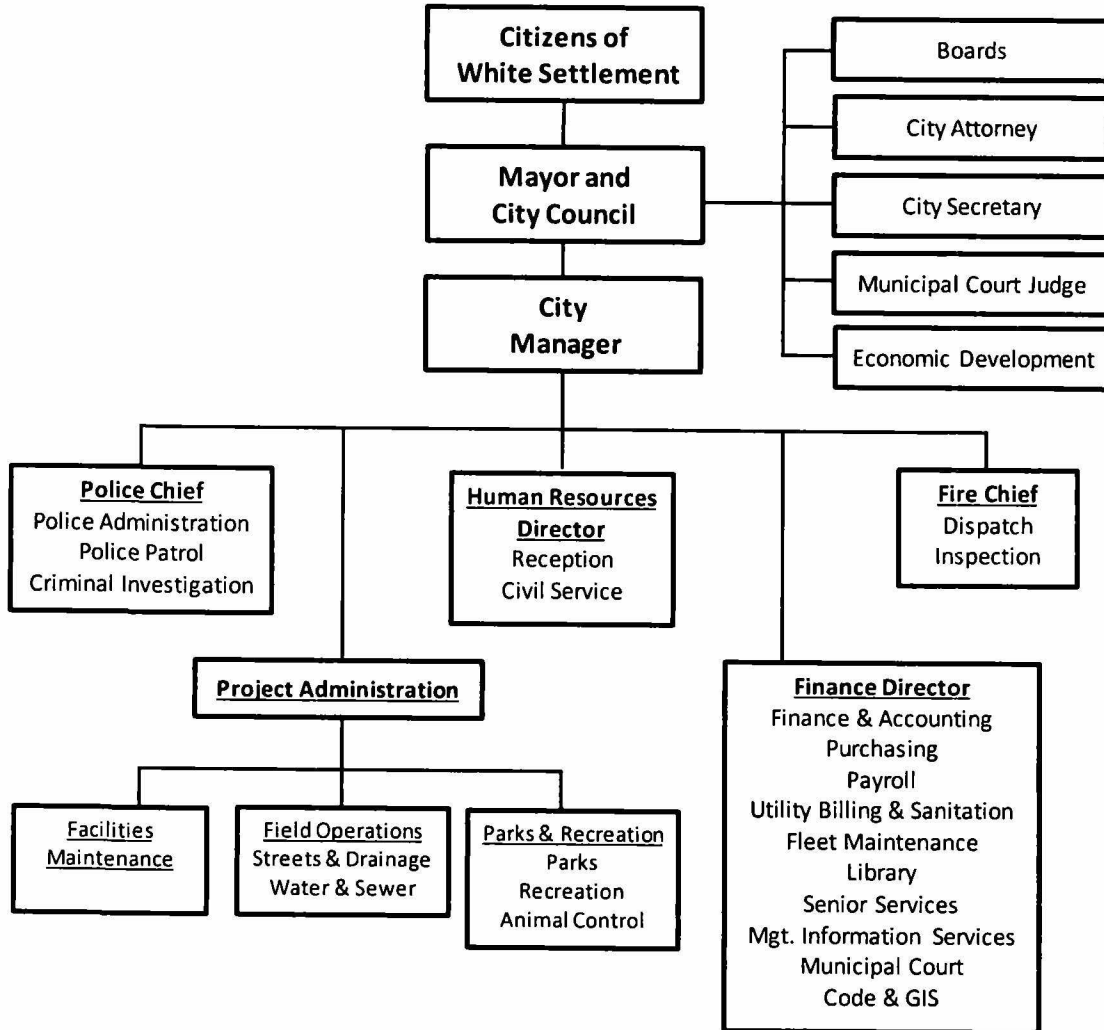
CITY COUNCIL

Gene Hatcher	Councilmember	Place 1
Elzie Clements	Councilmember	Place 2
Mike Arnold Sr.	Councilmember	Place 3
Danny Anderson	Councilmember	Place 4
Steve Ott	Mayor Pro-Tem	Place 5

CITY STAFF

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

**CITY OF WHITE SETTLEMENT
ORGANIZATIONAL CHART
2012-2013**





Government Finance Officers Association

**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, 2012

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of White Settlement, Texas, (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-16 and budgetary comparison information and Texas Municipal Retirement System Schedule of Funding Progress on pages 56-79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining nonmajor funds financial statements, individual fund schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor funds financial statements and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014, on our consideration of the City White Settlement, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

George, Morgan & Sneed, P.C.

George, Morgan & Sneed, P.C.
Weatherford, Texas
February 28, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The City of White Settlement, Texas, we offer readers of The City of White Settlement's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. 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 \$55,389,816 (*net position*) compared to \$46,991,167 for the prior year. Of this amount, \$19,516,887 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,801,284. The City's governmental activities net position increased by \$1,172,065 and the business-type activities net position increased \$1,629,219.
- As of the close of the current fiscal year, the City of White Settlement's governmental funds reported combined ending fund balances of \$18,463,038 compared to \$15,256,039 for the prior year. \$9,991,494 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,991,494, or 108% 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

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

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

Proprietary funds. The City maintains one type of proprietary fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater 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 wastewater fund and the stormwater utility fund which are considered major funds and the sanitation fund.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-55 of this report.

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

The combining and individual nonmajor governmental funds and Economic Development Corporation statements are presented immediately following the required supplementary information. These statements can be found on Exhibits F-1 through F-7 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$55,389,816 as of September 30, 2013.

The largest portion of the City's net position (47%) reflects its investment in capital assets (e.g. land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$19,516,887 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

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

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 25,802,335	\$ 16,202,078	\$ 11,126,737	\$ 10,671,227	\$ 36,929,072	\$ 26,873,305
Capital assets	<u>19,144,633</u>	<u>18,066,067</u>	<u>20,475,496</u>	<u>20,310,916</u>	<u>39,620,129</u>	<u>38,376,983</u>
Total Assets	<u>44,946,968</u>	<u>34,268,145</u>	<u>31,602,233</u>	<u>30,982,143</u>	<u>76,549,201</u>	<u>65,250,288</u>
Long-term liabilities	11,148,500	7,630,762	8,349,338	8,946,361	19,497,838	16,577,123
Other liabilities	<u>497,141</u>	<u>400,986</u>	<u>1,164,406</u>	<u>1,281,012</u>	<u>1,661,547</u>	<u>1,681,998</u>
Total liabilities	<u>11,645,641</u>	<u>8,031,748</u>	<u>9,513,744</u>	<u>10,227,373</u>	<u>21,159,385</u>	<u>18,259,121</u>
Net Position:						
Invested in capital assets						
net of related debt	13,128,490	12,329,870	12,677,910	11,949,257	25,806,400	24,279,127
Restricted	8,399,605	4,285,434	1,666,924	771,491	10,066,529	5,056,925
Unrestricted	<u>11,773,232</u>	<u>9,621,093</u>	<u>7,743,655</u>	<u>8,034,022</u>	<u>19,516,887</u>	<u>17,655,115</u>
Total Net Position	<u>\$ 33,301,327</u>	<u>\$ 26,236,397</u>	<u>\$ 22,088,489</u>	<u>\$ 20,754,770</u>	<u>\$ 55,389,816</u>	<u>\$ 46,991,167</u>

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,294,734	\$ 1,111,834	\$ 7,145,817	\$ 6,768,526	\$ 8,440,551	\$ 7,880,360
Operating grants and contributions	53,723	13,762	-	-	53,723	13,762
Capital grants and contributions	-	-	430,624	375,116	430,624	375,116
General revenues:						
Property taxes	3,954,575	3,797,676	-	-	3,954,575	3,797,676
Sales taxes	3,615,774	4,655,270	-	-	3,615,774	4,655,270
Franchise taxes	1,168,219	1,189,497	-	-	1,168,219	1,189,497
Hotel Occupancy taxes	185,394	194,549	-	-	185,394	194,549
Oil & gas revenues	126,346	498,998	-	-	126,346	498,998
Investment earnings	25,035	15,823	16,769	9,826	41,804	25,649
Change in net position of component unit	408,868	-	-	-	408,868	-
Gain on sale of capital assets	25,265	3,839	-	-	25,265	3,839
Other revenue	102,580	93,982	2,988	-	105,568	93,982
Total revenues	10,960,513	11,575,230	7,596,198	7,153,468	18,556,711	18,728,698
Expenses						
General government	1,467,221	1,419,423	-	-	1,467,221	1,419,423
Public safety	5,768,084	5,499,077	-	-	5,768,084	5,499,077
Public works	1,196,989	1,203,843	-	-	1,196,989	1,203,843
Public health	206,776	198,373	-	-	206,776	198,373
Culture and recreation	1,458,161	1,467,194	-	-	1,458,161	1,467,194
Interest on long-term debt	275,917	292,201	-	-	275,917	292,201
Water and Sewer	-	-	4,747,179	4,457,221	4,747,179	4,457,221
Storm water utility	-	-	31,317	32,503	31,317	32,503
Sanitation	-	-	603,783	588,997	603,783	588,997
Total expenses	10,373,148	10,080,111	5,382,279	5,078,721	15,755,427	15,158,832
Increase (decrease) in net position before transfers	587,365	1,495,119	2,213,919	2,074,747	2,801,284	3,569,866
Transfers	584,700	584,700	(584,700)	(584,700)	-	-
Increase (decrease) in net position	1,172,065	2,079,819	1,629,219	1,490,047	2,801,284	3,569,866
Net Position October 1	26,236,397	24,156,579	20,754,770	19,264,723	46,991,167	43,421,302
Prior Period Adjustment	5,892,865	-	(295,500)	-	5,597,365	-
Net Position September 30	\$ 33,301,327	\$ 26,236,398	\$ 22,088,489	\$ 20,754,770	\$ 55,389,816	\$ 46,991,168

Governmental Activities. Governmental activities increased the City's net position by \$1,172,065 in the current year compared with an increase of \$2,079,819 in the prior year.

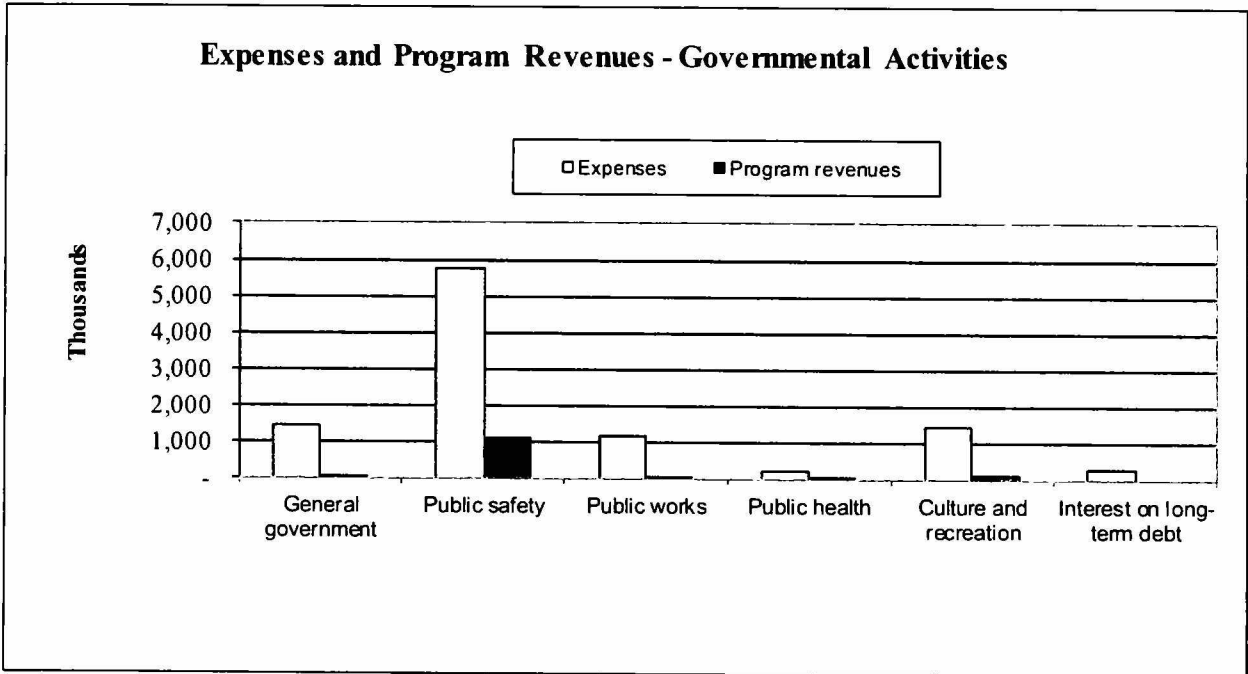
Total governmental activities revenues decreased \$614,717 (5%) to \$10,960,513. Key elements of this change are as follows:

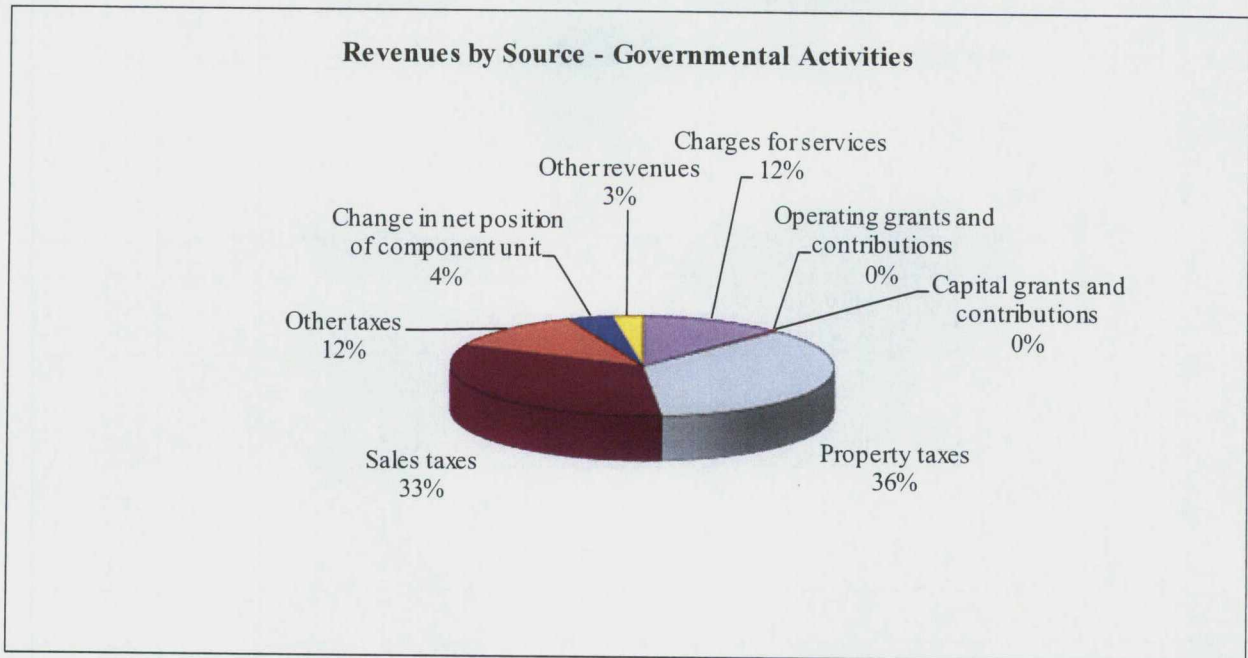
- Change in net position of the component unit increased \$408,868 because GASB Statement No. 61 was implemented during year. More information about the effects of implementation can be found in the notes to the financial statements.
- Sales taxes decreased \$1,039,496 (22%) because a major source of the City's sales tax revenue stopped production for part of the year.

Total governmental activities expenses increased \$293,037 to \$10,373,148. Key changes are as follows.

- Public safety expenses increased \$269,007 (5%) primarily because demolitions and lot clearing in the code compliance department increased approximately \$54,000 and firefighter incentive program expenses increased approximately \$105,000 from the prior year.

Below are two graphs summarizing governmental revenue and expense:





Business-type activities. Business-type activities increased the City's net position by \$1,629,219 in the current year compared to an increase in net position of \$1,490,047 in the prior year.

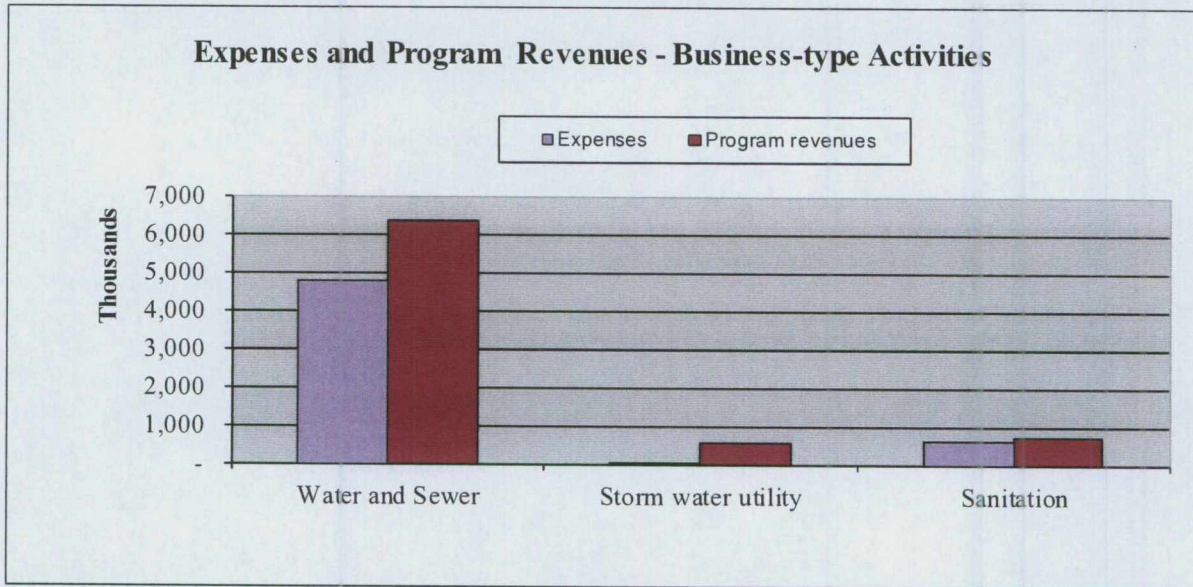
Total revenues increased \$442,730 (6%) to \$7,596,198. Key elements of these changes are as follows.

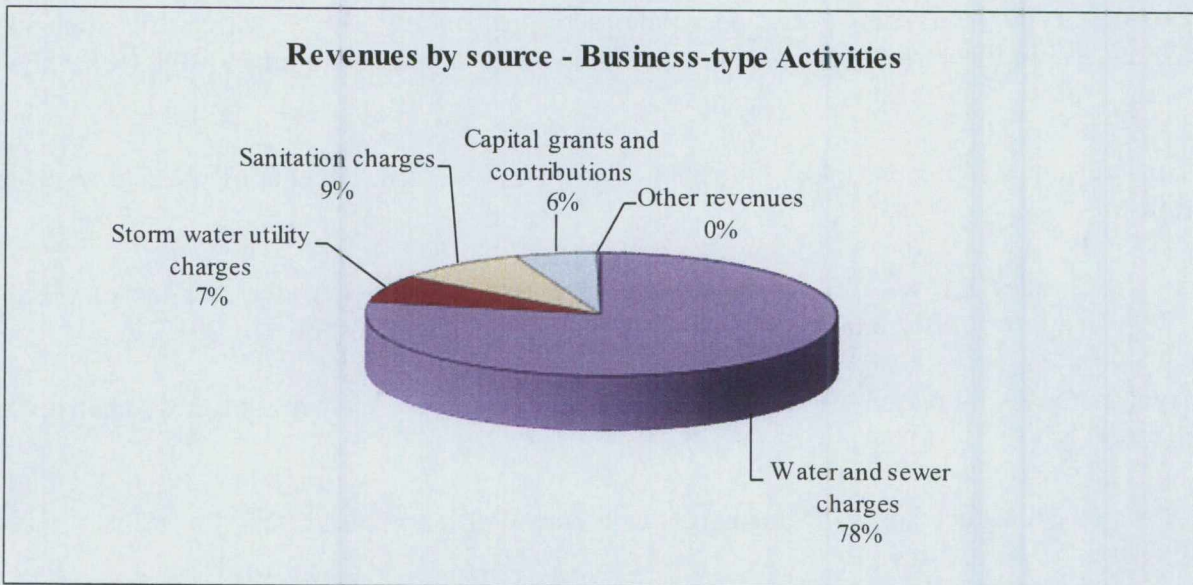
- Charges for services increased \$377,291 (6%) due to a water rate increase effective January 1, 2012 and a wastewater rate increase effective October 1, 2012.

Total expenses increased \$303,558 (6%) to \$5,382,279. Key elements of these changes are as follows.

- Wastewater charges from the City of Fort Worth increased \$252,748 (26%) due to an increase in rates.
- Water purchases from the City of Fort Worth increased \$63,538 due to a rate increase.

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





Financial Analysis of the City's Funds

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

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

At year end, the City's governmental funds reported combined ending fund balances of \$18,463,038. \$9,991,494 (54%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been restricted or committed for projects and debt service.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,991,494. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 108% of the total general fund expenditures. Fund balance of the general fund increased \$898,357 compared to an increase of \$1,476,560 in the prior year. Key factors in this growth are as follows:

- Revenues decreased \$541,926. Sales tax decreased \$693,979 due to the major sales tax provider stopping production for part of the year which decreased their sales which also decreased sales taxes. Oil and gas royalties decreased \$372,652 because a large lease bonus was received in the prior year. Property taxes increased \$335,264 due to an increase in the appraised value of property. Licenses and permits increased \$116,495 due to a large right of way payment received in the current year.
- Total expenditures increased \$1,047,743. Public safety expenditures increased \$982,706 primarily due to the purchase of a fire engine. General government expenditures increased \$80,516.
- Other financing sources increased \$1,011,466 from the prior year primarily due the issuance of a \$798,336 capital lease for the purchase of fire engine and an increase in transfers in of \$233,314.

The White Settlement Crime Control and Prevention District (the "Crime District") was created to finance, develop and provide crime reduction programs for the City of White Settlement. It is funded with a .5% sales tax. Fund balance of the Crime District decreased \$395,901 to \$720,529. Sales tax revenue decreased \$345,517 and transfers to the general fund increased \$233,314. Expenditures increased \$122,005 primarily due to the purchase of vehicles and equipment.

The debt service fund has a total fund balance of \$587,712, all of which is restricted for the payment of debt service.

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

The City's water and wastewater fund, storm water utility fund and sanitation fund are enterprise funds that comprise the City's proprietary funds. Unrestricted net position of the water and wastewater fund, storm water utility fund and sanitation fund at the end of the year amounted to \$5,617,310, \$1,764,110 and \$362,235 respectively. The total change in net position for the three funds was \$1,065,687, \$518,058 and \$45,474 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original and final budget were not significant. Budgeted expenditures were increased \$59,088.

During the year, actual revenues were \$89,016 greater than budgeted and actual expenditures were \$48,315 less than budgeted.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2013, amounts to \$39,620,129 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and wastewater systems, land improvements, machinery and equipment, vehicles, roads, highways and bridges.

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

Governmental Activities:

- Fire engine for \$798,336
- Bucket truck for \$42,154
- \$19,734 for F150 Truck
- \$912,951 for the Farmers Branch Flood Control Project.
- \$13,760 for data processing equipment.
- \$41,143 for ICOP System
- \$143,586 for Ford Explorer and (3) Chevy Tahoes for the Crime District

Business-type activities:

- \$548,148 Lariat lift station
- \$39,601 F250 Truck

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,400,731	\$ 1,400,731	\$ 36,995	\$ 36,995	\$ 1,437,726	\$ 1,437,726
Construction in progress	5,854,182	4,941,231	557,627	59,009	6,411,809	5,000,240
Land improvements	798,708	860,960	175,048	176,934	973,756	1,037,894
Buildings and improvements	3,507,939	3,672,327	105,930	34,504	3,613,869	3,706,831
Machinery and equipment	2,618,180	1,932,653	419,878	490,322	3,038,058	2,422,975
Infrastructure	4,964,893	5,258,165	-	-	4,964,893	5,258,165
Water and sewer systems	-	-	17,749,497	18,051,414	17,749,497	18,051,414
Stormwater systems	-	-	1,430,521	1,461,738	1,430,521	1,461,738
Total	\$ 19,144,633	\$ 18,066,067	\$ 20,475,496	\$ 20,310,916	\$ 39,620,129	\$ 38,376,983

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

Long-Term Debt

At year-end the City had \$18,158,624 in bonds and leases outstanding, an increase of \$2,795,876 from the prior year. \$10,497,813 are general obligation bonds and tax notes that are backed by the full faith and credit of the City, \$6,862,475 are certificates of obligation secured by surplus revenues of the water and wastewater fund and ad valorem taxes.

During the year, the City issued \$3,325,000 in tax notes for the purpose of infrastructure improvements and equipment purchases.

City of White Settlement's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital leases	\$ 798,336	\$ 221,283	\$ -	\$ 35,456	\$ 798,336	\$ 256,739
Tax Notes	3,325,000	125,000	-	-	3,325,000	125,000
General Obligation Bonds	5,751,999	6,125,561	1,420,814	1,579,110	7,172,813	7,704,671
Certificates of Obligation	-	-	6,862,475	7,176,338	6,862,475	7,176,338
Revenue bonds	-	-	-	100,000	-	100,000
Total	\$ 9,875,335	\$ 6,471,844	\$ 8,283,289	\$ 8,890,904	\$ 18,158,624	\$ 15,362,748

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

	<u>Moody's Investor Service</u>	<u>Standard & Poor's</u>
General Obligation Refunding Bonds, Series 2003	A3	A+
General Obligation Bonds, Series 2009	A3	A+
Certificates of Obligation, Series 2009	A3	A+
General Obligation Refunding Bonds, Series 2011	A1	A+

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

Economic factors and the Next Year's Budgets and Rates

Two major sources of revenue come from ad valorem tax revenue and from sales tax revenue. Overall operating revenues are projected to rise slightly across all funds. 2013 property valuations decreased \$59,099,980 or 9.54% to \$560,462,844 from prior year values at \$619,562,724. This property value decrease reflects a major industrial taxpayers' lowering of its inventory. The decrease in values resulted in a higher tax rate. The average market value of a residential home value in 2013 has increased to \$61,333 compared to the average home in 2012 at \$60,712. For this current 2013-2014 Budget, the City Council adopted the rollback tax rate of \$0.67065 (which was lower than the effective rate), but an increase of 9.10% compared to the prior year at \$0.614715 per \$100 valuation. Ad valorem tax revenue carries a \$3M budget.

Sales taxes decreased in 2012-2013 by 21.02% resulting in many capital items being placed on hold during the year. The 2012-2013 revenue was in line with the 2010-2011 revenue indicating 2011-2012 was an unusual year. Therefore, sales taxes projected in the General Fund are \$2.4 million which is basically the same as received in 2012-2013.

Many capital purchases originally proposed in the 2013-2014 Budget will be purchased from the \$3.325 million dollar 2013 Tax Note in addition to maintenance and upgrading existing infrastructure. Capital purchases from the 2013 Tax Notes include upgrades to the Seniors Center kitchen, HVAC units for City Hall and Fire Department, software upgrades, remodeling in Library, truck replacement for Animal Control, a new Wastewater Vac Truck, upgrades to traffic signals and a Crack Seal Machine.

The adopted budget includes a 3% cost-of-living increase to all full-time employees which is one percent less than the prior year. City Council and City Administration believe it is important that the City continue to offer competitive salary and benefits in order to hire and retain quality

employees. Health, dental, and life insurance coverage continue to be provided at no cost for full-time employees. This year, the City changed to a self-insured plan due to increasing premiums. This change made it possible to continue to provide valuable health coverage to employees and for the City, provided lower premiums making it possible to balance the budget. As in the past, dependents may be added at the expense of the employee.

Council's initiative in taking an active role in addressing Community needs with available resources resulted in new state-of-the-art traffic warning signage for the Fire Station and a new 105' Pierce Ladder Truck for the Fire Department. Financing came from a ten year Lease-Purchase Agreement for approximately \$800,000 with Oshkosh Capital. The first payment will not be due until October 2014, with the fiscal year 2014-2015.

In 2013, Farmers Branch Flood Project, which was share with the U.S. Corps of Engineers, was completed. This included improvement to the main channel from Meadow Park Bridge to White Settlement Road, and replacement of the Meadow Parks Bridge.

After the economic downturn began in 2001, the City followed a status quo policy of maintaining basic services and programs with little emphasis on economic development and future growth. An unsettled national economy, the uncertain direction of the global economy, the ongoing war on terror, unrest in the middle east, dynamic increases in energy costs, and unprecedented changes in health care have exerted primary consideration in the development of the operating budgets during the last ten years. During this time continued budgetary discretion was directed to staffing, employee compensation, overall service levels and expenditures for capital projects.

The future for the City looks increasingly promising for several reasons. One promising project is a shared Project with "Hawaiian Falls" for a Water and Adventure Park to be constructed on the 16 acres abutting Veterans' Park. This endeavor should boost our economy by bringing in thousands of visitors and enhance business growth within our community. Hawaiian Falls will be one of the biggest attractions on the west side of the metroplex, and it will be in White Settlement. Other promising events are: the relocation of Region XI Education Service Center to White Settlement, the relocation of a major auto dealership form a nearby community to White Settlement, the continued investment and expansion of one of the major businesses in White Settlement, the opening of a new "fun-and-fitness" family oriented business and the investment in and opening of two new hotels.

Request for Information

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

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BASIC FINANCIAL STATEMENTS

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CITY OF WHITE SETTLEMENT, TEXAS
Statement of Net Position
September 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
ASSETS:				
Cash and cash equivalents	\$ 13,710,528	\$ 5,696,178	\$ 19,406,706	\$ 1,496,602
Certificates of Deposit	2,513,739	1,812,624	4,326,363	693,920
Receivables (Net of allowances for uncollectibles)				
Property taxes	191,197	-	191,197	-
Franchise taxes	197,338	-	197,338	-
Accounts	-	947,649	947,649	-
Miscellaneous	186,957	-	186,957	72
Interest	916	-	916	-
Note Receivable Short-term	280,000	-	280,000	-
Due from other governments	608,139	-	608,139	202,887
Prepaid expenses	743,123	-	743,123	-
Inventory	66,253	-	66,253	-
Note Receivable Long-term	840,000	-	840,000	-
Equity interest in component unit	6,464,145	-	6,464,145	-
Restricted assets:				
Cash and cash equivalents	-	2,670,286	2,670,286	-
Capital assets:				
Nondepreciable	7,254,913	594,622	7,849,535	1,104,598
Depreciable, net of accumulated depreciation	11,889,720	19,880,874	31,770,594	4,173,728
Total Assets	44,946,968	31,602,233	76,549,201	7,671,807
LIABILITIES:				
Accounts payable	308,199	630,029	938,228	41,536
Accrued liabilities	152,334	16,841	169,175	5,523
Customer deposits	6,453	-	6,453	3,025
Current Liabilities Payable from Restricted Assets:				
Interest payable	30,155	37,348	67,503	-
Customer deposits	-	480,188	480,188	-
Noncurrent liabilities:				
Due Within One Year	925,980	516,879	1,442,859	289,669
Due in More Than One Year	10,222,520	7,832,459	18,054,979	867,909
Total Liabilities	11,645,641	9,513,744	21,159,385	1,207,662
NET POSITION:				
Investments in Capital Assets, Net of Debt	13,128,490	12,677,910	25,806,400	5,278,326
Restricted Net Position (Nonexpendable)				
Library and Senior Services	23,210	-	23,210	-
Restricted Net Position (Expendable)				
Debt service	606,298	1,666,924	2,273,222	-
Economic development	6,464,145	-	6,464,145	-
Police and court	837,648	-	837,648	-
Tourism, library and senior services	468,304	-	468,304	-
Unrestricted Net Position	11,773,232	7,743,655	19,516,887	1,185,819
Total Net Position	\$ 33,301,327	\$ 22,088,489	\$ 55,389,816	\$ 6,464,145

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

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Activities
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 1,467,221	\$ 62,618	\$ -	\$ -
Public safety	5,768,084	1,073,862	24,275	-
Public works	1,196,989	17,496	29,448	-
Public health	206,776	26,613	-	-
Culture and recreation	1,458,161	114,145	-	-
Interest on long-term debt	275,917	-	-	-
Total governmental activities	<u>10,373,148</u>	<u>1,294,734</u>	<u>53,723</u>	<u>-</u>
Business-type activities:				
Water and wastewater	4,747,179	5,912,656	-	430,624
Storm water utility	31,317	546,704	-	-
Sanitation	603,783	686,457	-	-
Total business-type activities	<u>5,382,279</u>	<u>7,145,817</u>	<u>-</u>	<u>430,624</u>
Total primary government	<u>\$ 15,755,427</u>	<u>\$ 8,440,551</u>	<u>\$ 53,723</u>	<u>\$ 430,624</u>
Component Unit				
Economic Development	\$ 216,374	\$ -	\$ -	\$ -
Culture and Recreation	742,776	183,709	-	-
Total component unit	<u>\$ 959,150</u>	<u>\$ 183,709</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Sales and use
- Franchise
- Hotel occupancy tax
- Oil and gas revenues
- Investment Earnings
- Change in net position of component unit
- Gain (loss) on sale of capital assets
- Other revenue

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

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

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Corporation
\$ (1,404,603)	\$ -	\$ (1,404,603)	\$ -
(4,669,947)	-	(4,669,947)	-
(1,150,045)	-	(1,150,045)	-
(180,163)	-	(180,163)	-
(1,344,016)	-	(1,344,016)	-
(275,917)	-	(275,917)	-
<u>(9,024,691)</u>	<u>-</u>	<u>(9,024,691)</u>	<u>-</u>
-	1,596,101	1,596,101	-
-	515,387	515,387	-
-	82,674	82,674	-
<u>-</u>	<u>2,194,162</u>	<u>2,194,162</u>	<u>-</u>
<u>\$ (9,024,691)</u>	<u>\$ 2,194,162</u>	<u>\$ (6,830,529)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (216,374)
-	-	-	(559,067)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (775,441)</u>
\$ 2,923,256	\$ -	\$ 2,923,256	\$ -
1,031,319	-	1,031,319	-
3,615,774	-	3,615,774	1,202,312
1,168,219	-	1,168,219	-
185,394	-	185,394	-
126,346	-	126,346	-
25,035	16,769	41,804	3,097
408,868	-	408,868	-
25,265	-	25,265	(43,411)
102,580	2,988	105,568	22,311
584,700	(584,700)	-	-
<u>10,196,756</u>	<u>(564,943)</u>	<u>9,631,813</u>	<u>1,184,309</u>
1,172,065	1,629,219	2,801,284	408,868
26,236,397	20,754,770	46,991,167	6,055,277
<u>5,892,865</u>	<u>(295,500)</u>	<u>5,597,365</u>	<u>-</u>
<u>\$ 33,301,327</u>	<u>\$ 22,088,489</u>	<u>\$ 55,389,816</u>	<u>\$ 6,464,145</u>

CITY OF WHITE SETTLEMENT, TEXAS

Balance Sheet
Governmental Funds
September 30, 2013

	General	Crime District	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Assets:						
Cash and investments	\$ 7,051,086	\$ 533,200	\$ 585,288	\$ 3,859,341	\$ 1,681,613	\$ 13,710,528
Certificates of Deposit	2,513,739	-	-	-	-	2,513,739
Receivables (Net of allowances for uncollectibles)						
Property taxes	139,884	-	51,313	-	-	191,197
Franchise taxes	182,845	-	-	-	14,493	197,338
Miscellaneous	140,606	18	-	-	46,333	186,957
Interest	916	-	-	-	-	916
Note Receivable Short-term	280,000	-	-	-	-	280,000
Due from other governments	415,948	192,191	-	-	-	608,139
Prepays	1,548	-	-	741,575	-	743,123
Inventory - supplies	66,253	-	-	-	-	66,253
Note Receivable Long-term	840,000	-	-	-	-	840,000
Total assets	<u>\$ 11,632,825</u>	<u>\$ 725,409</u>	<u>\$ 636,601</u>	<u>\$ 4,600,916</u>	<u>\$ 1,742,439</u>	<u>\$ 19,338,190</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 214,691	\$ 4,880	\$ 148	\$ 147	\$ 88,333	\$ 308,199
Accrued liabilities	152,334	-	-	-	-	152,334
Customer deposits	6,453	-	-	-	-	6,453
Total liabilities	<u>373,478</u>	<u>4,880</u>	<u>148</u>	<u>147</u>	<u>88,333</u>	<u>466,986</u>
Deferred inflows of resources:						
Deferred property tax	132,872	-	48,741	-	-	181,613
Other deferred revenue	226,553	-	-	-	-	226,553
Total deferred inflows of resources	<u>359,425</u>	<u>-</u>	<u>48,741</u>	<u>-</u>	<u>-</u>	<u>408,166</u>
Fund Balances:						
Nonspendable	906,253	-	-	741,575	23,210	1,671,038
Restricted	-	720,529	587,712	3,859,194	585,423	5,752,858
Committed	-	-	-	-	1,045,473	1,045,473
Assigned	2,175	-	-	-	-	2,175
Unassigned	9,991,494	-	-	-	-	9,991,494
Total fund balances	<u>10,899,922</u>	<u>720,529</u>	<u>587,712</u>	<u>4,600,769</u>	<u>1,654,106</u>	<u>18,463,038</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,632,825</u>	<u>\$ 725,409</u>	<u>\$ 636,601</u>	<u>\$ 4,600,916</u>	<u>\$ 1,742,439</u>	<u>\$ 19,338,190</u>

CITY OF WHITE SETTLEMENT, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2013

Total Fund Balances - Governmental Funds \$ 18,463,038

Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was \$44,375,940 and the accumulated depreciation was \$25,231,307. 19,144,633

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

Interest payable	(30,155)	
General obligation bonds	(5,620,000)	
Premium on general obligation bonds	(131,999)	
Tax notes	(3,325,000)	
Capital leases	(798,336)	
Net pension obligation	(204,620)	
Compensated absences	<u>(1,068,545)</u>	
		(11,178,655)

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

Property taxes	181,613	
Court fines	117,226	
Franchise taxes	<u>109,327</u>	
		408,166

Equity interest in the City's component unit is not a current financial resource and therefore is not reported in the governmental funds. 6,464,145

Net Position of Governmental Activities \$ 33,301,327

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2013

	General	Crime District	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 2,915,658	\$ -	\$ 1,042,784	\$ -	\$ -	\$ 3,958,442
Sales and use	2,456,233	1,159,541	-	-	-	3,615,774
Franchise	905,973	-	-	-	274,632	1,180,605
Hotel occupancy tax	-	-	-	-	185,394	185,394
Fines and forfeitures	488,501	-	-	-	-	488,501
Licenses and permits	552,803	-	-	-	-	552,803
Intergovernmental revenue	69,847	-	-	-	46,223	116,070
Charges for service	191,455	-	-	-	-	191,455
Oil and gas revenues	126,346	-	-	-	-	126,346
Investment Earnings	18,933	1,315	816	1,631	2,340	25,035
Other revenue	19,931	-	-	-	52,308	72,239
Total revenues	<u>7,745,680</u>	<u>1,160,856</u>	<u>1,043,600</u>	<u>1,631</u>	<u>560,897</u>	<u>10,512,664</u>
EXPENDITURES						
Current						
General government	1,437,870	-	-	-	-	1,437,870
Public safety	5,812,395	459,212	-	-	88,636	6,360,243
Public works	622,595	-	-	-	218,142	840,737
Public health	199,625	-	-	-	-	199,625
Culture and recreation	1,190,652	-	-	-	119,472	1,310,124
Capital outlay	-	-	-	912,951	-	912,951
Debt service:						
Principal	-	-	711,284	-	-	711,284
Interest and fiscal charges	-	-	247,915	-	-	247,915
Debt issuance costs	-	-	-	48,558	-	48,558
Total expenditures	<u>9,263,137</u>	<u>459,212</u>	<u>959,199</u>	<u>961,509</u>	<u>426,250</u>	<u>12,069,307</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,517,457)</u>	<u>\$ 701,644</u>	<u>\$ 84,401</u>	<u>\$ (959,878)</u>	<u>\$ 134,647</u>	<u>\$ (1,556,643)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from insurance recoveries	30,341	-	-	-	-	30,341
Proceeds from sale of general capital assets	25,265	-	-	-	-	25,265
Proceeds from sale of bonds	-	-	-	3,325,000	-	3,325,000
Issuance of capital lease	798,336	-	-	-	-	798,336
Transfers in	1,561,872	-	120,373	-	-	1,682,245
Transfers out	-	(1,097,545)	-	-	-	(1,097,545)
Total other financing sources (uses)	<u>2,415,814</u>	<u>(1,097,545)</u>	<u>120,373</u>	<u>3,325,000</u>	<u>-</u>	<u>4,763,642</u>
NET CHANGE IN FUND BALANCES	898,357	(395,901)	204,774	2,365,122	134,647	3,206,999
FUND BALANCE, OCTOBER 1, 2012	<u>10,001,565</u>	<u>1,116,430</u>	<u>382,938</u>	<u>2,235,647</u>	<u>1,519,459</u>	<u>15,256,039</u>
FUND BALANCE, SEPTEMBER 30, 2013	<u>\$ 10,899,922</u>	<u>\$ 720,529</u>	<u>\$ 587,712</u>	<u>\$ 4,600,769</u>	<u>\$ 1,654,106</u>	<u>\$ 18,463,038</u>

CITY OF WHITE SETTLEMENT, TEXAS
Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances of
The Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2013

Total Net Change in Fund Balances - Governmental Funds		\$ 3,206,999
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$1,990,653 of capital outlays and \$711,284 of debt principal payments is to increase net position.		2,701,937
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(912,087)
Current year issuance of a capital lease and the proceeds from the sale of bonds are other financing sources in the fund financial statements. The net effect of the \$798,336 increase in capital leases payable and \$3,325,000 in tax notes payable is a decrease in net position.		(4,123,336)
Certain liabilities are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. Changes in these balances are reported as expenses in the governmental activities of the Statement of Activities.		
Interest payable	11,994	
Premium on general obligation bonds	8,562	
Compensated absences	(114,247)	(93,691)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(16,625)
Current year change in net position of the component unit in which the City has an equity interest in does not provide current financial resources and is not reported as revenues in the funds.		408,868
Change in Net Position of Governmental Activities		\$ 1,172,065

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

CITY OF WHITE SETTLEMENT, TEXAS

Statement of Net Position

Proprietary Funds

September 30, 2013

	Enterprise Funds			Totals
	Water and Wastewater	Stormwater Utility	Sanitation	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 3,666,853	\$ 1,701,919	\$ 327,406	\$ 5,696,178
Certificates of Deposit	1,812,624	-	-	1,812,624
Receivables (Net of allowance for uncollectibles):				
Accounts	795,304	62,620	89,725	947,649
Restricted Assets:				
Cash and cash equivalents	2,670,286	-	-	2,670,286
Total current assets	8,945,067	1,764,539	417,131	11,126,737
Capital assets, at cost:				
Land	-	36,995	-	36,995
Construction in progress	557,627	-	-	557,627
Buildings and improvements	125,366	-	-	125,366
Land improvements	211,511	-	-	211,511
Waterworks and wastewater system	26,401,149	-	-	26,401,149
Stormwater systems	-	1,556,383	-	1,556,383
Machinery and equipment	1,475,315	-	-	1,475,315
	28,770,968	1,593,378	-	30,364,346
Less: accumulated depreciation	(9,762,988)	(125,862)	-	(9,888,850)
Capital assets, net	19,007,980	1,467,516	-	20,475,496
Total noncurrent assets	19,007,980	1,467,516	-	20,475,496
Total assets	\$ 27,953,047	\$ 3,232,055	\$ 417,131	\$ 31,602,233

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

	Enterprise Funds			Totals
	Water and Wastewater	Stormwater Utility	Sanitation	
LIABILITIES:				
Current Liabilities:				
Accounts payable	\$ 574,704	\$ 429	\$ 54,896	\$ 630,029
Accrued liabilities	16,841	-	-	16,841
Current portion of long-term liabilities	516,879	-	-	516,879
Current Liabilities Payable from Restricted Assets:				
Interest payable	37,348	-	-	37,348
Customer deposits payable	480,188	-	-	480,188
Total current liabilities	1,625,960	429	54,896	1,681,285
Noncurrent Liabilities:				
Net pension obligation	26,328	-	-	26,328
Bonds payable	7,806,131	-	-	7,806,131
Total noncurrent liabilities	7,832,459	-	-	7,832,459
Total liabilities	9,458,419	429	54,896	9,513,744
NET POSITION:				
Investment in capital assets, net of debt	11,210,394	1,467,516	-	12,677,910
Restricted for debt service (Expendable)	1,666,924	-	-	1,666,924
Unrestricted	5,617,310	1,764,110	362,235	7,743,655
Total net position	\$ 18,494,628	\$ 3,231,626	\$ 362,235	\$ 22,088,489

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2013

	Enterprise Funds			Totals
	Water and Wastewater	Stormwater Utility	Sanitation	
Operating revenues:				
Charges for sales and services	\$ 5,912,656	\$ 546,704	\$ 686,457	\$ 7,145,817
Total operating revenue	5,912,656	546,704	686,457	7,145,817
Operating expenses:				
Utility Billing	423,184		-	423,184
Water production and distribution	1,889,157		-	1,889,157
Wastewater collection and treatment	1,433,588		-	1,433,588
Stormwater utility	-	100	-	100
Sanitation	-	-	603,783	603,783
Depreciation	685,475	31,217	-	716,692
Total operating expenses	4,431,404	31,317	603,783	5,066,504
Operating income (loss)	1,481,252	515,387	82,674	2,079,313
Nonoperating revenues (expenses):				
Proceeds from insurance recoveries	2,988	-	-	2,988
Investment earnings	14,098	2,671	-	16,769
Interest expense	(315,775)	-	-	(315,775)
Total nonoperating revenues (expenses)	(298,689)	2,671	-	(296,018)
Income (loss) before contributions and transfers	1,182,563	518,058	82,674	1,783,295
Capital contributions and transfers:				
Capital Contributions	430,624	-	-	430,624
Transfers out	(547,500)	-	(37,200)	(584,700)
Change in Net Position	1,065,687	518,058	45,474	1,629,219
Prior Period Adjustments	(295,500)	-	-	(295,500)
Net Position, October 1, 2012	17,724,441	2,713,568	316,761	20,754,770
Net Position, September 30, 2013	\$ 18,494,628	\$ 3,231,626	\$ 362,235	\$ 22,088,489

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

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	Enterprise Funds			Totals
	Water and Wastewater Fund	Stormwater Utility	Sanitation	
Cash flows from operating activities:				
Cash received from customers	\$ 5,832,383	\$ 546,487	\$ 679,963	\$ 7,058,833
Cash paid to suppliers	(3,255,986)	(74,593)	(605,060)	(3,935,639)
Cash paid to employees	(528,541)	-	-	(528,541)
Net cash provided by operating activities	<u>2,047,856</u>	<u>471,894</u>	<u>74,903</u>	<u>2,594,653</u>
Cash flow from noncapital financing activities:				
Transfers to other funds	(547,500)	-	(37,200)	(584,700)
Net cash provided (used) by noncapital financing activities	<u>(547,500)</u>	<u>-</u>	<u>(37,200)</u>	<u>(584,700)</u>
Cash flow from capital and related financing activities:				
Principal payments on long-term debt	(605,456)	-	-	(605,456)
Capital contribution for debt service	306,274	-	-	306,274
Capital expenditures	(756,922)	-	-	(756,922)
Proceeds from insurance recoveries	2,988	-	-	2,988
Interest paid on bonds	(323,664)	-	-	(323,664)
Net cash (used) by capital and related financing activities	<u>(1,376,780)</u>	<u>-</u>	<u>-</u>	<u>(1,376,780)</u>
Cash flow from investing activities:				
Investment earnings	14,098	2,671	-	16,769
Purchase of Certificates of Deposit	(1,812,624)	-	-	(1,812,624)
Net cash provided by investing activities	<u>(1,798,526)</u>	<u>2,671</u>	<u>-</u>	<u>(1,795,855)</u>
Net increase (decrease) in cash and cash equivalents	(1,674,950)	474,565	37,703	(1,162,682)
Cash and cash equivalents, beginning	<u>8,012,089</u>	<u>1,227,354</u>	<u>289,703</u>	<u>9,529,146</u>
Cash and cash equivalents, ending	<u>\$ 6,337,139</u>	<u>\$ 1,701,919</u>	<u>\$ 327,406</u>	<u>\$ 8,366,464</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	<u>\$ 1,481,252</u>	<u>\$ 515,387</u>	<u>\$ 82,674</u>	<u>\$ 2,079,313</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	685,475	31,217	-	716,692
(Increase) decrease in accounts receivable	(98,323)	(217)	(6,494)	(105,034)
(Increase) decrease in prepaid expenses	3,965	-	-	3,965
Increase (decrease) in accounts payable	(47,109)	(74,493)	(1,277)	(122,879)
Increase (decrease) in accrued liabilities	(6,045)	-	-	(6,045)
Increase (decrease) in customer meter deposits	18,050	-	-	18,050
Increase (decrease) in compensated absences payable	10,591	-	-	10,591
Total adjustments	<u>566,604</u>	<u>(43,493)</u>	<u>(7,771)</u>	<u>515,340</u>
Net cash provided by operating activities	<u>\$ 2,047,856</u>	<u>\$ 471,894</u>	<u>\$ 74,903</u>	<u>\$ 2,594,653</u>
Noncash Investing, Capital and Financing Activities				
Contributions of capital assets from another government	<u>\$ 124,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,350</u>

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Discretely Presented Component Unit

The White Settlement Economic Development Corporation (a nonprofit development corporation formed under the Development Corporation Act of 1979, Texas Rev. Civil Statute) was incorporated June 28, 1994. The Corporation's services are provided to stimulate economic growth for the City. A board of seven directors appointed by the City Council governs the Corporation. The purpose of the Corporation is to develop, implement, provide and finance projects allowed under the Development Corporation Act. Operation of the Corporation is funded by one-half percent sales tax approved by the voters. The City is the sole beneficiary of the EDC and will receive the remaining assets and assume the remaining liabilities upon termination. The equity interest in the EDC is reported as an asset on the Government-wide Statement of Net Position. Separate unaudited financial statements may be obtained at the City's administrative office.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Unit

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The City reports the following major governmental funds:

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

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The *capital projects fund* is used to account for construction of major capital projects not being financed by the proprietary funds.

The City reports the following major proprietary fund:

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

The *stormwater utility fund* is used to account for the maintenance of the drainage system for the City.

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

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

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

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity

1. *Cash and Investments*

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

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

2. *Receivables and Payables*

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable aged +2 months comprises the trade accounts receivable allowance for uncollectible accounts. The property tax receivable and municipal court allowances are equal to 30% and 85% respectively of the outstanding balances at September 30, 2013.

3. *Unbilled Service*

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

4. *Inventory*

The inventories of supplies are valued at cost using the first-in-first-out ("FIFO") method. Inventory in the governmental funds are accounted for using the consumption method.

5. *Prepaid Expenses*

Payments made for services that will benefit periods beyond September 30, 2013, are recorded as prepaid expenses in both the government-wide and fund financial statements. Prepaid expenses in the governmental funds are accounted for using the purchases method.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the water and wastewater fund during the current fiscal year was \$315,775. Of this amount \$0 was included as part of the cost of capital assets under construction in connection with water and wastewater construction projects.

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

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

7. Compensated Absences

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts 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 expensed as they are incurred and are no longer amortized over the term of the related debt.

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

9. Fund Balance – Governmental Funds

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Fund Balance – Governmental Funds (Continued)

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

	General Fund	Crime District	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays and inventory	\$ 66,253	\$ -	\$ -	\$ 741,575	\$ -	\$ 807,828
Long-term note receivable	840,000	-	-		-	840,000
Library Endowment	-	-	-		12,105	12,105
Senior Services Endowment	-	-	-		11,105	11,105
Restricted:						
Debt Service	-	-	587,712		-	587,712
Construction	-	-	-	3,859,194	-	3,859,194
Police and court	-	720,529	-		117,119	837,648
Tourism, library and senior services	-	-	-		468,304	468,304
Committed:						
Street improvement	-	-	-		1,045,473	1,045,473
Assigned:						
Pride Commission	2,175	-	-		-	2,175
Unassigned	9,991,494	-	-		-	9,991,494
	<u>\$ 10,899,922</u>	<u>\$ 720,529</u>	<u>\$ 587,712</u>	<u>\$ 4,600,769</u>	<u>\$ 1,654,106</u>	<u>\$ 18,463,038</u>

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

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the city strive to maintain a yearly unassigned fund balance in the general fund of 144 days of annual budgeted expenditures. At the end of the year, the unassigned fund balance of \$9,991,494 was \$6,317,935 above the minimum fund balance requirement of \$3,673,559.

10. Net Position

Net position represents the difference between assets and liabilities. Net position 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 position is reported as restricted when there are limitations imposed its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position (Continued)

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

Restricted Fund Balance (Exhibit C-1)	\$ 5,752,858
Adjustments	
Accrued interest payable restricted for debt service	(30,155)
Deferred property tax revenue restricted for debt service	48,741
Component unit	6,464,145
Permanent Fund principal	23,210
Restricted for construction	(3,859,194)
Total adjustments	2,646,747
Restricted Net Assets (Exhibit A-1)	\$ 8,399,605

11. Use of Estimates

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

11. Accounting Changes

Change in Accounting Principle – As a result of implementing GASB Statement Nos. 63 and 65, the City has restated the beginning net position in the government-wide Statement of Net Position and the Proprietary Funds Statement of Net Position, effectively decreasing net position as of September 30, 2013 by \$162,412 in the governmental activities and \$295,500 in the business-type activities. The decrease results from no longer deferring and amortizing bond issuance costs.

As a result of implementing GASB Statement No. 61, the City has restated the beginning net position in the government wide Statement of Net Position effectively increasing net position as of September 30, 2013 by \$6,055,277. The increase results from reporting the governmental activities equity interest in the City’s component unit, the Economic Development Corporation.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 2: DEPOSITS AND INVESTMENTS

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

The City's investment policy authorizes the City to invest in obligations of the United States and its agencies; direct obligations of the State of Texas and agencies thereof; other obligations, the principal and interest on which are unconditionally guaranteed by the State of Texas and United States; obligations of the states, agencies, counties, cities and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent; secured certificates of deposit of state and national banks domiciled in Texas; fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies; and joint pools of political subdivisions in the State of Texas. Investments are stated at fair value except for short-term highly liquid investments which are stated at cost or amortized cost. During the year ended September 30, 2013, the City did not own any types of securities other than those permitted by statute.

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

Custodial Credit Risk – Deposits

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

Insurance Corporation ("FDIC") Insurance. At September 30, 2013, the City's deposits were covered by FDIC Insurance or collateralized with securities held by the bank's agent in the City's name.

Credit Risk– Investments

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk – Investments

In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting the final stated maturity of any investment to three years and the average maturity of the City’s operating funds to one year. As of September 30, 2013, all of the City’s investments were invested for a period not exceeding three years and the average maturity of operating funds was less than one year.

The City’s investments at September 30, 2013 included the following:

<u>Investment</u>	<u>Credit Rating</u>	<u>Weighted Average Maturities</u>	<u>Percentage of Total Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in Tex-Pool	AAAm	74 days	100.00%	\$ 3,889,596	\$ 3,889,596
				<u>\$ 3,889,596</u>	<u>\$ 3,889,596</u>

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

	<u>Cash and Investments</u>
Enterprise Funds	
Customer deposits	\$ 480,188
Construction	485,826
Interest and sinking funds	1,602,294
Revenue bond reserve	101,978
Total	<u>\$ 2,670,286</u>

NOTE 3: PROPERTY TAX

The City’s property tax is levied (assessed) each October 1, on the value listed as of the prior January 1, for all real property and personal property located in the City. Such assessed value for 2012 was computed based on 100% of appraised value.

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 3: PROPERTY TAX (Continued)

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

General property taxes are limited by the government's Home Rule Charter to \$1.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the period ended September 30, 2013, was \$0.614715 per \$100 of assessed valuation.

Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees being added on July 1. Lien attaches to properties on the January 1 following levy date. Tarrant County bills and collects the general property taxes for the City. During the fiscal year, the City collected approximately 98% of the 2012 tax levy.

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

NOTE 4: RECEIVABLES

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

	General	Crime District	Debt Service Fund	Nonmajor Governmental	Water and Wastewater	Stormwater Utility	Sanitation
Receivables:							
Property taxes	\$ 199,834	\$ -	\$ 73,304	\$ -	\$ -	\$ -	\$ -
Franchise taxes	182,845	-	-	14,493	-	-	-
Occupancy tax	-	-	-	45,399	-	-	-
Water and wastewater	-	-	-	-	486,815	-	-
Stormwater utility	-	-	-	-	-	37,207	-
Sanitation	-	-	-	-	-	-	52,232
Earned and unbilled services	-	-	-	-	331,198	26,977	37,493
Interest	916	-	-	-	-	-	-
Miscellaneous	804,889	18	-	934	-	-	-
Note receivable short-term	280,000	-	-	-	-	-	-
Note receivable long-term	840,000	-	-	-	-	-	-
Gross Receivables	2,308,484	18	73,304	60,826	818,013	64,184	89,725
Less: allowance for uncollectibles	(724,233)	-	(21,991)	-	(22,709)	(1,564)	-
Net total receivables	<u>\$ 1,584,251</u>	<u>\$ 18</u>	<u>\$ 51,313</u>	<u>\$ 60,826</u>	<u>\$ 795,304</u>	<u>\$ 62,620</u>	<u>\$ 89,725</u>

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 4: RECEIVABLES (Continued)

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

Deferred property taxes receivable (General Fund)	\$ 132,872
Franchise tax receivable	109,327
Court fees receivable	117,226
Deferred property taxes receivable (Debt Service Fund)	48,741
Total deferred revenue for governmental funds	\$ 408,166

NOTE 5: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2013, is as follows:

Transfer In	Transfer Out	Amount	Purpose
General	Crime District	977,172	Crime prevention
	Water and Sewer	547,500	Payments in lieu of taxes
	Other Enterprise	37,200	Payments in lieu of taxes
Debt Service Fund	Crime District	120,373	Debt Service
Total Governmental Funds Transfers In		\$ 1,682,245	

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Non - Depreciable Assets:				
Land	\$ 1,400,731	\$ -	\$ -	\$ 1,400,731
Construction in Progress	4,941,231	912,951	-	5,854,182
Total non-depreciable assets	<u>6,341,962</u>	<u>912,951</u>	<u>-</u>	<u>7,254,913</u>
Depreciable Assets:				
Land improvements	2,124,939	-	-	2,124,939
Building and improvements	6,822,918	-	-	6,822,918
Machinery and equipment	7,305,043	1,077,702	(802,404)	7,580,341
Infrastructure	20,592,829	-	-	20,592,829
Total capital assets being depreciated	<u>36,845,729</u>	<u>1,077,702</u>	<u>(802,404)</u>	<u>37,121,027</u>
Accumulated Depreciation:				
Land improvements	(1,263,979)	(62,252)	-	(1,326,231)
Building and improvements	(3,150,591)	(164,388)	-	(3,314,979)
Machinery and equipment	(5,372,390)	(392,175)	802,404	(4,962,161)
Infrastructure	(15,334,664)	(293,272)	-	(15,627,936)
Total accumulated depreciation	<u>(25,121,624)</u>	<u>(912,087)</u>	<u>802,404</u>	<u>(25,231,307)</u>
Governmental activities capital assets, net	<u>\$ 18,066,067</u>	<u>\$ 1,078,566</u>	<u>\$ -</u>	<u>\$ 19,144,633</u>

CITY OF WHITE SETTLEMENT, TEXAS

Notes to Financial Statements

September 30, 2013

NOTE 6: CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Non - Depreciable Assets:				
Land	\$ 36,995	\$ -	\$ -	\$ 36,995
Construction in Progress	59,009	841,667	(343,049)	557,627
Total non-depreciable assets	<u>96,004</u>	<u>841,667</u>	<u>(343,049)</u>	<u>594,622</u>
Depreciable Assets:				
Land improvements	211,511	-	-	211,511
Building and improvements	52,516	72,850	-	125,366
Machinery and equipment	1,470,876	52,145	(47,706)	1,475,315
Water and wastewater systems	26,143,490	257,659	-	26,401,149
Stormwater systems	1,556,383	-	-	1,556,383
Total capital assets being depreciated	<u>29,434,776</u>	<u>382,654</u>	<u>(47,706)</u>	<u>29,769,724</u>
Accumulated Depreciation:				
Land improvements	(34,577)	(1,886)	-	(36,463)
Building and improvements	(18,012)	(1,424)	-	(19,436)
Machinery and equipment	(980,554)	(122,589)	47,706	(1,055,437)
Water and wastewater systems	(8,092,076)	(559,576)	-	(8,651,652)
Stormwater systems	(94,645)	(31,217)	-	(125,862)
Total accumulated depreciation	<u>(9,219,864)</u>	<u>(716,692)</u>	<u>47,706</u>	<u>(9,888,850)</u>
Business-type activities capital assets, net	<u>\$ 20,310,916</u>	<u>\$ 507,629</u>	<u>\$ (343,049)</u>	<u>\$ 20,475,496</u>
Component Unit:				
Non - Depreciable Assets:				
Land	\$ 1,172,888	\$ 3,086	\$ (71,376)	\$ 1,104,598
Construction in Progress	759,184	2,245,183	(3,004,367)	-
Total non-depreciable assets	<u>1,932,072</u>	<u>2,248,269</u>	<u>(3,075,743)</u>	<u>1,104,598</u>
Depreciable Assets:				
Land improvements	2,128,650	3,004,367	-	5,133,017
Building and improvements	36,408	-	-	36,408
Machinery and equipment	374,021	-	-	374,021
Total capital assets being depreciated	<u>2,539,079</u>	<u>3,004,367</u>	<u>-</u>	<u>5,543,446</u>
Accumulated Depreciation:				
Land improvements	(1,026,599)	(88,294)	-	(1,114,893)
Building and improvements	(14,708)	(1,214)	-	(15,922)
Machinery and equipment	(214,359)	(24,544)	-	(238,903)
Total accumulated depreciation	<u>(1,255,666)</u>	<u>(114,052)</u>	<u>-</u>	<u>(1,369,718)</u>
Component unit capital assets, net	<u>\$ 3,215,485</u>	<u>\$ 5,138,584</u>	<u>\$ (3,075,743)</u>	<u>\$ 5,278,326</u>

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 6: CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 26,818
Public safety	344,868
Public works	395,865
Public health	4,720
Culture and recreation	139,816
Total depreciation expense - governmental activities	<u>\$ 912,087</u>
Business-type activities:	
Water and sewer	\$ 685,475
Stormwater utility	31,217
Total depreciation expense - business-type activities	<u>\$ 716,692</u>
Component Unit:	
Economic Development	\$ 3,965
Culture and Recreation	110,087
Total depreciation expense - component unit	<u>\$ 114,052</u>

NOTE 7: LONG-TERM LIABILITIES

A. Capital Leases Payable

Governmental Activities:

On June 25, 2009, the City entered into a municipal lease-purchase agreement in the amount of \$799,775 for financing the purchase of a radio system. The total cost of the radio system was \$1,299,775 with the City paying \$500,000 toward these costs with a federal grant. This lease is considered a capital lease for accounting purposes and, accordingly, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The radio system is being used by both the governmental activities and business-type activities and has been allocated \$689,326 and \$110,449 respectively. The balance of the lease was paid in 2013.

On September 16, 2013, the City entered into a municipal lease-purchase agreement in the amount of \$798,336 for financing the purchase of a fire engine. The total cost of the fire engine was \$798,336. 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.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 7: LONG-TERM LIABILITIES (Continued)

A. Capital Leases Payable (Continued)

Total capital assets acquired through capital leases were as follows:

	Governmental Activities
Assets:	
Fire engine	\$ 789,336
Less: accumulated depreciation	-
Total	\$ 789,336

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

Year Ending September 30,	Governmental Activities
2014	\$ 93,480
2015	93,480
2016	93,480
2017	93,480
2018	93,480
2019 - 2023	467,400
Total debt service requirements	934,800
Less: interest portion	136,464
Obligations under capital lease	\$ 798,336

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 7: LONG-TERM LIABILITIES (Continued)

B. Tax Notes Payable

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

Purpose	Date Issued	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
General government	09/19/13	02/01/20	2.00%	3,325,000	3,325,000

The annual debt service requirements to maturity for tax notes outstanding as of September 30, 2013 are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 110,000	\$ 56,533	\$ 166,533
2015	155,000	62,750	217,750
2016	155,000	59,650	214,650
2017	165,000	56,450	221,450
2018	170,000	53,100	223,100
2019 - 2020	2,570,000	73,700	2,643,700
	<u>\$ 3,325,000</u>	<u>\$ 362,183</u>	<u>\$ 3,687,183</u>

C. Bonds Payables

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

Purpose	Date Issued	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
General government	07/01/03	02/15/14	2.5 - 3.2%	3,075,000	125,000
General government	05/01/09	02/15/29	2.5 - 4.625%	6,150,000	5,495,000

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 7: LONG-TERM LIABILITIES (Continued)

C. Bonds Payables (Continued)

The annual debt service requirements to maturity for general obligation bonds outstanding as of September 30, 2013, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 380,000	\$ 218,731	\$ 598,731
2015	265,000	208,931	473,931
2016	275,000	200,831	475,831
2017	280,000	191,806	471,806
2018	290,000	181,831	471,831
2019 - 2023	1,645,000	724,060	2,369,060
2024 - 2028	2,025,000	340,381	2,365,381
2029 - 2032	460,000	10,638	470,638
	<u>\$ 5,620,000</u>	<u>\$ 2,077,209</u>	<u>\$ 7,697,209</u>

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

<u>Purpose</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Amount Outstanding</u>
Water and sewer	05/01/09	02/15/29	2.5 - 4.625%	\$ 8,000,000	\$ 6,880,000
Enterprise refunding	07/15/11	02/15/21	2.0 - 3.0%	1,705,000	1,395,000

April 8, 2010 the City of White Settlement and City of Fort Worth entered into an agreement where the City of Fort Worth agreed to pay 51.46% of the cost of the Farmers Branch Wastewater Interceptor Project. The City of White Settlement issued 2009 certificates of obligation to fund the project. The City of Fort Worth agreed to pay 51.46% of the annual debt service requirements beginning in 2010 through maturity in 2029. The amount received from the City of Fort Worth was \$306,274 and was reported as a capital contribution in the water and wastewater fund.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 7: LONG-TERM LIABILITIES (Continued)

C. Bonds Payables (Continued)

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

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 475,000	\$ 305,131	\$ 780,131
2015	495,000	292,181	787,181
2016	510,000	278,781	788,781
2017	520,000	264,156	784,156
2018	540,000	247,319	787,319
2018 - 2022	2,615,000	933,802	3,548,802
2023 - 2027	2,540,000	427,600	2,967,600
2028 - 2030	580,000	13,412	593,412
	<u>\$ 8,275,000</u>	<u>\$ 2,762,382</u>	<u>\$ 11,037,382</u>

The various bond ordinances contain a number of limitations and restrictions. Management believes the City is in compliance with all significant limitation and restrictions at September 30, 2013.

D. Note Payable

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 7: LONG-TERM LIABILITIES (Continued)

E. Changes in Long-term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 5,985,000	\$ -	\$ 365,000	\$ 5,620,000	\$ 380,000
Issuance premium	140,561	-	8,562	131,999	8,562
Total bonds payable	<u>6,125,561</u>	<u>-</u>	<u>373,562</u>	<u>5,751,999</u>	<u>388,562</u>
Capital leases	221,283	798,336	221,283	798,336	-
Tax notes	125,000	3,325,000	125,000	3,325,000	110,000
Net pension obligation	204,620	466,477	466,477	204,620	-
Compensated absences	<u>954,298</u>	<u>495,966</u>	<u>381,719</u>	<u>1,068,545</u>	<u>427,418</u>
Total Governmental Activities	<u>\$ 7,630,762</u>	<u>\$ 5,085,779</u>	<u>\$ 1,568,041</u>	<u>\$ 11,148,500</u>	<u>\$ 925,980</u>
Business-type Activities:					
Certificates of obligation	\$ 7,195,000	\$ -	\$ 315,000	\$ 6,880,000	\$ 320,000
General obligation bonds	1,550,000	-	155,000	1,395,000	155,000
Revenue bonds	100,000	-	100,000	-	-
Issuance premium/discount	10,448	-	2,159	8,289	2,159
Total bonds payable	<u>8,855,448</u>	<u>-</u>	<u>572,159</u>	<u>8,283,289</u>	<u>477,159</u>
Capital leases	35,456	-	35,456	-	-
Net pension obligation	26,328	60,020	60,020	26,328	-
Compensated absences	<u>29,129</u>	<u>39,720</u>	<u>29,129</u>	<u>39,720</u>	<u>39,720</u>
Total Business-type Activities	<u>\$ 8,946,361</u>	<u>\$ 99,740</u>	<u>\$ 696,764</u>	<u>\$ 8,349,337</u>	<u>\$ 516,879</u>
Economic Development:					
Net pension obligation	\$ 11,034	\$ 25,155	\$ 25,155	\$ 11,034	\$ -
Compensated absences	19,654	14,752	7,862	26,544	9,669
Note payable - General Fund	<u>1,400,000</u>	<u>-</u>	<u>280,000</u>	<u>1,120,000</u>	<u>280,000</u>
Total Economic Development	<u>\$ 1,430,688</u>	<u>\$ 39,907</u>	<u>\$ 313,017</u>	<u>\$ 1,157,578</u>	<u>\$ 289,669</u>
Total Long-term Liabilities	<u><u>\$ 18,007,811</u></u>	<u><u>\$ 5,225,426</u></u>	<u><u>\$ 2,577,822</u></u>	<u><u>\$ 20,655,415</u></u>	<u><u>\$ 1,732,528</u></u>

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

F. Federal Arbitrage

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 8: RISK MANAGEMENT

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

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

NOTE 9: DEFERRED COMPENSATION PLAN

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

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

NOTE 10: RETIREMENT PLAN

Plan Description

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

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 10: RETIREMENT PLAN (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows for both the 2012 and 2013 plan years:

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

Contributions

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

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

Fiscal Year	2011	2012	2013
Annual Required Contribution (ARC)	\$ 520,224	\$ 528,040	\$ 551,012
Interest on Net Pension Obligation	11,260	15,582	16,939
Adjustment to ARC	<u>(9,316)</u>	<u>(13,394)</u>	<u>(16,299)</u>
Annual Pension Cost (APC)	522,168	530,228	551,652
Contributions Made	<u>(449,700)</u>	<u>(510,839)</u>	<u>(551,652)</u>
Increase (Decrease) in Net Pension Obligation	72,468	19,389	-
Net Pension Obligation/(Asset), beginning of year	150,125	222,593	241,982
Net Pension Obligation/(Asset), end of year	<u>\$ 222,593</u>	<u>\$ 241,982</u>	<u>\$ 241,982</u>
Contributions as a percentage of APC	86.1%	96.3%	100.0%

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 10: RETIREMENT PLAN (Continued)

Contributions (Continued)

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

General System-wide Actuarial Assumptions

Actuarial Valuation Date	12/31/10	12/31/11	12/31/12
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	27.3 Years-Closed	26.3 Years-Closed	25.4 Years-Closed
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed	10-year Smoothed	10-year Smoothed
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation At Cost of Living Adjustments	3.0%	3.0%	3.0%
	2.1%	2.1%	2.1%

Funding Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 87.7% funded. The actuarial accrued liability was \$20,277,668 and the actuarial value of assets was \$17,783,620, resulting in an unfunded actuarial accrued liability of \$2,494,048. The covered payroll was \$5,159,436 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 48.3%.

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 10: RETIREMENT PLAN (Continued)

Funding Status and Funding Progress (Continued)

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

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

Supplemental Death Benefits Fund

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

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

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

The city's contributions to the TMRS SDBF for the years ended 2013, 2012, and 2011 were \$1,589, \$1,533, and \$1,412, respectively, which equaled the required contributions each year.

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

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2011	0.03%	0.03%	100.0%
2012	0.03%	0.03%	100.0%
2013	0.03%	0.03%	100.0%

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 12: CONTINGENT LIABILITIES

Federal and State Programs

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

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

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

Litigation

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

NOTE 13: CONTRACTS AND COMMITMENTS

A. Water and Wastewater Contracts

The City has separate contracts with the City of Fort Worth, Texas for the purchase of treated water and for the treatment of wastewater, which expire in 2031 and 2017, respectively. The contracts require the City to pay varying amounts based on the costs associated with water purchased and treated. Payments during 2013 for the purchase of treated water were \$1,148,585 and payments made for the treatment of wastewater by the City of Fort Worth were \$1,209,316.

B. Economic Development Agreements

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

In March 2013, the Economic Development Corporation agreed to assist in the construction of a Best Western Elite Inn for an amount not to exceed \$275,000.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 13: CONTRACTS AND COMMITMENTS (Continued)

C. Farmers Branch Flood Control Project

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

In the November 2011 election, voters of the City did not approve the issuance of combination tax and revenue certificates of obligation to fund the City's portion of construction costs. As a result the scope of the project has been reduced to approximately one third. During 2011 the City deposited \$1,500,000 with the Army Corp of Engineers (the "Corp") for the City's share of the construction. During fiscal year 2013, construction began on the project. \$741,575 of the City's deposit had not been expended as of September 30, 2013.

As of September 30, 2013, the City has expended \$5,854,183 towards the project for engineering, property and easement acquisitions, demolitions and utility relocations.

D. Construction Commitments

The City has a construction contract in the amount of \$974,280 for the West Bomber Road force main and lariat lift station improvements. As of September 30, 2013, \$418,930 had been performed on the contract leaving a commitment of \$555,350. This project is funded by the water and wastewater fund.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 28, 2014, which is the date the financial statements were available to be issued.

In November 2013, the City authorized the Economic Development Corporation to issue \$12,600,000 in Sales Tax Revenue Bonds, Taxable Series 2013 for the purpose of providing funds to acquire and construct, equip and install a Hawaiian Falls public water recreation and adventure park, and related parking and infrastructure improvements to be located in Veterans' Park.

NOTE 15: NEW PRONOUNCEMENTS

The City and its component units implemented GASB Statement No. 61, *Financial Reporting Entity: Omnibus – an amendment to GASB Statements No. 14 and No. 34*. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. Upon implementation of GASB Statement No. 61, the primary government (City) must recognize, as an asset, its equity interest in the net position of discretely presented component units. The governmental activities have reported a \$6,464,145 asset in the Statement of Net Position to reflect its equity interest in the Economic Development Corporation component unit.

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Financial Statements
September 30, 2013

NOTE 15: NEW PRONOUNCEMENTS (Continued)

The City and its component units implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year. GASB Statement No. 63 changed the name of Exhibits A-1 and D-1 to the Statement of Net Position and net assets were changed to net position. GASB Statement No. 65 changed the classification of deferred revenues in Exhibit C-1 from liabilities to deferred inflows of resources and changed the accounting for bond issuance costs in the government-wide and proprietary fund financial statements. As a result, the beginning net position of the proprietary funds Statement of Net Position and the government-wide Statement of Net Position were restated, effectively decreasing net position as of September 30, 2013 by \$457,912. The decrease results from no longer deferring and amortizing bond issuance costs.

NOTE 16: FUTURE ACCOUNTING PRONOUNCEMENTS

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

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

Exhibit E-1

General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes				
Current property taxes	\$ 2,647,484	\$ 2,647,484	\$ 2,750,170	\$ 102,686
Miscellaneous property tax revenue	5,000	5,000	82,083	77,083
Delinquent tax collections	35,000	35,000	51,231	16,231
Taxes - penalties and interest	15,000	15,000	32,174	17,174
Total general property taxes	2,702,484	2,702,484	2,915,658	213,174
Sales and use taxes				
General sales tax	3,200,000	3,200,000	2,414,799	(785,201)
Mixed beverage tax	1,000	1,000	695	(305)
Bingo tax	40,000	40,000	40,739	739
Total sales and use taxes	3,241,000	3,241,000	2,456,233	(784,767)
Franchise tax				
Telephone franchise fees	100,000	100,000	76,374	(23,626)
Electric franchise fees	480,000	480,000	468,624	(11,376)
Cable TV franchise fees	70,000	70,000	122,966	52,966
Gas franchise fees	85,000	85,000	85,308	308
Refuse franchise fees	163,000	163,000	152,701	(10,299)
Total franchise tax	898,000	898,000	905,973	7,973
Fines and fees				
Municipal court fees	235,000	235,000	334,153	99,153
Deferred disposition fee	27,500	27,500	48,204	20,704
Court administrative fee	7,500	7,500	7,929	429
Extension fee - City	5,500	5,500	9,968	4,468
Warrant fees	45,000	45,000	77,834	32,834
ACO fees	2,500	2,500	2,720	220
Code compliance fine	6,000	6,000	7,693	1,693
Total fines and fees	329,000	329,000	488,501	159,501
Licenses and permits				
Building permits	50,000	50,000	166,240	116,240
Mechanical permits	10,000	10,000	23,874	13,874
Appeal/variance permits	750	750	950	200
Plumbing permits	12,000	12,000	21,262	9,262
Electrical permits	40,000	40,000	68,716	28,716
Alarm permits	7,500	7,500	8,625	1,125
Sign permits	2,000	2,000	7,351	5,351
Garage sale permits	4,000	4,000	6,870	2,870
Curb and gutter permits	250	250	316	66
Gas and oil permits	-	-	135,410	135,410
Miscellaneous permits	-	-	1,321	1,321

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES (Continued)				
Licenses and permits (Continued)				
Demolition fees	\$ 400	\$ 400	\$ 2,593	\$ 2,193
Occupancy permits	20,000	20,000	47,850	27,850
Fence permits	4,000	4,000	4,312	312
Contractor registration fee	20,000	20,000	25,700	5,700
Fire inspections	10,000	10,000	10,386	386
Recreational license	5,000	-	5,000	5,000
Recreational machine permits	-	5,000	4,395	(605)
Platting fees	-	-	1,022	1,022
Other inspection fees	-	-	8,335	8,335
False Alarm Fine	500	500	2,275	1,775
Total licenses and permits	<u>186,400</u>	<u>186,400</u>	<u>552,803</u>	<u>366,403</u>
Intergovernmental	<u>87,500</u>	<u>87,500</u>	<u>69,847</u>	<u>(17,653)</u>
Charges for services				
Copying Fee	150	150	146	(4)
Returned check fee	100	100	125	25
Building rental - cultural center	2,500	2,500	2,963	463
Building rental - recreation	35,000	35,000	32,380	(2,620)
Supervised recreation	60,000	60,000	63,787	3,787
Mowing fees	6,000	6,000	17,496	11,496
Animal control fees	25,000	25,000	23,893	(1,107)
Library revenue	12,500	12,500	14,400	1,900
Library memorial	-	-	5	5
Library processing	80	80	173	93
Reimburse lost/damaged books	300	300	437	137
Fingerprinting fees	100	100	150	50
Police report fees	400	400	603	203
Wrecker service fees	1,400	1,400	2,655	1,255
Fleet cost shares	-	-	32,242	32,242
Total charges for services	<u>143,530</u>	<u>143,530</u>	<u>191,455</u>	<u>47,925</u>
Oil and gas royalties	<u>50,000</u>	<u>50,000</u>	<u>126,346</u>	<u>76,346</u>
Investment earnings	<u>8,000</u>	<u>8,000</u>	<u>18,933</u>	<u>10,933</u>

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

REVENUES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other revenue				
Pay phone income	\$ 750	\$ 750	\$ 1,029	\$ 279
Council filing fee	-	-	180	180
Over/short	-	-	58	58
Interlocal radio support fee	5,000	5,000	4,850	(150)
Miscellaneous revenues	5,000	5,000	13,814	8,814
Total other revenue	10,750	10,750	19,931	9,181
Total revenues	7,656,664	7,656,664	7,745,680	89,016
EXPENDITURES				
Current				
General Government:				
City council				
Part-time temporary salaries	7,800	7,800	6,425	1,375
FICA	872	872	492	380
Workers' compensation	32	32	27	5
Unemployment insurance	399	399	43	356
Office supplies	4,700	6,428	6,427	1
Postage and freight	250	250	10	240
Legal costs	30,000	30,000	22,000	8,000
Audit services	25,000	25,000	22,774	2,226
Copy rental/lease	1,000	1,000	195	805
Professional services	10,200	7,511	-	7,511
Communications	2,500	2,781	2,780	1
Insurance	23,000	23,000	19,512	3,488
Dues/subscriptions/memberships	18,000	18,000	7,519	10,481
Marketing and promotional services	2,000	2,000	694	1,306
Travel and training	10,000	10,000	9,651	349
Miscellaneous materials and supplies	-	680	680	-
Appreciation	5,000	5,000	189	4,811
Plaques, awards and recognition	2,500	2,500	1,814	686
Grant match	5,000	5,000	-	5,000
City council reserve	45,605	27,107	-	27,107
Total City council	193,858	175,360	101,232	74,128
Administration				
Regular salaries	130,008	132,993	132,993	-
Part-time temporary salaries	25,000	25,000	-	25,000
Longevity pay	212	212	212	-
FICA	12,242	9,171	9,017	154
TMRS	16,634	16,634	14,348	2,286
Workers' compensation	501	501	420	81

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Administration (Continued)				
Unemployment insurance	\$ 630	\$ 630	\$ 9	\$ 621
Health insurance	6,096	6,096	6,093	3
Dental insurance	312	312	301	11
Life insurance	103	103	72	31
Vehicle allowance	4,800	4,800	4,800	-
Office supplies	1,500	1,500	865	635
Postage and freight	200	200	52	148
Copy rental/lease	2,100	2,186	2,185	1
Communications	1,200	1,200	904	296
Dues/subscriptions/memberships	500	500	108	392
Marketing and promotional services	1,000	1,000	-	1,000
Travel and training	1,500	1,500	344	1,156
Employee appreciation	6,000	6,000	1,224	4,776
City manager reserve	45,604	37,621	-	37,621
Other professional services	6,000	6,000	-	6,000
Total administration	262,142	254,159	173,947	80,212
City secretary				
Regular salaries	50,446	50,636	50,635	1
Longevity pay	220	221	220	1
FICA	3,876	3,876	3,520	356
TMRS	5,267	5,272	5,272	-
Workers' compensation	159	159	133	26
Unemployment insurance	315	119	9	110
Health insurance	8,016	8,016	8,013	3
Dental insurance	312	312	301	11
Life insurance	103	103	98	5
Office supplies	2,650	2,650	2,438	212
Postage and freight	250	250	209	41
Copy rental/lease	2,072	2,186	2,185	1
Election services	35,000	46,077	46,076	1
Other professional services	4,500	3,766	1,876	1,890
Communications	600	600	-	600
Dues/subscriptions/memberships	1,450	1,450	285	1,165
Travel and training	2,500	3,120	3,120	-
Employee appreciation	500	500	-	500
Advertisement/notices	2,500	9,921	9,921	-
Total City secretary	120,736	139,234	134,311	4,923

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund
For the Year Ended September 30, 2013

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Current (Continued)				
Finance				
Regular salaries	\$ 222,810	\$ 222,810	\$ 220,303	\$ 2,507
Overtime	5,766	5,766	3,103	2,663
Certification pay	1,800	1,800	1,800	-
Longevity pay	1,066	1,066	1,066	-
FICA	17,704	17,704	16,215	1,489
TMRS	24,058	24,058	23,434	624
Workers' compensation	725	725	608	117
Unemployment insurance	1,260	1,260	155	1,105
Health insurance	24,384	24,384	24,271	113
Dental insurance	1,248	1,248	1,105	143
Life insurance	412	412	359	53
Office supplies	2,900	4,400	4,222	178
Photo and duplication supplies	1,300	1,300	376	924
Postage and freight	3,000	3,000	2,766	234
Copy rental/lease	1,500	1,500	1,278	222
Other professional services	40,000	40,000	30,991	9,009
Communications	600	600	600	-
Computer maintenance	26,000	23,450	22,747	703
Insurance	1,800	1,800	1,530	270
Dues/subscriptions/memberships	1,500	2,000	1,979	21
Travel and training	8,000	7,250	7,223	27
Advertisement/notices	2,000	3,300	3,245	55
Total finance	389,833	389,833	369,376	20,457
Human resources				
Regular salaries	90,103	72,879	72,419	460
Overtime	492	492	15	477
Part-time/temporary salaries	6,578	23,802	23,801	1
Longevity pay	588	588	391	197
FICA	7,479	7,479	7,101	378
TMRS	9,780	9,780	9,008	772
Workers' compensation	306	306	257	49
Unemployment insurance	945	945	107	838
Health insurance	6,096	6,096	6,093	3
Dental insurance	546	546	301	245
Life insurance	180	180	98	82
Office supplies	1,200	1,200	1,039	161
Photo and duplication supplies	300	300	-	300
Education materials	4,000	4,000	2,389	1,611
Postage and freight	300	300	280	20

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Human resources (Continued)				
Legal services	\$ 8,000	\$ 8,000	\$ 2,434	\$ 5,566
Copier lease/rental	900	900	741	159
Other professional services	24,000	23,537	15,777	7,760
Communications	600	600	453	147
Insurance	2,400	2,400	2,205	195
Dues/subscriptions/memberships	500	500	75	425
Travel and training	1,800	2,263	2,262	1
Employee appreciation	500	500	73	427
Advertisement/notices	5,500	5,500	1,443	4,057
Total human resources	173,093	173,093	148,762	24,331
Management information services				
Regular salaries	83,869	92,174	92,174	-
Overtime	3,135	4,354	4,354	-
Longevity pay	433	434	433	1
FICA	6,873	7,170	7,170	-
TMRS	9,339	10,330	10,329	1
Workers' compensation	281	281	236	45
Unemployment insurance	630	630	27	603
Health insurance	12,192	13,240	13,239	1
Dental insurance	624	624	528	96
Life insurance	206	206	171	35
Vehicle allowance	2,400	2,600	2,600	-
Office supplies	2,500	2,694	2,693	1
Miscellaneous materials and supplies	500	500	-	500
Tools and equipment < \$5,000	500	500	-	500
Copier lease/rental	6,000	6,649	6,648	1
Other professional services	6,000	6,000	5,988	12
Communications	15,000	15,082	15,081	1
Equipment maintenance/repair	25,000	29,799	29,699	100
Dues/subscriptions/memberships	500	698	698	-
Travel and training	500	500	-	500
Machinery & equipment	10,000	10,000	-	10,000
Total management information services	186,482	204,465	192,068	12,397
Purchasing/warehouse				
Regular salaries	65,394	66,460	66,460	-
Overtime	327	327	242	85
Longevity pay	1,165	1,166	1,165	1
FICA	5,117	5,117	5,015	102

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Current (Continued)				
Purchasing/warehouse (Continued)				
TMRS	\$ 6,953	\$ 6,953	\$ 6,944	\$ 9
Workers' compensation	3,505	2,942	2,941	1
Unemployment insurance	630	126	18	108
Health insurance	12,192	12,192	12,186	6
Dental insurance	624	624	603	21
Life insurance	206	206	196	10
Office supplies	1,000	1,000	479	521
Janitorial supplies	200	200	25	175
Building, electrical and plumbing supplies	650	650	342	308
Uniforms	500	500	411	89
Postage and freight	-	19	18	1
Fuel and lubricants	3,450	3,450	1,962	1,488
Safety supplies and equipment	50	50	-	50
Tools and equipment < \$5,000	500	500	108	392
Inventory over/short	150	150	-	150
Janitorial services	1,000	750	-	750
Pest control services	100	100	81	19
Copier lease/rental	600	600	511	89
Communications	2,100	2,690	2,690	-
Utilities	7,000	5,863	5,337	526
Vehicle/equipment non-target	1,650	1,650	1,042	608
Vehicle maintenance/repairs	18,000	18,000	15,270	2,730
Equipment maintenance/repairs	400	400	-	400
Building maintenance and repair	1,200	1,200	89	1,111
Insurance	3,265	3,793	3,792	1
Dues/subscriptions/memberships	1,500	1,500	780	720
Travel and training	4,000	4,000	1,005	2,995
Advertisement/notices	400	400	260	140
Employee testing/physicals	100	100	-	100
First aid and medical supplies	-	250	200	50
Other equipment	21,000	21,000	19,734	1,266
Total purchasing/warehouse	164,928	164,928	149,906	15,022
Municipal facilities				
Regular salaries	71,039	72,877	72,876	1
Overtime	865	84	84	-
Longevity pay	959	959	959	-
FICA	5,574	5,322	5,321	1
TMRS	7,574	7,598	7,597	1
Workers' compensation	2,552	2,142	2,141	1
Unemployment insurance	630	211	18	193

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
Municipal facilities (Continued)				
Health insurance	\$ 14,112	\$ 14,112	\$ 14,106	\$ 6
Dental insurance	624	624	603	21
Life insurance	206	206	196	10
Office supplies	1,300	1,300	1,074	226
Janitorial supplies	1,000	1,000	822	178
Building, electrical and plumbing supplies	1,000	1,000	513	487
Batteries	300	300	6	294
Miscellaneous materials and supplies	1,000	1,000	656	344
Uniforms	1,000	1,000	765	235
Fuel and lubricants	1,800	2,313	2,312	1
Safety supplies and equipment	250	250	70	180
Tools and equipment < \$5,000	1,000	1,093	1,093	-
First aid and medical supplies	500	500	476	24
Janitorial services	12,000	11,181	10,270	911
Pest control services	800	800	355	445
Other professional services	3,000	3,000	1,403	1,597
Communications	800	909	909	-
Utilities	30,000	30,000	25,295	4,705
Vehicle/equipment non-target	585	585	-	585
Vehicle maintenance/repairs	5,830	5,915	5,914	1
Equipment maintenance/repairs	500	500	12	488
Building maintenance and repair	25,000	25,000	11,418	13,582
Rental equipment and building	1,000	1,000	(4)	1,004
Insurance	950	969	968	1
Travel and training	500	500	-	500
Employee testing/physicals	200	200	40	160
Building improvements	60,000	60,000	-	60,000
Total municipal facilities	254,450	254,450	168,268	86,182
Total general government	1,745,522	1,755,522	1,437,870	317,652
Public Safety:				
Police administration				
Regular salaries	1,085,411	1,085,411	1,055,409	30,002
Overtime	14,753	14,753	10,693	4,060
Certification pay	19,800	19,800	16,175	3,625
Longevity pay	11,901	11,901	11,105	796
FICA	86,588	86,588	79,799	6,789
TMRS	117,657	117,657	112,716	4,941
Workers' compensation	18,326	18,326	15,375	2,951
Unemployment insurance	7,245	7,245	465	6,780

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Police administration (Continued)				
Health insurance	\$ 157,488	\$ 157,488	\$ 150,128	\$ 7,360
Dental insurance	7,176	7,176	6,933	243
Life insurance	2,369	2,369	2,215	154
Office supplies	9,985	9,985	9,736	249
Shop and lab supplies	2,920	3,795	2,983	812
Photo and duplication supplies	1,540	1,540	1,488	52
Janitorial supplies	1,428	1,428	1,313	115
Building, electrical and plumbing supplies	1,254	1,939	1,938	1
Batteries	303	323	319	4
Miscellaneous materials and supplies	8,800	7,985	7,984	1
Uniforms	3,000	3,000	2,452	548
Postage and freight	1,200	1,200	1,077	123
Fuel and lubricants	12,000	12,000	11,653	347
Safety supplies and equipment	590	449	322	127
Tools and equipment < \$5,000	2,616	2,342	2,341	1
First aid and medical supplies	2,400	2,405	2,401	4
Janitorial services	16,000	15,240	13,814	1,426
Pest control services	550	550	503	47
Copier lease/rental	6,870	6,870	6,426	444
Other professional services	3,683	3,683	3,516	167
Communications	9,500	9,704	9,703	1
Utilities	42,000	41,400	33,510	7,890
Vehicle/equipment non-target	1,210	1,210	96	1,114
Vehicle maintenance/repairs	21,100	21,100	20,565	535
Equipment maintenance/repairs	3,920	4,420	4,365	55
Building maintenance and repair	5,144	5,417	5,417	-
Insurance	26,000	26,028	26,028	-
Dues/subscriptions/memberships	1,475	1,475	1,100	375
Employee appreciation	1,000	1,000	602	398
Employee testing/physicals	3,000	2,500	585	1,915
Tobacco compliance grant	-	-	99	(99)
Total police administration	1,718,202	1,717,702	1,633,349	84,353
Police patrol/CID				
Regular salaries	1,426,695	1,456,342	1,456,341	1
Overtime	30,059	25,720	25,720	-
Part-time temporary salaries	18,815	15,643	15,643	-
Certification pay	29,100	29,400	29,400	-
Longevity pay	10,860	10,083	10,082	1
FICA	115,938	113,959	113,959	-
TMRS	155,583	158,000	157,999	1

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
Police patrol/CID (Continued)				
Workers' compensation	\$ 40,929	\$ 34,345	\$ 34,344	\$ 1
Unemployment insurance	8,849	487	487	-
Health insurance	179,952	172,801	166,065	6,736
Dental insurance	8,112	8,112	7,385	727
Life insurance	2,678	2,678	2,396	282
Office supplies	3,000	3,465	3,278	187
Photo and duplication supplies	200	200	-	200
Building, electrical and plumbing supplies	1,000	1,000	321	679
Batteries	1,000	1,500	1,276	224
Miscellaneous materials and supplies	1,609	1,609	1,330	279
Uniforms	4,916	5,916	5,467	449
Fuel and lubricants	78,645	79,190	79,189	1
Safety supplies and equipment	500	500	449	51
Tools and equipment < \$5,000	5,000	2,700	1,997	703
First aid and medical supplies	1,630	336	336	-
Other professional services	500	500	117	383
Communications	1,000	1,060	1,058	2
Vehicle/equipment non-target	5,175	8,119	8,119	-
Vehicle maintenance/repairs	51,730	50,217	50,216	1
Equipment maintenance/repairs	3,500	15	15	-
Insurance	10,500	13,578	13,577	1
Dues/subscriptions/memberships	1,400	1,400	1,295	105
Employee testing/physicals	1,100	1,600	1,556	44
Total police patrol/CID	2,199,975	2,200,475	2,189,417	11,058
Municipal Court				
Regular salaries	125,672	127,015	127,014	1
Overtime	4,711	7,679	7,678	1
Certification pay	2,100	2,100	2,100	-
Longevity pay	796	797	796	1
FICA	10,196	10,206	10,206	-
TMRS	13,854	14,244	14,243	1
Workers' compensation	1,716	1,440	1,440	-
Unemployment insurance	945	27	27	-
Health insurance	20,208	18,279	18,278	1
Dental insurance	936	905	904	1
Life insurance	309	294	293	1
Office supplies	5,000	3,457	3,433	24
Miscellaneous materials and supplies	500	199	16	183
Uniforms	1,000	1,000	317	683
Postage and freight	2,500	2,801	2,800	1

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
Current (Continued)				
Municipal Court (Continued)				
Fuel and lubricants	\$ 2,400	\$ 2,400	\$ 1,110	\$ 1,290
Legal services	47,000	47,000	45,056	1,944
Copier lease/rental	200	200	149	51
Other professional services	1,500	1,500	1,463	37
Communications	1,200	1,200	1,053	147
Computer maintenance	4,000	4,000	3,002	998
Vehicle/equipment non-target	290	290	-	290
Vehicle maintenance/repairs	2,915	2,915	2,828	87
Dues/subscriptions/memberships	1,500	1,500	203	1,297
Travel and training	4,500	4,500	2,973	1,527
Employee testing/physicals	100	100	40	60
Total municipal court	256,048	256,048	247,422	8,626
Fire department				
Regular salaries	49,088	49,088	-	49,088
Part-time temporary salaries	122,657	173,408	173,407	1
FICA	13,138	13,267	13,266	1
Workers' compensation	2,369	2,369	1,988	381
Unemployment insurance	5,355	5,355	569	4,786
Volunteer injury insurance	5,675	5,675	5,675	-
Volunteer worker's compensation	9,307	11,607	11,547	60
Volunteer fire retirement	4,800	4,800	4,800	-
Office supplies	1,500	1,557	1,539	18
Photo and duplication supplies	200	-	-	-
Janitorial supplies	400	644	644	-
Building, electrical and plumbing supplies	450	350	331	19
Batteries	300	290	283	7
Miscellaneous materials and supplies	5,000	1,950	1,774	176
Uniforms	7,000	7,130	7,130	-
Postage and freight	175	175	125	50
Fuel and lubricants	11,500	15,450	15,430	20
Safety supplies and equipment	18,850	19,850	19,849	1
Tools and equipment < \$5,000	2,300	2,450	2,446	4
Chemicals	250	293	292	1
EMO Supplies	1,500	1,395	1,291	104
First aid and medical supplies	4,000	3,600	3,443	157
Janitorial services	1,000	300	200	100
Pest control services	250	250	196	54
Other professional services	1,200	3,175	1,986	1,189
Hazmat clean-up	-	4,150	4,142	8
Communications	800	1,010	1,007	3

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Fire department (Continued)				
Utilities	\$ 17,800	\$ 14,905	\$ 15,937	\$ (1,032)
Vehicle/equipment non-target	4,000	4,000	3,137	863
Vehicle maintenance/repairs	22,916	22,916	22,248	668
Equipment maintenance/repairs	14,800	10,318	9,485	833
Building maintenance and repair	350	3,150	3,142	8
Insurance	8,850	10,570	10,569	1
Dues/subscriptions/memberships	1,885	2,686	2,685	1
Marketing and promotional services	3,000	1,330	1,219	111
Travel and training	6,500	5,070	4,098	972
VFD utility service	25,000	24,680	14,459	10,221
Employee testing/physicals	750	1,240	1,240	-
Firefighter incentive program	160,000	153,550	149,715	3,835
Motor Vehicles	-	-	798,336	(798,336)
Other equipment	10,000	10,000	8,180	1,820
Total fire department	<u>544,915</u>	<u>594,003</u>	<u>1,317,810</u>	<u>(723,807)</u>
Code compliance				
Regular salaries	275,635	275,635	236,298	39,337
Overtime	3,825	3,825	361	3,464
Certification pay	2,700	2,700	2,025	675
Longevity pay	751	751	726	25
FICA	21,643	21,643	17,678	3,965
TMRS	29,409	29,409	24,851	4,558
Workers' compensation	1,660	1,660	1,393	267
Unemployment insurance	2,205	2,205	63	2,142
Health insurance	38,496	38,496	33,317	5,179
Dental insurance	2,184	2,184	1,784	400
Life insurance	721	721	544	177
Office supplies	3,800	4,400	3,850	550
Photo and duplication supplies	1,750	2,750	2,090	660
Uniforms	1,000	1,200	1,092	108
Postage and freight	3,000	3,000	2,751	249
Fuel and lubricants	3,300	3,800	3,632	168
Tools and equipment < \$5,000	500	500	276	224
Legal services	2,500	1,280	-	1,280
Engineering services	-	400	400	-
Copier lease/rental	3,000	3,000	2,492	508
Other professional services	5,000	7,220	7,220	-
Demolitions and lot clearing	100,000	95,900	58,854	37,046
Communications	2,200	2,600	2,549	51
Computer maintenance	3,500	3,500	3,180	320

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Code compliance (Continued)				
Vehicle/equipment non-target	\$ 880	\$ 880	\$ 200	\$ 680
Vehicle maintenance/repairs	8,775	8,775	8,516	259
Equipment maintenance/repairs	250	250	88	162
Insurance	1,500	1,500	1,347	153
Dues/subscriptions/memberships	500	500	361	139
Travel and training	3,500	3,500	3,291	209
Advertisement/notices	5,000	5,000	2,998	2,002
Employee testing/physicals	200	200	170	30
Total code compliance	<u>529,384</u>	<u>529,384</u>	<u>424,397</u>	<u>104,987</u>
Total public safety	<u>5,248,524</u>	<u>5,297,612</u>	<u>5,812,395</u>	<u>(514,783)</u>
Public Works:				
Streets and drainage				
Regular salaries	186,295	186,295	177,437	8,858
Overtime	21,513	8,560	6,541	2,019
Part-time/temporary salaries	8,560	21,513	16,914	4,599
Certification pay	900	900	900	-
Longevity pay	1,071	1,071	1,058	13
FICA	16,703	16,703	15,357	1,346
TMRS	20,460	20,460	19,266	1,194
Workers' compensation	16,385	16,385	13,748	2,637
Unemployment insurance	2,520	2,520	479	2,041
Health insurance	36,576	36,576	33,510	3,066
Dental insurance	1,872	1,872	1,658	214
Life insurance	618	618	538	80
Office supplies	400	400	100	300
Janitorial supplies	200	200	93	107
Building, electrical and plumbing supplies	200	200	-	200
Batteries	250	250	137	113
Miscellaneous materials and supplies	300	300	57	243
Uniforms	2,500	2,500	755	1,745
Fuel and lubricants	19,000	23,313	23,312	1
Safety supplies and equipment	3,000	3,000	1,772	1,228
Tools and equipment < \$5,000	3,000	3,000	2,863	137
Chemicals	1,200	1,469	1,469	-
Parts for equipment	1,500	1,500	213	1,287
Street maintenance	75,000	68,285	53,224	15,061
Street sign supplies	7,500	7,500	7,235	265
First aid and medical supplies	250	250	200	50
Sanitation services	10,000	10,000	-	10,000

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Streets and drainage (Continued)				
Pest control service	\$ 100	\$ 100	\$ 81	\$ 19
Copier lease/rental	600	600	511	89
Street lights and signals	150,000	150,000	130,108	19,892
Other professional services	3,000	3,000	58	2,942
Communications	1,800	1,800	1,724	76
Utilities	8,000	8,000	1,745	6,255
Vehicle/equipment non-target	5,440	5,440	1,523	3,917
Vehicle maintenance/repairs	54,400	54,400	52,730	1,670
Equipment maintenance/repairs	1,000	1,000	-	1,000
Building maintenance and repair	1,000	1,000	-	1,000
Building and equipment rental	2,000	2,000	-	2,000
Insurance	10,100	10,948	10,948	-
Dues/subscriptions/memberships	200	200	52	148
Travel and training	1,200	1,200	240	960
Employee testing/physicals	600	1,885	1,885	-
Other equipment	-	-	42,154	(42,154)
Total streets and drainage	<u>677,213</u>	<u>677,213</u>	<u>622,595</u>	<u>54,618</u>
Total public works	<u>677,213</u>	<u>677,213</u>	<u>622,595</u>	<u>54,618</u>
Public Health:				
Animal control				
Regular salaries	61,435	63,582	63,581	1
Overtime	3,686	3,715	3,715	-
Part-time temporary salaries	36,050	36,050	21,616	14,434
Certification pay	3,600	3,600	3,075	525
Longevity pay	244	244	244	-
FICA	8,034	8,034	7,033	1,001
TMRS	6,951	7,234	7,233	1
Workers' compensation	2,894	2,894	2,428	466
Unemployment insurance	1,260	1,260	36	1,224
Health insurance	12,192	12,205	12,204	1
Dental insurance	624	624	603	21
Life insurance	206	206	196	10
Office supplies	4,000	2,791	2,790	1
Janitorial supplies	4,000	2,962	2,961	1
Building, electrical and plumbing supplies	2,500	2,677	2,676	1
Miscellaneous materials and supplies	10,000	8,436	8,436	-
Uniforms	1,500	490	490	-
Postage and freight	150	150	127	23
Fuel and lubricants	2,439	3,089	3,089	-

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Animal control (Continued)				
Safety supplies and equipment	\$ 500	\$ 500	\$ 244	\$ 256
Tools and equipment < \$5,000	5,000	5,808	5,808	-
Street sign supplies	200	200	172	28
First aid and medical supplies	6,000	2,920	2,920	-
Pest control service	400	400	207	193
Copier lease/rental	200	200	149	51
Other professional services	4,000	7,395	7,394	1
Communications	3,600	4,382	4,381	1
Utilities	22,110	20,668	21,455	(787)
Vehicle/equipment non-target	585	585	-	585
Vehicle maintenance/repairs	5,825	5,825	5,679	146
Equipment maintenance/repairs	800	800	792	8
Building maintenance and repair	4,000	4,553	4,552	1
Rental equipment and building	310	310	-	310
Insurance	3,100	3,100	1,908	1,192
Dues/subscriptions/memberships	150	150	-	150
Travel and training	2,000	2,000	475	1,525
Advertisements/notices	300	586	586	-
Employee testing/physicals	150	370	370	-
Total animal control	<u>220,995</u>	<u>220,995</u>	<u>199,625</u>	<u>21,370</u>
Total public health	<u>220,995</u>	<u>220,995</u>	<u>199,625</u>	<u>21,370</u>
Culture and Recreation:				
Senior services				
Regular salaries	171,498	174,218	174,218	-
Overtime	519	-	-	-
Part-time temporary salaries	-	706	706	-
Longevity pay	1,937	1,937	1,937	-
FICA	13,308	13,462	13,461	1
TMRS	18,083	18,140	18,140	-
Workers' compensation	1,766	1,482	1,482	-
Unemployment insurance	1,575	45	45	-
Health insurance	24,384	24,384	24,376	8
Dental insurance	1,560	1,508	1,507	1
Life insurance	515	358	357	1
Office supplies	1,300	1,289	1,164	125
Janitorial supplies	2,000	2,000	1,143	857
Building, electrical and plumbing supplies	900	900	-	900
Landscaping supplies	500	500	37	463
Miscellaneous materials and supplies	300	300	11	289

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Current (Continued)				
Senior services (Continued)				
Postage and freight	\$ 200	\$ 200	\$ 111	\$ 89
Fuel and lubricants	4,176	5,653	5,652	1
Safety supplies and equipment	75	75	-	75
Senior special supplies	-	11	10	1
First aid and medical supplies	250	250	-	250
Janitorial services	13,500	10,236	8,572	1,664
Pest control service	500	520	519	1
Copier lease/rental	1,500	1,500	1,234	266
Other professional services	2,600	2,600	749	1,851
Communications	400	469	468	1
Utilities	23,000	23,000	18,489	4,511
Computer maintenance	3,300	3,300	1,480	1,820
Vehicle/equipment non-target	585	585	-	585
Vehicle maintenance/repairs	5,830	5,830	5,656	174
Equipment maintenance/repairs	300	300	-	300
Building maintenance and repair	1,500	1,500	315	1,185
Insurance	3,850	4,391	4,391	-
Dues/subscriptions/memberships	105	167	167	-
Travel and training	1,500	1,500	1,369	131
Marketing and promotional services	600	600	588	12
Advertisement/notices	150	15	-	15
Employee testing/physicals	75	210	210	-
Building improvements	15,000	15,000	-	15,000
Total senior services	319,141	319,141	288,564	30,577
Parks maintenance				
Regular salaries	137,233	139,849	139,848	1
Overtime	4,582	5,356	5,355	1
Part-time temporary salaries	-	344	344	-
Longevity pay	1,567	1,568	1,567	1
FICA	11,152	10,365	10,365	-
TMRS	15,154	15,370	15,370	-
Workers' compensation	4,328	3,632	3,632	-
Unemployment insurance	945	27	27	-
Health insurance	22,128	24,039	24,038	1
Dental insurance	936	905	904	1
Life insurance	309	294	293	1
Vehicle allowance	2,400	2,400	2,400	-
Office supplies	500	500	52	448
Janitorial supplies	1,200	1,245	1,244	1
Building, electrical and plumbing supplies	1,000	1,000	104	896

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Current (Continued)				
Parks maintenance (Continued)				
Landscaping supplies	\$ 3,500	\$ 3,500	\$ 862	\$ 2,638
Miscellaneous materials and supplies	1,600	1,200	508	692
Uniforms	1,000	1,475	1,475	-
Postage and freight	-	3	3	-
Fuel and lubricants	6,300	6,737	6,736	1
Safety supplies and equipment	500	500	28	472
Tools and equipment < \$5,000	4,300	4,300	3,515	785
Chemicals	800	800	28	772
Parts for equipment	800	800	573	227
Street sign supplies	200	200	-	200
First aid and medical supplies	250	250	-	250
Pest control service	750	750	-	750
Copier lease/rental	500	500	399	101
Other professional services	31,000	31,000	29,671	1,329
Communications	3,000	4,155	4,154	1
Utilities	6,000	2,585	706	1,879
Vehicle/equipment non-target	4,070	4,070	350	3,720
Vehicle maintenance/repairs	40,700	40,700	39,500	1,200
Equipment maintenance/repairs	1,500	1,500	565	935
Building maintenance and repair	2,500	2,500	-	2,500
Building and equipment rental	7,500	4,848	4,275	573
Insurance	2,500	3,437	3,436	1
Dues/subscriptions/memberships	350	350	301	49
Travel and training	1,350	1,350	140	1,210
Employee testing/physicals	200	200	40	160
Total parks maintenance	324,604	324,604	302,808	21,796
Recreation				
Regular salaries	74,392	74,042	52,588	21,454
Overtime	4,092	4,092	3,703	389
Part-time temporary salaries	30,141	30,491	30,490	1
Longevity pay	252	252	71	181
FICA	8,329	8,329	6,557	1,772
TMRS	8,179	8,179	5,812	2,367
Workers' compensation	3,233	3,233	2,713	520
Unemployment insurance	1,260	1,260	178	1,082
Health insurance	14,112	14,112	7,616	6,496
Dental insurance	624	624	377	247
Life insurance	206	206	122	84
Office supplies	2,000	2,001	2,001	-
Janitorial supplies	1,000	999	472	527

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

General Fund

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Recreation (Continued)				
Building, electrical and plumbing supplies	\$ 2,000	\$ 2,000	\$ 1,032	\$ 968
Miscellaneous materials and supplies	21,000	10,290	10,267	23
Uniforms	400	650	613	37
Postage and freight	500	500	118	382
Fuel and lubricants	500	500	-	500
Safety supplies	100	100	-	100
Tools and equipment < \$5,000	3,000	3,000	1,047	1,953
Street sign supplies	200	200	121	79
First aid and medical supplies	300	300	261	39
Janitorial services	500	500	-	500
Pest control service	300	300	207	93
Copier lease/rental	1,000	1,000	790	210
Other professional services	2,500	2,500	1,622	878
Program instructors	27,000	37,047	37,047	-
Utilities	27,000	27,000	19,526	7,474
Computer maintenance	1,000	1,050	1,050	-
Equipment maintenance/repairs	250	250	-	250
Building maintenance and repair	16,000	16,000	12,293	3,707
Rental equipment and building	400	400	373	27
Insurance	1,600	1,712	1,711	1
Dues/subscriptions/memberships	300	300	250	50
Marketing & promotional service	1,000	1,166	1,165	1
Travel and training	500	500	290	210
Advertisement/notices	800	800	525	275
Employee testing/physicals	500	585	585	-
Total recreation	256,470	256,470	203,593	52,877
Library				
Regular salaries	169,422	169,422	168,431	991
Overtime	665	665	127	538
Part-time temporary salaries	81,201	81,201	53,088	28,113
Longevity pay	1,714	1,714	1,684	30
FICA	19,355	19,355	16,545	2,810
TMRS	22,164	22,164	19,661	2,503
Workers' compensation	775	775	650	125
Unemployment insurance	3,150	2,817	294	2,523
Health insurance	24,384	24,717	24,717	-
Dental insurance	1,248	1,248	1,110	138
Life insurance	412	412	359	53
Office supplies	6,155	6,155	5,343	812
Photo and duplication supplies	800	800	84	716

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current (Continued)				
Library (Continued)				
Janitorial supplies	\$ 750	\$ 750	\$ 618	\$ 132
Landscaping supplies	500	500	193	307
Miscellaneous materials and supplies	4,250	4,368	4,367	1
Uniforms	300	300	-	300
Postage and freight	1,800	1,820	1,820	-
Computer parts and software	-	1,781	1,781	-
Books	27,060	27,060	26,628	432
Janitorial services	11,400	12,300	12,300	-
Copier lease/rental	5,000	7,000	6,663	337
Other professional services	200	200	85	115
Other leases/books	7,130	7,994	7,994	-
Communications	1,320	1,320	1,264	56
Utilities	23,100	23,100	15,575	7,525
Equipment maintenance/repairs	3,600	3,600	2,375	1,225
Building maintenance and repair	18,000	14,698	1,828	12,870
Insurance	2,400	2,518	2,517	1
Dues/subscriptions/memberships	7,200	7,200	6,317	883
Marketing and promotional services	5,890	3,245	2,620	625
Travel and training	650	796	796	-
Employee testing/physicals	400	400	295	105
Total library	<u>452,395</u>	<u>452,395</u>	<u>388,129</u>	<u>64,266</u>
Pride Commission				
Landscaping supplies	2,100	2,100	2,100	-
Street sign supplies	-	-	20	(20)
Dues/subscriptions/memberships	100	100	112	(12)
Marketing & promotional services	5,300	5,300	5,326	(26)
Total Pride Commission	<u>7,500</u>	<u>7,500</u>	<u>7,558</u>	<u>(58)</u>
Total culture and recreation	<u>1,360,110</u>	<u>1,360,110</u>	<u>1,190,652</u>	<u>169,458</u>
Total expenditures	<u>9,252,364</u>	<u>9,311,452</u>	<u>9,263,137</u>	<u>48,315</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,595,700)	(1,654,788)	(1,517,457)	137,331
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance refunds/claims	-	-	30,341	30,341
Proceeds from sale of general capital assets	-	-	25,265	25,265
Issuance of capital lease	-	-	798,336	798,336

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

CITY OF WHITE SETTLEMENT, TEXAS **Exhibit E-1 (Continued)**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES) (Continued)				
Transfers in:				
Administrative cost share water/sewer fund	\$ 495,000	\$ 495,000	\$ 495,000	\$ -
Administrative cost share crime district fund	75,000	75,000	60,172	(14,828)
Administrative cost share refuse	37,200	37,200	37,200	-
Administrative cost share customer service	52,500	52,500	52,500	-
Crime district	986,000	986,000	917,000	(69,000)
Total transfers in	<u>1,645,700</u>	<u>1,645,700</u>	<u>1,561,872</u>	<u>(83,828)</u>
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Total other financing sources (uses)	<u>1,595,700</u>	<u>1,595,700</u>	<u>2,415,814</u>	<u>820,114</u>
NET CHANGE IN FUND BALANCES	-	(59,088)	898,357	957,445
FUND BALANCE, OCTOBER 1, 2012	<u>10,001,565</u>	<u>10,001,565</u>	<u>10,001,565</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2013	<u>\$ 10,001,565</u>	<u>\$ 9,942,477</u>	<u>\$ 10,899,922</u>	<u>\$ 957,445</u>

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

CITY OF WHITE SETTLEMENT, TEXAS

Exhibit E-2

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)

Crime District Fund

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and use taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,159,541	\$ (340,459)
Investment earnings	500	500	1,315	815
Total revenues	<u>1,500,500</u>	<u>1,500,500</u>	<u>1,160,856</u>	<u>(339,644)</u>
EXPENDITURES				
Current				
Public safety				
Miscellaneous materials and supplies	1,334	1,334	1,045	289
Education materials	10,470	10,470	3,872	6,598
Ammunition	24,178	24,178	15,673	8,505
Uniforms	14,200	14,200	5,458	8,742
Fuel and lubricants	3,832	3,832	-	3,832
Tools and equipment < \$5,000	87,058	87,058	50,526	36,532
First aid and medical supplies	2,125	2,125	205	1,920
Other professional services	29,368	29,130	6,967	22,163
Communications	13,000	13,000	9,628	3,372
Equipment maintenance/repair	92,816	92,816	89,862	2,954
Rental equipment	7,500	7,500	-	7,500
Insurance	-	140	140	-
Dues/subscriptions/memberships	2,418	2,428	2,428	-
Travel and training	32,000	32,000	19,709	12,291
Advertisement/notices	-	88	88	-
Contribute to other agencies	18,300	18,300	18,300	-
Data processing equipment	17,900	17,900	13,760	4,140
Motor vehicles	148,800	148,800	143,586	5,214
Building improvements	19,000	19,000	13,014	5,986
Furniture and fixtures	22,000	22,000	-	22,000
Other equipment	62,000	65,000	64,951	49
Total public safety	<u>608,299</u>	<u>611,299</u>	<u>459,212</u>	<u>152,087</u>
Total expenditures	<u>608,299</u>	<u>611,299</u>	<u>459,212</u>	<u>152,087</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	892,201	889,201	701,644	(187,557)
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Administrative cost share to general fund	(75,000)	(75,000)	(60,172)	14,828
Transfer to debt service fund	(120,373)	(120,373)	(120,373)	-
Transfer to general fund	(917,000)	(986,000)	(917,000)	(69,000)
Total transfers out	<u>(1,112,373)</u>	<u>(1,181,373)</u>	<u>(1,097,545)</u>	<u>(54,172)</u>
Total other financing sources (uses)	<u>(1,112,373)</u>	<u>(1,181,373)</u>	<u>(1,097,545)</u>	<u>(54,172)</u>
NET CHANGE IN FUND BALANCES	(220,172)	(292,172)	(395,901)	(241,729)
FUND BALANCE, OCTOBER 1, 2012	<u>1,116,430</u>	<u>1,116,430</u>	<u>1,116,430</u>	-
FUND BALANCE, SEPTEMBER 30, 2013	<u>\$ 896,258</u>	<u>\$ 824,258</u>	<u>\$ 720,529</u>	<u>\$ (241,729)</u>

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

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

Exhibit E-3

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	15,709,426	18,494,077	84.9%	2,784,651	4,950,642	56.2%
12/31/2011	16,630,678	19,257,566	86.4%	2,626,888	4,786,697	54.9%
12/31/2012	17,783,620	20,277,668	87.7%	2,494,048	5,159,436	48.3%

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Required Supplementary Information
September 30, 2013

1. Summary of Significant Accounting Policies

A. Budgetary Information

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

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

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

B. Encumbrances

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

CITY OF WHITE SETTLEMENT, TEXAS
Notes to Required Supplementary Information
September 30, 2013

C. Excess of Expenditures Over Appropriations

The expenditures of the general fund were less than appropriations by \$43,315.

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		
Fire department	Motor vehicles	\$ 798,336
Streets and drainage	Other equipment	42,154

The fire department over budget amount was due to the purchase of a fire engine funded by a capital lease.

2. Factors Affecting TMRS Schedule of Funding Progress

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF WHITE SETTLEMENT, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2013

	Special Revenue Funds			Total Special Revenue
	Occupancy Tax	Friends of Library	Other Special Revenue	
Assets:				
Cash and investments	\$ 365,536	\$ 24,718	\$ 127,143	\$ 517,397
Receivables (Net of allowances for uncollectibles)				
Franchise taxes	-	-	-	-
Miscellaneous	45,399	-	934	46,333
Total assets	<u>\$ 410,935</u>	<u>\$ 24,718</u>	<u>\$ 128,077</u>	<u>\$ 563,730</u>
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ 3,440	\$ 2,121	\$ 10,793	\$ 16,354
Total liabilities	<u>3,440</u>	<u>2,121</u>	<u>10,793</u>	<u>16,354</u>
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	407,495	22,597	117,284	547,376
Committed	-	-	-	-
Total fund balances	<u>407,495</u>	<u>22,597</u>	<u>117,284</u>	<u>547,376</u>
Total liabilities and fund balances	<u>\$ 410,935</u>	<u>\$ 24,718</u>	<u>\$ 128,077</u>	<u>\$ 563,730</u>

Exhibit F-1

Capital Projects Fund	Permanent Funds			Total Nonmajor Funds
Street Improvement	Library Endowment	Senior Services Endowment	Total Permanent	
\$1,102,959	\$ 33,074	\$ 28,183	\$ 61,257	\$1,681,613
14,493	-	-	-	14,493
-	-	-	-	46,333
<u>\$1,117,452</u>	<u>\$ 33,074</u>	<u>\$ 28,183</u>	<u>\$ 61,257</u>	<u>\$1,742,439</u>
\$ 71,979	\$ -	\$ -	\$ -	\$ 88,333
<u>71,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,333</u>
-	12,105	11,105	23,210	23,210
-	20,969	17,078	38,047	585,423
1,045,473	-	-	-	1,045,473
<u>1,045,473</u>	<u>33,074</u>	<u>28,183</u>	<u>61,257</u>	<u>1,654,106</u>
<u>\$1,117,452</u>	<u>\$ 33,074</u>	<u>\$ 28,183</u>	<u>\$ 61,257</u>	<u>\$1,742,439</u>

CITY OF WHITE SETTLEMENT, TEXAS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended September 30, 2013

	Special Revenue Funds			Total Special Revenue
	Occupancy Tax	Friends of Library	Other Special Revenue	
Revenues:				
Franchise taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	185,394			185,394
Intergovernmental	-	-	46,223	46,223
Investment earnings	638	44	199	881
Other	-	2,171	50,137	52,308
Total revenue	186,032	2,215	96,559	284,806
Expenditures:				
Current:				
Public Safety	-	-	88,636	88,636
Public Works	-	-	-	-
Culture and recreation	118,017	1,455	-	119,472
Total expenditures	118,017	1,455	88,636	208,108
Net change in fund balances	68,015	760	7,923	76,698
Fund Balance, October 1, 2012	339,480	21,837	109,361	470,678
Fund Balance, September 30, 2013	\$ 407,495	\$ 22,597	\$ 117,284	\$ 547,376

Exhibit F-2

Capital Projects Fund	Permanent Funds			Total Nonmajor Funds
Street Improvement	Library Endowment	Senior Services Endowment	Total Permanent	
\$ 274,632	\$ -	\$ -	\$ -	\$ 274,632
-	-	-	-	185,394
1,885	(454)	28	(426)	46,223
-	-	-	-	2,340
<u>276,517</u>	<u>(454)</u>	<u>28</u>	<u>(426)</u>	<u>52,308</u>
-	-	-	-	88,636
218,142	-	-	-	218,142
-	-	-	-	119,472
<u>218,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,250</u>
58,375	(454)	28	(426)	134,647
<u>987,098</u>	<u>33,528</u>	<u>28,155</u>	<u>61,683</u>	<u>1,519,459</u>
<u>\$1,045,473</u>	<u>\$ 33,074</u>	<u>\$ 28,183</u>	<u>\$ 61,257</u>	<u>\$ 1,654,106</u>

CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Occupancy Tax Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Hotel occupancy tax	\$ 150,000	\$ 150,000	\$ 185,394	\$ 35,394
Investment earnings	100	100	638	538
Total revenues	<u>150,100</u>	<u>150,100</u>	<u>186,032</u>	<u>35,932</u>
EXPENDITURES				
Culture and recreation				
Utilities	1,600	1,600	804	796
Building and equipment rental	9,600	9,600	9,600	-
Marketing and promotional services	5,000	5,000	-	5,000
Christmas event	12,000	12,163	12,162	1
Easter event	12,000	12,559	12,559	-
Settlers' day	15,000	15,000	14,216	784
Miss White Settlement pageant	5,000	5,000	5,000	-
Chamber of commerce	30,000	30,000	30,000	-
White Settlement museum	24,500	24,500	28,045	(3,545)
Community chest	1,500	1,500	1,300	200
Movies in the park	1,500	6,887	3,341	3,546
Veteran's memorial plaque	5,000	5,000	990	4,010
City manager reserve	10,000	3,891	-	3,891
City council reserve	10,000	10,000	-	10,000
Total culture and recreation	<u>142,700</u>	<u>142,700</u>	<u>118,017</u>	<u>24,683</u>
Total expenditures	<u>142,700</u>	<u>142,700</u>	<u>118,017</u>	<u>24,683</u>
NET CHANGE IN FUND BALANCES	7,400	7,400	68,015	60,615
FUND BALANCE, OCTOBER 1, 2012	<u>339,480</u>	<u>339,480</u>	<u>339,480</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2013	<u>\$ 346,880</u>	<u>\$ 346,880</u>	<u>\$ 407,495</u>	<u>\$ 60,615</u>

CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Debt Service Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,011,636	\$ 1,011,636	\$ 1,042,784	\$ 31,148
Investment earnings	-	-	816	816
Total revenues	<u>1,011,636</u>	<u>1,011,636</u>	<u>1,043,600</u>	<u>31,964</u>
EXPENDITURES				
Debt service				
Principal	761,087	876,087	711,284	164,803
Interest	250,082	255,922	247,915	8,007
Total debt service	<u>1,011,169</u>	<u>1,132,009</u>	<u>959,199</u>	<u>172,810</u>
Total expenditures	<u>1,011,169</u>	<u>1,132,009</u>	<u>959,199</u>	<u>172,810</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	467	(120,373)	84,401	204,774
OTHER FINANCING SOURCES (USES)				
Transfers in:	<u>120,373</u>	<u>120,373</u>	<u>120,373</u>	-
Total other financing sources (uses)	<u>120,373</u>	<u>120,373</u>	<u>120,373</u>	-
NET CHANGE IN FUND BALANCES	120,840	-	204,774	204,774
FUND BALANCE, OCTOBER 1, 2012	<u>382,938</u>	<u>382,938</u>	<u>382,938</u>	-
FUND BALANCE, SEPTEMBER 30, 2013	<u>\$ 503,778</u>	<u>\$ 382,938</u>	<u>\$ 587,712</u>	<u>\$ 204,774</u>

CITY OF WHITE SETTLEMENT, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Street Improvement Fund
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes	\$ 313,383	\$ 313,383	\$ 274,632	\$ (38,751)
Investment earnings	600	600	1,885	1,285
Total revenues	<u>313,983</u>	<u>313,983</u>	<u>276,517</u>	<u>(37,466)</u>
EXPENDITURES				
Capital Outlay				
Street Improvements	363,983	363,983	218,142	145,841
Total capital outlay	<u>363,983</u>	<u>363,983</u>	<u>218,142</u>	<u>145,841</u>
Total expenditures	<u>363,983</u>	<u>363,983</u>	<u>218,142</u>	<u>145,841</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(50,000)	58,375	108,375
OTHER FINANCING SOURCES (USES)				
Transfers in:	50,000	50,000	-	(50,000)
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCES	-	-	58,375	58,375
FUND BALANCE, OCTOBER 1, 2012	<u>987,098</u>	<u>987,098</u>	<u>987,098</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2013	<u>\$ 987,098</u>	<u>\$ 987,098</u>	<u>\$ 1,045,473</u>	<u>\$ 58,375</u>

CITY OF WHITE SETTLEMENT, TEXAS
Balance Sheet
Economic Development Corporation
September 30, 2013

ASSETS

Assets:

Cash and cash equivalents	\$ 1,496,602
Certificates of Deposit	693,920
Receivables (Net of allowances for uncollectibles)	
Miscellaneous	72
Due from other governments	<u>202,887</u>

Total assets \$ 2,393,481

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 41,536
Accrued liabilities	5,523
Customer deposits	3,025
Due to other governments	<u>1,120,000</u>

Total liabilities 1,170,084

Fund Balances:

Unassigned 1,223,397

Total fund balances 1,223,397

Total liabilities and fund balances \$ 2,393,481

Reconciliation to government-wide statement of net assets:

Fund Balances \$ 1,223,397

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of these assets was \$6,648,044 and the accumulated depreciation was \$1,369,718. 5,278,326

Some liabilities, including a \$11,034 net pension obligation and \$26,544 liability for compensated absences are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. (37,578)

Net Position of Governmental Activities \$ 6,464,145

CITY OF WHITE SETTLEMENT, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Economic Development Corporation
For the Year Ended September 30, 2013

REVENUES

Taxes:	
Sales and use	\$ 1,202,312
Charges for service	183,709
Investment Earnings	3,097
Other revenue	50,277
Total revenues	<u>1,439,395</u>

EXPENDITURES

Current	
Economic Development	212,321
Culture and recreation	2,874,157
Total expenditures	<u>3,086,478</u>

NET CHANGE IN FUND BALANCES (1,647,083)

FUND BALANCE, OCTOBER 1, 2012 2,870,480

FUND BALANCE, SEPTEMBER 30, 2013 \$ 1,223,397

Reconciliation to government-wide statement of activities:

Net Change in Fund Balance \$ (1,647,083)

Current year capital outlays are expenditures in the fund financial statements but are increases in capital assets in the government-wide financial statements. 2,248,269

Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. (114,052)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals and transfers between activities) is to decrease net position. (71,376)

Certain liabilities are not due and payable in the current period and therefore are not reported as liabilities of the funds. The \$6,890 increase in the liability for the compensated absences are reported as expenses in the governmental activities of the Statement of Activities. (6,890)

Change in Net Position of Governmental Activities \$ 408,868

STATISTICAL SECTION
(Unaudited)

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STATISTICAL SECTION (Unaudited)

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

Contents

Financial Trends

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

Net Position by Component	89-90
Changes in Net Position	91-92
Fund Balances, Governmental Funds	93-94
Changes in Fund Balances, Governmental Funds	95

Revenue Capacity

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

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Property Tax Levies and Collections	97-98
Direct and Overlapping Property Tax Rates	99
Principal Property Taxpayers	100

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.

Ratio of Outstanding Debt by Type	101
Ratio of General Bonded Debt to Assessed Value And Net General Obligation Bonded Debt Per Capita	102
Computation of Direct and Overlapping Governmental Activities Debt	103
Legal Debt Margin Information	104
Revenue Bond Coverage – Water and Wastewater Bonds	105

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.

Demographic and Economic Statistics	106
Principal Employers	107

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.

Full Time Equivalent City Government Employees by Function/Program	108
Operating Indicators by Function/Program	109
Capital Assets Statistics by Function/Program	110

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

CITY OF WHITE SETTLEMENT, TEXAS

NET POSITION BY COMPONENT

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 11,326,471	\$ 12,026,541	\$ 12,333,128	\$ 12,876,732
Restricted	415,489	424,082	452,258	483,140
Unrestricted	<u>6,313,005</u>	<u>6,895,059</u>	<u>7,970,504</u>	<u>8,922,203</u>
Total governmental activities net position	<u>\$ 18,054,965</u>	<u>\$ 19,345,682</u>	<u>\$ 20,755,890</u>	<u>\$ 22,282,075</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 6,600,568	\$ 7,236,273	\$ 7,561,400	\$ 8,139,623
Restricted	760,392	778,489	711,832	-
Unrestricted	<u>1,578,582</u>	<u>2,697,798</u>	<u>4,023,800</u>	<u>5,493,975</u>
Total business-type activities net position	<u>\$ 8,939,542</u>	<u>\$ 10,712,560</u>	<u>\$ 12,297,032</u>	<u>\$ 13,633,598</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 17,927,039	\$ 19,262,814	\$ 19,894,528	\$ 21,016,355
Restricted	1,175,881	1,202,571	1,164,090	483,140
Unrestricted	<u>7,891,587</u>	<u>9,592,857</u>	<u>11,994,304</u>	<u>14,416,178</u>
Total primary government net position	<u>\$ 26,994,507</u>	<u>\$ 30,058,242</u>	<u>\$ 33,052,922</u>	<u>\$ 35,915,673</u>

Notes:

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

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

TABLE 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 10,699,737	\$ 12,411,227	\$ 12,556,237	\$ 12,013,563	\$ 12,329,870	\$ 13,128,490
1,998,862	494,855	527,060	3,938,972	4,285,434	8,399,605
7,671,504	7,576,201	8,529,045	8,204,043	9,621,093	11,773,232
<u>\$ 20,370,103</u>	<u>\$ 20,482,283</u>	<u>\$ 21,612,342</u>	<u>\$ 24,156,578</u>	<u>\$ 26,236,397</u>	<u>\$ 33,301,327</u>
\$ 9,938,336	\$ 11,097,198	\$ 10,951,282	\$ 11,694,923	\$ 11,949,257	\$ 12,677,910
-	-	149,824	527,239	771,491	1,666,924
5,127,688	5,270,789	6,391,323	7,042,561	8,034,022	7,743,655
<u>\$ 15,066,024</u>	<u>\$ 16,367,987</u>	<u>\$ 17,492,429</u>	<u>\$ 19,264,723</u>	<u>\$ 20,754,770</u>	<u>\$ 22,088,489</u>
\$ 20,638,073	\$ 23,508,425	\$ 23,507,519	\$ 23,708,486	\$ 24,279,127	\$ 25,806,400
1,998,862	494,855	676,884	4,466,211	5,056,925	10,066,529
12,799,192	12,846,990	14,920,368	15,246,604	17,655,115	19,516,887
<u>\$ 35,436,127</u>	<u>\$ 36,850,270</u>	<u>\$ 39,104,771</u>	<u>\$ 43,421,301</u>	<u>\$ 46,991,167</u>	<u>\$ 55,389,816</u>

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

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental activities:										
General government	\$ 1,460,638	\$ 1,552,905	\$ 1,628,581	\$ 1,583,555	\$ 1,581,711	\$ 1,827,445	\$ 1,581,559	\$ 1,362,135	\$ 1,419,423	\$ 1,467,221
Public safety	3,755,000	3,971,007	4,111,378	4,173,538	4,799,134	5,072,660	5,214,067	5,136,644	5,499,077	5,768,084
Public works	778,465	908,143	873,125	1,048,929	954,898	998,121	1,019,006	986,818	1,203,843	1,196,989
Public health	121,901	123,588	132,213	128,437	134,283	160,127	214,752	214,829	198,373	206,776
Culture and recreation	2,118,642	2,062,064	2,043,922	2,068,259	1,404,433	1,449,217	1,432,284	1,412,396	1,467,194	1,458,161
Economic development and assistance	8,356	49,803	67,414	107,449	-	-	-	-	-	-
Interest on long-term debt	142,506	104,151	83,929	112,118	124,618	341,143	373,587	303,458	292,201	275,917
Total governmental activities expenses	<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>	<u>9,848,713</u>	<u>9,835,255</u>	<u>9,416,280</u>	<u>10,080,111</u>	<u>10,373,148</u>
Business-type activities:										
Water and wastewater	3,091,287	3,339,449	3,632,072	3,758,579	3,829,200	3,683,618	4,463,414	3,733,018	4,457,221	4,747,179
Stormwater utility	-	50,160	87,122	12,277	44,230	16,389	24,038	25,219	32,503	31,317
Sanitation	395,222	413,630	471,116	482,168	530,470	558,063	597,957	577,472	588,997	603,783
Total business-type activities expenses	<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>	<u>4,258,070</u>	<u>5,085,409</u>	<u>4,335,709</u>	<u>5,078,721</u>	<u>5,382,279</u>
Total primary government expenses	<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>	<u>\$ 14,106,783</u>	<u>\$ 14,920,664</u>	<u>\$ 13,751,989</u>	<u>\$ 15,158,832</u>	<u>\$ 15,755,427</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 14,598	\$ 18,760	\$ 100,781	\$ 221,061	\$ 46,051	\$ 358,346	\$ 64,788	\$ 66,130	\$ 79,808	\$ 62,618
Public safety	704,342	566,001	768,359	766,412	306,812	335,813	530,914	653,561	881,978	1,073,862
Culture and recreation	244,629	246,147	227,983	242,618	43,300	45,289	71,538	112,572	115,632	114,145
Other	18,363	21,161	18,684	18,036	33,323	44,473	43,661	35,319	34,416	44,109
Operating grants and contributions	39,979	38,283	19,396	5,574	7,028	17,357	26,868	59,407	13,762	53,723
Capital grants and contributions	292,321	545,724	405,156	206,052	-	-	591,989	174,806	-	-
Total governmental activities program revenues	<u>1,314,232</u>	<u>1,436,076</u>	<u>1,540,359</u>	<u>1,459,753</u>	<u>436,514</u>	<u>801,278</u>	<u>1,329,758</u>	<u>1,101,795</u>	<u>1,125,596</u>	<u>1,348,457</u>
Business-type activities:										
Charges for services:										
Water and wastewater	4,500,512	4,908,922	5,320,338	4,980,882	5,457,394	5,037,370	5,306,756	5,773,390	5,608,481	5,912,656
Stormwater utility	-	-	312,658	513,853	529,541	564,784	530,991	534,690	518,382	546,704
Sanitation	450,588	459,685	478,587	561,410	612,239	618,274	654,088	663,700	641,663	686,457
Capital grants and contributions	236,217	726,011	26,127	-	-	179,689	382,830	571,511	375,116	430,624
Total business-type activities program revenues	<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>	<u>6,400,117</u>	<u>6,874,665</u>	<u>7,548,291</u>	<u>7,143,642</u>	<u>7,576,441</u>
Total primary government program revenues	<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>	<u>\$ 7,201,395</u>	<u>\$ 8,204,423</u>	<u>\$ 8,650,086</u>	<u>\$ 8,269,238</u>	<u>\$ 8,924,898</u>

(continued)

TABLE 2

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

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
NET (EXPENSE) REVENUES										
Governmental activities	\$(7,071,276)	\$(7,335,585)	\$(7,400,203)	\$(7,762,532)	\$(8,562,563)	\$(9,047,435)	\$(8,505,497)	\$(8,314,485)	\$(8,954,515)	\$(9,024,691)
Business-type activities	1,700,808	2,291,379	1,947,400	1,803,121	2,195,274	2,142,047	1,789,256	3,212,582	2,064,921	2,194,162
Total primary government net expense	<u>(5,370,468)</u>	<u>(5,044,206)</u>	<u>(5,452,803)</u>	<u>(5,959,411)</u>	<u>(6,367,289)</u>	<u>(6,905,388)</u>	<u>(6,716,241)</u>	<u>(5,101,903)</u>	<u>(6,889,594)</u>	<u>(6,830,529)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	2,669,296	2,759,859	2,969,860	3,231,498	3,519,246	3,585,249	4,208,683	3,475,352	3,797,676	3,954,575
Sales	3,216,337	3,308,686	3,057,056	2,929,980	3,210,348	3,366,590	3,250,703	4,162,050	4,655,270	3,615,774
Franchise	1,003,640	975,682	1,079,735	919,659	887,330	878,989	1,115,058	1,210,396	1,189,497	1,168,219
Occupancy	127,218	126,371	155,226	213,763	168,524	138,664	113,712	133,505	194,549	185,394
Payments from Crime District	822,781	714,118	649,351	648,000	-	-	-	-	-	-
Oil and gas royalties	-	-	-	-	1,724,928	76,429	63,080	349,979	498,998	126,346
Investment earnings	70,586	176,384	366,391	483,665	269,426	75,754	33,442	16,119	15,823	25,035
Other	(19,776)	-	-	5,901	275,049	142,130	160,531	58,387	97,821	536,713
Transfers	-	-	-	-	901,717	895,810	690,347	1,452,933	584,700	584,700
Total governmental activities	<u>7,890,082</u>	<u>8,061,100</u>	<u>8,277,619</u>	<u>8,432,466</u>	<u>10,956,568</u>	<u>9,159,615</u>	<u>9,635,556</u>	<u>10,858,721</u>	<u>11,034,334</u>	<u>10,196,756</u>
Business-type activities:										
Investment earnings	28,722	67,889	169,864	263,479	138,867	48,367	23,350	12,645	9,826	16,769
Other	(73,165)	(21,047)	-	-	-	7,359	2,183	-	-	2,988
Transfers	-	-	-	-	(901,717)	(895,810)	(690,347)	(1,452,933)	(584,700)	(584,700)
Total business-type activities	<u>(44,443)</u>	<u>46,842</u>	<u>169,864</u>	<u>263,479</u>	<u>(762,850)</u>	<u>(840,084)</u>	<u>(664,814)</u>	<u>(1,440,288)</u>	<u>(574,874)</u>	<u>(564,943)</u>
Total primary government	<u>7,845,639</u>	<u>8,107,942</u>	<u>8,447,483</u>	<u>8,695,945</u>	<u>10,193,718</u>	<u>8,319,531</u>	<u>8,970,742</u>	<u>9,418,433</u>	<u>10,459,460</u>	<u>9,631,813</u>
CHANGE IN NET POSITION										
Governmental activities	818,806	725,515	877,416	669,934	2,394,005	112,180	1,130,059	2,544,236	2,079,819	1,172,065
Business-type activities	1,656,365	2,338,221	2,117,264	2,066,600	1,432,424	1,301,963	1,124,442	1,772,294	1,490,047	1,629,219
Total primary government	<u>\$ 2,475,171</u>	<u>\$ 3,063,736</u>	<u>\$ 2,994,680</u>	<u>\$ 2,736,534</u>	<u>\$ 3,826,429</u>	<u>\$ 1,414,143</u>	<u>\$ 2,254,501</u>	<u>\$ 4,316,530</u>	<u>\$ 3,569,866</u>	<u>\$ 2,801,284</u>

Notes:

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

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

CITY OF WHITE SETTLEMENT, TEXAS

FUND BALANCES GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (UNAUDITED)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	1,178,536	1,210,310	1,267,628	1,335,990
Unreserved, undesignated	2,249,014	2,494,707	3,178,607	3,450,403
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 3,427,550</u>	<u>\$ 3,705,017</u>	<u>\$ 4,446,235</u>	<u>\$ 4,786,393</u>
All other governmental funds				
Reserved	\$ 424,636	\$ 438,631	\$ 464,510	\$ 499,467
Unreserved, reported in:				
Special revenue funds	1,879,477	2,208,954	2,811,271	3,254,478
Capital projects funds	210,226	226,343	1,259,705	2,007,900
Permanent funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Total all other governmental funds	<u>\$ 2,514,339</u>	<u>\$ 2,873,928</u>	<u>\$ 4,535,486</u>	<u>\$ 5,761,845</u>

Notes:

The City implemented GASB 34 in fiscal year 2003.

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

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

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

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

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

TABLE 3

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ -	\$ 69,978	\$ 57,978	\$ -	\$ -	\$ -
1,335,990	-	-	-	-	-
5,681,925	6,852,466	7,183,003	-	-	-
-	-	-	152,637	1,179,416	906,253
-	-	-	-	-	-
-	-	-	-	42,079	-
-	-	-	155,598	2,123	2,175
-	-	-	8,216,770	8,777,947	9,991,494
<u>\$ 7,017,915</u>	<u>\$ 6,922,444</u>	<u>\$ 7,240,981</u>	<u>\$ 8,525,005</u>	<u>\$ 10,001,565</u>	<u>\$ 10,899,922</u>
\$ 448,310	\$ 425,482	\$ 417,777	\$ -	\$ -	\$ -
775,811	923,650	992,163	-	-	-
1,669,634	4,290,930	2,400,099	-	-	-
59,428	60,177	60,664	-	-	-
-	-	-	1,523,210	1,523,210	764,785
-	-	-	2,391,058	2,744,166	5,752,858
-	-	-	930,960	987,098	1,045,473
<u>\$ 2,953,183</u>	<u>\$ 5,700,239</u>	<u>\$ 3,870,703</u>	<u>\$ 4,845,228</u>	<u>\$ 5,254,474</u>	<u>\$ 7,563,116</u>

TABLE 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 7,046,935	\$ 7,076,580	\$ 7,594,680	\$ 7,260,764	\$ 7,799,194	\$ 7,962,834	\$ 8,384,833	\$ 8,969,708	\$ 9,870,555	\$ 8,940,215
Fines and fees	349,447	367,062	412,811	410,081	342,224	309,408	254,318	279,934	400,481	488,501
Licenses and permits	319,072	258,241	260,330	311,793	359,486	273,757	247,562	342,630	436,309	552,803
Charges for services	263,724	267,740	239,942	249,676	98,198	125,207	158,449	174,879	164,229	191,455
Intergovernmental	38,522	31,078	13,597	207,350	64,028	75,127	671,644	199,737	93,205	116,070
Oil and gas royalties	-	-	-	-	1,724,928	76,429	63,080	349,979	498,998	126,346
Interest income	70,586	176,384	366,391	483,665	269,425	75,754	33,442	16,119	15,823	25,035
Other revenues	58,146	104,282	210,987	238,363	19,330	39,064	123,801	27,334	56,719	72,239
Payment from Crime District	822,781	714,118	656,454	648,000	-	-	-	-	-	-
Total revenues	8,969,213	8,995,485	9,755,192	9,809,692	10,676,813	8,937,580	9,937,129	10,360,320	11,536,319	10,512,664
EXPENDITURES										
General government	1,376,854	1,524,025	1,569,431	1,569,230	1,583,241	1,786,477	1,485,075	1,279,852	1,357,354	1,437,870
Public safety	3,614,464	3,688,456	3,721,407	4,334,527	4,443,963	4,673,324	6,138,940	4,917,947	5,199,391	6,360,243
Public works	576,568	572,303	597,991	885,616	618,629	626,014	633,289	586,341	805,338	840,737
Public health	117,112	120,228	129,905	122,337	128,901	151,706	210,076	201,574	183,025	199,625
Culture and recreation	2,010,500	1,976,208	1,802,114	1,925,376	1,259,425	1,281,192	1,321,603	1,253,404	1,373,062	1,310,124
Other	7,398	48,848	66,459	107,297	-	-	-	-	-	-
Capital outlay	127,490	272,898	258,527	614,639	2,255,806	4,178,475	2,219,038	197,453	62,788	912,951
Debt service										
Principal	633,542	657,260	678,712	625,377	731,040	671,961	749,563	888,956	1,049,756	711,284
Interest and fiscal charges	111,123	100,656	103,595	124,242	109,595	273,388	362,650	487,098	280,289	247,915
Debt issuance cost	-	-	-	-	-	-	-	-	-	48,558
Total expenditures	8,575,051	8,960,882	8,928,141	10,308,641	11,130,600	13,642,537	13,120,234	9,812,625	10,311,003	12,069,307
EXCESS OF REVENUES OVER (UNDER)										
EXPENDITURES	394,162	34,603	827,051	(498,949)	(453,787)	(4,704,957)	(3,183,105)	547,695	1,225,316	(1,556,643)
OTHER FINANCING SOURCES (USES)										
Proceeds from insurance recoveries	-	-	-	-	220,997	105,161	26,949	24,343	59,449	30,341
Proceeds from sale of capital assets	12,139	37,251	17,933	40,276	36,562	35,756	13,381	213,578	16,341	25,265
Transfers in	924,281	732,775	731,487	47,940	2,605,671	1,635,347	1,678,022	2,339,048	1,448,931	1,682,245
Transfers out	(317,760)	(167,573)	(198,695)	(36,779)	(704,313)	(739,537)	(715,572)	(886,115)	(864,231)	(1,097,545)
Proceeds from capital lease	-	-	-	-	-	-	689,326	-	-	798,336
Proceeds from debt issuance	-	-	1,025,000	1,433,676	-	6,150,000	-	-	-	3,325,000
Premium (discount) on bonds	-	-	-	(577,325)	-	169,815	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	1,215,000	-	-	-	-	-	-
Total other financing sources (uses)	618,660	602,453	1,575,725	2,122,788	2,158,917	7,356,542	1,692,106	1,690,854	660,490	4,763,642
NET CHANGE IN FUND BALANCES	<u>\$ 1,012,822</u>	<u>\$ 637,056</u>	<u>\$ 2,402,776</u>	<u>\$ 1,623,839</u>	<u>\$ 1,705,130</u>	<u>\$ 2,651,585</u>	<u>\$(1,490,999)</u>	<u>\$ 2,238,549</u>	<u>\$ 1,885,806</u>	<u>\$ 3,206,999</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	8.82%	8.72%	8.74%	7.47%	8.59%	10.03%	11.73%	14.77%	13.31%	9.52%

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.

CITY OF WHITE SETTLEMENT, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
2004	\$ 323,681,806	\$ 82,132,890	\$ 405,814,696	100.00%	0.619
2005	353,752,036	89,397,336	443,149,372	100.00%	0.617
2006	380,034,561	87,009,094	467,043,655	100.00%	0.613
2007	426,471,402	102,395,711	528,867,113	100.00%	0.613
2008	486,428,300	145,521,653	631,949,953	100.00%	0.613
2009	440,762,127	139,680,959	580,443,086	100.00%	0.614
2010	453,224,861	148,067,129	601,291,990	100.00%	0.686
2011	403,002,445	97,937,333	500,939,778	100.00%	0.686
2012	406,457,750	102,904,198	509,361,948	100.00%	0.742
2013	421,769,496	198,713,308	620,482,804	100.00%	0.615

Source: Tarrant Appraisal District

CITY OF WHITE SETTLEMENT, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

**LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Adjustments to Levy in Subsequent Years</u>	<u>Adjusted Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 2,620,000	\$ 14,052	\$ 2,634,052	\$ 2,553,413	97.46%
2005	2,757,388	(35,487)	2,721,901	2,681,473	97.25%
2006	2,927,217	5,430	2,932,647	2,858,555	97.65%
2007	3,241,955	(44,638)	3,197,317	3,098,420	95.57%
2008	3,468,077	13,685	3,481,762	3,422,417	98.68%
2009	3,562,322	993	3,563,315	3,483,686	97.79%
2010	4,125,086	(1,667)	4,123,418	4,024,396	97.56%
2011	3,436,632	(476)	3,436,156	3,358,329	97.72%
2012	3,752,309	(1,552)	3,750,758	3,688,395	98.30%
2013	3,810,645	-	3,810,645	3,759,012	98.65%

TABLE 6

	<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>		<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Adjusted Levy</u>
		<u>Total Tax Amount</u>	<u>Percentage of Levy</u>		
\$	68,598	\$ 2,622,011	99.54%	\$ 12,041	0.46%
	27,506	2,708,979	99.53%	12,922	0.47%
	60,351	2,918,906	99.53%	13,742	0.47%
	82,879	3,181,299	99.50%	16,018	0.50%
	44,972	3,467,389	99.59%	14,373	0.41%
	58,244	3,541,930	99.40%	21,385	0.60%
	73,701	4,098,097	99.39%	25,322	0.61%
	54,086	3,412,415	99.31%	23,740	0.69%
	37,442	3,725,837	99.34%	24,921	0.66%
	-	3,759,012	98.65%	51,632	1.35%

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
2004	\$ 0.433	\$ 0.186	\$ 0.619	\$ 0.139	\$ 1.675	\$ 0.235	\$ 0.273	\$ 2.941
2005	0.448	0.169	0.617	0.139	1.790	0.235	0.273	3.054
2006	0.456	0.157	0.613	0.139	1.790	0.235	0.273	3.050
2007	0.476	0.137	0.613	0.139	1.768	0.235	0.272	3.027
2008	0.481	0.132	0.613	0.139	1.466	0.230	0.267	2.715
2009	0.487	0.127	0.614	0.138	1.498	0.228	0.264	2.742
2010	0.517	0.169	0.686	0.138	1.540	0.228	0.264	2.856
2011	0.460	0.226	0.686	0.149	1.540	0.228	0.264	2.867
2012	0.501	0.241	0.742	0.149	1.540	0.228	0.264	2.923
2013	0.450	0.165	0.615	0.149	1.540	0.228	0.264	2.796

Notes:

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

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

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

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

CITY OF WHITE SETTLEMENT, TEXAS

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

Taxpayer	Type of Business	2013			2004		
		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	\$ 88,687,352	1	14.29%	\$ -		- %
Chesapeake Operating	Real estate	12,067,970	2	1.94%	-		- %
Lowe's Home Center, Inc.	Retail outlet	11,765,473	3	1.90%	-		- %
Co-Operative Industries	Industrial	6,405,275	4	1.03%	-		- %
Graham Realty Investments, Ltd.	Real estate	6,176,071	5	1.00%	-		- %
ESS Prisa II TX, Lp	Real estate	5,858,035	6	0.94%	-		- %
Deepdale Investments, LTD	Real estate	5,700,000	7	0.92%	-		- %
Oncor Electric Delivery Co., LLC	Electric utility	5,038,585	8	0.81%	-		- %
Quicksilver Resources, Inc.	Real estate	4,752,750	9	0.77%	-		- %
Armet Dale St Ltd Partnership	Real estate	4,518,755	10	0.73%	-		- %
SPM Flow Control	Industrial	-		- %	15,507,367	1	3.82%
Lowe's Home Center, Inc.	Retail outlet	-		- %	14,047,146	2	3.46%
Walmart Stores Texas, Lp	Retail outlet	-		- %	10,581,710	3	2.61%
Home Depot, Inc	Retail outlet	-		- %	9,778,040	4	2.41%
Lowe's Home Center, Inc.	Retail outlet	-		- %	7,851,448	5	1.93%
Sam's East, Inc	Retail outlet	-		- %	7,607,997	6	1.87%
Susa Partnership, Lp	Storage facility	-		- %	6,193,253	7	1.53%
Oncor Electric Delivery Co., LLC	Electric utility	-		- %	5,026,255	8	1.24%
Shg Secured Resources Lp	Financial	-		- %	4,839,158	9	1.19%
PDX, Inc.	Health care	-		- %	4,717,777	10	1.16%
Total	Total	\$ 150,970,266		24.33%	\$ 86,150,151		21.22%

Source: Tarrant Appraisal District

CITY OF WHITE SETTLEMENT, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Total Debt Per Capita	Debt as % of Personal Income
	General Obligation Bonds	Tax Notes	Capital Leases	General & Certificates of Obligation	Revenue Bonds	Capital Leases			
2004	2,630,000	-	626,641	2,370,000	1,125,000	-	6,751,641	440	2.60%
2005	2,085,000	-	514,381	2,285,000	765,000	1,062,421	6,711,802	436	2.60%
2006	1,525,000	1,025,000	395,669	2,190,000	595,000	900,780	6,631,449	421	2.50%
2007	1,155,000	2,110,000	318,233	2,090,000	515,000	743,102	6,931,335	436	2.60%
2008	770,000	1,905,000	177,193	1,985,000	435,000	579,662	5,851,855	366	1.50%
2009	6,720,000	1,580,000	30,232	9,875,000	350,000	410,248	18,965,480	1,174	4.90%
2010	6,495,000	1,065,000	709,996	9,555,000	270,000	345,092	18,440,088	1,124	4.70%
2011	6,345,000	580,000	456,039	9,205,000	185,000	123,990	16,895,029	1,043	5.30%
2012	5,985,000	125,000	221,283	8,745,000	100,000	35,456	15,211,739	944	4.50%
2013	5,620,000	3,325,000	798,336	8,275,000	-	-	18,018,336	1,099	6.50%

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	Population¹	Assessed Value (In Thousands)²	Gross Bonded Debt³	Less Debt Service Funds⁴	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004	15,350	405,815	2,630,000	372,437	2,257,563	0.56%	147
2005	15,400	443,149	2,085,000	382,971	1,702,029	0.38%	111
2006	15,750	467,044	1,525,000	410,560	1,114,440	0.46%	71
2007	15,900	528,867	1,155,000	442,207	712,793	0.53%	45
2008	16,000	631,949	770,000	379,090	390,910	0.69%	24
2009	16,150	580,443	6,720,000	364,883	6,355,117	1.09%	394
2010	16,300	601,292	6,495,000	359,284	6,135,716	1.02%	376
2011	16,350	500,940	8,050,000	357,495	7,692,505	1.54%	470
2012	16,116	509,362	7,535,000	382,938	7,152,062	1.40%	444
2013	16,390	620,483	7,015,000	587,712	6,427,288	1.04%	392

(1) Source: North Central Texas Council of Governments

(2) Table 5

(3) Table 9 - 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, 2013
(UNAUDITED)

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of White Settlement</u>	<u>Amount Applicable to City of White Settlement</u>
Direct:			
City of White Settlement	6,427,288	100.00%	\$ 6,427,288
Total direct debt	<u>6,427,288</u>		<u>6,427,288</u>
Overlapping:			
White Settlement Independent School District	170,263,198	35.14%	59,830,488
Fort Worth Independent School District ¹	672,514,995	00.08%	538,012
Tarrant County	336,635,000	0.41%	1,380,204
Tarrant County Hospital District	25,375,000	0.41%	104,038
Tarrant County College District	<u>15,485,000</u>	0.41%	<u>63,489</u>
Total overlapping debt	<u>1,220,273,193</u>		<u>61,916,229</u>
Total direct and overlapping debt	<u>\$ 1,226,700,481</u>		<u>\$ 68,343,517</u>
Ratio of overlapping bonded debt to taxable assessed valuation			11.01%
Per capita overlapping bonded debt			\$ 4,170

(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, 2013****(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 WASTEWATER 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	
2004	4,541,441	3,154,532	1,386,909	445,000	141,473	586,473	2.36
2005	4,976,811	3,335,412	1,641,399	265,000	131,290	396,290	4.14
2006	5,487,914	3,588,884	1,899,030	180,000	124,215	304,215	6.24
2007	4,980,882	3,111,019	1,869,863	185,000	117,960	302,960	6.17
2008	5,457,394	3,205,402	2,251,992	195,000	112,511	307,511	7.32
2009	5,037,370	3,000,353	2,037,017	400,000	490,418	890,418	2.29
2010	5,612,715	3,549,671	2,063,044	500,000	386,487	886,487	2.33
2011	6,082,219	2,859,218	3,223,001	500,000	392,495	892,495	3.61
2012	5,913,597	3,467,865	2,445,732	545,000	335,851	880,851	2.78
2013	6,236,016	3,745,929	2,490,087	570,000	318,594	888,594	2.80

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)

Fiscal Year	Population ¹	Median Income ²	Per Capita Income	Personal Income ²	School Enrollment ⁴	Unemployment Rate ⁵
2004	15,350	45,530	17,052 ³	261,748,200	4,930	5.0%
2005	15,400	45,530	17,052 ³	262,600,800	5,167	4.8%
2006	15,750	45,530	17,052 ³	268,569,000	5,464	3.0%
2007	15,900	45,530	17,052 ³	271,126,800	5,432	3.8%
2008	16,000	54,089	24,093 ²	385,488,000	5,732	4.3%
2009	16,150	54,089	24,093 ²	389,101,950	5,882	8.3%
2010	16,400	55,425	24,093 ²	395,101,950	5,864	7.9%
2011	16,200	45,886	19,551 ²	316,726,200	6,369	7.8%
2012	16,116	56,532	20,969 ²	337,933,869	6,548	7.4%
2013	16,390	45,427	16,850 ²	276,167,852	6,556	5.3%

Sources:

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

CITY OF WHITE SETTLEMENT, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR
(UNAUDITED)

Employer	Type of Business	2013	
		Employees	Percentage of Total City Employment
Weir SPM	Oil field equipment	1,300	15.62%
White Settlement I.S.D.	Education	613	7.36%
Courtyards at Fort Worth	Rehabilitation/nursing	215	2.58%
PDX, Inc./PCI Professional Systems	Pharmaceutical software	175	2.10%
City of White Settlement	Municipal government	153	1.83%
West Side Campus of Care	Retirement home	150	1.80%
Co-Operative Industries	Electrical wiring harnesses mfg.	125	1.50%
Lowe's Home Center #1619	Building materials/hardware retail	112	1.34%
OmniAmerican Bank	Financial institution	95	1.14%
Academy Sports & Outdoors #97	Retail	85	1.02%
	Totals	<u>3,023</u>	<u>36.29%</u>
2013 Total City employment		8,322	

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

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

	Fiscal Year						
	2007	2008	2009	2010	2011	2012	2013
General government							
Administration	3.00	3.00	3.00	2.50	2.00	2.00	1.00
City secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	4.00	4.00	4.00	3.00	3.00	4.00	4.00
Facilities services	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Personnel	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Purchasing	4.00	4.00	4.00	3.00	3.00	2.00	2.00
Management information systems	2.50	2.00	2.00	2.00	2.00	2.00	2.00
Public safety							
Police	46.50	49.00	50.00	50.00	50.00	50.00	50.50
Municipal court	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Fire	4.20	4.00	4.00	4.00	4.00	4.00	3.00
Code compliance	4.50	5.00	5.50	7.00	6.00	6.00	6.00
Public works							
Streets and drainage	7.00	7.00	7.00	7.00	5.00	5.00	7.00
Public health							
Animal control	2.50	2.00	2.50	3.50	3.00	3.00	3.00
Culture and recreation							
Senior services	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Park maintenance and recreation	7.00	7.50	7.50	7.50	8.00	8.00	7.00
Library	7.50	7.00	7.00	7.00	7.00	7.00	7.00
EDC operations and parks	6.50	6.50	6.50	6.50	7.00	6.00	6.50
Economic development and assistance	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water production and distribution	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Wastewater operations	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Utility billing	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	<u>128.20</u>	<u>130.00</u>	<u>132.00</u>	<u>133.00</u>	<u>130.00</u>	<u>129.00</u>	<u>129.00</u>

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

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

	Fiscal Year						
	2007	2008	2009	2010	2011	2012	2013
Public safety							
Police department							
Calls for service	27,253	28,393	27,362	26,161	25,989	27,375	32,976
Traffic citations	3,849	3,044	3,362	2,750		3,722	4,920
Criminal offenses	1,765	1,765	1,495	1,716	1,528	1,943	1,373
Number of accidents	215	215	162	170	119	204	132
Persons confined	942	783	804	872	791	889	963
Municipal Court							
Active warrants	4,090	4,051	3,659	3,227	917	2,243	4,442
Closed warrants	2,968	1,415	1,333	1,338	1,905	3,321	3,598
Fire department							
Fire runs	52	392	432	513	538	460	573
Emergency runs	1,322	1,482	1,123	1,232	1,119	1,151	1,241
Code compliance							
Permits issued	2,434	1,836	2,199	1,769	1,849	2,081	2,112
Public works							
Streets and drainage							
Streets resurfaced (miles)	1.53	1.53	1.47	0.27	0.78	0.45	7.00
Public health							
Animal control - calls for service	2,268	2,135	2,035	2,035	1,953	1,710	1,558
Culture and recreation							
Senior services							
Meals served	22,064	22,504	21,468	23,047	21,740	22,366	20,840
Library							
Average daily circulation	289	256	333	362	312	320	310
Average patron visits per month	4,972	4,860	5,410	5,865	4,683	5,440	5,290
EDC operations and parks							
Number of league participants	7,000	7,600	7,900	8,100	7,578	8,900	7,504
Water production and distribution							
Number of water connections	5,306	5,340	5,417	5,352	5,330	5,370	5,301
Average daily consumption (thousands of gallons)	1,469	1,538	1,450	1,406	1,652	1,552	1,427
Wastewater operations							
Number of wastewater connections	5,209	5,240	5,323	5,265	5,239	5,264	5,252

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

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

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

	Fiscal Year						
	2007	2008	2009	2010	2011	2012	2013
Public safety							
Police department							
Stations	1	1	1	1	1	1	1
Patrol cars	11	11	11	11	11	15	14
Fire department							
Stations	1	1	1	1	1	1	1
Fire trucks	9	9	9	9	11	11	9
Public works							
Streets and drainage							
Streets (miles)	Approx. 68	Approx. 68	Approx. 68	Approx. 68	Approx. 67	Approx. 67	Approx. 67
Culture and recreation							
Senior services							
Community centers	1	1	1	1	1	1	1
Library							
Volumes	73,855	73,707	69,513	73,494	70,732	67,012	63,105
Parks and recreation							
Acreage	299	350	350	350	350	350	350
Playgrounds	6	6	6	6	6	6	6
Picnic areas	22	22	22	22	22	22	22
EDC parks and operations							
Baseball/softball diamonds	11	11	11	11	11	11	11
Soccer/football fields	1	1	1	1	1	1	1
Water production and distribution							
Water mains (miles)	88	88	88	88	88	88	88
Storage capacity (thousands of gallons)	2,445	2,445	2,445	2,445	2,445	2,445	2,445
Wastewater operations							
Wastewater lines (miles)	70	70	70	70	70	70	70

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

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

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