

**CITY OF TEXAS CITY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT**  
**FOR FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2011**





**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**CITY OF TEXAS CITY, TEXAS**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2011**

**PREPARED BY  
THE DEPARTMENT OF FINANCE  
CITY OF TEXAS CITY, TEXAS**



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## **Introductory Section**



# CITY OF TEXAS CITY, TEXAS

FINANCE DEPARTMENT • OFFICE (409) 643-5907 • FAX (409) 942-1073



Mayor:  
Matthew T. Doyle

Commissioners:  
Mike Land  
Dee Ann Haney  
Dedrick D. Johnson, Sr.  
Donald B. Singleton  
Rick Wilkenfeld  
J.W. Wilson, Jr.

April 30, 2012

To the Honorable Matthew T. Doyle, Mayor and  
Members of the City Commission and  
Citizens of the City of Texas City, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Texas City, Texas (the “City”), for the fiscal year ended September 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The Comprehensive Annual Financial Report is presented as compliant with the financial reporting model in effect pursuant to GASB statement No. 34. The financial reporting model requires governments to present certain basic financial statements as well as Management’s Discussion and Analysis (MD&A) and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

- The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about costs of services, operating results and financial position of the government as an economic entity.
- Following the government-wide statements are fund financial statements for the primary government (City) and proprietary fund.
- The notes to the financial statements disclose information essential for the fair presentation of the basic statements that is not displayed in the financial statements.
- The management’s discussion and analysis (MD&A) gives an objective and easily readable analysis of the City’s financial activities based on currently known facts, decisions, or conditions. It presents short and long-term analysis of the City’s activities. The City of Texas City’s MD&A can be found immediately following the independent auditor’s report.
- Required supplementary information (RSI) is financial information that GASB standards require to be presented with, but outside of, the financial statements. The RSI that GASB Statement No. 34 requires is MD&A (noted above), and budgetary comparison schedules for the General Fund.

## **PROFILE OF THE GOVERNMENT**

The City of Texas City is the third largest city in Galveston County; located southeast of Houston, Texas. Houston is readily accessible via Interstate 45, a major thoroughfare running through the West side of Texas City. The City encompasses an area of 132 square miles and estimated population of 45,099. The City of Texas City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation.



The City of Texas City is a home-rule city operating under a strong mayor form of government. Policy-making and legislative authority are vested in a governing commission (City Commission) consisting of the Mayor and (6) six City Commissioners, all elected on a non-partisan basis. Four of the six Commissioners are elected by district, and are required to reside in their respective district in which they are elected. The Mayor and two Commissioners are elected at large. All City Commissioners and the Mayor are elected for a two year term. The City Commission is responsible, but not limited to, passing ordinances, adopting the budget and tax rate, and appointing committees. The Mayor is responsible for carrying out the policies of the City Commission, for overseeing the day-to-day operations of the City and for hiring the department directors, subject to City Commission approval.

The City of Texas City provides a full range of municipal services contemplated by ordinance and the City Charter. This includes police and fire protection, emergency medical services, street construction and maintenance, planning and zoning, recreational activities, curbside brush collection, a recycling center, a storm water drainage system, water distribution system, sewer system, wastewater collection and treatment and general administrative services. Sanitation services, residential and commercial garbage collection, are contracted with a private firm. The financial reporting units of the City are funds. The Construction Fund-Gulf Coast Water Authority Bonds, City of Texas City Economic Development Corporation, City of Texas City Harbour Foreign Trade Zone Corporation, City of Texas City Industrial Development Corporation, City of Texas City Public Facilities Development Corporation, City of Texas City Danforth Health Facilities Corporation, City of Texas City Cultural Arts Foundation, and City of Texas City Historical Preservation are reported as Component Units for which the City is financially accountable.

## **BUDGET**

The budget is required by City Charter, which controls many facets of the budgeting process. The budget is used to plan for the use of funds generated through a variety of revenue sources to provide services for the benefit of the citizens in the community. The budget text provides the following:

- a.) Identifies revenue sources and amounts to provide for services delivered during the next fiscal year (October through September);
- b.) Approves the expenditure of monies to deliver the services provided by each of the respective operating divisions;
- c.) Provides a basis for financial recording and control of the approved revenue and expenditure dollars.

The budget process is a systematic approach to plan for the new fiscal year. The process is established to gain input from the citizens, the City Commission, and the City staff. The budget process initially begins with departmental requests, at which time each request is reviewed by the Mayor and Director of Finance, prioritized and discussed with the department head. The budget is then evaluated by City Commission in terms of staff, programs, projects, services and policies of the City. The staff, programs, projects, services and policies may be new or existing. Critical in the process is determining at what level the programs, projects, services and policies will serve. Also considered is not only the impact on the budget being formulated, but also the City's ability to pay for each; in other words, how much revenue can be generated through taxes, fees, etc., putting the least amount of burden on the citizens.

The City's budget shall be preceded by a budget message which shall explain the budget both in fiscal terms and work programs. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, and include such other material deemed relevant to Commission consideration of the document. The budget shall provide a complete financial plan of all City funds and activities for the ensuing year. In the organization of the budget, the combination of expenditure classification by fund, organization unit, program purpose, activity, or object is deemed the most feasible in representation. It shall begin with a clear general summary of its contents; shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year; and shall be so arranged as to show comparative figures for actual and estimated income and expenditures for three fiscal years, the last completed fiscal year, the year of preparation of the budget, and the projections for the ensuing fiscal year. It shall indicate in separate sections:

- (1.) Proposed expenditures for operations during the ensuing fiscal year, detailed by departments, in terms of their respective work programs, and the method of financing such expenditures;
- (2.) Proposed capital improvement expenditures during the ensuing fiscal year, detailed by purpose and the proposed method of financing each capital expenditure;
- (3.) Anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or enterprise fund operated by the City and the proposed method of its disposition; budgets for each utility or enterprise fund giving detailed income and expenditure information shall be included; and
- (4.) Detailed schedules indicating the City's debt position and debt service requirements.

The Commission, may, upon the recommendation of the chief executive officer, transfer any unencumbered appropriation balance or any portion thereof within a department of the City government to another.

The City Commission is required to adopt the final budget by no later than the close of the current fiscal year.

## **BUDGET (continued)**

Budget transfers within departments require the approval of the Mayor and the Director of Finance, and transfers outside departments and amendments to the final budget require City Commission approval.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Texas City prides itself on providing quality services and amenities for its citizens. With over 1,100 acres of parks spread over 40 locations throughout the City, The City of Texas City has one of the best recreational and tourism (Parks & Recreation) departments in the State of Texas. With the help of BP's contribution, the City will be developing a mix-use development called Central Park that will include a 280+ acre environmental park and 40+ acres of various ball fields and other interactive facilities.

The City of Texas City economic base maintains its status as a major global economic power, with one of the largest ports in the country, which is a gateway to worldwide trade and a major hub for world energy supplies. The industrial base comes from a strong petrochemical industry with significant base operations in the area. They include BP, Marathon Petroleum, Valero Refining, Sterling Chemical, Dow Chemicals and ISP Technologies. These facilities account for nearly \$400 million in payroll annually, more than \$75 million in local property and sales taxes, almost \$2 million for local charity contributions, and provide more than 26,000 man-hours for local volunteer programs. But their biggest contribution to date is the manufacturing of products used in our home and business lives. The City of Texas City still remains optimistic about the strength of the petro-chemical industry and is still looking at developing Shoal Point into a container facility.

The City of Texas City's community purpose is to make it possible for all citizens to benefit from living, working, worshiping and playing in a safe, healthy, attractive and economically viable community. Thereby, offering all citizens the opportunity for a rewarding, satisfying and fulfilling lifestyle, and providing a foundation for a strong family unit environment.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

The City of Texas City continues to enhance services provided to citizens. Many of the notable achievements during the year reflect this focus:

- Adopted an operating budget and retained its tax rate of \$0.4250/\$100 valuation;
- Continued paving, drainage, waterline improvements, and sewer line improvements;
- Completed improvements to Texas City Museum;
- Completed Carlos Garza Sportsplex;
- Completed Carver Park improvements;
- Continue to operate and maintain a City committed to delivering quality public services to its citizens.

## **CAPITAL IMPROVEMENT PROGRAM (CIP)**

A capital improvement program (CIP) is a fiscal planning tool that identifies capital improvement projects, prioritizes these projects, and schedules them for funding and implementation. Capital improvement programming provides the decision-makers in Texas City with the ability to gain an overall perspective on new development in the City and to coordinate government capital improvement and outlay plans with general community growth and expansion. This enables the City to foresee repair and replacement needs.

A CIP helps assure logical development of public facilities and helps avoid concentrating too much on certain types of projects to the exclusion or detriment of other public facility and capital needs.

A capital improvement program is an important capital and fiscal planning tool. The CIP, if exercised

skillfully and with good judgment, will help Texas City:

- (1.) Select projects which address the most pressing need(s);
- (2.) Eliminate projects that are favored by one or more groups in the community but have a low overall priority;
- (3.) Prevent projects from being undertaken either too soon, causing unnecessary carrying costs, or too late, after the need for the project is upon the City and planning must be done in a crisis situation.

The capital budget is only as good as the plan for financing the proposed projects. The number of public improvements a municipality can finance generally depends on:

- (1.) The level of recurring future operating expenditures;
- (2.) The current level of debt (bonded indebtedness);
- (3.) The legal limit of debt it may incur (bonded capacity);
- (4.) Any potential sources of additional revenue available for capital improvement financing.

Financial analysis and planning are needed for intelligent capital improvement programming. The three elements that must be clearly understood are:

- (1.) The relationship between the revenue program (based on the economic vitality of the community) and the operating budget (based on a program of public services), with the resulting cash funds available to pay in whole or in part for capital improvements or to meet the obligations of the debt service;
- (2.) The new debt structure of the community and its ability to incur new debt;
- (3.) Policies and legal mandates dealing with revenues, operating expenditures, capital improvements, bonds, and the relations among and between them.

### **FINANCIAL INFORMATION**

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is completed to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal control is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits expected to be derived, and (2) the evaluation of costs and benefits require estimates and judgments by management.

We believe the City's accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period by employees in the normal course of performing their assigned functions.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Commission. Activities of the General, Special Revenue, Debt Service, Construction, Enterprise, Internal Service, Agency Funds and Component Units are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each department.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

The City of Texas City's financial statements have been audited by Null-Lairson, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Texas City for the fiscal year ended September 30, 2011, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the City of Texas City's financial statements for the fiscal year ended September 30, 2011, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

### **ACKNOWLEDGEMENTS**

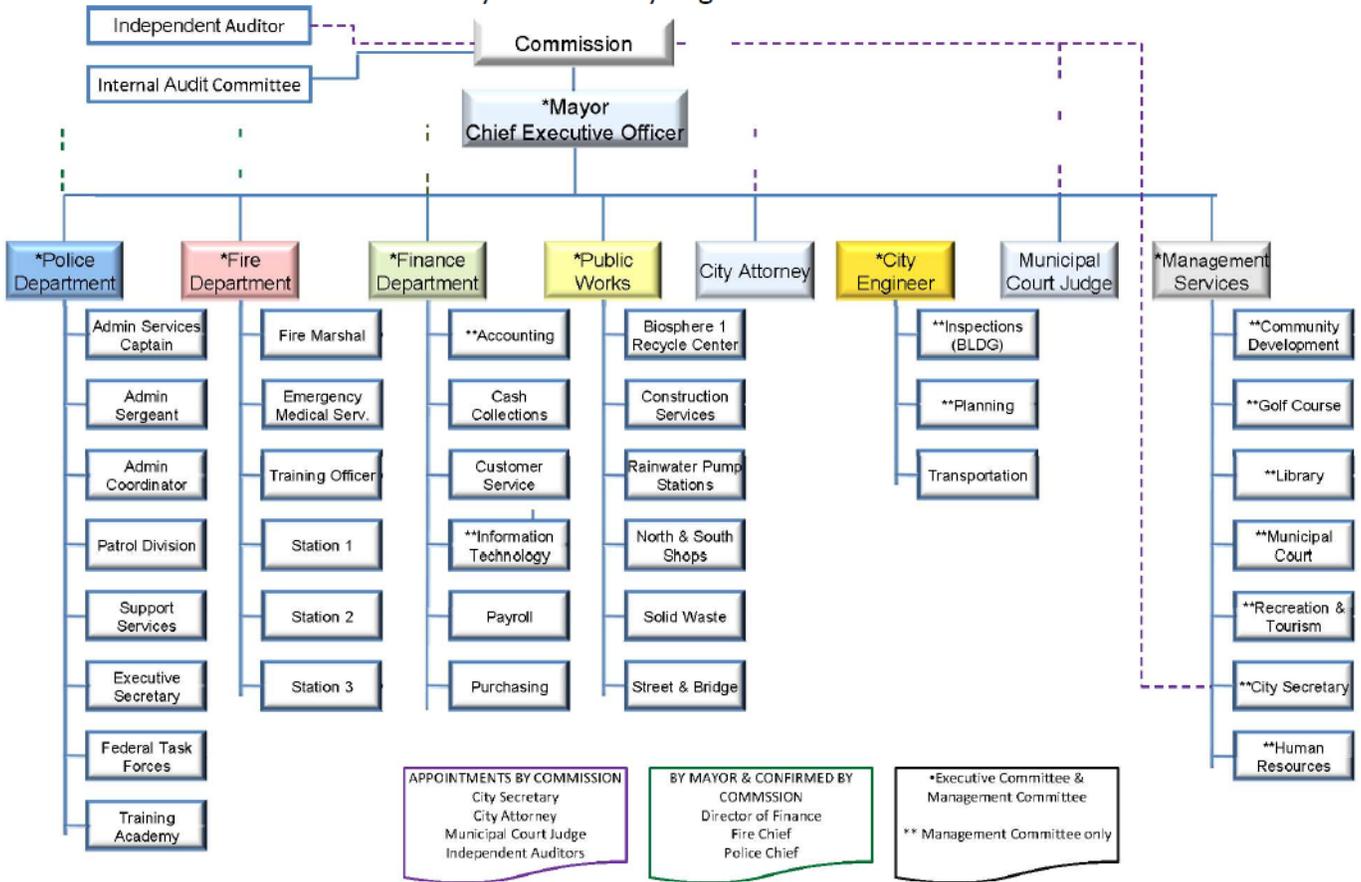
The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation. We would also like to thank the Mayor and City Commission for their interest and unfailing support in planning and conducting the financial operations of the City in a responsible and prudent manner.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Laura R. Boyd".

Laura R. Boyd  
Director of Finance

# City of Texas City Organizational Chart



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**CITY OF TEXAS CITY, TEXAS**  
**PRINCIPAL OFFICIALS**

*The City of Texas City is governed by a mayor, mayor pro-tem and city commissioners.*



**Mayor**

Matthew T. Doyle

**Commissioners At-Large**



Mike Land  
Mayor Pro-Tem



Dee Ann Haney

**District 1**



Donald Singleton

**District 2**



J. W. Wilson, Jr.

**District 3**



Dedrick Johnson, Sr.

**District 4**



Rick Wilkenfeld

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Texas City  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

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



*Linda C. Dandison*

President

*Jeffrey R. Emer*

Executive Director

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## **Financial Section**

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## Independent Auditors' Report

The Honorable Mayor and  
Members of the City Commission  
City of Texas City, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of City of Texas City, Texas (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2012, on our consideration of City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which has been issued separately from this document, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Mayor and  
Members of the City Commission

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 16, schedule of funding progress on pages 73 through 74 and the budgetary comparison information on page 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



Texas City, Texas  
April 30, 2012

*Management's Discussion and Analysis*

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**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Comprehensive Annual Financial Report, we present a narrative overview and analysis of the financial activities of the City of Texas City for the fiscal year ended September 30, 2011. Please read it in conjunction with the independent auditors' report, our letter of transmittal and the City's Basic Financial Statements.

**Financial Highlights**

- The assets of the City of Texas City exceeded its liabilities at the close of the most recent fiscal year by \$154.2 million (*net assets*). Of this amount, \$24.6 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$18 million.
- As of the close of the current fiscal year, the City of Texas City's governmental funds reported combined ending fund balances of \$35.9 million, an increase of \$2.8 million in comparison with the prior year. Approximately, 38% of this total amount, \$13.5 million is available for spending at the government's discretion (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13.5 million, or 31 percent of total general fund expenditures.
- The City's total debt decreased by \$5.2 million as a result of due refunding and additional annual scheduled principal payments on the debt.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Texas City'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 of Texas City's finances, in a manner similar to a private-sector business.

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

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

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

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

City of Texas City include the Utility Capital Reserve Fund and Water and Sewer System Revenue.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The City's seven component units consist of the following:

- City of Texas City Economic Development Corporation (4B)
- City of Texas City Harbour Foreign Trade Zone Corporation
- City of Texas City Industrial Development Corporation
- City of Texas City Public Facilities Development Corporation
- City of Texas City Danforth Health Facilities Corporation
- City of Texas City Cultural Arts Foundation
- City of Texas City Historical Preservation Corporation

The government-wide financial statements can be found on pages 19-21 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 of Texas 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 three categories: governmental funds, proprietary funds, and fiduciary 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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Texas City maintains in excess of twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service funds which are considered to be major funds. Data from the other twenty-four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

***Proprietary funds***

The City of Texas City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Texas City uses enterprise funds to account for its Water and Sewer System operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Texas City uses internal service funds to account for its capital equipment replacement program and for its employee health/dental insurance. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System operations. Several of Gulf Coast Water Authority (GCWA) Bond Construction Funds are included in the operation of the City's Water fund. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

***Fiduciary funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Texas City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 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 36-69 of this report.

***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Texas City's progress in funding its obligation to provide pension benefits to its employees. The City of Texas City adopts an annual appropriated budget for its general, debt service, special revenue, construction, water, sewer, internal service, fiduciary funds, and component units. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Combining and individual fund statements and schedules can be found on pages 78-132.

***Government-wide Financial Analysis***

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Texas City, assets exceeded liabilities by \$136.2 million at the close of the most recent fiscal year.

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

By far the largest portion of the City of Texas City's net assets (82 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); 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 of Texas 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 the capital assets themselves cannot be used to liquidate these liabilities.

**City of Texas City's Net Assets (in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 41.0	\$ 41.2	\$ 8.1	\$ 7.7	\$ 49.1	\$ 48.9
Capital assets	102.4	85.2	65.2	67.8	167.6	153.0
<b>Total assets</b>	<b>143.4</b>	<b>126.4</b>	<b>73.3</b>	<b>75.5</b>	<b>216.7</b>	<b>201.9</b>
Long-term liabilities outstanding	42.9	44.2	14.1	15.5	57.0	59.7
Other Liabilities	2.9	3.6	2.6	2.4	5.5	6.0
<b>Total Liabilities</b>	<b>45.8</b>	<b>47.8</b>	<b>16.7</b>	<b>17.9</b>	<b>62.5</b>	<b>65.7</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	75.9	52.1	51.2	52.5	127.1	104.6
Restricted	2.5	3.6			2.5	3.6
Unrestricted	19.2	22.9	5.4	5.1	24.6	28.0
<b>Total net assets</b>	<b>\$ 97.6</b>	<b>\$ 78.6</b>	<b>\$ 56.6</b>	<b>\$ 57.6</b>	<b>\$ 154.2</b>	<b>\$ 136.2</b>

An additional portion of the City of Texas City's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$24.6 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**City of Texas City's Changes in Net Assets (in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 6.6	\$ 6.6	\$ 10.7	\$ 9.7	\$ 17.3	\$ 16.3
Operating grants and contributions	8.3	7.7			8.3	7.7
General Revenues:						
Property Taxes	20.5	22.2			20.5	22.2
Other Taxes	17.9	17.6			17.9	17.6
Other	18.0	3.2	3.9	2.7	21.9	5.9
<b>Total revenues</b>	<b>71.3</b>	<b>57.3</b>	<b>14.6</b>	<b>12.4</b>	<b>85.9</b>	<b>69.7</b>
<b>Expenses</b>						
General government	4.6	4.7			4.6	4.7
Public Safety	21.9	20.6			21.9	20.6
Public Works	12.2	17.0			12.2	17.0
Health and Welfare	0.5	0.5			0.5	0.5
Culture and Recreation	9.9	9.1			9.9	9.1
Economic and Community Development	0.5	0.6			0.5	0.6
Interest on long-term debt	1.3	1.3			1.3	1.3
Enterprise Fund - Water			10.0	7.0	10.0	7.0
Enterprise Fund - Sewer			5.6	5.1	5.6	5.1
Enterprise Fund - GCWA Bonds				0.7		0.7
Enterprise Fund - Utility Capital Reserve				0.4		0.4
<b>Total Expenses</b>	<b>50.9</b>	<b>53.8</b>	<b>15.6</b>	<b>13.2</b>	<b>66.5</b>	<b>67.0</b>
Increase (decrease) in net assets						
before transfers	20.4	3.5	(1.0)	(0.8)	19.4	2.7
Transfers		(0.5)		0.5		
Increase (decrease) in net assets	20.4	3.0	(1.0)	(0.3)	19.4	2.7
<b>Net assets - beginning</b>	<b>78.6</b>	<b>75.6</b>	<b>57.6</b>	<b>51.1</b>	<b>136.2</b>	<b>126.7</b>
Prior period adjustment	(1.4)			6.8	(1.4)	6.8
<b>Net assets - ending</b>	<b>\$ 97.6</b>	<b>\$ 78.6</b>	<b>\$ 56.6</b>	<b>\$ 57.6</b>	<b>\$ 154.2</b>	<b>\$ 136.2</b>

During the current fiscal year, the government's net assets increased by \$18.0 million. This increase is attributed to the continued growth in sales tax revenues, an increase in charges for services and a prior period adjustment.

**Governmental activities**

Governmental activities increased the City of Texas City's net assets by \$18.9 million. Key elements of changes in net assets are as follows:

- Operating grants and contributions increase by \$.6 million during the year. This is primarily due to contributions from industry and Galveston County for additional road repairs.
- Property taxes decreased by \$1.7 million during the year. Overall property taxes have decline due to the down turn in the economy and housing markets.

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- Other increases can be attributed to capital assets contributed by the City's component units.

Increases in expenses by function for governmental activities are detailed below:

- Public Safety increase of \$1.3 million, due to salary increases, increases to contribution rates for retirement, increases related to fuel costs, increase in overtime expenses.
- Public Works decrease of \$4.8 million, due to completion of road projects in prior year.

***Business-type activities***

Business-type activities decreased the City of Texas City's net assets by \$1.0 million key elements of this decrease are as follows:

- Revenues for business-type activities decreased by 1.0 million. Water and Sewer rates increased over the prior fiscal year and the City suffered from drought conditions. During the year, the City provided water and sewer service for approximately 14,000 customers.
- Operating expenses for business-type activities increased by \$2.4 million. This increase was mainly due to continuation of the City's water and sewer rehabilitation/replacement projects and additional purchases of water.

**Financial Analysis of the Government's Funds**

The City of Texas City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental funds***

The focus of the City of Texas 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 the end of the current fiscal year, the City of Texas City's governmental funds reported combined ending fund balances of \$35.9 million an increase of \$2.8 million as compared to the prior year. *Unassigned fund balance*, which is available for spending at the government's discretion, totaled \$13.5 million. The remainder of fund balance is *nonspendable* of 1.1 for inventories and prepaid items and *restricted fund balance* indicate that it is not available for new spending because it has already been restricted 1) to pay debt service (\$2.2 million), 2) public safety of \$.6 million, public works projects of \$5.4 million and culture and recreation of \$4.7 million. In addition the City *assigned fund balance* for public works \$6.0 million, self insurance- health 1.4 million and pension of \$1.0 million.

The general fund is the chief operating fund of the City of Texas City. At the end of the current fiscal year, *unassigned fund balance* amounted to \$13.5 million while total fund balance amounted to \$23.0 million. As a measure of the general fund's liquidity, it may be useful to compare both fund balance unassigned for future expenditures and total fund balance, to total fund expenditures. Unassigned fund balance represents 31 percent of total general fund expenditures, while total fund balance represents 53 percent of that same amount.

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

During the current fiscal year, the fund balance of the City of Texas City's General Fund decreased by \$4.1 million. As mentioned above, key factors in this decrease are as follows:

- Decrease in property tax revenues.

The debt service has a total fund balance of \$2.2 million, which is legally restricted for payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$.3 million. A portion of this increase is attributed to a contribution for contribution unit and a decrease in interest expense on debt service.

***Proprietary funds***

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

Unrestricted net assets at the end of the year for the Water and Sewer Funds were \$5.3 million and total net assets were \$56.6 million. The combined total change in net assets for these funds was a decrease of \$.95 million. At the end of the year, internal service funds had unrestricted net assets of \$1.3 million and total net assets of \$4.9 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Texas City's business-type activities.

**General Fund Budgetary Highlights**

During the year there was a \$0.3 million increase in appropriations between the original and final amended budget. Following are some components of the budgetary increase:

- Various landscaping and lighting improvement projects along the City's major thoroughfares.

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Capital Assets and Debt Administration**

*Capital assets*

The City of Texas City's investment in capital assets for its governmental and business type activities as of September 30, 2011, amounts to \$167.5 million (net of accumulated depreciation). This investment in capital assets includes infrastructure, land, historical treasures and works of art, buildings, improvements, vehicles, machinery and equipment, furniture and office equipment, construction in progress and investment in future water rights. The total increase in the City of Texas City's investment in capital assets for the current fiscal year was \$14.5 million (9.5 percent).

Major capital assets acquired during the current fiscal year included the following:

- Complete implementation of new financial software system.
- Completed renovation of Texas City Museum.
- Acquired the following major machinery & equipment items:
  - (14) Ford Sedans & Equip.                      \$357,323                      Police
  - (1) Used Fire Truck                              \$130,000                      Fire
  - (1) Long Reach Excavator                      \$189,536                      Fire
  - (1) Johnson Vacuum Sweeper                      \$214,275                      Public Works
  - (1) Volvo Wheel Loader                      \$228,555                      Sanitation

**City of Texas City's Capital Assets (in millions)**  
**(Net of depreciation)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 3.4	\$ 1.1	\$ 4.5
Historical treasures & works of art	0.9		0.9
Infrastructure	72.0	106.4	178.4
Buildings & structures	50.7	1.8	52.5
Machinery, equipment & furniture	22.9	4.9	27.8
Construction in progress	5.0		5.0
	<u>154.9</u>	<u>114.2</u>	<u>269.1</u>
Less: Accumulated depreciation	<u>(52.6)</u>	<u>(49.0)</u>	<u>(101.6)</u>
	<u><u>\$ 102.3</u></u>	<u><u>\$ 65.2</u></u>	<u><u>\$ 167.5</u></u>

Additional information on the City of Texas City capital assets can be found on pages 51-54 of this report.

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Long-term debt**

At the end of the current fiscal year, the City of Texas City had a total bonded debt outstanding of \$49.3 million. Of this amount, \$35.7 million comprises debt backed by the full faith and credit of the government. The remainder of the City of Texas City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**City of Texas City's Outstanding Debt**  
**Certificates of Obligation, General Obligation, and Revenue Bonds (in millions)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General obligation bonds	\$ 29.5	\$	\$ 29.5
Certificates of obligation	6.2		6.2
Contract revenue bonds		13.6	13.6
	\$ 35.7	\$ 13.6	\$ 49.3

The City of Texas City's total bonded debt decreased by \$5.2 million (9.5 percent) during the current fiscal year due new refunding issuance and offset by annual scheduled principal payments on the debt.

All of the City's bond issues have been successful in qualifying for bond insurance resulting in ratings of Aa3, AA- and BQ from Standard & Poor's (S&P) and Moody's.

Additional information on the City of Texas City's long-term debt can be found on pages 56-61 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The City of Texas City's industrial base continues to contribute to the economic growth in Texas City. Contributions in the form of local employment for residents, economic funding in the areas of sales and property taxes, and in-kind contributions, help keep Texas City an economically viable community.
- The 2011-12 Budget was prepared assuming a total tax rate of \$0.4250 per \$100 valuation, which is the same as the previous fiscal year. The tax rate provides sufficient funds for general fund operations and debt service requirements. The 2011 tax rate is comprised of the following components:

General Fund	\$0.352727
Debt Service	\$0.072273

- The General Fund has budgeted revenues and other sources of \$42.67 million, compared to last year's budgeted revenues and other sources of \$41.0 million. This represents an increase of \$1.67 million. The increase in revenues is attributed to higher property tax valuations and anticipated increase in other revenues and other sources.
- The General Fund has budgeted expenditures of \$44.46 million, compared to the previous year's budgeted expenditures of \$44.94 million, a decrease of \$480,000.
- The 2011-12 Budget will expend funds from the General Fund's fund balance to fund the cost of police and fire employee salary increase and non-recurring expenditures. The drawdown on the fund balance is expected to reduce the unassigned fund balance to approximately 30% of budgeted expenditures.

**CITY OF TEXAS CITY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- The Water Revenue Fund has budgeted revenues of \$7.1 million. Budgeted expenditures in the Water Revenue Fund totaled \$6 million.
- The Sewer Revenue Fund has budgeted revenues of \$4.6 million. Expenditures in the Sewer Revenue Fund totaled \$3.7 million.
- The 2011-12 Total Budget includes \$10 million in capital outlay, which includes construction projects, equipment replacement, and the ongoing water and sewer line replacement projects.

***Requests for Information***

This financial report is designed to provide a general overview of the City of Texas City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 1801 9<sup>th</sup> Avenue North, Texas City, Texas 77590.

## **Basic Financial Statements**

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**CITY OF TEXAS CITY, TEXAS**  
**STATEMENT OF NET ASSETS**  
September 30, 2011

*Exhibit A-1*

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>Assets</b>				
Cash and equivalents	\$ 6,530,297	\$ 1,104,728	\$ 7,635,025	\$ 134,738
Investments	21,931,000	3,577,032	25,508,032	9,000,000
Receivables	2,976,268	3,440,212	6,416,480	75,000
Internal Balances	189,134	(189,134)		
Due from other governmental agencies	3,185,670		3,185,670	695,075
Due from component units	4,722,455		4,722,455	
Prepaid items	425,434	444	425,878	500
Deferred charges	383,787	36,957	420,744	
Inventories	678,838	145,172	824,010	
<b>Capital Assets:</b>				
Capital assets, not being depreciated	9,285,480	1,176,355	10,461,835	5,322,286
Infrastructure	65,750,068	106,370,292	172,120,360	
Buildings	50,728,650	1,867,676	52,596,326	1,099,595
Equipment and furniture	22,936,161	4,907,657	27,843,818	
Other capital assets	6,278,588		6,278,588	61,619
Less: accumulated depreciation	(52,581,954)	(49,099,074)	(101,681,028)	(836,351)
<b>Total Capital Assets</b>	<u>102,396,993</u>	<u>65,222,906</u>	<u>167,619,899</u>	<u>5,647,149</u>
<b>Total Assets</b>	<u>143,419,876</u>	<u>73,338,317</u>	<u>216,758,193</u>	<u>15,552,462</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	2,922,744	2,644,995	5,567,739	222,537
Due to primary government				4,722,455
Unearned revenues	70,946		70,946	
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	3,689,368	1,514,428	5,203,796	
Accrued interest	144,669	39,672	184,341	
Compensated absences	370,220	28,473	398,693	
Due in more than one year:				
Bonds, capital leases and contracts	32,373,914	12,454,357	44,828,271	
Net pension obligation	3,043,197		3,043,197	
Compensated absences	3,225,574	23,688	3,249,262	
<b>Total Liabilities</b>	<u>45,840,632</u>	<u>16,705,613</u>	<u>62,546,245</u>	<u>4,944,992</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	75,915,472	51,254,121	127,169,593	5,647,149
Restricted for:				
Debt service	193,791		193,791	
Culture & recreation	1,467,275		1,467,275	791,672
Public safety	594,518		594,518	
Economic & physical development	187,118		187,118	4,168,649
Unrestricted	19,221,070	5,378,583	24,599,653	
<b>Total Net Assets</b>	<u>\$ 97,579,244</u>	<u>\$ 56,632,704</u>	<u>\$ 154,211,948</u>	<u>\$ 10,607,470</u>

See notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
<b>Primary government</b>			
<b>Governmental Activities:</b>			
General government	\$ 4,606,523	\$ 63,889	\$
Public safety	21,869,053	2,708,182	890,065
Public works	12,227,267	1,618,030	3,763,611
Health and welfare	464,991	92,721	
Culture and recreation	9,876,934	2,157,512	14,410
Economic and community development	466,611		3,586,076
Interest on long-term debt	1,374,111		
<b>Total Governmental Activities</b>	<u>50,885,490</u>	<u>6,640,334</u>	<u>8,254,162</u>
<b>Business-type Activities:</b>			
Water revenue fund	10,087,013	6,333,708	
Sewer revenue fund	5,596,878	4,454,917	
<b>Total Business-type Activities</b>	<u>15,683,891</u>	<u>10,788,625</u>	
<b>Total Primary Government</b>	<u>\$ 66,569,381</u>	<u>\$ 17,428,959</u>	<u>\$ 8,254,162</u>
<b>Component Units</b>			
Component units	\$ 2,239,234	\$ 324,736	\$ 219,790
<b>Total Component Units</b>	<u>\$ 2,239,234</u>	<u>\$ 324,736</u>	<u>\$ 219,790</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise and other taxes

Sales taxes

Unrestricted investment earnings

Miscellaneous

Special item - gain (loss) on sale of assets

Capital contributions from component units

**Total general revenues, special items, and transfers**

Change in net assets

**Net Assets - beginning**

As originally presented

Prior period adjustments

As restated

**Net Assets - ending**

See notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,542,634)	\$	\$ (4,542,634)	
(18,270,806)		(18,270,806)	
(6,845,626)		(6,845,626)	
(372,270)		(372,270)	
(7,705,012)		(7,705,012)	
3,119,465		3,119,465	
(1,374,111)		(1,374,111)	
<u>(35,990,994)</u>		<u>(35,990,994)</u>	
	(3,753,305)	(3,753,305)	
	(1,141,961)	(1,141,961)	
	<u>(4,895,266)</u>	<u>(4,895,266)</u>	
<u>(35,990,994)</u>	<u>(4,895,266)</u>	<u>(40,886,260)</u>	
			\$ (1,694,708)
			<u>(1,694,708)</u>
16,848,857		16,848,857	
3,661,763		3,661,763	
4,728,016		4,728,016	
13,166,917		13,166,917	4,389,042
81,134	58,277	139,411	27,087
3,176,570	3,881,900	7,058,470	321,147
79,441	2,500	81,941	
<u>14,654,498</u>		<u>14,654,498</u>	<u>(14,654,498)</u>
<u>56,397,196</u>	<u>3,942,677</u>	<u>60,339,873</u>	<u>(9,917,222)</u>
<u>20,406,202</u>	<u>(952,589)</u>	<u>19,453,613</u>	<u>(11,611,930)</u>
78,636,006	57,544,636	136,180,642	22,219,400
(1,462,964)	40,657	(1,422,307)	
<u>77,173,042</u>	<u>57,585,293</u>	<u>134,758,335</u>	<u>22,219,400</u>
<u>\$ 97,579,244</u>	<u>\$ 56,632,704</u>	<u>\$ 154,211,948</u>	<u>\$ 10,607,470</u>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit B-1*

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

September 30, 2011

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 154,373	\$ 1,031,844	\$ 4,663,558	\$ 5,849,775
Investments	16,031,000	1,050,000	2,850,000	19,931,000
Taxes receivable, net	785,141	209,616		994,757
Due from other funds	1,771,818		3,258,483	5,030,301
Due from other governments	2,323,223		862,447	3,185,670
Due from component units	4,722,455			4,722,455
Other receivables	1,467,648		113,326	1,580,974
Inventories	678,838			678,838
Prepaid items	425,434			425,434
<b>Total Assets</b>	<u>\$ 28,359,930</u>	<u>\$ 2,291,460</u>	<u>\$ 11,747,814</u>	<u>\$ 42,399,204</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,194,648	\$	\$ 152,503	\$ 1,347,151
Due to other funds	3,258,483		844,745	4,103,228
Deferred revenues	358,074	121,437	70,946	550,457
Other payables	24,500			24,500
Accrued wages payable	521,262			521,262
<b>Total Liabilities</b>	<u>5,356,967</u>	<u>121,437</u>	<u>1,068,194</u>	<u>6,546,598</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventories	678,837			678,837
Prepaid items	425,434			425,434
<b>Restricted:</b>				
Debt service		2,170,023		2,170,023
Public safety			644,518	644,518
Public works			5,379,174	5,379,174
Culture and recreation			4,670,870	4,670,870
<b>Assigned:</b>				
Public works	6,000,000			6,000,000
Self insurance - health	1,400,000			1,400,000
Pension - firefighters	1,000,000			1,000,000
<b>Unassigned</b>	<u>13,498,692</u>		<u>(14,942)</u>	<u>13,483,750</u>
<b>Total Fund Balances</b>	<u>23,002,963</u>	<u>2,170,023</u>	<u>10,679,620</u>	<u>35,852,606</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 28,359,930</u>	<u>\$ 2,291,460</u>	<u>\$ 11,747,814</u>	<u>\$ 42,399,204</u>

See notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**September 30, 2011**

*Exhibit B-2*

**Total fund balance, governmental funds** \$ 35,852,606

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 98,813,496

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. 4,896,786

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.

Bonds and certificates of obligation payable	(35,715,000)
Note payable	(402,576)
Capital leases payable	(89,479)
Compensated absences	(3,595,794)
Accrued interest payable	(144,669)

Deferred property tax revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements. 479,511

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

Deferred loss on refunding	463,689
Deferred bond issue costs	383,787
Net pension obligation	(3,043,197)
Discount on bonds	(319,916)

**Net Assets of Governmental Activities in the Statement of Net Assets** \$ 97,579,244

See notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**

*Exhibit B-3*

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

**GOVERNMENTAL FUNDS**

*For the Year Ended September 30, 2011*

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property taxes	\$ 16,942,273	\$ 3,680,716	\$	\$ 20,622,989
General sales tax	13,166,917			13,166,917
Miscellaneous taxes	4,191,132		536,884	4,728,016
Licenses and permits	266,949			266,949
Intergovernmental	100,869		8,142,293	8,243,162
Charges for services	4,164,701			4,164,701
Fine and forfeits	1,233,510		85,192	1,318,702
Investment earnings	64,028	5,192	11,914	81,134
Miscellaneous revenue	2,057,916	1,258,591	800,691	4,117,198
<b>Total Revenues</b>	<u>42,188,295</u>	<u>4,944,499</u>	<u>9,576,974</u>	<u>56,709,768</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	4,351,272			4,351,272
Public safety	19,721,881		181,717	19,903,598
Public works	9,989,151		3,821,497	13,810,648
Health & welfare	431,203			431,203
Culture and recreation	7,723,058		561,465	8,284,523
Economic & physical development			466,611	466,611
<b>Capital outlay</b>	619,828		1,244,468	1,864,296
<b>Debt service:</b>				
Principal retirement	223,500	3,322,967		3,546,467
Interest and fiscal charges	5,757	1,374,302		1,380,059
Debt issuance costs		105,922		105,922
<b>Total Expenditures</b>	<u>43,065,650</u>	<u>4,803,191</u>	<u>6,275,758</u>	<u>54,144,599</u>
Excess (deficiency) of revenues over expenditures	<u>(877,355)</u>	<u>141,308</u>	<u>3,301,216</u>	<u>2,565,169</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	31,624	81,988	3,276,177	3,389,789
Proceeds from sale of capital assets	79,441			79,441
Issuance of long-term debt and refunding bonds		5,270,000		5,270,000
Premium or discount on issuance of bonds		117,907		117,907
Transfers out	(3,352,420)		(37,369)	(3,389,789)
Payments to refunded bond escrow agent		(5,280,288)		(5,280,288)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,241,355)</u>	<u>189,607</u>	<u>3,238,808</u>	<u>187,060</u>
Net change in fund balances	(4,118,710)	330,915	6,540,024	2,752,229
<b>Fund balances - beginning</b>	<u>27,121,673</u>	<u>1,839,108</u>	<u>4,139,596</u>	<u>33,100,377</u>
<b>Fund balances - ending</b>	<u>\$ 23,002,963</u>	<u>\$ 2,170,023</u>	<u>\$ 10,679,620</u>	<u>\$ 35,852,606</u>

See notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**

**Exhibit B-4**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2011**

Net change in fund balances - total governmental funds: \$ 2,752,229

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	5,470,766
Depreciation expense	(3,458,046)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

(39,646)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Deferred tax revenues	(112,369)
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Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Debt service principal	3,546,467
Payments to escrow agent for payment of refunded bonds	5,280,288
Proceeds from issuance of long-term debt	(5,270,000)
Premuim from issuance of long-term debt	(117,907)
Bond issuance cost	105,922

Internal service funds are used by management to charge the costs of certain activities, such as self-insured employee health insurance and equipment replacement, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

(1,701,927)

Capital assets contributed from component units are not presented in the governmental funds, but are included as revenue in the Statement of Activities.

14,654,498

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

(Increase) decrease in accrued interest	66,388
(Increase) decrease in net pension obligation	(721,508)
(Increase) decrease in compensated absences	11,487
Amortization of deferred loss on refunding	(68,405)
Amortization/accretion of deferred bond issue costs and premium on bonds	7,965

**Change in net assets of governmental activities**

**\$ 20,406,202**

See notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
September 30, 2011

Exhibit C-1

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>	
	<b>Major Enterprise Funds</b>		<b>Nonmajor Enterprise Fund</b>	<b>Total Enterprise Funds</b>		<b>Total Internal Service Funds</b>
	<b>Water Revenue Fund</b>	<b>Sewer Revenue Fund</b>	<b>Utility Capital Reserve Fund</b>			
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 513,633	\$	\$	\$ 513,633	\$ 680,522	
Investments	3,000,000			3,000,000	2,000,000	
Accounts receivable, net	3,082,259	356,273		3,438,532		
Accrued interest receivable	1,680			1,680		
Other receivables					400,537	
Inventories	101,852	43,320		145,172		
Prepaid expenses	444			444		
Deferred charges	36,957			36,957		
<b>Total current assets</b>	<b>6,736,825</b>	<b>399,593</b>		<b>7,136,418</b>	<b>3,081,059</b>	
<b>Non-current assets</b>						
Restricted cash and cash equivalents	591,095			591,095		
Restricted investments	577,032			577,032		
<b>Capital assets:</b>						
Land and improvements	137,410	4,652		142,062		
Infrastructure	51,203,573	55,166,719		106,370,292		
Buildings	353,524	1,514,152		1,867,676		
Equipment and furniture	2,535,908	2,371,749		4,907,657	9,717,379	
Construction in progress	1,034,293			1,034,293		
Less accumulated depreciation	(21,879,074)	(27,220,000)		(49,099,074)	(6,133,882)	
<b>Total capital assets</b>	<b>33,385,634</b>	<b>31,837,272</b>		<b>65,222,906</b>	<b>3,583,497</b>	
<b>Total non-current assets</b>	<b>34,553,761</b>	<b>31,837,272</b>		<b>66,391,033</b>	<b>3,583,497</b>	
<b>Total Assets</b>	<b>41,290,586</b>	<b>32,236,865</b>		<b>73,527,451</b>	<b>6,664,556</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	1,085,093	168,661		1,253,754	318,310	
Accrued wages payable	28,035	31,145		59,180		
Due to other funds		189,134		189,134	737,939	
Customer deposits payable	1,328,396	3,665		1,332,061		
Bonds payable, current portion	1,514,428			1,514,428		
Accrued interest payable	39,672			39,672		
Compensated absences	6,221	22,252		28,473		
Claims and judgments, current					711,521	
<b>Total Current Liabilities</b>	<b>4,001,845</b>	<b>414,857</b>		<b>4,416,702</b>	<b>1,767,770</b>	
<b>Non-current Liabilities</b>						
Bonds payable	12,454,357			12,454,357		
Compensated absences	9,123	14,565		23,688		
<b>Total Non-current Liabilities</b>	<b>12,463,480</b>	<b>14,565</b>		<b>12,478,045</b>		
<b>Total Liabilities</b>	<b>16,465,325</b>	<b>429,422</b>		<b>16,894,747</b>	<b>1,767,770</b>	
<b>Net Assets</b>						
Invested in capital assets, net of related debt	19,416,849	31,837,272		51,254,121	3,583,497	
Unrestricted	5,408,412	(29,829)		5,378,583	1,313,289	
<b>Total Net Assets</b>	<b>\$ 24,825,261</b>	<b>\$ 31,807,443</b>	<b>\$</b>	<b>\$ 56,632,704</b>	<b>\$ 4,896,786</b>	

See notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**

*Exhibit C-2*

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUNDS**

*For the Year Ended September 30, 2011*

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Major Enterprise Funds</b>		<b>Nonmajor Enterprise Fund</b>	<b>Total Enterprise Funds</b>	
	<b>Water Revenue Fund</b>	<b>Sewer Revenue Fund</b>	<b>Utility Capital Reserve Fund</b>		
<b>Revenues</b>					
Charges for services	\$ 6,333,708	\$ 4,454,917	\$	\$ 10,788,625	\$ 4,779,678
Misc operating revenues	3,859,681			3,859,681	7,631
<b>Total Revenues</b>	<u>10,193,389</u>	<u>4,454,917</u>		<u>14,648,306</u>	<u>4,787,309</u>
<b>Operating Expenses</b>					
Personal services	1,230,666	1,503,981		2,734,647	
Contractual and professional services	2,588,758	229,645		2,818,403	1,442,617
Other supplies and expenses	2,524,851	521,080		3,045,931	
Repairs and maintenance	643,792	818,584		1,462,376	
Utilities	140,462	310,393		450,855	
Insurance claims and expenses					4,023,170
Depreciation	2,304,076	2,213,195		4,517,271	1,059,888
Amortization	14,781			14,781	
<b>Total Operating Expenses</b>	<u>9,447,386</u>	<u>5,596,878</u>		<u>15,044,264</u>	<u>6,525,675</u>
Operating income (loss)	<u>746,003</u>	<u>(1,141,961)</u>		<u>(395,958)</u>	<u>(1,738,366)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Interest and investment revenue	58,277			58,277	5,332
Interest expense	(639,627)			(639,627)	
Miscellaneous revenue	(5,455)	27,674		22,219	
Gain/loss on sale of capital assets		2,500		2,500	31,107
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(586,805)</u>	<u>30,174</u>		<u>(556,631)</u>	<u>36,439</u>
Income (loss) before contributions and transfers	159,198	(1,111,787)		(952,589)	(1,701,927)
Transfers in	3,613,549	512,742	845,455	4,971,746	
Transfers out	(744,000)	(101,455)	(4,126,291)	(4,971,746)	
Change in net assets	<u>3,028,747</u>	<u>(700,500)</u>	<u>(3,280,836)</u>	<u>(952,589)</u>	<u>(1,701,927)</u>
<b>Total Net Assets - beginning</b>					
As originally presented	21,755,857	32,507,943	3,280,836	57,544,636	6,598,713
Prior period adjustment	40,657			40,657	
As restated	<u>21,796,514</u>	<u>32,507,943</u>	<u>3,280,836</u>	<u>57,585,293</u>	<u>6,598,713</u>
<b>Total Net Assets - ending</b>	<u>\$ 24,825,261</u>	<u>\$ 31,807,443</u>	<u>\$</u>	<u>\$ 56,632,704</u>	<u>\$ 4,896,786</u>

See notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended September 30, 2011

Exhibit C-3  
Page 1 of 2

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Major Enterprise Funds</b>		<b>Nonmajor Enterprise Fund</b>		
	<b>Water Revenue Fund</b>	<b>Sewer Revenue Fund</b>	<b>Utility Capital Reserve Fund</b>	<b>Total Enterprise Funds</b>	
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 8,465,609	\$ 4,555,405		\$ 13,021,014	\$ 4,386,772
Cash paid to employees	(1,233,128)	(1,504,853)		(2,737,981)	
Cash paid to suppliers	(5,284,830)	(2,250,444)		(7,535,274)	(1,124,307)
Cash paid from claims					(4,238,506)
<b>Net cash provided (used) by operating activities</b>	<b>1,947,651</b>	<b>800,108</b>		<b>2,747,759</b>	<b>(976,041)</b>
<b>Cash flows from noncapital financing activities</b>					
Advances to (repayments from) other funds	(57,103)	(538,460)		(595,563)	760,225
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(57,103)</b>	<b>(538,460)</b>		<b>(595,563)</b>	<b>760,225</b>
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sales of capital assets					31,107
Principal on capital debt	(1,898,638)			(1,898,638)	
Interest expense	639,627			639,627	
Acquisition and construction of capital assets	(3,141,836)	(261,648)		(3,403,484)	(1,601,716)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(4,400,847)</b>	<b>(261,648)</b>		<b>(4,662,495)</b>	<b>(1,570,609)</b>
<b>Cash flows from investing activities</b>					
Interest and dividends received	59,014			59,014	5,332
<b>Net cash provided (used) by investing activities</b>	<b>59,014</b>			<b>59,014</b>	<b>5,332</b>
Net increase (decrease) in cash and cash equivalents	(2,451,285)			(2,451,285)	(1,781,093)
<b>Cash and cash equivalents, beginning</b>	<b>3,556,013</b>			<b>3,556,013</b>	<b>2,461,615</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 1,104,728</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,104,728</b>	<b>\$ 680,522</b>

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Enterprise Funds		Nonmajor Enterprise Fund	Total Enterprise Funds	
	Water Revenue Fund	Sewer Revenue Fund	Utility Capital Reserve Fund		
				Total Internal Service Funds	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 746,003	\$ (1,141,961)	\$	\$ (395,958)	\$ (1,738,366)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>					
Depreciation	2,304,076	2,213,195		4,517,271	1,059,888
Amortization	14,781			14,781	
(Increase) decrease in receivables	(1,805,470)	100,488		(1,704,982)	(400,537)
(Increase) decrease in prepaid expenses	11,234			11,234	
(Increase) decrease in inventories	(46)	(2,485)		(2,531)	
Increase (decrease) in accounts payable	601,845	(368,257)		233,588	318,310
Increase (decrease) in accrued wages payable	101	(9,379)		(9,278)	
Increase (decrease) in customer deposits payable	77,690			77,690	
Increase (decrease) in compensated absences	(2,563)	8,507		5,944	
Increase (decrease) in accrued claims payable					(215,336)
<b>Total adjustments</b>	<u>1,201,648</u>	<u>1,942,069</u>		<u>3,143,717</u>	<u>762,325</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,947,651</u>	<u>\$ 800,108</u>	<u>\$</u>	<u>\$ 2,747,759</u>	<u>\$ (976,041)</u>
<b>Noncash investing, capital, and financing activities:</b>					
Increase (decrease) in capital assets, contributed from utility capital fund	\$ 7,611,236	\$ 724,437	\$ (8,335,673)		

See notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**September 30, 2011**

*Exhibit D-1*

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>	
	<u>Firemen's Relief and Retirement Fund</u>	<u>Life &amp; Disability Fund</u>	<u>Agency Fund</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 274,711	\$ 16,201	\$ 349,557
Receivables:			
Interest and Dividends	18,293		
<b>Total receivables</b>	<u>293,004</u>	<u>16,201</u>	<u>349,557</u>
<b>Investments:</b>			
U.S. Government obligations	772,623		
Corporate bonds	1,756,507		
Corporate stocks	8,842,891		
Other investments	1,795,727	225,000	100,000
<b>Total Investments</b>	<u>13,167,748</u>	<u>225,000</u>	<u>100,000</u>
<b>Total assets</b>	<u>13,460,752</u>	<u>241,201</u>	<u>449,557</u>
<b>Liabilities</b>			
Refunds payable and others			449,557
<b>Total liabilities</b>			<u>\$ 449,557</u>
<b>Net Assets</b>			
Held in trust for benefits and other purposes	<u>\$ 13,460,752</u>	<u>\$ 241,201</u>	

See notes to the financial statements.

The data presented in this schedule for the pension trust fund represents activity as of December 31, 2010.

**CITY OF TEXAS CITY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Year Ended September 30, 2011**

*Exhibit D-2*

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>
	<u>Firemen's Relief and Retirement Fund</u>	<u>Life &amp; Disability Fund</u>
<b>Additions</b>		
<b>Contributions:</b>		
Employer	\$ 632,679	\$
Plan Members	593,137	
<b>Total contributions</b>	<u>1,225,816</u>	
<b>Investment earnings:</b>		
Net increase (decrease) in fair value of investments	1,599,750	
Interest	58,632	644
Dividends	147,680	
Investment activity expense	(142,418)	
<b>Total net investment earnings</b>	<u>1,663,644</u>	<u>644</u>
<b>Other Additions:</b>		
Miscellaneous	6,805	
<b>Total other additions</b>	<u>6,805</u>	
<b>Total additions</b>	<u>2,896,265</u>	<u>644</u>
<b>Deductions</b>		
Benefits	1,336,270	
Refunds of contributions	57,505	
Administrative	14,015	
Miscellaneous	645	
<b>Total deductions</b>	<u>1,408,435</u>	
Change in net assets	1,487,830	644
<b>Net assets - beginning</b>	<u>11,972,922</u>	<u>240,557</u>
<b>Net assets - ending</b>	<u>\$ 13,460,752</u>	<u>\$ 241,201</u>

See notes to the financial statements.

The data presented in this schedule for the pension trust fund represents activity for the fiscal year of January 1, 2010, to December 31, 2010.

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**DISCRETELY PRESENTED COMPONENT UNITS -**  
**GOVERNMENTAL ACTIVITIES**  
*September 30, 2011*

	<b>Texas City Economic Development Corp.</b>	<b>Public Facilities Development Fund</b>	<b>Texas City Industrial Development Corp.</b>
<b>Assets</b>			
Cash and cash equivalents	\$	\$ 14,972	\$ 8,961
Investments	8,000,000	400,000	150,000
Due from other governments	695,075		
Other receivables			
Prepaid expenses			
Capital assets, net	4,882,609	764,540	
<b>Total Assets</b>	<u>13,577,684</u>	<u>1,179,512</u>	<u>158,961</u>
<b>Liabilities</b>			
Accounts payable	184,316	19,718	
Due to primary government	4,567,309		
Accrued wages payable	2,213		
<b>Total Liabilities</b>	<u>4,753,838</u>	<u>19,718</u>	
<b>Net Assets</b>			
Invested in capital assets, net of related debt	4,882,609	764,540	
Restricted:			
Culture & recreation		395,254	158,961
Economic & physical development	3,941,237		
<b>Total Net Assets</b>	<u>\$ 8,823,846</u>	<u>\$ 1,159,794</u>	<u>\$ 158,961</u>

See notes to the financial statements.

*Exhibit E-1*

<b>Texas City Foreign Trade Zone</b>	<b>Danforth Health Facilities Corp.</b>	<b>Texas City Cultural Arts Foundation</b>	<b>Texas City Historical Preservation Corp.</b>	<b>Totals</b>
\$ 300,000	\$ 1,780	\$ 150,000	\$ 109,025	\$ 134,738
75,000		500		9,000,000
				695,075
				75,000
				500
				5,647,149
<u>375,000</u>	<u>1,780</u>	<u>150,500</u>	<u>109,025</u>	<u>15,552,462</u>
137,110		4,374	9,703	218,111
2,213		18,036		4,722,455
<u>139,323</u>		<u>22,410</u>	<u>9,703</u>	<u>4,426</u>
				4,944,992
				5,647,149
235,677	1,780			791,672
		128,090	99,322	4,168,649
<u>\$ 235,677</u>	<u>\$ 1,780</u>	<u>\$ 128,090</u>	<u>\$ 99,322</u>	<u>\$ 10,607,470</u>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS -**  
**GOVERNMENTAL ACTIVITIES**  
*For the year ended September 30, 2011*

<b>Functions/Programs</b>	<b>Program Revenue</b>			<b>Texas City Economic Development Corp.</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>Component Units</b>				
<b>Governmental Activities</b>				
Texas City Economic Development Corp.	\$ 15,616,280	\$	\$	\$ (15,616,280)
Public Facilities Development Fund	237,136	208,642		
Texas City Industrial Development Corp.				
Texas City Foreign Trade Zone	128,804	105,000		
Danforth Health Facilities Corp.				
Texas City Cultural Arts Foundation	244,893	7,880	154,790	
Texas City Historical Preservation Corp.	666,619	3,214	65,000	
<b>Total Component Units</b>	<u>\$ 16,893,732</u>	<u>\$ 324,736</u>	<u>\$ 219,790</u>	<u>(15,616,280)</u>
<b>General Revenues</b>				
Taxes:				
Sales Tax				4,389,042
Unrestricted Investment Earnings				23,946
Miscellaneous				305,397
<b>Total general revenues, special items, and transfers</b>				<u>4,718,385</u>
<i>Change in net assets</i>				(10,897,895)
<b>Net assets - beginning</b>				<u>19,721,741</u>
<b>Net assets - ending</b>				<u>\$ 8,823,846</u>

See notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets						
Public Facilities Development Fund	Texas City Industrial Development Corp.	Texas City Foreign Trade Zone	Danforth Health Facilities Corp.	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Totals
\$ (28,494)	\$	\$	\$	\$	\$	\$ (15,616,280)
		(23,804)				(28,494)
				(82,223)		(23,804)
					(598,405)	(82,223)
(28,494)		(23,804)		(82,223)	(598,405)	(598,405)
					(598,405)	(16,349,206)
1,323	459	878		456	25	4,389,042
					15,750	27,087
1,323	459	878		456	15,775	321,147
(27,171)	459	(22,926)		(81,767)	(582,630)	4,737,276
1,186,965	158,502	258,603	1,780	209,857	681,952	(11,611,930)
\$ 1,159,794	\$ 158,961	\$ 235,677	\$ 1,780	\$ 128,090	\$ 99,322	22,219,400
						\$ 10,607,470

**I. Summary of Significant Accounting Policies**

The City of Texas City (the “City”) is a municipality operating under the applicable laws and regulations of the State of Texas. The City prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board, other authoritative sources identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants, and the requirements of contracts and grants of agencies from which it receives funds.

In 2003, the City implemented GASB Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments (GASB Statement No. 34), GASB Statement No. 37, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments: Omnibus which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, Certain Financial Statement Note Disclosures which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management’s discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow user’s of financial reports to assess a government’s operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

**A. Reporting Entity**

**Primary government.** The City of Texas City, Texas was incorporated in September 1911, and is a home rule City under statutes of the State of Texas. It is governed by an elected mayor and six-member commission. The current City charter was amended November 7, 1995. The City provides the full range of municipal services contemplated by statute or character. This includes public safety (police and fire), highway and streets, sanitation, health, culture-recreation, education, planning and zoning, and general administrative services. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for descriptions) to emphasize that they are legally separate from the primary government.

**Blended component units.** The Firemen’s Relief and Retirement Fund, an entity legally separate from the City, is governed by a seven member board. For financial reporting purposes, the Firemen’s Relief and Retirement Fund is reported as if it were part of the City’s operations because its purpose is to provide benefits to employees of the City. The fund is reported as a Pension Trust Fund in the Fiduciary Fund Types.

**I. Summary of Significant Accounting Policies (continued)**

**A. Reporting Entity (continued)**

**Discretely presented component units.** All of these units are presented as governmental fund types.

**City of Texas City Industrial Development Corporation.** The City of Texas City Industrial Development Corporation was created to issue industrial development revenue bonds for the purpose of paying all or part of the costs of constructing and acquiring one or more commercial, industrial or manufacturing facilities within the City, or for the purpose of loaning the proceeds to one or more corporations duly authorized to do business in the State of Texas, in order to provide temporary or permanent financing of all or part of the cost of constructing and acquiring a commercial, industrial, or manufacturing facility. The board of directors is appointed by the City; however, none of the directors are members of the City Commission. The corporation's operational budget is subject to approval by the City Commission.

**Texas City Economic Development Corporation.** The Texas City Economic Development Corporation is a non-profit corporation created for the purpose of promotion and development of new and expanded businesses within the City of Texas City and any other activity allowed by the enabling statutes. The administration of the Economic Development Corporation is vested in a board of directors and a general manager. The City appoints the board of directors and the Economic Development Corporation Board appoints the general manager. However, the corporation is fiscally dependent on the City because their operational and capital budgets are approved by the City Commission.

**Texas City Foreign Trade Zone Corporation.** The Texas City Foreign Trade Zone Corporation was created to operate and maintain a foreign trade zone and subsequent subzones in Galveston, Brazoria, and Chambers County areas for the promotion of international trade. The administration of the Texas City Foreign Trade Zone Corporation is conducted by a board of directors and a general manager. The City Commission appoints the board of directors, and the board of directors of the corporation appoints the general manager. Although the Foreign Trade Zone Corporation has the authority to set user fees, its operational and capital budgets must be approved by the City Commission.

**Public Facilities Development Corporation.** The Public Facilities Development Corporation is a non-profit corporation created to enhance the welfare and/or prosperity of the citizens of the City and the State of Texas through the acquisition, financing, construction, equipping, operation, and/or leasing, on behalf of the City, facilities that promote or encourage economic, civic, social, and/or educational development or expansion. The administration of the corporation is vested with the board of directors, which are appointed by the City Commission. Although the Public Facilities Development Corporation has the authority to operate and lease the facilities, the operational and capital budgets are approved by the City Commission.

**Danforth Health Facilities Corporation.** The Danforth Health Facilities Corporation is a non-profit corporation created to acquire, construct, provide, improve, finance and refinance any health facility which is found by the board of directors to be required, necessary or convenient for health care, research and education, within the State of Texas. The affairs of the corporation are managed by a board of directors, which are appointed by the City Commission. However, none of the directors are members of the City Commission. The corporation's operational budget is subject to approval by the City Commission.

**Texas City Cultural Arts Foundation.** The Texas City Cultural Arts Foundation is a Nonprofit Corporation created to promote the Arts. The administration of the Corporation is conducted by a board of directors. The Corporation's operational and capital budgets are subject to approval by the City Commission.

**I. Summary of Significant Accounting Policies (continued)**

**A. Reporting Entity (continued)**

**Texas City Historical Preservation Corporation.** The Texas City Historical Preservation Corporation is a non-profit corporation created to protect, preserve and enhance historical structures and articles in the City of Texas City and the surrounding communities. The administration of the Corporation is conducted by a board of directors. The Corporation's operational and capital budgets are subject to approval by the City Commission.

Complete financial statements for each of the individual component units may be obtained at the City's administrative offices: City of Texas City, 1801 Ninth Avenue North, Texas City, Texas 77590.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. Except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other 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 separate 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**I. Summary of Significant Accounting Policies (continued)**

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

Property taxes, sales 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other governmental long-term debt of the City. The primary sources of revenue for debt service are local property taxes. The debt service fund is considered a major fund for reporting purposes.

The City reports the following major proprietary funds:

The *water revenue fund* and *sewer revenue fund* account for the rendering of water and sewer services to the residents of the City. The Gulf Coast Water Authority hold debt in the city name and those amounts are reported in the Water fund. The City agreed to provide sufficient funds to retire bonds utilized to construct facilities.

Additionally, the government reports the following fund types:

The *internal services funds* account for equipment replacement costs and group health insurance costs as needed by City departments on a cost reimbursement basis

The *pension trust fund* is used to account for the assets of the City's fire fighters pension plan. The pension trust fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting

The *private-purpose trust fund* is used to account for funds received from the termination of the City's former life and disability insurance plan.

The *agency funds* are used to account for resources held for others in a custodial capacity. The most significant of these funds are as follows:

- Mae Dixon Blalock Estate Fund - created to hold in trust amounts contributed to the City of Texas City Library to be used for building improvements.
- TCPD Training Tower Fund - used to account for donations specific to construction of a training tower.
- Municipal Court Bonds Fund - used to account for municipal court bonds posted by individuals that are being held until disposition of the case.

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

**I. Summary of Significant Accounting Policies (continued)**

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

As a general rule, except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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 Water Revenue and Sewer Revenue enterprise funds, and of the City's Equipment Replacement and Group Insurance internal service funds are charges to customers for sales and services. The Water Revenue Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

Trust funds employ the same economic resources measurement focus and accrual basis of accounting as described for proprietary funds. Since agency funds report only assets and liabilities, they have no measurement focus.

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 6) fully collateralized repurchase agreements; and 7) a public funds investment pool meeting the requirement of Government Code 2256.016 – 2256.019. Temporary investments are reported at cost, which approximates market.

Except for the Firefighters' Relief and Retirement Fund, the City's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA).

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Assets or Equity (continued)**

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All customer and property tax receivables are shown net of an allowance for uncollectibles. Customer accounts receivable in excess of 120 days comprise the customer accounts receivable allowance for uncollectibles. Property taxes are levied as of October 1 on property values assessed as of the same date. Assessed values approximate 100% of market value. Taxes are due October 1, immediately following the levy date, and are considered delinquent February 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1.

**3. Inventories and prepaid items**

Inventories are valued at cost. The General Fund inventory consists of consumable vehicle replacement parts, fuel and other supplies. The consumption method of accounting is used for the governmental fund types whereby supplies are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Restricted assets**

Certain proceeds of the Water Revenue Fund enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Assets held in the general fund to repay cash bonds held are also classified as restricted assets.

**5. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined, by the City, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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 is included as part of the capitalized value of the assets constructed. No interest expense was incurred on assets constructed using business-type activity funds; therefore, no interest has been capitalized on those projects.

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Assets or Equity (continued)**

**5. Capital assets (continued)**

General infrastructure, property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
General infrastructure - streets	99
General infrastructure - drainage	99
General infrastructure - water and sewer plant and lines	50
Buildings and structures	40
Other improvements	20-40
Heavy equipment	7
Light equipment - normal use	7
Light equipment - frequent use	5
Emergency vehicles	5
Other vehicles	7
Office furniture and equipment	7
Computer equipment	7

Land, construction in process, historical treasures and works of art are non-exhaustible assets and are therefore not depreciated.

General infrastructure assets are defined by *Governmental Accounting Standards Board* Statement No. 34 as “long-lived assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets” and include the following: (1) roads; (2) bridges; (3) tunnels; (4) drainage systems; (5) water and sewer systems; (6) dams; and (7) lighting systems.

**6. Compensated absences**

Employees are paid by prescribed formula for absence due to vacation. The eligibility for such benefits lapses at year end, and pay in lieu of vacation is not given except in case of termination. The accumulated vacation leave is reported in the government-wide statement of net assets. At September 30, 2011, vacation leave payable amounted to \$566,263.

Every employee of the City accumulates sick leave at full pay at the rate of fifteen days per year, not to exceed a total of ninety days accumulated unpaid sick leave. Upon termination, policemen and firemen receive payment for their accumulated sick leave. All other City employees are paid for the total amount accumulated, up to a maximum of forty-five days, only upon retirement or death. Only the estimated current portion of unpaid sick pay in connection with terminated employees’ unpaid balance of reimbursable unused leave has been accrued in the General Fund. The non-current portion has been recorded directly in the (government-wide statement of net assets). At September 30, 2011, current sick leave payable amounted to \$398,693 and non-current sick leave payable amounted to \$2,682,999. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee’s resignation or retirement).

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Assets or Equity (continued)**

**7. Long-term obligations**

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

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

**8. Fund equity**

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable fund balance** – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet.

**Restricted fund balance** – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed fund balance** – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Commissioners). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level action to remove or change the constraint. The City establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.

**Assigned fund balance** – amounts the City intends to use for a specific purpose. Assignment can be expressed by the City’s Mayor. The City did have assigned fund balances as of September 30, 2011.

**Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the governmental funds have been restated to reflect the above classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. The City has adopted a policy stating which fund balance category is spent first when committed, assigned or unassigned fund balances are available. The City will consider amounts to have been spent first out of committed funds, then assigned and finally unassigned funds.

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Assets or Equity (continued)**

**8. Fund equity (continued)**

The City passed a resolution stating the City intends to maintain a minimum fund balance of 25% of the City general fund annual operating expenditures. If the fund balance drops below 25%, it shall be recovered at a rate of 1% minimally, each year.

**9. Statement of cash flows**

In accordance with Governmental Accounting Standards Board Statement No. 34, a Statement of Cash Flows is required as part of a full set of financial statements for all Proprietary Funds. For purposes of the Statement of Cash Flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary information**

The City Commission follows these procedures as prescribed by the City Charter in establishing the budgets reflected in the accompanying combined financial statements:

The City Commission adopts an annual operating budget, which can be amended by the City Commission throughout the year. Formal budgetary accounting is employed as a management control for all funds of the City; however, legal budgets are adopted only for the general fund, special revenue funds, debt service fund, and capital projects funds. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The City Commission follows these procedures as prescribed by the City Charter in establishing the budgets reflected in the accompanying combined financial statements:

1. At least thirty days prior to the Commission makes its tax levy for the fiscal year, the Finance Director shall file a copy of proposed budget with the City Secretary. The City Secretary shall make the proposed budget available for the inspection of any taxpayer.
2. The City Commission shall provide for a public hearing, which shall take place on some date not less than fifteen days subsequent to the time the budget is filed, to obtain taxpayers comments. At the conclusion of such hearing, the budget shall be acted upon by the City Commission.

The legal level of budgetary control in the general fund is the department level. In the special revenue funds, debt service fund, and the capital projects funds, budgetary control is at the fund level. However, the City Commission may, upon the recommendation of the Mayor, transfer any appropriation balance or any portion thereof from one department to another. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments.

With the Mayor's approval, the budget may be amended within a department without seeking the approval of the City Commission.

**II. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary information (continued)**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. As of September 30, 2011, encumbrances outstanding were as follows:

Major funds:	
General fund	\$ 781,014
Other governmental funds	457,844
	<u>\$ 1,238,858</u>
 Component Units	 <u>\$ 1,229,492</u>

**B. Excess of expenditures over appropriations**

For the year ended September 30, 2011, expenditures exceeded appropriations in the following departments:

General fund:	
Data processing	\$ 18,006
Municipal court	35,390
Debt service	162,960
	<u>\$ 216,356</u>

General fund deficits were funded by excess budget amounts in other departments of the general fund.

**C. Deficit fund equity**

As of September 30, 2011, the Group Insurance internal service fund had a net assets deficit of \$1,367,233 and the Water Capital Recovery Fund had a net asset deficit of \$14,942. The City plans to transfer funds in the future to cover this net assets deficit for both funds.

**III. Detailed Notes on All Funds**

**A. Deposits and investments**

*Authorization for deposits and investments*

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

The City Commission has adopted a written investment policy as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government agencies, fully collateralized certificates of deposit, repurchase agreements, and state and local government investment pools. The City's investment policy does not allow investments in commercial paper, collateralized mortgage obligations, floating rate investments, or swaps.

*Deposit and investment amounts*

The City's cash and investments are classified as: cash and cash equivalents, investments, and restricted cash and investments. The cash and cash equivalents include cash on hand and deposits with financial institutions.

The investments that have a maturity at purchase of greater than three months consist of U.S. Government obligations (agencies). For better management of cash, the City pools the cash, based on the City's needs, into either deposits in bank accounts or in longer-term investments in U.S. Government securities. However, each fund's balance of cash and investments is maintained in the books of the City.

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and investments (continued)**

*Deposit and investment amounts (continued)*

The following schedule presents the City's recorded cash and investments at year-end:

	<b>Total Fair Value</b>			<b>Total</b>
	<b>Primary Government</b>	<b>Component Units</b>	<b>Fiduciary Funds*</b>	
Cash on hand and on deposit	\$ 7,635,025	\$ 134,738	\$ 640,469	\$ 8,410,232
Investments:				
Certificates of Deposit	25,508,032	9,000,000	325,000	34,833,032
U.S. Agency Securities:				
U.S. Government obligations			772,623	772,623
Corporate stocks			8,842,891	8,842,891
Corporate bonds			1,756,507	1,756,507
Mortgage and asset backed securities			1,795,727	1,795,727
	<u>\$ 33,143,057</u>	<u>\$ 9,134,738</u>	<u>\$ 14,133,217</u>	<u>\$ 56,411,012</u>

\* Fiduciary investments are not subject to the City's investment policies.

At September 30, 2011, the City reported bank deposits in the amount of \$10,066,294 and the book balances totaled \$8,931,275. The bank deposits were entirely collateralized by federal depository insurance and by collateral held by the City's agent in the City's name.

For the fiscal year 2011, the City's investment income is as follows:

	<b>Primary Government</b>	<b>Component Units</b>	<b>Total</b>
Interest income	\$ 139,411	\$ 27,087	\$ 166,498
	<u>\$ 139,411</u>	<u>\$ 27,087</u>	<u>\$ 166,498</u>

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and investments (continued)**

**Investment Risks:**

*Interest Rate Risk*

At year-end, the City had the following investments subject to interest rate risk disclosure under U.S. generally accepted accounting principles:

	Total Fair Value		Weighted Average Maturity (days)
	Primary Government	Component Units	
Certificates of deposit	\$ 25,508,032	\$ 9,000,000	103.24

The City measures interest rate risk using the weighted average maturity method for the portfolio. The City’s investment policy specifies a maximum weighted average maturity of 365 days or 12 months based on the stated maturity date for each investment in the portfolio.

To the extent possible, the City attempts to match investments with anticipated cash flow requirements, thereby avoiding the need to sell on the open market prior to maturity.

*Concentration of Credit Risk*

The City’s investment policy allows investments by type based on the following diversification requirements:

Investment Type	Maximum Investment %
U.S. treasuries and securities with the U.S. Government's guarantee	100%
U.S. Government agencies and instrumentalities	up to 50%
Fully insured or collateralized CDs	100%
State and local government investment pools	up to 50%

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and investments (continued)**

**Credit Risk:**

All the City's investments were at acceptable levels required by guidelines prescribed by both the PFIA and the City's investment policy.

**B. Receivables**

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

	<b>Major Funds</b>				<b>Nonmajor &amp; Other Funds</b>	<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Water Revenue</b>	<b>Sewer Revenue</b>		
<b>Receivables:</b>						
Property taxes	\$ 1,516,378	\$ 384,964	\$	\$	\$	\$ 1,901,342
Utility Customers			3,285,877	508,961		3,794,838
Garbage collection	152,840					152,840
Gross receipts taxes	1,068,822					1,068,822
Sales & mixed drink taxes	2,095,740					2,095,740
EMS transport	744,835					744,835
Other governments	227,483				862,447	1,089,930
Interest			1,680			1,680
Other	31,145				113,326	144,471
Gross receivables	<u>5,837,243</u>	<u>384,964</u>	<u>3,287,557</u>	<u>508,961</u>	<u>975,773</u>	<u>10,994,498</u>
Less: allowance for uncollectibles	<u>(1,261,231)</u>	<u>(175,348)</u>	<u>(203,618)</u>	<u>(152,688)</u>		<u>(1,792,885)</u>
<b>Net total receivables</b>	<u><u>\$4,576,012</u></u>	<u><u>\$ 209,616</u></u>	<u><u>\$3,083,939</u></u>	<u><u>\$ 356,273</u></u>	<u><u>\$ 975,773</u></u>	<u><u>\$ 9,201,613</u></u>

Certain revenues are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

	<b>Major Funds</b>				<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Water Revenue</b>	<b>Sewer Revenue</b>	
<b>Uncollectibles related to:</b>					
Property taxes	\$ 731,237	\$ 175,348	\$	\$	\$ 906,585
Water sales			203,618		203,618
Sewer sales				152,688	152,688
EMS billings	484,142				484,142
Garbage collection	45,852				45,852
<b>Total allowance for uncollectibles</b>	<u><u>\$ 1,261,231</u></u>	<u><u>\$ 175,348</u></u>	<u><u>\$ 203,618</u></u>	<u><u>\$ 152,688</u></u>	<u><u>\$ 1,792,885</u></u>

**III. Detailed Notes on All Funds (continued)**

**B. 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 current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Deferred property taxes receivable:</b>			
General fund	\$ 358,074	\$	\$ 358,074
Debt service fund	121,437		121,437
Grant drawdowns prior to meeting all eligibility requirements		70,946	70,946
<b>Total deferred revenue for governmental funds</b>	<u>\$ 479,511</u>	<u>\$ 70,946</u>	<u>\$ 550,457</u>

**Discretely presented component units**

	<u>Texas City Economic Development</u>	<u>Texas City Foreign Trade Zone</u>	<u>Total</u>
<b>Receivables:</b>			
Due from other governments	\$ 695,075	\$	\$ 695,075
Other		75,000	75,000
<b>Net total receivables</b>	<u>\$ 695,075</u>	<u>\$ 75,000</u>	<u>\$ 770,075</u>

**III. Detailed Notes on All Funds (continued)**

**C. Capital assets**

Capital asset activity for the year ended September 30, 2011 was as follows:

<b>Governmental activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 3,369,534	\$ 18,101	\$	\$ 3,387,635
Historical treasures and works of art	868,833			868,833
Construction in progress	4,615,865	2,735,954	(2,322,807)	5,029,012
<b>Total capital assets, not being depreciated</b>	<b>8,854,232</b>	<b>2,754,055</b>	<b>(2,322,807)</b>	<b>9,285,480</b>
<b>Capital assets, being depreciated:</b>				
Streets and drainage	64,164,908	1,433,741	151,419	65,750,068
Buildings and structures	34,354,214	14,821,293	1,553,143	50,728,650
Improvements other than buildings	5,196,824	1,081,764		6,278,588
Machinery and equipment	21,190,690	1,636,124	109,347	22,936,161
<b>Total capital assets, being depreciated</b>	<b>124,906,636</b>	<b>18,972,922</b>	<b>1,813,909</b>	<b>145,693,467</b>
<b>Less accumulated depreciation for:</b>				
Streets and drainage	(24,266,979)	(815,668)		(25,082,647)
Buildings and structures	(6,421,622)	(1,411,323)		(7,832,945)
Improvements other than buildings	(2,976,148)	(239,296)		(3,215,444)
Machinery and equipment	(14,868,526)	(2,051,647)	469,255	(16,450,918)
<b>Total accumulated depreciation</b>	<b>(48,533,275)</b>	<b>(4,517,934)</b>	<b>469,255</b>	<b>(52,581,954)</b>
<b>Governmental capital assets, net</b>	<b>\$ 85,227,593</b>	<b>\$ 17,209,043</b>	<b>\$ (39,643)</b>	<b>\$102,396,993</b>
<b>Business-type activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 142,062	\$	\$	\$ 142,062
Construction in progress	136,345	897,948		1,034,293
<b>Total capital assets, not being depreciated</b>	<b>278,407</b>	<b>897,948</b>		<b>1,176,355</b>
<b>Capital assets, being depreciated:</b>				
Buildings and structures	1,867,676			1,867,676
Improvements other than buildings	105,366,690	1,003,602		106,370,292
Machinery and equipment	4,828,820	99,071	(20,234)	4,907,657
<b>Total capital assets, being depreciated</b>	<b>112,063,186</b>	<b>1,102,673</b>	<b>(20,234)</b>	<b>113,145,625</b>
<b>Less accumulated depreciation for:</b>				
Buildings and structures	(1,862,505)	(304)		(1,862,809)
Improvements other than buildings	(38,593,460)	(4,224,102)	(76,430)	(42,893,992)
Machinery and equipment	(4,069,642)	(292,865)	20,234	(4,342,273)
<b>Total accumulated depreciation</b>	<b>(44,525,607)</b>	<b>(4,517,271)</b>	<b>(56,196)</b>	<b>(49,099,074)</b>
<b>Business-type capital assets, net</b>	<b>\$ 67,815,986</b>	<b>\$ (2,516,650)</b>	<b>\$ (76,430)</b>	<b>\$ 65,222,906</b>

**III. Detailed Notes on All Funds (continued)**

**C. Capital assets (continued)**

**Discretely presented component units**

**Texas City Economic Development Corporation**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 3,644,455	\$ 735,579	\$	\$ 4,380,034
Construction in progress	11,831,854	2,728,895	(14,058,174)	502,575
<b>Total capital assets, not being depreciated</b>	<b>15,476,309</b>	<b>3,464,474</b>	<b>(14,058,174)</b>	<b>4,882,609</b>
<b>Governmental capital assets, net</b>	<b>\$ 15,476,309</b>	<b>\$ 3,464,474</b>	<b>\$ (14,058,174)</b>	<b>\$ 4,882,609</b>

**Public Facilities Development Corporation**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 439,677	\$	\$	\$ 439,677
<b>Total capital assets, not being depreciated</b>	<b>439,677</b>			<b>439,677</b>
<b>Capital assets, being depreciated:</b>				
Buildings and structures	1,099,595			1,099,595
Improvements other than buildings	61,619			61,619
<b>Total capital assets, being depreciated</b>	<b>1,161,214</b>			<b>1,161,214</b>
<b>Less accumulated depreciation for:</b>				
Buildings and structures	(755,970)	(27,490)		(783,460)
Improvements other than buildings	(51,727)	(1,164)		(52,891)
<b>Total accumulated depreciation</b>	<b>(807,697)</b>	<b>(28,654)</b>		<b>(836,351)</b>
<b>Governmental capital assets, net</b>	<b>\$ 793,194</b>	<b>\$ (28,654)</b>	<b>\$</b>	<b>\$ 764,540</b>

**Texas City Historical Preservation Corporation**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ 25,000	\$ 571,324	\$ (596,324)	\$
<b>Total capital assets, not being depreciated</b>	<b>25,000</b>	<b>571,324</b>	<b>(596,324)</b>	
<b>Governmental capital assets, net</b>	<b>\$ 25,000</b>	<b>\$ 571,324</b>	<b>\$ (596,324)</b>	<b>\$</b>

**III. Detailed Notes on All Funds (continued)**

**C. Capital assets (continued)**

Depreciation expense was charged to functions/programs as follows:

	<b>Depreciation Expense</b>
	<u>                    </u>
<b>Primary government</b>	
<b>Governmental activities:</b>	
General government	\$ 160,551
Culture and recreation	1,345,171
Health and welfare	11,680
Public safety	696,430
Public works	1,244,214
Capital assets used by the City's internal service funds are charged to various functions based on asset usage	1,059,888
<b>Total Governmental activities</b>	<u>4,517,934</u>
<b>Business-type activities:</b>	
Water	2,304,076
Sewer	2,213,195
<b>Total Business-type activities:</b>	<u>4,517,271</u>
<b>Total primary government</b>	<u><u>\$ 9,035,205</u></u>
<b>Discretely presented component units</b>	
<b>Governmental activities:</b>	
Public Facilities Development Corporation	\$ 28,654
<b>Total discretely presented component units</b>	<u><u>\$ 28,654</u></u>

**III. Detailed Notes on All Funds (continued)**

**C. Capital assets (continued)**

**Construction commitments**

The City has active construction projects as of September 30, 2011. The projects include street improvements and sanitary sewer rehabilitation in various areas of the City. At year end, the City's commitments with contractors were as follows:

<b>Project</b>	<b>Contract Amount</b>	<b>Construction in Progress</b>	<b>Estimated Remaining Commitment</b>
<b>Governmental Activities</b>			
Service Centers	\$ 2,300,000	\$ 1,936,657	\$ 363,343
Amburn Road Improvements	3,620,000	2,001,390	1,618,610
Emergency Power	1,200,708	1,090,965	109,743
<b>Total Governmental Activities</b>	<b>7,120,708</b>	<b>5,029,012</b>	<b>2,091,696</b>
<b>Business-Type Activities</b>			
Waterline Rehab Project Phase 10	2,000,000	1,012,567	987,433
Liquid Ammonia System	42,000	21,726	20,274
<b>Total Business Activities</b>	<b>2,042,000</b>	<b>1,034,293</b>	<b>1,007,707</b>
<b>Component Units</b>			
Robinson Stadium	1,002,619	376,767	625,852
Del Papa Service Extension	1,106,617	125,808	980,809
<b>Total Component Units</b>	<b>2,109,236</b>	<b>502,575</b>	<b>1,606,661</b>
<b>Total</b>	<b>\$ 11,271,944</b>	<b>\$ 6,565,880</b>	<b>\$ 4,706,064</b>

**D. Interfund receivables, payables, and transfers**

Interfund receivables and payables are utilized as an offset to a fund's deficit cash with another fund's positive cash. As of September 30, 2011, there were the following interfund balances.

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>	<b>Net</b>
<b>Primary government</b>			
<b>Governmental activities:</b>			
General fund	\$ 1,771,818	\$ 3,258,483	\$ (1,486,665)
Nonmajor governmental funds	3,258,483	844,745	2,413,738
Internal service funds		737,939	(737,939)
<b>Total governmental activities</b>	<b>5,030,301</b>	<b>4,841,167</b>	<b>189,134</b>
<b>Business-type activities:</b>			
Water revenue fund			
Sewer revenue fund		189,134	(189,134)
Utility capital reserve fund			
<b>Total business-type activities</b>		<b>189,134</b>	<b>(189,134)</b>
<b>Total primary government</b>	<b>\$ 5,030,301</b>	<b>\$ 5,030,301</b>	<b>\$</b>

**III. Detailed Notes on All Funds (continued)**

**D. Interfund receivables, payables, and transfers (continued)**

Interfund transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net</u>
<b>Primary government</b>			
<b>Governmental activities:</b>			
General fund	\$ 31,624	\$ 3,352,420	\$ (3,320,796)
Debt service	81,988		81,988
Nonmajor governmental funds	3,276,177	37,369	3,238,808
<b>Total governmental activities</b>	<u>3,389,789</u>	<u>3,389,789</u>	
<b>Business-type activities:</b>			
Water revenue fund	3,613,549	744,000	2,869,549
Sewer revenue fund	512,742	101,455	411,287
Utility capital reserve fund	845,455	4,126,291	(3,280,836)
<b>Total business-type activities</b>	<u>4,971,746</u>	<u>4,971,746</u>	
<b>Total primary government</b>	<u>\$ 8,361,535</u>	<u>\$ 8,361,535</u>	<u>\$</u>

The principal reasons for governmental funds transfers included general fund to construction project funds for City improvements. The water fund also supported the sewer fund construction project. The Utility Capital reserve fund transfer its assets to the Water and Sewer funds.

**E. Operating Leases**

Commitments under operating (noncapitalized) lease agreements for facilities and equipment are cancelable contingent upon budget funding approval. The City is therefore not obligated for any future minimum rental payments at September 30, 2011. The imputed interest on the leases is not readily determinable. Expenditures for operating leases totaled \$147,534 for the year.

**III. Detailed Notes on All Funds (continued)**

**F. Long-term debt**

**1. Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government</b>					
<b>Governmental activities:</b>					
General obligation bonds	\$ 32,495,000	\$ 5,270,000	\$ 8,310,000	\$ 29,455,000	\$ 3,180,000
Certificates of obligation	6,500,000		240,000	6,260,000	245,000
Note payable - tax refund	603,866		201,290	402,576	201,289
Capital leases	149,656		60,177	89,479	63,079
Unamortized loss on refunding	(516,806)	(15,288)	(68,405)	(463,689)	
Unamortized premium/discount on bonds	247,133	117,907	45,124	319,916	
Compensated absences	3,607,281	248,473	259,960	3,595,794	370,220
Net pension obligation-Trust fund	2,321,689	721,508		3,043,197	
<b>Governmental activity Long-term liabilities</b>	<u>\$ 45,407,819</u>	<u>\$ 6,342,600</u>	<u>\$ 9,048,146</u>	<u>\$ 42,702,273</u>	<u>\$ 4,059,588</u>
<b>Business-type activities:</b>					
Contract revenue bonds	\$ 15,484,139	\$ 6,006,952	\$ 7,905,590	\$ 13,585,501	\$ 1,514,428
Unamortized premium/discount on bonds	(80,796)	478,861	14,781	383,284	
Compensated absences	46,217	21,859	15,915	52,161	28,473
<b>Business-type activity Long-term liabilities</b>	<u>\$ 15,449,560</u>	<u>\$ 6,507,672</u>	<u>\$ 7,936,286</u>	<u>\$ 14,020,946</u>	<u>\$ 1,542,901</u>

In September 2011, the City issued \$5,270,000 of General Obligation Refunding Bonds, Series 2011. The bonds interest rates ranges from 2.00% to 3.00%. The securities received from the refunding were deposited into an irrevocable trust with an escrow agent to provide for future debt service payment on \$5,265,000 of refunded bonds. As a result, the refundable bonds are considered to be defeased and the related liability for the bonds has been removed from the City's liabilities.

The reacquisition price exceeded the net carrying amount of the old debt by \$15,288. This amount is netted against the new debt and amortized over the remaining life of the new debt, which was equal to the refunded debt. The refunding was undertaken to reduce total debt service payments and the City achieved a cash flow difference and an economic gain of \$529,722.

**2. General obligation bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

**III. Detailed Notes on All Funds (continued)**

**F. Long-term debt (continued)**

**2. General obligation bonds (continued)**

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding as of September 30, 2011:

<b>Series</b>	<b>Interest Rates</b>	<b>Final Maturity Date</b>	<b>Outstanding 09/30/11</b>
Series 2003	3.50 - 4.25%	2/15/24	\$ 3,770,000
Series 2005	3.80 - 4.30%	2/15/25	5,470,000
Series 2008	3.75%	2/15/21	9,560,000
Series 2010	2.00 - 3.00%	2/15/15	5,385,000
Series 2011	2.00 - 3.00%	2/15/22	5,270,000
			<u>\$ 29,455,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Fiscal Year Ended September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 3,180,000	\$ 950,324	\$ 4,130,324
2013	3,270,000	870,315	4,140,315
2014	3,390,000	763,559	4,153,559
2015	3,505,000	650,710	4,155,710
2016	1,875,000	562,331	2,437,331
2017 - 2021	10,635,000	1,730,078	12,365,078
2022 - 2025	3,600,000	251,714	3,851,714
	<u>\$ 29,455,000</u>	<u>\$ 5,779,031</u>	<u>\$ 35,234,031</u>

**3. Long-term contract revenue bonds**

On July 1, 1998, the City of Texas City entered into a long-term contract with the Gulf Coast Water Authority (GCWA) to build and improve facilities for potable water transportation to the City of Texas City. The GCWA is a conservation and reclamation district created by Chapter 712, Acts of the 59th Texas Legislature, 1965, as amended (compiled as Article 8280-339, Vernon’s Texas Civil Statutes, as amended). The GCWA issued bonds totaling \$9,535,000 in 1998 portion under the title “Gulf Coast Water Authority Water System Contract Revenue Bonds, Series 1998 C - City of Texas City Project”. In addition the City also has obligation related to the 2011B series. In 2011 the 1998 bonds (both 1998B and 1998C) were refunding by the District, and by agreement the City continues to provide sufficient funds to retire the bonds.

In November 2006, the City of Texas City entered into a contract with the Gulf Coast Water Authority (“GCWA”) whereby GCWA issued \$9,680,300 of Gulf Coast Water Authority Contract Revenue Bond Series 2006 to be used to obtain water rights from the Brazos River and execute a purchase agreement for the assets of Chocolate Bayou Water Company. The bonds will be repaid with pledged revenues from the City’s Water Revenue fund.

**III. Detailed Notes on All Funds (continued)**

**F. Long-term debt (continued)**

**3. Long-term contract revenue bonds (continued)**

Revenue bonds outstanding as of September 30, 2011:

<u>Series</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Outstanding 9/30/2011</u>
Series 2006	Variable Rate	12/01/2016	\$ 7,578,549
Series 2011B	2.00 - 4.00%	8/15/22	246,952
Series 2011C	3.00 - 5.00%	8/15/22	5,760,000
			<u>\$ 13,585,501</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal Year Ended September 30</u>	<u>Enterprise Funds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,514,428	\$ 582,896	\$ 2,097,324
2013	1,572,120	519,375	2,091,495
2014	1,634,813	453,331	2,088,144
2015	1,708,686	284,281	1,992,967
2016	1,780,099	308,067	2,088,166
2017 - 2021	3,903,609	780,825	4,684,434
2022	1,471,746	73,320	1,545,066
	<u>\$ 13,585,501</u>	<u>\$ 3,002,095</u>	<u>\$ 16,587,596</u>

***Contract Revenue Bonds Reserve Fund***

Reserve requirements for the Contract Revenue Bonds Series 2006, 2011B and 2011C are as follows:

On the date of issuance of the Bonds, funds were transferred into the Reserve Fund from the proceeds of the Bonds in to satisfy the "Reserve Fund Requirement". The Reserve Fund Requirement means there shall remain on deposit in the Reserve Fund an amount which is the least of (i) the maximum annual debt service on the Bonds, (ii) 125% of the average annual debt service on the Bonds, or (iii) 10% of the original principal amount of the Bonds. At September 30, 2011, the required reserve was for 2006 Series was \$865,414, for the 2011B it was \$24,600 and for the 2011C the Reserve Fund amounted to \$576,000.

**III. Detailed Notes on All Funds (continued)**

**F. Long-term debt (continued)**

**4. Certificates of obligation**

*Series 2010*

On January 6, 2010, the City issued certificates of obligation of \$6,500,000 to pay the cost of construction of streets, paving and related drainage projects, to pay costs related to other capital improvement projects and to pay certain costs incurred in connection with the issuance of the certificates. It is anticipated that the debt will be retired from debt service fund revenues, the certificates' proceeds are recorded in the City's General Fund.

The City has entered an agreement with the Texas City Economic Development Corporation (the "Corporation") whereby the Corporation will pay to the City from sales tax revenues, amounts sufficient to retire the debt for the certificates. The Corporation receives one-half of one percent of sales tax remitted to the City. During the fiscal year 2011, \$1,258,591 was remitted to the City's Debt Service Fund from the Corporation.

Certificates of obligation outstanding as of September 30, 2011, were as follows:

Series	Interest Rates	Final Maturity Date	Outstanding 9/30/11
Series 2010	2.00 - 4.50%	2/15/30	\$ 6,260,000
			\$ 6,260,000

Annual debt service requirements to maturity for certificates of obligation are as follows:

Fiscal Year Ended September 30	Principal	Interest	Total
2012	\$ 245,000	\$ 226,125	\$ 471,125
2013	250,000	220,550	470,550
2014	255,000	214,238	469,238
2015	265,000	207,738	472,738
2016	270,000	200,375	470,375
2017 - 2021	1,495,000	864,406	2,359,406
2022 - 2026	1,805,000	547,288	2,352,288
2027 - 2030	1,675,000	147,119	1,822,119
	\$ 6,260,000	\$ 2,627,839	\$ 8,887,839

**Prior Year Refunding of General Obligation Bonds**

The City defeased certain outstanding bonds and certificate of obligations by place proceeds of new bonds in irrevocable escrow account to provide for all future debt service payments on the old debt. Accordingly, the escrow accounts to provide for all future debt service payments are not included in the City financial statement. As of September 30, 2011 the City had no outstanding defeased debt.

**III. Detailed Notes on All Funds (continued)**

**F. Long-term debt (continued)**

**5. Compensated Absences**

**Primary government**

A summary of changes in compensated absences follows:

Beginning balance	\$ 3,653,498
Additions - new entrants and salary increments	270,332
Deductions - payments to participants	(275,875)
Ending balance	<u><u>\$ 3,647,955</u></u>

Typically general fund, water and sewer funds in prior years have been used to liquidate the liabilities for compensated absences.

**6. Capital leases**

**Primary government**

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the statement of net assets. Assets under capital leases totaled \$232,878 at September 30, 2011. The following is a schedule of future minimum lease payments under capital leases:

<u>Year Ending September 30,</u>	
2012	\$ 65,497
2013	26,698
Minimum lease payments for all capital leases	<u>92,195</u>
Imputed interest	(2,716)
Present value - minimum lease payments	<u><u>\$ 89,479</u></u>

The following is a summary of capital lease transactions for the year ended September 30, 2011:

Beginning balance	\$ 149,656
Principal retired	(60,177)
Ending balance	<u><u>\$ 89,479</u></u>

A lease-purchase agreement dated February 1, 2009, for the acquisition of golf carts is payable from general fund revenues. The payment amounts are \$4,720 monthly beginning March 2009 and ending February 2013. The stated interest rate is 4.22%.

A lease-purchase agreement dated January 10, 2010, for the acquisition of fitness equipment is payable from general fund revenues. The payment amounts are \$775 monthly beginning February 2010 and ending January 2013. The stated interest rate is 7.92%.

**III. Detailed Notes on All Funds (continued)**

**F. Long-term debt (continued)**

**7. Notes Payable**

During the fiscal year 2009, the City entered into a property tax refund agreement with a major taxpayer. As of September 30, 2011, the City long term note payable is \$402,576. The City will make four equal payments beginning in fiscal year 2010 and ending in fiscal year 2013.

**8. Net Pension Obligation**

The City's General Fund typically is the only fund to contribute to the Firemen's Relief and Retirement Fund. The City's Net Pension Obligation is \$1,021,994 at September 30, 2011. The City has assigned fund balance of \$1 million from the General Fund to cover this obligation.

The City general retirement plan for all employees, other than firefighters is with Texas Municipal Retirement System (TMRS), which is mainly funded by the General, Water and Sewer funds. The City has recognized a obligation related to TMRS of \$2,021,203 at September 30, 2011.

**IV. Other Information**

**A. Risk management**

*General liabilities*

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2011, the City purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

*Employee health care coverage*

The City sponsors a modified self-insurance plan to provide health care benefits to employees and their dependents. Transactions related to the plan are accounted in the Health Insurance internal service fund of the City. Partial employee contributions are required for coverage. The City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage. Stop loss coverage was in effect for annual individual claims exceeding \$60,000, and annual aggregate losses exceeding \$1,000,000.

Payments are made to the fund based on estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for losses. The claims liability of \$711,521 reported in the fund at September 30, 2011, is based on the requirements of Governmental Accounting Standards Board 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated.

**IV. Other Information (continued)**

**A. Risk management (continued)**

The following is a summary of the changes in the balances of claims liabilities for the year ended September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
<b>Liability, beginning of period</b>	\$ 926,857	\$ 501,463
Current year claims and changes in estimates	4,023,170	3,736,638
Claim payments	(4,238,506)	(3,311,244)
<b>Liability, end of period</b>	<u>\$ 711,521</u>	<u>\$ 926,857</u>

**B. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**C. Other postemployment benefits**

The City maintains a life insurance plan for the benefit of its retirees. Currently the number of active participation is 326. The effective date of the plan is January 1, 1993, and the plan year is on a calendar year. Employees are eligible beginning on the January 1 following his/her employment date. The entire cost of the plan is paid by the City; no contributions are required or permitted from employees. Retirement benefits are available at the earliest of the following retirement ages: (i) any 60 with 10 years of credited service; or (ii) any age after 20 years of credited service. The retirement benefit is provided in the form of paid-up group term life insurance, the face amount of the policy is \$25,000. Employees who terminate employment prior to reaching retirement age will receive no benefits from the plan. As of the last actuarial valuation (January 1, 2009), the actuarial value of plan assets was \$634,067 and the present value of all projected future benefits was \$1,570,426. The recommended contribution as of that valuation was \$103,016 for the 2009 plan year, which the City contributed. No actuarial valuations have been performed since January 1, 2009.

The City does not provide any other postemployment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

**D. Employee retirement systems and pension plans**

The City maintains a single-employer, defined benefit plan that covers all its firefighters, and participates in the statewide Texas Municipal Retirement System, an agent multiple-employer defined benefit public employee pension plan that covers all of the government's employees except firefighters.

**IV. Other Information (continued)**

**D. Employee retirement systems and pension plans (continued)**

**Firemen's Relief and Retirement Fund**

*Plan Description:*

The Board of Trustees of the Texas City Firemen's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. This pension fund is a trust fund and is reported in the accompanying general purpose financial statements as a pension trust fund and a blended component unit. Separate financial reports are not issued by the Texas City Firemen's Relief and Retirement Fund.

**D. Employee retirement systems and pension plans (continued)**

Firefighters in the Texas City Fire Department are covered by the Texas City Firemen's Relief and Retirement Fund. The table below summarizes the membership of the fund at December 31, 2008, (the date of the most recent actuarial valuation).

	<u>December 31, 2010</u>
a. Retired members and their beneficiaries	48
b. Disabled members	1
c. Vested terminated members	4
d. Active members:	
i. Vested	24
ii. Nonvested	<u>45</u>
Subtotal	<u>69</u>
e. Total fund membership	<u>122</u>

The Texas City Firemen's Relief and Retirement Fund provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Employees may retire at age 53 (age 50 for those firefighters hired prior to January 1, 2006) with 20 years of service. A partially vested benefit is provided for employees who terminate employment with at least 10 but less than 20 years of service. The Plan effective December 1, 1999 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 3.50% of the 5 Year Average Salary multiplied by years of service prior to January 1, 1996 plus 3.00% of the 5 Year Average Salary multiplied by years of service on or after January 1, 2006 with a maximum of 20 years (for firefighters hired on or after January 1, 1996 3.00% of the 5 Year Average Salary multiplied by total years of service with a maximum of 20 years) plus \$116.00 per month for each year of service in excess of 20 years. There is no provision for automatic post-retirement benefit increases. In addition, the fund has the authority to provide, and has periodically in the past provided for, ad hoc post-retirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The funding policy for the firefighters is determined by a majority vote per TLFFRA. TLFFRA provides that the employer must contribute at least the same rate as the firefighters or a minimum of 9%. The current funding commitment by the firefighters is 15% and the current funding commitment by the City of Texas City is 16% of payroll.

**IV. Other Information (continued)**

**D. Employee retirement systems and pension plans (continued)**

**Firemen’s Relief and Retirement Fund (continued)**

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age normal actuarial cost method the plan’s normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan’s unfunded actuarial accrued liability, and the number of years needed to amortize the plan’s unfunded actuarial accrued liability is determined using a level percentage of payroll method. The costs of administering the plan are financed from the trust. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Significant Investments**

There are no significant investments in any one organization that represent 5.00% or more of plan net assets.

**Annual Pension Costs**

Employer contributions have been determined as follows:

Actuarial valuation date	<u>12/31/10</u>
Actuarial cost method	Entry age Normal
Asset valuation method	Market value
Amortization method	Level % pay
Amortization period	29.1 years, Open

**Significant actuarial assumptions**

Rate of return on present and future assets	7.75%
Projected salary increase	3.75%
Projected rate of amortization increasing	3.75%

Under the actuarial soundness guidelines of the Texas Pension Review Board scheduled contributions should be sufficient to fully amortize the unfunded actuarial liability over a period of 25 to 30 years (not to exceed 40 years).. The expected amortization period for this unfunded liability is 29.1 years based on the 2010 actuarial valuation, compared to 53.3 years under the 2008 actuarial valuation.

Employer annual pension costs (APC), actual contributions, and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the ARC and the contributions actually made.

Three Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	NPO
9/30/09	\$ 731,293	\$ 567,456	77.60%	\$ 969,971
9/30/10	662,654	619,974	93.56%	1,012,651
9/30/11	650,442	641,099	98.56%	1,021,994

**IV. Other Information (continued)**

**D. Employee retirement systems and pension plans (continued)**

**Firemen’s Relief and Retirement Fund (continued)**

The net pension obligation has been calculated as follows:

Annual required contributions (ARC)	\$ 1,230,530
Firefighter contributions	(601,031)
Interest on net pension obligation	78,481
Adjustment to annual required contribution	(57,538)
Annual pension cost	<u>650,442</u>
Contributions made	<u>(641,099)</u>
Increase in net pension obligation	9,343
Net pension obligation, beginning of year	1,012,651
Net pension obligation, end of year	<u><u>\$ 1,021,994</u></u>

The funded status of each plan as of the most recent actuarial valuation date is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll {(b-a)/c}
12/31/10	\$ 13,557,841	\$ 25,296,553	\$ 11,738,712	53.6%	\$ 3,945,970	297.5%
12/31/08	9,564,760	22,880,068	13,315,308	41.8%	3,516,398	378.7%
12/31/06	12,283,069	20,004,305	7,721,236	61.4%	2,592,776	297.8%

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.

**Texas Municipal Retirement System**

***Plan Description:***

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

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

**IV. Other Information (continued)**

**D. Employee retirement systems and pension plans (continued)**

**Texas Municipal Retirement System (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:

	<u>Plan Year 2010</u>	<u>Plan Year 2011</u>
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5 years	5 years
Service retirement eligibility (expressed as age / years of services)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	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 is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the the portion of an active member's projected benefits allocated annually; the prior service contribution rate amortizes the unfunded actuarial liability 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 are as follows:

Annual required contributions (ARC)	\$	3,986,075
Interest on net pension obligation		98,178
Adjustment to annual required contribution		<u>(80,906)</u>
Annual pension cost		4,003,347
Contributions made		<u>(3,291,182)</u>
Increase in net pension obligation		712,165
Net pension obligation, beginning of year		<u>1,309,038</u>
Net pension obligation, end of year	\$	<u><u>2,021,203</u></u>

**IV. Other Information (continued)**

**D. Employee retirement systems and pension plans (continued)**

**Texas Municipal Retirement System (continued)**

Employer annual pension costs (APC), actual contributions, and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the ARC and the contributions actually made.

Three Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Annual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2011	\$ 4,003,347	\$ 3,291,182	82%	\$ 2,021,203
9/30/2010	3,788,355	3,022,706	80%	1,309,038
9/30/2009	3,223,790	2,680,401	83%	543,389

The required contributions rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010 also follows:

Actuarial valuation date	12/31/08	12/31/09	12/31/10 - prior to restructuring	12/31/10 - restructured
Actuarial cost method	Projected Unit credit	Projected Unit credit	Projected Unit credit	Projected Unit credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	29.0 years - closed period	28.1 years - closed period	27.1 years - closed period	27.2 years - closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years	30 years
Asset valuation method	Amortized cost	10-year Smoothed	10-year Smoothed	10-year Smoothed
Actuarial Assumptions:				
Investment rate of return *	7.5%	7.5%	735.0%	7.0%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%	3.00%
Cost-of Living Adjustments	2.1%	2.1%	2.1%	2.1%

Funded Status and Funding Progress – In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Boar at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 2, 2006 through December 31, 2009). 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 (CAFR).

**IV. Other Information (continued)**

**D. Employee retirement systems and pension plans (continued)**

**Texas Municipal Retirement System (continued)**

The funded status as of December 31, 2010, under the two separate actuarial valuations, is presented as follows:

Actuarial valuation date	12/31/10 a	12/31/10 b
Actuarial value of assets (A)	\$ 40,695,341	\$ 87,744,104
Actuarial accrued liability (AAL) (B)	69,081,230	106,812,139
Funded ratio (C)=(A)/(B)	58.9%	82.1%
Unfunded actuarial accrued liability (UAAL) (D)=(B)-(A)	28,385,889	19,068,035
Covered payroll (E)	18,507,329	18,507,329
UAAL as a percentage of covered payroll (D)/(E)	153.4%	103.0%

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 expectation and new estimates are made about the future.

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, present as Required Supplement Information following the notes to the financial statement, present multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability of benefits.

**E. Deferred Compensation Plan**

The City offers its employees the opportunity to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. The City provides neither administrative services nor investment advice for the plan. Accordingly, no assets or liabilities are reported in the financial statements of the City.

**F. Prior Period Adjustment**

In 1998, the City of Texas City entered into a contract with the Gulf Coast Water Authority (“GCWA”) whereby GCWA issued Gulf Coast Water Authority Contract Revenue Bonds Series 1998 and in 2011 refunded the 1998 issue and re-issued series 2011B. The City along with several other cities originally entered into the agreement with GCWA called the 1998A&B South Project, which provided water to southern Galveston County. As of September 30, 2010, the assets acquired and the related debt, were not accounted for in the City’s financial statements.

**IV. Other Information (continued)**

**F. Prior Period Adjustment (continued)**

The restatement of net assets in the Water Revenue Enterprise Fund is as follows:

	<u>Business-type Activities</u>	<u>Water Revenue Fund</u>
Beginning net assets - as originally presented	\$ 57,544,636	\$ 21,755,857
Prior period adjustment:		
Correction of error in recording the acquisition of assets	<u>40,657</u>	<u>40,657</u>
Beginning net assets - As restated	<u><u>\$ 57,585,293</u></u>	<u><u>\$ 21,796,514</u></u>

The City has net pension obligations related to the City's employees. One plan is Texas Municipal Retirement System (TMRS) and the other plan is for the City's Firefighters. As of September 30, 2010, the net pension obligations for both plans were not fully accounted for in the City's financial statements.

	<u>Governmental-type Activities</u>
Beginning net assets - As originally presented	\$ 78,636,006
Restatement due to:	
Net pension obligation - TMRS	(1,309,038)
Net pension obligation - Firefighters	<u>(153,926)</u>
<b>Beginning net assets - As restated</b>	<u><u>\$ 77,173,042</u></u>

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**Required Supplementary Information**

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**CITY OF TEXAS CITY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**

*Exhibit G-1*

**SCHEDULE OF FUNDING PROGRESS**

	(1)	(2)	(1)/(2)	(1)-(2)	(3)	(2)-(1)/(3)
<b>Actuarial Valuation Year</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Funded Ratio</b>	<b>Unfunded AAL (UAAL)</b>	<b>Covered Payroll(1)</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2001	\$ 39,978,068	\$ 48,590,656	82.3%	\$ 8,612,588	\$ 13,400,314	64.3%
2002	42,329,545	52,368,951	80.8%	10,039,406	13,794,701	72.8%
2003	39,016,238	51,077,785	76.4%	12,061,547	12,724,000	94.8%
2004	37,056,338	50,010,645	74.1%	12,954,307	13,484,279	96.1%
2005	38,446,244	52,019,632	73.9%	13,573,388	14,521,445	93.5%
2006	38,330,758	52,637,614	72.8%	14,306,856	14,992,192	95.4%
2007	37,758,420	61,449,033	61.4%	23,690,613	15,681,164	151.1%
2008	35,709,557	61,918,378	57.7%	26,208,821	16,836,952	155.7%
2009	38,936,510	66,730,973	58.3%	27,794,463	17,934,711	155.0%
2010 a	40,695,341	69,081,230	58.9%	28,385,889	18,507,329	153.4%
2010 b	87,744,104	106,812,139	82.1%	19,068,035	18,507,329	103.0%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Texas Municipal Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employee Retirement System. Trends in unfunded actuarial accrued liability and covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability and covered payroll approximately adjusts for the effects of inflation and aids analysis of the Texas Municipal Retirement System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Public Employee Retirement System.

**CITY OF TEXAS CITY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FIREMEN'S RELIEF AND RETIREMENT FUND**

*Exhibit G-2*

<b>SCHEDULE OF FUNDING PROGRESS</b>						
	(1)	(2)	(1)/(2)	(1)-(2)	(3)	(2)-(1)/(3)
<b>Actuarial Valuation Year</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liability (AAL) Entry Age</b>	<b>Funded Ratio</b>	<b>Unfunded AAL (UAAL)</b>	<b>Covered Payroll(1)</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2001 <sup>(2)</sup>						
2002	\$ 10,217,647	\$ 15,904,210	64.2%	\$ 5,686,563	\$ 2,526,299	225.1%
2003 <sup>(2)</sup>						
2004	11,526,770	18,216,288	63.3%	6,689,518	2,541,173	263.2%
2005 <sup>(2)</sup>						
2006	12,283,069	20,004,305	61.4%	7,721,236	2,592,776	297.8%
2007 <sup>(2)</sup>						
2008	9,564,760	22,880,068	41.8%	13,315,308	3,516,398	378.7%
2009 <sup>(2)</sup>						
2010	13,557,841	25,296,553	53.6%	11,738,712	3,945,970	297.5%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Firemen's Relief & Retirement Fund's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in unfunded actuarial accrued liability and covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability and covered payroll approximately adjusts for the effects of inflation and aids analysis of the Firemen's Relief & Retirement Fund's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Retirement System.

- (1) Based on estimated annualized salaries used in the valuation.
- (2) In accordance with Section 23B of the Texas Local Fire Fighters Retirement Act, the Board of Trustees of the Firemen's Relief and Retirement Fund may employ an actuary no more than once every two years; therefore, no update was performed for the years indicated. The most recent actuarial valuation was as of December 31, 2010.

City contribution to the Firemen's Relief and Retirement fund for the past calendar years:

	In thousands		
	2009	2010	2011
City contributions	\$ 567	\$ 620	\$ 641
ARC	1,275	1,230	1,230
City % of Contribution	44.5%	50.4%	52.1%

**CITY OF TEXAS CITY, TEXAS**

*Exhibit G-3*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**

**BUDGET AND ACTUAL (WITH VARIANCES)**

**GENERAL FUND**

*For the Year Ended September 30, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 16,758,892	\$ 16,758,892	\$ 16,942,273	\$ 183,381
General sales tax	13,000,000	13,000,000	13,166,917	166,917
Miscellaneous taxes	3,637,000	3,637,000	4,191,132	554,132
Licenses and permits	340,500	340,500	266,949	(73,551)
Intergovernmental	173,500	173,500	100,869	(72,631)
Charges for services	4,186,000	4,186,000	4,164,701	(21,299)
Fine and forfeits	1,100,000	1,100,000	1,233,510	133,510
Investment earnings	203,000	203,000	64,028	(138,972)
Miscellaneous revenue	1,624,800	1,624,800	2,057,916	433,116
<b>Total Revenues</b>	<u>41,023,692</u>	<u>41,023,692</u>	<u>42,188,295</u>	<u>1,164,603</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government				
Administration	2,964,601	2,964,601	2,928,588	36,013
Legal	244,221	244,221	241,554	2,667
Purchasing	132,921	132,921	121,484	11,437
Planning	618,254	618,254	506,378	111,876
Data processing	535,262	535,262	553,268	(18,006)
Public safety				
Police	10,532,251	10,532,251	10,369,380	162,871
Fire	8,298,739	8,293,739	7,937,072	356,667
Inspection	345,859	345,859	317,456	28,403
Transportation & traffic	361,182	361,182	333,166	28,016
Municipal court	500,949	500,949	536,339	(35,390)
Emergency management	238,097	238,097	228,468	9,629
Public works				
Street & bridge	6,898,796	6,898,796	6,140,885	757,911
Sanitation	3,590,901	3,590,901	3,432,091	158,810
Rainwater pump stations	601,674	601,674	416,175	185,499
Health & welfare				
Health	448,595	448,595	431,203	17,392
Culture and recreation				
Recreation & tourism	5,688,900	5,688,900	5,588,395	100,505
Library	1,192,750	1,192,750	1,098,354	94,396
Bayou golf	1,074,572	1,074,572	1,036,309	38,263
<b>Capital outlay</b>	<u>4,337,200</u>	<u>4,607,200</u>	<u>619,828</u>	<u>3,987,372</u>
<b>Debt service:</b>				
Principal retirement	65,021	65,021	223,500	(158,479)
Interest and fiscal charges	1,276	1,276	5,757	(4,481)
<b>Total Expenditures</b>	<u>48,672,021</u>	<u>48,937,021</u>	<u>43,065,650</u>	<u>5,871,371</u>
Excess (deficiency) of revenues over expenditures	<u>(7,648,329)</u>	<u>(7,913,329)</u>	<u>(877,355)</u>	<u>7,035,974</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in			31,624	31,624
Proceeds from sale of capital assets			79,441	79,441
Transfers out			(3,352,420)	(3,352,420)
<b>Total Other Financing Sources (Uses)</b>			<u>(3,241,355)</u>	<u>(3,241,355)</u>
Net change in fund balances	(7,648,329)	(7,913,329)	(4,118,710)	3,794,619
<b>Fund Balances - beginning</b>	<u>27,121,673</u>	<u>27,121,673</u>	<u>27,121,673</u>	
<b>Fund Balances - ending</b>	<u>\$ 19,473,344</u>	<u>\$ 19,208,344</u>	<u>\$ 23,002,963</u>	<u>\$ 3,794,619</u>

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## **Other Supplementary Information**

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2011**

*Exhibit H-1*

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Capital Projects Governmental Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,123,660	\$ 3,539,898	\$ 4,663,558
Investments	1,250,000	1,600,000	2,850,000
Due from other funds	3,258,483		3,258,483
Due from other governments	862,447		862,447
Other receivables	113,326		113,326
<b>Total Assets</b>	<b>\$ 6,607,916</b>	<b>\$ 5,139,898</b>	<b>\$ 11,747,814</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 98,606	\$ 53,897	\$ 152,503
Due to other funds	844,745		844,745
Deferred revenues	70,946		70,946
<b>Total Liabilities</b>	<b>1,014,297</b>	<b>53,897</b>	<b>1,068,194</b>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Public safety	644,518		644,518
Public works	293,173	5,086,001	5,379,174
Culture and recreation	4,670,870		4,670,870
<b>Unassigned</b>	<b>(14,942)</b>		<b>(14,942)</b>
<b>Total Fund Balances</b>	<b>5,593,619</b>	<b>5,086,001</b>	<b>10,679,620</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,607,916</b>	<b>\$ 5,139,898</b>	<b>\$ 11,747,814</b>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-2*

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

**NONMAJOR GOVERNMENTAL FUNDS**

*For the Year Ended September 30, 2011*

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Capital Projects Governmental Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Miscellaneous taxes	\$ 536,884	\$	\$ 536,884
Intergovernmental	7,378,682	763,611	8,142,293
Fine and forfeits	85,192		85,192
Investment earnings	4,241	7,673	11,914
Miscellaneous revenue	800,691		800,691
<b>Total Revenues</b>	<b>8,805,690</b>	<b>771,284</b>	<b>9,576,974</b>
<b>Expenditures</b>			
<b>Current:</b>			
Public safety	181,717		181,717
Public works	3,821,497		3,821,497
Culture and recreation	561,465		561,465
Economic & physical development	466,611		466,611
Capital outlay		1,244,468	1,244,468
<b>Total Expenditures</b>	<b>5,031,290</b>	<b>1,244,468</b>	<b>6,275,758</b>
Excess (deficiency) of revenues over expenditures	3,774,400	(473,184)	3,301,216
<b>Other Financing Sources (Uses)</b>			
Transfers in	5,745	3,270,432	3,276,177
Transfers out	(37,369)		(37,369)
<b>Total Other Financing Sources (Uses)</b>	<b>(31,624)</b>	<b>3,270,432</b>	<b>3,238,808</b>
Net change in fund balances	3,742,776	2,797,248	6,540,024
<b>Fund Balances - beginning</b>	<b>1,850,843</b>	<b>2,288,753</b>	<b>4,139,596</b>
<b>Fund Balances - ending</b>	<b>\$ 5,593,619</b>	<b>\$ 5,086,001</b>	<b>\$ 10,679,620</b>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**September 30, 2011**

	<b>Hotel/Motel Tax Fund</b>	<b>Municipal Court Building Security Fund</b>	<b>Municipal Court Technology Fund</b>	<b>Drug Confiscation Fund</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 193,168	\$ 27,571	\$ 102,604	\$ 99,324
Investments	1,000,000	250,000		
Due from other funds				
Due from other governments				
Other receivables	101,848			
<b>Total Assets</b>	<b>\$ 1,295,016</b>	<b>\$ 277,571</b>	<b>\$ 102,604</b>	<b>\$ 99,324</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 22,237	\$	\$ 19,441	\$
Due to other funds				
Deferred revenues				
<b>Total Liabilities</b>	<b>22,237</b>		<b>19,441</b>	
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Public safety		277,571	83,163	99,324
Public works				
Culture and recreation	1,272,779			
<b>Unassigned</b>				
<b>Total Fund Balances</b>	<b>1,272,779</b>	<b>277,571</b>	<b>83,163</b>	<b>99,324</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,295,016</b>	<b>\$ 277,571</b>	<b>\$ 102,604</b>	<b>\$ 99,324</b>

<b>Water Capital Recovery Fund</b>	<b>Sewer Capital Recovery Fund</b>	<b>BJA Grant Fund</b>	<b>HGAC Grants Fund</b>	<b>Municipal Court Efficiency Fees Fund</b>	<b>Firefighter's Association Grant</b>	<b>Lone Star Libraries Grant Fund</b>
\$	\$ 124,739	\$	\$	\$ 115,632	\$ 14,452	\$
		10,956				
<u>\$</u>	<u>\$ 124,739</u>	<u>\$ 10,956</u>	<u>\$</u>	<u>\$ 115,632</u>	<u>\$ 14,452</u>	<u>\$</u>
\$	\$	\$	\$	\$	\$	\$
14,942		10,956				
<u>14,942</u>	<u></u>	<u>10,956</u>	<u></u>	<u></u>	<u></u>	<u></u>
	124,739			115,632	14,452	
(14,942)						
<u>(14,942)</u>	<u>124,739</u>	<u></u>	<u></u>	<u>115,632</u>	<u>14,452</u>	<u></u>
<u>\$</u>	<u>\$ 124,739</u>	<u>\$ 10,956</u>	<u>\$</u>	<u>\$ 115,632</u>	<u>\$ 14,452</u>	<u>\$</u>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**September 30, 2011**

	<b>LEOSE Grant Fund</b>	<b>Step Op Grant</b>	<b>Community Development Block Grant Fund</b>	<b>Community Development Block Grant Fund ARRA</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 4,376	\$	\$	\$
Investments				
Due from other funds				
Due from other governments			43,369	13,682
Other receivables		11,478		
<b>Total Assets</b>	<b>\$ 4,376</b>	<b>\$ 11,478</b>	<b>\$ 43,369</b>	<b>\$ 13,682</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$	\$	\$ 35,629	\$ 220
Due to other funds		11,478	7,740	13,462
Deferred revenues				
<b>Total Liabilities</b>		<b>11,478</b>	<b>43,369</b>	<b>13,682</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Public safety	4,376			
Public works				
Culture and recreation				
<b>Unassigned</b>				
<b>Total Fund Balances</b>	<b>4,376</b>			
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,376</b>	<b>\$ 11,478</b>	<b>\$ 43,369</b>	<b>\$ 13,682</b>

<b>IPP Buffer Zone Police</b>	<b>TDRA Grant</b>	<b>Texas Parks Wildlife Grant</b>	<b>Port Security Grant</b>	<b>Valero Contributions</b>	<b>Renaissance Texas City Fund</b>	<b>FEMA Disaster Assistance Fund</b>
\$	\$	\$	\$ 50,000	\$ 168,434	\$ 1,347	\$ 70,946
194,540		599,900				
<u>\$ 194,540</u>	<u>\$</u>	<u>\$ 599,900</u>	<u>\$ 50,000</u>	<u>\$ 168,434</u>	<u>\$ 1,347</u>	<u>\$ 70,946</u>
\$ 1,594 192,946	\$	\$ 6,679 593,221	\$	\$	\$	\$
<u>194,540</u>	<u></u>	<u>599,900</u>	<u></u>	<u></u>	<u></u>	<u>70,946</u> <u>70,946</u>
			50,000	168,434	1,347	
			<u>50,000</u>	<u>168,434</u>	<u>1,347</u>	
<u>\$ 194,540</u>	<u>\$</u>	<u>\$ 599,900</u>	<u>\$ 50,000</u>	<u>\$ 168,434</u>	<u>\$ 1,347</u>	<u>\$ 70,946</u>

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**CITY OF TEXAS CITY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**September 30, 2011**

*Exhibit H-3*  
*Page 3 of 3*

	<b>Texas City Dike Fund</b>	<b>Special Districts Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 151,067	\$	\$ 1,123,660
Investments			1,250,000
Due from other funds	3,258,483		3,258,483
Due from other governments			862,447
Other receivables			113,326
<b>Total Assets</b>	<b>\$ 3,409,550</b>	<b>\$</b>	<b>\$ 6,607,916</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 12,806	\$	\$ 98,606
Due to other funds			844,745
Deferred revenues			70,946
<b>Total Liabilities</b>	<b>12,806</b>		<b>1,014,297</b>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Public safety			644,518
Public works			293,173
Culture and recreation	3,396,744		4,670,870
<b>Unassigned</b>			<b>(14,942)</b>
<b>Total Fund Balances</b>	<b>3,396,744</b>		<b>5,593,619</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,409,550</b>	<b>\$</b>	<b>\$ 6,607,916</b>

**CITY OF TEXAS CITY, TEXAS**

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

*NONMAJOR SPECIAL REVENUE FUNDS*

*For the Year Ended September 30, 2011*

	<b>Hotel/Motel Tax Fund</b>	<b>Municipal Court Building Security Fund</b>	<b>Municipal Court Technology Fund</b>	<b>Drug Confiscation Fund</b>
<b>Revenues</b>				
Miscellaneous taxes	\$ 536,884	\$	\$	\$
Intergovernmental				
Fine and forfeits		30,329	40,050	425
Investment earnings	2,912	1,182	20	25
Miscellaneous revenue	299,450			
<b>Total Revenues</b>	<b>839,246</b>	<b>31,511</b>	<b>40,070</b>	<b>450</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety		16,212	53,412	7,161
Public works				
Culture and recreation	457,861			
Economic & physical development				
<b>Total Expenditures</b>	<b>457,861</b>	<b>16,212</b>	<b>53,412</b>	<b>7,161</b>
Excess (deficiency) of revenues over expenditures	381,385	15,299	(13,342)	(6,711)
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Transfers out				
<b>Total Other Financing Sources (Uses)</b>				
Net change in fund balances	381,385	15,299	(13,342)	(6,711)
<b>Fund Balances - beginning</b>	<b>891,394</b>	<b>262,272</b>	<b>96,505</b>	<b>106,035</b>
<b>Fund Balances - ending</b>	<b>\$ 1,272,779</b>	<b>\$ 277,571</b>	<b>\$ 83,163</b>	<b>\$ 99,324</b>

<b>Water Capital Recovery Fund</b>	<b>Sewer Capital Recovery Fund</b>	<b>BJA Grant Fund</b>	<b>HGAC Grants Fund</b>	<b>Municipal Court Efficiency Fees Fund</b>	<b>Firefighter's Association Grant</b>	<b>Lone Star Libraries Grant Fund</b>
\$	\$	\$	\$	\$	\$	\$
		33,816	14,324			14,410
	31			14,388		
				29		
					11,000	
	31	33,816	14,324	14,417	11,000	14,410
600		33,816	14,324	3,978		
						14,410
600		33,816	14,324	3,978		14,410
(600)	31			10,439	11,000	
(600)	31			10,439	11,000	
(14,342)	124,708			105,193	3,452	
\$ (14,942)	\$ 124,739	\$	\$	\$ 115,632	\$ 14,452	\$

**CITY OF TEXAS CITY, TEXAS**

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

*NONMAJOR SPECIAL REVENUE FUNDS*

*For the Year Ended September 30, 2011*

	<b>LEOSE Grant Fund</b>	<b>Step Op Grant</b>	<b>Community Development Block Grant Fund</b>	<b>Community Development Block Grant Fund ARRA</b>
<b>Revenues</b>				
Miscellaneous taxes	\$	\$	\$	\$
Intergovernmental	6,237	47,144	431,845	29,625
Fine and forfeits				
Investment earnings				
Miscellaneous revenue				
<b>Total Revenues</b>	<u>6,237</u>	<u>47,144</u>	<u>431,845</u>	<u>29,625</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	5,670	47,144		
Public works				
Culture and recreation				
Economic & physical development			431,845	29,625
<b>Total Expenditures</b>	<u>5,670</u>	<u>47,144</u>	<u>431,845</u>	<u>29,625</u>
Excess (deficiency) of revenues over expenditures	<u>567</u>			
<b>Other Financing Sources (Uses)</b>				
Transfers in			5,745	
Transfers out			(5,745)	
<b>Total Other Financing Sources (Uses)</b>				
Net change in fund balances	567			
<b>Fund Balances - beginning</b>	<u>3,809</u>			
<b>Fund Balances - ending</b>	<u>\$ 4,376</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<b>IPP Buffer Zone Police</b>	<b>TDRA Grant</b>	<b>Texas Parks Wildlife Grant</b>	<b>Port Security Grant</b>	<b>Valero Contributions</b>	<b>Renaissance Texas City Fund</b>	<b>FEMA Disaster Assistance Fund</b>
\$ 194,540	\$ 2,524,706	\$ 599,900	\$	\$	\$	\$ 482,135
				42		
			50,000			
<u>194,540</u>	<u>2,524,706</u>	<u>599,900</u>	<u>50,000</u>	<u>42</u>		<u>482,135</u>
194,540	2,524,706	599,900		19,616		482,135
					5,141	
<u>194,540</u>	<u>2,524,706</u>	<u>599,900</u>		<u>19,616</u>	<u>5,141</u>	<u>482,135</u>
			50,000	(19,574)	(5,141)	
			50,000	(19,574)	(5,141)	
				188,008	6,488	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 50,000</u>	<u>\$ 168,434</u>	<u>\$ 1,347</u>	<u>\$</u>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended September 30, 2011**

*Exhibit H-4*  
*Page 3 of 3*

	<b>Texas City Dike Fund</b>	<b>Special Districts Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>			
Miscellaneous taxes	\$	\$	\$ 536,884
Intergovernmental	3,000,000		7,378,682
Fine and forfeits			85,192
Investment earnings			4,241
Miscellaneous revenue	440,241		800,691
<b>Total Revenues</b>	<b>3,440,241</b>		<b>8,805,690</b>
<b>Expenditures</b>			
<b>Current:</b>			
Public safety			181,717
Public works			3,821,497
Culture and recreation	89,194		561,465
Economic & physical development			466,611
<b>Total Expenditures</b>	<b>89,194</b>		<b>5,031,290</b>
Excess (deficiency) of revenues over expenditures	3,351,047		3,774,400
<b>Other Financing Sources (Uses)</b>			
Transfers in			5,745
Transfers out		(31,624)	(37,369)
<b>Total Other Financing Sources (Uses)</b>		<b>(31,624)</b>	<b>(31,624)</b>
Net change in fund balances	3,351,047	(31,624)	3,742,776
<b>Fund Balances - beginning</b>	<b>45,697</b>	<b>31,624</b>	<b>1,850,843</b>
<b>Fund Balances - ending</b>	<b>\$ 3,396,744</b>	<b>\$</b>	<b>\$ 5,593,619</b>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS**  
**September 30, 2011**

*Exhibit H-5*

	<b>Construction Fund</b>	<b>2001 Series Construction Fund</b>	<b>2005 Series Construction Fund</b>	<b>2010 Series Construction Fund</b>	<b>Total Nonmajor Capital Projects Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 25,517	\$ 382,594	\$ 1,051,926	\$ 2,079,861	\$ 3,539,898
Investments	100,000	1,500,000			1,600,000
<b>Total Assets</b>	<b>\$ 125,517</b>	<b>\$ 1,882,594</b>	<b>\$ 1,051,926</b>	<b>\$ 2,079,861</b>	<b>\$ 5,139,898</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$	\$	\$	\$ 53,897	\$ 53,897
<b>Total liabilities</b>				<b>53,897</b>	<b>53,897</b>
<b>Fund balances:</b>					
<b>Restricted:</b>					
Public works	125,517	1,882,594	1,051,926	2,025,964	5,086,001
<b>Total Fund Balances</b>	<b>125,517</b>	<b>1,882,594</b>	<b>1,051,926</b>	<b>2,025,964</b>	<b>5,086,001</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 125,517</b>	<b>\$ 1,882,594</b>	<b>\$ 1,051,926</b>	<b>\$ 2,079,861</b>	<b>\$ 5,139,898</b>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2011**

*Exhibit H-6*

	<b>Construction Fund</b>	<b>2001 Series Construction Fund</b>	<b>2005 Series Construction Fund</b>	<b>2010 Series Construction Fund</b>	<b>Total Nonmajor Capital Projects Governmental Funds</b>
<b>Revenues</b>					
Intergovernmental	\$	\$	\$ 763,611	\$	\$ 763,611
Investment earnings	476	7,147	50		7,673
<b>Total Revenues</b>	<b>476</b>	<b>7,147</b>	<b>763,661</b>		<b>771,284</b>
<b>Expenditures</b>					
<b>Current:</b>					
Capital outlay				1,244,468	1,244,468
<b>Total Expenditures</b>				<b>1,244,468</b>	<b>1,244,468</b>
Excess (deficiency) of revenues over expenditures	476	7,147	763,661	(1,244,468)	(473,184)
<b>Other Financing Sources (Uses)</b>					
Transfers in				3,270,432	3,270,432
<b>Total Other Financing Sources (Uses)</b>				<b>3,270,432</b>	<b>3,270,432</b>
Net change in fund balances	476	7,147	763,661	2,025,964	2,797,248
<b>Fund Balances - beginning</b>	<b>125,041</b>	<b>1,875,447</b>	<b>288,265</b>		<b>2,288,753</b>
<b>Fund Balances - ending</b>	<b>\$ 125,517</b>	<b>\$ 1,882,594</b>	<b>\$ 1,051,926</b>	<b>\$ 2,025,964</b>	<b>\$ 5,086,001</b>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2011**

*Exhibit H-7*

	<b>Group Insurance Fund</b>	<b>Capital Equipment Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$	\$ 680,522	\$ 680,522
Investments		2,000,000	2,000,000
Other receivables	400,537		400,537
<b>Total current assets</b>	<u>400,537</u>	<u>2,680,522</u>	<u>3,081,059</u>
<b>Non-current assets</b>			
<b>Capital assets:</b>			
Equipment and furniture		9,717,379	9,717,379
Less accumulated depreciation		(6,133,882)	(6,133,882)
<b>Total capital assets</b>		<u>3,583,497</u>	<u>3,583,497</u>
<b>Total Assets</b>	<u>400,537</u>	<u>6,264,019</u>	<u>6,664,556</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	318,310		318,310
Claims and judgments, current	711,521		711,521
Due to other funds	737,939		737,939
<b>Total Liabilities</b>	<u>1,767,770</u>		<u>1,767,770</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt		3,583,497	3,583,497
Unrestricted	(1,367,233)	2,680,522	1,313,289
<b>Total Net Assets</b>	<u>\$ (1,367,233)</u>	<u>\$ 6,264,019</u>	<u>\$ 4,896,786</u>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended September 30, 2011**

*Exhibit H-8*

	<b>Group Insurance Fund</b>	<b>Capital Equipment Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>Revenues</b>			
Charges for services	\$ 4,779,678	\$	\$ 4,779,678
Misc operating revenues		7,631	7,631
<b>Total Revenues</b>	<u>4,779,678</u>	<u>7,631</u>	<u>4,787,309</u>
<b>Operating Expenses</b>			
Contractual and professional services	1,442,617		1,442,617
Insurance claims and expenses	4,023,170		4,023,170
Depreciation		1,059,888	1,059,888
<b>Total Operating Expenses</b>	<u>5,465,787</u>	<u>1,059,888</u>	<u>6,525,675</u>
Operating income (loss)	<u>(686,109)</u>	<u>(1,052,257)</u>	<u>(1,738,366)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest and investment revenue		5,332	5,332
Gain/loss on sale of capital assets		31,107	31,107
<b>Total Non-Operating Revenues (Expenses)</b>		<u>36,439</u>	<u>36,439</u>
Change in net assets	(686,109)	(1,015,818)	(1,701,927)
<b>Total Net Assets - beginning</b>	<u>(681,124)</u>	<u>7,279,837</u>	<u>6,598,713</u>
<b>Total Net Assets - ending</b>	<u>\$ (1,367,233)</u>	<u>\$ 6,264,019</u>	<u>\$ 4,896,786</u>

**CITY OF TEXAS CITY, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended September 30, 2011

*Exhibit H-9*

	<b>Group Insurance Fund</b>	<b>Capital Equipment Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities</b>			
Cash received from customers and users	\$ 4,379,141	\$ 7,631	\$ 4,386,772
Cash paid to suppliers	(1,124,307)		(1,124,307)
Cash paid from claims	(4,238,506)		(4,238,506)
<b>Net cash provided (used) by operating activities</b>	<u>(983,672)</u>	<u>7,631</u>	<u>(976,041)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds			
Advances from (repayments to) other funds	737,939	22,286	760,225
<b>Net cash provided (used) by noncapital financing activities</b>	<u>737,939</u>	<u>22,286</u>	<u>760,225</u>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sales of capital assets		31,107	31,107
Acquisition and construction of capital assets		(1,601,716)	(1,601,716)
<b>Net cash provided (used) by capital and related financing activities</b>		<u>(1,570,609)</u>	<u>(1,570,609)</u>
<b>Cash flows from investing activities</b>			
Interest and dividends received		5,332	5,332
<b>Net cash provided (used) by investing activities</b>		<u>5,332</u>	<u>5,332</u>
Net increase (decrease) in cash and cash equivalents	(245,733)	(1,535,360)	(1,781,093)
<b>Cash and cash equivalents, beginning</b>	<u>245,733</u>	<u>2,215,882</u>	<u>2,461,615</u>
<b>Cash and cash equivalents, ending</b>	<u>\$</u>	<u>\$ 680,522</u>	<u>\$ 680,522</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (686,109)	\$ (1,052,257)	\$ (1,738,366)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>			
Depreciation		1,059,888	1,059,888
(Increase) decrease in receivables	(400,537)		(400,537)
Increase (decrease) in accounts payable	318,310		318,310
Increase (decrease) in accrued claims payable	(215,336)		(215,336)
<b>Total adjustments</b>	<u>(297,563)</u>	<u>1,059,888</u>	<u>762,325</u>
<b>Net cash provided by operating activities</b>	<u>\$ (983,672)</u>	<u>\$ 7,631</u>	<u>\$ (976,041)</u>

**CITY OF TEXAS CITY, TEXAS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
*For the Year Ended September 30, 2011*

*Exhibit H-10*

	<u>09/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>09/30/11</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 287,327	\$ 216,668	\$ 154,438	\$ 349,557
Other investments	100,000			100,000
Interest and Dividends		1,527	1,527	
<b>Total assets</b>	<u>\$ 387,327</u>	<u>\$ 218,195</u>	<u>\$ 155,965</u>	<u>\$ 449,557</u>
<b>Liabilities</b>				
Refunds payable and others	\$ 387,327	\$ 62,312	\$ 82	\$ 449,557
<b>Total liabilities</b>	<u>\$ 387,327</u>	<u>\$ 62,312</u>	<u>\$ 82</u>	<u>\$ 449,557</u>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-11*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**

**BUDGET AND ACTUAL (WITH VARIANCES)**

**DEBT SERVICE FUND**

*For the Year Ended September 30, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 3,616,639	\$ 3,616,639	\$ 3,680,716	\$ 64,077
Investment earnings	30,000	30,000	5,192	(24,808)
Miscellaneous revenue	1,258,591	1,258,591	1,258,591	
<b>Total Revenues</b>	<u>4,905,230</u>	<u>4,905,230</u>	<u>4,944,499</u>	<u>39,269</u>
<b>Expenditures</b>				
Principal retirement	3,383,144	3,383,144	3,322,967	60,177
Interest and fiscal charges	1,383,197	1,383,197	1,374,302	8,895
Debt issuance costs			105,922	(105,922)
<b>Total Expenditures</b>	<u>4,766,341</u>	<u>4,766,341</u>	<u>4,803,191</u>	<u>(36,850)</u>
Excess (deficiency) of revenues over expenditures	<u>138,889</u>	<u>138,889</u>	<u>141,308</u>	<u>2,419</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			81,988	81,988
Proceeds from issuance of refunding bonds			5,270,000	5,270,000
Premium on issuance of debt			117,907	117,907
Payments to refunded bond escrow agent			(5,280,288)	(5,280,288)
<b>Total Other Financing Sources (Uses)</b>			<u>189,607</u>	<u>189,607</u>
Net change in fund balances	138,889	138,889	330,915	192,026
<b>Fund Balances - beginning</b>	<u>1,839,108</u>	<u>1,839,108</u>	<u>1,839,108</u>	
<b>Fund Balances - ending</b>	<u>\$ 1,977,997</u>	<u>\$ 1,977,997</u>	<u>\$ 2,170,023</u>	<u>\$ 192,026</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - HOTEL/MOTEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
*For the Year Ended September 30, 2011*

*Exhibit H-12*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
General Sales Tax	\$ 400,000	\$ 400,000	\$ 536,884	\$ 136,884
Investment earnings	5,000	5,000	2,912	(2,088)
Miscellaneous	10,000	10,000	299,450	289,450
<b>Total revenues</b>	<b>415,000</b>	<b>415,000</b>	<b>839,246</b>	<b>424,246</b>
<b>Expenditures</b>				
<b>Current:</b>				
Culture and recreation	457,000	457,000	457,861	(861)
<b>Total Expenditures</b>	<b>457,000</b>	<b>457,000</b>	<b>457,861</b>	<b>(861)</b>
Excess (deficiency) of revenues over expenditures	(42,000)	(42,000)	381,385	423,385
<b>Fund balances - beginning</b>	<b>891,394</b>	<b>891,394</b>	<b>891,394</b>	
<b>Fund balances - ending</b>	<b>\$ 849,394</b>	<b>\$ 849,394</b>	<b>\$ 1,272,779</b>	<b>\$ 423,385</b>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-13*

**SPECIAL REVENUE FUNDS - MUNICIPAL COURT BUILDING SECURITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
<b>Revenues</b>				
Fees and fines	\$ 30,000	\$ 30,000	\$ 30,329	\$ 329
Investment earnings	2,500	2,500	1,182	(1,318)
<b>Total revenues</b>	<b>32,500</b>	<b>32,500</b>	<b>31,511</b>	<b>(989)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	40,600	40,600	16,212	24,388
<b>Total Expenditures</b>	<b>40,600</b>	<b>40,600</b>	<b>16,212</b>	<b>24,388</b>
Excess (deficiency) of revenues over expenditures	(8,100)	(8,100)	15,299	23,399
<b>Fund balances - beginning</b>	<b>262,272</b>	<b>262,272</b>	<b>262,272</b>	
<b>Fund balances - ending</b>	<b>\$ 254,172</b>	<b>\$ 254,172</b>	<b>\$ 277,571</b>	<b>\$ 23,399</b>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - MUNICIPAL COURT TECHNOLOGY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-14*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Fees and fines	\$ 40,000	\$ 40,000	\$ 40,050	\$ 50
Investment earnings	500	500	20	(480)
<b>Total revenues</b>	<b>40,500</b>	<b>40,500</b>	<b>40,070</b>	<b>(430)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	36,500	36,500	53,412	(16,912)
<b>Total Expenditures</b>	<b>36,500</b>	<b>36,500</b>	<b>53,412</b>	<b>(16,912)</b>
Excess (deficiency) of revenues over expenditures	4,000	4,000	(13,342)	(17,342)
<b>Fund balances - beginning</b>	<b>96,505</b>	<b>96,505</b>	<b>96,505</b>	
<b>Fund balances - ending</b>	<b>\$ 100,505</b>	<b>\$ 100,505</b>	<b>\$ 83,163</b>	<b>\$ (17,342)</b>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-15*

**SPECIAL REVENUE FUNDS - DRUG CONFISCATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended September 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Fees and fines	\$ 5,000	\$ 5,000	\$ 425	\$ (4,575)
Investment earnings	1,200	1,200	25	(1,175)
<b>Total revenues</b>	<b>6,200</b>	<b>6,200</b>	<b>450</b>	<b>(5,750)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	31,500	31,500	7,161	24,339
<b>Total Expenditures</b>	<b>31,500</b>	<b>31,500</b>	<b>7,161</b>	<b>24,339</b>
Excess (deficiency) of revenues over expenditures	(25,300)	(25,300)	(6,711)	18,589
<b>Fund balances - beginning</b>	<b>106,035</b>	<b>106,035</b>	<b>106,035</b>	
<b>Fund balances - ending</b>	<b>\$ 80,735</b>	<b>\$ 80,735</b>	<b>\$ 99,324</b>	<b>\$ 18,589</b>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-16*

**SPECIAL REVENUE FUNDS - WATER CAPITAL RECOVERY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$ 35	\$ 35	\$	\$ (35)
<b>Total revenues</b>	<u>35</u>	<u>35</u>		<u>(35)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Works			600	(600)
<b>Total Expenditures</b>			<u>600</u>	<u>(600)</u>
Excess (deficiency) of revenues over expenditures	35	35	(600)	(635)
<b>Fund balances - beginning</b>	(14,342)	(14,342)	(14,342)	
<b>Fund balances - ending</b>	<u>\$ (14,307)</u>	<u>\$ (14,307)</u>	<u>\$ (14,942)</u>	<u>\$ (635)</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - SEWER CAPITAL RECOVERY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-17*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Investment earnings	\$ 4,035	\$ 4,035	\$ 31	\$ (4,004)
<b>Total revenues</b>	<u>4,035</u>	<u>4,035</u>	<u>31</u>	<u>(4,004)</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Total Expenditures</b>				
Excess (deficiency) of revenues over expenditures	4,035	4,035	31	(4,004)
<b>Fund balances - beginning</b>	124,708	124,708	124,708	
<b>Fund balances - ending</b>	<u>\$ 128,743</u>	<u>\$ 128,743</u>	<u>\$ 124,739</u>	<u>\$ (4,004)</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - BJA GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-18*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 33,816	\$ 33,816	\$ 33,816	\$
<b>Total revenues</b>	<u>33,816</u>	<u>33,816</u>	<u>33,816</u>	
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	33,816	33,816	33,816	
<b>Total Expenditures</b>	<u>33,816</u>	<u>33,816</u>	<u>33,816</u>	
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - HGAC GRANTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-19*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 18,131	\$ 18,131	\$ 14,324	\$ (3,807)
<b>Total revenues</b>	<u>18,131</u>	<u>18,131</u>	<u>14,324</u>	<u>(3,807)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	18,131	18,131	14,324	3,807
<b>Total Expenditures</b>	<u>18,131</u>	<u>18,131</u>	<u>14,324</u>	<u>3,807</u>
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - MUNICIPAL COURT EFFICIENCY FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-20*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Fees and fines	\$ 12,500	\$ 12,500	\$ 14,388	\$ 1,888
Investment earnings	500	500	29	(471)
<b>Total revenues</b>	<b>13,000</b>	<b>13,000</b>	<b>14,417</b>	<b>1,417</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	6,700	6,700	3,978	2,722
Capital Outlay	4,200	4,200		4,200
<b>Total Expenditures</b>	<b>10,900</b>	<b>10,900</b>	<b>3,978</b>	<b>6,922</b>
Excess (deficiency) of revenues over expenditures	2,100	2,100	10,439	8,339
<b>Fund balances - beginning</b>	<b>105,193</b>	<b>105,193</b>	<b>105,193</b>	
<b>Fund balances - ending</b>	<b>\$ 107,293</b>	<b>\$ 107,293</b>	<b>\$ 115,632</b>	<b>\$ 8,339</b>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - FIREFIGHTER'S ASSOCIATION GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-21*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Miscellaneous	\$	\$ 10,300	\$ 11,000	\$ 700
<b>Total revenues</b>		10,300	11,000	700
<b>Expenditures</b>				
<b>Current:</b>				
Capital Outlay		10,300		10,300
<b>Total Expenditures</b>		10,300		10,300
Excess (deficiency) of revenues over expenditures			11,000	11,000
<b>Fund balances - beginning</b>	3,452	3,452	3,452	
<b>Fund balances - ending</b>	\$ 3,452	\$ 3,452	\$ 14,452	\$ 11,000

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-22*

**SPECIAL REVENUE FUNDS - LONE STAR LIBRARIES GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 14,410	\$ (590)
<b>Total revenues</b>	<u>15,000</u>	<u>15,000</u>	<u>14,410</u>	<u>(590)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Culture and recreation	15,000	15,000	14,410	590
<b>Total Expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>14,410</u>	<u>590</u>
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - LEOSE GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-23*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 6,650	\$ 6,650	\$ 6,237	\$ (413)
<b>Total revenues</b>	<u>6,650</u>	<u>6,650</u>	<u>6,237</u>	<u>(413)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	6,650	6,650	5,670	980
<b>Total Expenditures</b>	<u>6,650</u>	<u>6,650</u>	<u>5,670</u>	<u>980</u>
Excess (deficiency) of revenues over expenditures			567	567
<b>Fund balances - beginning</b>	<u>3,809</u>	<u>3,809</u>	<u>3,809</u>	
<b>Fund balances - ending</b>	<u>\$ 3,809</u>	<u>\$ 3,809</u>	<u>\$ 4,376</u>	<u>\$ 567</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - STEP OP GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
*For the Year Ended September 30, 2011*

*Exhibit H-24*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 62,776	\$ 62,776	\$ 47,144	\$ (15,632)
<b>Total revenues</b>	<u>62,776</u>	<u>62,776</u>	<u>47,144</u>	<u>(15,632)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	62,776	62,776	47,144	15,632
<b>Total Expenditures</b>	<u>62,776</u>	<u>62,776</u>	<u>47,144</u>	<u>15,632</u>
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-25*

**SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 888,968	\$ 888,968	\$ 431,845	\$ (457,123)
<b>Total revenues</b>	<b>888,968</b>	<b>888,968</b>	<b>431,845</b>	<b>(457,123)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government				
Economic and community development	873,968	873,968	431,845	442,123
Capital Outlay	15,000	15,000		15,000
<b>Total Expenditures</b>	<b>888,968</b>	<b>888,968</b>	<b>431,845</b>	<b>457,123</b>
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-26*

**SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT BLOCK GRANT FUND ARRA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 89,203	\$ 89,203	\$ 29,625	\$ (59,578)
<b>Total revenues</b>	<b>89,203</b>	<b>89,203</b>	<b>29,625</b>	<b>(59,578)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Economic and community development	89,203	89,203	29,625	59,578
<b>Total Expenditures</b>	<b>89,203</b>	<b>89,203</b>	<b>29,625</b>	<b>59,578</b>
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - IPP BUFFER ZONE POLICE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-27*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 194,549	\$ 194,549	\$ 194,540	\$ (9)
<b>Total revenues</b>	<u>194,549</u>	<u>194,549</u>	<u>194,540</u>	<u>(9)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Highways and roads	194,549	194,549	194,540	9
<b>Total Expenditures</b>	<u>194,549</u>	<u>194,549</u>	<u>194,540</u>	<u>9</u>
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - TDRA GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-28*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$	\$ 2,861,483	\$ 2,524,706	\$ (336,777)
<b>Total revenues</b>		2,861,483	2,524,706	(336,777)
<b>Expenditures</b>				
<b>Current:</b>				
Highways and roads		2,861,483	2,524,706	336,777
<b>Total Expenditures</b>		2,861,483	2,524,706	336,777
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	\$	\$	\$	\$

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - TEXAS PARKS WILDLIFE GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-29*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$	\$ 599,900	\$ 599,900	\$
<b>Total revenues</b>		599,900	599,900	
<b>Expenditures</b>				
<b>Current:</b>				
Highways and roads		599,900	599,900	
<b>Total Expenditures</b>		599,900	599,900	
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	\$	\$	\$	\$

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - PORT SECURITY GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-30*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$	\$ 169,736	\$	\$ (169,736)
Miscellaneous			50,000	50,000
<b>Total revenues</b>		169,736	50,000	(119,736)
<b>Expenditures</b>				
<b>Current:</b>				
Capital Outlay		169,736		169,736
<b>Total Expenditures</b>		169,736		169,736
Excess (deficiency) of revenues over expenditures			50,000	50,000
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	\$	\$	\$ 50,000	\$ 50,000

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - VALERO CONTRIBUTIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-31*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$	\$	\$ 42	\$ 42
<b>Total revenues</b>			42	42
<b>Expenditures</b>				
<b>Current:</b>				
Highways and roads			19,616	(19,616)
<b>Total Expenditures</b>			19,616	(19,616)
Excess (deficiency) of revenues over expenditures			(19,574)	(19,574)
<b>Fund balances - beginning</b>	188,008	188,008	188,008	
<b>Fund balances - ending</b>	\$ 188,008	\$ 188,008	\$ 168,434	\$ (19,574)

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-32*

**SPECIAL REVENUE FUNDS - RENAISSANCE TEXAS CITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>	\$	\$	\$	\$
<b>Total revenues</b>				
<b>Expenditures</b>				
<b>Current:</b>				
Economic and community development	10,000	10,000	5,141	4,859
<b>Total Expenditures</b>	10,000	10,000	5,141	4,859
Excess (deficiency) of revenues over expenditures	(10,000)	(10,000)	(5,141)	4,859
<b>Fund balances - beginning</b>	6,488	6,488	6,488	
<b>Fund balances - ending</b>	\$ (3,512)	\$ (3,512)	\$ 1,347	\$ 4,859

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-33*

**SPECIAL REVENUE FUNDS - FEMA DISASTER ASSISTANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 482,135	\$ (17,865)
<b>Total revenues</b>	<u>500,000</u>	<u>500,000</u>	<u>482,135</u>	<u>(17,865)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Highways and roads	500,000	500,000	482,135	17,865
<b>Total Expenditures</b>	<u>500,000</u>	<u>500,000</u>	<u>482,135</u>	<u>17,865</u>
Excess (deficiency) of revenues over expenditures				
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - TEXAS CITY DIKE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-34*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$	\$	\$ 3,000,000	\$ 3,000,000
Miscellaneous	3,000,000	3,000,000	440,241	(2,559,759)
<b>Total revenues</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,440,241</b>	<b>440,241</b>
<b>Expenditures</b>				
<b>Current:</b>				
Culture and recreation			89,194	(89,194)
<b>Capital Outlay</b>	<b>3,000,000</b>	<b>3,000,000</b>		<b>3,000,000</b>
<b>Total Expenditures</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>89,194</b>	<b>2,910,806</b>
Excess (deficiency) of revenues over expenditures			3,351,047	3,351,047
<b>Fund balances - beginning</b>	<b>45,697</b>	<b>45,697</b>	<b>45,697</b>	
<b>Fund balances - ending</b>	<b>\$ 45,697</b>	<b>\$ 45,697</b>	<b>\$ 3,396,744</b>	<b>\$ 3,351,047</b>

**CITY OF TEXAS CITY, TEXAS**  
**SPECIAL REVENUE FUNDS - SPECIAL DISTRICTS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-35*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>	\$	\$	\$	\$
<b>Total revenues</b>				
<b>Expenditures</b>				
<b>Current:</b>				
<b>Total Expenditures</b>				
Excess (deficiency) of revenues over expenditures				
<b>Other Financing Sources (Uses)</b>				
Transfers out			(31,624)	(31,624)
<b>Total other financing sources (Uses)</b>			(31,624)	(31,624)
Net change in fund balances			(31,624)	(31,624)
<b>Fund balances - beginning</b>	31,624	31,624	31,624	
<b>Fund balances - ending</b>	\$ 31,624	\$ 31,624	\$	\$ (31,624)

**CITY OF TEXAS CITY, TEXAS**  
**CAPITAL PROJECTS FUNDS - CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

*Exhibit H-36*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Investment earnings	\$ 1,500	\$ 1,500	\$ 476	\$ (1,024)
Miscellaneous	1,000	1,000		(1,000)
<b>Total revenues</b>	<b>2,500</b>	<b>2,500</b>	<b>476</b>	<b>(2,024)</b>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Total Expenditures</b>				
Excess (deficiency) of revenues over expenditures	2,500	2,500	476	(2,024)
<b>Fund balances - beginning</b>	<b>125,041</b>	<b>125,041</b>	<b>125,041</b>	
<b>Fund balances - ending</b>	<b>\$ 127,541</b>	<b>\$ 127,541</b>	<b>\$ 125,517</b>	<b>\$ (2,024)</b>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-37*

**CAPITAL PROJECTS FUNDS - 2001 SERIES CONSTRUCTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$ 20,000	\$ 20,000	\$ 7,147	\$ (12,853)
<b>Total revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>7,147</u>	<u>(12,853)</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Total Expenditures</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (deficiency) of revenues over expenditures	20,000	20,000	7,147	(12,853)
<b>Fund balances - beginning</b>	<u>1,875,447</u>	<u>1,875,447</u>	<u>1,875,447</u>	
<b>Fund balances - ending</b>	<u>\$ 1,895,447</u>	<u>\$ 1,895,447</u>	<u>\$ 1,882,594</u>	<u>\$ (12,853)</u>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-38*

**CAPITAL PROJECTS FUNDS - 2005 SERIES CONSTRUCTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 3,468,600	\$ 3,468,600	\$ 763,611	\$ (2,704,989)
Investment earnings	5,000	5,000	50	(4,950)
<b>Total revenues</b>	<b>3,473,600</b>	<b>3,473,600</b>	<b>763,661</b>	<b>(2,709,939)</b>
<b>Expenditures</b>				
Capital Outlay	3,627,600	3,627,600		3,627,600
<b>Total Expenditures</b>	<b>3,627,600</b>	<b>3,627,600</b>		<b>3,627,600</b>
Excess (deficiency) of revenues over expenditures	(154,000)	(154,000)	763,661	917,661
<b>Fund balances - beginning</b>	<b>288,265</b>	<b>288,265</b>	<b>288,265</b>	
<b>Fund balances - ending</b>	<b>\$ 134,265</b>	<b>\$ 134,265</b>	<b>\$ 1,051,926</b>	<b>\$ 917,661</b>

**CITY OF TEXAS CITY, TEXAS**

*Exhibit H-39*

**CAPITAL PROJECTS FUNDS - 2010 SERIES CONSTRUCTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2011*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>	\$	\$	\$	\$
<b>Total revenues</b>				
<b>Expenditures</b>				
Capital Outlay			1,244,468	(1,244,468)
<b>Total Expenditures</b>			1,244,468	(1,244,468)
Excess (deficiency) of revenues over expenditures			(1,244,468)	(1,244,468)
<b>Other Financing Sources (Uses)</b>				
Transfers in			3,270,432	3,270,432
<b>Total other financing sources (Uses)</b>			3,270,432	3,270,432
Net change in fund balances			2,025,964	2,025,964
<b>Fund balances - beginning</b>				
<b>Fund balances - ending</b>	\$	\$	\$ 2,025,964	\$ 2,025,964

**CITY OF TEXAS CITY, TEXAS**

**COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS**

**DISCRETELY PRESENTED COMPONENT UNITS**

September 30, 2011

	<b>Texas City Economic Development Corp.</b>	<b>Public Facilities Development Fund</b>	<b>Texas City Industrial Development Corp.</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and cash equivalents	\$	\$ 14,972	\$ 8,961
Investments	8,000,000	400,000	150,000
Due from other governments	695,075		
Other receivables			
Prepaid items			
<b>Total Assets</b>	<u><u>\$ 8,695,075</u></u>	<u><u>\$ 414,972</u></u>	<u><u>\$ 158,961</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 184,316	\$ 19,718	\$
Due to primary government	4,567,309		
Accrued wages payable	2,213		
<b>Total Liabilities</b>	<u><u>4,753,838</u></u>	<u><u>19,718</u></u>	
<b>Fund Balances:</b>			
<b>Nonspendable</b>			
Prepaid items			
<b>Restricted:</b>			
Culture and recreation			
Economic & physical development	3,941,237	395,254	158,961
<b>Total Fund Balances</b>	<u><u>3,941,237</u></u>	<u><u>395,254</u></u>	<u><u>158,961</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 8,695,075</u></u>	<u><u>\$ 414,972</u></u>	<u><u>\$ 158,961</u></u>

*Exhibit I-1*

<b>Texas City Foreign Trade Zone</b>	<b>Danforth Health Facilities Corp.</b>	<b>Texas City Cultural Arts Foundation</b>	<b>Texas City Historical Preservation Corp.</b>	<b>Total Component Units</b>
\$ 300,000	\$ 1,780	\$ 150,000	\$ 109,025	\$ 134,738
75,000		500		9,000,000
				695,075
				75,000
				500
<u>\$ 375,000</u>	<u>\$ 1,780</u>	<u>\$ 150,500</u>	<u>\$ 109,025</u>	<u>\$ 9,905,313</u>
\$ 137,110	\$	\$ 4,374	\$ 9,703	\$ 218,111
2,213		18,036		4,722,455
<u>139,323</u>		<u>22,410</u>	<u>9,703</u>	<u>4,944,992</u>
		500		500
235,677	1,780	127,590	3,680	131,270
<u>235,677</u>	<u>1,780</u>	<u>128,090</u>	<u>95,642</u>	<u>4,828,551</u>
<u>\$ 375,000</u>	<u>\$ 1,780</u>	<u>\$ 150,500</u>	<u>\$ 109,025</u>	<u>\$ 9,905,313</u>

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**CITY OF TEXAS CITY, TEXAS**

*Exhibit I-2*

**RECONCILIATION OF THE COMPONENT UNITS BALANCE SHEET**

**TO THE STATEMENT OF NET ASSETS**

*September 30, 2011*

**Total fund balances, component units** \$ 4,960,321

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.

5,647,149

**Net assets of component units in the Statement of Net Assets** \$ 10,607,470

**CITY OF TEXAS CITY, TEXAS**

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

**DISCRETELY PRESENTED COMPONENT UNITS**

*For the Year Ended September 30, 2011*

	<b>Texas City Economic Development Corp.</b>	<b>Public Facilities Development Fund</b>	<b>Texas City Industrial Development Corp.</b>
<b>Revenues</b>			
General sales tax	\$ 4,389,042	\$	\$
Investment earnings	23,946	1,323	459
Miscellaneous revenue	305,397	208,642	
<b>Total Revenues</b>	<u>4,718,385</u>	<u>209,965</u>	<u>459</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government		208,482	
Culture and recreation			
Economic & physical development	299,515		
Intergovernmental	2,651,707		
<b>Capital outlay</b>	<u>2,071,358</u>		
<b>Total Expenditures</b>	<u>5,022,580</u>	<u>208,482</u>	
Excess (deficiency) of revenues over expenditures	<u>(304,195)</u>	<u>1,483</u>	<u>459</u>
Net change in fund balances	(304,195)	1,483	459
<b>Fund balances - beginning</b>	<u>4,245,432</u>	<u>393,771</u>	<u>158,502</u>
<b>Fund balances - ending</b>	<u>\$ 3,941,237</u>	<u>\$ 395,254</u>	<u>\$ 158,961</u>

<b>Texas City Foreign Trade Zone</b>	<b>Danforth Health Facilities Corp.</b>	<b>Texas City Cultural Arts Foundation</b>	<b>Texas City Historical Preservation Corp.</b>	<b>Total Component Units</b>
\$	\$	\$	\$	\$ 4,389,042
878		456	25	27,087
105,000		162,670	83,964	865,673
105,878		163,126	83,989	5,281,802
				208,482
		244,893	70,295	315,188
128,804				428,319
			571,324	3,223,031
				2,071,358
128,804		244,893	641,619	6,246,378
(22,926)		(81,767)	(557,630)	(964,576)
(22,926)		(81,767)	(557,630)	(964,576)
258,603	1,780	209,857	656,952	5,924,897
\$ 235,677	\$ 1,780	\$ 128,090	\$ 99,322	\$ 4,960,321

**CITY OF TEXAS CITY, TEXAS**

*Exhibit I-4*

**RECONCILIATION OF THE COMPONENT UNITS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2011**

**Net Change in Fund Balances, Component Units** \$ (964,576)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	2,071,358
Depreciation expense	(28,654)

Capital assets contributed to other governmental units are not presented in the fund financial statements but are expenses in the Statement of Activities.

(12,690,058)

**Changes in Net Assets of Component Units**

\$ (11,611,930)

## Statistical Section

This part of the City of Texas City’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 government’s overall financial health.

### Contents Pages

***Financial Trends (Tables 1-4)..... 134-143***

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

***Revenue Capacity (Tables 5-9) ..... 144-153***

These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.

***Debt Capacity (Tables 10-13) ..... 154-157***

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

***Demographic and Economic Information (Table 14)..... 159***

This schedule offers demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

***Operating Information (Tables 15-18)..... 160-169***

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

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

**CITY OF TEXAS CITY, TEXAS**

**NET ASSETS BY COMPONENT**

*Last Nine Fiscal Years\**

*(Accrual Basis of Accounting)*

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Governmental Activities</b>			
Invested in capital assets, net of related debt	\$ 75,915,472	\$ 52,131,606	\$ 44,292,065
Restricted	2,442,702	3,619,284	4,030,695
Unrestricted	19,221,070	22,885,116	27,289,913
<b>Total governmental activities net assets</b>	<u>\$ 97,579,244</u>	<u>\$ 78,636,006</u>	<u>\$ 75,612,673</u>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 51,254,121	\$ 52,412,643	\$ 48,951,766
Unrestricted	5,378,583	5,131,993	2,194,514
<b>Total business-type activities net assets</b>	<u>\$ 56,632,704</u>	<u>\$ 57,544,636</u>	<u>\$ 51,146,280</u>
<b>Primary government</b>			
Invested in capital assets	\$ 127,169,593	\$ 104,544,249	\$ 93,243,831
Restricted	2,442,702	3,619,284	4,030,695
Unrestricted	24,599,653	28,017,109	29,484,427
<b>Total Primary government net assets</b>	<u>\$ 154,211,948</u>	<u>\$ 136,180,642</u>	<u>\$ 126,758,953</u>

\*GASB 34 was implemented in fiscal year 2002, therefore 10 years of data is unavailable.

*Table 1*

<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 34,689,237	\$ 10,958,429	\$ (11,083,630)	\$ (18,361,297)	\$ (11,029,437)	\$ 13,415,029
9,434,763	3,928,223	13,156,747	14,331,743	12,599,745	17,231,780
23,304,527	21,080,789	11,132,587	4,564,826	(5,685,899)	(36,477,711)
<u>\$ 67,428,527</u>	<u>\$ 35,967,441</u>	<u>\$ 13,205,704</u>	<u>\$ 535,272</u>	<u>\$ (4,115,591)</u>	<u>\$ (5,830,902)</u>
\$ 47,363,524	\$ 43,273,938	\$ 40,254,565	\$ 34,338,033	\$ 37,160,243	\$ 25,553,271
3,653,154	7,572,587	9,026,593	12,902,255	7,574,421	16,041,171
<u>\$ 51,016,678</u>	<u>\$ 50,846,525</u>	<u>\$ 49,281,158</u>	<u>\$ 47,240,288</u>	<u>\$ 44,734,664</u>	<u>\$ 41,594,442</u>
\$ 82,052,761	\$ 54,232,367	\$ 29,170,935	\$ 15,976,736	\$ 26,130,806	\$ 38,968,300
9,434,763	3,928,223	13,156,747	14,331,743	12,599,745	17,231,780
26,957,681	28,653,376	20,159,180	17,467,081	1,888,522	(20,436,540)
<u>\$ 118,445,205</u>	<u>\$ 86,813,966</u>	<u>\$ 62,486,862</u>	<u>\$ 47,775,560</u>	<u>\$ 40,619,073</u>	<u>\$ 35,763,540</u>

**CITY OF TEXAS CITY, TEXAS**

**CHANGES IN NET ASSETS**

*Last Nine Fiscal Years\**

*(Accrual Basis of Accounting)*

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Expenses</b>			
<b>Governmental activities:</b>			
General government	\$ 4,606,523	\$ 4,688,827	\$ 4,447,843
Public safety	21,869,053	20,603,917	20,161,565
Public works	12,227,267	17,024,045	13,752,279
Health and Welfare	464,991	483,714	419,679
Culture and recreation	9,876,934	9,058,715	9,383,309
Economic and Community development	466,611	566,512	2,886,196
Interest on long-term debt	1,374,111	1,347,698	1,621,260
<b>Total governmental activities expenses</b>	<u>50,885,490</u>	<u>53,773,428</u>	<u>52,672,131</u>
<b>Business-type activities:</b>			
Water and sewer	15,683,891	13,161,709	11,014,584
<b>Total primary government expenses</b>	<u>\$ 66,569,381</u>	<u>\$ 66,935,137</u>	<u>\$ 63,686,715</u>
<b>Program Revenues</b>			
<b>Governmental activities:</b>			
<b>Charges for services:</b>			
General government	63,889	\$ 74,728	\$ 85,674
Public safety	2,708,182	2,940,376	3,272,158
Public works	1,618,030	1,750,379	1,756,879
Health and Welfare	92,721	71,406	51,822
Culture and recreation	2,157,512	1,736,706	1,929,446
<b>Operating grants and contributions:</b>			
General government			
Public safety	890,065	5,004,650	3,122,257
Public works	3,763,611	1,898,758	30,395
Health and Welfare			
Culture and recreation	14,410	18,702	13,713
Economic and Community development	3,586,076	747,065	473,830
<b>Capital grants and contributions:</b>			
Public works			
Culture and recreation			
<b>Total governmental activities program revenues</b>	<u>14,894,496</u>	<u>14,242,770</u>	<u>10,736,174</u>
<b>Business-type activities:</b>			
Charges for services	6,333,708	9,661,005	10,140,759
Capital grants and contributions	4,454,917		100,542
<b>Total business-type activities program revenues</b>	<u>10,788,625</u>	<u>9,661,005</u>	<u>10,241,301</u>
<b>Total primary government program revenues</b>	<u>\$ 25,683,121</u>	<u>\$ 23,903,775</u>	<u>\$ 20,977,475</u>
<b>Net (Expense)/Revenue</b>			
Governmental activities	\$ (35,990,994)	\$ (39,530,658)	\$ (41,935,957)
Business-type activities	(4,895,266)	(3,500,704)	(773,283)
<b>Total primary government net expense</b>	<u>\$ (40,886,260)</u>	<u>\$ (43,031,362)</u>	<u>\$ (42,709,240)</u>

\*GASB 34 was implemented in fiscal 2002, therefore 10 years of data is unavailable.

**Table 2**  
**Page 1 of 2**

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 4,107,677	\$ 3,859,318	\$ 3,627,245	\$ 3,188,650	\$ 3,262,990	\$ 3,906,499
17,851,054	16,816,698	15,194,357	13,526,579	12,626,115	12,973,265
12,720,391	10,731,889	8,760,691	8,148,502	7,984,362	7,712,902
412,947	356,590	304,240	234,948	227,545	416,406
8,397,967	7,029,468	6,227,018	6,239,907	5,741,235	5,770,839
392,411	447,176	412,396	497,273	614,720	214,770
1,759,787	2,005,970	2,169,494	1,951,917	1,931,427	1,896,899
<u>45,642,234</u>	<u>41,247,109</u>	<u>36,695,441</u>	<u>33,787,776</u>	<u>32,388,394</u>	<u>32,891,580</u>
10,520,350	9,569,788	8,986,753	8,794,933	7,760,108	7,910,801
<u>\$ 56,162,584</u>	<u>\$ 50,816,897</u>	<u>\$ 45,682,194</u>	<u>\$ 42,582,709</u>	<u>\$ 40,148,502</u>	<u>\$ 40,802,381</u>
\$ 166,944	\$ 335,883	\$ 275,170	\$ 170,165	\$	\$ 49,966
3,034,504	2,491,565	2,426,236	1,682,670	1,568,597	1,552,037
1,667,176	1,805,041	2,036,767	1,845,747	2,261,529	1,677,951
64,659	70,010	63,858	64,437		
1,808,124	1,496,266	1,241,842	1,096,747	1,028,573	1,089,289
					98,849
1,797,002	156,707	753,727	571,205	350,732	198,328
	820,287	3,721,075	5,720	12,740	251,781
				38,220	
13,748	6,520	12,408	107,631	55,207	166,363
987,148	449,146	424,449	596,943	879,059	214,770
					1,980,267
			85,922		
<u>9,539,305</u>	<u>7,631,425</u>	<u>10,955,532</u>	<u>6,227,187</u>	<u>6,194,657</u>	<u>7,279,601</u>
9,665,416	9,770,766	9,810,299	9,377,002	7,687,572	8,618,324
		619,014	949,602		
<u>9,665,416</u>	<u>9,770,766</u>	<u>10,429,313</u>	<u>10,326,604</u>	<u>7,687,572</u>	<u>8,618,324</u>
<u>\$ 19,204,721</u>	<u>\$ 17,402,191</u>	<u>\$ 21,384,845</u>	<u>\$ 16,553,791</u>	<u>\$ 13,882,229</u>	<u>\$ 15,897,925</u>
\$ (36,102,929)	\$ (33,615,684)	\$ (25,739,909)	\$ (27,560,589)	\$ (26,193,737)	\$ (25,611,979)
(854,934)	200,978	1,442,560	1,531,671	(72,536)	707,523
<u>\$ (36,957,863)</u>	<u>\$ (33,414,706)</u>	<u>\$ (24,297,349)</u>	<u>\$ (26,028,918)</u>	<u>\$ (26,266,273)</u>	<u>\$ (24,904,456)</u>

**CITY OF TEXAS CITY, TEXAS**

**CHANGES IN NET ASSETS**

*Last Nine Fiscal Years\**

*(Accrual Basis of Accounting)*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General Revenues</b>				
<b>Governmental activities:</b>				
Taxes:				
Property taxes	\$ 16,848,857	\$ 22,210,827	\$ 21,649,489	\$ 23,647,215
Other taxes	21,556,696	17,599,265	23,296,425	19,165,441
Unrestricted investment earnings	81,134	126,447	558,677	1,200,353
Miscellaneous	3,176,570	3,117,452	4,610,133	2,515,691
Special item-gain(loss) on sale of assets	79,441		5,377	27,030
Transfers		(500,000)		
Capital Contributions	14,654,498			21,418,510
<b>Total governmental activities</b>	<u>56,397,196</u>	<u>42,553,991</u>	<u>50,120,101</u>	<u>67,974,240</u>
<b>Business-type activities:</b>				
Unrestricted investment earnings	58,277	33,255	92,074	227,168
Miscellaneous	3,881,900	2,662,810	809,634	797,916
Special item-gain(loss) on sale of assets	2,500		1,177	
Transfers		500,000		
<b>Total business-type activities</b>	<u>3,942,677</u>	<u>3,196,065</u>	<u>902,885</u>	<u>1,025,084</u>
<b>Total primary government</b>	<u>\$ 60,339,873</u>	<u>\$ 45,750,056</u>	<u>\$ 51,022,986</u>	<u>\$ 68,999,324</u>
<b>Changes in Net Assets</b>				
Governmental Activities	\$ 20,406,202	\$ 3,023,333	\$ 8,184,144	\$ 31,871,311
Business-type activities	(952,589)	(304,639)	129,602	170,150
<b>Total primary government</b>	<u>\$ 19,453,613</u>	<u>\$ 2,718,694</u>	<u>\$ 8,313,746</u>	<u>\$ 32,041,461</u>

\*GASB 34 was implemented in fiscal 2002, therefore 10 years of data is unavailable.

*Table 2*  
*Page 2 of 2*

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 24,025,477	\$ 19,621,721	\$ 18,314,072	\$ 15,643,515	\$ 10,421,076
17,313,632	15,803,119	12,543,704	12,370,377	11,544,471
1,553,926	866,921	234,153	159,820	393,384
2,863,767	2,166,095	2,044,254	2,051,367	2,101,755
	71,493	24,871		(4,063)
(12,576)	500,000		(2,219,151)	(1,017,171)
	(619,015)	(949,602)		
45,744,226	38,410,334	32,211,452	28,005,928	23,439,452
359,805	257,220	209,238	67,247	134,738
837,259	841,091	845,921	763,197	
		(81,203)		
12,576	(500,000)		2,219,151	1,017,171
1,209,640	598,311	973,956	3,049,595	1,151,909
\$ 46,953,866	\$ 39,008,645	\$ 33,185,408	\$ 31,055,523	\$ 24,591,361
\$ 12,128,542	\$ 12,670,425	\$ 4,650,863	\$ 1,812,191	\$ (2,172,527)
1,410,618	2,040,871	2,505,627	2,977,059	1,859,432
\$ 13,539,160	\$ 14,711,296	\$ 7,156,490	\$ 4,789,250	\$ (313,095)

**CITY OF TEXAS CITY, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Ten Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

	<u>2011 *</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General fund</b>				
Reserved	\$	\$ 2,468,668	\$ 3,202,374	\$ 6,266,730
Unreserved		24,653,005	23,111,551	17,104,026
Nonspendable				
Inventories	678,837			
Prepaid items	425,434			
Assigned				
Public works	6,000,000			
Self insurance	1,400,000			
Pension	1,000,000			
Unassigned	13,498,692			
<b>Total General Fund</b>	<u>23,002,963</u>	<u>27,121,673</u>	<u>26,313,925</u>	<u>23,370,756</u>
<b>All Other Governmental Funds</b>				
Reserved				
Debt Service		1,839,108	1,501,410	1,388,194
Special revenue funds		1,850,843	2,370,316	2,549,227
Capital projects funds		2,288,753	2,201,297	4,866,327
Restricted				
Debt Service	2,170,023			
Public safety	644,518			
Public works	5,379,174			
Culture and recreation	4,670,870			
Unassigned	(14,942)			
<b>Total Other Governmental Funds</b>	<u>12,849,643</u>	<u>5,978,704</u>	<u>6,073,023</u>	<u>8,803,748</u>
<b>Total Fund Balances of Governmental Funds</b>	<u>\$ 35,852,606</u>	<u>\$ 33,100,377</u>	<u>\$ 32,386,948</u>	<u>\$ 32,174,504</u>

\* Fund balance classification were changed in FY 2011 per GASB 54

**Table 3**

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 1,637,640	\$ 2,031,449	\$ 2,628,204	\$ 386,456	\$ 318,676	\$ 225,843
18,600,690	10,881,335	7,806,539	6,562,437	4,970,999	7,014,811
<u>20,238,330</u>	<u>12,912,784</u>	<u>10,434,743</u>	<u>6,948,893</u>	<u>5,289,675</u>	<u>7,240,654</u>
1,332,168	1,101,839	1,181,783	1,542,030	1,392,216	1,824,718
2,054,627	1,948,335	1,651,695	1,608,769	1,124,107	1,131,375
10,082,504	9,763,611	12,812,250	9,062,490	14,715,457	14,033,109
<u>13,469,299</u>	<u>12,813,785</u>	<u>15,645,728</u>	<u>12,213,289</u>	<u>17,231,780</u>	<u>16,989,202</u>
<u>\$ 33,707,629</u>	<u>\$ 25,726,569</u>	<u>\$ 26,080,471</u>	<u>\$ 19,162,182</u>	<u>\$ 22,521,455</u>	<u>\$ 24,229,856</u>

**CITY OF TEXAS CITY, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Ten Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>				
Property taxes	\$20,622,989	\$22,376,812	\$25,062,719	\$23,171,476
Sales and miscellaneous taxes	17,894,933	17,599,265	20,731,758	19,165,440
Licenses and permits	266,949	240,200	529,474	383,418
Intergovernmental	8,243,162	5,729,417	3,562,630	2,866,329
Charges for services	4,164,701	4,335,262	4,558,738	4,322,138
Fines and forfeitures	1,318,702	1,408,382	1,404,672	1,229,123
Investment earnings	81,134	126,447	558,677	1,200,367
Other	4,117,198	5,353,539	4,577,957	3,253,988
<b>Total revenues</b>	<b>56,709,768</b>	<b>57,169,324</b>	<b>60,986,625</b>	<b>55,592,279</b>
<b>Expenditures</b>				
General government	4,351,272	4,604,890	4,379,669	4,069,243
Public safety	19,903,598	19,235,985	19,092,224	17,508,465
Public works	13,810,648	15,828,240	12,893,294	11,963,772
Health and welfare	431,203	472,963	412,246	409,787
Culture and recreation	8,284,523	8,170,898	8,633,504	7,757,054
Economic and community development	466,611	566,512	2,886,196	392,952
Capital outlay	1,864,296	7,607,468	7,503,897	9,656,897
Debt service:				
Principal	3,546,467	3,758,227	3,482,880	3,514,837
Interest and other charges	1,485,981	1,539,953	1,664,940	1,720,075
<b>Total expenditures</b>	<b>54,144,599</b>	<b>61,785,136</b>	<b>60,948,850</b>	<b>56,993,082</b>
Excess of revenues over (under) expenditures	2,565,169	(4,615,812)	37,775	(1,400,803)
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,389,789	75,000	249,561	1,181,325
Transfers out	(3,389,789)	(1,325,000)	(499,562)	(1,181,325)
Proceeds from issuance of bonds	5,270,000	14,020,000		9,705,000
Proceeds from loans/capital leases	79,441	24,754	208,124	
Other	(5,162,381)	(7,465,513)	216,546	(9,837,319)
<b>Total other financing sources (uses)</b>	<b>187,060</b>	<b>5,329,241</b>	<b>174,669</b>	<b>(132,319)</b>
<b>Special Item</b>				
Proceeds from sale of fixed assets				
<b>Net change in fund balances</b>	<b>\$ 2,752,229</b>	<b>\$ 713,429</b>	<b>\$ 212,444</b>	<b>\$ (1,533,122)</b>
Debt service as a percentage of noncapital expenditures	10%	10%	10%	11%

**Table 4**

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 23,007,376	\$ 19,836,290	\$ 16,928,610	\$ 15,811,893	\$ 12,002,337	\$ 13,394,023
17,313,632	15,803,119	12,543,704	13,088,977	11,374,169	11,885,187
346,848	285,664	390,490	396,298	267,790	209,104
612,373	1,190,583	1,258,705	1,335,957	930,091	1,070,187
3,947,679	4,145,333	2,935,930	3,261,846	2,533,280	2,664,833
1,030,502	1,043,181	1,057,054	1,198,671	1,284,247	791,407
1,553,927	866,919	234,153	147,932	373,432	906,052
4,557,551	6,456,867	2,371,200	2,053,252	2,384,236	1,071,629
<u>52,369,888</u>	<u>49,627,956</u>	<u>37,719,846</u>	<u>37,294,826</u>	<u>31,149,582</u>	<u>31,992,422</u>
3,784,584	3,602,514	3,131,569	3,405,571	3,881,691	2,994,983
16,230,726	15,392,454	13,236,374	12,678,963	12,860,009	12,226,512
9,563,332	8,668,399	7,756,140	7,802,600	7,464,177	7,236,385
346,468	301,208	223,268	219,010	406,387	319,711
6,553,439	5,925,069	5,884,907	5,432,749	5,397,770	5,286,884
449,146	413,362	497,273	609,091	214,770	190,902
1,276,999	9,794,773	5,154,442	7,377,048	5,688,581	2,771,084
3,999,979	3,920,472	3,074,198	2,022,059	1,933,682	1,620,642
2,019,155	2,192,357	1,895,576	1,987,081	1,831,166	1,777,426
<u>44,223,828</u>	<u>50,210,608</u>	<u>40,853,747</u>	<u>41,534,172</u>	<u>39,678,233</u>	<u>34,424,529</u>
8,146,060	(582,652)	(3,133,901)	(4,239,346)	(8,528,651)	(2,432,107)
623,197	870,000	55,374	293,681	300,379	2,398,559
(788,197)	(713,000)	(55,374)	(76,681)	(40,379)	(264,559)
		9,890,700		5,175,000	8,000,000
		136,620	663,000	395,000	782,000
<u>(165,000)</u>	<u>157,000</u>	<u>10,027,320</u>	<u>880,000</u>	<u>5,830,000</u>	<u>10,916,000</u>
	71,493	24,871		63,317	
<u>\$ 7,981,060</u>	<u>\$ (354,159)</u>	<u>\$ 6,918,290</u>	<u>\$ (3,359,346)</u>	<u>\$ (2,635,334)</u>	<u>\$ 8,483,893</u>
14%	15%	14%	12%	11%	11%

**CITY OF TEXAS CITY, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
*Last Ten Fiscal Years*

<b>Real Property</b>					
<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Personal Property</b>	<b>Less Tax Exempt Real Property</b>
2011	2010	\$ 1,153,916,166	\$ 3,518,437,396	\$ 1,511,465,045	\$ 330,518,465
2010	2009	1,140,859,911	4,094,199,542	1,182,983,052	287,281,525
2009	2008	1,200,706,221	4,027,444,720	1,747,063,778	299,242,979
2008	2007	1,169,186,378	3,852,309,555	1,337,634,808	247,348,389
2007	2006	1,102,416,098	3,423,074,520	1,291,233,720	249,046,708
2006	2005	1,017,166,616	2,548,252,930	1,196,108,506	241,647,668
2005	2004	927,376,314	1,466,847,912	770,457,545	252,427,038
2004	2003	882,315,979	2,308,934,422	858,643,925	250,204,188
2003	2002	829,466,239	2,722,990,788	848,376,158	248,598,760
2002	2001	776,455,789	2,907,706,726	966,322,363	249,211,235

The estimated actual taxable value equals the total taxable assessed value.  
 All properties are assessed at 100% of actual taxable value.

Source: City of Texas City Tax Assessor-Collector

*Table 5*

<b>Less Other Exemptions and Abatements</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Value as a Percent of Actual Taxable</b>
\$ 1,509,214,021	\$ 4,674,604,586	\$ 0.425	\$ 4,674,604,586	100%
1,313,907,232	5,104,135,273	0.425	5,104,135,273	100%
1,326,610,613	5,648,604,106	0.425	5,648,604,106	100%
730,023,600	5,629,107,141	0.436	5,629,107,141	100%
990,291,125	4,826,433,213	0.456	4,826,433,213	100%
468,363,981	4,293,164,071	0.456	4,293,164,071	100%
400,198,859	2,764,482,912	0.456	2,764,482,912	100%
538,691,119	3,511,203,207	0.456	3,511,203,207	100%
52,402,007	4,348,431,178	0.456	4,348,431,178	100%
694,138,136	3,956,346,742	0.358	3,956,346,742	100%

**CITY OF TEXAS CITY, TEXAS**

***DIRECT AND OVERLAPPING PROPERTY TAX RATES***

***Last Ten Fiscal Years***

*(rate per \$100 of assessed value)*

<b>Fiscal Year</b>	<b>City Direct Rates</b>			<b>Galveston County</b>	<b>Overlapping</b>	
	<b>M &amp; O Rate</b>	<b>I &amp; S Rate</b>	<b>Total Direct</b>		<b>Texas City Independent School District</b>	<b>LaMarque Independent School District</b>
2011	\$0.342294	\$ 0.082706	\$ 0.425000	\$ 0.628750	\$ 1.288600	\$ 1.240000
2010	0.342294	0.082706	0.425000	0.618600	1.216000	1.240000
2009	0.350238	0.074762	0.425000	0.570000	1.184931	1.240000
2008	0.358040	0.077570	0.435610	0.580000	1.112750	1.240000
2007	0.368579	0.087661	0.456240	0.598750	1.448354	1.570000
2006	0.358066	0.098174	0.456240	0.628750	1.587100	1.740000
2005	0.377940	0.078300	0.456240	0.638750	1.613000	1.743000
2004	0.369340	0.086900	0.456240	0.640000	1.623400	1.730000
2003	0.291980	0.065520	0.357500	0.606300	1.604700	1.650000
2002	0.278430	0.055070	0.333500	0.565400	1.611900	1.625005

**Source:** Galveston County and Galveston County Central Appraisal District

**Note:** The city's basic property tax rate may be increased only by a majority vote of the city's residents. Rates for debt service are set based on each year's requirements.

<sup>a</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Texas City. Not all overlapping rates apply to all Texas City property owners; for example, although the county property tax rates apply to all.

*Table 6*

**Rates <sup>a</sup>**

<b>Dickinson Independent School District</b>	<b>College of the Mainland</b>	<b>Galveston County Drainage District No.2</b>
\$ 1.540000	\$ 0.233890	\$ 0.063021
1.504000	0.221640	0.063021
1.500000	0.221640	0.063021
1.430000	0.227380	0.057360
1.724000	0.233450	0.055740
1.751000	0.243020	0.055200
1.738000	0.245250	0.058800
1.743000	0.263060	0.058800
1.764000	0.231870	0.058800
1.747000	0.218000	0.058800

**CITY OF TEXAS CITY, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last Ten Fiscal Years*

<b>Fiscal Year Ended Sept 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>% of Levy</b>	
2002	\$ 13,311,486	\$ 13,087,456	98.32%	\$ 187,747
2003	12,053,334	11,573,719	96.02%	424,177
2004	15,460,520	15,133,491	97.88%	273,335
2005	17,898,106	16,527,501	92.34%	1,309,069
2006	19,693,614	19,404,611	98.53%	228,266
2007	22,622,593	21,737,823	96.09%	810,000
2008	23,443,313	22,457,033	95.79%	903,258
2009	24,421,413	24,078,789	98.60%	221,660
2010	22,308,236	22,145,753	99.27%	4,761
2011	20,242,161	20,006,955	98.84%	

**Source:** City of Texas City Tax Assessor-Collector

*Table 7*

<b>Total Collections to Date</b>			<b>Amount</b>
<b>Amount</b>	<b>%</b>	<b>of Levy</b>	<b>Outstanding</b>
\$ 13,275,203	99.73%		36,283
11,997,896	99.54%		55,438
15,406,826	99.65%		53,694
17,836,570	99.66%		61,536
19,632,877	99.69%		60,737
22,547,823	99.67%		74,770
23,360,291	99.65%		83,022
24,300,449	99.50%		120,964
22,150,514	99.29%		162,483
20,006,955	98.84%		235,206

**CITY OF TEXAS CITY, TEXAS****PRINCIPAL PROPERTY TAXPAYERS***Current Year and Nine Years Ago*

<b>Taxpayer</b>	<b>2011</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
BP Products (NA) Inc	\$ 1,384,162,860	1	30%
Valero Refining-Texas LP	547,375,970	2	12%
Union Carbide Corp	221,088,815	3	5%
Praxair Inc	163,223,760	4	3%
South Houston Green Power, LP	141,357,090	5	3%
Marathon Petroleum Company LLC	129,179,300	6	3%
BP Amoco Chemical Co	113,991,500	7	2%
Valero Marketing & Supply Co	60,902,810	8	1%
BP Alternative Energy	54,600,000	9	1%
ISP Technologies Inc	53,013,300	10	1%
Sterling Chemicals Inc	-	-	0%
Texas Cogenron LP	-	-	0%
Transtexas Gas Corporation	-	-	0%
Dow Chemical Corporation	-	-	0%
<b>Total</b>	<b>\$2,868,895,405</b>		<b>61%</b>

*Table 8*

<b>2002</b>		
<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
\$1,101,542,480	1	28%
214,081,570	3	5%
-	-	0%
47,046,070	8	1%
-	-	0%
58,046,900	7	1%
198,112,050	4	5%
-	-	0%
-	-	0%
44,213,910	10	1%
197,662,650	5	5%
81,129,900	6	2%
46,510,510	9	1%
429,288,380	2	11%
<b>\$2,417,634,420</b>		<b>61%</b>

**CITY OF TEXAS CITY, TEXAS**

**TAXABLE SALES BY CATEGORY**

*Last Ten Calendar Years*

*(in thousands of dollars)*

	<u>2011<sup>a</sup></u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Construction	\$ 14,188	\$ 15,683	\$ 14,746	\$ 22,313
Manufacturing	10,317	8,728	11,297	23,324
Wholesale Trade	6,272	11,205	9,192	12,793
Retail Trade	130,550	124,468	158,592	212,410
Transportation/Warehousing	3,969	3,676	2,867	1,062
Information	3,251	3,314	34,717	4,234
Finance/Insurance	866	474	519	684
Real Estate/Rental/Leasing	15,201	10,233	14,436	21,800
Professional/Scientific/Technical Services	2,068	1,719	2,080	2,192
Management of Companies/Enterprises	-			172
Admin/Support/Waste Mgmt/Remediation	2,149	2,215	1,983	2,288
Health Care/Social Assistance	1,529	1,099	2,713	1,844
Arts/Entertainment/Recreation	434	518	366	289
Accommodation/Food Services	36,830	35,290	39,118	51,819
Other Services (except Public Administration)	4,319	4,558	5,019	6,391
Other				
<b>Total</b>	<u><u>\$ 231,943</u></u>	<u><u>\$ 223,180</u></u>	<u><u>\$ 297,645</u></u>	<u><u>\$363,615</u></u>
 City direct sales tax rate <sup>b</sup>	 <u><u>1.50%</u></u>	 <u><u>1.50%</u></u>	 <u><u>1.50%</u></u>	 <u><u>1.50%</u></u>

**Source:** State Comptroller's Office.

<sup>a</sup> 2011 taxable sales thru 3rd quarter of 2011.

<sup>b</sup> The City direct sales tax rate includes the City only and not the City of Texas City Economic Development Corp. (4B).

**Table 9**

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 22,800	\$ 14,117	\$ 7,006	\$ 6,450	\$ 7,964	\$ 5,953
26,898	23,228	16,988	10,642	8,690	13,208
13,765	12,423	14,905	9,653	8,920	8,614
202,599	193,352	191,783	187,712	191,668	212,339
454	809	468	612	654	818
4,256	6,834	14,311	20,257	19,253	14,258
637	973	944	861	920	861
21,235	21,105	17,661	14,085	15,954	17,225
2,455	2,035	1,625	1,451	1,398	1,274
		8,244	15,025	16,530	9,147
2,107	3,161	3,233	3,902	3,219	2,401
1,097	1,862	1,737	1,494	431	306
	890	385	773	686	184
48,788	45,344	41,330	38,968	39,700	41,702
6,128	6,126	5,630	5,632	5,154	4,812
		1	28	470	1,978
<b>\$ 353,219</b>	<b>\$ 332,259</b>	<b>\$ 326,250</b>	<b>\$ 317,546</b>	<b>\$ 321,609</b>	<b>\$ 335,078</b>
<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.50%</b>

**CITY OF TEXAS CITY, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**

*Table 10*

*Last Ten Fiscal Years*

*(dollars in thousands, except per capita)*

Fiscal Year	Governmental Activities			Business-Type Activities			
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Lease Obligations	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2011	\$ 29,455	\$ 6,260	\$ 89	\$ 14,586	\$ 50,390	5%	\$ 1,117
2010	32,495	6,500	150	15,484	54,629	6%	1,211
2009	31,520	4,545	191	7,185	43,441	5%	970
2008	33,650	5,715	167	7,525	47,057	6%	1,063
2007	29,810	12,400	350	7,749	50,309	7%	1,116
2006	31,755	13,480	653	8,053	53,941	7%	1,219
2005	33,560	14,505	1,060	8,346	57,471	8%	1,320
2004	28,325	11,845	1,295	8,624	50,089	7%	1,151
2003	29,670	12,250	904	9,020	51,844	7%	1,208
2002	25,790	12,635	762	9,150	48,337	7%	1,130

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**CITY OF TEXAS CITY, TEXAS**

**Table 11**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA**

*Last Ten Fiscal Years*

*(dollars in thousands, except per capita)*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>General Obligation Bonds</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Percentage of Personal Income <sup>a</sup></b>	<b>Per Capita <sup>a</sup></b>
2011	2010	\$ 35,715	\$ 2,170	\$ 33,545	1%	4%	\$ 744
2010	2009	38,995	1,839	37,156	1%	4%	824
2009	2008	36,065	1,501	34,564	1%	4%	772
2008	2007	39,365	1,388	37,977	1%	5%	858
2007	2006	42,210	1,332	40,878	1%	5%	907
2006	2005	45,235	1,102	44,133	1%	6%	998
2005	2004	48,065	1,182	46,883	2%	6%	1,077
2004	2003	40,170	1,542	38,628	1%	5%	887
2003	2002	41,920	1,392	40,528	1%	6%	944
2002	2001	38,425	1,825	36,600	1%	5%	856

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> Population data can be found in demographic and economic statistics table.

**CITY OF TEXAS CITY, TEXAS**

*Table 12*

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

*September 30, 2011*

*(dollars in thousands, except per capita)*

<b>Taxing Jurisdiction</b>	<b>Gross Debt<sup>a</sup></b>	<b>Overlapping</b>	
		<b>Percentage</b>	<b>Amount</b>
College of the Mainland	\$ 855	68.82%	\$ 588
Dickinson Independent School District	201,816	17.89%	36,105
Galveston County	297,854	42.18%	125,635
LaMarque Independent School District	25,258	72.76%	18,378
Texas City Independent School District	125,955	100.00%	125,955
<b>Total Overlapping Debt</b>			306,661
<b>City Direct Debt</b>	\$ 35,804	100%	35,804
<b>Total Direct and Overlapping Debt</b>			<u>\$ 342,465</u>
<b>Population</b>			44,765
<b>Per Capita Debt-Direct and Overlapping Debt</b>			<u>\$ 7,650</u>

**Sources:** Individual jurisdictions and/or Texas Municipal Reports.

**a. Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Texas City, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt of each overlapping government.

## PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

## Water &amp; Sewer Revenue Bonds

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2011	\$ 10,745,669	\$10,512,212	\$ 233,457	\$1,898,638	\$ 480,043	\$2,378,681	0
2010	10,490,254	8,546,937	1,943,317	1,381,171	522,716	1,903,887	1
2009	10,941,575	7,907,990	3,033,585	340,000	373,220	713,220	4
2008	10,299,065	7,679,238	2,619,827	325,000	388,170	713,170	4
2007	10,608,025	6,959,312	3,648,713	310,000	402,120	712,120	5
2006	10,651,390	6,767,480	3,883,910	300,000	415,470	715,470	5
2005	10,222,923	6,930,994	3,291,929	285,000	428,010	713,010	5
2004	8,450,769	7,746,325	704,444	275,000	439,973	714,973	1
2003	8,628,899	7,895,079	733,820	265,000	451,235	716,235	1
2002	6,761,483	5,062,672	1,698,811	250,000	461,610	711,610	2

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

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**CITY OF TEXAS CITY, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*Last Ten Fiscal Years*

*Table 14*

<b>Fiscal Year</b>	<b>Population (A)</b>	<b>Personal Income (in \$000's)</b>	<b>Per Capita Personal Income (A)</b>	<b>Median Age (A)</b>	<b>Education level in Years of Schooling (B)</b>	<b>School Enrollment (C)</b>	<b>Unemployment Rate (D)</b>
2011	45,099	\$ 954,114	\$ 21,156	36.5	13.6	5,824	9.3%
2010	45,099	970,215	21,513	35.0	13.6	5,860	9.3%
2009	44,765	963,029	21,513	35.0	13.6	6,051	8.5%
2008	44,287	755,403	17,057	35.5	13.6	5,965	6.1%
2007	45,070	768,759	17,057	35.5	13.6	5,824	6.7%
2006	44,237	754,551	17,057	35.5	13.6	5,965	6.1%
2005	43,535	742,576	17,057	35.5	13.6	5,860	7.0%
2004	43,535	742,576	17,057	35.5	13.6	5,804	8.6%
2003	42,921	732,103	17,057	35.5	13.6	5,842	7.6%
2002	42,758	729,323	17,057	35.5	13.6	5,875	7.1%

(A) U.S. Census Bureau

(B) U.S. Census Bureau-population 25 years of age and over

(C) Texas Education Agency

(D) Texas Workforce Commission

**CITY OF TEXAS CITY, TEXAS**

**PRINCIPAL EMPLOYERS**

*Current Year and Nine Years Ago*

<b>Employer</b>	<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
BP (formerly Amoco Chemical & Petroleum)	2,300	1	12%
INEOS Nova	1,150	2	6%
Texas City Independent School District	879	3	4%
Mainland Medical Center	750	4	4%
Valero Refining-Texas LP	500	5	3%
Eastman Chemical (formerly Sterling Chemicals)	450	6	2%
Dow (formerly Union Carbide Corporation)	335	7	2%
College of the Mainland	280	8	1%
Marathon Petroleum Company	275	9	1%
International Specialty Products	170	10	1%
Wal-Mart	-		0%
Catalytic Industrial Maintenance	-		0%
<b>Total</b>	<b>7,089</b>		<b>36%</b>

**Source:** Texas City-LaMarque Chamber of Commerce

*Table 15*

<b>2002</b>		
<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
2,538	1	13%
-		0%
754	4	4%
630	5	3%
325	5	2%
930	3	5%
1,200	2	6%
280	8	1%
261	9	1%
-		0%
325	7	2%
238	10	1%
<hr/> <hr/>		<hr/> <hr/>
7,481		38%

**CITY OF TEXAS CITY, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

**Full-time Equivalent Employees as of Sept 30:**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Function/Program</b>					
<b>Governmental Activities:</b>					
General Government	32	29	38	39	38
Public Safety	219	218	211	211	204
Public Works	104	98	104	104	105
Community Services	7	7	7	7	7
Parks and Recreation	202	215	215	214	217
<b>Business Type Activities:</b>					
Water & Sewer	45	45	45	45	45
<b>Component Unit:</b>					
Economic Development	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>Total</b>	<u><u>611</u></u>	<u><u>614</u></u>	<u><u>622</u></u>	<u><u>622</u></u>	<u><u>618</u></u>

**Source: City Budget**

*Table 16*

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
37	36	35	36	38
188	184	185	196	196
105	105	105	106	104
7	7	7	7	7
219	219	219	219	219
45	45	51	51	51
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u><u>603</u></u>	<u><u>598</u></u>	<u><u>604</u></u>	<u><u>617</u></u>	<u><u>617</u></u>

**CITY OF TEXAS CITY, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*Last Eight Fiscal Years\**

<b>Function/Program</b>	<b>Fiscal Year Ending 9/30</b>			
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>General Government</b>				
<b>Finance:</b>				
Number of accounts payable checks processed	9,221	11,348	11,467	14,513
Number of payroll checks processed	3,146	3,462	3,922	4,612
Number of budget amendments	17	7	26	22
Number of budget transfers	14	8	6	26
<b>Public Safety</b>				
<b>Police:</b>				
Number of police calls resulting in dispatch	89,391	76,982	83,581	84,562
Number of offense reports filed	10,733	11,540	12,016	12,395
Number of citation issued	15,514	15,143	18,602	17,992
Total police arrests made (adult)	3,775	4,211	4,891	4,733
Total police arrests made (juvenile)	165	230	180	203
Dispatched calls per patrol officer	531	n/a	n/a	n/a
Motor vehicle accidents	1,442	1,678	2,051	1,907
Number of burglaries	353	411	485	555
Number of motor vehicle thefts	66	101	119	125
Average response time in minutes	7	6.23	6.56	5.48
<b>Fire:</b>				
Total number fire responses-residential	49	34	47	76
Total number fire responses-other	190	959	411	404
Fires investigated	15	12	3	8
Total annual inspections	1,337	1,145	284	209
Average response time in minutes	6	4.15	6.56	6.63
Calls for service	6,815	6,884	5,723	4,696
Patients treated	4,430	4,591	4,612	3,972
<b>Municipal Court:</b>				
Total traffic violations filed	13,328	12,939	15,376	18,494
Total state law violations filed	1,729	2,071	2,320	766
Total city ordinance violations filed	1,112	1,118	1,645	1,789
Total parking violations filed	23	38	64	16
<b>Public Works</b>				
<b>Fleet Maintenance:</b>				
Vehicle maintenance service requests	1,042	537	632	535
Vehicle maintenance repair requests	714	713	886	836
<b>Other public works:</b>				
Tons of Residential refuse	21,958	30,875	30,601	32,333
Tons of commercial refuse	7,962	16,451	15,517	17,899
Work orders completed	705	1,324	1,262	1,450
Number of recycling participants	17,014	38,838	41,039	39,611

\* 10 years of data is unavailable  
Sources: Various city departments.

*Table 17*  
*Page 1 of 2*

<b>Fiscal Year Ending 9/30</b>			
<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
13,778	12,968	12,489	12,438
4,453	5,131	5,830	8,183
14	12	10	14
37	25	23	21
69,217	72,862	73,449	63,160
12,341	12,874	12,731	12,884
n/a	n/a	n/a	n/a
3,967	4,158	4,145	4,542
129	146	126	158
845	899	907	780
1,912	2,188	1,657	1,642
526	767	859	837
165	176	218	229
n/a	n/a	n/a	n/a
157	157	211	172
543	1,005	870	878
21	14	16	5
386	607	661	1,344
5.83	n/a	n/a	n/a
4,454	5,004	n/a	n/a
4,691	4,832	n/a	n/a
10,823	9,052	11,697	10,817
2,306	2,288	2,202	2,645
1,042	879	1,093	994
43	104	157	81
760	721	670	639
1,394	1,167	901	921
31,310	29,256	36,966	29,461
16,687	15,699	17,367	15,384
1,351	1,232	1,641	1,652
37,513	37,189	40,873	40,701

**CITY OF TEXAS CITY, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*Last Eight Fiscal Years*

<b>Function/Program</b>	<b>Fiscal Year Ending 9/30</b>			
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Parks and Recreation</b>				
<b>All Parks and recreation:</b>				
Total number of attendance at events	2,500,000	2,500,000	2,518,404	773,556
Number of recreation classes offered	60	60	60	57
<b>Community Services</b>				
<b>Building Inspections:</b>				
Total building permits issued-residential (new)	465	648	1,831	1,313
Total building permits issued-non-residential (new)	524	383	559	477
<b>Community Development:</b>				
Total code violation cases	1,756	1,173	743	593
Total housing rehabilitation	7	15	7	16
Total first time homebuyers	8	8	11	9
Total demolition of condemned structures	27	45	39	33
Total rat bait distributed (in pounds)	534	434	537	580
Total mowed vacant lots	813	528	562	112
<b>Water and Sewer</b>				
<b>Distribution and Collection:</b>				
Total water work orders	1,557	1,557	1,060	1,766
Total sewer work orders	1,263	1,263	681	1,506
<b>Water Production:</b>				
Water produced - wells (well only in millions)	9	9	13.6	4.8
Combined gallons of water produced (well and surface in millions)	2,154	2,154	2,307	2,104
<b>Billing &amp; Collections:</b>				
Annual meter reads	167,569	167,569	168,570	169,750
<b>Wastewater Treatment:</b>				
Wastewater treated (in millions of gallons)	2	2	1.7	2.9

Sources: Various city departments.

*Table 17*  
*Page 2 of 2*

<b>Fiscal Year Ending 9/30</b>			
<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
813,793	772,490	629,693	404,388
57	50	38	13
173	196	355	443
8	8	4	10
1,097	n/a	n/a	n/a
19	5	15	20
12	9	6	17
11	17	37	19
725	n/a	n/a	n/a
153	216	n/a	n/a
1,845	n/a	n/a	n/a
1,601	n/a	n/a	n/a
4.8	11.9	3.2	17.8
2,104	2,101	2,100	2,384
166,860	165,096	163,332	161,568
2.9	2.1	2.2	2.4

**CITY OF TEXAS CITY, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
*Last Eight Fiscal Years\**

<b>Function/Program</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Public Safety</b>				
<b>Police:</b>				
Police stations	1	1	1	1
Police vehicles	112	112	112	112
<b>Fire stations:</b>				
Fire stations	3	3	3	3
Fire vehicles	30	30	30	30
<b>Public Works</b>				
<b>Other public works:</b>				
Streets (miles) <sup>a</sup>	297	297	297	297
Highways (miles) <sup>a</sup>	n/a	n/a	n/a	n/a
Streetlights	3,628	3,628	3,628	3,628
Traffic signals	51	51	51	51
Recycling Center	1	1	1	1
<b>Parks and Recreation</b>				
<b>Parks and recreation:</b>				
Acreage	125	125	125	125
Parks	42	42	42	42
Pools	2	2	3	4
Fitness Center	1	1	1	1
Natatorium	1	1	1	1
Rental Facilities	6	6	6	6
Pavilions & Shelters	4	4	4	4
Shooting Range	1	1	1	1
Museums	1	1	1	1
Fountains (Decorative)	9	9	9	9
Statues (Bronze)	50	50	50	50
Golf Course	1	1	1	1
Library	1	1	1	1
Gymnasiums	3	3	3	3
<b>Water and Sewer</b>				
<b>Water Production:</b>				
Water wells	11	11	11	11
Pressure reducing stations	14	14	14	14
Ground storage tanks	8	8	8	8
Elevated towers	5	5	5	5
<b>Wastewater:</b>				
Treatment Plants	1	1	1	1
Lift Stations	36	36	36	36
<b>Distribution and Collection:</b>				
Water mains (miles)	249	249	249	249
Sanitary sewers (miles)	207	207	207	207

**Sources: Various city departments.**

\*10 years of data is unavailable.

<sup>a</sup> Inside city limits

*Table 18*

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
1	1	1	1
112	112	112	112
3	3	3	3
30	30	30	30
297	297	297	297
n/a	n/a	n/a	n/a
3,628	3,628	3,628	3,628
51	51	51	51
1	1	1	1
125	125	125	125
42	42	42	42
4	4	4	4
1	1	1	1
1	n/a	n/a	n/a
6	6	6	6
4	4	4	4
1	1	1	1
1	1	1	1
9	9	9	9
50	50	50	50
1	1	1	1
1	1	1	1
3	3	3	3
11	11	11	11
14	14	14	14
8	8	8	8
5	5	5	5
1	1	1	1
36	36	36	36
249	249	249	249
207	207	207	207