

CITY OF TEXAS CITY, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2012**



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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

CITY OF TEXAS CITY, TEXAS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2012

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

CITY OF TEXAS CITY, TEXAS
TABLE OF CONTENTS

	Page	Exhibit/ Table
Introductory Section		
Letter of Transmittal	i	
Organizational Chart	vii	
Principal Officials	ix	
GFOA Certificate of Achievement	xi	
Financial Section		
Report of Independent Auditors	3	
Management’s Discussion and Analysis	7	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	19	A-1
Statement of Activities	20	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds	22	B-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23	B-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24	B-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25	B-4
Statement of Net Assets - Proprietary Funds	26	C-1
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	27	C-2
Combining Statement of Cash Flows - Proprietary Funds	28	C-3
Statement of Fiduciary Net Assets - Fiduciary Funds	30	D-1
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	31	D-2

CITY OF TEXAS CITY, TEXAS
TABLE OF CONTENTS

	Page	Exhibit/ Table
Financial Section (continued)		
Discretely Presented Component Units - Governmental Activities:		
Combining Statement of Net Assets	32	E-1
Combining Statement of Activities	34	E-2
Notes to the Financial Statements	36	F-1
Required Supplementary Information		
Texas Municipal Retirement System - Schedule of Funding Progress	73	G-1
Firemen’s Relief and Retirement Fund - Schedule of Funding Progress	74	G-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	75	G-3
Other Supplementary Information:		
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet - Nonmajor Governmental Funds	78	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	79	H-2
Combining Balance Sheet - Nonmajor Special Revenue Funds	80	H-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	86	H-4
Combining Balance Sheet - Nonmajor Capital Project Funds	91	H-5
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	92	H-6
Combining Statement of Net Assets - Internal Service Funds	93	H-7
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds	94	H-8
Combining Statement of Cash Flows - Internal Service Funds	95	H-9
Statement of Changes in Assets and Liabilities - Agency Funds	96	H-10
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual:		
Debt Service Fund	97	H-11
Hotel/Motel Tax Fund - Special Revenue Fund	98	H-12
Municipal Court Building Security Fund - Special Revenue Fund	99	H-13
Municipal Court Technology Fund - Special Revenue Fund	100	H-14
Drug Confiscation Fund - Special Revenue Fund	101	H-15
Water Capital Recovery Fund - Special Revenue Fund	102	H-16

CITY OF TEXAS CITY, TEXAS
TABLE OF CONTENTS

	Page	Exhibit/ Table
Financial Section (continued)		
Other Supplementary Information (continued)		
Combining and Individual Fund Statements and Schedules (continued):		
Schedule of Revenue, Expenditures and Changes in Fund Balances		
- Budget and Actual (continued):		
Sewer Capital Recovery Fund - Special Revenue Fund	103	H-17
BJA Grant Fund - Special Revenue Fund	104	H-18
HGAC Grants Fund - Special Revenue Fund	105	H-19
Cable PEG - Special Revenue Fund	106	H-20
Municipal Court Efficiency Fees Fund - Special Revenue Fund	107	H-21
Firefighter’s Association Grant - Special Revenue Fund	108	H-22
LEOSE Grant - Special Revenue Fund	109	H-23
Project SAFE - Anti-Gang - Special Revenue Fund	110	H-24
STEP OP Grant - Special Revenue Fund	111	H-25
Community Development Block Grant - Special Revenue Fund	112	H-26
IPP Buffer Zone Police - Special Revenue Fund	113	H-27
TDRA Grant - Special Revenue Fund	114	H-28
Port Security Grant - Special Revenue Fund	115	H-29
Valero Contributions - Special Revenue Fund	116	H-30
Renaissance Texas City Fund - Special Revenue Fund	117	H-31
FEMA Disaster Assistance Fund - Special Revenue Fund	118	H-32
Texas City Dike Fund - Special Revenue Fund	119	H-33
Construction Fund - Capital Projects Fund	120	H-34
2001 Series Construction Fund - Capital Projects Fund	121	H-35
2005 Series Construction Fund - Capital Projects Fund	122	H-36
2010 Series Construction Fund - Capital Projects Fund	123	H-37
Component Unit Fund Information:		
Combining Balance Sheet	124	I-1
Reconciliation of the Component Units Balance Sheet to the Statement of Net Assets	127	I-2
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	128	I-3
Reconciliation of the Component Units Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	130	I-4

CITY OF TEXAS CITY, TEXAS
TABLE OF CONTENTS

	Page	Exhibit/ Table
Unaudited Statistical Section:		
Net Assets by Component	132	1
Changes in Net Assets	134	2
Fund Balances of Governmental Funds	138	3
Changes in Fund Balances of Governmental Funds	140	4
Assessed Value and Estimated Actual Value	142	5
Direct and Overlapping Property Tax Rates	144	6
Property Tax Levies and Collections	146	7
Principal Property Taxpayers	148	8
Taxable Sales by Category	150	9
Ratios of Outstanding Debt by Type	152	10
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	153	11
Direct and Overlapping Governmental Activities Debt	154	12
Pledged Revenue Coverage	155	13
Demographic and Economic Statistics	157	14
Principal Employers	158	15
Full-Time Equivalent City Government Employees by Function/ Program	160	16
Operating Indicators by Function/ Program	162	17
Capital Asset Statistics by Function/ Program	166	18

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
Thelma Bowie
J.W. Wilson, Jr.
Dedrick Johnson, Sr.
Rick Wilkenfeld

March 28, 2013

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, 2012, 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 Ashland, Inc. 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;
- Began construction on the Nessler Family Aquatic Center;
- Helped bring Tanger Outlet Center to Texas City;
- 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 WhitleyPenn, 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, 2012, 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, 2012, 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

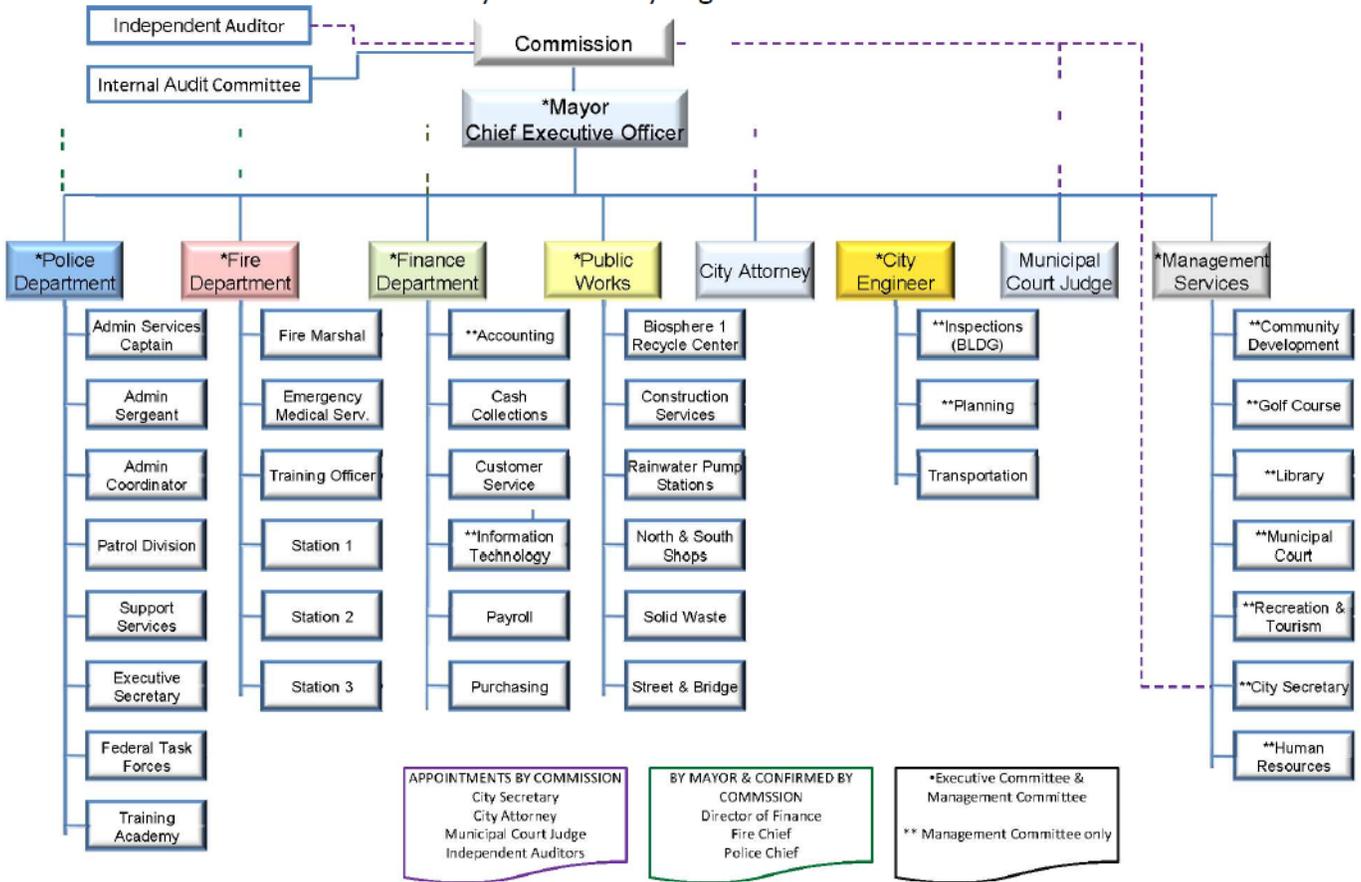
The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation. We would also like to thank the Mayor and 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 that reads "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



Thelma Bowie

District 2



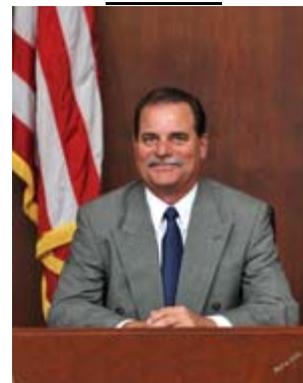
J. W. Wilson, Jr.

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, 2011

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



Christopher P. Morinell

President

Jeffrey R. Emen

Executive Director

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2012, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2013, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, 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 introductory section, combining and individual nonmajor fund financial statements, budgetary schedules 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 and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory 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.

Whitley Penn LLP

March 28, 2013

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, 2012. 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 \$155.3 million (*net assets*). Of this amount, \$15.5 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 \$1.1 million.
- As of the close of the current fiscal year, the City of Texas City's governmental funds reported combined ending fund balances of \$30.7 million, a decrease of \$5.2 million in comparison with the prior year. Approximately, \$12.1 million (39 percent) of the total fund balance amount 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 \$12.1 million, or 27 percent of total general fund expenditures.
- The City's total debt decreased by \$4.9 million as a result of 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 include the Water and Sewer System Revenue.

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

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 (4A)
- 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 which is considered to be a major fund. 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 78-130.

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

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 \$155.3 million at the close of the most recent fiscal year.

By far the largest portion of the City of Texas City's net assets \$ 131.5 million (85.0 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)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 38.0	\$ 41.0	\$ 8.3	\$ 8.1	\$ 46.3	\$ 49.1
Capital assets	105.0	102.4	62.1	65.2	167.1	167.6
Total assets	143.0	143.4	70.4	73.3	213.4	216.7
Long-term liabilities outstanding	39.5	42.9	12.5	14.1	52.0	57.0
Other Liabilities	3.5	2.9	2.6	2.6	6.1	5.5
Total Liabilities	43.0	45.8	15.1	16.7	58.1	62.5
Net assets						
Invested in capital assets, net of related debt	81.9	75.9	49.6	51.2	131.5	127.1
Restricted	8.2	2.5			8.2	2.5
Unrestricted	9.9	19.2	5.7	5.4	15.6	24.6
Total net assets	\$ 100.0	\$ 97.6	\$ 55.3	\$ 56.6	\$ 155.3	\$ 154.2

An additional portion of the City of Texas City's net assets \$8.2 million (5.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$15.6 million (10.0 percent) 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)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for services	\$ 7.1	\$ 6.6	\$ 10.9	\$ 10.7	\$ 18.0	\$ 17.3
Operating grants and contributions	3.0	8.3			3.0	8.3
General Revenues:						
Property Taxes	21.1	20.5			21.1	20.5
Other Taxes	17.0	17.9			17.0	17.9
Other	5.0	18.0	3.2	3.9	8.2	21.9
Total revenues	53.2	71.3	14.1	14.6	67.3	85.9
Expenses						
General government	4.4	4.6			4.4	4.6
Public Safety	22.6	21.9			22.6	21.9
Public Works	12.3	12.2			12.3	12.2
Health and Welfare	0.3	0.5			0.3	0.5
Culture and Recreation	9.5	9.9			9.5	9.9
Economic and Community Development	0.5	0.5			0.5	0.5
Interest on long-term debt	1.2	1.3			1.2	1.3
Enterprise Fund - Water			9.7	10.0	9.7	10.0
Enterprise Fund - Sewer			5.7	5.6	5.7	5.6
Enterprise Fund - GCWA Bonds						
Enterprise Fund - Utility Capital Reserve						
Total Expenses	50.8	50.9	15.4	15.6	66.2	66.5
Increase (decrease) in net assets	2.4	20.4	(1.3)	(1.0)	1.1	19.4
Net assets - beginning	97.6	78.6	56.6	57.6	154.2	136.2
Prior period adjustment		(1.4)				(1.4)
Net assets - ending	\$ 100.0	\$ 97.6	\$ 55.3	\$ 56.6	\$ 155.3	\$ 154.2

During the current fiscal year, the government's net assets increased by \$1.1 million. This increase is attributed to the rise in property tax values and resulting increase in tax revenues, an increase in charges for services and reduction of expenses.

Governmental activities

Governmental activities increased the City of Texas City's net assets by \$2.4 million. Key elements of changes in net assets are as follows:

- Property tax revenues increased by \$600,000
- Charges for services increased by \$500,000
- Decrease of expenses by \$100,000.

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

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

- Public Safety increase of \$700,000, due to salary increases, increases related to fuel costs, increase in overtime expenses.
- Public Works increase of \$100,000, due to increase fuel costs and maintenance costs.

Business-type activities

Business-type activities decreased the City of Texas City's net assets by \$1.3 million key elements of this decrease are as follows:

- Revenues for business-type activities decreased by \$500,000. During the year, the City provided water and sewer service for approximately 14,000 customers.
- Operating expenses for business-type activities decreased by \$200,000, but were still \$1.3 million more than revenue due to continuation of the City's water and sewer rehabilitation/replacement projects.

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 \$30.7 million a decrease of \$5.2 million as compared to the prior year. *Unassigned fund balance*, which is available for spending at the government's discretion, totaled \$12.1 million. The remainder of fund balance is *nonspendable* of \$.8 million 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 (\$2.3 million), 2) public safety of \$.7 million, capital projects of \$8.7 million and development activities of \$5.2 million. In addition the City *assigned fund balance* for street improvements 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 \$12.1 million while total fund balance amounted to \$13.8 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 27 percent of total general fund expenditures, while total fund balance represents 31 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 \$9.2 million. This decrease is mainly due to City Commission transfers out of the General Fund to Construction fund, nonmajor funds and internal service fund totaling \$8.7 million.

The City's 2010 Series Construction fund increased by 5.0 million as discussed above by way of a transfer in of funds from general fund.

The debt service has a total fund balance of \$2.3 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 \$0.1 million. A portion of this increase is attributed to a contribution from component 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 \$5.7 million and total net assets were \$55.3 million. The combined total change in net assets for these funds was a decrease of \$1.4 million. At the end of the year, internal service funds had unrestricted net assets of \$2.5 million and total net assets of \$6.2 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 \$2.4 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.
- Funding for an additional contribution to the City's Firemen pension fund.

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, 2012, amounts to \$167.0 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 decrease in the City of Texas City's investment in capital assets for the current fiscal year was \$0.4 million (0.2 percent).

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

- Acquired the following machinery & equipment:
 - (1) Armored S.W.A.T. Vehicle \$225,315 Police (grant funds)
 - (1) Garbage Recycling Truck \$177,360 Sanitation
 - (1) Caterpillar Grinder \$430,000 Sanitation
 - (1) Johnston Vacuum Sweeper \$214,275 Public Works
 - (2) Ford F250 Trucks \$46,215 Public Works
 - (1) Liberty Fueling System \$44,980 Public Works
 - (3) Ford F250 Trucks \$61,455 Recreation & Tourism
 - (1) John Deere Utility Tractor \$37,211 Recreation & Tourism

City of Texas City's Capital Assets (in millions)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 3.4	\$ 0.1	\$ 3.5
Historical treasures & works of art	0.9		0.9
Infrastructure	75.1	108.7	183.8
Buildings & structures	52.6	1.9	54.5
Machinery, equipment & furniture	24.4	5.0	29.4
Construction in progress	5.4	0.4	5.8
	<u>161.8</u>	<u>116.1</u>	<u>277.9</u>
Less: Accumulated depreciation	<u>(56.9)</u>	<u>(54.0)</u>	<u>(110.9)</u>
	<u>\$ 104.9</u>	<u>\$ 62.1</u>	<u>\$ 167.0</u>

Additional information on the City of Texas City capital assets can be found on pages 52-55 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 \$44.4 million. Of this amount, \$32.3 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).

Certificates of Obligation, General Obligation, and Revenue Bonds (in millions)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General obligation bonds	\$ 26.3	\$	\$ 26.3
Certificates of obligation	6.0		6.0
Contract revenue bonds		12.1	12.1
	<u>\$ 32.3</u>	<u>\$ 12.1</u>	<u>\$ 44.4</u>

The City of Texas City's total bonded debt decreased by \$4.9 million (10 percent) during the current fiscal year due to 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 57-61 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 2012-13 Budget was prepared assuming a total tax rate of \$.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 2012 tax rate is comprised of the following components:

General Fund	\$0.3618
Debt Service	\$0.0632

- The General Fund has budgeted revenues and other sources of \$45.3 million, compared to last year's budgeted revenues and other sources of \$44.2 million. This represents an increase of \$1.1 million. The increase in revenues is attributed to higher property tax valuations and anticipated increases in other revenues and other sources.
- The General Fund has budgeted expenditures of \$44.96 million, compared to the previous year's budgeted expenditures of \$45.35 million, a decrease of \$390,000.
- The 2012-13 Budget is expected to result in an unassigned fund balance approximately 24% of budgeted expenditures.

CITY OF TEXAS CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- The Water Revenue Fund has budgeted revenues of \$6.7 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 2012-13 Total Budget includes \$16 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 9th Avenue North, Texas City, Texas 77590.

BASIC FINANCIAL STATEMENTS

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CITY OF TEXAS CITY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2012

Exhibit A-1

	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and equivalents	\$ 13,088,201	\$ 2,536,180	\$ 15,624,381	\$ 153,376
Investments	14,431,000	3,163,297	17,594,297	7,000,000
Receivables	2,926,071	2,420,229	5,346,300	73,470
Due from other governmental agencies	2,657,189		2,657,189	587,192
Due from component units	3,888,534		3,888,534	
Prepaid items	5,495	444	5,939	
Deferred charges	337,129	30,797	367,926	
Inventories	745,138	190,883	936,021	
Capital Assets:				
Capital assets, not being depreciated	9,666,891	539,176	10,206,067	5,684,171
Infrastructure	67,751,458	108,687,314	176,438,772	
Buildings	52,572,599	1,867,676	54,440,275	1,099,595
Equipment and furniture	24,424,660	4,946,236	29,370,896	
Other capital assets	7,437,037		7,437,037	61,619
Less: accumulated depreciation	(56,903,309)	(53,985,829)	(110,889,138)	(865,005)
Total Capital Assets	104,949,336	62,054,573	167,003,909	5,980,380
Total Assets	143,028,093	70,396,403	213,424,496	13,794,418
Liabilities				
Accounts payable and accrued expenses	3,506,181	2,586,476	6,092,657	111,434
Due to primary government				3,888,534
Unearned revenues	5,876		5,876	
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	3,747,686	1,566,081	5,313,767	
Accrued interest	144,341	35,227	179,568	
Compensated absences	265,533	14,607	280,140	
Due in more than one year:				
Bonds, capital leases and contracts	28,640,277	10,876,531	39,516,808	
Net pension obligation	3,250,522		3,250,522	
Compensated absences	3,444,334	51,088	3,495,422	
Total Liabilities	43,004,750	15,130,010	58,134,760	3,999,968
Net Assets				
Invested in capital assets, net of related debt	81,884,410	49,611,961	131,496,371	5,980,380
Restricted for:				
Debt service	2,331,784		2,331,784	
Culture & recreation	1,639,051		1,639,051	781,482
Public safety	673,609		673,609	
Economic & physical development	3,634,298		3,634,298	3,032,588
Unrestricted	9,860,191	5,654,432	15,514,623	
Total Net Assets	\$ 100,023,343	\$ 55,266,393	\$ 155,289,736	\$ 9,794,450

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
General government	\$ 4,338,885	\$ 4,493	\$
Public safety	22,535,648	3,320,861	878,535
Public works	12,299,845	1,704,689	
Health and welfare	342,342	78,755	
Culture and recreation	9,473,922	2,021,971	
Economic and community development	523,960		2,078,065
Interest on long-term debt	1,242,047		
Total Governmental Activities	<u>50,756,649</u>	<u>7,130,769</u>	<u>2,956,600</u>
Business-type Activities:			
Water revenue fund	9,685,825	6,622,950	
Sewer revenue fund	5,723,203	4,295,787	
Total Business-type Activities	<u>15,409,028</u>	<u>10,918,737</u>	
Total Primary Government	<u>\$ 66,165,677</u>	<u>\$ 18,049,506</u>	<u>\$ 2,956,600</u>
Component Units			
Component units	\$ 3,711,459	\$ 303,985	\$ 272,273
Total Component Units	<u>\$ 3,711,459</u>	<u>\$ 303,985</u>	<u>\$ 272,273</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

 Capital contributions from component units

Total general revenues, special items, and transfers

 Change in net assets

Net Assets - beginning

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
\$ (4,334,392)	\$	\$ (4,334,392)	
(18,336,252)		(18,336,252)	
(10,595,156)		(10,595,156)	
(263,587)		(263,587)	
(7,451,951)		(7,451,951)	
1,554,105		1,554,105	
(1,242,047)		(1,242,047)	
<u>(40,669,280)</u>		<u>(40,669,280)</u>	
	(3,062,875)	(3,062,875)	
	<u>(1,427,416)</u>	<u>(1,427,416)</u>	
	<u>(4,490,291)</u>	<u>(4,490,291)</u>	
<u>(40,669,280)</u>	<u>(4,490,291)</u>	<u>(45,159,571)</u>	
			\$ (3,135,201)
			<u>(3,135,201)</u>
17,522,124		17,522,124	
3,562,977		3,562,977	
4,718,706		4,718,706	
12,274,316		12,274,316	4,091,439
48,251	85,641	133,892	15,248
3,197,341	3,038,339	6,235,680	5,158
1,789,664		1,789,664	(1,789,664)
<u>43,113,379</u>	<u>3,123,980</u>	<u>46,237,359</u>	<u>2,322,181</u>
2,444,099	(1,366,311)	1,077,788	(813,020)
97,579,244	56,632,704	154,211,948	10,607,470
<u>\$ 100,023,343</u>	<u>\$ 55,266,393</u>	<u>\$ 155,289,736</u>	<u>\$ 9,794,450</u>

CITY OF TEXAS CITY, TEXAS

Exhibit B-1

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2012

	General Fund	2010 Series Construction Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$	\$ 4,638,799	\$ 7,699,278	\$ 12,338,077
Investments	7,781,000		3,900,000	11,681,000
Taxes receivable, net	746,321		167,792	914,113
Due from other funds	816,465	907,412		1,723,877
Due from other governments	1,944,307		712,882	2,657,189
Due from component units	3,888,534			3,888,534
Other receivables	1,569,187		107,353	1,676,540
Inventories	745,138			745,138
Prepaid items	5,495			5,495
Total Assets	\$ 17,496,447	\$ 5,546,211	\$ 12,587,305	\$ 35,629,963
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,467,722	\$ 370,392	\$ 252,856	\$ 2,090,970
Due to other funds	907,412		512,495	1,419,907
Deferred revenues	907,821		165,042	1,072,863
Accrued wages payable	390,211			390,211
Total Liabilities	3,673,166	370,392	930,393	4,973,951
Fund Balances:				
Nonspendable:				
Inventories	745,138			745,138
Prepaid items	5,495			5,495
Restricted:				
Debt service			2,316,959	2,316,959
Public safety			670,988	670,988
Capital projects		5,175,819	3,517,734	8,693,553
Development activities			5,166,173	5,166,173
Assigned:				
Street improvements	1,000,000			1,000,000
Unassigned	12,072,648		(14,942)	12,057,706
Total Fund Balances	13,823,281	5,175,819	11,656,912	30,656,012
Total Liabilities and Fund Balances	\$ 17,496,447	\$ 5,546,211	\$ 12,587,305	\$ 35,629,963

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, 2012

Exhibit B-2

Total fund balance, governmental funds \$ 30,656,012

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. 101,245,449

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. 6,210,459

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	(32,290,000)
Note payable	(201,286)
Capital leases payable	(26,400)
Compensated absences	(3,709,867)
Accrued interest payable	(144,341)

Deferred property tax revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements. 1,066,987

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	393,943
Deferred bond issue costs	337,129
Net pension obligation	(3,250,522)
Discount on bonds	(264,220)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 100,023,343

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, 2012

	<u>General Fund</u>	<u>2010 Series Construction Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 17,173,510	\$	\$ 3,525,248	\$ 20,698,758
General sales tax	12,274,316			12,274,316
Miscellaneous taxes	4,191,264		521,774	4,713,038
Licenses and permits	464,818			464,818
Intergovernmental	1,571,656		1,373,944	2,945,600
Charges for services	4,328,752			4,328,752
Fine and forfeits	1,258,711		83,020	1,341,731
Investment earnings	34,191		10,521	44,712
Miscellaneous revenue	2,054,478		1,695,380	3,749,858
Total Revenues	<u>43,351,696</u>		<u>7,209,887</u>	<u>50,561,583</u>
Expenditures				
Current:				
General government	4,137,423		79,103	4,216,526
Public safety	20,817,718		178,136	20,995,854
Public works	10,535,025		272,577	10,807,602
Health & welfare	326,320			326,320
Culture and recreation	7,578,291		454,863	8,033,154
Economic & physical development			521,988	521,988
Capital outlay	476,638	1,850,145	1,770,143	4,096,926
Debt service:				
Principal retirement	226,402		3,462,967	3,689,369
Interest and fiscal charges	2,855		1,178,812	1,181,667
Total Expenditures	<u>44,100,672</u>	<u>1,850,145</u>	<u>7,918,589</u>	<u>53,869,406</u>
Excess (deficiency) of revenues over expenditures	<u>(748,976)</u>	<u>(1,850,145)</u>	<u>(708,702)</u>	<u>(3,307,823)</u>
Other Financing Sources (Uses)				
Transfers in		5,000,000	1,541,935	6,541,935
Proceeds from sale of capital assets	261,229			261,229
Transfers out	(8,691,935)			(8,691,935)
Total Other Financing Sources (Uses)	<u>(8,430,706)</u>	<u>5,000,000</u>	<u>1,541,935</u>	<u>(1,888,771)</u>
Net change in fund balances	(9,179,682)	3,149,855	833,233	(5,196,594)
Fund balances - beginning	<u>23,002,963</u>	<u>2,025,964</u>	<u>10,823,679</u>	<u>35,852,606</u>
Fund balances - ending	<u>\$ 13,823,281</u>	<u>\$ 5,175,819</u>	<u>\$ 11,656,912</u>	<u>\$ 30,656,012</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, 2012

Net change in fund balances - total governmental funds: \$ (5,196,594)

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	4,096,926
Depreciation expense	(3,444,644)

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.

(9,993)

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	587,476
-----------------------	---------

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	3,689,369
Payments to escrow agent for payment of refunded bonds	
Proceeds from issuance of long-term debt	
Premium from issuance of long-term debt	
Bond issuance cost	

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.

1,313,673

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

1,789,664

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	328
(Increase) decrease in net pension obligation	(207,325)
(Increase) decrease in compensated absences	(114,073)
Amortization of deferred loss on refunding	(69,746)
Amortization/accretion of deferred bond issue costs and premium on bonds	9,038

Change in net assets of governmental activities \$ 2,444,099

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2012

Exhibit C-1

	Business-type Activities - Enterprise Funds			Governmental
	Major Enterprise Funds			Activities
	Water Revenue Fund	Sewer Revenue Fund	Total Enterprise Funds	Total Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 1,320,593	\$ 634,746	\$ 1,955,339	\$ 750,124
Investments	3,000,000		3,000,000	2,750,000
Accounts receivable, net	2,175,459	242,023	2,417,482	
Accrued interest receivable	2,747		2,747	
Other receivables				335,418
Inventories	109,786	81,097	190,883	
Prepaid expenses	444		444	
Deferred charges	30,797		30,797	
Total current assets	6,639,826	957,866	7,597,692	3,835,542
Non-current assets				
Restricted cash and cash equivalents	580,841		580,841	
Restricted investments	163,297		163,297	
Capital assets:				
Land and improvements	137,410	4,652	142,062	
Infrastructure	53,371,645	55,315,669	108,687,314	
Buildings	353,524	1,514,152	1,867,676	
Equipment and furniture	2,565,587	2,380,649	4,946,236	10,890,714
Construction in progress	236,422	160,692	397,114	
Less accumulated depreciation	(24,569,765)	(29,416,064)	(53,985,829)	(7,186,827)
Total capital assets	32,094,823	29,959,750	62,054,573	3,703,887
Total non-current assets	32,838,961	29,959,750	62,798,711	3,703,887
Total Assets	39,478,787	30,917,616	70,396,403	7,539,429
Liabilities				
Current Liabilities				
Accounts payable	761,129	417,230	1,178,359	302,712
Accrued wages payable	11,180	11,286	22,466	
Due to other funds				303,970
Customer deposits payable	1,381,986	3,665	1,385,651	
Bonds payable, current portion	1,566,081		1,566,081	
Accrued interest payable	35,227		35,227	
Compensated absences	7,946	6,661	14,607	
Claims and judgments, current				722,288
Total Current Liabilities	3,763,549	438,842	4,202,391	1,328,970
Non-current Liabilities				
Bonds payable	10,876,531		10,876,531	
Compensated absences	27,172	23,916	51,088	
Total Non-current Liabilities	10,903,703	23,916	10,927,619	
Total Liabilities	14,667,252	462,758	15,130,010	1,328,970
Net Assets				
Invested in capital assets, net of related debt	19,652,211	29,959,750	49,611,961	3,703,887
Unrestricted	5,159,324	495,108	5,654,432	2,506,572
Total Net Assets	\$ 24,811,535	\$ 30,454,858	\$ 55,266,393	\$ 6,210,459

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2012

Exhibit C-2

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Enterprise Funds			
	Water Revenue Fund	Sewer Revenue Fund	Total Enterprise Funds	
Revenues				
Charges for services	\$ 6,622,950	\$ 4,295,787	\$ 10,918,737	\$ 5,912,766
Misc operating revenues	2,921,525		2,921,525	
Total Revenues	9,544,475	4,295,787	13,840,262	5,912,766
Operating Expenses				
Personnel services	1,216,832	1,332,176	2,549,008	
Contractual and professional services	2,615,236	278,884	2,894,120	1,263,483
Other supplies and expenses	1,859,184	577,931	2,437,115	
Repairs and maintenance	811,227	981,137	1,792,364	
Utilities	148,130	357,011	505,141	
Insurance claims and expenses				4,366,517
Depreciation	2,690,691	2,196,064	4,886,755	1,129,882
Amortization	(35,288)		(35,288)	
Total Operating Expenses	9,306,012	5,723,203	15,029,215	6,759,882
Operating income (loss)	238,463	(1,427,416)	(1,188,953)	(847,116)
Non-Operating Revenues (Expenses)				
Interest and investment revenue	85,641		85,641	3,539
Interest expense	(379,813)		(379,813)	
Miscellaneous revenue	41,983	74,831	116,814	
Gain/loss on sale of capital assets				7,250
Total Non-Operating Revenues (Expenses)	(252,189)	74,831	(177,358)	10,789
Income (loss) before contributions and transfers	(13,726)	(1,352,585)	(1,366,311)	(836,327)
Transfers in				2,150,000
Change in net assets	(13,726)	(1,352,585)	(1,366,311)	1,313,673
Total Net Assets - beginning	24,825,261	31,807,443	56,632,704	4,896,786
Total Net Assets - ending	\$ 24,811,535	\$ 30,454,858	\$ 55,266,393	\$ 6,210,459

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2012

Exhibit C-3
Page 1 of 2

	Business-type Activities - Enterprise Funds			
	Major Enterprise Funds			Governmental Activities
	Water Revenue Fund	Sewer Revenue Fund	Total Enterprise Funds	Total Internal Service Funds
Cash flows from operating activities				
Cash received from customers	\$ 10,504,865	\$ 4,410,037	\$ 14,914,902	\$ 5,977,885
Cash paid to employees	(1,213,913)	(1,358,275)	(2,572,188)	(1,279,081)
Cash paid to suppliers	(5,765,675)	(1,984,172)	(7,749,847)	
Cash paid from claims				(4,355,750)
Net cash provided (used) by operating activities	<u>3,525,277</u>	<u>1,067,590</u>	<u>4,592,867</u>	<u>343,054</u>
Cash flows from noncapital financing activities				
Advances from (repayments to) other funds				2,150,000
Advances to (repayments from) other funds		(189,134)	(189,134)	(433,969)
Net cash provided (used) by noncapital financing activities		<u>(189,134)</u>	<u>(189,134)</u>	<u>1,716,031</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets				7,250
Principal on capital debt	(1,504,851)		(1,504,851)	
Interest expense	(384,258)		(384,258)	
Acquisition and construction of capital assets	(1,399,880)	(243,710)	(1,643,590)	(1,250,272)
Net cash provided (used) by capital and related financing activities	<u>(3,288,989)</u>	<u>(243,710)</u>	<u>(3,532,699)</u>	<u>(1,243,022)</u>
Cash flows from investing activities				
Proceeds from sales and maturities of investments	475,844		475,844	
Purchase of investments				(750,000)
Interest and dividends received	84,574		84,574	3,539
Net cash provided (used) by investing activities	<u>560,418</u>		<u>560,418</u>	<u>(746,461)</u>
Net increase (decrease) in cash and cash equivalents	796,706	634,746	1,431,452	69,602
Cash and cash equivalents, beginning	<u>1,104,728</u>		<u>1,104,728</u>	<u>680,522</u>
Cash and cash equivalents, ending	<u>\$ 1,901,434</u>	<u>\$ 634,746</u>	<u>\$ 2,536,180</u>	<u>\$ 750,124</u>
Cash and cash equivalents	\$ 1,320,593	\$ 634,746	\$ 1,955,339	\$ 750,124
Restricted cash and cash equivalents	580,841		580,841	
Cash and cash equivalents, ending	<u>\$ 1,901,434</u>	<u>\$ 634,746</u>	<u>\$ 2,536,180</u>	<u>\$ 750,124</u>

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Enterprise Funds			
	Water Revenue Fund	Sewer Revenue Fund	Total Enterprise Funds	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 238,463	\$ (1,427,416)	\$ (1,188,953)	\$ (847,116)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,690,691	2,196,064	4,886,755	1,129,882
Amortization	(35,288)		(35,288)	
(Increase) decrease in receivables	906,800	114,250	1,021,050	65,119
(Increase) decrease in prepaid expenses				
(Increase) decrease in inventories	(7,934)	(37,777)	(45,711)	
Increase (decrease) in accounts payable	(323,964)	248,568	(75,396)	(15,598)
Increase (decrease) in accrued wages payable	(16,855)	(19,859)	(36,714)	
Increase (decrease) in customer deposits payable	53,590		53,590	
Increase (decrease) in compensated absences	19,774	(6,240)	13,534	
Increase (decrease) in accrued claims payable				10,767
Total adjustments	3,286,814	2,495,006	5,781,820	1,190,170
Net cash provided (used) by operating activities	\$ 3,525,277	\$ 1,067,590	\$ 4,592,867	\$ 343,054

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2012

Exhibit D-1

	<u>Pension Trust</u>	<u>Private Purpose</u>	
	<u>Firemen's</u>	<u>Trust</u>	
	<u>Relief and</u>	<u>Life &</u>	
	<u>Retirement</u>	<u>Disability Fund</u>	<u>Agency Fund</u>
	<u>Fund</u>		
Assets			
Cash and cash equivalents	\$ 227,397	\$ 16,950	\$ 301,006
Receivables:			
Interest and Dividends	19,459		
Miscellaneous	51,332		
Total receivables	<u>70,791</u>		
Investments:			
U.S. Government obligations	910,280		
Corporate bonds	1,685,317		
Corporate stocks	8,337,187		
Other investments	1,559,427	225,000	100,000
Total Investments	<u>12,492,211</u>	<u>225,000</u>	<u>100,000</u>
Total assets	<u>12,790,399</u>	<u>241,950</u>	<u>401,006</u>
Liabilities			
Refunds payable and others			401,006
Total liabilities			<u>\$ 401,006</u>
Net Assets			
Held in trust for benefits and other purposes	<u>\$ 12,790,399</u>	<u>\$ 241,950</u>	

See notes to the financial statements.

The data presented in this schedule for the pension trust fund represents activity as of December 31, 2011.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended September 30, 2012

Exhibit D-2

	<u>Pension Trust</u>	<u>Private Purpose</u>
	<u>Firemen's Relief</u>	<u>Trust</u>
	<u>and Retirement</u>	<u>Life & Disability</u>
	<u>Fund</u>	<u>Fund</u>
Additions		
Contributions:		
Employer	\$ 684,118	\$
Plan Members	641,436	
Total contributions	<u>1,325,554</u>	
Investment earnings:		
Net increase (decrease) in fair value of investments	(686,585)	
Interest	61,720	749
Dividends	220,298	
Investment activity expense	(152,135)	
Total net investment earnings	<u>(556,702)</u>	<u>749</u>
Other Additions:		
Miscellaneous	2,561	
Total other additions	<u>2,561</u>	
Total additions	<u>771,413</u>	<u>749</u>
Deductions		
Benefits	1,388,239	
Refunds of contributions	25,276	
Administrative	26,896	
Miscellaneous	1,355	
Total deductions	<u>1,441,766</u>	
Change in net assets	(670,353)	749
Net assets - beginning	<u>13,460,752</u>	<u>241,201</u>
Net assets - ending	<u>\$ 12,790,399</u>	<u>\$ 241,950</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, 2011, to December 31, 2011.

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS -
GOVERNMENTAL ACTIVITIES
September 30, 2012

	Texas City Economic Development Corp.	Public Facilities Development Fund	Texas City Industrial Development Corp.
Assets			
Cash and cash equivalents	\$	\$ 34,887	\$ 9,183
Investments	6,000,000	400,000	150,000
Due from other governments	587,192		
Other receivables		6,195	
Capital assets, net	5,237,244	735,886	
Total Assets	<u>11,824,436</u>	<u>1,176,968</u>	<u>159,183</u>
Liabilities			
Accounts payable	66,706	22,085	
Due to primary government	3,725,067		
Accrued wages payable	2,286		
Total Liabilities	<u>3,794,059</u>	<u>22,085</u>	
Net Assets			
Invested in capital assets, net of related debt	5,237,244	735,886	
Restricted:			
Culture & recreation		418,997	159,183
Economic & physical development	2,793,133		
Total Net Assets	<u>\$ 8,030,377</u>	<u>\$ 1,154,883</u>	<u>\$ 159,183</u>

See notes to the financial statements.

Exhibit E-1

Texas City Foreign Trade Zone	Danforth Health Facilities Corp.	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Totals
\$ 300,000	\$ 1,780	\$ 11,928	\$ 95,598	\$ 153,376
67,275		150,000		7,000,000
				587,192
				73,470
			7,250	5,980,380
<u>367,275</u>	<u>1,780</u>	<u>161,928</u>	<u>102,848</u>	<u>13,794,418</u>
163,467		5,629	12,442	106,862
2,286				3,888,534
<u>165,753</u>	<u></u>	<u>5,629</u>	<u>12,442</u>	<u>4,572</u>
			7,250	5,980,380
201,522	1,780			781,482
		156,299	83,156	3,032,588
<u>\$ 201,522</u>	<u>\$ 1,780</u>	<u>\$ 156,299</u>	<u>\$ 90,406</u>	<u>\$ 9,794,450</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS -
GOVERNMENTAL ACTIVITIES
For the year ended September 30, 2012

Functions/Programs	Program Revenue			Texas City Economic Development Corp.
	Expenses	Charges for Services	Operating Grants and Contributions	
Component Units				
Governmental Activities				
Texas City Economic Development Corp.	\$ 3,113,408	\$	\$	\$ (3,113,408)
Public Facilities Development Fund	209,774	203,532		
Texas City Industrial Development Corp.				
Texas City Foreign Trade Zone	124,148	89,550		
Danforth Health Facilities Corp.				
Texas City Cultural Arts Foundation	168,925	140	196,773	
Texas City Historical Preservation Corp.	95,204	10,763	75,500	
Total Component Units	<u>\$ 3,711,459</u>	<u>\$ 303,985</u>	<u>\$ 272,273</u>	<u>(3,113,408)</u>
General Revenues				
Taxes:				
Sales Tax				4,091,439
Unrestricted Investment Earnings				13,031
Miscellaneous				5,133
Capital contributions to primary government				(1,789,664)
Total general revenues, special items, and transfers				<u>2,319,939</u>
<i>Change in net assets</i>				(793,469)
Net assets - beginning				<u>8,823,846</u>
Net assets - ending				<u>\$ 8,030,377</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
\$ (6,242)	\$	\$	\$	\$	\$	\$ (3,113,408)
		(34,598)				(6,242)
				27,988		(34,598)
					(8,941)	27,988
				27,988	(8,941)	(8,941)
<u>(6,242)</u>	<u></u>	<u>(34,598)</u>	<u></u>	<u>27,988</u>	<u>(8,941)</u>	<u>(3,135,201)</u>
1,331	222	443		221	25	4,091,439
						15,248
						5,158
						(1,789,664)
<u>1,331</u>	<u>222</u>	<u>443</u>	<u></u>	<u>221</u>	<u>25</u>	<u>2,322,181</u>
<u>(4,911)</u>	<u>222</u>	<u>(34,155)</u>	<u></u>	<u>28,209</u>	<u>(8,916)</u>	<u>(813,020)</u>
<u>1,159,794</u>	<u>158,961</u>	<u>235,677</u>	<u>1,780</u>	<u>128,090</u>	<u>99,322</u>	<u>10,607,470</u>
<u>\$ 1,154,883</u>	<u>\$ 159,183</u>	<u>\$ 201,522</u>	<u>\$ 1,780</u>	<u>\$ 156,299</u>	<u>\$ 90,406</u>	<u>\$ 9,794,450</u>

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.

I. Summary of Significant Accounting Policies (continued)

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

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.

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 *capital project fund – 2010 series construction fund* is used to account for the construction of street and improvements. The primary sources of revenue for *2010 series construction fund* are transfers from general and other funds. The 2010 series construction 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.

I. Summary of Significant Accounting Policies (continued)

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

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.

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.

I. Summary of Significant Accounting Policies (continued)

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).

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 enterprise fund revenue bonds, and 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.

I. Summary of Significant Accounting Policies (continued)

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

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure 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.

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.

I. Summary of Significant Accounting Policies (continued)

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

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, 2012, 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, 2012, current sick leave payable amounted to \$218,438 and non-current sick leave payable amounted to \$3,008,674. 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).

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.

I. Summary of Significant Accounting Policies (continued)

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

8. Fund equity (continued)

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 has assigned \$1 million of the general fund’s fund balance for street and other improvements.

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.

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.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary information (continued)

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.

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, 2012, encumbrances outstanding were as follows:

General fund	\$ 167,850
Other governmental funds	1,412,048
Water fund	281,479
Sewer fund	689,610
Internal service funds	216
	<u>\$ 2,551,203</u>
 Component Units	 <u>\$ 2,431,456</u>

B. Excess of expenditures over appropriations

For the year ended September 30, 2012, expenditures in the General Fund exceeded appropriations in the following departments:

General fund:	
Legal	\$ 25,081
Data processing	77,633
Police	235,087
Debt service	1,579
	<u>\$ 339,380</u>

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

II. Stewardship, Compliance, and Accountability (continued)

B. Excess of expenditures over appropriations (continued)

Deficit fund equity

As of September 30, 2012, the Group Insurance internal service fund had a net assets deficit of \$993,552 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:

	Total Fair Value			Total
	Primary Government	Component Units	Fiduciary Funds*	
Cash on hand and on deposit	\$ 15,624,381	\$ 153,376	\$ 545,353	\$ 16,323,110
Investments:				
Certificates of Deposit	17,594,297	7,000,000	325,000	24,919,297
U.S. Agency Securities:				
U.S. Government obligations			910,280	910,280
Corporate stocks			8,337,187	8,337,187
Corporate bonds			1,685,317	1,685,317
Mortgage and asset backed securities			1,559,427	1,559,427
	<u>\$ 33,218,678</u>	<u>\$ 7,153,376</u>	<u>\$ 13,362,564</u>	<u>\$ 53,734,618</u>

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

At September 30, 2012, the City reported bank deposits in the amount of \$17,544,346 and the book balances totaled \$16,322,524. 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 2012, the City's investment income is as follows:

	Primary Government	Component Units	Total
Interest income	\$ 133,892	\$ 15,248	\$ 149,140
	<u>\$ 133,892</u>	<u>\$ 15,248</u>	<u>\$ 149,140</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	\$ 17,594,297	\$ 7,000,000	64

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:

	Major Funds			Nonmajor & Other Funds	Total
	General	Water Revenue	Sewer Revenue		
Receivables:					
Property taxes	\$ 1,485,012	\$	\$	\$ 343,390	\$ 1,828,402
Utility Customers		2,388,823	400,815		2,789,638
Garbage collection	147,449				147,449
Gross receipts taxes	1,022,932				1,022,932
Sales & mixed drink taxes	1,773,247				1,773,247
EMS transport	2,073,973				2,073,973
Other governments	4,059,594			712,882	4,772,476
Interest		2,747			2,747
Other	86,040			107,353	193,393
Gross receivables	10,648,247	2,391,570	400,815	1,163,625	14,604,257
Less: allowance for uncollectibles	(2,499,898)	(213,364)	(158,792)	(175,598)	(3,047,652)
Net total receivables	\$ 8,148,349	\$ 2,178,206	\$ 242,023	\$ 988,027	\$ 11,556,605

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

	Major Funds				Total
	General	Water Revenue	Sewer Revenue	Nonmajor & Other Funds	
Uncollectibles related to:					
Property taxes	\$ 738,691	\$	\$	\$ 175,598	\$ 914,289
Water sales		213,364			213,364
Sewer sales			158,792		158,792
EMS billings	1,712,867				1,712,867
Garbage collection	48,340				48,340
Total allowance for uncollectibles	\$ 2,499,898	\$ 213,364	\$ 158,792	\$ 175,598	\$ 3,047,652

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>
Deferred property taxes receivable:			
General fund	706,688	\$	\$ 706,688
Debt service fund	159,166		159,166
Deferred revenue Emergency management services	201,133		201,133
Grant drawdowns prior to meeting all eligibility requirements		5,876	5,876
Total deferred revenue for governmental funds	<u>\$ 1,066,987</u>	<u>\$ 5,876</u>	<u>\$ 1,072,863</u>

Discretely presented component units

	<u>Texas City Economic Development</u>	<u>Public Facilities Development Fund</u>	<u>Texas City Foreign Trade Zone</u>
Receivables:			
Due from other governments	\$ 587,192	\$	\$
Other		6,195	67,275
Net total receivables	<u>\$ 587,192</u>	<u>\$ 6,195</u>	<u>\$ 67,275</u>

III. Detailed Notes on All Funds (continued)

C. Capital assets

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

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 3,387,635	\$	\$ (12,368)	\$ 3,375,267
Historical treasures and works of art	868,833			868,833
Construction in progress	5,029,012	3,543,553	(3,149,774)	5,422,791
Total capital assets, not being depreciated	9,285,480	3,543,553	(3,162,142)	9,666,891
Capital assets, being depreciated:				
Streets and drainage	65,750,068		2,001,390	67,751,458
Buildings and structures	50,728,650	1,843,949		52,572,599
Improvements other than buildings	6,278,588	7,690	1,150,759	7,437,037
Machinery and equipment	22,936,161	1,741,671	(253,172)	24,424,660
Total capital assets, being depreciated	145,693,467	3,593,310	2,898,977	152,185,754
Less accumulated depreciation for:				
Streets and drainage	(25,082,647)	(833,601)		(25,916,248)
Buildings and structures	(7,832,945)	(1,488,498)		(9,321,443)
Improvements other than buildings	(3,215,444)	(257,377)		(3,472,821)
Machinery and equipment	(16,450,918)	(1,995,050)	253,171	(18,192,797)
Total accumulated depreciation	(52,581,954)	(4,574,526)	253,171	(56,903,309)
Governmental capital assets, net	\$ 102,396,993	\$ 2,562,337	\$ (9,994)	\$ 104,949,336
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 142,062	\$	\$	\$ 142,062
Construction in progress	1,034,293	1,093,801	(1,730,980)	397,114
Total capital assets, not being depreciated	1,176,355	1,093,801	(1,730,980)	539,176
Capital assets, being depreciated:				
Buildings and structures	1,867,676			1,867,676
Improvements other than buildings	106,370,292	586,042	1,730,980	108,687,314
Machinery and equipment	4,907,657	38,579		4,946,236
Total capital assets, being depreciated	113,145,625	624,621	1,730,980	115,501,226
Less accumulated depreciation for:				
Buildings and structures	(1,862,809)	(304)		(1,863,113)
Improvements other than buildings	(42,893,992)	(4,635,842)		(47,529,834)
Machinery and equipment	(4,342,273)	(250,609)		(4,592,882)
Total accumulated depreciation	(49,099,074)	(4,886,755)		(53,985,829)
Business-type capital assets, net	\$ 65,222,906	\$ (3,168,333)	\$	\$ 62,054,573

III. Detailed Notes on All Funds (continued)

C. Capital assets (continued)

Discretely presented component units

Texas City Economic Development Corporation

Governmental activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,380,034	\$ 567,806	\$ (221,493)	\$ 4,726,347
Construction in progress	502,575	1,797,985	(1,789,663)	510,897
Total capital assets, not being depreciated	4,882,609	2,365,791	(2,011,156)	5,237,244
Governmental capital assets, net	\$ 4,882,609	\$ 2,365,791	\$ (2,011,156)	\$ 5,237,244

Public Facilities Development Corporation

Governmental activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 439,677	\$	\$	\$ 439,677
Total capital assets, not being depreciated	439,677			439,677
Capital assets, being depreciated:				
Buildings and structures	1,099,595			1,099,595
Improvements other than buildings	61,619			61,619
Total capital assets, being depreciated	1,161,214			1,161,214
Less accumulated depreciation for:				
Buildings and structures	(783,460)	(27,490)		(810,950)
Improvements other than buildings	(52,891)	(1,164)		(54,055)
Total accumulated depreciation	(836,351)	(28,654)		(865,005)
Governmental capital assets, net	\$ 764,540	\$ (28,654)	\$	\$ 735,886

Texas City Historical Preservation Corporation

Governmental activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$	\$ 7,250	\$	\$ 7,250
Total capital assets, not being depreciated		7,250		7,250
Governmental capital assets, net	\$	\$ 7,250	\$	\$ 7,250

III. Detailed Notes on All Funds (continued)

C. Capital assets (continued)

Depreciation expense was charged to functions/programs as follows:

	Depreciation Expense
Primary government	
Governmental activities:	
General government	\$ 124,833
Culture and recreation	1,410,403
Health and welfare	11,554
Public safety	682,574
Public works	1,215,280
Capital assets used by the City's internal service funds are charged to various functions based on asset usage	1,129,882
Total Governmental activities	<u>4,574,526</u>
Business-type activities:	
Water	2,690,691
Sewer	2,196,064
Total Business-type activities:	<u>4,886,755</u>
Total primary government	<u>\$ 9,461,281</u>
Discretely presented component units	
Governmental activities:	
Public Facilities Development Corporation	\$ 28,654
Total discretely presented component units	<u>\$ 28,654</u>

III. Detailed Notes on All Funds (continued)

C. Capital assets (continued)

Construction commitments

The City has active construction projects as of September 30, 2012. 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:

Project	Budget	Construction in Progress	Estimated Remaining Commitment
Governmental Activities			
Service Centers	\$ 5,000,000	\$ 3,786,802	\$ 1,213,198
FM 1764 Landscaping Project	250,000	237,303	12,697
First Lady Pavilion	250,000	227,676	22,324
Century Blvd Expansion	1,500,000	1,171,010	328,990
Total Governmental Activities	7,000,000	5,422,791	1,577,209
Business-Type Activities			
Waterline Rehab Project Phase 11	1,000,000	165,252	834,748
Sewer Lift Station 1 Force Main Replacement	200,000	160,692	39,308
GCWA Chocolate Bayou Project	100,000	71,170	28,830
Total Business Activities	1,300,000	397,114	902,886
Component Units			
Del Papa Service Extension	250,000	267,564	(17,564)
Nessler Family Aquatic Center	3,000,000	243,333	2,756,667
Museum Audio Tour Project	14,500	7,250	7,250
Total Component Units	3,264,500	518,147	2,746,353
Total	\$ 11,564,500	\$ 6,338,052	\$ 5,226,448

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, 2012, there were the following interfund balances.

	Due From Other Funds	Due To Other Funds	Net
Primary government			
Governmental activities:			
General fund	\$ 816,465	\$ 907,412	\$ (90,947)
2010 Series Construction Fund	907,412		907,412
Nonmajor governmental funds		512,495	(512,495)
Internal service funds		303,970	(303,970)
Total governmental activities	1,723,877	1,723,877	
Total primary government	\$ 1,723,877	\$ 1,723,877	\$

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>
Primary government			
Governmental activities:			
General fund	\$	\$ 8,691,935	\$ (8,691,935)
2010 Series Construction Fund	5,000,000		5,000,000
Nonmajor governmental funds	1,541,935		1,541,935
Internal service fund	2,150,000		2,150,000
Total governmental activities	<u>8,691,935</u>	<u>8,691,935</u>	
Total primary government	<u>\$ 8,691,935</u>	<u>\$ 8,691,935</u>	<u>\$</u>

The principal reasons for governmental funds transfers included general fund to construction project funds for City improvements and to internal service government for funding purposes.

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, 2012. The imputed interest on the leases is not readily determinable. Expenditures for operating leases totaled \$161,990 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, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities:					
General obligation bonds	\$ 29,455,000	\$	\$ 3,180,000	\$ 26,275,000	\$ 3,270,000
Certificates of obligation	6,260,000		245,000	6,015,000	250,000
Note payable - tax refund	402,576		201,290	201,286	201,286
Capital leases	89,479		63,079	26,400	26,400
Unamortized loss on refunding	(463,689)		(69,746)	(393,943)	
Unamortized premium/discount on bonds	319,916		55,696	264,220	
Compensated absences	3,595,794	491,749	377,676	3,709,867	265,533
Net pension obligation	3,043,197	207,325		3,250,522	
Governmental activity Long-term liabilities	<u>\$ 42,702,273</u>	<u>\$ 699,074</u>	<u>\$ 4,052,995</u>	<u>\$ 39,348,352</u>	<u>\$ 4,013,219</u>
Business-type activities:					
Contract revenue bonds	\$ 13,585,501	\$	\$ 1,504,851	\$ 12,080,650	\$ 1,566,081
Unamortized premium/discount on bonds	383,284		21,322	361,962	
Compensated absences	52,161	35,573	22,039	65,695	14,607
Business-type activity Long-term liabilities	<u>\$ 14,020,946</u>	<u>\$ 35,573</u>	<u>\$ 1,548,212</u>	<u>\$ 12,508,307</u>	<u>\$ 1,580,688</u>

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. Certain bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding as of September 30, 2012:

<u>Series</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Outstanding 09/30/12</u>
Series 2003	3.50 - 4.25%	2/15/24	\$ 3,545,000
Series 2005	3.80 - 4.30%	2/15/25	5,195,000
Series 2008	3.75%	2/15/21	9,490,000
Series 2010	2.00 - 3.00%	2/15/15	3,205,000
Series 2011	2.00 - 3.00%	2/15/22	4,840,000
			<u>\$ 26,275,000</u>

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

2. General obligation bonds (continued)

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

Fiscal Year Ended September 30	Principal	Interest	Total
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	1,950,000	496,624	2,446,624
2018 - 2022	10,030,000	1,353,914	11,383,914
2023 - 2025	2,255,000	131,252	2,386,252
	<u>\$ 26,275,000</u>	<u>\$ 4,828,705</u>	<u>\$ 31,103,705</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.

Revenue bonds outstanding as of September 30, 2012:

Series	Interest Rates	Final Maturity Date	Outstanding 9/30/2012
Series 2006	Variable Rate	12/01/16	\$ 6,453,540
Series 2011B	2.00 - 4.00%	8/15/22	237,110
Series 2011C	3.00 - 5.00%	8/15/22	5,390,000
			<u>\$ 12,080,650</u>

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

3. Long-term contract revenue bonds (continued)

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ended September 30	Enterprise Funds		
	Principal	Interest	Total
2013	\$ 1,566,081	\$ 521,014	\$ 2,087,095
2014	1,628,833	454,984	2,083,817
2015	1,702,458	386,114	2,088,572
2016	1,774,111	309,862	2,083,973
2017	1,867,513	230,657	2,098,170
2018 - 2022	3,541,654	632,166	4,173,820
	<u>\$ 12,080,650</u>	<u>\$ 2,534,797</u>	<u>\$ 14,615,447</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, 2012, the required reserve was for 2006 Series was \$986,031, for the 2011B it was \$24,695 and for the 2011C the Reserve Fund amounted to \$576,000.

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 2012, \$1,260,862 was remitted to the City’s Debt Service Fund from the Corporation.

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

4. Certificates of obligation (continued)

Certificates of obligation outstanding as of September 30, 2012, were as follows:

<u>Series</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Outstanding 9/30/12</u>
Series 2010	2.00 - 4.50%	2/15/30	\$ 6,015,000
			<u>\$ 6,015,000</u>

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

<u>Fiscal Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	280,000	192,125	472,125
2018 - 2022	1,550,000	810,019	2,360,019
2023 - 2027	1,875,000	473,434	2,348,434
2028 - 2030	1,270,000	83,234	1,353,234
	<u>\$ 6,015,000</u>	<u>\$ 2,401,713</u>	<u>\$ 8,416,713</u>

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	\$ 3,647,955
Additions - new entrants and salary increments	527,322
Deductions - payments to participants	(399,715)
Ending balance	<u>\$ 3,775,562</u>

Typically, the general fund, water and sewer funds 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, 2012. The following is a schedule of future minimum lease payments under capital leases:

<u>Year Ending September 30,</u>	
2013	<u>\$ 26,698</u>
Minimum lease payments for all capital leases	26,698
Imputed interest	(298)
Present value - minimum lease payments	<u>\$ 26,400</u>

The following is a summary of capital lease transactions for the year ended September 30, 2012:

Beginning balance	\$ 89,479
Principal retired	(63,079)
Ending balance	<u>\$ 26,400</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, 2012, the City long term note payable is \$201,286. 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 \$1,046,417 at September 30, 2012. During the fiscal year 2012 the City made an addition \$1 million contribute 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 \$2,204,105 at September 30, 2012.

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 2012, 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 \$722,288 reported in the fund at September 30, 2012, 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Liability, beginning of period	\$ 711,521	\$ 926,857
Current year claims and changes in estimates	4,366,517	4,023,170
Claim payments	<u>(4,355,750)</u>	<u>(4,238,506)</u>
Liability, end of period	<u>\$ 722,288</u>	<u>\$ 711,521</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

Retired Life Reserve Plan

The City maintains a life insurance plan for the benefit of its retirees. As of January 1, 2012 the number of active participation is 489. 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) age 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 with a face amount of \$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, 2012), the actuarial value of plan assets was \$658,389 and the present value of all projected future benefits was \$2,272,244. The recommended contribution as of that valuation was \$165,482 for plan year 2012, which the City contributed. No actuarial valuations have been performed since January 1, 2012.

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.

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, 2010, (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 as of September 30, 2012 for the firefighters is 16% and 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

Inflation rate	3.75%
Investment return	7.75%
Projected salary increases	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)	Annual Contributions Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 700,583	\$ 676,160	96.51%	\$ 1,046,417
9/30/2011	650,442	641,099	98.56%	1,021,994
9/30/2010	662,654	619,974	93.56%	1,012,651

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)	\$ 1,355,536
Firefighter contributions	(676,160)
Interest on net pension obligation	79,398
Adjustment to ARC	<u>(58,191)</u>
Annual pension cost (APC)	700,583
Contributions made	<u>(676,160)</u>
Increase in net pension	24,423
Net pension obligation, beginning of year	1,021,994
Net pension obligation, end of year	<u><u>\$ 1,046,417</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 eligible 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 information (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.

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 2011</u>	<u>Plan Year 2012</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	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 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)	\$	3,330,636
Interest on net pension obligation		141,484
Adjustment to ARC		(122,416)
Annual pension cost (APC)		<u>3,349,704</u>
Contributions made		<u>(3,166,802)</u>
Increase in net pension		182,902
Net pension obligation, beginning of year		<u>2,021,203</u>
Net pension obligation, end of year	\$	<u><u>2,204,105</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	Annual Pension Cost	Annual Contributions	Percentage of APC	Net Pension
Ending	(APC)	Made	Contributed	Obligation
9/30/2012	\$ 3,349,704	\$ 3,166,802	95%	\$ 2,204,105
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

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

Valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	28.1 years; closed period	27.2 years; closed period	26.2 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment rate of return *	7.5%	7.0%	7.0%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.00%	3.00%	3.00%
Cost-of Living adjustments	2.1%	2.1%	2.1%

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

Funded Status and Funding Progress:

The funded status as of December 31, 2011, the most recent actuarial valuation date, is presented as follow:

Actuarial valuation date	12/31/2011
Actuarial value of assets (1)	\$ 92,699,847
Actuarial accrued liability (AAL) (2)	112,251,948
Funded ratio (3) = (1) / (2)	82.6%
Unfunded actuarial accrued liability (UAAL)	
(4) = (2) - (1)	19,552,101
Covered payroll (5)	18,654,203
UAAL as a percentage of covered payroll (6)	
= (4) / (5)	104.8%

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, presents multi-year trend 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.

IV. Other Information (continued)

F. Subsequent Events

In February 2013, a Galveston County jury ruled in favor of Valero Oil Company that its' Texas City refinery was overvalued on the tax rolls. In 2011, the Galveston Central Appraisal District assessed three of Valero's properties, which include the refinery, to have a taxable value of \$526.8 million. Valero argued that appraisers did not fairly compare the refinery with other industrial properties in the city and that the value of the facility was actually \$333.4 million. The City's portion of the overpayment amount is \$804,871.

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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)	(3) = (1) / (2)	(4) = (2) - (1)	(5)	(6) = (4) / (3)
Actuarial Valuation Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll(1)	UAAL as a Percentage of Covered Payroll
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	87,744,104	106,812,139	82.1%	19,068,035	18,507,329	103.0%
2011	92,699,847	112,251,948	82.6%	19,552,101	18,654,203	104.8%

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 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

SCHEDULE OF FUNDING PROGRESS						
	(1)	(2)	(1)/(2)	(1)-(2)	(3)	(2)-(1)/(3)
Actuarial Valuation Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll(1)	UAAL as a Percentage of Covered Payroll
2001 ⁽²⁾						
2002	\$ 10,217,647	\$ 15,904,210	64.2%	\$ 5,686,563	\$ 2,526,299	225.1%
2003 ⁽²⁾						
2004	11,526,770	18,216,288	63.3%	6,689,518	2,541,173	263.2%
2005 ⁽²⁾						
2006	12,283,069	20,004,305	61.4%	7,721,236	2,592,776	297.8%
2007 ⁽²⁾						
2008	9,564,760	22,880,068	41.8%	13,315,308	3,516,398	378.7%
2009 ⁽²⁾						
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		
	2010	2011	2012
City contributions	\$ 620	\$ 641	\$ 676
ARC	1,230	1,230	1,356
City % of Contribution	50.4%	52.1%	49.9%

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	GAAP Basis	
Revenues				
Property taxes	\$ 17,112,310	\$ 17,112,310	\$ 17,173,510	\$ 61,200
General sales tax	13,250,000	13,250,000	12,274,316	(975,684)
Miscellaneous taxes	3,887,000	3,887,000	4,191,264	304,264
Licenses and permits	340,500	340,500	464,818	124,318
Intergovernmental	73,500	1,573,500	1,571,656	(1,844)
Charges for services	4,586,000	4,586,000	4,328,752	(257,248)
Fine and forfeits	1,100,000	1,100,000	1,258,711	158,711
Investment earnings	200,000	200,000	34,191	(165,809)
Miscellaneous revenue	2,123,500	2,123,500	2,054,478	(69,022)
Total Revenues	42,672,810	44,172,810	43,351,696	(821,114)
Expenditures				
Current:				
General government				
Administration	2,758,081	2,865,853	2,792,786	73,067
Legal	232,274	232,374	257,455	(25,081)
Purchasing	130,330	131,084	119,436	11,648
Planning	482,760	500,827	369,144	131,683
Data processing	507,469	520,969	598,602	(77,633)
Public safety				
Police	10,504,408	10,562,001	10,797,088	(235,087)
Fire	7,710,219	8,734,593	8,583,765	150,828
Inspection	346,652	348,109	338,659	9,450
Transportation & traffic	360,090	361,686	348,498	13,188
Municipal court	598,669	605,444	502,386	103,058
Emergency management	246,032	252,331	247,322	5,009
Public works				
Street & bridge	7,144,685	7,312,802	6,568,075	744,727
Sanitation	3,582,469	3,680,634	3,455,198	225,436
Rainwater pump stations	523,171	528,871	511,752	17,119
Health & welfare				
Health	433,528	436,016	326,320	109,696
Culture and recreation				
Recreation & tourism	6,205,212	6,216,585	5,418,590	797,995
Library	1,173,476	1,199,018	1,096,312	102,706
Bayou golf	1,121,955	1,130,953	1,063,389	67,564
Capital outlay	1,373,078	2,194,492	476,638	1,717,854
Debt service:				
Principal retirement	228,344	228,344	226,402	1,942
Interest and fiscal charges	1,276	1,276	2,855	(1,579)
Total Expenditures	45,664,178	48,044,262	44,100,672	3,943,590
Excess (deficiency) of revenues over expenditures	(2,991,368)	(3,871,452)	(748,976)	3,122,476
Other Financing Sources (Uses)				
Transfers in				
Proceeds from sale of capital assets			261,229	261,229
Transfers out		(8,667,438)	(8,691,935)	(24,497)
Total Other Financing Sources (Uses)		(8,667,438)	(8,430,706)	236,732
Net change in fund balances	(2,991,368)	(12,538,890)	(9,179,682)	3,359,208
Fund Balances - beginning	23,002,963	23,002,963	23,002,963	
Fund Balances - ending	\$ 20,011,595	\$ 10,464,073	\$ 13,823,281	\$ 3,359,208

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OTHER SUPPLEMENTARY INFORMATION

CITY OF TEXAS CITY, TEXAS
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2012

Exhibit H-1

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,615,797	\$ 1,258,333	\$ 1,825,148	\$ 7,699,278
Investments	1,250,000	1,050,000	1,600,000	3,900,000
Taxes receivable, net		167,792		167,792
Due from other governments	712,882			712,882
Other receivables	107,353			107,353
Total Assets	\$ 6,686,032	\$ 2,476,125	\$ 3,425,148	\$ 12,587,305
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 220,703	\$	\$ 32,153	\$ 252,856
Due to other funds	512,495			512,495
Deferred revenues	5,876	159,166		165,042
Total Liabilities	739,074	159,166	32,153	930,393
Fund Balances:				
Restricted:				
Debt service		2,316,959		2,316,959
Public safety	670,988			670,988
Capital projects	124,739		3,392,995	3,517,734
Development activities	5,166,173			5,166,173
Unassigned	(14,942)			(14,942)
Total Fund Balances	5,946,958	2,316,959	3,392,995	11,656,912
Total Liabilities and Fund Balances	\$ 6,686,032	\$ 2,476,125	\$ 3,425,148	\$ 12,587,305

CITY OF TEXAS CITY, TEXAS

Exhibit H-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2012

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$	\$ 3,525,248	\$	\$ 3,525,248
Miscellaneous taxes	521,774			521,774
Intergovernmental	1,373,944			1,373,944
Fine and forfeits	83,020			83,020
Investment earnings	3,947	2,605	3,969	10,521
Miscellaneous revenue	434,518	1,260,862		1,695,380
Total Revenues	<u>2,417,203</u>	<u>4,788,715</u>	<u>3,969</u>	<u>7,209,887</u>
Expenditures				
Current:				
General government	79,103			79,103
Public safety	178,136			178,136
Public works	272,577			272,577
Culture and recreation	454,863			454,863
Economic & physical development	521,988			521,988
Capital outlay	599,132		1,171,011	1,770,143
Debt service:				
Principal retirement		3,462,967		3,462,967
Interest and fiscal charges		1,178,812		1,178,812
Total Expenditures	<u>2,105,799</u>	<u>4,641,779</u>	<u>1,171,011</u>	<u>7,918,589</u>
Excess (deficiency) of revenues over expenditures	<u>311,404</u>	<u>146,936</u>	<u>(1,167,042)</u>	<u>(708,702)</u>
Other Financing Sources (Uses)				
Transfers in	41,935		1,500,000	1,541,935
Total Other Financing Sources (Uses)	<u>41,935</u>		<u>1,500,000</u>	<u>1,541,935</u>
Net change in fund balances	353,339	146,936	332,958	833,233
Fund Balances - beginning	<u>5,593,619</u>	<u>2,170,023</u>	<u>3,060,037</u>	<u>10,823,679</u>
Fund Balances - ending	<u>\$ 5,946,958</u>	<u>\$ 2,316,959</u>	<u>\$ 3,392,995</u>	<u>\$ 11,656,912</u>

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2012

	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Drug Confiscation Fund
Assets				
Cash and cash equivalents	\$ 381,833	\$ 53,077	\$ 73,934	\$ 100,962
Investments	1,000,000	250,000		
Taxes receivable, net				
Due from other governments				
Other receivables	105,706			
Total Assets	<u>\$ 1,487,539</u>	<u>\$ 303,077</u>	<u>\$ 73,934</u>	<u>\$ 100,962</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 16,952	\$ 550	\$	\$
Due to other funds				
Deferred revenues				
Total Liabilities	<u>16,952</u>	<u>550</u>		
Fund Balances:				
Restricted:				
Public safety		302,527	73,934	100,962
Capital projects				
Development activities	1,470,587			
Unassigned				
Total Fund Balances	<u>1,470,587</u>	<u>302,527</u>	<u>73,934</u>	<u>100,962</u>
Total Liabilities and Fund Balances	<u>\$ 1,487,539</u>	<u>\$ 303,077</u>	<u>\$ 73,934</u>	<u>\$ 100,962</u>

Water Capital Recovery Fund	Sewer Capital Recovery Fund	BJA Grant Fund	HGAC Grants Fund	Cable Public Educational Government (PEG) Channel Fund	Municipal Court Efficiency Fees Fund
\$	\$ 124,739	\$ 8,115	\$	\$ 5,668	\$ 123,895
<u>\$</u>	<u>\$ 124,739</u>	<u>\$ 8,115</u>	<u>\$</u>	<u>\$ 5,668</u>	<u>\$ 123,895</u>
\$ 14,942	\$	\$ 2,239	\$	\$	\$ 450
<u>14,942</u>	<u></u>	<u>5,876</u> <u>8,115</u>	<u></u>	<u></u>	<u>450</u>
	124,739			5,668	123,445
(14,942)					
<u>(14,942)</u>	<u>124,739</u>	<u></u>	<u></u>	<u>5,668</u>	<u>123,445</u>
<u>\$</u>	<u>\$ 124,739</u>	<u>\$ 8,115</u>	<u>\$</u>	<u>\$ 5,668</u>	<u>\$ 123,895</u>

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2012

	<u>Firefighter's Association Grant</u>	<u>LEOSE Grant Fund</u>	<u>Project Safe - Anti-Gang</u>	<u>Step Op Grant</u>
Assets				
Cash and cash equivalents	\$ 14,452	\$ 2,621	\$	\$ 4,928
Investments				
Taxes receivable, net				
Due from other governments				
Other receivables				1,647
Total Assets	<u>\$ 14,452</u>	<u>\$ 2,621</u>	<u>\$</u>	<u>\$ 6,575</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Due to other funds				6,575
Deferred revenues				
Total Liabilities				<u>6,575</u>
Fund Balances:				
Restricted:				
Public safety	14,452			
Capital projects				
Development activities		2,621		
Unassigned				
Total Fund Balances	<u>14,452</u>	<u>2,621</u>		
Total Liabilities and Fund Balances	<u>\$ 14,452</u>	<u>\$ 2,621</u>	<u>\$</u>	<u>\$ 6,575</u>

Community Development Block Grant Fund	IPP Buffer Zone Police	TDRA Grant	Port Security Grant	Valero Contributions	Renaissance Texas City Fund
\$	\$	\$	\$ 10,285	\$ 168,434	\$ 30
240,106	189,182		126,864		
<u>\$ 240,106</u>	<u>\$ 189,182</u>	<u>\$</u>	<u>\$ 137,149</u>	<u>\$ 168,434</u>	<u>\$ 30</u>
\$ 73,060 167,046	\$ 189,182	\$	\$ 87,149	\$	\$
<u>240,106</u>	<u>189,182</u>	<u></u>	<u>87,149</u>	<u></u>	<u></u>
			50,000		
				168,434	30
			<u>50,000</u>	<u>168,434</u>	<u>30</u>
<u>\$ 240,106</u>	<u>\$ 189,182</u>	<u>\$</u>	<u>\$ 137,149</u>	<u>\$ 168,434</u>	<u>\$ 30</u>

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CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2012

Exhibit H-3
Page 3 of 3

	FEMA Disaster Assistance Fund	Texas City Dike Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash and cash equivalents	\$	\$ 3,542,824	\$ 4,615,797
Investments			1,250,000
Taxes receivable, net			
Due from other governments	156,730		712,882
Other receivables			107,353
Total Assets	\$ 156,730	\$ 3,542,824	\$ 6,686,032
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 21,980	\$ 18,323	\$ 220,703
Due to other funds	134,750		512,495
Deferred revenues			5,876
Total Liabilities	156,730	18,323	739,074
Fund Balances:			
Restricted:			
Public safety			670,988
Capital projects			124,739
Development activities		3,524,501	5,166,173
Unassigned			(14,942)
Total Fund Balances		3,524,501	5,946,958
Total Liabilities and Fund Balances	\$ 156,730	\$ 3,542,824	\$ 6,686,032

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, 2012

	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Drug Confiscation Fund
Revenues				
Miscellaneous taxes	\$ 521,774	\$	\$	\$
Intergovernmental				
Fine and forfeits		29,936	39,081	1,638
Investment earnings	3,327	620		
Miscellaneous revenue	5,691			
Total Revenues	530,792	30,556	39,081	1,638
Expenditures				
Current:				
General government				
Public safety		5,600	48,310	
Public works				
Culture and recreation	332,984			
Economic & physical development				
Capital outlay				
Total Expenditures	332,984	5,600	48,310	
Excess (deficiency) of revenues over expenditures	197,808	24,956	(9,229)	1,638
Other Financing Sources (Uses)				
Transfers in				
Total Other Financing Sources (Uses)				
Net change in fund balances	197,808	24,956	(9,229)	1,638
Fund Balances - beginning	1,272,779	277,571	83,163	99,324
Fund Balances - ending	\$ 1,470,587	\$ 302,527	\$ 73,934	\$ 100,962

Water Capital Recovery Fund	Sewer Capital Recovery Fund	BJA Grant Fund	HGAC Grants Fund	Cable Public Educational Government (PEG) Channel Fund	Municipal Court Efficiency Fees Fund
\$	\$	\$ 9,906	\$ 20,256	\$	\$
					12,365
				5,668	
		9,906	20,256	5,668	12,365
		9,906	20,256		4,552
		9,906	20,256		4,552
				5,668	7,813
				5,668	7,813
(14,942)	124,739				115,632
<u>\$ (14,942)</u>	<u>\$ 124,739</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,668</u>	<u>\$ 123,445</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, 2012

	<u>Firefighter's Association Grant</u>	<u>LEOSE Grant Fund</u>	<u>Project Safe - Anti-Gang</u>	<u>Step Op Grant</u>
Revenues				
Miscellaneous taxes	\$	\$	\$	\$
Intergovernmental			20,000	32,260
Fine and forfeits				
Investment earnings				
Miscellaneous revenue	11,000			
Total Revenues	<u>11,000</u>	<u></u>	<u>20,000</u>	<u>32,260</u>
Expenditures				
Current:				
General government				
Public safety	11,000	1,755	20,000	56,757
Public works				
Culture and recreation				
Economic & physical development				
Capital outlay				
Total Expenditures	<u>11,000</u>	<u>1,755</u>	<u>20,000</u>	<u>56,757</u>
Excess (deficiency) of revenues over expenditures		<u>(1,755)</u>		<u>(24,497)</u>
Other Financing Sources (Uses)				
Transfers in				24,497
Total Other Financing Sources (Uses)				<u>24,497</u>
Net change in fund balances		(1,755)		
Fund Balances - beginning	<u>14,452</u>	<u>4,376</u>		
Fund Balances - ending	<u>\$ 14,452</u>	<u>\$ 2,621</u>	<u>\$</u>	<u>\$</u>

Community Development Block Grant Fund	IPP Buffer Zone Police	TDRA Grant	Port Security Grant	Valero Contributions	Renaissance Texas City Fund
\$ 520,646	\$ 189,182	\$ 57,419	\$ 296,600	\$	\$
					25
<u>520,646</u>	<u>189,182</u>	<u>57,419</u>	<u>296,600</u>		<u>25</u>
	189,182				
520,646					1,342
		57,419	314,038		
<u>520,646</u>	<u>189,182</u>	<u>57,419</u>	<u>314,038</u>		<u>1,342</u>
			(17,438)		(1,317)
			17,438		
			<u>17,438</u>		
					(1,317)
			50,000	168,434	1,347
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 50,000</u>	<u>\$ 168,434</u>	<u>\$ 30</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, 2012

Exhibit H-4
Page 3 of 3

	FEMA Disaster Assistance Fund	Texas City Dike Fund	Total Nonmajor Special Revenue Funds
Revenues			
Miscellaneous taxes	\$	\$	\$ 521,774
Intergovernmental	227,675		1,373,944
Fine and forfeits			83,020
Investment earnings			3,947
Miscellaneous revenue		412,134	434,518
Total Revenues	<u>227,675</u>	<u>412,134</u>	<u>2,417,203</u>
Expenditures			
Current:			
General government		79,103	79,103
Public safety			178,136
Public works		83,395	272,577
Culture and recreation		121,879	454,863
Economic & physical development			521,988
Capital outlay	227,675		599,132
Total Expenditures	<u>227,675</u>	<u>284,377</u>	<u>2,105,799</u>
Excess (deficiency) of revenues over expenditures		<u>127,757</u>	<u>311,404</u>
Other Financing Sources (Uses)			
Transfers in			41,935
Total Other Financing Sources (Uses)			<u>41,935</u>
Net change in fund balances		127,757	353,339
Fund Balances - beginning		<u>3,396,744</u>	<u>5,593,619</u>
Fund Balances - ending	<u>\$</u>	<u>\$ 3,524,501</u>	<u>\$ 5,946,958</u>

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2012

Exhibit H-5

	<u>Construction Fund</u>	<u>2001 Series Construction Fund</u>	<u>2005 Series Construction Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets				
Cash and cash equivalents	\$ 25,765	\$ 386,315	\$ 1,413,068	\$ 1,825,148
Investments	100,000	1,500,000		1,600,000
Total Assets	<u>\$ 125,765</u>	<u>\$ 1,886,315</u>	<u>\$ 1,413,068</u>	<u>\$ 3,425,148</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$	\$	\$ 32,153	\$ 32,153
Total liabilities	<u>\$</u>	<u>\$</u>	<u>32,153</u>	<u>32,153</u>
Fund balances:				
 Restricted:				
Capital projects	125,765	1,886,315	1,380,915	3,392,995
Total Fund Balances	<u>125,765</u>	<u>1,886,315</u>	<u>1,380,915</u>	<u>3,392,995</u>
Total Liabilities and Fund Balances	<u>\$ 125,765</u>	<u>\$ 1,886,315</u>	<u>\$ 1,413,068</u>	<u>\$ 3,425,148</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended September 30, 2012

Exhibit H-6

	Construction Fund	2001 Series Construction Fund	2005 Series Construction Fund	Total Nonmajor Capital Project Funds
Revenues				
Investment earnings	\$ 248	\$ 3,721	\$	\$ 3,969
Total Revenues	<u>248</u>	<u>3,721</u>	<u></u>	<u>3,969</u>
Expenditures				
Current:				
Capital outlay			1,171,011	1,171,011
Total Expenditures			<u>1,171,011</u>	<u>1,171,011</u>
Excess (deficiency) of revenues over expenditures	<u>248</u>	<u>3,721</u>	<u>(1,171,011)</u>	<u>(1,167,042)</u>
Other Financing Sources (Uses)				
Transfers in			1,500,000	1,500,000
Total Other Financing Sources (Uses)			<u>1,500,000</u>	<u>1,500,000</u>
Net change in fund balances	248	3,721	328,989	332,958
Fund Balances - beginning	<u>125,517</u>	<u>1,882,594</u>	<u>1,051,926</u>	<u>3,060,037</u>
Fund Balances - ending	<u>\$ 125,765</u>	<u>\$ 1,886,315</u>	<u>\$ 1,380,915</u>	<u>\$ 3,392,995</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2012

Exhibit H-7

	Group Insurance Fund	Capital Equipment Replacement Fund	Windstorm Insurance	Total Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$	\$ 750,124	\$	\$ 750,124
Investments		2,000,000	750,000	2,750,000
Other receivables	335,418			335,418
Total current assets	<u>335,418</u>	<u>2,750,124</u>	<u>750,000</u>	<u>3,835,542</u>
Non-current assets				
Capital assets:				
Equipment and furniture		10,890,714		10,890,714
Less accumulated depreciation		(7,186,827)		(7,186,827)
Total capital assets		<u>3,703,887</u>		<u>3,703,887</u>
Total Assets	<u>335,418</u>	<u>6,454,011</u>	<u>750,000</u>	<u>7,539,429</u>
Liabilities				
Current Liabilities:				
Accounts payable	302,712			302,712
Claims and judgments, current	722,288			722,288
Due to other funds	303,970			303,970
Total Liabilities	<u>1,328,970</u>			<u>1,328,970</u>
Net Assets				
Invested in capital assets, net of related debt		3,703,887		3,703,887
Unrestricted	(993,552)	2,750,124	750,000	2,506,572
Total Net Assets	<u>\$ (993,552)</u>	<u>\$ 6,454,011</u>	<u>\$ 750,000</u>	<u>\$ 6,210,459</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, 2012

Exhibit H-8

	Group Insurance Fund	Capital Equipment Replacement Fund	Windstorm Insurance	Total Internal Service Funds
Revenues				
Charges for services	\$ 4,603,681	\$ 1,309,085	\$	\$ 5,912,766
Total Revenues	4,603,681	1,309,085		5,912,766
Operating Expenses				
Contractual and professional services	1,263,483			1,263,483
Insurance claims and expenses	4,366,517			4,366,517
Depreciation		1,129,882		1,129,882
Total Operating Expenses	5,630,000	1,129,882		6,759,882
Operating income (loss)	(1,026,319)	179,203		(847,116)
Non-Operating Revenues (Expenses)				
Interest and investment revenue		3,539		3,539
Gain/loss on sale of capital assets		7,250		7,250
Total Non-Operating Revenues (Expenses)		10,789		10,789
Income (loss) before contributions and transfers	(1,026,319)	189,992		(836,327)
Transfers in	1,400,000		750,000	2,150,000
Change in net assets	373,681	189,992	750,000	1,313,673
Total Net Assets - beginning	(1,367,233)	6,264,019		4,896,786
Total Net Assets - ending	\$ (993,552)	\$ 6,454,011	\$ 750,000	\$ 6,210,459

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2012

Exhibit H-9

	Group Insurance Fund	Capital Equipment Replacement Fund	Windstorm Insurance	Total Internal Service Funds
Cash flows from operating activities				
Cash received from customers and users	\$ 4,668,800	\$ 1,309,085	\$	\$ 5,977,885
Cash paid to suppliers	(1,279,081)			(1,279,081)
Cash paid from claims	(4,355,750)			(4,355,750)
Net cash provided (used) by operating activities	<u>(966,031)</u>	<u>1,309,085</u>		<u>343,054</u>
Cash flows from noncapital financing activities				
Transfers from other funds	1,400,000		750,000	2,150,000
Advances from (repayments to) other funds	(433,969)			(433,969)
Net cash provided (used) by noncapital financing activities	<u>966,031</u>		<u>750,000</u>	<u>1,716,031</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets		7,250		7,250
Acquisition and construction of capital assets		(1,250,272)		(1,250,272)
Net cash provided (used) by capital and related financing activities		<u>(1,243,022)</u>		<u>(1,243,022)</u>
Cash flows from investing activities				
Purchase of investments			(750,000)	(750,000)
Interest and dividends received		3,539		3,539
Net cash provided (used) by investing activities		<u>3,539</u>	<u>(750,000)</u>	<u>(746,461)</u>
Net increase (decrease) in cash and cash equivalents		69,602		69,602
Cash and cash equivalents, beginning		<u>680,522</u>		<u>680,522</u>
Cash and cash equivalents, ending	<u>\$</u>	<u>\$ 750,124</u>	<u>\$</u>	<u>\$ 750,124</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,026,319)	\$ 179,203	\$	\$ (847,116)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation		1,129,882		1,129,882
(Increase) decrease in receivables	65,119			65,119
Increase (decrease) in accounts payable	(15,598)			(15,598)
Increase (decrease) in accrued claims payable	10,767			10,767
Total adjustments	<u>60,288</u>	<u>1,129,882</u>		<u>1,190,170</u>
Net cash provided by operating activities	<u>\$ (966,031)</u>	<u>\$ 1,309,085</u>	<u>\$</u>	<u>\$ 343,054</u>

CITY OF TEXAS CITY, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended September 30, 2012

Exhibit H-10

	<u>09/30/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>09/30/12</u>
Assets				
Cash and cash equivalents	\$ 349,557	\$ 343,322	\$ 391,873	\$ 301,006
Other investments	100,000			100,000
Interest and Dividends		1,527	1,527	
Total assets	<u>\$ 449,557</u>	<u>\$ 344,849</u>	<u>\$ 393,400</u>	<u>\$ 401,006</u>
Liabilities				
Refunds payable and others	\$ 449,557	\$ 5,824	\$ (54,375)	\$ 401,006
Total liabilities	<u>\$ 449,557</u>	<u>\$ 5,824</u>	<u>\$ (54,375)</u>	<u>\$ 401,006</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
Revenues				
Property taxes	\$ 3,589,298	\$ 3,589,298	\$ 3,525,248	\$ (64,050)
Investment earnings	30,000	30,000	2,605	(27,395)
Miscellaneous revenue	1,260,862	1,260,862	1,260,862	
Total Revenues	<u>4,880,160</u>	<u>4,880,160</u>	<u>4,788,715</u>	<u>(91,445)</u>
Expenditures				
Principal retirement	3,473,144	3,473,144	3,462,967	10,177
Interest and fiscal charges	1,296,403	1,296,403	1,178,812	117,591
Total Expenditures	<u>4,769,547</u>	<u>4,769,547</u>	<u>4,641,779</u>	<u>127,768</u>
Excess (deficiency) of revenues over expenditures	<u>110,613</u>	<u>110,613</u>	<u>146,936</u>	<u>36,323</u>
Net change in fund balances	110,613	110,613	146,936	36,323
Fund Balances - beginning	<u>2,170,023</u>	<u>2,170,023</u>	<u>2,170,023</u>	
Fund Balances - ending	<u>\$ 2,280,636</u>	<u>\$ 2,280,636</u>	<u>\$ 2,316,959</u>	<u>\$ 36,323</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, 2012

Exhibit H-12

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
General Sales Tax	\$ 400,000	\$ 400,000	\$ 521,774	\$ 121,774
Investment earnings	5,000	5,000	3,327	(1,673)
Miscellaneous	10,000	10,000	5,691	(4,309)
Total revenues	415,000	415,000	530,792	115,792
Expenditures				
Current:				
Culture and recreation	563,954	590,311	332,984	257,327
Total Expenditures	563,954	590,311	332,984	257,327
Excess (deficiency) of revenues over expenditures	(148,954)	(175,311)	197,808	373,119
Fund balances - beginning	1,272,779	1,272,779	1,272,779	
Fund balances - ending	\$ 1,123,825	\$ 1,097,468	\$ 1,470,587	\$ 373,119

CITY OF TEXAS CITY, TEXAS
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, 2012

Exhibit H-13

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees and fines	\$ 30,000	\$ 30,000	\$ 29,936	\$ (64)
Investment earnings	2,500	2,500	620	(1,880)
Total revenues	32,500	32,500	30,556	(1,944)
Expenditures				
Current:				
Public Safety	40,600	40,600	5,600	35,000
Total Expenditures	40,600	40,600	5,600	35,000
Excess (deficiency) of revenues over expenditures	(8,100)	(8,100)	24,956	33,056
Fund balances - beginning	277,571	277,571	277,571	
Fund balances - ending	\$ 269,471	\$ 269,471	\$ 302,527	\$ 33,056

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, 2012

Exhibit H-14

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Fees and fines	\$ 40,000	\$ 40,000	\$ 39,081	\$ (919)
Investment earnings	500	500		(500)
Total revenues	<u>40,500</u>	<u>40,500</u>	<u>39,081</u>	<u>(1,419)</u>
Expenditures				
Current:				
Public Safety	63,500	65,500	48,310	17,190
Total Expenditures	<u>63,500</u>	<u>65,500</u>	<u>48,310</u>	<u>17,190</u>
Excess (deficiency) of revenues over expenditures	(23,000)	(25,000)	(9,229)	15,771
Fund balances - beginning	<u>83,163</u>	<u>83,163</u>	<u>83,163</u>	
Fund balances - ending	<u>\$ 60,163</u>	<u>\$ 58,163</u>	<u>\$ 73,934</u>	<u>\$ 15,771</u>

CITY OF TEXAS CITY, TEXAS
SPECIAL REVENUE FUNDS - DRUG CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

Exhibit H-15

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Fees and fines	\$ 5,000	\$ 5,000	\$ 1,638	\$ (3,362)
Investment earnings	500	500		(500)
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>1,638</u>	<u>(3,862)</u>
Expenditures				
Current:				
Public Safety	15,500	15,500		15,500
Total Expenditures	<u>15,500</u>	<u>15,500</u>		<u>15,500</u>
Excess (deficiency) of revenues over expenditures	(10,000)	(10,000)	1,638	11,638
Fund balances - beginning	99,324	99,324	99,324	
Fund balances - ending	<u>\$ 89,324</u>	<u>\$ 89,324</u>	<u>\$ 100,962</u>	<u>\$ 11,638</u>

CITY OF TEXAS CITY, TEXAS
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, 2012

Exhibit H-16

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Investment earnings	\$ 35	\$ 35	\$	\$ (35)
Total revenues	<u>35</u>	<u>35</u>		<u>(35)</u>
Expenditures				
Current:				
Public Works				
Total Expenditures				
Excess (deficiency) of revenues over expenditures	35	35		(35)
Fund balances - beginning	(14,942)	(14,942)	(14,942)	
Fund balances - ending	<u>\$ (14,907)</u>	<u>\$ (14,907)</u>	<u>\$ (14,942)</u>	<u>\$ (35)</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, 2012

Exhibit H-17

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Investment earnings	\$ 785	\$ 785	\$	\$ (785)
Total revenues	<u>785</u>	<u>785</u>		<u>(785)</u>
Expenditures				
Current:				
Total Expenditures				
Excess (deficiency) of revenues over expenditures	785	785		(785)
Fund balances - beginning	<u>124,739</u>	<u>124,739</u>	<u>124,739</u>	
Fund balances - ending	<u>\$ 125,524</u>	<u>\$ 125,524</u>	<u>\$ 124,739</u>	<u>\$ (785)</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, 2012

Exhibit H-18

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 31,500	\$ 31,500	\$ 9,906	\$ (21,594)
Total revenues	<u>31,500</u>	<u>31,500</u>	<u>9,906</u>	<u>(21,594)</u>
Expenditures				
Current:				
Public Safety	31,500	31,500	9,906	21,594
Total Expenditures	<u>31,500</u>	<u>31,500</u>	<u>9,906</u>	<u>21,594</u>
Excess (deficiency) of revenues over expenditures				
Fund balances - beginning				
Fund balances - ending	<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, 2012

Exhibit H-19

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 20,256	\$ 5,256
Total revenues	15,000	15,000	20,256	5,256
Expenditures				
Current:				
Public Safety	15,000	15,000	20,256	(5,256)
Total Expenditures	15,000	15,000	20,256	(5,256)
Excess (deficiency) of revenues over expenditures				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

CITY OF TEXAS CITY, TEXAS

Exhibit H-20

SPECIAL REVENUE FUNDS - CABLE PUBLIC EDUCATIONAL GOVERNMENT (PEG) CHANNEL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Miscellaneous	\$	\$ 90,000	\$ 5,668	\$ (84,332)
Total revenues		90,000	5,668	(84,332)
Expenditures				
Current:				
Culture and recreation		90,000		90,000
Total Expenditures		90,000		90,000
Excess (deficiency) of revenues over expenditures			5,668	5,668
Fund balances - beginning				
Fund balances - ending	\$	\$	\$ 5,668	\$ 5,668

CITY OF TEXAS CITY, TEXAS

Exhibit H-21

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Fees and fines	\$ 12,500	\$ 12,500	\$ 12,365	\$ (135)
Investment earnings	100	100		(100)
Total revenues	<u>12,600</u>	<u>12,600</u>	<u>12,365</u>	<u>(235)</u>
Expenditures				
Current:				
Public Safety	3,950	3,950	4,552	(602)
Capital Outlay	4,200	4,646		4,646
Total Expenditures	<u>8,150</u>	<u>8,596</u>	<u>4,552</u>	<u>4,044</u>
Excess (deficiency) of revenues over expenditures	4,450	4,004	7,813	3,809
Fund balances - beginning	<u>115,632</u>	<u>115,632</u>	<u>115,632</u>	
Fund balances - ending	<u>\$ 120,082</u>	<u>\$ 119,636</u>	<u>\$ 123,445</u>	<u>\$ 3,809</u>

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, 2012

Exhibit H-22

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Miscellaneous	\$ 10,300	\$ 10,300	\$ 11,000	\$ 700
Total revenues	<u>10,300</u>	<u>10,300</u>	<u>11,000</u>	<u>700</u>
Expenditures				
Current:				
Public Safety	10,300		11,000	(11,000)
Capital Outlay		10,300		10,300
Total Expenditures	<u>10,300</u>	<u>10,300</u>	<u>11,000</u>	<u>(700)</u>
Excess (deficiency) of revenues over expenditures				
Fund balances - beginning	14,452	14,452	14,452	
Fund balances - ending	<u>\$ 14,452</u>	<u>\$ 14,452</u>	<u>\$ 14,452</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, 2012

Exhibit H-23

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 6,650	\$ 6,650	\$	\$ (6,650)
Total revenues	<u>6,650</u>	<u>6,650</u>		<u>(6,650)</u>
Expenditures				
Current:				
Public Safety	6,650	6,650	1,755	4,895
Total Expenditures	<u>6,650</u>	<u>6,650</u>	<u>1,755</u>	<u>4,895</u>
Excess (deficiency) of revenues over expenditures			(1,755)	(1,755)
Fund balances - beginning	4,376	4,376	4,376	
Fund balances - ending	<u>\$ 4,376</u>	<u>\$ 4,376</u>	<u>\$ 2,621</u>	<u>\$ (1,755)</u>

CITY OF TEXAS CITY, TEXAS
SPECIAL REVENUE FUNDS - PROJECT SAFE - ANTI-GANG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2012

Exhibit H-24

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$	\$	\$ 20,000	\$ 20,000
Total revenues			20,000	20,000
Expenditures				
Current:				
Public Safety			20,000	(20,000)
Total Expenditures			20,000	(20,000)
Excess (deficiency) of revenues over expenditures				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

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, 2012

Exhibit H-25

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 62,776	\$ 62,776	\$ 32,260	\$ (30,516)
Total revenues	<u>62,776</u>	<u>62,776</u>	<u>32,260</u>	<u>(30,516)</u>
Expenditures				
Current:				
Public Safety	62,776	62,776	56,757	6,019
Total Expenditures	<u>62,776</u>	<u>62,776</u>	<u>56,757</u>	<u>6,019</u>
Excess (deficiency) of revenues over expenditures			(24,497)	(24,497)
Other Financing Sources (Uses)				
Transfers in			24,497	24,497
Total other financing sources and uses			<u>24,497</u>	<u>24,497</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-26

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 647,557	\$ 790,819	\$ 520,646	\$ (270,173)
Total revenues	<u>647,557</u>	<u>790,819</u>	<u>520,646</u>	<u>(270,173)</u>
Expenditures				
Current:				
General government				
Economic and community development	873,117	1,100,556	520,646	579,910
Total Expenditures	<u>873,117</u>	<u>1,100,556</u>	<u>520,646</u>	<u>579,910</u>
Excess (deficiency) of revenues over expenditures	(225,560)	(309,737)		309,737
Fund balances - beginning				
Fund balances - ending	<u>\$ (225,560)</u>	<u>\$ (309,737)</u>	<u>\$</u>	<u>\$ (309,737)</u>

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, 2012

Exhibit H-27

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$	\$ 190,782	\$ 189,182	\$ (1,600)
Total revenues		190,782	189,182	(1,600)
Expenditures				
Current:				
Highways and roads		190,782	189,182	1,600
Total Expenditures		190,782	189,182	1,600
Excess (deficiency) of revenues over expenditures				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

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, 2012

Exhibit H-28

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$	\$	\$ 57,419	\$ 57,419
Total revenues			57,419	57,419
Expenditures				
Current:				
Capital Outlay		1,083,254	57,419	1,025,835
Total Expenditures		1,083,254	57,419	1,025,835
Excess (deficiency) of revenues over expenditures		(1,083,254)		1,083,254
Fund balances - beginning				
Fund balances - ending	\$	\$(1,083,254)	\$	\$ 1,083,254

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, 2012

Exhibit H-29

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$	\$ 989,062	\$ 296,600	\$ (692,462)
Total revenues		989,062	296,600	(692,462)
Expenditures				
Current:				
Capital Outlay		1,232,815	314,038	918,777
Total Expenditures		1,232,815	314,038	918,777
Excess (deficiency) of revenues over expenditures		(243,753)	(17,438)	226,315
Other Financing Sources (Uses)				
Transfers in		17,438	17,438	
Total other financing sources and uses		17,438	17,438	
Net change in fund balances		(226,315)		226,315
Fund balances - beginning	50,000	50,000	50,000	
Fund balances - ending	\$ 50,000	\$ (176,315)	\$ 50,000	\$ 226,315

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, 2012

Exhibit H-30

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues	\$	\$	\$	\$
Total revenues				
Expenditures				
Current:				
Total Expenditures				
Excess (deficiency) of revenues over expenditures				
Fund balances - beginning	168,434	168,434	168,434	
Fund balances - ending	\$ 168,434	\$ 168,434	\$ 168,434	\$

CITY OF TEXAS CITY, TEXAS
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, 2012

Exhibit H-31

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Miscellaneous	\$	\$	\$ 25	\$ 25
Total revenues			25	25
Expenditures				
Current:				
Economic and community development		1,625	1,342	283
Total Expenditures		1,625	1,342	283
Excess (deficiency) of revenues over expenditures		(1,625)	(1,317)	308
Fund balances - beginning	1,347	1,347	1,347	
Fund balances - ending	\$ 1,347	\$ (278)	\$ 30	\$ 308

CITY OF TEXAS CITY, TEXAS

Exhibit H-32

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$	\$	\$ 227,675	\$ 227,675
Total revenues			<u>227,675</u>	<u>227,675</u>
Expenditures				
Current:				
Capital Outlay		200,000	227,675	(27,675)
Total Expenditures		<u>200,000</u>	<u>227,675</u>	<u>(27,675)</u>
Excess (deficiency) of revenues over expenditures		(200,000)		200,000
Fund balances - beginning				
Fund balances - ending	\$	\$ (200,000)	\$	\$ 200,000

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, 2012

Exhibit H-33

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Miscellaneous	\$ 200,000	\$ 200,000	\$ 412,134	\$ 212,134
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>412,134</u>	<u>212,134</u>
Expenditures				
Current:				
General government	50,000	50,000	79,103	(29,103)
Highways and roads		75,000	83,395	(8,395)
Culture and recreation	25,000	55,000	121,879	(66,879)
Capital Outlay	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>
Total Expenditures	<u>175,000</u>	<u>280,000</u>	<u>284,377</u>	<u>(4,377)</u>
Excess (deficiency) of revenues over expenditures	25,000	(80,000)	127,757	207,757
Fund balances - beginning	<u>3,396,744</u>	<u>3,396,744</u>	<u>3,396,744</u>	
Fund balances - ending	<u>\$ 3,421,744</u>	<u>\$ 3,316,744</u>	<u>\$ 3,524,501</u>	<u>\$ 207,757</u>

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, 2012

Exhibit H-34

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 248	\$ (252)
Miscellaneous	1,000	1,000		(1,000)
Total revenues	1,500	1,500	248	(1,252)
Expenditures				
Current:				
Total Expenditures				
Excess (deficiency) of revenues over expenditures	1,500	1,500	248	(1,252)
Fund balances - beginning	125,517	125,517	125,517	
Fund balances - ending	\$ 127,017	\$ 127,017	\$ 125,765	\$ (1,252)

CITY OF TEXAS CITY, TEXAS
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, 2012

Exhibit H-35

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Investment earnings	\$ 7,000	\$ 7,000	\$ 3,721	\$ (3,279)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>3,721</u>	<u>(3,279)</u>
Expenditures				
Current:				
Total Expenditures				
Excess (deficiency) of revenues over expenditures	7,000	7,000	3,721	(3,279)
Fund balances - beginning	<u>1,882,594</u>	<u>1,882,594</u>	<u>1,882,594</u>	
Fund balances - ending	<u>\$ 1,889,594</u>	<u>\$ 1,889,594</u>	<u>\$ 1,886,315</u>	<u>\$ (3,279)</u>

CITY OF TEXAS CITY, TEXAS
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, 2012

Exhibit H-36

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 3,468,600	\$ 3,468,600	\$	\$ (3,468,600)
Investment earnings	1,000	1,000		(1,000)
Total revenues	<u>3,469,600</u>	<u>3,469,600</u>		<u>(3,469,600)</u>
Expenditures				
Capital Outlay	3,468,600	4,997,994	1,171,011	3,826,983
Total Expenditures	<u>3,468,600</u>	<u>4,997,994</u>	<u>1,171,011</u>	<u>3,826,983</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>(1,528,394)</u>	<u>(1,171,011)</u>	<u>357,383</u>
Other Financing Sources (Uses)				
Transfers in		1,500,000	1,500,000	
Total other financing sources (Uses)		<u>1,500,000</u>	<u>1,500,000</u>	
Net change in fund balances	1,000	(28,394)	328,989	357,383
Fund balances - beginning	<u>1,051,926</u>	<u>1,051,926</u>	<u>1,051,926</u>	
Fund balances - ending	<u>\$ 1,052,926</u>	<u>\$ 1,023,532</u>	<u>\$ 1,380,915</u>	<u>\$ 357,383</u>

CITY OF TEXAS CITY, TEXAS
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, 2012

Exhibit H-37

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues	\$	\$	\$	\$
Total revenues				
Expenditures				
Capital Outlay		5,000,000	1,850,145	3,149,855
Total Expenditures		5,000,000	1,850,145	3,149,855
Excess (deficiency) of revenues over expenditures		(5,000,000)	(1,850,145)	3,149,855
Other Financing Sources (Uses)				
Transfers in		5,000,000	5,000,000	
Total other financing sources (Uses)		5,000,000	5,000,000	
Net change in fund balances			3,149,855	3,149,855
Fund balances - beginning	2,025,964	2,025,964	2,025,964	
Fund balances - ending	<u>\$ 2,025,964</u>	<u>\$ 2,025,964</u>	<u>\$ 5,175,819</u>	<u>\$ 3,149,855</u>

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2012

	Texas City Economic Development Corp.	Public Facilities Development Fund	Texas City Industrial Development Corp.
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$	\$ 34,887	\$ 9,183
Investments	6,000,000	400,000	150,000
Due from other governments	587,192		
Other receivables		6,195	
Total Assets	<u>\$ 6,587,192</u>	<u>\$ 441,082</u>	<u>\$ 159,183</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 66,706	\$ 22,085	\$
Due to primary government	3,725,067		
Accrued wages payable	2,286		
Total Liabilities	<u>3,794,059</u>	<u>22,085</u>	<u> </u>
Fund Balances:			
Restricted:			
Culture and recreation			
Economic & physical development	<u>2,793,133</u>	<u>418,997</u>	<u>159,183</u>
Total Fund Balances	<u>2,793,133</u>	<u>418,997</u>	<u>159,183</u>
Total Liabilities and Fund Balances	<u>\$ 6,587,192</u>	<u>\$ 441,082</u>	<u>\$ 159,183</u>

Exhibit I-1

Texas City Foreign Trade Zone	Danforth Health Facilities Corp.	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Total Component Units
\$ 300,000	\$ 1,780	\$ 11,928 150,000	\$ 95,598	\$ 153,376 7,000,000 587,192 73,470
<u>67,275</u>				
<u>\$ 367,275</u>	<u>\$ 1,780</u>	<u>\$ 161,928</u>	<u>\$ 95,598</u>	<u>\$ 7,814,038</u>
\$ 163,467 2,286	\$	\$ 5,629	\$ 12,442	\$ 106,862 3,888,534 4,572
<u>165,753</u>		<u>5,629</u>	<u>12,442</u>	<u>3,999,968</u>
201,522	1,780	156,299	83,156	156,299 3,657,771
<u>201,522</u>	<u>1,780</u>	<u>156,299</u>	<u>83,156</u>	<u>3,814,070</u>
<u>\$ 367,275</u>	<u>\$ 1,780</u>	<u>\$ 161,928</u>	<u>\$ 95,598</u>	<u>\$ 7,814,038</u>

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CITY OF TEXAS CITY, TEXAS
RECONCILIATION OF THE COMPONENT UNITS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2012

Exhibit I-2

Total fund balances, component units \$ 3,814,070

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.

5,980,380

Net assets of component units in the Statement of Net Assets \$ 9,794,450

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, 2012

	Texas City Economic Development Corp.	Public Facilities Development Fund	Texas City Industrial Development Corp.
Revenues			
General sales tax	\$ 4,091,439	\$	\$
Investment earnings	13,031	1,331	222
Miscellaneous revenue		203,532	
Total Revenues	<u>4,104,470</u>	<u>204,863</u>	<u>222</u>
Expenditures			
Current:			
General government		181,120	
Culture and recreation			
Economic & physical development	352,546		
Intergovernmental	2,760,862		
Capital outlay	<u>2,365,792</u>		
Total Expenditures	<u>5,479,200</u>	<u>181,120</u>	
Excess (deficiency) of revenues over expenditures	<u>(1,374,730)</u>	<u>23,743</u>	<u>222</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	<u>226,626</u>		
Total other Financing Sources (Uses)	<u>226,626</u>		
Net change in fund balances	(1,148,104)	23,743	222
Fund balances - beginning	<u>3,941,237</u>	<u>395,254</u>	<u>158,961</u>
Fund balances - ending	<u>\$ 2,793,133</u>	<u>\$ 418,997</u>	<u>\$ 159,183</u>

Texas City Foreign Trade Zone	Danforth Health Facilities Corp.	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Total Component Units
\$	\$	\$	\$	\$ 4,091,439
443		221		15,248
89,550		196,913	86,288	576,283
89,993		197,134	86,288	4,682,970
				181,120
		168,925	95,204	264,129
124,148				476,694
				2,760,862
			7,250	2,373,042
124,148		168,925	102,454	6,055,847
(34,155)		28,209	(16,166)	(1,372,877)
				226,626
				226,626
(34,155)		28,209	(16,166)	(1,146,251)
235,677	1,780	128,090	99,322	4,960,321
\$ 201,522	\$ 1,780	\$ 156,299	\$ 83,156	\$ 3,814,070

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, 2012**

Net Change in Fund Balances, Component Units \$ (1,146,251)

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	2,373,042
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. (1,789,664)

Proceeds from sale of capital assets is reported as a revenue source in the fund financial statements; however, in the Statement of Activities, only the gain or loss is reported. (221,493)

Changes in Net Assets of Component Units \$ (813,020)

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)*..... 132-141**

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)* 142-151**

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)* 152-155**

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)*..... 157**

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)*..... 158-167**

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 Ten Fiscal Years**(Accrual Basis of Accounting)*

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 81,884,410	\$ 75,915,472	\$ 52,131,606	\$ 44,292,065
Restricted	8,278,742	2,442,702	3,619,284	4,030,695
Unrestricted	9,860,191	19,221,070	22,885,116	27,289,913
Total governmental activities net assets	<u>\$ 100,023,343</u>	<u>\$ 97,579,244</u>	<u>\$ 78,636,006</u>	<u>\$ 75,612,673</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 49,611,961	\$ 51,254,121	\$ 52,412,643	\$ 48,951,766
Unrestricted	5,654,432	5,378,583	5,131,993	2,194,514
Total business-type activities net assets	<u>\$ 55,266,393</u>	<u>\$ 56,632,704</u>	<u>\$ 57,544,636</u>	<u>\$ 51,146,280</u>
Primary government				
Invested in capital assets	\$ 131,496,371	\$ 127,169,593	\$ 104,544,249	\$ 93,243,831
Restricted	8,278,742	2,442,702	3,619,284	4,030,695
Unrestricted	15,514,623	24,599,653	28,017,109	29,484,427
Total Primary government net assets	<u>\$ 155,289,736</u>	<u>\$ 154,211,948</u>	<u>\$ 136,180,642</u>	<u>\$ 126,758,953</u>

Table 1

2008	2007	2006	2005	2004	2003
\$ 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 Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses				
Governmental activities:				
General government	\$ 4,338,885	\$ 4,606,523	\$ 4,688,827	\$ 4,447,843
Public safety	22,535,648	21,869,053	20,603,917	20,161,565
Public works	12,299,845	12,227,267	17,024,045	13,752,279
Health and Welfare	342,342	464,991	483,714	419,679
Culture and recreation	9,473,922	9,876,934	9,058,715	9,383,309
Economic and Community development	523,960	466,611	566,512	2,886,196
Interest on long-term debt	1,242,047	1,374,111	1,347,698	1,621,260
Total governmental activities expenses	<u>50,756,649</u>	<u>50,885,490</u>	<u>53,773,428</u>	<u>52,672,131</u>
Business-type activities:				
Water and sewer	15,409,028	15,683,891	13,161,709	11,014,584
Total primary government expenses	<u>\$ 66,165,677</u>	<u>\$ 66,569,381</u>	<u>\$ 66,935,137</u>	<u>\$ 63,686,715</u>
 Program Revenues				
Governmental activities:				
Charges for services:				
General government	4,493	63,889	\$ 74,728	\$ 85,674
Public safety	3,320,861	2,708,182	2,940,376	3,272,158
Public works	1,704,689	1,618,030	1,750,379	1,756,879
Health and Welfare	78,755	92,721	71,406	51,822
Culture and recreation	2,021,971	2,157,512	1,736,706	1,929,446
Operating grants and contributions:				
General government				
Public safety	878,535	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	2,078,065	3,586,076	747,065	473,830
Capital grants and contributions:				
Public works				
Culture and recreation				
Total governmental activities program revenues	<u>10,087,369</u>	<u>14,894,496</u>	<u>14,242,770</u>	<u>10,736,174</u>
Business-type activities:				
Charges for services	6,622,950	6,333,708	9,661,005	10,140,759
Capital grants and contributions	4,295,787	4,454,917		100,542
Total business-type activities program revenues	<u>10,918,737</u>	<u>10,788,625</u>	<u>9,661,005</u>	<u>10,241,301</u>
Total primary government program revenues	<u>\$ 21,006,106</u>	<u>\$ 25,683,121</u>	<u>\$ 23,903,775</u>	<u>\$ 20,977,475</u>
 Net (Expense)/Revenue				
Governmental activities	\$ (40,669,280)	\$ (35,990,994)	\$ (39,530,658)	\$ (41,935,957)
Business-type activities	(4,490,291)	(4,895,266)	(3,500,704)	(773,283)
Total primary government net expense	<u>\$ (45,159,571)</u>	<u>\$ (40,886,260)</u>	<u>\$ (43,031,362)</u>	<u>\$ (42,709,240)</u>

Table 2
Page 1 of 2

2008	2007	2006	2005	2004	2003
\$ 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>
<u>10,520,350</u>	<u>9,569,788</u>	<u>8,986,753</u>	<u>8,794,933</u>	<u>7,760,108</u>	<u>7,910,801</u>
<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 Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes	\$ 17,522,124	\$ 16,848,857	\$ 22,210,827	\$ 21,649,489	\$ 23,647,215
Other taxes	20,555,999	21,556,696	17,599,265	23,296,425	19,165,441
Unrestricted investment earnings	48,251	81,134	126,447	558,677	1,200,353
Miscellaneous	3,197,341	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	1,789,664	14,654,498			21,418,510
Total governmental activities	<u>43,113,379</u>	<u>56,397,196</u>	<u>42,553,991</u>	<u>50,120,101</u>	<u>67,974,240</u>
Business-type activities:					
Unrestricted investment earnings	85,641	58,277	33,255	92,074	227,168
Miscellaneous	3,038,339	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		
Total business-type activities	<u>3,123,980</u>	<u>3,942,677</u>	<u>3,196,065</u>	<u>902,885</u>	<u>1,025,084</u>
Total primary government	<u>\$ 46,237,359</u>	<u>\$ 60,339,873</u>	<u>\$ 45,750,056</u>	<u>\$ 51,022,986</u>	<u>\$ 68,999,324</u>
 Changes in Net Assets					
Governmental Activities	\$ 2,444,099	\$ 20,406,202	\$ 3,023,333	\$ 8,184,144	\$ 31,871,311
Business-type activities	(1,366,311)	(952,589)	(304,639)	129,602	170,150
Total primary government	<u>\$ 1,077,788</u>	<u>\$ 19,453,613</u>	<u>\$ 2,718,694</u>	<u>\$ 8,313,746</u>	<u>\$ 32,041,461</u>

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
(12,576)	71,493	24,871		(4,063)
	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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General fund				
Reserved	\$	\$	\$ 2,468,668	\$ 3,202,374
Unreserved			24,653,005	23,111,551
Nonspendable				
Inventories	745,138	678,837		
Prepaid items	5,495	425,434		
Assigned				
Public works	1,000,000	6,000,000		
Self insurance		1,400,000		
Pension		1,000,000		
Unassigned	12,072,648	13,498,692		
Total General Fund	<u>13,823,281</u>	<u>23,002,963</u>	<u>27,121,673</u>	<u>26,313,925</u>
All Other Governmental Funds				
Reserved				
Debt Service			1,839,108	1,501,410
Special revenue funds			1,850,843	2,370,316
Capital projects funds			2,288,753	2,201,297
Restricted				
Debt Service	2,316,959	2,170,023		
Public safety	670,988	644,518		
Capital projects	7,210,669	5,379,174		
Development activities	6,649,057	4,670,870		
Unassigned	(14,942)	(14,942)		
Total Other Governmental Funds	<u>16,832,731</u>	<u>12,849,643</u>	<u>5,978,704</u>	<u>6,073,023</u>
Total Fund Balances of Governmental Funds	<u>\$ 30,656,012</u>	<u>\$ 35,852,606</u>	<u>\$ 33,100,377</u>	<u>\$ 32,386,948</u>

Table 3

2008	2007	2006	2005	2004	2003
\$ 6,266,730	\$ 1,637,640	\$ 2,031,449	\$ 2,628,204	\$ 386,456	\$ 318,676
17,104,026	18,600,690	10,881,335	7,806,539	6,562,437	4,970,999
<u>23,370,756</u>	<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>
1,388,194	1,332,168	1,101,839	1,181,783	1,542,030	1,392,216
2,549,227	2,054,627	1,948,335	1,651,695	1,608,769	1,124,107
4,866,327	10,082,504	9,763,611	12,812,250	9,062,490	14,715,457
<u>8,803,748</u>	<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>\$ 32,174,504</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>

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

	2012	2011	2010	2009
Revenues				
Property taxes	\$ 20,698,758	\$ 20,622,989	\$ 22,376,812	\$ 25,062,719
Sales and miscellaneous taxes	16,987,354	17,894,933	17,599,265	20,731,758
Licenses and permits	464,818	266,949	240,200	529,474
Intergovernmental	2,945,600	8,243,162	5,729,417	3,562,630
Charges for services	4,328,752	4,164,701	4,335,262	4,558,738
Fines and forfeitures	1,341,731	1,318,702	1,408,382	1,404,672
Investment earnings	44,712	81,134	126,447	558,677
Other	3,749,858	4,117,198	5,353,539	4,577,957
Total revenues	<u>50,561,583</u>	<u>56,709,768</u>	<u>57,169,324</u>	<u>60,986,625</u>
Expenditures				
General government	4,216,526	4,351,272	4,604,890	4,379,669
Public safety	20,995,854	19,903,598	19,235,985	19,092,224
Public works	10,807,602	13,810,648	15,828,240	12,893,294
Health and welfare	326,320	431,203	472,963	412,246
Culture and recreation	8,033,154	8,284,523	8,170,898	8,633,504
Economic and community development	521,988	466,611	566,512	2,886,196
Capital outlay	4,096,926	1,864,296	7,607,468	7,503,897
Debt service:				
Principal	3,689,369	3,546,467	3,758,227	3,482,880
Interest and other charges	1,181,667	1,485,981	1,539,953	1,664,940
Total expenditures	<u>53,869,406</u>	<u>54,144,599</u>	<u>61,785,136</u>	<u>60,948,850</u>
Excess of revenues over (under) expenditures	(3,307,823)	2,565,169	(4,615,812)	37,775
Other Financing Sources (Uses)				
Transfers in	6,541,935	3,389,789	75,000	249,561
Transfers out	(8,691,935)	(3,389,789)	(1,325,000)	(499,562)
Proceeds from issuance of bonds		5,270,000	14,020,000	
Proceeds from loans/capital leases		79,441	24,754	208,124
Other	261,229	(5,162,381)	(7,465,513)	216,546
Total other financing sources (uses)	<u>(1,888,771)</u>	<u>187,060</u>	<u>5,329,241</u>	<u>174,669</u>
Special Item				
Proceeds from sale of fixed assets				
Net change in fund balances	<u>\$ (5,196,594)</u>	<u>\$ 2,752,229</u>	<u>\$ 713,429</u>	<u>\$ 212,444</u>
Debt service as a percentage of noncapital expenditures	10%	10%	10%	10%

Table 4

2008	2007	2006	2005	2004	2003
\$ 23,171,476	\$ 23,007,376	\$ 19,836,290	\$ 16,928,610	\$ 15,811,893	\$ 12,002,337
19,165,440	17,313,632	15,803,119	12,543,704	13,088,977	11,374,169
383,418	346,848	285,664	390,490	396,298	267,790
2,866,329	612,373	1,190,583	1,258,705	1,335,957	930,091
4,322,138	3,947,679	4,145,333	2,935,930	3,261,846	2,533,280
1,229,123	1,030,502	1,043,181	1,057,054	1,198,671	1,284,247
1,200,367	1,553,927	866,919	234,153	147,932	373,432
3,253,988	4,557,551	6,456,867	2,371,200	2,053,252	2,384,236
<u>55,592,279</u>	<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>
4,069,243	3,784,584	3,602,514	3,131,569	3,405,571	3,881,691
17,508,465	16,230,726	15,392,454	13,236,374	12,678,963	12,860,009
11,963,772	9,563,332	8,668,399	7,756,140	7,802,600	7,464,177
409,787	346,468	301,208	223,268	219,010	406,387
7,757,054	6,553,439	5,925,069	5,884,907	5,432,749	5,397,770
392,952	449,146	413,362	497,273	609,091	214,770
9,656,897	1,276,999	9,794,773	5,154,442	7,377,048	5,688,581
3,514,837	3,999,979	3,920,472	3,074,198	2,022,059	1,933,682
1,720,075	2,019,155	2,192,357	1,895,576	1,987,081	1,831,166
<u>56,993,082</u>	<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>
(1,400,803)	8,146,060	(582,652)	(3,133,901)	(4,239,346)	(8,528,651)
1,181,325	623,197	870,000	55,374	293,681	300,379
(1,181,325)	(788,197)	(713,000)	(55,374)	(76,681)	(40,379)
9,705,000			9,890,700		5,175,000
			136,620	663,000	395,000
<u>(9,837,319)</u>					
<u>(132,319)</u>	<u>(165,000)</u>	<u>157,000</u>	<u>10,027,320</u>	<u>880,000</u>	<u>5,830,000</u>
		71,493	24,871		63,317
<u>\$ (1,533,122)</u>	<u>\$ 7,981,060</u>	<u>\$ (354,159)</u>	<u>\$ 6,918,290</u>	<u>\$ (3,359,346)</u>	<u>\$ (2,635,334)</u>
11%	14%	15%	14%	12%	11%

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

Real Property					
Fiscal Year	Tax Year	Residential	Commercial	Personal Property	Less Tax Exempt Real Property
2012	2011	\$ 1,134,735,043	\$ 3,573,198,467	\$ 1,593,011,833	\$ 332,308,262
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

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

Less Other Exemptions and Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual
\$ 1,575,819,984	\$ 4,725,125,359	\$ 0.425	\$ 4,725,125,359	100%
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%

CITY OF TEXAS CITY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Galveston County	Texas City Independent School District	Overlapping La Marque Independent School District
	M & O Rate	I & S Rate	Total Direct			
2012	\$ 0.352727	\$ 0.072273	\$ 0.425000	\$ 0.621800	\$ 1.295300	\$ 1.240000
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

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.

^a 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 ^a		
Dickinson Independent School District	College of the Mainland	Galveston County Drainage District No.2
\$ 1.540000	\$ 0.232020	\$ 0.063021
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

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

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2012	\$ 20,984,236	\$ 20,775,591	99.01%	\$
2011	20,242,161	20,006,955	98.84%	106,292
2010	22,308,236	22,145,753	99.27%	57,096
2009	24,421,413	24,078,789	98.60%	240,445
2008	23,443,313	22,457,033	95.79%	916,057
2007	22,622,593	21,737,823	96.09%	821,486
2006	19,693,614	19,404,611	98.53%	237,472
2005	17,898,106	16,527,501	92.34%	1,315,527
2004	15,460,520	15,133,491	97.88%	278,275
2003	12,053,334	11,573,719	96.02%	426,824

Source: City of Texas City Tax Assessor-Collector

Table 7

Total Collections to Date			Amount
Amount	%	of Levy	Outstanding
\$ 20,775,591	99.01%		208,645
20,113,247	99.36%		128,914
22,202,849	99.53%		105,387
24,319,234	99.58%		102,179
23,373,090	99.70%		70,223
22,559,309	99.72%		63,284
19,642,083	99.74%		51,531
17,843,028	99.69%		55,078
15,411,766	99.68%		48,754
12,000,543	99.56%		52,791

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

Taxpayer	2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
BP Products (NA) Inc	\$ 1,433,406,920	1	30%
Valero Refining-Texas LP	563,156,260	2	12%
Union Carbide Corp	218,351,800	3	5%
Marathon Petroleum Company LLC	178,597,431	4	4%
South Houston Green Power, LP	176,233,690	5	4%
Praxair Inc	159,776,550	6	3%
BP Amoco Chemical Co	156,054,350	7	3%
ISP Technologies Inc	54,879,835	8	1%
Valero Marketing & Supply Co	52,137,380	9	1%
Sterling Chemicals Inc	44,968,620	10	1%
Texas Cogenron LP	-	-	0%
Transtexas Gas Corporation	-	-	0%
Dow Chemical Corporation	-	-	0%
Total	\$ 3,037,562,836		64%

Table 8

2003		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
\$ 593,693,788	1	14%
214,081,570	3	5%
-	-	0%
58,046,900	7	1%
-	-	0%
47,046,070	8	1%
166,791,356	4	4%
44,213,910	10	1%
-	-	0%
197,662,650	5	5%
81,129,900	6	2%
46,510,510	9	1%
429,288,380	2	10%
<u>\$ 1,878,465,034</u>		<u>43%</u>

CITY OF TEXAS CITY, TEXAS**TAXABLE SALES BY CATEGORY***Last Ten Calendar Years**(in thousands of dollars)*

	<u>2012^a</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Construction	\$ 12,108	\$ 18,711	\$ 21,076	\$ 18,651
Manufacturing	6,663	13,307	11,489	15,294
Wholesale Trade	4,791	8,373	12,884	10,107
Retail Trade	87,988	175,730	169,460	206,837
Transportation/Warehousing	87	6,996	4,569	5,251
Information	2,029	4,228	4,305	4,541
Finance/Insurance	617	1,201	1,199	1,197
Real Estate/Rental/Leasing	9,479	18,340	13,796	18,933
Professional/Scientific/Technical Services	1,401	2,743	2,625	2,775
Management of Companies/Enterprises				
Admin/Support/Waste Mgmt/Remediation	1,601	2,834	2,949	2,547
Health Care/Social Assistance	988	1,964	1,628	3,071
Arts/Entertainment/Recreation	315	574	734	542
Accommodation/Food Services	25,956	48,684	46,430	50,319
Other Services (except Public Administration)	2,732	5,479	5,922	6,691
Other				
Total	<u>\$ 156,755</u>	<u>\$ 309,164</u>	<u>\$ 299,066</u>	<u>\$346,756</u>
City direct sales tax rate ^b	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

Source: State Comptroller's Office.^a 2012 taxable sales thru 2nd quarter of 2012.^b The City direct sales tax rate includes the City only and not the City of Texas City Economic Development Corp. (4A).

Table 9

2008	2007	2006	2005	2004	2003
\$ 22,313	\$ 22,800	\$ 14,117	\$ 7,006	\$ 6,450	\$ 7,964
23,324	26,898	23,228	16,988	10,642	8,690
12,793	13,765	12,423	14,905	9,653	8,920
212,410	202,599	193,352	191,783	187,712	191,668
1,062	454	809	468	612	654
4,234	4,256	6,834	14,311	20,257	19,253
684	637	973	944	861	920
21,800	21,235	21,105	17,661	14,085	15,954
2,192	2,455	2,035	1,625	1,451	1,398
172			8,244	15,025	16,530
2,288	2,107	3,161	3,233	3,902	3,219
1,844	1,097	1,862	1,737	1,494	431
289	595	890	385	773	686
51,819	48,788	45,344	41,330	38,968	39,700
6,391	6,128	6,126	5,630	5,632	5,154
			1	28	470
<u>\$ 363,615</u>	<u>\$ 353,814</u>	<u>\$ 332,259</u>	<u>\$ 326,250</u>	<u>\$ 317,546</u>	<u>\$ 321,609</u>
<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

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	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Lease Obligations	Revenue Bonds			
2012	\$ 26,275	\$ 6,015	\$ 26	\$ 12,080	\$ 44,396	4%	\$ 970
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

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

CITY OF TEXAS CITY, TEXAS
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)

Table 11

Fiscal Year	Tax Year	General Obligation Bonds	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income^a	Per Capita^a
2012	2011	\$ 32,290	\$ 2,317	\$ 29,973	1%	3%	\$ 655
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

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

^a Population data can be found in demographic and economic statistics table.

CITY OF TEXAS CITY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2012
(dollars in thousands, except per capita)

Table 12

<u>Taxing Jurisdiction</u>	<u>Gross Debt^a</u>	<u>Overlapping</u>	
		<u>Percentage</u>	<u>Amount</u>
College of the Mainland	\$ 580	68.82%	\$ 399
Dickinson Independent School District	224,184	17.89%	40,107
Galveston County	339,395	42.18%	143,157
La Marque Independent School District	22,153	72.76%	16,119
Texas City Independent School District	119,819	100.00%	<u>119,819</u>
Total Overlapping Debt			319,600
City Direct Debt	\$ 32,316	100.00%	<u>32,316</u>
Total Direct and Overlapping Debt			<u>\$ 351,916</u>
Population			45,099
Per Capita Debt-Direct and Overlapping Debt			<u>\$ 7,803</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.

CITY OF TEXAS CITY, TEXAS

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Table 13

Water & Sewer Revenue Bonds

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2012	\$ 13,840,262	\$10,177,748	\$ 3,662,514	\$ 1,504,851	\$ 582,896	\$ 2,087,747	2
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

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

Fiscal Year	Population (A)	Personal Income (in \$000's)	Per Capita Personal Income (A)	Median Age (A)	Education level in Years of Schooling (B)	School Enrollment (C)	Unemployment Rate (D)
2012	45,763	\$ 1,033,329	\$ 22,580	35.9	13.6	5,936	9.6%
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%

- (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

Employer	2012		
	Employees	Rank	Percentage of Total City Employment
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%
BP Chemical	350	7	2%
Dow (formerly Union Carbide Corporation)	335	8	2%
College of the Mainland	280	9	1%
Marathon Petroleum Company	275	10	1%
International Specialty Products			0%
Wal-Mart			0%
Catalytic Industrial Maintenance			0%
Total	7,269		37%

Table 15

2003		
Employees	Rank	Percentage of Total City Employment
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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Function/Program				
Governmental Activities:				
General Government	32	32	29	38
Public Safety	212	219	218	211
Public Works	96	104	98	104
Community Services	6	7	7	7
Parks and Recreation	126	202	215	215
Business Type Activities:				
Water & Sewer	44	45	45	45
Component Unit:				
Economic Development	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>518</u>	<u>611</u>	<u>614</u>	<u>622</u>

Source: City Budget

Table 16

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
39	38	37	36	35	36
211	204	188	184	185	196
104	105	105	105	105	106
7	7	7	7	7	7
214	217	219	219	219	219
45	45	45	45	51	51
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>622</u>	<u>618</u>	<u>603</u>	<u>598</u>	<u>604</u>	<u>617</u>

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

Function/Program	Fiscal Year Ending 9/30			
	2012	2011	2010	2009
General Government				
Finance:				
Number of accounts payable checks processed	8,521	9,221	11,348	11,467
Number of payroll checks processed	2,577	3,146	3,462	3,922
Number of budget amendments	31	17	7	26
Number of budget transfers	19	14	8	6
Public Safety				
Police:				
Number of police calls resulting in dispatch	112,970	89,391	76,982	83,581
Number of offense reports filed	10,951	10,733	11,540	12,016
Number of citation issued	16,626	15,514	15,143	18,602
Total police arrests made (adult)	4,252	3,775	4,211	4,891
Total police arrests made (juvenile)	144	165	230	180
Dispatched calls per patrol officer	n/a	531	n/a	n/a
Motor vehicle accidents	1,545	1,442	1,678	2,051
Number of burglaries	353	353	411	485
Number of motor vehicle thefts	63	66	101	119
Average response time in minutes	6	7	6.23	6.56
Fire:				
Total number fire responses-residential	39	49	34	47
Total number fire responses-other	107	190	959	411
Fires investigated	1	15	12	3
Total annual inspections	1,805	1,337	1,145	284
Average response time in minutes	6	6	4.15	6.56
Calls for service	5,274	6,815	6,884	5,723
Patients treated	4,134	4,430	4,591	4,612
Municipal Court:				
Total traffic violations filed	13,932	13,328	12,939	15,376
Total state law violations filed	1,154	1,729	2,071	2,320
Total city ordinance violations filed	821	1,112	1,118	1,645
Total parking violations filed	29	23	38	64
Public Works				
Fleet Maintenance:				
Vehicle maintenance service requests	1,000	1,042	537	632
Vehicle maintenance repair requests	700	714	713	886
Other public works:				
Tons of Residential refuse	22,619	21,958	30,875	30,601
Tons of commercial refuse	21,852	7,962	16,451	15,517
Work orders completed	1,100	705	1,324	1,262
Number of recycling participants	15,131	17,014	38,838	41,039

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

Table 17
Page 1 of 2

Fiscal Year Ending 9/30				
2008	2007	2006	2005	2004
14,513	13,778	12,968	12,489	12,438
4,612	4,453	5,131	5,830	8,183
22	14	12	10	14
26	37	25	23	21
84,562	69,217	72,862	73,449	63,160
12,395	12,341	12,874	12,731	12,884
17,992	n/a	n/a	n/a	n/a
4,733	3,967	4,158	4,145	4,542
203	129	146	126	158
n/a	845	899	907	780
1,907	1,912	2,188	1,657	1,642
555	526	767	859	837
125	165	176	218	229
5.48	n/a	n/a	n/a	n/a
76	157	157	211	172
404	543	1,005	870	878
8	21	14	16	5
209	386	607	661	1,344
6.63	5.83	n/a	n/a	n/a
4,696	4,454	5,004	n/a	n/a
3,972	4,691	4,832	n/a	n/a
18,494	10,823	9,052	11,697	10,817
766	2,306	2,288	2,202	2,645
1,789	1,042	879	1,093	994
16	43	104	157	81
535	760	721	670	639
836	1,394	1,167	901	921
32,333	31,310	29,256	36,966	29,461
17,899	16,687	15,699	17,367	15,384
1,450	1,351	1,232	1,641	1,652
39,611	37,513	37,189	40,873	40,701

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

Function/Program	Fiscal Year Ending 9/30			
	2012	2011	2010	2009
Parks and Recreation				
All Parks and recreation:				
Total number of attendance at events	2,500,000	2,500,000	2,500,000	2,518,404
Number of recreation classes offered	60	60	60	60
Community Services				
Building Inspections:				
Total building permits issued-residential (new)	559	465	648	1,831
Total building permits issued-non-residential (new)	522	524	383	559
Community Development:				
Total code violation cases	1,700	1,756	1,173	743
Total housing rehabilitation	16	7	15	7
Total first time homebuyers	15	8	8	11
Total demolition of condemned structures	23	27	45	39
Total rat bait distributed (in pounds)	500	534	434	537
Total mowed vacant lots	800	813	528	562
Water and Sewer				
Distribution and Collection:				
Total water work orders	1,500	1,557	1,557	1,060
Total sewer work orders	1,200	1,263	1,263	681
Water Production:				
Water produced - wells (well only in millions)	9	9	9	13.6
Combined gallons of water produced (well and surface in millions)	2,160	2,154	2,154	2,307
Billing & Collections:				
Annual meter reads	170,000	167,569	167,569	168,570
Wastewater Treatment:				
Wastewater treated (in millions of gallons)	2	2	2	1.7

Sources: Various city departments.

Table 17
Page 2 of 2

Fiscal Year Ending 9/30				
2008	2007	2006	2005	2004
773,556	813,793	772,490	629,693	404,388
57	57	50	38	13
1,313	173	196	355	443
477	8	8	4	10
593	1,097	n/a	n/a	n/a
16	19	5	15	20
9	12	9	6	17
33	11	17	37	19
580	725	n/a	n/a	n/a
112	153	216	n/a	n/a
1,766	1,845	n/a	n/a	n/a
1,506	1,601	n/a	n/a	n/a
4.8	4.8	11.9	3.2	17.8
2,104	2,104	2,101	2,100	2,384
169,750	166,860	165,096	163,332	161,568
2.9	2.9	2.1	2.2	2.4

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

Function/Program	2012	2011	2010	2009
Public Safety				
Police:				
Police stations	1	1	1	1
Police vehicles	112	112	112	112
Fire stations:				
Fire stations	3	3	3	3
Fire vehicles	30	30	30	30
Public Works				
Other public works:				
Streets (miles) ^a	297	297	297	297
Highways (miles) ^a	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
Parks and Recreation				
Parks and recreation:				
Acreage	125	125	125	125
Parks	42	42	42	42
Pools	2	2	2	3
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
Water and Sewer				
Water Production:				
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
Wastewater:				
Treatment Plants	1	1	1	1
Lift Stations	36	36	36	36
Distribution and Collection:				
Water mains (miles)	249	249	249	249
Sanitary sewers (miles)	207	207	207	207

Sources: Various city departments.

*10 years of data is unavailable.

^a Inside city limits

Table 18

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
1	1	1	1	1
112	112	112	112	112
3	3	3	3	3
30	30	30	30	30
297	297	297	297	297
n/a	n/a	n/a	n/a	n/a
3,628	3,628	3,628	3,628	3,628
51	51	51	51	51
1	1	1	1	1
125	125	125	125	125
42	42	42	42	42
4	4	4	4	4
1	1	1	1	1
1	1	n/a	n/a	n/a
6	6	6	6	6
4	4	4	4	4
1	1	1	1	1
1	1	1	1	1
9	9	9	9	9
50	50	50	50	50
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
11	11	11	11	11
14	14	14	14	14
8	8	8	8	8
5	5	5	5	5
1	1	1	1	1
36	36	36	36	36
249	249	249	249	249
207	207	207	207	207