

CITY OF TEXAS CITY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2013**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

CITY OF TEXAS CITY, TEXAS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2013

**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	viii	
GFOA Certificate of Achievement	ix	
Financial Section		
Report of Independent Auditors	3	
Management’s Discussion and Analysis	9	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	21	A-1
Statement of Activities	22	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds	24	B-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25	B-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	26	B-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27	B-4
Statement of Net Position - Proprietary Funds	28	C-1
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	29	C-2
Combining Statement of Cash Flows - Proprietary Funds	30	C-3
Statement of Fiduciary Net Position - Fiduciary Funds	32	D-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	33	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 Position	34	E-1
Combining Statement of Activities	36	E-2
Notes to the Financial Statements	38	F-1
Required Supplementary Information		
Texas Municipal Retirement System - Schedule of Funding Progress	77	G-1
Firemen’s Relief and Retirement Fund - Schedule of Funding Progress	78	G-2
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	79	G-3
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Funds - CBDG Disaster Recovery - GLO	80	G-4
Other Supplementary Information:		
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet - Nonmajor Governmental Funds	82	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	83	H-2
Combining Balance Sheet - Nonmajor Special Revenue Funds	84	H-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	90	H-4
Combining Balance Sheet - Nonmajor Capital Project Funds	95	H-5
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	96	H-6
Combining Statement of Net Position - Internal Service Funds	97	H-7
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	98	H-8
Combining Statement of Cash Flows - Internal Service Funds	99	H-9
Statement of Changes in Assets and Liabilities - Agency Funds	100	H-10
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual:		
Debt Service Fund	101	H-11
Hotel/Motel Tax Fund - Special Revenue Fund	102	H-12
Municipal Court Building Security Fund - Special Revenue Fund	103	H-13
Municipal Court Technology Fund - Special Revenue Fund	104	H-14
Drug Confiscation Fund - Special Revenue Fund	105	H-15
Water Capital Recovery Fund - Special Revenue Fund	106	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	107	H-17
BJA Grant Fund - Special Revenue Fund	108	H-18
HGAC Grants Fund - Special Revenue Fund	109	H-19
Cable PEG - Special Revenue Fund	110	H-20
Municipal Court Efficiency Fees Fund - Special Revenue Fund	111	H-21
Firefighter’s Association Grant - Special Revenue Fund	112	H-22
LEOSE Grant - Special Revenue Fund	113	H-23
Project SAFE - Anti-Gang - Special Revenue Fund	114	H-24
STEP OP Grant - Special Revenue Fund	115	H-25
Community Development Block Grant - Special Revenue Fund	116	H-26
IPP Buffer Zone Police - Special Revenue Fund	117	H-27
Port Security Grant - Special Revenue Fund	118	H-28
Valero Contributions - Special Revenue Fund	119	H-29
Renaissance Texas City Fund - Special Revenue Fund	120	H-30
FEMA Disaster Assistance Fund - Special Revenue Fund	121	H-31
Texas City Dike Fund - Special Revenue Fund	122	H-32
Construction Fund - Capital Projects Fund	123	H-33
2001 Series Construction Fund - Capital Projects Fund	124	H-34
2005 Series Construction Fund - Capital Projects Fund	125	H-35
2010 Series Construction Fund - Capital Projects Fund	127	H-36
Component Unit Fund Information:		
Combining Balance Sheet	128	I-1
Reconciliation of the Component Units Balance Sheet to the Statement of Net Position	131	I-2
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	132	I-3
Reconciliation of the Component Units Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	134	I-4

CITY OF TEXAS CITY, TEXAS
TABLE OF CONTENTS

	Page	Exhibit/ Table
Unaudited Statistical Section:		
Net Position by Component	136	1
Changes in Net Position	138	2
Fund Balances of Governmental Funds	142	3
Changes in Fund Balances of Governmental Funds	144	4
Assessed Value and Estimated Actual Value	146	5
Direct and Overlapping Property Tax Rates	148	6
Property Tax Levies and Collections	150	7
Principal Property Taxpayers	152	8
Taxable Sales by Category	154	9
Ratios of Outstanding Debt by Type	156	10
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	157	11
Direct and Overlapping Governmental Activities Debt	158	12
Pledged Revenue Coverage	159	13
Demographic and Economic Statistics	161	14
Principal Employers	162	15
Full-Time Equivalent City Government Employees by Function/ Program	164	16
Operating Indicators by Function/ Program	166	17
Capital Asset Statistics by Function/ Program	170	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
Phil Roberts
Dedrick D. Johnson, Sr.
Rick Wilkenfeld

March 31, 2014

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, 2013, 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 Funds-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 Marathon Petroleum, Valero Refining, Eastman Chemical, BP 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;
- Completed the Nessler Family Aquatic Center;
- Completed a Skateboard Park;
- Installed a public WiFi System accessible at city parks and buildings;
- 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 Whitley Penn LLP, 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, 2013, 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, 2013, 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

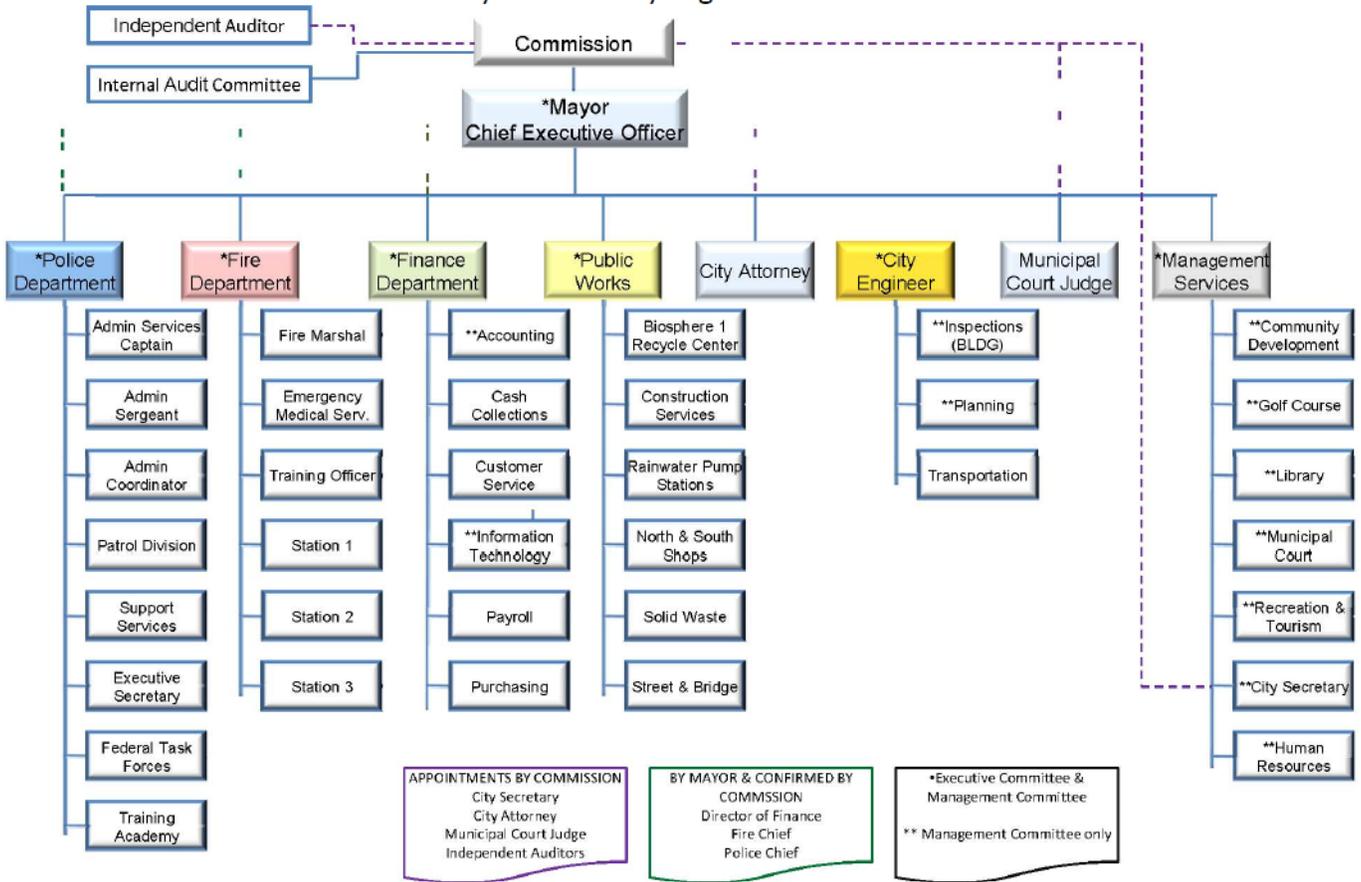
The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation. We would also like to thank the Mayor and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



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



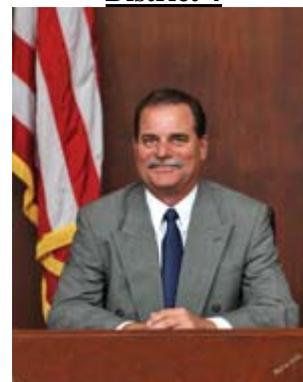
Phil Roberts

District 3



Dedrick Johnson, Sr.

District 4



Rick Wilkenfeld



Government Finance Officers Association

**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, 2012

Executive Director/CEO

(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities as of September 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information, such as management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 9-17, 77-78 and 79-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Whitley Penn LLP

Texas City, Texas
March 31, 2014

(This page intentionally left blank.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. 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 and deferred outflows of the City of Texas City exceeded its liabilities at the close of the most recent fiscal year by \$164.8 million (*net position*). Of this amount, \$6.2 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$10.0 million.
- As of the close of the current fiscal year, the City of Texas City's governmental funds reported combined ending fund balances of \$26.3 million, a decrease of \$4.4 million in comparison with the prior year. Approximately, \$12.6 million (48 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 \$13.0 million, or 29 percent of total general fund expenditures.
- The City's total debt decreased by \$8.4 million as a result of annual scheduled principal payments on the debt, and one-time payment of business-type activities' 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 position* presents information on all of the City's assets, deferred outflows and liabilities, with the difference between the three reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Texas City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government 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 21-23 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 twenty-eight 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 24-27 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 28-31 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 32-33 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 38-73 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 82-134.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Texas City, assets and deferred outflows exceeded liabilities by \$164.8 million at the close of the most recent fiscal year.

By far the largest portion of the City of Texas City's net position \$149.6 million (90.8 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 Position (in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
		As Restated		As Restated		As Restated
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 31.4	\$ 37.7	\$ 6.0	\$ 7.9	\$ 37.4	\$ 45.6
Capital assets	117.1	105.0	61.5	62.1	178.6	167.1
Total assets	148.5	142.7	67.5	70.0	216.0	212.7
Total Deferred Outflows of Resources	0.6	0.4	-	-	0.6	0.4
Long-term liabilities outstanding	35.9	39.9	8.4	12.3	44.3	52.2
Other Liabilities	4.9	3.5	2.6	2.6	7.5	6.1
Total Liabilities	40.8	43.4	11.0	14.9	51.8	58.3
Net Position						
Net Investment in capital assets	96.2	81.9	53.4	49.6	149.6	131.5
Restricted	9.0	8.2	-	-	9.0	8.2
Unrestricted	3.1	9.6	3.1	5.5	6.2	15.1
Total Net Position	\$ 108.3	\$ 99.7	\$ 56.5	\$ 55.1	\$ 164.8	\$ 154.8

An additional portion of the City of Texas City's net position \$9.0 million (5.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$6.2 million (3.8 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 position, both for government 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 Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for services	\$ 7.8	\$ 7.1	\$ 10.9	\$ 10.9	\$ 18.7	\$ 18.0
Operating grants and contributions	4.5	3.0	-	-	4.5	3.0
General Revenues:						
Property Taxes	22.0	21.1	-	-	22.0	21.1
Other Taxes	18.4	17.0	-	-	18.4	17.0
Other	7.1	5.0	5.6	3.2	12.7	8.2
Total revenues	59.8	53.2	16.5	14.1	76.3	67.3
Expenses						
General government	5.0	4.4	-	-	5.0	4.4
Public Safety	21.3	22.6	-	-	21.3	22.6
Public Works	12.5	12.3	-	-	12.5	12.3
Health and Welfare	0.4	0.3	-	-	0.4	0.3
Culture and Recreation	10.4	9.5	-	-	10.4	9.5
Economic and Community Development	0.6	0.5	-	-	0.6	0.5
Interest on long-term debt	1.0	1.2	-	-	1.0	1.2
Enterprise Fund - Water	-	-	9.6	10.0	9.6	10.0
Enterprise Fund - Sewer	-	-	5.5	5.7	5.5	5.7
Total Expenses	51.2	50.8	15.1	15.7	66.3	66.5
Increase (decrease) in net position	8.6	2.4	1.4	(1.6)	10.0	0.8
Net position - beginning	99.7	97.3	55.1	56.7	154.8	154.0
Net position - ending	\$ 108.3	\$ 99.7	\$ 56.5	\$ 55.1	\$ 164.8	\$ 154.8

During the current fiscal year, the government's net position increased by \$10.0 million. This increase is attributed to the rise in property tax values and resulting increase in tax revenues, an increase in sales taxes, charges for services, and operating grants and contribution.

Governmental activities

Governmental activities increased the City of Texas City's net position by \$8.6 million. Key elements of changes in net position are as follows:

- Property tax revenues increased by \$941,000, which was attributed to increase in tax rate and assessed values.
- Charges for services increased by \$613,000, which was mainly caused by collection of capital recovery fees for Public Works.
- Operating Grants and Contributions increased by \$1.5 million, which is related to Community Development Block Grant – General Land Office.

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

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

- General Government increased by \$635,000, which was attributed to the one-time payment related to taxpayer lawsuit.
- Public Safety decrease of \$1.2 million, was mainly due to prior the City contributed an additional \$1.0 million fire fighters pension.
- Culture and Recreation increase of \$.955 million, due to project completion such as Nessler Aquatic Center and increased depreciation expense.

Business-type activities

Business-type activities increased the City of Texas City's net position by \$1.4 million key elements of this increase are as follows:

- Revenues for business-type activities increased by 2.6 million from increase payments for water use of \$500,000. During the year, the City provided water and sewer service for approximately 14,000 customers. During the fiscal year the City increased water and sewer rates.

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 \$26.3 million a decrease of \$4.4 million as compared to the prior year. *Unassigned fund balance*, which is available for spending at the government's discretion, totaled \$12.6 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 of \$2.3 million, 2) public safety of \$1.1 million, capital projects of \$2.9 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 \$13.0 million while total fund balance amounted to \$14.8 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 29 percent of total general fund expenditures, while total fund balance represents 33 percent of that same amount.

During the current fiscal year, the fund balance of the City of Texas City's General Fund increased by \$.98 million. This increase is mainly due to higher collection of property and sales taxes.

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

The debt service has a total fund balance of \$2.3 million, which is legally restricted for payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$0.03 million. A majority of this decrease is attributed to a management decision in the refunding of debt.

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 position at the end of the year for the Water and Sewer Funds were \$3.1 million and total net position was \$56.4 million. The combined total change in net position for these funds was an increase of \$1.4 million. At the end of the year, internal service funds had unrestricted deficit net position of \$.65 million and total net position of \$4.8 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 \$1.4 million increase in appropriations between the original and final amended budget. Following are some components of the budgetary increase:

- Funding for property tax refunding lawsuit.

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, 2013, amounts to \$178.6 million (net of accumulated depreciation). This investment in capital assets includes infrastructure, land, historical treasures and works of art, buildings, improvements, vehicles, machinery and equipment, furniture and office equipment, construction in progress and investment in future water rights. The total increase in the City of Texas City's investment in capital assets for the current fiscal year was \$11.6 million (6.9 percent).

Major capital assets acquired and major projects completed during the current fiscal year included the following:

- Major capital assets:

• (1) WMD Containment Vessel	\$349,600	Police (grant funds)
• (1) MK3D Caliber Robot	\$127,998	Police (grant funds)
• (12) Chevrolet Tahoes	\$438,744	Police
• Motorola Dispatch Consoles	\$422,544	Police
• (24) Motorola Digital Radios	\$100,933	Police
• (50) Lifepak 15 Defibrillators	\$482,768	Fire
• (1) E-One Typhoon Pumper	\$421,868	Fire
• (1) Caterpillar Tractor	\$190,108	Public Works
• (1) Doosan Wheeled Excavator	\$209,711	Public Works
• (1) International 7500 Truck	\$317,561	Sewer
• (1) Disinfection System	\$351,287	Sewer
- Major projects completed:

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

- Nessler Family Aquatic Center \$3,086,939
- Skateboard Park \$308,396
- First Lady Pavilion \$245,055
- Public WiFi System \$213,571
- Bayou Golf Course Irrigation Project \$141,943

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

	Governmental Activities	Business-type Activities	Total
Land	\$ 3.4	\$ 0.1	\$ 3.5
Historical treasures & works of art	0.9	-	0.9
Infrastructure	80.1	110.5	190.6
Buildings & structures	61.1	1.9	63.0
Machinery, equipment & furniture	27.4	5.9	33.3
Construction in progress	5.3	2.4	7.7
	<u>178.2</u>	<u>120.8</u>	<u>299.0</u>
Less: Accumulated depreciation	(61.1)	(59.3)	(120.4)
	<u>\$ 117.1</u>	<u>\$ 61.5</u>	<u>\$ 178.6</u>

Additional information on the City of Texas City capital assets can be found on pages 55-58 of this report.

Long-term debt

At the end of the current fiscal year, the City of Texas City had a total bonded debt outstanding of \$36.1 million. Of this amount, \$28.5 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)

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 22.7	\$ -	\$ 22.7
Certificates of obligation	5.8	-	5.8
Contract revenue bonds	-	7.6	7.6
	<u>\$ 28.5</u>	<u>\$ 7.6</u>	<u>\$ 36.1</u>

The City of Texas City's total bonded debt decreased by \$8.3 million (19 percent) during the current fiscal year due to annual scheduled principal payments on the debt and a one-time payment on Contract Revenue bonds.

All of the City's bond issues have been successful in qualifying for bond insurance resulting in ratings of Aa3 by Moody's Investors Services and AA- from Standard & Poor's.

Additional information on the City of Texas City's long-term debt can be found on pages 60-65 of this report.

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

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 2013-14 Budget was prepared assuming a total tax rate of \$.4530 per \$100 valuation, which is an increase from the previous fiscal year. The tax rate provides sufficient funds for general fund operations and debt service requirements. The 2013 tax rate is comprised of the following components:

General Fund	\$0.394645
Debt Service	\$0.058355

- The General Fund has budgeted revenues and other sources of \$45.34 million, compared to last year's budgeted revenues and other sources of \$45.32 million. This represents an increase of \$20,000. The increase in revenues from higher property tax rates and valuations is offset by anticipated reductions in other assessments.
- The General Fund has budgeted expenditures of \$45.66 million, compared to the previous year's budgeted expenditures of \$46.35 million, a decrease of \$690,000.
- The 2013-14 Budget is expected to result in an unassigned fund balance approximately 26% of budgeted expenditures.
- The Water Revenue Fund has budgeted revenues of \$6.6 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 \$3.8 million.
- The 2013-14 Total Budget includes \$9.7 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.

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

CITY OF TEXAS CITY, TEXAS

STATEMENT OF NET POSITION

September 30, 2013

Exhibit A-1

	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and equivalents	\$ 5,080,411	\$ 2,190,600	\$ 7,271,011	\$ 293,032
Investments	12,175,000	3,000,000	15,175,000	7,000,000
Receivables	2,709,264	1,742,464	4,451,728	3,863
Internal Balances	1,196,431	(1,196,431)	-	-
Due from other governmental agencies	3,560,591	-	3,560,591	759,605
Due from component units	5,908,392	-	5,908,392	-
Prepaid items	75,957	409	76,366	-
Inventories	678,713	233,211	911,924	-
Capital Assets:				
Capital assets, not being depreciated	9,521,761	2,524,134	12,045,895	5,348,479
Infrastructure	71,894,514	110,477,312	182,371,826	-
Buildings	61,146,925	1,867,676	63,014,601	1,099,595
Equipment and furniture	27,412,864	5,883,813	33,296,677	-
Other capital assets	8,176,964	-	8,176,964	73,278
Less: accumulated depreciation	(61,069,926)	(59,298,852)	(120,368,778)	(857,818)
Total Capital Assets	<u>117,083,102</u>	<u>61,454,083</u>	<u>178,537,185</u>	<u>5,663,534</u>
Total Assets	<u>148,467,861</u>	<u>67,424,336</u>	<u>215,892,197</u>	<u>13,720,034</u>
Deferred Outflows of Resources				
Deferred charge on refunding	609,321	-	609,321	-
Total Deferred Outflows of Resources	<u>609,321</u>	<u>-</u>	<u>609,321</u>	<u>-</u>
Liabilities				
Accounts payable and accrued expenses	4,879,294	2,795,322	7,674,616	230,599
Due to primary government	-	-	-	5,908,392
Unearned revenues	7,594	-	7,594	-
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	3,451,328	974,666	4,425,994	-
Accrued interest	114,286	20,572	134,858	-
Compensated absences	314,375	13,717	328,092	-
Due in more than one year:				
Bonds, capital leases and contracts	25,926,505	7,117,136	33,043,641	-
Net pension obligation	2,447,002	-	2,447,002	-
Compensated absences	3,609,039	54,249	3,663,288	-
Total Liabilities	<u>40,749,423</u>	<u>10,975,662</u>	<u>51,725,085</u>	<u>6,138,991</u>
Net Position				
Net investment in capital assets	96,182,195	53,362,281	149,544,476	5,663,534
Restricted for:				
Debt service	2,300,545	-	2,300,545	-
Culture & recreation	1,739,120	-	1,739,120	630,907
Public safety	943,810	-	943,810	-
Economic & physical development	4,080,232	-	4,080,232	1,286,602
Unrestricted	3,081,857	3,086,393	6,168,250	-
Total Net Position	<u>\$ 108,327,759</u>	<u>\$ 56,448,674</u>	<u>\$ 164,776,433</u>	<u>\$ 7,581,043</u>

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
General government	\$ 4,974,188	\$ -	\$ -
Public safety	21,321,835	3,097,645	3,674,163
Public works	12,515,277	2,328,864	222,820
Health and welfare	395,411	63,390	-
Culture and recreation	10,429,829	2,281,660	-
Economic and community development	556,024	-	633,401
Interest and fiscal charges	1,006,711	-	-
Total Governmental Activities	51,199,275	7,771,559	4,530,384
Business-type Activities:			
Water revenue fund	9,562,477	6,530,907	-
Sewer revenue fund	5,582,946	4,360,205	-
Total Business-type Activities	15,145,423	10,891,112	-
Total Primary Government	\$ 66,344,698	\$ 18,662,671	\$ 4,530,384
Component Units			
Component units	\$ 3,490,255	\$ 266,780	\$ 343,404
Total Component Units	\$ 3,490,255	\$ 266,780	\$ 343,404

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 position

Net Position - beginning

Prior period adjustments

Net Position - ending

See notes to the financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,974,188)	\$ -	\$ (4,974,188)	
(14,550,027)	-	(14,550,027)	
(9,963,593)	-	(9,963,593)	
(332,021)	-	(332,021)	
(8,148,169)	-	(8,148,169)	
77,377	-	77,377	
(1,006,711)	-	(1,006,711)	
<u>(38,897,332)</u>	<u>-</u>	<u>(38,897,332)</u>	
-	(3,031,570)	(3,031,570)	
-	(1,222,741)	(1,222,741)	
-	(4,254,311)	(4,254,311)	
<u>(38,897,332)</u>	<u>(4,254,311)</u>	<u>(43,151,643)</u>	
			\$ (2,880,071)
			<u>(2,880,071)</u>
18,757,972	-	18,757,972	-
3,267,794	-	3,267,794	-
4,854,377	-	4,854,377	-
13,596,787	-	13,596,787	4,532,262
22,614	19,923	42,537	10,688
3,162,863	5,623,739	8,786,602	1,964
3,876,470	-	3,876,470	(3,876,470)
<u>47,538,877</u>	<u>5,643,662</u>	<u>53,182,539</u>	<u>668,444</u>
8,641,545	1,389,351	10,030,896	(2,211,627)
100,023,343	55,266,393	155,289,736	9,794,450
(337,129)	(207,070)	(544,199)	(1,780)
<u>\$ 108,327,759</u>	<u>\$ 56,448,674</u>	<u>\$ 164,776,433</u>	<u>\$ 7,581,043</u>

CITY OF TEXAS CITY, TEXAS

Exhibit B-1

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2013

	General Fund	CBDG Disaster Recovery - GLO	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 209,708	\$ 449,007	\$ 4,420,551	\$ 5,079,266
Investments	5,525,000	-	3,900,000	9,425,000
Taxes receivable, net	658,987	-	136,121	795,108
Due from other funds	497,727	-	3,813,852	4,311,579
Due from other governments	2,461,002	430,897	668,692	3,560,591
Due from component units	5,908,392	-	-	5,908,392
Other receivables	1,417,934	-	154,015	1,571,949
Inventories	678,713	-	-	678,713
Prepaid items	75,957	-	-	75,957
Total Assets	\$ 17,433,420	\$ 879,904	\$ 13,093,231	\$ 31,406,555
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,217,268	\$ 879,904	\$ 819,811	\$ 2,916,983
Due to other funds	-	-	651,678	651,678
Due to other governments	176,078	-	-	176,078
Unearned revenues	-	-	7,594	7,594
Accrued wages payable	501,557	-	-	501,557
Total Liabilities	1,894,903	879,904	1,479,083	4,253,890
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	621,547	-	128,446	749,993
Unavailable revenue - ems	114,226	-	-	114,226
Total Deferred Inflows	735,773	-	128,446	864,219
Fund Balances:				
Nonspendable:				
Inventories	678,713	-	-	678,713
Prepaid items	75,957	-	-	75,957
Restricted:				
Debt service	-	-	2,286,385	2,286,385
Public safety	-	-	1,112,244	1,112,244
Capital projects	-	-	3,313,379	3,313,379
Development activities	-	-	5,186,952	5,186,952
Assigned:				
Street improvements	1,000,000	-	-	1,000,000
Unassigned	13,048,074	-	(413,258)	12,634,816
Total Fund Balances	14,802,744	-	11,485,702	26,288,446
Total Liabilities, Deferred Inflows and Fund Balances	\$ 17,433,420	\$ 879,904	\$ 13,093,231	\$ 31,406,555

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2013

Exhibit B-2

Total fund balance, governmental funds \$ 26,288,446

Amounts reported for governmental activities in the Statement of Net Position 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 Position. 111,669,030

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 Position. 4,759,278

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 Position.

Bonds and certificates of obligation payable	(28,425,000)
Capital leases payable	(185,652)
Compensated absences	(3,923,414)
Accrued interest payable	(114,286)

Unavailable revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements. 864,219

Deferred loss on refunding 609,321

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 Position.

Net pension obligation	(2,447,002)
Unamortized premium on bonds	(767,181)

Net Position of Governmental Activities in the Statement of Net Position \$ 108,327,759

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, 2013

	General Fund	CBDG Disaster Recovery - GLO	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 18,843,113	\$ -	\$ 3,298,514	\$ 22,141,627
General sales tax	13,596,787	-	-	13,596,787
Miscellaneous taxes	4,148,361	-	585,798	4,734,159
Licenses and permits	465,635	-	-	465,635
Intergovernmental	108,055	2,964,098	1,458,231	4,530,384
Charges for services	4,493,022	-	354,169	4,847,191
Fine and forfeits	1,507,164	-	96,068	1,603,232
Investment earnings	12,460	-	5,956	18,416
Miscellaneous revenue	2,147,643	-	1,989,785	4,137,428
Total Revenues	45,322,240	2,964,098	7,788,521	56,074,859
Expenditures				
Current:				
General government	4,720,797	-	86,346	4,807,143
Public safety	20,433,211	-	220,776	20,653,987
Public works	10,614,944	-	1,594	10,616,538
Health & welfare	365,995	-	-	365,995
Culture and recreation	8,035,736	-	656,903	8,692,639
Economic & physical development	-	-	557,413	557,413
Capital outlay	213,335	2,964,098	6,992,575	10,170,008
Debt service:				
Principal retirement	88,505	-	3,685,519	3,774,024
Interest and fiscal charges	8,268	-	898,534	906,802
Debt issuance costs	-	-	134,230	134,230
Total Expenditures	44,480,791	2,964,098	13,233,890	60,678,779
Excess (deficiency) of revenues over expenditures	841,449	-	(5,445,369)	(4,603,920)
Other Financing Sources (Uses)				
Transfers in	-	-	2,240,006	2,240,006
Proceeds from sale of capital assets	77,515	-	-	77,515
Proceeds from issuance of long-term debt, net	-	-	7,570,000	7,570,000
Proceeds from capital leases	211,990	-	-	211,990
Premium or discount on issuance of bonds	-	-	626,847	626,847
Transfers out	(151,491)	-	(2,088,515)	(2,240,006)
Payments to refunded bond escrow agent	-	-	(8,249,998)	(8,249,998)
Total Other Financing Sources (Uses)	138,014	-	98,340	236,354
Net change in fund balances	979,463	-	(5,347,029)	(4,367,566)
Fund balances - beginning	13,823,281	-	16,832,731	30,656,012
Fund balances - ending	\$ 14,802,744	\$ -	\$ 11,485,702	\$ 26,288,446

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, 2013*

Net change in fund balances - total governmental funds: \$ (4,367,566)

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	10,170,008
Depreciation expense	(3,603,336)

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 position differs from the change in fund balance by the cost of the asset sold.

14,744

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.

Unavailable tax and emergency management revenues	(202,768)
---	-----------

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	3,774,024
Payments to escrow agent for payment of refunded bonds	8,249,998
Proceeds from issuance of long-term debt	(7,570,000)
Proceeds from capital leases	(211,990)
Premium from issuance of long-term debt	(626,847)

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.

(1,485,486)

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

3,876,470

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	30,055
(Increase) decrease in net pension obligation	803,520
(Increase) decrease in compensated absences	(213,547)
Amortization of deferred loss on refunding	(89,573)
Amortization/accretion of premium on bonds	93,839

Change in net position of governmental activities

\$ 8,641,545

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2013

Exhibit C-1

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Enterprise Funds			
	Water Revenue Fund	Sewer Revenue Fund	Total Enterprise Funds	
Assets				
Current assets				
Cash and cash equivalents	\$ 1,530,719	\$ -	\$ 1,530,719	\$ 1,145
Investments	3,000,000	-	3,000,000	2,750,000
Accounts receivable, net	1,482,026	254,845	1,736,871	-
Accrued interest receivable	5,593	-	5,593	-
Other receivables	-	-	-	342,207
Inventories	150,853	82,358	233,211	-
Prepaid items	409	-	409	-
Total current assets	6,169,600	337,203	6,506,803	3,093,352
Non-current assets				
Restricted cash and cash equivalents	659,881	-	659,881	-
Capital assets:				
Land and improvements	137,410	4,652	142,062	-
Infrastructure	55,161,643	55,315,669	110,477,312	-
Buildings	353,524	1,514,152	1,867,676	-
Equipment and furniture	2,608,332	3,275,481	5,883,813	13,660,920
Construction in progress	202,206	2,179,866	2,382,072	-
Less accumulated depreciation	(27,652,261)	(31,646,591)	(59,298,852)	(8,246,848)
Total capital assets	30,810,854	30,643,229	61,454,083	5,414,072
Total non-current assets	31,470,735	30,643,229	62,113,964	5,414,072
Total Assets	37,640,335	30,980,432	68,620,767	8,507,424
Liabilities				
Current Liabilities				
Accounts payable	839,285	492,720	1,332,005	404,001
Accrued wages payable	19,213	16,260	35,473	-
Due to other funds	-	1,196,431	1,196,431	2,463,470
Customer deposits payable	1,424,179	3,665	1,427,844	-
Bonds payable, current portion	974,666	-	974,666	-
Accrued interest payable	20,572	-	20,572	-
Compensated absences	11,691	2,026	13,717	-
Claims and judgments, current	-	-	-	880,675
Total Current Liabilities	3,289,606	1,711,102	5,000,708	3,748,146
Non-current Liabilities				
Bonds payable	7,117,136	-	7,117,136	-
Compensated absences	20,475	33,774	54,249	-
Total Non-current Liabilities	7,137,611	33,774	7,171,385	-
Total Liabilities	10,427,217	1,744,876	12,172,093	3,748,146
Net Position				
Net investment in capital assets	22,719,052	30,643,229	53,362,281	5,414,072
Unrestricted	4,494,066	(1,407,673)	3,086,393	(654,794)
Total Net Position	\$ 27,213,118	\$ 29,235,556	\$ 56,448,674	\$ 4,759,278

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS

Exhibit C-2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities
	Major Enterprise Funds			
	Water Revenue Fund	Sewer Revenue Fund	Total Enterprise Funds	Total Internal Service Funds
Revenues				
Charges for services	\$ 6,530,907	\$ 4,360,205	\$ 10,891,112	\$ 5,726,336
Misc operating revenues	5,517,856	-	5,517,856	-
Total Revenues	12,048,763	4,360,205	16,408,968	5,726,336
Operating Expenses				
Personnel services	1,252,510	1,370,596	2,623,106	-
Contractual and professional services	1,619,238	280,595	1,899,833	1,302,773
Other supplies and expenses	2,584,799	595,215	3,180,014	-
Repairs and maintenance	573,267	843,759	1,417,026	-
Utilities	148,874	248,679	397,553	-
Insurance claims and expenses	-	-	-	4,602,375
Depreciation	3,082,728	2,244,102	5,326,830	1,306,674
Amortization	(52,351)	-	(52,351)	-
Total Operating Expenses	9,209,065	5,582,946	14,792,011	7,211,822
Operating income (loss)	2,839,698	(1,222,741)	1,616,957	(1,485,486)
Non-Operating Revenues (Expenses)				
Interest and investment revenue	19,923	-	19,923	4,198
Interest expense	(353,412)	-	(353,412)	-
Miscellaneous revenue	101,335	-	101,335	-
Gain/loss on sale of capital assets	1,109	3,439	4,548	30,107
Total Non-Operating Revenues (Expenses)	(231,045)	3,439	(227,606)	34,305
Change in net position	2,608,653	(1,219,302)	1,389,351	(1,451,181)
Total Net Position - beginning	24,811,535	30,454,858	55,266,393	6,210,459
Prior period adjustment	(207,070)	-	(207,070)	-
Total Net Position - ending	\$ 27,213,118	\$ 29,235,556	\$ 56,448,674	\$ 4,759,278

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2013

Exhibit C-3
Page 1 of 2

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Major Enterprise Funds</u>			
	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities				
Cash received from customers	\$ 12,784,389	\$ 4,347,383	\$ 17,131,772	\$ 5,719,547
Cash paid to employees	(1,247,429)	(1,360,399)	(2,607,828)	
Cash paid to suppliers	(4,889,054)	(1,894,019)	(6,783,073)	(1,201,484)
Cash paid from claims	-	-	-	(4,443,988)
Net cash provided (used) by operating activities	<u>6,647,906</u>	<u>1,092,965</u>	<u>7,740,871</u>	<u>74,075</u>
Cash flows from noncapital financing activities				
Advances to (repayments from) other funds	-	1,196,431	1,196,431	2,159,500
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,196,431</u>	<u>1,196,431</u>	<u>2,159,500</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	3,439	3,439	30,107
Principal on capital debt	(4,473,258)	-	(4,473,258)	-
Interest expense	(372,512)	-	(372,512)	-
Acquisition and construction of capital assets	(1,648,761)	(2,927,581)	(4,576,342)	(3,016,859)
Net cash provided (used) by capital and related financing activities	<u>(6,494,531)</u>	<u>(2,924,142)</u>	<u>(9,418,673)</u>	<u>(2,986,752)</u>
Cash flows from investing activities				
Proceeds from sales and maturities of investments	121,461	-	121,461	-
Interest and dividends received	14,330	-	14,330	4,198
Net cash provided (used) by investing activities	<u>135,791</u>	<u>-</u>	<u>135,791</u>	<u>4,198</u>
Net increase (decrease) in cash and cash equivalents	289,166	(634,746)	(345,580)	(748,979)
Cash and cash equivalents, beginning	<u>1,901,434</u>	<u>634,746</u>	<u>2,536,180</u>	<u>750,124</u>
Cash and cash equivalents, ending	<u>\$ 2,190,600</u>	<u>\$ -</u>	<u>\$ 2,190,600</u>	<u>\$ 1,145</u>
Cash and cash equivalents	\$ 1,530,719	\$ -	\$ 1,530,719	\$ 1,145
Restricted cash and cash equivalents	659,881	-	659,881	-
Cash and cash equivalents, ending	<u>\$ 2,190,600</u>	<u>\$ -</u>	<u>\$ 2,190,600</u>	<u>\$ 1,145</u>

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Major Enterprise Funds</u>			
	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,839,698	\$ (1,222,741)	\$ 1,616,957	\$ (1,485,486)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	3,082,728	2,244,102	5,326,830	1,306,674
Amortization	(52,351)	-	(52,351)	-
(Increase) decrease in receivables	693,433	(12,822)	680,611	(6,789)
(Increase) decrease in prepaid expenses	35	-	35	-
(Increase) decrease in inventories	(41,067)	(1,261)	(42,328)	-
Increase (decrease) in accounts payable	78,156	75,490	153,646	101,289
Increase (decrease) in accrued wages payable	8,033	4,974	13,007	-
Increase (decrease) in customer deposits payable	42,193	-	42,193	-
Increase (decrease) in compensated absences	(2,952)	5,223	2,271	-
Increase (decrease) in accrued claims payable	-	-	-	158,387
Total adjustments	3,808,208	2,315,706	6,123,914	1,559,561
Net cash provided (used) by operating activities	\$ 6,647,906	\$ 1,092,965	\$ 7,740,871	\$ 74,075

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2013

Exhibit D-1

	Pension Trust	Private Purpose Trust	
	Firemen's Relief and Retirement Fund	Life & Disability Fund	Agency Fund
Assets			
Cash and cash equivalents	\$ 337,374	\$ 17,293	\$ 345,364
Receivables:			
Interest and Dividends	16,299	-	-
Total receivables	16,299	-	-
Investments:			
U.S. Government obligations	867,638	-	-
Corporate bonds	2,100,454	-	-
Corporate stocks	9,736,909	-	-
Other investments	1,718,800	225,000	100,000
Total Investments	14,423,801	225,000	100,000
Total assets	14,777,474	242,293	445,364
Liabilities			
Refunds payable and others	14,801	-	445,364
Total liabilities	14,801	-	\$ 445,364
Net Position			
Held in trust for benefits and other purposes	\$ 14,762,673	\$ 242,293	

See notes to the financial statements.

The data presented in this schedule for the pension trust fund represents activity as of December 31, 2012.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2013

Exhibit D-2

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>
	<u>Firemen's Relief and Retirement Fund</u>	<u>Life & Disability Fund</u>
Additions		
Contributions:		
Employer	\$ 1,700,166	\$ -
Plan Members	656,481	-
Total contributions	<u>2,356,647</u>	<u>-</u>
Investment earnings:		
Net increase (decrease) in fair value of investments	1,308,795	-
Interest	66,692	343
Dividends	237,146	-
Investment activity expense	(155,539)	-
Total net investment earnings	<u>1,457,094</u>	<u>343</u>
Total additions	<u>3,813,741</u>	<u>343</u>
Deductions		
Benefits	1,655,615	-
Refunds of contributions	166,948	-
Administrative	16,378	-
Miscellaneous	2,526	-
Total deductions	<u>1,841,467</u>	<u>-</u>
Change in net position	1,972,274	343
Net position - beginning	<u>12,790,399</u>	<u>241,950</u>
Net position - ending	<u>\$ 14,762,673</u>	<u>\$ 242,293</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, 2012, to December 31, 2012.

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS -
GOVERNMENTAL ACTIVITIES

September 30, 2013

	Texas City Economic Development Corp.	Public Facilities Development Fund	Texas City Industrial Development Corp.
Assets			
Cash and cash equivalents	\$ -	\$ 38,094	\$ 9,407
Investments	6,000,000	400,000	150,000
Due from other governments	759,605	-	-
Other receivables	-	-	-
Capital assets, net	4,901,552	754,732	-
Total Assets	11,661,157	1,192,826	159,407
Liabilities			
Accounts payable	143,137	52,600	-
Due to primary government	5,693,948	-	-
Accrued wages payable	2,813	-	-
Total Liabilities	5,839,898	52,600	-
Net Position			
Investment in capital assets	4,901,552	754,732	-
Restricted:			
Culture & recreation	-	385,494	159,407
Economic & physical development	919,707	-	-
Total Net Position	\$ 5,821,259	\$ 1,140,226	\$ 159,407

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
\$ -	\$ -	\$ 87,256	\$ 158,275	\$ 293,032
300,000	-	150,000	-	7,000,000
-	-	-	-	759,605
3,863	-	-	-	3,863
-	-	-	7,250	5,663,534
<u>303,863</u>	<u>-</u>	<u>237,256</u>	<u>165,525</u>	<u>13,720,034</u>
600	-	15,045	13,591	224,973
214,444	-	-	-	5,908,392
2,813	-	-	-	5,626
<u>217,857</u>	<u>-</u>	<u>15,045</u>	<u>13,591</u>	<u>6,138,991</u>
-	-	-	7,250	5,663,534
86,006	-	-	-	630,907
-	-	222,211	144,684	1,286,602
<u>\$ 86,006</u>	<u>\$ -</u>	<u>\$ 222,211</u>	<u>\$ 151,934</u>	<u>\$ 7,581,043</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS -
GOVERNMENTAL ACTIVITIES
For the year ended September 30, 2013

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.	\$ 2,876,033	\$ -	\$ -	\$ (2,876,033)
Public Facilities Development Fund	253,742	238,474	-	-
Texas City Industrial Development Corp.	5	-	-	-
Texas City Foreign Trade Zone	128,555	12,580	-	-
Texas City Cultural Arts Foundation	157,222	-	222,904	-
Texas City Historical Preservation Corp.	74,698	15,726	120,500	-
Total Component Units	<u>\$ 3,490,255</u>	<u>\$ 266,780</u>	<u>\$ 343,404</u>	<u>(2,876,033)</u>
General Revenues				
Taxes:				
Sales Tax				4,532,262
Unrestricted Investment Earnings				9,159
Miscellaneous				1,964
Capital contributions to primary government				(3,876,470)
Total general revenues, special items, and transfers				<u>666,915</u>
<i>Change in net position</i>				(2,209,118)
Net position - beginning				8,030,377
Prior period adjustment				-
Net position - ending				<u>\$ 5,821,259</u>

See notes to the financial statements.

Net (Expense) Revenue and Changes in Net Position

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,876,033)
(15,268)	-	-	-	-	-	(15,268)
-	(5)	-	-	-	-	(5)
-	-	(115,975)	-	-	-	(115,975)
-	-	-	-	65,682	-	65,682
-	-	-	-	-	61,528	61,528
<u>(15,268)</u>	<u>(5)</u>	<u>(115,975)</u>	<u>-</u>	<u>65,682</u>	<u>61,528</u>	<u>(2,880,071)</u>
-	-	-	-	-	-	4,532,262
611	229	459	-	230	-	10,688
-	-	-	-	-	-	1,964
-	-	-	-	-	-	(3,876,470)
<u>611</u>	<u>229</u>	<u>459</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>668,444</u>
(14,657)	224	(115,516)	-	65,912	61,528	(2,211,627)
1,154,883	159,183	201,522	1,780	156,299	90,406	9,794,450
-	-	-	(1,780)	-	-	(1,780)
<u>\$ 1,140,226</u>	<u>\$ 159,407</u>	<u>\$ 86,006</u>	<u>\$ -</u>	<u>\$ 222,211</u>	<u>\$ 151,934</u>	<u>\$ 7,581,043</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 users 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 Harbour 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.

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.

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 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.

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 position and the statement of activities in net position) 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 *special revenue fund CBDG disaster recovery GLO fund* is used to facilitate disaster recovery from Hurricane Ike. The City sustained flooding that resulted in drainage infrastructure failure. Funds are used to assist in providing the city with adequately-size drainage infrastructure to reduce flooding.

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.

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, Deferred Outflows/Inflows and Net Position/Fund Balance

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, Deferred Outflows/Inflows and Net Position/Fund Balance (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, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

6. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resource, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and emergency management services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. *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 position. At September 30, 2013, vacation leave payable amounted to \$580,636.

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 position). At September 30, 2013, current sick leave payable amounted to \$258,751 and non-current sick leave payable amounted to \$3,410,744. 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).

8. *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 position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

8. Long-term obligations (continued)

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

9. Net position and fund balance

Net Position on the Statement of Net Position includes the following:

Net investment in capital assets – the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for debt service – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Restricted for culture & recreation – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use for culture and recreation activities.

Restricted for public safety – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use for public safety activities.

Restricted for economic development – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use for economic development activities.

Unrestricted net position – the difference between the assets and liabilities that are not reported in net position net investment in capital assets, or restricted net position. Funds can be used for any activities the City determines.

Net position flow assumption - Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted -net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The City uses the following fund balance classifications to 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.

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

9. Net position and fund balance (continued)

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

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

Assigned fund balance – amounts the City intends to use for a specific purpose. The City's has established a policy by ordinance that authorizes the Mayor to assign fund balance amounts. The Mayor 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.

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.

10. 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.

11. Implementation of new standards

In the current fiscal year the City implemented the following new standards: GASB Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements ("GASB 62"), which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Implementation of GASB 62 is reflected in the financial statements and notes to the financial statements.

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

11. Implementation of new standards (continued)

GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (“GASB 63”), amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of the resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net position. Implementation of GASB 63 is reflected in the financial statements.

GASB Statement 65, Items Previously Reported as Assets and Liabilities (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements.

II. Stewardship, Compliance, and Accountability

A. Budgetary information

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

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

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

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

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

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

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary information (continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. As of September 30, 2013, encumbrances outstanding were as follows:

General fund	\$ 121,848
Other governmental funds	228,299
Water fund	379,481
Sewer fund	229,734
Internal service funds	89
	<u>\$ 959,451</u>
Component Units	<u>\$ 258,350</u>

B. Excess of expenditures over appropriations

For the year ended September 30, 2013, expenditures in the General Fund exceeded appropriations in the following departments:

General fund:	
Data processing	\$ 17,905
Police	383,530
Municipal Court	26,733
	<u>\$ 428,168</u>

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

Deficit fund equity

As of September 30, 2013, the Group Insurance internal service fund had a net position deficit of \$2,172,052, FEMA Disaster Assistance Fund has a deficit fund balance of \$17,379 and the 2005 Series Construction Fund has a deficit fund balance of \$395,879. The City plans to transfer funds in the future to cover the deficit for all the 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	Fiduciary Funds*	Component Units	
Cash on hand and on deposit	\$ 7,271,011	\$ 700,031	\$ 293,032	\$ 8,264,074
Investments:				
Certificates of Deposit	15,175,000	325,000	7,000,000	22,500,000
U.S. Agency Securities:				
U.S. Government obligations	-	867,638	-	867,638
Corporate stocks	-	9,736,909	-	9,736,909
Corporate bonds	-	2,100,454	-	2,100,454
Other investments	-	1,718,800	-	1,718,800
Total Investments	<u>15,175,000</u>	<u>14,748,801</u>	<u>7,000,000</u>	<u>36,923,801</u>
	<u>\$ 22,446,011</u>	<u>\$ 15,448,832</u>	<u>\$ 7,293,032</u>	<u>\$ 45,187,875</u>

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

At September 30, 2013, the City reported bank deposits in the amount of \$9,265,364 and the book balances totaled \$9,264,074. 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 2013, the City's investment income is as follows:

	Primary Government	Component Units	Total
Interest income	\$ 42,537	\$ 10,688	\$ 53,225
	<u>\$ 42,537</u>	<u>\$ 10,688</u>	<u>\$ 53,225</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:

	<u>Total Fair Value</u>		Weighted Average Maturity (days)
	<u>Primary Government</u>	<u>Component Units</u>	
Certificates of deposit	\$ 15,175,000	\$ 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:

<u>Investment Type</u>	<u>Maximum Investment %</u>
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%

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.

III. Detailed Notes on All Funds (continued)

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					Total
	General	CBDG Disaster Recovery - GLO	Water Revenue	Sewer Revenue	Nonmajor & Other Funds	
Receivables:						
Property taxes	\$ 1,452,179	\$ -	\$ -	\$ -	\$ 320,961	\$ 1,773,140
Utility Customers			1,687,107	392,070		2,079,177
Garbage collection	166,181	-	-	-	-	166,181
Gross receipts taxes	988,543	-	-	-	-	988,543
Sales & mixed drink taxes	2,294,557	-	-	-	-	2,294,557
EMS transport	2,163,993	-	-	-	-	2,163,993
Other governments	6,074,837	430,897	-	-	668,692	7,174,426
Interest	-	-	5,593	-	-	5,593
Other	43,895	-	-	-	496,222	540,117
Gross receivables	13,184,185	430,897	1,692,700	392,070	1,485,875	17,185,727
Less: allowance for uncollectibles	(2,737,870)	-	(205,081)	(137,225)	(184,840)	(3,265,016)
Net total receivables	\$ 10,446,315	\$ 430,897	\$ 1,487,619	\$ 254,845	\$ 1,301,035	\$ 13,920,711

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	\$ 793,192	\$ -	\$ -	\$ 184,840	\$ 978,032
Water sales	-	205,081	-	-	205,081
Sewer sales	-	-	137,225	-	137,225
EMS billings	1,886,515	-	-	-	1,886,515
Garbage collection	58,163	-	-	-	58,163
Total allowance for uncollectibles	\$ 2,737,870	\$ 205,081	\$ 137,225	\$ 184,840	\$ 3,265,016

III. Detailed Notes on All Funds (continued)

B. Receivables (continued)

At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Unearned revenues:	
Grant drawdowns prior to meeting all eligibility requirements	\$ 7,594
Total unearned revenue for governmental funds	<u>\$ 7,594</u>

Discretely presented component units

	Texas City Economic Development	Public Facilities Development Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Receivables:			
Due from other governments	\$ 759,605	\$ -	\$ 759,605
Other	-	3,863	3,863
Net total receivables	<u>\$ 759,605</u>	<u>\$ 3,863</u>	<u>\$ 763,468</u>

III. Detailed Notes on All Funds (continued)

C. Capital assets

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

Governmental activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,375,267	\$ -	\$ -	\$ 3,375,267
Historical treasures and works of art	868,833	-	-	868,833
Construction in progress	5,422,791	8,356,039	(8,501,169)	5,277,661
Total capital assets, not being depreciated	9,666,891	8,356,039	(8,501,169)	9,521,761
Capital assets, being depreciated:				
Streets and drainage	67,751,458	1,173,983	2,969,073	71,894,514
Buildings and structures	52,572,599	3,086,939	5,487,387	61,146,925
Improvements other than buildings	7,437,037	739,927	-	8,176,964
Machinery and equipment	24,424,660	3,706,447	(718,243)	27,412,864
Total capital assets, being depreciated	152,185,754	8,707,296	7,738,217	168,631,267
Less accumulated depreciation for:				
Streets and drainage	(25,916,248)	(885,038)	-	(26,801,286)
Buildings and structures	(9,321,443)	(1,722,191)	25,150	(11,018,484)
Improvements other than buildings	(3,472,821)	(273,344)	-	(3,746,165)
Machinery and equipment	(18,192,797)	(2,029,437)	718,243	(19,503,991)
Total accumulated depreciation	(56,903,309)	(4,910,010)	743,393	(61,069,926)
Governmental capital assets, net	\$104,949,336	\$ 12,153,325	\$ (19,559)	\$117,083,102
<hr/>				
Business-type activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 142,062	\$ -	\$ -	\$ 142,062
Construction in progress	397,114	3,204,478	(1,219,520)	2,382,072
Total capital assets, not being depreciated	539,176	3,204,478	(1,219,520)	2,524,134
Capital assets, being depreciated:				
Buildings and structures	1,867,676	-	-	1,867,676
Improvements other than buildings	108,687,314	570,478	1,219,520	110,477,312
Machinery and equipment	4,946,236	973,577	(36,000)	5,883,813
Total capital assets, being depreciated	115,501,226	1,544,055	1,183,520	118,228,801
Less accumulated depreciation for:				
Buildings and structures	(1,863,113)	(304)	-	(1,863,417)
Improvements other than buildings	(47,529,834)	(5,058,019)	-	(52,587,853)
Machinery and equipment	(4,592,882)	(268,507)	13,807	(4,847,582)
Total accumulated depreciation	(53,985,829)	(5,326,830)	13,807	(59,298,852)
Business-type capital assets, net	\$ 62,054,573	\$ (578,297)	\$ (22,193)	\$ 61,454,083

III. Detailed Notes on All Funds (continued)

C. Capital assets (continued)

Discretely presented component units

Texas City Economic Development Corporation

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 4,726,347	\$ 180,866	\$ (5,661)	\$ 4,901,552
Construction in progress	510,897	3,365,573	(3,876,470)	-
Total capital assets, not being depreciated	<u>5,237,244</u>	<u>3,546,439</u>	<u>(3,882,131)</u>	<u>4,901,552</u>
Governmental capital assets, net	<u>\$ 5,237,244</u>	<u>\$ 3,546,439</u>	<u>\$ (3,882,131)</u>	<u>\$ 4,901,552</u>

Public Facilities Development Corporation

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 439,677	\$ -	\$ -	\$ 439,677
Total capital assets, not being depreciated	<u>439,677</u>	<u>-</u>	<u>-</u>	<u>439,677</u>
Capital assets, being depreciated:				
Buildings and structures	1,099,595	-	-	1,099,595
Improvements other than buildings	61,619	50,000	(38,341)	73,278
Total capital assets, being depreciated	<u>1,161,214</u>	<u>50,000</u>	<u>(38,341)</u>	<u>1,172,873</u>
Less accumulated depreciation for:				
Buildings and structures	(810,950)	(27,490)	-	(838,440)
Improvements other than buildings	(54,055)	(3,664)	38,341	(19,378)
Total accumulated depreciation	<u>(865,005)</u>	<u>(31,154)</u>	<u>38,341</u>	<u>(857,818)</u>
Governmental capital assets, net	<u>\$ 735,886</u>	<u>\$ 18,846</u>	<u>\$ -</u>	<u>\$ 754,732</u>

Texas City Historical Preservation Corporation

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

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	\$ 170,930
Culture and recreation	1,694,345
Health and welfare	19,031
Public safety	543,370
Public works	1,175,660
Capital assets used by the City's internal service funds are charged to various functions based on asset usage	1,306,674
Total Governmental activities	<u>4,910,010</u>
Business-type activities:	
Water	3,082,728
Sewer	2,244,102
Total Business-type activities:	<u>5,326,830</u>
Total primary government	<u>\$ 10,236,840</u>
Discretely presented component units	
Governmental activities:	
Public Facilities Development Corporation	\$ 31,154
Total discretely presented component units	<u>\$ 31,154</u>

III. Detailed Notes on All Funds (continued)

C. Capital assets (continued)

Construction commitments

The City has active construction projects as of September 30, 2013. 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	\$ 1,520,196	\$ 3,479,804
FM 1764 Landscaping Project	250,000	238,648	11,352
13th Ave Drainage Improvements	2,499,141	1,328,261	1,170,880
Ash Road Drainage Improvements	940,605	729,417	211,188
New Dike Pier	102,106	81,035	21,071
Lift Station Improvements	1,477,531	1,380,104	97,427
Total Governmental Activities	10,269,383	5,277,661	4,991,722
Business-Type Activities			
Lift Station Improvements	1,238,386	898,762	339,624
Sewer Lift Station 1 Force Main Replacement	1,490,464	1,081,708	408,756
Waterline Rehab Project Phase 12	939,170	202,206	736,964
Sewerline Rehab Project Phase 14	1,025,525	199,396	826,129
Total Business Activities	4,693,545	2,382,072	2,311,473
Component Units			
Museum Audio Tour Project	14,500	7,250	7,250
Total Component Units	14,500	7,250	7,250
Total	\$ 14,977,428	\$ 7,666,983	\$ 7,310,445

III. Detailed Notes on All Funds (continued)

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, 2013, there were the following interfund balances.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Net</u>
Primary government			
Governmental activities:			
General fund	\$ 497,727	\$ -	\$ 497,727
Nonmajor governmental funds	3,813,852	651,678	3,162,174
Internal service funds	-	2,463,470	(2,463,470)
Total governmental activities	<u>4,311,579</u>	<u>3,115,148</u>	<u>1,196,431</u>
Business-type activities:			
Sewer revenue fund	-	1,196,431	(1,196,431)
Total business-type activities	<u>-</u>	<u>1,196,431</u>	<u>(1,196,431)</u>
Total primary government	<u>\$ 4,311,579</u>	<u>\$ 4,311,579</u>	<u>\$ -</u>

Interfund transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net</u>
Primary government			
Governmental activities:			
General fund	\$ -	\$ 151,491	\$ (151,491)
Nonmajor governmental funds	2,240,006	2,088,515	151,491
Total governmental activities	<u>2,240,006</u>	<u>2,240,006</u>	<u>-</u>
Total primary government	<u>\$ 2,240,006</u>	<u>\$ 2,240,006</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, 2013. The imputed interest on the leases is not readily determinable. Expenditures for operating leases totaled \$150,181 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, 2013, 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	\$ 26,275,000	\$ 7,570,000	\$ 11,185,000	\$ 22,660,000	\$ 3,145,000
Certificates of obligation	6,015,000	-	250,000	5,765,000	255,000
Note payable - tax refund	201,286	-	201,286	-	-
Capital leases	26,400	211,990	52,738	185,652	51,328
Unamortized premium/discount on bonds	264,220	626,847	123,886	767,181	
Compensated absences	3,709,867	510,663	297,116	3,923,414	314,375
Net pension obligation	3,250,522	44,916	848,436	2,447,002	
Governmental activity Long-term liabilities	<u>\$ 39,742,295</u>	<u>\$ 8,964,416</u>	<u>\$ 12,958,462</u>	<u>\$ 35,748,249</u>	<u>\$ 3,765,703</u>
Business-type activities:					
Contract revenue bonds	\$ 12,080,650	\$ -	\$ 4,473,258	\$ 7,607,392	\$ 974,666
Unamortized premium/discount on bonds	532,577	-	48,167	484,410	-
Compensated absences	65,695	14,043	11,772	67,966	13,717
Business-type activity Long-term liabilities	<u>\$ 12,678,922</u>	<u>\$ 14,043</u>	<u>\$ 4,533,197</u>	<u>\$ 8,159,768</u>	<u>\$ 988,383</u>

* As Restated

In December 2012, the City issued \$7,570,000 of General Obligation Refunding Bonds, Series 2012. The bonds interest rates ranges from 2.00% to 3.00%. The securities received from the refunding were deposited into an irrevocable trust with an escrow agent to provide for future debt service payment on \$7,915,000 of refunded bonds. As a result, the refunded bonds are considered to be defeased and the related liability for the bonds has been removed from the City's liabilities.

The reacquisition price exceeded the net carrying amount of the old debt by \$304,951. This amount is netted against the new debt and amortized over the remaining life of the new debt, which is less than the refunded debt. The refunding was undertaken to reduce total debt service payments and the City achieved a cash flow difference and an economic gain of \$1,043,459.

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.

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

2. General obligation bonds (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding as of September 30, 2013:

Series	Interest Rates	Final Maturity Date	Outstanding 09/30/13
Series 2005	3.80 - 4.30%	2/15/25	\$ 300,000
Series 2008 (Refunding)	3.75%	2/15/21	8,210,000
Series 2010 (Refunding)	2.00 - 3.00%	2/15/15	2,170,000
Series 2011 (Refunding)	2.00 - 3.00%	2/15/22	4,410,000
Series 2012 (Refunding)	2.00 - 3.00%	2/15/22	7,570,000
			\$ 22,660,000

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

Fiscal Year Ended September 30	Principal	Interest	Total
2014	\$ 3,145,000	\$ 638,263	\$ 3,783,263
2015	2,935,000	540,156	3,475,156
2016	1,965,000	466,363	2,431,363
2017	2,035,000	409,400	2,444,400
2018	2,110,000	347,906	2,457,906
2019 - 2023	9,045,000	784,988	9,829,988
2024 - 2025	1,425,000	37,425	1,462,425
	\$ 22,660,000	\$ 3,224,501	\$ 25,884,501

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.

Gulf Coast Water Authority has pledge to make payments on scheduled principal and interest. The City’s water Fund has contributed and expensed \$1,576,081 for such bond payments.

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

3. Long-term contract revenue bonds (continued)

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, 2013:

Series	Interest Rates	Final Maturity Date	Outstanding 9/30/2013
Series 2006	Variable Rate	12/01/16	\$ 2,369,086
Series 2011B	2.00 - 4.00%	8/15/22	223,306
Series 2011C	3.00 - 5.00%	8/15/22	5,015,000
			<u>\$ 7,607,392</u>

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ended September 30	Enterprise Funds		
	Principal	Interest	Total
2014	\$ 974,666	\$ 333,969	\$ 1,308,635
2015	964,657	294,494	1,259,151
2016	950,263	251,580	1,201,843
2017	1,176,207	230,657	1,406,864
2018	477,800	176,428	654,228
2019 - 2023	3,063,799	455,738	3,519,537
	<u>\$ 7,607,392</u>	<u>\$ 1,742,866</u>	<u>\$ 9,350,258</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, 2013, 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.

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

4. Certificates of obligation

Series 2010

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

The City has entered an agreement with the Texas City Economic Development Corporation (the "Corporation") whereby the Corporation will pay to the City from sales tax revenues, amounts sufficient to retire the debt for the certificates. The Corporation receives one-half of one percent of sales tax remitted to the City. During the fiscal year 2013, \$1,260,862 was remitted to the City's Debt Service Fund from the Corporation.

Certificates of obligation outstanding as of September 30, 2013, were as follows:

<u>Series</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Outstanding 9/30/13</u>
Series 2010	2.00 - 4.50%	2/15/30	\$ 5,765,000
			<u>\$ 5,765,000</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>
2014	\$ 255,000	\$ 220,550	\$ 475,550
2015	265,000	214,238	479,238
2016	270,000	207,738	477,738
2017	280,000	200,375	480,375
2018	290,000	192,125	482,125
2019 - 2023	1,605,000	810,019	2,415,019
2024 - 2028	1,955,000	473,434	2,428,434
2029 - 2030	845,000	83,234	928,234
	<u>\$ 5,765,000</u>	<u>\$ 2,401,713</u>	<u>\$ 8,166,713</u>

Prior Year Refunding of General Obligation Bonds

The City defeased certain outstanding bonds 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, 2013 the City had outstanding defeased debt of \$4,605,000.

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	\$ 3,775,562
Additions - new entrants and salary increments	524,706
Deductions - payments to participants	(308,888)
Ending balance	<u>\$ 3,991,380</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 position. Assets under capital leases totaled \$236,744 at September 30, 2013. The following is a schedule of future minimum lease payments under capital leases:

<u>Year Ending September 30,</u>	
2014	\$ 58,815
2015	58,815
2016	58,815
2017	24,580
Minimum lease payments for all capital leases	<u>201,025</u>
Imputed interest	(15,373)
Present value - minimum lease payments	<u>\$ 185,652</u>

The following is a summary of capital lease transactions for the year ended September 30, 2013:

Beginning balance	\$ 26,400
New capital leases executed	211,990
Principal retired	(52,738)
Ending balance	<u>\$ 185,652</u>

A lease-purchase agreement dated December 1, 2012, for the acquisition of golf carts is payable from general fund revenues. The payment amounts are \$4,901 monthly beginning March 2013 and ending February 2017. The stated interest rate is 4.792%.

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

7. Notes Payable - Claim and Judgments

During the fiscal year 2009, the City entered into a property tax refund agreement with a major taxpayer. During the fiscal year ended September 30, 2013, the City has paid-off the long term note payable

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 \$224,164 at September 30, 2013.

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 an obligation related to TMRS of \$2,222,838 at September 30, 2013.

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 2013, 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 \$880,675 reported in the fund at September 30, 2013, 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.

The following is a summary of the changes in the balances of claims liabilities for the year ended September 30, 2013 and 2012:

	2013	2012
Liability, beginning of period	\$ 722,288	\$ 711,521
Current year claims and changes in estimates	4,602,375	4,366,517
Claim payments	(4,443,988)	(4,355,750)
Liability, end of period	<u>\$ 880,675</u>	<u>\$ 722,288</u>

IV. Other Information (continued)

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.

Claims and Judgments

During the fiscal year a lawsuit judgment was rendered against the City. The lawsuit involved 2011 appraised properties values include the taxpayer's refinery. The taxpayer received a jury verdict and judgment in its favor. The City portion of the judgment of \$857,754 was paid in full to the taxpayer during the current fiscal year and recorded to General Government expenditures. The Galveston Central Appraisal District has appealed the judgment and a ruling may be issued in calendar year 2014. It is anticipated that any ruling from the appellate court will be referred to the Texas Supreme Court. Same Taxpayer has also filed suits to challenge the appraised values for the 2012 and 2013 tax years. No trial dates have been set to date.

Economic development agreements

The City's Economic Development Corporation (EDC) has entered into a performance agreement for purpose of economic development. The agreement by the EDC would provide funding to an entity involved, which will be utilized to defray a portion of the costs of infrastructure projects in the new developed area of the City. The maximum (ceiling) expenditure by the EDC would be \$8,500,000, which will come only from EDC's portion of sales tax revenue and has an expiration date of 10 years following construction completion, which was October 2012. As of September 30, 2013, the remaining commitment by the EDC was \$7,400,154.

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.

IV. Other Information (continued)

D. Employee retirement systems and pension plans

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.

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.

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, 2012, (the date of the most recent actuarial valuation).

	<u>December 31, 2012</u>
a. Retired members and their beneficiaries	49
b. Disabled members	1
c. Vested terminated members	6
d. Active members:	
i. Vested	17
ii. Nonvested	<u>31</u>
Subtotal	<u>68</u>
e. Total fund membership	<u>124</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.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Firemen’s Relief and Retirement Fund (continued)

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, 2013 for the firefighters is 16% and by the City of Texas City is 16% of payroll.

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 position.

Annual Pension Costs

Employer contributions have been determined as follows:

Actuarial valuation date	12/31/12
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Market Value of the Fund
Amortization method	Open period, level
Amortization period	percentage pay 33.6 years
Significant actuarial assumptions	
Inflation rate	3.00%
Investment return	7.75%
Projected salary increases	4.50%
Projected rate of amortization increasing	3.00%

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 15 to 25 years (not to exceed 40 years).. The expected amortization period for this unfunded liability is 33.6 years based on the 2012 actuarial valuation, compared to 29.1 years under the 2010 actuarial valuation.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Firemen's Relief and Retirement Fund (continued)

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

Three Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Annual Contributions Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2013	\$ 770,014	\$ 712,676	92.55%	\$ 1,103,755
9/30/2012	700,583	676,160	96.51%	1,046,417
9/30/2011	650,442	641,099	98.56%	1,021,994

The net pension obligation as of September 30, 2013 has been calculated as follows:

Annual required contributions (ARC)	\$ 1,480,138
Firefighter contributions	(712,676)
Interest on net pension obligation	12,929
Adjustment to ARC	(10,377)
Annual pension cost (APC)	770,014
City contributions	(712,676)
Additional voluntary city contribution	(855,168)
Increase in net pension	(797,830)
Net pension obligation, beginning of year	1,021,994
Net pension obligation, end of year	<u>\$ 224,164</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}
12/31/12	\$ 14,859,762	\$ 28,063,375	\$ 13,203,613	53.0%	\$ 4,454,223	296.4%
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%

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.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

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 statutes of TMRS.

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

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

	<u>Plan Year 2012</u>	<u>Plan Year 2013</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.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

The annual pension cost and net pension obligation as of September 30, 2013 are as follows:

Annual required contributions (ARC)	\$	3,322,525
Interest on net pension obligation		154,287
Adjustment to ARC		(135,554)
Annual pension cost (APC)		<u>3,341,258</u>
Contributions made		<u>(3,322,525)</u>
Increase in net pension		18,733
Net pension obligation, beginning of year		<u>2,204,105</u>
Net pension obligation, end of year	\$	<u><u>2,222,838</u></u>

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 (APC)	Annual Contributions Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2013	\$ 3,341,258	\$ 3,322,525	99%	\$ 2,222,838
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

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

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	12/31/2010	12/31/2011	12/31/2012
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	27.2 years; closed period	26.2 years; closed period	25.3 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 *	7.0%	7.0%	7.0%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.00%	3.00%	3.00%
Cost-of-Living adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress:

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follow:

Actuarial valuation date	12/31/2012
Actuarial value of assets (1)	\$ 97,887,365
Actuarial accrued liability (AAL) (2)	115,895,040
Funded ratio (3) = (1) / (2)	84.5%
Unfunded actuarial accrued liability (UAAL)	
(4) = (2) - (1)	18,007,675
Covered payroll (5)	18,327,356
UAAL as a percentage of covered payroll	
(6) = (4) / (5)	98.3%

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

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.

F. Subsequent Events

On November 6, 2013 the City issued Combination Tax and Certificates of Obligation, Series 2013 in the amount of \$9,960,000. The funds will be used to finance the construction and rehabilitation of city streets and related drainage, improvements to public works buildings, recreational facility improvements.

G. Prior Period Adjustment

The City implemented GASB 65, Items Previously Reported as Assets and Liabilities, during the fiscal year ended September 30, 2013. In accordance with GASB 65, debt issuance cost should be recognized as an expense in the period incurred. Previously, debt issuance cost were recorded as an asset and amortized over the life of the debt. The implementation of GASB 65 resulted in the following prior period adjustments to the net positions as follow:

	Governmental-type Activities	Business-type Activities
	<u> </u>	<u> </u>
Beginning net assets - As originally presented	\$ 100,023,343	\$ 55,266,393
Effect of change in accounting principal	(337,129)	(207,070)
Beginning net position - As restated	<u><u>\$ 99,686,214</u></u>	<u><u>\$ 55,059,323</u></u>

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

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
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%
2012	97,887,365	115,895,040	84.5%	18,007,675	18,327,356	98.3%

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 Liability (AAL) Entry Age	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll(1)	UAAL as a Percentage of Covered Payroll
2003 ⁽³⁾	\$ 10,217,647	\$ 15,904,210	64.2%	\$ 5,686,563	\$ 2,526,299	225.1%
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%
2011 ⁽²⁾						
2012	14,859,762	28,063,375	53.0%	13,203,613	4,454,223	296.4%

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, 2012.
- (3) Actuarial study completed in 2002

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

	In thousands		
	2011	2012	2013
City contributions	\$ 641	\$ 676	\$ 1,568
ARC	1,230	1,356	770
City % of Contribution	52.1%	49.9%	203.6%

In year 2013 the City made a one-time additional payment to the Firemen's Relief and Retirement fund of \$1 million.

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 18,993,003	\$ 18,993,003	\$ 18,843,113	\$ (149,890)
General sales tax	14,000,000	14,000,000	13,596,787	(403,213)
Miscellaneous taxes	4,082,000	4,082,000	4,148,361	66,361
Licenses and permits	363,000	363,000	465,635	102,635
Intergovernmental	73,500	73,500	108,055	34,555
Charges for services	4,681,000	4,681,000	4,493,022	(187,978)
Fine and forfeits	1,100,000	1,100,000	1,507,164	407,164
Investment earnings	65,000	65,000	12,460	(52,540)
Miscellaneous revenue	1,963,500	1,963,500	2,147,643	184,143
Total Revenues	45,321,003	45,321,003	45,322,240	1,237
Expenditures				
Current:				
General government				
Administration	2,712,803	3,511,882	3,462,548	49,334
Legal	265,829	265,829	215,144	50,685
Purchasing	130,192	130,192	125,647	4,545
Planning	406,695	430,298	357,517	72,781
Data processing	542,036	542,036	559,941	(17,905)
Public safety				
Police	10,606,152	10,834,288	11,217,818	(383,530)
Fire	8,052,752	8,064,110	7,788,866	275,244
Inspection	350,910	351,085	342,224	8,861
Transportation & traffic	342,420	342,447	249,617	92,830
Municipal court	568,652	568,652	595,385	(26,733)
Emergency management	242,957	242,957	239,301	3,656
Public works				
Street & bridge	7,345,860	7,444,385	6,639,590	804,795
Sanitation	3,624,965	3,687,496	3,507,274	180,222
Rainwater pump stations	501,137	503,224	468,080	35,144
Health & welfare				
Health	443,849	443,939	365,995	77,944
Culture and recreation				
Recreation & tourism	6,283,196	6,310,847	5,774,621	536,226
Library	1,211,847	1,215,464	1,167,223	48,241
Bayou golf	1,159,003	1,162,983	1,093,892	69,091
Capital outlay	147,218	256,942	213,335	43,607
Debt service:				
Principal retirement	64,366	100,133	88,505	11,628
Interest and fiscal charges	50	50	8,268	(8,218)
Total Expenditures	45,002,889	46,409,239	44,480,791	1,928,448
Excess (deficiency) of revenues over expenditures	318,114	(1,088,236)	841,449	1,929,685
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	77,515	77,515
Proceeds from capital leases	-	-	211,990	211,990
Transfers out	-	-	(151,491)	(151,491)
Total Other Financing Sources (Uses)	-	-	138,014	138,014
Net change in fund balances	318,114	(1,088,236)	979,463	2,067,699
Fund Balances - beginning	13,823,281	13,823,281	13,823,281	-
Fund Balances - ending	\$ 14,141,395	\$ 12,735,045	\$ 14,802,744	\$ 2,067,699

CITY OF TEXAS CITY, TEXAS

Exhibit G-4

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

SPECIAL REVENUE FUNDS - CBDG DISASTER RECOVERY - GLO

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 3,374,048	\$ 2,964,098	\$ (409,950)
Total Revenues	-	3,374,048	2,964,098	(409,950)
Expenditures				
Current:				
Capital Outlay	-	3,374,048	2,964,098	409,950
Total Expenditures	-	3,374,048	2,964,098	409,950
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

OTHER SUPPLEMENTARY INFORMATION

CITY OF TEXAS CITY, TEXAS
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

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	\$ 2,832,120	\$ 1,228,710	\$ 359,721	\$ 4,420,551
Investments	1,250,000	1,050,000	1,600,000	3,900,000
Taxes receivable, net	-	136,121	-	136,121
Due from other funds	2,617,421	-	1,196,431	3,813,852
Due from other governments	445,872	-	222,820	668,692
Other receivables	154,015	-	-	154,015
Total Assets	\$ 7,299,428	\$ 2,414,831	\$ 3,378,972	\$ 13,093,231
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 176,346	\$ -	\$ 643,465	\$ 819,811
Due to other funds	369,705	-	281,973	651,678
Unearned revenue	7,594	-	-	7,594
Total Liabilities	553,645	-	925,438	1,479,083
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	-	128,446	-	128,446
Total Deferred Inflows	-	128,446	-	128,446
Fund Balances:				
Restricted:				
Debt service	-	2,286,385	-	2,286,385
Public safety	1,112,244	-	-	1,112,244
Capital projects	463,966	-	2,849,413	3,313,379
Development activities	5,186,952	-	-	5,186,952
Unassigned	(17,379)	-	(395,879)	(413,258)
Total Fund Balances	6,745,783	2,286,385	2,453,534	11,485,702
Total Liabilities, Deferred Inflows and Fund Balances	\$ 7,299,428	\$ 2,414,831	\$ 3,378,972	\$ 13,093,231

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, 2013

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ -	\$ 3,298,514	\$ -	\$ 3,298,514
Miscellaneous taxes	585,798	-	-	585,798
Intergovernmental	1,235,411	-	222,820	1,458,231
Charges for services	354,169	-	-	354,169
Fine and forfeits	96,068	-	-	96,068
Investment earnings	1,908	1,603	2,445	5,956
Miscellaneous revenue	549,042	1,440,743	-	1,989,785
Total Revenues	2,822,396	4,740,860	225,265	7,788,521
Expenditures				
Current:				
General government	86,346	-	-	86,346
Public safety	220,776	-	-	220,776
Public works	1,594	-	-	1,594
Culture and recreation	656,903	-	-	656,903
Economic & physical development	557,413	-	-	557,413
Capital outlay	652,030	-	6,340,545	6,992,575
Debt service:				
Principal retirement	-	3,685,519	-	3,685,519
Interest and fiscal charges	-	898,534	-	898,534
Debt issuance costs	-	134,230	-	134,230
Total Expenditures	2,175,062	4,718,283	6,340,545	13,233,890
Excess (deficiency) of revenues over expenditures	647,334	22,577	(6,115,280)	(5,445,369)
Other Financing Sources (Uses)				
Transfers in	151,491	-	2,088,515	2,240,006
Proceeds from issuance of long-term debt, net	-	7,570,000	-	7,570,000
Premium or discount on issuance of bonds	-	626,847	-	626,847
Payments to refunded bond escrow agent	-	(8,249,998)	-	(8,249,998)
Transfers out	-	-	(2,088,515)	(2,088,515)
Total Other Financing Sources (Uses)	151,491	(53,151)	-	98,340
Net change in fund balances	798,825	(30,574)	(6,115,280)	(5,347,029)
Fund Balances - beginning	5,946,958	2,316,959	8,568,814	16,832,731
Fund Balances - ending	\$ 6,745,783	\$ 2,286,385	\$ 2,453,534	\$ 11,485,702

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2013

	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Drug Confiscation Fund
Assets				
Cash and cash equivalents	\$ 472,323	\$ 78,533	\$ 88,900	\$ 164,756
Investments	1,000,000	250,000	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	120,845	-	-	-
Total Assets	\$ 1,593,168	\$ 328,533	\$ 88,900	\$ 164,756
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 22,482	\$ 550	\$ 816	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	22,482	550	816	-
Fund Balances:				
Restricted:				
Public safety	-	327,983	88,084	164,756
Capital projects	-	-	-	-
Development activities	1,570,686	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,570,686	327,983	88,084	164,756
Total Liabilities and Fund Balances	\$ 1,593,168	\$ 328,533	\$ 88,900	\$ 164,756

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
\$ 215,680	\$ 248,286	\$ -	\$ -	\$ 144,297	\$ 130,377
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,594	23,861	-
<u>\$ 215,680</u>	<u>\$ 248,286</u>	<u>\$ -</u>	<u>\$ 7,594</u>	<u>\$ 168,158</u>	<u>\$ 130,377</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,594	-	-
-	-	-	<u>7,594</u>	-	-
-	-	-	-	168,158	130,377
215,680	248,286	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>215,680</u>	<u>248,286</u>	<u>-</u>	<u>-</u>	<u>168,158</u>	<u>130,377</u>
<u>\$ 215,680</u>	<u>\$ 248,286</u>	<u>\$ -</u>	<u>\$ 7,594</u>	<u>\$ 168,158</u>	<u>\$ 130,377</u>

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2013

	Firefighter's Association Grant	LEOSE Grant Fund	Project Safe - Anti-Gang	Step Op Grant
Assets				
Cash and cash equivalents	\$ 14,452	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	1,715
Total Assets	\$ 14,452	\$ -	\$ -	\$ 1,715
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,715
Unearned revenue	-	-	-	-
Total Liabilities	-	-	-	1,715
Fund Balances:				
Restricted:				
Public safety	14,452	-	-	-
Capital projects	-	-	-	-
Development activities	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	14,452	-	-	-
Total Liabilities and Fund Balances	\$ 14,452	\$ -	\$ -	\$ 1,715

Community Development Block Grant Fund	IPP Buffer Zone Police	Port Security Grant	Valero Contributions	Renaissance Texas City Fund	FEMA Disaster Assistance Fund
\$ -	\$ -	\$ 11,859	\$ 168,434	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
251,001	-	38,141	-	-	156,730
-	-	-	-	-	-
<u>\$ 251,001</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 168,434</u>	<u>\$ -</u>	<u>\$ 156,730</u>
\$ 35,247	\$ -	\$ -	\$ -	\$ -	\$ 21,873
215,754	-	-	-	-	152,236
-	-	-	-	-	-
<u>251,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,109</u>
-	-	50,000	168,434	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(17,379)
-	-	50,000	168,434	-	(17,379)
<u>\$ 251,001</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 168,434</u>	<u>\$ -</u>	<u>\$ 156,730</u>

(This page intentionally left blank.)

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2013

Exhibit H-3
Page 3 of 3

	Texas City Dike Fund	Total Nonmajor Special Revenue Funds
Assets		
Cash and cash equivalents	\$ 1,094,223	\$ 2,832,120
Investments	-	1,250,000
Due from other funds	2,617,421	2,617,421
Due from other governments	-	445,872
Other receivables	-	154,015
Total Assets	\$ 3,711,644	\$ 7,299,428
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 95,378	\$ 176,346
Due to other funds	-	369,705
Unearned revenue	-	7,594
Total Liabilities	95,378	553,645
Fund Balances:		
Restricted:		
Public safety	-	1,112,244
Capital projects	-	463,966
Development activities	3,616,266	5,186,952
Unassigned	-	(17,379)
Total Fund Balances	3,616,266	6,745,783
Total Liabilities and Fund Balances	\$ 3,711,644	\$ 7,299,428

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, 2013

	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Drug Confiscation Fund
Revenues				
Miscellaneous taxes	\$ 585,798	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fine and forfeits	-	33,674	44,095	4,605
Investment earnings	1,526	382	-	-
Miscellaneous revenue	1,109	-	-	-
Total Revenues	588,433	34,056	44,095	4,605
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	8,600	29,945	-
Public works	-	-	-	-
Culture and recreation	488,334	-	-	-
Economic & physical development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	488,334	8,600	29,945	-
Excess (deficiency) of revenues over expenditures	100,099	25,456	14,150	4,605
Other Financing Sources (Uses)				
Transfers in	-	-	-	59,189
Total Other Financing Sources (Uses)	-	-	-	59,189
Net change in fund balances	100,099	25,456	14,150	63,794
Fund Balances - beginning	1,470,587	302,527	73,934	100,962
Fund Balances - ending	\$ 1,570,686	\$ 327,983	\$ 88,084	\$ 164,756

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,876	25,696	-	-
230,622	123,547	-	-	-	-
-	-	-	-	-	13,694
-	-	-	-	-	-
-	-	-	-	120,218	-
<u>230,622</u>	<u>123,547</u>	<u>5,876</u>	<u>25,696</u>	<u>120,218</u>	<u>13,694</u>
-	-	-	-	-	-
-	-	16,831	25,696	-	6,762
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>16,831</u>	<u>25,696</u>	<u>-</u>	<u>6,762</u>
<u>230,622</u>	<u>123,547</u>	<u>(10,955)</u>	<u>-</u>	<u>120,218</u>	<u>6,932</u>
-	-	10,955	-	42,272	-
-	-	10,955	-	42,272	-
230,622	123,547	-	-	162,490	6,932
(14,942)	124,739	-	-	5,668	123,445
<u>\$ 215,680</u>	<u>\$ 248,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,158</u>	<u>\$ 130,377</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, 2013

	Firefighter's Association Grant	LEOSE Grant Fund	Project Safe - Anti-Gang	Step Op Grant
Revenues				
Miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	57,203	34,043
Charges for services	-	-	-	-
Fine and forfeits	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	-	-
Total Revenues	-	-	57,203	34,043
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	2,621	57,203	73,118
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic & physical development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	2,621	57,203	73,118
Excess (deficiency) of revenues over expenditures	-	(2,621)	-	(39,075)
Other Financing Sources (Uses)				
Transfers in	-	-	-	39,075
Total Other Financing Sources (Uses)	-	-	-	39,075
Net change in fund balances	-	(2,621)	-	-
Fund Balances - beginning	14,452	2,621	-	-
Fund Balances - ending	\$ 14,452	\$ -	\$ -	\$ -

Community Development Block Grant Fund	IPP Buffer Zone Police	Port Security Grant	Valero Contributions	Renaissance Texas City Fund	FEMA Disaster Assistance Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
633,401	1,594	477,598	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
633,401	1,594	477,598	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,594	-	-	-	-
-	-	-	-	-	-
557,383	-	-	-	30	-
76,018	-	477,598	-	-	17,379
633,401	1,594	477,598	-	30	17,379
-	-	-	-	(30)	(17,379)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(30)	(17,379)
-	-	50,000	168,434	30	-
\$ -	\$ -	\$ 50,000	\$ 168,434	\$ -	\$ (17,379)

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, 2013

Exhibit H-4
Page 3 of 3

	Texas City Dike Fund	Total Nonmajor Special Revenue Funds
Revenues		
Miscellaneous taxes	\$ -	\$ 585,798
Intergovernmental	-	1,235,411
Charges for services	-	354,169
Fine and forfeits	-	96,068
Investment earnings	-	1,908
Miscellaneous revenue	427,715	549,042
Total Revenues	<u>427,715</u>	<u>2,822,396</u>
Expenditures		
Current:		
General government	86,346	86,346
Public safety	-	220,776
Public works	-	1,594
Culture and recreation	168,569	656,903
Economic & physical development	-	557,413
Capital outlay	<u>81,035</u>	<u>652,030</u>
Total Expenditures	<u>335,950</u>	<u>2,175,062</u>
Excess (deficiency) of revenues over expenditures	<u>91,765</u>	<u>647,334</u>
Other Financing Sources (Uses)		
Transfers in	-	151,491
Total Other Financing Sources (Uses)	<u>-</u>	<u>151,491</u>
Net change in fund balances	91,765	798,825
Fund Balances - beginning	<u>3,524,501</u>	<u>5,946,958</u>
Fund Balances - ending	<u>\$ 3,616,266</u>	<u>\$ 6,745,783</u>

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2013

Exhibit H-5

	Construction Fund	2001 Series Construction Fund	2005 Series Construction Fund	2010 Series Construction Fund	Total Nonmajor Capital Project Funds
Assets					
Cash and cash equivalents	\$ 281,973	\$ -	\$ -	\$ 77,748	\$ 359,721
Investments	100,000	-	-	1,500,000	1,600,000
Due from other funds	366,846	-	-	829,585	1,196,431
Due from other governments	-	-	222,820	-	222,820
Total Assets	\$ 748,819	\$ -	\$ 222,820	\$ 2,407,333	\$ 3,378,972
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 57,079	\$ -	\$ 336,726	\$ 249,660	\$ 643,465
Due to other funds	-	-	281,973	-	281,973
Total liabilities	57,079	-	618,699	249,660	925,438
Fund balances:					
Restricted:					
Capital projects	691,740	-	-	2,157,673	2,849,413
Unassigned	-	-	(395,879)	-	(395,879)
Total Fund Balances	691,740	-	(395,879)	2,157,673	2,453,534
Total Liabilities and Fund Balances	\$ 748,819	\$ -	\$ 222,820	\$ 2,407,333	\$ 3,378,972

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, 2013

Exhibit H-6

	Construction Fund	2001 Series Construction Fund	2005 Series Construction Fund	2010 Series Construction Fund	Total Nonmajor Capital Project Funds
Revenues					
Intergovernmental	\$ -	\$ -	\$ 222,820	\$ -	\$ 222,820
Investment earnings	153	648	-	1,644	2,445
Total Revenues	153	648	222,820	1,644	225,265
Expenditures					
Current:					
Capital outlay	1,522,046	-	1,798,062	3,020,437	6,340,545
Total Expenditures	1,522,046	-	1,798,062	3,020,437	6,340,545
Excess (deficiency) of revenues over expenditures	(1,521,893)	648	(1,575,242)	(3,018,793)	(6,115,280)
Other Financing Sources (Uses)					
Transfers in	2,087,868	-	-	647	2,088,515
Transfers out	-	(1,886,963)	(201,552)	-	(2,088,515)
Total Other Financing Sources (Uses)	2,087,868	(1,886,963)	(201,552)	647	-
Net change in fund balances	565,975	(1,886,315)	(1,776,794)	(3,018,146)	(6,115,280)
Fund Balances - beginning	125,765	1,886,315	1,380,915	5,175,819	8,568,814
Fund Balances - ending	\$ 691,740	\$ -	\$ (395,879)	\$ 2,157,673	\$ 2,453,534

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
 September 30, 2013

Exhibit H-7

	Group Insurance Fund	Capital Equipment Replacement Fund	Windstorm Insurance	Total Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 1,145	\$ 1,145
Investments	-	2,000,000	750,000	2,750,000
Other receivables	342,207	-	-	342,207
Total current assets	<u>342,207</u>	<u>2,000,000</u>	<u>751,145</u>	<u>3,093,352</u>
Non-current assets				
Capital assets:				
Equipment and furniture	-	13,660,920	-	13,660,920
Less accumulated depreciation	-	(8,246,848)	-	(8,246,848)
Total capital assets	<u>-</u>	<u>5,414,072</u>	<u>-</u>	<u>5,414,072</u>
Total Assets	<u>342,207</u>	<u>7,414,072</u>	<u>751,145</u>	<u>8,507,424</u>
Liabilities				
Current Liabilities:				
Accounts payable	374,323	29,678	-	404,001
Claims and judgments, current	880,675	-	-	880,675
Due to other funds	1,259,261	1,204,209	-	2,463,470
Total Liabilities	<u>2,514,259</u>	<u>1,233,887</u>	<u>-</u>	<u>3,748,146</u>
Net Position				
Investment in capital assets	-	5,414,072	-	5,414,072
Unrestricted	(2,172,052)	766,113	751,145	(654,794)
Total Net Position	<u>\$ (2,172,052)</u>	<u>\$ 6,180,185</u>	<u>\$ 751,145</u>	<u>\$ 4,759,278</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2013

Exhibit H-8

	Group Insurance Fund	Capital Equipment Replacement Fund	Windstorm Insurance	Total Internal Service Funds
Revenues				
Charges for services	\$ 4,726,648	\$ 999,688	\$ -	\$ 5,726,336
Total Revenues	4,726,648	999,688	-	5,726,336
Operating Expenses				
Contractual and professional services	1,302,773	-	-	1,302,773
Insurance claims and expenses	4,602,375	-	-	4,602,375
Depreciation	-	1,306,674	-	1,306,674
Total Operating Expenses	5,905,148	1,306,674	-	7,211,822
Operating income (loss)	(1,178,500)	(306,986)	-	(1,485,486)
Non-Operating Revenues (Expenses)				
Interest and investment revenue	-	3,053	1,145	4,198
Gain/loss on sale of capital assets	-	30,107	-	30,107
Total Non-Operating Revenues (Expenses)	-	33,160	1,145	34,305
Change in net position	(1,178,500)	(273,826)	1,145	(1,451,181)
Total Net Position - beginning	(993,552)	6,454,011	750,000	6,210,459
Total Net Position - ending	\$ (2,172,052)	\$ 6,180,185	\$ 751,145	\$ 4,759,278

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2013

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	\$ 4,719,859	\$ 999,688	\$ -	\$ 5,719,547
Cash paid to suppliers	(1,231,162)	29,678	-	(1,201,484)
Cash paid from claims	(4,443,988)	-	-	(4,443,988)
Net cash provided (used) by operating activities	<u>(955,291)</u>	<u>1,029,366</u>	<u>-</u>	<u>74,075</u>
Cash flows from noncapital financing activities				
Advances from (repayments to) other funds	955,291	1,204,209	-	2,159,500
Net cash provided (used) by noncapital financing activities	<u>955,291</u>	<u>1,204,209</u>	<u>-</u>	<u>2,159,500</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	30,107	-	30,107
Acquisition and construction of capital assets	-	(3,016,859)	-	(3,016,859)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(2,986,752)</u>	<u>-</u>	<u>(2,986,752)</u>
Cash flows from investing activities				
Purchase of investments	-	-	-	-
Interest and dividends received	-	3,053	1,145	4,198
Net cash provided (used) by investing activities	<u>-</u>	<u>3,053</u>	<u>1,145</u>	<u>4,198</u>
Net increase (decrease) in cash and cash equivalents		(750,124)	1,145	(748,979)
Cash and cash equivalents, beginning	<u>-</u>	<u>750,124</u>	<u>-</u>	<u>750,124</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,145</u>	<u>\$ 1,145</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,178,500)	\$ (306,986)	\$ -	\$ (1,485,486)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	1,306,674	-	1,306,674
(Increase) decrease in receivables	(6,789)	-	-	(6,789)
Increase (decrease) in accounts payable	71,611	29,678	-	101,289
Increase (decrease) in accrued claims payable	158,387	-	-	158,387
Total adjustments	<u>223,209</u>	<u>1,336,352</u>	<u>-</u>	<u>1,559,561</u>
Net cash provided by operating activities	<u>\$ (955,291)</u>	<u>\$ 1,029,366</u>	<u>\$ -</u>	<u>\$ 74,075</u>

CITY OF TEXAS CITY, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended September 30, 2013

Exhibit H-10

	<u>09/30/12</u>	<u>Debits</u>	<u>Credits</u>	<u>09/30/13</u>
Assets				
Cash and cash equivalents	\$ 301,006	\$ 436,231	\$ 391,873	\$ 345,364
Other investments	100,000	-	-	100,000
Interest and Dividends	-	1,527	1,527	-
Total assets	<u>\$ 401,006</u>	<u>\$ 437,758</u>	<u>\$ 393,400</u>	<u>\$ 445,364</u>
 Liabilities				
Refunds payable and others	\$ 401,006	\$ -	\$ 44,358	\$ 445,364
Total liabilities	<u>\$ 401,006</u>	<u>\$ -</u>	<u>\$ 44,358</u>	<u>\$ 445,364</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
Revenues				
Property taxes	\$ 3,311,600	\$ 3,311,600	\$ 3,298,514	\$ (13,086)
Investment earnings	6,000	6,000	1,603	(4,397)
Miscellaneous revenue	1,440,743	1,440,743	1,440,743	-
Total Revenues	<u>4,758,343</u>	<u>4,758,343</u>	<u>4,740,860</u>	<u>(17,483)</u>
Expenditures				
Principal retirement	3,520,000	3,647,553	3,685,519	(37,966)
Interest and fiscal charges	1,096,864	1,096,864	898,534	198,330
Debt issuance costs			134,230	(134,230)
Total Expenditures	<u>4,616,864</u>	<u>4,744,417</u>	<u>4,718,283</u>	<u>26,134</u>
Excess (deficiency) of revenues over expenditures	<u>141,479</u>	<u>13,926</u>	<u>22,577</u>	<u>8,651</u>
Other Financing Sources (Uses)				
Proceeds from issuance of refunding bonds	-	-	7,570,000	7,570,000
Premium on issuance of debt	-	-	626,847	626,847
Payments to refunded bond escrow agent	-	-	(8,249,998)	(8,249,998)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(53,151)</u>	<u>(53,151)</u>
Net change in fund balances	141,479	13,926	(30,574)	(44,500)
Fund Balances - beginning	<u>2,316,959</u>	<u>2,316,959</u>	<u>2,316,959</u>	<u>-</u>
Fund Balances - ending	<u>\$ 2,458,438</u>	<u>\$ 2,330,885</u>	<u>\$ 2,286,385</u>	<u>\$ (44,500)</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-12

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget Positive (Negative)
Revenues				
General Sales Tax	\$ 500,000	\$ 500,000	\$ 585,798	\$ 85,798
Investment earnings	2,500	2,500	1,526	(974)
Miscellaneous	-	11,000	1,109	(9,891)
Total Revenues	502,500	513,500	588,433	74,933
Expenditures				
Current:				
Culture and recreation	774,178	774,178	488,334	285,844
Total Expenditures	774,178	774,178	488,334	285,844
Net change in fund balances	(271,678)	(260,678)	100,099	360,777
Fund balances - beginning	1,470,587	1,470,587	1,470,587	-
Fund balances - ending	\$ 1,198,909	\$ 1,209,909	\$ 1,570,686	\$ 360,777

CITY OF TEXAS CITY, TEXAS

Exhibit H-13

SPECIAL REVENUE FUNDS - MUNICIPAL COURT BUILDING SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Fees and fines	\$ 30,000	\$ 30,000	\$ 33,674	\$ 3,674
Investment earnings	1,500	1,500	382	(1,118)
Total Revenues	31,500	31,500	34,056	2,556
Expenditures				
Current:				
Public Safety	24,500	24,500	8,600	15,900
Total Expenditures	24,500	24,500	8,600	15,900
Net change in fund balances	7,000	7,000	25,456	18,456
Fund balances - beginning	302,527	302,527	302,527	-
Fund balances - ending	\$ 309,527	\$ 309,527	\$ 327,983	\$ 18,456

CITY OF TEXAS CITY, TEXAS

Exhibit H-14

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Fees and fines	\$ 40,000	\$ 40,000	\$ 44,095	\$ 4,095
Investment earnings	50	50	-	(50)
Total Revenues	40,050	40,050	44,095	4,045
Expenditures				
Current:				
Public Safety	41,500	41,500	29,945	11,555
Total Expenditures	41,500	41,500	29,945	11,555
Net change in fund balances	(1,450)	(1,450)	14,150	15,600
Fund balances - beginning	73,934	73,934	73,934	-
Fund balances - ending	\$ 72,484	\$ 72,484	\$ 88,084	\$ 15,600

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, 2013

Exhibit H-15

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Fees and fines	\$ 2,500	\$ 2,500	\$ 4,605	\$ 2,105
Investment earnings	50	50	-	(50)
Total Revenues	2,550	2,550	4,605	2,055
Expenditures				
Current:				
Public Safety	13,000	13,000	-	13,000
Total Expenditures	13,000	13,000	-	13,000
Excess (deficiency) of revenues over expenditures	(10,450)	(10,450)	4,605	15,055
Other Financing Sources (Uses)				
Transfers in	-	-	59,189	59,189
Total Other Financing Sources (Uses)	-	-	59,189	59,189
Net change in fund balances	(10,450)	(10,450)	63,794	74,244
Fund balances - beginning	100,962	100,962	100,962	-
Fund balances - ending	\$ 90,512	\$ 90,512	\$ 164,756	\$ 74,244

CITY OF TEXAS CITY, TEXAS

Exhibit H-16

SPECIAL REVENUE FUNDS - WATER CAPITAL RECOVERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 230,622	\$ 230,622
Investment earnings	10	10	-	(10)
Total Revenues	10	10	230,622	230,612
Expenditures				
Current:	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	10	10	230,622	230,612
Fund balances - beginning	(14,942)	(14,942)	(14,942)	-
Fund balances - ending	\$ (14,932)	\$ (14,932)	\$ 215,680	\$ 230,612

CITY OF TEXAS CITY, TEXAS

Exhibit H-17

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 123,547	\$ 123,547
Investment earnings	110	110		(110)
Total Revenues	110	110	123,547	123,437
Expenditures				
Current	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	110	110	123,547	123,437
Fund balances - beginning	124,739	124,739	124,739	-
Fund balances - ending	\$ 124,849	\$ 124,849	\$ 248,286	\$ 123,437

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, 2013

Exhibit H-18

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 31,500	\$ 31,500	\$ 5,876	\$ (25,624)
Total Revenues	<u>31,500</u>	<u>31,500</u>	<u>5,876</u>	<u>(25,624)</u>
Expenditures				
Current:				
Public Safety	31,500	48,369	16,831	31,538
Total Expenditures	<u>31,500</u>	<u>48,369</u>	<u>16,831</u>	<u>31,538</u>
Excess (deficiency) of revenues over expenditures	-	(16,869)	(10,955)	5,914
Other Financing Sources (Uses)				
Transfers in	-	-	10,955	10,955
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,955</u>	<u>10,955</u>
Net change in fund balances	-	(16,869)	-	16,869
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ (16,869)</u>	<u>\$ -</u>	<u>\$ 16,869</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, 2013

Exhibit H-19

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 25,696	\$ 10,696
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>25,696</u>	<u>10,696</u>
Expenditures				
Current:				
Public Safety	15,000	15,000	25,696	(10,696)
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>25,696</u>	<u>(10,696)</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-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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ -	\$ 120,218	\$ 120,218
Total Revenues	-	-	120,218	120,218
Expenditures				
Current:	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	120,218	120,218
Other Financing Sources (Uses)				
Transfers in	-	-	42,272	42,272
Total Other Financing Sources (Uses)	-	-	42,272	42,272
Net change in fund balances	-	-	162,490	162,490
Fund balances - beginning	5,668	5,668	5,668	-
Fund balances - ending	\$ 5,668	\$ 5,668	\$ 168,158	\$ 162,490

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Fees and fines	\$ 12,500	\$ 12,500	\$ 13,694	\$ 1,194
Investment earnings	100	100	-	(100)
Total Revenues	12,600	12,600	13,694	1,094
Expenditures				
Current:				
Public Safety	3,950	3,950	6,762	(2,812)
Capital Outlay	4,200	4,200	-	4,200
Total Expenditures	8,150	8,150	6,762	1,388
Net change in fund balances	4,450	4,450	6,932	2,482
Fund balances - beginning	123,445	123,445	123,445	-
Fund balances - ending	\$ 127,895	\$ 127,895	\$ 130,377	\$ 2,482

CITY OF TEXAS CITY, TEXAS

Exhibit H-22

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Miscellaneous	\$ 10,300	\$ 10,300	\$ -	\$ (10,300)
Total Revenues	10,300	10,300	-	(10,300)
Expenditures				
Current:				
Public Safety	10,300	-	-	-
Capital Outlay	-	10,300	-	10,300
Total Expenditures	10,300	10,300	-	10,300
Net change in fund balances	-	-	-	-
Fund balances - beginning	14,452	14,452	14,452	-
Fund balances - ending	\$ 14,452	\$ 14,452	\$ 14,452	\$ -

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, 2013

Exhibit H-23

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 6,650	\$ 6,650	\$ -	\$ (6,650)
Total Revenues	6,650	6,650	-	(6,650)
Expenditures				
Current:				
Public Safety	6,650	6,650	2,621	4,029
Total Expenditures	6,650	6,650	2,621	4,029
Net change in fund balances	-	-	(2,621)	(2,621)
Fund balances - beginning	2,621	2,621	2,621	-
Fund balances - ending	\$ 2,621	\$ 2,621	\$ -	\$ (2,621)

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, 2013

Exhibit H-24

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 57,203	\$ 57,203
Total Revenues	-	-	57,203	57,203
Expenditures				
Current:				
Public Safety	-	-	57,203	(57,203)
Total Expenditures	-	-	57,203	(57,203)
Net change in fund balances	-	-	-	-
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, 2013

Exhibit H-25

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 69,514	\$ 69,514	\$ 34,043	\$ (35,471)
Total Revenues	<u>69,514</u>	<u>69,514</u>	<u>34,043</u>	<u>(35,471)</u>
Expenditures				
Current:				
Public Safety	69,514	69,514	73,118	(3,604)
Total Expenditures	<u>69,514</u>	<u>69,514</u>	<u>73,118</u>	<u>(3,604)</u>
Excess (deficiency) of revenues over expenditures	-	-	(39,075)	(39,075)
Other Financing Sources (Uses)				
Transfers in	-	-	39,075	39,075
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>39,075</u>	<u>39,075</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 361,133	\$ 361,133	\$ 633,401	\$ 272,268
Total Revenues	361,133	361,133	633,401	272,268
Expenditures				
Current:				
Economic and community development	361,133	623,997	557,383	66,614
Capital Outlay	-	-	76,018	(76,018)
Total Expenditures	361,133	623,997	633,401	(9,404)
				-
Net change in fund balances	-	(262,864)	-	(262,864)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ (262,864)	\$ -	\$ (262,864)

CITY OF TEXAS CITY, TEXAS

Exhibit H-27

**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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,594	\$ 1,594
Total Revenues	-	-	1,594	1,594
Expenditures				
Current:	-	-	-	-
Highways and roads	-	-	1,594	(1,594)
Total Expenditures	-	-	1,594	(1,594)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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, 2013

Exhibit H-28

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 477,598	\$ 477,598
Total Revenues	-	-	477,598	477,598
Expenditures				
Current:				
Capital Outlay	-	477,598	477,598	-
Total Expenditures	-	477,598	477,598	-
Net change in fund balances	-	(477,598)	-	477,598
Fund balances - beginning	50,000	50,000	50,000	-
Fund balances - ending	\$ 50,000	\$ (427,598)	\$ 50,000	\$ 477,598

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, 2013

Exhibit H-29

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current:	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
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, 2013

Exhibit H-30

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Economic and community development	-	-	30	(30)
Total Expenditures	<u>-</u>	<u>-</u>	<u>30</u>	<u>(30)</u>
Net change in fund balances	-	-	(30)	(30)
Fund balances - beginning	<u>30</u>	<u>30</u>	<u>30</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 30</u></u>	<u><u>\$ 30</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (30)</u></u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-31

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Total Revenues	50,000	50,000	-	(50,000)
Expenditures				
Current:				
Capital Outlay	100,000	50,000	17,379	32,621
Total Expenditures	100,000	50,000	17,379	32,621
Net change in fund balances	(50,000)	-	(17,379)	(17,379)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (50,000)	\$ -	\$ (17,379)	\$ (17,379)

CITY OF TEXAS CITY, TEXAS

Exhibit H-32

**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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Miscellaneous	\$ 350,000	\$ 350,000	\$ 427,715	\$ 77,715
Total Revenues	350,000	350,000	427,715	77,715
Expenditures				
Current:				
General government	85,750	85,750	86,346	(596)
Culture and recreation	190,000	190,000	168,569	21,431
Capital Outlay	150,000	245,000	81,035	163,965
Total Expenditures	425,750	520,750	335,950	184,800
Net change in fund balances	(75,750)	(170,750)	91,765	262,515
Fund balances - beginning	3,524,501	3,524,501	3,524,501	-
Fund balances - ending	\$ 3,448,751	\$ 3,353,751	\$ 3,616,266	\$ 262,515

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, 2013

Exhibit H-33

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 153	\$ (347)
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	1,500	1,500	153	(1,347)
Expenditures				
Current:				
Capital Outlay	-	1,613,732	1,522,046	91,686
Total Expenditures	-	1,613,732	1,522,046	91,686
Excess (deficiency) of revenues over expenditures	1,500	(1,612,232)	(1,521,893)	90,339
Other Financing Sources (Uses)				
Transfers in	-	2,091,194	2,087,868	(3,326)
Total Other Financing Sources (Uses)	-	2,091,194	2,087,868	(3,326)
Net change in fund balances	1,500	478,962	565,975	87,013
Fund balances - beginning	125,765	125,765	125,765	-
Fund balances - ending	\$ 127,265	\$ 604,727	\$ 691,740	\$ 87,013

CITY OF TEXAS CITY, TEXAS

Exhibit H-34

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Investment earnings	\$ 7,000	\$ 7,000	\$ 648	\$ (6,352)
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>648</u>	<u>(6,352)</u>
Expenditures				
Current:	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	7,000	7,000	648	(6,352)
Other Financing Sources (Uses)				
Transfers out	-	(1,889,594)	(1,886,963)	2,631
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,889,594)</u>	<u>(1,886,963)</u>	<u>2,631</u>
Net change in fund balances	7,000	(1,882,594)	(1,886,315)	(3,721)
Fund balances - beginning	<u>1,886,315</u>	<u>1,886,315</u>	<u>1,886,315</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,893,315</u>	<u>\$ 3,721</u>	<u>\$ -</u>	<u>\$ (3,721)</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-35

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 3,468,600	\$ 3,468,600	\$ 222,820	\$ (3,245,780)
Investment earnings	100	100	-	(100)
Total Revenues	<u>3,468,700</u>	<u>3,468,700</u>	<u>222,820</u>	<u>(3,245,880)</u>
Expenditures				
Capital Outlay	3,468,600	3,754,712	1,798,062	1,956,650
Total Expenditures	<u>3,468,600</u>	<u>3,754,712</u>	<u>1,798,062</u>	<u>1,956,650</u>
Excess (deficiency) of revenues over expenditures	<u>100</u>	<u>(286,012)</u>	<u>(1,575,242)</u>	<u>(1,289,230)</u>
Other Financing Sources (Uses)				
Transfers out	-	(201,600)	(201,552)	48
Total Other Financing Sources (Uses)	<u>-</u>	<u>(201,600)</u>	<u>(201,552)</u>	<u>48</u>
Net change in fund balances	100	(487,612)	(1,776,794)	(1,289,182)
Fund balances - beginning	<u>1,380,915</u>	<u>1,380,915</u>	<u>1,380,915</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,381,015</u>	<u>\$ 893,303</u>	<u>\$ (395,879)</u>	<u>\$ (1,289,182)</u>

(This page intentionally left blank.)

CITY OF TEXAS CITY, TEXAS

Exhibit H-36

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 1,644	\$ 1,644
Total Revenues	-	-	1,644	1,644
Expenditures				
Capital Outlay	1,685,000	3,569,665	3,020,437	549,228
Total Expenditures	1,685,000	3,569,665	3,020,437	549,228
Excess (deficiency) of revenues over expenditures	(1,685,000)	(3,569,665)	(3,018,793)	550,872
Other Financing Sources (Uses)				
Transfers in	-	-	647	647
Total Other Financing Sources (Uses)	-	-	647	647
Net change in fund balances	(1,685,000)	(3,569,665)	(3,018,146)	551,519
Fund balances - beginning	5,175,819	5,175,819	5,175,819	-
Fund balances - ending	\$ 3,490,819	\$ 1,606,154	\$ 2,157,673	\$ 551,519

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2013

	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	\$ -	\$ 38,094	\$ 9,407
Investments	6,000,000	400,000	150,000
Due from other governments	759,605	-	-
Other receivables	-	-	-
Total Assets	<u>\$ 6,759,605</u>	<u>\$ 438,094</u>	<u>\$ 159,407</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 143,137	\$ 52,600	\$ -
Due to primary government	5,693,948	-	-
Accrued wages payable	2,813	-	-
Total Liabilities	<u>5,839,898</u>	<u>52,600</u>	<u>-</u>
Fund Balances:			
Restricted:			
Culture and recreation	-	-	-
Economic & physical development	919,707	385,494	159,407
Total Fund Balances	<u>919,707</u>	<u>385,494</u>	<u>159,407</u>
Total Liabilities and Fund Balances	<u>\$ 6,759,605</u>	<u>\$ 438,094</u>	<u>\$ 159,407</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
\$ -	\$ -	\$ 87,256	\$ 158,275	\$ 293,032
300,000	-	150,000	-	7,000,000
-	-	-	-	759,605
3,863	-	-	-	3,863
<u>\$ 303,863</u>	<u>\$ -</u>	<u>\$ 237,256</u>	<u>\$ 158,275</u>	<u>\$ 8,056,500</u>
\$ 600	\$ -	\$ 15,045	\$ 13,591	\$ 224,973
214,444	-	-	-	5,908,392
2,813	-	-	-	5,626
<u>217,857</u>	<u>-</u>	<u>15,045</u>	<u>13,591</u>	<u>6,138,991</u>
-	-	222,211	-	222,211
86,006	-	-	144,684	1,695,298
<u>86,006</u>	<u>-</u>	<u>222,211</u>	<u>144,684</u>	<u>1,917,509</u>
<u>\$ 303,863</u>	<u>\$ -</u>	<u>\$ 237,256</u>	<u>\$ 158,275</u>	<u>\$ 8,056,500</u>

(This page intentionally left blank.)

CITY OF TEXAS CITY, TEXAS

Exhibit I-2

RECONCILIATION OF THE COMPONENT UNITS BALANCE SHEET

TO THE STATEMENT OF NET POSITION

September 30, 2013

Total fund balances, component units \$ 1,917,509

Amounts reported for governmental activities in the Statement of Net Position 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 Position.

5,663,534

Net position of component units in the Statement of Net Position

\$ 7,581,043

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, 2013

	Texas City Economic Development Corp.	Public Facilities Development Fund	Texas City Industrial Development Corp.
Revenues			
General sales tax	\$ 4,532,262	\$ -	\$ -
Investment earnings	9,159	611	229
Miscellaneous revenue	1,964	238,474	-
Total Revenues	<u>4,543,385</u>	<u>239,085</u>	<u>229</u>
Expenditures			
Current:			
General government	-	222,588	-
Culture and recreation	-	-	-
Economic & physical development	1,429,629	-	5
Intergovernmental	1,440,743	-	-
Capital outlay	<u>3,546,439</u>	<u>50,000</u>	<u>-</u>
Total Expenditures	<u>6,416,811</u>	<u>272,588</u>	<u>5</u>
Net change in fund balances	(1,873,426)	(33,503)	224
Fund balances - beginning	2,793,133	418,997	159,183
Prior period adjustment	-	-	-
Fund balances - ending	<u>\$ 919,707</u>	<u>\$ 385,494</u>	<u>\$ 159,407</u>

Texas City Foreign Trade Zone	Danforth Health Facilities Corp.	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Total Component Units
\$ -	\$ -	\$ -	\$ -	\$ 4,532,262
459	-	230	-	10,688
12,580	-	222,904	136,226	612,148
<u>13,039</u>	<u>-</u>	<u>223,134</u>	<u>136,226</u>	<u>5,155,098</u>
-	-	-	-	222,588
-	-	157,222	74,698	231,920
128,555	-	-	-	1,558,189
-	-	-	-	1,440,743
-	-	-	-	3,596,439
<u>128,555</u>	<u>-</u>	<u>157,222</u>	<u>74,698</u>	<u>7,049,879</u>
(115,516)	-	65,912	61,528	(1,894,781)
201,522	1,780	156,299	83,156	3,814,070
-	(1,780)	-	-	(1,780)
<u>\$ 86,006</u>	<u>\$ -</u>	<u>\$ 222,211</u>	<u>\$ 144,684</u>	<u>\$ 1,917,509</u>

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, 2013**

Net Change in Fund Balances, Component Units \$ (1,894,781)

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	3,596,439
Depreciation expense	(31,154)

Capital assets contributed to other governmental units are not presented in the fund financial statements but are expenses in the Statement of Activities. (3,876,470)

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. (5,661)

Changes in Net Position of Component Units \$ (2,211,627)

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)..... 136-145

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)..... 146-155

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) 156-159

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)..... 161

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)..... 162-171

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 POSITION BY COMPONENT***Last Ten Fiscal Years**(Accrual Basis of Accounting)*

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Net investment in capital assets	96,182,195	\$ 81,884,410	\$ 75,915,472	\$ 52,131,606
Restricted	9,063,707	8,278,742	2,442,702	3,619,284
Unrestricted	3,081,857	9,860,191	19,221,070	22,885,116
Total governmental activities net assets	<u>\$ 108,327,759</u>	<u>\$ 100,023,343</u>	<u>\$ 97,579,244</u>	<u>\$ 78,636,006</u>
Business-type activities				
Net investment in capital assets	\$ 53,362,281	\$ 49,611,961	\$ 51,254,121	\$ 52,412,643
Unrestricted	3,086,393	5,654,432	5,378,583	5,131,993
Total business-type activities net assets	<u>\$ 56,448,674</u>	<u>\$ 55,266,393</u>	<u>\$ 56,632,704</u>	<u>\$ 57,544,636</u>
Primary government				
Net investment in capital assets	\$ 149,544,476	\$ 131,496,371	\$ 127,169,593	\$ 104,544,249
Restricted	9,063,707	8,278,742	2,442,702	3,619,284
Unrestricted	6,168,250	15,514,623	24,599,653	28,017,109
Total Primary government net positions	<u>\$ 164,776,433</u>	<u>\$ 155,289,736</u>	<u>\$ 154,211,948</u>	<u>\$ 136,180,642</u>

Table 1

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 44,292,065	\$ 34,689,237	\$ 10,958,429	\$ (11,083,630)	\$ (18,361,297)	\$ (11,029,437)
4,030,695	9,434,763	3,928,223	13,156,747	14,331,743	12,599,745
27,289,913	23,304,527	21,080,789	11,132,587	4,564,826	(5,685,899)
<u>\$ 75,612,673</u>	<u>\$ 67,428,527</u>	<u>\$ 35,967,441</u>	<u>\$ 13,205,704</u>	<u>\$ 535,272</u>	<u>\$ (4,115,591)</u>
\$ 48,951,766	\$ 47,363,524	\$ 43,273,938	\$ 40,254,565	\$ 34,338,033	\$ 37,160,243
2,194,514	3,653,154	7,572,587	9,026,593	12,902,255	7,574,421
<u>\$ 51,146,280</u>	<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>
\$ 93,243,831	\$ 82,052,761	\$ 54,232,367	\$ 29,170,935	\$ 15,976,736	\$ 26,130,806
4,030,695	9,434,763	3,928,223	13,156,747	14,331,743	12,599,745
29,484,427	26,957,681	28,653,376	20,159,180	17,467,081	1,888,522
<u>\$ 126,758,953</u>	<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>

CITY OF TEXAS CITY, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses				
Governmental activities:				
General government	\$ 4,974,188	\$ 4,338,885	\$ 4,606,523	\$ 4,688,827
Public safety	21,321,835	22,535,648	21,869,053	20,603,917
Public works	12,515,277	12,299,845	12,227,267	17,024,045
Health and Welfare	395,411	342,342	464,991	483,714
Culture and recreation	10,429,829	9,473,922	9,876,934	9,058,715
Economic and Community development	556,024	523,960	466,611	566,512
Interest on long-term debt	1,006,711	1,242,047	1,374,111	1,347,698
Total government activities expenses	<u>51,199,275</u>	<u>50,756,649</u>	<u>50,885,490</u>	<u>53,773,428</u>
Business-type activities:				
Water and sewer	15,145,423	15,409,028	15,683,891	13,161,709
Total primary government expenses	<u>\$ 66,344,698</u>	<u>\$ 66,165,677</u>	<u>\$ 66,569,381</u>	<u>\$ 66,935,137</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ -	\$ 4,493	\$ 63,889	\$ 74,728
Public safety	3,097,645	3,320,861	2,708,182	2,940,376
Public works	2,328,864	1,704,689	1,618,030	1,750,379
Health and Welfare	63,390	78,755	92,721	71,406
Culture and recreation	2,281,660	2,021,971	2,157,512	1,736,706
Operating grants and contributions:				
General government	-	-	-	-
Public safety	3,674,163	878,535	890,065	5,004,650
Public works	222,820	-	3,763,611	1,898,758
Health and Welfare	-	-	-	-
Culture and recreation	-	-	14,410	18,702
Economic and Community development	633,401	2,078,065	3,586,076	747,065
Capital grants and contributions:				
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Total governmental activities program revenues	<u>12,301,943</u>	<u>10,087,369</u>	<u>14,894,496</u>	<u>14,242,770</u>
Business-type activities:				
Charges for services	6,530,907	6,622,950	6,333,708	9,661,005
Capital grants and contributions	4,360,205	4,295,787	4,454,917	-
Total business-type activities program revenues	<u>10,891,112</u>	<u>10,918,737</u>	<u>10,788,625</u>	<u>9,661,005</u>
Total primary government program revenues	<u>\$ 23,193,055</u>	<u>\$ 21,006,106</u>	<u>\$ 25,683,121</u>	<u>\$ 23,903,775</u>
Net (Expense)/Revenue				
Governmental activities	\$ (38,897,332)	\$ (40,669,280)	\$ (35,990,994)	\$ (39,530,658)
Business-type activities	(4,254,311)	(4,490,291)	(4,895,266)	(3,500,704)
Total primary government net expense	<u>\$ (43,151,643)</u>	<u>\$ (45,159,571)</u>	<u>\$ (40,886,260)</u>	<u>\$ (43,031,362)</u>

Table 2
Page 1 of 2

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 4,447,843	\$ 4,107,677	\$ 3,859,318	\$ 3,627,245	\$ 3,188,650	\$ 3,262,990
20,161,565	17,851,054	16,816,698	15,194,357	13,526,579	12,626,115
13,752,279	12,720,391	10,731,889	8,760,691	8,148,502	7,984,362
419,679	412,947	356,590	304,240	234,948	227,545
9,383,309	8,397,967	7,029,468	6,227,018	6,239,907	5,741,235
2,886,196	392,411	447,176	412,396	497,273	614,720
1,621,260	1,759,787	2,005,970	2,169,494	1,951,917	1,931,427
<u>52,672,131</u>	<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>
11,014,584	10,520,350	9,569,788	8,986,753	8,794,933	7,760,108
<u>\$ 63,686,715</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>
\$ 85,674	\$ 166,944	\$ 335,883	\$ 275,170	\$ 170,165	\$ -
3,272,158	3,034,504	2,491,565	2,426,236	1,682,670	1,568,597
1,756,879	1,667,176	1,805,041	2,036,767	1,845,747	2,261,529
51,822	64,659	70,010	63,858	64,437	-
1,929,446	1,808,124	1,496,266	1,241,842	1,096,747	1,028,573
-	-	-	-	-	-
3,122,257	1,797,002	156,707	753,727	571,205	350,732
30,395	-	820,287	3,721,075	5,720	12,740
-	-	-	-	-	38,220
13,713	13,748	6,520	12,408	107,631	55,207
473,830	987,148	449,146	424,449	596,943	879,059
-	-	-	-	-	-
-	-	-	-	85,922	-
<u>10,736,174</u>	<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>
10,140,759	9,665,416	9,770,766	9,810,299	9,377,002	7,687,572
100,542	-	-	619,014	949,602	-
<u>10,241,301</u>	<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>\$ 20,977,475</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>
\$ (41,935,957)	\$ (36,102,929)	\$ (33,615,684)	\$ (25,739,909)	\$ (27,560,589)	\$ (26,193,737)
(773,283)	(854,934)	200,978	1,442,560	1,531,671	(72,536)
<u>\$ (42,709,240)</u>	<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>

CITY OF TEXAS CITY, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes	22,025,766	\$ 21,085,101	\$ 20,510,620	\$ 22,210,827	\$ 21,649,489
Other taxes	18,451,164	16,993,022	17,894,933	17,599,265	23,296,425
Unrestricted investment earnings	22,614	48,251	81,134	126,447	558,677
Miscellaneous	3,162,863	3,197,341	3,176,570	3,117,452	4,610,133
Special item-gain(loss) on sale of assets	-	-	79,441	-	5,377
Transfers	-	-	-	(500,000)	-
Capital Contributions	3,876,470	1,789,664	14,654,498	-	-
Total governmental activities	<u>47,538,877</u>	<u>43,113,379</u>	<u>56,397,196</u>	<u>42,553,991</u>	<u>50,120,101</u>
Business-type activities:					
Unrestricted investment earnings	19,923	85,641	58,277	33,255	92,074
Miscellaneous	5,623,739	3,038,339	3,881,900	2,662,810	809,634
Special item-gain(loss) on sale of assets	-	-	2,500	-	1,177
Transfers	-	-	-	500,000	-
Total business-type activities	<u>5,643,662</u>	<u>3,123,980</u>	<u>3,942,677</u>	<u>3,196,065</u>	<u>902,885</u>
Total primary government	<u>\$ 53,182,539</u>	<u>\$ 46,237,359</u>	<u>\$ 60,339,873</u>	<u>\$ 45,750,056</u>	<u>\$ 51,022,986</u>
Changes in Net Position					
Governmental activities	\$ 8,641,545	\$ 2,444,099	\$ 20,406,202	\$ 3,023,333	\$ 8,184,144
Business-type activities	<u>1,389,351</u>	<u>(1,366,311)</u>	<u>(952,589)</u>	<u>(304,639)</u>	<u>129,602</u>
Total primary government	<u>\$ 10,030,896</u>	<u>\$ 1,077,788</u>	<u>\$ 19,453,613</u>	<u>\$ 2,718,694</u>	<u>\$ 8,313,746</u>

Table 2
Page 2 of 2

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 23,647,215	\$ 24,025,477	\$ 19,621,721	\$ 18,314,072	\$ 15,643,515
19,165,441	17,313,632	15,803,119	12,543,704	12,370,377
1,200,353	1,553,926	866,921	234,153	159,820
2,515,691	2,863,767	2,166,095	2,044,254	2,051,367
27,030	-	71,493	24,871	-
-	(12,576)	500,000	-	(2,219,151)
21,418,510	-	(619,015)	(949,602)	-
67,974,240	45,744,226	38,410,334	32,211,452	28,005,928
227,168	359,805	257,220	209,238	67,247
797,916	837,259	841,091	845,921	763,197
-	12,576	(500,000)	(81,203)	-
-	-	-	-	2,219,151
1,025,084	1,209,640	598,311	973,956	3,049,595
\$ 68,999,324	\$ 46,953,866	\$ 39,008,645	\$ 33,185,408	\$ 31,055,523
\$ 31,871,311	\$ 12,128,542	\$ 12,670,425	\$ 4,650,863	\$ 1,812,191
170,150	1,410,618	2,040,871	2,505,627	2,977,059
\$ 32,041,461	\$ 13,539,160	\$ 14,711,296	\$ 7,156,490	\$ 4,789,250

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

	<u>2013</u>	<u>2012</u>	<u>2011 **</u>	<u>2010</u>
General fund				
Reserved	\$ -	\$ -	\$ -	\$ 2,468,668
Unreserved	-	-	-	24,653,005
Nonspendable:				
Inventories	678,713	745,138	678,837	-
Prepaid items	75,957	5,495	425,434	-
Assigned:				
Public works	1,000,000	1,000,000	6,000,000	-
Self insurance	-	-	1,400,000	-
Pension	-	-	1,000,000	-
Unassigned	13,048,074	12,072,648	13,498,692	-
Total General Fund	<u>14,802,744</u>	<u>13,823,281</u>	<u>23,002,963</u>	<u>27,121,673</u>
All Other Governmental Funds				
Reserved:				
Debt Service	-	-	-	1,839,108
Special revenue funds	-	-	-	1,850,843
Capital projects funds	-	-	-	2,288,753
Restricted:				
Debt Service	2,286,385	2,316,959	2,170,023	-
Public safety	1,112,244	670,988	644,518	-
Capital projects	3,313,379	7,210,669	5,379,174	-
Development activities	5,186,952	6,649,057	4,670,870	-
Unassigned	(413,258)	(14,942)	(14,942)	-
Total Other Governmental Funds	<u>11,485,702</u>	<u>16,832,731</u>	<u>12,849,643</u>	<u>5,978,704</u>
Total Fund Balances of Governmental Funds	<u>\$ 26,288,446</u>	<u>\$ 30,656,012</u>	<u>\$ 35,852,606</u>	<u>\$ 33,100,377</u>

** Implementation of GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions."

Table 3

2009	2008	2007	2006	2005	2004
\$ 3,202,374	\$ 6,266,730	\$ 1,637,640	\$ 2,031,449	\$ 2,628,204	\$ 386,456
23,111,551	17,104,026	18,600,690	10,881,335	7,806,539	6,562,437
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>26,313,925</u>	<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>
1,501,410	1,388,194	1,332,168	1,101,839	1,181,783	1,542,030
2,370,316	2,549,227	2,054,627	1,948,335	1,651,695	1,608,769
2,201,297	4,866,327	10,082,504	9,763,611	12,812,250	9,062,490
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,073,023</u>	<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>\$ 32,386,948</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>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues				
Property taxes	\$22,141,627	\$20,698,758	\$20,622,989	\$22,376,812
Sales and miscellaneous taxes	18,330,946	16,987,354	17,894,933	17,599,265
Licenses and permits	465,635	464,818	266,949	240,200
Intergovernmental	4,530,384	2,945,600	8,243,162	5,729,417
Charges for services	4,847,191	4,328,752	4,164,701	4,335,262
Fines and forfeitures	1,603,232	1,341,731	1,318,702	1,408,382
Investment earnings	18,416	44,712	81,134	126,447
Other	4,137,428	3,749,858	4,117,198	5,353,539
Total revenues	<u>56,074,859</u>	<u>50,561,583</u>	<u>56,709,768</u>	<u>57,169,324</u>
Expenditures				
General government	4,807,143 (1)	4,216,526	4,351,272	4,604,890
Public safety	20,653,987	20,995,854	19,903,598	19,235,985
Public works	10,616,538	10,807,602	13,810,648	15,828,240
Health and welfare	365,995	326,320	431,203	472,963
Culture and recreation	8,692,639	8,033,154	8,284,523	8,170,898
Economic and community development	557,413	521,988	466,611	566,512
Capital outlay	10,170,008	4,096,926	1,864,296	7,607,468
Debt service:				
Principal	3,774,024	3,689,369	3,546,467	3,758,227
Interest and other charges	1,041,032	1,181,667	1,485,981	1,539,953
Total expenditures	<u>60,678,779</u>	<u>53,869,406</u>	<u>54,144,599</u>	<u>61,785,136</u>
Excess of revenues over (under) expenditures	(4,603,920)	(3,307,823)	2,565,169	(4,615,812)
Other Financing Sources (Uses)				
Transfers in	151,491	6,541,935	3,389,789	75,000
Transfers out	(151,491)	(8,691,935)	(3,389,789)	(1,325,000)
Proceeds from issuance of bonds	7,570,000	-	5,270,000	14,020,000
Proceeds from loans/capital leases	211,990	-	79,441	24,754
Other	(7,545,636)	261,229	(5,162,381)	(7,465,513)
Total other financing sources (uses)	<u>236,354</u>	<u>(1,888,771)</u>	<u>187,060</u>	<u>5,329,241</u>
Special Item				
Proceeds from sale of fixed assets	-	-	-	-
Net change in fund balances	<u>\$ (4,367,566)</u>	<u>\$ (5,196,594)</u>	<u>\$ 2,752,229</u>	<u>\$ 713,429</u>
Debt service as a percentage of noncapital expenditures	9.5%	9.8%	9.6%	9.8%

Table 4

2009	2008	2007	2006	2005	2004
\$25,062,719	\$23,171,476	\$23,007,376	\$19,836,290	\$16,928,610	\$15,811,893
20,731,758	19,165,440	17,313,632	15,803,119	12,543,704	13,088,977
529,474	383,418	346,848	285,664	390,490	396,298
3,562,630	2,866,329	612,373	1,190,583	1,258,705	1,335,957
4,558,738	4,322,138	3,947,679	4,145,333	2,935,930	3,261,846
1,404,672	1,229,123	1,030,502	1,043,181	1,057,054	1,198,671
558,677	1,200,367	1,553,927	866,919	234,153	147,932
4,577,957	3,253,988	4,557,551	6,456,867	2,371,200	2,053,252
<u>60,986,625</u>	<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>
4,379,669	4,069,243	3,784,584	3,602,514	3,131,569	3,405,571
19,092,224	17,508,465	16,230,726	15,392,454	13,236,374	12,678,963
12,893,294	11,963,772	9,563,332	8,668,399	7,756,140	7,802,600
412,246	409,787	346,468	301,208	223,268	219,010
8,633,504	7,757,054	6,553,439	5,925,069	5,884,907	5,432,749
2,886,196	392,952	449,146	413,362	497,273	609,091
7,503,897	9,656,897	1,276,999	9,794,773	5,154,442	7,377,048
3,482,880	3,514,837	3,999,979	3,920,472	3,074,198	2,022,059
1,664,940	1,720,075	2,019,155	2,192,357	1,895,576	1,987,081
<u>60,948,850</u>	<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>
37,775	(1,400,803)	8,146,060	(582,652)	(3,133,901)	(4,239,346)
249,561	1,181,325	623,197	870,000	55,374	293,681
(499,562)	(1,181,325)	(788,197)	(713,000)	(55,374)	(76,681)
-	9,705,000	-	-	9,890,700	-
208,124	-	-	-	136,620	663,000
216,546	(9,837,319)	-	-	-	-
<u>174,669</u>	<u>(132,319)</u>	<u>(165,000)</u>	<u>157,000</u>	<u>10,027,320</u>	<u>880,000</u>
-	-	-	71,493	24,871	-
<u>\$ 212,444</u>	<u>\$ (1,533,122)</u>	<u>\$ 7,981,060</u>	<u>\$ (354,159)</u>	<u>\$ 6,918,290</u>	<u>\$ (3,359,346)</u>
9.6%	11.1%	14.0%	15.1%	13.9%	11.7%

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
2013	2012	\$ 1,112,492,446	\$ 3,680,193,020	\$ 1,735,850,780	\$ 339,304,393
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

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	Value as a Percent of Actual Taxable
\$ 1,568,155,970	\$ 4,960,380,276	\$ 0.425	\$ 4,960,380,276	100%
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%

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
	M & O Rate	I & S Rate	Total Direct		
2013	\$ 0.361800	\$ 0.063200	\$ 0.425000	\$ 0.608770	\$ 1.269200
2012	0.352727	0.072273	0.425000	0.621800	1.295300
2011	0.342294	0.082706	0.425000	0.628750	1.288600
2010	0.342294	0.082706	0.425000	0.618600	1.216000
2009	0.350238	0.074762	0.425000	0.570000	1.184931
2008	0.358040	0.077570	0.435610	0.580000	1.112750
2007	0.368579	0.087661	0.456240	0.598750	1.448354
2006	0.358066	0.098174	0.456240	0.628750	1.587100
2005	0.377940	0.078300	0.456240	0.638750	1.613000
2004	0.369340	0.086900	0.456240	0.640000	1.623400

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

Overlapping		Rates ^a	
La Marque	Dickinson	College	Galveston
Independent	Independent	of	County
School	School	the	Drainage
District	District	Mainland	District No. 2
\$ 1.220000	\$ 1.540000	\$ 0.225970	\$ 0.063021
1.240000	1.540000	0.232020	0.063021
1.240000	1.540000	0.233890	0.063021
1.240000	1.504000	0.221640	0.063021
1.240000	1.500000	0.221640	0.063021
1.240000	1.430000	0.227380	0.057360
1.570000	1.724000	0.233450	0.055740
1.740000	1.751000	0.243020	0.055200
1.743000	1.738000	0.245250	0.058800
1.730000	1.743000	0.263060	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	
2013	\$ 22,017,033	\$ 21,817,450	99.09%	\$ -
2012	20,984,236	20,775,591	99.01%	81,192
2011	20,242,161	20,006,955	98.84%	138,272
2010	22,308,236	22,145,753	99.27%	71,167
2009	24,421,413	24,078,789	98.60%	262,881
2008	23,443,313	22,457,033	95.79%	928,690
2007	22,622,593	21,737,823	96.09%	829,255
2006	19,693,614	19,404,611	98.53%	243,200
2005	17,898,106	16,527,501	92.34%	1,319,916
2004	15,460,520	15,133,491	97.88%	282,208

Source: City of Texas City Tax Assessor-Collector

Table 7

Total Collections to Date			Amount
Amount	%	of Levy	Outstanding
\$ 21,817,450	99.09%		\$ 199,583
20,856,783	99.39%		127,453
20,145,227	99.52%		96,934
22,216,920	99.59%		91,316
24,341,670	99.67%		79,743
23,385,723	99.75%		57,590
22,567,078	99.75%		55,515
19,647,811	99.77%		45,803
17,847,417	99.72%		50,689
15,415,699	99.71%		44,821

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

Taxpayer	2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
BP Products (NA) Inc	\$ 1,501,444,400	1	30%
Valero Refining-Texas LP	580,719,090	2	12%
Union Carbide Corp	248,892,250	3	5%
Marathon Petroleum Company LLC	225,230,680	4	5%
South Houston Green Power, LP	178,245,350	5	4%
BP Amoco Chemical Co	164,333,920	6	3%
Praxair, Inc.	158,599,673	7	3%
Valero Marketing & Supply Co	103,130,850	8	2%
ISP Technologies Inc	70,104,875	9	1%
Eastman Chemical Texas City, Inc.	51,430,590	10	1%
Sterling Chemicals Inc	-	-	0%
Calpine Central, L.P.	-	-	0%
B.A.S.F. Corp	-	-	0%
Dow Chemical Corporation	-	-	0%
Total	\$ 3,282,131,678		66%

Source: Galveston County Appraisal District

Table 8

2004		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
\$ 943,256,410	1	27%
231,593,580	3	7%
-	-	0%
85,524,300	5	2%
67,423,690	7	2%
-	-	0%
45,799,720	9	1%
-	-	0%
47,693,200	8	1%
-	-	0%
195,736,320	4	6%
71,642,310	6	2%
40,510,230	10	1%
335,355,210	2	10%
\$2,064,534,970		59%

CITY OF TEXAS CITY, TEXAS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

(in thousands of dollars)

	<u>2013^a</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Construction	\$ 10,039	\$ 12,108	\$ 18,711	\$ 21,076
Manufacturing	7,795	6,663	13,307	11,489
Wholesale Trade	5,318	4,791	8,373	12,884
Retail Trade	132,673	87,988	175,730	169,460
Transportation/Warehousing	123	87	6,996	4,569
Information	1,927	2,029	4,228	4,305
Finance/Insurance	604	617	1,201	1,199
Real Estate/Rental/Leasing	10,844	9,479	18,340	13,796
Professional/Scientific/Technical Services	1,338	1,401	2,743	2,625
Management of Companies/Enterprises	-	-	-	-
Admin/Support/Waste Mgmt/Remediation	2,186	1,601	2,834	2,949
Health Care/Social Assistance	849	988	1,964	1,628
Arts/Entertainment/Recreation	323	315	574	734
Accommodation/Food Services	27,910	25,956	48,684	46,430
Other Services (except Public Administration)	2,762	2,732	5,479	5,922
Other	-	-	-	-
Total	<u>\$ 204,691</u>	<u>\$ 156,755</u>	<u>\$ 309,164</u>	<u>\$299,066</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 2013 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

2009	2008	2007	2006	2005	2004
\$ 18,651	\$ 22,313	\$ 22,800	\$ 14,117	\$ 7,006	\$ 6,450
15,294	23,324	26,898	23,228	16,988	10,642
10,107	12,793	13,765	12,423	14,905	9,653
206,837	212,410	202,599	193,352	191,783	187,712
5,251	1,062	454	809	468	612
4,541	4,234	4,256	6,834	14,311	20,257
1,197	684	637	973	944	861
18,933	21,800	21,235	21,105	17,661	14,085
2,775	2,192	2,455	2,035	1,625	1,451
-	172	-	-	8,244	15,025
2,547	2,288	2,107	3,161	3,233	3,902
3,071	1,844	1,097	1,862	1,737	1,494
542	289	595	890	385	773
50,319	51,819	48,788	45,344	41,330	38,968
6,691	6,391	6,128	6,126	5,630	5,632
-	-	-	-	1	28
<u>\$ 346,756</u>	<u>\$ 363,615</u>	<u>\$ 353,814</u>	<u>\$ 332,259</u>	<u>\$ 326,250</u>	<u>\$ 317,546</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
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Table 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ^a	Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Lease Obligations	Revenue Bonds				
2013	\$ 22,660	\$ 5,765	\$ 186	\$ 7,607	\$ 36,218	4%	\$ 793	
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	

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

CITY OF TEXAS CITY, TEXAS

Table 11

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

Last Ten Fiscal Years

(dollars in thousands, except per capita)

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
2013	2012	\$ 28,425	\$ 2,286	\$ 26,139	1%	3%	\$ 572
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

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

Table 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2013

(dollars in thousands, except per capita)

Taxing Jurisdiction	Gross Debt^a	Overlapping	
		Percentage	Amount
College of the Mainland	\$ 285	68.82%	\$ 196
Dickinson Independent School District	223,848	17.89%	40,046
Galveston County	322,319	42.18%	135,954
La Marque Independent School District	21,716	72.76%	15,801
Texas City Independent School District	114,560	100.00%	114,560
Total Overlapping Debt			306,557
City Direct Debt	\$ 28,611	100.00%	28,611
Total Direct and Overlapping Debt			<u>\$ 335,168</u>
Population			45,099
Per Capita Debt-Direct and Overlapping Debt			<u>\$ 7,432</u>

Sources: Individual jurisdictions and/or Texas Municipal Reports.

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

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Water & Sewer Revenue Bonds							
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2013	\$ 16,408,968	\$ 9,517,532	\$ 6,891,436	\$4,473,258	\$ 35,342	\$4,508,600	2
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

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.

(This page intentionally left blank.)

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)
2013	45,671	\$ 1,016,591	\$ 22,259	35.9	13.6	5,944	8.0%
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%

(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	2013		
	Employees	Rank	Percentage of Total City Employment
Marathon Galvesto Bay Refinery (formerly BP)	2,300	1	12%
INEOS Nova	1,150	2	6%
Texas City Independent School District	879	3	4%
Mainland Medical Center	725	4	4%
Valero Refining-Texas LP	500	5	3%
Eastman Chemical (formerly Sterling Chemicals)	115	6	1%
BP Chemical	360	7	2%
Dow (formerly Union Carbide Corporation)	335	8	2%
Marathon Petroleum Company	282	9	1%
College of the Mainland	280	10	1%
International Specialty Products	-		0%
Sam's Club	-		0%
Total	6,926		35%

Table 15

2004		
Employees	Rank	Percentage of Total City Employment
2,300	1	12%
-		0%
879	2	4%
750	3	4%
500	4	3%
450	5	2%
-		0%
335	6	2%
275	8	1%
280	7	1%
170	9	1%
156	10	1%
6,095		31%

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:

Function/Program	2013	2012	2011	2010
Governmental Activities:				
General Government	22	32	32	29
Public Safety	200	212	219	218
Public Works	95	96	104	98
Community Services	4	6	7	7
Parks and Recreation	115	126	202	215
Business Type Activities:				
Water & Sewer	45	44	45	45
Component Unit:				
Economic Development	2	2	2	2
Total	483	518	611	614

Source: City Budget

Table 16

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
38	39	38	37	36	35
211	211	204	188	184	185
104	104	105	105	105	105
7	7	7	7	7	7
215	214	217	219	219	219
45	45	45	45	45	51
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>622</u>	<u>622</u>	<u>618</u>	<u>603</u>	<u>598</u>	<u>604</u>

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

Function/Program	Fiscal Year Ending 9/30			
	2013	2012	2011	2010
General Government				
Finance:				
Number of accounts payable checks processed	8,862	8,521	9,221	11,348
Number of payroll checks processed	2,316	2,577	3,146	3,462
Number of budget amendments	22	31	17	7
Number of budget transfers	26	19	14	8
Public Safety				
Police:				
Number of police calls resulting in dispatch	60,300	112,970	89,391	76,982
Number of offense reports filed	10,859	10,951	10,733	11,540
Number of citation issued	17,096	16,626	15,514	15,143
Total police arrests made (adult)	4,800	4,252	3,775	4,211
Total police arrests made (juvenile)	16	144	165	230
Dispatched calls per patrol officer	n/a	n/a	531	n/a
Motor vehicle accidents	2,104	1,545	1,442	1,678
Number of burglaries	711	353	353	411
Number of motor vehicle thefts	87	63	66	101
Average response time in minutes	4	6	7	6.23
Fire:				
Total number fire responses-residential	60	39	49	34
Total number fire responses-other	166	107	190	959
Fires investigated	15	1	15	12
Total annual inspections	1,487	1,805	1,337	1,145
Average response time in minutes	5	6	6	4.15
Calls for service	7,062	5,274	6,815	6,884
Patients treated	4,868	4,134	4,430	4,591
Municipal Court:				
Total traffic violations filed	14,467	13,932	13,328	12,939
Total state law violations filed	1,760	1,154	1,729	2,071
Total city ordinance violations filed	998	821	1,112	1,118
Total parking violations filed	25	29	23	38
Public Works				
Fleet Maintenance:				
Vehicle maintenance service requests	303	1,000	1,042	537
Vehicle maintenance repair requests	726	700	714	713
Other public works:				
Tons of Residential refuse	21,310	22,619	21,958	30,875
Tons of commercial refuse	20,700	21,852	7,962	16,451
Work orders completed	983	1,100	705	1,324
Number of recycling participants	22,831	15,131	17,014	38,838

Table 17
Page 1 of 2

Fiscal Year Ending 9/30					
2009	2008	2007	2006	2005	2004
11,467	14,513	13,778	12,968	12,489	12,438
3,922	4,612	4,453	5,131	5,830	8,183
26	22	14	12	10	14
6	26	37	25	23	21
83,581	84,562	69,217	72,862	73,449	63,160
12,016	12,395	12,341	12,874	12,731	12,884
18,602	17,992	n/a	n/a	n/a	n/a
4,891	4,733	3,967	4,158	4,145	4,542
180	203	129	146	126	158
n/a	n/a	845	899	907	780
2,051	1,907	1,912	2,188	1,657	1,642
485	555	526	767	859	837
119	125	165	176	218	229
6.56	5.48	n/a	n/a	n/a	n/a
47	76	157	157	211	172
411	404	543	1,005	870	878
3	8	21	14	16	5
284	209	386	607	661	1,344
6.56	6.63	5.83	n/a	n/a	n/a
5,723	4,696	4,454	5,004	n/a	n/a
4,612	3,972	4,691	4,832	n/a	n/a
15,376	18,494	10,823	9,052	11,697	10,817
2,320	766	2,306	2,288	2,202	2,645
1,645	1,789	1,042	879	1,093	994
64	16	43	104	157	81
632	535	760	721	670	639
886	836	1,394	1,167	901	921
30,601	32,333	31,310	29,256	36,966	29,461
15,517	17,899	16,687	15,699	17,367	15,384
1,262	1,450	1,351	1,232	1,641	1,652
41,039	39,611	37,513	37,189	40,873	40,701

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

Function/Program	Fiscal Year Ending 9/30			
	2013	2012	2011	2010
Parks and Recreation				
All Parks and recreation:				
Total number of attendance at events	2,500,000	2,500,000	2,500,000	2,500,000
Number of recreation classes offered	60	60	60	60
Community Services				
Building Inspections:				
Total building permits issued-residential (new)	718	559	465	648
Total building permits issued-non-residential (new)	372	522	524	383
Community Development:				
Total code violation cases	986	1,700	1,756	1,173
Total housing rehabilitation	12	16	7	15
Total first time homebuyers	5	15	8	8
Total demolition of condemned structures	34	23	27	45
Total rat bait distributed (in pounds)	288	500	534	434
Total mowed vacant lots	700	800	813	528
Water and Sewer				
Distribution and Collection:				
Total water work orders	2,300	1,500	1,557	1,557
Total sewer work orders	889	1,200	1,263	1,263
Water Production:				
Water produced - wells (well only in millions)	14	9	9	9
Combined gallons of water produced (well and surface in millions)	2,030	2,160	2,154	2,154
Billing & Collections:				
Annual meter reads	169,765	170,000	167,569	167,569
Wastewater Treatment:				
Wastewater treated (in millions of gallons)	2	2	2	2

Sources: Various city departments.

Table 17
Page 2 of 2

Fiscal Year Ending 9/30					
2009	2008	2007	2006	2005	2004
2,518,404	773,556	813,793	772,490	629,693	404,388
60	57	57	50	38	13
1,831	1,313	173	196	355	443
559	477	8	8	4	10
743	593	1,097	n/a	n/a	n/a
7	16	19	5	15	20
11	9	12	9	6	17
39	33	11	17	37	19
537	580	725	n/a	n/a	n/a
562	112	153	216	n/a	n/a
1,060	1,766	1,845	n/a	n/a	n/a
681	1,506	1,601	n/a	n/a	n/a
13.6	4.8	4.8	11.9	3.2	17.8
2,307	2,104	2,104	2,101	2,100	2,384
168,570	169,750	166,860	165,096	163,332	161,568
1.7	2.9	2.9	2.1	2.2	2.4

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

Function/Program	2013	2012	2011	2010
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	2
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
Pressure reducing stations	-	14	14	14
Ground storage tanks	-	8	8	8
Elevated towers	-	5	5	5
Wastewater:				
Treatment Plants	-	1	1	1
Lift Stations	-	36	36	36
Distribution and Collection:				
Water mains (miles)	-	249	249	249
Sanitary sewers (miles)	-	207	207	207

Sources: Various city departments.

^a Inside city limits

Table 18

2009	2008	2007	2006	2005	2004
1	1	1	1	1	1
112	112	112	112	112	112
3	3	3	3	3	3
30	30	30	30	30	30
297	297	297	297	297	297
n/a	n/a	n/a	n/a	n/a	n/a
3,628	3,628	3,628	3,628	3,628	3,628
51	51	51	51	51	51
1	1	1	1	1	1
125	125	125	125	125	125
42	42	42	42	42	42
3	4	4	4	4	4
1	1	1	1	1	1
1	1	1	n/a	n/a	n/a
6	6	6	6	6	6
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
9	9	9	9	9	9
50	50	50	50	50	50
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
11	11	11	11	11	11
14	14	14	14	14	14
8	8	8	8	8	8
5	5	5	5	5	5
1	1	1	1	1	1
36	36	36	36	36	36
249	249	249	249	249	249
207	207	207	207	207	207