



**Comprehensive Annual
Financial Report**
October 1, 2011- September 30, 2012
CITY OF BENBROOK, TEXAS

PRESENTED TO

MAYOR
Jerry B. Dittrich

COUNCIL MEMBERS

Charlie Anderson
Dr. Larry Marshall
Rickie Allison
Jim Wilson
Mark Washburn
Ron Sauma

CITY MANAGER
Andy Wayman

PREPARED BY
David L. Ragsdale, Finance Director

Benbrook



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City of Benbrook, Texas
Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

Benbrook



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March 8, 2013

The Honorable Mayor, Members of the City Council and City Manager
City of Benbrook
Benbrook, Texas

The Finance Department is pleased to submit the Comprehensive Annual Financial Report of the City of Benbrook, Texas for the fiscal year ended September 30, 2012. This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosure, rests with the City. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of operations of the City. We also believe that all disclosure necessary to enable the reader to gain an understanding of the City's financial affairs has been included.

THE REPORT

The report is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes this transmittal letter, a listing of City Officials, an organizational chart, and the prior year's GFOA Certificate for Financial Achievement. The Financial section includes a Management Discussion and Analysis (MD&A), basic financial statements, the opinion of the independent auditor, and supplementary information. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The Statistical section, through the use of tables, presents comparative economic and financial data to give the users of the report a perspective of the City's performance over a number of years.

The financial statements included in the report were prepared by the Finance Department in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The basic financial statements and related notes have been audited by an independent firm of Certified Public Accountants, Weaver and Tidwell, L.L.P., whose report is included herein.

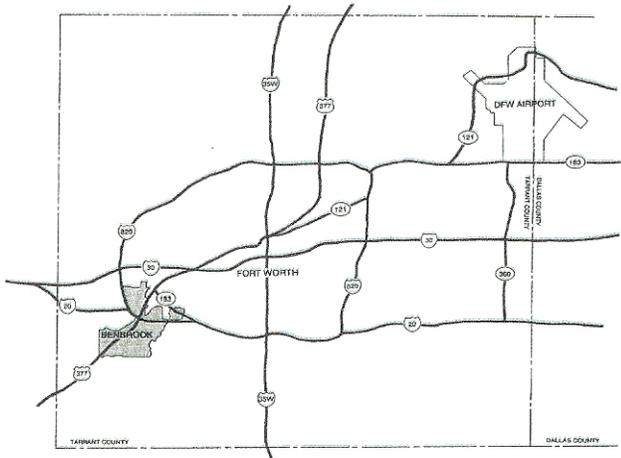
CITY PROFILE

Location

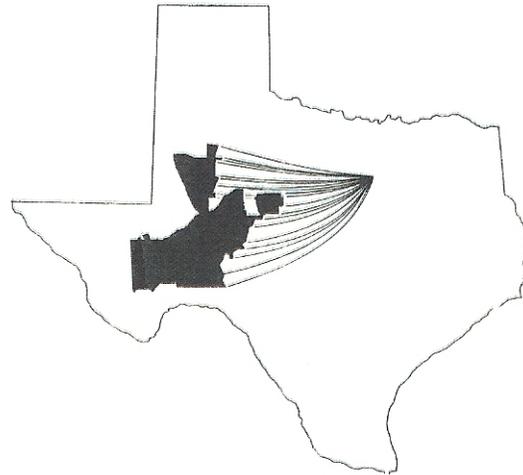
The City of Benbrook is located in Tarrant County, in the north central portion of the State of Texas. The City of Benbrook is located adjacent to the City of Fort Worth and is only thirty minutes from Dallas. The City covers approximately thirteen square miles. The 2000 Census set the population at 20,208, and the current estimate is 21,360.

The City was incorporated in 1947 and is operated under a charter adopted in 1983. The City has a Council-Manager form of government with the City Council comprised of a mayor and six council members. All City Council positions are elected by place number and run at large for two-year staggered terms. The City Council is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies and appointing the City Manager, City Attorney, City Secretary, Municipal Court Judge, as well as members of boards and commission. The City Manager is responsible to the City Council and appoints and supervises the employees that prepare and administer the annual budget and capital improvements program.

Benbrook's location in Tarrant County



Benbrook's location in the State



Services Provided

The City provides a full range of municipal services including general government, police and fire protection, street maintenance, building inspection, recreation services, parks operation and maintenance, and maintenance of City-owned buildings. The Benbrook Economic Development Corporation (EDC) is responsible for the promotion and retention of business within the City. Solid waste collection has been contracted out to a private firm.

This report includes the financial statements of the funds required to account for those activities, organizations and functions which are related to the City and are controlled by or dependent upon the City's governing body. The criteria used by the City for including activities in preparing its financial statements are set forth by GASB. Based on these criteria, all municipal services listed are included in the City's 2011-2012 financial statements.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis. Under this method of accounting, expenditures are recognized when the services or goods are received and the liability is incurred.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City charter provides that the City Council shall adopt the annual budget prepared by the City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and divisions within a fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

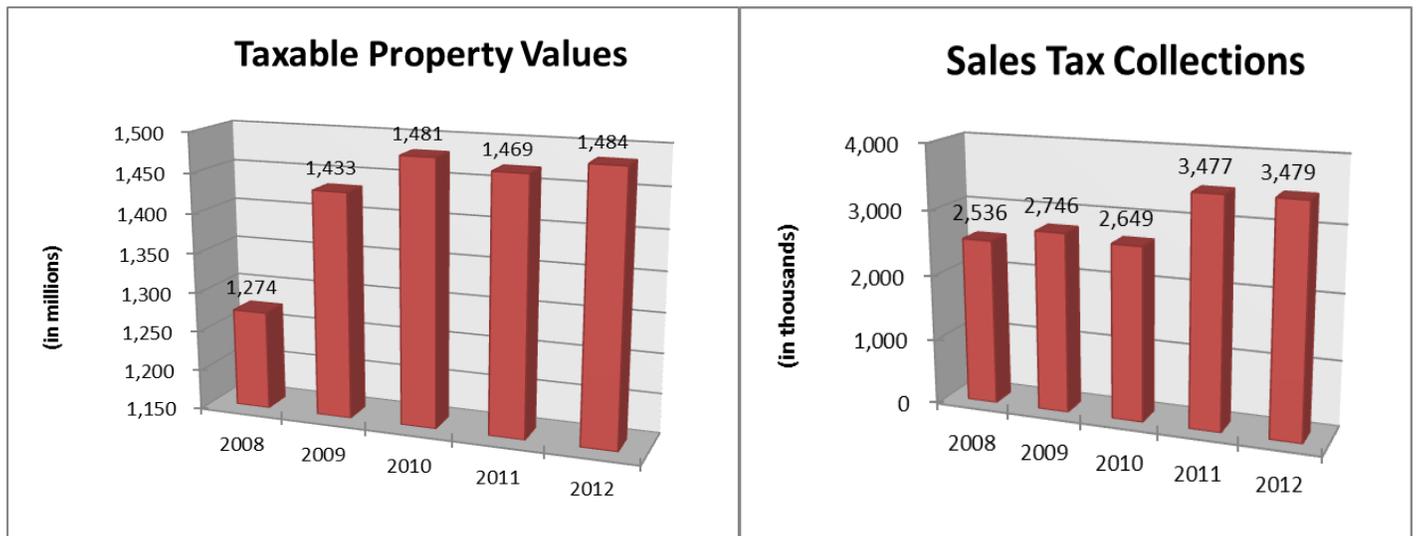
Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and distributed monthly to City department and division managers. A financial summary is prepared for City Council to approve each month, with detail reports submitted once each quarter.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

Summary of Local Economy

Although the national economy has slowed considerably, the State of Texas and particularly the Dallas/Fort Worth Metroplex has seen less of an impact. The City of Benbrook is located in southwest Tarrant County, where growth continued until this year. The City's tax base has grown an average of 5.2% annually for the past five years. We expect our growth rate to continue but at a slower pace over the next few years. Commercial growth has remained steady while residential construction has slowed in the last few years. Although sales tax collections have increased at an average of 6.45% over the past five years, last year was basically unchanged and projections for the new year were flat as well.



Economic Prospects for the Future

Several new businesses opened over the last few years and caused an immediate impact on the City as 2011 sales tax proceeds increased 31.26% over 2010. Several more commercial developments are in the planning stage and could open at some point in 2013 or 2014. The City also has several residential developments underway.

While the City's taxable property values have been basically flat over the past three years, several positives could be found in the numbers. Most of the cities in the county have had property tax decreases during the past few years. Benbrook's values have either increased or decreased by less than almost every other city in the county. Property values have bounced back and increased by 2.53% for 2013.

The current TxDot beautification project continues on U.S. 377. Initial work on the acquisition of right-of-way and moving of utilities is underway as the City readies for the widening of that road.

Long-term Financial Planning

The City Council has adopted a reserve policy for the operating funds (General and Debt Service). The operating fund reserve policy states that the City will maintain a minimum reserve of \$5,500,000. The City had a total of \$10,329,269 at year-end. Despite the use of \$2,000,000 for the expansion of the fire department and \$1,500,000 for improvements to U.S. 377, the City will still be above the reserve amount.

The City produces an award-winning Comprehensive Capital Improvements Plan (CIP). The CIP includes an emphasis on the repair and maintenance of existing facilities and infrastructure. Planned project funding comes from current resources. Projects located in the Tax Increment Finance District (TIF) will be financed with the increase in value of property located within the TIF. Storm drainage projects will be funded from the recently adopted Storm Drainage Fees. Other special projects will be taken on at the discretion of the City Council. These projects will be financed by the Core Value Account (CVA), which gets 70% of new sales tax money and all money related to mineral interest.

Cash Management

The City's cash management policy is adopted by City Council and strictly defines the types and amounts of investments made for the City. Section 5 of the Public Funds Investment Act prescribes that cities are to develop and maintain an investment policy to govern all investments. The City of Benbrook adopted its investment policy in 1998. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral was held by either the City, its agent, or a financial institution's trust department in the City's name. One hundred percent of the deposits and investments held by the City during the year and at September 30, 2012, are classified in the category of the lowest credit risk as defined by the Governmental Accounting Standards Board. All deposits are held in interest-bearing accounts or in certificates of deposit.

The City has maintained all excess funds in TexPool, TexSTAR, or in interest-bearing checking accounts (where permissible) with the City's depository.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit of the financial statements of the City by independent certified public accountants selected by the City Council. This requirement has been complied with, and the audit firm of Weaver and Tidwell, L.L.P.'s report on the basic financial statements and required supplementary information is included in the financial section of this report.

Certificate of Achievement

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

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

In addition, the City of Benbrook has received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2011. This award marked the twenty-fourth time the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has my sincere appreciation for the contribution made in the preparation of this report.

In closing, without the leadership and support of the City Council and the City Manager, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in cursive script that reads "David L. Ragsdale".

David L. Ragsdale
Finance Director

City of Benbrook, Texas
Principal Officials
September 30, 2012

ELECTED OFFICIALS

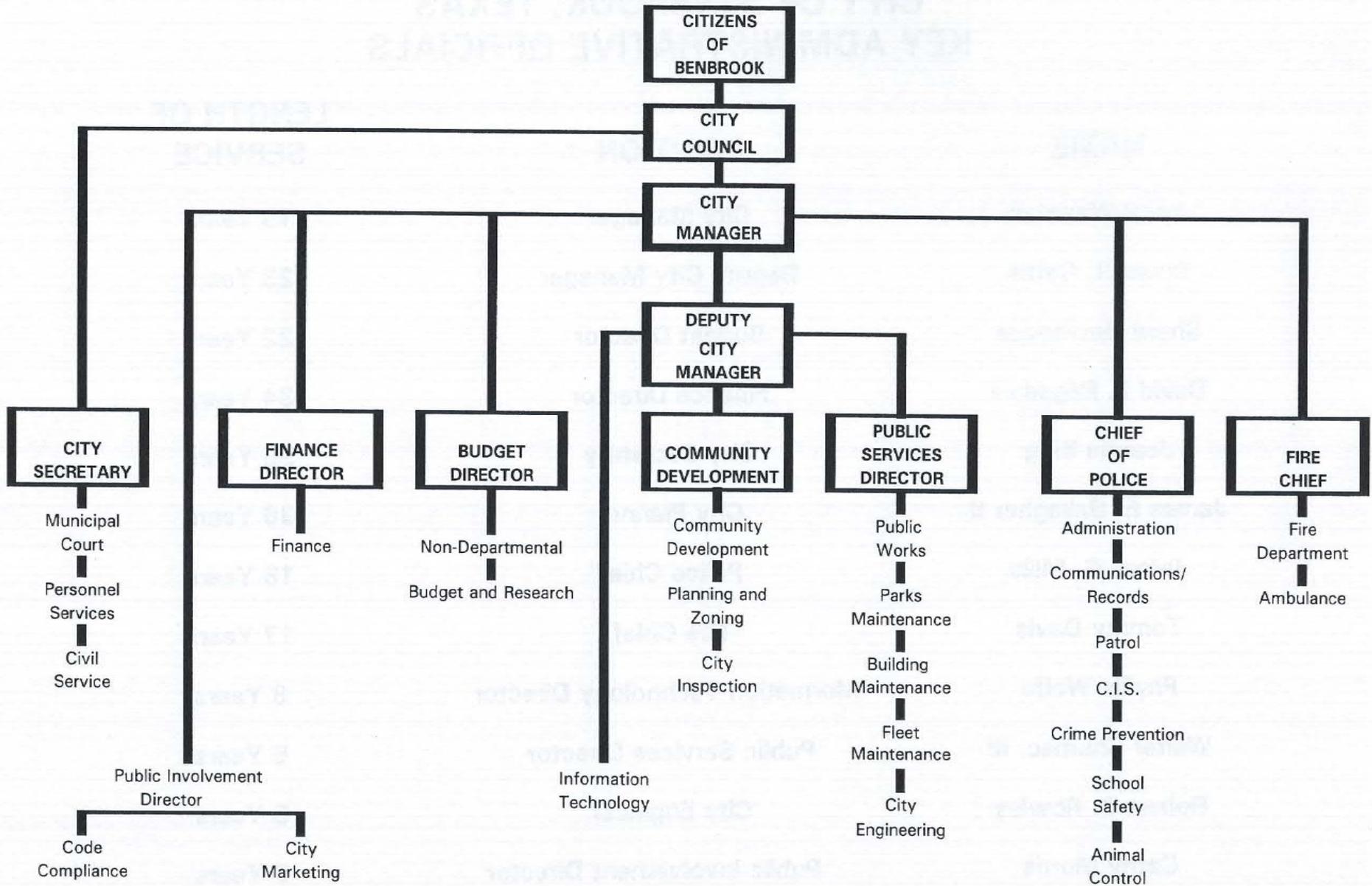
<u>Name of Individuals</u>	<u>Position</u>	<u>Term Expires (Nov)</u>	<u>Length of Service (in Years)</u>
Jerry B. Dittrich	Mayor Place 1	2013	20
Charlie Anderson	Councilman Place 2	2014	3
Dr. Larry Marshall	Councilman Place 3	2013	1
Rickie Allison	Mayor Pro Tem Place 4	2014	12
Jim Wilson	Councilman Place 5	2013	3
Mark Washburn	Councilman Place 6	2014	4
Ron Sauma	Councilman Place 7	2013	11

APPOINTED OFFICIALS

Andy Wayman	City Manager	16
Joanna King	City Secretary	37
James E. Gallagher	Planning Director	37
David L. Ragsdale	Finance Director	35
David R. Gattis	Deputy City Manager	24
Sherri Newhouse	Budget Director	23
James G. Mills	Police Chief	19
Tommy Davis	Fire Chief	18
Ron Rainey	EDC Director	15
Phyllis Wolfe	Information Technology Director	8
Cathy Morris	Public Involvement Director	6
Walter Shumac	Public Services Director	5

CITY OF BENBROOK, TEXAS

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Benbrook
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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



Christopher P. Moivell

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

Benbrook



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Council and City Manager
City of Benbrook, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Benbrook, Texas (the City) as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion, the schedule of funding progress, and budgetary comparison schedule on pages 3 through 7 and 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements, and statistical section are presented for

To the Honorable Mayor,
City Council and City Manager
City of Benbrook, Texas

Page 2

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 fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
March 8, 2013

**CITY OF BENBROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2012
(Unaudited)**

As management of the City of Benbrook, we offer the readers of the City's financial statement this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – v of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$57,480,199 (net assets). Of this amount, \$13,543,550 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total capital assets decreased by \$589,774 to \$47,371,346. The decrease was due to completion of major infrastructure projects that were not capitalized.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,402,435. Over 40% of this total or \$9,479,220 is unassigned and available for any use within the City's designation and policies.
- At the end of the current year, unassigned fund balance for the general fund was \$9,579,220 or 67.07% of total general fund expenditures.
- Long-term debt increased \$526,072.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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 the reader with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, staff services, public safety, public services, community development, economic development, and community promotions. The government-wide financial statements can be found on pages 8 - 9 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City of Benbrook only has governmental 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 current sources and uses 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 financial requirements.

Because the focus of the 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 funds 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 maintains twelve governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Economic Development, Debt Service, and three Capital Projects funds. The remaining funds are aggregated in one column. The basic governmental funds financial statements can be found on pages 10 – 13.

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 the fund financial statements. The notes to the financial statements can be found on pages 14 - 31.

Other Information – In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information that can be found on pages 32 – 34.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. As of September 30, 2012 the City of Benbrook’s assets exceeded liabilities by \$57,480,199.

The largest portion of the City’s net assets (63.04%) reflects its investments in capital assets (e.g. land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Benbrook’s Net Assets

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
Current and Other Assets	\$26,456,866	\$27,979,252
Capital Assets	<u>47,961,120</u>	<u>47,371,346</u>
Total Assets	74,417,986	75,350,598
Long-term Liabilities	16,388,674	16,914,746
Other Liabilities	<u>1,059,495</u>	<u>955,653</u>
Total Liabilities	17,448,169	17,870,399
Net Assets:		
Investment in Capital Assets (net of related debt)	36,615,411	36,235,804
Restricted	7,807,670	7,700,845
Unrestricted	<u>12,546,736</u>	<u>13,543,550</u>
Total Net Assets	\$56,969,817	\$57,480,199

An additional portion of the City’s net assets (13.39%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2012, the City is able to report positive balances in all categories of net assets.

Analysis of City Operations – The following table provides a summary of the City’s operations for the year ended September 30, 2012. Overall the City had an increase in net assets of \$510,382. This increase resulted from new business development and additional fees from that development.

City of Benbrook’s Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
<u>Revenues</u>		
Program Revenues:		
Fees, Fines & Service Charges	\$2,180,119	\$2,705,575
Operating Grants & Contributions	381,097	480,821
Capital Grants & Contributions	-	50,000
General Revenues:		
Ad Valorem Taxes	9,659,289	9,754,496
Franchise Taxes	1,429,023	1,503,002
Sales & Other Taxes	3,595,387	3,596,241
Use of Money & Property	616,735	325,123
Miscellaneous	<u>1,314,106</u>	<u>1,123,070</u>
Total Revenues	19,175,756	19,538,328
<u>Expenses</u>		
General Government	2,090,595	1,587,026
Staff Services	723,541	902,490
Public Safety	8,212,215	8,509,009
Public Services	3,906,368	1,598,830
Community Development	1,852,989	5,829,234
Interest on Long-term Debt	<u>650,617</u>	<u>601,357</u>
Total Expenditures	17,436,325	19,027,946
Increase in Net Assets	1,739,431	510,382
Net Assets – October 1	<u>55,230,386</u>	<u>56,969,817</u>
Net Assets – September 30	<u>\$56,969,817</u>	<u>\$57,480,199</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

Governmental Funds – The focus of the City of Benbrook’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal period. At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$23,402,435.

Revenues – Fees, Fines and Service charges as well as Grant Contributions were all higher. Most of the increase was due to higher TIF contribution, higher fines and higher building fees.

General Fund Highlights – The General Fund balance decreased \$56,325 to \$9,804,342. All of this decrease resulted from City Council’s decision to fund construction projects with current money rather than issuing debt. This decision resulted in transfers to other funds increasing almost \$1,000,000.

Economic Development - The ending balance increased \$432,654.

Capital Projects - The TIF increased \$398,445 due to increased property values. Additional expenses were offset by a bond issue. The CVA increased \$503,725 from mineral interest. The Storm Water account increased \$164,095 due to another year of storm water fees.

CAPITAL ASSETS

The City of Benbrook's investment in capital assets for its governmental activities as of September 30, 2012 amounts to \$47,371,346 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress.

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

- Land purchase by the EDC (\$89,124)
- Continued construction on storm water projects (\$2,709,276)
- Infrastructure projects (\$4,840,133)
- Equipment purchases (\$314,519)

Capital Assets at Year End (net of accumulated depreciation)

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
Land	\$ 858,718	\$ 947,842
ROW	9,821,372	9,821,372
Buildings	8,007,041	8,007,041
Infrastructure	70,043,668	74,883,801
Equipment	4,712,552	5,027,071
Construction in Progress	4,571,842	339,985
Accumulated Depreciation	<u>(50,054,073)</u>	<u>(51,655,766)</u>
Total	<u>\$47,961,120</u>	<u>\$47,371,346</u>

Additional information on the City of Benbrook's capital assets can be found in Note 3 beginning on page 21.

DEBT ADMINISTRATION

At the end of the fiscal year, the City had total long term debt of \$14,297,767. Of this amount, \$9,055,000 comprises bonded debt backed by the full faith and credit of the government. The balance of the total long term debt is comprised of a certificate of obligation, refunding bonds and a note payable.

Outstanding Debt at Year End Bonds and Notes Payable

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
General Obligations Bonds	\$ 9,700,000	\$ 9,055,000
Certificates of Obligation	2,600,000	3,695,000
Notes Payable	1,758,928	1,661,301
Deferred Loss on Refunding	<u>(126,168)</u>	<u>(113,534)</u>
Total	<u>\$13,932,760</u>	<u>\$14,297,767</u>

During the year, the City's total debt increased by \$365,007. This increase was due to the following:

- Issue CO's totaling \$1,280,000 to repay a TIF investor
- Normal debt payments

The City of Benbrook has the following ratings on its long term debt:

	<u>Moody's Investor Service</u>	<u>Standard & Poor's</u>
General Obligation Bonds	Aa2	AA -

Most of the City's bonds are insured and thus have a triple A credit rating by both Moody's and Standard & Poor's.

Additional information on the City of Benbrook's long term debt can be found in Note 4 on pages 22 - 24 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2012-2013 budget, General Fund revenues are budgeted to increase by 2.85% from the 2011-2012 budget year. Property taxes are responsible for the increase. Expenditures are budgeted to increase by 4.92%. Certified assessed valuations increased 2.53% over the preceding year.

LONG-TERM PLANNING

The City produces an Annual Budget with 10 year financial projections. These projections are updated and re-evaluated each year during the budget process. In addition to this 10 year financial projections included in the budget, the City also produces an award winning Comprehensive Capital Improvements Plan that projects long-term growth and capital improvements as well as the means of financing these projects. These reports are available to interested readers upon request or on the City's web site.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Director at P. O. Box 26569, Benbrook, Texas 76126, or call (817) 249-3000.

Benbrook



T E X A S

Our Pride. Your Joy.

BASIC FINANCIAL STATEMENTS

Benbrook



T E X A S

Our Pride. Your Joy.

**CITY OF BENBROOK, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

	Primary Government Governmental Activities
	<hr/>
ASSETS	
Deposits & Investments	\$ 23,657,567
Receivables (net of allowance for uncollectibles)	
Property Tax	233,611
Sales Tax	241,605
Special Assessments	21,553
Accounts	102,270
Notes	400,000
Net Investment in Direct Financing Lease (DFL)	2,381,490
Deferred Charges	172,186
Investment in Joint Venture	768,970
Capital Assets	
Land	947,842
ROW	9,821,372
Buildings	8,007,041
Infrastructure	74,883,801
Equipment	5,027,071
Construction in progress	339,985
Accumulated depreciation	(51,655,766)
Total Assets	<hr/> \$ 75,350,598 <hr/>
LIABILITIES	
Accounts Payable & Other Accrued Liabilities	\$ 480,324
Accrued Interest Payable	42,806
Deposits	140,459
Unearned Revenue	292,064
Noncurrent Liabilities	
Due Within One Year	1,648,956
Due in More Than One Year	15,265,790
Total Liabilities	<hr/> 17,870,399 <hr/>
NET ASSETS	
Invested in Capital Assets (net of related debt)	36,235,804
Restricted for	
Debt Service	710,465
Economic Development	6,990,380
Unrestricted	13,543,550
Total Net Assets	<hr/> \$ 57,480,199 <hr/>

Notes to the financial statements
are an integral part of this statement

**CITY OF BENBROOK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012**

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Assets Primary Government
		Fees, Fines & Charges For Services	Operating Grants & Contributions	Capital Grant & Contributions	
Governmental Activities					
General Government	\$ 1,587,026	\$ -	\$ -	\$ -	\$ (1,587,026)
Staff Services	902,490	-	-	-	(902,490)
Public Safety	8,509,009	1,350,782	480,821	50,000	(6,627,406)
Public Services	1,598,830	137,908	-	-	(1,460,922)
Community Development	5,829,234	1,216,885	-	-	(4,612,349)
Interest on long-term debt	601,357	-	-	-	(601,357)
Total Governmental Activities	\$ 19,027,946	2,705,575	480,821	50,000	(15,791,550)
General Revenues					
Taxes					
Ad Valorem					9,754,496
Franchise					1,503,002
Sales & Other					3,596,241
Use of Money & Property					325,123
Miscellaneous					1,123,070
Total General Revenues					16,301,932
Changes in Net Assets					510,382
Net Assets – Beginning					56,969,817
Net Assets – Ending					<u><u>\$57,480,199</u></u>

Notes to the financial statements
are an integral part of this statement

**CITY OF BENBROOK, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	<u>General</u>	<u>Economic Development</u>	<u>Debt Service</u>	<u>Capital Projects TIF</u>	<u>Capital Projects CVA</u>	<u>Capital Projects Stormwater</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Deposits & Investments	\$ 9,876,112	\$ 4,771,852	\$ 749,718	\$ 1,382,001	\$ 3,068,162	\$ 2,010,346	\$ 1,799,376	\$ 23,657,567
Receivables (net of allowances for uncollectibles)								
Property Tax	230,058	-	3,553	-	-	-	-	233,611
Sales Tax	161,070	80,535	-	-	-	-	-	241,605
Special Assessments	-	-	-	-	-	-	21,553	21,553
Accounts	18,922	73,051	-	2,937	2,616	-	4,744	102,270
Net Investment in Direct Financing Lease	-	2,381,490	-	-	-	-	-	2,381,490
Due From Other Funds	154,928	-	-	-	-	-	-	154,928
TOTAL ASSETS	<u>\$ 10,441,090</u>	<u>\$ 7,306,928</u>	<u>\$ 753,271</u>	<u>\$ 1,384,938</u>	<u>\$ 3,070,778</u>	<u>\$ 2,010,346</u>	<u>\$ 1,825,673</u>	<u>\$ 26,793,024</u>
LIABILITIES & FUND BALANCES								
Liabilities								
Accounts Payable & Accrued Liabilities	\$ 322,773	\$ 2,926	\$ -	\$ -	\$ -	\$ 119,525	\$ 27,781	\$ 473,005
Advance Payments & Deposits	105,362	-	-	-	-	-	42,416	147,778
Due to Other Funds	-	21,558	-	-	-	-	133,370	154,928
Deferred Revenues	208,613	2,381,490	3,222	-	-	-	21,553	2,614,878
Total Liabilities	636,748	2,405,974	3,222	-	-	119,525	225,120	3,390,589
Fund Balances (Deficit)								
Restricted								
Debt Service	-	-	750,049	-	-	-	-	750,049
Economic Development	-	4,900,954	-	-	-	-	-	4,900,954
City Promotions	-	-	-	-	-	-	362,809	362,809
Worker's Comp	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	1,384,938	-	1,890,821	1,037,835	4,313,594
Public Safety	-	-	-	-	-	-	299,909	299,909
Committed								
Worker's Comp	225,122	-	-	-	-	-	-	225,122
Capital Projects	-	-	-	-	3,070,778	-	-	3,070,778
Unassigned	9,579,220	-	-	-	-	-	(100,000)	9,479,220
Total Fund Balances (Deficit)	9,804,342	4,900,954	750,049	1,384,938	3,070,778	1,890,821	1,600,553	23,402,435
TOTAL LIABILITIES & FUND BALANCES (DEFICIT)	<u>\$ 10,441,090</u>	<u>\$ 7,306,928</u>	<u>\$ 753,271</u>	<u>\$ 1,384,938</u>	<u>\$ 3,070,778</u>	<u>\$ 2,010,346</u>	<u>\$ 1,825,673</u>	<u>\$ 26,793,024</u>

Notes to the financial statements
are an integral part of this statement

**CITY OF BENBROOK, TEXAS
RECONCILIATION OF GOVERNMENT FUNDS
BALANCE SHEET TO STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2012**

Total fund balances – governmental funds	\$ 23,402,435
Amounts reported for governmental activities in the statement of activities are different because:	
Investment in joint venture is not a current financial resource and therefore, is not reported in the government funds balance sheet	768,970
Long-term assets are not a current financial resource and, therefore, are not reported in the governmental funds balance	400,000
Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	47,371,346
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	172,186
Interest payable on long term debt does not require current financial resources; therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(42,806)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	2,322,814
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements.	(15,661,090)
Accrued sick and vacation time does not require current financial resources and is not included on the governmental funds balance sheet.	<u>(1,253,656)</u>
Net Assets of Governmental Activities	<u>\$ 57,480,199</u>

Notes to the financial statements
are an integral part of this statement

**CITY OF BENBROOK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>General</u>	<u>Economic Development</u>	<u>Debt Service</u>	<u>Capital Projects TIF</u>	<u>Capital Projects CVA</u>	<u>Capital Projects Stormwater</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES								
Taxes								
Property	\$ 9,610,716	\$ -	\$ 149,010	\$ -	\$ -	\$ -	\$ -	\$ 9,759,726
Franchise	1,473,355	-	-	-	-	-	29,647	1,503,002
Sales & Other	2,323,702	1,159,920	-	-	-	-	112,619	3,596,241
Licenses, Permits & Filing Fees	307,408	-	-	-	-	-	-	307,408
Fines & Forfeitures	647,378	-	-	-	-	-	44,756	692,134
Use of Money & Property	213,378	33,712	-	389	75,090	1,020	1,534	325,123
Proceeds of Direct Financing Lease	-	216,736	-	-	-	-	-	216,736
Charges for Services	770,687	-	-	884,770	-	932,488	-	2,587,945
Other Revenues	514,404	-	-	-	-	10,329	529,755	1,054,488
Total Revenues	<u>\$ 15,861,028</u>	<u>\$ 1,410,368</u>	<u>\$ 149,010</u>	<u>\$ 885,159</u>	<u>\$ 75,090</u>	<u>\$ 943,837</u>	<u>\$ 718,311</u>	<u>\$ 20,042,803</u>
EXPENDITURES								
Current								
General Government	\$ 1,568,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,568,134
Staff Services	901,844	-	-	-	-	-	-	901,844
Public Safety	8,101,819	-	-	-	-	-	29,755	8,131,574
Public Service	2,568,908	-	-	-	-	-	139	2,569,047
Community Development	977,325	-	-	1,534,216	-	-	189,940	2,701,481
Economic Development	-	760,978	-	-	-	-	-	760,978
Debt Service								
Bond Issuance Cost	-	-	-	30,000	-	-	-	30,000
Principal	-	97,627	830,000	-	-	-	-	927,627
Interest & Other Fees	-	119,109	442,197	-	-	-	-	561,306
Capital Outlay	163,350	-	-	-	106,831	167,905	1,258,020	1,696,106
Total Expenditures	<u>14,281,380</u>	<u>977,714</u>	<u>1,272,197</u>	<u>1,564,216</u>	<u>106,831</u>	<u>167,905</u>	<u>1,477,854</u>	<u>19,848,097</u>
Excess of Revenues Over (Under) Expenditures	<u>1,579,648</u>	<u>432,654</u>	<u>(1,123,187)</u>	<u>(679,057)</u>	<u>(31,741)</u>	<u>775,932</u>	<u>(759,543)</u>	<u>194,706</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from Bond Issuance (face)	-	-	-	1,280,000	-	-	-	1,280,000
Transfers In	-	-	814,335	-	535,466	-	1,100,507	2,450,308
Transfers Out	(1,635,973)	-	-	(202,498)	-	(611,837)	-	(2,450,308)
Total Other Financing Sources (Uses)	<u>(1,635,973)</u>	<u>-</u>	<u>814,335</u>	<u>1,077,502</u>	<u>535,466</u>	<u>(611,837)</u>	<u>1,100,507</u>	<u>1,280,000</u>
Net Change in Fund Balance	(56,325)	432,654	(308,852)	398,445	503,725	164,095	340,964	1,474,706
Fund Balances – Beginning	9,860,667	4,468,300	1,058,901	986,493	2,567,053	1,726,726	1,259,589	21,927,729
Fund Balances (Deficit) - Ending	<u>\$ 9,804,342</u>	<u>\$ 4,900,954</u>	<u>\$ 750,049</u>	<u>\$ 1,384,938</u>	<u>\$ 3,070,778</u>	<u>\$ 1,890,821</u>	<u>\$ 1,600,553</u>	<u>\$ 23,402,435</u>

Notes to the financial statements
are an integral part of this statement

**CITY OF BENBROOK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE NET CHANGE IN NET ASSETS
OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Net change in fund balances – total governmental funds	\$ 1,474,706
Amounts reported for governmental activities in the statement of activities are different because:	
Investments in joint venture reported in the statement of net assets does not require the use of current financial resources; therefore, the current year net income or loss in the investment is not reported in the governmental funds.	(29,095)
Governmental funds report long-term lending activities as expenditures in the governmental funds. This is the amount of the note issued in the current period.	400,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period	7,953,052
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(1,601,693)
Net book value of capital assets disposed.	(6,941,133)
The issuance of long term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities This amount includes principal paid on long term debt and accreted interest.	(348,999)
Current year changes in accrued interest payable do not require the use of current financial resources; and therefore are not reported as expenditures in governmental funds.	(13,425)
The expense for compensated absences reported in the statement of activities does not require the use of current financial resources; therefore, the expense is not reported as expenditures in the governmental funds.	(32,300)
Amount set aside to cover the liability for OPEB/TMRS SDB	(128,765)
Certain revenues reported in the governmental funds are not reported in the government-wide statement of activities.	<u>(221,966)</u>
Net Change in Net Assets of Governmental Activities	<u>\$ 510,382</u>

Notes to the financial statements
are an integral part of this statement

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Benbrook (the “City”) was incorporated in 1947. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, police and fire protection, street maintenance, building inspection services, recreation, parks operation and maintenance, and maintenance and operation of City-owned buildings.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable).

B. Financial Reporting Entity

As required by accounting principals generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. Complete financial statements for the individual component units may be obtained at the City's office.

The following entity was found to be a component unit of the City and is included in the combined financial statements:

Blended Component Unit – The Benbrook Economic Development Corporation (EDC) was created for the purpose of promoting economic development within the City. The board of directors is substantively the same as that of the City Council. All board members are appointed by the City Council. The EDC is authorized to sell bonds or other forms of indebtedness. Upon dissolution of the EDC, the assets of the EDC shall be distributed to the City. The EDC provides services to the City and its residents.

CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – continued

It is management's opinion (the staff, City attorney and the independent auditor) that a blended presentation should be used to report the financial information of the component unit. Financial information for the component unit can be obtained from the entity's administrative office at 911 Winscott Road, Benbrook, Texas 76126.

C. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately. However, interfund services provided and used are not eliminated in the process of consolidation

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

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. Governmental funds are those funds through which most governmental functions typically are financed. The City has presented the following major governmental funds:

The **General Fund** is the main operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The **Economic Development Fund** accounts the half cent sales tax collected to fund the activities of the Benbrook Economic Development Corporation. The fund balance is restricted for development and improvements that will promote economic growth in the City.

The **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

The **Capital Projects – Stormwater** is used to account for funds received and expended for the construction and renovation of major drainage improvements. Initial funding came from a bond issue with additional funding from stormwater fees. The fund balance is restricted for major stormwater projects.

CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation – continued

The **Capital Project - TIF** is used to account for funds received and expended for the construction of major improvements that must be financed over several years. The fund balance is restricted for projects within the TIF boundaries.

The **Capital Project - CVA** is used to account for proceeds from natural gas leases, mineral interest and 70% of new sales tax proceeds. These funds will be used for special major improvement projects to be determined by a super majority of the City Council and, therefore, the fund balance is committed.

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Cash and Investments

Cash of all funds except for some Special Revenue Funds, including restricted cash, is pooled into common accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled cash and cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered "cash equivalents". All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Cash and Investments - continued

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds and certificates of deposits within established criterion.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 Years
Infrastructure	10-50 Years
Equipment	5-20 Years

G. Accumulated Vacation, Compensated Time and Sick Leave

City policy allows civil service employees to accumulate 120 hours of sick leave per year and accrue it on an unlimited basis. Civil service employees with one full year of employment are entitled to be paid up to 90 days for unused sick leave upon termination. Non-civil service employees may accrue up to 480 hours of unused sick leave. Non-civil service employees may be paid up to 20 days for unused sick time based on years of service and certain other criteria. Employees with less than 5 years of service earn 10 vacation days while employees with more than 5 years service earn 15 vacations days per year. Non-civil service employees may accumulate two times the current number of vacation days earned per year, up to a maximum of 30 days. All earned vacation leave not taken within one year of its accumulation will be forfeited by civil service employees.

H. Nature and Purpose of Designations of Fund Equity

The City has implemented Government Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for the year ending September 30, 2012. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The objective of this statement is to enhance the usefulness of fund balance information by providing clear fund balance classifications that can be more consistently applied, and by clarifying governmental fund type definitions. Fund balance categories under GASB 54 are Nonspendable and Spendable. Classifications under the Spendable category are Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity as to the level of restriction placed upon fund balance.

CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Nature and Purpose of Designations of Fund Equity – continued

In accordance with GASB 54, the City classifies governmental fund balances effective with its financial statements ended September 30, 2011, and thereafter as follows:

1. Nonspendable Fund balance – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and prepaid/deferred items.
2. Spendable Fund Balance
 - a. *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples would include federal and state grant programs, retirement of long-term debt, and construction.
 1. The aggregate fund balance of the Debt Service Fund is legally restricted for the payment of long term debt and is not available for any other purpose until all debt has been paid.
 2. The aggregate fund balances of the Special Revenue Funds are legally restricted by the enabling legislation that created these funds.
 3. The fund balances of the remaining Capital Projects Funds (Non-Major) are legally restricted by enabling legislation, bond covenants, or other governmental entities.
 - b. *Committed Fund Balance* – includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but not limited to, City Council action regarding construction and capital expenditures. City Council must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.
 1. The Capital Projects-CVA funds are considered committed by the City Council action to create that fund.
 2. The Worker's Comp funds were committed when City Council authorized the creation of the fund to partially self-insure.
 - c. *Assigned Fund Balance* – includes amounts intended to be used by the City for a specific purpose. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. The City has delegated the City Manager to determine and define amounts of those components of fund balance that are classified as Assigned. Examples take on similar appearance as funds designated as committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in the next budget year.
 - d. *Unassigned Fund Balance* – includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the City has implicitly assigned the funds for the purpose of those particular funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and finally unassigned fund balance

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of September 30, 2012 consist of the following:

Deposits with financial institutions	\$ 14,742,494
Investments	<u>8,915,073</u>
	<u>\$23,657,567</u>

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days, thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity (WAM) of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2012 the City had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>WAM</u>
TexPool	\$ 6,046,048	41
TexSTAR	<u>2,869,025</u>	44
	<u>\$ 8,915,073</u>	

As of September 30, 2012 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating firm. Presented below are the minimum rating required by the Public Funds Investment Act (where applicable), the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Rating</u>
TexPool	\$ 6,046,048	AAAm
TexSTAR	<u>2,869,025</u>	AAAm
	<u>\$ 8,915,073</u>	

CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. At year end, other than external investment pools, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits.

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governments by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2012, the carrying amount of the City's cash on hand was \$14,742,494 and the bank balances were \$15,037,449. Of the bank balance, \$500,000 was covered by depository insurance while the remaining \$14,537,449 was covered by collateral with a value of \$18,873,777. This collateral is held by the Federal Reserve Bank of Dallas in the City's name under joint safekeeping agreements with the pledging institutions.

Investment in State Investment Pools

The City of Benbrook is a voluntary participant in TexPool and TexSTAR, two external investment pools.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in the pools and other persons who do not have a business relationship with the pools.

TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors that includes participants in the pool as well as other persons. J. P. Morgan Asset Management and First Southwest Asset Management act as co-administrators, providing investment management services, participant services and marketing. The pool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pool uses amortized cost rather than market value to report net assets to compute share price. Accordingly, the fair value of the position in the pool is the same as the value of the pool shares.

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3 – CAPITAL ASSETS

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

	<u>Balance October 1</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance September 30</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 858,718	\$ 89,124	\$ -	\$ 947,842
ROW	9,821,372	-	-	9,821,372
Construction in Progress	<u>4,571,842</u>	<u>2,709,276</u>	<u>6,941,133</u>	<u>339,985</u>
Total capital assets not being depreciated	<u>15,251,932</u>	<u>2,798,400</u>	<u>6,941,133</u>	<u>11,109,199</u>
Capital assets being depreciated				
Buildings	8,007,041	-	-	8,007,041
Infrastructure	70,043,668	4,840,133	-	74,883,801
Equipment	<u>4,712,552</u>	<u>314,519</u>	-	<u>5,027,071</u>
Total capital assets being depreciated	<u>82,763,261</u>	<u>5,154,652</u>	<u>-</u>	<u>87,917,913</u>
Less accumulated depreciation				
Buildings	4,246,058	255,427	-	4,501,485
Infrastructure	43,576,425	1,076,509	-	44,652,934
Equipment	<u>2,231,590</u>	<u>269,757</u>	-	<u>2,501,347</u>
Total accumulated depreciation	<u>50,054,073</u>	<u>1,601,693</u>	<u>-</u>	<u>51,655,766</u>
Total capital assets being depreciated, net	<u>32,709,188</u>	<u>3,552,959</u>	<u>-</u>	<u>36,262,147</u>
Governmental activities capital assets, net	<u>\$47,961,120</u>	<u>\$ 6,351,359</u>	<u>\$6,941,133</u>	<u>\$47,371,346</u>

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

	<u>Amount</u>
Governmental Activities	
General Government	\$ 18,246
Public Safety	219,600
Public Services	1,355,123
Community Development	4,926
Economic Development	<u>3,798</u>
Total Depreciation Expense – Governmental Activities	<u>\$1,601,693</u>

The City has active construction projects as of September 30, 2012. Total commitments for ongoing capital projects are composed of the following:

Drainage Improvements	\$ 58,357
Fire Station	<u>1,095,079</u>
Total outstanding commitments	<u>\$1,153,436</u>

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 4 – LONG-TERM DEBT

At September 30, 2012, the City's bonds payable consisted of the following:

	<u>Governmental</u>
2004 G.O. bonds dated May 15, 2004, issued for drainage improvements, due in annual installments through February 1, 2025, interest rates of 4.30% to 5%	\$ 2,870,000
2005 G.O. bonds dated August 2, 2005, issued for drainage improvements, due in annual installments through February 1, 2020, interest rates of 3.49% to 7%	3,455,000
2011 G.O. & Refunding bonds dated August 9, 2011 issued to refund the remaining balance of the 2002 G.O. bonds, due in annual installments through February 1, 2022, interest rate of 2.93%	2,730,000
2005 TIF bonds dated August 4, 2005, issued to sewer line and street improvements, due in annual installments through February 1, 2021, interest rate of 3.49%.	1,575,000
2008 Storm Water C.O. bonds dated December 1, 2007 for storm water improvements, due in annual installments through February 1, 2027, interest rate of 4.04%	840,000
2012 TIF bonds dated April 15, 2012 issued to reimburse TIF developer, due in annual installments through February 1, 2022, interest rate of 1.79%.	<u>1,280,000</u>
Total Bonds Payable	<u>\$ 12,750,000</u>

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2012:

	Balance October 1	Increases	Decreases	Balance September 30	Due Within One Year
Governmental Type Activities					
General Obligation Bonds	\$ 9,700,000	\$ -	\$ 645,000	\$ 9,055,000	\$ 675,000
Certificate of Obligation	2,600,000	1,280,000	185,000	3,695,000	305,000
Long Term Notes Payable	1,758,928	-	97,627	1,661,301	104,613
Compensated Absences	1,221,356	609,277	576,977	1,253,656	576,977
Net Pension Obligation	1,234,558	128,765	-	1,363,323	-
Deferred Loss on Refunding	(126,168)	-	(12,634)	(113,534)	(12,634)
Total Governmental Activities	<u>\$ 16,388,674</u>	<u>\$2,018,042</u>	<u>\$ 1,491,970</u>	<u>\$ 16,914,746</u>	<u>\$ 1,648,956</u>

General Obligation Bonds and Certificates of Obligation

The City issues general obligation bonds and certificates of obligation. General obligation bonds and certificates of obligation are direct obligations of the City and pledge the full faith and credit of the City.

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 4 – LONG-TERM DEBT – CONTINUED

Long-term Notes Payable

The EDC has one long-term note for a building and land outstanding with a principal balance of \$1,661,301.

Compensated Absences

Compensated absences represent the estimated liability for employee's accrued vacation and sick leave for which employees are entitled to be paid upon termination. The retirement of this liability is from the General Fund.

Annual requirements to amortize all debts outstanding as of September 30, 2012, are as follows:

General Obligation Bonds

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2013	\$ 675,000	\$ 321,456	\$ 996,456
2014	705,000	296,549	1,001,549
2015	730,000	270,243	1,000,243
2016	760,000	243,474	1,003,474
2017	795,000	215,369	1,010,369
2018	820,000	186,140	1,006,140
2019	860,000	155,638	1,015,638
2020	890,000	123,678	1,013,678
2021	975,000	90,980	1,065,980
2022	1,020,000	57,292	1,077,292
2023	260,000	33,707	293,707
2024	275,000	20,734	295,734
2025	290,000	7,033	297,033
	<u>\$ 9,055,000</u>	<u>\$ 2,022,293</u>	<u>\$ 11,077,293</u>

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 4 – LONG-TERM DEBT – CONTINUED

Certificate of Obligations

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2013	\$ 305,000	\$ 111,752	\$ 416,752
2014	320,000	98,219	418,219
2015	335,000	88,624	423,624
2016	340,000	78,722	418,722
2017	350,000	68,546	418,546
2018	360,000	58,049	418,049
2019	370,000	47,231	417,231
2020	385,000	36,006	421,006
2021	390,000	24,475	414,475
2022	200,000	16,201	216,201
2023	60,000	12,524	72,524
2024	65,000	9,999	74,999
2025	70,000	7,272	77,272
2026	70,000	4,444	74,444
2027	75,000	1,515	76,515
	<u>\$ 3,695,000</u>	<u>\$ 663,579</u>	<u>\$ 4,358,579</u>

Notes Payable

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2013	\$ 104,613	\$ 112,123	\$ 216,736
2014	111,823	104,913	216,736
2015	119,863	96,873	216,736
2016	128,229	88,507	216,736
2017	137,701	79,035	216,736
2018	147,601	69,135	216,736
2019	158,213	58,523	216,736
2020	169,454	47,282	216,736
2021	181,773	34,963	216,736
2022	194,842	21,894	216,736
2023	207,189	8,344	215,533
	<u>\$ 1,661,301</u>	<u>\$ 721,592</u>	<u>\$ 2,382,893</u>

CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – PROPERTY TAX

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1 of each year. Penalties and interest are included for any payment received after January 31. Penalties start at 6% of the outstanding balance, respectively and increase to 12% for payments received after July 1. Interest increases 1% for each month the balance is outstanding after January 31.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes (\$161,782) for the General Fund and (\$2,499) for the Debt Service Fund. The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

NOTE 6 – PENSION PLAN

Plan Description

The City of Benbrook provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined-benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 833 administered by TMRS, an agent multiple-employer public employee retirement system. Benefits depend upon the sum of the employee's contributions to the plan, with interest, and City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. The net pension obligation will be liquidated from the General Fund.

Each of the 833 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2011 valuations are contained in the 2011 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on the 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 and within the actuarial constraints also in the statutes.

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6 – PENSION PLAN – CONTINUED

Plan provisions for the City were as follows:

Deposit rate	7%
Matching ratio (City to employee)	2-1
A member is vested after	5 years
Update service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the city are 5 years at 60 years of age, or 20 years at any age.

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25 year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly.

Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (I.e. December 31, 2011 valuation is effective for rates beginning January 2013).

The following is a schedule of actuarial liabilities and funding progress:

Annual Required Contribution (ARC)	\$ 1,414,025
Interest on Net Pension Obligation	62,175
Adjustment to the ARC	<u>(53,446)</u>
 Annual pension cost (APC)	 1,422,524
Contributions Made	<u>(1,383,739)</u>
 Increase (decrease) in Net Pension Obligation	 39,015
Net Pension Obligation (Asset), beginning of year	<u>888,214</u>
 Net Pension Obligation (Asset), end of year	 <u>\$ 927,229</u>

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

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6 – PENSION PLAN – CONTINUED

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

Valuation Date	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
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
Remaining Amortization Period	28.1 years closed period	27.2 years closed period	26.2 years closed period
Asset Valuation Method	10 year Smooth Market	10 year Smooth Market	10 year Smooth Market
Actuarial Assumptions:			
Investment Rate of Return*	7.5%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.0%	3.0%	3.0%
Cost of living Adjustment	2.1%	2.1%	2.1%

Trend information for the past three years for TMRS is as follows:

Fiscal Year	Annual Pension Cost(APC)	Percentage of APC Contribution	Net Pension Obligation
2010	\$1,436,341	82.85%	\$511,179
2011	1,613,172	79.63%	888,214
2012	1,422,524	97.27%	927,229

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$ 31,182,753	\$ 38,870,254	80.2%	\$ 7,687,501	\$7,458,722	103.07%

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6 – PENSION PLAN – CONTINUED

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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

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

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

The City contributions to the TMRS SDBF for the three years ended 2011, 2010, 2009 were \$10,856, \$13,000, \$13,456, respectively, which equaled the required contributions each year.

NOTE 7 – COMMITMENTS

In January 1983, the City entered into a contract for garbage disposal collection with a third party. Under the terms of the agreement, the City receives a franchise fee of 18.88 percent on residential and 10 percent on commercial collections.

NOTE 8 – INTERFUND ACTIVITY

Interfund receivables/payables consist of the following as of September 30, 2012.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Economic Development	\$ 21,558
General Fund	Other Governmental Funds	<u>133,370</u>
		<u>\$154,928</u>

Fund advances are primarily used as follows:

- The General Fund to Economic Development for payroll advances
- The General Fund to Other Governmental Funds for Rec Center construction and payroll advances

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one year policy with the Texas Municipal League. The City insures its workers compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool, which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

NOTE 10 – POSTEMPLOYMENT BENEFITS

Employees who retire from the City are eligible to continue health insurance (a single-employer) coverage through the City's group plan after their federal COBRA benefits expire. The retiree must continue with no break in coverage. If a retiree declines coverage, then the retiree is not eligible for coverage at some future date. If the retiree drops coverage, then the retiree may not re-enroll at a later date. As far as health insurance benefits are concerned, retirees are treated the same as active employees with one major exception; the retiree must prepay the monthly insurance premium. If a retiree includes a dependent coverage, the dependent must have been covered prior to the retiree's retirement. The retirees pay the same amount for dependent coverage as an active employee; the City's subsidy applies toward dependent coverage for the retiree only.

The other postretirement employment benefits for eligible retirees were funded on a pay-as-you-go basis.

The calculation of the Net OPEB Obligation as of September 30, 2012, is summarized below:

Annual Required Contribution (ARC)	\$ 89,750
Interest on Net Pension Obligation	-
Adjustments to the ARC	-
Annual Pension Cost (APC)	<u>89,750</u>
Contributions Made	<u>-</u>
Increase (decrease) in net pension obligation	89,750
Net Pension Obligation (Asset), beginning of year	<u>346,344</u>
 Net Pension Obligation (Asset), end of year	 <u>\$ 436,094</u>

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2011 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	AAL (UAAL)
12/31/2009	\$ -	\$256,594	0.0%	\$7,099,462	\$256,594
12/31/2010	-	346,344	0.0	7,206,067	346,344
12/31/2011	-	436,094	0.0	7,753,969	436,094

Since the insurance plan is essentially COBRA, the City does not believe any liability exists. Therefore the City made no contributions and there is no separate report issued.

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 10 – POSTEMPLOYMENT BENEFITS - CONTINUED

Actuarial Methods and Assumptions

The Projected Unit Credit Cost Method was used in the valuation to calculate the Annual Required Contribution (ARC) for the City’s retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. Projections of health benefits are based on the plan as understood by the City and includes the type of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Investment Rate of Return	4.50%
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level Percent of payroll
Amortization Period	30 years, open
Salary Growth	3.0% per annum
Health Care Trend Rate – intermediate	9.00%
Inflation Rate	3.00%
Covered Payroll	\$7,753,969

Actuarial valuations involve estimates of the report amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

NOTE 11 – JOINT VENTURE

The Benbrook Economic Development Corporation (“EDC”) acquired a 55.03% ownership interest in a limited partnership in 2007, and increased its ownership to 80.45% in 2010. The Limited Partnership was created primarily to manufacture, purchase or otherwise acquire, invest in, own, mortgage, pledge, sell, assign, and transfer or otherwise dispose of, trade, deal in and with goods, service, merchandise and personal property of every class and description. The EDC is responsible for the management and operation of the Partnership’s affairs.

The partnership agreement required the EDC to make a capital contribution of land valued at \$275,000. During 2012, the EDC voluntarily contributed an additional \$36,165 through the repayment of the partnership’s debt. The EDC may be required to contribute additional amounts to cover the partnership’s expenses but contributions are

**CITY OF BENBROOK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 11 – JOINT VENTURE – CONTINUED

expected to decrease in the future as revenues increase. Complete financial statements can be obtained from the EDC at 911 Winscott Road, Benbrook, Texas.

The following is a summary of financial information of the joint venture at and for the year ended September 30, 2012:

Assets	\$ 1,092,125
Liabilities	<u>136,317</u>
Equity	<u>\$ 955,808</u>
Revenues	\$ -
Expenses	<u>36,165</u>
Net Loss	<u>\$ (36,165)</u>

NOTE 12 – INTERFUND TRANSFERS

All interfund transfers between various funds are approved supplements to the operations of those funds. Individual operating transfers for fiscal 2012 were as follows:

<u>Transfers-In</u>	<u>Transfers-Out</u>	<u>Purpose</u>	<u>Amount</u>
Debt Service	Capital Projects-Storm Water	Debt Repayment	\$ 611,837
Debt Service	Capital Projects-TIF	Debt Repayment	202,498
Capital Projects-CVA	General Fund	Special Projects	535,466
Capital Projects-Special Rev	General Fund	Special Projects	1,100,507

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF BENBROOK, TEXAS

Required Supplementary Information

Schedule of Funding Progress for Participants in Texas Municipal Retirement System

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Percentage Funded</u>	<u>Unfunded (UAAL)</u>	<u>Annual Covered Payroll (ACP)</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/2009	\$ 18,522,260	\$ 27,874,592	66.45%	\$ 9,352,332	\$ 7,099,462	131.73%
12/31/2010	28,492,939	36,389,302	78.30%	7,896,363	7,206,067	109.60%
12/31/2011	31,182,753	38,870,254	80.22%	7,687,501	7,458,722	103.07%

CITY OF BENBROOK, TEXAS
General Fund
Budgetary Comparison Schedule
Year Ended September 30, 2012

	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenues				
Taxes	\$ 13,409,812	\$ 13,409,812	\$ 13,407,773	\$ (2,039)
Licenses, Permits & Filing Fees	308,000	308,000	307,408	(592)
Fines & Forfeitures	451,500	451,500	647,378	195,878
Use of Money & Property	240,100	240,100	213,378	(26,722)
Charges for Services	717,750	717,750	770,687	52,937
Other Revenues	366,500	366,500	514,404	147,904
Total Revenues	<u>\$ 15,493,662</u>	<u>\$ 15,493,662</u>	<u>\$ 15,861,028</u>	<u>\$ 367,366</u>
Expenditures				
Current				
General Government	1,710,381	1,710,381	1,568,134	142,247
Staff Services	980,861	980,861	901,844	79,017
Public Safety	8,382,351	8,412,982	8,101,819	311,163
Public Services	2,764,237	2,764,237	2,568,908	195,329
Community Development	1,029,017	1,029,017	977,325	51,692
Capital Outlay	145,500	163,255	163,350	(95)
Total Expenditures	<u>15,012,347</u>	<u>15,060,733</u>	<u>14,281,380</u>	<u>779,353</u>
Excess of Revenues over (under) Expenditures	481,315	432,929	1,579,648	1,146,719
Other Financing Sources (Uses)				
Transfers Out	<u>(1,372,545)</u>	<u>(1,635,973)</u>	<u>(1,635,973)</u>	<u>-</u>
Excess of Revenues over (under) Expenditures & Other Financing Sources (Uses)	(891,230)	(1,203,044)	(56,325)	1,146,719
Fund Balance - Beginning	<u>9,860,667</u>	<u>9,860,667</u>	<u>9,860,667</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,969,437</u>	<u>\$ 8,657,623</u>	<u>\$ 9,804,342</u>	<u>\$ 1,146,719</u>

CITY OF BENBROOK, TEXAS
Notes to Required Supplementary Information

NOTE 1 – BUDGETARY CONTROLS

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

1. Prior to September 1, the City Manager submits a proposed operating budget to the City Council for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Encumbrances for goods or purchased services are documented by purchase order or contract. Encumbered amounts lapse at the year end. At year end, encumbrances are cancelled or reappropriated as part of the following budget.

Annual appropriated budgets are consistent with U. S. generally accepted accounting principles and are legally adopted for the general and debt service fund.

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

The Economic Development Corporation (EDC) is not required to legally adopt a budget. As a result, the budgetary comparison is not presented for the EDC.

**COMBINING
& INDIVIDUAL
FUND
STATEMENTS**

CITY OF BENBROOK, TEXAS
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2012

	Special Revenue Funds				Capital Projects Funds			Total Non-Major Governmental Funds
	Hotel Motel Tax	PEG	Public Safety	Total Special Revenue	Buildings	Special Assessment	Total Capital Projects	
Assets								
Deposits & Investments	\$ 378,206	\$ 35,836	\$ 305,083	\$ 719,125	\$ -	\$ 1,080,251	\$ 1,080,251	\$ 1,799,376
Receivables	3,025	-	1,719	4,744	-	21,553	21,553	26,297
Total Assets	\$ 381,231	\$ 35,836	\$ 306,802	\$ 723,869	\$ -	\$ 1,101,804	\$ 1,101,804	\$ 1,825,673
Liabilities & Fund Balances								
Liabilities								
Accounts Payable	\$ 27,781	\$ -	\$ -	\$ 27,781	\$ -	\$ -	\$ -	\$ 27,781
Advanced Payments & Deposits	-	-	-	-	-	42,416	42,416	42,416
Due to Other Funds	26,477	-	6,893	33,370	100,000	-	100,000	133,370
Deferred Revenues	-	-	-	-	-	21,553	21,553	21,553
Total Liabilities	54,258	-	6,893	61,151	100,000	63,969	163,969	225,120
Fund Balance								
Restricted								
City Promotions	326,973	35,836	-	362,809	-	-	-	362,809
Public Safety	-	-	299,909	299,909	-	-	-	299,909
Capital Projects	-	-	-	-	-	1,037,835	1,037,835	1,037,835
Unassigned								
Capital Projects	-	-	-	-	(100,000)	-	(100,000)	(100,000)
Total Fund Balances	326,973	35,836	299,909	662,718	(100,000)	1,037,835	937,835	1,600,553
Total Liabilities & Fund Balances	\$ 381,231	\$ 35,836	\$ 306,802	\$ 723,869	\$ -	\$ 1,101,804	\$ 1,101,804	\$ 1,825,673

CITY OF BENBROOK, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended September 30, 2012

	Special Revenue Funds				Capital Projects Funds			Total Non-Major Governmental Funds	
	Hotel Motel Tax	PEG	Public Safety	Total Special Revenue	Buildings	Special Assessment	Other		Total Capital Projects
Revenues									
Taxes	\$ 112,619	\$ 29,647	\$ -	\$ 142,266	\$ -	\$ -	\$ -	\$ -	\$ 142,266
Fines & Forfeitures	-	-	44,756	44,756	-	-	-	-	44,756
Use of Money & Property	1,410	-	124	1,534	-	-	-	-	1,534
Road Damage Assessment	-	-	-	-	-	272,788	-	272,788	272,788
Other Revenues	5,000	-	1,214	6,214	100,000	94,762	55,991	250,753	256,967
Total Revenues	\$ 119,029	\$ 29,647	\$ 46,094	\$ 194,770	\$ 100,000	\$ 367,550	\$ 55,991	\$ 523,541	\$ 718,311
Expenditures									
Current									
City Promotions	\$ 168,852	\$ 21,088	\$ -	\$ 189,940	\$ -	\$ -	\$ -	\$ -	\$ 189,940
Public Safety	-	-	29,755	29,755	-	-	-	-	29,755
Other	-	-	-	-	-	139	-	139	139
Capital Outlay	-	-	6,100	6,100	263,429	932,500	55,991	1,251,920	1,258,020
Total Expenditures	168,852	21,088	35,855	225,795	263,429	932,639	55,991	1,252,059	1,477,854
Excess of Revenues over (under) Expenditures	(49,823)	8,559	10,239	(31,025)	(163,429)	(565,089)	-	(728,518)	(759,543)
Other Financing Sources (Uses) Transfers In	-	-	-	-	263,429	837,078	-	1,100,507	1,100,507
Excess of Revenues & Other Sources Over (Under) Expenditures & Other (Uses)	(49,823)	8,559	10,239	(31,025)	100,000	271,989	-	371,989	340,964
Fund Balance - Beginning	376,796	27,277	289,670	693,743	(200,000)	765,846	-	565,846	1,259,589
Fund Balance - Ending	\$ 326,973	\$ 35,836	\$ 299,909	\$ 662,718	\$(100,000)	\$ 1,037,835	\$ -	\$ 937,835	\$ 1,600,553



GENERAL FUND

Used to account for all revenues and expenditures except those required to be accounted for in another fund.

CITY OF BENBROOK, TEXAS
General Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Deposits & investments		
Cash		
Cash	\$ 400	\$ 400
Super NOW accounts	3,277,899	3,112,628
Investments		
TEXPool	3,728,788	3,724,551
TexStar	2,869,025	2,865,759
Receivables		
Property taxes		
Real property	201,815	214,117
Penalty & interest	190,025	201,608
Uncollectible	(161,782)	(171,644)
Sales taxes	161,070	175,802
Other	18,922	94,249
Due from Other Funds		
EDC	21,559	179,316
CPF - Building Bonds	100,000	200,000
Special Revenue	33,369	24,677
	<u> </u>	<u> </u>
Total Assets	<u>\$ 10,441,090</u>	<u>\$ 10,621,463</u>
LIABILITIES & FUND BALANCES		
Liabilities		
Accounts payable	\$ 322,629	\$ 424,602
Accrued liabilities		
Employee insurance	144	15,880
Advance payments & deposits		
Taxes	98,043	97,134
Other	7,319	9,429
Deferred revenue	208,613	213,751
	<u> </u>	<u> </u>
Total Liabilities	<u>636,748</u>	<u>760,796</u>
Fund Balances		
Committed		
For Worker's Compensation	225,122	248,266
Unrestricted	9,579,220	9,612,401
	<u> </u>	<u> </u>
Total Fund Balances	<u>9,804,342</u>	<u>9,860,667</u>
	<u> </u>	<u> </u>
TOTAL LIABILITES & FUND BALANCES	<u>\$ 10,441,090</u>	<u>\$ 10,621,463</u>

CITY OF BENBROOK, TEXAS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Summary**

For the Year Ended September 30, 2012

With Comparative Actual Amounts for September 30, 2011

	2012		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)	2011
	Budget Amounts				Actual
	Original	Final			GAAP Basis
Revenues					
Taxes					
Property Taxes	\$9,648,612	\$9,648,612	\$ 9,610,716	\$ (37,896)	\$9,337,283
Franchise Taxes	1,502,200	1,502,200	1,473,355	(28,845)	1,403,584
Sales & Other Taxes	2,259,000	2,259,000	2,323,702	64,702	2,321,638
Licenses, Permits & Filing Fees					
Licenses	31,200	31,200	38,170	6,970	32,476
Permits & Filing Fees	276,800	276,800	269,238	(7,562)	254,326
Fines & Forfeitures	451,500	451,500	647,378	195,878	508,680
Use of Money & Property	240,100	240,100	213,378	(26,722)	375,513
Charges for Services					
Citizen Services	646,100	646,100	702,343	56,243	642,072
Recreation Services	49,450	49,450	57,289	7,839	48,283
Sale of Goods	22,200	22,200	11,055	(11,145)	17,291
Other Revenues	366,500	366,500	514,404	147,904	356,071
Total Revenues	15,493,662	15,493,662	15,861,028	367,366	15,297,217
Expenditures					
Current					
General Government	1,710,381	1,710,381	1,568,134	142,247	1,525,268
Staff Services	980,861	980,861	901,844	79,017	722,288
Public Safety	8,382,351	8,412,982	8,101,819	311,163	7,895,665
Public Services	2,764,237	2,764,237	2,568,908	195,329	2,590,163
Community Development	1,029,017	1,029,017	977,325	51,692	1,025,505
Capital Outlay	145,500	163,255	163,350	(95)	201,059
Total Expenditures	15,012,347	15,060,733	14,281,380	779,353	13,959,948
Excess of Revenues over (under)					
Expenditures	481,315	432,929	1,579,648	1,146,719	1,337,269
Other Financing Sources					
Transfers out	(1,372,545)	(1,635,973)	(1,635,973)	-	(670,847)
Total Other Financing Source Use:	(1,372,545)	(1,635,973)	(1,635,973)	-	(670,847)
Net Changes in Fund Balance	(891,230)	(1,203,044)	(56,325)	1,146,719	666,422
Fund Balance – Beginning	9,860,667	9,860,667	9,860,667	-	9,194,245
Fund Balance – Ending	\$8,969,437	\$8,657,623	\$ 9,804,342	\$ 1,146,719	\$9,860,667

CITY OF BENBROOK, TEXAS

(1 of 3)

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – Detail**

For the Year Ended September 30, 2012

With Comparative Actual Amounts for September 30, 2011

	2012		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)	2011
	Budget Amounts				Actual GAAP Basis
	Original	Final			
Revenues					
Current Property Taxes	\$9,598,612	\$9,598,612	\$9,505,188	\$ (93,424)	\$9,271,314
Delinquent Property Taxes	25,000	25,000	34,659	9,659	23,767
Penalty & Interest	25,000	25,000	70,869	45,869	42,202
Property Taxes	9,648,612	9,648,612	9,610,716	(37,896)	9,337,283
Electrical Franchise Tax	912,500	912,500	819,866	(92,634)	797,636
Gas Franchise Tax	62,000	62,000	59,489	(2,511)	64,534
Telephone Franchise Tax	135,700	135,700	107,366	(28,334)	115,664
Sanitation Franchise Tax	235,000	235,000	275,352	40,352	238,761
Cable Television Tax	157,000	157,000	211,282	54,282	186,989
Franchise Taxes	1,502,200	1,502,200	1,473,355	(28,845)	1,403,584
City Sales	2,255,000	2,255,000	2,319,842	64,842	2,318,281
Mixed Drinks Tax	4,000	4,000	3,350	(650)	3,302
Other	-	-	510	510	55
Sale & Other Taxes	2,259,000	2,259,000	2,323,702	64,702	2,321,638
Electrical	3,700	3,700	2,051	(1,649)	2,593
Plumbing	7,000	7,000	8,934	1,934	8,024
Other	20,500	20,500	27,185	6,685	21,859
Licenses	31,200	31,200	38,170	6,970	32,476
Building Permits	200,000	200,000	178,388	(21,612)	184,091
Alarm Permits	27,000	27,000	32,720	5,720	27,330
Electrical Permits	15,000	15,000	12,585	(2,415)	11,453
Plumbing Permits	20,000	20,000	16,903	(3,097)	15,963
Development Fee	150	150	11,609	11,459	150
Subdivision Filing Fees	2,000	2,000	2,294	294	2,314
Other	12,650	12,650	14,739	2,089	13,025
Permits & Filing Fees	276,800	276,800	269,238	(7,562)	254,326
Court Fines	240,000	240,000	328,526	88,526	265,860
Warrant Fees	20,500	20,500	14,413	(6,087)	14,670
Arrest Fee	20,000	20,000	27,337	7,337	22,180
Special Expense Fee	140,000	140,000	233,271	93,271	170,666
Other	31,000	31,000	43,831	12,831	35,304
Use of Money & Property	451,500	451,500	647,378	195,878	508,680
Interest on Investment	175,000	175,000	45,803	(129,197)	218,198
Other	65,100	65,100	167,575	102,475	157,315
Use of Money & Property	240,100	240,100	213,378	(26,722)	375,513
Ambulance Fee	600,000	600,000	616,567	16,567	569,172
Street Cut Charges	40,200	40,200	77,035	36,835	65,900
Other	5,900	5,900	8,741	2,841	7,000
Citizen Services	646,100	646,100	702,343	56,243	642,072

CITY OF BENBROOK, TEXAS

(2 of 3)

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – Detail**

For the Year Ended September 30, 2012

With Comparative Actual Amounts for September 30, 2011

	2012			Variance with Final Budget Positive or (Negative)	2011
	Budget Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues					
Park Leases Fees	\$ 16,250	\$ 16,250	\$ 16,098	\$ (152)	\$ 15,586
Park Usage Fees	33,200	33,200	41,191	7,991	32,697
Recreation Services	49,450	49,450	57,289	7,839	48,283
Certificates	3,500	3,500	5,315	1,815	3,717
Sale of Equipment	14,700	14,700	2,398	(12,302)	9,985
Other	4,000	4,000	3,342	(658)	3,589
Sale of Goods	22,200	22,200	11,055	(11,145)	17,291
Police Contract	65,000	65,000	151,547	86,547	62,473
Fire Service Contracts	175,000	175,000	242,422	67,422	226,291
Revenue from Other Agencies	100,000	100,000	86,852	(13,148)	12,690
Insurance Refunds	10,000	10,000	25,843	15,843	29,637
Other	16,500	16,500	7,740	(8,760)	24,980
Other Revenue	366,500	366,500	514,404	147,904	356,071
Total Revenues	\$ 15,493,662	\$ 15,493,662	\$ 15,861,028	\$ 367,366	\$ 15,297,217
Expenditures					
Current					
City Council	24,300	24,300	24,293	7	22,325
City Manager	353,762	353,762	358,207	(4,445)	340,007
City Secretary	390,501	390,501	323,510	66,991	370,048
Non-Departmental	941,818	941,818	862,124	79,694	792,888
General Government	1,710,381	1,710,381	1,568,134	142,247	1,525,268
Finance					
Accounting & Tax	320,818	320,818	300,078	20,740	281,747
Customer Services	71,866	71,866	65,995	5,871	62,133
Information Services	393,977	393,977	362,681	31,296	201,387
Personnel	29,850	29,850	29,543	307	29,717
Budget & Research	164,350	164,350	143,547	20,803	147,304
Staff Services	980,861	980,861	901,844	79,017	722,288
Police					
Administration	297,043	297,043	288,753	8,290	285,304
Services	769,024	779,024	673,478	105,546	760,624
Patrol	3,618,545	3,618,545	3,535,006	83,539	3,368,598
CIS	734,108	734,108	710,638	23,470	689,694
Crime Prevention	102,077	102,077	93,704	8,373	88,931
School Safety	30,149	30,149	25,606	4,543	28,966
Animal Control	125,980	125,980	111,502	14,478	134,575
Fire					
Fire Fighting	2,320,710	2,341,341	2,264,938	76,403	2,177,579
Ambulance	99,750	99,750	117,696	(17,946)	95,335
Municipal Court	195,894	195,894	188,546	7,348	181,995
City Compliance	89,071	89,071	91,952	(2,881)	84,064
Public Safety	8,382,351	8,412,982	8,101,819	311,163	7,895,665

CITY OF BENBROOK, TEXAS

(3 of 3)

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual - Detail**

For the Year Ended September 30, 2012

With Comparative Actual Amounts for September 30, 2011

	2012			Variance with Final Budget Positive or (Negative)	2011
	Budget Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Expenditures					
Administration	178,409	178,409	172,824	5,585	169,059
Street Maintenance	1,345,178	1,345,178	1,207,045	138,133	1,241,539
Park Maintenance	804,332	804,332	752,266	52,066	746,383
Support Services					
Garage	191,893	191,893	177,791	14,102	195,121
Building Maintenance	244,425	244,425	258,982	(14,557)	238,061
Public Services	2,764,237	2,764,237	2,568,908	195,329	2,590,163
Administration	230,454	230,454	246,270	(15,816)	322,150
Planning & Zoning	226,155	226,155	200,986	25,169	205,820
City Inspection	304,885	304,885	292,484	12,401	263,349
Engineering Services	267,523	267,523	237,585	29,938	234,186
Community Development	1,029,017	1,029,017	977,325	51,692	1,025,505
Capital Outlay	145,500	163,255	163,350	(95)	201,059
Total Expenditures	15,012,347	15,060,733	14,281,380	779,353	13,959,948
Excess of Revenues over (under) Expenditures	481,315	432,929	1,579,648	1,146,719	1,337,269
Other Financing Sources (Uses)					
Transfers Out	(1,372,545)	(1,635,973)	(1,635,973)	-	(670,847)
Total Other Financing Sources (Uses)	(1,372,545)	(1,635,973)	(1,635,973)	-	(670,847)
Net Changes in Fund Balance	(891,230)	(1,203,044)	(56,325)	1,146,719	666,422
Fund Balance - Beginning	9,860,667	9,860,667	9,860,667	-	9,194,245
Fund Balance - Ending	<u>\$ 8,969,437</u>	<u>\$ 8,657,623</u>	<u>\$ 9,804,342</u>	<u>\$ 1,146,719</u>	<u>\$ 9,860,667</u>

DEBT SERVICE FUND

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, including long-term notes and lease purchase agreements.

CITY OF BENBROOK, TEXAS
Debt Service Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Deposits & investments		
Super NOW account	\$ 749,718	\$ 1,058,431
Receivables		
Property taxes		
Real Property	3,117	3,319
Penalty & Interest	2,935	3,126
Uncollectible	(2,499)	(2,661)
Due from Capital Projects - TIF	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 753,271</u>	<u>\$ 1,062,215</u>
LIABILITIES & FUND BALANCES		
Liabilities		
Deferred Revenue	<u>3,222</u>	<u>3,314</u>
Total Liabilities	<u>3,222</u>	<u>3,314</u>
Fund Balances		
Restricted		
For Debt Service	<u>750,049</u>	<u>1,058,901</u>
Total Fund Balances	<u>750,049</u>	<u>1,058,901</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 753,271</u>	<u>\$ 1,062,215</u>

CITY OF BENBROOK, TEXAS

Debt Service

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual**

For the Year Ended September 30, 2012

With Comparative Actual Amounts for September 30, 2011

	2012			Variance with Final Budget Positive or (Negative)	2011
	Budget Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues					
Property Taxes					
Current Property Tax	\$ 148,241	\$ 148,241	\$ 147,185	\$ (1,056)	\$ 298,169
Delinquent Property Tax	3,000	3,000	718	(2,282)	1,018
Penalty & Interest	1,500	1,500	1,107	(393)	1,339
Total Revenues	152,741	152,741	149,010	(3,731)	300,526
Expenditures					
Principal					
General Obligation Bonds	245,000	245,000	285,000	40,000	245,000
Certificate of Obligation	350,000	350,000	360,000	10,000	530,000
Long-term Notes	183,880	183,880	185,000	(1,120)	-
Principal	778,880	778,880	830,000	(51,120)	775,000
Interest					
General Obligation Bonds	282,318	282,318	302,833	20,515	282,318
Certificate of Obligation	139,251	139,251	60,290	78,961	238,082
Long-term Notes	107,131	107,131	75,274	31,857	-
Interest	528,700	528,700	438,397	90,303	520,400
Other					
Bond Issuance Cost	-	-	-	-	55,505
Fiscal Changes	5,100	5,100	3,800	1,300	3,800
Other	5,100	5,100	3,800	1,300	59,305
Total Expenditures	1,312,680	1,312,680	1,272,197	40,483	1,354,705
Excess of Revenues over (under) Expenditures	(1,159,939)	(1,159,939)	(1,123,187)	36,752	(1,054,179)
Other Financing Sources (Uses)					
Proceeds from Refunding	-	-	-	-	2,755,000
Payments to Refunding Escrow	-	-	-	-	(2,699,495)
Transfers In	553,953	553,953	814,335	260,382	829,736
Total Other Financing Sources (Uses)	553,953	553,953	814,335	260,382	885,241
Net Changes in Fund Balance	(605,986)	(605,986)	(308,852)	297,134	(168,938)
Fund Balance - Beginning	1,058,901	1,058,901	1,058,901	-	1,227,839
Fund Balance - Ending	\$ 452,915	\$ 452,915	\$ 750,049	\$ 297,134	\$ 1,058,901

Benbrook



T E X A S

Our Pride. Your Joy.

STATISTICAL SECTION

(Unaudited)

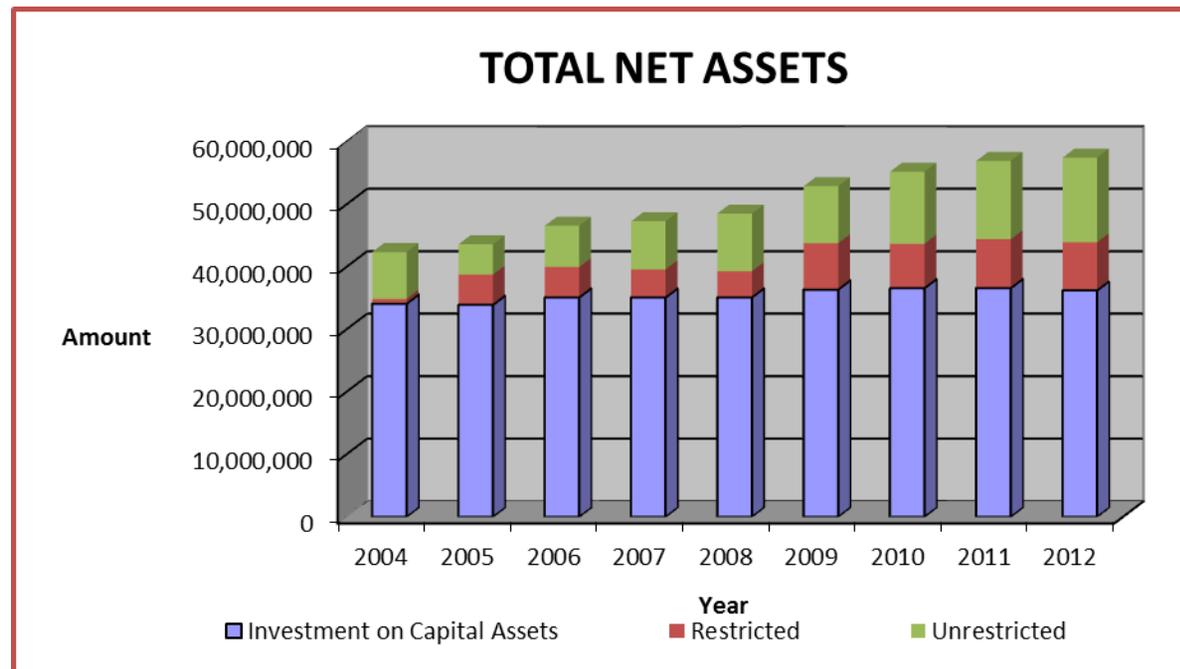
The City of Benbrook's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

		Pages
Financial Trends	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	44-47
Revenue Capacity	These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.	48-51
Debt Capacity	These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	52-55
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities takes place.	56-58
Operating Information	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 the activities it performs.	59-60
Additional Information	Additional information the government has included to help give the reader a better understanding of the government.	61

CITY OF BENBROOK, TEXAS
Net Assets by Component
Last Nine Fiscal Years
(Unaudited)

Table 1

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Investment in capital assets (net of related debt)	\$ 34,123,227	\$ 33,940,524	\$ 35,131,149	\$ 35,105,138	\$ 35,121,433	\$ 36,378,744	\$ 36,601,171	\$ 36,615,411	\$ 36,235,804
Restricted	770,966	4,827,009	4,852,363	4,485,176	4,174,179	7,397,473	7,099,648	7,807,670	7,700,845
Unrestricted	7,474,788	4,831,580	6,596,515	7,696,661	9,247,627	9,133,171	11,529,567	12,546,736	13,543,550
Total government activities net assets	<u>\$ 42,368,981</u>	<u>\$ 43,599,113</u>	<u>\$ 46,580,027</u>	<u>\$ 47,286,975</u>	<u>\$ 48,543,239</u>	<u>\$ 52,909,388</u>	<u>\$ 55,230,386</u>	<u>\$ 56,969,817</u>	<u>\$ 57,480,199</u>



Note: The City first applied GASB 34 in the fiscal year ended 9/30/04; therefore government-wide financial information for years prior are not available

CITY OF BENBROOK, TEXAS
Changes in Net Assets
Last Nine Fiscal Years
(Unaudited)

Table 2

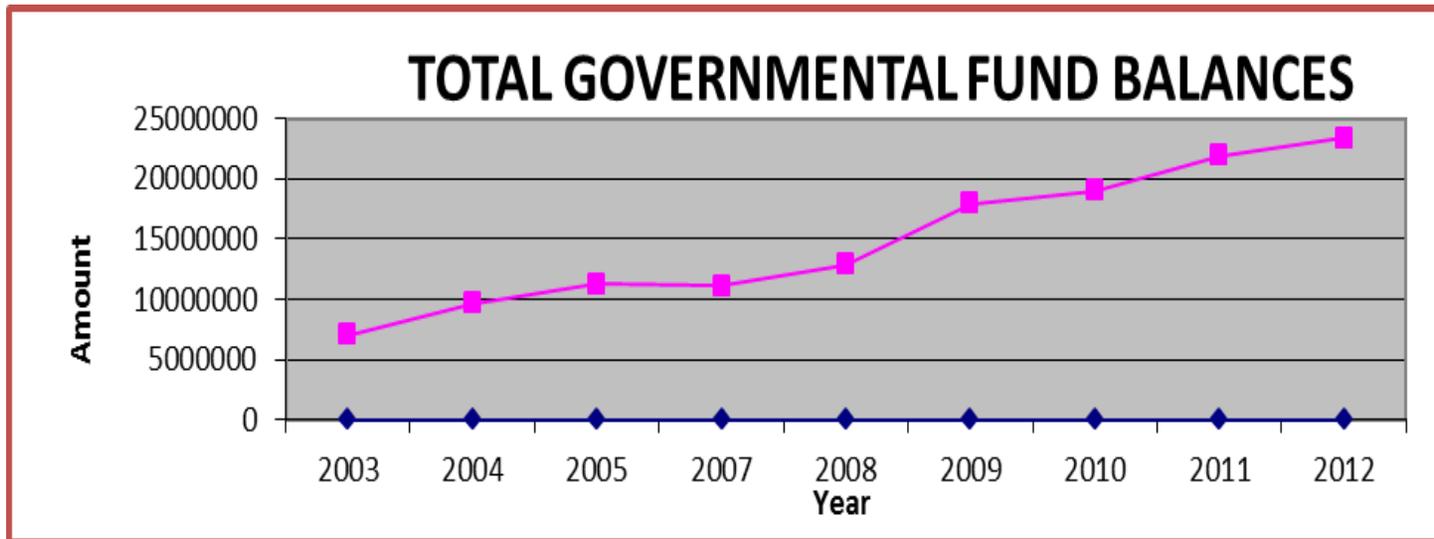
	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities									
General Government	\$ 862,934	\$ 951,947	\$ 1,254,037	\$ 1,305,755	\$ 1,284,710	\$ 1,464,082	\$ 1,549,545	\$ 2,090,595	\$ 1,587,026
Staff Services	509,277	533,457	601,865	594,771	560,179	643,154	651,803	723,541	902,490
Public Safety	5,517,531	5,883,163	6,115,876	6,350,463	7,060,466	7,270,397	7,866,069	8,212,215	8,509,009
Public Services	3,350,771	3,380,073	3,517,751	3,375,662	3,936,346	3,972,265	3,921,689	3,906,368	1,598,830
Community Development	1,149,374	1,212,669	1,319,432	4,752,683	1,860,807	1,795,642	2,195,596	1,852,989	5,829,234
Interest on long-term debt	807,449	950,646	1,087,712	1,074,998	986,769	801,940	702,631	650,617	601,357
Total Government Activities Expenses	<u>\$ 12,197,336</u>	<u>\$ 12,911,955</u>	<u>\$ 13,896,673</u>	<u>\$ 17,454,332</u>	<u>\$ 15,689,277</u>	<u>\$ 15,947,480</u>	<u>\$ 16,887,333</u>	<u>\$ 17,436,325</u>	<u>\$ 19,027,946</u>
Program Revenues									
Governmental activities									
Fees, Fines & Service Charges									
Public Safety	627,462	648,982	687,244	886,089	1,073,810	1,019,741	1,063,768	1,111,548	1,350,782
Public Services	70,692	77,607	107,986	74,327	85,344	113,704	84,503	132,731	137,908
Community Development	489,906	488,802	448,695	328,988	305,281	196,081	390,771	237,613	1,216,885
Operating Grants/Contributions									
Public Safety	132,709	169,482	262,250	696,743	426,790	281,905	240,007	353,921	480,821
Community Development	-	-	-	-	-	-	-	27,176	-
Capital Grants/Contributions									
Public Service	1,685,264	824,198	1,120,002	2,194,428	10,500	150,393	-	-	50,000
Community Development	95,900	116,276	-	-	-	-	-	-	-
Total Government Activities Program Revenues	<u>3,101,933</u>	<u>2,325,347</u>	<u>2,626,177</u>	<u>4,180,575</u>	<u>1,901,725</u>	<u>1,761,824</u>	<u>1,779,049</u>	<u>1,862,989</u>	<u>3,236,396</u>
Net Expenses Revenues	<u>9,095,403</u>	<u>10,586,608</u>	<u>11,270,496</u>	<u>13,273,757</u>	<u>13,787,552</u>	<u>14,185,656</u>	<u>15,108,284</u>	<u>15,573,336</u>	<u>15,791,550</u>
General Revenues & Other Changes in Net Assets									
Governmental Activities									
Taxes									
Ad Valorem	7,381,749	7,961,943	8,222,631	8,520,241	8,893,298	9,709,863	9,713,421	10,357,516	9,754,496
Franchise	1,307,969	1,208,004	1,295,434	1,284,974	1,382,773	1,371,366	1,319,418	1,429,023	1,503,002
Sales & Other	1,920,511	2,062,344	2,218,043	2,717,593	2,678,083	2,890,977	2,752,740	3,595,387	3,596,241
Use of Money & Property	209,339	405,291	1,915,891	956,266	738,482	1,357,007	745,198	616,735	325,123
Miscellaneous	72,795	179,158	599,411	501,631	1,351,180	1,700,020	2,898,505	1,314,106	1,123,070
Gain on Sale of Property	-	-	-	-	-	1,522,572	-	-	-
Total Governmental Activities	<u>10,892,363</u>	<u>11,816,740</u>	<u>14,251,410</u>	<u>13,980,705</u>	<u>15,043,816</u>	<u>18,551,805</u>	<u>17,429,282</u>	<u>17,312,767</u>	<u>16,301,932</u>
Changes in Net Assets	<u>\$ 1,796,960</u>	<u>\$ 1,230,132</u>	<u>\$ 2,980,914</u>	<u>\$ 706,948</u>	<u>\$ 1,256,264</u>	<u>\$ 4,366,149</u>	<u>\$ 2,320,998</u>	<u>\$ 1,739,431</u>	<u>\$ 510,382</u>

Note: The City first applied GASB 34 in the fiscal year ended 9/30/04; therefore government-wide financial information for years prior are not available

CITY OF BENBROOK, TEXAS
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Unaudited)

Table 3

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Committed										
Worker's Comp	\$ 324,816	\$ 305,830	\$ 291,143	\$ 286,906	\$ 258,047	\$ 260,915	\$ 280,285	\$ 296,192	\$ 248,266	\$ 225,122
Capital Projects	-	-	-	1,228,170	1,228,170	1,397,581	1,449,893	1,835,654	2,567,053	3,070,778
Unassigned	<u>3,658,409</u>	<u>4,029,061</u>	<u>4,556,216</u>	<u>5,268,507</u>	<u>6,109,484</u>	<u>7,078,989</u>	<u>8,336,815</u>	<u>8,898,053</u>	<u>9,612,401</u>	<u>9,479,220</u>
Total General Fund	<u>3,983,225</u>	<u>4,334,891</u>	<u>4,847,359</u>	<u>6,783,583</u>	<u>7,595,701</u>	<u>8,737,485</u>	<u>10,066,993</u>	<u>11,029,899</u>	<u>12,427,720</u>	<u>12,775,120</u>
Restricted										
Debt Service	170,447	199,187	225,184	302,468	532,877	756,371	1,244,091	1,227,839	1,058,901	750,049
Economic Development	781,695	309,979	841,058	1,187,808	845,105	523,715	3,465,716	3,394,278	4,468,300	4,900,954
City Promotions	100,485	163,577	224,213	275,622	348,632	429,188	480,199	470,642	404,073	362,809
Capital Projects	1,918,610	4,523,677	4,955,287	2,491,884	1,612,418	2,141,309	2,432,728	2,497,075	3,279,065	4,313,594
Public Safety	86,473	110,820	137,959	164,593	176,056	264,473	243,256	353,129	289,670	299,909
Total All Other Governmental Funds	<u>3,057,710</u>	<u>5,307,240</u>	<u>6,383,701</u>	<u>4,422,375</u>	<u>3,515,088</u>	<u>4,115,056</u>	<u>7,865,990</u>	<u>7,942,963</u>	<u>9,500,009</u>	<u>10,627,315</u>
Total Governmental Funds	<u>\$7,040,935</u>	<u>\$9,642,131</u>	<u>\$11,231,060</u>	<u>\$11,205,958</u>	<u>\$11,110,789</u>	<u>\$12,852,541</u>	<u>\$17,932,983</u>	<u>\$18,972,862</u>	<u>\$21,927,729</u>	<u>\$23,402,435</u>



CITY OF BENBROOK, TEXAS
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Unaudited)

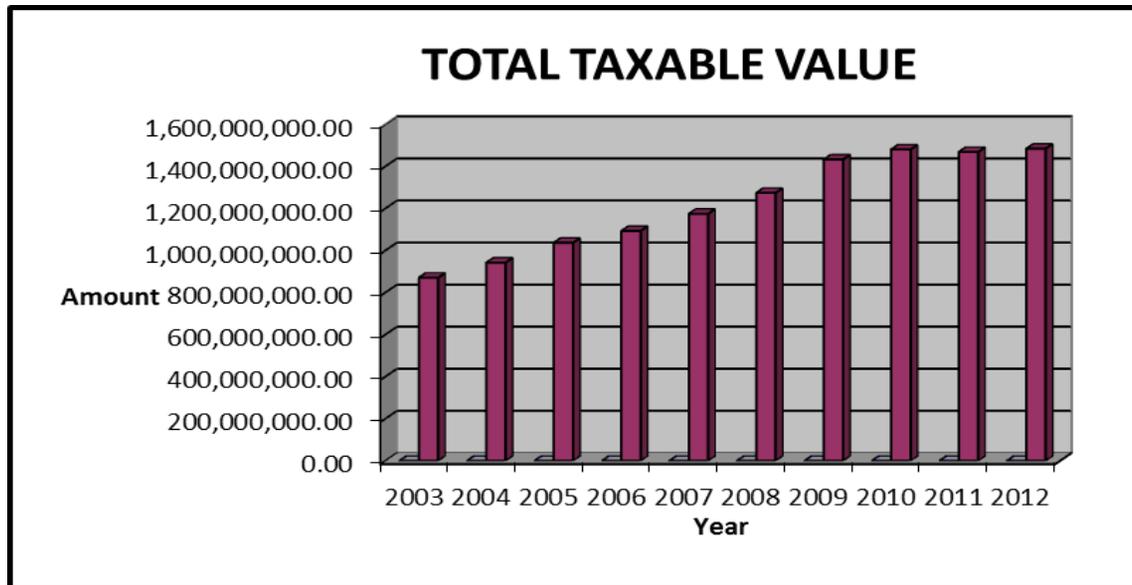
Table 4

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes										
Property	\$ 6,806,789	\$ 7,375,230	\$ 7,953,643	\$ 8,221,572	\$ 8,497,777	\$ 8,932,091	\$ 9,695,791	\$ 9,718,302	\$ 10,336,036	\$ 9,759,726
Franchise	1,201,944	1,307,969	1,208,004	1,295,434	1,300,921	1,382,773	1,371,366	1,319,418	1,429,024	1,503,002
Sales & Other	1,777,447	1,920,511	2,062,344	2,218,043	2,701,646	2,678,083	2,890,977	2,752,740	3,595,387	3,596,241
Licenses, Permits & Filing Fees	351,415	435,697	488,408	457,800	342,494	305,281	232,347	417,846	286,802	307,408
Fines & Forfeitures	339,408	305,445	330,297	337,957	355,440	1,289,624	383,949	569,942	539,558	692,134
Use of Money & Property	209,387	253,681	412,746	1,923,856	1,011,348	738,482	1,357,007	745,198	616,735	325,123
Proceeds of Direct Financing Lease	-	196,651	196,651	196,651	196,651	196,651	216,736	216,736	216,736	216,736
Charges for Services	485,400	359,701	440,034	500,499	443,190	702,204	1,674,699	1,653,898	1,627,298	2,587,945
Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	253,414	-
Other Revenues	458,273	479,911	1,049,801	1,216,755	1,341,404	1,043,204	6,856,518	1,423,107	754,512	1,054,488
Total General Fund	11,630,063	12,634,796	14,141,928	16,368,567	16,190,871	17,268,393	24,679,390	18,817,187	19,655,502	20,042,803
Expenditures										
Current										
General Government	721,488	799,754	913,863	1,097,214	1,201,745	1,264,919	1,424,706	1,503,778	1,754,020	1,568,134
Staff Services	400,879	503,528	527,709	596,116	594,771	558,139	626,836	630,154	722,288	901,844
Public Safety	5,009,883	5,299,692	5,681,172	5,864,454	6,116,359	6,658,770	6,822,906	7,300,123	8,011,591	8,131,574
Public Services	2,069,286	1,994,054	2,099,810	2,317,104	2,246,005	2,591,314	2,561,488	2,531,803	2,590,163	2,569,047
Community Development	2,871,235	605,201	674,942	737,509	1,006,407	1,062,249	1,066,595	1,107,774	1,244,803	2,701,481
Economic Development	429,084	506,260	336,887	451,418	590,356	767,868	613,041	1,024,493	405,754	760,978
Debt Service										
Principal	302,221	394,442	934,703	979,239	698,678	778,019	4,632,513	961,049	866,107	927,627
Interest	1,131,971	1,310,011	1,058,493	1,080,062	1,049,416	964,283	809,239	541,796	646,352	557,506
Debt Issuance & Agent Fees	6,868	804	75,940	1,158	5,140	39,658	4,504	156,424	59,305	33,800
Capital Outlay	2,731,958	5,669,856	2,819,233	3,809,395	2,777,163	1,876,422	1,037,122	2,019,914	455,757	1,696,106
Total Expenditures	15,674,873	17,083,602	15,122,752	16,933,669	16,286,040	16,561,641	19,598,950	17,777,308	16,756,140	19,848,097
Excess (deficiency) of Revenues Over Expenditures	(4,044,810)	(4,448,806)	(980,824)	(565,102)	(95,169)	706,752	5,080,440	1,039,879	2,899,362	194,706
Other Financing Sources (Uses)										
Issuance of Debt	2,400,000	7,050,000	2,500,000	540,000	-	1,035,000	-	-	-	-
Issuance of Refunding	-	-	5,840,000	-	-	-	-	-	2,755,000	1,280,000
Payments to Escrow Agent	-	-	(5,770,643)	-	-	-	-	-	(2,699,495)	-
Transfers-In	-	-	371,919	-	-	1,657	531,451	1,344,709	1,500,583	2,450,308
Transfers-out	-	-	(371,919)	-	-	(1,657)	(531,451)	(1,344,709)	(1,500,583)	(2,450,308)
Total Other Financing Sources (Uses)	2,400,000	7,050,000	2,569,357	540,000	-	1,035,000	-	-	55,505	1,280,000
Net Change in Fund Balance	(1,644,810)	2,601,194	1,588,533	(25,102)	(95,169)	1,741,752	5,080,440	1,039,879	2,954,867	1,474,706
Fund Balance – Beginning	8,685,747	7,040,937	9,642,131	11,231,060	11,205,958	11,110,789	12,852,543	17,932,983	18,972,862	21,927,729
Fund Balance – Ending	<u>\$ 7,040,937</u>	<u>\$ 9,642,131</u>	<u>\$ 11,230,664</u>	<u>\$ 11,205,958</u>	<u>\$ 11,110,789</u>	<u>\$ 12,852,541</u>	<u>\$ 17,932,983</u>	<u>\$ 18,972,862</u>	<u>\$ 21,927,729</u>	<u>\$ 23,402,435</u>
Debt Service as a percent Of noncapital expenditures	12.46%	17.55%	19.33%	18.61%	14.86%	13.46%	29.34%	10.53%	9.36%	12.49%

CITY OF BENBROOK, TEXAS
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Table 5

Fiscal Year Ended	Estimated Market Value		Less Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
	Real Property	Personal Property			
2003	\$ 895,546,468	\$ 67,983,069	\$ 92,881,382	\$ 870,648,155	\$ 0.7725
2004	952,524,428	84,402,115	94,391,030	942,535,513	0.7625
2005	1,044,181,883	87,693,914	95,044,191	1,036,831,606	0.7625
2006	1,112,371,077	88,059,934	107,273,421	1,093,157,590	0.7425
2007	1,252,140,342	93,038,620	170,436,568	1,174,742,394	0.7225
2008	1,314,118,549	129,433,797	169,308,770	1,274,243,576	0.6975
2009	1,429,118,940	175,230,858	171,547,624	1,432,802,174	0.6775
2010	1,470,752,176	188,524,973	178,309,881	1,480,967,268	0.6575
2011	1,430,861,362	216,248,075	178,304,105	1,468,805,332	0.6575
2012	1,445,176,355	216,061,202	176,678,326	1,484,559,231	0.6575

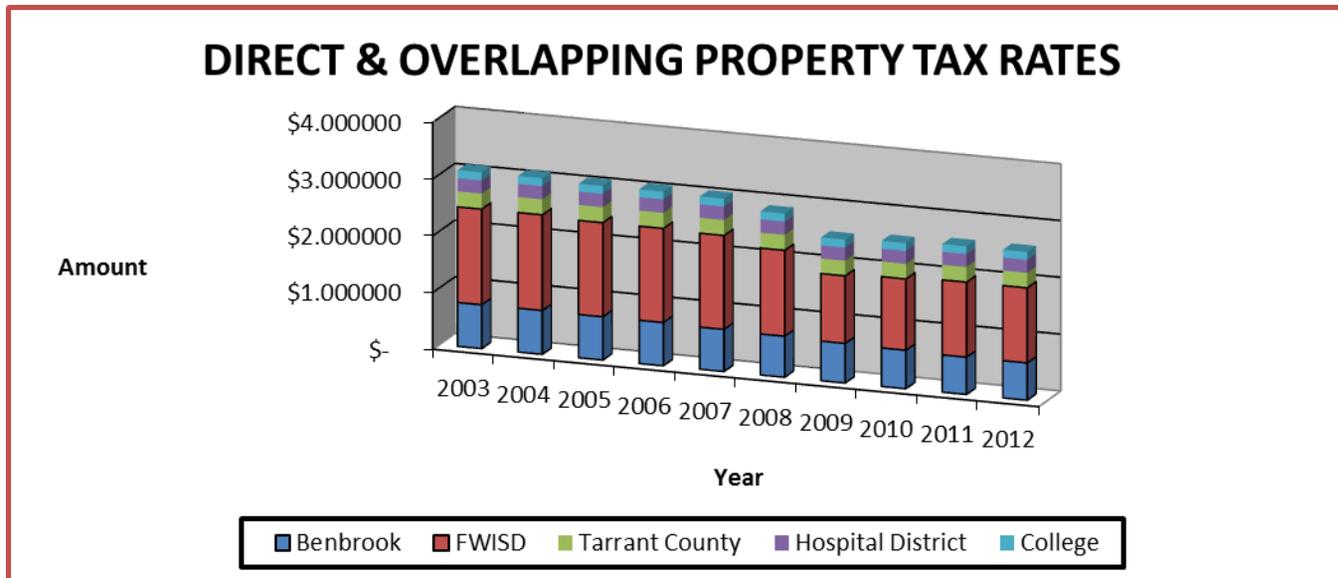


Source: Tarrant Appraisal District

CITY OF BENBROOK, TEXAS
Direct and Overlapping Property Tax Rates
(per \$100 of assessed value)
Last Ten Fiscal Years
(Unaudited)

Table 6

Fiscal Year Ended	City of Benbrook			Overlapping Rates					Totals
	General Fund	Debt Service Fund	Total	Ft. Worth School District	Tarrant County	Hospital District	College		
2003	\$ 0.605672	\$ 0.166828	\$ 0.772500	\$ 1.685800	\$ 0.272500	\$ 0.232400	\$ 0.139380	\$ 3.102580	
2004	0.605672	0.166828	0.772500	1.685800	0.272500	0.232400	0.139380	3.102580	
2005	0.617600	0.144900	0.762500	1.658000	0.272500	0.235397	0.139380	3.067777	
2006	0.608285	0.154215	0.762500	1.658000	0.272500	0.235397	0.139380	3.067777	
2007	0.614196	0.128304	0.742500	1.654000	0.272500	0.235397	0.139380	3.043777	
2008	0.615346	0.107154	0.722500	1.514000	0.271500	0.235397	0.139380	2.882777	
2009	0.599070	0.098430	0.697500	1.190000	0.266500	0.230397	0.139380	2.523777	
2010	0.608100	0.069400	0.677500	1.257000	0.264000	0.227897	0.137960	2.564357	
2011	0.615200	0.042300	0.657500	1.322000	0.264000	0.227897	0.137640	2.609037	
2012	0.647500	0.010000	0.657500	1.322000	0.264000	0.227900	0.137600	2.609000	



Source: Tarrant Appraisal District

CITY OF BENBROOK, TEXAS
Principal Property Tax Payers
Current Year and Ten Years Ago
(Unaudited)

Table 7

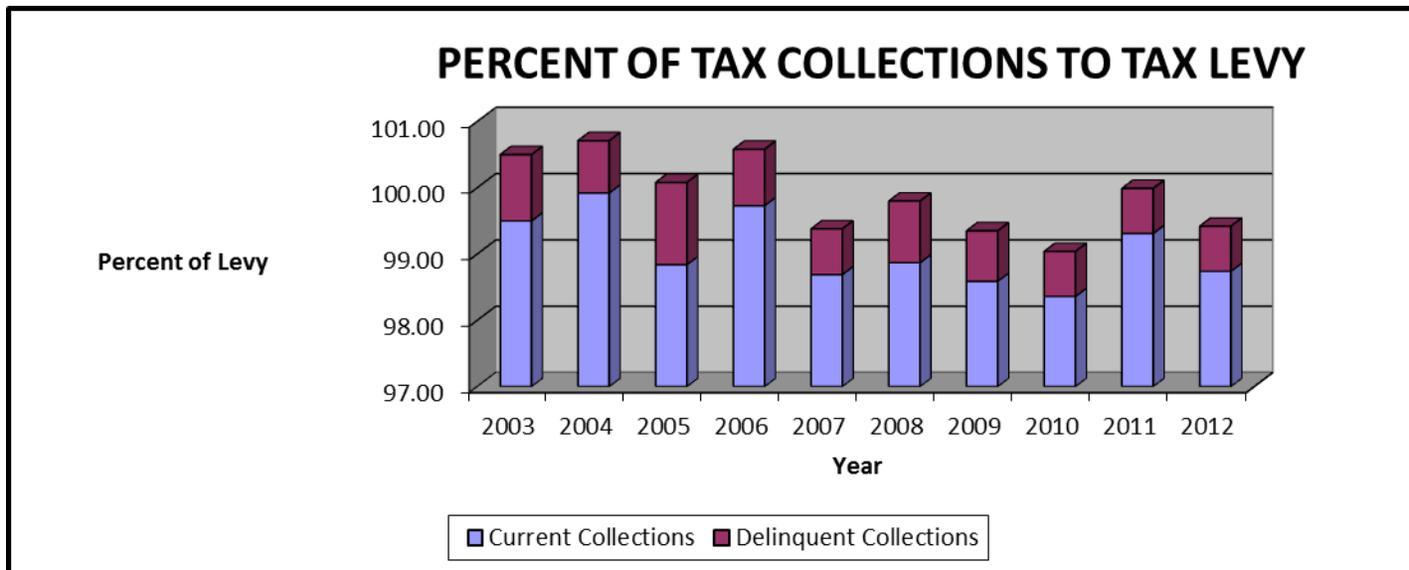
2012			2003		
Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation	Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
Precision Energy Services	\$ 78,361,686	5.28%	Computalog Wireline Service	\$ 17,034,791	1.96%
XTO Energy Inc	24,926,740	1.68%	Highland Park Partners	8,896,722	1.02%
SW Highland LLC	20,622,700	1.39%	Apple Residential Income Trust	8,747,286	1.00%
Wal-Mart Real Estate Business Trust	20,344,882	1.37%	Pacific Realty Corporation	8,418,000	0.97%
Cordiel Victorian Quarters	18,246,130	1.23%	Albertsons Incorporated	8,214,020	0.94%
Encana Oil & Gas USA	16,739,720	1.13%	Oncor	7,591,172	0.87%
Computalog Wireline Service	11,173,858	0.75%	Texas Bay Bellaire Square	6,678,290	0.77%
MB Copper Crossing LP	10,100,000	0.68%	HCRI Texas Properties	6,452,574	0.74%
Eastwood Ranch LP	9,200,000	0.62%	Southwestern Bell Telephone	6,390,953	0.73%
Century Johnson Partners LP	7,208,660	0.49%	M&L Fort Worth Partnership	6,232,600	0.72%
M & L Fort Worth Partners LTD	7,000,000	0.47%	Gardner Denver	5,295,663	0.61%
Smallwood Clover Ridge	6,430,500	0.43%	Baron Investments LTD	5,209,256	0.60%
Gardner Denver	6,153,854	0.41%	Heritage Greenwood Creek	4,620,000	0.53%
Health Care Reit	6,016,000	0.41%	Investors Country Benbrook LP	4,569,123	0.52%
	<u>\$ 242,524,730</u>	<u>16.34%</u>		<u>\$ 104,350,450</u>	<u>12.91%</u>

Source: Tarrant Appraisal District

CITY OF BENBROOK, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Table 8

Fiscal Year Ended	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy	Delinquent Tax Outstanding	Percent of Delinquent Tax To Tax Levy
2003	6,725,757	6,692,014	99.50	67,289	6,759,303	100.19	180,424	2.68
2004	7,186,940	7,181,281	99.92	56,492	7,237,773	100.50	198,026	2.76
2005	7,905,841	7,814,469	98.84	97,739	7,912,208	100.71	197,784	2.50
2006	8,116,695	8,095,015	99.73	68,935	8,163,950	100.08	206,370	2.53
2007	8,487,514	8,376,430	98.69	58,824	8,435,254	100.58	229,169	2.70
2008	8,887,849	8,787,765	98.87	82,263	8,870,028	99.38	233,505	2.63
2009	9,707,235	9,570,682	98.59	73,410	9,644,092	99.80	203,004	2.09
2010	9,737,360	9,577,733	98.36	75,047	9,652,780	99.35	214,557	2.20
2011	9,605,837	9,540,029	99.31	66,198	9,606,227	100.00	217,437	2.26
2012	9,760,976	9,638,240	98.74	64,599	9,702,839	99.40	204,932	2.10



Source: Tarrant Appraisal District

CITY OF BENBROOK, TEXAS
Ratio of Outstanding Debt by Type
Last Ten Fiscal Periods
(Unaudited)

Table 9

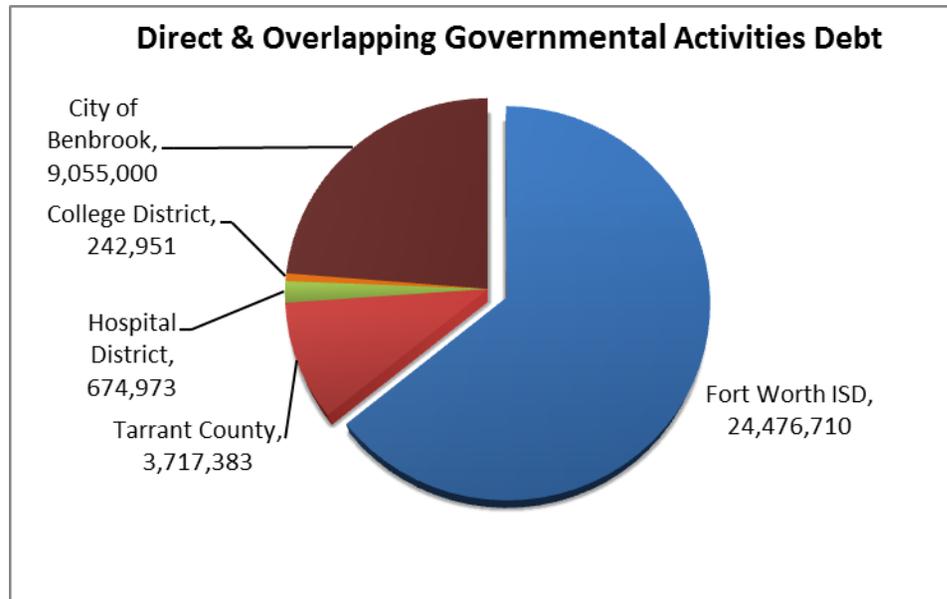
Fiscal Year Ended	Governmental Activities				Percentage of Actual Taxable Value of Property	Percentage of Personal Income
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Capital Leases		
2003	9,115,758	1,210,000	2,553,932	17,505	1.36	2.17%
2004	12,570,000	1,195,000	5,783,141	4,613	1.48	3.23%
2005	13,015,000	2,560,000	5,708,050	-	2.07	3.20%
2006	12,300,000	2,375,000	6,168,782	-	2.05	2.84%
2007	11,810,000	2,250,000	6,085,105	-	1.91	2.49%
2008	11,290,000	3,115,000	5,997,086	-	1.71	2.36%
2009	10,745,000	2,950,000	2,063,856	-	1.60	1.73%
2010	10,175,000	2,780,000	1,842,807	-	1.10	1.59%
2011	9,700,000	2,600,000	1,758,928	-	0.96	1.48%
2012	9,055,000	3,695,000	1,661,301	-	0.97	1.51%

Source: Taxable values from Tarrant Appraisal District
 Personal Income is from the BEA and is for the State of Texas

CITY OF BENBROOK, TEXAS
Direct and Overlapping Governmental Activities – Debt
September 30, 2012
(Unaudited)

Table 10

Jurisdiction	Debt Outstanding	Applicable to the City of Benbrook	Estimated Share of Overlapping Debt
Fort Worth Independent School District	\$ 715,693,281	3.42%	\$ 24,476,710
Tarrant County	317,725,000	1.17%	\$ 3,717,383
Tarrant County Hospital District	57,690,000	1.17%	\$ 674,973
Tarrant County Junior College District	20,765,026	1.17%	\$ 242,951
Benbrook Water & Authority	-	100.00	-
Overlapping Debt	1,111,873,307		29,112,017
City Direct Debt	9,055,000	100.00%	9,055,000
Direct & Overlapping Bonded Debt	<u>\$ 1,120,928,307</u>		<u>\$ 38,167,017</u>
Ratio of Overlapping Bonded Debt to Taxable assessed Valuation		<u>2.57%</u>	
Per Capita		<u>\$1,787.00</u>	



Source: Bonded debt includes only G.O. bonds and amounts supplied by each agency

Note: Percentage based on Benbrook's share of the county population and Benbrook schools share of the FWISD enrollment

CITY OF BENBROOK, TEXAS
Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt per Capita
Last Ten Fiscal Periods
(Unaudited)

Table 11

<u>Fiscal Year Ended</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>General Bonded Debt</u>	<u>Bonded Debt to Assessed Value</u>	<u>Bonded Debt per Capita</u>
2003	20,450	870,648,155	9,115,758	1.05	443
2004	20,512	942,535,513	12,570,000	1.33	607
2005	20,640	1,036,831,606	13,015,000	1.26	604
2006	20,727	1,093,157,590	12,300,000	1.13	550
2007	20,821	1,174,742,394	11,810,000	1.01	517
2008	20,925	1,274,243,576	11,290,000	0.88	481
2009	21,030	1,432,802,174	10,745,000	0.74	450
2010	21,234	1,480,967,268	10,175,000	0.69	424
2011	21,270	1,468,804,732	9,700,000	0.66	456
2012	21,360	1,484,559,231	9,055,000	0.61	424

Source: Tarrant Appraisal District

CITY OF BENBROOK, TEXAS
Legal Debt Margin
September 30, 2012
(Unaudited)

Table 12

Article XI, Section 5 of the State of Texas Constitution states in part:

“...no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city.”

As a home rules city, the City of Benbrook is not limited on the amount of debt it may issue. The City Charter does not set a limit on the amount of property tax the City Council may levy.

The rate for fiscal 2012 was established at \$0.6575 per \$100 of assessed valuation.

CITY OF BENBROOK, TEXAS
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Table 13

<u>Fiscal Year Ended</u>	<u>Estimated Population</u>	<u>Disposable Personal Income</u>	<u>School Enrollment</u>	<u>County Unemployment Rate</u>
2003	20,450	\$ 1,836,123,460,000	4,592	6.6%
2004	20,512	1,857,924,520,000	4,425	5.0
2005	20,640	1,910,480,730,000	4,430	5.2
2006	20,727	2,037,982,980,000	4,502	4.6
2007	20,821	2,204,816,290,000	4,423	4.3
2008	20,925	2,393,078,040,000	4,429	5.0
2009	21,030	2,553,116,940,000	4,700	8.2
2010	21,234	2,752,579,740,000	4,192	8.0
2011	21,270	2,646,999,980,000	3,698	8.1
2012	21,360	2,673,532,230,000	4,473	6.1

Sources: *Disposable Personal Income for Dallas-Fort Worth-Arlington Metro Area from Bureau of Labor Statistics*
School enrollment provided by the FWISD for Benbrook area schools only
Populations information provided by the NCTCOG

CITY OF BENBROOK, TEXAS
Principal Employers
September 30, 2012
(Unaudited)

Table 14

2012			2003		
Employer	Employees	Percent of Total City Employment	Employer	Employees	Percent of Total City Employment
Walmart	300	6.30%	Fort Worth School District	236	5.15%
Weatherford International	259	5.44%	Computalog	176	3.84%
Oncor Electric Delivery	234	4.91%	Renaissance Park	110	2.40%
Western Hills High School	181	3.80%	Benbrook YMCA	104	2.27%
Benbrook YMCA	120	2.52%	IHS of Benbrook	100	2.18%
City of Benbrook	110	2.31%	RGIS	100	2.18%
Renaissance Park	110	2.31%	City of Benbrook	91	1.99%
Q-Max of America	101	2.12%	Lockheed	96	2.10%
Albertson's Inc	95	1.99%	Cracker Barrel Old Country Store	95	2.07%
Benbrook Nursing & Rehabilitation	<u>90</u>	1.89%	Albertson's Inc	<u>91</u>	1.99%
Total	<u>1,600</u>	<u>30.01%</u>	Total	<u>1,199</u>	<u>27.44%</u>

Source: Survey of local employers

CITY OF BENBROOK, TEXAS
Local Employment Information
September 30, 2012
(Unaudited)

Table 15

<u>Fiscal Year Ended</u>	<u>Ag</u>	<u>Construction</u>	<u>Manufacturing</u>	<u>Transportation & Storage</u>	<u>Wholesale</u>	<u>Retail</u>	<u>Services</u>	<u>Finance Insurance & Real Estate</u>	<u>Other</u>	<u>TOTALS</u>
Number of Establishments										
2003	1	43	25	4	20	145	260	62	12	572
2004	1	35	20	3	20	144	260	61	11	555
2005	1	33	19	4	19	104	258	60	12	510
2006	1	35	20	3	19	89	278	59	12	516
2007	1	34	21	4	20	89	282	59	13	523
2008	1	31	24	5	17	87	282	62	13	522
2009	1	31	25	5	19	88	282	62	14	527
2010	1	30	25	6	19	72	270	61	22	506
2011	-	24	13	4	15	67	236	60	14	433
2012	1	27	38	7	15	72	281	67	15	523
Employment Levels										
2003	2	228	409	37	143	564	2,371	401	215	4,370
2004	2	163	392	31	168	574	2,961	392	181	4,864
2005	2	187	385	41	131	508	2,501	408	537	4,700
2006	2	210	389	39	176	477	2,690	412	299	4,694
2007	2	197	393	40	178	478	2,771	407	300	4,766
2008	2	186	417	42	172	470	2,762	436	303	4,790
2009	2	157	415	41	177	489	2,737	436	308	4,762
2010	2	144	548	45	204	508	2,768	363	351	4,933
2011	-	188	501	39	118	497	3,104	354	302	5,103
2012	3	200	509	50	145	420	3,342	362	300	5,331

Source: Survey of local employers

CITY OF BENBROOK, TEXAS
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

Table 16

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
City Manager	2	2	2	2	2	2	2	2	2	2
City Secretary	2	2	2	2	3	3	3	3	3	3
Staff Services										
Finance	3	3	3	3	2	2	2	2	2	2
Information Services	-	-	1	1	1	1	1	1	1	1
Budget & Research	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police	48	47	49	49	49	53	52	52	52	53
Fire	12	12	12	12	16	16	16	16	16	16
Municipal Court	2	2	2	2	2	2	2	2	2	2
Code Enforcement	-	-	-	-	-	-	1	1	1	1
Public Services										
Administration	1	1	1	1	1	1	1	1	1	1
Public Works	9	9	9	9	9	8	8	8	8	8
Parks & Recreation	8	7	7	7	7	8	8	8	8	8
Services	4	4	4	4	4	4	4	4	4	4
Community Development										
Administration	1	1	1	1	1	1	1	1	1	1
Planning	1	2	2	2	2	2	2	2	2	2
City Inspection	4	4	3	4	5	5	5	5	5	5
Economic Development										
Administration	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>99</u>	<u>99</u>	<u>101</u>	<u>102</u>	<u>107</u>	<u>111</u>	<u>111</u>	<u>111</u>	<u>111</u>	<u>112</u>

Source: City Budgets

CITY OF BENBROOK, TEXAS
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

Table 17

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Licensed Officers	36	36	36	36	37	42	42	42	43	43
Police Reservist	5	5	3	3	3	3	3	3	3	3
Emergency Warning Sirens	7	7	6	6	6	6	6	6	6	6
Fire (1)										
Stations	3	3	3	1	1	1	1	1	1	1
Firefighters	33	36	36	36	36	36	36	36	38	38
Paramedics/EMT's	33	34	34	39	39	39	39	39	37	37
City Fire Support Unit Staff	21	21	21	21	21	21	21	21	21	21
Emergency Vehicles	19	19	19	19	19	19	19	20	16	16
Public Works										
Miles of Street	103	105	105	105	107	107	107	107	107	107
Number of Street Lights	756	771	914	1,156	1,210	1,210	1,210	1,213	1,213	1,213
Parks & Recreation										
Parks	5	5	5	5	5	5	5	5	5	6
Acreage	272	272	272	272	272	272	272	272	272	272
Playgrounds	2	2	2	2	2	2	2	2	2	2
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Golf Courses	3	3	4	4	4	4	4	4	4	4
Lakes	1	1	1	1	1	1	1	1	1	1

Source: City Budgets

CITY OF BENBROOK, TEXAS
Texas Municipal Retirement System
Analysis of Funding Progress and Contribution Rates
Last Ten Fiscal Years
(Unaudited)

Table 18

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio (1/2)	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	UAAL as a Percentage of ACP (4/5)	City Contributions	Average City Rate (7/5)
2003	12,411,221	15,309,033	81.10	2,897,412	4,627,709	62.61	699,595	15.12%
2004	12,885,583	16,329,394	78.91	3,443,811	4,763,760	72.29	720,288	15.12%
2005	12,977,206	16,738,637	77.53	3,761,431	5,184,936	72.55	788,533	15.21%
2006	13,749,491	18,212,572	75.49	4,463,081	5,642,683	79.10	827,431	14.66%
2007	15,059,570	20,049,353	75.11	4,989,783	5,712,998	87.34	815,429	14.27%
2008	14,320,124	22,747,235	62.95	8,427,111	5,965,049	141.27	894,959	15.00%
2009	16,162,052	25,019,393	64.60	8,857,341	6,842,568	129.44	1,055,515	15.43%
2010	18,522,260	27,874,592	66.45	9,352,332	7,099,462	131.73	1,297,750	18.28%
2011	28,492,939	36,389,302	78.30	7,896,363	7,206,067	109.60	1,242,754	17.25%
2012	31,182,753	38,870,254	80.22	7,687,501	7,458,722	103.07	1,383,739	17.99%

Source: TMRS



T E X A S

Our Pride. Your Joy.