

CITY OF HASLET, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2013

This Page Intentionally Left Blank.

CITY OF HASLET, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
FINANCIAL SECTION		
Independent Auditors' Report.....	1	
Management's Discussion and Analysis (Required Supplementary Information).....	3	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	13	A-1
Statement of Activities.....	14	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	16	A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	19	A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	20	A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	23	A-6
Statement of Net Position - Enterprise Funds.....	24	A-7
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Enterprise Funds.....	25	A-8
Statement of Cash Flows - Enterprise Funds.....	26	A-9
Notes to the Financial Statements	27	
<u>Required Supplementary Information:</u>		
<u>Budgetary Comparison Schedules:</u>		
General Fund.....	48	B-1
Haslet Community and Economic Development Corporation (Type B).....	49	B-2
Schedule of Funding Progress.....	50	B-3
<u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	52	C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	53	C-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	54	C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	56	C-4
<u>Budgetary Comparison Schedules:</u>		
Park Fund.....	58	C-5
Municipal Court Building Security.....	59	C-6

CITY OF HASLET, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Municipal Court Technology.....	60	C-7
Park Board Improvement Fund.....	61	C-8
Library Board Fund.....	62	C-9
Library Grant Fund.....	63	C-10
 Debt Service Funds:		
Budgetary Comparison Schedule:		
1999 Interest & Sinking Fund.....	64	C-11
 Discrete Component Unit		
Haslet Economic Development Corp. (Type A)		
Balance Sheet.....	65	C-12
Budgetary Comparison Schedule.....	66	C-13

RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
2401 Garden Park Court, Suite B
Arlington, Texas 76013

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Haslet, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note II. G. to the financial statements, the City has adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the City of Haslet, Texas' financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Rutledge Crain & Company, PC

January 9, 2014

CITY OF HASLET, TEXAS
Management's Discussion and Analysis
September 30, 2013

The City of Haslet, Texas (the "City") Management's Discussion and Analysis (MD&A) is a narrative overview and analysis designed to provide the reader a means to identify and understand the financial activity of the City and changes in the City's financial position during the fiscal year ended September 30, 2013.

The Management's Discussion and Analysis is supplemental to, and should be considered along with the City's financial statements.

Financial Highlights

1. The assets and deferred outflows of resources of the City of Haslet exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,480,121.
2. The City's net assets increased by \$752,974. The increase is predominately the result of operations.
3. As of September 30, 2013 the City of Haslet's governmental funds reported combined ending fund balances of \$5,448,757, an increase of \$918,765 in comparison with the prior fiscal year. Of this amount, \$2,771 is nonspendable, \$2,417,765 or 44.4% of the total amount is unassigned, an increase of \$460,455; \$1,445,933 or 26.5% of the total amount is committed, an increase of \$257,847; and \$1,582,288 or 29.0% is restricted, an increase of \$182,772.
4. As of September 30, 2013, the fund balance for the General Fund increased by \$479,708. Total General Fund balance is \$2,418,876, 93.2% of the total expenditures for the General Fund for 2013.
5. The City's total debts decreased by \$356,873 after scheduled payments were made to creditors. The City issued no new debt during the 2012/13 fiscal year.

Overview of the Financial Statements

The MD&A is intended to introduce the reader to the City's basic financial statements, which are comprised of three components: 1. Government Wide Financial Statements, 2. Fund Financial Statements, and 3. Notes to those Financial Statements. The report also contains other required supplementary information in addition to the basic financial statements.

Government Wide Financial Statements – the government wide financial statements are designed to provide the reader with a general overview of the City's finances in a way that is comparable with financial statements from the private sector. The government wide financial statements consist of two statements:

1. The Statement of Net Assets – (Exhibit A-1) this statement presents information on all of the City's assets and liabilities; the difference between the two is reported as net assets. Over an extended period, the increase or decrease in net assets will serve as a good indicator of whether the financial position of the City is improving or deteriorating.
2. The Statement of Activities – (Exhibit A-2) gives information showing how the City's net assets have changed during the fiscal year. All revenues and expenses are reported on the full accrual basis so certain revenue and expense items will result in cash flows in future fiscal periods (such as uncollected taxes or unused vacation leave).

In the above statements, the City's operations are separated into two different types of activities:

1. Governmental Activities – where most of the City's basic activities are reported. These include general government, fire, streets, parks, municipal court, library, public safety, finance, fire marshal, economic development, and public works. Normally, these operations are financed by property taxes, sales taxes, franchise fees, licenses and permits and fines.

CITY OF HASLET, TEXAS

*Management's Discussion and Analysis
September 30, 2013*

- 2. Business-Type Activity – in this activity, the City charges fees to finance its operations. Examples of this are the City's water and sewer services.

Note: the government-wide financial statements are found on pages 13 thru 15 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 set aside for specific activities or objectives. Fund financial statements provide detailed information about the most important funds and not about the city as a whole as in the government-wide financial statements.

The City uses fund accounting to demonstrate compliance with finance related legal requirements which can be categorized into two activities – government funds and proprietary funds.

Governmental Funds – Most of the City's activities are reported in governmental funds. They are used to account for those functions known as government activities. But unlike government-wide financial statements, governmental fund financial statements focus on how monies flow into and out of those funds and their resulting balances at the end of the fiscal year. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Such information can be useful in evaluating a government's short-term financing requirements.

The City maintains eleven governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Haslet Community and Economic Development Fund, and COs Capital Projects Fund which are considered to be major funds. Data from the other eight funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts annual appropriated budgets for the general fund, special revenue funds and the debt service fund. The budgets for the capital projects funds are adopted on a project length basis. A budgetary comparison statement is provided for each annually budgeted fund to demonstrate compliance with its budget.

Proprietary Funds – These funds are generally used when the City charges a fee for services and the relationship between the City and citizen is more like a customer and supplier. The fees are usually in amounts sufficient to cover the costs associated with providing the service. Proprietary funds provide the same type of information as the government-wide financial statements but in more detail, such as cash flows.

The proprietary fund financial statements provide information for the City's Utility (Water and Sewer) system, which is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-45.

Government-wide Financial Analysis

This statement highlights the information provided in both the Statement of Net Assets and Statement of Activities in the government-wide financial statements. It may serve over an extended period of time, as a useful indicator of the City's financial position. At the end of the fiscal year, the City's assets exceeded liabilities by \$23,480,121. Of this amount, \$17,094,654 (72.8%) reflects the City's investment in capital assets (e.g., land, buildings, machinery and equipment, net of accumulated depreciation); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide service to the community; therefore these assets are not available for future spending.

Government Activities Comparison

Capital assets decreased (\$206,463 overall) due to depreciation and disposals of \$659,751 in excess of current costs incurred/transferred for/from construction in progress (\$1,390,166); buildings and improvements had additions of \$59,487; infrastructure (streets, drainage and parks improvements increased by \$1,681,967; other improvements had additions of \$54,011; vehicles had additions \$38,799 while tools and equipment had additions of \$48,259. Long-term liabilities

CITY OF HASLET, TEXAS
Management's Discussion and Analysis
 September 30, 2013

decreased \$225,370 with payments made to reduce capital leases and other obligations. Other liabilities increased \$204,524, due to changes in accounts payable and accruals.

Business-type Activities Comparison

Current and other assets decreased \$611,517 due to the acquisition of capital assets and a decrease of water sales. Long-term liabilities decreased \$178,507 due to payments made to reduce capital leases and other obligations. Other liabilities decreased \$130,346 due to decreases in accounts payable and accrued liabilities.

d

Statement of Net Position

	Government Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	\$ 6,162,104	\$ 5,024,374	\$ 2,127,316	\$ 2,738,833	\$ 8,289,420	\$ 7,763,207
Capital assets	12,005,913	12,115,984	8,945,998	8,848,878	20,951,911	20,964,862
Total Assets	<u>18,168,017</u>	<u>17,140,358</u>	<u>11,073,314</u>	<u>11,587,711</u>	<u>29,241,331</u>	<u>28,728,069</u>
Deferred Outflows of Resources	<u>16,618</u>	<u>17,701</u>	<u>55,543</u>	<u>63,555</u>	<u>72,161</u>	<u>81,256</u>
Liabilities						
Long-term Liabilities	2,871,973	3,123,532	2,138,562	2,317,069	5,010,535	5,440,601
Other Liabilities	522,845	261,254	208,866	339,212	731,711	600,466
Total Liabilities	<u>3,394,818</u>	<u>3,384,786</u>	<u>2,347,428</u>	<u>2,656,281</u>	<u>5,742,246</u>	<u>6,041,067</u>
Deferred Inflows of Resources	<u>91,125</u>	<u>41,054</u>	<u>-</u>	<u>-</u>	<u>91,125</u>	<u>41,054</u>
Net Position						
Net investment in capital assets	10,321,601	9,104,404	6,773,053	6,589,421	17,094,654	15,693,825
Restricted	1,383,841	1,197,927	-	-	1,383,841	1,197,927
Unrestricted	<u>2,993,250</u>	<u>3,429,888</u>	<u>2,008,376</u>	<u>2,405,564</u>	<u>5,001,626</u>	<u>5,835,452</u>
Total net position	<u>\$ 14,698,692</u>	<u>\$ 13,732,219</u>	<u>\$ 8,781,429</u>	<u>\$ 8,994,985</u>	<u>\$ 23,480,121</u>	<u>\$ 22,727,204</u>

Note: 2012 is restated for implementation of GASB-63 and GASB-65

City operational analysis – The following table provides a summary analysis of the City's operations for the fiscal year ended September 30, 2013. Governmental activities have increased the City's net assets by \$966,530 which amounts to a 7.0% increase in total net assets for the year. The City's business-type activity (i.e. water and sewer fund) has decreased the City's assets by \$213,556 which amounts to a 2.4% decrease in net assets for that activity.

Government Activities Comparison

Revenues

Charges for services increased \$609,490 due to an increase of building permits. Operating grants and contributions increased \$2,955 due to an increase in grants received by the City. Capital grants and contributions increased \$141,215. Property tax decreased (\$168,876) due to a judgment which decreased property value. Sales tax increased \$191,869 due to equipment purchases made by new business locating to the City. Gas royalties increased \$20,474. Unrestricted investment earnings decreased (\$500) due to a decrease in interest rates.

Expenses

General Government decreased \$108,056 due to establishing a separate category for the City Secretary; Public Safety increased \$24,245; Non-departmental increased \$18,959 due to IT support.

CITY OF HASLET, TEXAS
Management's Discussion and Analysis
 September 30, 2013

Business-type Comparison

Revenues

Charges for services decreased \$543,095 due to a decrease in water revenue from gas well activity. Capital grants and contributions decreased \$100,800; and miscellaneous revenue increased \$51,128 due to a change in the "settle-up" payment received from Trinity River Authority of Texas.

Expenses

Water and sewer operations increased \$330,967 due to back payments made to the City of Fort Worth for sewer connections (May 1996 thru January 2013).

Changes in net position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program revenue						
Charges for services	\$ 1,130,200	\$ 520,710	\$ 1,415,588	\$ 1,958,683	\$ 2,545,788	\$ 2,479,393
Operating grants and contributions	124,860	121,905	-	-	124,860	121,905
Capital grants and contributions	255,530	114,315	256,761	351,456	512,291	465,771
General Revenue						
Property tax	1,431,137	1,600,013	-	-	1,431,137	1,600,013
Sales Tax	969,162	777,293	-	-	969,162	777,293
Franchise tax	173,107	161,924	-	-	173,107	161,924
Gas royalties	91,485	71,011	-	-	91,485	71,011
Unrestricted investment earnings	7,547	8,047	3,095	4,849	10,642	12,896
Miscellaneous revenue (expense)	-	-	91,715	40,587	91,715	40,587
Total revenue	4,183,028	3,375,218	1,767,159	2,355,575	5,950,187	5,730,793
Expenses						
Code enforcement	80,731	7,863	-	-	80,731	7,863
General government	472,782	580,838	-	-	472,782	580,838
City secretary	130,781	-	-	-	130,781	-
Fire	373,050	391,563	-	-	373,050	391,563
Streets	505,957	573,231	-	-	505,957	573,231
Parks	252,004	266,655	-	-	252,004	266,655
Court	87,813	77,322	-	-	87,813	77,322
Library	195,156	195,009	-	-	195,156	195,009
Public safety	564,872	540,627	-	-	564,872	540,627
Finance	114,595	99,540	-	-	114,595	99,540
Fire marshal	45,851	12,584	-	-	45,851	12,584
Economic development	71,080	56,733	-	-	71,080	56,733
Public works	224,055	219,491	-	-	224,055	219,491
Nondepartmental	136,176	117,217	-	-	136,176	117,217
Interest and amortization	123,685	125,992	-	-	123,685	125,992
Water and sewer operations	-	-	1,818,625	1,487,658	1,818,625	1,487,658
Total expenses	3,378,588	3,264,665	1,818,625	1,487,658	5,197,213	4,752,323
Transfers	162,090	92,090	(162,090)	(92,090)	-	-
Increase (decrease) in net position	\$ 966,530	\$ 202,643	\$ (213,556)	\$ 775,827	\$ 752,974	\$ 978,470

Note: 2012 is restated for implementation of GASB-63 and GASB-65

CITY OF HASLET, TEXAS

*Management's Discussion and Analysis
September 30, 2013*

Financial analysis of the City's funds

Government Funds - the main focus of the City's governmental funds is to provide information on the flow of monies to and from the funds, and to note the unreserved fund balance which is a good indicator of resources available for spending in the near term. The information derived from these funds is highly useful in assessing the City's financial requirements. The unreserved fund balance may serve as a useful measure of the governments net resources available for use at the fiscal year end.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$5,448,757. The City has approximately \$1,534,092 of unspent capital projects bond proceeds for government activities which are restricted. As the proceeds are spent, there will be a similar increase in unrestricted net assets. The City expects to complete the capital projects in Fiscal Year 2014. During the year there was a combined net increase in the fund balances of \$918,765.

Proprietary Funds – the City's proprietary fund statements have the same kind of information provided by the governmental statements but are in stated in more detail. Unrestricted net assets of the water and sewer fund amounted to \$2,008,376.

General fund budgetary highlights

There was an overall increase of 4.4% in the revenue budgeted and the actual revenue. The majority of the increase was in sales tax revenues (\$91,108 positive variance) due equipment purchased by new business moving into the City of Haslet, licenses and permits (\$23,661 positive variance) due the increase number of permits being issued, and Fines (\$11,363 positive variance) due to conservative estimation of expected revenue. Actual revenues came in over the final budget by \$139,408.

Actual expenditures were under final budgeted expenditures by 4.1% or \$112,164. The major contributing factors to this were Administration expenditures were under budget by \$32,283, due to a personnel position that was not filled until August. Street expenditures were under budget by \$25,217 due to a reduction in materials and repairs on streets being used, and there were no drainage repairs. Fire expenditures were under budget by \$20,135, because there were fewer repairs required on the vehicles.

Excess of expenditures over appropriations

Expenditures of the Municipal Court Securities Fund and the Library Board Fund exceeded final budgeted expenditures by (\$8,996) and \$(1,184), respectively.

Capital asset and debt administration

The City's investments of capital assets for its governmental and business-type activities as of September 30, 2013 amounted to \$20,951,911 net of accumulated depreciation. They represent a broad range of capital assets including, but not limited to buildings, land, fire equipment, park facilities, roads, water and sewer lines and a storm water system.

For the year ended September 30, 2013, major additions to capital assets include, for governmental activities, replacement of the roadway improvements completed or in progress. For business-type activities, the City completed or continued work on water and sewer infrastructure.

CITY OF HASLET, TEXAS
Management's Discussion and Analysis
 September 30, 2013

Capital assets net of depreciation at September 30, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,518,371	\$ 1,518,371	\$ 20,142	\$ 20,142	\$ 1,538,513	\$ 1,538,513
Construction in progress	400,776	1,906,596	51,529	804,388	452,305	2,710,984
Buildings	2,217,974	2,262,306	-	-	2,217,974	2,262,306
Improvements other than buildings	803,447	857,458	82	320	803,529	857,778
Infrastructure	6,621,708	5,315,655	8,744,613	7,928,080	15,366,321	13,243,735
Equipment	252,503	128,894	129,632	95,948	382,135	224,842
Vehicles	191,134	223,096	-	-	191,134	223,096
Total	\$ 12,005,913	\$ 12,212,376	\$ 8,945,998	\$ 8,848,878	\$ 20,951,911	\$ 21,061,254

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

- Completed improvements to the city hall roof and the community center restrooms.
- Purchased a truck and a utility trailer.
- Made improvements to infrastructure roads.
- Made improvements to water and sewer system infrastructure.
- Purchased sewer camera system.

Additional information about the City's capital assets may be found in Note II. C. in the notes to financial statements on pages 36-38 of this report.

Debt administration

Long-Term Debt – at the end of the current fiscal year the City had \$5,034,105 in bonded debt, notes payable, capital lease obligations, and accrued compensated absences, a decrease of 4.2% from the previous fiscal year. Of this amount,

\$3,940,000 is backed by the full faith and credit of the government. The City's general obligation debt maintains an "A+" rating from Standard & Poor's investor services.

General debt currently at September 30, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Certificates of obligation	\$2,285,200	\$2,363,500	\$1,654,800	\$1,711,500	\$3,940,000	\$4,075,000
General obligation bonds	577,200	663,000	532,800	612,000	1,110,000	1,275,000
Bond (premium)/discount	(28,552)	(29,755)	(14,654)	(14,420)	(43,206)	(44,175)
Note payable	-	-	-	-	-	-
Capital lease obligations	19,869	82,343	-	-	19,869	82,343
Accrued compensated absences	15,636	13,890	8,151	7,989	23,787	21,879
Total	\$2,869,353	\$3,092,978	\$2,181,097	\$2,317,069	\$5,050,450	\$5,410,047

Additional information about long-term debt may be found in Note II. E. in the notes to financial statements on pages 39-42 of this report.

CITY OF HASLET, TEXAS

Management's Discussion and Analysis

September 30, 2013

Economic factors and next year's budgets and rates

In the budget for the next fiscal year, revenues have been projected to decrease by 26.5%. One of the City's largest sources of revenue is sales tax receipts and it is budgeted to decrease 16.8%. Due to the nature of the volatility in sales tax receipts, the City has been conservative in projecting sales tax revenue and actual receipts have generally met expectations.

Expenditures are expected to increase by 3.88%. This increase is due to the increase amount budgeted the position of City Administrator full time, the increase in the cost for the contract with Tarrant County Sheriff's Department, and the purchase of a back- up generator for City Hall and the Community Center.

Requests for information

Questions concerning any of the information in this report or requests for additional information should be directed to the City of Haslet, Finance Director, 101 Main Street, Haslet, Texas 76052.

This Page Intentionally Left Blank.

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank.

CITY OF HASLET, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash and investments</i>	\$ 5,710,079	\$ 1,869,041	\$ 7,579,120	\$ 1,242,609
Receivables (net of allowances):				
<i>Taxes</i>	96,011	--	96,011	--
<i>Accounts</i>	7,500	243,355	250,855	--
<i>Miscellaneous</i>	144,880	--	144,880	300
<i>Intergovernmental</i>	191,103	452	191,555	54,951
<i>Inventories</i>	--	12,355	12,355	933,833
<i>Prepaid items</i>	2,771	126	2,897	--
Restricted assets:				
<i>Cash and cash equivalents</i>	9,760	1,987	11,747	--
Capital assets (net of accumulated depreciation, where applicable)				
<i>Nondepreciable property</i>				
<i>Land</i>	1,518,371	20,142	1,538,513	--
<i>Construction in progress</i>	400,776	51,529	452,305	--
<i>Depreciable property</i>				
<i>Buildings</i>	2,217,974	--	2,217,974	--
<i>Improvements other than buildings</i>	803,447	82	803,529	--
<i>Infrastructure</i>	6,621,708	8,744,613	15,366,321	--
<i>Equipment</i>	252,503	129,632	382,135	--
<i>Vehicles</i>	191,134	--	191,134	--
Total Assets	18,168,017	11,073,314	29,241,331	2,231,693
DEFERRED OUTFLOWS OF RESOURCES				
Deferred bond insurance costs	16,618	13,009	29,627	--
Deferred amount from refunding	--	42,534	42,534	--
Total Deferred Outflows of Resources	16,618	55,543	72,161	--
LIABILITIES				
<i>Accounts payable</i>	347,859	72,079	419,938	23,553
<i>Accrued liabilities</i>	88,922	15,984	104,906	--
<i>Due to other governments</i>	86,006	--	86,006	--
<i>Customer deposits</i>	--	78,269	78,269	1,750
Noncurrent Liabilities:				
<i>Due within one year</i>	156,238	146,385	302,623	--
<i>Due in more than one year</i>	2,715,793	2,034,711	4,750,504	--
Total Liabilities	3,394,818	2,347,428	5,742,246	25,303
DEFERRED INFLOWS OF RESOURCES				
<i>Unearned revenue</i>	64,936	--	64,936	--
Deferred amount from refunding	26,189	--	26,189	--
Total Deferred Inflows of Resources	91,125	--	91,125	--
NET POSITION				
Net Investment in Capital Assets	10,295,412	6,815,587	17,110,999	--
Restricted For:				
Debt Service	40,847	--	40,847	--
Capital Projects	1,342,994	--	1,342,994	--
Unrestricted	3,019,439	1,965,842	4,985,281	2,206,390
Total Net Position	\$ 14,698,692	\$ 8,781,429	\$ 23,480,121	\$ 2,206,390

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
<i>Code enforcement</i>	\$ 80,731	\$ --	\$ --	\$ --
<i>General government</i>	472,782	828,319	--	--
<i>City secretary</i>	130,781	--	--	--
<i>Fire</i>	373,050	6,612	105,000	--
<i>Streets</i>	505,957	--	--	248,030
<i>Parks</i>	252,004	37,197	--	--
<i>Court</i>	87,813	247,028	--	--
<i>Library</i>	195,156	9,206	19,860	--
<i>Public safety</i>	564,872	1,838	--	7,500
<i>Finance</i>	114,595	--	--	--
<i>Fire marshal</i>	45,851	--	--	--
<i>Economic development</i>	71,080	--	--	--
<i>Public works</i>	224,055	--	--	--
<i>Nondepartmental</i>	136,176	--	--	--
<i>Interest on long-term debt</i>	122,602	--	--	--
<i>Amortization</i>	1,083	--	--	--
Total expenses	<u>3,378,588</u>	<u>1,130,200</u>	<u>124,860</u>	<u>255,530</u>
Business-type Activities:				
<i>Water and Sewer</i>	1,818,625	1,415,588	--	256,761
Total Business-type Activities	<u>1,818,625</u>	<u>1,415,588</u>	<u>--</u>	<u>256,761</u>
Total Primary Government	<u>\$ 5,197,213</u>	<u>\$ 2,545,788</u>	<u>\$ 124,860</u>	<u>\$ 512,291</u>
COMPONENT UNIT:				
Haslet Economic Development Corporation (Type A)	<u>\$ 99,412</u>	<u>\$ 42,990</u>	<u>\$ --</u>	<u>\$ --</u>

General Revenues and Transfers:
Property Taxes
Sales Taxes
Franchise Taxes
Gas royalties
Unrestricted investment earnings
Other revenue
 Transfers
 Total General Revenues and Transfers
 Change in Net Assets
 Net Position - Beginning
 Prior Period Adjustment
 Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and		Changes in Net Position	
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (80,731)		\$ (80,731)	
355,537		355,537	
(130,781)		(130,781)	
(261,438)		(261,438)	
(257,927)		(257,927)	
(214,807)		(214,807)	
159,215		159,215	
(166,090)		(166,090)	
(555,534)		(555,534)	
(114,595)		(114,595)	
(45,851)		(45,851)	
(71,080)		(71,080)	
(224,055)		(224,055)	
(136,176)		(136,176)	
(122,602)		(122,602)	
(1,083)		(1,083)	
<u>(1,867,998)</u>		<u>(1,867,998)</u>	
	\$ (146,276)	(146,276)	
	<u>(146,276)</u>	<u>(146,276)</u>	
<u>(1,867,998)</u>	<u>(146,276)</u>	<u>(2,014,274)</u>	
			\$ (56,422)
1,431,137	--	1,431,137	--
969,162	--	969,162	323,054
173,107	--	173,107	--
91,485	--	91,485	--
7,547	3,095	10,642	1,542
--	91,715	91,715	--
162,090	(162,090)	--	--
<u>2,834,528</u>	<u>(67,280)</u>	<u>2,767,248</u>	<u>324,596</u>
966,530	(213,556)	752,974	268,174
13,755,568	9,047,622	22,803,190	1,938,216
(23,349)	(52,637)	(75,986)	--
<u>\$ 14,698,749</u>	<u>\$ 8,781,429</u>	<u>\$ 23,480,178</u>	<u>\$ 2,206,390</u>

CITY OF HASLET, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>Haslet Comm. and Economic Develop. Corp. (Type B)</u>
ASSETS		
<i>Cash and investments</i>	\$ 2,601,744	\$ 1,480,217
Receivables (net of allowances for uncollectible accounts):		
<i>Taxes</i>	79,316	--
<i>Accounts</i>	7,500	--
<i>Miscellaneous</i>	144,880	--
<i>Intergovernmental</i>	136,152	54,951
<i>Prepaid items</i>	1,111	--
Restricted assets:		
<i>Cash and cash equivalents</i>	9,760	--
Total Assets	<u>\$ 2,980,463</u>	<u>\$ 1,535,168</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
<i>Accounts payable</i>	\$ 214,585	\$ 1,076
<i>Accrued liabilities</i>	84,151	--
<i>Due to other governments</i>	86,006	--
Total Liabilities	<u>384,742</u>	<u>1,076</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	176,845	--
Total Deferred Inflows of Resources	<u>176,845</u>	<u>--</u>
FUND BALANCES		
<i>Nonspendable</i>	1,111	--
<i>Restricted</i>	--	1,534,092
<i>Committed</i>	--	--
<i>Unassigned</i>	2,417,765	--
Total fund balances	<u>2,418,876</u>	<u>1,534,092</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,980,463</u>	<u>\$ 1,535,168</u>

The accompanying notes are an integral part of this statement.

<u>COs Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,172,026	\$ 456,093	\$ 5,710,080
--	16,695	96,011
--	--	7,500
--	--	144,880
--	--	191,103
--	1,660	2,771
--	--	9,760
<u>\$ 1,172,026</u>	<u>\$ 474,448</u>	<u>\$ 6,162,105</u>
\$ 115,994	\$ 16,204	\$ 347,859
--	--	84,151
--	--	86,006
<u>115,994</u>	<u>16,204</u>	<u>518,016</u>
--	18,487	195,332
--	<u>18,487</u>	<u>195,332</u>
--	1,660	2,771
--	48,196	1,582,288
1,056,032	389,901	1,445,933
--	--	2,417,765
<u>1,056,032</u>	<u>439,757</u>	<u>5,448,757</u>
<u>\$ 1,172,026</u>	<u>\$ 474,448</u>	<u>\$ 6,162,105</u>

This Page Intentionally Left Blank.

CITY OF HASLET, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2013

Total fund balances - governmental funds balance sheet	\$ 5,448,757
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	12,005,914
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	82,858
Payables for bond principal which are not due in the current period are not reported in the funds.	(2,862,657)
Payables for capital leases which are not due in the current period are not reported in the funds.	(19,869)
Payables for bond interest which are not due in the current period are not reported in the funds.	(4,771)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(15,637)
Deferred resource outflows are not available to pay for current period expenditures and are deferred in the funds.	16,618
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	47,536
Net position of governmental activities - Statement of Net Position	<u>\$ 14,698,749</u>

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Haslet Comm. and Economic Develop. Corp. (Type B)
REVENUES:		
<i>Property tax, penalties and interest</i>	\$ 1,183,740	\$ --
<i>Franchise tax</i>	173,107	--
<i>Sales tax</i>	646,108	323,054
<i>Licenses and permits</i>	780,911	--
<i>Intergovernmental</i>	7,500	--
<i>Park development fees</i>	--	--
<i>Fines</i>	233,863	--
<i>Contributions</i>	205	--
<i>Gas royalties</i>	91,485	--
<i>Interest</i>	3,521	1,891
<i>Miscellaneous</i>	158,815	--
Total revenues	<u>3,279,255</u>	<u>324,945</u>
EXPENDITURES:		
Current:		
<i>Code enforcement</i>	80,732	--
<i>Administration</i>	413,663	--
<i>City secretary</i>	130,781	--
<i>Fire</i>	379,296	--
<i>Streets</i>	149,783	--
<i>Parks</i>	116,840	--
<i>Court</i>	70,936	--
<i>Library</i>	177,388	--
<i>Nondepartmental</i>	174,975	--
<i>Public safety</i>	564,872	--
<i>Finance</i>	114,595	--
<i>Fire marshal</i>	45,851	--
<i>Economic development</i>	--	71,080
<i>Public works</i>	175,697	--
Capital outlay	--	--
Debt service	--	--
Total expenditures	<u>2,595,409</u>	<u>71,080</u>
Excess (deficiency) of revenues over (under) expenditures	683,846	253,865
OTHER FINANCING SOURCES (USES):		
<i>Transfers in</i>	98,980	--
<i>Transfers out</i>	(303,118)	(6,890)
Total other financing sources (uses)	<u>(204,138)</u>	<u>(6,890)</u>
Net change in fund balances	479,708	246,975
Fund balances, October 1	<u>1,939,168</u>	<u>1,287,117</u>
Fund balances, September 30	<u>\$ 2,418,876</u>	<u>\$ 1,534,092</u>

The accompanying notes are an integral part of this statement.

COs Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 228,057	\$ 1,411,797
--	--	173,107
--	--	969,162
--	--	780,911
--	--	7,500
--	21,000	21,000
--	13,267	247,130
225,000	42,890	268,095
--	--	91,485
1,578	558	7,548
--	16,197	175,012
<u>226,578</u>	<u>321,969</u>	<u>4,152,747</u>
--	--	80,732
--	--	413,663
--	--	130,781
--	--	379,296
--	--	149,783
--	53,350	170,190
--	22,923	93,859
--	17,768	195,156
--	--	174,975
--	--	564,872
--	--	114,595
--	--	45,851
--	--	71,080
--	--	175,697
280,894	67,747	348,641
--	286,901	286,901
<u>280,894</u>	<u>448,689</u>	<u>3,396,072</u>
(54,316)	(126,720)	756,675
--	373,118	472,098
--	--	(310,008)
<u>--</u>	<u>373,118</u>	<u>162,090</u>
(54,316)	246,398	918,765
1,110,348	193,359	4,529,992
<u>\$ 1,056,032</u>	<u>\$ 439,757</u>	<u>\$ 5,448,757</u>

This Page Intentionally Left Blank.

CITY OF HASLET, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net change in fund balances - total governmental funds	\$ 918,765
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	457,734
The depreciation of capital assets used in governmental activities is not reported in the funds.	(664,196)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	19,340
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	164,100
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	62,474
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(1,083)
(Increase) decrease in accrued interest from beginning of period to end of period.	199
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(1,746)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	10,943
Change in net position of governmental activities - Statement of Activities	<u>\$ 966,530</u>

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

STATEMENT OF NET POSITION

ENTERPRISE FUNDS

SEPTEMBER 30, 2013

	Enterprise Fund Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
<i>Cash and investments</i>	\$ 1,869,041
Receivables (net of allowances for uncollectibles):	
<i>Accounts</i>	243,355
<i>Intergovernmental</i>	452
<i>Inventories</i>	12,355
<i>Prepaid items</i>	126
Total Current Assets	<u>2,125,329</u>
RESTRICTED ASSETS	
<i>Cash and cash equivalents</i>	1,987
Total Restricted Assets	<u>1,987</u>
PROPERTY, PLANT AND EQUIPMENT	
<i>Land</i>	20,142
<i>Construction in progress</i>	51,529
<i>Improvements other than buildings</i>	7,142
<i>Infrastructure</i>	10,708,144
<i>Equipment</i>	334,990
<i>Accumulated depreciation</i>	(2,175,949)
<i>Net Property, Plant and Equipment</i>	<u>8,945,998</u>
Total Assets	<u>11,073,314</u>
DEFERRED OUTFLOWS OF RESOURCES	
<i>Deferred bond insurance costs</i>	13,009
<i>Deferred amount from refunding</i>	42,534
Total Deferred Outflows of Resources	<u>55,543</u>
LIABILITIES	
CURRENT LIABILITIES	
<i>Accounts payable</i>	72,079
<i>Accrued Liabilities</i>	15,984
<i>Compensated absences payable</i>	8,151
<i>General obligation bonds payable - current</i>	79,200
<i>Certificates of obligation payable - current</i>	58,800
<i>Customer deposits</i>	78,269
Total Current Liabilities	<u>312,483</u>
NONCURRENT LIABILITIES	
<i>General obligation bonds payable</i>	438,711
<i>Certificates of obligation payable</i>	1,596,234
Total Noncurrent Liabilities	<u>2,034,945</u>
Total Liabilities	<u>2,347,428</u>
NET POSITION	
<i>Invested in capital assets, net of related debt</i>	6,773,053
<i>Unrestricted</i>	2,008,376
Total Net Position	<u>\$ 8,781,429</u>

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Fund <u>Water and Sewer Fund</u>
OPERATING REVENUES:	
<i>Water service</i>	\$ 1,196,014
<i>Sewer service</i>	200,683
<i>Tap connection fees</i>	30,810
Total Operating Revenues	<u>1,427,507</u>
OPERATING EXPENSES:	
<i>Administration</i>	109,838
<i>Operating</i>	1,180,837
<i>Shared public works expense</i>	162,374
<i>Depreciation</i>	277,311
Total Operating Expenses	<u>1,730,360</u>
Operating Income (Loss)	<u>(302,853)</u>
NON-OPERATING REVENUES (EXPENSES):	
<i>Interest income</i>	3,095
<i>Miscellaneous income</i>	91,715
<i>Interest expense</i>	(100,184)
Total Non-operating Revenues (Expenses)	<u>(5,374)</u>
Income (Loss) before Capital Contributions and Transfers	<u>(308,227)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS	
<i>Capital Contributions</i>	256,761
<i>Transfers out</i>	(162,090)
Total Capital Contributions and Transfers	<u>94,671</u>
Net income	<u>(213,556)</u>
Net Position - Beginning	9,047,622
Prior period adjustment	<u>(52,637)</u>
Net Position - Ending	<u>\$ 8,781,429</u>

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

STATEMENT OF CASH FLOWS

ENTERPRISE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Cash Flows from Operating Activities:

Cash Received from Customers	\$ 1,718,307
Cash Payments to Suppliers for Goods and Services	(1,445,283)
Cash Payments to Employees for Services	(158,526)
Net Cash Provided (Used) by Operating Activities	<u>114,498</u>

Cash Flows from Non-capital and Related Financing Activities:

Payments to other funds	(181,775)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(181,775)</u>

Cash Flows from Capital and Related Financing Activities:

Principal and Interest Paid	(228,526)
Acquisition or Construction of Capital Assets	(368,326)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(596,852)</u>

Cash Flows from Investing Activities:

Interest on Investments	3,095
Net Cash Provided (Used) for Investing Activities	<u>3,095</u>

Net Increase (Decrease) in Cash and Cash Equivalents	<u>(661,034)</u>
--	------------------

Cash and Cash Equivalents at Beginning of Year

Unrestricted cash and investments	2,530,077
Restricted cash	1,986
	<u>2,532,063</u>

Cash and Cash Equivalents at End of Year

Unrestricted cash and investments	1,869,041
Restricted cash	1,987
	<u>\$ 1,871,028</u>

Reconciliation of Operating Income to Net Cash**Provided by Operating Activities:**

Operating Income (Loss)	\$ (302,853)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation and amortization	277,311
Miscellaneous income	91,715
	<u>250,656</u>

Change in Assets and Liabilities:

Decrease (Increase) in Receivables	(46,646)
Decrease (Increase) in Inventories	7,004
Decrease (Increase) in Prepaid Items	2,097
Increase (Decrease) in Accounts Payable	(173,083)
Increase (Decrease) in Accrued Liabilities	1,303
Increase (Decrease) in Customer Deposits	6,994
Total Adjustments	<u>417,351</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 114,498</u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from component unit	<u>\$ 6,105</u>
---	-----------------

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

I. - SIGNIFICANT ACCOUNTING POLICIES

A. Description of the government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The City of Haslet (City) was incorporated as a general law municipality in 1961 under the provisions of Chapter 11 Title 28, Texas revised Civil statutes of 1925. The City operates under a Mayor/Council form of government. The City provides such services as are authorized by the Texas Local Government Code to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting policies of the City of Haslet, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's financial statements.

The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. Accordingly the City has included the following:

Blended Component Unit

The Haslet Community and Economic Development Corporation (Type B) was created under the law known as the Development Corporation Act of 1979. Type B is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type B are for the benefit of the City. Type B may not issue debt without approval of the City Council. The City must approve changes to Type B's articles of incorporation, may unilaterally terminate Type B, and has residual interest in the net assets of Type B. Type B reports its activities using a special revenue fund and it does not issue separate financial statements.

Discretely Presented Component Unit

The Haslet Economic Development Corp. Fund (Type A) was created under the law known as the Development Corporation Act of 1979. Type A is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type A benefit parties external to the City. Type A may not issue debt without approval of the City Council. The City must approve changes to Type A's articles of incorporation, may unilaterally terminate Type A, and has residual interest in the net assets of Type A. Type A does not issue separate financial statements.

C. Basis of presentation – government-wide

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

Haslet Community and Economic Development Corp. Fund (Type B) – accounts for use of sales tax revenue for business incentives.

COs Capital Projects Fund – accounts for use of debt used for related construction projects.

The City reports the following major enterprise fund:

The Water and Sewer Fund operates the water distribution system and the wastewater collection system.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus, basis of accounting, and basis of presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise fund are charges to customers for sales and services. This fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Budgetary information, budget procedures

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying basic financial statements:

1. Annual budgets are adopted on the modified accrual basis of accounting for all governmental funds except the capital projects funds. The Capital Projects and CO Capital Projects funds adopt project length budgets.
2. Between sixty and ninety days prior to the beginning of the fiscal year, the Mayor submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted, at which time all interested persons comments concerning the budget are heard.
4. Fifteen days prior to the beginning of the fiscal year, the budget is legally adopted by the City Council enacted through the passage of an ordinance.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

5. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revision that increases the total expenditures of any fund must be approved by the City Council. Therefore, the legal level of budgetary control is the fund level.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Deposits and investments

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

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities; (4) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or the National Credit Union Share Insurance fund, or its successor, (B) secured by obligations that are described by Section 2256.009(a) of the Texas Public Funds Investment Act, including mortgage-backed securities directly issued by a federal agency or instrumentality, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Act, (C) secured in any other manner and amount provided by law for deposits of the City; or, (5) eligible local government investment pools which invest in instruments and follow practices allowed by current law as defined in Section 2256.016 of the Texas Public Funds Investment Act; (6) regulated no-load money market mutual funds that are (A) registered with and regulated by the Securities and Exchange Commission; (B) having a dollar-weighted average portfolio of ninety (90) days or less; (C) the investment objectives include the maintenance of a stable net asset value of one dollar (\$1.00) per share; and (D) the fund is continuously rated no lower than "AAA" or its equivalent rating by at least one nationally recognized rating service; and (7) repurchase agreements, reverse repurchase agreements, bankers' acceptances and commercial paper, to the extent they are contained in the portfolios of approved public funds investment pools in which the City invests.

Investments maturing within one year of date of purchase are stated at cost or amortized cost; all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

All trade receivables are shown net of an allowance for uncollectibles. Water and sewer accounts receivable in excess of 60 days and available customer deposits comprise the allowance for uncollectibles. Ambulance receivables greater than 120 days represent the allowance for uncollectible accounts.

Property taxes are levied on October 1 by the City based on the January 1 property values as assessed by the Tarrant Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31 the City has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the City.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, bridges, underground structures and piping, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Generally, capital assets are defined by the City as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings	15 – 30 years
Water and sewer system infrastructure	20 – 50 years
Street and storm drainage system infrastructure	10 – 30 years
Furniture and equipment	5 – 10 years

5. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources,

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

7. Long-term obligations

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

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

8. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

10. Fund balance policies

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the general fund represent intended uses established by the Mayor.

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

11. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

2. Property taxes

The appraisal of property within the County is the responsibility of the Colorado County Appraisal District as required by legislation passed by the Texas Legislature. The Appraisal District is required under such legislation to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the county may, at its own expense, require annual reviews of appraised values. The County may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The County's property tax is levied and recorded as a receivable each October 1, on the assessed value listed as of the prior January 1, for all real and business property located in the County. Taxes are delinquent on February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment. The County is prohibited from using taxes collected between October 1 and December 31 until the first day of the budget year for which the taxes are levied. As a result, taxes collected between these dates are shown as restricted cash and deferred revenue on the balance sheets of the General and Debt Service Funds.

3. Compensated absences

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

Liabilities for compensated absences are liquidated by the General fund and the Water and Sewer Fund.

J. Changes in classifications

For the year ended September 30, 2013, the City has reported the City Secretary function separately in the statement of activities and statements of revenues, expenditure, and changes in fund balance. Previously, it was included with General Government.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and investments

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year end, the carrying amount of the City's cash on hand and deposits was \$3,241,171 for both the primary government and discrete component unit (\$11,747 restricted) and the bank balance was \$3,314,769. All of the bank balance was secured by federal deposit insurance and collateral (fair value of \$3,729,756) pledged by the depository in the City's name and held by the depository's agent.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments were held by the counterparty's agent at of September 30, 2013.

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Rating Standard & & Poors</u>	<u>Weighted Average Maturity</u>
Primary Government				
Cash	\$ 2,774,535			
Restricted cash	11,747			
Investments not subject to categorization:				
Government sponsored investment pool (TexPool)	<u>4,804,585</u>	\$ 4,804,585	AAAm	60 days
	<u>\$ 7,590,867</u>			
Discrete Component Unit				
Cash	\$ 454,889			
Investments not subject to categorization:				
Government sponsored investment pool (TexPool)	<u>787,720</u>	\$ 787,720	AAAm	60 days
	<u>\$ 1,242,609</u>			

TexPool is an external investment pool operated by the Texas Comptroller of Public Accounts and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

B. Receivables

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

	Governmental Activities			Business-Type	Total
	General	Nonmajor	Total	Activities	
Taxes receivable	\$ 79,316	\$ 16,695	\$ 96,011	\$ -	\$ 96,011
Allowance for uncollectible taxes	-	-	-	-	-
	<u>\$ 79,316</u>	<u>\$ 16,695</u>	<u>\$ 96,011</u>	<u>\$ -</u>	<u>\$ 96,011</u>
Accounts receivable	\$ 7,500	\$ -	\$ 7,500	\$ 260,579	\$ 268,079
Allowance for uncollectible accounts	-	-	-	(17,224)	(17,224)
	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 243,355</u>	<u>\$ 250,855</u>
Miscellaneous receivable	\$ 233,909	\$ -	\$ 233,909	\$ -	\$ 233,909
Allowance for uncollectible	(89,029)	-	(89,029)	-	(89,029)
	<u>\$ 144,880</u>	<u>\$ -</u>	<u>\$ 144,880</u>	<u>\$ -</u>	<u>\$ 144,880</u>

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

	Deferred	Unearned
Major Funds		
Delinquent property taxes receivable (General Fund)	\$ 67,025	\$ 51,782
Deferred fine revenue (General Fund)	47,538	-
Health Care Initiative (General Fund)	-	10,500
Nonmajor Funds		
Delinquent property taxes receivable (1999 Interest & Sinking Fund)	15,833	2,654
Total deferred revenue for governmental funds / activities	<u>\$ 130,396</u>	<u>\$ 64,936</u>

C. Capital assets

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB-34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are listed at estimated or actual historical costs. General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in governmental-type activities. Donated capital assets are valued at their estimated fair market value on the date of donation.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

The City uses the following criteria to classify capital assets:

Useful life exceeds one year, and cost equals \$5,000 or more for assets acquired by governmental funds.

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

Depreciation and amortization of capital assets are estimated using the straight line method over estimated useful lives and are charged as an expense against operations. Accumulated depreciation and amortization are reported for governmental activities.

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

Primary Government

	Balance 9/30/2012	Additions	Retirements	Transfers and Completed Construction	Balance 9/30/2013
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$ 1,518,371	\$ -	\$ -	\$ -	\$ 1,518,371
Construction in progress	1,790,942	291,801	-	(1,681,967)	400,776
Total capital assets not being depreciated	3,309,313	291,801	-	(1,681,967)	1,919,147
Capital assets, being depreciated					
Buildings and improvements	3,062,696	59,487	-	-	3,122,183
Furniture, fixtures, tools and equipment	453,088	57,760	-	-	510,848
Vehicles	1,608,553	38,799	(230,000)	-	1,417,352
Improvements other than buildings	1,345,302	9,886	-	-	1,355,188
Street and drainage improvements	9,969,393	-	-	1,681,967	11,651,360
Total capital assets being depreciated	16,439,032	165,932	(230,000)	1,681,967	18,056,931
Less accumulated depreciation for:					
Buildings and improvements	(800,390)	(103,819)	-	-	(904,209)
Furniture, fixtures, tools and equipment	(237,425)	(45,360)	-	-	(282,785)
Vehicles	(1,385,457)	(70,761)	230,000	-	(1,226,218)
Improvements other than buildings	(487,844)	(63,897)	-	-	(551,741)
Street and drainage improvements	(4,653,738)	(375,914)	-	-	(5,029,652)
Total accumulated depreciation	(7,564,854)	(659,751)	230,000	-	(7,994,605)
Total capital assets being depreciated, net	8,874,178	(493,819)	-	1,681,967	10,062,326
Governmental activities capital assets, net	\$ 12,183,491	\$ (202,018)	\$ -	\$ -	\$ 11,981,473

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

General administration	\$ 57,373
Fire	89,544
Streets	382,818
Parks and recreation	81,658
Public works	48,358
	<u>\$ 659,751</u>

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

	Balance 9/30/2012	Additions	Retirements	Transfers and Completed Construction	Balance 9/30/2013
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$ 20,142	\$ -	\$ -	\$ -	\$ 20,142
Construction in progress	2,355,640	294,114	-	(2,598,225)	51,529
Total capital assets not being depreciated	<u>2,375,782</u>	<u>294,114</u>	<u>-</u>	<u>(2,598,225)</u>	<u>71,671</u>
Capital assets, being depreciated					
Buildings and improvements	7,142	-	-	-	7,142
Equipment	313,654	58,857	(37,521)	-	334,990
Water and sewer system infrastructure	8,255,459	21,460	-	2,598,225	10,875,144
Total capital assets being depreciated	<u>8,576,255</u>	<u>80,317</u>	<u>(37,521)</u>	<u>2,598,225</u>	<u>11,217,276</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,822)	(238)	-	-	(7,060)
Equipment	(217,706)	(25,173)	37,521	-	(205,358)
Water and sewer system infrastructure	(1,711,631)	(251,899)	-	-	(1,963,530)
Total accumulated depreciation	<u>(1,936,159)</u>	<u>(277,310)</u>	<u>37,521</u>	<u>-</u>	<u>(2,175,948)</u>
Total capital assets being depreciated, net	<u>6,640,096</u>	<u>(196,993)</u>	<u>-</u>	<u>2,598,225</u>	<u>9,041,328</u>
Business-type activities capital assets, net	<u>\$ 9,015,878</u>	<u>\$ 97,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,112,999</u>

Construction and other significant commitments

D. Interfund transfers

Interfund receivables occur due to reassignment of expenditures/expenses and pooled cash overdrafts.

	Transfers To Other Funds	Transfers From Other Funds
Major Funds		
General Fund	\$ 98,980	\$ (303,118)
Haslet Comm. And Econ Dev Corp - Type E	-	(6,890)
Nonmajor Governmental Funds	373,118	-
Business-type Funds	<u>-</u>	<u>(162,090)</u>
	<u>\$ 472,098</u>	<u>\$ (472,098)</u>

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, contribute toward the cost of capital projects, and for other operational purposes.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2013

E. Long-term debt

The City of Haslet issues general obligation bonds, certificates of obligation bonds, contractual obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

General Debt Currently Outstanding:

GOVERNMENTAL ACTIVITIES DEBT

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Average Annual Payment</u>	<u>Interest Rate</u>	<u>Balance 9/30/2013</u>
Certificates of Obligation Improvements	\$ 2,714,400	2007	2032	\$ 173,300	4.00% - 4.25%	\$ 2,285,200
General Obligation Bonds Improvements	902,400	2007	2019	110,125	4.00%	577,200
						2,862,400
Bond premium						6,695
Bond discount						30,609
Total Governmental Activities Debt						<u>\$ 2,899,704</u>

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Average Annual Payment</u>	<u>Interest Rate</u>	<u>Balance 9/30/2013</u>
Certificates of Obligation Improvements	\$ 2,714,400	2007	2032	\$ 125,500	4.00% - 4.25%	\$ 1,654,800
General Obligation Bonds Improvements	902,400	2007	2019	101,650	4.00%	532,800
						2,187,600
Bond premium						13,225
Bond discount						(27,879)
Total Business-Type Activities Debt						<u>\$ 2,172,946</u>

The series 2007 Certificates of Obligation are allocated 52% and 48% to governmental activities and business-type activities, respectively; the series 2007 GO Bonds are allocated 58% and 42%, respectively. The Debt Service Fund makes required payments of governmental activities debt.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

Annual debt service requirements to maturity for general debt:

Year	Principal	Interest	Total
2014	\$ 167,000	\$ 115,142	\$ 282,142
2015	178,000	108,259	286,259
2016	183,500	100,921	284,421
2017	191,600	93,356	284,956
2018	197,100	85,692	282,792
2019-2023	654,700	330,224	984,924
2024-2028	661,200	207,176	868,376
2029-2032	629,300	64,264	693,564
	<u>\$ 2,862,400</u>	<u>\$ 1,105,034</u>	<u>\$ 3,967,434</u>

Annual debt service requirements to maturity for business-type activities debt:

Year	Principal	Interest	Total
2014	\$ 138,000	\$ 87,971	\$ 225,971
2015	147,000	82,304	229,304
2016	151,500	76,267	227,767
2017	158,400	70,044	228,444
2018	162,900	63,708	226,608
2019-2023	495,300	239,976	735,276
2024-2028	478,800	150,024	628,824
2029-2032	455,700	46,536	502,236
	<u>\$ 2,187,600</u>	<u>\$ 816,830</u>	<u>\$ 3,004,430</u>

Capital Lease Obligation

Capitalized lease obligations are comprised of leases which terms provide for a bargain purchase options at the end of the lease period or provide the rights of ownership during the economic useful life of the assets. The general fund is used to make payments as due.

\$32,066 due in monthly instalments of \$621 including interest accruing at 5.85%, maturing in August, 2016 and secured by equipment with a book value of \$29,776

\$ 19,869

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

Future minimum payments for leases, contracts and loans are as follows:

Governmental Activities

Year Ending September 30,	Capital Lease Obligation
2014	\$ 7,452
2015	7,452
2016	<u>6,831</u>
	21,735
Less: interest	<u>(1,866)</u>
Present Value	<u>\$ 19,869</u>

Capital leases obligations are paid by the General Fund and Municipal Court Technology funds.

During the year ended September 30, 2013, the following changes occurred in liabilities reported as governmental debt:

Description	September 30, 2012	Additions	Retirements	September 30, 2013	Due Within One Year
Governmental activities:					
Certificates of obligation	\$ 2,363,500	\$ -	\$ (78,300)	\$ 2,285,200	\$ 81,200
General obligation bonds	<u>663,000</u>	-	<u>(85,800)</u>	<u>577,200</u>	<u>85,800</u>
Total bonds payable	3,026,500	-	(164,100)	2,862,400	167,000
Bond premium	7,812	-	(1,116)	6,696	1,116
Bond discount	(37,567)	-	2,319	(35,248)	(2,319)
Capital lease obligations	82,343	-	(62,474)	19,869	6,422
Accrued compensated absenc	<u>13,890</u>	<u>21,752</u>	<u>(20,007)</u>	<u>15,635</u>	<u>15,635</u>
	<u>\$ 3,092,978</u>	<u>\$ 21,752</u>	<u>\$ (245,378)</u>	<u>\$ 2,869,352</u>	<u>\$ 187,854</u>

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

During the year ended September 30, 2013, the following changes occurred in liabilities reported as business-type debt:

Description	September 30, 2012	Additions	Retirements	September 30, 2013	Due Within One Year
Business-type activities					
Certificates of obligation	\$ 1,711,500	\$ -	\$ (56,700)	\$ 1,654,800	\$ 58,800
General obligation bonds	612,000	-	(79,200)	532,800	79,200
Total bonds payable	2,323,500	-	(135,900)	2,187,600	138,000
Bond premium	15,429	-	(2,204)	13,225	2,204
Bond discount	(29,849)	-	1,970	(27,879)	(1,970)
Capital lease obligations	-	-	-	-	-
Accrued compensated absenc	7,989	12,721	(12,558)	8,152	8,152
	<u>\$ 2,317,069</u>	<u>\$ 12,721</u>	<u>\$ (148,692)</u>	<u>\$ 2,181,098</u>	<u>\$ 146,386</u>

F. Fund Balance Classification

	Unspendable	Restricted	Committed	Unassigned	Total
Major Funds					
General Fund	\$ 1,111	\$ -	\$ -	\$ 2,417,765	\$ 2,418,876
Haslet Community and Economic Development	-	1,534,092	-	-	1,534,092
Capital Projects	-	-	-	-	-
COs Capital Projects	-	-	1,056,032	-	1,056,032
Nonmajor Governmental Funds	1,660	48,196	389,901	-	439,757
	<u>\$ 2,771</u>	<u>\$ 1,582,288</u>	<u>\$ 1,445,933</u>	<u>\$ 2,417,765</u>	<u>\$ 5,448,757</u>

G. Implementation of new GASB Accounting Standards/Reclassification/Restatement of Prior Year Amounts

The City has implemented new GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Under GASB-63, amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred outflows of resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources. Under GASB-65, bond issue costs (excluding bond insurance) are recognized as expenses in the period incurred rather than as assets to be amortized.

Government-wide financial statements - the reclassification required by GASB-63 reports \$29,626 and \$13,009 of bond issue insurance for governmental and business-type activities, respectively, as deferred outflows of resources. \$64,936 of unearned revenue which use is restricted to a subsequent fiscal year is reported as deferred inflows of resources for governmental activities.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

Prior year financial statements have been restated to apply GASB Statement No. 65 with respect to nonrecognition of deferred bond issue costs. Bond issue costs that no longer qualify for deferral and subsequent amortization over the life of the related bonds were treated as a period charge. In addition, an asset acquired late in FY12 was capitalized and depreciated resulting in an increase in net position. The effect of the restatement follows:

Description	Governmental Activities	Business-type Activities
Net assets/net position - as reported 9/30/12	\$ 13,755,568	\$ 9,047,622
Adjustments:		
Equipment - net of accumulated depreciation	28,884	-
Deferred charges/deferred outflows of resources	(52,233)	(52,637)
Net assets/net position - as restated 9/30/12	<u>\$ 13,732,219</u>	<u>\$ 8,994,985</u>

III. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's general purpose financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Employee retirement systems and pension plans

The City participates in the Texas Municipal Retirement System

Plan Description

The City 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), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2013

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

	Plan Year 2011	Plan Year 2012	Plan Year 2013
Employee deposit rate:	7%	7%	7%
Matching ratio (employer to employee):	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/25	60/5, 0/25	60/5, 0/25
Updated service credit	100%, Repeating, Transfers	100%, Repeating, Transfers	100%, Repeating, Transfers
Annuity increase to retirees	0% of CPI	0% of CPI	0% of CPI

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and 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, The annual pension cost and net pension obligation (asset) are as follows:

Annual Required Contribution (ARC)	\$	51,166
Interest on Net Pension Obligation		-
Adjustment to the ARC		-
Annual Pension Cost:		51,166
Contributions Made		51,166
Increase (Decrease) in Net Pension Obligation		-
Net Pension Obligation (Asset) , Beginning of Year		-
Net Pension Obligation (Asset) , End of Year	\$	-

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost/(APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2011	\$ 73,274	\$ 73,274	100%	\$ -
2012	\$ 60,849	\$ 60,849	100%	\$ -
2013	\$ 51,166	\$ 51,166	100%	\$ -

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2013

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

Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	21.5 years; closed period	20.4 years; closed period	18.9 years; closed period
Amortization Period for new Gains/Losses	20 Years	22 Years	22 Years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Actuarial Assumptions:			
Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Assumptions	0.0%	0.0%	0.0%

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.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Government Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF HASLET, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Property tax, penalties and interest</i>	\$ 1,266,832	\$ 1,209,332	\$ 1,183,740	\$ (25,592)
<i>Franchise tax</i>	146,500	155,500	173,107	17,607
<i>Sales tax</i>	430,000	555,000	646,108	91,108
<i>Licenses and permits</i>	64,250	757,250	780,911	23,661
<i>Intergovernmental</i>	--	7,500	7,500	--
<i>Fines</i>	211,000	222,500	233,863	11,363
<i>Contributions</i>	100	100	205	105
<i>Gas royalties</i>	35,000	70,000	91,485	21,485
<i>Interest</i>	2,000	3,000	3,521	521
<i>Miscellaneous</i>	132,475	159,665	158,815	(850)
Total revenues	2,288,157	3,139,847	3,279,255	139,408
EXPENDITURES:				
Current:				
<i>Code enforcement</i>	70,390	84,870	80,732	4,138
<i>Administration</i>	342,061	445,946	413,663	32,283
<i>City secretary</i>	139,115	132,090	130,781	1,309
<i>Fire</i>	393,301	399,431	379,296	20,135
<i>Streets</i>	231,000	175,000	149,783	25,217
<i>Parks</i>	146,899	122,009	116,840	5,169
<i>Court</i>	69,442	74,332	70,936	3,396
<i>Library</i>	184,458	184,458	177,388	7,070
<i>Nondepartmental</i>	175,887	178,387	174,975	3,412
<i>Public safety</i>	564,872	564,872	564,872	--
<i>Finance</i>	111,009	119,709	114,595	5,114
<i>Fire marshal</i>	51,850	48,950	45,851	3,099
<i>Public works</i>	202,919	177,519	175,697	1,822
Total expenditures	2,683,203	2,707,573	2,595,409	112,164
Excess (deficiency) of revenues over (under) expenditures	(395,046)	432,274	683,846	251,572
OTHER FINANCING SOURCES (USES):				
<i>Transfers in</i>	96,590	98,980	98,980	--
<i>Transfers out</i>	(268,036)	(303,036)	(303,118)	(82)
Total other financing sources (uses)	(171,446)	(204,056)	(204,138)	(82)
Net change in fund balance	(566,492)	228,218	479,708	251,490
Fund balances, October 1	1,939,168	1,939,168	1,939,168	--
Fund balances, September 30	\$ 1,372,676	\$ 2,167,386	\$ 2,418,876	\$ 251,490

CITY OF HASLET, TEXAS

HASLET COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION (TYPE B)

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Sales tax</i>	\$ 215,000	\$ 275,000	\$ 323,054	\$ 48,054
<i>Interest</i>	1,500	1,900	1,891	(9)
Total revenues	<u>216,500</u>	<u>276,900</u>	<u>324,945</u>	<u>48,045</u>
EXPENDITURES:				
Current:				
<i>Economic development</i>	<u>1,367,035</u>	<u>174,000</u>	<u>71,080</u>	<u>102,920</u>
Total expenditures	<u>1,367,035</u>	<u>174,000</u>	<u>71,080</u>	<u>102,920</u>
Excess (deficiency) of revenues over (under) expenditures	(1,150,535)	102,900	253,865	150,965
OTHER FINANCING SOURCES (USES):				
<i>Transfers out</i>	<u>(4,500)</u>	<u>(13,690)</u>	<u>(6,890)</u>	<u>6,800</u>
Total other financing sources (uses)	<u>(4,500)</u>	<u>(13,690)</u>	<u>(6,890)</u>	<u>6,800</u>
Change in fund balance	(1,155,035)	89,210	246,975	157,765
Fund balances, October 1	<u>1,287,117</u>	<u>1,287,117</u>	<u>1,287,117</u>	--
Fund balances, September 30	<u>\$ 132,082</u>	<u>\$ 1,376,327</u>	<u>\$ 1,534,092</u>	<u>\$ 157,765</u>

CITY OF HASLET, TEXAS
SCHEDULE OF FUNDING PROGRESS
 September 30, 2013

EXHIBIT B-3

Employee Retirement Plan

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
12/31/2010	\$ 1,035,939	\$ 1,246,921	83.1%	\$ 210,982	\$ 680,893	31.0%
12/31/2011	\$ 1,164,252	\$ 1,339,828	86.9%	\$ 175,576	\$ 675,614	26.0%
12/31/2012	\$ 1,353,130	\$ 1,444,249	93.7%	\$ 91,119	\$ 754,789	12.1%

Combining Statements and Individual
Nonmajor Funds as Supplementary Information

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes.

- Park Fund – to account for contributions used for park improvements.
- Municipal Court Building Security Fund – to account for use of municipal court fees assessed for providing security for municipal court.
- Municipal Court Technology Fund – to account for use of municipal court fees assessed for municipal court technology improvements.
- Park Board Improvement Fund – to account for development and impact fees used for park improvements.
- Library Board fund – to account for contributions used for Library operations and improvements.
- Library Grant Fund – to account for contributions and grants used for library improvement.

Debt Service Fund

- The Debt Service Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

Capital Projects Fund

- Capital Projects Fund – accounts for use of transfers from other funds used for various construction projects.

Discrete Component Unit

- Haslet Economic Development Corp. (Type A) – to account for use of sales tax for capital improvement projects to benefit parties external to the City.

CITY OF HASLET, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2013

	Special Revenue Funds	Debt Service Fund 1999 Interest & Sinking	Capital Projects Fund Capital Projects	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS				
<i>Cash and investments</i>	\$ 133,642	\$ 26,507	\$ 295,944	\$ 456,093
Receivables:				
<i>Taxes</i>	--	16,695	--	16,695
<i>Prepaid items</i>	1,660	--	--	1,660
Total Assets	\$ 135,302	\$ 43,202	\$ 295,944	\$ 474,448
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ 7,223	\$ --	\$ 8,981	\$ 16,204
Total Liabilities	7,223	--	8,981	16,204
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	300	18,187	--	18,487
Total Deferred Inflows of Resources	300	18,187	--	18,487
FUND BALANCES				
<i>Nonspendable</i>	1,660	--	--	1,660
<i>Restricted</i>	23,181	25,015	--	48,196
<i>Committed</i>	102,938	--	286,963	389,901
Total fund balances	127,779	25,015	286,963	439,757
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 135,302	\$ 43,202	\$ 295,944	\$ 474,448

CITY OF HASLET, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds	Debt Service Fund 1999 Interest & Sinking	Capital Projects Fund Capital Projects	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES:				
<i>Property tax, penalties and interest</i>	\$ --	\$ 228,057	\$ --	\$ 228,057
<i>Park development fees</i>	21,000	--	--	21,000
<i>Fines</i>	13,267	--	--	13,267
<i>Contributions</i>	19,860	--	23,030	42,890
<i>Interest</i>	171	260	127	558
<i>Miscellaneous</i>	16,197	--	--	16,197
Total revenues	<u>70,495</u>	<u>228,317</u>	<u>23,157</u>	<u>321,969</u>
EXPENDITURES:				
Current:				
<i>Parks</i>	53,350	--	--	53,350
<i>Court</i>	22,923	--	--	22,923
<i>Library</i>	17,768	--	--	17,768
Capital outlay	10,042	--	57,705	67,747
Debt service	--	286,901	--	286,901
Total expenditures	<u>104,083</u>	<u>286,901</u>	<u>57,705</u>	<u>448,689</u>
Excess (deficiency) of revenues over (under) expenditures	(33,588)	(58,584)	(34,548)	(126,720)
OTHER FINANCING SOURCES (USES):				
<i>Transfers in</i>	43,118	--	330,000	373,118
Total other financing sources (uses)	<u>43,118</u>	<u>--</u>	<u>330,000</u>	<u>373,118</u>
Change in fund balances before special item	9,530	(58,584)	295,452	246,398
Fund balances, October 1	<u>118,249</u>	<u>83,599</u>	<u>(8,489)</u>	<u>193,359</u>
Fund balances, September 30	<u>\$ 127,779</u>	<u>\$ 25,015</u>	<u>\$ 286,963</u>	<u>\$ 439,757</u>

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

	<u>Park</u>	<u>Municipal Court Bldg. Security</u>	<u>Municipal Court Technology</u>
ASSETS			
<i>Cash and investments</i>	\$ 15,765	\$ 15,241	\$ 3,721
<i>Prepaid items</i>	<u>1,660</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 17,425</u>	<u>\$ 15,241</u>	<u>\$ 3,721</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ 1,485	\$ --	\$ --
Total Liabilities	<u>1,485</u>	<u>--</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	<u>300</u>	<u>--</u>	<u>--</u>
Total Deferred Inflows of Resources	<u>300</u>	<u>--</u>	<u>--</u>
FUND BALANCES			
<i>Nonspendable</i>	1,660	--	--
<i>Restricted</i>	--	15,241	3,721
<i>Committed</i>	<u>13,980</u>	<u>--</u>	<u>--</u>
Total fund balances	<u>15,640</u>	<u>15,241</u>	<u>3,721</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,425</u>	<u>\$ 15,241</u>	<u>\$ 3,721</u>

Park Board Improvement	Library Board	Library Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 86,192 --	\$ 2,766 --	\$ 9,957 --	\$ 133,642 1,660
<u>\$ 86,192</u>	<u>\$ 2,766</u>	<u>\$ 9,957</u>	<u>\$ 135,302</u>
\$ -- --	\$ -- --	\$ 5,738 5,738	\$ 7,223 7,223
-- --	-- --	-- --	300 300
-- -- 86,192 86,192	-- -- 2,766 2,766	-- 4,219 -- 4,219	1,660 23,181 102,938 127,779
<u>\$ 86,192</u>	<u>\$ 2,766</u>	<u>\$ 9,957</u>	<u>\$ 135,302</u>

CITY OF HASLET, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Park	Municipal Court Bldg. Security	Municipal Court Technology
REVENUES:			
<i>Park development fees</i>	\$ --	\$ --	\$ --
<i>Fines</i>	--	5,686	7,581
<i>Contributions</i>	--	--	--
<i>Interest</i>	23	26	7
<i>Miscellaneous</i>	16,197	--	--
Total revenues	<u>16,220</u>	<u>5,712</u>	<u>7,588</u>
EXPENDITURES:			
Current:			
<i>Parks</i>	53,350	--	--
<i>Court</i>	--	10,796	12,127
<i>Library</i>	--	--	--
Capital outlay	--	--	--
Total expenditures	<u>53,350</u>	<u>10,796</u>	<u>12,127</u>
Excess (deficiency) of revenues over (under) expenditures	(37,130)	(5,084)	(4,539)
OTHER FINANCING SOURCES (USES):			
<i>Transfers in</i>	41,059	--	--
Total other financing sources (uses)	<u>41,059</u>	<u>--</u>	<u>--</u>
Change in fund balances	3,929	(5,084)	(4,539)
Fund balances, October 1	<u>11,711</u>	<u>20,325</u>	<u>8,260</u>
Fund balances, September 30	<u>\$ 15,640</u>	<u>\$ 15,241</u>	<u>\$ 3,721</u>

Park Board Improvement	Library Board	Library Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ 21,000	\$ --	\$ --	\$ 21,000
--	--	--	13,267
--	--	19,860	19,860
110	5	--	171
--	--	--	16,197
<u>21,110</u>	<u>5</u>	<u>19,860</u>	<u>70,495</u>
--	--	--	53,350
--	--	--	22,923
--	1,912	15,856	17,768
10,042	--	--	10,042
<u>10,042</u>	<u>1,912</u>	<u>15,856</u>	<u>104,083</u>
11,068	(1,907)	4,004	(33,588)
--	2,059	--	43,118
--	<u>2,059</u>	--	<u>43,118</u>
11,068	152	4,004	9,530
<u>75,124</u>	<u>2,614</u>	<u>215</u>	<u>118,249</u>
<u>\$ 86,192</u>	<u>\$ 2,766</u>	<u>\$ 4,219</u>	<u>\$ 127,779</u>

CITY OF HASLET, TEXAS
 PARK FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
<i>Interest</i>	\$ 15	\$ 23	\$ 8
<i>Miscellaneous</i>	23,650	16,197	(7,453)
Total revenues	<u>23,665</u>	<u>16,220</u>	<u>(7,445)</u>
EXPENDITURES:			
Current:			
<i>Parks</i>	70,000	53,350	16,650
Total expenditures	<u>70,000</u>	<u>53,350</u>	<u>16,650</u>
Excess (deficiency) of revenues over (under) expenditures	(46,335)	(37,130)	9,205
OTHER FINANCING SOURCES (USES):			
<i>Transfers in</i>	39,000	41,059	2,059
Total other financing sources (uses)	<u>39,000</u>	<u>41,059</u>	<u>2,059</u>
Change in fund balance	(7,335)	3,929	11,264
Fund balances, October 1	<u>11,711</u>	<u>11,711</u>	--
Fund balances, September 30	<u>\$ 4,376</u>	<u>\$ 15,640</u>	<u>\$ 11,264</u>

CITY OF HASLET, TEXAS
MUNICIPAL COURT BUILDING SECURITY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
<i>Fines</i>	\$ 7,000	\$ 5,686	\$ (1,314)
<i>Interest</i>	25	26	1
Total revenues	<u>7,025</u>	<u>5,712</u>	<u>(1,313)</u>
EXPENDITURES:			
Current:			
<i>Court</i>	1,800	10,796	(8,996)
Total expenditures	<u>1,800</u>	<u>10,796</u>	<u>(8,996)</u>
Change in fund balance	5,225	(5,084)	(10,309)
Fund balances, October 1	<u>20,325</u>	<u>20,325</u>	--
Fund balances, September 30	<u>\$ 25,550</u>	<u>\$ 15,241</u>	<u>\$ (10,309)</u>

CITY OF HASLET, TEXAS
MUNICIPAL COURT TECHNOLOGY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
<i>Fines</i>	\$ 8,000	\$ 7,581	\$ (419)
<i>Interest</i>	15	7	(8)
Total revenues	<u>8,015</u>	<u>7,588</u>	<u>(427)</u>
EXPENDITURES:			
Current:			
<i>Court</i>	10,943	12,127	(1,184)
Total expenditures	<u>10,943</u>	<u>12,127</u>	<u>(1,184)</u>
Change in fund balance	(2,928)	(4,539)	(1,611)
Fund balances, October 1	<u>8,260</u>	<u>8,260</u>	--
Fund balances, September 30	<u>\$ 5,332</u>	<u>\$ 3,721</u>	<u>\$ (1,611)</u>

CITY OF HASLET, TEXAS
 PARK BOARD IMPROVEMENT FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
<i>Park development fees</i>	\$ 11,500	\$ 21,000	\$ 9,500
<i>Interest</i>	115	110	(5)
Total revenues	<u>11,615</u>	<u>21,110</u>	<u>9,495</u>
EXPENDITURES:			
Current:			
Capital outlay	71,500	10,042	61,458
Total expenditures	<u>71,500</u>	<u>10,042</u>	<u>61,458</u>
Change in fund balance	(59,885)	11,068	70,953
Fund balances, October 1	<u>75,124</u>	<u>75,124</u>	--
Fund balances, September 30	<u>\$ 15,239</u>	<u>\$ 86,192</u>	<u>\$ 70,953</u>

CITY OF HASLET, TEXAS
LIBRARY BOARD FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
<i>Interest</i>	\$ --	\$ 5	\$ 5
Total revenues	<u> --</u>	<u> 5</u>	<u> 5</u>
EXPENDITURES:			
Current:			
<i>Library</i>	4,623	1,912	2,711
Total expenditures	<u>4,623</u>	<u>1,912</u>	<u>2,711</u>
Excess (deficiency) of revenues over (under) expenditures	(4,623)	(1,907)	2,716
OTHER FINANCING SOURCES (USES):			
<i>Transfers in</i>	2,018	2,059	41
Total other financing sources (uses)	<u>2,018</u>	<u>2,059</u>	<u>41</u>
Change in fund balance	(2,605)	152	2,757
Fund balances, October 1	<u>2,614</u>	<u>2,614</u>	--
Fund balances, September 30	<u>\$ 9</u>	<u>\$ 2,766</u>	<u>\$ 2,757</u>

CITY OF HASLET, TEXAS
LIBRARY GRANT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-10

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
<i>Contributions</i>	\$ 19,860	\$ 19,860	\$ --
Total revenues	<u>19,860</u>	<u>19,860</u>	<u>--</u>
EXPENDITURES:			
Current:			
<i>Library</i>	20,075	15,856	4,219
Total expenditures	<u>20,075</u>	<u>15,856</u>	<u>4,219</u>
Cphange in fund balance	(215)	4,004	4,219
Fund balances, October 1	<u>215</u>	<u>215</u>	<u>--</u>
Fund balances, September 30	<u>\$ --</u>	<u>\$ 4,219</u>	<u>\$ 4,219</u>

CITY OF HASLET, TEXAS
 1999 INTEREST & SINKING FUND
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
<i>Property tax, penalties and interest</i>	\$ 247,200	\$ 228,057	\$ (19,143)
<i>Interest</i>	200	260	60
Total revenues	<u>247,400</u>	<u>228,317</u>	<u>(19,083)</u>
EXPENDITURES:			
Debt service	290,001	286,901	3,100
Total expenditures	<u>290,001</u>	<u>286,901</u>	<u>3,100</u>
Change in fund balance	(42,601)	(58,584)	(15,983)
Fund balances, October 1	<u>83,599</u>	<u>83,599</u>	--
Fund balances, September 30	<u>\$ 40,998</u>	<u>\$ 25,015</u>	<u>\$ (15,983)</u>

CITY OF HASLET, TEXAS

HASLET ECONOMIC DEVELOPMENT CORP. (TYPE A)

BALANCE SHEET

SEPTEMBER 30, 2013

EXHIBIT C-12

ASSETS

<i>Cash and investments</i>	\$	1,242,609
Receivables:		
<i>Miscellaneous</i>		300
<i>Intergovernmental</i>		54,951
<i>Inventories</i>		933,833
		<hr/>
Total Assets	\$	<u>2,231,693</u>

LIABILITIES AND FUND BALANCES

Liabilities:		
<i>Accounts payable</i>	\$	23,553
<i>Liabilities payable from restricted assets:</i>		
<i>Customer deposits</i>		1,750
Total Liabilities		<hr/>
		25,303

Fund balances:		
<i>Committed</i>		2,206,390
Total fund balances		<hr/>
		2,206,390
Total Liabilities and Fund Balances	\$	<u>2,231,693</u>

CITY OF HASLET, TEXAS

EXHIBIT C-13

HASLET ECONOMIC DEVELOPMENT CORP. (TYPE A)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
REVENUES:			
<i>Sales tax</i>	\$ 275,000	\$ 323,054	\$ 48,054
<i>Interest</i>	1,500	1,542	42
<i>Miscellaneous</i>	41,500	42,990	1,490
Total revenues	<u>318,000</u>	<u>367,586</u>	<u>49,586</u>
EXPENDITURES:			
Current:			
<i>Economic development</i>	470,882	99,412	371,470
Total expenditures	<u>470,882</u>	<u>99,412</u>	<u>371,470</u>
Excess (deficiency) of revenues over (under) expenditures	(152,882)	268,174	421,056
Fund balances, October 1	<u>1,938,216</u>	<u>1,938,216</u>	<u>--</u>
Fund balances, September 30	<u>\$ 1,785,334</u>	<u>\$ 2,206,390</u>	<u>\$ 421,056</u>