

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended
September 30, 2013**



Prepared by

**Robert Gracia
City Manager**

**Joyce Vasut, CPA
Director of Finance**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2013

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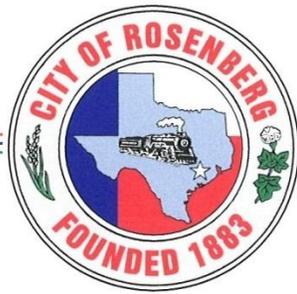
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INTRODUCTORY SECTION

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March 4, 2014

The Honorable Mayor and Members of the City Council
City of Rosenberg
Rosenberg, Texas

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of Rosenberg, Texas (City) for the fiscal year ended September 30, 2013 (FY2013).

This report is published to provide the City Council, staff, citizens, bondholders and other interested parties detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

As required by the City's Charter, the financial statements have been audited by Pattillo, Brown & Hill, L.L.P., a firm of certified public accountants. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City of Rosenberg for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Rosenberg's financial statements for fiscal year ended September 30, 2013, are presented in conformity with generally accepted accounting principles (GAAP).

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY PROFILE

Rosenberg is located in the Gulf Coast region of Texas, at the geographic center of Fort Bend County, and is approximately thirty miles southwest of downtown Houston along Interstate 69 (I-69). The City encompasses approximately 37.2 square miles, excluding extraterritorial jurisdictions, and is approximately fifty-three percent (53%) undeveloped.

The City was founded in 1883 and incorporated in 1903, and currently operates under a Council-Manager form of government. The City Council is comprised of a Mayor and six Council Members. The Mayor and two Council Members are elected at-large, and the remaining four are elected from one of each of the City's four single-member districts. All elected officials serve two-year terms. The Mayor and Council are responsible for enacting legislation in the form of ordinances, resolutions, and regulations governing the City. The City Manager is the chief administrative officer of the City, and is responsible for implementation of laws and ordinances and all day-to-day operations of the City.

The City provides a full range of municipal services to its citizens. These services, provided under general government and enterprise functions, include public safety (police and fire), water and wastewater utilities, solid waste and recycling services, parks and recreational activities, public improvements, repair and maintenance of infrastructure, community and economic development, planning and general administrative services. The City has a 4B Economic Development Corporation, which partners with the City and other entities to aggressively recruit, retain, and expand business and industry within Rosenberg. The City also operates a Civic Center which provides meeting and space to community and private groups. Internal services of the City, accounted for on a cost reimbursement basis, are fleet service operations, information services, and employee health insurance coverage.

The Council appoints residents and business leaders who volunteer their expertise, experience and time to serve on various committees and boards. These committees and boards make recommendations relative to special projects, issues and future planning. The Planning Commission, Rosenberg Development Corporation, Parks and Recreation Board and the Image Committee meet on a regular basis. Other committees and boards which meet as needed include the Finance/Audit Committee, Professional Services/Engineering Project Review Committee, Animal Control Shelter Advisory Board, Building Standards Board, Rental Property Appeals Board, and the Special Events Committee.

LOCAL ECONOMY

Rosenberg's economy showed positive trends in 2013. Much like the Texas economy, Rosenberg experienced job growth, an increase in building permits and increased sales tax revenues. These trends all signal that the local economy continues to emerge from the recent recession.

The local unemployment rate in FY2013 exhibited an overall downward trend. The City's unemployment rate was 6.2%, which is below the state rate of 6.3% and well below the national rate of 7.2%.

Residential development increased in FY2013 by 77% over FY2012 with a total of 222 residential certificates of occupancy issued in FY2013, and 416 apartment units completed. The number of new commercial buildings opening in FY2013 decreased by approximately 36% from the previous year for a total of 36 commercial certificates of occupancy. Commercial additions and remodels increased 31% exhibiting a strong preference for purchasing or leasing existing buildings rather than constructing new facilities.

Sales tax revenue increased by 10.5% for the City from FY2012 to FY2013. This trend has continued, with increases of 10% to 29% in the first four months of sales tax revenue for FY2014. The upswing can be attributed to a rebound in the building industry and continued benefits from the major commercial and retail development which began in 2005 in Brazos Town Center.

Brazos Town Center, located astride I-69 between FM 762 and Reading Road, is a master-planned mixed use development which integrates retail, residential, and professional spaces interconnected with parks, a trail system, lakes, and fountains. The center is anchored by major national retailers, and as Rosenberg's newest gateway, Brazos Town Center serves as a regional shopping and dining destination, attracting customers, and sales tax revenue, from outside the City.

The City of Rosenberg is home to a diverse group of industries including pharmaceutical packaging, machining, manufacturing, chemical blending, telecommunications services, steel pipe and tubing manufacturing, engineering, oil and gas services and a variety of retail operations. Sources of agricultural income include cotton, grain, and livestock. Additionally, the City is a major retail trade area for antiques, building materials, general merchandise, food stores and automobiles.

LONG TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

The City adopts an annual budget, which includes a five year-capital improvement program (CIP). The ultimate purpose of the budget process is to assure that municipal services are provided to the citizens of Rosenberg in the most efficient and effective manner possible, and that service levels can be maintained at or above current year levels.

Additionally, the budget process addresses the City's current and future infrastructure needs by indentifying and prioritizing capital projects for general, street and drainage, and water and wastewater projects. Available funding for such projects is presented and proposed projects are identified.

The City prepares a long-term financial plan on an annual basis for the General Fund and the Water and Wastewater Fund. This plan presents financial information and estimates over an eight year period which includes the actual amounts for the last three fiscal years, estimates for the current fiscal year, and four additional years. These forecasts help ensure that the City can continue to meet long-range obligations while maintaining current City services.

The City Council has adopted Financial Management Policies that establish and document a framework for fiscal decision-making and that ensure financial resources are available to meet the present and future needs of the citizens. These policies include, but are not limited to the following:

1. *General Guidelines* – The City will establish and maintain a high standard of accounting practices and ensure that the City's accounting system shall conform to generally accepted governmental accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB) for governmental entities. These general guidelines also address the appointment of the Finance/Audit Committee and the selection of an auditor.
2. *Operating Budget* – Objectives regarding the operating budget state that revenue estimates are based on historical trends and a conservative approach and that the adopted budget will be balanced with current revenues plus fund balances. Fund balances or reserves from operating funds at the end of each fiscal year shall be maintained at 20% or more of the fund's operating expenditures (excluding non-recurring expenditures), or 72 days of total fund operating expenditures for the same fiscal year.

3. *Capital Improvements* – The City will develop and maintain a five-year capital improvements program which shall be reviewed at least annually by the City Council. The City Council shall also adopt an annual capital budget based on the approved five-year capital improvement program. This capital budget shall identify the sources of funding for each capital project authorized for the ensuing fiscal year.
4. *Debt Management* – Long-term debt shall not be incurred to finance current operations and the City shall retire the debt within a period not to exceed the expected useful life of the projects or improvements being financed. The City’s total debt service requirements in any fiscal year should generally not exceed 25% of total expenditures/expenses and total direct debt shall not exceed 10% of the assessed value of taxable property.
5. *Financial Reporting* – An annual independent financial audit shall be performed by a properly licensed independent public accounting firm on an annual basis and the City shall strive to receive and retain the Certificate of Achievement for Excellence in Financial Reporting awarded annually by the Government Finance Officers Association of the United States and Canada (GFOA). Timely interim financial reports will be produced for department managers for internal purposes and financial statements shall be prepared on a monthly basis and made available to the City Council.

FUTURE ECONOMIC OUTLOOK

The City’s financial outlook is stable. Standard & Poor’s rating services has assigned an ‘A+’ long term rating to Rosenberg while Moody’s assigns a Aa3 rating. Both agencies comment on the City’s stable financial operations with healthy fund balances and good financial management policies and practices. The retail component of Brazos Town Center continues to significantly impact the positive trend for sales tax revenues. This strong retail component serves Fort Bend County’s less developed areas to the west of the City, resulting in per capita retail sales that are 191% of the national average. This reinforces that Rosenberg is increasingly seen as a shopping and dining destination for many.

Although the City’s property valuations remained relatively flat from the previous year, the property tax base has expanded by a total of 31% since FY2008 to an appraised value of over \$1.8 billion in FY2013. The tax base is diverse, with the ten leading taxpayers accounting for only 13% of the appraised value.

As Fort Bend County builds out, Rosenberg continues to see drastic growth in residential housing development, and the available inventory of large developable land parcels lends itself to continued interest for commercial business and industrial developers.

The Rosenberg Development Corporation (RDC) and the City work hand-in-hand to ensure the economic viability of our community. This partnership, coupled with a logistic geographic proximity, strong regional economy and visionary leadership have set the stage for a continuing expansion of Rosenberg’s employment base, a sustained growth of the local economy, and a continually improving quality of life. The RDC was established in 1995 as a 4B corporation and takes an active role in the expansion and retention of existing businesses, as well as the recruitment of new business and manufacturing facilities to the Rosenberg area.

The RDC is involved in many projects which help encourage development in Rosenberg including partnerships to encourage and promote cultural arts in our historic downtown through the relocation of a professional arts group and a successful State Cultural District designation through the Texas Commission on the Arts; to develop a deed-restricted business park development with shovel-ready sites; and to locate a \$40 to \$60 million dollar distribution center and regional headquarters for national grocer, ALDI. Additionally, the RDC undertakes several smaller-scale projects which enhance City aesthetics by improving key gateway entrances to the City through enhanced maintenance and landscaping, and through investments in community and neighborhood park improvements.

AWARDS AND ACKNOWLEDGEMENTS

This report has been prepared in accordance with guidelines established by the Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the 26th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation award for its annual budget for FY2013. In order to qualify for this award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

We would like to express appreciation to members of the Finance Department staff who were instrumental in compiling the information required for this report. Other departments within the City were cooperative in providing essential information in a timely and professional manner, and we extend our thanks to them. In addition, we thank the Mayor and members of the City Council for the decisions they have made in the interest of preserving the financial integrity of the City of Rosenberg.

Respectfully submitted,



Robert Gracia
City Manager



Joyce Vasut
Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Rosenberg
Texas**

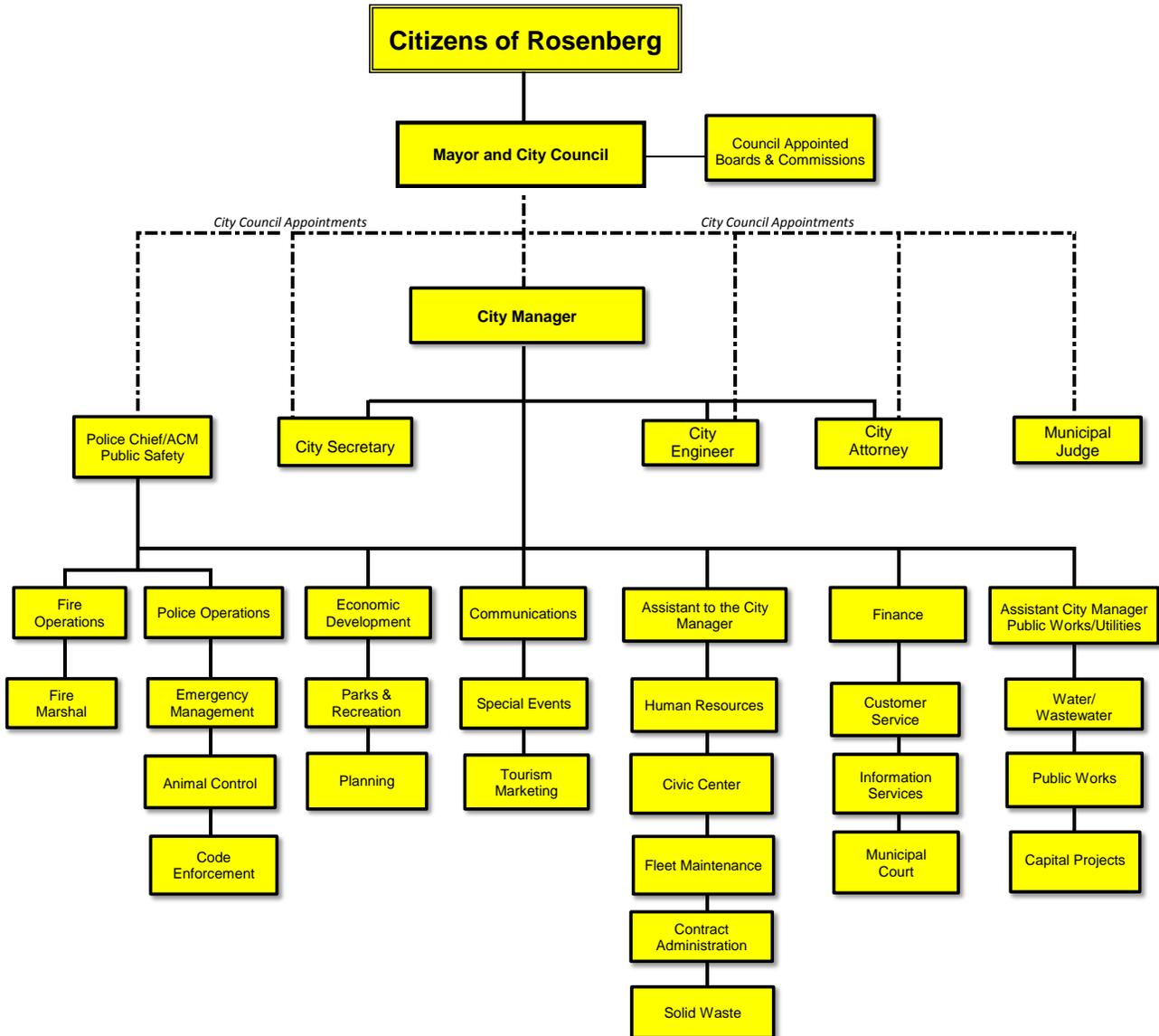
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF ROSENBERG

Organizational Chart



CITY OF ROSENBERG, TEXAS

PRINCIPAL OFFICIALS SEPTEMBER 30, 2013

City Officials	Elective Position
Vincent M. Morales, Jr.	Mayor
William Benton	Councilor at Large, Position 1
Cynthia McConathy	Councilor at Large, Position 2
Jimmie J. Peña	Councilor, District No. 1
Susan Euton	Councilor, District No. 2
Dwayne Grigar	Councilor, District No. 3
Amanda J. Bolf	Councilor, District No. 4

Key Staff	Position
Robert Gracia	Interim City Manager / Police Chief
John Maresh	Assistant City Manager - Public Works / Utility Director
Jeff Trinker	Assistant to the City Manager
Lora Lenzsch	City Attorney
Charles A. Kalkomey	City Engineer
Linda K. Cernosek	City Secretary
Angela Fritz	Communications Director
Matthew D. Fielder	Economic Development Director
Joyce Vasut	Finance Director
Wade Goates	Fire Chief
Lisa Olmeda	Human Resources Director
Larry Gobar	Information Services Manager
James A. Baker	Municipal Court Judge
Darren R. McCarthy	Parks & Recreation Director
Travis Tanner	Planning Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Rosenberg, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rosenberg, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 on pages 3–10 and 58–60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014, on our consideration of the City of Rosenberg, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rosenberg, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 17, 2014

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Rosenberg, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the City, excluding component units, exceeded its liabilities at the close of the most recent fiscal year by \$119,679,145 (net position). Of this amount, \$28,312,313 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position, excluding component units, increased by \$7,218,037.
- As of September 30, 2013, the City's governmental funds reported an ending fund balance of \$31,584,935, an increase of \$3,816,463 in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$7,834,098, or 38% of total General Fund expenditures.
- The City's long-term debt increased by \$5,493,189 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements present functions of the City that are provided from funding sources (governmental activities). The government-wide financial statements can be found immediately following the management's discussion and analysis.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City consist of governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

The City maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 2013 Certificates of Obligation, and the Debt Service Fund, which are considered to be major funds. Data from the other 26 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds – Proprietary funds include the City's Enterprise and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City had one Enterprise Fund and it is used to account for its water and wastewater services.

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three Internal Service Funds to account for health insurance, fleet asset replacement and information services. All Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Because the services accounted for in the Internal Service Funds benefit governmental more so than business-type functions, they have been included within governmental activities in the government-wide financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the statement of fiduciary net position.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, excluding component units, assets exceeded liabilities by \$119,679,145 as of September 30, 2013.

The largest portion of the City's net position (68%) reflects its investment in capital assets (e.g. land, buildings, vehicles, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

The second largest portion of the City's net position (24%) represents unrestricted financial resources available for future operations.

Additionally, a portion of the City's net position (9%) represents resources that are subject to restrictions on how they may be used.

Summary of Statement of Net Position As of September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 48,347,926	\$ 42,436,532	\$ 14,949,068	\$ 13,049,039	\$ 63,296,994	\$ 55,485,571
Capital assets	88,429,178	83,290,540	48,899,875	46,780,431	137,329,053	130,070,971
Total assets	<u>136,777,104</u>	<u>125,727,072</u>	<u>63,848,943</u>	<u>59,829,470</u>	<u>200,626,047</u>	<u>185,556,542</u>
Long-term liabilities	69,518,171	62,195,374	5,391,256	7,220,864	74,909,427	69,416,238
Other liabilities	4,696,466	2,453,559	1,341,009	1,225,637	6,037,475	3,679,196
Total liabilities	<u>74,214,637</u>	<u>64,648,933</u>	<u>6,732,265</u>	<u>8,446,501</u>	<u>80,946,902</u>	<u>73,095,434</u>
Net position:						
Net investment,						
in capital assets	37,219,927	37,091,238	43,565,861	39,617,050	80,785,788	76,708,288
Restricted	10,581,044	9,305,977	-	-	10,581,044	9,305,977
Unrestricted	<u>14,761,496</u>	<u>14,680,924</u>	<u>13,550,817</u>	<u>11,765,919</u>	<u>28,312,313</u>	<u>26,446,843</u>
Total net position	<u>\$ 62,562,467</u>	<u>\$ 61,078,139</u>	<u>\$ 57,116,678</u>	<u>\$ 51,382,969</u>	<u>\$ 119,679,145</u>	<u>\$ 112,461,108</u>

Net position of the City, excluding component units, increased by \$7,218,037. Key elements of the increase are as follows:

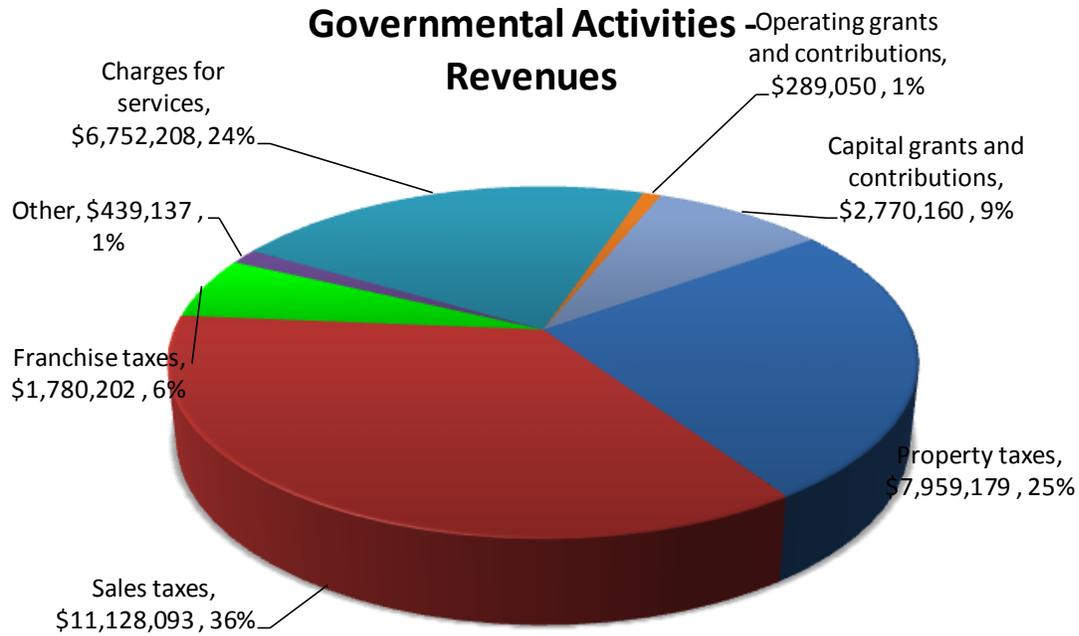
**Changes in Net Position
For the Fiscal Years Ended September 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 6,752,208	\$ 6,878,147	\$ 11,032,097	\$ 10,424,144	\$ 17,784,305	\$ 17,302,291
Operating grants and contributions	289,050	311,124	282,696	68,666	571,746	379,790
Capital grants and contributions	2,770,160	1,598,036	525,482	412,122	3,295,642	2,010,158
General revenues:						
Property taxes	7,959,179	7,495,321	-	-	7,959,179	7,495,321
Sales taxes	11,128,093	10,053,941	-	-	11,128,093	10,053,941
Franchise taxes	1,780,202	1,585,406	-	-	1,780,202	1,585,406
Investment interest	43,146	55,875	14,216	11,349	57,362	67,224
Miscellaneous	395,991	379,081	-	-	395,991	379,081
Total revenues	31,118,029	28,356,931	11,854,491	10,916,281	42,972,520	39,273,212
Expenses:						
General government	4,208,848	3,573,695	-	-	4,208,848	3,573,695
Public safety	12,043,046	11,487,867	-	-	12,043,046	11,487,867
Public works	7,264,024	7,054,048	-	-	7,264,024	7,054,048
Community development	2,866,455	2,887,685	-	-	2,866,455	2,887,685
Water and sewer	-	-	7,236,812	6,870,352	7,236,812	6,870,352
Principal on long term debt	-	-	-	-	-	-
Interest and fiscal charges	2,194,440	2,005,530	-	-	2,194,440	2,005,530
Debt issuance cost	-	-	-	-	-	-
Total expenses	28,576,813	27,008,825	7,236,812	6,870,352	35,813,625	33,879,177
Increases in net assets before transfers	2,541,216	1,348,106	4,617,679	4,045,929	7,158,895	5,394,035
Transfers	(1,116,030)	2,118,609	1,116,030	(2,118,609)	-	-
Increase in net position	1,425,186	3,466,715	5,733,709	1,927,320	7,158,895	5,394,035
Net position, beginning	61,078,139	49,581,160	51,382,969	49,455,649	112,461,108	99,036,809
Prior period adjustment	59,142	8,030,264	-	-	59,142	8,030,264
Net position, ending	\$ 62,562,467	\$ 61,078,139	\$ 57,116,678	\$ 51,382,969	\$ 119,679,145	\$ 112,461,108

There was an increase of \$1,484,328 in net position in connection with the City's governmental activities. This increase is primarily a result of increased sales tax revenue and capital grants and contributions. There was also an increase to net position of \$59,142 as a result of a prior period adjustment. The reason for the prior period adjustment is fully discussed in the notes to the financial statements.

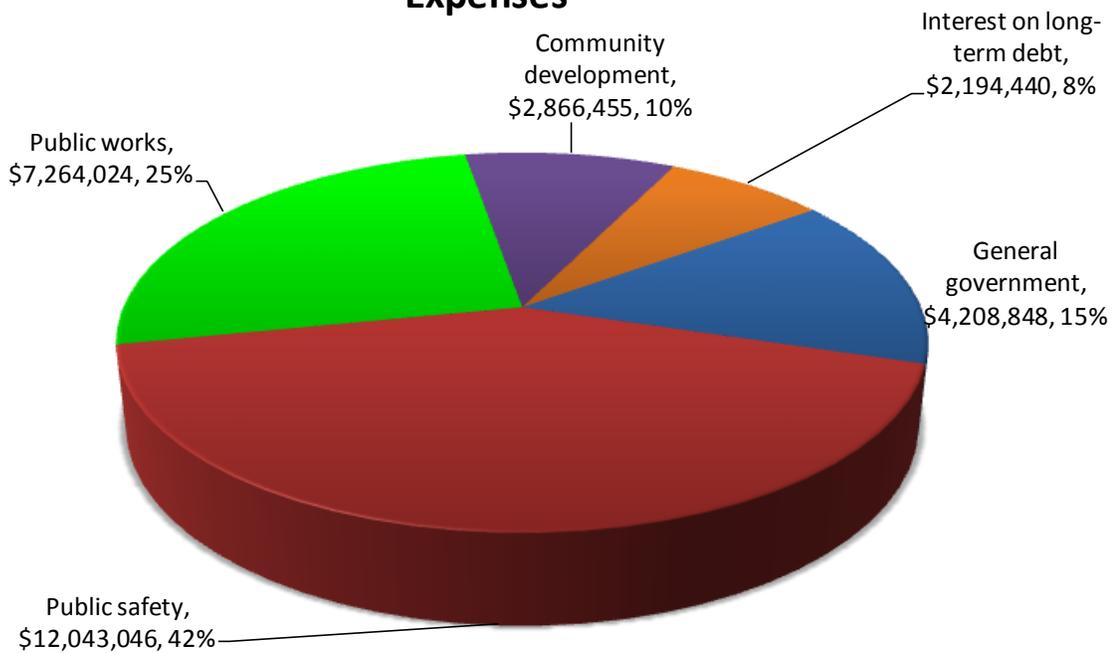
The City’s business-type net position increased by \$5,733,709. The primary reason for the increase relates to a rate increase which was approved to generate revenue for capital improvement projects. Also, the additional revenues will be used to satisfy the requirements of the various state and federal agencies relating to water and wastewater systems, as well as the conversion to surface water mandated by the Fort Bend Subsidence District. Additionally, transfers were made to the Water and Wastewater Fund since water and wastewater projects were completed with funds from general obligation bonds.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City’s activities.



For the fiscal year ended September 30, 2013, revenues from governmental activities totaled \$31,118,029.

Governmental Activities - Expenses



For the fiscal year ended September 30, 2013, expenses for governmental activities totaled \$28,576,813.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously noted, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's governmental funds are discussed below:

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of September 30, 2013, the City's governmental funds, which consist of a General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds reported an ending fund balance of \$31,584,935, which is an increase of \$3,816,463 from last year's total of \$27,768,472. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 38% of total General Fund expenditures.

The fund balance of the General Fund increased by \$1,608,888 during the fiscal year. This increase can be attributed to large increases in sales tax revenues, and the City's ability to keep operating expenditures below budget across all departments.

The Debt Service Fund has a fund balance of \$5,005,027, all of which is restricted for the payment of debt service. The net decrease in fund balance for the year was \$165,753. This decrease can be attributed to the FY 2013 budget, which anticipated the use of fund balance to pay interest on newly issued debt.

The 2013 Certificate of Obligation Fund has a fund balance of \$6,957,648. This fund was created during 2013 to account for the 2013 Certificate of Obligation issued by the City.

Proprietary Fund – The City’s proprietary fund provides the same type of information as found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Wastewater Fund at the end of the fiscal year amounted to \$13,550,817. The increase in total net position for the year was \$5,733,709. This increase relates to operating income in excess of \$4,037,248. This income will be used to satisfy the requirements of local, state and federal agencies as well as the conversion to surface water.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there was an increase of \$607,735 in appropriations between the original and final amended budget for revenues and an increase of \$779,613 in appropriations between the original and final amended budget for expenditures. The primary reason for the revenue appropriations increase relates to an increase in sales tax collections. The primary reason for the expenditure appropriations increase relates to City Council’s decision to fund additional one-time capital expenditures at mid-year and to implement salary increases based on a compensation plan.

At the end of the 2013 fiscal year, the actual revenue collected for the General Fund exceeded the budget by \$1,859,271. This can be primarily attributed to higher than anticipated sales taxes.

Actual expenditures for the General Fund were \$1,240,035 less than budgeted expenditures. This was due to staff monitoring expenditures closely and vacancies in the various departments. The savings were across all areas including general government, public safety, public works, and community development.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets as of September 30, 2013, amounts to \$80,785,788 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, vehicles, machinery and equipment, and infrastructure.

Schedule of Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets:						
Land	\$ 5,858,842	\$ 5,402,887	\$ 363,209	\$ 363,209	\$ 6,222,051	\$ 5,766,096
Construction in progress	5,598,155	12,593,018	4,343,082	1,505,180	9,941,237	14,098,198
Other capital assets:						
Buildings and improvements	10,271,455	10,271,455	-	-	10,271,455	10,271,455
Machinery and equipment	11,330,587	11,371,706	2,160,210	2,018,886	13,490,797	13,390,592
Infrastructure	94,019,120	80,228,377	-	-	94,019,120	80,228,377
Water and wastewater system	-	-	66,255,157	64,575,992	66,255,157	64,575,992
Accumulated depreciation on other capital assets	(38,648,980)	(36,576,903)	(24,221,784)	(21,682,836)	(62,870,764)	(58,259,739)
Totals	\$ 88,429,179	\$ 83,290,540	\$ 48,899,874	\$ 46,780,431	\$ 137,329,053	\$ 130,070,971

Additional information on the City's capital assets can be found in Note IV-E in the notes to the financial statements.

Long-term Debt – At the end of the current fiscal year, the City, excluding component units, had total outstanding debt of \$74,909,427. As of September 30, 2013, the City's OPEB obligation is \$3,579,231.

Schedule of Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General Obligation	\$ 16,360,000	\$ 16,890,000	\$ -	\$ -	\$ 16,360,000	\$ 16,890,000
Revenue bonds	-	-	334,000	1,614,000	334,000	1,614,000
Certificates of obligation	45,745,000	38,435,000	-	-	45,745,000	38,435,000
Tax notes	480,000	790,000	-	-	480,000	790,000
Bonds issuance premiums	758,689	575,279	-	-	758,689	575,279
Loss on refunding bonds	-	(59,734)	-	-	-	(59,734)
Notes payable	462,595	675,009	3,529,016	4,065,987	3,991,611	4,740,996
Capital leases payable	-	-	1,470,997	1,483,394	1,470,997	1,483,394
Compensated absences	460,606	407,551	57,242	57,483	517,848	465,034
Net pension obligation	915,024	903,038	-	-	915,024	903,038
OPEB obligation	4,336,257	3,579,231	-	-	4,336,257	3,579,231
Totals	\$ 69,518,171	\$ 62,195,374	\$ 5,391,255	\$ 7,220,864	\$ 74,909,426	\$ 69,416,238

Additional information on the City's long-term debt can be found in Note IV-G in the notes to the financial statements.

ECONOMIC FACTORS

City Council approved the FY 2014 budget on September 3, 2013, with total revenues of \$47,660,356 and total expenditures of \$53,311,222. Some of the key highlights of that budget include:

- The net taxable value of \$1.64 billion for Tax Year 2013 represents an increase of \$128.0 million or 8.5% from the Tax Year 2012 valuation.
- The City's adopted tax rate for FY 2014 of \$0.50 per \$100 of taxable valuation is \$0.01 less than FY 2012 and is below the effective tax rate.
- Sales tax revenues for FY 2014 are budgeted at \$9,850,000 which is 7% greater than the FY 2013 budget but less than the 2013 actual sales tax revenues.
- The Water Subsidence Fee increased from \$1.00 per 1,000 gallons in FY 2013 to \$1.20 per 1,000 gallons in FY 2014. The first tier of the sewer rate structure for residential customers will increase from \$2.61 to \$2.97 per 1,000 gallons between 2,000 and 5,000 gallons.
- The FY 2014 budget has a total of 237 fulltime positions which includes an increase of 4 positions which include two Police Department Patrol Officers, one Civilian Jailer and one School Resource Officer.
- An average of 2½% merit increase was included in the FY 2014 budget.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the City of Rosenberg, Texas' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Rosenberg, Texas: Joyce Vasut, Director of Finance, P. O. Box 32, Rosenberg, Texas 77471-0032.

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**BASIC
FINANCIAL STATEMENTS**

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
ASSETS				
Cash and investments	\$ 35,720,250	\$ 7,043,893	\$ 42,764,143	\$ 5,189,285
Receivables	4,285,382	1,628,869	5,914,251	614,892
Prepaid expenses	28,565	310,511	339,076	2,832
Inventory	26,825	-	26,825	-
Restricted cash and cash equivalents	-	5,938,974	5,938,974	-
Deferred charges	916,194	26,821	943,015	-
Note from component unit	7,370,710	-	7,370,710	-
Capital assets, net of accumulated depreciation:				
Land	5,858,842	363,209	6,222,051	-
Buildings and improvements	4,968,220	-	4,968,220	-
Machinery and equipment	4,062,238	714,160	4,776,398	-
Infrastructure	67,941,723	-	67,941,723	-
Water and wastewater system	-	43,479,424	43,479,424	-
Construction in progress	5,598,155	4,343,082	9,941,237	-
Total assets	<u>136,777,104</u>	<u>63,848,943</u>	<u>200,626,047</u>	<u>5,807,009</u>
LIABILITIES				
Accounts payable	4,030,671	323,037	4,353,708	824,558
Accrued liabilities	431,472	37,138	468,610	-
Due to other governments	47,486	-	47,486	-
Accrued interest payable	186,837	21,555	208,392	-
Unearned revenue	-	-	-	-
Customer deposits	-	959,279	959,279	-
Noncurrent liabilities:				
Due within one year	4,996,482	626,677	5,623,159	779,700
Due in more than one year	64,521,689	4,764,579	69,286,268	6,591,010
Total liabilities	<u>74,214,637</u>	<u>6,732,265</u>	<u>80,946,902</u>	<u>8,195,268</u>
NET POSITION				
Net investment in capital assets	37,219,927	43,565,861	80,785,788	-
Restricted for:				
Debt service	4,985,829	-	4,985,829	-
Community development	2,199,201	-	2,199,201	-
Court security and technology	208,470	-	208,470	-
Law enforcement	386,903	-	386,903	-
Fire services	1,517,305	-	1,517,305	-
Economic development	1,283,336	-	1,283,336	-
Unrestricted(deficit)	<u>14,761,496</u>	<u>13,550,817</u>	<u>28,312,313</u>	<u>(2,388,259)</u>
Total net position	<u>\$ 62,562,467</u>	<u>\$ 57,116,678</u>	<u>\$ 119,679,145</u>	<u>\$ (2,388,259)</u>

The accompanying notes are an integral part of these financial statements.

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

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,208,848	\$ 927,203	\$ -	\$ -
Public safety	12,043,046	1,588,845	282,550	809,671
Public works	7,264,024	4,048,440	6,500	1,883,023
Community development	2,866,455	187,720	-	77,466
Interest on long-term debt	<u>2,194,440</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>28,576,813</u>	<u>6,752,208</u>	<u>289,050</u>	<u>2,770,160</u>
Business-type activities:				
Water and sewer	<u>7,236,812</u>	<u>11,032,097</u>	<u>282,696</u>	<u>525,482</u>
Total business-type activities	<u>7,236,812</u>	<u>11,032,097</u>	<u>282,696</u>	<u>525,482</u>
Total primary government	<u>\$ 35,813,625</u>	<u>\$ 17,784,305</u>	<u>\$ 571,746</u>	<u>\$ 3,295,642</u>
Component unit				
Rosenberg Development Corporation	<u>\$ 1,950,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 1,950,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
		General revenues:		
		Taxes:		
		Property		
		Sales		
		Franchise		
		Investment earnings		
		Miscellaneous		
		Transfers		
		Total general revenues and transfers		
		Change in net position		
		Net position, beginning		
		Prior period adjustment		
		Net position, ending		

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenues and Changes in Net Position			Component Unit Rosenberg Development Corporation
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$(3,281,645)	\$ -	\$(3,281,645)	\$ -
(9,361,980)	-	(9,361,980)	-
(1,326,061)	-	(1,326,061)	-
(2,601,269)	-	(2,601,269)	-
(2,194,440)	-	(2,194,440)	-
(18,765,395)	-	(18,765,395)	-
-	4,603,463	4,603,463	242,786
-	4,603,463	4,603,463	242,786
(18,765,395)	4,603,463	(14,161,932)	242,786
-	-	-	(1,950,813)
-	-	-	(1,950,813)
7,959,179	-	7,959,179	-
11,128,093	-	11,128,093	3,497,250
1,780,202	-	1,780,202	-
43,146	14,216	57,362	5,824
395,991	-	395,991	-
(1,116,030)	1,116,030	-	-
20,190,581	1,130,246	21,320,827	3,503,074
1,425,186	5,733,709	7,158,895	1,552,261
61,078,139	51,382,969	112,461,108	(3,881,378)
59,142	-	59,142	(59,142)
\$ 62,562,467	\$ 57,116,678	\$ 119,679,145	\$(2,388,259)

CITY OF ROSENBERG, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Debt Service	2013 Certificates of Obligation
ASSETS			
Cash and investments	\$ 6,094,723	\$ 4,990,181	\$ 7,873,966
Receivables:			
Taxes	2,194,740	180,936	-
Accounts	455,385	-	-
Other	537,937	-	-
Intergovernmental	849,988	3,097	-
Inventory	26,825	-	-
Prepays	26,593	-	-
Notes receivable	-	7,370,710	-
Total assets	\$ 10,186,191	\$ 12,544,924	\$ 7,873,966
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,025,245	-	910,163
Accrued liabilities	413,619	1,548	6,155
Deferred revenue	311,343	7,538,349	-
Due to State	47,486	-	-
Total liabilities	1,797,693	7,539,897	916,318
Fund balances:			
Nonspendable	53,418	-	-
Restricted	-	5,005,027	6,957,648
Assigned	500,982	-	-
Unassigned	7,834,098	-	-
Total fund balances	8,388,498	5,005,027	6,957,648
Total liabilities and fund balances	\$ 10,186,191	\$ 12,544,924	\$ 7,873,966

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.

Some liabilities, including bonds payable, interest payable, notes payable, and accrued compensated absences are not reported as liabilities in the governmental funds.

Internal Service Funds are used by management to charge the costs of health insurance, fleet asset replacement and information services to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.

Net position of governmental activities

The accompanying notes are an integral part of these financial statements.

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 13,262,345	\$ 32,221,215
58,717	2,434,393
-	455,385
-	537,937
-	853,085
-	26,825
-	26,593
-	7,370,710
<u>\$ 13,321,062</u>	<u>\$ 43,926,143</u>
2,080,908	4,016,316
6,392	427,714
-	7,849,692
-	47,486
<u>2,087,300</u>	<u>12,341,208</u>
-	53,418
11,234,597	23,197,272
-	500,982
(835)	7,833,263
<u>11,233,762</u>	<u>31,584,935</u>
<u>\$ 13,321,062</u>	
	87,498,658
	7,849,692
	(68,781,167)
	4,410,349
	<u>\$ 62,562,467</u>

CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>2013 Certificates of Obligation</u>
REVENUES			
Taxes:			
Property	\$ 4,054,557	\$ 3,883,272	\$ -
Sales	10,537,605	-	-
Franchise	1,721,522	-	-
Licenses and permits	613,391	-	-
Fines and forfeitures	573,488	-	-
Fees and charges for service	3,803,530	-	-
Intergovernmental	969,403	-	-
Investment earnings	7,225	6,229	4,070
Other	<u>285,537</u>	<u>1,009,823</u>	<u>-</u>
Total revenues	<u>22,566,258</u>	<u>4,899,324</u>	<u>4,070</u>
EXPENDITURES			
Current:			
General government	3,267,109	-	-
Public safety	10,979,413	-	-
Public works	4,407,271	-	-
Community development	2,152,465	-	-
Capital outlay	39,298	-	1,495,680
Debt service:			
Principal retirement	-	6,152,414	-
Interest and service charges	-	2,123,645	-
Debt issuance costs	<u>-</u>	<u>64,276</u>	<u>87,308</u>
Total expenditures	<u>20,845,556</u>	<u>8,340,335</u>	<u>1,582,988</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,720,702</u>	<u>(3,441,011)</u>	<u>(1,578,918)</u>
OTHER FINANCING SOURCES (USES)			
Debt issuance	-	1,575,000	9,000,000
Insurance proceeds	19,666	-	-
Sale of capital assets	7,386	-	-
Premium on debt issued	-	59,326	94,950
Transfers in	1,503,046	1,640,932	-
Transfers out	<u>(1,701,054)</u>	<u>-</u>	<u>(558,384)</u>
Total other financing sources (uses)	<u>(170,956)</u>	<u>3,275,258</u>	<u>8,536,566</u>
NET CHANGE IN FUND BALANCES	1,549,746	(165,753)	6,957,648
FUND BALANCES, BEGINNING	<u>6,779,610</u>	<u>5,170,780</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>59,142</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 8,388,498</u>	<u>\$ 5,005,027</u>	<u>\$ 6,957,648</u>

The accompanying notes are an integral part of these financial statements.

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 7,937,829
590,488	11,128,093
58,680	1,780,202
-	613,391
84,202	657,690
32,092	3,835,622
3,227,316	4,196,719
22,003	39,527
<u>250,680</u>	<u>1,546,040</u>
<u>4,265,461</u>	<u>31,735,113</u>
42,375	3,309,484
147,270	11,126,683
-	4,407,271
375,806	2,528,271
8,131,102	9,666,080
-	6,152,414
-	2,123,645
<u>86,302</u>	<u>237,886</u>
<u>8,782,855</u>	<u>39,551,734</u>
(<u>4,517,394</u>)	(<u>7,816,621</u>)
1,835,000	12,410,000
-	19,666
25,279	32,665
73,365	227,641
2,035,101	5,179,079
(<u>4,035,671</u>)	(<u>6,295,109</u>)
(<u>66,926</u>)	<u>11,573,942</u>
(<u>4,584,320</u>)	3,757,321
<u>15,818,082</u>	<u>27,768,472</u>
-	<u>59,142</u>
<u>\$ 11,233,762</u>	<u>\$ 31,584,935</u>

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

Net change in fund balances - total governmental funds	\$	3,757,321
Amounts reported for governmental activities in the statement of activities are different		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		5,221,800
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(673,033)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides		
Repayment of principal of long-term debt		6,152,414
Issuance of new long-term debt	(12,637,641)
Amortization of:		
Bond issuance costs - deferred charges		185,166
Loss on refunding	(59,734)
Premiums on long-term debt		44,231
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences balances liability	(52,089)
Net OPEB obligation	(757,026)
Net pension obligation	(11,986)
Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period.	(2,572)
The net income (loss) of certain activities of Internal Service Funds is reported with governmental activities.		<u>258,335</u>
Change in net position of governmental activities	\$	<u><u>1,425,186</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2013

	Business-type Activities Enterprise Fund Water and Wastewater	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 7,043,893	\$ 3,499,035
Receivables:		
Accounts, net of allowance	1,557,313	-
Other	332	4,582
Intergovernmental	71,224	-
Prepaid expenses	310,511	1,972
Restricted cash and cash equivalents	5,938,974	-
Total current assets	14,922,247	3,505,589
Noncurrent assets:		
Bond issuance costs	26,821	-
Capital assets:		
Land	363,209	-
Machinery and equipment	2,160,210	3,650,645
Water and wastewater system	66,255,157	-
Construction-in-progress	4,343,082	-
Less: accumulated depreciation	(24,221,783)	(2,720,125)
Total noncurrent assets	48,926,696	930,520
Total assets	63,848,943	4,436,109
LIABILITIES		
Current liabilities:		
Accounts payable	323,037	14,355
Accrued liabilities	37,138	3,758
Compensated absences	5,724	765
Payable from restricted assets:		
Deposits	959,279	-
Accrued interest payable	21,555	-
Capital lease payable	49,253	-
Note payable	551,700	-
Revenue bonds payable	20,000	-
Total current liabilities	1,967,686	18,878
Noncurrent liabilities:		
Compensated absences	51,518	6,882
Capital lease payable	1,421,744	-
Note payable	2,977,317	-
Revenue bonds payable	314,000	-
Total noncurrent liabilities	4,764,579	6,882
Total liabilities	6,732,265	25,760
NET POSITION		
Net investment in capital assets	43,565,861	930,520
Unrestricted	13,550,817	3,479,829
Total net position	\$ 57,116,678	\$ 4,410,349

The accompanying notes are an integral part of these financial statements.

CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities Enterprise Fund	Governmental Activities Internal
	Water and Wastewater	Service Funds
OPERATING REVENUES		
Charges for services	\$ -	\$ 3,315,520
Water	6,319,988	-
Sewer	4,712,109	-
Total operating revenues	11,032,097	3,315,520
OPERATING EXPENSES		
Cost of sales and services	4,455,901	2,760,570
Depreciation	2,538,948	300,233
Total operating expenses	6,994,849	3,060,803
OPERATING INCOME	4,037,248	254,717
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	282,696	-
Investment earnings	14,216	3,618
Interest expense	(241,963)	-
Total nonoperating revenues (expenses)	54,949	3,618
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	4,092,197	258,335
Capital contributions	525,482	-
Transfers in	4,205,136	-
Transfers out	(3,089,106)	-
CHANGE IN NET POSITION	5,733,709	258,335
NET POSITION, BEGINNING	51,382,969	4,152,014
NET POSITION, ENDING	\$ 57,116,678	\$ 4,410,349

The accompanying notes are an integral part of these financial statements.

CITY OF ROSENBERG, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Wastewater</u>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 10,863,832	\$ 3,315,072
Disbursed for goods and services to suppliers	(1,439,766)	(150,470)
Disbursed for personnel services	(2,907,838)	(2,616,667)
Net cash provided by operating activities	<u>6,516,228</u>	<u>547,935</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants	68,666	-
Transfer from other funds	4,205,136	-
Transfers to other funds	(3,089,106)	-
Net cash provided (used) by noncapital financing activities	<u>1,184,696</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	525,482	-
Principal paid on capital debt	(1,829,367)	-
Interest paid on capital debt	(241,963)	-
Acquisition and construction of capital assets	(4,658,391)	(217,071)
Net cash used for capital and related financing activities	<u>(6,204,239)</u>	<u>(217,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	14,216	3,618
Net cash provided by investing activities	<u>14,216</u>	<u>3,618</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,510,901	334,482
CASH AND CASH EQUIVALENTS, BEGINNING	<u>11,251,103</u>	<u>3,164,553</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 12,762,004</u>	<u>\$ 3,499,035</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 4,037,248	\$ 254,717
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation and amortization	2,538,947	300,233
(Increase) decrease in accounts receivable	(138,196)	(448)
(Increase) decrease in prepaid items	(30,069)	(848)
Decrease (increase) in accrued interest	(10,265)	-
(Increase) decrease in accounts payable and accrued liabilities	102,122	(6,685)
Increase in customer deposits	16,681	-
Increase (decrease) in compensated absences	(241)	966
Total adjustments	<u>2,478,979</u>	<u>293,218</u>
Net cash provided by operating activities	<u>\$ 6,516,227</u>	<u>\$ 547,935</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROSENBERG, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ <u>56,012</u>
Total assets	\$ <u><u>56,012</u></u>
LIABILITIES	
Due to Richmond - Rosenberg Local Government Corporation	\$ <u>56,012</u>
Total liabilities	\$ <u><u>56,012</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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CITY OF ROSENBERG, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rosenberg, Texas (the City), was incorporated in 1902 and adopted a Home-Rule Charter on November 20, 1956. The Charter was amended April 6, 1985, to provide for a “Council-Manager” form of government.

The Council is comprised of a Mayor and six Council members, including two at large Council members and four Council members elected by districts, who serve two-year terms. The Mayor is the presiding officer of the City Council and is recognized as the head of City government for all ceremonial purposes, but has no regular administrative duties. The mayor is entitled to vote on all matters under consideration by the City Council, but does not have the power of veto.

The City provides a full range of municipal services to its citizens. These services which are provided under general government and enterprise functions include public safety (police and fire protection), water and wastewater utilities, solid waste and recycling services, parks and recreational activities, public improvements, repair and maintenance of infrastructure, community and economic development, planning and general administrative services. The City also offers a Civic Center. Internal services of the City, accounted for on a cost reimbursement basis, are fleet service operations, information services, and employee health insurance coverage.

A. Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected Council and a mayor and is considered a primary government. As required by U. S. generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of component units, which are other entities or organizations that are financially accountable to the City. Blended component units, although legally separate entities, are, in substance, part of the government’s operations, and as a result, data from these units are combined with data of the primary government. The City had no such blended component units. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize that they are legally separate from the primary government. Based on these considerations, the City's financial statements include the following discretely presented component unit: the Rosenberg Development Corporation. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Unit

The Rosenberg Development Corporation (the "Corporation") has been included in the reporting entity as a discretely presented component unit. In September 1995, the Corporation was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Corporation administers the \$.005 sales tax levied by the City for economic development. The Board of Directors is appointed by and serves at the discretion of the City Council and consists of three City Council members and four residents of the City. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the Corporation shall be conveyed to the City. The operations of the Corporation are presented as a governmental fund type. Complete financial statements for the Corporation can be obtained at the Corporation's office located at 2110 Fourth Street, Rosenberg, Texas, 77471.

Related Organization

The Rosenberg Public Housing Authority ("Authority") is a legally separate organization formed to administer housing programs funded by the U.S. Department of Housing and Urban Development, which has a scope of public service within the geographic boundaries of the City. The City appoints a majority of the Authority members, however, the City's accountability does not extend beyond making the appointments, as the administration of the Authority is vested solely with its Board, and there is no financial relationship between the Authority and the primary government.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal sources of revenue of the Water and Wastewater Fund and Internal Service Funds are charges for sales and services. Operating expenses for the Enterprise Fund and the Internal Service Funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus and Basis of Accounting

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.

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

There is one fiduciary fund which is an Agency Fund. Agency Funds represent funds held in an agency capacity of the Richmond-Rosenberg Local Government Corporation. These funds are monies held by the City related to the operation of regional water utility system, a joint venture of the City. These funds do not belong to the City. Agency funds do not have a measurement focus.

The City reports the following major governmental funds:

General Fund – The General Fund accounts for the resources used to finance the fundamental operations of the City. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, fines and forfeitures, charges for services, and permits and fees. Expenditures are for general government, public safety, public works and community development.

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds. The primary source of revenue for debt service is property taxes.

2013 Certificates of Obligation – This fund is used to account for the purchase of the land and improvements for the One Way Pairs, Water Plant No. 5, School Sidewalks, and improvements for Airport Avenue, Bryan Road, Old Richmond Road and Bamore Road.

The City reports the following major proprietary fund:

Water and Wastewater Fund – The Water and Wastewater Fund accounts for the operations that provide water and wastewater utility services to the public. The services are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (including depreciation) of providing goods or services to the general public will be financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

Internal Service Funds – The Internal Service Funds account for health insurance, fleet replacement, and information services provided to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Agency Fund – This fund reports cash held by the City on behalf of the Richmond-Rosenberg Local Government Corporation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule relate to charges between the City's Enterprise Fund functions and other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Sometimes the government 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.

D. Cash and Investments

Cash and investments include cash and temporary investments as disclosed in Note IV. These cash and investments are generally available for the City's disbursement needs and have a maturity of one year or less from the date of acquisition.

E. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. Inventories

Inventories are stated at cost. The City uses the FIFO method of accounting for inventories. Inventories consist of expendable supplies held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are issued (consumption method).

G. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the government-wide Statement of Net Position and are classified as "due from other funds" or "due to other funds" in the fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure is capitalized regardless of cost. 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.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 - 40 years
Vehicles	3 - 7 years
Machinery and equipment	5 - 10 years
Water/wastewater and solid waste systems	3 - 40 years
Infrastructure	30 years

I. Compensated Employee Absences

The City's employees earn vacation and compensatory time which may either be taken or accumulated, up to certain amounts, until paid upon termination or retirement. There is no liability accrued for accumulated sick leave since it is not paid upon separation from service with the City. Vacation pay and compensatory time are 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 have matured, for example, as a result of employee resignations and retirements.

J. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. 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.

The fund financial statements report 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, net of issuance costs. Premiums received in 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.

K. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These 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 that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Currently, only the City Council has the authority to assign fund balances.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The City has a fund balance policy. The policy states that the City should have fund balances or reserves of operating funds at the end of each fiscal year that is at least 20% of fund operating expenditures or 72 days of total fund operating expenditures for the same fiscal year.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

L. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

M. Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental funds as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, interest payable, notes payable and accrued compensated absences, are not reported in the funds.” The details of this \$(68,781,167) difference are as follows:

Bonds payable	\$(62,105,000)
Accrued interest payable	(186,837)
Compensated absences - governmental funds	(452,959)
Bond issuance costs	916,194
Bond issuance premiums	(758,689)
Notes payable	(942,595)
Net pension obligation	(915,024)
OPEB Net pension obligation	(<u>4,336,257</u>)

Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$(<u>68,781,167</u>)
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B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$5,221,800 difference are as follows:

Capital outlay	\$ 8,221,851
Depreciation expense	(<u>3,000,051</u>)

Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>5,221,800</u>
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III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds, except the Capital Projects Funds, which adopts a project length budget. The City adopts non-appropriation budgets for the proprietary fund types on a working capital basis and are used primarily as financial plans for control purposes. Accordingly, no budgetary comparisons are presented for these funds.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. The City Manager may transfer funds within department categories without Council approval provided that no amounts shall be transferred from or to any capital outlay item accounts. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. The City Council made several supplementary budgetary appropriations, which were not considered material, throughout the year. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting is utilized in all governmental fund types. Such encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities.

IV. DETAILED NOTE ON ALL FUNDS

A. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to state statutes. The depository bank deposits, for safekeeping and trust with the City's agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance.

The Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act (Chapter 2256 Texas Government Code). The investments of the City are in compliance with the Council's investment policies. It is the City's policy to restrict its investments to direct obligations of the U.S. Government, commercial paper, fully collateralized certificates of deposit and other interest-bearing time and demand deposits, and other instruments and investments in public funds investment pools such as Texas Local Government Investment Pool ("TexPool"), Lone Star Investment Pool ("Lone Star") and Local Government Investment Cooperative ("Logic").

B. Cash and Investments

The City's cash and cash equivalents, including component units, consist of cash on hand, demand deposits, and external investment pools. The City's cash and cash equivalents, including component units, at September 30, 2013, are shown below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Primary government:		
Cash demand deposits	\$ 716,499	\$ 716,499
Certificates of Deposit	<u>2,004,992</u>	<u>2,004,992</u>
Total cash and cash equivalents	<u>\$ 2,721,491</u>	<u>\$ 2,721,491</u>
Component unit		
Cash demand deposits	\$ 37,425	\$ 37,425
Certificates of Deposit	<u>261,100</u>	<u>261,100</u>
Total cash and cash equivalents	<u>\$ 298,525</u>	<u>\$ 298,525</u>

Custodial Credit Risk – Deposits

For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk is to collateralize all bank deposits at 102% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Collateral pledged to cover the City's deposits is required to be held in the City's name by the trust department of a bank other than the pledging bank (the City's agent). Collateral securities must bear a Baa-1 or better rating to qualify for use in securing uninsured depository balances. Deposits at year-end are representative of the types of deposits maintained by the City during the year.

Investments

At year-end, the City's investment balances, including component unit investments, were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Primary government:		
LOGIC	8,507,025	55
TexPool	29,572,503	60
Lone Star	<u>7,955,736</u>	56
Total investments	<u>\$ 46,035,264</u>	59
Component unit		
TexPool	<u>\$ 4,890,760</u>	60
Total cash and cash equivalents	<u>\$ 4,890,760</u>	60

The fair values of the U. S. Government and Agency Securities are based on quoted market prices. The investments are reported at Fair Value in accordance with Governmental Accounting Standards Board Statement (GASB) No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The increase or decrease in the fair value of investments is recorded in investment income. The amount of increase or decrease in the fair value of investments during the year ended September 30, 2013, was not significant.

The TexPool, Lone Star and Logic amounts are not evidenced by securities that exist in physical or book entry form and, accordingly, are not categorized by risk. However, the nature of these funds requires that they be used to purchase investments authorized by the Public Funds Investment Act. The primary objective of these investment pools is to provide a safe environment for the placement of public funds in short-term, fully collateralized investments.

The State of Texas exercises oversight responsibility over TexPool, Lone Star and Logic in accordance with state laws and the Public Funds Investment Act. These external pools operate in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940. Net positions are reported using amortized cost rather than market value in computing share price. In accordance with management policies, the net position value will always be between 0.9965 and 1.0035. Accordingly, the fair value of the City's position in the pool is the same as the value of the shares in the pool.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 180 days to meet cash requirements for ongoing operation.

Credit Risk

In accordance with its investment policy, the City minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities. All of the City's U. S. Agency investments are insured, registered, or the City's agent holds the securities in the City's name; therefore the City is not exposed to custodial credit risk. As of September 30, 2013, Lone Star, TexPool and Logic investments are rated AAAM, AAAM and AAAM by Standard & Poor's, respectively.

Restricted Cash and Cash Equivalents

As of September 30, 2013, the Enterprise Fund held restricted cash and temporary investments for the following purposes:

Subsidence and Impact Fees	<u>\$5,938,974</u>
Total	<u>\$5,938,974</u>

C. Property Taxes

The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and collected by the Fort Bend County Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year.

Property taxes are levied for operations and based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.51 per \$100 of assessed valuation. The resulting adjusted tax levy was \$7,723,996 on the total adjusted taxable valuation of \$1,514,499,957 for the 2012 tax year.

D. Receivables

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

Primary Government

	Governmental Activities				
	General	Debt Service	Water and Wastewater	Non Major and Other	Internal Service
Receivables:					
Taxes	\$ 2,195,645	\$ 181,885	\$ -	\$ 58,717	\$ -
Accounts	464,747	-	1,588,915	-	-
Intergovernmental	849,988	3,097	71,224	-	-
Other	834,611	-	332	-	4,582
Notes	-	7,370,710	-	-	-
Gross receivables	4,344,991	7,555,692	1,660,471	58,717	4,582
Less: allowance for uncollectibles	(306,941)	(949)	(31,602)	-	-
Net total receivables	<u>\$ 4,038,050</u>	<u>\$ 7,554,743</u>	<u>\$ 1,628,869</u>	<u>\$ 58,717</u>	<u>\$ 4,582</u>

Component Unit

	Rosenberg Development Corporation
Receivables:	
Taxes	\$ 614,582
Other	<u>310</u>
Total	<u>\$ 614,892</u>

All of the City and Component Unit's receivables are considered collectible. 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. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
General fund:	
Delinquent property taxes receivable	\$ 162,237
Municipal court fines	<u>149,106</u>
Total general fund	311,343
Debt service fund:	
Delinquent property taxes receivable	167,639
Receivable from Rosenberg Development Corporation	<u>7,370,710</u>
Total debt service fund	7,538,349
 Total deferred revenue for governmental funds	 <u>\$ 7,849,692</u>

E. Capital Assets

	<u>Balance</u> <u>Beginning</u>	<u>Increases</u>	<u>Decreases /</u> <u>Reclassification</u>	<u>Balance</u> <u>Ending</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,402,887	\$ 455,955	\$ -	\$ 5,858,842
Construction in progress	<u>12,593,018</u>	<u>6,783,880</u>	<u>(13,778,743)</u>	<u>5,598,155</u>
Total capital assets not being depreciated	<u>17,995,905</u>	<u>7,239,835</u>	<u>(13,778,743)</u>	<u>11,456,997</u>
Capital assets being depreciated:				
Buildings and improvements	10,271,455	-	-	10,271,455
Machinery and equipment	11,371,706	1,187,088	<u>(1,228,207)</u>	11,330,587
Infrastructure	<u>80,228,377</u>	<u>13,790,743</u>	<u>-</u>	<u>94,019,120</u>
Total capital assets being depreciated	<u>101,871,538</u>	<u>14,977,831</u>	<u>(1,228,207)</u>	<u>115,621,162</u>
Less: accumulated depreciation for:				
Buildings and improvements	<u>(5,030,284)</u>	<u>(272,951)</u>	<u>-</u>	<u>(5,303,235)</u>
Machinery and equipment	<u>(7,717,653)</u>	<u>(778,903)</u>	<u>1,228,207</u>	<u>(7,268,349)</u>
Infrastructure	<u>(23,828,966)</u>	<u>(2,248,431)</u>	<u>-</u>	<u>(26,077,397)</u>
Total accumulated depreciation	<u>(36,576,903)</u>	<u>(3,300,285)</u>	<u>1,228,207</u>	<u>(38,648,981)</u>
Total capital assets being depreciated, net	<u>65,294,635</u>	<u>11,677,546</u>	<u>-</u>	<u>76,972,181</u>
Governmental activities, capital assets, net	<u>\$ 83,290,540</u>	<u>\$ 18,917,381</u>	<u>\$(13,778,743)</u>	<u>\$ 88,429,178</u>

	Balance Beginning	Increases	Decreases	Balance Ending
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 363,209	\$ -	\$ -	\$ 363,209
Construction in progress	<u>1,505,180</u>	<u>4,517,067</u>	<u>(1,679,165)</u>	<u>4,343,082</u>
Total capital assets not being depreciated	<u>1,868,389</u>	<u>4,517,067</u>	<u>(1,679,165)</u>	<u>4,706,291</u>
Capital assets being depreciated:				
Machinery and equipment	2,018,886	141,324	-	2,160,210
Water and wastewater system	<u>64,575,992</u>	<u>1,679,165</u>	<u>-</u>	<u>66,255,157</u>
Total capital assets being depreciated	<u>66,594,878</u>	<u>1,820,489</u>	<u>-</u>	<u>68,415,367</u>
Less: accumulated depreciation for:				
Machinery and equipment	(1,353,188)	(92,862)	-	(1,446,050)
Water and wastewater system	<u>(20,329,648)</u>	<u>(2,446,085)</u>	<u>-</u>	<u>(22,775,733)</u>
Total accumulated depreciation	<u>(21,682,836)</u>	<u>(2,538,947)</u>	<u>-</u>	<u>(24,221,783)</u>
Total capital assets being depreciated, net	<u>44,912,042</u>	<u>(718,458)</u>	<u>-</u>	<u>44,193,584</u>
Business-type activities, capital assets, net	<u>\$ 46,780,431</u>	<u>\$ 3,798,609</u>	<u>\$ (1,679,165)</u>	<u>\$ 48,899,875</u>

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

Governmental activities:	
General government	\$ 103,779
Public safety	692,662
Public works	2,230,172
Community development	<u>273,672</u>
Total depreciation expense - governmental activities	<u>\$ 3,300,285</u>
Business-type activities:	
Water and wastewater	<u>\$ 2,538,947</u>
Total depreciation expense - business-type activities	<u>\$ 2,538,947</u>

F. Construction and Other Significant Commitments

Construction in progress for the various projects and remaining commitments under these construction contracts as of September 30, 2013, is as follows:

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Governmental activities:		
Animal Control Facility	\$ 648,500	\$ 79,156
2011 Stree Paving Program	220,590	79,410
Fire Station No. 3	1,912,174	836,765
Downtown Building Renovation	27,774	882,293
Bamore Road mobility - Phase III	1,144,180	1,018,051
Spacek Road Phase II	-	665,296
One Way Pairs	1,011,306	950,694
Police Safety Communication System	1,428,879	321,121
Airport Avenue Improvements	208,685	2,191,315
Old Richmond Road Improvements	-	500,000
School Sidewalk Project	126,188	223,812
Parks Building Repairs	203,620	71,380
Police Dept Roof Replacement	312,763	107,737
Existing Sidewalk Repair/Replacement Project	-	250,000
Bryan Road	20,114	869,886
Highway 36 Drainage	-	75,000
Bamore Road Phase IV	12,841	987,159
Herdon/Mustang Storm Sewer Project	-	117,500
Seabourne Creek Drainage Phase III	-	324,614
Dry Creek Phase	-	10,398
	<u> </u>	<u> </u>
Totals	\$ <u>7,277,614</u>	\$ <u>10,561,587</u>

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Business-type activities:		
Terry High School Reuse Project	\$ 895,938	\$ 731,531
SCADA System	195,754	20,714
Water Well #5 Storage Tank	2,267,039	1,580,961
Water Plant #2 Elevated Storage Tank	161,438	188,562
Avenue M & Houston St. Sewer	34,070	22,439
North Side Sewer Phase VIII	243,252	48,103
	<u> </u>	<u> </u>
Totals	\$ <u>3,797,491</u>	\$ <u>2,592,310</u>

G. Long-term Debt

General Obligation Bonds and Certificates of Obligation

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

A summary of governmental activities general obligation bonds, certificates of obligation, tax notes and notes payable outstanding as of September 30, 2013, follows.

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Governmental Activities:				
General Obligation Bonds:				
Series 2007 General Obligation Bonds	\$ 3,200,000	2027	4.13-6.0	\$ 2,575,000
Series 2009 General Obligation and Refunding Bonds	9,170,000	2029	2.5-4.75	6,025,000
Series 2010 General Obligation Bonds	2,635,000	2030	4.0-4.25	2,380,000
Series 2010 General Obligation and Refunding Bonds	1,920,000	2014	1.5-2.0	300,000
Series 2011 General Refunding Bonds	4,860,000	2021	2.0-4.0	3,505,000
Series 2012 General Obligation Refunding bonds	1,575,000	2024	2.0	<u>1,575,000</u>
Total General Obligation Bonds				<u>16,360,000</u>
Certificates of Obligation:				
Series 2006 Certificates of Obligation	4,565,000	2027	4.0-4.25	3,575,000
Series 2007 Certificates of Obligation	4,570,000	2028	4.0-4.75	3,820,000
Series 2008 Certificates of Obligation	6,080,000	2028	3.5-4.0	5,055,000
Series 2008A Certificates of Obligation	1,800,000	2029	4.25-5.0	1,560,000
Series 2009 Certificates of Obligation	1,670,000	2029	2.5-4.75	1,370,000
Series 2010A Certificates of Obligation	2,800,000	2030	3.0-4.25	2,530,000
Series 2010B Certificates of Obligation	7,730,000	2030	2.4-3.9	6,790,000
Series 2010C Certificates of Obligation	2,775,000	2020	1.5-3.0	2,040,000
Series 2012 Certificates of Obligation	8,600,000	2032	0.4-3.3	8,170,000
Series 2012A certificates of obligation	1,185,000	2023	2.0-3.0	1,185,000
Series 2013 certificates of obligation	9,000,000	2033	2.0-2.75	9,000,000
Series 2013A certificates of obligation	650,000	2023	1.92	<u>650,000</u>
Total Certificates of Obligation				<u>45,745,000</u>
Tax notes:				
Series 2007 Tax Notes	475,000	2014	3.79-4.07	80,000
Series 2007A Tax Notes	575,000	2014	3.64	90,000
Series 2008 Tax Notes	985,000	2015	3.48	<u>310,000</u>
Total Tax Notes				<u>480,000</u>
Notes Payable:				
State Infrastructure Bank Loan	450,000	2014	3.00	6,491
State Infrastructure Bank Loan	1,000,000	2016	3.25	<u>456,104</u>
Total Notes Payable				<u>462,595</u>
Total Governmental Activities				<u>\$ 63,047,595</u>

In October 2012, the City issued \$1,575,000 Series 2012 General Obligations Refunding bonds for a current refunding of \$1,575,000 of 2003 Certificates of Obligation. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeds the net carrying amount of the old debt by \$32,719. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. The transaction also resulted in an economic gain of \$168,748 and a reduction of \$194,348 in future debt service payments.

The annual requirements to amortize all primary government general obligation bonds, certificates of obligation and notes payable outstanding as of September 30, 2013, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2014	\$ 4,903,690	\$ 2,028,830
2015	4,546,983	1,873,031
2016	4,491,922	1,726,145
2017	4,455,000	1,577,790
2018	3,725,000	1,449,721
2019-2023	17,635,000	5,525,967
2024-2028	16,515,000	2,602,020
2029-2033	<u>6,775,000</u>	<u>381,873</u>
	<u>\$ 63,047,595</u>	<u>\$ 17,165,377</u>

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The following is a summary of revenue bonds outstanding as of September 30, 2013:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Business-type activities:				
Series 2010 TWDB Combination Tax and Surplus Revenue	\$ 394,000	2029	N/A	<u>\$ 334,000</u>
Total Revenue Bonds				<u>\$ 334,000</u>

The annual requirements to amortize all revenue bonds outstanding as of September 30, 2013, are as follows:

<u>Year Ending September 30,</u>	<u>Business-type Activities Principal</u>
2014	\$ 20,000
2015	20,000
2016	21,000
2017	21,000
2018	21,000
2019-2023	105,000
2024-2028	105,000
2029	<u>21,000</u>
	<u>\$ 334,000</u>

Notes Payable

Portions of the 2008, 2009, 2010A and 2010C certificates of obligation are payable by forming the Rosenberg Development Corporation in the amounts of \$2,095,000, \$685,000, \$270,710, and \$2,040,000, respectively. A portion of the 2011 and 2012 general obligation refunding bonds are also being paid from the Rosenberg Development Corporation in the amount of \$945,000 and 1,025,000. Lastly, the Corporation is also responsible for paying \$310,000 of the 2008 tax notes. These amounts are being shown as liabilities in the Rosenberg Development Corporation as these amounts have been guaranteed by the Corporation. The amounts are also shown as liabilities in the governmental activities of the City as the actual debt is in the name of the City of Rosenberg, Texas and the City is ultimately responsible for the repayment of the debt. The debt in the governmental activities is being offset by a note receivable from the Rosenberg Development Corporation.

The annual requirements to amortize the Rosenberg Development Corporation's portion of these liabilities outstanding as of September 30, 2013, are as follows:

<u>Year Ending September 30,</u>	<u>Rosenberg Development Corporation</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 779,700	\$ 219,694
2015	802,235	197,708
2016	652,770	177,221
2017	657,305	160,476
2018	672,840	147,957
2019-2023	2,446,580	447,463
2024-2028	1,264,875	147,615
2029-2033	<u>94,405</u>	<u>3,110</u>
	<u>\$ 7,370,710</u>	<u>\$ 1,501,244</u>

The City also entered into a note payable with the State Energy Conservation Office for energy conservation projects at various departments throughout the City. This is a note payable in the Water and Wastewater Fund.

The annual requirements to amortize the note payable outstanding as of September 30, 2013, are as follows:

Year Ending September 30,	SECO Notes Payable	
	Principal	Interest
2014	\$ 551,700	\$ 100,982
2015	568,439	84,244
2016	585,685	66,998
2017	603,454	49,229
2018	621,762	30,920
2019	<u>597,976</u>	<u>12,057</u>
	<u>\$ 3,529,016</u>	<u>\$ 344,430</u>

The following is a summary of changes in the City's total governmental and business-type long-term liabilities for the year ended September 30, 2013.

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 16,890,000	\$ 1,575,000	\$ 2,105,000	\$ 16,360,000	\$ 2,065,000
Certificates of obligation	38,435,000	10,835,000	3,525,000	45,745,000	2,355,000
Tax notes	790,000	-	310,000	480,000	320,000
Bond issuance premiums	575,279	227,641	44,231	758,689	51,947
Loss on refunding bonds	(59,734)	-	(59,734)	-	-
Total bonds payable	<u>56,630,545</u>	<u>12,637,641</u>	<u>5,924,497</u>	<u>63,343,689</u>	<u>4,791,947</u>
Notes payable	675,009	-	212,414	462,595	158,474
Compensated absences	407,551	75,295	22,240	460,606	46,061
Net pension obligation	903,038	1,683,548	1,671,562	915,024	-
OPEB obligation	<u>3,579,231</u>	<u>888,049</u>	<u>131,023</u>	<u>4,336,257</u>	<u>-</u>
Total governmental activities	<u>\$ 62,195,374</u>	<u>\$ 15,284,533</u>	<u>\$ 7,961,736</u>	<u>\$ 69,518,171</u>	<u>\$ 4,996,482</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 1,614,000	\$ -	\$ 1,280,000	\$ 334,000	\$ 20,000
Capital leases	1,483,394	-	12,397	1,470,997	49,253
Notes payable	4,065,987	-	536,971	3,529,016	551,700
Compensated absences	<u>57,483</u>	<u>3,598</u>	<u>3,839</u>	<u>57,242</u>	<u>5,724</u>
Total business-type activities	<u>\$ 7,220,864</u>	<u>\$ 3,598</u>	<u>\$ 1,833,207</u>	<u>\$ 5,391,255</u>	<u>\$ 626,677</u>
Discretely presented component unit:					
Notes payable	<u>\$ 8,118,375</u>	<u>\$ 1,025,000</u>	<u>\$ 1,772,665</u>	<u>\$ 7,370,710</u>	<u>\$ 779,700</u>
Total discretely presented component unit	<u>\$ 8,118,375</u>	<u>\$ 1,025,000</u>	<u>\$ 1,772,665</u>	<u>\$ 7,370,710</u>	<u>\$ 779,700</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

For governmental activities, compensated absences and other postemployment benefit obligations are generally liquidated by the General Fund.

Federal Tax Compliance (Arbitrage) for Long-term Debt

In accordance with provisions of Section 148 of the Internal Revenue Code of 1986, as amended, (the “Code”) the City’s long-term debt obligations must meet certain minimum criteria to be considered and continue to be considered “tax exempt.” This “tax exempt” status means that interest income earned by purchasers of the City’s long-term debt instruments is not subject to federal income taxes. Related Treasury Regulations promulgated under section 148 of the Code generally provide that the determination of whether these obligations are tax exempt is made as of the date such obligations are issued based on a reasonable expectations regarding the use of the proceeds of the bonds issued. Long-term debt that does not meet and continue to meet the minimum criteria of Section 148 of the Code and the related Treasury Regulations described above are considered “arbitrage bonds” and are not considered “tax exempt” as described above.

Rebate

Obligations will become arbitrage bonds (as described above) if certain arbitrage profits are not paid to the federal government as rebate under section 148(f) of the Code. The City’s obligations to calculate and make rebate payments (if any) will continue as long as there are gross proceeds allocable to outstanding debt issues. The City has performed calculations required under section 148(f) of the Code and has no present liability nor has the City ever been required to make rebate payments for issued debt in past years.

Unexpended Debt Issuance Proceeds (Yield Restriction Requirements)

Section 148 of the Code also provides that in order for debt not to be considered arbitrage bonds (as described above), proceeds of such debt must be invested at a yield that is not materially higher than the yield on the debt issued starting on the third anniversary of the issue date of such debt. Accordingly, any unexpended proceeds of debt issued by the City that remain unexpended more than three years after such debt was issued should be yield restricted. The yield restriction may be accomplished by making yield reduction payments pursuant to Treas. Reg. Section 1.148-5(c). The City presently has unexpended proceeds from certain debt issues that require yield restriction as described above. The City is currently in compliance with these yield restriction requirements and does not anticipate associated significant noncompliance issues. The City is continuing to proceed with reasonable diligence to expend any remaining unexpended debt issuance proceeds on qualifying projects or to retire related debt issues still outstanding.

Capital Lease Obligations

The City has entered into capital lease agreements in order to fund energy conservation projects and equipment. The capital lease obligations are paid out of the Water and Wastewater Fund.

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 1,779,935
Less: accumulated depreciation	(635,477)
	<u>\$ 1,144,458</u>

Following is a summary of future lease payments due on these acquisitions:

<u>Year Ending</u> <u>September 30,</u>	<u>Business-type</u> <u>Activities</u> <u>Scheduled Payments</u>
2014	124,295
2015	150,646
2016	159,233
2017	159,233
2018	159,234
2019-2022	<u>1,184,408</u>
Total minimum lease payments	1,937,049
Less interest portion	(466,052)
	<u>\$ 1,470,997</u>

Fund balances for all the major and nonmajor governmental funds as of September 30, 2013, were distributed as follows:

	<u>General</u>	<u>Debt</u> <u>Service</u>	<u>2013</u> <u>Certificates</u> <u>of Obligation</u>	<u>Other</u> <u>Governmental</u>	<u>Total</u>
Nonspendable:					
Inventory	\$ 26,825	\$ -	\$ -	\$ -	\$ 26,825
Prepays	<u>26,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,593</u>
Subtotal	<u>53,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,418</u>
Restricted for:					
Economic development	-	-	-	1,283,336	1,283,336
Court security and tech	-	-	-	208,470	208,470
Community development	-	-	-	2,199,201	2,199,201
Law enforcement	-	-	-	386,903	386,903
Fire services	-	-	-	1,517,302	1,517,302
Capital projects	-	-	6,957,648	5,639,385	12,597,033
Debt service	<u>-</u>	<u>5,005,027</u>	<u>-</u>	<u>-</u>	<u>5,005,027</u>
Subtotal	<u>-</u>	<u>5,005,027</u>	<u>6,957,648</u>	<u>11,234,597</u>	<u>23,197,272</u>
Assigned to:					
Emergency management	500,982	-	-	-	500,982
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>500,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,982</u>
Unassigned	<u>7,834,098</u>	<u>-</u>	<u>-</u>	<u>(835)</u>	<u>7,833,263</u>
Total	<u>\$ 8,388,498</u>	<u>\$ 5,005,027</u>	<u>\$ 6,957,648</u>	<u>\$ 11,233,762</u>	<u>\$ 31,584,935</u>

V. OTHER INFORMATION

A. Texas Municipal Retirement System

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, TX 787149153 or by calling 800-924-8677; in addition, the report is available on TMRS’s website at www.TMRS.com.

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

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
Employee deposit rate	6.00%	6.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating transfers	100% repeating transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contributions rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll form 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 repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that 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:

	2011	2012	2013
Annual required contributions (ARC)	\$ 1,750,458	\$ 1,608,874	\$ 1,675,872
Interest on Net Pension Obligation	40,526	57,417	63,213
Adjustment to the ARC	(33,591)	(49,356)	(55,537)
Annual Pension Cost	1,757,393	1,616,935	1,683,548
Contributions made	(1,477,500)	(1,534,138)	(1,671,562)
Increase in Net Pension Obligation	279,893	82,797	11,986
Net Pension Obligation/(Asset) beginning of year	540,348	820,241	903,038
Net Pension Obligation/(Asset) end of year	820,241	903,038	915,024
Contributions as a percent of the APC	84.07%	94.88%	99.29%

The required contribution rates for the 2013 fiscal year 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:

Actuarial Valuation Date	12/31/10	12/31/11	12/31/12
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	27.1 years; closed period	26.1 years; closed period	25.2 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment rate of return*	7.0%	7.0%	7.0%
Projected salary increases*	varies by age and service	varies by age and service	varies by age and service
*Includes inflation at	3.00%	3.00%	3.00%
Cost-of-living adjustments	2.10%	2.10%	2.10%

Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 49,781,186
Actuarial value of plan assets	<u>39,998,981</u>
Unfunded (overfunded) actuarial accrued liability (UAAL)	\$ <u>9,782,205</u>
Funded ratio (actuarial value of plan assets/AAL)	89.3%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 10,954,049
UAAL as a percentage of covered payroll	89.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Supplemental Death Benefits Fund

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

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

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

The City's annual required contributions to the TMRS SDBF for the years ending 2013, 2012 and 2011 are as follows:

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
2011	0.03%	0.03%	100.0%
2012	0.03%	0.03%	100.0%
2012	0.03%	0.03%	100.0%

B. Texas Statewide Emergency Services Personnel Retirement Fund

Plan Description

The City participates in the Texas Statewide Emergency Services Personnel Retirement Fund (the "Fund"), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. The Fund provides retirement, disability, and death benefits to plan members and their beneficiaries. State statutes authorize the State to establish and amend all plan provisions. The Fund does not issue a stand-alone financial report, but is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. A report may be obtained by contacting the Texas Comptroller (Post Office Box 13528, Capitol Station, Austin, Texas 78711).

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the State. No contributions are required by volunteer emergency services personnel. The City is required to contribute at least \$12 per month for each active member and can elect to increase the monthly amount. Additional contributions may be required by the City to pay for unfunded prior service costs from a prior plan or to establish credit in the Fund for service prior to entry in the Fund. The City's contributions to the Fund for the years ended September 30, 2012, 2011, and 2010 were \$64,888, \$62,640, and \$59,339, respectively, and were equal to the required contributions for each year.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all fulltime City employees at their option and permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

C. Other Post-Employment Benefits

Plan Description

In addition to pension benefits, the City sponsors an agent multiple-employer defined benefit plan to provide medical coverage to its eligible retirees. The City contracts with Blue Cross Blue Shield and Aetna who offers a PPO medical plan for retirees who choose to participate in the plan. The City funds approximately \$425 per month of the premium to its health insurance plan for eligible retirees on a pay-as-you-go basis for retirees who are under 65 years old and \$250 per month for retirees over 65 years old. It has been the City's practice that retired employees who have five (5) years of service at the age of sixty (60) or twenty (20) years of service at the time of retirement are eligible to participate in the City's medical coverage program for a percentage of the premium to be paid by the retired employee based upon years of service. Similarly, employees who become disabled, while on duty, may also be eligible for insurance or similar retirement benefits for the City.

A separate, publicly available, audited GAAP-basis postemployment benefit plan report is not issued.

The contribution requirements of plan members and the City are established and may be amended by the City's executive branch. The City recognizes its share of the cost of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The City contributed approximately \$131,023 for the fiscal year ending September 30, 2013. At September 30, 2013, there were approximately 31 participants eligible to receive such benefits.

The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 14.43 percent of annual covered payroll.

The following table shows the calculation of the Annual Required Contribution and the Net OPEB Obligation.

	Fiscal Year Ending <u>09/30/13</u>
Determination of annual required contribution	
Normal cost at fiscal year-end	\$ 475,155
Amortization of unfunded actuarial accrued liability	<u>480,482</u>
Annual required contribution (ARC)	955,637
Determination of net OPEB obligation	
Annual required contribution	955,637
Interest on prior year net OPEB obligation	143,169
Adjustment to ARC	<u>(210,757)</u>
Annual OPEB cost	888,049
Less: assumed contribution made	<u>(131,023)</u>
Estimate increase in net OPEB obligation	757,026
Net OPEB obligation, beginning	<u>3,579,231</u>
Net OPEB obligation, ending	<u>\$ 4,336,257</u>

The City's annual OPEB cost, percentage of OPEB cost contributed, and net OPEB obligation for the prior three years is as follows:

<u>Fiscal Year-end</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/11	\$ 1,072,099	10.50%	\$ 2,700,334
09/30/12	991,966	11.40%	3,579,231
09/30/13	888,049	14.75%	3,579,231

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2013, the most recent valuation of the plan, was as follows:

Actuarial accrued liability (AAL)	\$ 17,083,706
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	17,083,706
Funded ratio (actuarial value of plan)	- %
Covered payroll (active plan members)	<u>\$ 11,263,422</u>
UAAL as a percentage of covered payroll	151.7%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, 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 for benefits.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The ARC for the plan’s initial year was determined as part of the October 1, 2013 actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level percentage of payroll, closed
Remaining amortization period	27 years
Inflation rate	3.00%
Asset valuation method	5-year smoothed market
Investment return	4.00%
Projected salary increases	5.50%
Cost of living adjustments	3.00%
Health care cost trend rate	10.00%

D. Interfund Transfers

The interfund transfers as of September 30, 2013, are as follows:

	Transfers in				
	General	Debt Service	Nonmajor Governmental	Water and Wastewater	Total
Transfers out:					
General	\$ -	\$ -	\$ 1,626,553	\$ 74,501	\$ 1,701,054
Hotel/motel tax	-	-	-	-	-
2013 Certificates of obligation	-	-	-	558,384	558,384
Nonmajor governmental funds	36,510	64,683	362,227	3,572,251	4,035,671
Water and wastewater	<u>1,466,536</u>	<u>1,576,249</u>	<u>46,321</u>	<u>-</u>	<u>3,089,106</u>
Internal service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,503,046</u>	<u>\$ 1,640,932</u>	<u>\$ 2,035,101</u>	<u>\$ 4,205,136</u>	<u>\$ 9,384,215</u>

Transfers are used to move revenues from the fund with collection authorization to other funds to finance various programs and projects of the City.

During the 2013 fiscal year, the transfers to the General Fund from the various funds were made to reimburse the General Fund for various services including, but not limited to, staffing for various special events and financial and project management services. The transfers to the Debt Service Fund from the various funds were made to reimburse the Debt Service Fund for debt that was issued for projects for those funds and backed by ad valorem taxes. The transfers to the Water and Wastewater Fund were made since water/wastewater projects were completed that were funded with general obligation bond funds. The transfers are recorded when the assets are booked.

E. Risk Management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The City has not significantly reduced insurance coverage or had settlements, which exceeded coverage amounts for the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs). Claim liabilities are calculated considering effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is only reported in the government-wide financial statements because it is not expected to be liquidated with expandable available financial resources. However, none was at September 30, 2013.

The City has established a Health Insurance Internal Service Fund. The purpose of this fund is to pay medical premiums of the City employees and their covered dependents and minimize the total cost of annual medical insurance to the City. Charges to other funds and charges to employees provide revenue for the Health Insurance Fund.

F. Joint Venture (RRLGC)

The Richmond-Rosenberg Local Government Corporation was organized for the purpose of aiding, assisting and acting on behalf of the City of Richmond, Texas, and the City of Rosenberg, Texas, in the performance of the governmental functions thereof in order to promote the common good and general welfare, including, without limitation, acquiring, constructing, leasing, improving, enlarging, extending, repairing, maintaining and operating a regional water utility system. The Board of Directors consists of five members. Two Directors are appointed by a resolution adopted by the Richmond City Commission, two Directors are appointed by a resolution adopted by the City of Rosenberg City Council and one Director is appointed jointly by a resolution of the Richmond City Commission and the Rosenberg City Council.

During fiscal year 2013, the City contributed \$299,252 to the operations of the RRLGC. Based upon the FY 2013 budget, the City has a 60% share in the equity of the RRLGC, accounted for in the government-wide statement of net position. As of September 30, 2013, the City's share in the equity for the RRLGC is \$0 as there is no equity in the RRLGC as of September 30, 2013. The RRLGC issues separate financial statements which are available from the City's Financial Department.

G. Commitments and Contingencies

The Rosenberg Development Corporation entered into an incentive agreement dated September 2013 with an outside entity to promote economic development. Under this agreement the RDC has agreed to pay \$500,000 to the entity if the entity meets certain requirements by a specified date. The RDC has paid these funds to the City to be held in the RDC Projects Fund.

H. Prior Period Adjustments

The Rosenberg Development Corporation makes four quarterly payments to the City of Rosenberg for administration services. During fiscal year 2012 the fourth quarter payment for the period ending September 30, 2012 was not booked as a liability or as a receivable by the City.

As a result of this both the City and the RDC have a prior period adjustment in the amount of \$59,142. Recording this adjustment resulted in an increase to beginning net position of \$59,142 in the governmental activities of the City. The adjustment also resulted in a decrease to beginning net position of \$59,142 for the RDC.

I. Subsequent Events

On January 21, 2014, the City issued \$1,565,000 of Series 2014 General Obligation Bonds to fund the acquisition, construction and improvement of certain public works projects. The interest rates on the bonds range from 3.0-4.0% and the final maturity date is on March 1, 2034.

In February of 2014, the City of Rosenberg and the Rosenberg Development Corporation passed resolutions to decrease the Corporation's share of debt owed to the city by \$1.7 million in exchange for RDC funding \$1.7 million of the City's portion of the Rosenberg Business Park Phase 1 improvements.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013			Variance from Final
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 3,944,700	\$ 3,944,700	\$ 4,054,557	\$ 109,857
Sales and use taxes	9,053,000	9,425,462	10,537,605	1,112,143
Franchise taxes	1,583,000	1,583,000	1,721,522	138,522
Licenses and permits	417,375	417,375	613,391	196,016
Fines and forfeitures	566,600	566,600	573,488	6,888
Fees and charges for services	3,517,002	3,679,952	3,803,530	123,578
Intergovernmental	833,175	885,135	969,403	84,268
Investment earnings	10,500	10,500	7,225	(3,275)
Other	173,900	194,263	285,537	91,274
Total revenue	<u>20,099,252</u>	<u>20,706,987</u>	<u>22,566,258</u>	<u>1,859,271</u>
EXPENDITURES				
General government:				
Mayor and City Council	43,845	44,345	36,579	7,766
City manager	1,022,510	1,023,805	984,652	39,153
City secretary	212,636	227,481	220,502	6,979
Finance	487,937	489,562	483,094	6,468
Legal	200,000	200,000	173,717	26,283
Municipal court	353,759	353,759	327,651	26,108
General government	<u>1,004,636</u>	<u>1,288,308</u>	<u>1,040,914</u>	<u>247,394</u>
Total general government	<u>3,325,323</u>	<u>3,627,260</u>	<u>3,267,109</u>	<u>360,151</u>
Public safety:				
Police and emergency management	6,906,104	7,030,310	6,708,050	322,260
Fire and fire marshal	3,505,186	3,522,048	3,366,101	155,947
Animal control	153,967	156,447	148,107	8,340
School officers and crossing guards	823,175	823,175	757,155	66,020
Total public safety	<u>11,388,432</u>	<u>11,531,980</u>	<u>10,979,413</u>	<u>552,567</u>
Public works:				
Streets and drainage	3,655,042	3,834,842	3,727,285	107,557
Street lighting and signals	458,000	458,000	410,935	47,065
Fleet maintenance	276,726	279,941	269,051	10,890
Total public works	<u>4,389,768</u>	<u>4,572,783</u>	<u>4,407,271</u>	<u>165,512</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013			Variance from Final
	Original Budget	Final Budget	Actual	
EXPENDITURES (Continued)				
Community development:				
Engineering	\$ 127,000	\$ 201,450	\$ 192,889	\$ 8,561
Planning	223,382	223,382	212,353	11,029
Marketing and public affairs	92,267	93,217	92,911	306
Parks and recreation	908,766	931,081	871,541	59,540
Civic and convention center	224,613	263,011	229,790	33,221
Code enforcement	473,681	473,681	455,080	18,601
Public health	114,571	114,571	97,901	16,670
Total community development	<u>2,164,280</u>	<u>2,300,393</u>	<u>2,152,465</u>	<u>147,928</u>
Capital outlay	<u>38,175</u>	<u>53,175</u>	<u>39,298</u>	<u>13,877</u>
Total expenditures	<u>21,305,978</u>	<u>22,085,591</u>	<u>20,845,556</u>	<u>1,240,035</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,206,726)</u>	<u>(1,378,604)</u>	<u>1,720,702</u>	<u>3,099,306</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	19,666	19,666
Sale of capital asset	5,000	5,000	7,386	2,386
Transfers in	1,505,036	1,505,036	1,503,046	(1,990)
Transfers out	(1,139,022)	(1,701,054)	(1,701,054)	-
Total other financing sources (uses)	<u>371,014</u>	<u>(191,018)</u>	<u>(170,956)</u>	<u>20,062</u>
NET CHANGE IN FUND BALANCE	(835,712)	(1,569,622)	1,549,746	3,119,368
FUND BALANCE, BEGINNING	<u>6,779,610</u>	<u>6,779,610</u>	<u>6,779,610</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>59,142</u>	<u>59,142</u>
FUND BALANCE, ENDING	<u>\$ 5,943,898</u>	<u>\$ 5,209,988</u>	<u>\$ 8,388,498</u>	<u>\$ 3,178,510</u>

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CITY OF ROSENBERG, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETS AND BUDGETARY ACCOUNTING

Annual appropriated budgets are adopted for the General, Special Revenue, and Debt Service Funds on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Management has the authority to transfer available funds allocated by the budget from one function or activity to another function or activity within the same department.

In cooperation with the department heads of the City, the City Manager and Director of Finance prepare an annual budget for the General, Special Revenue, and Debt Service Funds for the ensuing fiscal year, in a form and style as deemed desirable by Council. The budget, as adopted, must set forth the appropriations for services, functions, and activities of the various City departments and agencies, and shall meet all fund requirements provided by law and required by applicable bond covenants.

CITY OF ROSENBERG, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUDING PROGRESS FOR TMRS
SEPTEMBER 30, 2013

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. The information presented below represents the City's Schedule of Funding Progress.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/10	\$ 33,596,232	\$ 44,292,378	\$ 10,696,146	75.9%	\$ 10,920,821	97.9%
12/31/11	36,806,979	47,436,952	10,629,973	77.6%	10,829,323	98.2%
12/31/12	39,998,981	49,718,186	9,719,205	80.5%	10,954,049	88.7%

Note: 2010 indicates the impact of Senate Bill 350 enacted by the Texas Legislature in June 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010.

CITY OF ROSENBERG, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUDING PROGRESS FOR TMRS
POST-RETIREMENT HEALTH CARE BENEFIT PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/(c)</u>
10/01/08	\$ -	\$ 19,612,267	- %	\$ 19,612,267	\$ 10,244,563	52.24%
10/01/11	-	17,083,706	- %	17,083,706	10,920,821	63.93%

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 5,493,863	\$ 7,768,482	\$ 13,262,345
Receivables			
Taxes	58,717	-	58,717
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,552,580</u>	<u>\$ 7,768,482</u>	<u>\$ 13,321,062</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 193,114	\$ 1,887,794	\$ 2,080,908
Accrued liabilities	<u>4,978</u>	<u>1,414</u>	<u>6,392</u>
Total liabilities	<u>198,092</u>	<u>1,889,208</u>	<u>2,087,300</u>
Fund balances:			
Restricted	5,355,323	5,879,274	11,234,597
Unassigned	<u>(835)</u>	<u>-</u>	<u>(835)</u>
Total fund balances	<u>5,354,488</u>	<u>5,879,274</u>	<u>11,233,762</u>
Total liabilities and fund balances	<u>\$ 5,552,580</u>	<u>\$ 7,768,482</u>	<u>\$ 13,321,062</u>

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

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Sales tax	\$ 590,488	\$ -	\$ 590,488
Franchise tax	58,680	-	58,680
Fines and forfeitures	84,202	-	84,202
Fees and charges for services	-	32,092	32,092
Intergovernmental revenue	2,417,645	809,671	3,227,316
Investment earnings	5,417	16,586	22,003
Other	<u>241,610</u>	<u>9,070</u>	<u>250,680</u>
Total revenues	<u>3,398,042</u>	<u>867,419</u>	<u>4,265,461</u>
EXPENDITURES			
Current:			
General government	42,375	-	42,375
Public safety	147,270	-	147,270
Community Development	375,806	-	375,806
Capital outlay	1,160,771	6,970,331	8,131,102
Debt issuance costs	-	86,302	86,302
Public works	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,726,222</u>	<u>7,056,633</u>	<u>8,782,855</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>1,671,820</u>	<u>(6,189,214)</u>	<u>(4,517,394)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	4,779	20,500	25,279
Debt issuance	-	1,835,000	1,835,000
Premium on debt	-	73,365	73,365
Transfers in	577,321	1,457,780	2,035,101
Transfers out	<u>(968,917)</u>	<u>(3,066,754)</u>	<u>(4,035,671)</u>
Total other financing sources (uses)	<u>(386,817)</u>	<u>319,891</u>	<u>(66,926)</u>
NET CHANGE IN FUND BALANCES	1,285,003	(5,869,323)	(4,584,320)
FUND BALANCES, BEGINNING	<u>4,069,485</u>	<u>11,748,597</u>	<u>15,818,082</u>
FUND BALANCES, ENDING	<u>\$ 5,354,488</u>	<u>\$ 5,879,274</u>	<u>\$ 11,233,762</u>

**CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2013

	Hotel / Motel Tax	Municipal Court Technology	Beautification	Law Enforcement
ASSETS				
Cash and investments	\$ 1,256,167	\$ 27,702	\$ 36,045	\$ 173,273
Receivables				
Taxes	45,612	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
Total assets	\$ 1,301,779	\$ 27,702	\$ 36,045	\$ 173,273
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 15,886	\$ 479	\$ 251	\$ 24,831
Accrued liabilities	2,557	-	-	-
Total liabilities	18,443	479	251	24,831
Fund balances:				
Restricted	1,283,336	27,223	35,794	148,442
Unassigned	-	-	-	-
Total fund balances	1,283,336	27,223	35,794	148,442
Total liabilities and fund balances	\$ 1,301,779	\$ 27,702	\$ 36,045	\$ 173,273

<u>Community Development Block Grant</u>	<u>Police Asset Forfeiture</u>	<u>Park Land Dedication</u>	<u>Juvenile Case Manager</u>	<u>Municipal Court Child Safety</u>	<u>Municipal Court Building Security</u>	<u>RDC Projects</u>	<u>Mud Fire Services</u>
\$ -	\$ 34,902	\$ 286,190	\$ 171,635	\$ 181,247	\$ -	\$ 1,932,053	\$ 694,376
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 34,902</u>	<u>\$ 286,190</u>	<u>\$ 171,635</u>	<u>\$ 181,247</u>	<u>\$ -</u>	<u>\$ 1,932,053</u>	<u>\$ 694,376</u>
\$ 835	\$ 582	\$ -	\$ -	\$ -	\$ -	\$ 145,775	\$ -
-	-	-	-	-	-	-	-
<u>835</u>	<u>582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,775</u>	<u>-</u>
-	34,320	286,190	171,635	181,247	-	1,786,278	694,376
<u>(835)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(835)</u>	<u>34,320</u>	<u>286,190</u>	<u>171,635</u>	<u>181,247</u>	<u>-</u>	<u>1,786,278</u>	<u>694,376</u>
<u>\$ -</u>	<u>\$ 34,902</u>	<u>\$ 286,190</u>	<u>\$ 171,635</u>	<u>\$ 181,247</u>	<u>\$ -</u>	<u>\$ 1,932,053</u>	<u>\$ 694,376</u>

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
SEPTEMBER 30, 2013

	<u>Police Federal Forfeiture</u>	<u>PEG Capital</u>	<u>Fire Station Number 3 Operating</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and investments	\$ 34,301	\$ 77,834	\$ 588,138	\$ 5,493,863
Receivables				-
Taxes	-	13,105	-	58,717
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 34,301</u>	<u>\$ 90,939</u>	<u>\$ 588,138</u>	<u>\$ 5,552,580</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,795	\$ -	\$ 2,680	\$ 193,114
Accrued liabilities	<u>-</u>	<u>-</u>	<u>2,421</u>	<u>4,978</u>
Total liabilities	<u>1,795</u>	<u>-</u>	<u>5,101</u>	<u>198,092</u>
Fund balances:				
Restricted	32,506	90,939	583,037	5,355,323
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(835)</u>
Total fund balances	<u>32,506</u>	<u>90,939</u>	<u>583,037</u>	<u>5,354,488</u>
Total liabilities and fund balances	<u>\$ 34,301</u>	<u>\$ 90,939</u>	<u>\$ 588,138</u>	<u>\$ 5,552,580</u>

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CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
REVENUES				
Sales tax	\$ 590,488	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Fines and forfeitures	-	18,235	-	-
Intergovernmental revenue	-	-	1,566	211,295
Investment earnings	1,318	37	28	266
Other	<u>49,315</u>	<u>-</u>	<u>24,000</u>	<u>-</u>
Total revenues	<u>641,121</u>	<u>18,272</u>	<u>25,594</u>	<u>211,561</u>
EXPENDITURES				
Current:				
General government	-	24,817	-	-
Public safety	-	-	-	28,982
Community development	371,789	-	4,017	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,936</u>
Total expenditures	<u>371,789</u>	<u>24,817</u>	<u>4,017</u>	<u>218,918</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>269,332</u>	<u>(6,545)</u>	<u>21,577</u>	<u>(7,357)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	4,645
Transfers in	-	-	-	-
Transfers out	<u>(69,683)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(69,683)</u>	<u>-</u>	<u>-</u>	<u>4,645</u>
NET CHANGE IN FUND BALANCES	199,649	(6,545)	21,577	(2,712)
FUND BALANCES, BEGINNING	<u>1,083,687</u>	<u>33,768</u>	<u>14,217</u>	<u>151,154</u>
FUND BALANCES, ENDING	<u>\$ 1,283,336</u>	<u>\$ 27,223</u>	<u>\$ 35,794</u>	<u>\$ 148,442</u>

<u>Community Development Block Grant</u>	<u>Police Asset Forfeiture</u>	<u>Park Land Dedication</u>	<u>Juvenile Case Manager</u>	<u>Municipal Court Child Safety</u>	<u>Municipal Court Building Security</u>	<u>RDC Projects</u>	<u>Mud Fire Services</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	18,242	36,215	11,510	-	-
393,343	-	-	-	-	-	1,278,468	357,449
-	42	301	194	200	-	1,813	805
-	<u>32,293</u>	<u>75,900</u>	-	-	-	<u>60,102</u>	-
<u>393,343</u>	<u>32,335</u>	<u>76,201</u>	<u>18,436</u>	<u>36,415</u>	<u>11,510</u>	<u>1,340,383</u>	<u>358,254</u>
-	-	-	-	17,558	-	-	-
-	14,704	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	<u>42,246</u>	-	-	-	<u>868,042</u>	-
-	<u>14,704</u>	<u>42,246</u>	-	<u>17,558</u>	-	<u>868,042</u>	-
<u>393,343</u>	<u>17,631</u>	<u>33,955</u>	<u>18,436</u>	<u>18,857</u>	<u>11,510</u>	<u>472,341</u>	<u>358,254</u>
-	134	-	-	-	-	-	-
42,094	-	-	-	-	-	-	-
<u>(505,497)</u>	-	-	<u>(13,000)</u>	<u>(4,000)</u>	<u>(11,510)</u>	-	<u>(365,227)</u>
<u>(463,403)</u>	<u>134</u>	-	<u>(13,000)</u>	<u>(4,000)</u>	<u>(11,510)</u>	-	<u>(365,227)</u>
(70,060)	17,765	33,955	5,436	14,857	-	472,341	(6,973)
<u>69,225</u>	<u>16,555</u>	<u>252,235</u>	<u>166,199</u>	<u>166,390</u>	-	<u>1,313,937</u>	<u>701,349</u>
<u>\$(835)</u>	<u>\$ 34,320</u>	<u>\$ 286,190</u>	<u>\$ 171,635</u>	<u>\$ 181,247</u>	<u>\$ -</u>	<u>\$ 1,786,278</u>	<u>\$ 694,376</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Police Federal Forfeiture	PEG Capital	Fire Station Number 3 Operating	Total Nonmajor Governmental Funds
REVENUES				
Sales tax	\$ -	\$ -	\$ -	\$ 590,488
Franchise tax	-	58,680	-	58,680
Fines and forfeitures	-	-	-	84,202
Intergovernmental revenue	24,414	-	151,110	2,417,645
Investment earnings	74	55	284	5,417
Other	-	-	-	241,610
Total revenues	<u>24,488</u>	<u>58,735</u>	<u>151,394</u>	<u>3,398,042</u>
EXPENDITURES				
Current:				
General government	-	-	-	42,375
Public safety	-	-	103,584	147,270
Community development	-	-	-	375,806
Capital outlay	<u>60,547</u>	<u>-</u>	<u>-</u>	<u>1,160,771</u>
Total expenditures	<u>60,547</u>	<u>-</u>	<u>103,584</u>	<u>1,726,222</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,059)</u>	<u>58,735</u>	<u>47,810</u>	<u>1,671,820</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	4,779
Transfers in	-	-	535,227	577,321
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(968,917)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>535,227</u>	<u>(386,817)</u>
NET CHANGE IN FUND BALANCES	<u>(36,059)</u>	<u>58,735</u>	<u>583,037</u>	<u>1,285,003</u>
FUND BALANCES, BEGINNING	<u>68,565</u>	<u>32,204</u>	<u>-</u>	<u>4,069,485</u>
FUND BALANCES, ENDING	<u>\$ 32,506</u>	<u>\$ 90,939</u>	<u>\$ 583,037</u>	<u>\$ 5,354,488</u>

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**CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Seabourne Creek Capacity</u>	<u>Operating Projects</u>	<u>2007 General Obligation</u>	<u>2010 Certificates of Obligation</u>
ASSETS				
Cash and investments	\$ <u>60,972</u>	\$ <u>1,133,400</u>	\$ <u>59,705</u>	\$ <u>134,642</u>
Total assets	\$ <u><u>60,972</u></u>	\$ <u><u>1,133,400</u></u>	\$ <u><u>59,705</u></u>	\$ <u><u>134,641</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 53,893	\$ 370,823	\$ 33,826	\$ 1,305
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	\$ <u><u>53,893</u></u>	\$ <u><u>370,823</u></u>	\$ <u><u>33,826</u></u>	\$ <u><u>1,305</u></u>
Fund balances:				
Restricted	<u>7,079</u>	<u>762,577</u>	<u>25,879</u>	<u>133,336</u>
Total fund balances	<u><u>7,079</u></u>	<u><u>762,577</u></u>	<u><u>25,879</u></u>	<u><u>133,336</u></u>
Total liabilities and fund balances	\$ <u><u>60,972</u></u>	\$ <u><u>1,133,400</u></u>	\$ <u><u>59,705</u></u>	\$ <u><u>134,641</u></u>

<u>2010B Certificates of Obligation</u>	<u>2012 Certificates of Obligation</u>	<u>2012A & 2013A Certificates of Obligation</u>	<u>One-Way Pairs Mobility Project</u>	<u>Fire Station #3 Construction</u>	<u>Bamore Road County Mobility Project</u>
\$ <u>982,305</u>	\$ <u>3,698,285</u>	\$ <u>402,820</u>	\$ <u>2</u>	\$ <u>251,921</u>	\$ <u>387,565</u>
\$ <u>982,304</u>	\$ <u>3,698,285</u>	\$ <u>402,820</u>	\$ <u>2</u>	\$ <u>251,921</u>	\$ <u>387,565</u>
\$ <u>102,107</u> <u>-</u>	\$ <u>1,178,503</u> <u>-</u>	\$ <u>8,152</u> <u>1,414</u>	\$ <u>-</u> <u>-</u>	\$ <u>12,032</u> <u>-</u>	\$ <u>127,151</u> <u>-</u>
\$ <u>102,107</u>	\$ <u>1,178,503</u>	\$ <u>9,566</u>	\$ <u>-</u>	\$ <u>12,032</u>	\$ <u>127,151</u>
<u>880,197</u>	<u>2,519,782</u>	<u>393,254</u>	<u>2</u>	<u>239,889</u>	<u>260,414</u>
<u>880,197</u>	<u>2,519,782</u>	<u>393,254</u>	<u>2</u>	<u>239,889</u>	<u>260,414</u>
\$ <u>982,304</u>	\$ <u>3,698,285</u>	\$ <u>402,820</u>	\$ <u>2</u>	\$ <u>251,921</u>	\$ <u>387,565</u>

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Spacek Road County Mobility Project</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS		
Cash and investments	\$ <u>656,865</u>	\$ <u>7,768,482</u>
Total assets	\$ <u><u>656,865</u></u>	\$ <u><u>7,768,480</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 1,887,792
Accrued liabilities	<u>-</u>	<u>1,414</u>
Total liabilities	\$ <u><u>-</u></u>	\$ <u><u>1,889,206</u></u>
Fund balances:		
Restricted	<u>656,865</u>	<u>5,879,274</u>
Total fund balances	<u><u>656,865</u></u>	<u><u>5,879,274</u></u>
Total liabilities and fund balances	\$ <u><u>656,865</u></u>	\$ <u><u>7,768,480</u></u>

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CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Seabourne Creek Capacity</u>	<u>Operating Projects</u>	<u>2007 General Obligation</u>	<u>2010 Certificates of Obligation</u>
REVENUES				
Fess and charges for services	\$ -	\$ 32,092	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	242	994	797	155
Other	<u>9,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>9,312</u>	<u>33,086</u>	<u>797</u>	<u>155</u>
EXPENDITURES				
Capital outlay	240,001	1,265,087	879,906	1,305
Debt issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>240,001</u>	<u>1,265,087</u>	<u>879,906</u>	<u>1,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(230,689)</u>	<u>(1,232,001)</u>	<u>(879,109)</u>	<u>(1,150)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	20,500	-	-
Transfers in	-	1,428,553	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,449,053</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	<u>(230,689)</u>	<u>217,052</u>	<u>(879,109)</u>	<u>(1,150)</u>
FUND BALANCES, BEGINNING				
	<u>237,768</u>	<u>545,525</u>	<u>904,988</u>	<u>134,486</u>
FUND BALANCES, ENDING				
	<u>\$ 7,079</u>	<u>\$ 762,577</u>	<u>\$ 25,879</u>	<u>\$ 133,336</u>

<u>2010B Certificates of Obligation</u>	<u>2012 Certificates of Obligation</u>	<u>2012A & 2013A Certificates of Obligation</u>	<u>One-Way Pairs Mobility Project</u>	<u>Fire Station #3</u>	<u>Bamore Road County Mobility Project</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	809,671	-
2,691	10,508	70	1	180	386
-	-	-	-	-	-
<u>2,691</u>	<u>10,508</u>	<u>70</u>	<u>1</u>	<u>809,851</u>	<u>386</u>
756,492	1,434,557	1,428,879	240	666,782	297,082
-	-	86,302	-	-	-
<u>756,492</u>	<u>1,434,557</u>	<u>1,515,181</u>	<u>240</u>	<u>666,782</u>	<u>297,082</u>
(753,801)	(1,424,049)	(1,515,111)	(239)	143,069	(296,696)
-	-	1,835,000	-	-	-
-	-	73,365	-	-	-
29,227	-	-	-	-	-
(213,177)	(2,853,577)	-	-	-	-
<u>(183,950)</u>	<u>(2,853,577)</u>	<u>1,908,365</u>	<u>-</u>	<u>-</u>	<u>-</u>
(937,751)	(4,277,626)	393,254	(239)	143,069	(296,696)
1,817,948	6,797,408	-	241	96,820	557,110
<u>\$ 880,197</u>	<u>\$ 2,519,782</u>	<u>\$ 393,254</u>	<u>\$ 2</u>	<u>\$ 239,889</u>	<u>\$ 260,414</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Spacek Road County Mobility Project</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Fess and charges for services	\$ -	\$ 32,092
Intergovernmental	-	809,671
Investment earnings	562	16,586
Other	<u>-</u>	<u>9,070</u>
Total revenues	<u>562</u>	<u>867,419</u>
EXPENDITURES		
Capital outlay	-	6,970,331
Debt issuance costs	<u>-</u>	<u>86,302</u>
Total expenditures	<u>-</u>	<u>7,056,633</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>562</u>	<u>(6,189,214)</u>
OTHER FINANCING SOURCES (USES)		
Debt issuance	-	1,835,000
		73,365
Sale of capital assets	-	20,500
Transfers in	-	1,457,780
Transfers out	<u>-</u>	<u>(3,066,754)</u>
Total other financing sources (uses)	<u>-</u>	<u>319,891</u>
NET CHANGE IN FUND BALANCES	562	(5,869,323)
FUND BALANCES, BEGINNING	<u>656,303</u>	<u>11,748,597</u>
FUND BALANCES, ENDING	<u>\$ 656,865</u>	<u>\$ 5,879,274</u>

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CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Property taxes	\$ 3,878,707	\$ 3,883,272	\$ 4,565
Investment earnings	6,000	6,229	229
Other	<u>1,009,823</u>	<u>1,009,823</u>	<u>-</u>
Total revenue	<u>4,894,530</u>	<u>4,899,324</u>	<u>4,794</u>
EXPENDITURES			
Debt service:			
Principal retirement	6,185,297	6,152,414	32,883
Interest and fiscal agent fees	2,090,855	2,123,645	(32,790)
Debt issuance costs	<u>64,276</u>	<u>64,276</u>	<u>-</u>
Total debt service	<u>8,340,428</u>	<u>8,340,335</u>	<u>93</u>
Total expenditures	<u>8,340,428</u>	<u>8,340,335</u>	<u>93</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,445,898)</u>	<u>(3,441,011)</u>	<u>4,887</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	1,634,326	1,575,000	(59,326)
Premium on bonds	-	59,326	59,326
Payment to refunded bond escrow agent	-	-	-
Transfers in	<u>1,640,932</u>	<u>1,640,932</u>	<u>-</u>
Total other financing sources (uses)	<u>3,275,258</u>	<u>3,275,258</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(170,640)</u>	<u>(165,753)</u>	<u>4,887</u>
FUND BALANCE, BEGINNING	<u>5,170,780</u>	<u>5,170,780</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 5,000,140</u>	<u>\$ 5,005,027</u>	<u>\$ 4,887</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2013 CERTIFICATE OF OBLIGATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ -	\$ 4,070	\$ 4,070
Total revenue	<u>-</u>	<u>4,070</u>	<u>4,070</u>
EXPENDITURES			
Capital Outlay	8,700,000	1,495,680	7,204,320
Debt service:			
Debt issuance costs	<u>176,000</u>	<u>87,308</u>	<u>88,692</u>
Total debt service	<u>8,876,000</u>	<u>1,582,988</u>	<u>7,293,012</u>
Total expenditures	<u>8,876,000</u>	<u>1,582,988</u>	<u>7,293,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,876,000)</u>	<u>(1,578,918)</u>	<u>7,297,082</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	8,876,000	9,000,000	124,000
Premium on bonds	-	94,950	94,950
Transfers out	<u>-</u>	<u>(558,384)</u>	<u>(558,384)</u>
Total other financing sources (uses)	<u>8,876,000</u>	<u>8,536,566</u>	<u>(339,434)</u>
NET CHANGE IN FUND BALANCE	-	6,957,648	6,957,648
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 6,957,648</u>	<u>\$ 6,957,648</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Taxes:				
Sales	\$ 400,000	\$ 400,000	\$ 590,488	\$ 190,488
Investment earnings	800	800	1,318	518
Other	<u>32,000</u>	<u>32,000</u>	<u>49,315</u>	<u>17,315</u>
Total revenue	<u>432,800</u>	<u>432,800</u>	<u>641,121</u>	<u>208,321</u>
EXPENDITURES				
Current:				
Community development	<u>413,836</u>	<u>413,836</u>	<u>371,789</u>	<u>42,047</u>
Total expenditures	<u>413,836</u>	<u>413,836</u>	<u>371,789</u>	<u>42,047</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,964</u>	<u>18,964</u>	<u>269,332</u>	<u>250,368</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(70,323)</u>	<u>(70,323)</u>	<u>(69,683)</u>	<u>640</u>
Total other financing sources (uses)	<u>(70,323)</u>	<u>(70,323)</u>	<u>(69,683)</u>	<u>640</u>
NET CHANGE IN FUND BALANCE	(51,359)	(51,359)	199,649	251,008
FUND BALANCE, BEGINNING	<u>1,083,687</u>	<u>1,083,687</u>	<u>1,083,687</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,032,328</u>	<u>\$ 1,032,328</u>	<u>\$ 1,283,336</u>	<u>\$ 251,008</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT TECHNOLOGY - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 20,000	\$ 18,235	\$(1,765)
Investment earnings	<u>50</u>	<u>37</u>	<u>(13)</u>
Total revenue	<u>20,050</u>	<u>18,272</u>	<u>(1,778)</u>
EXPENDITURES			
Current:			
General government	<u>27,100</u>	<u>24,817</u>	<u>2,283</u>
Total debt service	<u>27,100</u>	<u>24,817</u>	<u>2,283</u>
Total expenditures	<u>27,100</u>	<u>24,817</u>	<u>2,283</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,050)	(6,545)	505
FUND BALANCE, BEGINNING	<u>33,768</u>	<u>33,768</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 26,718</u>	<u>\$ 27,223</u>	<u>\$ 505</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BEAUTIFICATION - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 2,000	\$ 1,566	\$(434)
Investment earnings	10	28	18
Other	<u>24,000</u>	<u>24,000</u>	<u>-</u>
Total revenue	<u>26,010</u>	<u>25,594</u>	<u>(416)</u>
EXPENDITURES			
Current:			
Community Development	<u>16,000</u>	<u>4,017</u>	<u>11,983</u>
Total expenditures	<u>16,000</u>	<u>4,017</u>	<u>11,983</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,010</u>	<u>21,577</u>	<u>11,567</u>
NET CHANGE IN FUND BALANCE	10,010	21,577	11,567
FUND BALANCE, BEGINNING	<u>14,217</u>	<u>14,217</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 24,227</u>	<u>\$ 35,794</u>	<u>\$ 11,567</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAW ENFORCEMENT - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 176,880	\$ 211,295	\$ 34,415
Investment earnings	<u>-</u>	<u>266</u>	<u>266</u>
Total revenue	<u>176,880</u>	<u>211,561</u>	<u>34,681</u>
EXPENDITURES			
Current:			
Public safety	56,600	28,982	27,618
Capital outlay	<u>253,440</u>	<u>189,936</u>	<u>63,504</u>
Total debt service	<u>310,040</u>	<u>218,918</u>	<u>91,122</u>
Total expenditures	<u>310,040</u>	<u>218,918</u>	<u>91,122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(133,160)	(7,357)	<u>125,803</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	<u>-</u>	<u>4,645</u>	<u>4,645</u>
Total other financing sources (uses)	<u>-</u>	<u>4,645</u>	<u>4,645</u>
NET CHANGE IN FUND BALANCE	(133,160)	(2,712)	130,448
FUND BALANCE, BEGINNING	<u>151,154</u>	<u>151,154</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 17,994</u>	<u>\$ 148,442</u>	<u>\$ 130,448</u>
OTHER FINANCING SOURCES (USES)			

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CDBG - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 444,430	\$ 393,343	\$(51,087)
Total revenue	<u>444,430</u>	<u>393,343</u>	<u>(51,087)</u>
EXPENDITURES			
Capital outlay	481,325	-	481,325
Total debt service	<u>481,325</u>	<u>-</u>	<u>481,325</u>
Total expenditures	<u>481,325</u>	<u>-</u>	<u>481,325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,895)</u>	<u>393,343</u>	<u>430,238</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	42,094	42,094	-
Transfers out	<u>-</u>	<u>(505,497)</u>	<u>(505,497)</u>
Total other financing sources (uses)	<u>42,094</u>	<u>(463,403)</u>	<u>(505,497)</u>
NET CHANGE IN FUND BALANCE	5,199	(70,060)	(75,259)
FUND BALANCE, BEGINNING	<u>69,225</u>	<u>69,225</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 74,424</u>	<u>\$(835)</u>	<u>\$(75,259)</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE ASSET FORFEITURE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ -	\$ 42	\$ 42
Other	<u>17,155</u>	<u>32,293</u>	<u>15,138</u>
Total revenue	<u>17,155</u>	<u>32,335</u>	<u>15,180</u>
EXPENDITURES			
Public Safety	<u>33,710</u>	<u>14,704</u>	(<u>19,006</u>)
Total expenditures	<u>33,710</u>	<u>14,704</u>	(<u>19,006</u>)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(<u>16,555</u>)	<u>17,631</u>	<u>34,186</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	<u>-</u>	<u>134</u>	<u>134</u>
Total other financing sources (uses)	<u>-</u>	<u>134</u>	<u>134</u>
NET CHANGE IN FUND BALANCE	(<u>16,555</u>)	<u>17,765</u>	<u>34,320</u>
FUND BALANCE, BEGINNING	<u>16,555</u>	<u>16,555</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 34,320</u>	<u>\$ 34,320</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK LAND DEDICATION - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ 200	\$ 301	\$ 101
Other	<u>17,240</u>	<u>75,900</u>	<u>58,660</u>
Total revenue	<u>17,440</u>	<u>76,201</u>	<u>58,761</u>
 EXPENDITURES			
Capital outlay	<u>93,866</u>	<u>42,246</u>	<u>51,620</u>
Total expenditures	<u>93,866</u>	<u>42,246</u>	<u>51,620</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (<u>76,426</u>)	 <u>33,955</u>	 <u>110,381</u>
 NET CHANGE IN FUND BALANCE	 (<u>76,426</u>)	 <u>33,955</u>	 <u>110,381</u>
 FUND BALANCE, BEGINNING	 <u>252,235</u>	 <u>252,235</u>	 <u>-</u>
 FUND BALANCE, ENDING	 <u>\$ 175,809</u>	 <u>\$ 286,190</u>	 <u>\$ 110,381</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUVENILE CASE MANAGER - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 20,000	\$ 18,242	\$(1,758)
Investment earnings	<u>100</u>	<u>194</u>	<u>94</u>
Total revenue	<u>20,100</u>	<u>18,436</u>	<u>(1,664)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>20,100</u>	<u>18,436</u>	<u>(1,664)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	7,100	5,436	(1,664)
FUND BALANCE, BEGINNING	<u>166,199</u>	<u>166,199</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 173,299</u>	<u>\$ 171,635</u>	<u>\$(1,664)</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT CHILD SAFETY - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 41,000	\$ 36,215	\$ 4,785
Investment earnings	<u>100</u>	<u>200</u>	<u>(100)</u>
Total revenue	<u>41,100</u>	<u>36,415</u>	<u>(4,685)</u>
EXPENDITURES			
General government	<u>22,750</u>	<u>17,558</u>	<u>5,192</u>
Total expenditures	<u>22,750</u>	<u>17,558</u>	<u>5,192</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,350</u>	<u>18,857</u>	<u>507</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	14,350	14,857	507
FUND BALANCE, BEGINNING	<u>166,390</u>	<u>166,390</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 180,740</u>	<u>\$ 181,247</u>	<u>\$ 507</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT BUILDING SECURITY - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 13,500	\$ 11,510	\$(1,990)
Total revenue	<u>13,500</u>	<u>11,510</u>	<u>(1,990)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,500</u>	<u>11,510</u>	<u>(1,990)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(13,500)	(11,510)	1,990
Total other financing sources (uses)	<u>(13,500)</u>	<u>(11,510)</u>	<u>1,990</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDC PROJECTS - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 1,027,283	\$ 1,278,468	\$ 251,185
Investment earnings	700	1,813	1,113
Other	<u>60,102</u>	<u>60,102</u>	<u>-</u>
Total revenue	<u>1,088,085</u>	<u>1,340,383</u>	<u>252,298</u>
EXPENDITURES			
Current:			
General government	12,500	-	12,500
Capital outlay	<u>2,120,933</u>	<u>868,042</u>	<u>1,252,891</u>
Total expenditures	<u>2,133,433</u>	<u>868,042</u>	<u>1,265,391</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,045,348)</u>	<u>472,341</u>	<u>1,517,689</u>
NET CHANGE IN FUND BALANCE	(1,045,348)	472,341	1,517,689
FUND BALANCE, BEGINNING	<u>1,313,937</u>	<u>1,313,937</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 268,589</u>	<u>\$ 1,786,278</u>	<u>\$ 1,517,689</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUD FIRE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 225,000	\$ 357,449	\$ 132,449
Investment earnings	550	805	255
Total revenue	<u>225,550</u>	<u>358,254</u>	<u>132,704</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>225,550</u>	<u>358,254</u>	<u>132,704</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(365,227)	(365,227)	-
Total other financing sources (uses)	<u>(365,227)</u>	<u>(365,227)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(139,677)	(6,973)	132,704
FUND BALANCE, BEGINNING	<u>701,349</u>	<u>701,349</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 561,672</u>	<u>\$ 694,376</u>	<u>\$ 132,704</u>

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CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE FEDERAL FORFEITURE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	2013		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	-	24,414	\$ 24,414
Investment earnings	-	74	74
Total revenue	<u>-</u>	<u>24,488</u>	<u>24,488</u>
EXPENDITURES			
Capital outlay	<u>68,585</u>	<u>60,547</u>	<u>8,038</u>
Total expenditures	<u>68,585</u>	<u>60,547</u>	<u>8,038</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(68,585)</u>	<u>(36,059)</u>	<u>32,526</u>
NET CHANGE IN FUND BALANCE	(68,585)	(36,059)	32,526
FUND BALANCE, BEGINNING	<u>68,565</u>	<u>68,565</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$(20)</u></u>	<u><u>\$ 32,506</u></u>	<u><u>\$ 32,526</u></u>

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2013

	Health Insurance	Fleet Replacement	Information Services	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 766,317	\$ 2,455,215	\$ 277,503	\$ 3,499,035
Receivables - other	4,582	-	-	4,582
Prepaid expenses	879	-	1,093	1,972
Total current assets	771,778	2,455,215	278,596	3,505,589
Noncurrent assets:				
Capital assets:				
Machinery and equipment	-	2,934,647	715,998	3,650,645
Less: accumulated depreciation	-	(2,115,635)	(604,490)	(2,720,125)
Total noncurrent assets	-	819,012	111,508	930,520
Total assets	771,778	3,274,227	390,104	4,436,109
LIABILITIES				
Current liabilities:				
Accounts payable	136	420	13,799	14,355
Accrued liabilities	-	-	3,758	3,758
Compensated absences	-	-	765	765
Total current liabilities	136	420	18,322	18,878
Non-current liabilities:				
Compensated absences	-	-	6,882	6,882
Total non-current liabilities	-	-	6,882	6,882
Total liabilities	136	420	25,204	25,760
Net Position				
Net investment in capital assets	-	819,012	111,508	930,520
Unrestricted	771,642	2,454,795	253,392	3,479,829
Total net position	\$ 771,642	\$ 3,273,807	\$ 364,900	\$ 4,410,349

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Health Insurance	Fleet Replacement	Information Services	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 2,203,653	\$ 537,044	\$ 574,823	\$ 3,315,520
Total operating revenues	<u>2,203,653</u>	<u>537,044</u>	<u>574,823</u>	<u>3,315,520</u>
OPERATING EXPENSES				
Cost of sales and services	2,185,123	-	575,447	2,760,570
Depreciation	-	274,285	25,948	300,233
Total operating expenses	<u>2,185,123</u>	<u>274,285</u>	<u>601,395</u>	<u>3,060,803</u>
OPERATING INCOME (LOSS)	<u>18,530</u>	<u>262,759</u>	<u>(26,572)</u>	<u>254,717</u>
NONOPERATING REVENUES				
Investment earnings	794	2,634	190	3,618
Gain(loss) on disposal of capital asset	-	-	-	-
Total nonoperating revenues	<u>794</u>	<u>2,634</u>	<u>190</u>	<u>3,618</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>19,324</u>	<u>265,393</u>	<u>(26,382)</u>	<u>258,335</u>
TRANSFERS				
Transfers in	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	19,324	265,393	(26,382)	258,335
NET POSITION, BEGINNING	<u>752,318</u>	<u>3,008,414</u>	<u>391,282</u>	<u>4,152,014</u>
NET POSITION, ENDING	<u>\$ 771,642</u>	<u>\$ 3,273,807</u>	<u>\$ 364,900</u>	<u>\$ 4,410,349</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF CASHFLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Health Insurance	Fleet Replacement
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,203,205	\$ 537,044
Disbursed for goods and services to suppliers	-	-
Disbursed for personnel services	(2,185,989)	(10,662)
Net cash provided (used) by operating activities	17,216	526,382
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of equipment	-	(205,933)
Net cash used for capital and related financing activities	-	(205,933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	794	2,634
Net cash provided by investing activities	794	2,634
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,010	323,083
CASH AND CASH EQUIVALENTS, BEGINNING	748,307	2,132,132
CASH AND CASH EQUIVALENTS, ENDING	\$ 766,317	\$ 2,455,215
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 18,530	\$ 262,759
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	-	274,285
Decrease in other receivables	(448)	-
(Increase) decrease in prepaid items	(879)	-
(Increase) decrease in accounts payable and accrued liabilities	13	(10,662)
Increase (decrease) in compensated absences	-	-
Total adjustments	(1,314)	263,623
Net cash provided (used) by operating activities	\$ 17,216	\$ 526,382

<u>Information Services</u>	<u>Total Internal Services Funds</u>
\$ 574,823	\$ 3,315,072
(150,470)	(150,470)
(420,016)	(2,616,667)
<u>4,337</u>	<u>547,935</u>
(11,138)	(217,071)
(11,138)	(217,071)
<u>190</u>	<u>3,618</u>
<u>190</u>	<u>3,618</u>
(6,611)	334,482
<u>284,114</u>	<u>3,164,553</u>
\$ <u>277,503</u>	\$ <u>3,499,035</u>
\$(26,572)	\$ 254,717
25,948	300,233
-	(448)
31	(848)
3,964	(6,685)
<u>966</u>	<u>966</u>
<u>30,909</u>	<u>293,218</u>
\$ <u>4,337</u>	\$ <u>547,935</u>

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CITY OF ROSENBERG, TEXAS
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2013</u>
<u>Richmond-Rosenberg Local Government Corporation</u>				
Assets:				
Cash and investments	\$ <u>52,661</u>	\$ <u>665,392</u>	\$ <u>662,041</u>	\$ <u>56,012</u>
Total assets	\$ <u>52,661</u>	\$ <u>665,392</u>	\$ <u>662,041</u>	\$ <u>56,012</u>
Liabilities:				
Due to Richmond-Rosenberg Local Government Corporation	\$ <u>52,661</u>	\$ <u>665,392</u>	\$ <u>662,041</u>	\$ <u>56,012</u>
Total liabilities	\$ <u>52,661</u>	\$ <u>665,392</u>	\$ <u>662,041</u>	\$ <u>56,012</u>

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STATISTICAL SECTION

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**STATISTICAL SECTION
(UNAUDITED)**

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health.

	<u>Page Number</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	95
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	107
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	115
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	122
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	124

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

CITY OF ROSENBERG, TEXAS
NET POSITION BY COMPONENT
(UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 14,214,069	\$ 14,942,984	\$ 15,790,426	\$ 29,326,735
Restricted	1,978,551	2,204,084	3,319,410	7,980,965
Unrestricted	<u>5,308,718</u>	<u>5,008,048</u>	<u>4,950,488</u>	<u>7,116,233</u>
Total governmental activities net position	<u>\$ 21,501,338</u>	<u>\$ 22,155,116</u>	<u>\$ 24,060,324</u>	<u>\$ 44,423,933</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 7,551,683	\$ 10,235,952	\$ 11,775,514	\$ 23,670,141
Unrestricted	<u>6,159,248</u>	<u>4,539,041</u>	<u>4,467,448</u>	<u>4,140,704</u>
Total business-type activities net position	<u>\$ 13,710,931</u>	<u>\$ 14,774,993</u>	<u>\$ 16,242,962</u>	<u>\$ 27,810,845</u>
Primary government:				
Net investment in capital assets	\$ 21,765,752	\$ 25,178,936	\$ 27,565,940	\$ 52,996,876
Restricted	1,978,551	2,204,084	3,319,410	7,980,965
Unrestricted	<u>11,467,966</u>	<u>9,547,089</u>	<u>9,417,936</u>	<u>11,256,937</u>
Total primary government net position	<u>\$ 35,212,269</u>	<u>\$ 36,930,109</u>	<u>\$ 40,303,286</u>	<u>\$ 72,234,778</u>

TABLE 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 31,083,711	\$ 32,635,560	\$ 33,803,107	\$ 25,930,436	\$ 37,091,238	\$ 37,219,927
6,940,067	7,733,228	7,657,493	7,651,906	9,305,959	10,581,044
<u>8,687,194</u>	<u>7,367,951</u>	<u>6,365,692</u>	<u>15,998,818</u>	<u>14,680,942</u>	<u>14,761,496</u>
<u>\$ 46,710,972</u>	<u>\$ 47,736,739</u>	<u>\$ 47,826,292</u>	<u>\$ 49,581,160</u>	<u>\$ 61,078,139</u>	<u>\$ 62,562,467</u>
\$ 35,020,690	\$ 37,092,180	\$ 39,944,847	\$ 39,951,294	\$ 39,617,050	\$ 43,565,861
<u>4,948,117</u>	<u>6,388,090</u>	<u>6,807,001</u>	<u>9,504,355</u>	<u>11,765,919</u>	<u>13,550,817</u>
<u>\$ 39,968,807</u>	<u>\$ 43,480,270</u>	<u>\$ 46,751,848</u>	<u>\$ 49,455,649</u>	<u>\$ 51,382,969</u>	<u>\$ 57,116,678</u>
\$ 66,104,401	\$ 69,727,740	\$ 73,747,954	\$ 65,881,730	\$ 76,708,288	\$ 80,785,788
6,940,067	7,733,228	7,657,493	7,651,906	9,305,959	10,581,044
<u>13,635,311</u>	<u>13,756,041</u>	<u>13,172,693</u>	<u>25,503,173</u>	<u>26,446,861</u>	<u>28,312,313</u>
<u>\$ 86,679,779</u>	<u>\$ 91,217,009</u>	<u>\$ 94,578,140</u>	<u>\$ 99,036,809</u>	<u>\$ 112,461,108</u>	<u>\$ 119,679,145</u>

CITY OF ROSENBERG, TEXAS
CHANGES IN NET POSITION
(UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
EXPENSES				
Governmental activities:				
General government	\$ 2,331,314	\$ 2,638,277	\$ 3,042,201	\$ 2,585,601
Public safety	7,216,816	8,051,272	8,280,122	8,129,817
Public works	4,547,886	4,933,516	5,107,521	5,156,418
Community development	1,322,952	1,383,308	1,847,965	1,902,917
Interest on long-term debt	<u>1,342,437</u>	<u>1,168,988</u>	<u>1,055,379</u>	<u>1,142,835</u>
Total governmental activities expenses	<u>16,761,405</u>	<u>18,175,361</u>	<u>19,333,188</u>	<u>18,917,588</u>
Business-type activities:				
Water and sewer	<u>3,802,660</u>	<u>3,980,714</u>	<u>4,494,540</u>	<u>4,972,667</u>
Total business-type activities expenses	<u>3,802,660</u>	<u>3,980,714</u>	<u>4,494,540</u>	<u>4,972,667</u>
Total primary government program expenses	<u>\$ 20,564,065</u>	<u>\$ 22,156,075</u>	<u>\$ 23,827,728</u>	<u>\$ 23,890,255</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 3,313,298	\$ 4,210,123	\$ 983,968	\$ 1,141,895
Public safety	-	-	142,817	167,313
Public works	-	-	2,943,775	3,275,404
Community development	-	-	129,409	167,287
Operating grants and contributions	349,077	825,945	1,618,134	986,101
Capital grants and contributions	<u>1,696,213</u>	<u>966,455</u>	<u>1,166,296</u>	<u>16,185,051</u>
Total governmental activities program revenues	<u>5,358,588</u>	<u>6,002,523</u>	<u>6,984,399</u>	<u>21,923,051</u>
Business-type activities:				
Charges for services:				
Water	5,149,882	5,460,599	4,041,469	3,836,688
Sewer	-	-	2,523,492	2,723,407
Operating grants and contributions	-	11,174	-	-
Capital grants and contributions	<u>211,562</u>	<u>804,388</u>	<u>443,612</u>	<u>10,976,991</u>
Total business-type activities program revenues	<u>5,361,444</u>	<u>6,276,161</u>	<u>7,008,573</u>	<u>17,537,086</u>
Total primary government program revenues	<u>\$ 10,720,032</u>	<u>\$ 12,278,684</u>	<u>\$ 13,992,972</u>	<u>\$ 39,460,137</u>

Prior to 2006, governmental activities charges for services revenue is not available by function.

TABLE 2

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	5,893,278	\$	4,940,400	\$	4,543,990	\$	6,264,102	\$	3,573,695	\$	4,208,848
	9,557,479		12,833,968		11,363,799		11,079,052		11,487,867		12,043,046
	7,055,190		6,068,306		7,413,394		7,714,821		7,054,048		7,264,024
	2,011,620		2,096,947		2,066,781		1,966,684		2,887,685		2,866,455
	1,470,797		1,612,187		1,890,855		2,109,455		2,005,530		2,194,440
	<u>25,988,364</u>		<u>27,551,808</u>		<u>27,278,819</u>		<u>29,134,114</u>		<u>27,008,825</u>		<u>28,576,813</u>
	<u>5,076,178</u>		<u>5,423,819</u>		<u>5,541,932</u>		<u>6,366,473</u>		<u>6,870,352</u>		<u>7,236,812</u>
	<u>5,076,178</u>		<u>5,423,819</u>		<u>5,541,932</u>		<u>6,366,473</u>		<u>6,870,352</u>		<u>7,236,812</u>
\$	<u>31,064,542</u>	\$	<u>32,975,627</u>	\$	<u>32,820,751</u>	\$	<u>35,500,587</u>	\$	<u>33,879,177</u>	\$	<u>35,813,625</u>
\$	1,202,306	\$	1,241,545	\$	991,398	\$	915,567	\$	987,095	\$	927,203
	46,964		168,849		169,472		136,915		1,423,286		1,588,845
	3,979,234		3,827,530		3,836,951		3,929,779		4,327,317		4,048,440
	187,534		24,086		20,274		32,023		140,449		187,720
	1,718,460		3,115,639		2,708,807		2,904,132		311,124		289,050
	1,658,285		1,386,483		2,719,342		2,820,234		1,598,036		2,770,160
	<u>8,792,783</u>		<u>9,764,132</u>		<u>10,446,244</u>		<u>10,738,650</u>		<u>8,787,307</u>		<u>9,811,418</u>
	4,396,761		4,367,318		4,011,869		5,038,411		5,970,615		6,319,988
	3,489,353		4,050,725		4,340,805		4,935,437		4,453,529		4,712,109
	-		-		-		-		68,666		282,696
	11,073,790		428,595		115,891		467,393		412,122		525,482
	<u>18,959,904</u>		<u>8,846,638</u>		<u>8,468,565</u>		<u>10,441,241</u>		<u>10,904,932</u>		<u>11,840,275</u>
\$	<u>27,752,687</u>	\$	<u>18,610,770</u>	\$	<u>18,914,809</u>	\$	<u>21,179,891</u>	\$	<u>19,692,239</u>	\$	<u>21,651,693</u>

CITY OF ROSENBERG, TEXAS
CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
NET (EXPENSE) REVENUES				
Governmental activities	\$(11,402,817)	\$(12,172,838)	\$(12,348,789)	\$ 3,005,463
Business-type activities	<u>1,558,784</u>	<u>2,295,447</u>	<u>2,514,033</u>	<u>12,564,419</u>
Total primary government net expense	<u>(9,844,033)</u>	<u>(9,877,391)</u>	<u>(9,834,756)</u>	<u>15,569,882</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	4,102,429	4,472,012	4,937,989	5,788,239
Sales	4,996,626	5,336,768	6,254,935	7,794,679
Franchise	1,270,846	1,332,273	1,356,641	1,373,527
Investment earnings	100,383	275,041	405,309	788,901
Other revenue	20,544	20,284	6,119	397,772
Transfers	<u>1,479,874</u>	<u>1,390,238</u>	<u>1,293,004</u>	<u>1,225,028</u>
Total governmental activities	<u>11,970,702</u>	<u>12,826,616</u>	<u>14,253,997</u>	<u>17,368,146</u>
Business-type activities:				
Investment earnings	68,457	158,853	223,774	228,492
Other revenue	293	-	23,166	-
Transfers	<u>(1,479,874)</u>	<u>(1,390,238)</u>	<u>(1,293,004)</u>	<u>(1,225,028)</u>
Total business-type activities	<u>(1,411,124)</u>	<u>(1,231,385)</u>	<u>(1,046,064)</u>	<u>(996,536)</u>
Total primary government	<u>10,559,578</u>	<u>11,595,231</u>	<u>13,207,933</u>	<u>16,371,610</u>
CHANGE IN NET POSITION				
Governmental activities	567,885	653,778	1,905,208	20,373,609
Business-type activities	<u>147,660</u>	<u>1,064,062</u>	<u>1,467,969</u>	<u>11,567,883</u>
Total primary government	<u>\$ 715,545</u>	<u>\$ 1,717,840</u>	<u>\$ 3,373,177</u>	<u>\$ 31,941,492</u>

Prior to 2006, governmental activities charges for services revenue is not available by function.

TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$(17,195,581)	\$(17,787,676)	\$(16,832,575)	\$(18,395,464)	\$(18,221,518)	\$(18,765,395)
<u>13,883,726</u>	<u>3,422,819</u>	<u>2,926,633</u>	<u>4,074,768</u>	<u>4,034,580</u>	<u>4,603,463</u>
<u>(3,311,855)</u>	<u>(14,364,857)</u>	<u>(13,905,942)</u>	<u>(14,320,696)</u>	<u>(14,186,938)</u>	<u>(14,161,932)</u>
6,307,963	7,729,511	7,662,802	7,504,772	7,495,321	7,959,179
8,490,926	8,516,511	8,733,789	8,988,995	10,053,941	11,128,093
1,493,665	1,531,280	1,627,628	1,578,896	1,585,406	1,780,202
744,713	312,187	102,412	75,054	55,875	43,146
545,009	675,512	287,950	573,928	379,081	395,991
<u>1,900,344</u>	<u>48,442</u>	<u>(513,441)</u>	<u>1,428,687</u>	<u>2,118,609</u>	<u>(1,116,030)</u>
<u>19,482,620</u>	<u>18,813,443</u>	<u>17,901,140</u>	<u>20,150,332</u>	<u>21,688,233</u>	<u>20,190,581</u>
149,076	131,474	20,987	13,204	11,349	14,216
25,504	5,612	61,143	-	-	-
<u>(1,900,344)</u>	<u>(48,442)</u>	<u>513,441</u>	<u>(1,428,687)</u>	<u>(2,118,609)</u>	<u>1,116,030</u>
<u>(1,725,764)</u>	<u>88,644</u>	<u>595,571</u>	<u>(1,415,483)</u>	<u>(2,107,260)</u>	<u>1,130,246</u>
<u>17,756,856</u>	<u>18,902,087</u>	<u>18,496,711</u>	<u>18,734,849</u>	<u>19,580,973</u>	<u>21,320,827</u>
2,287,039	1,025,767	1,068,565	1,754,868	3,466,715	1,425,186
<u>12,157,962</u>	<u>3,511,463</u>	<u>3,522,204</u>	<u>2,659,285</u>	<u>1,927,320</u>	<u>5,733,709</u>
<u>\$ 14,445,001</u>	<u>\$ 4,537,230</u>	<u>\$ 4,590,769</u>	<u>\$ 4,414,153</u>	<u>\$ 5,394,035</u>	<u>\$ 7,158,895</u>

CITY OF ROSENBERG, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
(UNAUDITED)
LAST TEN YEARS
(accrual basis of accounting)

Function	Fiscal Year			
	2004	2005	2006	2007
Property taxes	\$ 4,102,429	\$ 4,472,012	\$ 4,937,989	\$ 5,788,239
Sales taxes	4,996,626	5,336,768	6,254,935	7,794,679
Franchise taxes	<u>1,270,846</u>	<u>1,332,273</u>	<u>1,356,641</u>	<u>1,373,527</u>
Total	<u>\$ 10,369,901</u>	<u>\$ 11,141,053</u>	<u>\$ 12,549,565</u>	<u>\$ 14,956,445</u>

TABLE 3

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 6,307,963	\$ 7,729,511	\$ 7,662,802	\$ 7,504,772	\$ 7,495,321	\$ 7,959,179
8,490,926	8,516,511	8,733,789	8,988,995	10,053,941	11,128,093
<u>1,493,665</u>	<u>1,531,280</u>	<u>1,627,628</u>	<u>1,578,896</u>	<u>1,585,406</u>	<u>1,780,202</u>
<u>\$ 16,292,554</u>	<u>\$ 17,777,302</u>	<u>\$ 18,024,219</u>	<u>\$ 18,072,663</u>	<u>\$ 19,134,668</u>	<u>\$ 20,867,474</u>

CITY OF ROSENBERG, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
(UNAUDITED)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
General fund:				
Nonspendable	\$ 15,121	\$ -	\$ 16,887	\$ 108,053
Assigned	-	-	-	-
Unassigned	<u>4,028,722</u>	<u>4,149,923</u>	<u>3,553,336</u>	<u>5,051,367</u>
Total general fund	<u>\$ 4,043,843</u>	<u>\$ 4,149,923</u>	<u>\$ 3,570,223</u>	<u>\$ 5,159,420</u>
All other governmental funds				
Restricted	\$ 5,518,328	\$ 5,116,190	\$ 4,810,429	\$ 14,468,347
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,677</u>
Total all other governmental funds	<u>\$ 5,518,328</u>	<u>\$ 5,116,190</u>	<u>\$ 4,810,429</u>	<u>\$ 14,492,024</u>

TABLE 4

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ 28,715	\$ 250,502	\$ 39,243	\$ 53,418
-	-	-	-	497,318	500,982
<u>5,386,612</u>	<u>4,616,240</u>	<u>4,399,287</u>	<u>4,398,185</u>	<u>6,243,049</u>	<u>7,834,098</u>
<u>\$ 5,386,612</u>	<u>\$ 4,616,240</u>	<u>\$ 4,428,002</u>	<u>\$ 4,648,687</u>	<u>\$ 6,779,610</u>	<u>\$ 8,388,498</u>
\$ 12,413,235	\$ 13,817,505	\$ 13,167,730	\$ 17,393,365	\$ 20,443,337	\$ 23,197,272
-	-	-	-	545,525	-
<u>385,407</u>	<u>462,510</u>	<u>487,744</u>	<u>1,189,903</u>	<u>-</u>	<u>(835)</u>
<u>\$ 12,798,642</u>	<u>\$ 14,280,015</u>	<u>\$ 13,655,474</u>	<u>\$ 18,583,268</u>	<u>\$ 20,988,862</u>	<u>\$ 23,196,437</u>

CITY OF ROSENBERG, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(UNAUDITED)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
REVENUES				
Taxes	\$ 10,370,295	\$ 11,091,197	\$ 12,622,393	\$ 14,911,452
Licenses and permits	269,795	394,854	623,812	543,496
Fines and forfeitures	744,607	818,778	785,548	952,281
Fees and charges for services	2,295,618	2,742,794	2,672,345	3,161,434
Intergovernmental	2,047,111	1,796,979	1,926,576	4,012,325
Investment earnings	90,425	254,554	368,293	694,785
Other	<u>212,412</u>	<u>261,778</u>	<u>718,333</u>	<u>535,031</u>
Total revenues	<u>16,030,263</u>	<u>17,360,934</u>	<u>19,717,300</u>	<u>24,810,804</u>
EXPENDITURES				
General government	2,134,757	2,186,831	2,925,674	3,044,859
Public safety	7,162,668	7,870,958	7,936,327	8,367,493
Public works	3,322,172	3,508,718	3,938,633	4,281,847
Community development	1,190,898	1,300,711	1,709,294	1,795,911
Capital outlay	765,055	1,093,829	2,377,111	3,554,057
Debt service				
Principal	1,670,353	1,921,386	1,927,461	1,818,580
Interest and fiscal charges	1,340,360	1,257,898	1,081,265	1,115,825
Debt issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>17,586,263</u>	<u>19,140,331</u>	<u>21,895,765</u>	<u>23,978,572</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,556,000)</u>	<u>(1,779,397)</u>	<u>(2,178,465)</u>	<u>832,232</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	2,900,000	3,955,000	-	8,292,945
Refunding bonds issued	-	-	-	-
Premium on bonds	-	-	-	-
Insurance proceeds	-	-	-	-
Payment to refunded bond escrow agent	-	(3,861,899)	-	-
Proceeds on sale of capital assets	17,995	-	-	-
Transfers in	1,627,485	1,583,598	1,485,886	3,063,797
Transfers out	<u>(142,526)</u>	<u>(193,360)</u>	<u>(192,882)</u>	<u>(918,182)</u>
Total other financing sources (uses)	<u>4,402,954</u>	<u>1,483,339</u>	<u>1,293,004</u>	<u>10,438,560</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,846,954</u>	<u>\$(296,058)</u>	<u>\$(885,461)</u>	<u>\$ 11,270,792</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>17.9%</u>	<u>17.6%</u>	<u>15.4%</u>	<u>14.4%</u>

TABLE 5

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 16,429,163	\$ 17,742,498	\$ 18,052,945	\$ 18,067,969	\$ 19,158,616	\$ 20,846,124
526,446	430,983	385,461	433,122	585,083	613,391
1,036,121	891,746	737,463	634,437	665,836	657,690
3,918,948	3,945,431	3,895,170	4,095,461	4,173,636	3,835,622
3,149,071	4,517,587	5,059,708	5,743,934	2,650,084	4,196,719
692,571	280,491	90,548	69,562	52,723	39,527
<u>670,139</u>	<u>644,688</u>	<u>252,574</u>	<u>410,219</u>	<u>1,728,054</u>	<u>1,546,040</u>
<u>26,422,459</u>	<u>28,453,424</u>	<u>28,473,869</u>	<u>29,454,704</u>	<u>29,014,032</u>	<u>31,735,113</u>
5,744,858	4,404,269	4,189,729	5,886,316	3,353,809	3,309,484
9,465,004	9,922,020	10,098,624	10,315,878	10,725,354	11,126,683
5,235,282	5,320,468	5,348,163	5,314,788	4,819,422	4,407,271
1,903,248	1,772,771	1,797,454	1,648,288	2,351,073	2,528,271
13,986,114	10,133,254	9,154,244	6,586,965	7,577,210	9,666,080
4,167,220	2,472,000	3,936,562	4,219,657	4,345,981	6,152,414
1,447,906	1,612,295	1,883,113	2,085,237	1,983,170	2,123,645
<u>52,146</u>	<u>179,149</u>	<u>141,923</u>	<u>190,224</u>	<u>86,134</u>	<u>237,886</u>
<u>42,001,778</u>	<u>35,816,226</u>	<u>36,549,812</u>	<u>36,247,353</u>	<u>35,242,153</u>	<u>39,551,734</u>
(15,579,319)	(7,362,802)	(8,075,943)	(6,792,649)	(6,228,121)	(7,816,621)
12,212,785	13,090,000	7,358,164	10,505,000	8,600,000	12,410,000
-	-	-	4,860,000	-	-
-	415,818	418,441	209,422	-	227,641
-	-	-	-	-	19,666
-	(5,265,355)	-	(4,995,000)	-	-
-	-	-	-	49,000	32,665
2,544,552	2,482,116	2,718,604	3,240,516	4,382,807	5,179,079
<u>(644,208)</u>	<u>(2,492,178)</u>	<u>(3,232,045)</u>	<u>(1,878,810)</u>	<u>(2,267,169)</u>	<u>(6,295,109)</u>
<u>14,113,129</u>	<u>8,230,401</u>	<u>7,263,164</u>	<u>11,941,128</u>	<u>10,764,638</u>	<u>11,573,942</u>
<u>\$(1,466,190)</u>	<u>\$ 867,599</u>	<u>\$(812,779)</u>	<u>\$ 5,148,479</u>	<u>\$ 4,536,517</u>	<u>\$ 3,757,321</u>
<u>19.9%</u>	<u>16.2%</u>	<u>20.8%</u>	<u>21.1%</u>	<u>22.9%</u>	<u>27.2%</u>

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TABLE 6

CITY OF ROSENBERG, TEXAS
GOVERNMENTAL FUNDS TAX REVENUES BY SOURCE
(UNAUDITED)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax ⁽¹⁾	Totals
2004	\$ 4,102,823	\$ 4,996,626	\$ 1,270,846	\$ 10,370,295
2005	4,422,156	5,336,768	1,332,273	11,091,197
2006	5,010,817	6,254,935	1,356,641	12,622,393
2007	5,743,246	7,794,679	1,373,527	14,911,452
2008	6,444,572	8,490,926	1,493,665	16,429,163
2009	7,694,707	8,516,511	1,531,280	17,742,498
2010	7,691,528	8,733,789	1,627,628	18,052,945
2011	7,500,078	8,988,995	1,578,896	18,067,969
2012	7,519,269	10,053,941	1,585,406	19,158,616
2013	7,937,829	11,128,093	1,780,202	20,846,124

CITY OF ROSENBERG, TEXAS
TAXABLE SALES BY CATEGORY
(UNAUDITED)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2004	2005	2006	2007
Manufacturing	\$ 2,003,079	\$ 3,933,133	\$ 6,997,498	\$ 10,398,585
Construction	2,893,434	3,045,438	4,530,650	5,373,242
Mining/oil and gas extraction	5,161,489	5,682,915	1,324,571	-
Wholesale trade	39,551,778	62,375,806	69,311,984	68,378,422
Retail trade	123,134,581	137,433,582	171,580,072	236,571,984
Information	1,684,042	1,698,396	5,285,021	5,795,888
Finance/insurance	1,116,343	1,043,000	1,294,761	1,373,518
Real estate/rental/leasing	9,743,540	10,532,465	11,268,109	10,045,964
Professional/technical	1,601,985	1,825,099	2,131,106	1,732,860
Admin/waste management	3,271,106	2,951,308	2,537,651	3,188,008
Entertainment/recreation	206,634	170,410	109,601	62,670
Accommodation/food service	41,364,591	42,433,179	45,458,254	55,936,116
Other services	6,449,553	7,289,661	7,405,072	7,314,960
Other	219,861	20,359	500	-
Total	\$ 238,402,016	\$ 280,434,751	\$ 329,234,850	\$ 406,172,217
City direct sales tax rate	0.0125000%	0.0125000%	0.0125000%	0.0125000%

Source: Texas Comptroller of Public Accounts

* Represents the first three quarters of the 2013 fiscal year. The fourth quarter is not currently available.

TABLE 7

		Fiscal Year									
		2008	2009	2010	2011	2012	2013*				
\$	9,289,505	\$	8,387,586	\$	11,868,406	\$	35,709,305	\$	33,319,926	\$	26,804,163
	6,565,593		8,099,729		4,379,752		4,358,021		4,983,655		3,902,102
	-		-		236,213		410,444		156,604		217,256
	60,136,962		34,918,765		41,970,803		19,433,287		19,566,975		15,908,314
	282,801,551		298,869,319		238,191,493		349,146,421		378,331,033		322,566,379
	6,122,947		6,946,024		7,756,997		8,366,727		9,711,481		9,131,236
	1,667,665		1,627,326		1,610,799		1,523,707		1,493,134		1,204,814
	10,810,863		9,860,254		6,131,109		3,945,113		3,324,471		2,581,932
	1,932,653		1,692,731		1,479,498		1,549,856		1,737,784		1,379,852
	4,327,704		4,954,549		4,473,592		4,012,601		4,743,465		3,958,413
	327,409		620,027		677,975		709,310		858,435		524,468
	61,345,725		64,156,691		68,292,207		71,930,612		80,285,088		65,973,523
	6,858,990		5,340,424		6,259,539		6,783,724		8,165,384		6,982,486
	-		500		-		-		-		-
\$	<u>452,187,567</u>	\$	<u>445,473,925</u>	\$	<u>393,328,383</u>	\$	<u>507,879,128</u>	\$	<u>546,677,435</u>	\$	<u>461,134,938</u>
	0.0125000%		0.0125000%		0.0125000%		0.0125000%		0.0125000%		0.0125000%

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TABLE 8

CITY OF ROSENBERG, TEXAS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate
2004	377,556,150	361,932,850	141,987,798	154,044,395	727,432,403	0.55500
2005	404,801,940	396,151,400	140,965,124	157,216,719	784,701,745	0.55500
2006	441,859,965	438,773,980	162,488,532	176,689,234	866,433,243	0.55500
2007	484,689,625	554,855,910	150,942,200	197,897,104	992,590,631	0.55500
2008	547,104,220	649,004,645	181,322,932	212,429,698	1,165,002,099	0.54500
2009	611,248,377	887,502,675	208,073,292	248,992,979	1,457,831,365	0.52020
2010	633,894,250	956,763,945	217,383,174	292,467,550	1,515,573,819	0.50000
2011	641,654,835	916,094,036	236,920,483	309,195,554	1,485,473,800	0.50000
2012	653,022,105	906,727,249	232,900,324	315,949,304	1,476,700,374	0.50000
2013	749,181,537	1,006,543,540	280,277,545	339,700,132	1,696,302,490	0.51000

Source: Tax assessor/collector's records.

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.

Tax rates are per \$100 of assessed value.

CITY OF ROSENBERG, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(UNAUDITED)
LAST TEN FISCAL YEARS

Tax Rates*		City Direct Rates			Overlapping Rates ⁽¹⁾			
Fiscal Year	Tax Year	Operating Tax Rate	Debt Service Rate	Total Tax Rate	Lamar ISD	Fort Bend County	Fort Bend Mud #94	
							MUD Rate	Overlapping Rate
2004	2003	0.27500	0.28000	0.55500	1.69760	0.52377	0.71000	3.48634
2005	2004	0.27500	0.28000	0.55500	1.69760	0.52375	0.71000	3.48634
2006	2005	0.27500	0.28000	0.55500	1.69760	0.51674	0.71000	3.47934
2007	2006	0.27500	0.28000	0.55500	1.54765	0.51674	0.71000	3.32939
2008	2007	0.26500	0.28000	0.54500	1.29765	0.51674	0.71000	3.06939
2009	2008	0.25020	0.27000	0.52020	1.29765	0.49976	0.71000	3.02761
2010	2009	0.23000	0.27000	0.50000	1.23765	0.49976	0.71000	3.00741
2011	2010	0.23500	0.27000	0.50500	1.36460	0.49976	0.77000	3.13436
2012	2011	0.24500	0.25500	0.50000	1.39005	0.49976	0.77000	3.15981
2013	2012	0.26000	0.25000	0.51000	1.39005	0.49976	0.77000	3.16981

Source: Tax Department records of the various taxing authorities.

* Per \$100 of assessed valuation

- (1) Overlapping rates are those of local and county governments that apply within the City of Rosenberg. Not all overlapping rates apply to all City of Rosenberg property owners (i.e., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographical boundaries of the special district).

TABLE 9

Overlapping Rates ⁽¹⁾					
Fort Bend Mud #167		Fort Bend Mud #144		Fort Bend Mud #148	
MUD Rate	Overlapping Rate	MUD Rate	Overlapping Rate	MUD Rate	Overlapping Rate
-	-	-	-	-	-
-	-	0.80000	3.57634	0.90000	3.67634
0.85000	3.61934	0.80000	3.56934	0.90000	3.66934
0.85000	3.46939	0.80000	3.41939	0.90000	3.51939
0.85000	3.20939	0.80000	3.15939	0.90000	3.25939
0.85000	3.16761	0.80000	3.11761	0.90000	3.21761
0.85000	3.14741	0.80000	3.09741	0.90000	3.19741
0.89000	3.25436	0.80000	3.16436	0.90000	3.26436
0.89000	3.27981	0.80000	3.18981	0.90000	3.28981
0.89000	3.28981	0.80000	3.19981	0.90000	3.29981

**CITY OF ROSENBERG, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
(UNAUDITED)
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2013			2003		
	Taxable Assessed Value		Percentage of Total City Taxable Assessed Value	Taxable Assessed Value		Percentage of Total City Taxable Assessed Value
Brazos TC - Partnership A, LP	\$ 66,381,630	1	4.30%	\$ -	-	- %
Brazos TC - South Partnership A, LP	21,494,280	2	1.39%	-	-	- %
Inland American Rosenberg Brazos	19,975,000	3	1.29%	-	-	- %
A-S 92 Hwy 59-Reading Rd., LP	18,817,220	4	1.22%	-	-	- %
Kroger Texas, LP	17,371,840	5	1.13%	-	-	- %
National Oilwell Downhole Tools	16,814,180	6	1.09%	-	-	- %
Centerpoint Energy Electric	12,549,570	7	0.81%	16,095,280	1	1.82%
Seatex, Ltd.	11,539,070	8	0.75%	-	-	- %
Target Corporation	10,504,580	9	0.68%	-	-	- %
Alcort Rosenberg, LLC	10,000,000	10	0.65%	-	-	- %
Gurecky Manufacturing Service, Inc.	9,875,820	11	0.64%	4,862,290	16	0.55%
Brazos TC - Partnership B LP	9,315,400	12	0.60%	-	-	- %
JC Penney Properties	8,162,270	13	0.53%	-	-	- %
Lowe's Home Centers, Inc.	7,524,000	14	0.49%	7,483,100	7	0.85%
Pecan Park Apartments	7,129,900	15	0.46%	-	-	- %
Reading Road Apartments, LP	6,989,000	16	0.45%	5,794,130	11	0.66%
Texas MSI, Ltd.	6,619,150	17	0.43%	5,886,300	10	0.67%
Hwy 36 Properties, Ltd.	6,508,700	18	0.42%	-	-	- %
RD Auto Real Estate Investors, LP	6,418,810	19	0.42%	-	-	- %
Southwestern Bell Telephone	6,261,746	20	0.41%	10,840,310	5	1.23%
Percision Energy Servcies, Inc.	-	-	- %	13,055,460	2	1.48%
Fountains, LLC	-	-	- %	11,693,410	3	1.32%
Rosenberg, Venture, Ltd.	-	-	- %	10,956,940	4	1.24%
Albis Corporation	-	-	- %	8,334,070	6	0.94%
Visw Jyothi Limited Partnership	-	-	- %	7,189,690	8	0.81%
Lowes Companies of 1898	-	-	- %	6,798,620	9	0.77%
MF Partners I, Ltd.	-	-	- %	5,720,050	12	0.65%
Bison Building Materials	-	-	- %	5,705,474	13	0.65%
HS Development Properties, LP	-	-	- %	5,489,080	14	0.62%
Home Depot	-	-	- %	4,912,980	15	0.56%
Silver Eagle Distributors, Inc.	-	-	- %	3,797,990	17	0.43%
FAE Holdings 102842R, LLC	-	-	- %	3,693,960	18	0.42%
Weingarten Realty	-	-	- %	3,515,530	19	0.40%
R.M. Family Limited Partnership	-	-	- %	3,433,000	20	0.39%
Subtotal	280,252,166		18.15%	145,257,664		16.46%
Other taxpayers	1,263,435,793		81.85%	738,274,359		83.56%
Total	\$ 1,543,687,959		100.00%	\$ 883,532,023		100.00%

Source: Tax assessor/collector's records.

TABLE 11

**CITY OF ROSENBERG, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
(UNAUDITED)
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Rate	Total Tax Levy and Adjustment	Collected Within Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	0.55500	4,132,224	3,930,194	95.11%	191,559	4,121,753	99.73%
2005	0.55500	4,369,896	4,216,828	96.50%	142,964	4,359,792	99.79%
2006	0.55500	4,906,544	4,707,628	95.95%	188,714	4,896,342	99.76%
2007	0.55500	5,544,286	5,387,768	97.18%	143,515	5,531,283	99.70%
2008	0.54500	6,376,420	6,182,287	96.96%	166,140	6,348,427	99.42%
2009	0.52020	7,517,463	7,401,558	98.46%	82,649	7,484,207	99.55%
2010	0.50000	7,556,339	7,431,901	98.35%	75,349	7,507,250	99.22%
2011	0.50000	7,427,369	7,308,431	98.40%	73,567	7,381,998	98.40%
2012	0.50000	7,400,679	7,317,653	98.88%	20,844	7,338,497	98.88%
2013	0.51000	7,877,653	7,794,028	98.94%	-	7,794,028	98.94%

Source: Tax assessor/collector's records.

CITY OF ROSENBERG, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
(UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended	Governmental Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Tax Anticipation Notes	Revenue Bonds			
2004	\$ 4,735,000	\$ 20,865,000	\$ 109,647	\$ -	\$ 8,270,000	\$ 33,979,647	6.03%	\$ 1,285
2005	4,180,000	19,710,000	83,261	-	7,510,000	31,483,261	6.13%	1,191
2006	3,465,000	18,525,000	55,800	-	6,750,000	28,795,800	5.61%	1,033
2007	6,090,000	21,875,000	27,220	475,000	6,070,000	34,537,220	6.05%	1,238
2008	5,440,000	29,175,000	-	1,895,000	5,370,000	41,880,000	7.43%	1,354
2009	13,965,000	25,860,000	450,000	1,635,000	4,295,000	46,205,000	8.99%	1,375
2010	17,130,000	26,810,000	1,080,558	1,365,000	8,437,811	54,823,369	10.67%	1,791
2011	19,260,000	31,310,000	880,902	1,085,000	7,753,993	60,289,895	11.74%	1,969
2012	16,890,000	38,435,000	675,009	790,000	1,614,000	58,404,009	9.52%	1,908
2013	16,360,000	45,745,000	462,595	480,000	334,000	63,381,595	9.76%	2,070

Source: Tax assessor/collector's records.

*See the Schedule of Demographic and Economic Statistics (Table 18) for personal income and population data.

CITY OF ROSENBERG, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
(UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Notes Payable	Tax Anticipation Notes	Less Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property	Per Capita
2004	\$ 4,735,000	\$ 20,865,000	\$ 109,647	\$ -	\$ 1,360,898	\$ 27,070,545	3.34%	\$ 921
2005	4,180,000	19,710,000	83,261	-	1,770,119	25,743,380	2.84%	840
2006	3,465,000	18,525,000	55,800	-	2,565,502	24,611,302	2.20%	698
2007	6,090,000	21,875,000	27,220	475,000	3,985,558	32,452,778	2.50%	878
2008	5,440,000	29,175,000	-	1,895,000	3,302,634	39,812,634	2.85%	1,074
2009	13,965,000	25,860,000	450,000	1,635,000	4,617,517	46,527,517	2.56%	1,110
2010	17,130,000	26,810,000	1,080,558	1,365,000	5,492,418	51,877,976	2.70%	1,336
2011	19,260,000	31,310,000	880,902	1,085,000	5,062,930	57,598,832	3.20%	1,536
2012	16,890,000	38,435,000	675,009	790,000	5,170,780	51,619,229	3.50%	1,686
2013	16,360,000	45,745,000	462,595	480,000	4,990,181	58,057,414	3.42%	1,896

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CITY OF ROSENBERG, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)
AS OF SEPTEMBER 30, 2013

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Lamar CISD	\$ 532,230,000	15.87%	\$ 81,978,810
Fort Bend County	492,670,000	03.72%	16,905,855
Fort Bend MUD No. 94	6,590,000	100.00%	6,260,000
Fort Bend MUD No. 144	5,265,000	100.00%	7,478,075
Fort Bend MUD No. 148	1,850,000	100.00%	1,795,000
Fort Bend MUD No. 152	2,335,000	02.79%	61,695
Fort Bend MUD No. 159	2,500,000	100.00%	2,450,000
Fort Bend MUD No. 167	13,570,000	100.00%	<u>16,220,000</u>
Subtotal overlapping debt			133,149,435
City direct debt			<u>63,047,595</u>
Total direct and overlapping debt			<u>\$ 196,197,030</u>

Source: Financial advisor

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

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF ROSENBERG, TEXAS
LEGAL DEBT MARGIN INFORMATION
(UNAUDITED)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2004	2005	2006	2007
Debt limit	\$ 72,743,240	\$ 78,470,175	\$ 88,352,302	\$ 99,304,305
Total net debt applicable to limit	<u>24,212,135</u>	<u>22,119,881</u>	<u>19,424,498</u>	<u>24,929,442</u>
Legal debt margin	<u>\$ 48,531,105</u>	<u>\$ 56,350,294</u>	<u>\$ 68,927,804</u>	<u>\$ 74,374,863</u>
Total net debt applicable to the limit as a percentage of debt limit	33.28%	28.19%	21.99%	25.10%
Legal debt margin calculation by fiscal year				
Assessed value	\$ 727,432,403	\$ 784,701,745	\$ 883,523,023	\$ 993,043,047
Debt limit (10% of assessed value)	72,743,240	78,470,175	88,352,302	99,304,305
Debt applicable to limit:				
General obligation bonds	25,600,000	23,890,000	21,990,000	28,915,000
Less: amount set aside for repayment of general obligation debt	<u>(1,387,865)</u>	<u>(1,770,119)</u>	<u>(2,565,502)</u>	<u>(3,985,558)</u>
Total net debt applicable to limit	<u>24,212,135</u>	<u>22,119,881</u>	<u>19,424,498</u>	<u>24,929,442</u>
Legal debt margin	<u>\$ 48,531,105</u>	<u>\$ 56,350,294</u>	<u>\$ 68,927,804</u>	<u>\$ 74,374,863</u>

Note: Under state finance law, the City of Rosenberg's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

TABLE 15

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 116,500,210	\$ 145,783,137	\$ 151,557,382	\$ 148,547,380	\$ 154,515,089	\$ 166,597,038
<u>33,207,366</u>	<u>36,842,483</u>	<u>39,812,582</u>	<u>46,592,070</u>	<u>50,944,220</u>	<u>57,594,819</u>
<u>\$ 83,292,844</u>	<u>\$ 108,940,654</u>	<u>\$ 111,744,800</u>	<u>\$ 101,955,310</u>	<u>\$ 103,570,869</u>	<u>\$ 109,002,219</u>
28.50%	25.27%	26.27%	31.37%	32.97%	34.57%
\$ 1,165,002,099	\$ 1,457,831,365	\$ 1,515,573,819	\$ 1,485,473,800	\$ 1,545,150,888	\$ 1,665,970,375
116,500,210	145,783,137	151,557,382	148,547,380	154,515,089	166,597,038
36,510,000	41,460,000	45,305,000	51,655,000	56,115,000	62,585,000
<u>(3,302,634)</u>	<u>(4,617,517)</u>	<u>(5,492,418)</u>	<u>(5,062,930)</u>	<u>(5,170,780)</u>	<u>(4,990,181)</u>
<u>33,207,366</u>	<u>36,842,483</u>	<u>39,812,582</u>	<u>46,592,070</u>	<u>50,944,220</u>	<u>57,594,819</u>
<u>\$ 83,292,844</u>	<u>\$ 108,940,654</u>	<u>\$ 111,744,800</u>	<u>\$ 101,955,310</u>	<u>\$ 103,570,869</u>	<u>\$ 109,002,219</u>

CITY OF ROSENBERG, TEXAS
DEBT SERVICE FUND PROJECTIONS FOR FISCAL YEAR 2013
(UNAUDITED)
SEPTEMBER 30, 2013

Tax Obligation Debt Service Requirements, FY 14		\$ 6,814,760
Debt Service Fund, 09/30/13	\$ 4,990,181	
Debt Service Fund Tax Levy @ 96% Collection	3,778,384	
Estimated Prior Year Delinquent Taxes	70,000	
Estimated Transfer from Water/Wastewater Fund	1,923,503	
Estimated Transfer from Rosenberg Development Corporation	999,394	
Estimated Transfer from Hotel/Motel Fund	63,823	
Estimated Investment Income	<u>6,000</u>	11,831,285
Estimated Debt Service Fund Balance, 09/30/14		5,016,525
General Obligation and/or Revenue Bonds		
Authorized but unissued for 2013	1,565,000	
Floating Debt Outstanding for 2013	None	

CITY OF ROSENBERG, TEXAS
COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)
SEPTEMBER 30, 2013

WATERWORKS AND SEWER SYSTEM

Net system revenue available 09/30/13	\$ 5,486,280
Less: 2014 requirements for revenue bonds	<u>20,000</u>
Balance available for other purposes	<u>\$ 5,466,280</u>
Debt service coverage ratio	
2014 requirements for system tax or general obligation bonds (1)	1,923,503
Percentage of system general obligation bonds self-supporting	100%

ROSENBERG DEVELOPMENT CORPORATION

Net system revenue available 09/30/13	\$ 4,650,911
Less: 2013 requirements for revenue bonds	<u>999,396</u>
Balance available for other purposes	<u>\$ 3,651,515</u>
2013 requirements for general obligation bonds paid by the Corporation (1)	999,396
Percentage of system general obligation bonds self-supporting	100%

- (1) It is the City's current policy to provide these payments from respective system revenues; however, these revenues are not pledged to the payment of this debt. The City's policy to make debt service payments from these revenues is subject to change in the future.

CITY OF ROSENBERG, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)
LAST TEN CALENDAR YEARS

Fiscal Year Ended September 30,	Population ⁽¹⁾	Personal Income ⁽⁴⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate
2004	26,442	414,504,792	15,676	30.2	18,578	5.8%
2005	26,442	414,504,792	15,676	30.2	19,736	4.6%
2006	27,889	437,187,964	15,676	30.2	20,633	4.3%
2007	27,889	492,296,628	17,652	31.7	21,810	3.8%
2008	30,929	563,588,238	18,222	32.5	22,944	4.4%
2009	33,595	513,722,725	15,292	32.5	23,829	8.1%
2010	30,618	513,722,725	16,778	32.5	24,648	7.7%
2011	30,618	570,872,610	18,645	32.9	25,263	8.1%
2012	32,018	613,656,988	19,166	31.9	26,104	6.4%
2013	33,070	649,097,960	19,628	31.5	27,186	6.2%

Sources: (1) Internal City Estimates
(2) Bureau of the Census
(3) Lamar Consolidated Independent School District
(4) Based on Census data (2000), Estimated (2004) by Experiean/Applied Geographics Solutions

TABLE 19

CITY OF ROSENBERG, TEXAS
PRINCIPAL EMPLOYERS
(UNAUDITED)
CURRENT AND NINE YEARS AGO

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lamar Consolidated ISD	4,265	1	20.34%	2,662	1	35.49%
Texana Center	566	2	3.91%	-		- %
Frito Lay, Inc.	469	3	3.31%	436	3	5.81%
Kroger	240	4	1.62%	105	9	1.40%
City of Rosenberg	235	5	1.59%	220	4	2.93%
Benedittini Cabinetry	230	6	1.57%	-		- %
Allied Concrete & Home Lumber	222	7	1.16%	460	2	6.13%
Biotics Research Corporation	164	8	1.06%	-		- %
Fort Bend County Annex	159	9	1.00%	164	5	2.19%
Southwestern Bell / AT&T	142	10	0.98%	143	7	1.91%
Albis	-		- %	145	6	1.93%
Home Depot	-		- %	108	8	1.44%
Silver Eagle, Inc.	-		- %	120	10	1.40%
Total	<u>6,692</u>		<u>36.53%</u>	<u>4,563</u>		<u>60.63%</u>

Source: Municipal Advisory Council

CITY OF ROSENBERG, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
(UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	Fulltime Equivalent Employees as of September 30,			
	2004	2005	2006	2007
General government	23	24	24	26
Public safety				
Police				
Officers	63	63	63	64
Civilians	22	22	22	23
Fire				
Firefighters	31	34	34	34
Civilians	2	2	2	2
Public works				
Engineering	-	1	1	-
Streets and drainage	20	19	19	15
Fleet maintenance	4	5	5	5
Community development				
Administration	2	2	2	-
Buildings and grounds	1	1	-	-
Planning	-	2	2	4
Code enforcement	5	5	7	8
Health	1	1	1	1
Marketing & public affairs	-	-	-	1
Civic center	3	3	5	4
Parks & recreation	18	18	17	13
Hotel/motel	1	1	2	2
Information services	4	4	3	3
Water and sewer	<u>34</u>	<u>33</u>	<u>30</u>	<u>30</u>
Total	<u>234</u>	<u>240</u>	<u>239</u>	<u>235</u>

Source: City personnel records.

TABLE 20

Fulltime Equivalent Employees as of September 30,					
2008	2009	2010	2011	2012	2013
29	29	28	27	27	27
64	65	64	65	65	68
23	23	23	21	21	22
34	35	36	36	36	42
2	2	2	2	2	2
-	-	-	-	-	-
18	17	16	15	15	15
4	4	4	4	4	4
-	-	-	-	-	-
-	-	-	-	-	-
4	4	5	3	3	3
9	9	9	7	7	7
1	2	2	1	1	1
1	1	1	1	1	1
3	3	2	3	3	3
13	15	15	11	11	11
2	2	2	2	2	2
3	3	3	2	2	2
<u>29</u>	<u>29</u>	<u>27</u>	<u>25</u>	<u>25</u>	<u>25</u>
<u>239</u>	<u>243</u>	<u>239</u>	<u>225</u>	<u>225</u>	<u>235</u>

CITY OF ROSENBERG, TEXAS
OPERATING INDICATORS BY FUNCTION
(UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Police				
Arrests	3,541	3,903	3,912	4,243
Accident reports	665	632	506	750
Citations	14,108	14,383	11,467	12,160
Offense reports	6,065	5,538	5,901	6,150
Calls for service	35,100	36,646	36,243	41,492
Fire				
Emergency responses	4,896	3,516	4,930	5,145
Fire incidents	53	62	71	89
Service calls and other calls	2,172	1,721	1,639	1,672
Automatic aid, mutual aid given	54	71	49	69
Water				
Average daily consumption (millions of gallons)	2.70	2.89	3.15	3.00
Total consumption (millions of gallons)	986.86	1,059.76	1,150.31	1,098.57
Peak daily consumption (millions of gallons)	4.59	5.07	4.86	5.47
Sewer				
Average daily sewage treatment (millions of gallons)	3.07	2.98	2.68	3.27
Total consumption (millions of gallons)	1,123.97	1,083.37	979.08	1,197.31
Peak daily consumption (millions of gallons)	12.07	11.82	841.00	11.84

Source: Various City departments

TABLE 21

Fiscal Year					
2008	2009	2010	2011	2012	2013
4,473	4,287	3,373	3,313	3,440	2,654
651	506	444	399	570	629
14,895	11,158	8,583	7,087	6,779	5,874
4,453	4,955	5,235	4,105	3,921	4,229
42,568	40,775	51,683	53,702	58,414	55,829
4,527	3,476	3,348	3,426	3,697	3,702
196	233	127	69	197	239
2,514	3,124	3,199	3,061	3,455	3,333
128	119	22	60	45	130
3.44	3.75	3.37	4.11	3.63	3.71
1,262.22	1,371.73	1,229.84	1,503.75	1,333.99	1,357.00
5.10	6.27	5.16	7.14	6.46	5.83
3.27	2.44	3.13	2.33	2.54	2.32
1,197.31	890.89	1,132.78	853.85	931.78	848.52
11.84	9.91	16.94	6.21	10.21	7.64

**CITY OF ROSENBERG, TEXAS
WATER AND SEWER RATES
(UNAUDITED)
SEPTEMBER 30, 2013**

WATER RATES

Rates for Single-Family Residence are as follows:

First 2,000 gallons	\$10.28 minimum
2,000 - 10,000 gallons	\$2.50 per 1,000 gallons
Over 10,000 gallons	\$2.88 per 1,000 gallons

Rates for Commercial/Industrial users are as follows:

<u>Minimum Monthly Billing</u>	<u>Includes up to 2,000 gallons</u>
5/8" Meter	\$10.28
1" Meter	\$30.85
2" Meter	\$51.41
3" Meter	\$71.97
4" Meter	\$113.10
6" Meter	\$154.23

All water used over 2,000 gallons - \$2.50 per 1,000 gallons

SUBSIDENCE FEE

For all water used the fee is \$1.00 per 1,000 gallons, in addition to the water rates.

SEWER RATES

Rates for Single-Family Residence are as follows:

First 2,000 gallons	\$15.00 minimum
2,000 - 5,000 gallons	\$2.61 per 1,000 gallons
5,000 - 12,000 gallons	\$2.97 per 1,000 gallons

Rates for Commercial/Industrial users are as follows:

<u>Minimum Monthly Billing</u>	<u>Includes up to 2,000 gallons</u>
5/8" Meter	\$15.00
1" Meter	\$15.00
2" Meter	\$15.00
3" Meter	\$15.00
4" Meter	\$15.00
6" Meter	\$15.00

All sewer used over 2,000 is charged \$2.97 per 1,000 gallons.

Rates were effective March 1, 2013.

CITY OF ROSENBERG, TEXAS
TOP TEN WATER AND SEWER CUSTOMERS
(UNAUDITED)
SEPTEMBER 30, 2013

TOP TEN WATER CUSTOMERS

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	39,343,000	\$ 162,416
2	New Quest Properties	Irrigation Meters	34,721,200	118,393
3	Reading Park Apartments	Apartments	18,562,800	79,174
4	Brazos Master Maintenance Assn.	Irrigation Meters	18,053,800	63,620
5	Pecan Park Apartments	Apartments	13,646,000	64,899
6	Seatex LTD	Industry	12,288,400	41,014
7	Alcurt Rosenberg, LLC	Apartments	11,246,900	47,885
8	Allied Concrete	Industry	9,800,200	32,916
9	Victoria Garden Apartments	Apartments	9,391,400	42,228
10	Fort Bend Nhc LP / Falcon Pointe	Apartments	8,679,200	37,260
TOTAL			<u>175,732,900</u>	<u>\$ 689,805</u>

TOP TEN SEWER CUSTOMERS

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	25,742,000	\$ 78,264
2	Reading Park Apartments	Apartments	17,568,100	74,477
3	Pecan Park Apartments	Apartments	13,646,000	67,748
4	Seatex LTD	Industry	12,288,400	62,123
5	Alcurt Rosenberg, LLC	Apartments	11,246,900	38,114
6	Victoria Garden Apartments	Apartments	9,391,400	42,392
7	Fort Bend Nhc LP / Falcon Pointe	Apartments	8,679,200	36,361
8	Fountains of Rosenberg	Apartments	8,648,600	40,513
9	Kings Arm Apartments	Apartments	8,594,700	36,764
10	Blue Wave Carwash	Commercial	7,837,100	22,498
TOTAL			<u>123,642,400</u>	<u>\$ 499,254</u>

CITY OF ROSENBERG, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Public safety				
Police				
Stations	1	1	1	1
Patrol units	32	34	35	35
Fire				
Stations	2	2	2	2
Public works				
Collection trucks	N/A	N/A	N/A	N/A
Streets (miles)	115	120	120	128
Parks and recreation				
Parks acreage	431	431	431	443
Parks	8	8	8	8
Water and sewer				
Water mains (miles)	123	123	123	152
Fire hydrants	803	826	984	1,036
Maximum daily capacity (thousands of gallons)	3,922	3,922	5,232	5,232
Sanitary sewers (miles)	122	122	122	139
Storm sewers (miles)	133	133	133	133
Maximum daily treatment capacity (thousands of gallons)	5,025	5,025	5,025	5,025

N/A - information not available.

Source: Various City departments

Note: No capital asset indicators are available for the general government function.

TABLE 24

Fiscal Year					
2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
35	43	47	47	47	46
2	2	2	2	2	2
N/A	N/A	N/A	N/A	N/A	N/A
148	148	148	154	162	151
443	443	443	443	443	443
8	8	9	9	9	9
152	158	158	160	160	160
1,051	1,137	1,137	1,111	1,135	1,187
5,232	5,232	5,232	5,232	5,232	5,372
139	140	140	142	142	143
133	128	128	129	129	130
6,525	6,525	6,525	6,525	6,525	6,525

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