

# **CITY OF ROSENBERG, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended  
September 30, 2014**



**Prepared by**

**Robert Gracia  
City Manager**

**Joyce Vasut, CPA  
Director of Finance**



**CITY OF ROSENBERG, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2014**

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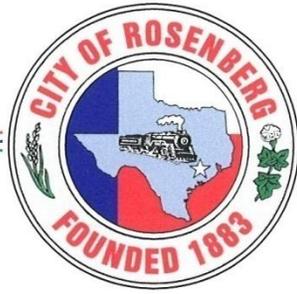
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# **INTRODUCTORY SECTION**

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March 3, 2015

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, 2014 (FY2014).

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, 2014, 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, 2014, 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 square miles, excluding extraterritorial jurisdictions, and is approximately sixty-three percent (63%) 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. 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 2014. 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 FY2014 exhibited an overall downward trend. The City's unemployment rate was 4.4%, which is below the state rate of 5.2% and well below the national rate of 5.9%. The median owner-occupied home value increased to \$116,000 in 2014, up from \$103,000 in 2011.

Residential development increased in FY2014 by 89% over FY2013 with a total of 264 residential certificates of occupancy issued in FY2014. The number of new commercial buildings opening in FY2014 decreased by approximately 70% from the previous year for a total of 28 commercial certificates of occupancy. Commercial additions and remodels remained steady which exhibits a strong preference for purchasing or leasing existing buildings rather than constructing new facilities.

Sales tax revenue increased by 18% for the City from FY2013 to FY2014. This trend has continued, with increases averaging 8% in the first five months of sales tax revenue for FY2015. 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 automotives.

## **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.

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting information is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

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 'AA-' long term rating to Rosenberg while Moody's assigns an '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. 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 24% since FY2009 to an appraised value of over \$1.8 billion in FY2014. The tax base is diverse, with the ten leading taxpayers accounting for only 12.5% 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 deed-restricted business park developments with shovel-ready sites including two premier site locations – Rosenberg Business Park and the Walsh Road Industrial Park;
- To locate a \$60 million, 650,000 square feet distribution center and regional headquarters for national grocer, ALDI;
- To bring Paragon Outlets to Rosenberg as the site of their next premier retail outlet center consisting of a 63.5 acre site, representing a capital investment of approximately \$100 million, and creating more than 1,000 new jobs.
- To undertake several smaller 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). 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, 2013. This was the 27<sup>th</sup> 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 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 FY2014. 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  
Executive Director of Administrative Services



Government Finance Officers Association

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

Presented to

**City of Rosenberg  
Texas**

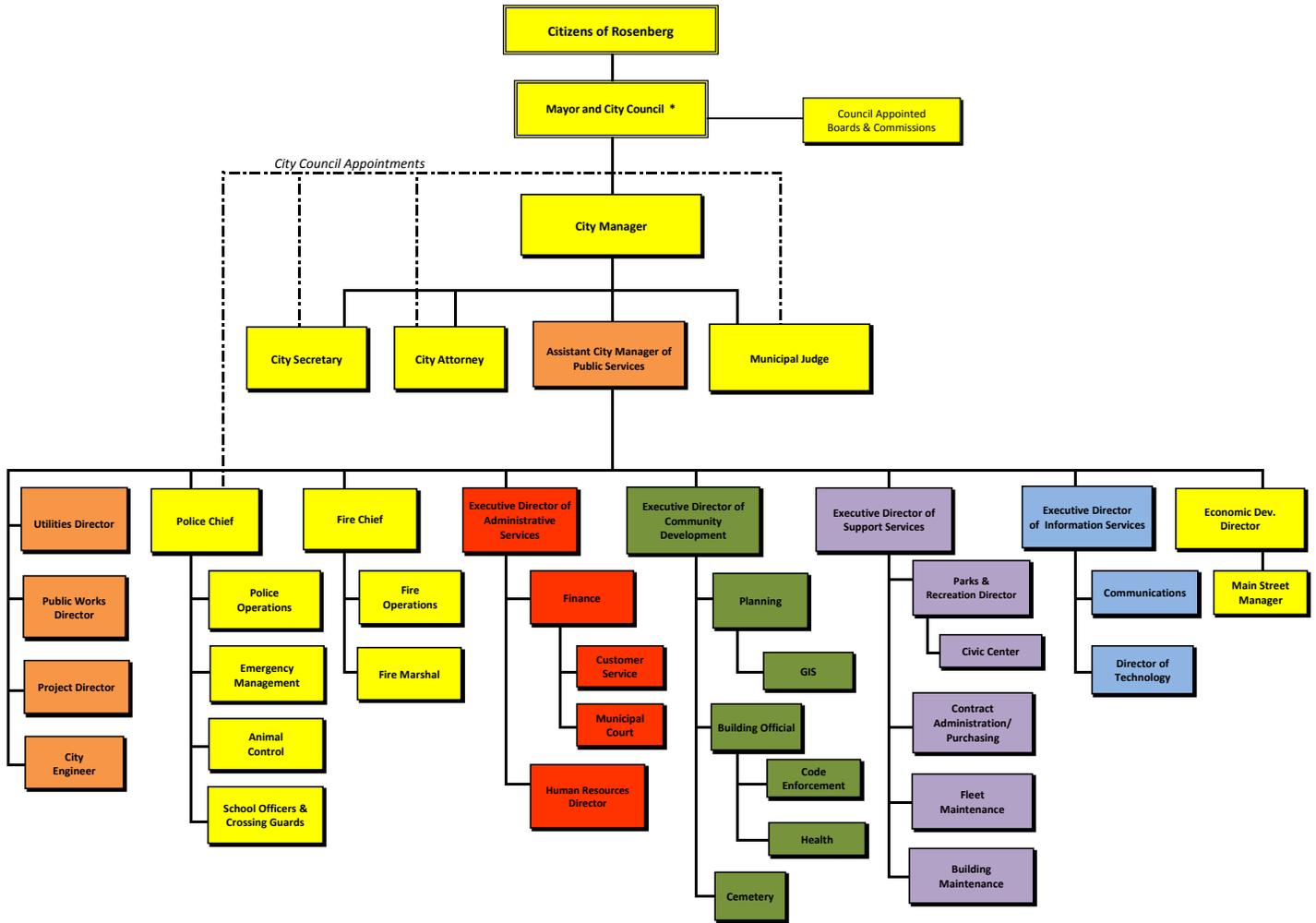
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

# CITY OF ROSENBERG, TEXAS

## ORGANIZATIONAL CHART



\* - Denotes Elected Position

# CITY OF ROSENBERG, TEXAS

## PRINCIPAL OFFICIALS SEPTEMBER 30, 2014

<b>City Officials</b>	<b>Elective Position</b>
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. Barta	Councilor, District No. 4

<b>Key Staff</b>	<b>Position</b>
Robert Gracia	City Manager
John Maresh	Assistant City Manager of Public Services
Kaye Supak	Executive Assistant
Scott M. Tschirhart	City Attorney
Charles A. Kalkomey	City Engineer
Linda K. Cernosek	City Secretary
Angela Fritz	Executive Director of Information Services
Randall Malik	Economic Development Director
Joyce Vasut	Executive Director of Administrative Services
Wade Goates	Fire Chief
Dallis Warren	Police Chief
Lisa Olmeda	Human Resources Director
James Lewis	Technology Director
Jeff Trinker	Executive Director of Support Services
James A. Baker	Municipal Court Judge
Darren R. McCarthy	Parks & Recreation Director
Travis Tanner	Executive Director of Community Development

# **FINANCIAL SECTION**

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PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## 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, 2014, 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, 2014, 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.

### ***Change in Accounting Principle***

As discussed in Note I to the financial statements, in fiscal year 2014 the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Funding Progress for Participation in Texas Municipal Retirement System, and the Schedule of Funding Progress Post-Retirement Health Care Benefit Plan on pages 4 – 12 and 56 – 61 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 February 26, 2015, 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  
February 26, 2015

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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, 2014.

### FINANCIAL HIGHLIGHTS

- The assets of the City, excluding component units, exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$130,720,204 (net position). Of this amount, \$31,533,945 (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 \$11,041,059.
- As of September 30, 2014, the City's governmental funds reported an ending fund balance of \$41,561,950, an increase of \$9,977,015 in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$11,894,623, or 55% of total General Fund expenditures.
- The City's long-term debt increased by \$1,884,519 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 31 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, 2014 Certificates of Obligation, RDC projects, 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 has two Enterprise Funds and they are used to account for its water and wastewater services and civic center rentals.

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 \$130,720,204 as of September 30, 2014.

The largest portion of the City's net position (65%) 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 (11%) represents resources that are subject to restrictions on how they may be used.

### Summary of Statement of Net Position As of September 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 52,766,648	\$ 48,347,926	\$ 17,984,548	\$ 14,949,068	\$ 70,751,196	\$ 63,296,994
Capital assets	<u>91,712,920</u>	<u>88,429,178</u>	<u>49,216,177</u>	<u>48,899,875</u>	<u>140,929,097</u>	<u>137,329,053</u>
Total assets	<u>144,479,568</u>	<u>136,777,104</u>	<u>67,200,725</u>	<u>63,848,943</u>	<u>211,680,293</u>	<u>200,626,047</u>
Long-term liabilities	72,017,453	69,518,171	4,776,493	5,391,256	76,793,946	74,909,427
Other liabilities	<u>2,702,054</u>	<u>4,696,466</u>	<u>1,464,089</u>	<u>1,341,009</u>	<u>4,166,143</u>	<u>6,037,475</u>
Total liabilities	<u>74,719,507</u>	<u>74,214,637</u>	<u>6,240,582</u>	<u>6,732,265</u>	<u>80,960,089</u>	<u>80,946,902</u>
Net position:						
Net investment,						
in capital assets	39,982,793	37,219,927	44,504,314	43,565,861	84,487,107	80,785,788
Restricted	14,699,152	10,581,044	-	-	14,699,152	10,581,044
Unrestricted	<u>15,078,116</u>	<u>14,761,496</u>	<u>16,455,829</u>	<u>13,550,817</u>	<u>31,533,945</u>	<u>28,312,313</u>
Total net position	<u>\$ 69,760,061</u>	<u>\$ 62,562,467</u>	<u>\$ 60,960,143</u>	<u>\$ 57,116,678</u>	<u>\$ 130,720,204</u>	<u>\$ 119,679,145</u>

Net position of the City, excluding component units, increased by \$11,041,059. Key elements of the increase are as follows:

**Changes in Net Position  
For the Fiscal Years Ended September 30, 2014 and 2013**

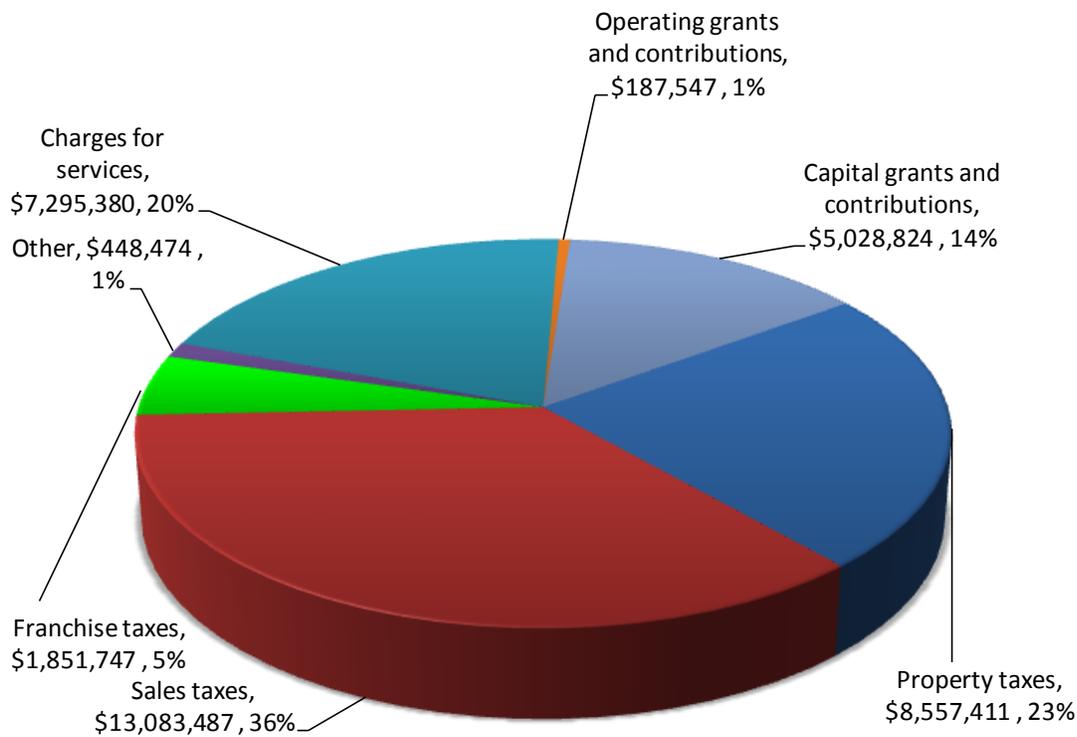
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 7,295,380	\$ 6,752,208	\$ 11,977,575	\$ 11,032,097	\$ 19,272,955	\$ 17,784,305
Operating grants and contributions	187,547	289,050	3,997	282,696	191,544	571,746
Capital grants and contributions	5,028,824	2,770,160	517,470	525,482	5,546,294	3,295,642
General revenues:						
Property taxes	8,557,411	7,959,179	-	-	8,557,411	7,959,179
Sales taxes	13,083,487	11,128,093	-	-	13,083,487	11,128,093
Franchise taxes	1,851,747	1,780,202	-	-	1,851,747	1,780,202
Investment interest	20,512	43,146	6,563	14,216	27,075	57,362
Gain on sale of capital asset	90,641	-	-	-	90,641	-
Miscellaneous	337,321	395,991	-	-	337,321	395,991
Total revenues	36,452,870	31,118,029	12,505,605	11,854,491	48,958,475	42,972,520
Expenses:						
General government	3,995,452	4,208,848	-	-	3,995,452	4,208,848
Public safety	13,430,159	12,043,046	-	-	13,430,159	12,043,046
Public works	7,236,352	7,264,024	-	-	7,236,352	7,264,024
Community development	2,616,778	2,866,455	-	-	2,616,778	2,866,455
Water and sewer	-	-	7,163,452	7,236,812	7,163,452	7,236,812
Civic center rentals	-	-	391,242	-	391,242	-
Interest and fiscal charges	2,039,639	2,194,440	-	-	2,039,639	2,194,440
Debt issuance cost	128,148	-	-	-	128,148	-
Total expenses	29,446,528	28,576,813	7,554,694	7,236,812	37,001,222	35,813,625
Increase in net assets before transfers	7,006,342	2,541,216	4,950,911	4,617,679	11,957,253	7,158,895
Transfers	1,107,446	( 1,116,030)	( 1,107,446)	1,116,030	-	-
Increase in net position	8,113,788	1,425,186	3,843,465	5,733,709	11,957,253	7,158,895
Net position, beginning	62,562,467	61,078,139	57,116,678	51,382,969	119,679,145	112,461,108
Prior period adjustment	( 916,194)	59,142	-	-	( 916,194)	59,142
Net position, ending	\$ 69,760,061	\$ 62,562,467	\$ 60,960,143	\$ 57,116,678	\$ 130,720,204	\$ 119,679,145

There was an increase of \$7,197,594 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 a decrease to net position of \$ (916,194) 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 \$3,843,465. 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 30% reduction of groundwater withdrawal by October 1, 2016 as 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.

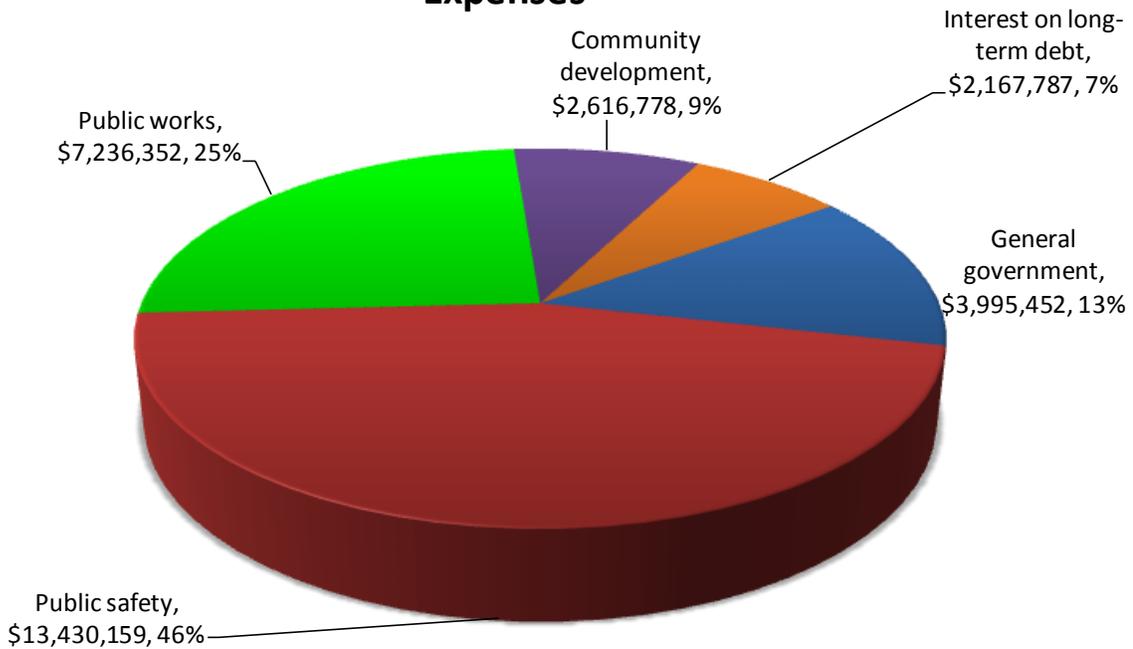
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City’s activities.

### Governmental Activities - Revenues



For the fiscal year ended September 30, 2014, revenues from governmental activities totaled \$36,452,870.

## Governmental Activities - Expenses



For the fiscal year ended September 30, 2014, expenses for governmental activities totaled \$29,446,528.

### 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, 2014, 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 \$41,561,950, which is an increase of \$9,977,015 from last year's total of \$31,584,935. 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 55% of total General Fund expenditures.

The fund balance of the General Fund increased by \$4,646,542 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 \$4,992,530, all of which is restricted for the payment of debt service. The net decrease in fund balance for the year was \$12,497. This decrease can be attributed to the FY 2014 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 \$3,451,566. This fund was created during 2013 to account for the 2013 Certificate of Obligation issued by the City.

The 2014 Certificate of Obligation Fund has a fund balance of \$5,205,114. This fund was created during 2014 to account for the 2014 Certificate of Obligation issued by the City.

The RDC Projects Fund has a fund balance of \$4,887,495. This fund is used to account for the various projects that have been funded by the Rosenberg Development Corporation.

**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 and the Civic Center Rental Fund at the end of the fiscal year amounted to \$16,455,829. The increase in total net position for the year was \$3,843,465. This increase relates to operating income in excess of \$4,595,839. 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 \$979,616 in appropriations between the original and final amended budget for revenues and an increase of \$1,183,647 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 2014 fiscal year, the actual revenue collected for the General Fund exceeded the budget by \$3,180,686. This can be primarily attributed to higher than anticipated sales taxes.

Actual expenditures for the General Fund were \$1,930,959 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, 2014, amounts to \$140,929,097 (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	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	\$ 5,949,391	\$ 5,858,842	\$ 363,209	\$ 363,209	\$ 6,312,600	\$ 6,222,051
Construction in progress	9,855,984	5,598,155	4,957,843	4,343,082	14,813,827	9,941,237
Other capital assets:						
Buildings and improvements	10,996,022	10,271,455	-	-	10,996,022	10,271,455
Machinery and equipment	11,334,280	11,330,587	2,156,883	2,160,210	13,491,163	13,490,797
Infrastructure	94,880,746	94,019,120	-	-	94,880,746	94,019,120
Water and wastewater system	-	-	68,453,307	66,255,157	68,453,307	66,255,157
Accumulated depreciation on other capital assets	( 41,303,503)	( 38,648,980)	( 26,715,065)	( 24,221,784)	( 68,018,568)	( 62,870,764)
Totals	\$ 91,712,920	\$ 88,429,179	\$ 49,216,177	\$ 48,899,874	\$ 140,929,097	\$ 137,329,053

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 \$76,793,946. As of September 30, 2014, the City's OPEB obligation is \$5,089,416.

## Schedule of Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General Obligation	\$ 15,860,000	\$ 16,360,000	\$ -	\$ -	\$ 15,860,000	\$ 16,360,000
Revenue bonds	-	-	314,000	334,000	314,000	334,000
Certificates of obligation	48,380,000	45,745,000	-	-	48,380,000	45,745,000
Tax notes	160,000	480,000	-	-	160,000	480,000
Bonds issuance premiums	830,550	758,689	-	-	830,550	758,689
Loss on refunding bonds	-	-	-	-	-	-
Notes payable	305,956	462,595	2,976,029	3,529,016	3,281,985	3,991,611
Capital leases payable	-	-	1,421,834	1,470,997	1,421,834	1,470,997
Compensated absences	468,730	460,606	64,630	57,242	533,360	517,848
Net pension obligation	922,801	915,024	-	-	922,801	915,024
OPEB obligation	5,089,416	4,336,257	-	-	5,089,416	4,336,257
Totals	\$ 72,017,453	\$ 69,518,171	\$ 4,776,493	\$ 5,391,255	\$ 76,793,946	\$ 74,909,426

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 2015 budget on September 3, 2014, with total revenues of \$66,574,303 and total expenditures of \$76,279,354. Some of the key highlights of that budget include:

- The net taxable value of \$1.784 billion for Tax Year 2014 represents an increase of \$141.0 million or 8.6% from the Tax Year 2013 valuation.
- The City's adopted tax rate for FY 2015 of \$0.49 per \$100 of taxable valuation is \$0.01 less than FY 2013 and is below the effective tax rate.
- Sales tax revenues for FY 2015 are budgeted at \$11,500,000 which is 15.9% greater than the FY 2014 budget but less than the 2014 actual sales tax revenues.
- The Water Subsidence Fee increased from \$1.20 per 1,000 gallons in FY 2014 to \$1.40 per 1,000 gallons in FY 2015. The first tier of the sewer rate structure for residential customers will increase from \$2.97 to \$3.10 per 1,000 gallons over 2,000 gallons.
- The FY 2015 budget has a total of 261 fulltime positions which includes an increase of twenty-four (24) positions. The increase includes eight (8) positions that were added during FY14: School Resource Officer – Lieutenant, Animal Control Officer, Public Works Director, Building Inspector, Information Technology Specialist, and three (3) firefighters (converted from part-time). The FY2015 Budget also includes the addition of sixteen (16) positions including: GIS Technician, Health Inspector, Building Maintenance Worker, Light Equipment Operator for Public Works, Secretary II for the Planning Department, Police Officer, three(3) Communications Specialists for the Police Department, Communications Manager, Professional Standards/Compliance Officer for the Fire Department, an Administrative Assistant for Technology Services, a Customer Service Technician and three (3) firefighters (converted from part-time).
- An average of 2½% merit increase was included in the FY 2015 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, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
<b>ASSETS</b>				
Cash and investments	\$ 44,116,485	\$ 7,862,050	\$ 51,978,535	\$ 3,113,775
Receivables	3,722,707	1,525,914	5,248,621	709,694
Prepaid expenses	14,588	286,943	301,531	692
Inventory	21,858	-	21,858	-
Restricted cash and cash equivalents	-	8,309,641	8,309,641	-
Note from component unit	4,891,010	-	4,891,010	-
Capital assets, net of accumulated depreciation:				
Land	5,949,391	363,209	6,312,600	-
Buildings and improvements	5,415,503	-	5,415,503	-
Machinery and equipment	4,081,112	703,993	4,785,105	-
Infrastructure	66,410,930	-	66,410,930	-
Water and wastewater system	-	43,191,132	43,191,132	-
Construction in progress	9,855,984	4,957,843	14,813,827	-
Total assets	<u>144,479,568</u>	<u>67,200,725</u>	<u>211,680,293</u>	<u>3,824,161</u>
<b>LIABILITIES</b>				
Accounts payable	2,015,604	339,405	2,355,009	68,882
Accrued liabilities	449,997	49,572	499,569	-
Due to other governments	49,979	-	49,979	-
Accrued interest payable	186,474	19,686	206,160	-
Customer deposits	-	1,055,426	1,055,426	-
Noncurrent liabilities:				
Due within one year	4,927,246	673,810	5,601,056	767,235
Due in more than one year	67,090,207	4,102,683	71,192,890	4,123,775
Total liabilities	<u>74,719,507</u>	<u>6,240,582</u>	<u>80,960,089</u>	<u>4,959,892</u>
<b>NET POSITION</b>				
Net investment in capital assets	39,982,793	44,504,314	84,487,107	-
Restricted for:				
Debt service	4,971,151	-	4,971,151	-
Community development	5,514,806	-	5,514,806	-
Court security and technology	221,846	-	221,846	-
Law enforcement	421,073	-	421,073	-
Fire services	2,010,128	-	2,010,128	-
Economic development	1,560,148	-	1,560,148	-
Unrestricted(deficit)	<u>15,078,116</u>	<u>16,455,829</u>	<u>31,533,945</u>	<u>( 1,135,731)</u>
Total net position	<u>\$ 69,760,061</u>	<u>\$ 60,960,143</u>	<u>\$ 130,720,204</u>	<u>\$( 1,135,731)</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, 2014**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 3,995,452	\$ 850,652	\$ -	\$ -
Public safety	13,430,159	1,953,287	185,047	604,314
Public works	7,236,352	4,386,859	2,500	4,335,435
Community development	2,616,778	104,582	-	89,075
Interest on long-term debt	2,039,639	-	-	-
Debt issue cost	128,148	-	-	-
Total governmental activities	<u>29,446,528</u>	<u>7,295,380</u>	<u>187,547</u>	<u>5,028,824</u>
Business-type activities:				
Water and sewer	7,163,452	11,861,795	3,997	517,470
Civic center rentals	391,242	115,780	-	-
Total business-type activities	<u>7,554,694</u>	<u>11,977,575</u>	<u>3,997</u>	<u>517,470</u>
Total primary government	<u>\$ 37,001,222</u>	<u>\$ 19,272,955</u>	<u>\$ 191,544</u>	<u>\$ 5,546,294</u>
Component unit				
Rosenberg Development Corporation	\$ 2,865,193	\$ -	\$ -	\$ -
Total primary government	<u>\$ 2,865,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property				
Sales				
Franchise				
Investment earnings				
Gain on sale of capital asset				
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			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
\$( 3,144,800)	\$ -	\$( 3,144,800)	\$ -
( 10,687,511)	-	( 10,687,511)	-
1,488,442	-	1,488,442	-
( 2,423,121)	-	( 2,423,121)	-
( 2,039,639)	-	( 2,039,639)	-
( 128,148)	-	( 128,148)	-
<u>( 16,934,777)</u>	<u>-</u>	<u>( 16,934,777)</u>	<u>-</u>
-	5,219,810	5,219,810	513,473
<u>-</u>	<u>( 275,462)</u>	<u>( 275,462)</u>	<u>-</u>
<u>-</u>	<u>4,944,348</u>	<u>4,944,348</u>	<u>513,473</u>
<u>( 16,934,777)</u>	<u>4,944,348</u>	<u>( 11,990,429)</u>	<u>513,473</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2,865,193)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2,865,193)</u>
8,557,411	-	8,557,411	-
13,083,487	-	13,083,487	4,114,177
1,851,747	-	1,851,747	-
20,512	6,563	27,075	3,544
90,641	-	90,641	-
337,321	-	337,321	-
<u>1,107,446</u>	<u>( 1,107,446)</u>	<u>-</u>	<u>-</u>
<u>25,048,565</u>	<u>( 1,100,883)</u>	<u>23,947,682</u>	<u>4,117,721</u>
8,113,788	3,843,465	11,957,253	1,252,528
62,562,467	57,116,678	119,679,145	( 2,388,259)
<u>( 916,194)</u>	<u>-</u>	<u>( 916,194)</u>	<u>-</u>
<u>\$ 69,760,061</u>	<u>\$ 60,960,143</u>	<u>\$ 130,720,204</u>	<u>\$( 1,135,731)</u>

**CITY OF ROSENBERG, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	General	Debt Service
<b>ASSETS</b>		
Cash and investments	\$ 11,521,858	\$ 4,976,742
Receivables:		
Taxes	2,502,367	169,223
Accounts	481,826	-
Other	284,620	-
Intergovernmental	73,285	2,518
Inventory	21,858	-
Prepays	14,209	-
Notes receivable	-	4,891,010
Total assets	\$ 14,900,023	\$ 10,039,493
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	1,092,200	-
Accrued liabilities	417,877	-
Due to State	49,979	-
Total liabilities	1,560,056	-
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue:		
Property Taxes	154,027	155,953
Court Fines	150,900	-
Receivable from component unit	-	4,891,010
Total deferred Inflows of resources	304,927	5,046,963
Fund balances:		
Nonspendable	36,067	-
Restricted	-	4,992,530
Assigned	1,104,350	-
Unassigned	11,894,623	-
Total fund balances	13,035,040	4,992,530
Total liabilities, Deferred Inflows, and fund balances	\$ 14,900,023	\$ 10,039,493

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>2013 Certificates of Obligation</u>	<u>2014 Certificates of Obligation</u>	<u>RDC Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 3,845,419	\$ 5,369,840	\$ 4,895,211	\$ 10,142,278	\$ 40,751,348
-	-	-	71,774	2,743,364
-	-	-	-	481,826
-	-	-	-	284,620
-	-	-	131,464	207,267
-	-	-	-	21,858
-	-	-	379	14,588
-	-	-	-	4,891,010
<u>\$ 3,845,419</u>	<u>\$ 5,369,840</u>	<u>\$ 4,895,211</u>	<u>\$ 10,345,895</u>	<u>\$ 49,395,881</u>
393,853	164,726	7,716	330,081	1,988,576
-	-	-	25,609	443,486
-	-	-	-	49,979
<u>393,853</u>	<u>164,726</u>	<u>7,716</u>	<u>355,690</u>	<u>2,482,041</u>
-	-	-	-	-
-	-	-	-	309,980
-	-	-	-	150,900
-	-	-	-	4,891,010
-	-	-	-	5,351,890
-	-	-	-	36,067
3,451,566	5,205,114	4,887,495	9,990,205	28,526,910
-	-	-	-	1,104,350
-	-	-	-	11,894,623
<u>3,451,566</u>	<u>5,205,114</u>	<u>4,887,495</u>	<u>9,990,205</u>	<u>41,561,950</u>
<u>\$ 3,845,419</u>	<u>\$ 5,369,840</u>	<u>\$ 4,895,211</u>	<u>\$ 10,345,895</u>	
				90,524,462
				5,351,890
				( 72,201,947)
				<u>4,523,706</u>
				<u>\$ 69,760,061</u>

**CITY OF ROSENBERG, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>2013 Certificates of Obligation</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 4,570,462	\$ 4,006,845	\$ -
Sales	12,407,344	-	-
Franchise	1,789,243	-	-
Licenses and permits	771,303	-	-
Fines and forfeitures	491,652	-	-
Fees and charges for service	4,031,300	-	-
Intergovernmental	1,109,320	-	-
Investment earnings	4,323	2,289	2,800
Other	238,930	999,395	-
Total revenues	<u>25,413,877</u>	<u>5,008,529</u>	<u>2,800</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,308,374	-	-
Public safety	11,615,392	-	-
Public works	4,511,391	-	-
Community development	2,093,456	-	-
Capital outlay	170,796	-	2,454,506
Debt service:			
Principal retirement	-	4,906,639	-
Interest and service charges	-	2,101,713	-
Debt issuance costs	-	-	-
Total expenditures	<u>21,699,409</u>	<u>7,008,352</u>	<u>2,454,506</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,714,468</u>	<u>( 1,999,823)</u>	<u>( 2,451,706)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issuance	-	-	-
Insurance proceeds	41,362	-	-
Sale of capital assets	71,923	-	-
Premium on debt issued	-	-	-
Transfers in	1,571,082	1,987,326	2
Transfers out	<u>( 752,293)</u>	<u>-</u>	<u>( 1,054,378)</u>
Total other financing sources (uses)	<u>932,074</u>	<u>1,987,326</u>	<u>( 1,054,376)</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,646,542	( 12,497)	( 3,506,082)
<b>FUND BALANCES, BEGINNING</b>	<u>8,388,498</u>	<u>5,005,027</u>	<u>6,957,648</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 13,035,040</u>	<u>\$ 4,992,530</u>	<u>\$ 3,451,566</u>

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

2014 Certificates of Obligation	RDC Projects	Other Governmental	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 8,577,307
-	-	676,143	13,083,487
-	-	62,504	1,851,747
-	-	-	771,303
-	-	81,781	573,433
-	-	4,591	4,035,891
-	3,884,846	3,501,962	8,496,128
1,385	1,539	6,725	19,061
-	-	211,898	1,450,223
<u>1,385</u>	<u>3,886,385</u>	<u>4,545,604</u>	<u>38,858,580</u>
-	2,100	135,552	3,446,026
-	-	904,110	12,519,502
-	-	-	4,511,391
-	-	190,199	2,283,655
-	783,068	3,495,582	6,903,952
-	-	-	4,906,639
-	-	-	2,101,713
<u>80,288</u>	<u>-</u>	<u>47,860</u>	<u>128,148</u>
<u>80,288</u>	<u>785,168</u>	<u>4,773,303</u>	<u>36,801,026</u>
<u>( 78,903)</u>	<u>3,101,217</u>	<u>( 227,699)</u>	<u>2,057,554</u>
5,000,000	-	1,565,000	6,565,000
-	-	-	41,362
-	-	157	72,080
83,415	-	50,157	133,572
529,400	-	1,112,369	5,200,179
<u>( 328,798)</u>	<u>-</u>	<u>( 1,957,263)</u>	<u>( 4,092,732)</u>
<u>5,284,017</u>	<u>-</u>	<u>770,420</u>	<u>7,919,461</u>
5,205,114	3,101,217	542,721	9,977,015
-	1,786,278	9,447,484	31,584,935
<u>\$ 5,205,114</u>	<u>\$ 4,887,495</u>	<u>\$ 9,990,205</u>	<u>\$ 41,561,950</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, 2014**

Net change in fund balances - total governmental funds	\$	9,977,015
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.		3,025,804
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(	2,497,802)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides		
Repayment of principal of long-term debt		4,906,639
Issuance of new long-term debt	(	6,698,572)
Amortization of:		
Premiums on long-term debt		61,711
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 liability	(	13,790)
Net OPEB obligation	(	753,160)
Net pension obligation	(	7,777)
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.		363
The net income (loss) of certain activities of Internal Service Funds is reported with governmental activities.		<u>113,357</u>
Change in net position of governmental activities	\$	<u><u>8,113,788</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, 2014**

	Business-type Activities Enterprise Fund			Governmental Activities Internal
	Water and Wastewater	Civic Center Rentals	Total	Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 7,779,065	\$ 82,985	\$ 7,862,050	\$ 3,365,137
Receivables:				
Accounts, net of allowance	1,525,914	-	1,525,914	-
Other	-	-	-	5,630
Prepaid expenses	286,797	146	286,943	-
Restricted cash and cash equivalents	8,309,641	-	8,309,641	-
Total current assets	<u>17,901,417</u>	<u>83,131</u>	<u>17,984,548</u>	<u>3,370,767</u>
Noncurrent assets:				
Capital assets:				
Land	363,209	-	363,209	-
Machinery and equipment	2,156,883	-	2,156,883	3,899,332
Water and wastewater system	68,453,307	-	68,453,307	-
Construction-in-progress	4,957,843	-	4,957,843	-
Less: accumulated depreciation	( 26,715,065)	-	( 26,715,065)	( 2,710,874)
Total noncurrent assets	<u>49,216,177</u>	<u>-</u>	<u>49,216,177</u>	<u>1,188,458</u>
Total assets	<u>67,117,594</u>	<u>83,131</u>	<u>67,200,725</u>	<u>4,559,225</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	328,406	10,999	339,405	27,028
Accrued liabilities	43,599	5,973	49,572	6,511
Compensated absences	6,080	383	6,463	198
Payable from restricted assets:				
Deposits	1,054,241	1,185	1,055,426	-
Accrued interest payable	19,686	-	19,686	-
Capital lease payable	78,909	-	78,909	-
Note payable	568,438	-	568,438	-
Revenue bonds payable	20,000	-	20,000	-
Total current liabilities	<u>2,119,359</u>	<u>18,540</u>	<u>2,137,899</u>	<u>33,737</u>
Noncurrent liabilities:				
Compensated absences	54,719	3,448	58,167	1,783
Capital lease payable	1,342,925	-	1,342,925	-
Note payable	2,407,591	-	2,407,591	-
Revenue bonds payable	294,000	-	294,000	-
Total noncurrent liabilities	<u>4,099,235</u>	<u>3,448</u>	<u>4,102,683</u>	<u>1,783</u>
Total liabilities	<u>6,218,594</u>	<u>21,988</u>	<u>6,240,582</u>	<u>35,520</u>
<b>NET POSITION</b>				
Net investment in capital assets	44,504,314	-	44,504,314	1,188,458
Unrestricted	<u>16,394,686</u>	<u>61,143</u>	<u>16,455,829</u>	<u>3,335,247</u>
Total net position	<u>\$ 60,899,000</u>	<u>\$ 61,143</u>	<u>\$ 60,960,143</u>	<u>\$ 4,523,705</u>

**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, 2014**

	Business-type Activities Enterprise Fund		Governmental Activities Internal
	Water and Wastewater	Civic Center Rentals	Service Funds
		Total	
<b>OPERATING REVENUES</b>			
Water	6,803,044	-	6,803,044
Sewer	5,058,751	-	5,058,751
Charges for services	-	115,780	115,780
Total operating revenues	<u>11,861,795</u>	<u>115,780</u>	<u>11,977,575</u>
<b>OPERATING EXPENSES</b>			
Cost of sales and services	4,405,044	391,242	4,796,286
Depreciation	<u>2,585,450</u>	-	<u>2,585,450</u>
Total operating expenses	<u>6,990,494</u>	<u>391,242</u>	<u>7,381,736</u>
<b>OPERATING INCOME</b>	<u>4,871,301</u>	<u>( 275,462)</u>	<u>4,595,839</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	3,997	-	3,997
Investment earnings	6,538	25	6,563
Interest expense	<u>( 172,958)</u>	-	<u>( 172,958)</u>
Total nonoperating revenues (expenses)	<u>( 162,423)</u>	<u>25</u>	<u>( 162,398)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	4,708,878	<u>( 275,437)</u>	4,433,441
Capital contributions	517,470	0	517,470
Transfers in	2,720,602	400,403	3,121,005
Transfers out	<u>( 4,164,628)</u>	<u>( 63,823)</u>	<u>( 4,228,451)</u>
<b>CHANGE IN NET POSITION</b>	3,782,322	61,143	3,843,465
<b>NET POSITION, BEGINNING</b>	<u>57,116,678</u>	-	<u>57,116,678</u>
<b>NET POSITION, ENDING</b>	<u>\$ 60,899,000</u>	<u>\$ 61,143</u>	<u>\$ 60,960,143</u>

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, 2014**

	Business-type Activities Enterprise Fund			Governmental Activities Internal
	Water and Wastewater	Civic Center Rentals	Total	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 11,988,464	\$ 115,634	\$ 12,104,098	\$ 3,517,780
Disbursed for goods and services to suppliers	( 1,048,739)	( 226,368)	( 1,275,107)	( 157,894)
Disbursed for personnel services	( 3,247,824)	( 142,886)	( 3,390,710)	( 3,005,197)
Net cash provided by operating activities	<u>7,691,901</u>	<u>( 253,620)</u>	<u>7,438,281</u>	<u>354,689</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating grants	3,997	-	3,997	-
Transfer from other funds	2,720,602	400,403	3,121,005	-
Transfers to other funds	( 4,164,628)	( 63,823)	( 4,228,451)	-
Net cash provided (used) by noncapital financing activities	<u>( 1,440,029)</u>	<u>336,580</u>	<u>( 1,103,449)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	517,470	-	517,470	-
Principal paid on capital debt	( 622,151)	-	( 622,151)	-
Interest paid on capital debt	( 146,137)	-	( 146,137)	-
Acquisition and construction of capital assets	( 2,901,753)	-	( 2,901,753)	( 490,038)
Net cash used for capital and related financing activities	<u>( 3,152,571)</u>	<u>-</u>	<u>( 3,152,571)</u>	<u>( 490,038)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	6,538	25	6,563	1,451
Net cash provided by investing activities	<u>6,538</u>	<u>25</u>	<u>6,563</u>	<u>1,451</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,105,839	82,985	3,188,824	( 133,898)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>12,982,867</u>	<u>-</u>	<u>12,982,867</u>	<u>3,499,035</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 16,088,706</u>	<u>\$ 82,985</u>	<u>\$ 16,171,691</u>	<u>\$ 3,365,137</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 4,871,301	\$( 275,462)	\$ 4,595,839	\$ 111,905
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation and amortization	2,585,451	-	2,585,451	232,100
(Increase) decrease in accounts receivable	102,955	-	102,955	( 1,048)
(Increase) decrease in prepaid items	23,714	( 146)	23,568	1,972
Decrease (increase) in accrued interest	( 1,869)	-	( 1,869)	-
Increase (decrease) in accounts payable and accrued liabilities	5,369	10,999	16,368	15,426
Increase (decrease) in accrued liabilities	6,461	5,973	12,434	-
Increase in customer deposits	94,962	1,185	96,147	-
Increase (decrease) in compensated absences	3,557	3,831	7,388	( 5,666)
Total adjustments	<u>2,820,600</u>	<u>21,842</u>	<u>2,842,442</u>	<u>242,784</u>
Net cash provided by operating activities	<u>\$ 7,691,901</u>	<u>\$( 253,620)</u>	<u>\$ 7,438,281</u>	<u>\$ 354,689</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, 2014**

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

**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, 2014

### 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.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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 Avenue H and Avenue I, Water Plant No. 5, School Sidewalks, and improvements for Airport Avenue, Bryan Road, Old Richmond Road and Bamore Road.

**2014 Certificates of Obligation** – This fund is used to account for the Lift Station No. 11 Replacement and the FY2014 Sanitary Sewer Pipe Bursting Project.

**RDC Projects Fund** – This fund is used to account for the various projects that have been funded by the Rosenberg Development Corporation. It is under the direction of the Economic Development Director and the City Manager who serves as the Executive Director of the Rosenberg Development Corporation with the cooperation of the Finance Department.

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.

**Civic Center Rentals** – The Civic Center Rentals fund is used to account for charges for services for the rental of the City Civic Center.

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.

**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 are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

The fund financial statements report bond premiums and discounts 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.

**K. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category in the current fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows or resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items, which arise only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the items, unavailable, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, court fines, and receivable from component unit. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **L. Net Position Flow Assumption**

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

#### **M. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’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.

#### **N. 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.

#### **O. 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.

#### **P. Prior Period Adjustment – Change in Accounting Principles**

As the result of implementing GASB Statement 65, the District has decreased beginning net position as of October 1, 2013 by \$916,194 for the governmental activities. This decrease results from no longer deferring and amortizing bond issuance costs.

## 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 \$(72,201,947) difference are as follows:

Bonds payable	\$( 64,240,000)
Accrued interest payable	( 186,474)
Compensated absences - governmental funds	( 466,750)
Bond issuance premiums	( 830,550)
Notes payable	( 465,956)
Net pension obligation	( 922,801)
OPEB Net pension obligation	<u>( 5,089,416)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$( 72,201,947)</u>

### 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 \$3,025,804 difference are as follows:

Capital outlay	\$ 6,140,843
Depreciation expense	<u>( 3,115,039)</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>\$ 3,025,804</u>

### **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, 2014, are shown below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Primary government:		
Cash demand deposits	\$ 4,019,076	\$ 4,019,076
Certificates of Deposit	<u>6,010,391</u>	<u>6,010,391</u>
Total cash and cash equivalents	<u>\$ 10,029,467</u>	<u>\$ 10,029,467</u>
Component unit		
Cash demand deposits	\$ 326,105	\$ 326,105
Certificates of Deposit	<u>245,748</u>	<u>245,748</u>
Total cash and cash equivalents	<u>\$ 571,853</u>	<u>\$ 571,853</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. As of September 30, 2014, \$858,142 of the City's deposit balance was not collateralized with securities held by the pledging financial institution in the City's name or covered by FDIC insurance.

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	14,196,058	59
TexPool	28,599,884	48
Lone Star	<u>7,459,542</u>	46
Total investments	<u>\$ 50,255,484</u>	48
Component unit		
TexPool	<u>\$ 2,541,922</u>	48
Total cash and cash equivalents	<u>\$ 2,541,922</u>	48

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, 2014, 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, 2014, 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, 2014, the Enterprise Fund held restricted cash and temporary investments for the following purposes:

Subsidence and Impact Fees	<u>\$ 8,309,641</u>
Total	<u><u>\$ 8,309,641</u></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 \$0.50 per \$100 of assessed valuation. The resulting adjusted tax levy was \$8,212,466 on the total adjusted taxable valuation of \$1,642,493,053 for the 2013 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	\$ 2,503,261	\$ 170,149	\$ -	\$ 71,774	\$ -
Accounts	491,188	-	1,557,516	-	-
Intergovernmental	73,285	2,518	-	-	-
Other	629,996	-	-	131,464	5,630
Notes	-	4,891,010	-	-	-
Gross receivables	3,697,730	5,063,677	1,557,516	203,238	5,630
Less: allowance for uncollectibles	( 355,632)	( 926)	( 31,602)	-	-
Net total receivables	\$ 3,342,098	\$ 5,062,751	\$ 1,525,914	\$ 203,238	\$ 5,630

**Component Unit**

	<u>Rosenberg Development Corporation</u>
Receivables:	
Taxes	\$ <u>709,694</u>
 Total	 \$ <u>709,694</u>

All of the City and Component Unit's receivables are considered collectible. Governmental funds report deferred inflows 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 inflows reported in the governmental funds were as follows:

	<u>Deferred Inflow:</u>
General fund:	
Delinquent property taxes receivable	\$ 154,027
Municipal court fines	<u>150,900</u>
Total general fund	304,927
Debt service fund:	
Delinquent property taxes receivable	155,953
Receivable from Rosenberg Development Corporation	<u>4,891,010</u>
Total debt service fund	5,046,963
Total deferred inflows for governmental funds	<u>\$ 5,351,890</u>

## **E. Capital Assets**

	<u>Balance Beginning</u>	<u>Increases</u>	<u>Decreases / Reclassification</u>	<u>Balance Ending</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,858,842	\$ 90,549	\$ -	\$ 5,949,391
Construction in progress	<u>5,598,155</u>	<u>5,844,022</u>	<u>( 1,586,193)</u>	<u>9,855,984</u>
Total capital assets not being depreciated	<u>11,456,997</u>	<u>5,934,571</u>	<u>( 1,586,193)</u>	<u>15,805,375</u>
Capital assets being depreciated:				
Buildings and improvements	10,271,455	-	724,567	10,996,022
Machinery and equipment	11,330,587	696,309	( 692,616)	11,334,280
Infrastructure	<u>94,019,120</u>	<u>-</u>	<u>861,626</u>	<u>94,880,746</u>
Total capital assets being depreciated	<u>115,621,162</u>	<u>696,309</u>	<u>893,577</u>	<u>117,211,048</u>
Less: accumulated depreciation for:				
Buildings and improvements	( 5,303,235)	( 277,284)	-	( 5,580,519)
Machinery and equipment	( 7,268,349)	( 654,635)	669,816	( 7,253,168)
Infrastructure	<u>( 26,077,397)</u>	<u>( 2,392,419)</u>	<u>-</u>	<u>( 28,469,816)</u>
Total accumulated depreciation	<u>( 38,648,981)</u>	<u>( 3,324,338)</u>	<u>669,816</u>	<u>( 41,303,503)</u>
Total capital assets being depreciated, net	<u>76,972,181</u>	<u>( 2,628,029)</u>	<u>1,563,393</u>	<u>75,907,545</u>
Governmental activities, capital assets, net	<u>\$ 88,429,178</u>	<u>\$ 3,306,542</u>	<u>\$( 22,800)</u>	<u>\$ 91,712,920</u>

	Balance Beginning	Increases	Decreases	Balance Ending
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 363,209	\$ -	\$ -	\$ 363,209
Construction in progress	<u>4,343,082</u>	<u>2,812,911</u>	<u>( 2,198,150)</u>	<u>4,957,843</u>
Total capital assets not being depreciated	<u>4,706,291</u>	<u>2,812,911</u>	<u>( 2,198,150)</u>	<u>5,321,052</u>
Capital assets being depreciated:				
Machinery and equipment	2,160,210	88,842	( 92,169)	2,156,883
Water and wastewater system	<u>66,255,157</u>		<u>2,198,150</u>	<u>68,453,307</u>
Total capital assets being depreciated	<u>68,415,367</u>	<u>88,842</u>	<u>2,105,981</u>	<u>70,610,190</u>
Less: accumulated depreciation for:				
Machinery and equipment	( 1,446,050)	( 99,009)	92,169	( 1,452,890)
Water and wastewater system	<u>( 22,775,733)</u>	<u>( 2,486,442)</u>	<u>-</u>	<u>( 25,262,175)</u>
Total accumulated depreciation	<u>( 24,221,783)</u>	<u>( 2,585,451)</u>	<u>92,169</u>	<u>( 26,715,065)</u>
Total capital assets being depreciated, net	<u>44,193,584</u>	<u>( 2,496,609)</u>	<u>2,198,150</u>	<u>43,895,125</u>
Business-type activities, capital assets, net	<u>\$ 48,899,875</u>	<u>\$ 316,302</u>	<u>\$ -</u>	<u>\$ 49,216,177</u>

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

Governmental activities:	
General government	\$ 76,396
Public safety	606,835
Public works	2,370,801
Community development	<u>270,306</u>
Total depreciation expense - governmental activities	<u>\$ 3,324,338</u>
Business-type activities:	
Water and wastewater	<u>\$ 2,585,451</u>
Total depreciation expense - business-type activities	<u>\$ 2,585,451</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, 2014, is as follows:

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Governmental activities:		
Bryan Road Improvements	\$ 20,614	\$ 1,312,997
Street Paving Program	189,191	79,410
Fire Station No. 3	2,363,592	22,352
Bamore Road mobility - Phase III	2,343,119	224,334
Spacek Road Phase II	-	665,296
Public Safety Communication System	1,740,461	158,948
Airport Avenue Improvements	2,469,546	730,454
Old Richmond Road Improvements	43,868	456,132
Existing Sidewalk Repair/Replacement Project	-	327,007
Bamore Road - Phase IV	151,490	1,421,695
Seabourne Creek Drainage Phase III	19,335	304,239
Dry Creek Drainage Improvements	74,442	1,518,322
Regional Park Improvement	75,505	6,921
2013 Park Improvement	18,180	16,086
2014 Park Improvements	57,535	12,001
Business Park Development	<u>289,108</u>	<u>-</u>
Totals	<u>\$ 9,855,986</u>	<u>\$ 7,256,194</u>

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Business-type activities:		
Water Well #5	\$ 3,051,574	\$ 261,933
Spacek Road Sewer Lft Station	-	300,000
FM 2977 Waterline Extension	49,055	334,000
Sanitary Sewer Pipe Bursting Project	282,780	4,009,059
Lift Station No. 11 Replacement	46,018	1,213,982
FM 1640/US 90A Waterline Replacement	33,000	1,500,307
Sanitary Sewer Relocations	5,210	-
Terry High School Reuse Project	<u>1,490,205</u>	<u>136,584</u>
Totals	<u>\$ 4,957,842</u>	<u>\$ 7,755,865</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, 2014, 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	\$ 2,445,000
Series 2009 General Obligation and Refunding Bonds	9,170,000	2029	2.5-4.75	5,175,000
Series 2010 General Obligation Bonds	2,635,000	2030	4.0-4.25	2,285,000
Series 2011 General Refunding Bonds	4,860,000	2021	2.0-4.0	2,975,000
Series 2012 General Obligation Refunding bonds	1,575,000	2024	2.0	1,415,000
Series 2014 General Obligation Refunding bonds	1,565,000	2034	3.0-4.0	<u>1,565,000</u>
Total General Obligation Bonds				<u>15,860,000</u>
Certificates of Obligation:				
Series 2006 Certificates of Obligation	4,565,000	2027	4.0-4.25	3,380,000
Series 2007 Certificates of Obligation	4,570,000	2028	4.0-4.75	3,645,000
Series 2008 Certificates of Obligation	6,080,000	2028	3.5-4.0	4,815,000
Series 2008A Certificates of Obligation	1,800,000	2029	4.25-5.0	1,495,000
Series 2009 Certificates of Obligation	1,670,000	2029	2.5-4.75	1,290,000
Series 2010A Certificates of Obligation	2,800,000	2030	3.0-4.25	2,430,000
Series 2010B Certificates of Obligation	7,730,000	2030	2.4-3.9	6,480,000
Series 2010C Certificates of Obligation	2,775,000	2020	1.5-3.0	1,775,000
Series 2012 Certificates of Obligation	8,600,000	2032	0.4-3.3	7,740,000
Series 2012A certificates of obligation	1,185,000	2023	2.0-3.0	1,070,000
Series 2013 certificates of obligation	9,000,000	2033	2.0-2.75	8,665,000
Series 2013A certificates of obligation	650,000	2023	1.92	595,000
Series 2014 certificates of obligation	5,000,000	2034	2.5-3.0	<u>5,000,000</u>
Total Certificates of Obligation				<u>48,380,000</u>
Tax notes:				
Series 2008 Tax Notes	985,000	2015	3.48	<u>160,000</u>
Total Tax Notes				<u>160,000</u>
Notes Payable:				
State Infrastructure Bank Loan	1,000,000	2016	3.25	<u>305,956</u>
Total Notes Payable				<u>305,956</u>
Total Governmental Activities				<u>\$ 64,705,956</u>

In January 2014, the City issued \$1,565,000 Series 2014 General Obligations. In May 2014 the City issued \$5,000,000 Combination Tax & revenue Certificates of Obligations.

The annual requirements to amortize all primary government general obligation bonds, certificates of obligation and notes payable outstanding as of September 30, 2014, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2015	\$ 4,809,034	\$ 2,071,869
2016	4,761,922	1,916,958
2017	4,725,000	1,760,503
2018	4,000,000	1,624,259
2019	3,930,000	1,504,967
2020-2024	18,775,000	5,675,913
2025-2029	17,215,000	2,515,808
2030-2034	6,490,000	388,559
	<u>\$ 64,705,956</u>	<u>\$ 17,458,836</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, 2014:

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>\$ 314,000</u>
Total Revenue Bonds				<u>\$ 314,000</u>

The annual requirements to amortize all revenue bonds outstanding as of September 30, 2014, are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	
2015	\$	20,000
2016		21,000
2017		21,000
2018		21,000
2019		21,000
2020-2024		105,000
2025-2029		105,000
	<u>\$</u>	<u>314,000</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 \$812,000, \$645,000, \$260,010, and \$1,253,000, 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 \$840,000 and \$921,000. Lastly, the Corporation is also responsible for paying \$160,000 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, 2014, are as follows:

Year Ending September 30,	Rosenberg Development Corporation	
	Principal	Interest
2015	\$ 767,235	\$ 197,708
2016	617,770	177,221
2017	544,305	160,476
2018	559,840	147,958
2019	574,875	126,890
2020-2024	1,021,540	369,568
2025-2029	782,440	101,241
2030-2034	<u>23,005</u>	<u>489</u>
	<u>\$ 4,891,010</u>	<u>\$ 1,281,551</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, 2014, are as follows:

Year Ending September 30,	SECO Notes Payable	
	Principal	Interest
2015	\$ 568,438	\$ 84,244
2016	585,685	66,998
2017	603,454	49,229
2018	621,762	30,920
2019	<u>596,690</u>	<u>12,057</u>
	<u>\$ 2,976,029</u>	<u>\$ 243,448</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, 2014.

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Ending</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 16,360,000	\$ 1,565,000	\$ 2,065,000	15,860,000	\$ 1,885,000
Certificates of obligation	45,745,000	5,000,000	2,365,000	48,380,000	2,615,000
Tax notes	480,000	-	320,000	160,000	160,000
Bond issuance premiums	<u>758,689</u>	<u>133,572</u>	<u>61,711</u>	<u>830,550</u>	<u>68,390</u>
Total bonds payable	<u>63,343,689</u>	<u>6,698,572</u>	<u>4,811,711</u>	<u>65,230,550</u>	<u>4,728,390</u>
Notes payable	462,595	-	156,639	305,956	151,983
Compensated absences	460,606	39,061	30,937	468,730	46,873
Net pension obligation	915,024	1,834,102	1,826,325	922,801	-
OPEB obligation	<u>4,336,257</u>	<u>884,181</u>	<u>131,022</u>	<u>5,089,416</u>	<u>-</u>
Total governmental activities	<u>\$ 69,518,171</u>	<u>\$ 9,455,916</u>	<u>\$ 6,956,634</u>	<u>\$ 72,017,453</u>	<u>\$ 4,927,246</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 334,000	\$ -	\$ 20,000	\$ 314,000	\$ 20,000
Capital leases	1,470,997	-	49,163	1,421,834	78,909
Notes payable	3,529,016	-	552,987	2,976,029	568,438
Compensated absences	<u>57,242</u>	<u>10,850</u>	<u>3,462</u>	<u>64,630</u>	<u>6,463</u>
Total business-type activities	<u>\$ 5,391,255</u>	<u>\$ 10,850</u>	<u>\$ 625,612</u>	<u>\$ 4,776,493</u>	<u>\$ 673,810</u>
Discretely presented component unit:					
Notes payable	<u>\$ 7,370,710</u>	<u>\$ -</u>	<u>\$ 2,479,700</u>	<u>\$ 4,891,010</u>	<u>\$ 767,235</u>
Total discretely presented component unit	<u>\$ 7,370,710</u>	<u>\$ -</u>	<u>\$ 2,479,700</u>	<u>\$ 4,891,010</u>	<u>\$ 767,235</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	( 889,968)
	<u>\$ 889,967</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>
2015	150,646
2016	159,233
2017	159,233
2018	159,234
2019	159,233
2020-2022	<u>1,025,175</u>
Total minimum lease payments	1,812,754
Less interest portion	( 391,010)
	<u>\$ 1,421,744</u>

Fund balances for all the major and nonmajor governmental funds as of September 30, 2014, were distributed as follows:

	General	Debt Service	2013 Certificates of Obligation	2014 Certificates of Obligation	RDC Projects	Other Governmental	Total
Nonspendable:							
Inventory	\$ 21,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,858
Prepays	<u>14,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,209</u>
Subtotal	<u>36,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,067</u>
Restricted for:							
Economic development	-	-	-	-	-	1,560,148	1,560,148
Court security and tech	-	-	-	-	-	221,846	221,846
Community development	-	-	-	-	4,887,495	627,311	5,514,806
Law enforcement	-	-	-	-	-	421,073	421,073
Fire services	-	-	-	-	-	2,010,128	2,010,128
Capital projects	-	-	3,451,566	5,205,114	-	178,548	8,835,228
Debt service	<u>-</u>	<u>4,992,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,971,151</u>	<u>9,963,681</u>
Subtotal	<u>-</u>	<u>4,992,530</u>	<u>3,451,566</u>	<u>5,205,114</u>	<u>4,887,495</u>	<u>9,990,205</u>	<u>28,526,910</u>
Assigned to:							
Emergency management	<u>1,104,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,104,350</u>
Subtotal	<u>1,104,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,104,350</u>
Unassigned	<u>11,894,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,894,623</u>
Total	<u>\$ 13,035,040</u>	<u>\$ 4,992,530</u>	<u>\$ 3,451,566</u>	<u>\$ 5,205,114</u>	<u>\$ 4,887,495</u>	<u>\$ 9,990,205</u>	<u>\$ 41,561,950</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 from TMRS' website at [www.TMRS.com](http://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 2013</u>	<u>Plan Year 2014</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 Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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:

	2012	2013	2014
Annual required contributions (ARC)	\$ 1,608,874	\$ 1,675,872	\$ 1,826,325
Interest on Net Pension Obligation	57,417	63,213	64,052
Adjustment to the ARC	(49,356)	(55,537)	(56,275)
Annual Pension Cost	1,616,935	1,683,548	1,834,102
Contributions made	(1,534,138)	(1,671,562)	(1,826,325)
Increase in Net Pension Obligation	82,797	11,986	7,777
Net Pension Obligation/(Asset) beginning of year	820,241	903,038	915,024
Net Pension Obligation/(Asset) end of year	903,038	915,024	922,801
Contributions as a percent of the APC	94.88%	99.29%	99.58%

The required contribution rates for the 2014 fiscal year were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	26.1 years; closed period	25.2 years; closed period	26.0 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, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial accrued liability (AAL)	\$ 55,442,928
Actuarial value of plan assets	<u>43,820,610</u>
Unfunded actuarial accrued liability	11,622,318
Funded ratio (actuarial value of plan)	79.0%
Covered payroll (active plan members)	<u>\$ 11,520,289</u>
UAAL as a percentage of covered payroll	100.9%

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 substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

## **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 2014, 2013 and 2012 are as follows:

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
2012	0.03%	0.03%	100.0%
2013	0.03%	0.03%	100.0%
2014	0.02%	0.02%	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, 2014, 2013, and 2012 were \$70,287, \$51,123, and \$64,888, 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 \$432 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 \$257 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 \$135,136 for the fiscal year ending September 30, 2014. At September 30, 2014, there were approximately 32 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>09/30/14</u>
Determination of annual required contribution	
Normal cost at fiscal year-end	\$ 475,155
Amortization of unfunded actuarial accrued liability	<u>490,908</u>
Annual required contribution (ARC)	966,063
Determination of net OPEB obligation	
Annual required contribution	966,063
Interest on prior year net OPEB obligation	173,450
Adjustment to ARC	<u>( 255,333)</u>
Annual OPEB cost	884,180
Less: assumed contribution made	<u>( 131,021)</u>
Estimate increase in net OPEB obligation	753,159
Net OPEB obligation, beginning	<u>4,336,257</u>
Net OPEB obligation, ending	<u>\$ 5,089,416</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>
09/30/12	991,966	11.40%	3,579,231
09/30/13	888,049	14.75%	4,336,257
09/30/14	884,180	14.82%	5,089,416

### **Funded Status and Funding Progress**

The funded status of the plan as of October 1, 2014, the most recent valuation of the plan, was as follows:

Actuarial accrued liability (AAL)	\$ 55,442,928
Actuarial value of plan assets	<u>43,820,610</u>
Unfunded actuarial accrued liability	11,622,318
Funded ratio (actuarial value of plan)	79.0%
Covered payroll (active plan members)	<u>\$ 11,520,289</u>
UAAL as a percentage of covered payroll	100.9%

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 was determined as part of the October 1, 2012 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, 2014, are as follows:

	Transfers in							Total
	2013 General	2013 Debt Service	2013 Certificates of Obligation	2014 C of O	Nonmajor Governmental	Water and Wastewater	Civic center rentals	
Transfers out:								
General	\$ -	\$ -	\$ -	\$ -	\$ 482,700	\$ 75,398	\$ 194,195	\$ 752,293
2013 C of O	-	-	-	-	-	328,798	-	328,798
2014 C of O	-	-	-	-	-	1,054,378	-	1,054,378
Nonmajor governmental funds	87,026	-	2	-	401,999	1,262,028	206,208	1,957,263
Water and wastewater	1,484,056	1,923,503	-	529,400	227,669	-	-	4,164,628
Civic center rentals	-	63,823	-	-	-	-	-	63,823
Totals	<u>\$ 1,571,082</u>	<u>\$ 1,987,326</u>	<u>\$ 2</u>	<u>\$ 529,400</u>	<u>\$ 1,112,368</u>	<u>\$ 2,720,602</u>	<u>\$ 400,403</u>	<u>\$ 8,321,183</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 2014 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, 2014.

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 2014, the City did not contribute to the operations of the RRLGC. Based upon the FY 2014 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, 2014, the City's share in the equity for the RRLGC is \$0 as there is no equity in the RRLGC as of September 30, 2014. 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.

The RDC entered into a development agreement dated September 26, 2013 with an entity for the purpose of developing the Walk Road Business Park. Under this agreement, the RDC has agreed to \$300,000 to the entity if the entity meets certain requirements. The RDC has paid these funds to the City to be held in the RDC Project fund.

#### **H. Subsequent Events**

On October 21, 2014, the City issued \$3,000,000 of Series 2014A 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.

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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, 2014**

	2014			Variance from Final
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Property taxes	\$ 4,160,200	\$ 4,160,200	\$ 4,570,462	\$ 410,262
Sales and use taxes	9,880,000	10,506,274	12,407,344	1,901,070
Franchise taxes	1,642,500	1,642,500	1,789,243	146,743
Licenses and permits	449,875	498,091	771,303	273,212
Fines and forfeitures	559,600	559,600	491,652	( 67,948)
Fees and charges for services	3,556,601	3,699,001	4,031,300	332,299
Intergovernmental	920,399	981,615	1,109,320	127,705
Investment earnings	5,500	5,500	4,323	( 1,177)
Other	78,900	180,410	238,930	58,520
Total revenue	<u>21,253,575</u>	<u>22,233,191</u>	<u>25,413,877</u>	<u>3,180,686</u>
<b>EXPENDITURES</b>				
General government:				
Mayor and City Council	44,122	44,122	29,997	14,125
City manager	1,023,845	1,011,016	926,445	84,571
City secretary	217,706	217,706	195,411	22,295
Finance	515,256	520,487	515,823	4,664
Legal	205,000	265,000	235,692	29,308
Municipal court	368,728	368,728	300,731	67,997
General government	<u>1,001,322</u>	<u>1,182,662</u>	<u>1,104,275</u>	<u>78,387</u>
Total general government	<u>3,375,979</u>	<u>3,609,721</u>	<u>3,308,374</u>	<u>301,347</u>
Public safety:				
Police and emergency management	7,362,441	7,432,151	7,082,953	349,198
Fire and fire marshal	3,611,568	3,701,889	3,474,756	227,133
Animal control	172,493	204,055	201,891	2,164
School officers and crossing guards	910,398	966,822	855,792	111,030
Total public safety	<u>12,056,900</u>	<u>12,304,917</u>	<u>11,615,392</u>	<u>689,525</u>
Public works:				
Streets and drainage	3,882,143	4,026,546	3,810,623	215,923
Street lighting and signals	438,000	438,000	429,063	8,937
Fleet maintenance	295,068	295,068	271,705	23,363
Total public works	<u>4,615,211</u>	<u>4,759,614</u>	<u>4,511,391</u>	<u>248,223</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, 2014**

	2014			Variance from Final
	Original Budget	Final Budget	Actual	
<b>EXPENDITURES (Continued)</b>				
Community development:				
Engineering	\$ 145,000	\$ 185,380	\$ 205,982	\$( 20,602)
Planning	234,102	234,102	221,639	12,463
Marketing and public affairs	111,399	111,399	106,455	4,944
Parks and recreation	955,712	983,773	957,766	26,007
Code enforcement	492,091	540,307	499,929	40,378
Public health	<u>118,152</u>	<u>118,268</u>	<u>101,685</u>	<u>16,583</u>
Total community development	<u>2,056,456</u>	<u>2,173,229</u>	<u>2,093,456</u>	<u>79,773</u>
Capital outlay	<u>342,175</u>	<u>782,887</u>	<u>170,796</u>	<u>612,091</u>
Total expenditures	<u>22,446,721</u>	<u>23,630,368</u>	<u>21,699,409</u>	<u>1,930,959</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 1,193,146)</u>	<u>( 1,397,177)</u>	<u>3,714,468</u>	<u>5,111,645</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	-	40,969	41,362	393
Sale of capital asset	5,000	65,100	71,923	6,823
Transfers in	1,578,236	1,578,236	1,571,082	( 7,154)
Transfers out	<u>( 752,293)</u>	<u>( 752,293)</u>	<u>( 752,293)</u>	<u>-</u>
Total other financing sources (uses)	<u>830,943</u>	<u>932,012</u>	<u>932,074</u>	<u>62</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 362,203)</u>	<u>( 465,165)</u>	<u>4,646,542</u>	<u>5,111,707</u>
<b>FUND BALANCE, BEGINNING</b>	<u>8,388,498</u>	<u>8,388,498</u>	<u>8,388,498</u>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 8,026,295</u>	<u>\$ 7,923,333</u>	<u>\$ 13,035,040</u>	<u>\$ 5,111,707</u>

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**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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Intergovernmental	\$ 4,658,539	\$ 3,884,846	\$( 773,693)
Investment earnings	<u>700</u>	<u>1,539</u>	<u>839</u>
Total revenue	<u>4,659,239</u>	<u>3,886,385</u>	<u>( 772,854)</u>
<b>EXPENDITURES</b>			
Current:			
General government	85,000	2,100	82,900
Capital outlay	<u>5,450,987</u>	<u>783,068</u>	<u>4,667,919</u>
Total expenditures	<u>5,535,987</u>	<u>785,168</u>	<u>4,750,819</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 876,748)</u>	<u>3,101,217</u>	<u>3,977,965</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 876,748)	3,101,217	3,977,965
<b>FUND BALANCE, BEGINNING</b>	<u>1,786,278</u>	<u>1,786,278</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 909,530</u>	<u>\$ 4,887,495</u>	<u>\$ 3,977,965</u>

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**CITY OF ROSENBERG, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR**  
**PARTICIPATION IN TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2014**

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>
12/31/11	\$ 36,806,979	\$ 47,436,952	\$ 10,629,973	77.6%	\$ 10,829,323	98.2%
12/31/12	39,998,981	49,781,186	9,782,205	80.3%	10,954,049	89.3%
12/31/13	43,820,610	55,442,928	11,622,318	79.0%	11,520,289	100.9%

**CITY OF ROSENBERG, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<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>
10/01/10	\$ -	\$ 19,612,267	- %	\$ 19,612,267	\$ 10,244,563	191.44%
10/01/12	-	17,083,706	- %	17,083,706	10,920,821	156.43%
10/01/14	-	19,256,005	- %	19,256,005	12,239,774	157.32%

## **CITY OF ROSENBERG, TEXAS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2014**

#### **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.

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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, 2014**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 4,081,026	\$ 6,061,252	\$ 10,142,278
Receivables			
Taxes	71,774	-	71,774
Other	-	-	-
Intergovernmental	131,464	-	131,464
Prepaid insurance	379	-	379
Total assets	\$ 4,284,643	\$ 6,061,252	\$ 10,345,895
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 35,993	\$ 294,088	\$ 330,081
Accrued liabilities	25,609	-	25,609
Total liabilities	61,602	294,088	355,690
Fund balances:			
Restricted	4,223,041	5,767,164	9,990,205
Total fund balances	4,223,041	5,767,164	9,990,205
Total liabilities and fund balances	\$ 4,284,643	\$ 6,061,252	\$ 10,345,895

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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, 2014**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Sales tax	\$ 676,143	\$ -	\$ 676,143
Franchise tax	62,504	-	62,504
Fines and forfeitures	81,781	-	81,781
Fees and charges for services	-	4,591	4,591
Intergovernmental revenue	1,043,457	2,458,505	3,501,962
Investment earnings	1,719	5,006	6,725
Other	<u>192,305</u>	<u>19,593</u>	<u>211,898</u>
Total revenues	<u>2,057,909</u>	<u>2,487,695</u>	<u>4,545,604</u>
<b>EXPENDITURES</b>			
Current:			
General government	53,038	82,514	135,552
Public safety	904,110	-	904,110
Community Development	190,199	-	190,199
Capital outlay	158,575	3,337,007	3,495,582
Debt issuance costs	<u>-</u>	<u>47,860</u>	<u>47,860</u>
Total expenditures	<u>1,305,922</u>	<u>3,467,381</u>	<u>4,773,303</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES</b>	<u>751,987</u>	<u>( 979,686)</u>	<u>( 227,699)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital asset	157	-	157
Debt issuance	-	1,565,000	1,565,000
Premium on debt	-	50,157	50,157
Transfers in	880,169	232,200	1,112,369
Transfers out	<u>( 977,482)</u>	<u>( 979,781)</u>	<u>( 1,957,263)</u>
Total other financing sources (uses)	<u>( 97,156)</u>	<u>867,576</u>	<u>770,420</u>
<b>NET CHANGE IN FUND BALANCES</b>	654,831	( 112,110)	542,721
<b>FUND BALANCES, BEGINNING</b>	<u>3,568,210</u>	<u>5,879,274</u>	<u>9,447,484</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 4,223,041</u>	<u>\$ 5,767,164</u>	<u>\$ 9,990,205</u>

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

**SEPTEMBER 30, 2014**

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,505,670	\$ 20,628	\$ 53,544	\$ 148,931
Receivables				
Taxes	56,007	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	1,350
Prepaid Insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,561,677</u>	<u>\$ 20,628</u>	<u>\$ 53,544</u>	<u>\$ 150,281</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,529	\$ -	\$ 97	\$ 2,301
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,529</u>	<u>-</u>	<u>97</u>	<u>2,301</u>
Fund balances:				
Restricted	<u>1,560,148</u>	<u>20,628</u>	<u>53,447</u>	<u>147,980</u>
Total fund balances	<u>1,560,148</u>	<u>20,628</u>	<u>53,447</u>	<u>147,980</u>
Total liabilities and fund balances	<u>\$ 1,561,677</u>	<u>\$ 20,628</u>	<u>\$ 53,544</u>	<u>\$ 150,281</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>Mud Fire Services</u>
\$ -	\$ 39,630	\$ 340,786	\$ 170,777	\$ 208,554	\$ -	\$ 896,887
-	-	-	-	-	-	-
-	-	-	-	-	-	-
130,114	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 130,114</u>	<u>\$ 39,630</u>	<u>\$ 340,786</u>	<u>\$ 170,777</u>	<u>\$ 208,554</u>	<u>\$ -</u>	<u>\$ 896,887</u>
\$ -	\$ 4,909	\$ 680	\$ 567	\$ 7,336	\$ -	\$ -
-	-	-	-	-	-	-
<u>-</u>	<u>4,909</u>	<u>680</u>	<u>567</u>	<u>7,336</u>	<u>-</u>	<u>-</u>
130,114	34,721	340,106	170,210	201,218	-	896,887
<u>130,114</u>	<u>34,721</u>	<u>340,106</u>	<u>170,210</u>	<u>201,218</u>	<u>-</u>	<u>896,887</u>
<u>\$ 130,114</u>	<u>\$ 39,630</u>	<u>\$ 340,786</u>	<u>\$ 170,777</u>	<u>\$ 208,554</u>	<u>\$ -</u>	<u>\$ 896,887</u>

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**CITY OF ROSENBERG, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**(Continued)**  
**SEPTEMBER 30, 2014**

	Police Federal Forfeiture	PEG Capital	Fire Station Number 3 Operating	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 69,840	\$ 90,309	\$ 535,470	\$ 4,081,026
Receivables				
Taxes	-	15,767	-	71,774
Other	-	-	-	-
Intergovernmental	-	-	-	131,464
Prepaid Insurance	-	-	379	379
Total assets	\$ 69,840	\$ 106,076	\$ 535,849	\$ 4,284,643
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,678	\$ 2,432	\$ 14,464	\$ 35,993
Accrued liabilities	-	-	25,609	25,609
Total liabilities	1,678	2,432	40,073	61,602
Fund balances:				
Restricted	68,162	103,644	495,776	4,223,041
Total fund balances	68,162	103,644	495,776	4,223,041
Total liabilities and fund balances	\$ 69,840	\$ 106,076	\$ 535,849	\$ 4,284,643

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
<b>REVENUES</b>				
Sales tax	\$ 676,143	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Fines and forfeitures	-	16,617	-	-
Intergovernmental revenue	-	-	-	86,069
Investment earnings	613	10	20	67
Other	<u>57,158</u>	<u>-</u>	<u>24,000</u>	<u>9,445</u>
Total revenues	<u>733,914</u>	<u>16,627</u>	<u>24,020</u>	<u>95,581</u>
<b>EXPENDITURES</b>				
Current:				
General government	17,062	23,222	-	-
Public safety	-	-	-	47,336
Community development	183,832	-	6,367	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,707</u>
Total expenditures	<u>200,894</u>	<u>23,222</u>	<u>6,367</u>	<u>96,043</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>533,020</u>	<u>( 6,595)</u>	<u>17,653</u>	<u>( 462)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>( 256,208)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>( 256,208)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	276,812	( 6,595)	17,653	( 462)
<b>FUND BALANCES, BEGINNING</b>	<u>1,283,336</u>	<u>27,223</u>	<u>35,794</u>	<u>148,442</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,560,148</u>	<u>\$ 20,628</u>	<u>\$ 53,447</u>	<u>\$ 147,980</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>Mud Fire Services</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	18,181	36,637	10,346	-
198,028	-	-	-	-	-	607,154
-	17	143	74	88	-	357
-	227	101,475	-	-	-	-
<u>198,028</u>	<u>244</u>	<u>101,618</u>	<u>18,255</u>	<u>36,725</u>	<u>10,346</u>	<u>607,511</u>
-	-	-	-	12,754	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	47,702	-	-	-	-
-	-	<u>47,702</u>	-	<u>12,754</u>	-	-
<u>198,028</u>	<u>244</u>	<u>53,916</u>	<u>18,255</u>	<u>23,971</u>	<u>10,346</u>	<u>607,511</u>
-	157	-	-	-	-	-
215,169	-	-	-	-	-	-
<u>( 282,248)</u>	<u>-</u>	<u>-</u>	<u>( 19,680)</u>	<u>( 4,000)</u>	<u>( 10,346)</u>	<u>( 405,000)</u>
<u>( 67,079)</u>	<u>157</u>	<u>-</u>	<u>( 19,680)</u>	<u>( 4,000)</u>	<u>( 10,346)</u>	<u>( 405,000)</u>
130,949	401	53,916	( 1,425)	19,971	-	202,511
<u>( 835)</u>	<u>34,320</u>	<u>286,190</u>	<u>171,635</u>	<u>181,247</u>	<u>-</u>	<u>694,376</u>
<u>\$ 130,114</u>	<u>\$ 34,721</u>	<u>\$ 340,106</u>	<u>\$ 170,210</u>	<u>\$ 201,218</u>	<u>\$ -</u>	<u>\$ 896,887</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, 2014**

	<u>Police Federal Forfeiture</u>	<u>PEG Capital</u>	<u>Fire Station Number 3 Operating</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Sales tax	\$ -	\$ -	\$ -	\$ 676,143
Franchise tax	-	62,504	-	62,504
Fines and forfeitures	-	-	-	81,781
Intergovernmental revenue	53,836	-	98,370	1,043,457
Investment earnings	24	38	268	1,719
Other	-	-	-	192,305
Total revenues	<u>53,860</u>	<u>62,542</u>	<u>98,638</u>	<u>2,057,909</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	53,038
Public safety	5,875	-	850,899	904,110
Community development	-	-	-	190,199
Capital outlay	<u>12,329</u>	<u>49,837</u>	<u>-</u>	<u>158,575</u>
Total expenditures	<u>18,204</u>	<u>49,837</u>	<u>850,899</u>	<u>1,305,922</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>35,656</u>	<u>12,705</u>	<u>( 752,261)</u>	<u>751,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	157
Transfers in	-	-	665,000	880,169
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 977,482)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>665,000</u>	<u>( 97,156)</u>
<b>NET CHANGE IN FUND BALANCES</b>	35,656	12,705	( 87,261)	654,831
<b>FUND BALANCES, BEGINNING</b>	<u>32,506</u>	<u>90,939</u>	<u>583,037</u>	<u>3,568,210</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 68,162</u>	<u>\$ 103,644</u>	<u>\$ 495,776</u>	<u>\$ 4,223,041</u>

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Seabourne Creek Capacity</u>	<u>Operating Projects</u>	<u>2007 General Obligation</u>	<u>2010 Certificates of Obligation</u>
<b>ASSETS</b>				
Cash and investments	\$ <u>8,097</u>	\$ <u>604,960</u>	\$ <u>1,540,132</u>	\$ <u>100,733</u>
Total assets	\$ <u><u>8,097</u></u>	\$ <u><u>604,960</u></u>	\$ <u><u>1,540,132</u></u>	\$ <u><u>100,733</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ <u>4,496</u>	\$ <u>48,755</u>	\$ <u>31,329</u>	\$ <u>-</u>
Total liabilities	\$ <u><u>4,496</u></u>	\$ <u><u>48,755</u></u>	\$ <u><u>31,329</u></u>	\$ <u><u>-</u></u>
Fund balances:				
Restricted	<u>3,601</u>	<u>556,205</u>	<u>1,508,803</u>	<u>100,733</u>
Total fund balances	<u><u>3,601</u></u>	<u><u>556,205</u></u>	<u><u>1,508,803</u></u>	<u><u>100,733</u></u>
Total liabilities and fund balances	\$ <u><u>8,097</u></u>	\$ <u><u>604,960</u></u>	\$ <u><u>1,540,132</u></u>	\$ <u><u>100,733</u></u>

2010B Certificates of Obligation	2012 Certificates of Obligation	2012A & 2013A Certificates of Obligation	One-Way Pairs Mobility Project	Fire Station #3 Construction	Bamore Road County Mobility Project
\$ <u>764,960</u>	\$ <u>838,216</u>	\$ <u>193,775</u>	\$ <u>-</u>	\$ <u>693,680</u>	\$ <u>659,488</u>
\$ <u><u>764,960</u></u>	\$ <u><u>838,216</u></u>	\$ <u><u>193,775</u></u>	\$ <u><u>-</u></u>	\$ <u><u>693,680</u></u>	\$ <u><u>659,488</u></u>
\$ <u>6,214</u>	\$ <u>90,880</u>	\$ <u>36,199</u>	\$ <u>-</u>	\$ <u>76,215</u>	\$ <u>-</u>
\$ <u><u>6,214</u></u>	\$ <u><u>90,880</u></u>	\$ <u><u>36,199</u></u>	\$ <u><u>-</u></u>	\$ <u><u>76,215</u></u>	\$ <u><u>-</u></u>
<u>758,746</u>	<u>747,336</u>	<u>157,576</u>	<u>-</u>	<u>617,465</u>	<u>659,488</u>
<u><u>758,746</u></u>	<u><u>747,336</u></u>	<u><u>157,576</u></u>	<u><u>-</u></u>	<u><u>617,465</u></u>	<u><u>659,488</u></u>
\$ <u><u>764,960</u></u>	\$ <u><u>838,216</u></u>	\$ <u><u>193,775</u></u>	\$ <u><u>-</u></u>	\$ <u><u>693,680</u></u>	\$ <u><u>659,488</u></u>

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**CITY OF ROSENBERG, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Spacek Road County Mobility Project</u>	<u>Airport Ave County Mobility</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ <u>657,151</u>	\$ <u>60</u>	\$ <u>6,061,252</u>
Total assets	\$ <u><u>657,151</u></u>	\$ <u><u>60</u></u>	\$ <u><u>6,061,252</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>294,088</u>
Total liabilities	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>294,088</u></u>
Fund balances:			
Restricted	<u>657,151</u>	<u>60</u>	<u>5,767,164</u>
Total fund balances	<u><u>657,151</u></u>	<u><u>60</u></u>	<u><u>5,767,164</u></u>
Total liabilities and fund balances	\$ <u><u>657,151</u></u>	\$ <u><u>60</u></u>	\$ <u><u>6,061,252</u></u>

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Seabourne Creek Capacity</u>	<u>Operating Projects</u>	<u>2007 General Obligation</u>	<u>2010 Certificates of Obligation</u>
<b>REVENUES</b>				
Fess and charges for services	\$ -	\$ 4,591	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	3	299	1,035	48
Other	<u>12,093</u>	<u>-</u>	<u>7,500</u>	<u>-</u>
Total revenues	<u>12,096</u>	<u>4,890</u>	<u>8,535</u>	<u>48</u>
<b>EXPENDITURES</b>				
General government	-	82,514	-	-
Capital outlay	15,574	348,448	92,908	4,409
Debt issuance costs	<u>-</u>	<u>-</u>	<u>47,860</u>	<u>-</u>
Total expenditures	<u>15,574</u>	<u>430,962</u>	<u>140,768</u>	<u>4,409</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>( 3,478)</u>	<u>( 426,072)</u>	<u>( 132,233)</u>	<u>( 4,361)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	1,565,000	-
Premium on Bonds Sold	-	-	50,157	-
Transfers in	-	219,700	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 28,242)</u>
Total other financing sources (uses)	<u>-</u>	<u>219,700</u>	<u>1,615,157</u>	<u>( 28,242)</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	<u>( 3,478)</u>	<u>( 206,372)</u>	<u>1,482,924</u>	<u>( 32,603)</u>
<b>FUND BALANCES, BEGINNING</b>				
	<u>7,079</u>	<u>762,577</u>	<u>25,879</u>	<u>133,336</u>
<b>FUND BALANCES, ENDING</b>				
	<u>\$ 3,601</u>	<u>\$ 556,205</u>	<u>\$ 1,508,803</u>	<u>\$ 100,733</u>

<u>2010B Certificates of Obligation</u>	<u>2012 Certificates of Obligation</u>	<u>2012A &amp; 2013A Certificates of Obligation</u>	<u>One-Way Pairs Mobility Project</u>	<u>Fire Station #3</u>	<u>Bamore Road County Mobility Project</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	75,785	-	604,314	978,406
778	1,841	119	-	253	284
-	-	-	-	-	-
<u>778</u>	<u>1,841</u>	<u>75,904</u>	<u>-</u>	<u>604,567</u>	<u>978,690</u>
-	-	-	-	-	-
122,190	835,289	311,582	-	226,991	579,616
-	-	-	-	-	-
<u>122,190</u>	<u>835,289</u>	<u>311,582</u>	<u>-</u>	<u>226,991</u>	<u>579,616</u>
( 121,412)	( 833,448)	( 235,678)	-	377,576	399,074
-	-	-	-	-	-
-	-	-	-	-	-
12,500	-	-	-	-	-
( 12,539)	( 938,998)	-	( 2)	-	-
( 39)	( 938,998)	-	( 2)	-	-
( 121,451)	( 1,772,446)	( 235,678)	( 2)	377,576	399,074
<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>\$ 758,746</u>	<u>\$ 747,336</u>	<u>\$ 157,576</u>	<u>\$ -</u>	<u>\$ 617,465</u>	<u>\$ 659,488</u>

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**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, 2014**

	Spacek Road County Mobility Project	Airport Ave County Mobility	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
Fess and charges for services	\$ -	\$ -	\$ 4,591
Intergovernmental	-	800,000	2,458,505
Investment earnings	286	60	5,006
Other	<u>-</u>	<u>-</u>	<u>19,593</u>
Total revenues	<u>286</u>	<u>800,060</u>	<u>2,487,695</u>
<b>EXPENDITURES</b>			
General government	-	-	82,514
Capital outlay	-	800,000	3,337,007
Debt issuance costs	<u>-</u>	<u>-</u>	<u>47,860</u>
Total expenditures	<u>-</u>	<u>800,000</u>	<u>3,467,381</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>286</u>	<u>60</u>	<u>( 979,686)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issuance	-	-	1,565,000
Premium on Bonds Sold	-	-	50,157
Transfers in	-	-	232,200
Transfers out	<u>-</u>	<u>-</u>	<u>( 979,781)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>867,576</u>
<b>NET CHANGE IN FUND BALANCES</b>	286	60	( 112,110)
<b>FUND BALANCES, BEGINNING</b>	<u>656,865</u>	<u>-</u>	<u>5,879,274</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 657,151</u>	<u>\$ 60</u>	<u>\$ 5,767,164</u>

**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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Property taxes	\$ 4,005,817	\$ 4,006,845	\$ 1,028
Investment earnings	6,000	2,290	( 3,710)
Other	999,394	999,394	-
Total revenue	<u>5,011,211</u>	<u>5,008,529</u>	<u>( 2,682)</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	4,906,710	4,906,639	71
Interest and fiscal agent fees	2,122,328	2,101,713	20,615
Total debt service	<u>7,029,038</u>	<u>7,008,352</u>	<u>20,686</u>
Total expenditures	<u>7,029,038</u>	<u>7,008,352</u>	<u>20,686</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 2,017,827)</u>	<u>( 1,999,823)</u>	<u>18,004</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,987,326	1,987,326	-
Total other financing sources (uses)	<u>1,987,326</u>	<u>1,987,326</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 30,501)	( 12,497)	18,004
<b>FUND BALANCE, BEGINNING</b>	<u>5,005,027</u>	<u>5,005,027</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 4,974,526</u>	<u>\$ 4,992,530</u>	<u>\$ 18,004</u>

**CITY OF ROSENBERG, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**2014 CERTIFICATE OF OBLIGATION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 1,385	\$ 1,385
Total revenue	<u>-</u>	<u>1,385</u>	<u>1,385</u>
<b>EXPENDITURES</b>			
Capital Outlay	5,529,400	-	5,529,400
Debt service:			
Debt issuance costs	<u>122,000</u>	<u>80,288</u>	<u>41,712</u>
Total debt service	<u>5,651,400</u>	<u>80,288</u>	<u>5,571,112</u>
Total expenditures	<u>5,651,400</u>	<u>80,288</u>	<u>5,571,112</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 5,651,400)</u>	<u>( 78,903)</u>	<u>5,572,497</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of bonds	5,000,000	5,000,000	-
Premium on bonds	122,000	83,415	( 38,585)
Transfers in	-	529,400	529,400
Transfers out	<u>-</u>	<u>( 328,798)</u>	<u>( 328,798)</u>
Total other financing sources (uses)	<u>5,122,000</u>	<u>5,284,017</u>	<u>162,017</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 529,400)	5,205,114	5,734,514
<b>FUND BALANCE, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$( 529,400)</u>	<u>\$ 5,205,114</u>	<u>\$ 5,734,514</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, 2014**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 500,000	\$ 500,000	\$ 676,143	\$ 176,143
Investment earnings	1,100	1,100	613	( 487)
Other	<u>32,000</u>	<u>43,000</u>	<u>57,158</u>	<u>14,158</u>
Total revenue	<u>533,100</u>	<u>544,100</u>	<u>733,914</u>	<u>189,814</u>
<b>EXPENDITURES</b>				
Current:				
General Government	17,189	17,189	17,062	127
Community development	<u>222,149</u>	<u>233,149</u>	<u>183,832</u>	<u>49,317</u>
Total expenditures	<u>239,338</u>	<u>250,338</u>	<u>200,894</u>	<u>49,444</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>293,762</u>	<u>293,762</u>	<u>533,020</u>	<u>239,258</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	( 256,208)	( 256,208)	( 256,208)	-
Total other financing sources (uses)	<u>( 256,208)</u>	<u>( 256,208)</u>	<u>( 256,208)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	37,554	37,554	276,812	239,258
<b>FUND BALANCE, BEGINNING</b>	<u>1,283,336</u>	<u>1,283,336</u>	<u>1,283,336</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,320,890</u>	<u>\$ 1,320,890</u>	<u>\$ 1,560,148</u>	<u>\$ 239,258</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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Fines and forfeitures	\$ 20,000	\$ 16,617	\$( 3,383)
Investment earnings	50	10	( 40)
Total revenue	<u>20,050</u>	<u>16,627</u>	<u>( 3,423)</u>
<b>EXPENDITURES</b>			
Current:			
General government	<u>25,414</u>	<u>23,222</u>	<u>2,192</u>
Total debt service	<u>25,414</u>	<u>23,222</u>	<u>2,192</u>
Total expenditures	<u>25,414</u>	<u>23,222</u>	<u>2,192</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 5,364)	( 6,595)	( 1,231)
<b>FUND BALANCE, BEGINNING</b>	<u>27,223</u>	<u>27,223</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 21,859</u>	<u>\$ 20,628</u>	<u>\$( 1,231)</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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Investment earnings	\$ 15	\$ 20	\$ 5
Other	24,000	24,000	-
Total revenue	<u>24,015</u>	<u>24,020</u>	<u>5</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	<u>14,000</u>	<u>6,367</u>	<u>7,633</u>
Total expenditures	<u>14,000</u>	<u>6,367</u>	<u>7,633</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>10,015</u>	<u>17,653</u>	<u>7,638</u>
<b>NET CHANGE IN FUND BALANCE</b>	10,015	17,653	7,638
<b>FUND BALANCE, BEGINNING</b>	<u>35,794</u>	<u>35,794</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 45,809</u>	<u>\$ 53,447</u>	<u>\$ 7,638</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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 86,069	\$ 86,069
Investment earnings	200	67	( 133)
Other	-	9,445	9,445
Total revenue	<u>200</u>	<u>95,581</u>	<u>95,381</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	48,908	47,336	1,572
Capital outlay	<u>57,692</u>	<u>48,707</u>	<u>8,985</u>
Total debt service	<u>106,600</u>	<u>96,043</u>	<u>10,557</u>
Total expenditures	<u>106,600</u>	<u>96,043</u>	<u>10,557</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 106,400)</u>	<u>( 462)</u>	<u>105,938</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital asset	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 106,400)	( 462)	105,938
<b>FUND BALANCE, BEGINNING</b>	<u>148,442</u>	<u>148,442</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 42,042</u>	<u>\$ 147,980</u>	<u>\$ 105,938</u>
<b>OTHER FINANCING SOURCES (USES)</b>			

**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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Intergovernmental	\$ 177,400	\$ 198,028	\$ 20,628
Total revenue	<u>177,400</u>	<u>198,028</u>	<u>20,628</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>301,063</u>	-	<u>301,063</u>
Total debt service	<u>301,063</u>	-	<u>301,063</u>
Total expenditures	<u>301,063</u>	-	<u>301,063</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 123,663)</u>	<u>198,028</u>	<u>321,691</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	69,900	215,169	145,269
Transfers out	<u>-</u>	<u>( 282,248)</u>	<u>( 282,248)</u>
Total other financing sources (uses)	<u>69,900</u>	<u>( 67,079)</u>	<u>( 136,979)</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 53,763)	130,949	184,712
<b>FUND BALANCE, BEGINNING</b>	<u>( 835)</u>	<u>( 835)</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ ( 54,598)</u></u>	<u><u>\$ 130,114</u></u>	<u><u>\$ 184,712</u></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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 17	\$ 17
Other	-	227	227
Total revenue	<u>-</u>	<u>244</u>	<u>244</u>
<b>EXPENDITURES</b>			
Public Safety	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 5,000)</u>	<u>244</u>	<u>5,244</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital asset	<u>-</u>	<u>157</u>	<u>157</u>
Total other financing sources (uses)	<u>-</u>	<u>157</u>	<u>157</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 5,000)</u>	<u>401</u>	<u>5,401</u>
<b>FUND BALANCE, BEGINNING</b>	<u>34,320</u>	<u>34,320</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 29,320</u>	<u>\$ 34,721</u>	<u>\$ 5,401</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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Investment earnings	\$ 200	\$ 143	\$( 57)
Other	5,000	101,475	96,475
Total revenue	<u>5,200</u>	<u>101,618</u>	<u>96,418</u>
<b>EXPENDITURES</b>			
Capital outlay	66,624	47,702	18,922
Total expenditures	<u>66,624</u>	<u>47,702</u>	<u>18,922</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 61,424)	53,916	115,340
<b>NET CHANGE IN FUND BALANCE</b>	( 61,424)	53,916	115,340
<b>FUND BALANCE, BEGINNING</b>	286,190	286,190	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 224,766</u>	<u>\$ 340,106</u>	<u>\$ 115,340</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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Fines and forfeitures	\$ 20,000	\$ 18,181	\$( 1,819)
Investment earnings	175	74	( 101)
Total revenue	<u>20,175</u>	<u>18,255</u>	<u>( 1,920)</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>20,175</u>	<u>18,255</u>	<u>( 1,920)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	( 19,680)	( 19,680)	<u>-</u>
Total other financing sources (uses)	<u>( 19,680)</u>	<u>( 19,680)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	495	( 1,425)	( 1,920)
<b>FUND BALANCE, BEGINNING</b>	<u>171,635</u>	<u>171,635</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 172,130</u>	<u>\$ 170,210</u>	<u>\$( 1,920)</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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Fines and forfeitures	\$ 36,500	\$ 36,637	\$( 137)
Investment earnings	175	88	87
Total revenue	<u>36,675</u>	<u>36,725</u>	<u>50</u>
<b>EXPENDITURES</b>			
General government	<u>30,750</u>	<u>12,754</u>	<u>17,996</u>
Total expenditures	<u>30,750</u>	<u>12,754</u>	<u>17,996</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,925</u>	<u>23,971</u>	<u>18,046</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	( 4,000)	( 4,000)	-
Total other financing sources (uses)	<u>( 4,000)</u>	<u>( 4,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,925	19,971	18,046
<b>FUND BALANCE, BEGINNING</b>	<u>181,247</u>	<u>181,247</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 183,172</u>	<u>\$ 201,218</u>	<u>\$ 18,046</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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Fines and forfeitures	\$ 12,500	\$ 10,346	\$( 2,154)
Total revenue	<u>12,500</u>	<u>10,346</u>	<u>( 2,154)</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>12,500</u>	<u>10,346</u>	<u>( 2,154)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	( 12,500)	( 10,346)	2,154
Total other financing sources (uses)	<u>( 12,500)</u>	<u>( 10,346)</u>	<u>2,154</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
<b>FUND BALANCE, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Intergovernmental	\$ 410,000	\$ 607,154	\$ 197,154
Investment earnings	800	357	( 443)
Total revenue	<u>410,800</u>	<u>607,511</u>	<u>196,711</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>410,800</u>	<u>607,511</u>	<u>196,711</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	( 405,000)	( 405,000)	<u>-</u>
Total other financing sources (uses)	<u>( 405,000)</u>	<u>( 405,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	5,800	202,511	196,711
<b>FUND BALANCE, BEGINNING</b>	<u>694,376</u>	<u>694,376</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 700,176</u>	<u>\$ 896,887</u>	<u>\$ 196,711</u>

**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, 2014**

	2014		Variance from Final
	Budget	Actual	
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 53,836	\$ 53,836
Investment earnings	-	24	24
Total revenue	<u>-</u>	<u>53,860</u>	<u>53,860</u>
<b>EXPENDITURES</b>			
Capital outlay	19,000	12,329	6,671
Public Safety	<u>6,000</u>	<u>5,875</u>	<u>125</u>
Total expenditures	<u>25,000</u>	<u>18,204</u>	<u>6,796</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 25,000)</u>	<u>35,656</u>	<u>60,656</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 25,000)	35,656	60,656
<b>FUND BALANCE, BEGINNING</b>	<u>32,506</u>	<u>32,506</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 7,506</u>	<u>\$ 68,162</u>	<u>\$ 60,656</u>

**CITY OF ROSENBERG, TEXAS**  
**COMBINING BALANCE SHEET**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2014**

	<u>Health Insurance</u>	<u>Fleet Replacement</u>	<u>Information Services</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 778,966	\$ 2,339,210	\$ 246,961	\$ 3,365,137
Receivables - other	<u>5,630</u>	<u>-</u>	<u>-</u>	<u>5,630</u>
Total current assets	<u>784,596</u>	<u>2,339,210</u>	<u>246,961</u>	<u>3,370,767</u>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	-	3,267,153	632,179	3,899,332
Less: accumulated depreciation	<u>-</u>	<u>( 2,180,262)</u>	<u>( 530,612)</u>	<u>( 2,710,874)</u>
Total noncurrent assets	<u>-</u>	<u>1,086,891</u>	<u>101,567</u>	<u>1,188,458</u>
Total assets	<u>784,596</u>	<u>3,426,101</u>	<u>348,528</u>	<u>4,559,225</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,954	8,971	16,103	27,028
Accrued liabilities	-	-	6,511	6,511
Compensated absences	<u>-</u>	<u>-</u>	<u>198</u>	<u>198</u>
Total current liabilities	<u>1,954</u>	<u>8,971</u>	<u>22,812</u>	<u>33,737</u>
Non-current liabilities:				
Compensated absences	<u>-</u>	<u>-</u>	<u>1,783</u>	<u>1,783</u>
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>1,783</u>	<u>1,783</u>
Total liabilities	<u>1,954</u>	<u>8,971</u>	<u>24,595</u>	<u>35,520</u>
<b>Net Position</b>				
Net investment in capital assets	-	1,086,891	101,567	1,188,458
Unrestricted	<u>782,642</u>	<u>2,330,239</u>	<u>222,366</u>	<u>3,335,247</u>
Total net position	<u>\$ 782,642</u>	<u>\$ 3,417,130</u>	<u>\$ 323,933</u>	<u>\$ 4,523,705</u>

**CITY OF ROSENBERG, TEXAS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Health Insurance</u>	<u>Fleet Replacement</u>	<u>Information Services</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,390,140	\$ 536,013	\$ 592,675	\$ 3,518,828
Total operating revenues	<u>2,390,140</u>	<u>536,013</u>	<u>592,675</u>	<u>3,518,828</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	2,379,467	181,136	614,220	3,174,823
Depreciation	<u>-</u>	<u>212,594</u>	<u>19,506</u>	<u>232,100</u>
Total operating expenses	<u>2,379,467</u>	<u>393,730</u>	<u>633,726</u>	<u>3,406,923</u>
<b>OPERATING INCOME (LOSS)</b>	<u>10,673</u>	<u>142,283</u>	<u>( 41,051)</u>	<u>111,905</u>
<b>NONOPERATING REVENUES</b>				
Investment earnings	<u>327</u>	<u>1,040</u>	<u>84</u>	<u>1,451</u>
Total nonoperating revenues	<u>327</u>	<u>1,040</u>	<u>84</u>	<u>1,451</u>
<b>CHANGE IN NET POSITION</b>	11,000	143,323	( 40,967)	113,356
<b>NET POSITION, BEGINNING</b>	<u>771,642</u>	<u>3,273,807</u>	<u>364,900</u>	<u>4,410,349</u>
<b>NET POSITION, ENDING</b>	<u>\$ 782,642</u>	<u>\$ 3,417,130</u>	<u>\$ 323,933</u>	<u>\$ 4,523,705</u>

**CITY OF ROSENBERG, TEXAS**  
**COMBINING STATEMENT OF CASHFLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Health Insurance</u>	<u>Fleet Replacement</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 2,389,092	\$ 536,013
Disbursed for goods and services to suppliers	-	-
Disbursed for personnel services	<u>( 2,376,770)</u>	<u>( 172,585)</u>
Net cash provided (used) by operating activities	<u>12,322</u>	<u>363,428</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of equipment	<u>-</u>	<u>( 480,473)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>( 480,473)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings	<u>327</u>	<u>1,040</u>
Net cash provided by investing activities	<u>327</u>	<u>1,040</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	12,649	( 116,005)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>766,317</u>	<u>2,455,215</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 778,966</u>	<u>\$ 2,339,210</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 10,673	\$ 142,283
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	-	212,594
Decrease in other receivables	( 1,048)	-
(Increase) decrease in prepaid items	879	-
(Increase) decrease in accounts payable and accrued liabilities	1,818	8,551
Increase (decrease) in compensated absences	<u>-</u>	<u>-</u>
Total adjustments	<u>1,649</u>	<u>221,145</u>
Net cash provided (used) by operating activities	<u>\$ 12,322</u>	<u>\$ 363,428</u>

<u>Information Services</u>	<u>Total Internal Services Funds</u>
\$ 592,675	\$ 3,517,780
( 157,894)	( 157,894)
<u>( 455,842)</u>	<u>( 3,005,197)</u>
<u>( 21,061)</u>	<u>354,689</u>
<u>( 9,565)</u>	<u>( 490,038)</u>
<u>( 9,565)</u>	<u>( 490,038)</u>
<u>84</u>	<u>1,451</u>
<u>84</u>	<u>1,451</u>
( 30,542)	( 133,898)
<u>277,503</u>	<u>3,499,035</u>
<u>\$ 246,961</u>	<u>\$ 3,365,137</u>
\$ ( 41,051)	\$ 111,905
19,506	232,100
-	( 1,048)
1,093	1,972
5,057	15,426
<u>( 5,666)</u>	<u>( 5,666)</u>
<u>19,990</u>	<u>242,784</u>
<u>\$ ( 21,061)</u>	<u>\$ 354,689</u>

**CITY OF ROSENBERG, TEXAS**  
**STATEMENT OF CHANGES IN**  
**FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Richmond-Rosenberg Local</u></b>				
<b><u>Government Corporation</u></b>				
Assets:				
Cash and investments	\$ <u>56,012</u>	\$ <u>-</u>	\$ <u>56,012</u>	\$ <u>-</u>
Total assets	\$ <u>56,012</u>	\$ <u>-</u>	\$ <u>56,012</u>	\$ <u>-</u>
Liabilities:				
Due to Richmond-Rosenberg Local Government Corporation	\$ <u>56,012</u>	\$ <u>-</u>	\$ <u>56,012</u>	\$ <u>-</u>
Total liabilities	\$ <u>56,012</u>	\$ <u>-</u>	\$ <u>56,012</u>	\$ <u>-</u>

# **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.

	<b><u>Page Number</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	95
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	109
<b>Debt Capacity</b> 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.	117
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	124
<b>Operating Information</b> 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.	126

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			
	2005	2006	2007	2008
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 14,942,984	\$ 15,790,426	\$ 29,326,735	\$ 31,083,711
Restricted	2,204,084	3,319,410	7,980,965	6,940,067
Unrestricted	<u>5,008,048</u>	<u>4,950,488</u>	<u>7,116,233</u>	<u>8,687,194</u>
Total governmental activities net position	<u>\$ 22,155,116</u>	<u>\$ 24,060,324</u>	<u>\$ 44,423,933</u>	<u>\$ 46,710,972</u>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt	\$ 10,235,952	\$ 11,775,514	\$ 23,670,141	\$ 35,020,690
Unrestricted	<u>4,539,041</u>	<u>4,467,448</u>	<u>4,140,704</u>	<u>4,948,117</u>
Total business-type activities net position	<u>\$ 14,774,993</u>	<u>\$ 16,242,962</u>	<u>\$ 27,810,845</u>	<u>\$ 39,968,807</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 25,178,936	\$ 27,565,940	\$ 52,996,876	\$ 66,104,401
Restricted	2,204,084	3,319,410	7,980,965	6,940,067
Unrestricted	<u>9,547,089</u>	<u>9,417,936</u>	<u>11,256,937</u>	<u>13,635,311</u>
Total primary government net position	<u>\$ 36,930,109</u>	<u>\$ 40,303,286</u>	<u>\$ 72,234,778</u>	<u>\$ 86,679,779</u>

TABLE 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 32,635,560	\$ 33,803,107	\$ 25,930,436	\$ 37,091,238	\$ 37,219,927	\$ 39,982,793
7,733,228	7,657,493	7,651,906	9,305,959	10,581,044	14,699,152
<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>15,078,116</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>	<u>\$ 69,760,061</u>
\$ 37,092,180	\$ 39,944,847	\$ 39,951,294	\$ 39,617,050	\$ 43,565,861	\$ 44,504,314
<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>16,455,829</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>	<u>\$ 60,960,143</u>
\$ 69,727,740	\$ 73,747,954	\$ 65,881,730	\$ 76,708,288	\$ 80,785,788	\$ 84,487,107
7,733,228	7,657,493	7,651,906	9,305,959	10,581,044	14,699,152
<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>31,533,945</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>	<u>\$ 130,720,204</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 2,638,277	\$ 3,042,201	\$ 2,585,601	\$ 5,893,278
Public safety	8,051,272	8,280,122	8,129,817	9,557,479
Public works	4,933,516	5,107,521	5,156,418	7,055,190
Community development	1,383,308	1,847,965	1,902,917	2,011,620
Interest on long-term debt	1,168,988	1,055,379	1,142,835	1,470,797
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>18,175,361</u>	<u>19,333,188</u>	<u>18,917,588</u>	<u>25,988,364</u>
Business-type activities:				
Water and sewer	3,980,714	4,494,540	4,972,667	5,076,178
Civic center rentals	-	-	-	-
Total business-type activities expenses	<u>3,980,714</u>	<u>4,494,540</u>	<u>4,972,667</u>	<u>5,076,178</u>
Total primary government program expenses	<u>\$ 22,156,075</u>	<u>\$ 23,827,728</u>	<u>\$ 23,890,255</u>	<u>\$ 31,064,542</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 4,210,123	\$ 983,968	\$ 1,141,895	\$ 1,202,306
Public safety	-	142,817	167,313	46,964
Public works	-	2,943,775	3,275,404	3,979,234
Community development	-	129,409	167,287	187,534
Operating grants and contributions	825,945	1,618,134	986,101	1,718,460
Capital grants and contributions	966,455	1,166,296	16,185,051	1,658,285
Total governmental activities program revenues	<u>6,002,523</u>	<u>6,984,399</u>	<u>21,923,051</u>	<u>8,792,783</u>
Business-type activities:				
Charges for services:				
Water	5,460,599	4,041,469	3,836,688	4,396,761
Sewer	-	2,523,492	2,723,407	3,489,353
Civic center rentals	-	-	-	-
Operating grants and contributions	11,174	-	-	-
Capital grants and contributions	804,388	443,612	10,976,991	11,073,790
Total business-type activities program revenues	<u>6,276,161</u>	<u>7,008,573</u>	<u>17,537,086</u>	<u>18,959,904</u>
Total primary government program revenues	<u>\$ 12,278,684</u>	<u>\$ 13,992,972</u>	<u>\$ 39,460,137</u>	<u>\$ 27,752,687</u>

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

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 4,940,400	\$ 4,543,990	\$ 6,264,102	\$ 3,573,695	\$ 4,208,848	\$ 3,995,452
12,833,968	11,363,799	11,079,052	11,487,867	12,043,046	13,430,159
6,068,306	7,413,394	7,714,821	7,054,048	7,264,024	7,236,352
2,096,947	2,066,781	1,966,684	2,887,685	2,866,455	2,616,778
1,612,187	1,890,855	2,109,455	2,005,530	2,194,440	2,039,639
-	-	-	-	-	128,148
<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>29,446,528</u>
5,423,819	5,541,932	6,366,473	6,870,352	7,236,812	7,163,452
-	-	-	-	-	391,242
<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>7,554,694</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>	<u>\$ 37,001,222</u>
\$ 1,241,545	\$ 991,398	\$ 915,567	\$ 987,095	\$ 927,203	\$ 850,652
168,849	169,472	136,915	1,423,286	1,588,845	1,953,287
3,827,530	3,836,951	3,929,779	4,327,317	4,048,440	4,386,859
24,086	20,274	32,023	140,449	187,720	104,582
3,115,639	2,708,807	2,904,132	311,124	289,050	187,547
1,386,483	2,719,342	2,820,234	1,598,036	2,770,160	5,028,824
<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>	<u>12,511,751</u>
4,367,318	4,011,869	5,038,411	5,970,615	6,319,988	6,803,044
4,050,725	4,340,805	4,935,437	4,453,529	4,712,109	5,058,751
-	-	-	-	-	115,780
-	-	-	68,666	282,696	3,997
<u>428,595</u>	<u>115,891</u>	<u>467,393</u>	<u>412,122</u>	<u>525,482</u>	<u>517,470</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>12,499,042</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>	<u>\$ 25,010,793</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$( 12,172,838)	\$( 12,348,789)	\$ 3,005,463	\$( 17,195,581)
Business-type activities	<u>2,295,447</u>	<u>2,514,033</u>	<u>12,564,419</u>	<u>13,883,726</u>
Total primary government net expense	<u>( 9,877,391)</u>	<u>( 9,834,756)</u>	<u>15,569,882</u>	<u>( 3,311,855)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	4,472,012	4,937,989	5,788,239	6,307,963
Sales	5,336,768	6,254,935	7,794,679	8,490,926
Franchise	1,332,273	1,356,641	1,373,527	1,493,665
Investment earnings	275,041	405,309	788,901	744,713
Gain on sale of capital assets	-	-	-	-
Other revenue	20,284	6,119	397,772	545,009
Transfers	<u>1,390,238</u>	<u>1,293,004</u>	<u>1,225,028</u>	<u>1,900,344</u>
Total governmental activities	<u>12,826,616</u>	<u>14,253,997</u>	<u>17,368,146</u>	<u>19,482,620</u>
Business-type activities:				
Investment earnings	158,853	223,774	228,492	149,076
Other revenue	-	23,166	-	25,504
Transfers	<u>( 1,390,238)</u>	<u>( 1,293,004)</u>	<u>( 1,225,028)</u>	<u>( 1,900,344)</u>
Total business-type activities	<u>( 1,231,385)</u>	<u>( 1,046,064)</u>	<u>( 996,536)</u>	<u>( 1,725,764)</u>
Total primary government	<u>11,595,231</u>	<u>13,207,933</u>	<u>16,371,610</u>	<u>17,756,856</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	653,778	1,905,208	20,373,609	2,287,039
Business-type activities	<u>1,064,062</u>	<u>1,467,969</u>	<u>11,567,883</u>	<u>12,157,962</u>
Total primary government	<u>\$ 1,717,840</u>	<u>\$ 3,373,177</u>	<u>\$ 31,941,492</u>	<u>\$ 14,445,001</u>

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

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
<u>\$( 17,787,676)</u>	<u>\$( 16,832,575)</u>	<u>\$( 18,395,464)</u>	<u>\$( 18,221,518)</u>	<u>\$( 18,765,395)</u>	<u>\$( 16,934,777)</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>4,944,348</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>	<u>( 11,990,429)</u>
7,729,511	7,662,802	7,504,772	7,495,321	7,959,179	8,557,411
8,516,511	8,733,789	8,988,995	10,053,941	11,128,093	13,083,487
1,531,280	1,627,628	1,578,896	1,585,406	1,780,202	1,851,747
312,187	102,412	75,054	55,875	43,146	20,512
-	-	-	-	-	90,641
675,512	287,950	573,928	379,081	395,991	337,321
<u>48,442</u>	<u>( 513,441)</u>	<u>1,428,687</u>	<u>2,118,609</u>	<u>( 1,116,030)</u>	<u>1,107,446</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>	<u>25,048,565</u>
131,474	20,987	13,204	11,349	14,216	6,563
5,612	61,143	-	-	-	-
<u>( 48,442)</u>	<u>513,441</u>	<u>( 1,428,687)</u>	<u>( 2,118,609)</u>	<u>1,116,030</u>	<u>( 1,107,446)</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>( 1,100,883)</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>	<u>23,947,682</u>
1,025,767	1,068,565	1,754,868	3,466,715	1,425,186	8,113,788
<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>3,843,465</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>	<u>\$ 11,957,253</u>

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

Function	Fiscal Year			
	2005	2006	2007	2008
Property taxes	\$ 4,472,012	\$ 4,937,989	\$ 5,788,239	\$ 6,307,963
Sales taxes	5,336,768	6,254,935	7,794,679	8,490,926
Franchise taxes	<u>1,332,273</u>	<u>1,356,641</u>	<u>1,373,527</u>	<u>1,493,665</u>
Total	<u>\$ 11,141,053</u>	<u>\$ 12,549,565</u>	<u>\$ 14,956,445</u>	<u>\$ 16,292,554</u>

**TABLE 3**

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 7,729,511	\$ 7,662,802	\$ 7,504,772	\$ 7,495,321	\$ 7,959,179	\$ 8,557,411
8,516,511	8,733,789	8,988,995	10,053,941	11,128,093	13,083,487
<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>1,851,747</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>	<u>\$ 23,492,645</u>

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

	Fiscal Year			
	2005	2006	2007	2008
General fund:				
Nonspendable	\$ -	\$ 16,887	\$ 108,053	\$ -
Assigned	-	-	-	-
Unassigned	<u>4,149,923</u>	<u>3,553,336</u>	<u>5,051,367</u>	<u>5,386,612</u>
Total general fund	<u>\$ 4,149,923</u>	<u>\$ 3,570,223</u>	<u>\$ 5,159,420</u>	<u>\$ 5,386,612</u>
All other governmental funds				
Restricted	\$ 5,116,190	\$ 4,810,429	\$ 14,468,347	\$ 12,413,235
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>23,677</u>	<u>385,407</u>
Total all other governmental funds	<u>\$ 5,116,190</u>	<u>\$ 4,810,429</u>	<u>\$ 14,492,024</u>	<u>\$ 12,798,642</u>

**TABLE 4**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ 28,715	\$ 250,502	\$ 39,243	\$ 53,418	\$ 36,067
-	-	-	497,318	500,982	1,104,350
<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>11,894,623</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>	<u>\$ 13,035,040</u>
\$ 13,817,505	\$ 13,167,730	\$ 17,393,365	\$ 20,443,337	\$ 23,197,272	\$ 28,526,910
-	-	-	545,525	-	-
<u>462,510</u>	<u>487,744</u>	<u>1,189,903</u>	<u>-</u>	<u>( 835)</u>	<u>-</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>	<u>\$ 28,526,910</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<b>REVENUES</b>				
Taxes	\$ 11,091,197	\$ 12,622,393	\$ 14,911,452	\$ 16,429,163
Licenses and permits	394,854	623,812	543,496	526,446
Fines and forfeitures	818,778	785,548	952,281	1,036,121
Fees and charges for services	2,742,794	2,672,345	3,161,434	3,918,948
Intergovernmental	1,796,979	1,926,576	4,012,325	3,149,071
Investment earnings	254,554	368,293	694,785	692,571
Other	261,778	718,333	535,031	670,139
Total revenues	<u>17,360,934</u>	<u>19,717,300</u>	<u>24,810,804</u>	<u>26,422,459</u>
<b>EXPENDITURES</b>				
General government	2,186,831	2,925,674	3,044,859	5,744,858
Public safety	7,870,958	7,936,327	8,367,493	9,465,004
Public works	3,508,718	3,938,633	4,281,847	5,235,282
Community development	1,300,711	1,709,294	1,795,911	1,903,248
Capital outlay	1,093,829	2,377,111	3,554,057	13,986,114
Debt service				
Principal	1,921,386	1,927,461	1,818,580	4,167,220
Interest and fiscal charges	1,257,898	1,081,265	1,115,825	1,447,906
Debt issuance costs	-	-	-	52,146
Total expenditures	<u>19,140,331</u>	<u>21,895,765</u>	<u>23,978,572</u>	<u>42,001,778</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 1,779,397)</u>	<u>( 2,178,465)</u>	<u>832,232</u>	<u>( 15,579,319)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	3,955,000	-	8,292,945	12,212,785
Refunding bonds issued	-	-	-	-
Premium on bonds	-	-	-	-
Insurance proceeds	-	-	-	-
Payment to refunded bond escrow agent	( 3,861,899)	-	-	-
Proceeds on sale of capital assets	-	-	-	-
Transfers in	1,583,598	1,485,886	3,063,797	2,544,552
Transfers out	( 193,360)	( 192,882)	( 918,182)	( 644,208)
Total other financing sources (uses)	<u>1,483,339</u>	<u>1,293,004</u>	<u>10,438,560</u>	<u>14,113,129</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ ( 296,058)</u>	<u>\$ ( 885,461)</u>	<u>\$ 11,270,792</u>	<u>\$ ( 1,466,190)</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>17.6%</u>	<u>15.4%</u>	<u>14.4%</u>	<u>19.9%</u>

TABLE 5

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	17,742,498	\$	18,052,945	\$	18,067,969	\$	19,158,616	\$	20,846,124	\$	23,512,541
	430,983		385,461		433,122		585,083		613,391		771,303
	891,746		737,463		634,437		665,836		657,690		573,433
	3,945,431		3,895,170		4,095,461		4,173,636		3,835,622		4,035,891
	4,517,587		5,059,708		5,743,934		2,650,084		4,196,719		8,496,128
	280,491		90,548		69,562		52,723		39,527		19,061
	<u>644,688</u>		<u>252,574</u>		<u>410,219</u>		<u>1,728,054</u>		<u>1,546,040</u>		<u>1,450,223</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>		<u>38,858,580</u>
	4,404,269		4,189,729		5,886,316		3,353,809		3,309,484		3,446,026
	9,922,020		10,098,624		10,315,878		10,725,354		11,126,683		12,519,502
	5,320,468		5,348,163		5,314,788		4,819,422		4,407,271		4,511,391
	1,772,771		1,797,454		1,648,288		2,351,073		2,528,271		2,283,655
	10,133,254		9,154,244		6,586,965		7,577,210		9,666,080		6,903,952
	2,472,000		3,936,562		4,219,657		4,345,981		6,152,414		4,906,639
	1,612,295		1,883,113		2,085,237		1,983,170		2,123,645		2,101,713
	179,149		141,923		190,224		86,134		237,886		128,148
	<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>		<u>36,801,026</u>
(	<u>7,362,802)</u>	(	<u>8,075,943)</u>	(	<u>6,792,649)</u>	(	<u>6,228,121)</u>	(	<u>7,816,621)</u>		<u>2,057,554</u>
	13,090,000		7,358,164		10,505,000		8,600,000		12,410,000		6,565,000
	-		-		4,860,000		-		-		-
	415,818		418,441		209,422		-		227,641		133,572
	-		-		-		-		19,666		41,362
	-		-		-		-		-		-
(	<u>5,265,355)</u>		-	(	<u>4,995,000)</u>		-		-		-
	-		-		-		49,000		32,665		72,080
	2,482,116		2,718,604		3,240,516		4,382,807		5,179,079		5,200,179
(	<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>4,092,732)</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>7,919,461</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>9,977,015</u>
	<u>16.2%</u>		<u>20.8%</u>		<u>21.1%</u>		<u>22.9%</u>		<u>27.2%</u>		<u>22.9%</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 <sup>(1)</sup>	Totals
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
2014	8,577,307	13,083,487	1,851,747	23,512,541

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

	Fiscal Year			
	2005	2006	2007	2008
Manufacturing	\$ 3,933,133	\$ 6,997,498	\$ 10,398,585	\$ 9,289,505
Construction	3,045,438	4,530,650	5,373,242	6,565,593
Mining/Oil and Gas Extraction	5,682,915	1,324,571	-	-
Wholesale Trade	62,375,806	69,311,984	68,378,422	60,136,962
Retail Trade	137,433,582	171,580,072	236,571,984	282,801,551
Information	1,698,396	5,285,021	5,795,888	6,122,947
Finance/Insurance	1,043,000	1,294,761	1,373,518	1,667,665
Real Estate/Rental/Leasing	10,532,465	11,268,109	10,045,964	10,810,863
Professional/Scientific/Technical	1,825,099	2,131,106	1,732,860	1,932,653
Admin/Waste Management	2,951,308	2,537,651	3,188,008	4,327,704
Entertainment/Recreation	170,410	109,601	62,670	327,409
Accommodation/Food Service	42,433,179	45,458,254	55,936,116	61,345,725
Other services	7,289,661	7,405,072	7,314,960	6,858,990
Other	20,359	500	-	-
<b>Total</b>	<b>\$ 280,434,751</b>	<b>\$ 329,234,850</b>	<b>\$ 406,172,217</b>	<b>\$ 452,187,567</b>
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 2014 fiscal year. The fourth quarter is not currently available.

**TABLE 7**

		Fiscal Year									
		2009	2010	2011	2012	2013	2014*				
\$	8,387,586	\$	11,868,406	\$	35,709,305	\$	33,319,926	\$	34,755,374	\$	47,383,058
	8,099,729		4,379,752		4,358,021		4,983,655		5,478,498		3,938,977
	-		236,213		410,444		156,604		217,256		150,606
	34,918,765		41,970,803		19,433,287		15,371,499		14,399,273		17,343,008
	298,869,319		317,562,021		349,146,421		383,992,839		437,715,634		349,187,048
	6,946,114		7,756,997		8,366,727		9,711,481		12,557,755		12,656,161
	1,627,326		1,610,799		1,523,707		1,493,134		1,552,677		1,199,892
	9,860,254		6,131,109		3,945,113		10,754,471		3,511,362		2,145,151
	1,692,731		1,479,498		1,549,856		1,737,784		1,837,041		1,542,785
	4,954,549		4,473,592		4,012,601		4,743,465		5,491,486		4,036,804
	620,027		677,975		498,010		79,539		16,075		21,625
	64,156,691		68,292,207		71,930,612		80,285,088		88,682,555		71,181,771
	5,340,424		6,259,539		6,783,724		7,477,950		8,458,167		6,840,136
	500		-		-		-		-		-
\$	<u>445,474,015</u>	\$	<u>472,698,911</u>	\$	<u>507,667,828</u>	\$	<u>554,107,435</u>	\$	<u>614,673,153</u>	\$	<u>517,627,022</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**

<u>Fiscal Year Ended September 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Real Property</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>
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	679,387,315	957,903,509	247,958,051	341,872,159	1,543,376,716	0.51000
2014	749,359,856	1,004,574,850	280,163,875	342,400,025	1,691,698,556	0.50000

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 <sup>(1)</sup>			
		Operating Tax Rate	Debt Service Rate	Total Tax Rate	Lamar ISD	Fort Bend County	Fort Bend Mud #94	
Fiscal Year	Tax Year						MUD Rate	Overlapping Rate
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
2014	2013	0.26630	0.23370	0.50000	1.39005	0.49976	0.71000	3.09981

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 <sup>(1)</sup>					
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
0.89000	3.27981	0.80000	3.18981	0.90000	3.28981

TABLE 10

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

Taxpayer	2014			2004		
	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	\$ 67,636,880	1	4.00%	\$ -		- %
National Oilwell Downhole Tools	24,246,540	2	1.43%			- %
GS Brazos Ranch	21,685,760	3	1.28%			- %
Brazos TC - South Partnership A, LP	20,630,590	4	1.22%			- %
A-S 92 Hwy 59 - Reading Rd LP	19,230,450	5	1.14%			- %
Dolce Living Rosenberg LLC	16,855,420	6	1.00%			- %
Kroger Texas LP	16,658,740	7	0.98%			- %
Centerpoint Energy Electric	14,092,230	8	0.83%	17,387,690	1	2.22%
3101 Place Owner LLC	13,151,500	9	0.78%			- %
Seatex LTD	12,456,120	10	0.74%			- %
Gurecky Manufacturing Service, Inc.	10,390,770	11	0.61%			- %
Target Corporation	9,977,240	12	0.59%			- %
RRR Apartments LTD	9,459,960	13	0.56%			- %
Brazos TC - Partnership B, LP	9,315,400	14	0.55%			- %
Brazos TC - South Partnership B, LP	9,101,640	15	0.54%			- %
JC Penney Properties, Inc.	7,738,900	16	0.46%			- %
Lowe's Home Centers, Inc.	7,590,520	17	0.45%	4,039,130	15	0.52%
Reading Road Apartments, LP	6,979,160	18	0.41%	5,783,740	8	0.74%
Texas MSI, LTD	6,872,190	19	0.41%	5,685,870	9	0.73%
HS Development Properties, LP	6,701,550	20	0.40%	5,837,050	7	0.75%
Southwestern Bell Telephone Co.	-	-	- %	11,056,740	2	1.41%
Rosenberg Venture, LTD	-	-	- %	9,518,620	3	1.22%
Albis Corporation	-	-	- %	8,759,610	4	0.94%
Fountains of Rosenberg LP	-	-	- %	8,319,930	5	1.06%
Khazana LTD Partnership	-	-	- %	5,864,570	6	0.75%
MF Partners I, LTD	-	-	- %	5,674,450	10	0.73%
Home Depot	-	-	- %	5,222,100	11	0.67%
Summer Creek Development	-	-	- %	4,613,980	12	0.59%
Dub Miller Ford	-	-	- %	4,166,090	13	0.53%
Bison Building Materials	-	-	- %	4,152,980	14	0.53%
Home Building & Lumber Co.	-	-	- %	3,700,780	16	0.47%
FAE Holdings, LLC				3,665,020	17	0.47%
Weingarten Realty Investors				3,632,810	18	0.45%
FAE Holdings, LLC	-	-	- %	3,549,350	19	0.47%
Green Jacket Apartments, LTD	-	-	- %	3,469,840	20	0.44%
Subtotal	310,771,560		18.4%	124,100,350		15.7%
Other taxpayers	1,380,926,996		81.6%	657,607,388		84.3%
Total	\$ 1,691,698,556		100%	\$ 781,707,738		100%

Source: Fort Bend Central Appraisal District

**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		Collections in Subsequent Years	Total Collections to Date	
			Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2005	0.55500	4,365,506	4,216,828	96.59%	143,254	4,360,082	99.88%
2006	0.55500	4,906,330	4,707,628	95.95%	189,219	4,896,847	99.81%
2007	0.55500	5,543,720	5,387,768	97.19%	144,291	5,532,059	99.79%
2008	0.54500	6,377,788	6,182,287	96.93%	167,503	6,349,790	99.56%
2009	0.52020	7,512,800	7,401,558	98.52%	89,033	7,490,591	99.70%
2010	0.50000	7,538,276	7,431,901	98.59%	83,996	7,515,897	99.70%
2011	0.50000	7,413,614	7,308,431	98.58%	84,376	7,392,807	99.72%
2012	0.50000	7,376,235	7,317,653	99.21%	35,693	7,353,346	99.69%
2013	0.51000	7,870,255	7,794,028	99.03%	49,559	7,843,587	99.66%
2014	0.50000	8,462,074	8,387,692	99.12%	-	8,387,692	99.12%

Source: Tax assessor/collector's records.

TABLE 12

**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			
2005	4,180,000	19,710,000	83,261	-	7,510,000	31,483,261	7.60%	1,191
2006	3,465,000	18,525,000	55,800	-	6,750,000	28,795,800	6.59%	1,033
2007	6,090,000	21,875,000	27,220	475,000	6,070,000	34,537,220	7.02%	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	26,265,414	450,000	1,635,000	4,295,000	46,610,414	9.07%	1,375
2010	17,130,000	27,243,381	1,080,558	1,365,000	8,437,811	55,256,750	10.76%	1,791
2011	19,260,000	31,929,512	880,902	1,085,000	7,753,993	60,909,407	10.67%	1,969
2012	16,890,000	39,010,279	675,009	790,000	7,163,381	64,528,669	10.52%	2,015
2013	16,360,000	46,503,689	462,595	480,000	5,334,013	69,140,297	10.65%	2,091
2014	15,860,000	49,210,550	305,956	160,000	4,711,863	70,248,369	10.58%	2,058

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
2005	4,180,000	19,710,000	83,261	-	1,770,119	25,743,380	2.84%	974
2006	3,465,000	18,525,000	55,800	-	2,565,502	24,611,302	2.20%	882
2007	6,090,000	21,875,000	27,220	475,000	3,985,558	32,452,778	2.50%	1,164
2008	5,440,000	29,175,000	-	1,895,000	3,302,634	39,812,634	2.85%	1,287
2009	13,965,000	25,860,000	450,000	1,635,000	4,617,517	46,527,517	2.56%	1,385
2010	17,130,000	26,265,414	1,080,558	1,365,000	5,492,418	51,333,390	3.39%	1,677
2011	19,260,000	27,243,381	880,902	1,085,000	5,062,930	53,532,213	3.60%	1,748
2012	16,890,000	39,010,279	675,009	790,000	5,170,780	52,194,508	3.53%	1,630
2013	16,360,000	46,503,689	462,595	480,000	4,990,181	58,816,103	3.81%	1,779
2014	15,860,000	49,210,550	305,956	160,000	4,976,742	60,559,764	3.58%	1,775

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**CITY OF ROSENBERG, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**(UNAUDITED)**  
**AS OF SEPTEMBER 30, 2014**

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Lamar CISD	\$ 629,325,000	15.90%	\$ 100,062,675
Fort Bend County	441,905,000	3.67%	\$ 16,217,914
Fort Bend MUD No. 94	5,935,000	100.00%	\$ 5,935,000
Fort Bend MUD No. 144	7,590,000	95.75%	\$ 7,267,425
Fort Bend MUD No. 148	1,735,000	100.00%	\$ 1,735,000
Fort Bend MUD No. 152	2,235,000	2.70%	\$ 60,345
Fort Bend MUD No. 159	5,100,000	100.00%	\$ 5,100,000
Fort Bend MUD No. 167	19,500,000	100.00%	\$ 19,500,000
Subtotal overlapping debt			155,878,359
City direct debt			<u>65,536,506</u>
Total direct and overlapping debt			<u>\$ 221,414,865</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			
	2005	2006	2007	2008
Debt limit	\$ 78,470,175	\$ 88,352,302	\$ 99,304,305	\$ 116,500,210
Total net debt applicable to limit	<u>22,119,881</u>	<u>19,424,498</u>	<u>24,929,442</u>	<u>33,207,366</u>
Legal debt margin	<u>\$ 56,350,294</u>	<u>\$ 68,927,804</u>	<u>\$ 74,374,863</u>	<u>\$ 83,292,844</u>
Total net debt applicable to the limit as a percentage of debt limit	28.19%	21.99%	25.10%	28.50%
Legal debt margin calculation by fiscal year				
Assessed value	\$ 784,701,745	\$ 883,523,023	\$ 993,043,047	\$ 1,165,002,099
Debt limit (10% of assessed value)	78,470,175	88,352,302	99,304,305	116,500,210
Debt applicable to limit:				
General obligation bonds	23,890,000	21,990,000	28,915,000	36,510,000
Less: amount set aside for repayment of general obligation debt	<u>( 1,770,119)</u>	<u>( 2,565,502)</u>	<u>( 3,985,558)</u>	<u>( 3,302,634)</u>
Total net debt applicable to limit	<u>22,119,881</u>	<u>19,424,498</u>	<u>24,929,442</u>	<u>33,207,366</u>
Legal debt margin	<u>\$ 56,350,294</u>	<u>\$ 68,927,804</u>	<u>\$ 74,374,863</u>	<u>\$ 83,292,844</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					
		2009	2010	2011	2012	2013	2014
\$	145,783,137	\$ 151,557,382	\$ 148,547,380	\$ 154,515,089	\$ 166,597,038	\$ 181,299,013	
	<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>59,737,258</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>	<u>121,561,755</u>	
	25.27%	26.27%	31.37%	32.97%	34.57%	32.95%	
\$	1,457,831,365	\$ 1,515,573,819	\$ 1,485,473,800	\$ 1,545,150,888	\$ 1,665,970,375	\$ 1,812,990,131	
	145,783,137	151,557,382	148,547,380	154,515,089	166,597,038	181,299,013	
	41,460,000	45,305,000	51,655,000	56,115,000	62,585,000	64,714,000	
	<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>( 4,976,742)</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>59,737,258</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>	<u>121,561,755</u>	

**CITY OF ROSENBERG, TEXAS**  
**DEBT SERVICE FUND PROJECTIONS FOR FISCAL YEAR 2015**  
**(UNAUDITED)**  
**SEPTEMBER 30, 2014**

Tax Obligation Debt Service Requirements, FY 15		\$ 7,193,848
Debt Service Fund, 09/30/14	\$ 4,976,742	
Debt Service Fund Tax Levy @ 96% Collection	4,195,000	
Estimated Prior Year Delinquent Taxes	55,000	
Estimated Transfer from Water/Wastewater Fund	1,939,919	
Estimated Transfer from Rosenberg Development Corporation	964,943	
Estimated Transfer from Hotel/Motel Fund	62,986	
Estimated Investment Income	<u>6,000</u>	12,200,590
Estimated Debt Service Fund Balance, 09/30/15		5,006,742
General Obligation and/or Revenue Bonds Authorized but unissued for 2014	None	
Floating Debt Outstanding for 2014	None	

**CITY OF ROSENBERG, TEXAS**  
**COMPUTATION OF SELF-SUPPORTING DEBT**  
**(UNAUDITED)**  
**SEPTEMBER 30, 2014**

**WATERWORKS AND SEWER SYSTEM**

Net system revenue available 09/30/14	\$ 6,204,256
Less: 2015 requirements for revenue bonds	<u>20,000</u>
Balance available for other purposes	<u>\$ 6,184,256</u>
Debt service coverage ratio	
2015 requirements for system tax or general obligation bonds (1)	1,939,919
Percentage of system general obligation bonds self-supporting	100%

**ROSENBERG DEVELOPMENT CORPORATION**

Net system revenue available 09/30/14	\$ 2,988,044
Less: 2015 requirements for revenue bonds	<u>964,943</u>
Balance available for other purposes	<u>\$ 2,023,101</u>
2015 requirements for general obligation bonds paid by the Corporation (1)	964,943
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 <sup>(1)</sup>	Personal Income <sup>(4)</sup>	Per Capita Personal Income <sup>(2)</sup>	Median Age <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate
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%
2014	34,127	664,145,547	19,461	30.0	28,482	4.4%

Sources: (1) Internal City Estimates  
(2) Bureau of the Census  
(3) Lamar Consolidated Independent School District  
(4) Based on Census data (2010), Estimated (2014) by Experiean/Applied Geographics Solutions

TABLE 19

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lamar Consolidated ISD	4,325	1	21.12%	2,662	1	35.49%
Frito Lay, Inc.	470	2	2.30%	436	3	5.81%
Benedittini Cabinetry	300	3	1.47%			
Texana Center	300	4	1.47%			
City of Rosenberg	255	5	1.25%	215	4	2.93%
Kroger	240	6	1.17%	105	9	1.40%
Biotics Research Corporation	170	7	0.83%			
Fort Bend County Annex	159	8	0.78%	164	5	2.19%
Si Environmental	150	9	0.73%			
OcuSoft	125	10	0.61%			
Allied Concrete	-		- %	460	2	10.13%
Albis	-		- %	145	6	1.93%
Southwestern Bell/AT&T	-			143	7	1.56%
Home Depot	-		- %	105	8	1.44%
Silver Eagle, Inc.	-		- %	105	10	1.40%
Total	<u>6,494</u>		<u>31.72%</u>	<u>4,540</u>		<u>64.28%</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,			
	2005	2006	2007	2008
General government	23	24	26	29
Public safety				
Police				
Officers	62	62	63	65
Civilians	21	21	22	22
Animal Control	2	2	2	2
Fire				
Firefighters	34	34	34	35
Civilians	2	2	2	2
Public works				
Engineering	1	1	-	-
Streets and drainage	19	19	15	18
Fleet maintenance	5	5	5	4
Community development				
Administration	2	2	-	-
Buildings and grounds	1	-	-	-
Planning	1	2	4	4
Code enforcement	5	7	8	9
Health	1	1	1	1
Communications	-	-	-	1
Parks & recreation	13	13	13	13
Hotel/motel	1	2	2	2
Information services	4	4	3	3
Civic center	5	4	5	3
Water and sewer	<u>33</u>	<u>30</u>	<u>30</u>	<u>29</u>
Total	<u>235</u>	<u>235</u>	<u>235</u>	<u>242</u>

Source: City personnel records.

**TABLE 20**

Fulltime Equivalent Employees as of September 30,					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
27	29	27	28	28	27
65	65	65	65	68	73
23	23	21	21	23	27
2	2	2	2	2	3
36	37	37	37	37	49
2	2	2	2	2	2
-	-	-	-	-	-
17	17	15	15	16	18
4	4	4	4	4	4
-	-	-	-	-	-
-	-	-	-	-	-
4	4	3	3	3	3
9	9	7	7	7	8
2	2	1	1	1	1
1	1	1	1	1	1
15	15	12	11	10	11
2	2	2	2	2	-
3	3	2	2	2	3
3	3	3	3	3	5
<u>29</u>	<u>27</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>26</u>
<u>244</u>	<u>245</u>	<u>229</u>	<u>229</u>	<u>234</u>	<u>261</u>

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
<b>Police</b>				
Arrests	3,903	3,912	4,243	4,473
Accident reports	632	506	750	651
Citations	14,383	11,467	12,160	14,895
Offense reports	5,538	5,901	6,150	4,453
Calls for service	36,646	36,243	41,492	42,568
<b>Fire</b>				
Emergency responses	3,516	4,930	5,145	4,527
Fire incidents	62	71	89	196
Service calls and other calls	1,721	1,639	1,672	2,514
Automatic aid, mutual aid given	71	49	69	128
<b>Water</b>				
Average daily consumption (millions of gallons)	2.89	3.15	3.00	3.44
Total consumption (millions of gallons)	1,059.76	1,150.31	1,098.57	1,262.22
Peak daily consumption (millions of gallons)	5.07	4.86	5.47	5.10
<b>Sewer</b>				
Average daily sewage treatment (millions of gallons)	2.98	2.68	3.27	3.27
Total consumption (millions of gallons)	1,083.37	979.08	1,197.31	1,197.31
Peak daily consumption (millions of gallons)	11.82	841.00	11.84	11.84

Source: Various City departments

**TABLE 21**

Fiscal Year					
2009	2010	2011	2012	2013	2014
4,287	3,373	3,313	3,440	2,654	2,819
506	444	399	570	629	767
11,158	8,583	7,087	6,779	5,874	4,239
4,955	5,235	4,105	3,921	4,229	4,088
40,775	51,683	53,702	58,414	55,829	51,054
3,476	3,348	3,426	3,697	3,702	3,792
233	127	69	197	239	141
3,124	3,199	3,061	3,455	3,333	3,651
119	22	60	45	130	152
3.75	3.37	4.11	3.63	3.71	3.69
1,371.73	1,229.84	1,503.75	1,333.99	1,357.00	1,353.24
6.27	5.16	7.14	6.46	5.83	6.65
2.44	3.13	2.33	2.54	2.32	2.83
890.89	1,132.78	853.85	931.78	848.52	867.35
9.91	16.94	6.21	10.21	7.64	8.42

**CITY OF ROSENBERG, TEXAS  
WATER AND SEWER RATES  
(UNAUDITED)  
SEPTEMBER 30, 2014**

**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 \$1.20 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 - 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 January 1, 2014

**CITY OF ROSENBERG, TEXAS**  
**TOP TEN WATER AND SEWER CUSTOMERS**  
**(UNAUDITED)**  
**SEPTEMBER 30, 2014**

**TOP TEN WATER CUSTOMERS**

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	31,784,400	\$ 147,348
2	New Quest Properties	Irrigation Meters	24,998,900	95,136
3	Reading Park Apartments	Apartments	23,160,800	101,498
4	Brittany Square Apartments	Irrigation Meters	15,229,600	63,338
5	3101 Place Apartments	Apartments	13,453,000	63,641
6	Pecan Park Apartments	Industry	12,428,200	59,959
7	Seatex LTD	Apartments	11,641,100	44,988
8	Brazos Master Maintenance Assn.	Industry	10,612,600	44,085
9	Allied Concrete	Apartments	10,539,200	39,479
10	Bluewave Carwash	Apartments	10,065,000	37,241
<b>TOTAL</b>			<u>163,912,800</u>	<u>\$ 696,713</u>

**TOP TEN SEWER CUSTOMERS**

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	23,426,900	\$ 74,138
2	Reading Park Apartments	Apartments	21,895,300	91,175
3	Brittany Square Apartments	Apartments	15,229,600	61,052
4	Pecan Park Apartments	Industry	12,428,200	61,542
5	Fountains of Rosenberg	Apartments	11,942,100	49,816
6	Seatex LTD	Apartments	11,641,100	33,002
7	3101 Place Apartments	Apartments	10,046,300	51,540
8	Bluewave Carwash	Apartments	9,786,700	28,556
9	Victoria Garden Apartments	Apartments	8,925,600	38,883
10	Fort Bend Nhc LP / Falcon Pointe	Commercial	7,805,400	35,207
<b>TOTAL</b>			<u>133,127,200</u>	<u>\$ 524,911</u>

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Public safety				
Police				
Stations	1	1	1	1
Patrol units	34	35	35	35
Fire				
Stations	2	2	2	2
Public works				
Collection trucks	N/A	N/A	N/A	N/A
Streets (miles)	120	120	128	148
Parks and recreation				
Parks acreage	431	431	443	443
Parks	8	8	8	8
Water and sewer				
Water mains (miles)	123	123	152	152
Fire hydrants	826	984	1,036	1,051
Maximum daily capacity (thousands of gallons)	3,922	5,232	5,232	5,232
Sanitary sewers (miles)	122	122	139	139
Storm sewers (miles)	133	133	133	133
Maximum daily treatment capacity (thousands of gallons)	5,025	5,025	5,025	6,525

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					
2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
43	47	47	47	46	46
2	2	2	2	2	3
N/A	N/A	N/A	N/A	N/A	N/A
148	148	154	162	162	162
443	443	443	443	443	443
8	9	9	9	9	9
158	158	160	160	160	161
1,137	1,137	1,111	1,135	1,187	1,243
5,232	5,232	5,232	5,232	5,372	5,372
140	140	142	142	143	143
128	128	129	129	130	130
6,525	6,525	6,525	6,525	6,525	6,525

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# **COMPLIANCE SECTION**

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PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the 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, 2014, and the related notes to the financial statements, which collectively comprise the City of Rosenberg, Texas' basic financial statements, and have issued our report thereon dated February 26, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Rosenberg, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rosenberg, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rosenberg, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Rosenberg, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas  
February 26, 2015