

*ANNUAL FINANCIAL REPORT*

of the

**CITY OF ANGLETON, TEXAS**

For the Year Ended  
September 30, 2014



# CITY OF ANGLETON, TEXAS

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***INTRODUCTORY SECTION***

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# **CITY OF ANGLETON, TEXAS**

## ***PRINCIPAL OFFICIALS***

September 30, 2014

### **GOVERNING BODY**

Honorable Randy Rhyne, Mayor

Roger Collins, Mayor Pro-Tem

Hardwick Bieri, Council Member

Williams Tigner, Council Member

Wesley Rolan, Council Member

Bonnie McDaniel, Council Member

### **OTHER PRINCIPAL OFFICIALS**

Michael Stoldt, City Manager

Patti Worfe, Assistant City Manager

Shelly Deisher, City Secretary

Susie J. Hernandez, Finance Director

David Ashburn, Police Chief

Dana Alsobrook, Court Administrator

Robert Leboeuf, Municipal Judge

Jeffrey Gilbert, Alternate Judge

Mary Kay Fischer, City Attorney

David King, Public Works Director

William Blackstock, Parks and Recreation Director

Karen Barclay, Fire Marshall/Building Official

Chris Hogan, Volunteer Fire Department Fire Chief

Kacey Hamlet, Utility Supervisor/Accounts Payable

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
City Council Members of the  
City of Angleton, Texas:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Angleton, Texas (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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 auditors' 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 City'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 City'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.

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## **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, each major fund, and the aggregate remaining fund information of the City, 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.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and other schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules and consolidated sub-fund statements 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 statements and schedules and consolidated sub-fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has 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 it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
February 20, 2015

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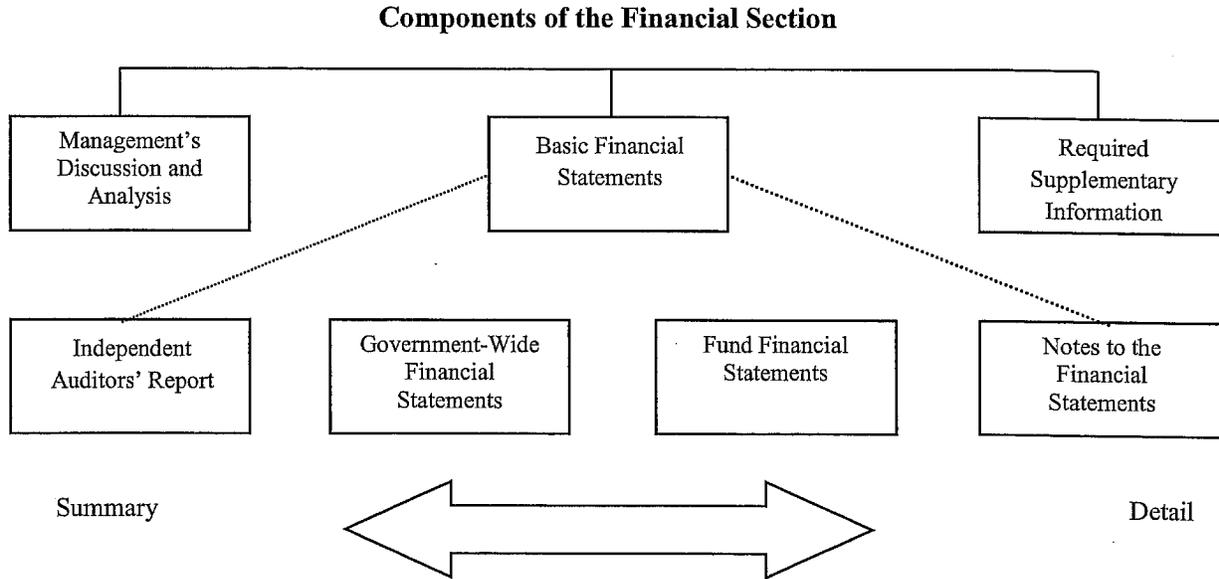
***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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**CITY OF ANGLETON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2014

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Angleton (the "City") for the year ending September 30, 2014. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with City's financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Statements**

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

**CITY OF ANGLETON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2014

The Statement of Activities presents information showing how the City's net position changed during the most recent 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 using the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City into two classes of activities:

1. Governmental Activities – Most of the City's basic services are reported here including general administration, financial administration, public safety (municipal court, police, animal control, fire, and code enforcement), community services (streets, parks and recreation, and sanitation) and economic development. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines, and permit fees finance most of these activities.
2. Business-Type Activities – Services involving a fee for those services are reported here. These services include the City's water distribution and wastewater collection/treatment.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

### **Governmental Funds**

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

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

The City maintains 21 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, debt service fund, and street fund. These funds are considered to be major funds for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, and each of the special revenue funds (with the exception of the child safety fund and the HGAC DJ Edward Byrne fund). Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**CITY OF ANGLETON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2014

**Proprietary Funds**

The City maintains two types of proprietary funds, an enterprise fund and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution and wastewater collection/treatment. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for unemployment costs. This internal service fund has been included within governmental activities in the government-wide financial statements.

**Notes to 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 are the last section of the basic financial statements.

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, as well as schedules of funding progress for the Texas Municipal Retirement System and Texas Emergency Services Retirement System. RSI can be found after the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities by \$30,222,227 as of September 30, 2014. A portion of the City's net position (80.2%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**CITY OF ANGLETON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2014

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 6,901,290	\$ 6,757,795	\$ 4,988,700	\$ 5,148,321	\$ 11,889,990	\$ 11,906,116
Capital assets, net	23,463,156	23,685,335	15,174,315	14,668,599	38,637,471	38,353,934
<b>Total Assets</b>	<u>30,364,446</u>	<u>30,443,130</u>	<u>20,163,015</u>	<u>19,816,920</u>	<u>50,527,461</u>	<u>50,260,050</u>
Deferred charge on refunding	81,629	92,594	80,752	89,724	162,381	182,318
<b>Total Deferred Outflows of Resources</b>	<u>81,629</u>	<u>92,594</u>	<u>80,752</u>	<u>89,724</u>	<u>162,381</u>	<u>182,318</u>
Long-term liabilities	8,665,656	9,928,952	10,021,483	10,856,988	18,687,139	20,785,940
Other liabilities	1,238,071	599,981	542,405	476,955	1,780,476	1,076,936
<b>Total Liabilities</b>	<u>9,903,727</u>	<u>10,528,933</u>	<u>10,563,888</u>	<u>11,333,943</u>	<u>20,467,615</u>	<u>21,862,876</u>
<b>Net Position:</b>						
Net investment in capital assets	15,584,791	14,565,223	8,642,685	7,377,021	24,227,476	21,942,244
Restricted	3,735,889	3,674,203	16	455,699	3,735,905	4,129,902
Unrestricted	1,221,668	1,767,365	1,037,178	739,981	2,258,846	2,507,346
<b>Total Net Position</b>	<u>\$ 20,542,348</u>	<u>\$ 20,006,791</u>	<u>\$ 9,679,879</u>	<u>\$ 8,572,701</u>	<u>\$ 30,222,227</u>	<u>\$ 28,579,492</u>

A portion of the primary government's net position, \$3,735,905 or 12.3 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$2,258,846 or 7.5 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

**CITY OF ANGLETON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2014

**Statement of Activities**

The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,507,297	\$ 3,669,525	\$ 5,788,665	\$ 5,410,647	\$ 9,295,962	\$ 9,080,172
Operating grants and contributions	48,191	23,749	-	-	48,191	23,749
Capital grants and contributions	516,640	-	-	-	516,640	-
General revenues:						
Property taxes	5,284,565	5,066,131	-	-	5,284,565	5,066,131
Sales taxes	3,531,222	3,802,005	-	-	3,531,222	3,802,005
Franchise and local taxes	811,602	742,921	-	-	811,602	742,921
Investment revenue	5,745	11,584	4,880	2,532	10,625	14,116
Other revenues	483,520	815,865	-	-	483,520	815,865
Gain (loss) on sale of capital assets	(3,271)	8,023	-	-	(3,271)	8,023
<b>Total Revenues</b>	<b>14,185,511</b>	<b>14,139,803</b>	<b>5,793,545</b>	<b>5,413,179</b>	<b>19,979,056</b>	<b>19,552,982</b>
<b>Expenses</b>						
General administration	2,706,839	2,781,784	-	-	2,706,839	2,781,784
Financial administration	327,600	333,841	-	-	327,600	333,841
Public safety	5,712,951	5,775,776	-	-	5,712,951	5,775,776
Community services	4,034,319	3,457,264	-	-	4,034,319	3,457,264
Economic development	353,862	327,770	-	-	353,862	327,770
Interest and fiscal agent fees	296,760	277,136	298,595	335,050	595,355	612,186
Water	-	-	3,739,650	3,477,510	3,739,650	3,477,510
Sewer	-	-	865,745	903,180	865,745	903,180
<b>Total Expenses</b>	<b>13,432,331</b>	<b>12,953,571</b>	<b>4,903,990</b>	<b>4,715,740</b>	<b>18,336,321</b>	<b>17,669,311</b>
<b>Increase in Net Position Before Transfers</b>	<b>753,180</b>	<b>1,186,232</b>	<b>889,555</b>	<b>697,439</b>	<b>1,642,735</b>	<b>1,883,671</b>
Transfers in (out)	(217,623)	101,335	217,623	(101,335)	-	-
<b>Change in Net Position</b>	<b>535,557</b>	<b>1,287,567</b>	<b>1,107,178</b>	<b>596,104</b>	<b>1,642,735</b>	<b>1,883,671</b>
Beginning net position	20,006,791	18,719,224	8,572,701	7,976,597	28,579,492	26,695,821
<b>Ending Net Position</b>	<b>\$ 20,542,348</b>	<b>\$ 20,006,791</b>	<b>\$ 9,679,879</b>	<b>\$ 8,572,701</b>	<b>\$ 30,222,227</b>	<b>\$ 28,579,492</b>

**Governmental Activities**

For the year, revenues from governmental activities totaled \$14,185,511, an increase of only 0.32 percent compared to the prior year. Property tax revenue is the City's largest revenue source. Property tax revenue increased by \$218,434 or 4.3 percent over the prior year. Sales taxes decreased by \$270,783 or 7.1 percent from the prior year, due to a decrease in consumer spending. Other revenues decreased by \$332,345 or 40.7 percent mainly due to pipeline revenues received in the prior year. Capital grants and contributions increased \$516,640 as the result of two new grants. Expenses from governmental activities were comparable to prior year expenses with an increase of 3.70 percent. Community services expenses increased by \$577,055 primarily due to an increase in repair and maintenance projects and utility costs.

**CITY OF ANGLETON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2014

**Business-Type Activities**

Current year revenues from charges for services for water and sewer services increased by 7.0 percent from the prior year. This increase is the result of an increase in water and sewer rates and an increase in miscellaneous revenues from a contribution related to a capital project. Total expenses increased by \$188,250 or 4.0 percent from prior year mainly due to an increase in personnel costs, supplies, water purchased, utilities, and repair and maintenance projects.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$5,545,734, a net decrease of \$548,846 from the prior year due mainly to the purchase of a fire truck for which the financing did not occur until the subsequent fiscal year. Of this combined balance, \$26,125 is nonspendable for inventory and prepaids, \$173,781 is restricted for debt service, \$1,156,999 is restricted for special revenue funds, and \$2,401,125 is restricted for capital project funds. Unassigned fund balance totaled \$1,787,704 as of year end.

The general fund is the chief operating fund of the City. At the end of the current year, the total fund balance was \$2,425,362, a net decrease of \$2,098 from the prior year. Compared to the prior year, expenditures increased \$314,512 as a result of an increase in personnel costs, vehicles purchased, and the implementation of an information technology department. Compared to the prior year, revenues increased \$285,503 due mainly to an increase in property taxes from an increase in the assessed value of properties within the City and an increase to the maintenance and operations tax rate. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.6 percent of the total general fund expenditures while and total fund balance represents 25.8 percent of total general fund expenditures.

The debt service fund has a total fund balance of \$173,781, all of which is restricted for the payment of principal and interest on the City's outstanding liabilities. The net increase in fund balance of \$3,407 is mainly due to transfers received during the year.

The street fund has a total fund balance of \$1,872,520, an increase of \$159,564 over the prior year, due to a decrease in street projects in the current year.

**Proprietary Funds** – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There was no planned change in fund balance in the general fund. The actual net change in fund balance was a decrease resulting in a negative variance from the final budget as amended to actual of \$2,098.

**CITY OF ANGLETON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2014

**CAPITAL ASSETS**

At year end, the City's governmental activities and business-type activities had invested \$23,463,156 and \$15,174,315, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation).

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

**LONG-TERM DEBT**

At the end of the current year, the City's governmental activities had total bonds outstanding of \$7,438,332. Of this amount, \$4,148,332 was general obligation debt and certificates of obligation accounted for \$3,290,000. Business-type activities had total bonds and certificates of obligation outstanding of \$9,706,668 at year end. Of this total, \$3,191,668 was general obligation debt and \$6,515,000 accounted for certificates of obligation. During the year, the City had a net decrease in long-term debt of \$2,098,801.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Angleton City Council approved a \$9,929,978 general fund budget for fiscal year 2014-2015 which is an increase of \$112,755 or 1.15 percent compared to the fiscal year 2013-2014 budget. The adopted budget does not include an increase in the tax rate. While the tax rate will not increase, the total tax levy will increase by \$309,860 or 5.92 percent compared to the prior year's tax levy. A larger maintenance and operations tax rate is the result of a reduction in the debt service tax rate which is due to a planned transfer from the street fund for debt related to street fund projects. General fund revenues are expected to increase \$109,825 due to an increase in property tax revenues offset by the expected decrease in revenues from several other sources. Decreases in court fines, franchise fees, delinquent taxes, tax penalty, and sale of equipment income represent a \$177,755 anticipated decrease in revenue. The Council approved a \$2,477,642 debt service budget for fiscal year 2014-2015 which is an increase of \$29,676 or 1.21 percent compared to the fiscal year 2013-2014 budget.

The Council approved a \$2,653,945 street fund budget for fiscal year 2014-2015 which is an increase of \$97,996 or 3.83 percent. The adopted budget anticipates sales tax revenues to increase 5 percent compared to the prior year.

The Council approved a \$6,115,337 water fund budget for fiscal year 2014-2015 which is an increase of \$493,112 or 8.77 percent compared to the fiscal year 2013-2014 budget. This budget is based on a 13.2 percent increase in water rates and roughly 4 percent increase in sewer rates. Part of the water rate increase (7.2 percent) is a pass through of an increase by the City's regional water supplier, the Brazosport Water Authority (BWA). The BWA rate increase will fund the first phase of construction for a regional desalinization plant, allowing BWA to begin treating brackish (salty) water located underground. The City's rate adjustments will also increase the funding for water and sewer line replacement from \$200,000 to \$372,655.

The 2014-2015 budget includes funding for a \$0.50 per hour cost of living adjustment for all full time regular employees and an anticipated 10 percent increase in health insurance costs. The budget does not include funding for any new position.

**CITY OF ANGLETON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2014

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Susie Hernandez, Finance Director, City of Angleton, 121 S. Velasco, Angleton, TX, 77515; telephone 979.849.4364; or email at [shernandez@angleton.tx.us](mailto:shernandez@angleton.tx.us).

***BASIC FINANCIAL STATEMENTS***

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# CITY OF ANGLETON, TEXAS

## STATEMENT OF NET POSITION

September 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,603,360	\$ 903,085	\$ 6,506,445
Receivables, net	1,262,864	848,228	2,111,092
Due from other governments	8,941	-	8,941
Inventory	7,929	34,752	42,681
Prepays	18,196	-	18,196
Restricted assets:			
Cash and investments	-	3,202,635	3,202,635
<b>Total Current Assets</b>	<b>6,901,290</b>	<b>4,988,700</b>	<b>11,889,990</b>
Capital assets:			
Non-depreciable capital assets	1,154,023	768,724	1,922,747
Net depreciable capital assets	22,309,133	14,405,591	36,714,724
<b>Total Noncurrent Assets</b>	<b>23,463,156</b>	<b>15,174,315</b>	<b>38,637,471</b>
<b>Total Assets</b>	<b>30,364,446</b>	<b>20,163,015</b>	<b>50,527,461</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	81,629	80,752	162,381
<b>Liabilities</b>			
Accounts payable and accrued liabilities	662,699	242,681	905,380
Deficit cash balances	546,448	-	546,448
Accrued interest payable	28,924	35,724	64,648
Customer deposits	-	264,000	264,000
<b>Total Current Liabilities</b>	<b>1,238,071</b>	<b>542,405</b>	<b>1,780,476</b>
Noncurrent liabilities:			
Long-term liabilities due within one year	1,585,763	942,009	2,527,772
Long-term liabilities due in more than one year	7,079,893	9,079,474	16,159,367
<b>Total Noncurrent Liabilities</b>	<b>8,665,656</b>	<b>10,021,483</b>	<b>18,687,139</b>
<b>Total Liabilities</b>	<b>9,903,727</b>	<b>10,563,888</b>	<b>20,467,615</b>
<b>Net Position</b>			
Net investment in capital assets	15,584,791	8,642,685	24,227,476
Restricted for:			
Capital projects	2,401,125	16	2,401,141
Debt service	177,765	-	177,765
Special projects	1,156,999	-	1,156,999
Unrestricted	1,221,668	1,037,178	2,258,846
<b>Total Net Position</b>	<b>\$ 20,542,348</b>	<b>\$ 9,679,879</b>	<b>\$ 30,222,227</b>

See Notes to Financial Statements.

# CITY OF ANGLETON, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General administration	\$ 2,706,839	\$ -	\$ -	\$ -
Financial administration	327,600	-	-	-
Public safety	5,712,951	959,431	48,191	516,640
Community services	4,034,319	2,547,866	-	-
Economic development	353,862	-	-	-
Interest and fiscal agent fees	296,760	-	-	-
<b>Total Governmental Activities</b>	<b>13,432,331</b>	<b>3,507,297</b>	<b>48,191</b>	<b>516,640</b>
<b>Business-Type Activities:</b>				
Water	3,739,650	3,411,160	-	-
Sewer	865,745	2,377,505	-	-
Interest and fiscal agent fees	298,595	-	-	-
<b>Total Business-Type Activities</b>	<b>4,903,990</b>	<b>5,788,665</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 18,336,321</b>	<b>\$ 9,295,962</b>	<b>\$ 48,191</b>	<b>\$ 516,640</b>

**General Revenues:**

- Property taxes
- Sales taxes
- Franchise and local taxes
- Industrial district agreement
- Investment revenue
- Other revenues
- Loss on sale of capital asset
- Transfers

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.

**Net Revenue (Expense) and Changes in Net Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (2,706,839)	\$ -	\$ (2,706,839)
(327,600)	-	(327,600)
(4,188,689)	-	(4,188,689)
(1,486,453)	-	(1,486,453)
(353,862)	-	(353,862)
(296,760)	-	(296,760)
<u>(9,360,203)</u>	<u>-</u>	<u>(9,360,203)</u>
-	(328,490)	(328,490)
-	1,511,760	1,511,760
-	(298,595)	(298,595)
-	884,675	884,675
<u>(9,360,203)</u>	<u>884,675</u>	<u>(8,475,528)</u>
5,284,565	-	5,284,565
3,531,222	-	3,531,222
811,602	-	811,602
116,547	-	116,547
5,745	4,880	10,625
366,973	-	366,973
(3,271)	-	(3,271)
<u>(217,623)</u>	<u>217,623</u>	<u>-</u>
<u>9,895,760</u>	<u>222,503</u>	<u>10,118,263</u>
535,557	1,107,178	1,642,735
20,006,791	8,572,701	28,579,492
<u>\$ 20,542,348</u>	<u>\$ 9,679,879</u>	<u>\$ 30,222,227</u>

# CITY OF ANGLETON, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2014

	General	Debt Service	Street	Nonmajor Governmental
<b>Assets</b>				
Cash and cash equivalents	\$ 2,451,338	\$ 173,281	\$ 1,474,350	\$ 1,460,009
Receivables, net	536,418	18,232	432,049	276,165
Inventory	837	-	7,092	-
Prepays	18,196	-	-	-
Due from other governments	8,136	-	-	805
Due from other funds	18,000	-	-	-
<b>Total Assets</b>	<b>\$ 3,032,925</b>	<b>\$ 191,513</b>	<b>\$ 1,913,491</b>	<b>\$ 1,736,979</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 523,268	\$ -	\$ 40,971	\$ 98,460
Deficit cash balances	-	-	-	546,448
Due to other funds	-	-	-	18,000
Interfund loan payable	-	-	-	-
<b>Total Liabilities</b>	<b>523,268</b>	<b>-</b>	<b>40,971</b>	<b>662,908</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	84,295	17,732	-	-
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory and prepaids	19,033	-	7,092	-
<b>Restricted for:</b>				
Debt service	-	173,781	-	-
Special projects	-	-	-	1,156,999
Capital projects	-	-	1,865,428	535,697
Unassigned	2,406,329	-	-	(618,625)
<b>Total Fund Balances</b>	<b>2,425,362</b>	<b>173,781</b>	<b>1,872,520</b>	<b>1,074,071</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,032,925</b>	<b>\$ 191,513</b>	<b>\$ 1,913,491</b>	<b>\$ 1,736,979</b>

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets, non-depreciable

Capital assets, net depreciable

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

Internal service funds are used by management to charge the costs of certain activities, such as unemployment expenses, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable

Noncurrent liabilities due in one year

Noncurrent liabilities due in more than one year

Deferred charge on refunding

**Net Position of Governmental Activities**

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

\$ 5,558,978  
1,262,864  
7,929  
18,196  
8,941  
18,000  
\$ 6,874,908

\$ 662,699  
546,448  
18,000  
-  
1,227,147

102,027

26,125

173,781  
1,156,999  
2,401,125  
1,787,704  
5,545,734

1,154,023  
22,309,133

102,027

44,382

(28,924)  
(1,585,763)  
(7,079,893)  
81,629  
\$ 20,542,348

**CITY OF ANGLETON, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Street</u>	<u>Nonmajor Governmental</u>
<b>Revenues</b>				
Property taxes	\$ 4,427,748	\$ 821,193	\$ -	\$ 29,739
Franchise and local taxes	601,438	-	-	210,164
Sales taxes	-	-	2,354,148	1,177,074
Industrial district agreement	116,547	-	-	-
Permits, licenses, and fees	171,911	-	-	-
Fines and forfeitures	745,122	-	-	42,398
Charges for services	1,979,682	-	-	568,184
Intergovernmental	42,254	-	-	522,577
Investment revenue	2,657	193	1,241	1,654
Miscellaneous revenue	99,534	-	5	267,434
<b>Total Revenues</b>	<u>8,186,893</u>	<u>821,386</u>	<u>2,355,394</u>	<u>2,819,224</u>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	870,984	-	714,741	1,105,108
Financial administration	328,921	-	-	-
Public safety	5,200,159	-	-	963,393
Community services	2,601,385	-	-	15,125
Economic development	196,629	-	-	157,881
<b>Capital outlay</b>	-	-	534,053	781,666
<b>Debt service:</b>				
Principal	170,071	1,068,049	-	-
Interest and fiscal agent fees	32,920	270,537	-	-
<b>Total Expenditures</b>	<u>9,401,069</u>	<u>1,338,586</u>	<u>1,248,794</u>	<u>3,023,173</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,214,176)</u>	<u>(517,200)</u>	<u>1,106,600</u>	<u>(203,949)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,221,947	520,607	-	816,489
Transfers (out)	(17,371)	-	(947,036)	(1,322,259)
Sale of capital assets	7,502	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,212,078</u>	<u>520,607</u>	<u>(947,036)</u>	<u>(505,770)</u>
<b>Net Change in Fund Balances</b>	(2,098)	3,407	159,564	(709,719)
Beginning fund balances	2,427,460	170,374	1,712,956	1,783,790
<b>Ending Fund Balances</b>	<u>\$ 2,425,362</u>	<u>\$ 173,781</u>	<u>\$ 1,872,520</u>	<u>\$ 1,074,071</u>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$ 5,278,680  
811,602  
3,531,222  
116,547  
171,911  
787,520  
2,547,866  
564,831  
5,745  
366,973  

---

14,182,897

2,690,833  
328,921  
6,163,552  
2,616,510  
354,510  
1,315,719

1,238,120  
303,457  

---

15,011,622

---

(828,725)

2,559,043  
(2,286,666)  
7,502  

---

279,879

(548,846)

6,094,580  

---

\$ 5,545,734  

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**CITY OF ANGLETON, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2014**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$ (548,846)
<p>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 and reported as depreciation expense.</p>	
Capital outlay	1,074,115
Disposals	(10,773)
Depreciation	(1,285,521)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.	5,885
<p>The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.</p>	
Principal repayments	1,245,034
Amortization of deferred charges	2,713
Accrued interest	3,984
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in net pension obligation	(2,021)
Compensated absences	6,605
Internal service funds are used by management to charge the costs of certain activities, such as unemployment costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	44,382
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 535,557</u></u>

See Notes to Financial Statements.

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# CITY OF ANGLETON, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUND

September 30, 2014

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 903,085	\$ 44,382
Receivables, net	848,228	-
Inventory	34,752	-
<b>Total Current Assets</b>	<b>1,786,065</b>	<b>44,382</b>
Noncurrent assets:		
Restricted cash and cash equivalents	3,202,635	-
Capital assets:		
Nondepreciable	768,724	-
Depreciable, net	14,405,591	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>15,174,315</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>18,376,950</b>	<b>-</b>
<b>Total Assets</b>	<b>20,163,015</b>	<b>44,382</b>
<b><u>Deferred Outflows of Resources</u></b>		
Deferred charge on refunding	80,752	-
<b>Total Deferred Outflows of Resources</b>	<b>80,752</b>	<b>-</b>
<b><u>Liabilities</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	242,681	-
Customer deposits	264,000	-
Accrued interest payable	35,724	-
Long-term debt due within one year	942,009	-
<b>Total Current Liabilities</b>	<b>1,484,414</b>	<b>-</b>
Noncurrent liabilities:		
Long-term debt due in more than one year	9,079,474	-
<b>Total Noncurrent Liabilities</b>	<b>9,079,474</b>	<b>-</b>
<b>Total Liabilities</b>	<b>10,563,888</b>	<b>-</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	8,642,685	-
Restricted for capital projects	16	-
Unrestricted	1,037,178	44,382
<b>Total Net Position</b>	<b>\$ 9,679,879</b>	<b>\$ 44,382</b>

See Notes to Financial Statements.

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# CITY OF ANGLETON, TEXAS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND

For the Year Ended September 30, 2014

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
<b><u>Operating Revenues</u></b>		
Water sales	\$ 3,116,841	\$ -
Sanitary sewer services	2,172,371	-
Other service fees	499,453	-
<b>Total Operating Revenues</b>	<b>5,788,665</b>	<b>-</b>
<b><u>Operating Expenses</u></b>		
Water distribution	309,326	-
Water plant operations	643,232	-
Water purchases	1,271,376	-
Sewer	186,748	-
Collection administration	1,494,392	-
Personnel services	-	5,618
Depreciation	700,321	-
<b>Total Operating Expenses</b>	<b>4,605,395</b>	<b>5,618</b>
<b>Operating Income (Loss)</b>	<b>1,183,270</b>	<b>(5,618)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment revenue	4,880	-
Interest expense	(298,595)	-
<b>Total Nonoperating (Expenses)</b>	<b>(293,715)</b>	<b>-</b>
<b>Income (Loss) Before Transfers and Capital Contributions</b>	<b>889,555</b>	<b>(5,618)</b>
Capital contribution	540,000	-
Transfers in	-	50,000
Transfers (out)	(322,377)	-
<b>Change in Net Position</b>	<b>1,107,178</b>	<b>44,382</b>
Beginning net position	8,572,701	-
<b>Ending Net Position</b>	<b>\$ 9,679,879</b>	<b>\$ 44,382</b>

See Notes to Financial Statements.

# CITY OF ANGLETON, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2014

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from customers and users	\$ 5,638,142	\$ -
Payments to suppliers	(2,551,154)	-
Payments to employees	(1,325,380)	(5,618)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,761,608</b>	<b>(5,618)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Transfers from other funds	-	50,000
Transfers to other funds	(322,377)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(322,377)</b>	<b>50,000</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Acquisition and construction of capital assets	(666,037)	-
Principal paid on capital debt	(813,119)	-
Interest paid on capital debt	(298,595)	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(1,777,751)</b>	<b>-</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest received	4,880	-
<b>Net Cash Provided by Investing Activities</b>	<b>4,880</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(333,640)</b>	<b>44,382</b>
Beginning cash and cash equivalents	4,439,360	-
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 4,105,720</b>	<b>\$ 44,382</b>
<b><u>Ending Cash and Cash Equivalents</u></b>		
Unrestricted cash and cash equivalents	\$ 903,085	\$ 44,382
Restricted cash and cash equivalents	3,202,635	-
	<b>\$ 4,105,720</b>	<b>\$ 44,382</b>

See Notes to Financial Statements.

# CITY OF ANGLETON, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 2 of 2) For the Year Ended September 30, 2014

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating income (loss)	\$ 1,183,270	\$ (5,618)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	700,321	-
<b>Changes in Operating Assets and Liabilities:</b>		
<b>(Increase) Decrease in Current Assets:</b>		
Accounts receivable	(164,043)	-
Inventory	(9,976)	-
Deferred charges	(12,695)	-
<b>Increase (Decrease) in Current Liabilities:</b>		
Accounts payable and accrued liabilities	51,930	-
Compensated absences	(1,102)	-
Net pension obligation	383	-
Customer deposits	13,520	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,761,608</b>	<b>\$ (5,618)</b>

See Notes to Financial Statements.

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# CITY OF ANGLETON, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The City of Angleton, Texas (the "City") was incorporated in 1912. The City has operated under a "Home Rule Charter" which provides for a Mayor-Council-Administrator form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: general administration, financial administration, public safety (municipal court, police, animal control, fire, and code enforcement), community services (streets, parks and recreation, swimming pool, and sanitation), economic development, water distribution, and wastewater collection/treatment.

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 generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Angleton Better Living Corporation and the Tax Increment Reinvestment Zone, although legally separate, are considered part of the reporting entity. 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.

#### **Blended Component Units**

##### **Angleton Better Living Corporation**

Angleton Better Living Corporation, Inc. (the "Corporation") has been included in the reporting entity as a blended component unit. The Corporation is a governmental entity that promotes economic and community development in the City. The Corporation's Board of Directors is appointed by and serves at the discretion of City Council. The Corporation is primarily funded through a one-half cent sales tax approved by general election in 2001. City Council approval is required for the annual budget and the issuance of any debt. In the event of dissolution, any assets of the Corporation will be transferred to the City. Separate financial statements of the Corporation may be obtained from the Finance Department of the City.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

**Tax Increment Reinvestment Zone**

During fiscal year 2006, the City passed an ordinance creating a Tax Increment Reinvestment Zone (TIRZ), in accordance with Section 311.005 of the Texas Tax Code, for the purpose of providing for the design and construction of water, wastewater, and roadway infrastructure improvements, in order to facilitate the development of new commercial properties. The TIRZ includes participation by a developer and another governmental entity, the Angleton Drainage District. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. Such taxes are controlled by a board of directors managing the TIRZ and accounted for as a special revenue fund with the City's financial oversight. This fund is holding monies to be remitted to the developer for payment of related debt when the related improvements are accepted by the City.

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component units. *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 to external customers for support.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and an internal service fund, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general administration, financial administration, public safety, community services, and economic development. The general fund is considered to be a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds are considered nonmajor funds for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. While the debt service fund does not meet the requirements to be considered a major fund for reporting purposes, it is reported as such due to its significance.

The *capital projects funds* are used to account for the expenditures of resources accumulated from sales tax revenues and the sale of bonds and related interest earnings for capital improvement projects. The capital projects funds are considered nonmajor funds for reporting purposes, except for the street fund.

The City reports the following enterprise fund:

An *enterprise fund*, the utility fund, is used to account for the operations that provide water and wastewater collection and wastewater treatment operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The utility fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

*Internal service funds* account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The unemployment fund is used to account for unemployment costs.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

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

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. 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 of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City maintains a pooled cash and investments account. Each fund whose monies are deposited in the pooled cash and investment account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and cash equivalents."

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

**2. Investments**

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexPool and TexSTAR, are reported using the pools’ share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (PFIA), Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Certificates of deposit and money market funds that meet specific criteria
- Repurchase and reverse repurchase agreements defined by PFIA
- Constant Dollar Texas Local Government Investment Pools

**3. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

**4. Restricted Assets**

Restricted assets are either limited for use for specified purposes or are otherwise not available for payment of current operating expenses. The City’s restricted assets consist of noncurrent prepaid expenses associated with a contract providing operating services covering street and utility operations. Also included as restricted assets are cash and investments resulting from the issuance of debt restricted to the construction of utility service assets.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	10 to 40 years
Vehicles, equipment, and furnishings	5 to 15 years
Infrastructure	30 to 50 years
Water and sewer system	30 to 50 years

**6. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of 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 only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**7. Compensated Employee Absences**

The City records a liability for the amount of unused vacation and other benefit time which has vested for each employee at year end. Since amounts which would be used within a year are not reasonably estimable, the entire liability for employees associated with governmental fund types is disclosed as a current liability in the government-wide financial statements (full accrual basis). The entire liability related to enterprise fund employees is reported within that fund. Time accumulated for sick leave is not included in this accrual as such time is only used for cause and is subject to forfeiture.

**8. Long-Term Obligations**

The government-wide financial statement and proprietary fund type financial statements report long-term debt and other long-term obligations 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 using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**9. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide 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.

**10. 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.

**11. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable fund balance represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

Restricted fund balance represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**12. 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 the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

Property taxes are levied during October of each year, are due upon receipt of the City's tax bill and become delinquent if unpaid on February 1, with late fees assessed monthly. After June 30, any taxes still uncollected are subject to lawsuit for collection and additional charges to offset legal costs.

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of

**CITY OF ANGLETON, TEXAS**  
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For the Year Ended September 30, 2014

connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter is the object and purpose stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended.

**A. Deficit Fund Equity**

The individual special revenue funds noted below had a deficit fund balance at year end, as indicated.

Municipal Court Technology Fund	\$ 18,625
Angleton Act Center Fund	\$ 5,260
Fire Department ESD Fund	\$600,000

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of year end, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investment pools	\$ 4,532,602	0.00
Certificates of deposit	450,000	0.96
<b>Total Fair Value</b>	<b>\$ 4,982,602</b>	
 Portfolio weighted average maturity		 0.05

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of year end, market values of pledged securities exceeded bank balances.

*Credit risk.* The City’s investment policy limits investments in public fund investment pools rated as to investment quality not less than ‘AAA’ or ‘AAA-m’, or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2014 the City’s investments in TexPool, Lone Star, and TexSTAR were rated “AAAm” by Standard & Poor’s.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for

**CITY OF ANGLETON, TEXAS**  
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For the Year Ended September 30, 2014

fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool "AAA<sup>m</sup>". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

**Lone Star**

Lone Star is a public funds investment pool organized under the authority of the Interlocal Cooperation Act of the Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is sponsored by the Texas Association of School Boards. The Lone Star Investment Pool Board acts as trustee and is comprised of 11 members representing school districts that have adopted the investment agreement, including school board members, school administrators, and school business officials. The Board has entered into an agreement with First Public, LLC to act as administrator for Lone Star. Responsibilities of First Public include daily servicing of participants' accounts, negotiating contracts with investment advisors and other service providers, and performing related administrative services. Finally, Standard & Poor's rate Lone Star "AAA<sup>m</sup>". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

**TexSTAR**

The Texas Short Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexPool, Lone Star, and TexSTAR operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool, Lone Star, and TexSTAR use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the positions in TexPool, Lone Star, and TexSTAR are the same as the value of the respective shares.

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For the Year Ended September 30, 2014

**B. Receivables**

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Street</u>	<u>Nonmajor Governmental</u>	<u>Utility</u>	<u>Total</u>
Ad valorem taxes	\$ 157,887	\$ 39,274	\$ -	\$ -	\$ -	\$ 197,161
Other taxes	175,038	-	432,049	273,823	-	880,910
Other	100	500	-	-	-	600
Accounts	276,985	-	-	2,342	1,156,452	1,435,779
Less allowance	(73,592)	(21,542)	-	-	(308,224)	(403,358)
	<u>\$ 536,418</u>	<u>\$ 18,232</u>	<u>\$ 432,049</u>	<u>\$ 276,165</u>	<u>\$ 848,228</u>	<u>\$ 2,111,092</u>

**C. Capital Assets**

A summary of changes in capital assets for the year end is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,154,023	\$ -	\$ -	\$ 1,154,023
Total capital assets not being depreciated	<u>1,154,023</u>	<u>-</u>	<u>-</u>	<u>1,154,023</u>
Other capital assets:				
Buildings and improvements	12,340,337	-	-	12,340,337
Equipment	9,496,427	1,074,115	(107,730)	10,462,812
Infrastructure	23,652,797	-	-	23,652,797
Total other capital assets	<u>45,489,561</u>	<u>1,074,115</u>	<u>(107,730)</u>	<u>46,455,946</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,796,451)	(287,431)	-	(3,083,882)
Equipment	(6,957,603)	(486,976)	96,957	(7,347,622)
Infrastructure	(13,204,195)	(511,114)	-	(13,715,309)
Total accumulated depreciation	<u>(22,958,249)</u>	<u>(1,285,521)</u>	<u>96,957</u>	<u>(24,146,813)</u>
Other capital assets, net	<u>22,531,312</u>	<u>(211,406)</u>	<u>(10,773)</u>	<u>22,309,133</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 23,685,335</u>	<u>\$ (211,406)</u>	<u>\$ (10,773)</u>	<u>23,463,156</u>
				Less associated debt (7,959,994)
				Plus deferred charge on refunding 81,629
				<u>Net Investment in Capital Assets \$ 15,584,791</u>

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

Depreciation was charged to governmental functions as follows:

General administration	\$	45,520
Public safety		341,837
Community services		<u>898,164</u>
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$</b>	<b><u>1,285,521</u></b>

The following is a summary of changes in capital assets for business-type activities for the year ended:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 124,220	\$ 644,504	\$ -	\$ 768,724
Total capital assets not being depreciated	<u>124,220</u>	<u>644,504</u>	<u>-</u>	<u>768,724</u>
Other capital assets:				
Buildings and other improvements	297,209	-	-	297,209
Equipment	1,475,111	561,533	-	2,036,644
Infrastructure	37,945,737	-	-	37,945,737
Total other capital assets	<u>39,718,057</u>	<u>561,533</u>	<u>-</u>	<u>40,279,590</u>
Less accumulated depreciation for:				
Buildings and other improvements	(239,668)	(4,132)		(243,800)
Equipment	(1,085,732)	(98,748)		(1,184,480)
Infrastructure	(23,848,278)	(597,441)		(24,445,719)
Total accumulated depreciation	<u>(25,173,678)</u>	<u>(700,321)</u>	<u>-</u>	<u>(25,873,999)</u>
Other capital assets, net	<u>14,544,379</u>	<u>(138,788)</u>	<u>-</u>	<u>14,405,591</u>
<b>Business-Type Activities Capital Assets, Net</b>	<b><u>\$ 14,668,599</u></b>	<b><u>\$ 505,716</u></b>	<b><u>\$ -</u></b>	<b><u>15,174,315</u></b>
			Less associated debt	(9,815,001)
			Plus unspent bond proceeds	3,202,619
			Plus deferred charge on refunding	<u>80,752</u>
			<b>Net Investment in Capital Assets</b>	<b><u>\$ 8,642,685</u></b>

Depreciation was charged to business-type functions as follows:

Water	\$	137,090
Sewer		<u>563,231</u>
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$</b>	<b><u>700,321</u></b>

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

**D. Long-Term Debt**

The City issues general obligation bonds and certificates of obligation for the acquisition of assets and construction of major capital facilities. These debt issues have been used for both governmental and business-type activities. Each debt issue is serviced by a specific City fund.

General obligation debt pledges the full faith and credit of the City. The bonds and certificates of obligation are further supported by specific annual tax levies which are legally restricted to servicing these debt issues. The collection and remittance of such levies are controlled and reported in the debt service fund. Some issues are also secured by a pledge of the City's utility fund net revenues and, in previous years, the utility fund was making annual transfers into the debt service fund to pay for a portion of the debt service. Beginning in fiscal year 2003, all long-term debt originating for the purpose of constructing proprietary fund assets is carried within and directly serviced by the utility fund. The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds, notes and other payables:					
General obligation refunding bonds	\$ 4,871,381	\$ -	\$ 723,049	\$ 4,148,332	* \$ 753,739
Certificates of obligation	3,635,000	-	345,000	3,290,000	* 370,000
Plus deferred amounts:					
For premiums	82,069	-	13,678	68,391	*
Capital leases	624,256	-	170,985	453,271	* 52,369
Grant obligation	20,025	-	6,000	14,025	6,000
	<u>9,232,731</u>	<u>-</u>	<u>1,258,712</u>	<u>7,974,019</u>	<u>1,182,108</u>
Other liabilities:					
Net pension obligation	241,111	2,021	-	243,132	-
Compensated absences	455,110	404,844	411,449	448,505	403,655
	<u>696,221</u>	<u>406,865</u>	<u>411,449</u>	<u>691,637</u>	<u>403,655</u>
<b>Total Governmental Activities</b>	<u>\$ 9,928,952</u>	<u>\$ 406,865</u>	<u>\$ 1,670,161</u>	<u>\$ 8,665,656</u>	<u>\$ 1,585,763</u>
				<u>Long-Term Debt Due In More Than One Year</u>	<u>\$ 7,079,893</u>
				<u>* Debt Associated With Capital Assets</u>	<u>\$ 7,959,994</u>

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Business-Type Activities</b>					
General obligation					
refunding bonds	\$ 3,613,619	\$ -	\$ 421,951	\$ 3,191,668	* \$ 441,261
Certificates of obligation	6,890,000	-	375,000	6,515,000	* 405,000
Plus deferred amounts:					
For premiums	130,000	-	21,667	108,333	* -
Capital leases	16,168	-	16,168	-	*
	<u>10,649,787</u>	<u>-</u>	<u>834,786</u>	<u>9,815,001</u>	<u>846,261</u>
Other liabilities:					
Net pension obligation	99,712	383	-	100,095	-
Compensated absences	107,489	114,766	115,868	106,387	95,748
	<u>207,201</u>	<u>115,149</u>	<u>115,868</u>	<u>206,482</u>	<u>95,748</u>
<b>Total Business-Type Activities</b>	<u>\$ 10,856,988</u>	<u>\$ 115,149</u>	<u>\$ 950,654</u>	<u>\$ 10,021,483</u>	<u>\$ 942,009</u>
				<u>\$ 9,079,474</u>	
				<u>\$ 9,815,001</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. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
<b><u>Governmental Activities</u></b>		
<b>General Obligation Refunding Bonds</b>		
Series 2010	3.00-4.00%	\$ 2,130,000
Series 2013	1.75%	2,018,332
		<u>4,148,332</u>
<b>Certificates of Obligation</b>		
Series 2005	3.50%	475,000
Series 2007	4.00-5.00%	1,195,000
Series 2008	3.75-5.25%	1,620,000
		<u>3,290,000</u>
		<u>7,438,332</u>
<b>Capital Leases</b>		
08-09 Texas Gulf Coast	3.50%	101,146
Water Barn	8.25%	352,125
		<u>453,271</u>
<b>Other</b>		
Grant obligation	0.00%	14,025
		<u>14,025</u>
<b>Total Governmental Activities Long-Term Debt</b>		<u><u>\$ 7,905,628</u></u>
<b><u>Business-Type Activities</u></b>		
<b>General Obligation Refunding Bonds</b>		
Series 2010	3.00-4.00%	\$ 490,000
Series 2013	1.75%	2,701,668
		<u>3,191,668</u>
<b>Certificates of Obligation</b>		
Water and sewer, series 2007	4.00-5.00%	3,140,000
Water and sewer, series 2013	2.28%	3,375,000
		<u>6,515,000</u>
		<u>9,706,668</u>
<b>Total Business-Type Activities Long-Term Debt</b>		<u><u>\$ 9,706,668</u></u>

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

The annual requirements to amortize debt issues outstanding at year ending were as follows:

<b>Governmental Activities</b>								
Year Ending Sep 30	General Obligation Refunding Bonds		Certificates of Obligation		Capital Leases		Grant Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2015	\$ 753,739	\$ 94,648	\$ 370,000	\$ 130,803	\$ 52,369	\$ 32,200	\$ 6,000
2016	773,015	72,260	325,000	115,172	55,124	29,445	6,000	-
2017	794,430	51,930	240,000	101,698	58,115	26,454	2,025	-
2018	811,568	31,874	250,000	91,241	61,362	23,207	-	-
2019	218,082	17,773	310,000	80,369	64,924	19,682	-	-
2020-2024	797,498	32,664	1,165,000	246,680	161,377	21,720	-	-
2025-2028	-	-	630,000	41,220	-	-	-	-
<b>Total</b>	<b>\$ 4,148,332</b>	<b>\$ 301,149</b>	<b>\$ 3,290,000</b>	<b>\$ 807,183</b>	<b>\$ 453,271</b>	<b>\$ 152,708</b>	<b>\$ 14,025</b>	<b>\$ -</b>

<b>Business-Type Activities</b>				
Year Ending Sep 30	General Obligation Refunding Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
	2015	\$ 441,261	\$ 60,302	\$ 405,000
2016	446,985	50,615	425,000	185,851
2017	460,570	41,295	435,000	167,955
2018	433,432	31,365	495,000	150,134
2019	341,918	24,540	400,000	136,061
2020-2024	1,067,502	43,722	2,670,000	461,691
2025-2028	-	-	1,685,000	72,654
<b>Total</b>	<b>\$ 3,191,668</b>	<b>\$ 251,839</b>	<b>\$ 6,515,000</b>	<b>\$ 1,377,275</b>

The City is not obligated in any manner for special assessment debt. Capital assets acquired under current capital lease obligations totaled \$2,357,190 less accumulated depreciation of \$1,454,891, net \$902,299.

**Federal Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, it could result in a substantial liability to the City. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

**E. Interfund Transactions**

Transfers between the primary government funds during the year were as follows:

Transfer In	Transfer Out	Amounts
General	Street	\$ 847,036
General	Nonmajor	204,911
General	Utility	170,000
Debt service	Street	100,000
Debt service	Nonmajor	412,348
Debt service	Utility	8,259
Nonmajor	General	17,371
Nonmajor	Nonmajor	655,000
Nonmajor	Utility	144,118
Internal service	Nonmajor	50,000
		\$ 2,609,043

Transfers to the general fund were subsidies for administrative expenditures and reimbursements for capital lease payments. Other amounts transferred between funds related to amounts collected by the nonmajor governmental funds for various governmental expenditures. Transfers made to the debt service fund were to satisfy debt allocated to each of the corresponding funds. Transfers made to the internal service fund were to provide funding for this new fund.

The composition of interfund balances as of year end is as follows:

Due To	Due From	Amount
General	Nonmajor	\$ 18,000

The amount recorded as due to/from is considered to be a temporary loan and will be repaid during the following year.

**F. Fund Equity**

Funds restricted by enabling legislation are \$361,980 related to hotel/motel tax, child safety, municipal court security and technology, and police technology.

**G. Restricted Assets**

The balance of the restricted cash account in the enterprise fund recognized by the City is as follows:

<b>Utility Fund</b>	
Restricted for capital projects	\$ 3,202,635

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

**H. Restatement of Fund Balance/Net Position**

Beginning fund balance of the general fund and utility fund have been restated to recognize the garbage portion of allowance for uncollectible accounts within the general fund (recognized in the utility fund in prior years).

	<b>General</b>	<b>Governmental Activities</b>	<b>Utility</b>	<b>Business-Type Activities</b>
Beginning net position	\$ 2,524,287	\$ 20,103,618	\$ 8,496,515	\$ 8,496,515
Restatement - garbage allowance	(96,827)	(96,827)	76,186	76,186
Beginning net position - restated	<u>\$ 2,427,460</u>	<u>\$ 20,006,791</u>	<u>\$ 8,572,701</u>	<u>\$ 8,572,701</u>

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City participates along with over 2,700 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

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. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

**C. Pension Plans**

**Texas Municipal Retirement System**

Plan Description

The City provides pension benefits for all of its full-time 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 for TMRS. The report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by TMRS. This report may be obtained from the 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>2014</u>	<u>2013</u>
Employee deposit rate	6.00%	6.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service requirement eligibility (expressed as age/yrs of service)	60/10, 0/20	60/10, 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 and the prior service cost contribution rate, which is calculated to be a level percentage 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 projects 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 serves as the basis for the rate and the calendar year when the rate goes into effect.

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

The annual pension cost and the net pension obligation are as follows:

Annual required contribution (ARC)	\$	658,787
Interest on net pension obligation (NPO)		23,858
Adjustment to the ARC		(21,454)
Annual pension cost (APC)		661,191
Contributions made		(658,787)
Increase in NPO		2,404
NPO-beginning of year		340,823
NPO-end of year	\$	343,227

Three-year trend information for the annual pension cost (APC) is as follows:

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 650,217	\$ 617,335	94.94%	\$ 335,371
2013	\$ 639,085	\$ 633,633	99.15%	\$ 340,823
2014	\$ 661,191	\$ 658,787	99.64%	\$ 343,227

The required contribution rates for fiscal year 2014 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:

	2014	2013	2012
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	26.0 Years - Closed period	25.3 Years - Closed period	26.3 Years - Closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-Year Smoothed Market	10-Year Smoothed Market	10-Year Smoothed Market
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 Cost of Living Adjustments	3.00%	3.00%	3.00%
	2.10%	2.10%	2.10%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report.

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

The funded status as of December 31, 2013, the most recent valuation date, is as follows:

	<b>2014</b>
Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	\$ 17,136,403
Actuarial Accrued Liability	\$ 21,642,614
Percentage Funded	79.2%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,506,211
Annual Covered Payroll	\$ 5,250,814
UAAL as a Percentage of Covered Payroll	85.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as RSI 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.

**Texas Emergency Services Retirement System**

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2014, there were 198 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2014, the System membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Nonvested)	<u>4,036</u>
	9,270

Senate Bill 411, 65<sup>th</sup> Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percent increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 percent compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was zero percent, since the first actuarial valuation report after the adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments has a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather the minimum contribution provisions are set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, the total contributions

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

(dues, prior service, and interest on prior service financing) of \$4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State appropriated \$1,530,343 for the fiscal year ending August 31, 2014.

The actuarial valuation as of August 31, 2014 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contribution both from the governing body of each participating department and from the State. The expected contributions from the State are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses. On August 31, 2014 the actuarial liabilities exceeded the actuarial assets by \$26,093,761.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	8/31/2014
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases	N/A
*Includes inflation at	3.50%
Cost of living adjustments	None

The schedule of funding progress, presented as RSI 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.

A report may be obtained by writing the office of the fire fighters' pension commissioner, P.O. Box 12577, Austin, TX 78711-2577.

**D. Other Post Employment Benefits**

**TMRS Supplemental Death Benefit Fund**

Plan Description

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

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post employment benefit,” or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2014, the City offered the supplemental death benefit to both active and retired employees.

Contributions

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 contributions to the TMRS SDBF for the fiscal years ended 2014, 2013, and 2012 were \$2,820, \$3,008 and \$2,689, respectively. The City’s contribution rates for the past three years are shown below:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Req. Contrib. (ARC)	0.05%	0.06%	0.05%
Actual Contribution Made	0.05%	0.06%	0.05%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

**E. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third party administrator. The third party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

**F. Chapter 380 Economic Development Agreement**

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

On September 23, 2014, the City entered into a Chapter 380 Economic Development Agreement with one business. This business agreed to:

- Provide a 40’ x 40’ easement to the City for the location of a lift station, force main, and receiving manhole.
- Construct two buildings within 24 months.
- Construct and extend water and sewer lines on the property that will be a minimum of eight inches in size.

**CITY OF ANGLETON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2014

- In consideration of the City's construction of a sewer line to the property line of the business's property, the business agrees to pay the City \$63,750. One half of the amount, \$31,875, will be payable when the agreement is executed and the remaining amount will be due and payable when the sewer line has been extended to the business's property line.

The City agreed to:

- Complete a capital improvement program extending sewer utilities to the business's property.
- Construct a lift station, force main, and receiving manhole on the business's property.
- If required, pay the cost of upsizing the water and sewer lines.
- Pay the business a one-time building incentive payment not to exceed \$12,750 after the first two buildings are constructed and the certificate of occupancy had been issued within 24 months of the agreement.
- Provide a four year refund equal to 80 percent of the property taxes each year on the new tax value of the business' property. Refunds will begin with tax year 2016 and the first refund would be paid in 2017.

**G. Subsequent Event**

On February 1, 2015, the City entered into a Master Equipment Lease/Purchase Agreement for \$660,171.50. The agreement has two schedules with separate terms. The first schedule has a contract amount of \$60,171.50 and will be repaid over a three year term at an interest rate of 3.25 percent. The second schedule has a contract amount of \$600,000 and will be repaid over a ten year term at an interest rate of 3.25 percent. The lease was obtained to replenish City funds for fiscal year 2014 expenditures related to new exercise equipment and a fire truck.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (Page 1 of 2)**  
**For the Year Ended September 30, 2014**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 4,470,739	\$ 4,470,739	\$ 4,427,748	\$ (42,991)
Franchise and local taxes	616,000	616,000	601,438	(14,562)
Industrial district agreement	118,581	118,581	116,547	(2,034)
Permits, licenses, and fees	223,600	223,600	171,911	(51,689)
Fines and forfeitures	972,000	960,000	745,122	(214,878)
Charges for services	2,038,000	2,038,000	1,979,682	(58,318)
Intergovernmental	32,500	35,400	42,254	6,854
Investment revenue	5,500	5,500	2,657	(2,843)
Miscellaneous revenue	99,500	106,815	99,534	(7,281)
<b>Total Revenues</b>	<u>8,576,420</u>	<u>8,574,635</u>	<u>8,186,893</u>	<u>(387,742)</u>
<b>Expenditures</b>				
General administration				
Administrative	737,165	784,249	704,542	79,707
Buildings	171,988	171,454	166,442	5,012
Total general administration	<u>909,153</u>	<u>955,703</u>	<u>870,984</u>	<u>84,719</u>
Financial administration				
Tax collection	41,000	41,000	39,679	1,321
Finance and accounting	316,411	314,809	289,242	25,567
Total financial administration	<u>357,411</u>	<u>355,809</u>	<u>328,921</u>	<u>26,888</u>
Public safety				
Municipal court	409,558	406,889	364,335	42,554
Police department	4,278,910	4,253,556	4,067,028	186,528
Animal control	139,515	138,447	134,476	3,971
Fire department	279,711	279,177	257,006	22,171
Fire marshal	7,431	7,431	2,230	5,201
Code enforcement	411,279	409,144	375,084	34,060
Total public safety	<u>5,526,404</u>	<u>5,494,644</u>	<u>5,200,159</u>	<u>294,485</u>
Community services				
Information technology	224,135	223,067	198,269	24,798
Parks and recreation	734,695	729,891	694,257	35,634
Sanitation	1,760,000	1,760,000	1,708,859	51,141
Total community services	<u>2,718,830</u>	<u>2,712,958</u>	<u>2,601,385</u>	<u>111,573</u>

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (Page 2 of 2)**  
**For the Year Ended September 30, 2014**

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Economic development	\$ 211,437	\$ 212,403	\$ 196,629	\$ 15,774
Debt service				
Principal	171,951	171,951	170,071	1,880
Interest expense	33,725	33,725	32,920	805
Total debt service	<u>205,676</u>	<u>205,676</u>	<u>202,991</u>	<u>2,685</u>
<b>Total Expenditures</b>	<u>9,928,911</u>	<u>9,937,193</u>	<u>9,401,069</u>	<u>536,124</u>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	<u>(1,352,491)</u>	<u>(1,362,558)</u>	<u>(1,214,176)</u>	<u>148,382</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,343,549	1,355,549	1,221,947	(133,602)
Transfers (out)	(16,058)	(17,991)	(17,371)	620
Sale of capital assets	<u>25,000</u>	<u>25,000</u>	<u>7,502</u>	<u>(17,498)</u>
<b>Total Other Financing Sources</b>	<u>1,352,491</u>	<u>1,362,558</u>	<u>1,212,078</u>	<u>(150,480)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,098)</u>	<u>\$ (2,098)</u>
Beginning fund balance			<u>2,427,460</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,425,362</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
September 30, 2014

<b>Fiscal Year</b>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Value of Assets	\$ 17,136,403	\$ 15,682,723	\$ 14,411,089
Actuarial Accrued Liability	\$ 21,642,614	\$ 18,845,353	\$ 17,885,815
Percentage Funded	79.2%	83.2%	80.6%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 4,506,211	\$ 3,162,630	\$ 3,474,726
Annual Covered Payroll	\$ 5,250,814	\$ 5,154,715	\$ 5,273,937
UAAL % of Covered Payroll	85.8%	61.4%	65.9%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ 340,823	\$ 335,371	\$ 302,489
Annual Pension Cost (APC)	661,191	639,085	650,217
Contributions Made	658,787	633,633	617,335
<b>NPO at the End of Period</b>	<u><u>\$ 343,227</u></u>	<u><u>\$ 340,823</u></u>	<u><u>\$ 335,371</u></u>

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM**  
For the Year Ended September 30, 2014

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (1) (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Total Members Covered (c)</b>	<b>UAAL Per Member Covered [(b-a)/c]</b>
8/31/10 (3)	\$ 64,113,803	\$ 81,264,230	\$ 17,150,427	78.9%	8,644	\$ 1,984
8/31/12 (2)	\$ 67,987,487	\$ 101,856,042	\$ 33,868,555	66.7%	9,448	\$ 3,585
8/31/14	\$ 83,761,038	\$ 109,854,799	\$ 26,093,761	76.2%	9,270	\$ 2,815

(1) The actuarial accrued liability is based upon the entry age actuarial cost method.

(2) Changes in actuarial assumptions were reflected in this valuation.

(3) Change in an actuarial assumption and method were reflected in this valuation.

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***COMBINING STATEMENTS  
AND SCHEDULES***

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## ***NONMAJOR GOVERNMENTAL FUNDS***

### **Special Revenue Funds**

**Hotel/Motel Fund** - Hotel tax revenue from local hotels.

**Child Safety Fund** - Collection and disbursement of money used for child safety programs.

**Municipal Court Technology Fund** - Collection and disbursement of money used for court technology.

**Municipal Court Building Security Fund** - Collection and disbursement of money used for court security.

**DWI SEI Traffic Enforcement Grant Fund** - To account for a grant through HGAC used to pay overtime for officers working holidays for the safety of citizens during this time.

**Drug Confiscation Fund** - Police seizure and buy account.

**Keep Angleton Beautiful Fund** - Fund designated to receive donations to clean up and landscape across the City.

**Angleton Better Living Fund** - Fund designated to promote economic and community development.

**TIRZ #1 Fund** - Designated to separate property tax funds that will be utilized for certain infrastructure costs.

**Angleton Act Center Fund** - Designated for the revenues and expenditures for the recreation center.

**Police Donation Fund** - Money donated to the police department for special purposes.

**Recycling Fund** - Recycling program fund.

**A/C Donations Fund** - Fund designated to receive donations for the activity center.

**Fire Department ESD Fund** - To account for contract with county fire department.

**CDBG Disaster Recovery Fund** - To account for CDBG Disaster Recovery grant.

**HGAC DJ Edward Byrne Fund** - To account for Houston Galveston Area Council grant.

### **Capital Project Funds**

**Capital Project 05 Fund** - Upgrade pavement on Shanks Road.

**DCP Midstream** - Capital improvements for DCP Midstream.

# CITY OF ANGLETON, TEXAS

*COMBINING BALANCE SHEET (Page 1 of 2)*

**NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2014

## Special Revenue Funds

	<u>Hotel/Motel</u>	<u>Child Safety</u>	<u>Municipal Court Technology</u>	<u>Municipal Court Building Security</u>
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ 308,119	\$ 1,074	\$ -	\$ 240
Receivables, net	57,798	-	-	-
Due from other governments	-	-	-	-
<b>Total Assets</b>	<b>\$ 365,917</b>	<b>\$ 1,074</b>	<b>\$ -</b>	<b>\$ 240</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 6,280	\$ -	\$ 357	\$ 76
Deficit cash balances	-	-	268	-
Due to other funds	-	-	18,000	-
<b>Total Liabilities</b>	<b>6,280</b>	<b>-</b>	<b>18,625</b>	<b>76</b>
Fund balances:				
Restricted for:				
Economic development	359,637	-	-	-
Special projects	-	1,074	-	164
Capital projects	-	-	-	-
Unassigned	-	-	(18,625)	-
<b>Total Fund Balances</b>	<b>359,637</b>	<b>1,074</b>	<b>(18,625)</b>	<b>164</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 365,917</b>	<b>\$ 1,074</b>	<b>\$ -</b>	<b>\$ 240</b>

**Special Revenue Funds**

<b>DWI SEI Traffic Enforcement Grant</b>	<b>Drug Confiscation</b>	<b>Keep Angleton Beautiful</b>	<b>Angleton Better Living</b>	<b>TIRZ #1</b>	<b>Angleton Act Center</b>
\$ 300	\$ 32,836	\$ 25,257	\$ 419,024	\$ 87,454	\$ 25,776
-	-	2,342	216,025	-	-
805	-	-	-	-	-
<u>\$ 1,105</u>	<u>\$ 32,836</u>	<u>\$ 27,599</u>	<u>\$ 635,049</u>	<u>\$ 87,454</u>	<u>\$ 25,776</u>
\$ -	\$ 6,409	\$ 317	\$ -	\$ 165	\$ 31,036
-	-	-	-	-	-
-	-	-	-	-	-
-	6,409	317	-	165	31,036
-	-	-	635,049	87,289	-
1,105	26,427	27,282	-	-	(5,260)
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,105</u>	<u>26,427</u>	<u>27,282</u>	<u>635,049</u>	<u>87,289</u>	<u>(5,260)</u>
<u>\$ 1,105</u>	<u>\$ 32,836</u>	<u>\$ 27,599</u>	<u>\$ 635,049</u>	<u>\$ 87,454</u>	<u>\$ 25,776</u>

# CITY OF ANGLETON, TEXAS

*COMBINING BALANCE SHEET (Page 2 of 2)*

**NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2014

Special Revenue Funds				
	Police Donation	Recycling	A/C Donations	Fire Dept. ESD
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 4,672	\$ 18,901	\$ 659	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,672</b>	<b>\$ 18,901</b>	<b>\$ 659</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 53,820
Deficit cash balances	-	-	-	546,180
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	-	-	-	<b>600,000</b>
Fund balances:				
Restricted for:				
Economic development	-	-	-	-
Special projects	4,672	18,901	659	-
Capital projects	-	-	-	-
Unassigned	-	-	-	(600,000)
<b>Total Fund Balances</b>	<b>4,672</b>	<b>18,901</b>	<b>659</b>	<b>(600,000)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,672</b>	<b>\$ 18,901</b>	<b>\$ 659</b>	<b>\$ -</b>

<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>CDBG Disaster Recovery</u>	<u>HGAC DJ Edward Byrne</u>	<u>Capital Project 05</u>	<u>DCP Midstream</u>	
\$ -	\$ -	\$ 200,305	\$ 335,392	\$ 1,460,009
-	-	-	-	276,165
-	-	-	-	805
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,305</u>	<u>\$ 335,392</u>	<u>\$ 1,736,979</u>
\$ -	\$ -	\$ -	\$ -	\$ 98,460
-	-	-	-	546,448
-	-	-	-	18,000
-	-	-	-	662,908
-	-	-	-	1,081,975
-	-	-	-	75,024
-	-	200,305	335,392	535,697
-	-	-	-	(618,625)
-	-	200,305	335,392	1,074,071
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,305</u>	<u>\$ 335,392</u>	<u>\$ 1,736,979</u>

**CITY OF ANGLETON, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Page 1 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2014

	Special Revenue Funds			
	Hotel/Motel	Child Safety	Municipal Court Technology	Municipal Court Building Security
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	204,681	-	-	-
Sales taxes	-	-	-	-
Fines and forfeitures	-	13,069	16,571	12,428
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment revenue	2	5	-	3
Miscellaneous revenue	-	-	-	-
<b>Total Revenues</b>	<u>204,683</u>	<u>13,074</u>	<u>16,571</u>	<u>12,431</u>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	-	-	-	-
Public safety	-	-	14,187	4,150
Community services	-	-	-	-
Economic development	135,634	-	-	-
<b>Capital outlay</b>	-	-	-	-
<b>Total Expenditures</b>	<u>135,634</u>	<u>-</u>	<u>14,187</u>	<u>4,150</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>69,049</u>	<u>13,074</u>	<u>2,384</u>	<u>8,281</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	15,438	-	-	-
Transfers (out)	(23,008)	(12,000)	-	(14,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(7,570)</u>	<u>(12,000)</u>	<u>-</u>	<u>(14,000)</u>
<b>Net Change in Fund Balances</b>	61,479	1,074	2,384	(5,719)
Beginning fund balances	298,158	-	(21,009)	5,883
<b>Ending Fund Balances</b>	<u>\$ 359,637</u>	<u>\$ 1,074</u>	<u>\$ (18,625)</u>	<u>\$ 164</u>

**Special Revenue Funds**

<b>DWI SEI Traffic Enforcement Grant</b>	<b>Drug Confiscation</b>	<b>Keep Angleton Beautiful</b>	<b>Angleton Better Living</b>	<b>TIRZ #1</b>	<b>Angleton Act Center</b>
\$ -	\$ -	\$ -	\$ -	\$ 29,739	\$ -
-	-	-	-	-	-
-	-	-	1,177,074	-	-
-	330	-	-	-	-
-	-	-	-	-	553,981
5,937	-	-	-	-	-
697	21	18	297	68	-
-	19,870	31,391	-	-	-
<u>6,634</u>	<u>20,221</u>	<u>31,409</u>	<u>1,177,371</u>	<u>29,807</u>	<u>553,981</u>
-	3,022	-	1,500	-	1,100,586
8,566	-	-	-	-	-
-	-	-	-	-	-
-	-	22,247	-	-	-
-	-	-	-	-	133,755
<u>8,566</u>	<u>3,022</u>	<u>22,247</u>	<u>1,500</u>	<u>-</u>	<u>1,234,341</u>
<u>(1,932)</u>	<u>17,199</u>	<u>9,162</u>	<u>1,175,871</u>	<u>29,807</u>	<u>(680,360)</u>
1,933	-	-	-	-	655,000
-	-	-	(1,073,348)	-	(29,903)
<u>1,933</u>	<u>-</u>	<u>-</u>	<u>(1,073,348)</u>	<u>-</u>	<u>625,097</u>
1	17,199	9,162	102,523	29,807	(55,263)
<u>1,104</u>	<u>9,228</u>	<u>18,120</u>	<u>532,526</u>	<u>57,482</u>	<u>50,003</u>
<u>\$ 1,105</u>	<u>\$ 26,427</u>	<u>\$ 27,282</u>	<u>\$ 635,049</u>	<u>\$ 87,289</u>	<u>\$ (5,260)</u>

**CITY OF ANGLETON, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Page 2 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2014

Special Revenue Funds

	<u>Police Donation</u>	<u>Recycling</u>	<u>A/C Donations</u>	<u>Fire Dept. ESD</u>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	-	5,483	-	-
Sales taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	14,203	-	-
Intergovernmental	-	-	-	-
Investment revenue	3	13	-	-
Miscellaneous revenue	693	-	200	215,280
<b>Total Revenues</b>	<u>696</u>	<u>19,699</u>	<u>200</u>	<u>215,280</u>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	-	-	-	-
Public safety	452	-	-	815,280
Community services	-	15,125	-	-
Economic development	-	-	-	-
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>452</u>	<u>15,125</u>	<u>-</u>	<u>815,280</u>
<b>Excess (Deficiency of Revenues Over (Under) Expenditures</b>	<u>244</u>	<u>4,574</u>	<u>200</u>	<u>(600,000)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	244	4,574	200	(600,000)
Beginning fund balances	<u>4,428</u>	<u>14,327</u>	<u>459</u>	<u>-</u>
<b>Ending Fund Balances</b>	<u>\$ 4,672</u>	<u>\$ 18,901</u>	<u>\$ 659</u>	<u>\$ (600,000)</u>

<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>		
<u>CDBG Disaster Recovery</u>	<u>HGAC DJ Edward Byrne</u>	<u>Capital Project 05</u>	<u>DCP Midstream</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 29,739
-	-	-	-	210,164
-	-	-	-	1,177,074
-	-	-	-	42,398
-	-	-	-	568,184
395,882	120,758	-	-	522,577
-	-	102	425	1,654
-	-	-	-	267,434
<u>395,882</u>	<u>120,758</u>	<u>102</u>	<u>425</u>	<u>2,819,224</u>
-	-	-	-	1,105,108
-	120,758	-	-	963,393
-	-	-	-	15,125
-	-	-	-	157,881
540,000	-	107,911	-	781,666
<u>540,000</u>	<u>120,758</u>	<u>107,911</u>	<u>-</u>	<u>3,023,173</u>
<u>(144,118)</u>	<u>-</u>	<u>(107,809)</u>	<u>425</u>	<u>(203,949)</u>
144,118	-	-	-	816,489
-	-	-	(170,000)	(1,322,259)
<u>144,118</u>	<u>-</u>	<u>-</u>	<u>(170,000)</u>	<u>(505,770)</u>
-	-	(107,809)	(169,575)	(709,719)
-	-	308,114	504,967	1,783,790
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,305</u>	<u>\$ 335,392</u>	<u>\$ 1,074,071</u>

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended September 30, 2014

<b>Hotel / Motel</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Franchise and local taxes	\$ 155,000	\$ 205,000	\$ 204,681	\$ (319)
Investment revenue	10	10	2	(8)
<b>Total Revenues</b>	<b>155,010</b>	<b>205,010</b>	<b>204,683</b>	<b>(327)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Economic development	147,440	147,240	135,634	11,606
<b>Total Expenditures</b>	<b>147,440</b>	<b>147,240</b>	<b>135,634</b>	<b>11,606</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	15,438	15,438	15,438	-
Transfers (out)	(23,008)	(73,008)	(23,008)	50,000
<b>Total Other Financing (Uses)</b>	<b>(7,570)</b>	<b>(57,570)</b>	<b>(7,570)</b>	<b>50,000</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 200</b>	<b>61,479</b>	<b>\$ 61,279</b>
Beginning fund balance			298,158	
<b>Ending Fund Balance</b>			<b>\$ 359,637</b>	

<b>Municipal Court Technology</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 21,500	\$ 21,500	\$ 16,571	\$ (4,929)
Investment revenue	20	20	-	(20)
<b>Total Revenues</b>	<b>21,520</b>	<b>21,520</b>	<b>16,571</b>	<b>(4,949)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	21,520	21,520	14,187	7,333
<b>Total Expenditures</b>	<b>21,520</b>	<b>21,520</b>	<b>14,187</b>	<b>7,333</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,384</b>	<b>\$ 2,384</b>
Beginning fund balance			(21,009)	
<b>Ending Fund Balance</b>			<b>\$ (18,625)</b>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the Year Ended September 30, 2014

<u>Municipal Court Building Security</u>				
	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Fines and forfeitures	\$ 19,500	\$ 19,500	\$ 12,428	\$ (7,072)
Investment revenue	20	20	3	(17)
<b>Total Revenues</b>	<u>19,520</u>	<u>19,520</u>	<u>12,431</u>	<u>(7,089)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	4,520	4,520	4,150	370
<b>Total Expenditures</b>	<u>4,520</u>	<u>4,520</u>	<u>4,150</u>	<u>370</u>
<b>Other Financing (Uses)</b>				
Transfers (out)	(15,000)	(15,000)	(14,000)	1,000
<b>Total Other Financing (Uses)</b>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(14,000)</u>	<u>1,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(5,719)</u>	<u>\$ (5,719)</u>
Beginning fund balance			5,883	
<b>Ending Fund Balance</b>			<u>\$ 164</u>	

<u>DWI SEI Traffic Enforcement Grant</u>				
	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 8,245	\$ 5,937	\$ (2,308)
Investment revenue	-	-	697	697
<b>Total Revenues</b>	<u>-</u>	<u>8,245</u>	<u>6,634</u>	<u>(1,611)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	-	10,178	8,566	1,612
<b>Total Expenditures</b>	<u>-</u>	<u>10,178</u>	<u>8,566</u>	<u>1,612</u>
<b>Other Financing Sources</b>				
Transfers in	-	1,933	1,933	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>1,933</u>	<u>1,933</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1</u>	<u>\$ 1</u>
Beginning fund balance			1,104	
<b>Ending Fund Balance</b>			<u>\$ 1,105</u>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the Year Ended September 30, 2014

<b>Drug Confiscation</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 7,980	\$ 7,980	\$ 330	\$ (7,650)
Investment revenue	20	20	21	1
Miscellaneous revenue	-	19,870	19,870	-
<b>Total Revenues</b>	<b>8,000</b>	<b>27,870</b>	<b>20,221</b>	<b>(7,649)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	8,000	27,870	3,022	24,848
<b>Total Expenditures</b>	<b>8,000</b>	<b>27,870</b>	<b>3,022</b>	<b>24,848</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>17,199</b>	<b>\$ 17,199</b>
Beginning fund balance			9,228	
<b>Ending Fund Balance</b>			<b>\$ 26,427</b>	

<b>Keep Angleton Beautiful</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Investment revenue	\$ 30	\$ 30	\$ 18	\$ (12)
Miscellaneous revenue	31,640	31,640	31,391	(249)
<b>Total Revenues</b>	<b>31,670</b>	<b>31,670</b>	<b>31,409</b>	<b>(261)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Economic development	32,290	32,290	22,247	10,043
<b>Total Expenditures</b>	<b>32,290</b>	<b>32,290</b>	<b>22,247</b>	<b>10,043</b>
<b>Other Financing Sources</b>				
Transfers in	620	620	-	(620)
<b>Total Other Financing Sources</b>	<b>620</b>	<b>620</b>	<b>-</b>	<b>(620)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>9,162</b>	<b>\$ 9,162</b>
Beginning fund balance			18,120	
<b>Ending Fund Balance</b>			<b>\$ 27,282</b>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the Year Ended September 30, 2014

		<u>Angleton Better Living</u>			
		<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>					
	Sales taxes	\$ 1,138,875	\$ 1,177,075	\$ 1,177,074	\$ (1)
	Investment revenue	500	500	297	(203)
	<b>Total Revenues</b>	<u>1,139,375</u>	<u>1,177,575</u>	<u>1,177,371</u>	<u>(204)</u>
<b>Expenditures</b>					
<b>Current:</b>					
	General administration	32,387	70,587	1,500	69,087
	<b>Total Expenditures</b>	<u>32,387</u>	<u>70,587</u>	<u>1,500</u>	<u>69,087</u>
<b>Other Financing (Uses)</b>					
	Transfers (out)	(1,106,988)	(1,106,988)	(1,073,348)	33,640
	<b>Total Other Financing (Uses)</b>	<u>(1,106,988)</u>	<u>(1,106,988)</u>	<u>(1,073,348)</u>	<u>33,640</u>
	<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	102,523	<u>\$ 102,523</u>
	Beginning fund balance			<u>532,526</u>	
	<b>Ending Fund Balance</b>			<u>\$ 635,049</u>	
		<u>TIRZ #1 Property Tax</u>			
		<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>					
	Property taxes	\$ 86,193	\$ 86,193	\$ 29,739	\$ (56,454)
	Investment revenue	100	100	68	(32)
	<b>Total Revenues</b>	<u>86,293</u>	<u>86,293</u>	<u>29,807</u>	<u>(56,486)</u>
<b>Expenditures</b>					
<b>Current:</b>					
	General administration	86,293	86,293	-	86,293
	<b>Total Expenditures</b>	<u>86,293</u>	<u>86,293</u>	<u>-</u>	<u>86,293</u>
	<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	29,807	<u>\$ 29,807</u>
	Beginning fund balance			<u>57,482</u>	
	<b>Ending Fund Balance</b>			<u>\$ 87,289</u>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the Year Ended September 30, 2014

<b>Angleton Act Center</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive Negative</b>
<b>Revenues</b>				
Charges for services	\$ 527,900	\$ 554,890	\$ 553,981	\$ (909)
<b>Total Revenues</b>	<b>527,900</b>	<b>554,890</b>	<b>553,981</b>	<b>(909)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	1,150,237	1,139,373	1,100,586	38,787
Capital outlay	96,400	134,254	133,755	499
<b>Total Expenditures</b>	<b>1,246,637</b>	<b>1,273,627</b>	<b>1,234,341</b>	<b>39,286</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	688,640	688,640	655,000	(33,640)
Transfers (out)	(29,903)	(29,903)	(29,903)	-
Capital leases	60,000	60,000	-	(60,000)
<b>Total Other Financing Sources</b>	<b>718,737</b>	<b>718,737</b>	<b>625,097</b>	<b>(93,640)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(55,263)</b>	<b>\$ (55,263)</b>
Beginning fund balance			50,003	
<b>Ending Fund Balance</b>			<b>\$ (5,260)</b>	
<b>Police Donation</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive Negative</b>
<b>Revenues</b>				
Investment revenue	\$ -	\$ -	\$ 3	\$ 3
Miscellaneous revenue	5,700	5,700	693	(5,007)
<b>Total Revenues</b>	<b>5,700</b>	<b>5,700</b>	<b>696</b>	<b>(5,004)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	5,700	5,700	452	5,248
<b>Total Expenditures</b>	<b>5,700</b>	<b>5,700</b>	<b>452</b>	<b>5,248</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>244</b>	<b>\$ 244</b>
Beginning fund balance			4,428	
<b>Ending Fund Balance</b>			<b>\$ 4,672</b>	

Notes to Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the Year Ended September 30, 2014

<u>Recycling</u>				
	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Charges for services	\$ 19,210	\$ 14,252	\$ 14,203	\$ (49)
Franchise and local taxes	-	5,500	5,483	(17)
Investment revenue	50	50	13	(37)
<b>Total Revenues</b>	<u>19,260</u>	<u>19,802</u>	<u>19,699</u>	<u>(103)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Community services	19,260	19,802	15,125	4,677
<b>Total Expenditures</b>	<u>19,260</u>	<u>19,802</u>	<u>15,125</u>	<u>4,677</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	4,574	<u>\$ 4,574</u>
Beginning fund balance			<u>14,327</u>	
<b>Ending Fund Balance</b>			<u>\$ 18,901</u>	

<u>A/C Donations</u>				
	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Miscellaneous revenue	\$ 400	\$ 400	\$ 200	\$ (200)
<b>Total Revenues</b>	<u>400</u>	<u>400</u>	<u>200</u>	<u>(200)</u>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	400	400	-	400
<b>Total Expenditures</b>	<u>400</u>	<u>400</u>	<u>-</u>	<u>400</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	200	<u>\$ 200</u>
Beginning fund balance			<u>459</u>	
<b>Ending Fund Balance</b>			<u>\$ 659</u>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the Year Ended September 30, 2014

Fire Department ESD				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Miscellaneous revenue	\$ 810,000	\$ 815,280	\$ 215,280	\$ (600,000)
<b>Total Revenues</b>	<u>810,000</u>	<u>815,280</u>	<u>215,280</u>	<u>(600,000)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	810,000	815,280	815,280	-
<b>Total Expenditures</b>	<u>810,000</u>	<u>815,280</u>	<u>815,280</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(600,000)</u>	<u>\$ (600,000)</u>
Beginning fund balance			-	
<b>Ending Fund Balance</b>			<u>\$ (600,000)</u>	

CDBG Disaster Recovery				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 395,882	\$ 395,882	\$ 395,882	\$ -
<b>Total Revenues</b>	<u>395,882</u>	<u>395,882</u>	<u>395,882</u>	<u>-</u>
<b>Expenditures</b>				
Capital outlay	546,568	546,568	540,000	6,568
<b>Total Expenditures</b>	<u>546,568</u>	<u>546,568</u>	<u>540,000</u>	<u>6,568</u>
<b>Other Financing Sources</b>				
Transfers in	150,686	150,686	144,118	(6,568)
<b>Total Other Financing Sources</b>	<u>150,686</u>	<u>150,686</u>	<u>144,118</u>	<u>(6,568)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balance			-	
<b>Ending Fund Balance</b>			<u>\$ -</u>	

Notes to Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ANGLETON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**

For the Year Ended September 30, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property taxes	\$ 830,242	\$ 830,242	\$ 821,193	\$ (9,049)
Investment revenue	400	400	193	(207)
<b>Total Revenues</b>	830,642	830,642	821,386	(9,256)
<b><u>Expenditures</u></b>				
<b>Debt service:</b>				
Principal	1,872,937	1,872,937	1,068,049	804,888
Interest and fiscal agent fees	575,029	584,691	270,537	314,154
<b>Total Expenditures</b>	2,447,966	2,457,628	1,338,586	1,119,042
<b><u>Other Financing Sources</u></b>				
Transfers in	1,617,324	1,626,986	520,607	(1,106,379)
<b>Total Other Financing Sources</b>	1,617,324	1,626,986	520,607	(1,106,379)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	3,407	\$ 3,407
Beginning fund balance			170,374	
<b>Ending Fund Balance</b>			\$ 173,781	

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***CONSOLIDATED SUB-FUND  
STATEMENTS***

# CITY OF ANGLETON, TEXAS

## CONSOLIDATED BALANCE SHEET

### GENERAL FUND - SUB-FUNDS

September 30, 2014

	<u>General</u>	<u>Community Events</u>	<u>Capital Lease Purchase</u>	<u>Downtown Revitalization</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 2,410,181	\$ 22,462	\$ 4,037	\$ 14,658
Receivables, net	536,418	-	-	-
Inventory	837	-	-	-
Prepays	18,196	-	-	-
Due from other governments	8,136	-	-	-
Due from other funds	18,000	-	-	-
<b>Total Assets</b>	<b><u>\$ 2,991,768</u></b>	<b><u>\$ 22,462</u></b>	<b><u>\$ 4,037</u></b>	<b><u>\$ 14,658</u></b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 517,372	\$ 5,896	\$ -	\$ -
<b>Total Liabilities</b>	<b><u>517,372</u></b>	<b><u>5,896</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
 Deferred Inflows of Resources:				
Unavailable revenue - property taxes	84,295	-	-	-
 Fund Balances:				
Nonspendable:				
Inventory and prepaids	19,033	-	-	-
Unassigned	2,371,068	16,566	4,037	14,658
<b>Total Fund Balances</b>	<b><u>2,390,101</u></b>	<b><u>16,566</u></b>	<b><u>4,037</u></b>	<b><u>14,658</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 2,991,768</u></b>	<b><u>\$ 22,462</u></b>	<b><u>\$ 4,037</u></b>	<b><u>\$ 14,658</u></b>

**Total  
General  
Fund**

\$ 2,451,338  
536,418  
837  
18,196  
8,136  
18,000  
\$ 3,032,925

\$ 523,268  
523,268

84,295

19,033  
2,406,329  
2,425,362

\$ 3,032,925

**CITY OF ANGLETON, TEXAS**  
**CONSOLIDATED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND - SUB FUNDS**  
**For the Year Ended September 30, 2014**

	<u>General</u>	<u>Community Events</u>	<u>Capital Lease Purchase</u>	<u>Downtown Revitalization</u>
<b>Revenues</b>				
Property taxes	\$ 4,427,748	\$ -	\$ -	\$ -
Franchise and local taxes	601,438	-	-	-
Industrial district agreement	116,547	-	-	-
Permits, licenses, and fees	171,911	-	-	-
Fines and forfeitures	745,122	-	-	-
Charges for services	1,979,682	-	-	-
Intergovernmental	42,254	-	-	-
Investment revenue	2,645	-	-	12
Miscellaneous revenue	25,171	74,363	-	-
<b>Total Revenues</b>	<u>8,112,518</u>	<u>74,363</u>	<u>-</u>	<u>12</u>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	870,922	-	-	62
Financial administration	328,921	-	-	-
Public safety	5,200,159	-	-	-
Community services	2,601,385	-	-	-
Economic development	146,569	37,634	-	12,426
<b>Debt service:</b>				
Principal	-	-	170,071	-
Interest and fiscal agent fees	-	-	32,920	-
<b>Total Expenditures</b>	<u>9,147,956</u>	<u>37,634</u>	<u>202,991</u>	<u>12,488</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,035,438)</u>	<u>36,729</u>	<u>(202,991)</u>	<u>(12,476)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,173,701	-	205,676	10,000
Transfers (out)	(159,801)	(25,000)	-	-
Sale of capital assets	7,502	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,021,402</u>	<u>(25,000)</u>	<u>205,676</u>	<u>10,000</u>
<b>Net Change in Fund Balances</b>	(14,036)	11,729	2,685	(2,476)
Beginning fund balances	2,404,137	4,837	1,352	17,134
<b>Ending Fund Balances</b>	<u>\$ 2,390,101</u>	<u>\$ 16,566</u>	<u>\$ 4,037</u>	<u>\$ 14,658</u>

**Total  
General  
Fund**

\$ 4,427,748  
601,438  
116,547  
171,911  
745,122  
1,979,682  
42,254  
2,657  
99,534  
8,186,893

870,984  
328,921  
5,200,159  
2,601,385  
196,629

170,071  
32,920

9,401,069

(1,214,176)

1,389,377  
(184,801)  
7,502

1,212,078

(2,098)

2,427,460

\$ 2,425,362

**CITY OF ANGLETON, TEXAS**  
**CONSOLIDATED STATEMENT OF NET POSITION**  
**UTILITY FUND - SUB-FUNDS**  
September 30, 2014

	Water	2006 C.O. Bonds	Water Well Construction	Capital Lease Purchase
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ 903,085	\$ -	\$ -	\$ -
Receivables, net	848,228	-	-	-
Inventory	34,752	-	-	-
<b>Total Current Assets</b>	<b>1,786,065</b>	<b>-</b>	<b>-</b>	<b>-</b>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	299,671	16
Capital assets:				
Nondepreciable	315,116	-	5,000	-
Depreciable, net	14,405,591	-	-	-
<b>Total Capital Assets</b>	<b>14,720,707</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
<b>(Net of Accumulated Depreciation)</b>	<b>14,720,707</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>14,720,707</b>	<b>-</b>	<b>304,671</b>	<b>16</b>
<b>Total Assets</b>	<b>16,506,772</b>	<b>-</b>	<b>304,671</b>	<b>16</b>
<b><u>Deferred Outflows of Resources:</u></b>				
Deferred charge on refunding	80,752	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>80,752</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	158,463	-	-	-
Customer deposits	264,000	-	-	-
Accrued interest payable	35,724	-	-	-
Long-term debt due within one year	802,009	-	-	-
<b>Total Current Liabilities</b>	<b>1,260,196</b>	<b>-</b>	<b>-</b>	<b>-</b>
Noncurrent liabilities:				
Long-term debt due in more than one year	5,844,474	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>5,844,474</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>7,104,670</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	11,569,077	-	-	-
Restricted for capital projects	-	-	299,671	16
Unrestricted	(2,086,223)	-	5,000	-
<b>Total Net Position</b>	<b>\$ 9,482,854</b>	<b>\$ -</b>	<b>\$ 304,671</b>	<b>\$ 16</b>

<u>2013 C.O. Bonds</u>	<u>Total Utility Fund</u>
\$ -	\$ 903,085
-	848,228
-	34,752
<u>-</u>	<u>1,786,065</u>
2,902,948	3,202,635
448,608	768,724
<u>-</u>	<u>14,405,591</u>
448,608	15,174,315
<u>3,351,556</u>	<u>18,376,950</u>
<u>3,351,556</u>	<u>20,163,015</u>
-	80,752
<u>-</u>	<u>80,752</u>
84,218	242,681
-	264,000
-	35,724
<u>140,000</u>	<u>942,009</u>
<u>224,218</u>	<u>1,484,414</u>
<u>3,235,000</u>	<u>9,079,474</u>
<u>3,235,000</u>	<u>9,079,474</u>
<u>3,459,218</u>	<u>10,563,888</u>
(2,926,392)	8,642,685
2,902,948	3,202,635
(84,218)	(2,165,441)
<u>\$ (107,662)</u>	<u>\$ 9,679,879</u>

**CITY OF ANGLETON, TEXAS**  
**CONSOLIDATED STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**UTILITY FUND - SUB-FUNDS**  
For the Year Ended September 30, 2014

	Water	2006 C.O. Bonds	Water Well Construction	Capital Lease Purchase
<b><u>Operating Revenues</u></b>				
Water sales	\$ 3,116,841	\$ -	\$ -	\$ -
Sanitary sewer services	2,172,371	-	-	-
Other service fees	499,453	-	-	-
<b>Total Operating Revenues</b>	<b>5,788,665</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Operating Expenses</u></b>				
Water distribution	309,326	-	-	-
Water plant operations	640,382	-	-	-
Water purchases	1,271,376	-	-	-
Sewer	186,748	-	-	-
Collection administration	1,494,392	-	-	-
Depreciation	700,321	-	-	-
<b>Total Operating Expenses</b>	<b>4,602,545</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>1,186,120</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment revenue	790	108	63	-
Interest expense	(298,595)	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(297,805)</b>	<b>108</b>	<b>63</b>	<b>-</b>
<b>Income Before Transfers and Capital Contributions</b>	<b>888,315</b>	<b>108</b>	<b>63</b>	<b>-</b>
Capital contribution	540,000	-	-	-
Transfers in	-	-	117,378	-
Transfers (out)	(303,259)	(261,496)	-	-
<b>Change in Net Position</b>	<b>1,125,056</b>	<b>(261,388)</b>	<b>117,441</b>	<b>-</b>
Beginning net position	8,357,798	261,388	187,230	16
<b>Ending Net Position</b>	<b>\$ 9,482,854</b>	<b>\$ -</b>	<b>\$ 304,671</b>	<b>\$ 16</b>

<u>2013</u> <u>C.O. Bonds</u>	<u>Total</u> <u>Utility</u> <u>Fund</u>
\$ -	\$ 3,116,841
-	2,172,371
-	499,453
<u>-</u>	<u>5,788,665</u>
	309,326
2,850	643,232
-	1,271,376
-	186,748
-	1,494,392
-	700,321
<u>2,850</u>	<u>4,605,395</u>
<u>(2,850)</u>	<u>1,183,270</u>
	4,880
3,919	(298,595)
-	
<u>3,919</u>	<u>(293,715)</u>
	889,555
1,069	
-	540,000
125,000	242,378
-	(564,755)
<u>126,069</u>	<u>1,107,178</u>
(233,731)	8,572,701
<u>\$ (107,662)</u>	<u>\$ 9,679,879</u>

# CITY OF ANGLETON, TEXAS

## BALANCE SHEET

### 2013 C.O. BONDS FUND

### MODIFIED ACCRUAL BASIS

September 30, 2014

	<u>2013</u> <u>C.O. Bonds</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 2,902,948
<b>Total Assets</b>	<b>\$ 2,902,948</b>
 <b><u>Liabilities and Fund Balances</u></b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 84,218
<b>Total Liabilities</b>	<b>84,218</b>
Fund Balances:	
Restricted for capital projects	2,818,730
<b>Total Fund Balances</b>	<b>2,818,730</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,902,948</b>

**CITY OF ANGLETON, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**SERIES 2013 C.O. BONDS FUND**  
**MODIFIED ACCRUAL BASIS**  
For the Year Ended September 30, 2014

		<u>2013</u> <u>C.O. Bonds</u>
<b><u>Revenues</u></b>		
Investment revenue		\$ 3,919
<b>Total Revenues</b>		<u>3,919</u>
 <b><u>Expenditures</u></b>		
<b>Current:</b>		
Water plant operations		2,850
Capital outlay		448,608
<b>Total Expenditures</b>		<u>451,458</u>
	<b>Net Change in Fund Balance</b>	(447,539)
Beginning fund balance		3,266,269
	<b>Ending Fund Balance</b>	<u>\$ 2,818,730</u>

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