

ANNUAL FINANCIAL REPORT

of the

CITY OF ANGLETON, TEXAS

For the Year Ended
September 30, 2015

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CITY OF ANGLETON, TEXAS

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INTRODUCTORY SECTION

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CITY OF ANGLETON, TEXAS

PRINCIPAL OFFICIALS

September 30, 2015

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

Scott Myers, 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, 2015, 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.

Partners

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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, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

In 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of the City's proportionate share of the net pension liability, and the schedules of contributions, 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 consolidated sub – fund statements 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 March 8, 2016 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
March 8, 2016

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

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CITY OF ANGLETON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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 20 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 IDM Incentive grant 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, 2015

Proprietary Funds

The City maintains two types of proprietary funds. 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, schedule of changes in net pension liability and related ratios, schedule of the City's proportionate share of the net pension liability, and the schedules of contributions. RSI can be found after the notes to 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 and deferred inflows by \$31,814,764 as of September 30, 2015. A portion of the City's net position (78.67%) reflects its investment 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, 2015

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|----------------------------|----------------------|-----------------------------|---------------------|--------------------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 8,962,198 | \$ 6,901,290 | \$ 8,285,311 | \$ 4,988,700 | \$ 17,247,509 | \$ 11,889,990 |
| Capital assets, net | 22,540,030 | 23,463,156 | 17,750,791 | 15,174,315 | 40,290,821 | 38,637,471 |
| Total Assets | 31,502,228 | 30,364,446 | 26,036,102 | 20,163,015 | 57,538,330 | 50,527,461 |
| Deferred outflows - pensions | 602,097 | 356,588 | 113,897 | 146,803 | 715,994 | 503,391 |
| Deferred charge on refunding | 70,666 | 81,629 | 71,779 | 80,752 | 142,445 | 162,381 |
| Total Deferred Outflows of Resources | 672,763 | 438,217 | 185,676 | 227,555 | 858,439 | 665,772 |
| Long-term liabilities | 10,097,403 | 10,881,578 | 14,660,952 | 10,933,751 | 24,758,355 | 21,815,329 |
| Other liabilities | 572,265 | 1,238,071 | 819,166 | 542,405 | 1,391,431 | 1,780,476 |
| Total Liabilities | 10,669,668 | 12,119,649 | 15,480,118 | 11,476,156 | 26,149,786 | 23,595,805 |
| Deferred inflows - pensions | 293,963 | - | 55,608 | - | 349,571 | - |
| Total Deferred Inflows of Resources | 293,963 | - | 55,608 | - | 349,571 | - |
| Net Position: | | | | | | |
| Net investment in capital assets | 15,248,809 | 15,584,791 | 9,781,316 | 8,642,685 | 25,030,125 | 24,227,476 |
| Restricted | 3,358,812 | 3,735,889 | - | 16 | 3,358,812 | 3,735,905 |
| Unrestricted | 2,603,739 | (637,666) | 904,736 | 271,713 | 3,508,475 | (365,953) |
| Total Net Position | \$ 21,211,360 | \$ 18,683,014 | \$ 10,686,052 | \$ 8,914,414 | \$ 31,897,412 | \$ 27,597,428 |

A portion of the primary government's net position, \$3,358,812 or 10.56 percent represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$3,425,827 or 10.77 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, 2015

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 | |
|--|----------------------------|----------------------|-----------------------------|---------------------|--------------------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,548,300 | \$ 3,507,297 | \$ 6,299,198 | \$ 5,788,665 | \$ 9,847,498 | \$ 9,295,962 |
| Operating grants and contributions | 52,143 | 48,191 | - | - | 52,143 | 48,191 |
| Capital grants and contributions | 900,313 | 516,640 | 1,226,259 | - | 2,126,572 | 516,640 |
| General revenues: | | | | | | |
| Property taxes | 5,575,777 | 5,284,565 | - | - | 5,575,777 | 5,284,565 |
| Sales taxes | 3,814,503 | 3,531,222 | - | - | 3,814,503 | 3,531,222 |
| Franchise and local taxes | 869,722 | 811,602 | - | - | 869,722 | 811,602 |
| Investment revenue | 7,204 | 5,745 | 5,124 | 4,880 | 12,328 | 10,625 |
| Other revenues | 511,424 | 483,520 | - | - | 511,424 | 483,520 |
| Gain (loss) on sale of capital assets | - | (3,271) | - | - | - | (3,271) |
| Total Revenues | <u>15,279,386</u> | <u>14,185,511</u> | <u>7,530,581</u> | <u>5,793,545</u> | <u>22,809,967</u> | <u>19,979,056</u> |
| Expenses | | | | | | |
| General administration | 2,704,095 | 2,706,839 | - | - | 2,704,095 | 2,706,839 |
| Financial administration | 348,009 | 327,600 | - | - | 348,009 | 327,600 |
| Public safety | 5,369,944 | 5,712,951 | - | - | 5,369,944 | 5,712,951 |
| Community services | 3,890,295 | 4,034,319 | - | - | 3,890,295 | 4,034,319 |
| Economic development | 366,863 | 353,862 | - | - | 366,863 | 353,862 |
| Interest and fiscal agent fees | 260,134 | 296,760 | 249,456 | 298,595 | 509,590 | 595,355 |
| Water | - | - | 4,349,290 | 3,739,650 | 4,349,290 | 3,739,650 |
| Sewer | - | - | 971,897 | 865,745 | 971,897 | 865,745 |
| Total Expenses | <u>12,939,340</u> | <u>13,432,331</u> | <u>5,570,643</u> | <u>4,903,990</u> | <u>18,509,983</u> | <u>18,336,321</u> |
| Increase in Net Position Before Transfers | 2,340,046 | 753,180 | 1,959,938 | 889,555 | 4,299,984 | 1,642,735 |
| Transfers in (out) | 188,300 | (217,623) | (188,300) | 217,623 | - | - |
| Change in Net Position | 2,528,346 | 535,557 | 1,771,638 | 1,107,178 | 4,299,984 | 1,642,735 |
| Beginning net position | 18,683,014 | 18,147,457 | 8,914,414 | 7,807,236 | 27,597,428 | 25,954,693 |
| Ending Net Position | <u>\$ 21,211,360</u> | <u>\$ 18,683,014</u> | <u>\$ 10,686,052</u> | <u>\$ 8,914,414</u> | <u>\$ 31,897,412</u> | <u>\$ 27,597,428</u> |

For the year, revenues from governmental activities totaled \$15,286,304, an increase of 7.8 percent compared to the prior year. Property tax revenue increased by \$291,212 as a result of an increase in the assessed value of properties within the City. Sales taxes increased by \$283,281 from the prior year due to an increase in consumer spending. Capital grants and contributions increased by \$383,673 from the prior year due to insurance recoveries from hail and wind damage throughout the City. Expenses from governmental activities were comparable to prior year expenses with a decrease of 3.7 percent. This decrease was mainly due to decreases in grant related expenses, street maintenance and repair projects, and a decrease in utility costs and supplies.

CITY OF ANGLETON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Revenues from business-type activities increased \$1,737,036. Charges for services increased as the result of an increase in water and sewer rates and an increase in customer consumption. Another main reason for the increase in revenues was due to a capital grant the City received related to their water facilities. Total expenses increased by \$666,653 from the prior year mainly due to an increase in personnel costs, water purchased as the result of an increase in customer consumption, an impact fees study, and a utility system master plan.

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 \$8,267,671, a net increase of \$2,721,937 from the prior year. Of this combined fund balance, \$24,090 is nonspendable for inventory and prepaids, \$186,133 is restricted for debt service, \$268,994 is restricted for special revenue funds, and \$2,899,088 is restricted for capital project funds. Unassigned fund balance totaled \$3,536,819 as of year end.

Revenues were comparable to the prior year increasing by one percent. Compared to the prior year expenditures decreased by \$1,604,460 due mainly to a decrease in capital purchases and grant activity.

The general fund is the chief operating fund of the City. At the end of the current year, the total fund balance was \$3,552,385, a net increase of \$1,127,023 from the prior year. Expenditures were comparable to the prior year increasing by less than one percent. Compared to the prior year, revenues increased \$429,430 due mainly to an increase in property taxes from an increase in the assessed value of properties within the City and an increase in permits, licenses, and fees revenues. Other financing sources increased as a result of a reimbursement from an insurance claim for hail and storm related damage to City property. 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 37.5 percent of the total general fund expenditures, while total fund balance represents 37.7 percent of total general fund expenditures.

The debt service fund has a total fund balance of \$186,133, 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 \$12,352 is due to transfers received during the year.

The street fund has a total fund balance of \$2,334,605, an increase of \$462,085 over the prior year, due to a decrease in street projects in the current year and an increase in sales tax revenues.

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 an increase resulting in a positive variance from the final budget as amended to actual of \$1,127,023. Expenditures were lower than anticipated across all functions.

CITY OF ANGLETON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

CAPITAL ASSETS

At year end, the City's governmental activities and business-type activities had invested \$22,540,030 and \$17,750,791, 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 \$6,314,593. Of this amount, \$3,394,593 was general obligation debt and certificates of obligation accounted for \$2,920,000. Business-type activities had total bonds and certificates of obligation outstanding of \$13,305,407 at year end. Of this total, \$2,750,407 was general obligation debt and \$10,555,000 accounted for certificates of obligation. During the year, the City had an increase in long-term debt of \$2,908,802.

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

City Council approved a \$10,549,270 general fund budget for fiscal year 2015-2016, which is an increase of \$619,292 or 6.23 percent compared to the fiscal year 2014-2015 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 \$382,831 or 5.92 percent compared to the prior year's tax levy. General fund revenues are expected to increase \$619,292 due to an increase in property tax, sales tax, and revenues from several other sources. City Council approved a \$2,730,322 debt service budget for fiscal year 2015-2016, which is an increase of \$252,682 or 10.19 percent compared to the fiscal year 2014-2015 budget.

City Council approved a \$3,100,230 street fund budget for fiscal year 2015-2016, which is an increase of \$446,285 or 16.84 percent. The adopted budget anticipates sales tax revenues to increase 6.73 percent compared to the prior year.

City Council approved a \$6,339,973 water fund budget for fiscal year 2015-2016, which is an increase of \$224,636 or 3.67 percent compared to the fiscal year 2014-2015 budget. This budget is based on a 14.58 percent increase in water rates. The water rate increase of \$0.28 per gallon 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 2015-2016 budget includes the salary increase of four percent for the water department, ten percent increase for building insurance, and an anticipated five percent increase in health insurance costs.

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.

BASIC FINANCIAL STATEMENTS

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CITY OF ANGLETON, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 7,656,362 | \$ 1,807,742 | \$ 9,464,104 |
| Receivables, net | 1,281,746 | 899,725 | 2,181,471 |
| Inventory | 9,015 | 47,139 | 56,154 |
| Prepays | 15,075 | - | 15,075 |
| Restricted assets: | | | |
| Cash and investments | - | 5,530,705 | 5,530,705 |
| Total Current Assets | 8,962,198 | 8,285,311 | 17,247,509 |
| Capital assets: | | | |
| Non-depreciable capital assets | 1,177,634 | 1,733,980 | 2,911,614 |
| Net depreciable capital assets | 21,362,396 | 16,016,811 | 37,379,207 |
| Total Noncurrent Assets | 22,540,030 | 17,750,791 | 40,290,821 |
| Total Assets | 31,502,228 | 26,036,102 | 57,538,330 |
| Deferred Outflows of Resources | | | |
| Deferred outflows - pensions | 622,297 | 113,897 | 736,194 |
| Deferred charge on refunding | 70,666 | 71,779 | 142,445 |
| Total Deferred Outflows of Resources | 692,963 | 185,676 | 878,639 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 547,938 | 491,692 | 1,039,630 |
| Accrued interest payable | 24,327 | 48,104 | 72,431 |
| Customer deposits | - | 279,370 | 279,370 |
| Total Current Liabilities | 572,265 | 819,166 | 1,391,431 |
| Noncurrent liabilities: | | | |
| Long-term liabilities due within one year | 1,654,893 | 1,140,588 | 2,795,481 |
| Long-term liabilities due in more than one year | 6,186,904 | 12,546,486 | 18,733,390 |
| Net pension liability | 2,337,752 | 973,878 | 3,311,630 |
| Total Noncurrent Liabilities | 10,179,549 | 14,660,952 | 24,840,501 |
| Total Liabilities | 10,751,814 | 15,480,118 | 26,231,932 |
| Deferred inflows of Resources | | | |
| Deferred inflows - pensions | 314,665 | 55,608 | 370,273 |
| Net Position | | | |
| Net investment in capital assets | 15,248,809 | 9,781,316 | 25,030,125 |
| Restricted for: | | | |
| Capital projects | 2,899,088 | - | 2,899,088 |
| Debt service | 190,730 | - | 190,730 |
| Special projects | 268,994 | - | 268,994 |
| Unrestricted | 2,521,091 | 904,736 | 3,425,827 |
| Total Net Position | \$ 21,128,712 | \$ 10,686,052 | \$ 31,814,764 |

See Notes to Financial Statements.

CITY OF ANGLETON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| General administration | \$ 2,704,095 | \$ - | \$ - | \$ 897,315 |
| Financial administration | 348,009 | - | - | - |
| Public safety | 5,363,720 | 1,006,991 | 59,061 | 2,998 |
| Community services | 3,890,295 | 2,541,309 | - | - |
| Economic development | 366,863 | - | - | - |
| Interest and fiscal agent fees | 260,134 | - | - | - |
| Total Governmental Activities | <u>12,933,116</u> | <u>3,548,300</u> | <u>59,061</u> | <u>900,313</u> |
| Business-Type Activities: | | | | |
| Water | 4,349,290 | 3,818,390 | - | 1,226,259 |
| Sewer | 971,897 | 2,480,808 | - | - |
| Interest and fiscal agent fees | 249,456 | - | - | - |
| Total Business-Type Activities | <u>5,570,643</u> | <u>6,299,198</u> | <u>-</u> | <u>1,226,259</u> |
| Total Primary Government | <u>\$ 18,503,759</u> | <u>\$ 9,847,498</u> | <u>\$ 59,061</u> | <u>\$ 2,126,572</u> |

General Revenues:

Property taxes
 Sales taxes
 Franchise and local taxes
 Industrial district agreement
 Investment revenue
 Other revenues

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

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ (1,806,780) | \$ - | \$ (1,806,780) |
| (348,009) | - | (348,009) |
| (4,294,670) | - | (4,294,670) |
| (1,348,986) | - | (1,348,986) |
| (366,863) | - | (366,863) |
| (260,134) | - | (260,134) |
| <u>(8,425,442)</u> | <u>-</u> | <u>(8,425,442)</u> |
| - | 695,359 | 695,359 |
| - | 1,508,911 | 1,508,911 |
| - | (249,456) | (249,456) |
| <u>-</u> | <u>1,954,814</u> | <u>1,954,814</u> |
| <u>(8,425,442)</u> | <u>1,954,814</u> | <u>(6,470,628)</u> |
| 5,575,777 | - | 5,575,777 |
| 3,814,503 | - | 3,814,503 |
| 869,722 | - | 869,722 |
| 121,206 | - | 121,206 |
| 7,204 | 5,124 | 12,328 |
| 390,218 | - | 390,218 |
| 188,300 | (188,300) | - |
| <u>10,966,930</u> | <u>(183,176)</u> | <u>10,783,754</u> |
| 2,541,488 | 1,771,638 | 4,313,126 |
| 18,587,224 | 8,914,414 | 27,501,638 |
| <u>\$ 21,128,712</u> | <u>\$ 10,686,052</u> | <u>\$ 31,814,764</u> |

CITY OF ANGLETON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

| | General | Debt Service | Street | Nonmajor Governmental |
|--|---------------------|-------------------|---------------------|--------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 3,197,493 | \$ 185,633 | \$ 1,924,366 | \$ 2,303,067 |
| Receivables, net | 520,451 | 16,211 | 448,629 | 296,455 |
| Inventory | 491 | - | 8,524 | - |
| Prepays | 15,075 | - | - | - |
| Due from other funds | 377,175 | - | - | - |
| Total Assets | \$ 4,110,685 | \$ 201,844 | \$ 2,381,519 | \$ 2,599,522 |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | \$ 473,225 | \$ - | \$ 46,914 | \$ 27,799 |
| Due to other funds | - | - | - | 377,175 |
| Total Liabilities | 473,225 | - | 46,914 | 404,974 |
| Deferred inflows of resources | | | | |
| Unavailable revenue - property taxes | 85,075 | 15,711 | - | - |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventory and prepaids | 15,566 | - | 8,524 | - |
| Restricted for: | | | | |
| Debt service | - | 186,133 | - | - |
| Economic development | - | - | - | 1,352,547 |
| Special projects | - | - | - | 268,994 |
| Capital projects | - | - | 2,326,081 | 573,007 |
| Unassigned | 3,536,819 | - | - | - |
| Total Fund Balances | 3,552,385 | 186,133 | 2,334,605 | 2,194,548 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 4,110,685 | \$ 201,844 | \$ 2,381,519 | \$ 2,599,522 |

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

Net pension liability (TMRS)

Net pension liability (TESRS)

Deferred outflows - pensions (TMRS)

Deferred outflows - pensions (TESRS)

Deferred inflows - pensions (TMRS)

Deferred inflows - pensions (TESRS)

Deferred charge on refunding

Net Position of Governmental Activities

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 7,610,559
 1,281,746
 9,015
 15,075
 377,175
\$ 9,293,570

\$ 547,938
377,175
925,113

100,786

24,090

186,133
 1,352,547
 268,994
 2,899,088
3,536,819
8,267,671

1,177,634
 21,362,396

100,786

45,803

(24,327)
 (1,654,893)
 (6,186,904)
 (2,255,606)
 (82,146)
 602,097
 20,200
 (293,963)
 (20,702)
 70,666

\$ 21,128,712

CITY OF ANGLETON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

| | <u>General</u> | <u>Debt Service</u> | <u>Street</u> | <u>Nonmajor Governmental</u> |
|--|---------------------|---------------------|---------------------|----------------------------------|
| Revenues | | | | |
| Property taxes | \$ 4,789,835 | \$ 768,583 | \$ - | \$ 18,600 |
| Franchise and local taxes | 607,531 | - | - | 262,191 |
| Sales taxes | - | - | 2,543,002 | 1,271,501 |
| Industrial district agreement | 121,206 | - | - | - |
| Permits, licenses, and fees | 256,748 | - | - | - |
| Fines and forfeitures | 686,676 | - | - | 63,567 |
| Charges for services | 1,977,791 | - | - | 563,518 |
| Intergovernmental | 52,143 | - | - | 2,998 |
| Investment revenue | 3,706 | 318 | 1,889 | 1,291 |
| Miscellaneous revenue | 120,687 | - | 9,255 | 260,276 |
| Total Revenues | <u>8,616,323</u> | <u>768,901</u> | <u>2,554,146</u> | <u>2,443,942</u> |
| Expenditures | | | | |
| Current: | | | | |
| General administration | 925,692 | - | 745,953 | 1,005,646 |
| Financial administration | 349,532 | - | - | - |
| Public safety | 5,105,731 | - | - | 218,465 |
| Community services | 2,682,808 | - | - | 24,507 |
| Economic development | 192,360 | - | - | 224,668 |
| Capital outlay | - | - | 413,753 | - |
| Debt service: | | | | |
| Principal | 126,862 | 1,123,739 | - | - |
| Interest and fiscal agent fees | 42,171 | 225,275 | - | - |
| Total Expenditures | <u>9,425,156</u> | <u>1,349,014</u> | <u>1,159,706</u> | <u>1,473,286</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(808,833)</u> | <u>(580,113)</u> | <u>1,394,440</u> | <u>970,656</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 1,109,113 | 592,465 | - | 575,574 |
| Transfers (out) | (70,572) | - | (932,355) | (1,085,925) |
| Capital lease | - | - | - | 660,172 |
| Insurance recoveries | 897,315 | - | - | - |
| Total Other Financing Sources (Uses) | <u>1,935,856</u> | <u>592,465</u> | <u>(932,355)</u> | <u>149,821</u> |
| Net Change in Fund Balances | 1,127,023 | 12,352 | 462,085 | 1,120,477 |
| Beginning fund balances | 2,425,362 | 173,781 | 1,872,520 | 1,074,071 |
| Ending Fund Balances | <u>\$ 3,552,385</u> | <u>\$ 186,133</u> | <u>\$ 2,334,605</u> | <u>\$ 2,194,548</u> |

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 5,577,018
869,722
3,814,503
121,206
256,748
750,243
2,541,309
55,141
7,204
390,218
14,383,312

2,677,291
349,532
5,324,196
2,707,315
417,028
413,753

1,250,601
267,446
13,407,162

976,150

2,277,152
(2,088,852)
660,172
897,315
1,745,787

2,721,937

5,545,734
\$ 8,267,671

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, 2015

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

| | |
|--|----------------------------|
| Net changes in fund balances - total governmental funds | \$ 2,721,937 |
| <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 | 307,148 |
| Depreciation | (1,230,274) |
| <p>Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.</p> | |
| | (1,241) |
| <p>The issuance of long-term debt (e.g., bonds, certificates of obligation, etc.) 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 | 590,429 |
| Amortization of deferred charges | 2,715 |
| Accrued interest | 4,597 |
| <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> | |
| Compensated absences | (23,380) |
| Net pension liability (TMRS) | 203,448 |
| Net pension liability (TESRS) | 34,224 |
| Deferred outflows - pensions (TMRS) | 245,509 |
| Deferred outflows - pensions (TESRS) | (380) |
| Deferred inflows - pensions (TMRS) | (293,963) |
| Deferred inflows - pensions (TESRS) | (20,702) |
| <p>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.</p> | |
| | 1,421 |
| Change in Net Position of Governmental Activities | <u><u>\$ 2,541,488</u></u> |

See Notes to Financial Statements.

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CITY OF ANGLETON, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2015

| | Business-Type Activities | Governmental Activities |
|---|-----------------------------|----------------------------|
| | Utility | Internal Service |
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,807,742 | \$ 45,803 |
| Receivables, net | 899,725 | - |
| Inventory | 47,139 | - |
| Total Current Assets | 2,754,606 | 45,803 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 5,530,705 | - |
| Capital assets: | | |
| Nondepreciable | 1,733,980 | - |
| Depreciable, net | 16,016,811 | - |
| Total Capital Assets (Net of Accumulated Depreciation) | 17,750,791 | - |
| Total Noncurrent Assets | 23,281,496 | - |
| Total Assets | 26,036,102 | 45,803 |
| <u>Deferred Outflows of Resources</u> | | |
| Deferred outflows - pensions | 113,897 | - |
| Deferred charge on refunding | 71,779 | - |
| Total Deferred Outflows of Resources | 185,676 | - |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 491,692 | - |
| Customer deposits | 279,370 | - |
| Accrued interest payable | 48,104 | - |
| Long-term debt due within one year | 1,140,588 | - |
| Total Current Liabilities | 1,959,754 | - |
| Noncurrent liabilities: | | |
| Net pension liability | 973,878 | - |
| Long-term debt due in more than one year | 12,546,486 | - |
| Total Noncurrent Liabilities | 13,520,364 | - |
| Total Liabilities | 15,480,118 | - |
| <u>Deferred Inflows of Resources</u> | | |
| Deferred inflows - pensions | 55,608 | - |
| <u>Net Position</u> | | |
| Net investment in capital assets | 9,781,316 | - |
| Unrestricted | 904,736 | 45,803 |
| Total Net Position | \$ 10,686,052 | \$ 45,803 |

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, 2015

| | Business-Type Activities | Governmental Activities |
|--|-----------------------------|----------------------------|
| | Utility | Internal Service |
| <u>Operating Revenues</u> | | |
| Water sales | \$ 3,388,612 | \$ - |
| Sanitary sewer services | 2,201,581 | - |
| Other service fees | 709,005 | 5,618 |
| Total Operating Revenues | 6,299,198 | 5,618 |
| <u>Operating Expenses</u> | | |
| Water distribution | 417,033 | - |
| Water plant operations | 665,930 | - |
| Water purchases | 1,478,250 | - |
| Sewer | 218,431 | - |
| Collection administration | 1,787,604 | - |
| Personnel services | - | 4,197 |
| Depreciation | 753,939 | - |
| Total Operating Expenses | 5,321,187 | 4,197 |
| Operating Income | 978,011 | 1,421 |
| <u>Nonoperating Revenues (Expenses)</u> | | |
| Investment revenue | 5,124 | - |
| Interest expense | (249,456) | - |
| Intergovernmental | 1,226,259 | - |
| Total Nonoperating Revenues | 981,927 | - |
| Income before Transfers | 1,959,938 | 1,421 |
| Transfers (out) | (188,300) | - |
| Change in Net Position | 1,771,638 | 1,421 |
| Beginning net position | 8,914,414 | 44,382 |
| Ending Net Position | \$ 10,686,052 | \$ 45,803 |

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, 2015

| | Business-Type Activities | Governmental Activities |
|--|-----------------------------|----------------------------|
| | Utility | Internal Service |
| <u>Cash Flows from Operating Activities</u> | | |
| Receipts from customers and users | \$ 6,263,071 | \$ 5,618 |
| Payments to suppliers | (2,689,465) | - |
| Payments to employees | (1,402,830) | (4,197) |
| Net Cash Provided by Operating Activities | 2,170,776 | 1,421 |
| <u>Cash Flows from Noncapital Financing Activities</u> | | |
| Transfers to other funds | (188,300) | - |
| Net Cash (Used) by Noncapital Financing Activities | (188,300) | - |
| <u>Cash Flows from Capital and Related Financing Activities</u> | | |
| Acquisition and construction of capital assets | (3,330,415) | - |
| Proceeds from bond issuance | 4,445,000 | - |
| Principal paid on capital debt | (846,261) | - |
| Grant proceeds | 1,226,259 | - |
| Interest paid on capital debt | (249,456) | - |
| Net Cash Provided by Capital and Related Financing Activities | 1,245,127 | - |
| <u>Cash Flows from Investing Activities</u> | | |
| Interest received | 5,124 | - |
| Net Cash Provided by Investing Activities | 5,124 | - |
| Net Increase in Cash and Cash Equivalents | 3,232,727 | 1,421 |
| Beginning cash and cash equivalents | 4,105,720 | 44,382 |
| Ending Cash and Cash Equivalents | \$ 7,338,447 | \$ 45,803 |
| <u>Ending Cash and Cash Equivalents</u> | | |
| Unrestricted cash and cash equivalents | \$ 1,807,742 | \$ 45,803 |
| Restricted cash and cash equivalents | 5,530,705 | - |
| | \$ 7,338,447 | \$ 45,803 |

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, 2015

| | Business-Type Activities | Governmental Activities |
|--|-----------------------------|----------------------------|
| | Utility | Internal Service |
| Reconciliation of Operating Income | | |
| to Net Cash Provided by Operating Activities | | |
| Operating income | \$ 978,011 | \$ 1,421 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 753,939 | - |
| Changes in Operating Assets and Liabilities: | | |
| (Increase) Decrease in Current Assets: | | |
| Accounts receivable | (51,497) | - |
| Inventory | (12,387) | - |
| Deferred outflows | 32,906 | - |
| Deferred charges | 167,192 | - |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts payable and accrued liabilities | 261,391 | - |
| Compensated absences | 8,728 | - |
| Deferred inflows | 55,608 | - |
| Net pension liability | (38,485) | - |
| Customer deposits | 15,370 | - |
| Net Cash Provided by Operating Activities | \$ 2,170,776 | \$ 1,421 |

See Notes to Financial Statements.

CITY OF ANGLETON, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

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.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

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 always considered to be a major fund for reporting purposes.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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. The debt service fund is considered a major fund for reporting purposes.

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 of the City, 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 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.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.”

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

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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, 2015

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 has three items that qualify for reporting in this category on 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. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

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 one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, 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 one 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.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

8. Long-Term Obligations

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

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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).

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.

13. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirements System (TESRS) and additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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 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 September 30, 2015.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|-------------------------------------|---------------------|--|
| Investment pools | \$ 2,402,416 | 0.00 |
| Total Fair Value | \$ 2,402,416 | |
| Portfolio weighted average maturity | | 0.00 |

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, 2015, 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 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 ‘AAAm’. 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 “AAAm”. 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.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

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> |
|----------------|-------------------|---------------------|-------------------|----------------------------------|-------------------|---------------------|
| Property taxes | \$ 159,228 | \$ 35,572 | \$ - | \$ - | \$ - | \$ 194,800 |
| Other taxes | 174,806 | - | 448,629 | 293,169 | - | 916,604 |
| Other | - | 500 | - | - | - | 500 |
| Accounts | 260,569 | - | - | 3,286 | 1,236,513 | 1,500,368 |
| Less allowance | (74,152) | (19,861) | - | - | (336,788) | (430,801) |
| | <u>\$ 520,451</u> | <u>\$ 16,211</u> | <u>\$ 448,629</u> | <u>\$ 296,455</u> | <u>\$ 899,725</u> | <u>\$ 2,181,471</u> |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

C. Capital Assets

A summary of changes in capital assets for governmental activities for the year ended September 30, 2015 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---|---------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,154,023 | \$ - | \$ - | \$ 1,154,023 |
| Construction in progress | - | 23,611 | - | 23,611 |
| Total capital assets not being depreciated | <u>1,154,023</u> | <u>23,611</u> | <u>-</u> | <u>1,177,634</u> |
| Other capital assets: | | | | |
| Buildings and improvements | 12,340,337 | 55,523 | - | 12,395,860 |
| Equipment | 10,462,812 | 228,014 | - | 10,690,826 |
| Infrastructure | 23,652,797 | - | - | 23,652,797 |
| Total other capital assets | <u>46,455,946</u> | <u>283,537</u> | <u>-</u> | <u>46,739,483</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,083,882) | (286,693) | - | (3,370,575) |
| Equipment | (7,347,622) | (445,759) | - | (7,793,381) |
| Infrastructure | (13,715,309) | (497,822) | - | (14,213,131) |
| Total accumulated depreciation | <u>(24,146,813)</u> | <u>(1,230,274)</u> | <u>-</u> | <u>(25,377,087)</u> |
| Other capital assets, net | <u>22,309,133</u> | <u>(946,737)</u> | <u>-</u> | <u>21,362,396</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 23,463,156</u> | <u>\$ (923,126)</u> | <u>\$ -</u> | <u>22,540,030</u> |
| | | | Less associated debt | (7,361,887) |
| | | | Plus deferred charge on refunding | <u>70,666</u> |
| | | | Net Investment in Capital Assets | <u>\$ 15,248,809</u> |

Depreciation was charged to governmental functions as follows:

| | |
|---|---------------------|
| General administration | \$ 54,608 |
| Public safety | 334,880 |
| Community services | <u>840,786</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 1,230,274</u> |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2015:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|---------------------|---|---------------------------|
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 768,724 | \$ 2,417,500 | \$ (1,452,244) | \$ 1,733,980 |
| Total capital assets not being depreciated | 768,724 | 2,417,500 | (1,452,244) | 1,733,980 |
| Other capital assets: | | | | |
| Buildings and other improvements | 297,209 | - | - | 297,209 |
| Equipment | 2,036,644 | 43,811 | (14,370) | 2,066,085 |
| Infrastructure | 37,945,737 | 2,322,786 | - | 40,268,523 |
| Total other capital assets | 40,279,590 | 2,366,597 | (14,370) | 42,631,817 |
| Less accumulated depreciation for: | | | | |
| Buildings and other improvements | (243,800) | (4,132) | - | (247,932) |
| Equipment | (1,184,480) | (89,656) | 12,932 | (1,261,204) |
| Infrastructure | (24,445,719) | (660,151) | - | (25,105,870) |
| Total accumulated depreciation | (25,873,999) | (753,939) | 12,932 | (26,615,006) |
| Other capital assets, net | 14,405,591 | 1,612,658 | (1,438) | 16,016,811 |
| Business-Type Activities Capital Assets, Net | \$ 15,174,315 | \$ 4,030,158 | \$ (1,453,682) | 17,750,791 |
| | | | Less associated debt | (13,571,959) |
| | | | Plus unspent bond proceeds | 5,530,705 |
| | | | Plus deferred charge on refunding | 71,779 |
| | | | Net Investment in Capital Assets | \$ 9,781,316 |

Depreciation was charged to business-type functions as follows:

| | |
|--|-------------------|
| Water | \$ 140,947 |
| Sewer | 612,992 |
| Total Business-Type Activities Depreciation Expense | \$ 753,939 |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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 September 30, 2015. 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> |
|--------------------------------------|------------------------------|---------------------|---------------------|---------------------------|--|
| Governmental Activities | | | | | |
| Bonds, notes and other payables: | | | | | |
| General obligation | | | | | |
| refunding bonds | \$ 4,148,332 | \$ - | \$ 753,739 | \$ 3,394,593 | * \$ 773,015 |
| Certificates of obligation | 3,290,000 | - | 370,000 | 2,920,000 | * 325,000 |
| Plus deferred amounts: | | | | | |
| For premiums | 68,391 | - | 13,678 | 54,713 | * |
| Capital leases | 453,271 | 660,172 | 120,862 | 992,581 | * 126,182 |
| Grant obligation | 14,025 | - | 6,000 | 8,025 | 6,000 |
| | <u>7,974,019</u> | <u>660,172</u> | <u>1,264,279</u> | <u>7,369,912</u> | <u>1,230,197</u> |
| Other liabilities: | | | | | |
| Net pension liability | 2,459,054 | - | 203,448 | 2,255,606 | - |
| Compensated absences | 448,505 | 439,769 | 416,389 | 471,885 | 424,696 |
| | <u>2,907,559</u> | <u>439,769</u> | <u>619,837</u> | <u>2,727,491</u> | <u>424,696</u> |
| Total Governmental Activities | <u>\$ 10,881,578</u> | <u>\$ 1,099,941</u> | <u>\$ 1,884,116</u> | <u>\$ 10,097,403</u> | <u>\$ 1,654,893</u> |
| | | | | <u>\$ 8,442,510</u> | |
| | | | | <u>\$ 7,361,887</u> | |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|---|------------------------------|---------------------|---------------------|---|--|
| Business-Type Activities | | | | | |
| General obligation | | | | | |
| refunding bonds | \$ 3,191,668 | \$ - | \$ 441,261 | \$ 2,750,407 | * \$ 446,985 |
| Certificates of obligation | 6,515,000 | 4,445,000 | 405,000 | 10,555,000 | * 590,000 |
| Plus deferred amounts: | | | | | |
| For premiums | 108,333 | 179,886 | 21,667 | 266,552 | * |
| | <u>9,815,001</u> | <u>4,624,886</u> | <u>867,928</u> | <u>13,571,959</u> | <u>1,036,985</u> |
| Other liabilities: | | | | | |
| Net pension liability | 1,012,363 | - | 38,485 | 973,878 | - |
| Compensated absences | 106,387 | 121,440 | 112,712 | 115,115 | 103,603 |
| | <u>1,118,750</u> | <u>121,440</u> | <u>151,197</u> | <u>1,088,993</u> | <u>103,603</u> |
| Total Business-Type Activities | <u>\$ 10,933,751</u> | <u>\$ 4,746,326</u> | <u>\$ 1,019,125</u> | <u>\$ 14,660,952</u> | <u>\$ 1,140,588</u> |
| | | | | <u>Long-Term Debt Due In More Than One Year</u> | <u>\$ 13,520,364</u> |
| | | | | <u>* Debt Associated With Capital Assets</u> | <u>\$ 13,571,959</u> |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

| Description | Interest Rates | Balance |
|--|----------------|-----------------------------|
| <u>Governmental Activities</u> | | |
| General Obligation Refunding Bonds | | |
| Series 2010 | 3.00% | \$ 1,620,000 |
| Series 2013 | 1.75% | 1,774,593 |
| | | <u>3,394,593</u> |
| Certificates of Obligation | | |
| Series 2005 | 3.50% | 360,000 |
| Series 2007 | 4.00-5.00% | 1,100,000 |
| Series 2008 | 4.00-5.25% | 1,460,000 |
| | | <u>2,920,000</u> |
| | | <u>6,314,593</u> |
| Capital Leases | | |
| 08-09 Texas Gulf Coast | 3.50% | 80,925 |
| Water Barn | 8.25% | 319,991 |
| Fire Truck | 3.25% | 551,551 |
| Equipment - Recreation Center | 3.25% | 40,114 |
| | | <u>992,581</u> |
| Other | | |
| Grant obligation | 0.00% | 8,025 |
| | | <u>8,025</u> |
| Total Governmental Activities Long-Term Debt | | \$ <u>7,315,199</u> |
| <u>Business-Type Activities</u> | | |
| General Obligation Refunding Bonds | | |
| Series 2010 | 3.00% | \$ 375,000 |
| Series 2013 | 1.75% | 2,375,407 |
| | | <u>2,750,407</u> |
| Certificates of Obligation | | |
| Water and sewer, series 2007 | 4.00-5.00% | 2,875,000 |
| Water and sewer, series 2013 | 2.28% | 3,235,000 |
| Water and sewer, series 2015 | 3.00-4.00% | 4,445,000 |
| | | <u>10,555,000</u> |
| Total Business-Type Activities Long-Term Debt | | \$ <u>13,305,407</u> |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

Governmental Activities

| Year Ending Sep 30 | General Obligation Refunding Bonds | | Certificates of Obligation | | Capital Leases | | Grant Obligations | |
|--------------------------|---------------------------------------|-------------------|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016 | \$ 773,015 | \$ 72,260 | \$ 325,000 | \$ 115,172 | \$ 126,182 | \$ 48,147 | \$ 6,000 | \$ - |
| 2017 | 794,430 | 51,930 | 240,000 | 101,698 | 131,671 | 42,813 | 2,025 | - |
| 2018 | 811,568 | 31,874 | 250,000 | 91,241 | 118,862 | 37,314 | - | - |
| 2019 | 218,082 | 17,773 | 310,000 | 80,369 | 124,424 | 31,896 | - | - |
| 2020 | 228,773 | 13,956 | 330,000 | 67,742 | 110,493 | 21,779 | - | - |
| 2021-2025 | 568,725 | 18,708 | 1,065,000 | 200,668 | 380,949 | 30,970 | - | - |
| 2026-2028 | - | - | 400,000 | 19,490 | - | - | - | - |
| Total | \$ 3,394,593 | \$ 206,501 | \$ 2,920,000 | \$ 676,380 | \$ 992,581 | \$ 212,919 | \$ 8,025 | \$ - |

Business-Type Activities

| Year Ending Sep 30 | General Obligation Refunding Bonds | | Certificates of Obligation | |
|--------------------------|---------------------------------------|-------------------|-------------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2016 | \$ 446,985 | \$ 50,615 | \$ 590,000 | \$ 337,060 |
| 2017 | 460,570 | 41,295 | 600,000 | 302,393 |
| 2018 | 433,432 | 31,365 | 665,000 | 279,547 |
| 2019 | 341,918 | 24,540 | 580,000 | 260,224 |
| 2020 | 306,227 | 18,681 | 640,000 | 243,196 |
| 2021-2025 | 761,275 | 25,041 | 3,790,000 | 877,193 |
| 2026-2030 | - | - | 2,305,000 | 354,074 |
| 2031-2035 | - | - | 1,385,000 | 120,783 |
| Total | \$ 2,750,407 | \$ 191,537 | \$ 10,555,000 | \$ 2,774,470 |

The City is not obligated in any manner for special assessment debt. Capital assets acquired under current capital lease obligations totaled \$2,402,992, less accumulated depreciation of \$1,579,344, net \$823,648.

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, 2015

E. Interfund Transactions

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

| Transfer In | Transfer Out | Amounts |
|--------------|--------------|--------------|
| General | Street | \$ 772,450 |
| General | Nonmajor | 156,463 |
| General | Utility | 180,200 |
| Debt service | Street | 159,905 |
| Debt service | Nonmajor | 424,460 |
| Debt service | Utility | 8,100 |
| Nonmajor | General | 70,572 |
| Nonmajor | Nonmajor | 505,002 |
| | | \$ 2,277,152 |

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.

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

| Due To | Due From | Amount |
|---------|----------|------------|
| General | Nonmajor | \$ 377,175 |

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 \$447,867 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:

| | |
|---------------------------------|--------------|
| Utility Fund | |
| Restricted for capital projects | \$ 5,530,705 |

H. Restatement of Fund Balance/Net Position

The City implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City has restated beginning net position to account for the net pension liability as of measurement date, December 31, 2013. In addition, the City has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year, August 31, 2014.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Beginning net position was restated as follows:

| | Governmental Activites | Business-Type Activities |
|--|-----------------------------------|-------------------------------------|
| Prior year ending net position as reported | \$ 20,542,348 | \$ 9,679,879 |
| Deferred outflows - contributions after measurement date (TMRS) | 356,588 | 146,803 |
| Net pension liability (TMRS) | (2,459,054) | (1,012,363) |
| Reverse net pension obligation (TMRS) | 243,132 | 100,095 |
| Deferred outflows - contributions after measurement date (TESRS) | 20,580 | - |
| Net pension liability (TESRS) | (116,370) | - |
| Restated beginning net position | \$ 18,587,224 | \$ 8,914,414 |

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 2,617 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.

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

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:

| | 2015 | 2014 |
|--|---------------------------|---------------------------|
| 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 | 70% of CPI |

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 49 |
| Inactive employees entitled to but not yet receiving benefits | 37 |
| Active employees | 119 |
| Total | 205 |

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent,

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute six percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.26 percent and 12.41 percent in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$687,403 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|---|
| Inflation | 3.0% per year |
| Overall payroll growth | 3.0% per year |
| Investment rate of return | 7.0%, net of pension plan investment expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is seven percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|--------------------------|--|
| Domestic Equity | 17.5% | 4.80% |
| International Equity | 17.5% | 6.05% |
| Core Fixed Income | 30.0% | 1.50% |
| Non-Core Fixed Income | 10.0% | 3.50% |
| Real Return | 5.0% | 1.75% |
| Real Estate | 10.0% | 5.25% |
| Absolute Return | 5.0% | 4.25% |
| Private Equity | 5.0% | 8.50% |
| Total | 100.0% | |

Discount Rate

The discount rate used to measure the TPL was seven percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (A) | (B) | (A) - (B) |
| Changes for the year: | | | |
| Service cost | \$ 698,595 | \$ - | \$ 698,595 |
| Interest | 1,507,813 | - | 1,507,813 |
| Difference between expected and actual experience | (436,428) | - | (436,428) |
| Contributions - employer | - | 660,722 | (660,722) |
| Contributions - employee | - | 323,355 | (323,355) |
| Net investment income | - | 1,039,581 | (1,039,581) |
| Benefit payments, including refunds of employee contributions | (903,465) | (903,465) | - |
| Administrative expense | - | (10,853) | 10,853 |
| Other changes | - | (892) | 892 |
| Net Changes | 866,515 | 1,108,448 | (241,933) |
| Balance at December 31, 2013 | 21,642,614 | 18,171,197 | 3,471,417 |
| Balance at December 31, 2014 | \$ 22,509,129 | \$ 19,279,645 | \$ 3,229,484 |

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of seven percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

| | 1% Decrease in Discount Rate (6.0%) | Discount Rate (7.0%) | 1% Increase in Discount Rate (8.0%) |
|------------------------------|---|-------------------------|---|
| City's Net Pension Liability | \$ 6,472,576 | \$ 3,229,484 | \$ 577,846 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$582,438.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ - | \$ 349,571 |
| Difference between projected and actual investment earnings | 185,922 | - |
| Contributions subsequent to the measurement date | 530,072 | - |
| Total | <u>\$ 715,994</u> | <u>\$ 349,571</u> |

\$530,072 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended September 30</u> | <u>Pension Expense Amount</u> |
|--------------------------------|---------------------------------------|
| 2016 | \$ (40,376) |
| 2017 | (40,376) |
| 2018 | (40,376) |
| 2019 | (40,378) |
| 2020 | (2,143) |
| Total | <u>\$ (163,649)</u> |

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) 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 pension 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) | 4,036 |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Pension Plan Fiduciary Net Position

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th 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 10 percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

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 TESRS, 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 TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS "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 adoption of the

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

rules showed TESRS to have an adequate contribution arrangement without any Part Two contributions.

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

A small subset of participating departments have 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 TESRS. 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 TESRS.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$20,580 were paid by the City. The State appropriated \$1,530,343 for the fiscal year ending August 31, 2014 to the plan as a whole.

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 |
| 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 |

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50 percent). In addition, the final 7.75 percent assumption reflected a reduction of 0.20 percent for adverse deviation.

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Net Real Rate of Return |
|----------------------------|-------------------|--|
| Equities | | |
| Large cap domestic | 32% | 5.2% |
| Small cap domestic | 10 | 5.8 |
| Developed international | 21 | 5.5 |
| Emerging markets | 6 | 5.4 |
| Master limited partnership | 5 | 7.1 |
| Fixed income | | |
| Domestic | 21 | 1.4 |
| International | 5 | 1.6 |
| Cash | 0 | 0.0 |
| Total | 100% | |

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

| | 1% Decrease in Discount Rate (6.75%) | Discount Rate (7.75%) | 1% increase in Discount Rate (8.75%) |
|--|---|-----------------------|---|
| City's proportionate share of the net pension liability | \$ 169,277 | \$ 82,146 | \$ 31,309 |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Pension Liabilities, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

At August 31, 2014, the City reported a liability of \$82,146 for its proportionate share of TESRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

| | |
|--|------------------|
| City's proportionate share of the collective net pension liability | \$82,146 |
| State's proportionate share that is associated with the City* | <u>27,613</u> |
| Total | <u>\$109,759</u> |

**Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.*

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12 month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2014. The City used the assumption that any differences in the net pension liability measured as of August 31, 2014 versus September 30, 2014 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014, the employer's proportion of the collective net pension liability was 2.115 percent. TESRS did not provide prior year proportions measured as of August 31, 2013. The City is using the assumption that the change in proportion would have been immaterial and, therefore, disregarded it this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2014, the City recognized pension expense of \$12,276. The City recognized on-behalf revenues of \$6,918 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At August 31, 2014, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between projected and actual investment earnings | \$ - | \$ 20,702 |
| Contributions paid to TESRS subsequent to the measurement date | 20,200 | - |
| Total | \$ 20,200 | \$ 20,702 |

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Years Ended September 30 | Pension Expense |
|---------------------------------|------------------------|
| 2016 | \$ (5,175) |
| 2017 | (5,175) |
| 2018 | (5,176) |
| 2019 | (5,176) |
| Total | \$ (20,702) |

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 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, 2015, 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 2015, 2014, and 2013 were \$2,777, \$2,820 and \$3,008, respectively. The City’s contribution rates for the past three years are shown below:

| | 2015 | 2014 | 2013 |
|------------------------------------|-------------|-------------|-------------|
| Annual Required Contribution (ARC) | 0.05% | 0.05% | 0.06% |
| Actual Contribution Made | 0.05% | 0.05% | 0.06% |
| Percentage of ARC Contributed | 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

CITY OF ANGLETON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.
- 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's property. Refunds will begin with tax year 2016 and the first refund would be paid in 2017.

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, 2015

| | <u>Original Budget Amounts</u> | <u>Final Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------|--|-------------------------------------|---------------------------|---|
| <u>Revenues</u> | | | | |
| Property taxes | \$ 4,806,792 | \$ 4,806,792 | \$ 4,789,835 | \$ (16,957) |
| Franchise and local taxes | 585,000 | 585,000 | 607,531 | 22,531 |
| Industrial district agreement | 123,600 | 123,600 | 121,206 | (2,394) |
| Permits, licenses, and fees | 216,500 | 216,500 | 256,748 | 40,248 |
| Fines and forfeitures | 871,800 | 871,800 | 686,676 | (185,124) |
| Charges for services | 2,040,000 | 2,040,000 | 1,977,791 | (62,209) |
| Intergovernmental | 34,500 | 34,500 | 52,143 | 17,643 |
| Investment revenue | 8,010 | 8,076 | 3,706 | (4,370) |
| Miscellaneous revenue | 103,655 | 128,580 | 120,687 | (7,893) |
| Total Revenues | <u>8,789,857</u> | <u>8,814,848</u> | <u>8,616,323</u> | <u>(198,525)</u> |
| <u>Expenditures</u> | | | | |
| General administration | | | | |
| Administrative | 810,921 | 819,529 | 755,634 | 63,895 |
| Buildings | 178,803 | 1,078,694 | 170,058 | 908,636 |
| Total general administration | <u>989,724</u> | <u>1,898,223</u> | <u>925,692</u> | <u>972,531</u> |
| Financial administration | | | | |
| Tax collection | 41,000 | 42,500 | 41,751 | 749 |
| Finance and accounting | 310,739 | 311,895 | 307,781 | 4,114 |
| Total financial administration | <u>351,739</u> | <u>354,395</u> | <u>349,532</u> | <u>4,863</u> |
| Public safety | | | | |
| Municipal court | 416,120 | 400,153 | 368,126 | 32,027 |
| Police department | 4,275,288 | 4,253,243 | 3,964,291 | 288,952 |
| Animal control | 142,968 | 145,642 | 137,831 | 7,811 |
| Fire department | 301,789 | 301,789 | 281,479 | 20,310 |
| Fire marshal | 9,407 | 9,407 | 1,897 | 7,510 |
| Code enforcement | 405,557 | 412,451 | 352,107 | 60,344 |
| Total public safety | <u>5,551,129</u> | <u>5,522,685</u> | <u>5,105,731</u> | <u>416,954</u> |
| Community services | | | | |
| Information technology | 241,000 | 238,909 | 224,546 | 14,363 |
| Parks and recreation | 779,203 | 778,374 | 733,649 | 44,725 |
| Sanitation | 1,760,000 | 1,760,000 | 1,724,613 | 35,387 |
| Total community services | <u>2,780,203</u> | <u>2,777,283</u> | <u>2,682,808</u> | <u>94,475</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, 2015

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------------------|----------------------------|-------------------|---|
| Economic development | \$ 211,639 | \$ 211,138 | \$ 192,360 | \$ 18,778 |
| Debt service | | | | |
| Principal | 131,211 | 131,211 | 126,862 | 4,349 |
| Interest expense | 41,426 | 41,426 | 42,171 | (745) * |
| Total debt service | 172,637 | 172,637 | 169,033 | 3,604 |
| Total Expenditures | 10,057,071 | 10,936,361 | 9,425,156 | 1,511,205 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,267,214) | (2,121,513) | (808,833) | 1,312,680 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers in | 1,325,906 | 1,325,756 | 1,109,113 | (216,643) |
| Transfers (out) | (61,692) | (104,563) | (70,572) | 33,991 |
| Insurance recoveries | - | 897,320 | 897,315 | (5) |
| Sale of capital assets | 3,000 | 3,000 | - | (3,000) |
| Total Other Financing Sources | 1,267,214 | 2,121,513 | 1,935,856 | (185,657) |
| Net Change in Fund Balance | \$ - | \$ - | 1,127,023 | \$ 1,127,023 |
| Beginning fund balance | | | 2,425,362 | |
| Ending Fund Balance | | | \$ 3,552,385 | |

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Department expenditures did not exceed appropriations at the legal level of control as interest is budgeted by department but presented separately for reporting purposes.

CITY OF ANGLETON, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

| | <u>Measurement Year</u> |
|---|-----------------------------|
| | <u>2014*</u> |
| Total Pension Liability | |
| Service cost | \$ 698,595 |
| Interest (on the total pension liability) | 1,507,813 |
| Difference between expected and actual experience | (436,428) |
| Benefit payments, including refunds of employee contributions | (903,465) |
| Net Change in Total Pension Liability | <u>866,515</u> |
| Beginning total pension liability | <u>21,642,614</u> |
| Ending Total Pension Liability | <u><u>\$ 22,509,129</u></u> |
| Plan Fiduciary Net Position | |
| Contributions - employer | \$ 660,722 |
| Contributions - employee | 323,355 |
| Net investment income | 1,039,581 |
| Benefit payments, including refunds of employee contributions | (903,465) |
| Administrative expense | (10,853) |
| Other | (892) |
| Net Change in Plan Fiduciary Net Position | <u>1,108,448</u> |
| Beginning plan fiduciary net position | <u>18,171,197</u> |
| Ending Plan Fiduciary Net Position | <u><u>\$ 19,279,645</u></u> |
| Net Pension Liability | <u><u>\$ 3,229,484</u></u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 85.65% |
| Covered Employee Payroll | \$ 5,389,248 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 59.92% |

*Only one year of information is currently available.
The City will build this schedule over the next nine-year period.

CITY OF ANGLETON, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

| | Measurement |
|--|--------------------|
| | Year |
| | 2014* |
| City's proportion of the net pension liability | 0.452% |
| City's proportionate share of the net pension liability | \$ 82,146 |
| State's proportionate share of the net pension liability | 27,613 |
| Total | \$ 109,759 |
| Number of Active Members** | 34 |
| City's Net Pension Liability per Active Member | \$ 2,416 |
| Plan fiduciary net position as a percentage of the total pension liability | 83.5% |

*Only one year of information is currently available. The City will build this schedule over the next nine-year period.

**There is no compensation for active members. Number of active members is used instead.

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

CITY OF ANGLETON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

| | Fiscal Year | |
|---|--------------|--------------|
| | 2015* | 2014 |
| Actuarially determined contribution | \$ 687,403 | \$ 658,787 |
| Contributions in relation to the actuarially determined contribution | 687,403 | 658,787 |
| Contribution deficiency (excess) | \$ - | \$ - |
| Covered employee payroll | \$ 5,554,619 | \$ 5,384,941 |
| Contributions as a percentage of covered employee payroll | 12.38% | 12.23% |

*Only two years of information are currently available. The City will build this schedule over the next eight-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 25 years |
| Asset valuation method | 10 year smoothed market; 15% soft corridor |
| Inflation | 3.0% |
| Salary increases | 3.50% to 12.0% including inflation |
| Investment rate of return | 7.0% |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009. |
| Mortality | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |

3. Other Information:

There were no benefit changes during the year.

CITY OF ANGLETON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

| | Fiscal Year | |
|--|------------------|------------------|
| | 2015* | 2014 |
| Contractually required contribution | \$ 20,200 | \$ 20,580 |
| Contributions in relation to the contractually required contribution | <u>20,200</u> | <u>20,580</u> |
| Contribution deficiency (excess) | <u>\$ 40,400</u> | <u>\$ 41,160</u> |
| Number of Active members** | 34 | 34 |
| Contributions per active member | \$ 594 | \$ 605 |

*Only two years of information is currently available. The City will build this schedule over the next eight year period.

**There is no compensation for active members. Number of active members is used instead.

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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.

IDM Incentive Grant Fund - To account for IDM Incentive 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, 2015

| | Special Revenue Funds | | | |
|---|-----------------------|-----------------|----------------------------------|--|
| | Hotel/Motel | Child Safety | Municipal Court Technology | Municipal Court Building Security |
| <u>Assets</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 382,130 | \$ 1,122 | \$ 2,130 | \$ 419 |
| Receivables, net | 68,855 | - | - | - |
| Total Assets | \$ 450,985 | \$ 1,122 | \$ 2,130 | \$ 419 |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 6,789 | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Total Liabilities | 6,789 | - | - | - |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Economic development | 444,196 | - | - | - |
| Special projects | - | 1,122 | 2,130 | 419 |
| Capital projects | - | - | - | - |
| Total Fund Balances | 444,196 | 1,122 | 2,130 | 419 |
| Total Liabilities and Fund Balances | \$ 450,985 | \$ 1,122 | \$ 2,130 | \$ 419 |

Special Revenue Funds

| DWI SEI Traffic Enforcement Grant | Drug Confiscation | Keep Angleton Beautiful | Angleton Better Living | TIRZ #1 | Angleton Act Center |
|--|------------------------------|--|---------------------------------------|-------------------|------------------------------------|
| \$ - | \$ 40,265 | \$ 40,010 | \$ 1,061,212 | \$ 106,167 | \$ 94,097 |
| - | - | 3,286 | 224,314 | - | - |
| <u>\$ -</u> | <u>\$ 40,265</u> | <u>\$ 43,296</u> | <u>\$ 1,285,526</u> | <u>\$ 106,167</u> | <u>\$ 94,097</u> |
| | | | | | |
| \$ - | \$ 6,409 | \$ 143 | \$ - | \$ 165 | \$ 14,248 |
| - | - | - | 377,175 | - | - |
| <u>-</u> | <u>6,409</u> | <u>143</u> | <u>377,175</u> | <u>165</u> | <u>14,248</u> |
| | | | | | |
| - | - | - | 908,351 | - | - |
| - | 33,856 | 43,153 | - | 106,002 | 79,849 |
| - | - | - | - | - | - |
| <u>-</u> | <u>33,856</u> | <u>43,153</u> | <u>908,351</u> | <u>106,002</u> | <u>79,849</u> |
| | | | | | |
| <u>\$ -</u> | <u>\$ 40,265</u> | <u>\$ 43,296</u> | <u>\$ 1,285,526</u> | <u>\$ 106,167</u> | <u>\$ 94,097</u> |

CITY OF ANGLETON, TEXAS
COMBINING BALANCE SHEET (Page 2 of 2)
NONMAJOR GOVERNMENTAL FUNDS

| | Special Revenue Funds | | | |
|---|-----------------------|---------------|------------------|-------------------|
| | Police Donation | Recycling | A/C Donations | Fire Dept. ESD |
| <u>Assets</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 636 | \$ 722 | \$ 1,150 | \$ - |
| Receivables, net | - | - | - | - |
| Total Assets | \$ 636 | \$ 722 | \$ 1,150 | \$ - |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 45 | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Total Liabilities | 45 | - | - | - |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Economic development | - | - | - | - |
| Special projects | 591 | 722 | 1,150 | - |
| Capital projects | - | - | - | - |
| Total Fund Balances | 591 | 722 | 1,150 | - |
| Total Liabilities and Fund Balances | \$ 636 | \$ 722 | \$ 1,150 | \$ - |

| <u>Special Revenue Fund</u> | <u>Capital Project Funds</u> | | |
|---------------------------------|-------------------------------|--------------------------|--|
| <u>IDM Incentive Grant</u> | <u>Capital Project 05</u> | <u>DCP Midstream</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ - | \$ 200,426 | \$ 372,581 | \$ 2,303,067 |
| - | - | - | 296,455 |
| <u>\$ -</u> | <u>\$ 200,426</u> | <u>\$ 372,581</u> | <u>\$ 2,599,522</u> |
| \$ - | \$ - | \$ - | \$ 27,799 |
| - | - | - | 377,175 |
| - | - | - | 404,974 |
| - | - | - | 1,352,547 |
| - | - | - | 268,994 |
| <u>-</u> | <u>200,426</u> | <u>372,581</u> | <u>573,007</u> |
| <u>-</u> | <u>200,426</u> | <u>372,581</u> | <u>2,194,548</u> |
| <u>\$ -</u> | <u>\$ 200,426</u> | <u>\$ 372,581</u> | <u>\$ 2,599,522</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, 2015

| | Special Revenue Funds | | | |
|--|-----------------------|-----------------|----------------------------------|--|
| | Hotel/Motel | Child Safety | Municipal Court Technology | Municipal Court Building Security |
| Revenues | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Franchise and local taxes | 255,917 | - | - | - |
| Sales taxes | - | - | - | - |
| Fines and forfeitures | - | 10,342 | 15,574 | 11,674 |
| Charges for services | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Investment revenue | 291 | 6 | 1 | - |
| Miscellaneous revenue | - | - | - | - |
| Total Revenues | <u>256,208</u> | <u>10,348</u> | <u>15,575</u> | <u>11,674</u> |
| Expenditures | | | | |
| Current: | | | | |
| General administration | - | - | - | - |
| Public safety | - | - | 12,820 | 3,419 |
| Community services | - | - | - | - |
| Economic development | 162,805 | - | - | - |
| Total Expenditures | <u>162,805</u> | <u>-</u> | <u>12,820</u> | <u>3,419</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>93,403</u> | <u>10,348</u> | <u>2,755</u> | <u>8,255</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 15,785 | - | 18,000 | - |
| Transfers (out) | (24,629) | (10,300) | - | (8,000) |
| Capital lease | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>(8,844)</u> | <u>(10,300)</u> | <u>18,000</u> | <u>(8,000)</u> |
| Net Change in Fund Balances | 84,559 | 48 | 20,755 | 255 |
| Beginning fund balances | <u>359,637</u> | <u>1,074</u> | <u>(18,625)</u> | <u>164</u> |
| Ending Fund Balances | <u>\$ 444,196</u> | <u>\$ 1,122</u> | <u>\$ 2,130</u> | <u>\$ 419</u> |

Special Revenue Funds

| DWI SEI Traffic Enforcement Grant | Drug Confiscation | Keep Angleton Beautiful | Angleton Better Living | TIRZ #1 | Angleton Act Center |
|--|------------------------------|--|---------------------------------------|-------------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 18,600 | \$ - |
| - | - | - | - | - | - |
| - | 25,977 | - | 1,271,501 | - | - |
| - | - | - | - | - | 548,003 |
| - | 39 | 37 | 263 | 113 | - |
| - | - | 24,697 | - | - | - |
| - | <u>26,016</u> | <u>24,734</u> | <u>1,271,764</u> | <u>18,713</u> | <u>548,003</u> |
| - | - | - | - | - | 1,005,646 |
| 1,105 | 18,587 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 8,863 | 53,000 | - | - |
| <u>1,105</u> | <u>18,587</u> | <u>8,863</u> | <u>53,000</u> | <u>-</u> | <u>1,005,646</u> |
| <u>(1,105)</u> | <u>7,429</u> | <u>15,871</u> | <u>1,218,764</u> | <u>18,713</u> | <u>(457,643)</u> |
| - | - | - | - | - | 505,002 |
| - | - | - | (945,462) | - | (22,422) |
| - | - | - | - | - | 60,172 |
| - | - | - | <u>(945,462)</u> | <u>-</u> | <u>542,752</u> |
| (1,105) | 7,429 | 15,871 | 273,302 | 18,713 | 85,109 |
| <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>\$ -</u> | <u>\$ 33,856</u> | <u>\$ 43,153</u> | <u>\$ 908,351</u> | <u>\$ 106,002</u> | <u>\$ 79,849</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, 2015

Special Revenue Funds

| | <u>Police Donation</u> | <u>Recycling</u> | <u>A/C Donations</u> | <u>Fire Dept. ESD</u> |
|---|----------------------------|------------------|--------------------------|---------------------------|
| Revenues | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Franchise and local taxes | - | 6,274 | - | - |
| Sales taxes | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | 15,515 | - | - |
| Intergovernmental | - | - | - | - |
| Investment revenue | 1 | 16 | 1 | - |
| Miscellaneous revenue | 1,269 | - | 490 | 233,820 |
| Total Revenues | <u>1,270</u> | <u>21,805</u> | <u>491</u> | <u>233,820</u> |
| Expenditures | | | | |
| Current: | | | | |
| General administration | - | - | - | - |
| Public safety | 5,351 | - | - | 174,185 |
| Community services | - | 24,507 | - | - |
| Economic development | - | - | - | - |
| Total Expenditures | <u>5,351</u> | <u>24,507</u> | <u>-</u> | <u>174,185</u> |
| Excess (Deficiency of Revenues Over (Under) Expenditures | <u>(4,081)</u> | <u>(2,702)</u> | <u>491</u> | <u>59,635</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | - | (15,477) | - | (59,635) |
| Capital lease | - | - | - | 600,000 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(15,477)</u> | <u>-</u> | <u>540,365</u> |
| Net Change in Fund Balances | (4,081) | (18,179) | 491 | 600,000 |
| Beginning fund balances | 4,672 | 18,901 | 659 | (600,000) |
| Ending Fund Balances | <u>\$ 591</u> | <u>\$ 722</u> | <u>\$ 1,150</u> | <u>\$ -</u> |

| <u>Special Revenue Fund</u> | <u>Capital Project Funds</u> | | |
|---------------------------------|-------------------------------|--------------------------|--|
| <u>IDM Incentive Grant</u> | <u>Capital Project 05</u> | <u>DCP Midstream</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ - | \$ - | \$ - | \$ 18,600 |
| - | - | - | 262,191 |
| - | - | - | 1,271,501 |
| - | - | - | 63,567 |
| - | - | - | 563,518 |
| 2,998 | - | - | 2,998 |
| - | 121 | 402 | 1,291 |
| - | - | - | 260,276 |
| <u>2,998</u> | <u>121</u> | <u>402</u> | <u>2,443,942</u> |
| - | - | - | 1,005,646 |
| 2,998 | - | - | 218,465 |
| - | - | - | 24,507 |
| - | - | - | 224,668 |
| <u>2,998</u> | <u>-</u> | <u>-</u> | <u>1,473,286</u> |
| - | 121 | 402 | 970,656 |
| - | - | 36,787 | 575,574 |
| - | - | - | (1,085,925) |
| - | - | - | 660,172 |
| <u>-</u> | <u>-</u> | <u>36,787</u> | <u>149,821</u> |
| - | 121 | 37,189 | 1,120,477 |
| <u>-</u> | <u>200,305</u> | <u>335,392</u> | <u>1,074,071</u> |
| <u>\$ -</u> | <u>\$ 200,426</u> | <u>\$ 372,581</u> | <u>\$ 2,194,548</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, 2015

| <u>Hotel / Motel</u> | | | | |
|---------------------------------------|--|-------------------------------------|---------------------------|---|
| | <u>Original Budget Amounts</u> | <u>Final Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
| Revenues | | | | |
| Franchise and local taxes | \$ 200,000 | \$ 256,000 | \$ 255,917 | \$ (83) |
| Investment revenue | 10 | 10 | 291 | 281 |
| Total Revenues | <u>200,010</u> | <u>256,010</u> | <u>256,208</u> | <u>198</u> |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 184,450 | 184,450 | 162,805 | 21,645 |
| Total Expenditures | <u>184,450</u> | <u>184,450</u> | <u>162,805</u> | <u>21,645</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 15,785 | 15,785 | 15,785 | - |
| Transfers (out) | (31,345) | (87,345) | (24,629) | 62,716 |
| Total Other Financing (Uses) | <u>(15,560)</u> | <u>(71,560)</u> | <u>(8,844)</u> | <u>62,716</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>84,559</u> | <u>\$ 84,559</u> |
| Beginning fund balance | | | 359,637 | |
| Ending Fund Balance | | | <u>\$ 444,196</u> | |

| <u>Municipal Court Technology</u> | | | | |
|--------------------------------------|--|-------------------------------------|---------------------------|---|
| | <u>Original Budget Amounts</u> | <u>Final Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
| Revenues | | | | |
| Fines and forfeitures | \$ 18,000 | \$ 18,000 | \$ 15,574 | \$ (2,426) |
| Investment revenue | 10 | 10 | 1 | (9) |
| Total Revenues | <u>18,010</u> | <u>18,010</u> | <u>15,575</u> | <u>(2,435)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 18,010 | 18,010 | 12,820 | 5,190 |
| Total Expenditures | <u>18,010</u> | <u>18,010</u> | <u>12,820</u> | <u>5,190</u> |
| Other Financing Sources | | | | |
| Transfers in | - | - | 18,000 | 18,000 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>18,000</u> | <u>18,000</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>20,755</u> | <u>\$ 20,755</u> |
| Beginning fund balance | | | (18,625) | |
| Ending Fund Balance | | | <u>\$ 2,130</u> | |

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, 2015

| <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> |
| <u>Revenues</u> | | | | |
| Fines and forfeitures | \$ 15,500 | \$ 15,500 | \$ 11,674 | \$ (3,826) |
| Investment revenue | 5 | 5 | - | (5) |
| Total Revenues | <u>15,505</u> | <u>15,505</u> | <u>11,674</u> | <u>(3,831)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Public safety | 5,505 | 5,505 | 3,419 | 2,086 |
| Total Expenditures | <u>5,505</u> | <u>5,505</u> | <u>3,419</u> | <u>2,086</u> |
| <u>Other Financing (Uses)</u> | | | | |
| Transfers (out) | (10,000) | (10,000) | (8,000) | 2,000 |
| Total Other Financing (Uses) | <u>(10,000)</u> | <u>(10,000)</u> | <u>(8,000)</u> | <u>2,000</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 255 | <u>\$ 255</u> |
| Beginning fund balance | | | 164 | |
| Ending Fund Balance | | | <u>\$ 419</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> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Public safety | \$ - | \$ 1,105 | \$ 1,105 | \$ - |
| Total Expenditures | <u>-</u> | <u>1,105</u> | <u>1,105</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (1,105)</u> | (1,105) | <u>\$ -</u> |
| Beginning fund balance | | | 1,105 | |
| Ending Fund Balance | | | <u>\$ -</u> | |

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, 2015

| | | Drug Confiscation | | | |
|--------------------------------|--------------------------------------|--|-------------------------------------|---------------------------|---|
| | | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | | |
| | Fines and forfeitures | \$ 13,609 | \$ 28,609 | \$ 25,977 | \$ (2,632) |
| | Investment revenue | 20 | 20 | 39 | 19 |
| | Total Revenues | 13,629 | 28,629 | 26,016 | (2,613) |
| Expenditures | | | | | |
| Current: | | | | | |
| | Public safety | 13,629 | 28,629 | 18,587 | 10,042 |
| | Total Expenditures | 13,629 | 28,629 | 18,587 | 10,042 |
| | Net Change in Fund Balance | \$ - | \$ - | 7,429 | \$ 7,429 |
| | Beginning fund balance | | | 26,427 | |
| | Ending Fund Balance | | | \$ 33,856 | |
| | | Keep Angleton Beautiful | | | |
| | | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | | |
| | Investment revenue | \$ 20 | \$ 20 | \$ 37 | \$ 17 |
| | Miscellaneous revenue | 31,759 | 31,759 | 24,697 | (7,062) |
| | Total Revenues | 31,779 | 31,779 | 24,734 | (7,045) |
| Expenditures | | | | | |
| Current: | | | | | |
| | Economic development | 32,429 | 32,429 | 8,863 | 23,566 |
| | Total Expenditures | 32,429 | 32,429 | 8,863 | 23,566 |
| Other Financing Sources | | | | | |
| | Transfers in | 650 | 650 | - | (650) |
| | Total Other Financing Sources | 650 | 650 | - | (650) |
| | Net Change in Fund Balance | \$ - | \$ - | 15,871 | \$ 15,871 |
| | Beginning fund balance | | | 27,282 | |
| | Ending Fund Balance | | | \$ 43,153 | |

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, 2015

| Angleton Better Living | | | | |
|-----------------------------------|--|-------------------------------------|---------------------------|---|
| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | |
| Sales taxes | \$ 1,226,921 | \$ 1,271,501 | \$ 1,271,501 | \$ - |
| Investment revenue | 300 | 300 | 263 | (37) |
| Total Revenues | <u>1,227,221</u> | <u>1,271,801</u> | <u>1,271,764</u> | <u>(37)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 84,451 | 122,651 | 53,000 | 69,651 |
| Total Expenditures | <u>84,451</u> | <u>122,651</u> | <u>53,000</u> | <u>69,651</u> |
| Other Financing (Uses) | | | | |
| Transfers (out) | (1,142,770) | (1,149,150) | (945,462) | 203,688 |
| Total Other (Uses) | <u>(1,142,770)</u> | <u>(1,149,150)</u> | <u>(945,462)</u> | <u>203,688</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>273,302</u> | <u>\$ 273,302</u> |
| Beginning fund balance | | | 635,049 | |
| Ending Fund Balance | | | <u>\$ 908,351</u> | |

| TIRZ #1 Property Tax | | | | |
|-----------------------------------|--|-------------------------------------|---------------------------|---|
| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | |
| Property taxes | \$ 29,739 | \$ 29,739 | \$ 18,600 | \$ (11,139) |
| Investment revenue | 50 | 50 | 113 | 63 |
| Total Revenues | <u>29,789</u> | <u>29,789</u> | <u>18,713</u> | <u>(11,076)</u> |
| Net Change in Fund Balance | <u>\$ 29,789</u> | <u>\$ 29,789</u> | <u>18,713</u> | <u>\$ (11,076)</u> |
| Beginning fund balance | | | 87,289 | |
| Ending Fund Balance | | | <u>\$ 106,002</u> | |

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, 2015

| | | Angleton Act Center | | | |
|---------------------------------------|--------------------------------------|--|-------------------------------------|---------------------------|---|
| | | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | | |
| | Charges for services | \$ 529,500 | \$ 529,500 | \$ 548,003 | \$ 18,503 |
| | Total Revenues | <u>529,500</u> | <u>529,500</u> | <u>548,003</u> | <u>18,503</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| | General administration | 1,169,610 | 1,169,610 | 1,005,646 | 163,964 |
| | Total Expenditures | <u>1,169,610</u> | <u>1,169,610</u> | <u>1,005,646</u> | <u>163,964</u> |
| Other Financing Sources (Uses) | | | | | |
| | Transfers in | 662,310 | 602,138 | 505,002 | (97,136) |
| | Transfers (out) | (22,200) | (22,200) | (22,422) | (222) * |
| | Capital lease | - | 60,172 | 60,172 | - |
| | Total Other Financing Sources | <u>640,110</u> | <u>640,110</u> | <u>542,752</u> | <u>(97,358)</u> |
| | Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>85,109</u> | <u>\$ 85,109</u> |
| | Beginning fund balance | | | (5,260) | |
| | Ending Fund Balance | | | <u>\$ 79,849</u> | |

| | | Police Donation | | | |
|---------------------|-----------------------------------|--|-------------------------------------|---------------------------|---|
| | | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | | |
| | Investment revenue | \$ 4 | \$ 4 | \$ 1 | \$ (3) |
| | Miscellaneous revenue | 4,737 | 5,715 | 1,269 | (4,446) |
| | Total Revenues | <u>4,741</u> | <u>5,719</u> | <u>1,270</u> | <u>(4,449)</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| | Public safety | 4,741 | 5,719 | 5,351 | 368 |
| | Total Expenditures | <u>4,741</u> | <u>5,719</u> | <u>5,351</u> | <u>368</u> |
| | Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>(4,081)</u> | <u>\$ (4,081)</u> |
| | Beginning fund balance | | | 4,672 | |
| | Ending Fund Balance | | | <u>\$ 591</u> | |

Notes to Supplementary Information:

- *Department expenditures did not exceed appropriations at the legal level of control as transfers are budgeted by department but presented separately for reporting purposes.

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, 2015

| | Recycling | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------------|----------------------------|-------------------|---|
| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | |
| Revenues | | | | |
| Charges for services | \$ 15,150 | \$ 15,523 | \$ 15,515 | \$ (8) |
| Franchise and local taxes | 5,477 | 6,277 | 6,274 | (3) |
| Investment revenue | 15 | 16 | 16 | - |
| Total Revenues | <u>20,642</u> | <u>21,816</u> | <u>21,805</u> | <u>(11)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Community services | 15,165 | 24,507 | 24,507 | - |
| Total Expenditures | <u>15,165</u> | <u>24,507</u> | <u>24,507</u> | <u>-</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 10,000 | 18,168 | - | (18,168) |
| Transfers (out) | (15,477) | (15,477) | (15,477) | - |
| Total Other Financing Sources (Uses) | <u>(5,477)</u> | <u>2,691</u> | <u>(15,477)</u> | <u>(18,168)</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>(18,179)</u> | <u>\$ (18,179)</u> |
| Beginning fund balance | | | 18,901 | |
| Ending Fund Balance | | | <u>\$ 722</u> | |

| | A/C Donations | | | Variance with Final Budget Positive (Negative) |
|-------------------------------------|-------------------------------|----------------------------|-------------------|---|
| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | |
| Revenues | | | | |
| Miscellaneous revenue | \$ 400 | \$ 510 | \$ 490 | \$ (20) |
| Investment revenue | - | 2 | 1 | (1) |
| Total Revenues | <u>400</u> | <u>512</u> | <u>491</u> | <u>(21)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General administration | 400 | 400 | - | 400 |
| Total Expenditures | <u>400</u> | <u>400</u> | <u>-</u> | <u>400</u> |
| Other Financing (Uses) | | | | |
| Transfers (out) | - | (112) | - | 112 |
| Total Other Financing (Uses) | <u>-</u> | <u>(112)</u> | <u>-</u> | <u>112</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>491</u> | <u>\$ 491</u> |
| Beginning fund balance | | | 659 | |
| Ending Fund Balance | | | <u>\$ 1,150</u> | |

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, 2015

| Fire Department ESD | | | | |
|---|--|-------------------------------------|---------------------------|---|
| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | |
| Miscellaneous revenue | \$ 215,000 | \$ 233,820 | \$ 233,820 | \$ - |
| Total Revenues | <u>215,000</u> | <u>233,820</u> | <u>233,820</u> | <u>-</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 143,000 | 174,185 | 174,185 | - |
| Total Expenditures | <u>143,000</u> | <u>174,185</u> | <u>174,185</u> | <u>-</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (72,000) | (659,635) | (59,635) | 600,000 |
| Capital lease | - | 600,000 | 600,000 | - |
| Total Other Financing Sources (Uses) | <u>(72,000)</u> | <u>(59,635)</u> | <u>540,365</u> | <u>600,000</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 600,000 | <u>\$ 600,000</u> |
| Beginning fund balance | | | <u>(600,000)</u> | |
| Ending Fund Balance | | | <u>\$ -</u> | |

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, 2015

| | <u>Original Budget Amounts</u> | <u>Final Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|--|-------------------------------------|---------------------------|---|
| <u>Revenues</u> | | | | |
| Property taxes | \$ 774,008 | \$ 774,008 | \$ 768,583 | \$ (5,425) |
| Investment revenue | - | - | 318 | 318 |
| Total Revenues | <u>774,008</u> | <u>774,008</u> | <u>768,901</u> | <u>(5,107)</u> |
| <u>Expenditures</u> | | | | |
| Debt service: | | | | |
| Principal | 1,977,937 | 1,977,937 | 1,123,739 | 854,198 |
| Interest and fiscal agent fees | 504,157 | 504,157 | 225,275 | 278,882 |
| Total Expenditures | <u>2,482,094</u> | <u>2,482,094</u> | <u>1,349,014</u> | <u>1,133,080</u> |
| <u>Other Financing Sources</u> | | | | |
| Transfers in | 1,708,086 | 1,708,086 | 592,465 | (1,115,621) |
| Total Other Financing Sources | <u>1,708,086</u> | <u>1,708,086</u> | <u>592,465</u> | <u>(1,115,621)</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 12,352 | <u>\$ 12,352</u> |
| Beginning fund balance | | | <u>173,781</u> | |
| Ending Fund Balance | | | <u>\$ 186,133</u> | |

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***CONSOLIDATED SUB-FUND
STATEMENTS***

CITY OF ANGLETON, TEXAS

CONSOLIDATED BALANCE SHEET

GENERAL FUND - SUB-FUNDS

September 30, 2015

| | <u>General</u> | <u>Community Events</u> | <u>Capital Lease Purchase</u> | <u>Downtown Revitalization</u> |
|--|----------------------------|-----------------------------|---------------------------------------|------------------------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 2,223,333 | \$ 63,478 | \$ 4,097 | \$ 14,648 |
| Receivables, net | 520,451 | - | - | - |
| Inventory | 491 | - | - | - |
| Prepays | 15,075 | - | - | - |
| Due from other funds | 377,175 | - | - | - |
| Total Assets | <u>\$ 3,136,525</u> | <u>\$ 63,478</u> | <u>\$ 4,097</u> | <u>\$ 14,648</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable and accrued liabilities | \$ 469,085 | \$ 4,140 | \$ - | \$ - |
| Total Liabilities | <u>469,085</u> | <u>4,140</u> | <u>-</u> | <u>-</u> |
| <u>Deferred Inflows of Resources</u> | | | | |
| Unavailable revenue - property taxes | 85,075 | - | - | - |
| <u>Fund Balances</u> | | | | |
| Nonspendable: | | | | |
| Inventory and prepaids | 15,566 | - | - | - |
| Unassigned | 2,566,799 | 59,338 | 4,097 | 14,648 |
| Total Fund Balances | <u>2,582,365</u> | <u>59,338</u> | <u>4,097</u> | <u>14,648</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 3,136,525</u> | <u>\$ 63,478</u> | <u>\$ 4,097</u> | <u>\$ 14,648</u> |

| <u>Citywide Repairs</u> | <u>Total General Fund</u> |
|-----------------------------|-----------------------------------|
| \$ 891,937 | \$ 3,197,493 |
| - | 520,451 |
| - | 491 |
| - | 15,075 |
| - | 377,175 |
| <u>\$ 891,937</u> | <u>\$ 4,110,685</u> |
| | |
| <u>\$ -</u> | <u>\$ 473,225</u> |
| <u>-</u> | <u>473,225</u> |
| | |
| <u>-</u> | <u>85,075</u> |
| | |
| - | 15,566 |
| 891,937 | 3,536,819 |
| <u>891,937</u> | <u>3,552,385</u> |
| | |
| <u>\$ 891,937</u> | <u>\$ 4,110,685</u> |

CITY OF ANGLETON, TEXAS
CONSOLIDATED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND - SUB-FUNDS
For the Year Ended September 30, 2015

| | General | Community Events | Capital Lease Purchase | Downtown Revitalization |
|--|---------------------|---------------------|------------------------------|----------------------------|
| Revenues | | | | |
| Property taxes | \$ 4,789,835 | \$ - | \$ - | \$ - |
| Franchise and local taxes | 607,531 | - | - | - |
| Industrial district agreement | 121,206 | - | - | - |
| Permits, licenses, and fees | 256,748 | - | - | - |
| Fines and forfeitures | 686,676 | - | - | - |
| Charges for services | 1,977,791 | - | - | - |
| Intergovernmental | 52,143 | - | - | - |
| Investment revenue | 3,626 | 66 | - | 14 |
| Miscellaneous revenue | 10,281 | 110,406 | - | - |
| Total Revenues | 8,505,837 | 110,472 | - | 14 |
| Expenditures | | | | |
| Current: | | | | |
| General administration | 920,314 | - | - | - |
| Financial administration | 349,532 | - | - | - |
| Public safety | 5,105,731 | - | - | - |
| Community services | 2,682,808 | - | - | - |
| Economic development | 146,576 | 32,700 | 3,060 | 10,024 |
| Debt service: | | | | |
| Principal | - | - | 126,862 | - |
| Interest and fiscal agent fees | - | - | 42,171 | - |
| Total Expenditures | 9,204,961 | 32,700 | 172,093 | 10,024 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (699,124) | 77,772 | (172,093) | (10,010) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 926,960 | - | 172,153 | 10,000 |
| Transfers (out) | (35,572) | (35,000) | - | - |
| Insurance recoveries | - | - | - | - |
| Total Other Financing Sources (Uses) | 891,388 | (35,000) | 172,153 | 10,000 |
| Net Change in Fund Balances | 192,264 | 42,772 | 60 | (10) |
| Beginning fund balances | 2,390,101 | 16,566 | 4,037 | 14,658 |
| Ending Fund Balances | \$ 2,582,365 | \$ 59,338 | \$ 4,097 | \$ 14,648 |

| <u>Citywide Repairs</u> | <u>Total General Fund</u> |
|-----------------------------|-----------------------------------|
| \$ - | \$ 4,789,835 |
| - | 607,531 |
| - | 121,206 |
| - | 256,748 |
| - | 686,676 |
| - | 1,977,791 |
| - | 52,143 |
| - | 3,706 |
| - | 120,687 |
| - | 8,616,323 |
| 5,378 | 925,692 |
| - | 349,532 |
| - | 5,105,731 |
| - | 2,682,808 |
| - | 192,360 |
| - | 126,862 |
| - | 42,171 |
| 5,378 | 9,425,156 |
| (5,378) | (808,833) |
| - | 1,109,113 |
| - | (70,572) |
| 897,315 | 897,315 |
| 897,315 | 1,935,856 |
| 891,937 | 1,127,023 |
| - | 2,425,362 |
| \$ 891,937 | \$ 3,552,385 |

CITY OF ANGLETON, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
UTILITY FUND - SUB-FUNDS
September 30, 2015

| | <u>Water</u> | <u>288/523 Impact Fees</u> | <u>Water Well Construction</u> | <u>Capital Lease Purchase</u> |
|---|----------------------|--------------------------------|------------------------------------|---------------------------------------|
| <u>Assets</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,474,885 | \$ 332,857 | \$ - | \$ - |
| Receivables, net | 828,674 | - | 71,051 | - |
| Inventory | 47,139 | - | - | - |
| Total Current Assets | <u>2,350,698</u> | <u>332,857</u> | <u>71,051</u> | <u>-</u> |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents | - | - | 248,688 | 16 |
| Capital assets: | | | | |
| Nondepreciable | 61,970 | - | 1,383,420 | - |
| Depreciable, net | 16,016,811 | - | - | - |
| Total Capital Assets (Net of Accumulated Depreciation) | <u>16,078,781</u> | <u>-</u> | <u>1,383,420</u> | <u>-</u> |
| Total Noncurrent Assets | <u>16,078,781</u> | <u>-</u> | <u>1,632,108</u> | <u>16</u> |
| Total Assets | <u>18,429,479</u> | <u>332,857</u> | <u>1,703,159</u> | <u>16</u> |
| <u>Deferred Outflows of Resources:</u> | | | | |
| Deferred outflows - pensions | 113,897 | - | - | - |
| Deferred charge on refunding | 71,779 | - | - | - |
| Total Deferred Outflows of Resources | <u>185,676</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Liabilities</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 308,968 | - | 172,096 | - |
| Customer deposits | 279,370 | - | - | - |
| Accrued interest payable | 31,947 | - | - | - |
| Long-term debt due within one year | 845,588 | - | - | - |
| Total Current Liabilities | <u>1,465,873</u> | <u>-</u> | <u>172,096</u> | <u>-</u> |
| Noncurrent liabilities: | | | | |
| Net pension liability | 973,878 | - | - | - |
| Long-term debt due in more than one year | 4,981,599 | - | - | - |
| Total Noncurrent Liabilities | <u>5,955,477</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>7,421,350</u> | <u>-</u> | <u>172,096</u> | <u>-</u> |
| <u>Deferred Inflows of Resources:</u> | | | | |
| Deferred inflows - pensions | 55,608 | - | - | - |
| <u>Net Position</u> | | | | |
| Net investment in capital assets | 15,969,193 | - | 1,383,420 | - |
| Unrestricted | (4,830,996) | 332,857 | 147,643 | 16 |
| Total Net Position | <u>\$ 11,138,197</u> | <u>\$ 332,857</u> | <u>\$ 1,531,063</u> | <u>\$ 16</u> |

| <u>2013</u> <u>C.O. Bonds</u> | <u>2015</u> <u>C.O. Bonds</u> | <u>Total</u> <u>Utility</u> <u>Fund</u> |
|----------------------------------|----------------------------------|---|
| \$ - | \$ - | \$ 1,807,742 |
| - | - | 899,725 |
| - | - | 47,139 |
| - | - | <u>2,754,606</u> |
| 1,056,119 | 4,225,882 | 5,530,705 |
| 133,078 | 155,512 | 1,733,980 |
| - | - | <u>16,016,811</u> |
| <u>133,078</u> | <u>155,512</u> | <u>17,750,791</u> |
| <u>1,189,197</u> | <u>4,381,394</u> | <u>23,281,496</u> |
| <u>1,189,197</u> | <u>4,381,394</u> | <u>26,036,102</u> |
| - | - | 113,897 |
| - | - | 71,779 |
| - | - | <u>185,676</u> |
| 5,312 | 5,316 | 491,692 |
| - | - | 279,370 |
| - | 16,157 | 48,104 |
| 130,000 | 165,000 | 1,140,588 |
| <u>135,312</u> | <u>186,473</u> | <u>1,959,754</u> |
| - | - | 973,878 |
| <u>3,105,000</u> | <u>4,459,887</u> | <u>12,546,486</u> |
| <u>3,105,000</u> | <u>4,459,887</u> | <u>13,520,364</u> |
| <u>3,240,312</u> | <u>4,646,360</u> | <u>15,480,118</u> |
| - | - | 55,608 |
| (3,101,922) | (4,469,375) | 9,781,316 |
| 1,050,807 | 4,204,409 | 904,736 |
| <u>\$ (2,051,115)</u> | <u>\$ (264,966)</u> | <u>\$ 10,686,052</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, 2015

| | <u>Water</u> | <u>Fund 124</u> | <u>Water Well Construction</u> | <u>Capital Lease Purchase</u> |
|--|----------------------|-------------------|------------------------------------|---------------------------------------|
| <u>Operating Revenues</u> | | | | |
| Water sales | \$ 3,388,612 | \$ - | \$ - | \$ - |
| Sanitary sewer services | 2,201,581 | - | - | - |
| Other service fees | 376,355 | 332,650 | - | - |
| Total Operating Revenues | 5,966,548 | 332,650 | - | - |
| <u>Operating Expenses</u> | | | | |
| Water distribution | 271,340 | - | - | - |
| Water plant operations | 583,130 | - | - | - |
| Water purchases | 1,478,250 | - | - | - |
| Sewer | 218,431 | - | - | - |
| Collection administration | 1,668,130 | - | - | - |
| Depreciation | 753,939 | - | - | - |
| Total Operating Expenses | 4,973,220 | - | - | - |
| Operating Income (Loss) | 993,328 | 332,650 | - | - |
| <u>Nonoperating Revenues (Expenses)</u> | | | | |
| Investment revenue | 1,278 | 207 | 133 | - |
| Interest expense | (249,456) | - | - | - |
| Intergovernmental | - | - | 1,226,259 | - |
| Total Nonoperating Revenues (Expenses) | (248,178) | 207 | 1,226,392 | - |
| Income (Loss) Before Transfers | 745,150 | 332,857 | 1,226,392 | - |
| Transfers in | 2,003,958 | - | - | - |
| Transfers (out) | (328,300) | - | - | - |
| Total Transfers in (out) | 1,675,658 | - | - | - |
| Change in Net Position | 2,420,808 | 332,857 | 1,226,392 | - |
| Beginning net position | 8,717,389 | - | 304,671 | 16 |
| Ending Net Position | \$ 11,138,197 | \$ 332,857 | \$ 1,531,063 | \$ 16 |

| 2013 | 2015 | Total |
|-----------------------|---------------------|----------------------|
| C.O. Bonds | C.O. Bonds | Utility |
| Fund | | Fund |
| \$ - | \$ - | \$ 3,388,612 |
| - | - | 2,201,581 |
| - | - | 709,005 |
| <u>-</u> | <u>-</u> | <u>6,299,198</u> |
| - | 145,693 | 417,033 |
| 82,800 | - | 665,930 |
| - | - | 1,478,250 |
| - | - | 218,431 |
| - | 119,474 | 1,787,604 |
| - | - | 753,939 |
| <u>82,800</u> | <u>265,167</u> | <u>5,321,187</u> |
| <u>(82,800)</u> | <u>(265,167)</u> | <u>978,011</u> |
| 3,305 | 201 | 5,124 |
| - | - | (249,456) |
| - | - | 1,226,259 |
| <u>3,305</u> | <u>201</u> | <u>981,927</u> |
| (79,495) | (264,966) | 1,959,938 |
| 140,000 | - | 2,143,958 |
| <u>(2,003,958)</u> | <u>-</u> | <u>(2,332,258)</u> |
| <u>(1,863,958)</u> | <u>-</u> | <u>(188,300)</u> |
| (1,943,453) | (264,966) | 1,771,638 |
| <u>(107,662)</u> | <u>-</u> | <u>8,914,414</u> |
| <u>\$ (2,051,115)</u> | <u>\$ (264,966)</u> | <u>\$ 10,686,052</u> |

CITY OF ANGLETON, TEXAS

BALANCE SHEET

2013 C.O. BONDS FUND

MODIFIED ACCRUAL BASIS

September 30, 2015

| | <u>2013</u> <u>C.O. Bonds</u> |
|--|----------------------------------|
| <u>Assets</u> | |
| Cash and cash equivalents | \$ 1,056,119 |
| Total Assets | <u><u>1,056,119</u></u> |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | <u>5,312</u> |
| Total Liabilities | <u><u>5,312</u></u> |
| <u>Fund Balances</u> | |
| Restricted for capital projects | <u>1,050,807</u> |
| Total Fund Balances | <u><u>1,050,807</u></u> |
| Total Liabilities and Fund Balances | <u><u>\$ 1,056,119</u></u> |

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, 2015

| | <u>2013</u> <u>C.O. Bonds</u> |
|--|----------------------------------|
| <u>Revenues</u> | |
| Investment revenue | \$ 3,304 |
| Total Revenues | <u>3,304</u> |
| <u>Expenditures</u> | |
| Current: | |
| Water plant operations | 82,800 |
| Capital outlay | 33,036 |
| Total Expenditures | <u>115,836</u> |
| (Deficiency) of Revenues (Under) Expenditures | <u>(112,532)</u> |
| <u>Other Financing (Uses)</u> | |
| Transfers (out) | <u>(1,655,391)</u> |
| Total Other Financing (Uses) | <u>(1,655,391)</u> |
| Net Change in Fund Balance | <u>(1,767,923)</u> |
| Beginning fund balance | 2,818,730 |
| Ending Fund Balance | <u><u>\$ 1,050,807</u></u> |

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