

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended
September 30, 2015**



Prepared by

**John Maresh
Interim City Manager**

**Joyce Vasut, CPA
Executive Director of Administrative Services**

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2015

**Page
Number**

INTRODUCTORY SECTION

Letter of Transmittal	i – v
GFOA Certificate of Achievement	vi
Organizational Chart	vii
List of Elected and Appointed Officials	viii

FINANCIAL SECTION

Independent Auditors’ Report.....	1 – 3
Management’s Discussion and Analysis	4 – 12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities.....	14 – 15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16 – 17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	18 – 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	20
Statement of Net Position – Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	22

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2015

	<u>Page Number</u>
FINANCIAL SECTION (Continued)	
Statement of Cash Flows – Proprietary Fund	23
Notes to Financial Statements.....	24 – 59
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	60 – 61
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – RDC Projects	62
Schedule of Changes in Net Pension Liability and Related Ratios	63
Schedule of Contributions.....	64
Schedule of Funding Progress Post-Retirement Health Care Benefit Plan	65
Notes to Required Supplementary Information	66
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Governmental Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	68
Special Revenue Funds	
Combining Balance Sheet.....	69 – 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72 – 74

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2015

**Page
Number**

FINANCIAL SECTION (Continued)

Capital Projects Funds

Combining Balance Sheet..... 75 – 77

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances 78 – 80

Budget and Actual Schedules

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Debt Service Fund 81

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Hotel/Motel Tax Fund –
Special Revenue Fund..... 82

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Municipal Court
Technology Fund – Special Revenue Fund 83

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Beautification –
Special Revenue Fund..... 84

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Law Enforcement –
Special Revenue Fund..... 85

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – CDBG –
Special Revenue Fund..... 86

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2015

**Page
Number**

FINANCIAL SECTION (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Asset Forfeiture – Special Revenue Fund.....	87
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Park Land Dedication – Special Revenue Fund.....	88
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Juvenile Case Manager – Special Revenue Fund.....	89
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Court Child Safety – Special Revenue Fund.....	90
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Court Building Security – Special Revenue Fund.....	91
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – MUD Fire – Special Revenue Fund.....	92
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Federal Forfeiture – Special Revenue Fund.....	93
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – PEG Capital – Special Revenue Fund.....	94
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Fire Station #3 – Special Revenue Fund.....	95

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2015

**Page
Number**

FINANCIAL SECTION (Continued)

Internal Service Funds

Combining Balance Sheet.....	96	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	97	
Combining Statement of Cash Flows	98 – 99	

STATISTICAL SECTION

Net Position by Component.....	1	100 – 101
Changes in Net Position.....	2	102 – 105
Governmental Activities Tax Revenues by Source	3	106 – 107
Fund Balances of Governmental Funds.....	4	108 – 109
Changes in Fund Balances of Governmental Funds	5	110 – 111
Governmental Funds Tax Revenues by Source	6	112
Taxable Sales by Category.....	7	113 – 114
Assessed and Estimated Actual Value of Taxable Property	8	115
Direct and Overlapping Property Tax Rates	9	116 – 117
Principal Property Taxpayers.....	10	118
Property Tax Levies and Collections.....	11	119
Ratios of Outstanding Debt by Type	12	120
Ratios of Net General Bonded Debt Outstanding.....	13	121

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2015

	<u>Table</u>	<u>Page Number</u>
STATISTICAL SECTION (Continued)		
Direct and Overlapping Governmental Activities Debt.....	14	122
Legal Debt Margin Information.....	15	123 – 124
Debt Service Fund Projections for Fiscal Year 2013.....	16	125
Computation of Self-Supporting Debt.....	17	126
Demographic and Economic Statistics	18	127
Principal Employers.....	19	128
Fulltime Equivalent City Government Employees by Function.....	20	129 – 130
Operating Indicators by Function	21	131 – 132
Water and Sewer Rates	22	133
Top Ten Water and Sewer Customers	23	134
Capital Asset Statistics by Function	24	135 – 136
COMPLIANCE SECTION		
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		137 – 138

INTRODUCTORY SECTION

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March 1, 2016

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

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of Rosenberg, Texas (City) for the fiscal year ended September 30, 2015 (FY2015).

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

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

As required by the City's Charter, the financial statements have been audited by Pattillo, Brown & Hill, L.L.P., a firm of certified public accountants. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City of Rosenberg for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Rosenberg's financial statements for fiscal year ended September 30, 2015, are presented in conformity with generally accepted accounting principles (GAAP).

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

CITY PROFILE

Rosenberg is located in the Gulf Coast region of Texas, at the geographic center of Fort Bend County, and is approximately thirty miles southwest of downtown Houston along Interstate 69 (I-69). The City encompasses approximately 37 square miles, excluding extraterritorial jurisdictions, and is approximately sixty-three percent (63%) undeveloped.

The City was founded in 1883 and incorporated in 1903, and currently operates under a Council-Manager form of government. The City Council is comprised of a Mayor and six Council Members. The Mayor and

two Council Members are elected at-large, and the remaining four are elected from one of each of the City's four single-member districts. The Mayor and Council are responsible for enacting legislation in the form of ordinances, resolutions, and regulations governing the City. The City Manager is the chief administrative officer of the City, and is responsible for implementation of laws and ordinances and all day-to-day operations of the City.

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

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

LOCAL ECONOMY

Rosenberg's economy showed positive trends in 2015. Much like the Texas economy, Rosenberg experienced job growth, and an increase in building permits and sales tax revenues. These trends all signal that the local economy continues to emerge from the recent recession.

The local unemployment rate in FY2015 exhibited an overall downward trend. The City's unemployment rate was 4.1%, which is below the state rate of 4.2% and well below the national rate of 4.9%. The median owner-occupied home value increased to \$117,000 in 2015, up from \$103,000 in 2011.

Residential development increased in FY2015 by 61% over FY2014 with a total of 432 residential certificates of occupancy issued in FY2015. The number of new commercial buildings opening in FY2015 increased slightly by 1% from the previous year for a total of 31 commercial certificates of occupancy. Commercial additions and remodels remained steady at 110 building permits which exhibits a strong preference for purchasing or leasing existing buildings rather than constructing new facilities.

Sales tax revenue increased by 2% for the City from FY2014 to FY2015. This trend has decreased for the first five (5) months of FY2016 in comparison to FY15. The decrease can be attributed for various reasons: the slowdown of the oil & gas industry and the construction along I-69.

Brazos Town Center, located astride I-69 between FM 762 and Reading Road, is a master-planned mixed use development which integrates retail, residential, and professional spaces interconnected with parks, a trail system, lakes, and fountains. The center is anchored by major national retailers, and as Rosenberg's

newest gateway, Brazos Town Center serves as a regional shopping and dining destination, attracting customers, and sales tax revenue, from outside the City.

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

LONG TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

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

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

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

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

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

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

each fiscal year shall be maintained at 20% or more of the fund's operating expenditures (excluding non-recurring expenditures), or 72 days of total fund operating expenditures for the same fiscal year.

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

FUTURE ECONOMIC OUTLOOK

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

Although the City's property valuations remained relatively flat from the previous year, the property tax base has expanded by a total of 24% since FY2009 to an appraised value of just under \$1.9 billion in FY2015. The tax base is diverse, with the twenty leading taxpayers accounting for only 16% of the appraised value.

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

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

The RDC is involved in many projects which help encourage development in Rosenberg including partnerships:

- To develop deed-restricted business park developments with shovel-ready sites including two premier site locations – Rosenberg Business Park and the Walsh Road Industrial Park;
- To locate a \$60 million, 650,000 square feet distribution center and regional headquarters for national grocer, ALDI;
- To develop a regional workforce training institution, with the development of Texas State Technical College in Rosenberg;
- To bring Paragon Outlets to Rosenberg as the site of their next premier retail outlet center consisting of a 63.5 acre site, representing a capital investment of approximately \$100 million, and creating more than 1,000 new jobs.
- To improve mobility by partnering with Fort Bend Transit to operate a transit system through Rosenberg;
- To undertake several smaller projects which enhance City aesthetics by improving key gateway entrances to the City through enhanced maintenance and landscaping, and through investments in community and neighborhood park improvements.

AWARDS AND ACKNOWLEDGEMENTS

This report has been prepared in accordance with guidelines established by the Government Finance Officers Association (GFOA). The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the 28th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation award for its annual budget for FY2015. In order to qualify for this award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



John Maresh
Interim City Manager

Joyce Vasut
Executive Director of Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

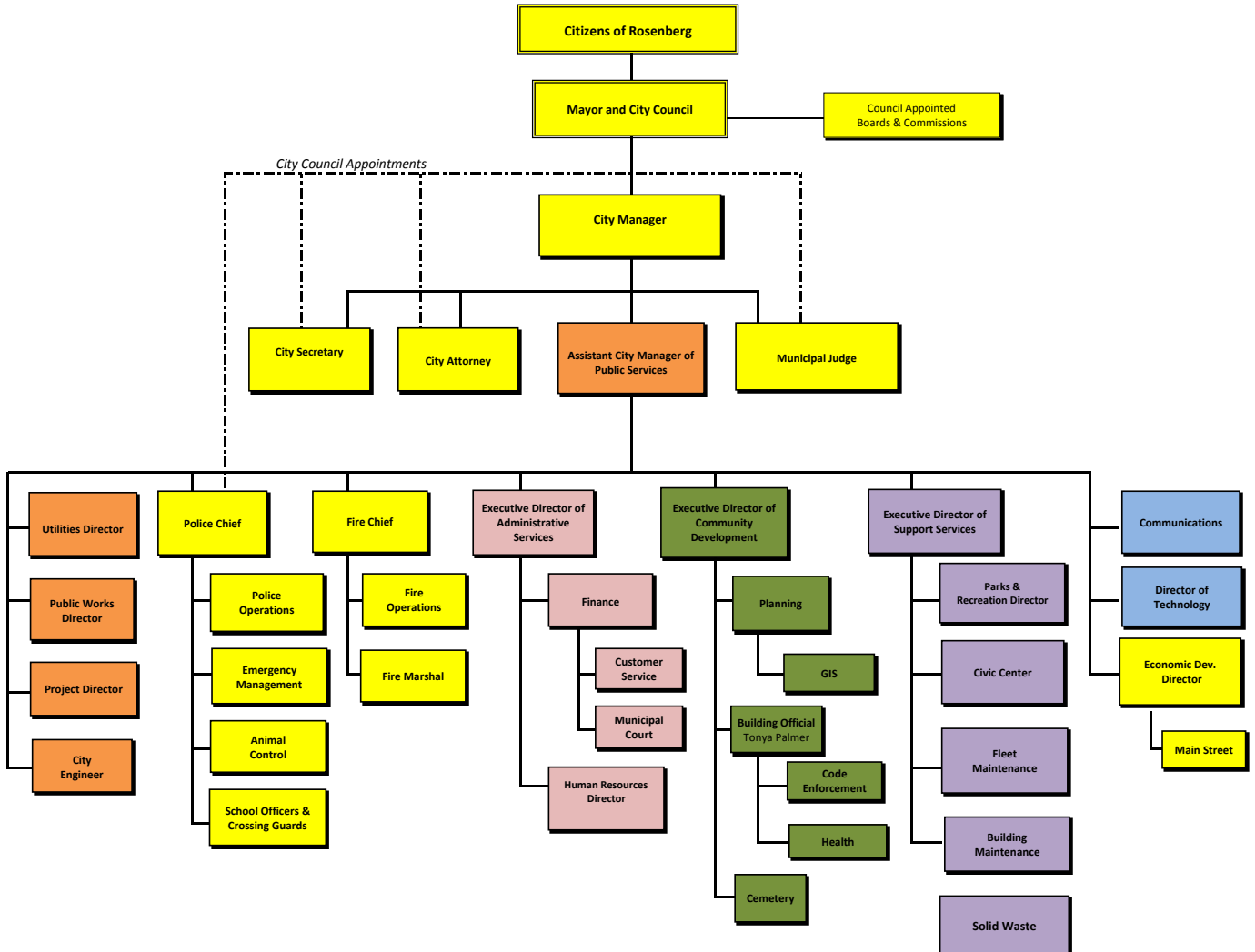
**City of Rosenberg,
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

**CITY OF ROSENBERG, TEXAS
2014-15 BUDGET
ORGANIZATIONAL CHART**



CITY OF ROSENBERG, TEXAS

PRINCIPAL OFFICIALS SEPTEMBER 30, 2015

City Officials	Elective Position
Cynthia A. McConathy	Mayor
William Benton	Councilor at Large, Position 1
Amanda J. Barta	Councilor at Large, Position 2
Jimmie J. Peña	Councilor, District No. 1
Susan Euton	Councilor, District No. 2
Lisa M. Wallingford	Councilor, District No. 3
Lynn Moses	Councilor, District No. 4

Key Staff	Position
John Maresh	Assistant City Manager of Public Services
Tonya Palmer	Building Official
Scott M. Tschirhart	City Attorney
Charles A. Kalkomey	City Engineer
Robert Gracia	City Manager
Linda K. Cernosek	City Secretary
Jenny Pavlovich	Communications Manager
Randall Malik	Economic Development Director
Kaye Supak	Executive Assistant
Joyce Vasut	Executive Director of Administrative Services
Travis Tanner	Executive Director of Community Development
Jeff Trinker	Executive Director of Support Services
Wade Goates	Fire Chief
James A. Baker	Municipal Court Judge
Darren R. McCarthy	Parks & Recreation Director
Dallis Warren	Police Chief
James Lewis	Technology Director

FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rosenberg, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Rosenberg, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rosenberg, Texas, as of September 30, 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.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards (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, the schedule of contributions and, the schedule of funding progress post-retirement health care benefit plans on pages 4 – 12 and 60 – 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016, on our consideration of the City of Rosenberg, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rosenberg, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
February 26, 2016

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Rosenberg, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City, excluding component units, exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$136,541,274 (net position). Of this amount, \$29,297,250 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position, excluding component units, increased by \$12,423,998 from operations; there was also a decrease due to a prior period adjustment of \$6,602,928 related to the implementation of GASB 68.
- As of September 30, 2015, the City's governmental funds reported an ending fund balance of \$40,598,154, a decrease of \$963,796 in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$15,450,057, or 66% of total General Fund expenditures.
- The City's long-term debt increased by \$6,280,592 during the current fiscal year due to the implementation of GASB 68 requiring the reporting of a net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

The City maintains 32 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, RDC projects, and the Debt Service Fund, which are considered to be major funds. Data from the other 29 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

Proprietary Funds – Proprietary funds include the City’s Enterprise and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has two Enterprise Funds and they are used to account for its water and wastewater services and civic center rentals.

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

NOTES TO THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, excluding component units, assets exceeded liabilities by \$136,541,274 as of September 30, 2015.

The largest portion of the City's net position (70%) reflects its investment in capital assets (e.g. land, buildings, vehicles, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

The second largest portion of the City's net position (21%) represents unrestricted financial resources available for future operations.

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

Summary of Statement of Net Position As of September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 53,413,237	\$ 52,766,648	\$ 21,969,252	\$ 17,984,548	\$ 75,382,489	\$ 70,751,196
Capital assets	95,277,395	91,712,920	54,608,801	49,216,177	149,886,196	140,929,097
Total assets	148,690,632	144,479,568	76,578,053	67,200,725	225,268,685	211,680,293
Deferred outflows of resources	1,801,220	-	200,461	-	2,001,681	-
Total deferred outflows	1,801,220	-	200,461	-	2,001,681	-
Long-term liabilities	78,091,774	72,017,453	4,982,764	4,776,493	83,074,538	76,793,946
Other liabilities	4,723,335	2,702,054	2,490,927	1,464,089	7,214,262	4,166,143
Total liabilities	82,815,109	74,719,507	7,473,691	6,240,582	90,288,800	80,960,089
Deferred inflows of resources	396,130	-	44,162	-	440,292	-
Total deferred Inflows of resources	396,130	-	44,162	-	440,292	-
Net position:						
Net investment,						
in capital assets	45,031,276	39,982,793	50,564,934	44,504,314	95,596,210	84,487,107
Restricted	11,647,814	14,699,152	-	-	11,647,814	14,699,152
Unrestricted	10,601,523	15,078,116	18,695,727	16,455,829	29,297,250	31,533,945
Total net position	\$ 67,280,613	\$ 69,760,061	\$ 69,260,661	\$ 60,960,143	\$ 136,541,274	\$ 130,720,204

Net position of the City, excluding component units, increased by \$12,423,998. Key elements of the increase are as follows:

**Changes in Net Position
For the Fiscal Years Ended September 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 7,902,957	\$ 7,295,380	\$ 13,530,951	\$ 11,977,575	\$ 21,433,908	\$ 19,272,955
Operating grants and contributions	252,706	187,547	496,547	3,997	749,253	191,544
Capital grants and contributions	4,433,455	5,028,824	687,808	517,470	5,121,263	5,546,294
General revenues:						
Property taxes	8,833,478	8,557,411	-	-	8,833,478	8,557,411
Sales taxes	13,386,446	13,083,487	-	-	13,386,446	13,083,487
Franchise taxes	1,898,719	1,851,747	-	-	1,898,719	1,851,747
Investment interest	33,739	20,512	11,070	6,563	44,809	27,075
Gain on sale of capital asset	172,184	90,641	-	-	172,184	90,641
Miscellaneous	<u>403,605</u>	<u>337,321</u>	<u>-</u>	<u>-</u>	<u>403,605</u>	<u>337,321</u>
Total revenues	<u>37,317,289</u>	<u>36,452,870</u>	<u>14,726,376</u>	<u>12,505,605</u>	<u>52,043,665</u>	<u>48,958,475</u>
Expenses:						
General government	4,504,358	3,995,452	-	-	4,504,358	3,995,452
Public safety	13,688,321	13,430,159	-	-	13,688,321	13,430,159
Public works	7,962,151	7,236,352	-	-	7,962,151	7,236,352
Community development	3,037,820	2,616,778	-	-	3,037,820	2,616,778
Water and sewer	-	-	7,862,720	7,163,452	7,862,720	7,163,452
Civic center rentals	-	-	403,256	391,242	403,256	391,242
Interest and fiscal charges	2,095,192	2,039,639	-	-	2,095,192	2,039,639
Debt issuance cost	<u>65,849</u>	<u>128,148</u>	<u>-</u>	<u>-</u>	<u>65,849</u>	<u>128,148</u>
Total expenses	<u>31,353,691</u>	<u>29,446,528</u>	<u>8,265,976</u>	<u>7,554,694</u>	<u>39,619,667</u>	<u>37,001,222</u>
Increases in net assets						
before transfers	5,963,598	7,006,342	6,460,400	4,950,911	12,423,998	11,957,253
Transfers	<u>(2,595,254)</u>	<u>1,107,446</u>	<u>2,595,254</u>	<u>(1,107,446)</u>	<u>-</u>	<u>-</u>
Increase in net position	3,368,344	8,113,788	9,055,654	3,843,465	12,423,998	11,957,253
Net position, beginning	69,760,061	62,562,467	60,960,143	57,116,678	130,720,204	119,679,145
Prior period adjustment	<u>(5,847,792)</u>	<u>(916,194)</u>	<u>(755,136)</u>	<u>-</u>	<u>(6,602,928)</u>	<u>(916,194)</u>
Net position, ending	<u>\$ 67,280,613</u>	<u>\$ 69,760,061</u>	<u>\$ 69,260,661</u>	<u>\$ 60,960,143</u>	<u>\$ 136,541,274</u>	<u>\$ 130,720,204</u>

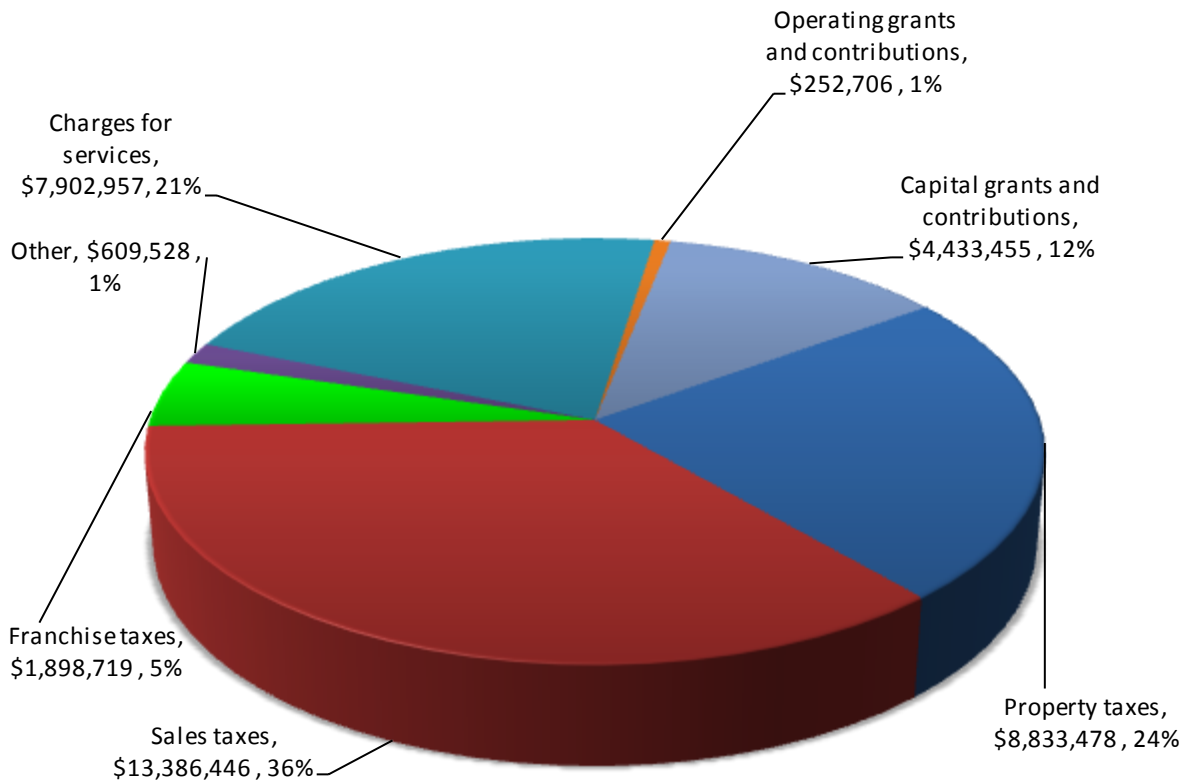
There was an increase of \$3,368,344 in net position in connection with operation of the City's governmental activities. This increase is primarily a result of increased sales tax revenue and capital grants and contributions. There was also a decrease to net position of \$5,847,792 as a result of a prior period adjustment related to the implementation of GASB 68. The reason for the prior period adjustment is fully discussed in the notes to the financial statements.

The City's business-type net position increased by \$9,055,654 from operations and a decrease of \$755,136 from a prior period adjustment related to the implementation of GASB 68. The primary reason for the increase from operations relates to a rate increase which was approved to generate revenue for

capital improvement projects. Also, the additional revenues will be used to satisfy the requirements of the various state and federal agencies relating to water and wastewater systems, as well as the 30% reduction of groundwater withdrawal by October 1, 2016 as mandated by the Fort Bend Subsidence District. Additionally, transfers were made to the Water and Wastewater Fund since water and wastewater projects were completed with funds from general obligation bonds. The reason for the prior period adjustment is fully discussed in the notes to the financial statements.

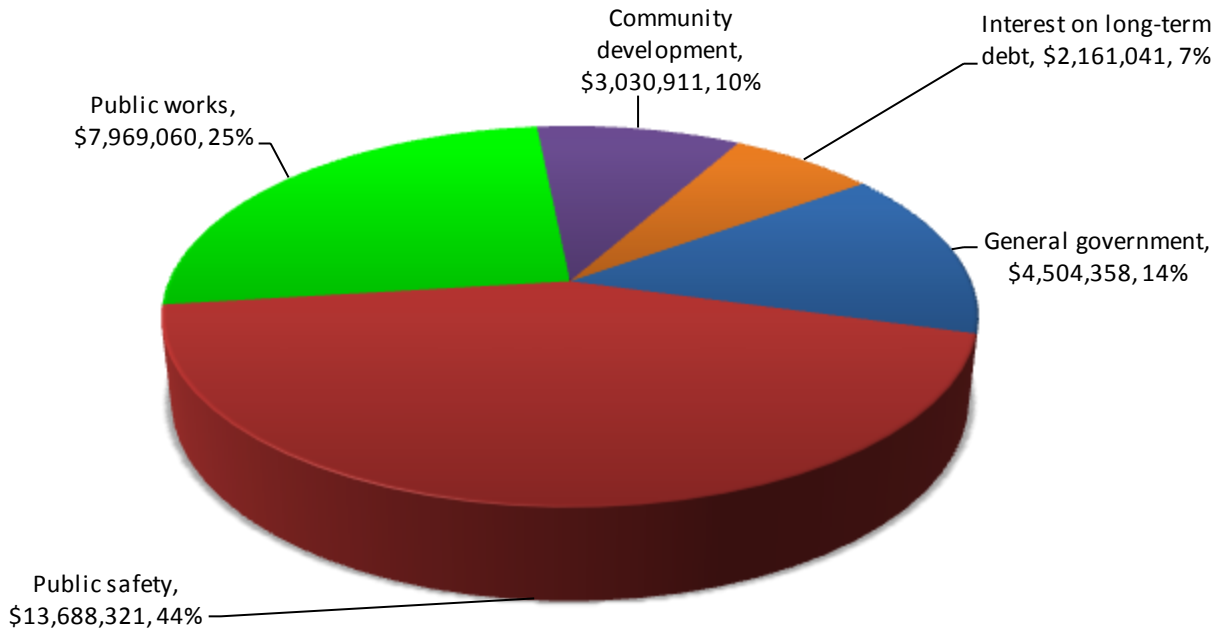
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

Governmental Activities - Revenues



For the fiscal year ended September 30, 2015, revenues from governmental activities totaled \$37,317,289.

Governmental Activities - Expenses



For the fiscal year ended September 30, 2015, expenses for governmental activities totaled \$31,353,691.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of September 30, 2015, the City's governmental funds, which consist of a General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds reported an ending fund balance of \$40,598,154, which is a decrease of \$963,796 from last year's total of \$41,561,950. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 66% of total General Fund expenditures.

The fund balance of the General Fund increased by \$2,434,046 during the fiscal year. This increase can be attributed to large increases in sales tax revenues, and the City's ability to keep operating expenditures below budget across all departments.

The Debt Service Fund has a fund balance of \$5,028,226, all of which is restricted for the payment of debt service. The net increase in fund balance for the year was \$35,696.

The RDC Projects Fund has a fund balance of \$2,074,125. The net decrease in fund balance for the year was \$2,813,370. This fund is used to account for the various projects that have been funded by the Rosenberg Development Corporation and the decrease in fund balance is due to the completion of some of these projects.

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

Unrestricted net position of the Water and Wastewater Fund and the Civic Center Rental Fund at the end of the fiscal year amounted to \$18,695,727. The increase in total net position for the year was \$8,300,518. This increase relates to operating income of \$5,418,274. This income will be used to satisfy the requirements of local, state and federal agencies as well as the conversion to surface water.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there was an increase of \$507,605 in appropriations between the original and final amended budget for revenues and an increase of \$513,404 in appropriations between the original and final amended budget for expenditures. The primary reason for the revenue appropriations increase relates to an increase in sales tax collections. The primary reason for the expenditure appropriations increase relates to City Council’s decision to fund additional one-time capital expenditures at mid-year and to implement salary increases based on a compensation plan.

At the end of the 2015 fiscal year, the actual revenue collected for the General Fund exceeded the budget by \$1,832,477. This can be primarily attributed to higher than anticipated sales taxes.

Actual expenditures for the General Fund were \$2,282,015 less than budgeted expenditures. This was due to staff monitoring expenditures closely and vacancies in the various departments. The savings were across all areas including general government, public safety, public works, and community development.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets as of September 30, 2015, amounts to \$149,886,196 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, vehicles, machinery and equipment, and infrastructure.

Schedule of Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Non-depreciable assets:						
Land	\$ 6,117,623	\$ 5,949,391	\$ 363,209	\$ 363,209	\$ 6,480,832	\$ 6,312,600
Construction in progress	4,468,583	9,855,984	11,219,632	4,957,843	15,688,215	14,813,827
Other capital assets:						
Buildings and improvements	13,257,811	10,996,022	-	-	13,257,811	10,996,022
Machinery and equipment	14,100,864	11,334,280	2,393,029	2,156,883	16,493,893	13,491,163
Infrastructure	102,125,784	94,880,746	-	-	102,125,784	94,880,746
Water and wastewater system	-	-	69,982,980	68,453,307	69,982,980	68,453,307
Accumulated depreciation on other capital assets	(44,793,270)	(41,303,503)	(29,350,049)	(26,715,065)	(74,143,319)	(68,018,568)
Totals	<u>\$ 95,277,395</u>	<u>\$ 91,712,920</u>	<u>\$ 54,608,801</u>	<u>\$ 49,216,177</u>	<u>\$ 149,886,196</u>	<u>\$ 140,929,097</u>

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

Long-term Debt – At the end of the current fiscal year, the City, excluding component units, had total outstanding debt of \$83,074,538. As of September 30, 2015, the City's OPEB obligation is \$5,969,221.

Schedule of Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General Obligation	\$ 13,975,000	\$ 15,860,000	\$ -	\$ -	\$ 13,975,000	\$ 15,860,000
Revenue bonds	-	-	294,000	314,000	294,000	314,000
Certificates of obligation	48,660,000	48,380,000	-	-	48,660,000	48,380,000
Tax notes	-	160,000	-	-	-	160,000
Bonds issuance premiums	921,760	830,550	-	-	921,760	830,550
Loss on refunding bonds	-	-	-	-	-	-
Notes payable	156,922	305,956	2,406,433	2,976,029	2,563,355	3,281,985
Capital leases payable	-	-	1,343,434	1,421,834	1,343,434	1,421,834
Compensated absences	529,213	468,730	60,461	64,630	589,674	533,360
Net pension liability	7,879,658	922,801	878,436	-	8,758,094	922,801
OPEB obligation	<u>5,969,221</u>	<u>5,089,416</u>	<u>-</u>	<u>-</u>	<u>5,969,221</u>	<u>5,089,416</u>
Totals	<u>\$ 78,091,774</u>	<u>\$ 72,017,453</u>	<u>\$ 4,982,764</u>	<u>\$ 4,776,493</u>	<u>\$ 83,074,538</u>	<u>\$ 76,793,946</u>

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

ECONOMIC FACTORS

City Council approved the FY 2016 budget on September 1, 2015, with total revenues of \$54,482,273 and total expenditures of \$61,888,014. Some of the key highlights of that budget include:

- The net taxable value of \$1.933 billion for Tax Year 2015 represents an increase of \$149.6 million or 8.4% from the Tax Year 2014 valuation.
- The City's adopted tax rate for FY 2016 of \$0.47 per \$100 of taxable valuation is \$0.02 less than FY 2015 and is below the effective tax rate.
- Sales tax revenues for FY 2016 are budgeted at \$12,487,000 which is 6.9% greater than the FY 2015 budget.
- The Water Subsidence Fee increased from \$1.40 per 1,000 gallons to \$1.80 per 1,000 gallons in FY 2015 and will increase to \$2.20 per 1,000 gallons on January 1, 2016.
- The FY 2016 budget has a total of 265 full-time positions which is an increase of 5 positions including: Fleet Service Technician (converted from part-time), Planning Administrator, Capital Projects Manager, Police Officer, and a Chief Water Plant/Lift Station Operator. Two positions were removed from the budget including a Parks Maintenance Worker and the Executive Director of Information Services.
- An average of 2½% merit increase was included in the FY 2016 budget along with the implementation of Option I of the Compensation and Classification Study.

REQUESTS FOR INFORMATION

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

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**BASIC
FINANCIAL STATEMENTS**

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CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
ASSETS				
Cash and investments	\$ 43,209,491	\$ 14,257,770	\$ 57,467,261	\$ 4,845,872
Receivables	6,060,596	2,365,266	8,425,862	686,678
Prepaid expenses	7,064	285,583	292,647	-
Inventory	12,311	-	12,311	-
Restricted cash and cash equivalents	-	5,060,633	5,060,633	-
Note from component unit	4,123,775	-	4,123,775	-
Capital assets, net of accumulated depreciation:				
Land	6,117,623	363,209	6,480,832	-
Buildings and improvements	7,392,155	-	7,392,155	-
Machinery and equipment	6,114,751	869,994	6,984,745	-
Infrastructure	71,184,283	-	71,184,283	-
Water and wastewater system	-	42,155,966	42,155,966	-
Construction in progress	4,468,583	11,219,632	15,688,215	-
Total assets	<u>148,690,632</u>	<u>76,578,053</u>	<u>225,268,685</u>	<u>5,532,550</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for TMRS	1,801,220	200,461	2,001,681	-
Total deferred outflow of resources	<u>1,801,220</u>	<u>200,461</u>	<u>2,001,681</u>	<u>-</u>
LIABILITIES				
Accounts payable	3,900,228	1,292,373	5,192,601	380,735
Accrued liabilities	577,049	56,706	633,755	-
Due to other governments	67,841	-	67,841	-
Accrued interest payable	178,217	17,656	195,873	-
Customer deposits	-	1,124,192	1,124,192	-
Noncurrent liabilities:				
Due within one year	5,006,614	704,556	5,711,170	617,770
Due in more than one year	73,085,160	4,278,208	77,363,368	3,506,005
Total liabilities	<u>82,815,109</u>	<u>7,473,691</u>	<u>90,288,800</u>	<u>4,504,510</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow for TMRS	396,130	44,162	440,292	-
Total deferred inflows of resources	<u>396,130</u>	<u>44,162</u>	<u>440,292</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	45,031,276	50,564,934	95,596,210	-
Restricted for:				
Debt service	5,014,535	-	5,014,535	-
Community development	2,791,056	-	2,791,056	-
Court security and technology	221,969	-	221,969	-
Law enforcement	560,719	-	560,719	-
Fire services	1,317,676	-	1,317,676	-
Economic development	1,741,859	-	1,741,859	-
Unrestricted(deficit)	<u>10,601,523</u>	<u>18,695,727</u>	<u>29,297,250</u>	<u>1,028,040</u>
Total net position	<u>\$ 67,280,613</u>	<u>\$ 69,260,661</u>	<u>\$ 136,541,274</u>	<u>\$ 1,028,040</u>

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

CITY OF ROSENBERG, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,504,358	\$ 895,956	\$ -	\$ 1,000,000
Public safety	13,688,321	2,220,117	252,206	-
Public works	7,962,151	4,751,892	500	3,314,525
Community development	3,037,820	34,992	-	118,930
Interest on long-term debt	2,095,192	-	-	-
Debt issue cost	65,849	-	-	-
Total governmental activities	<u>31,353,691</u>	<u>7,902,957</u>	<u>252,706</u>	<u>4,433,455</u>
Business-type activities:				
Water and sewer	7,862,720	13,452,847	496,547	687,808
Civic center rentals	403,256	78,104	-	-
Total business-type activities	<u>8,265,976</u>	<u>13,530,951</u>	<u>496,547</u>	<u>687,808</u>
Total primary government	<u>39,619,667</u>	<u>21,433,908</u>	<u>749,253</u>	<u>5,121,263</u>
Component unit				
Rosenberg Development Corporation	<u>2,026,596</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 2,026,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property				
Sales				
Franchise				
Investment earnings				
Gain on sale of capital asset				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Prior period adjustment				
Net position, ending				

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

Net (Expense) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
\$(2,608,402)	\$ -	\$(2,608,402)	\$ -
(11,215,998)	-	(11,215,998)	-
104,766	-	104,766	-
(2,883,898)	-	(2,883,898)	-
(2,095,192)	-	(2,095,192)	-
(65,849)	-	(65,849)	-
<u>(18,764,573)</u>	<u>-</u>	<u>(18,764,573)</u>	<u>-</u>
-	6,774,482	6,774,482	-
<u>-</u>	<u>(325,152)</u>	<u>(325,152)</u>	<u>-</u>
<u>-</u>	<u>6,449,330</u>	<u>6,449,330</u>	<u>-</u>
<u>(18,764,573)</u>	<u>6,449,330</u>	<u>(12,315,243)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,026,596)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(2,026,596)</u>
8,833,478	-	8,833,478	-
13,386,446	-	13,386,446	4,186,661
1,898,719	-	1,898,719	-
33,739	11,070	44,809	3,706
172,184	-	172,184	-
403,605	-	403,605	-
<u>(2,595,254)</u>	<u>2,595,254</u>	<u>-</u>	<u>-</u>
<u>22,132,917</u>	<u>2,606,324</u>	<u>24,739,241</u>	<u>4,190,367</u>
3,368,344	9,055,654	12,423,998	2,163,771
69,760,061	60,960,143	130,720,204	(1,135,731)
<u>(5,847,792)</u>	<u>(755,136)</u>	<u>(6,602,928)</u>	<u>-</u>
<u>\$ 67,280,613</u>	<u>\$ 69,260,661</u>	<u>\$ 136,541,274</u>	<u>\$ 1,028,040</u>

CITY OF ROSENBERG, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General
ASSETS	
Cash and investments	\$ 13,796,172
Receivables:	
Taxes	2,426,960
Accounts	487,824
Other	527,799
Intergovernmental	385,597
Inventory	12,311
Prepays	6,718
Notes receivable	-
Total assets	17,643,381
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	
Liabilities:	
Accounts payable	1,268,011
Accrued liabilities	527,036
Due to State	67,841
Total liabilities	1,862,888
Deferred Inflows:	
Property Taxes	152,306
Court Fines	159,101
Receivable from component unit	-
Total deferred Inflows of resources	311,407
Fund balances:	
Nonspendable	19,029
Restricted	-
Unassigned	15,450,057
Total fund balances	15,469,086
Total liabilities, deferred inflows, and fund balances	\$ 17,643,381

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

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

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

Some liabilities, including bonds payable, interest payable, notes payable, and accrued compensated absences, are reported as liabilities in the governmental funds. The net pension liability is not due and payable in the current period and therefore are not reported in the funds. Also, the deferred resource outflows (inflows) related to the net pension liability are not reported in the funds.

Internal Service Funds are used by management to charge the costs of health insurance, fleet asset management, information services to individual funds. The assets and liabilities of the Internal Service Funds are not reported in the governmental activities in the statement of net position.

Net position of governmental activities

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

<u>Debt Service</u>	<u>RDC Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 5,019,044	\$ 3,241,849	\$ 17,431,103	\$ 39,488,168
166,388	-	69,683	2,663,031
-	-	-	487,824
-	-	1,981,831	2,509,630
2,267	-	2,025	389,889
-	-	-	12,311
-	-	332	7,050
<u>4,123,775</u>	<u>-</u>	<u>-</u>	<u>4,123,775</u>
<u>9,311,474</u>	<u>3,241,849</u>	<u>19,484,974</u>	<u>49,681,678</u>
-	1,167,724	1,417,088	3,852,823
-	-	41,169	568,205
-	-	-	67,841
<u>-</u>	<u>1,167,724</u>	<u>1,458,257</u>	<u>4,488,869</u>
159,473	-	-	311,779
-	-	-	159,101
<u>4,123,775</u>	<u>-</u>	<u>-</u>	<u>4,123,775</u>
<u>4,283,248</u>	<u>-</u>	<u>-</u>	<u>4,594,655</u>
-	-	-	19,029
5,028,226	2,074,125	18,026,717	25,129,068
-	-	-	15,450,057
<u>5,028,226</u>	<u>2,074,125</u>	<u>18,026,717</u>	<u>40,598,154</u>
<u>\$ 9,311,474</u>	<u>\$ 3,241,849</u>	<u>\$ 19,484,974</u>	

not reported in the

94,041,063

are deferred in the

4,594,655

absences are not
the current period
of the net pension

(76,752,703)

replacement and
s are included in

4,799,444

\$ 67,280,613

CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	General	Debt Service
REVENUES		
Taxes:		
Property	\$ 4,673,049	\$ 4,158,630
Sales	12,642,075	-
Franchise	1,827,242	-
Licenses and permits	822,193	-
Fines and forfeitures	521,517	-
Fees and charges for service	4,392,627	-
Intergovernmental	1,255,967	964,943
Investment earnings	8,776	3,479
Other	313,821	-
Total revenues	26,457,267	5,127,052
EXPENDITURES		
Current:		
General government	3,568,586	-
Public safety	11,929,474	-
Public works	5,059,614	-
Community development	2,560,125	-
Capital outlay	340,127	-
Debt service:		
Principal retirement	-	4,916,983
Interest and service charges	-	2,177,290
Debt issuance costs	-	-
Total expenditures	23,457,926	7,094,273
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,999,341	(1,967,221)
OTHER FINANCING SOURCES (USES)		
Debt issuance	-	-
Insurance proceeds	6,730	-
Sale of capital assets	165,454	-
Premium on debt issued	-	-
Transfers in	1,591,025	2,002,917
Transfers out	(2,328,504)	-
Total other financing sources (uses)	(565,295)	2,002,917
NET CHANGE IN FUND BALANCES	2,434,046	35,696
FUND BALANCES, BEGINNING	13,035,040	4,992,530
FUND BALANCES, ENDING	\$ 15,469,086	\$ 5,028,226

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

<u>RDC Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 8,831,679
-	744,371	13,386,446
-	71,477	1,898,719
-	-	822,193
-	90,713	612,230
-	-	4,392,627
1,230,375	3,967,988	7,419,273
2,773	16,609	31,637
-	191,612	505,433
<u>1,233,148</u>	<u>5,082,770</u>	<u>37,900,237</u>
54,652	163,847	3,787,085
-	1,028,669	12,958,143
-	-	5,059,614
62,103	150,509	2,772,737
4,059,763	3,471,372	7,871,262
-	-	4,916,983
-	-	2,177,290
-	65,849	65,849
<u>4,176,518</u>	<u>4,880,246</u>	<u>39,608,963</u>
(2,943,370)	202,524	(1,708,726)
-	3,000,000	3,000,000
-	-	6,730
-	-	165,454
-	168,000	168,000
130,000	3,300,925	7,024,867
-	(7,291,617)	(9,620,121)
<u>130,000</u>	<u>(822,692)</u>	<u>744,930</u>
(2,813,370)	(620,168)	(963,796)
<u>4,887,495</u>	<u>18,646,885</u>	<u>41,561,950</u>
<u>\$ 2,074,125</u>	<u>\$ 18,026,717</u>	<u>\$ 40,598,154</u>

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CITY OF ROSENBERG, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds	\$(963,796)
Amounts reported for governmental activities in the statement of activities are different	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,516,601
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(757,235)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides	
Repayment of principal of long-term debt	4,916,983
Issuance of new long-term debt	(3,168,000)
Amortization of:	
Premiums on long-term debt	73,841
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences balances liability	(57,628)
Net OPEB obligation	(879,805)
Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period.	8,257
The net income (loss) of certain activities of Internal Service Funds is reported with governmental activities.	388,004
Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension liability were amortized.	<u>291,122</u>
Change in net position of governmental activities	<u>\$ 3,368,344</u>

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

CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015

	Business-type Activities Enterprise Fund		Total	Governmental Activities Internal
	Water and Wastewater	Civic Center Rentals		Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 14,166,956	\$ 90,814	\$ 14,257,770	\$ 3,721,323
Receivables:				
Accounts, net of allowance	1,868,719	-	1,868,719	-
Other	-	-	-	10,222
Intergovernmental	496,547	-	496,547	-
Prepaid expenses	285,318	265	285,583	14
Restricted cash and cash equivalents	5,060,633	-	5,060,633	-
Total current assets	<u>21,878,173</u>	<u>91,079</u>	<u>21,969,252</u>	<u>3,731,559</u>
Noncurrent assets:				
Capital assets:				
Land	363,209	-	363,209	-
Machinery and equipment	2,393,029	-	2,393,029	4,118,644
Water and wastewater system	69,982,980	-	69,982,980	-
Construction-in-progress	11,219,632	-	11,219,632	-
Less: accumulated depreciation	(29,350,049)	-	(29,350,049)	(2,882,312)
Total noncurrent assets	<u>54,608,801</u>	<u>-</u>	<u>54,608,801</u>	<u>1,236,332</u>
Total assets	<u>76,486,974</u>	<u>91,079</u>	<u>76,578,053</u>	<u>4,967,891</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for TMRS	174,962	25,499	200,461	29,693
Total deferred outflows of resources	<u>174,962</u>	<u>25,499</u>	<u>200,461</u>	<u>29,693</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,283,627	8,746	1,292,373	47,405
Accrued liabilities	48,740	7,966	56,706	8,844
Compensated absences	5,614	432	6,046	484
Payable from restricted assets:				
Deposits	1,123,377	815	1,124,192	-
Accrued interest payable	17,656	-	17,656	-
Capital lease payable	91,826	-	91,826	-
Note payable	585,684	-	585,684	-
Revenue bonds payable	21,000	-	21,000	-
Total current liabilities	<u>3,177,524</u>	<u>17,959</u>	<u>3,195,483</u>	<u>56,733</u>
Noncurrent liabilities:				
Compensated absences	50,527	3,888	54,415	4,352
Capital lease payable	1,251,608	-	1,251,608	-
Note payable	1,820,749	-	1,820,749	-
Revenue bonds payable	273,000	-	273,000	-
Net pension liability	766,333	112,103	878,436	130,496
Total noncurrent liabilities	<u>4,162,217</u>	<u>115,991</u>	<u>4,278,208</u>	<u>134,848</u>
Total liabilities	<u>7,339,741</u>	<u>133,950</u>	<u>7,473,691</u>	<u>191,580</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow for TMRS	38,526	5,636	44,162	6,560
Total deferred inflows of resources	<u>38,526</u>	<u>5,636</u>	<u>44,162</u>	<u>6,560</u>
NET POSITION				
Net investment in capital assets	50,564,934	-	50,564,934	1,236,332
Unrestricted	18,718,735	(23,008)	18,695,727	3,563,112
Total net position	<u>\$ 69,283,669</u>	<u>\$(23,008)</u>	<u>\$ 69,260,661</u>	<u>\$ 4,799,444</u>

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

CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities Enterprise Fund		Governmental Activities Internal
	Water and Wastewater	Civic Center Rentals	Service Funds
		Total	
OPERATING REVENUES			
Water	\$ 8,057,692	\$ -	\$ 8,057,692
Sewer	5,327,472	-	5,327,472
Charges for services	67,683	78,104	-
Total operating revenues	<u>13,452,847</u>	<u>78,104</u>	<u>13,530,951</u>
OPERATING EXPENSES			
Cost of sales and services	5,074,437	403,256	5,477,693
Depreciation	2,634,984	-	2,634,984
Total operating expenses	<u>7,709,421</u>	<u>403,256</u>	<u>8,112,677</u>
OPERATING INCOME	<u>5,743,426</u>	<u>(325,152)</u>	<u>5,418,274</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	496,547	-	496,547
Investment earnings	11,023	47	11,070
Interest expense	<u>(153,299)</u>	<u>-</u>	<u>(153,299)</u>
Total nonoperating revenues (expenses)	<u>354,271</u>	<u>47</u>	<u>354,318</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	6,097,697	(325,105)	5,772,592
Capital contributions	687,808	-	687,808
Transfers in	5,673,426	400,403	6,073,829
Transfers out	<u>(3,415,577)</u>	<u>(62,998)</u>	<u>(3,478,575)</u>
CHANGE IN NET POSITION	9,043,354	12,300	9,055,654
NET POSITION, BEGINNING	60,899,000	61,143	60,960,143
PRIOR PERIOD ADJUSTMENT	<u>(658,685)</u>	<u>(96,451)</u>	<u>(755,136)</u>
NET POSITION, ENDING	<u>\$ 69,283,669</u>	<u>\$ (23,008)</u>	<u>\$ 69,260,661</u>

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

CITY OF ROSENBERG, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities Enterprise Fund			Governmental Activities Internal
	Water and Wastewater	Civic Center Rentals	Total	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 12,614,974	\$ 77,985	\$ 12,692,959	\$ 3,876,028
Disbursed for goods and services to suppliers	(1,586,835)	(237,839)	(1,824,674)	(257,684)
Disbursed for personnel services	(2,493,580)	(169,769)	(2,663,349)	(2,992,343)
Net cash provided by operating activities	<u>8,534,559</u>	<u>(329,623)</u>	<u>8,204,936</u>	<u>626,001</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	496,547	-	496,547	-
Transfer from other funds	5,673,426	400,403	6,073,829	-
Transfers to other funds	(3,415,577)	(62,998)	(3,478,575)	-
Net cash provided (used) by noncapital financing activities	<u>2,754,396</u>	<u>337,405</u>	<u>3,091,801</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	687,808	-	687,808	-
Principal paid on capital debt	(667,996)	-	(667,996)	-
Interest paid on capital debt	(153,299)	-	(153,299)	-
Acquisition and construction of capital assets	(8,027,608)	-	(8,027,608)	(271,916)
Net cash used for capital and related financing activities	<u>(8,161,095)</u>	<u>-</u>	<u>(8,161,095)</u>	<u>(271,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	11,023	47	11,070	2,101
Net cash provided by investing activities	<u>11,023</u>	<u>47</u>	<u>11,070</u>	<u>2,101</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,138,883	7,829	3,146,712	356,186
CASH AND CASH EQUIVALENTS, BEGINNING	16,088,706	82,985	16,171,691	3,365,137
CASH AND CASH EQUIVALENTS, ENDING	\$ 19,227,589	\$ 90,814	\$ 19,318,403	\$ 3,721,323
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 5,743,426	\$(325,152)	\$ 5,418,274	\$ 385,904
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation and amortization	2,634,984	-	2,634,984	224,042
(Increase) decrease in accounts receivable	(839,352)	-	(839,352)	(4,592)
Decrease (increase) in other assets	1,479	(119)	1,360	(14)
Decrease (increase) in deferred outflows	(174,962)	(25,499)	(200,461)	(29,693)
Decrease (increase) in accrued interest	(2,030)	-	(2,030)	-
Increase (decrease) in accounts payable and accrued liabilities	955,221	(2,253)	952,968	22,710
Increase (decrease) in accrued liabilities	5,141	1,993	7,134	-
Increase in customer deposits	69,136	(370)	68,766	-
Increase (decrease) in net pension liability	107,648	15,652	123,300	18,230
Increase (decrease) in deferred inflows	38,526	5,636	44,162	6,560
Increase (decrease) in compensated absences	(4,658)	489	(4,169)	2,854
Total adjustments	<u>2,791,133</u>	<u>(4,471)</u>	<u>2,786,662</u>	<u>240,097</u>
Net cash provided by operating activities	<u>\$ 8,534,559</u>	<u>\$(329,623)</u>	<u>\$ 8,204,936</u>	<u>\$ 626,001</u>

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

CITY OF ROSENBERG, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

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

Discretely Presented Component Unit

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

Related Organization

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

B. Government-wide and Fund Financial Statements

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

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

Additionally, the City reports the following fund type:

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

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

D. Cash and Investments

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

E. Receivables

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

F. Inventories

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

G. Interfund Receivables and Payables

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

H. Capital Assets

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

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

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

I. Compensated Employee Absences

The City's employees earn vacation and compensatory time which may either be taken or accumulated, up to certain amounts, until paid upon termination or retirement. There is no liability accrued for accumulated sick leave since it is not paid upon separation from service with the City. Vacation pay and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-term Obligations

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

The fund financial statements report bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources, net of issuance costs. Premiums received in debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

K. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. 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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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 the following items that qualify for reporting in this category.

- Deferred charges on refundings – 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.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date. The City also has three items in the fund statements. They are deferred inflows from property taxes, municipal court fines and a receivable from the component unit.

M. Net Position Flow Assumption

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

N. 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.

O. Fund Balance Classification

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City’s highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Currently, only the City Council has the authority to assign fund balances. The Council would use a resolution to assign fund balances and the City Manager has the authority to introduce the resolution to Council.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

P. Deficit Net Position

As of September 30, 2015 the Civic Center Rentals had a negative net position of \$23,008. The deficit is the result of the prior period adjustment that was related to the implementation of GASB 68. It is expected that operations in the next few fiscal year will bring the balance positive.

Q. Estimates

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

R. Prior Period Adjustment – Change in Accounting Principles

As the result of implementing GASB Statement 68, the City has decreased beginning net position as of October 1, 2014, by \$5,847,792 and \$755,136 for the governmental activities and business-type activities respectively. This decrease results from recognition of the City's portion of the TMRS pension expense.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental funds as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, interest payable, notes payable and accrued compensated absences, are not reported in the funds.” The details of this \$(76,752,703) difference are as follows:

Bonds payable	\$(62,635,000)
Accrued interest payable	(178,217)
Compensated absences - governmental funds	(524,377)
Bond issuance premiums	(921,760)
Notes payable	(156,922)
Deferred inflows of resources related to TMRS	(389,570)
Deferred outflows of resources related to TMRS	1,771,527
Net pension liability	(7,749,163)
OPEB Net pension obligation	(5,969,221)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$(76,752,703)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$3,564,475 difference are as follows:

Capital outlay	\$ 6,878,871
Depreciation expense	(3,362,270)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,516,601</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

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

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

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

IV. DETAILED NOTE ON ALL FUNDS

A. Deposits and Investments

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

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

B. Cash and Investments

The City's cash and cash equivalents, including component units, consist of cash on hand, demand deposits, and external investment pools. The City's cash and cash equivalents, including component units, at September 30, 2015, are shown below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Primary government:		
Cash demand deposits	\$ 108,791	\$ 108,791
Certificates of Deposit	<u>8,024,305</u>	<u>8,024,305</u>
Total cash and cash equivalents	<u>8,133,096</u>	<u>8,133,096</u>
Component unit		
Cash demand deposits	15,209	15,209
Certificates of Deposit	<u>247,533</u>	<u>247,533</u>
Total cash and cash equivalents	<u>\$ 262,742</u>	<u>\$ 262,742</u>

Custodial Credit Risk – Deposits

For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. As of September 30, 2015, all of the City's deposit balance was collateralized with securities held by the pledging financial institution in the City's name or covered by FDIC insurance.

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

Investments

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Primary government:		
LOGIC	\$ 17,385,950	46
TexPool	29,561,939	40
Lone Star	<u>7,464,277</u>	33
Total investments	<u>54,412,166</u>	40
Component unit		
TexPool	<u>4,583,130</u>	40
Total cash and cash equivalents	<u>\$ 4,583,130</u>	40

The fair values of the U. S. Government and Agency Securities are based on quoted market prices. The investments are reported at Fair Value in accordance with Governmental Accounting Standards Board Statement (GASB) No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The increase or decrease in the fair value of investments is recorded in investment income. The amount of increase or decrease in the fair value of investments during the year ended September 30, 2015, was not significant.

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

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

Interest Rate Risk

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

Credit Risk

In accordance with its investment policy, the City minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities. All of the City's U. S. Agency investments are insured, registered, or the City's agent holds the securities in the City's name; therefore the City is not exposed to custodial credit risk. As of September 30, 2015, Lone Star, TexPool and Logic investments are rated AAAM, AAAM and AAAM by Standard & Poor's, respectively.

Restricted Cash and Cash Equivalents

As of September 30, 2015, the Enterprise Fund held restricted cash and temporary investments for the following purposes:

Subsidence and Impact Fees	<u>\$5,060,633</u>
Total	<u>\$5,060,633</u>

C. Property Taxes

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

Property taxes are levied for operations and based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.49 per \$100 of assessed valuation. The resulting adjusted tax levy was \$8,741,391 on the total adjusted taxable valuation of \$1,783,738,912 for the 2014 tax year.

D. Receivables

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

Primary Government

	Governmental Activities				
	General	Debt Service	Water and Wastewater	Non Major and Other	Internal Service
Receivables:					
Taxes	\$ 2,427,794	\$ 167,396	\$ -	\$ 69,683	\$ -
Accounts	497,186	-	1,900,321	-	-
Intergovernmental	385,597	2,267	496,547	2,025	-
Court fines	1,208,176	-	-	-	-
Other	406,106	-	-	1,981,831	10,222
Notes	-	<u>4,123,775</u>	-	-	-
Gross receivables	4,924,859	4,293,438	2,396,868	2,053,539	10,222
Less: allowance for uncollectibles	<u>(1,096,679)</u>	<u>(1,008)</u>	<u>(31,602)</u>	-	-
Net total receivables	<u>\$ 3,828,180</u>	<u>\$ 4,292,430</u>	<u>\$ 2,365,266</u>	<u>\$ 2,053,539</u>	<u>\$ 10,222</u>

Component Unit

	<u>Rosenberg Development Corporation</u>
Receivables:	
Taxes	\$ <u>686,678</u>
Total	\$ <u>686,678</u>

All of the City and Component Unit's receivables are considered collectible. Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	<u>Deferred Inflow:</u>
General fund:	
Delinquent property taxes receivable	\$ 152,306
Municipal court fines	<u>159,473</u>
Total general fund	<u>311,779</u>
Debt service fund:	
Delinquent property taxes receivable	159,101
Receivable from Rosenberg Development Corporation	<u>4,123,775</u>
Total debt service fund	<u>4,282,876</u>
Total deferred inflows for governmental funds	<u>\$ 4,594,655</u>

E. Capital Assets

	Balance Beginning	Increases	Decreases / Reclassification	Balance Ending
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,949,391	\$ 168,232	\$ -	\$ 6,117,623
Construction in progress	<u>9,855,984</u>	<u>6,273,312</u>	<u>(11,660,713)</u>	<u>4,468,583</u>
Total capital assets not being depreciated	<u>15,805,375</u>	<u>6,441,544</u>	<u>(11,660,713)</u>	<u>10,586,206</u>
Capital assets being depreciated:				
Buildings and improvements	10,996,022	10,140	2,251,649	13,257,811
Machinery and equipment	11,334,280	612,372	2,154,212	14,100,864
Infrastructure	<u>94,880,746</u>	<u>86,732</u>	<u>7,158,306</u>	<u>102,125,784</u>
Total capital assets being depreciated	<u>117,211,048</u>	<u>709,244</u>	<u>11,564,167</u>	<u>129,484,459</u>
Less: accumulated depreciation for:				
Buildings and improvements	(5,580,519)	(285,137)	-	(5,865,656)
Machinery and equipment	(7,253,168)	(829,491)	96,546	(7,986,113)
Infrastructure	<u>(28,469,816)</u>	<u>(2,471,685)</u>	<u>-</u>	<u>(30,941,501)</u>
Total accumulated depreciation	<u>(41,303,503)</u>	<u>(3,586,313)</u>	<u>96,546</u>	<u>(44,793,270)</u>
Total capital assets being depreciated, net	<u>75,907,545</u>	<u>(2,877,069)</u>	<u>11,660,713</u>	<u>84,691,189</u>
Governmental activities, capital assets, net	<u>\$ 91,712,920</u>	<u>\$ 3,564,475</u>	<u>\$ -</u>	<u>\$ 95,277,395</u>

	Balance Beginning	Increases	Decreases	Balance Ending
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 363,209	\$ -	\$ -	\$ 363,209
Construction in progress	<u>4,957,843</u>	<u>7,791,462</u>	<u>(1,529,673)</u>	<u>11,219,632</u>
Total capital assets not being depreciated	<u>5,321,052</u>	<u>7,791,462</u>	<u>(1,529,673)</u>	<u>11,582,841</u>
Capital assets being depreciated:				
Machinery and equipment	2,156,883	236,146	-	2,393,029
Water and wastewater system	<u>68,453,307</u>	<u>-</u>	<u>1,529,673</u>	<u>69,982,980</u>
Total capital assets being depreciated	<u>70,610,190</u>	<u>236,146</u>	<u>1,529,673</u>	<u>72,376,009</u>
Less: accumulated depreciation for:				
Machinery and equipment	(1,452,890)	(70,145)	-	(1,523,035)
Water and wastewater system	<u>(25,262,175)</u>	<u>(2,564,839)</u>	<u>-</u>	<u>(27,827,014)</u>
Total accumulated depreciation	<u>(26,715,065)</u>	<u>(2,634,984)</u>	<u>-</u>	<u>(29,350,049)</u>
Total capital assets being depreciated, net	<u>43,895,125</u>	<u>(2,398,838)</u>	<u>1,529,673</u>	<u>43,025,960</u>
Business-type activities, capital assets, net	<u>\$ 49,216,177</u>	<u>\$ 5,392,624</u>	<u>\$ -</u>	<u>\$ 54,608,801</u>

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

Governmental activities:	
General government	\$ 71,513
Public safety	791,462
Public works	2,454,991
Community development	<u>268,347</u>
Total depreciation expense - governmental activities	<u>3,586,313</u>
Business-type activities:	
Water and wastewater	<u>2,634,984</u>
Total depreciation expense - business-type activities	<u>\$ 2,634,984</u>

F. Construction and Other Significant Commitments

Construction in progress for the various projects and remaining commitments under these construction contracts as of September 30, 2015, is as follows:

Project Description	Total in Progress	Remaining Commitment
Governmental activities:		
Bryan Road Improvements	\$ 361,781	\$ 7,953,144
Traffic Light Signal at Reading & Town Center B	-	230,750
Railroad Quiet Zones	-	100,000
Spacek Road Phase II	-	1,625,382
Old Richmond Road Improvements	119,789	1,114,151
Existing Sidewalk Repair/Replacement Project	5,993	321,013
Avenue C Connector	-	939,000
Dry Creek Drainage Improvements	612,865	952,134
Macario Garcia Park Restrooms	11,010	138,990
Airport Avenue Improvements Phase II	380,002	4,181,829
Business Park Development	<u>2,977,143</u>	<u>1,883,681</u>
Totals	<u>\$ 4,468,583</u>	<u>\$ 19,440,074</u>

Project Description	Total in Progress	Remaining Commitment
Business-type activities:		
Water Plant #5	\$ 3,149,214	\$ 188,746
Spacek Road Sewer Lft Station	-	300,000
FM 2977 Waterline Extension	667,651	132,348
North Side Water Improvements-Phase II	46,049	224,951
Water Plants No. 8	273,932	885,069
Chloramine Conversion	154,280	1,303,720
Water Line Extension/Upsizing	121,126	367,874
Sanitary Sewer Pipe Bursting Project	2,559,977	516,243
Lift Station No. 2 Replacement	40,400	799,600
Spacek Road Sewer Line	-	1,100,000
FM 1640/US 90 Waterline Replacement	2,086,924	339,957
FM 2977 Elevated Storage Tank	328,715	3,258,485
Hwy 36 Waterline Extension	129,883	*
TSTC Waterline	75,280	*
Liftstation No. 11 Replacement	1,025,144	341,789
Sanitary Sewer Relocation	501,757	*
Sanitary Sewer Pipe Bursting - Phase II	<u>59,300</u>	<u>387,200</u>
Totals	<u>\$ 11,219,632</u>	<u>\$ 10,145,982</u>

* Remaining commitment is due by developer or other agency.

G. Long-term Debt

General Obligation Bonds and Certificates of Obligation

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

A summary of governmental activities general obligation bonds, certificates of obligation, tax notes and notes payable outstanding as of September 30, 2015, follows.

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Governmental Activities:				
General Obligation Bonds:				
Series 2007 General Obligation Bonds	\$ 3,200,000	2027	4.13-6.0	\$ 2,305,000
Series 2009 General Obligation and Refunding Bonds	9,170,000	2029	2.5-4.75	4,295,000
Series 2010 General Obligation Bonds	2,635,000	2030	4.0-4.25	2,185,000
Series 2011 General Refunding Bonds	4,860,000	2021	2.0-4.0	2,445,000
Series 2012 General Obligation Refunding bonds	1,575,000	2024	2.0	1,260,000
Series 2014 General Obligation Refunding bonds	1,565,000	2034	3.0-4.0	<u>1,485,000</u>
Total General Obligation Bonds				<u>13,975,000</u>
Certificates of Obligation:				
Series 2006 Certificates of Obligation	4,565,000	2027	4.0-4.25	3,180,000
Series 2007 Certificates of Obligation	4,570,000	2028	4.0-4.75	3,460,000
Series 2008 Certificates of Obligation	6,080,000	2028	3.5-4.0	4,565,000
Series 2008A Certificates of Obligation	1,800,000	2029	4.25-5.0	1,425,000
Series 2009 Certificates of Obligation	1,670,000	2029	2.5-4.75	1,210,000
Series 2010A Certificates of Obligation	2,800,000	2030	3.0-4.25	2,325,000
Series 2010B Certificates of Obligation	7,730,000	2030	2.4-3.9	6,160,000
Series 2010C Certificates of Obligation	2,775,000	2020	1.5-3.0	1,500,000
Series 2012 Certificates of Obligation	8,600,000	2032	0.4-3.3	7,310,000
Series 2012A certificates of obligation	1,185,000	2023	2.0-3.0	960,000
Series 2013 certificates of obligation	9,000,000	2033	2.0-2.75	8,320,000
Series 2013A certificates of obligation	650,000	2023	1.92	535,000
Series 2014 certificates of obligation	5,000,000	2034	2.5-3.0	4,815,000
Series 2014A certificates of obligation	3,000,000	2034	3.5-4	<u>2,895,000</u>
Total Certificates of Obligation				<u>48,660,000</u>
Notes Payable:				
State Infrastructure Bank Loan	1,000,000	2016	3.25	<u>156,922</u>
Total Notes Payable				<u>156,922</u>
Total Governmental Activities				<u>\$ 62,791,922</u>

In October 2015, the City issued \$9,760,000 Series 2015 Combination Tax & Revenue Certificates of Obligations.

The annual requirements to amortize all primary government general obligation bonds, certificates of obligation and notes payable outstanding as of September 30, 2015, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2016	\$ 4,876,922	\$ 2,015,908
2017	4,845,000	1,854,753
2018	4,120,000	1,713,709
2019	4,055,000	1,589,517
2020	4,170,000	1,460,656
2021-2025	19,030,000	5,379,886
2026-2030	16,725,000	2,119,468
2031-2034	<u>4,970,000</u>	<u>272,245</u>
	<u>\$ 62,791,922</u>	<u>\$ 16,406,142</u>

Revenue Bonds

Revenue bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system. The City collected in excess of \$8 million in water revenues with the coverage debt service of the revenue bonds being \$21,000. The following is a summary of revenue bonds outstanding as of September 30, 2015:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Business-type activities:				
Series 2010 TWDB Combination Tax and Surplus Revenue	\$ 394,000	2029	N/A	<u>\$ 294,000</u>
Total Revenue Bonds				<u>\$ 294,000</u>

The annual requirements to amortize all revenue bonds outstanding as of September 30, 2015, are as follows:

Year Ending September 30,	Business-type Activities
	Principal
2016	\$ 21,000
2017	21,000
2018	21,000
2019	21,000
2020	21,000
2021-2025	105,000
2026-2030	<u>84,000</u>
	<u>\$ 294,000</u>

Notes Payable

Portions of the 2008, 2009, 2010A and 2010C certificates of obligation are payable by forming the Rosenberg Development Corporation in the amounts of \$702,000, \$605,000, \$248,775, and \$1,013,000, respectively. A portion of the 2011 and 2012 general obligation refunding bonds are also being paid from the Rosenberg Development Corporation in the amount of \$735,000 and \$820,000. These amounts are being shown as liabilities in the Rosenberg Development Corporation as these amounts have been guaranteed by the Corporation. The amounts are also shown as liabilities in the governmental activities of the City as the actual debt is in the name of the City of Rosenberg, Texas and the City is ultimately responsible for the repayment of the debt. The debt in the governmental activities is being offset by a note receivable from the Rosenberg Development Corporation.

The annual requirements to amortize the Rosenberg Development Corporation's portion of these liabilities outstanding as of September 30, 2015, are as follows:

Year Ending September 30,	Rosenberg Development Corporation	
	Principal	Interest
2016	\$ 617,770	\$ 177,221
2017	544,305	160,476
2018	559,840	147,958
2019	574,875	126,890
2020	590,410	104,444
2021-2025	403,320	304,340
2026-2030	<u>833,255</u>	<u>62,514</u>
	<u>\$ 4,123,775</u>	<u>\$ 1,083,843</u>

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

The annual requirements to amortize the note payable outstanding as of September 30, 2015, are as follows:

Year Ending September 30,	SECO Notes Payable	
	Principal	Interest
2016	\$ 585,685	\$ 66,998
2017	603,454	49,229
2018	621,762	30,920
2019	<u>595,532</u>	<u>12,057</u>
	<u>\$ 2,406,433</u>	<u>\$ 159,204</u>

The following is a summary of changes in the City's total governmental and business-type long-term liabilities for the year ended September 30, 2015.

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 15,860,000	\$ -	\$ 1,885,000	13,975,000	\$ 1,925,000
Certificates of obligation	48,380,000	3,000,000	2,720,000	48,660,000	2,795,000
Tax notes	160,000	-	160,000	-	-
Bond issuance premiums	830,550	168,000	76,790	921,760	76,790
Total bonds payable	<u>65,230,550</u>	<u>3,168,000</u>	<u>4,841,790</u>	<u>63,556,760</u>	<u>4,796,790</u>
Notes payable	308,905	-	151,983	156,922	156,922
Compensated absences	468,730	82,304	21,821	529,213	52,902
Net pension liability	8,087,762	3,220,359	3,428,463	7,879,658	-
OPEB obligation	<u>5,089,416</u>	<u>1,024,219</u>	<u>144,414</u>	<u>5,969,221</u>	<u>-</u>
Total governmental activities	<u>\$ 79,185,363</u>	<u>\$ 7,494,882</u>	<u>\$ 8,588,471</u>	<u>\$ 78,091,774</u>	<u>\$ 5,006,614</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	314,000	-	20,000	294,000	21,000
Capital leases	1,421,744	-	78,310	1,343,434	91,826
Notes payable	2,976,029	-	569,596	2,406,433	585,684
Net pension liability	901,636	359,011	382,211	878,436	-
Compensated absences	<u>64,630</u>	<u>7,489</u>	<u>11,658</u>	<u>60,461</u>	<u>6,046</u>
Total business-type activities	<u>\$ 5,678,039</u>	<u>\$ 366,500</u>	<u>\$ 1,061,774</u>	<u>\$ 4,982,764</u>	<u>\$ 704,556</u>
Discretely presented component unit:					
Notes payable	<u>4,891,010</u>	<u>-</u>	<u>767,235</u>	<u>4,123,775</u>	<u>617,770</u>
Total discretely presented component unit	<u>\$ 4,891,010</u>	<u>\$ -</u>	<u>\$ 767,235</u>	<u>\$ 4,123,775</u>	<u>\$ 617,770</u>

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

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

Federal Tax Compliance (Arbitrage) for Long-term Debt

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

Rebate

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

Unexpended Debt Issuance Proceeds (Yield Restriction Requirements)

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

Capital Lease Obligations

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

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 1,779,935
Less: accumulated depreciation	<u>(1,139,158)</u>
	<u>\$ 640,777</u>

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

<u>Year Ending</u> <u>September 30,</u>	<u>Business-type</u> <u>Activities</u> <u>Scheduled Payments</u>
2016	\$ 159,233
2017	159,233
2018	159,234
2019	159,233
2020	284,925
2021-2022	<u>740,250</u>
Total minimum lease payments	1,662,108
Less interest portion	<u>(319,183)</u>
Present value of minimum lease payments	<u>\$ 1,342,925</u>

Fund balances for all the major and nonmajor governmental funds as of September 30, 2015, were distributed as follows:

	<u>General</u>	<u>Debt</u> <u>Service</u>	<u>RDC</u> <u>Projects</u>	<u>Other</u> <u>Governmental</u>	<u>Total</u>
Nonspendable:					
Inventory	\$ 12,311	\$ -	\$ -	\$ -	\$ 12,311
Prepays	<u>6,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,718</u>
Subtotal	<u>19,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,029</u>
Restricted for:					
Economic development	-	-	-	1,741,859	1,741,859
Court security and tech	-	-	-	15,882	15,882
Community development	-	-	2,074,125	716,931	2,791,056
Law enforcement	-	-	-	766,806	766,806
Fire services	-	-	-	1,317,676	1,317,676
Capital projects	-	-	-	13,467,563	13,467,563
Debt service	<u>-</u>	<u>5,028,226</u>	<u>-</u>	<u>-</u>	<u>5,028,226</u>
Subtotal	<u>-</u>	<u>5,028,226</u>	<u>2,074,125</u>	<u>18,026,717</u>	<u>25,129,068</u>
Unassigned	<u>15,450,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,450,057</u>
Total	<u>\$ 15,469,086</u>	<u>\$ 5,028,226</u>	<u>\$ 2,074,125</u>	<u>\$ 18,026,717</u>	<u>\$ 40,598,154</u>

V. OTHER INFORMATION

A. Defined Benefit Pension Policies

Plan Descriptions. 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 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 agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System 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 Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tMrs.org.

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 over of seven payments 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% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	6%
Matching ratio (City to employee)	2 to 1
Years required for vesting	1
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating
Annuity Increase to retirees	70% of CPI Repeating

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	122
Inactive employees entitled to but not yet receiving benefits	123
Active employees	<u>236</u>
	<u><u>481</u></u>

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions 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 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.03% and 14.32% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$1,909,555, 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 Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability 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 inflati

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% and female rates multiplied by 103%. 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 the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (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 7.0%. 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.

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 expenses 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 return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
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 Total Pension Liability was 7.0%. 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 period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$ 55,442,928	\$ 46,453,529	\$ 8,989,399
Changes for the year:			
Service cost	1,665,767	-	1,665,767
Interest	3,869,483	-	3,869,483
Difference between expected and actual experience	(551,553)	-	(551,553)
Contributions - employer	-	1,843,970	(1,843,970)
Contributions - employee	-	743,396	(743,396)
Net investment income	-	2,657,661	(2,657,661)
Benefit payments, including refunds of employee contributions	(1,994,965)	(1,994,965)	-
Administrative expense	-	(27,745)	27,745
Other changes	-	(2,281)	2,281
Net changes	<u>2,988,732</u>	<u>3,220,036</u>	<u>(231,304)</u>
Balance at 12/31/2014	<u>\$ 58,431,660</u>	<u>\$ 49,673,565</u>	<u>\$ 8,758,095</u>

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) of 1-percentage-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	\$ 18,218,775	\$ 8,758,095	\$ 1,144,125

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at www.tmrs.org.

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

For the year ended September 30, 2015, the City recognized pension expense of \$1,577,689.

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	\$ -	\$ 440,292
Difference between projected and actual investment earnings	475,269	-
Contributions subsequent to the measurement date	<u>1,526,412</u>	<u>-</u>
Total	<u>\$ 2,001,681</u>	<u>\$ 440,292</u>

\$1,526,412 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended Dec 31</u>	
2015	\$ 7,556
2016	7,556
2017	7,556
2018	12,309
2019	-
Thereafter	<u>-</u>
Total	<u>\$ 34,977</u>

Subsequent Event

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change. Accordingly, the city has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.

Supplemental Death Benefits Fund

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

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

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

The City's annual required contributions to the TMRS SDBF for the years ending 2015, 2014 and 2013 are as follows:

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
2013	0.03%	0.03%	100.0%
2014	0.02%	0.02%	100.0%
2015	0.02%	0.02%	100.0%

B. Texas Statewide Emergency Services Personnel Retirement Fund

Plan Description

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

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the State. No contributions are required by volunteer emergency services personnel. The City is required to contribute at least \$12 per month for each active member and can elect to increase the monthly amount. Additional contributions may be required by the City to pay for unfunded prior service costs from a prior plan or to establish credit in the Fund for service prior to entry in the Fund. The City's contributions to the Fund for the years ended September 30, 2015, 2014, and 2013 were \$53,680, \$70,287, and \$51,123, respectively, and were equal to the required contributions for each year.

Deferred Compensation Plan

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

C. Other Post-Employment Benefits

Plan Description

In addition to pension benefits, the City sponsors an agent multiple-employer defined benefit plan to provide medical coverage to its eligible retirees. The City contracts with Blue Cross Blue Shield and Aetna who offers a PPO medical plan for retirees who choose to participate in the plan. The City funds approximately \$402 per month of the premium to its health insurance plan for eligible retirees on a pay-as-you-go basis for retirees who are under 65 years old and \$258 per month for retirees over 65 years old. It has been the City's practice that retired employees who have five (5) years of service at the age of sixty (60) or twenty (20) years of service at the time of retirement are eligible to participate in the City's medical coverage program for a percentage of the premium to be paid by the retired employee based upon years of service. Similarly, employees who become disabled, while on duty, may also be eligible for insurance or similar retirement benefits for the City.

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

The contribution requirements of plan members and the City are established and may be amended by the City's executive branch. The City recognizes its share of the cost of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The City contributed approximately \$144,413 for the fiscal year ending September 30, 2015. At September 30, 2015, there were approximately 41 participants eligible to receive such benefits.

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

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

	Fiscal Year Ending <u>09/30/15</u>
Determination of annual required contribution	
Normal cost at fiscal year-end	\$ 576,995
Amortization of unfunded actuarial accrued liability	<u>556,900</u>
Annual required contribution (ARC)	1,133,895
Determination of net OPEB obligation	
Annual required contribution	1,133,895
Interest on prior year net OPEB obligation	203,576
Adjustment to ARC	<u>(313,253)</u>
Annual OPEB cost	1,024,218
Less: assumed contribution made	<u>(144,413)</u>
Estimate increase in net OPEB obligation	879,805
Net OPEB obligation, beginning	<u>5,089,416</u>
Net OPEB obligation, ending	<u>\$ 5,969,221</u>

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

Fiscal Year-end	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
09/30/13	\$ 888,049	14.75%	\$ 4,336,257
09/30/14	884,180	14.82%	5,089,416
09/30/15	1,024,218	14.10%	5,969,221

Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 19,256,005
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	19,256,005
Funded ratio (actuarial value of plan)	- %
Covered payroll (active plan members)	<u>\$ 13,181,944</u>
UAAL as a percentage of covered payroll	146.1%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

The ARC for the plan was determined as part of the October 1, 2014 actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level percentage of payroll, closed
Remaining amortization period	25 years
Inflation rate	3.00%
Asset valuation method	5-year smoothed market
Investment return	4.00%
Projected salary increases	5.50%
Cost of living adjustments	3.00%
Health care cost trend rate	10.00%

D. Interfund Transfers

The interfund transfers as of September 30, 2015, are as follows:

	Transfers in						Total
	General	Debt Service	RDC Projects	Nonmajor Governmental	Water and Wastewater	Civic center rentals	
Transfers out:							
General	\$ -	\$ -	\$ 130,000	\$ 2,020,477	\$ 80,322	\$ 97,705	\$ 2,328,504
Nonmajor governmental funds	161,212	-	-	1,234,603	5,593,104	302,698	7,291,617
Water and wastewater	1,429,813	1,939,919	-	45,845	-	-	3,415,577
Civic center rentals	-	62,998	-	-	-	-	62,998
Totals	<u>\$ 1,591,025</u>	<u>\$ 2,002,917</u>	<u>\$ 130,000</u>	<u>\$ 3,300,925</u>	<u>\$ 5,673,426</u>	<u>\$ 400,403</u>	<u>\$ 13,098,696</u>

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

During the 2015 fiscal year, the transfers to the General Fund from the various funds were made to reimburse the General Fund for various services including, but not limited to, staffing for various special events and financial and project management services. The transfers to the Debt Service Fund from the various funds were made to reimburse the Debt Service Fund for debt that was issued for projects for those funds and backed by ad valorem taxes. The transfers to the Water and Wastewater Fund were made since water/wastewater projects were completed that were funded with general obligation bond funds. The transfers are recorded when the assets are booked.

E. Risk Management

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs). Claim liabilities are calculated considering effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is only reported in the government-wide financial statements because it is not expected to be liquidated with expandable available financial resources. However, none were noted at September 30, 2015.

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

F. Commitments and Contingencies

The Rosenberg Development Corporation (RDC) entered into a Performance Agreement dated May 19, 2015 with Paragon Outlets Rosenberg Limited Partnership for the construction and development of a retail outlet mall. Under this agreement, the RDC has agreed to fund up to \$4,750,000 of infrastructure associated with the Paragon Outlets Rosenberg Limited Partnership if it meets certain requirements by a specified date. The RDC has paid for phase one (\$3,000,000) to the City and is held in the RDC projects fund.

The RDC has also signed an incentive agreement with Superior Tanks for the expansion of Superior Tanks from 8,000 sq. ft. to 54,000 sq. ft. The agreement with Superior Tanks is to fund up to \$75,000 to Superior Tanks over the next seven years. The RDC has paid for year one and the monies are being held in the RDC projects fund.

The RDC entered into a performance agreement with Texas State Technical College (TSTC) to fund up to \$2,500,000 for a 104,000 square foot TSTC Campus to be located in Rosenberg. The payments are made as follows:

- Year One – Five: \$200,000
- Year Six – Ten: \$300,000

Fort Bend Transit – The RDC has entered into a performance agreement with Fort Bend Transit and Fort Bend County to provide funding of \$75,000/annually for a three year period for an expanded bus route through Rosenberg.

Rosenberg Business Park – The RDC and City of Rosenberg have entered into a development agreement with the Rosenberg Business Park LTD., for the development of the Rosenberg Business Park. The RDC and City are committed to each fund 50% of the total infrastructure costs for phase two of the Business Park Infrastructure. The anticipated costs are each entity is expected to be \$852,450.

The Rosenberg Development Corporation has entered into a performance agreement with CVS Pharmacy to fund 50% of costs associated with a traffic signal at the intersection of Reading Road and Spacek. The total RDC funding is not to exceed \$192,465.

F. Subsequent Events

On October 20, 2015, the City issued \$9,760,000 of Series 2015 Combination Tax & Revenue Certificates of Obligation to fund the acquisition, construction and improvement of certain public works projects. The interest rates on the bonds range from 2.5-3.0% and the final maturity date is on March 1, 2034.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015			Variance from Final
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 4,754,000	\$ 4,754,000	\$ 4,673,049	\$(80,951)
Sales and use taxes	11,545,000	11,729,000	12,642,075	913,075
Franchise taxes	1,648,500	1,648,500	1,827,242	178,742
Licenses and permits	581,100	581,100	822,193	241,093
Fines and forfeitures	535,400	535,400	521,517	(13,883)
Fees and charges for services	3,892,379	4,064,859	4,392,627	327,768
Intergovernmental	1,054,656	1,084,656	1,255,967	171,311
Investment earnings	5,000	5,000	8,776	3,776
Other	101,150	222,275	313,821	91,546
Total revenue	<u>24,117,185</u>	<u>24,624,790</u>	<u>26,457,267</u>	<u>1,832,477</u>
EXPENDITURES				
General government:				
Mayor and City Council	44,522	44,522	38,064	6,458
City manager	1,030,573	1,071,573	1,048,190	23,383
City secretary	221,291	221,291	217,236	4,055
Finance	546,868	546,868	494,891	51,977
Legal	130,000	238,000	229,136	8,864
City prosecutor	50,000	50,000	33,525	16,475
Municipal court	374,335	371,435	329,465	41,970
Building maintenance	133,887	133,887	95,503	38,384
General government	<u>1,098,415</u>	<u>1,121,535</u>	<u>1,082,576</u>	<u>38,959</u>
Total general government	<u>3,629,891</u>	<u>3,799,111</u>	<u>3,568,586</u>	<u>230,525</u>
Public safety:				
Police and emergency management	7,874,631	7,919,431	7,373,992	545,439
Fire and fire marshal	3,867,495	3,887,475	3,258,150	629,325
Animal control	233,447	245,947	226,885	19,062
School officers and crossing guards	<u>1,050,656</u>	<u>1,080,656</u>	<u>1,070,447</u>	<u>10,209</u>
Total public safety	<u>13,026,229</u>	<u>13,133,509</u>	<u>11,929,474</u>	<u>1,204,035</u>
Public works:				
Streets and drainage	1,787,058	1,874,058	1,701,175	172,883
Street lighting and signals	439,000	439,000	466,495	(27,495)
Solid waste	2,550,000	2,615,929	2,615,929	-
Fleet maintenance	<u>307,183</u>	<u>307,183</u>	<u>276,015</u>	<u>31,168</u>
Total public works	<u>5,083,241</u>	<u>5,236,170</u>	<u>5,059,614</u>	<u>176,556</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015			Variance from Final
	Original Budget	Final Budget	Actual	
EXPENDITURES (Continued)				
Community development:				
Engineering	\$ 170,000	\$ 256,550	\$ 253,725	\$ 2,825
Planning	297,143	292,943	285,630	7,313
Marketing and public affairs	249,369	249,369	210,027	39,342
Parks and recreation	981,242	986,742	936,860	49,882
Special Events	176,988	206,113	202,487	3,626
Code enforcement	591,593	590,593	509,400	81,193
Public health	<u>188,841</u>	<u>188,841</u>	<u>161,996</u>	<u>26,845</u>
Total community development	<u>2,655,176</u>	<u>2,771,151</u>	<u>2,560,125</u>	<u>211,026</u>
Capital outlay	<u>832,000</u>	<u>800,000</u>	<u>340,127</u>	<u>459,873</u>
Total expenditures	<u>25,226,537</u>	<u>25,739,941</u>	<u>23,457,926</u>	<u>2,282,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,109,352)</u>	<u>(1,115,151)</u>	<u>2,999,341</u>	<u>4,114,492</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	5,800	6,730	930
Sale of capital asset	5,000	5,000	165,454	160,454
Transfers in	1,589,329	1,589,329	1,591,025	1,696
Transfers out	<u>(484,979)</u>	<u>(2,328,504)</u>	<u>(2,328,504)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,109,350</u>	<u>(728,375)</u>	<u>(565,295)</u>	<u>163,080</u>
NET CHANGE IN FUND BALANCE	<u>(2)</u>	<u>(1,843,526)</u>	<u>2,434,046</u>	<u>4,277,572</u>
FUND BALANCE, BEGINNING	<u>13,035,040</u>	<u>13,035,040</u>	<u>13,035,040</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 13,035,038</u>	<u>\$ 11,191,514</u>	<u>\$ 15,469,086</u>	<u>\$ 4,277,572</u>

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CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDC PROJECTS - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 1,485,375	\$ 1,230,375	\$(255,000)
Investment earnings	700	2,773	2,073
Total revenue	<u>1,486,075</u>	<u>1,233,148</u>	<u>(252,927)</u>
EXPENDITURES			
Current:			
General government	102,500	54,652	47,848
Community development	595,375	62,103	533,272
Capital outlay	<u>5,780,097</u>	<u>4,059,763</u>	<u>1,720,334</u>
Total expenditures	<u>6,477,972</u>	<u>4,176,518</u>	<u>2,301,454</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,991,897)</u>	<u>(2,943,370)</u>	<u>2,048,527</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>130,000</u>	<u>130,000</u>
Total other financing sources (uses)	<u>-</u>	<u>130,000</u>	<u>130,000</u>
NET CHANGE IN FUND BALANCE	<u>(4,991,897)</u>	<u>(2,813,370)</u>	<u>2,178,527</u>
FUND BALANCE, BEGINNING	<u>4,887,495</u>	<u>4,887,495</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ (104,402)</u></u>	<u><u>\$ 2,074,125</u></u>	<u><u>\$ 2,178,527</u></u>

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CITY OF ROSENBERG, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Plan Year	<u>2014</u>
A. Total pension liability	
Service Cost	\$ 1,665,767
Interest (on the Total Pension Liability)	3,869,483
Difference between expected and actual experience	(551,553)
Benefit payments, including refunds of employee contributions	(1,994,965)
Net change in total pension liability	2,988,732
Total pension liability - beginning	<u>55,442,928</u>
Total pension liability - ending (a)	<u>58,431,660</u>
B. Plan fiduciary net position	
Contributions - Employer	1,843,970
Contributions - Employee	743,396
Net Investment Income	2,657,661
Benefit payments, including refunds of employee contributions	(1,994,965)
Administrative Expenses	(27,745)
Other	<u>(2,281)</u>
Net change in plan fiduciary net position	3,220,036
Plan fiduciary net position - beginning	<u>46,453,529</u>
Plan fiduciary net position - ending (b)	<u>49,673,565</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 8,758,095</u>
D. Plan fiduciary net position as a percentage of total pension liability	85.01%
E. Covered employee payroll	\$ 12,383,933
F. Net position liability as a percentage of covered employee payroll	70.72%

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CITY OF ROSENBERG, TEXAS
SCHUEDLE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Fiscal Year	<u>2014</u>	<u>2015</u>
Actuarial determined contribution	\$ <u>1,843,461</u>	\$ <u>1,909,555</u>
Contributions in relation to the actuarially determined contribution	\$ <u>1,843,461</u>	\$ <u>1,909,555</u>
Contribution deficiency (excess)	-	-
Covered employee payroll	12,239,774	13,181,944
Contributions as a percentage of covered employee payroll	15.06%	14.49%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

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	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
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 of with BB.

Other Information:

Notes There were no benefit changes during the year.

CITY OF ROSENBERG, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/(c)</u>
10/01/10	\$ -	\$ 19,612,267	- %	\$ 19,612,267	\$ 10,244,563	191.44%
10/01/12	-	17,083,706	- %	17,083,706	10,920,821	156.43%
10/01/14	-	19,256,005	- %	19,256,005	12,239,774	157.32%

CITY OF ROSENBERG, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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**CITY OF ROSENBERG, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015**

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 4,578,225	\$ 12,852,878	\$ 17,431,103
Receivables			
Taxes	69,683	-	69,683
Other	-	1,981,831	1,981,831
Intergovernmental	2,025	-	2,025
Prepaid insurance	332	-	332
Total assets	<u>4,650,265</u>	<u>14,834,709</u>	<u>19,484,974</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	54,922	1,362,166	1,417,088
Accrued liabilities	<u>36,189</u>	<u>4,980</u>	<u>41,169</u>
Total liabilities	<u>91,111</u>	<u>1,367,146</u>	<u>1,458,257</u>
Fund balances:			
Restricted	<u>4,559,154</u>	<u>13,467,563</u>	<u>18,026,717</u>
Total fund balances	<u>4,559,154</u>	<u>13,467,563</u>	<u>18,026,717</u>
 Total liabilities and fund balances	 <u>\$ 4,650,265</u>	 <u>\$ 14,834,709</u>	 <u>\$ 19,484,974</u>

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CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Sales tax	\$ 744,371	\$ -	\$ 744,371
Franchise tax	71,477	-	71,477
Fines and forfeitures	90,713	-	90,713
Intergovernmental revenue	986,157	2,981,831	3,967,988
Investment earnings	2,605	14,004	16,609
Other	<u>154,732</u>	<u>36,880</u>	<u>191,612</u>
Total revenues	<u>2,050,055</u>	<u>3,032,715</u>	<u>5,082,770</u>
EXPENDITURES			
Current:			
General government	44,960	118,887	163,847
Public safety	1,028,669	-	1,028,669
Community Development	150,509	-	150,509
Capital outlay	158,600	3,312,772	3,471,372
Debt issuance costs	<u>-</u>	<u>65,849</u>	<u>65,849</u>
Total expenditures	<u>1,382,738</u>	<u>3,497,508</u>	<u>4,880,246</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>667,317</u>	<u>(464,793)</u>	<u>202,524</u>
OTHER FINANCING SOURCES (USES)			
Debt issuance	-	3,000,000	3,000,000
Premium on debt	-	168,000	168,000
Transfers in	752,755	2,548,170	3,300,925
Transfers out	<u>(1,083,959)</u>	<u>(6,207,658)</u>	<u>(7,291,617)</u>
Total other financing sources (uses)	<u>(331,204)</u>	<u>(491,488)</u>	<u>(822,692)</u>
NET CHANGE IN FUND BALANCES	336,113	(956,281)	(620,168)
FUND BALANCES, BEGINNING	<u>4,223,041</u>	<u>14,423,844</u>	<u>18,646,885</u>
FUND BALANCES, ENDING	<u>\$ 4,559,154</u>	<u>\$ 13,467,563</u>	<u>\$ 18,026,717</u>

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

SEPTEMBER 30, 2015

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
ASSETS				
Cash and investments	\$ 1,702,879	\$ 15,882	\$ 73,707	\$ 190,466
Receivables				
Taxes	52,325	-	-	-
Intergovernmental	-	-	-	2,025
Prepaid Insurance	-	-	-	295
	<u>1,755,204</u>	<u>15,882</u>	<u>73,707</u>	<u>192,786</u>
Total assets				
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	10,939	-	2,921	4,986
Accrued liabilities	2,406	-	-	-
Total liabilities	<u>13,345</u>	<u>-</u>	<u>2,921</u>	<u>4,986</u>
Fund balances:				
Restricted	<u>1,741,859</u>	<u>15,882</u>	<u>70,786</u>	<u>187,800</u>
Total fund balances	<u>1,741,859</u>	<u>15,882</u>	<u>70,786</u>	<u>187,800</u>
Total liabilities and fund balances	<u>\$ 1,755,204</u>	<u>\$ 15,882</u>	<u>\$ 73,707</u>	<u>\$ 192,786</u>

<u>Community Development Block Grant</u>	<u>Police Asset Forfeiture</u>	<u>Park Land Dedication</u>	<u>Juvenile Case Manager</u>	<u>Municipal Court Child Safety</u>	<u>Municipal Court Building Security</u>	<u>Mud Fire Services</u>
\$ 159,994	\$ 38,313	\$ 344,955	\$ 173,757	\$ 206,087	\$ -	\$ 1,011,164
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>159,994</u>	<u>38,313</u>	<u>344,955</u>	<u>173,757</u>	<u>206,087</u>	<u>-</u>	<u>1,011,164</u>
365	4,166	10,765	853	-	-	-
-	-	-	-	-	-	-
<u>365</u>	<u>4,166</u>	<u>10,765</u>	<u>853</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>159,629</u>	<u>34,147</u>	<u>334,190</u>	<u>172,904</u>	<u>206,087</u>	<u>-</u>	<u>1,011,164</u>
<u>159,629</u>	<u>34,147</u>	<u>334,190</u>	<u>172,904</u>	<u>206,087</u>	<u>-</u>	<u>1,011,164</u>
<u>\$ 159,994</u>	<u>\$ 38,313</u>	<u>\$ 344,955</u>	<u>\$ 173,757</u>	<u>\$ 206,087</u>	<u>\$ -</u>	<u>\$ 1,011,164</u>

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CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
SEPTEMBER 30, 2015

	<u>Police Federal Forfeiture</u>	<u>PEG Capital</u>	<u>Fire Station Number 3 Operating</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and investments	\$ 165,868	\$ 135,287	\$ 359,866	\$ 4,578,225
Receivables				
Taxes	-	17,358	-	69,683
Intergovernmental	-	-	-	2,025
Prepaid Insurance	<u>-</u>	<u>-</u>	<u>37</u>	<u>332</u>
Total assets	<u>165,868</u>	<u>152,645</u>	<u>359,903</u>	<u>4,650,265</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	319	19,608	54,922
Accrued liabilities	<u>-</u>	<u>-</u>	<u>33,783</u>	<u>36,189</u>
Total liabilities	<u>-</u>	<u>319</u>	<u>53,391</u>	<u>91,111</u>
Fund balances:				
Restricted	<u>165,868</u>	<u>152,326</u>	<u>306,512</u>	<u>4,559,154</u>
Total fund balances	<u>165,868</u>	<u>152,326</u>	<u>306,512</u>	<u>4,559,154</u>
Total liabilities and fund balances	<u>\$ 165,868</u>	<u>\$ 152,645</u>	<u>\$ 359,903</u>	<u>\$ 4,650,265</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
REVENUES				
Sales tax	\$ 744,371	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Fines and forfeitures	-	18,524	-	-
Intergovernmental revenue	-	-	-	91,385
Investment earnings	983	10	39	83
Other	-	-	24,300	8,101
Total revenues	<u>745,354</u>	<u>18,534</u>	<u>24,339</u>	<u>99,569</u>
EXPENDITURES				
Current:				
General government	-	23,280	-	-
Public safety	-	-	-	51,122
Community development	142,909	-	7,000	-
Capital outlay	-	-	-	8,627
Total expenditures	<u>142,909</u>	<u>23,280</u>	<u>7,000</u>	<u>59,749</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>602,445</u>	<u>(4,746)</u>	<u>17,339</u>	<u>39,820</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(420,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(420,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	181,711	(4,746)	17,339	39,820
FUND BALANCES, BEGINNING	<u>1,560,148</u>	<u>20,628</u>	<u>53,447</u>	<u>147,980</u>
FUND BALANCES, ENDING	<u>\$ 1,741,859</u>	<u>\$ 15,882</u>	<u>\$ 70,786</u>	<u>\$ 187,800</u>

<u>Community Development Block Grant</u>	<u>Police Asset Forfeiture</u>	<u>Park Land Dedication</u>	<u>Juvenile Case Manager</u>	<u>Municipal Court Child Safety</u>	<u>Municipal Court Building Security</u>	<u>Mud Fire Services</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	22,271	38,222	11,696	-
30,319	-	-	-	-	-	687,700
-	25	224	103	127	-	577
-	3,201	119,130	-	-	-	-
<u>30,319</u>	<u>3,226</u>	<u>119,354</u>	<u>22,374</u>	<u>38,349</u>	<u>11,696</u>	<u>688,277</u>
-	-	-	-	21,680	-	-
-	3,800	-	-	-	-	-
600	-	-	-	-	-	-
-	-	125,270	-	-	-	-
<u>600</u>	<u>3,800</u>	<u>125,270</u>	<u>-</u>	<u>21,680</u>	<u>-</u>	<u>-</u>
<u>29,719</u>	<u>(574)</u>	<u>(5,916)</u>	<u>22,374</u>	<u>16,669</u>	<u>11,696</u>	<u>688,277</u>
45,845	-	-	-	-	-	-
(46,049)	-	-	(19,680)	(11,800)	(11,696)	(574,000)
(204)	-	-	(19,680)	(11,800)	(11,696)	(574,000)
29,515	(574)	(5,916)	2,694	4,869	-	114,277
<u>130,114</u>	<u>34,721</u>	<u>340,106</u>	<u>170,210</u>	<u>201,218</u>	<u>-</u>	<u>896,887</u>
<u>\$ 159,629</u>	<u>\$ 34,147</u>	<u>\$ 334,190</u>	<u>\$ 172,904</u>	<u>\$ 206,087</u>	<u>\$ -</u>	<u>\$ 1,011,164</u>

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CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Police Federal Forfeiture</u>	<u>PEG Capital</u>	<u>Fire Station Number 3 Operating</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Sales tax	\$ -	\$ -	\$ -	\$ 744,371
Franchise tax	-	71,477	-	71,477
Fines and forfeitures	-	-	-	90,713
Intergovernmental revenue	104,753	-	72,000	986,157
Investment earnings	87	66	281	2,605
Other	-	-	-	154,732
Total revenues	<u>104,840</u>	<u>71,543</u>	<u>72,281</u>	<u>2,050,055</u>
EXPENDITURES				
Current:				
General government	-	-	-	44,960
Public safety	5,292	-	968,455	1,028,669
Community development	-	-	-	150,509
Capital outlay	<u>1,842</u>	<u>22,861</u>	<u>-</u>	<u>158,600</u>
Total expenditures	<u>7,134</u>	<u>22,861</u>	<u>968,455</u>	<u>1,382,738</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>97,706</u>	<u>48,682</u>	<u>(896,174)</u>	<u>667,317</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	706,910	752,755
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,083,959)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>706,910</u>	<u>(331,204)</u>
NET CHANGE IN FUND BALANCES	97,706	48,682	(189,264)	336,113
FUND BALANCES, BEGINNING	<u>68,162</u>	<u>103,644</u>	<u>495,776</u>	<u>4,223,041</u>
FUND BALANCES, ENDING	<u>\$ 165,868</u>	<u>\$ 152,326</u>	<u>\$ 306,512</u>	<u>\$ 4,559,154</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Seabourne Creek Capacity</u>	<u>Operating Projects</u>	<u>2007 General Obligation</u>	<u>2010 Certificates of Obligation</u>	<u>2010B Certificates of Obligation</u>
ASSETS					
Cash and investments	\$ 8,167	\$ 1,962,228	\$ 979,446	\$ -	\$ 511,842
Receivables - other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>8,167</u>	<u>1,962,228</u>	<u>979,446</u>	<u>-</u>	<u>511,842</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	6,518	150,037	881	-	94,070
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,518</u>	<u>150,037</u>	<u>881</u>	<u>-</u>	<u>94,070</u>
Fund balances:					
Restricted	<u>1,649</u>	<u>1,812,191</u>	<u>978,565</u>	<u>-</u>	<u>417,772</u>
Total fund balances	<u>1,649</u>	<u>1,812,191</u>	<u>978,565</u>	<u>-</u>	<u>417,772</u>
Total liabilities and fund balances	<u>\$ 8,167</u>	<u>\$ 1,962,228</u>	<u>\$ 979,446</u>	<u>\$ -</u>	<u>\$ 511,842</u>

2012 Certificates of Obligation	2012A & 2013A Certificates of Obligation	2013 Certificates of Obligation	2014 Certificates of Obligation	2014A Certificates of Obligation	One-Way Pairs Mobility Project	Fire Station #3 Construction	Bamore Road County Mobility Project
\$ 819,669	\$ 37,734	\$ 2,260,408	\$ 2,045,050	\$ 2,442,896	\$ 955,665	\$ -	\$ 172,164
-	-	-	-	-	-	-	-
<u>819,669</u>	<u>37,734</u>	<u>2,260,408</u>	<u>2,045,050</u>	<u>2,442,896</u>	<u>955,665</u>	<u>-</u>	<u>172,164</u>
3,080	-	38,707	190,844	32,638	673,227	-	172,164
-	-	-	-	4,980	-	-	-
<u>3,080</u>	<u>-</u>	<u>38,707</u>	<u>190,844</u>	<u>37,618</u>	<u>673,227</u>	<u>-</u>	<u>172,164</u>
816,589	37,734	2,221,701	1,854,206	2,405,278	282,438	-	-
<u>816,589</u>	<u>37,734</u>	<u>2,221,701</u>	<u>1,854,206</u>	<u>2,405,278</u>	<u>282,438</u>	<u>-</u>	<u>-</u>
<u>\$ 819,669</u>	<u>\$ 37,734</u>	<u>\$ 2,260,408</u>	<u>\$ 2,045,050</u>	<u>\$ 2,442,896</u>	<u>\$ 955,665</u>	<u>\$ -</u>	<u>\$ 172,164</u>

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CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Spacek Road County Mobility Project</u>	<u>Airport Ave County Mobility</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 657,549	\$ 60	\$ 12,852,878
Receivables - other	<u>-</u>	<u>1,981,831</u>	<u>1,981,831</u>
Total assets	<u>657,549</u>	<u>1,981,891</u>	<u>14,834,709</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	1,362,166
Accrued liabilities	<u>-</u>	<u>-</u>	<u>4,980</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,367,146</u>
Fund balances:			
Restricted	<u>657,549</u>	<u>1,981,891</u>	<u>13,467,563</u>
Total fund balances	<u>657,549</u>	<u>1,981,891</u>	<u>13,467,563</u>
Total liabilities and fund balances	<u>\$ 657,549</u>	<u>\$ 1,981,891</u>	<u>\$ 14,834,709</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Seabourne Creek Capacity	Operating Projects	2007 General Obligation	2010 Certificates of Obligation	2010B Certificates of Obligation
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	4	334	988	5	513
Other	<u>16,880</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>16,884</u>	<u>334</u>	<u>20,988</u>	<u>5</u>	<u>513</u>
EXPENDITURES					
General government	-	118,887	-	-	-
Capital outlay	18,836	513,028	551,226	100,738	334,587
Debt issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>18,836</u>	<u>631,915</u>	<u>551,226</u>	<u>100,738</u>	<u>334,587</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	<u>(1,952)</u>	<u>(631,581)</u>	<u>(530,238)</u>	<u>(100,733)</u>	<u>(334,074)</u>
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-
Transfers in	-	1,887,567	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,900)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,887,567</u>	<u>-</u>	<u>-</u>	<u>(6,900)</u>
NET CHANGE IN FUND BALANCES	<u>(1,952)</u>	<u>1,255,986</u>	<u>(530,238)</u>	<u>(100,733)</u>	<u>(340,974)</u>
FUND BALANCES, BEGINNING	<u>3,601</u>	<u>556,205</u>	<u>1,508,803</u>	<u>100,733</u>	<u>758,746</u>
FUND BALANCES, ENDING	<u>\$ 1,649</u>	<u>\$ 1,812,191</u>	<u>\$ 978,565</u>	<u>\$ -</u>	<u>\$ 417,772</u>

2012 Certificates of Obligation	2012A & 2013A Certificates of Obligation	2013 Certificates of Obligation	2014 Certificates of Obligation	2014A Certificates of Obligation	One-Way Pairs Mobility Project	Fire Station #3	Bamore Road County Mobility Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -
775	79	1,989	5,116	3,129	243	53	378
-	-	-	-	-	-	-	-
<u>775</u>	<u>79</u>	<u>1,989</u>	<u>5,116</u>	<u>3,129</u>	<u>1,000,243</u>	<u>53</u>	<u>378</u>
-	-	-	-	-	-	-	-
222,535	119,921	735,117	-	100,002	-	288,539	328,243
-	-	-	-	65,849	-	-	-
<u>222,535</u>	<u>119,921</u>	<u>735,117</u>	<u>-</u>	<u>165,851</u>	<u>-</u>	<u>288,539</u>	<u>328,243</u>
(221,760)	(119,842)	(733,128)	5,116	(162,722)	1,000,243	(288,486)	(327,865)
-	-	-	-	3,000,000	-	-	-
-	-	-	-	168,000	-	-	-
328,979	-	331,624	-	-	-	-	-
(37,966)	-	(828,361)	(3,356,024)	(600,000)	(717,805)	(328,979)	(331,623)
<u>291,013</u>	<u>-</u>	<u>(496,737)</u>	<u>(3,356,024)</u>	<u>2,568,000</u>	<u>(717,805)</u>	<u>(328,979)</u>	<u>(331,623)</u>
69,253	(119,842)	(1,229,865)	(3,350,908)	2,405,278	282,438	(617,465)	(659,488)
<u>747,336</u>	<u>157,576</u>	<u>3,451,566</u>	<u>5,205,114</u>	<u>-</u>	<u>-</u>	<u>617,465</u>	<u>659,488</u>
<u>\$ 816,589</u>	<u>\$ 37,734</u>	<u>\$ 2,221,701</u>	<u>\$ 1,854,206</u>	<u>\$ 2,405,278</u>	<u>\$ 282,438</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Spacek Road County Mobility Project</u>	<u>Airport Ave County Mobility</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ 1,981,831	\$ 2,981,831
Investment earnings	398	-	14,004
Other	<u>-</u>	<u>-</u>	<u>36,880</u>
Total revenues	<u>398</u>	<u>1,981,831</u>	<u>3,032,715</u>
EXPENDITURES			
General government	-	-	118,887
Capital outlay	-	-	3,312,772
Debt issuance costs	<u>-</u>	<u>-</u>	<u>65,849</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>3,497,508</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>398</u>	<u>1,981,831</u>	<u>(464,793)</u>
OTHER FINANCING SOURCES (USES)			
Debt issuance	-	-	3,000,000
Premium on Bonds Sold	-	-	168,000
Transfers in	-	-	2,548,170
Transfers out	<u>-</u>	<u>-</u>	<u>(6,207,658)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(491,488)</u>
NET CHANGE IN FUND BALANCES			
	398	1,981,831	(956,281)
FUND BALANCES, BEGINNING			
	<u>657,151</u>	<u>60</u>	<u>14,423,844</u>
FUND BALANCES, ENDING			
	<u>\$ 657,549</u>	<u>\$ 1,981,891</u>	<u>\$ 13,467,563</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Property taxes	\$ 4,250,000	\$ 4,158,630	\$(91,370)
Intergovernmental	964,943	964,943	-
Investment earnings	<u>6,000</u>	<u>3,479</u>	<u>(2,521)</u>
Total revenue	<u>5,220,943</u>	<u>5,127,052</u>	<u>(93,891)</u>
EXPENDITURES			
Debt service:			
Principal retirement	4,961,983	4,916,983	45,000
Interest and fiscal agent fees	<u>2,261,865</u>	<u>2,177,290</u>	<u>84,575</u>
Total debt service	<u>7,223,848</u>	<u>7,094,273</u>	<u>129,575</u>
 Total expenditures	 <u>7,223,848</u>	 <u>7,094,273</u>	 <u>129,575</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(2,002,905)</u>	 <u>(1,967,221)</u>	 <u>35,684</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>2,002,905</u>	<u>2,002,917</u>	<u>12</u>
Total other financing sources (uses)	<u>2,002,905</u>	<u>2,002,917</u>	<u>12</u>
NET CHANGE IN FUND BALANCE	-	35,696	35,696
FUND BALANCE, BEGINNING	<u>4,992,530</u>	<u>4,992,530</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,992,530</u>	<u>\$ 5,028,226</u>	<u>\$ 35,696</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Taxes:				
Sales	\$ 600,000	\$ 600,000	\$ 744,371	\$ 144,371
Investment earnings	<u>1,100</u>	<u>1,100</u>	<u>983</u>	<u>(117)</u>
Total revenue	<u>601,100</u>	<u>601,100</u>	<u>745,354</u>	<u>144,254</u>
EXPENDITURES				
Current:				
Community development	<u>115,500</u>	<u>191,114</u>	<u>142,909</u>	<u>48,205</u>
Total expenditures	<u>115,500</u>	<u>191,114</u>	<u>142,909</u>	<u>48,205</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>485,600</u>	<u>409,986</u>	<u>602,445</u>	<u>192,459</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(420,734)</u>	<u>(420,734)</u>	<u>(420,734)</u>	<u>-</u>
Total other financing sources (uses)	<u>(420,734)</u>	<u>(420,734)</u>	<u>(420,734)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	64,866	(10,748)	181,711	192,459
FUND BALANCE, BEGINNING	<u>1,560,148</u>	<u>1,560,148</u>	<u>1,560,148</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,625,014</u>	<u>\$ 1,549,400</u>	<u>\$ 1,741,859</u>	<u>\$ 192,459</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT TECHNOLOGY - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 18,000	\$ 18,524	\$ 524
Investment earnings	10	10	-
Total revenue	<u>18,010</u>	<u>18,534</u>	<u>524</u>
EXPENDITURES			
Current:			
General government	<u>24,100</u>	<u>23,280</u>	<u>820</u>
Total debt service	<u>24,100</u>	<u>23,280</u>	<u>820</u>
Total expenditures	<u>24,100</u>	<u>23,280</u>	<u>820</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,090)	(4,746)	1,344
FUND BALANCE, BEGINNING	<u>20,628</u>	<u>20,628</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 14,538</u>	<u>\$ 15,882</u>	<u>\$ 1,344</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BEAUTIFICATION - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ 14	\$ 39	\$ 25
Other	<u>24,000</u>	<u>24,300</u>	<u>300</u>
Total revenue	<u>24,014</u>	<u>24,339</u>	<u>325</u>
EXPENDITURES			
Current:			
Community Development	<u>19,500</u>	<u>7,000</u>	<u>12,500</u>
Total expenditures	<u>19,500</u>	<u>7,000</u>	<u>12,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,514</u>	<u>17,339</u>	<u>12,825</u>
NET CHANGE IN FUND BALANCE	4,514	17,339	12,825
FUND BALANCE, BEGINNING	<u>53,447</u>	<u>53,447</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 57,961</u>	<u>\$ 70,786</u>	<u>\$ 12,825</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAW ENFORCEMENT - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ -	\$ 91,385	\$ 91,385
Investment earnings	50	83	33
Other	<u>5,340</u>	<u>8,101</u>	<u>2,761</u>
Total revenue	<u>5,390</u>	<u>99,569</u>	<u>94,179</u>
EXPENDITURES			
Current:			
Public safety	54,540	51,122	3,418
Capital outlay	<u>40,000</u>	<u>8,627</u>	<u>31,373</u>
Total debt service	<u>94,540</u>	<u>59,749</u>	<u>34,791</u>
Total expenditures	<u>94,540</u>	<u>59,749</u>	<u>34,791</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(89,150)</u>	<u>39,820</u>	<u>128,970</u>
NET CHANGE IN FUND BALANCE	(89,150)	39,820	128,970
FUND BALANCE, BEGINNING	<u>147,980</u>	<u>147,980</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 58,830</u>	<u>\$ 187,800</u>	<u>\$ 128,970</u>
OTHER FINANCING SOURCES (USES)			

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CDBG - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 210,000	\$ 30,319	\$(179,681)
Total revenue	<u>210,000</u>	<u>30,319</u>	<u>(179,681)</u>
EXPENDITURES			
Community development	283,180	600	282,580
Total debt service	<u>283,180</u>	<u>600</u>	<u>282,580</u>
Total expenditures	<u>283,180</u>	<u>600</u>	<u>282,580</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(73,180)</u>	<u>29,719</u>	<u>102,899</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	61,000	45,845	(15,155)
Transfers out	-	(46,049)	(46,049)
Total other financing sources (uses)	<u>61,000</u>	<u>(204)</u>	<u>(61,204)</u>
NET CHANGE IN FUND BALANCE	<u>(12,180)</u>	<u>29,515</u>	<u>41,695</u>
FUND BALANCE, BEGINNING	<u>130,114</u>	<u>130,114</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 117,934</u>	<u>\$ 159,629</u>	<u>\$ 41,695</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE ASSET FORFEITURE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ -	\$ 25	\$ 25
Other	-	3,201	3,201
Total revenue	<u>-</u>	<u>3,226</u>	<u>3,226</u>
EXPENDITURES			
Public Safety	<u>8,000</u>	<u>3,800</u>	<u>4,200</u>
Total expenditures	<u>8,000</u>	<u>3,800</u>	<u>4,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,000)</u>	<u>(574)</u>	<u>7,426</u>
NET CHANGE IN FUND BALANCE	(8,000)	(574)	7,426
FUND BALANCE, BEGINNING	<u>34,721</u>	<u>34,721</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 26,721</u>	<u>\$ 34,147</u>	<u>\$ 7,426</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK LAND DEDICATION - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ 200	\$ 224	\$ 24
Other	<u>5,000</u>	<u>119,130</u>	<u>114,130</u>
Total revenue	<u>5,200</u>	<u>119,354</u>	<u>114,154</u>
EXPENDITURES			
Capital outlay	<u>176,621</u>	<u>125,270</u>	<u>51,351</u>
Total expenditures	<u>176,621</u>	<u>125,270</u>	<u>51,351</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(171,421)</u>	<u>(5,916)</u>	<u>165,505</u>
NET CHANGE IN FUND BALANCE	(171,421)	(5,916)	165,505
FUND BALANCE, BEGINNING	<u>340,106</u>	<u>340,106</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 168,685</u>	<u>\$ 334,190</u>	<u>\$ 165,505</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUVENILE CASE MANAGER - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 18,000	\$ 22,271	\$ 4,271
Investment earnings	<u>60</u>	<u>103</u>	<u>43</u>
Total revenue	<u>18,060</u>	<u>22,374</u>	<u>4,314</u>
EXPENDITURES			
General government	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>-</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,060</u>	<u>22,374</u>	<u>6,314</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(19,680)</u>	<u>(19,680)</u>	<u>-</u>
Total other financing sources (uses)	<u>(19,680)</u>	<u>(19,680)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,620)	2,694	6,314
FUND BALANCE, BEGINNING	<u>170,210</u>	<u>170,210</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 166,590</u>	<u>\$ 172,904</u>	<u>\$ 6,314</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT CHILD SAFETY - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 36,000	\$ 38,222	\$(2,222)
Investment earnings	<u>65</u>	<u>127</u>	<u>(62)</u>
Total revenue	<u>36,065</u>	<u>38,349</u>	<u>2,284</u>
EXPENDITURES			
General government	<u>44,750</u>	<u>21,680</u>	<u>23,070</u>
Total expenditures	<u>44,750</u>	<u>21,680</u>	<u>23,070</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,685)</u>	<u>16,669</u>	<u>25,354</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(11,800)</u>	<u>(11,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,800)</u>	<u>(11,800)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(20,485)	4,869	25,354
FUND BALANCE, BEGINNING	<u>201,218</u>	<u>201,218</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 180,733</u>	<u>\$ 206,087</u>	<u>\$ 25,354</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT BUILDING SECURITY - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 10,000	\$ 11,696	\$ 1,696
Total revenue	<u>10,000</u>	<u>11,696</u>	<u>1,696</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,000</u>	<u>11,696</u>	<u>1,696</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(10,000)	(11,696)	(1,696)
Total other financing sources (uses)	<u>(10,000)</u>	<u>(11,696)</u>	<u>(1,696)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUD FIRE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 600,000	\$ 687,700	\$ 87,700
Investment earnings	<u>210</u>	<u>577</u>	<u>367</u>
Total revenue	<u>600,210</u>	<u>688,277</u>	<u>88,067</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>600,210</u>	<u>688,277</u>	<u>88,067</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(574,000)</u>	<u>(574,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(574,000)</u>	<u>(574,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	26,210	114,277	88,067
FUND BALANCE, BEGINNING	<u>896,887</u>	<u>896,887</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 923,097</u>	<u>\$ 1,011,164</u>	<u>\$ 88,067</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE FEDERAL FORFEITURE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ -	\$ 104,753	\$ 104,753
Investment earnings	-	87	87
Total revenue	<u>-</u>	<u>104,840</u>	<u>104,840</u>
EXPENDITURES			
Current:			
Public Safety	11,200	5,292	5,908
Capital outlay	6,800	1,842	4,958
Total expenditures	<u>18,000</u>	<u>7,134</u>	<u>10,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,000)	<u>97,706</u>	<u>115,706</u>
NET CHANGE IN FUND BALANCE	(18,000)	97,706	115,706
FUND BALANCE, BEGINNING	<u>68,162</u>	<u>68,162</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 50,162</u>	<u>\$ 165,868</u>	<u>\$ 115,706</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PEG CAPITAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Franchise taxes	\$ 50,000	\$ 71,477	\$ 21,477
Investment earnings	-	66	66
Total revenue	<u>50,000</u>	<u>71,543</u>	<u>21,543</u>
EXPENDITURES			
Capital outlay	<u>100,000</u>	<u>22,861</u>	<u>77,139</u>
Total expenditures	<u>100,000</u>	<u>22,861</u>	<u>77,139</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(50,000)</u>	<u>48,682</u>	<u>98,682</u>
NET CHANGE IN FUND BALANCE	(50,000)	48,682	98,682
FUND BALANCE, BEGINNING	<u>103,644</u>	<u>103,644</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 53,644</u>	<u>\$ 152,326</u>	<u>\$ 98,682</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE STATION #3 - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	2015		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 72,000	\$ 72,000	\$ -
Investment earnings	<u>400</u>	<u>281</u>	(119)
Total revenue	<u>72,400</u>	<u>72,281</u>	(119)
EXPENDITURES			
Public safety	<u>1,154,550</u>	<u>968,455</u>	<u>186,095</u>
Total expenditures	<u>1,154,550</u>	<u>968,455</u>	<u>186,095</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(<u>1,082,150</u>)	(<u>896,174</u>)	<u>185,976</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>706,910</u>	<u>706,910</u>	<u>-</u>
Total other financing sources (uses)	<u>706,910</u>	<u>706,910</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(375,240)	(189,264)	185,976
FUND BALANCE, BEGINNING	<u>495,776</u>	<u>495,776</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 120,536</u>	<u>\$ 306,512</u>	<u>\$ 185,976</u>

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2015

	Health Insurance	Fleet Replacement	Information Services	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 817,025	\$ 2,691,178	\$ 213,120	\$ 3,721,323
Receivables - other	<u>10,222</u>	<u>-</u>	<u>-</u>	<u>10,222</u>
Total current assets	<u>827,247</u>	<u>2,691,178</u>	<u>213,134</u>	<u>3,731,559</u>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	-	3,444,215	674,429	4,118,644
Less: accumulated depreciation	<u>-</u>	<u>(2,332,325)</u>	<u>(549,987)</u>	<u>(2,882,312)</u>
Total noncurrent assets	<u>-</u>	<u>1,111,890</u>	<u>124,442</u>	<u>1,236,332</u>
Total assets	<u>827,247</u>	<u>3,803,068</u>	<u>337,576</u>	<u>4,967,891</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for TMRS	<u>-</u>	<u>-</u>	<u>29,693</u>	<u>29,693</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>29,693</u>	<u>29,693</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,921	-	45,484	47,405
Accrued liabilities	-	-	8,844	8,844
Compensated absences	<u>-</u>	<u>-</u>	<u>484</u>	<u>484</u>
Total current liabilities	<u>1,921</u>	<u>-</u>	<u>54,812</u>	<u>56,733</u>
Non-current liabilities:				
Compensated absences	-	-	4,352	4,352
Net pension liability	<u>-</u>	<u>-</u>	<u>130,496</u>	<u>130,496</u>
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>134,848</u>	<u>134,848</u>
Total liabilities	<u>1,921</u>	<u>-</u>	<u>189,659</u>	<u>191,580</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for TMRS	<u>-</u>	<u>-</u>	<u>6,560</u>	<u>6,560</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>6,560</u>	<u>6,560</u>
NET POSITION				
Net investment in capital assets	-	1,111,890	124,442	1,236,332
Unrestricted	<u>825,326</u>	<u>2,691,178</u>	<u>46,608</u>	<u>3,563,112</u>
Total net position	<u>\$ 825,326</u>	<u>\$ 3,803,068</u>	<u>\$ 171,050</u>	<u>\$ 4,799,444</u>

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CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Health Insurance</u>	<u>Fleet Replacement</u>	<u>Information Services</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ <u>2,493,744</u>	\$ <u>589,070</u>	\$ <u>797,806</u>	\$ <u>3,880,620</u>
Total operating revenues	<u>2,493,744</u>	<u>589,070</u>	<u>797,806</u>	<u>3,880,620</u>
OPERATING EXPENSES				
Cost of sales and services	2,451,543	-	819,131	3,270,674
Depreciation	<u>-</u>	<u>204,668</u>	<u>19,374</u>	<u>224,042</u>
Total operating expenses	<u>2,451,543</u>	<u>204,668</u>	<u>838,505</u>	<u>3,494,716</u>
OPERATING INCOME (LOSS)	<u>42,201</u>	<u>384,402</u>	<u>(40,699)</u>	<u>385,904</u>
NONOPERATING REVENUES				
Investment earnings	<u>483</u>	<u>1,536</u>	<u>82</u>	<u>2,101</u>
Total nonoperating revenues	<u>483</u>	<u>1,536</u>	<u>82</u>	<u>2,101</u>
CHANGE IN NET POSITION	42,684	385,938	(40,617)	388,005
NET POSITION, BEGINNING	782,642	3,417,130	323,933	4,523,705
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(112,266)</u>	<u>(112,266)</u>
NET POSITION, ENDING	<u>\$ 825,326</u>	<u>\$ 3,803,068</u>	<u>\$ 171,050</u>	<u>\$ 4,799,444</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF CASHFLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Health Insurance</u>	<u>Fleet Replacement</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,489,152	\$ 589,070
Disbursed for goods and services to suppliers	-	-
Disbursed for personnel services	<u>(2,451,576)</u>	<u>(8,971)</u>
Net cash provided (used) by operating activities	<u>37,576</u>	<u>580,099</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of equipment	<u>-</u>	<u>(229,667)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(229,667)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	<u>483</u>	<u>1,536</u>
Net cash provided by investing activities	<u>483</u>	<u>1,536</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,059	351,968
CASH AND CASH EQUIVALENTS, BEGINNING	<u>778,966</u>	<u>2,339,210</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 817,025</u>	<u>\$ 2,691,178</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 42,201	\$ 384,402
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	-	204,668
(Increase) decrease in other receivables	(4,592)	-
(Increase) decrease in prepaid items	-	-
(Increase) decrease in deferred outflows	-	-
(Increase) decrease in accounts payable and accrued liabilities	(33)	(8,971)
(Increase) decrease in net pension liability	-	-
(Increase) decrease in deferred inflows	-	-
Increase (decrease) in compensated absences	<u>-</u>	<u>-</u>
Total adjustments	<u>(4,625)</u>	<u>195,697</u>
Net cash provided (used) by operating activities	<u>\$ 37,576</u>	<u>\$ 580,099</u>

<u>Information Services</u>	<u>Total Internal Services Funds</u>
\$ 797,806	\$ 3,876,028
(257,684)	(257,684)
<u>(531,796)</u>	<u>(2,992,343)</u>
<u>8,326</u>	<u>626,001</u>
<u>(42,249)</u>	<u>(271,916)</u>
<u>(42,249)</u>	<u>(271,916)</u>
<u>82</u>	<u>2,101</u>
<u>82</u>	<u>2,101</u>
(33,841)	356,186
<u>246,961</u>	<u>3,365,137</u>
<u>\$ 213,120</u>	<u>\$ 3,721,323</u>
\$ (40,699)	\$ 385,904
19,374	224,042
-	(4,592)
(14)	(14)
(29,693)	(29,693)
31,714	22,710
18,230	18,230
6,560	6,560
2,854	2,854
<u>49,025</u>	<u>240,097</u>
<u>\$ 8,326</u>	<u>\$ 626,001</u>

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STATISTICAL SECTION

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**STATISTICAL SECTION
(UNAUDITED)**

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

**Page
Number**

Financial Trends

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

100

Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue sources. Although sales taxes are the City’s most significant local revenue source, information about revenue base is unavailable and information about principal revenue payers is confidential under Texas statutes. Trend information about sales tax revenues I provided in Table 6. Additionally, information about the City’s second most significant local revenue source, the property tax, is provided.

112

Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

120

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

127

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

131

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

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 15,790,426	\$ 29,326,735	\$ 31,083,711	\$ 32,635,560
Restricted	3,319,410	7,980,965	6,940,067	7,733,228
Unrestricted	<u>4,950,488</u>	<u>7,116,233</u>	<u>8,687,194</u>	<u>7,367,951</u>
Total governmental activities net position	<u>\$ 24,060,324</u>	<u>\$ 44,423,933</u>	<u>\$ 46,710,972</u>	<u>\$ 47,736,739</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 11,775,514	\$ 23,670,141	\$ 35,020,690	\$ 37,092,180
Unrestricted	<u>4,467,448</u>	<u>4,140,704</u>	<u>4,948,117</u>	<u>6,388,090</u>
Total business-type activities net position	<u>\$ 16,242,962</u>	<u>\$ 27,810,845</u>	<u>\$ 39,968,807</u>	<u>\$ 43,480,270</u>
Primary government:				
Net investment in capital assets	\$ 27,565,940	\$ 52,996,876	\$ 66,104,401	\$ 69,727,740
Restricted	3,319,410	7,980,965	6,940,067	7,733,228
Unrestricted	<u>9,417,936</u>	<u>11,256,937</u>	<u>13,635,311</u>	<u>13,756,041</u>
Total primary government net position	<u>\$ 40,303,286</u>	<u>\$ 72,234,778</u>	<u>\$ 86,679,779</u>	<u>\$ 91,217,009</u>

TABLE 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 33,803,107	\$ 25,930,436	\$ 37,091,238	\$ 37,219,927	\$ 39,982,793	\$ 45,031,276
7,657,493	7,651,906	9,305,959	10,581,044	14,699,152	11,647,814
<u>6,365,692</u>	<u>15,998,818</u>	<u>14,680,942</u>	<u>14,761,496</u>	<u>15,078,116</u>	<u>10,601,523</u>
<u>\$ 47,826,292</u>	<u>\$ 49,581,160</u>	<u>\$ 61,078,139</u>	<u>\$ 62,562,467</u>	<u>\$ 69,760,061</u>	<u>\$ 67,280,613</u>
\$ 39,944,847	\$ 39,951,294	\$ 39,617,050	\$ 43,565,861	\$ 44,504,314	\$ 50,564,934
<u>6,807,001</u>	<u>9,504,355</u>	<u>11,765,919</u>	<u>13,550,817</u>	<u>16,455,829</u>	<u>18,695,727</u>
<u>\$ 46,751,848</u>	<u>\$ 49,455,649</u>	<u>\$ 51,382,969</u>	<u>\$ 57,116,678</u>	<u>\$ 60,960,143</u>	<u>\$ 69,260,661</u>
\$ 73,747,954	\$ 65,881,730	\$ 76,708,288	\$ 80,785,788	\$ 84,487,107	\$ 95,596,210
7,657,493	7,651,906	9,305,959	10,581,044	14,699,152	11,647,814
<u>13,172,693</u>	<u>25,503,173</u>	<u>26,446,861</u>	<u>28,312,313</u>	<u>31,533,945</u>	<u>29,297,250</u>
<u>\$ 94,578,140</u>	<u>\$ 99,036,809</u>	<u>\$ 112,461,108</u>	<u>\$ 119,679,145</u>	<u>\$ 130,720,204</u>	<u>\$ 136,541,274</u>

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

	Fiscal Year			
	2006	2007	2008	2009
EXPENSES				
Governmental activities:				
General government	\$ 3,042,201	\$ 2,585,601	\$ 5,893,278	\$ 4,940,400
Public safety	8,280,122	8,129,817	9,557,479	12,833,968
Public works	5,107,521	5,156,418	7,055,190	6,068,306
Community development	1,847,965	1,902,917	2,011,620	2,096,947
Interest on long-term debt	1,055,379	1,142,835	1,470,797	1,612,187
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>19,333,188</u>	<u>18,917,588</u>	<u>25,988,364</u>	<u>27,551,808</u>
Business-type activities:				
Water and sewer	4,494,540	4,972,667	5,076,178	5,423,819
Civic center rentals	-	-	-	-
Total business-type activities expenses	<u>4,494,540</u>	<u>4,972,667</u>	<u>5,076,178</u>	<u>5,423,819</u>
Total primary government program expenses	<u>\$ 23,827,728</u>	<u>\$ 23,890,255</u>	<u>\$ 31,064,542</u>	<u>\$ 32,975,627</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 983,968	\$ 1,141,895	\$ 1,202,306	\$ 1,241,545
Public safety	142,817	167,313	46,964	168,849
Public works	2,943,775	3,275,404	3,979,234	3,827,530
Community development	129,409	167,287	187,534	24,086
Operating grants and contributions	1,618,134	986,101	1,718,460	3,115,639
Capital grants and contributions	1,166,296	16,185,051	1,658,285	1,386,483
Total governmental activities program revenues	<u>6,984,399</u>	<u>21,923,051</u>	<u>8,792,783</u>	<u>9,764,132</u>
Business-type activities:				
Charges for services:				
Water	4,041,469	3,836,688	4,396,761	4,367,318
Sewer	2,523,492	2,723,407	3,489,353	4,050,725
Civic center rentals	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	443,612	10,976,991	11,073,790	428,595
Total business-type activities program revenues	<u>7,008,573</u>	<u>17,537,086</u>	<u>18,959,904</u>	<u>8,846,638</u>
Total primary government program revenues	<u>\$ 13,992,972</u>	<u>\$ 39,460,137</u>	<u>\$ 27,752,687</u>	<u>\$ 18,610,770</u>

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 4,543,990	\$ 6,264,102	\$ 3,573,695	\$ 4,208,848	\$ 3,995,452	\$ 4,504,358
11,363,799	11,079,052	11,487,867	12,043,046	13,430,159	13,688,321
7,413,394	7,714,821	7,054,048	7,264,024	7,236,352	7,962,151
2,066,781	1,966,684	2,887,685	2,866,455	2,616,778	3,037,820
1,890,855	2,109,455	2,005,530	2,194,440	2,039,639	2,095,192
-	-	-	-	128,148	65,849
<u>27,278,819</u>	<u>29,134,114</u>	<u>27,008,825</u>	<u>28,576,813</u>	<u>29,446,528</u>	<u>31,353,691</u>
5,541,932	6,366,473	6,870,352	7,236,812	7,163,452	7,862,720
-	-	-	-	391,242	403,256
<u>5,541,932</u>	<u>6,366,473</u>	<u>6,870,352</u>	<u>7,236,812</u>	<u>7,554,694</u>	<u>8,265,976</u>
<u>\$ 32,820,751</u>	<u>\$ 35,500,587</u>	<u>\$ 33,879,177</u>	<u>\$ 35,813,625</u>	<u>\$ 37,001,222</u>	<u>\$ 39,619,667</u>
\$ 991,398	\$ 915,567	\$ 987,095	\$ 927,203	\$ 850,652	\$ 895,956
169,472	136,915	1,423,286	1,588,845	1,953,287	2,220,117
3,836,951	3,929,779	4,327,317	4,048,440	4,386,859	4,751,892
20,274	32,023	140,449	187,720	104,582	34,992
2,708,807	2,904,132	311,124	289,050	187,547	252,706
<u>2,719,342</u>	<u>2,820,234</u>	<u>1,598,036</u>	<u>2,770,160</u>	<u>5,028,824</u>	<u>4,433,455</u>
<u>10,446,244</u>	<u>10,738,650</u>	<u>8,787,307</u>	<u>9,811,418</u>	<u>12,511,751</u>	<u>12,589,118</u>
4,011,869	5,038,411	5,970,615	6,319,988	6,803,044	8,125,375
4,340,805	4,935,437	4,453,529	4,712,109	5,058,751	5,327,472
-	-	-	-	115,780	78,104
-	-	68,666	282,696	3,997	496,547
<u>115,891</u>	<u>467,393</u>	<u>412,122</u>	<u>525,482</u>	<u>517,470</u>	<u>687,808</u>
<u>8,468,565</u>	<u>10,441,241</u>	<u>10,904,932</u>	<u>11,840,275</u>	<u>12,499,042</u>	<u>14,715,306</u>
<u>\$ 18,914,809</u>	<u>\$ 21,179,891</u>	<u>\$ 19,692,239</u>	<u>\$ 21,651,693</u>	<u>\$ 25,010,793</u>	<u>\$ 27,304,424</u>

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

	Fiscal Year			
	2006	2007	2008	2009
NET (EXPENSE) REVENUES				
Governmental activities	\$(12,348,789)	\$ 3,005,463	\$(17,195,581)	\$(17,787,676)
Business-type activities	<u>2,514,033</u>	<u>12,564,419</u>	<u>13,883,726</u>	<u>3,422,819</u>
Total primary government net expense	<u>(9,834,756)</u>	<u>15,569,882</u>	<u>(3,311,855)</u>	<u>(14,364,857)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	4,937,989	5,788,239	6,307,963	7,729,511
Sales	6,254,935	7,794,679	8,490,926	8,516,511
Franchise	1,356,641	1,373,527	1,493,665	1,531,280
Investment earnings	405,309	788,901	744,713	312,187
Gain on sale of capital assets	-	-	-	-
Other revenue	6,119	397,772	545,009	675,512
Transfers	<u>1,293,004</u>	<u>1,225,028</u>	<u>1,900,344</u>	<u>48,442</u>
Total governmental activities	<u>14,253,997</u>	<u>17,368,146</u>	<u>19,482,620</u>	<u>18,813,443</u>
Business-type activities:				
Investment earnings	223,774	228,492	149,076	131,474
Other revenue	23,166	-	25,504	5,612
Transfers	<u>(1,293,004)</u>	<u>(1,225,028)</u>	<u>(1,900,344)</u>	<u>(48,442)</u>
Total business-type activities	<u>(1,046,064)</u>	<u>(996,536)</u>	<u>(1,725,764)</u>	<u>88,644</u>
Total primary government	<u>13,207,933</u>	<u>16,371,610</u>	<u>17,756,856</u>	<u>18,902,087</u>
CHANGE IN NET POSITION				
Governmental activities	1,905,208	20,373,609	2,287,039	1,025,767
Business-type activities	<u>1,467,969</u>	<u>11,567,883</u>	<u>12,157,962</u>	<u>3,511,463</u>
Total primary government	<u>\$ 3,373,177</u>	<u>\$ 31,941,492</u>	<u>\$ 14,445,001</u>	<u>\$ 4,537,230</u>

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

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$(16,832,575)	\$(18,395,464)	\$(18,221,518)	\$(18,765,395)	\$(16,934,777)	\$(18,764,573)
<u>2,926,633</u>	<u>4,074,768</u>	<u>4,034,580</u>	<u>4,603,463</u>	<u>4,944,348</u>	<u>6,449,330</u>
<u>(13,905,942)</u>	<u>(14,320,696)</u>	<u>(14,186,938)</u>	<u>(14,161,932)</u>	<u>(11,990,429)</u>	<u>(12,315,243)</u>
7,662,802	7,504,772	7,495,321	7,959,179	8,557,411	8,833,478
8,733,789	8,988,995	10,053,941	11,128,093	13,083,487	13,386,446
1,627,628	1,578,896	1,585,406	1,780,202	1,851,747	1,898,719
102,412	75,054	55,875	43,146	20,512	33,739
-	-	-	-	90,641	172,184
287,950	573,928	379,081	395,991	337,321	403,605
<u>(513,441)</u>	<u>1,428,687</u>	<u>2,118,609</u>	<u>(1,116,030)</u>	<u>1,107,446</u>	<u>(2,595,254)</u>
<u>17,901,140</u>	<u>20,150,332</u>	<u>21,688,233</u>	<u>20,190,581</u>	<u>25,048,565</u>	<u>22,132,917</u>
20,987	13,204	11,349	14,216	6,563	11,070
61,143	-	-	-	-	-
<u>513,441</u>	<u>(1,428,687)</u>	<u>(2,118,609)</u>	<u>1,116,030</u>	<u>(1,107,446)</u>	<u>2,595,254</u>
<u>595,571</u>	<u>(1,415,483)</u>	<u>(2,107,260)</u>	<u>1,130,246</u>	<u>(1,100,883)</u>	<u>2,606,324</u>
<u>18,496,711</u>	<u>18,734,849</u>	<u>19,580,973</u>	<u>21,320,827</u>	<u>23,947,682</u>	<u>24,739,241</u>
1,068,565	1,754,868	3,466,715	1,425,186	8,113,788	3,368,344
<u>3,522,204</u>	<u>2,659,285</u>	<u>1,927,320</u>	<u>5,733,709</u>	<u>3,843,465</u>	<u>9,055,654</u>
<u>\$ 4,590,769</u>	<u>\$ 4,414,153</u>	<u>\$ 5,394,035</u>	<u>\$ 7,158,895</u>	<u>\$ 11,957,253</u>	<u>\$ 12,423,998</u>

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

Function	Fiscal Year			
	2006	2007	2008	2009
Property taxes	\$ 4,937,989	\$ 5,788,239	\$ 6,307,963	\$ 7,729,511
Sales taxes	6,254,935	7,794,679	8,490,926	8,516,511
Franchise taxes	<u>1,356,641</u>	<u>1,373,527</u>	<u>1,493,665</u>	<u>1,531,280</u>
Total	<u>\$ 12,549,565</u>	<u>\$ 14,956,445</u>	<u>\$ 16,292,554</u>	<u>\$ 17,777,302</u>

TABLE 3

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 7,662,802	\$ 7,504,772	\$ 7,495,321	\$ 7,959,179	\$ 8,557,411	\$ 8,833,478
8,733,789	8,988,995	10,053,941	11,128,093	13,083,487	13,386,446
<u>1,627,628</u>	<u>1,578,896</u>	<u>1,585,406</u>	<u>1,780,202</u>	<u>1,851,747</u>	<u>1,898,719</u>
<u>\$ 18,024,219</u>	<u>\$ 18,072,663</u>	<u>\$ 19,134,668</u>	<u>\$ 20,867,474</u>	<u>\$ 23,492,645</u>	<u>\$ 24,118,643</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General fund:				
Nonspendable	\$ 16,887	\$ 108,053	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	<u>3,553,336</u>	<u>5,051,367</u>	<u>5,386,612</u>	<u>4,616,240</u>
Total general fund	<u>\$ 3,570,223</u>	<u>\$ 5,159,420</u>	<u>\$ 5,386,612</u>	<u>\$ 4,616,240</u>
All other governmental funds				
Restricted	\$ 4,810,429	\$ 14,468,347	\$ 12,413,235	\$ 13,817,505
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>23,677</u>	<u>385,407</u>	<u>462,510</u>
Total all other governmental funds	<u>\$ 4,810,429</u>	<u>\$ 14,492,024</u>	<u>\$ 12,798,642</u>	<u>\$ 14,280,015</u>

TABLE 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 28,715	\$ 250,502	\$ 39,243	\$ 53,418	\$ 36,067	\$ 19,029
-	-	497,318	500,982	1,104,350	-
<u>4,399,287</u>	<u>4,398,185</u>	<u>6,243,049</u>	<u>7,834,098</u>	<u>11,894,623</u>	<u>15,450,057</u>
<u>\$ 4,428,002</u>	<u>\$ 4,648,687</u>	<u>\$ 6,779,610</u>	<u>\$ 8,388,498</u>	<u>\$ 13,035,040</u>	<u>\$ 15,469,086</u>
\$ 13,167,730	\$ 17,393,365	\$ 20,443,337	\$ 23,197,272	\$ 28,526,910	\$ 25,129,068
-	-	545,525	-	-	-
<u>487,744</u>	<u>1,189,903</u>	<u>-</u>	<u>(835)</u>	<u>-</u>	<u>-</u>
<u>\$ 13,655,474</u>	<u>\$ 18,583,268</u>	<u>\$ 20,988,862</u>	<u>\$ 23,196,437</u>	<u>\$ 28,526,910</u>	<u>\$ 25,129,068</u>

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

	Fiscal Year			
	2006	2007	2008	2009
REVENUES				
Taxes	\$ 12,622,393	\$ 14,911,452	\$ 16,429,163	\$ 17,742,498
Licenses and permits	623,812	543,496	526,446	430,983
Fines and forfeitures	785,548	952,281	1,036,121	891,746
Fees and charges for services	2,672,345	3,161,434	3,918,948	3,945,431
Intergovernmental	1,926,576	4,012,325	3,149,071	4,517,587
Investment earnings	368,293	694,785	692,571	280,491
Other	718,333	535,031	670,139	644,688
Total revenues	<u>19,717,300</u>	<u>24,810,804</u>	<u>26,422,459</u>	<u>28,453,424</u>
EXPENDITURES				
General government	2,925,674	3,044,859	5,744,858	4,404,269
Public safety	7,936,327	8,367,493	9,465,004	9,922,020
Public works	3,938,633	4,281,847	5,235,282	5,320,468
Community development	1,709,294	1,795,911	1,903,248	1,772,771
Capital outlay	2,377,111	3,554,057	13,986,114	10,133,254
Debt service				
Principal	1,927,461	1,818,580	4,167,220	2,472,000
Interest and fiscal charges	1,081,265	1,115,825	1,447,906	1,612,295
Debt issuance costs	-	-	52,146	179,149
Total expenditures	<u>21,895,765</u>	<u>23,978,572</u>	<u>42,001,778</u>	<u>35,816,226</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,178,465)</u>	<u>832,232</u>	<u>(15,579,319)</u>	<u>(7,362,802)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	8,292,945	12,212,785	13,090,000
Refunding bonds issued	-	-	-	-
Premium on bonds	-	-	-	415,818
Insurance proceeds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(5,265,355)
Proceeds on sale of capital assets	-	-	-	-
Transfers in	1,485,886	3,063,797	2,544,552	2,482,116
Transfers out	<u>(192,882)</u>	<u>(918,182)</u>	<u>(644,208)</u>	<u>(2,492,178)</u>
Total other financing sources (uses)	<u>1,293,004</u>	<u>10,438,560</u>	<u>14,113,129</u>	<u>8,230,401</u>
NET CHANGE IN FUND BALANCES	<u>\$(885,461)</u>	<u>\$ 11,270,792</u>	<u>\$(1,466,190)</u>	<u>\$ 867,599</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>15.4%</u>	<u>14.4%</u>	<u>19.9%</u>	<u>16.2%</u>

TABLE 5

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 18,052,945	\$ 18,067,969	\$ 19,158,616	\$ 20,846,124	\$ 23,512,541	\$ 24,116,844
385,461	433,122	585,083	613,391	771,303	822,193
737,463	634,437	665,836	657,690	573,433	612,230
3,895,170	4,095,461	4,173,636	3,835,622	4,035,891	4,392,627
5,059,708	5,743,934	3,667,174	5,206,542	9,495,522	7,419,273
90,548	69,562	52,723	39,527	19,061	31,637
252,574	410,219	710,964	536,217	450,829	505,433
<u>28,473,869</u>	<u>29,454,704</u>	<u>29,014,032</u>	<u>31,735,113</u>	<u>38,858,580</u>	<u>37,900,237</u>
4,189,729	5,886,316	3,353,809	3,309,484	3,446,026	3,787,085
10,098,624	10,315,878	10,725,354	11,126,683	12,519,502	12,958,143
5,348,163	5,314,788	4,819,422	4,407,271	4,511,391	5,059,614
1,797,454	1,648,288	2,351,073	2,528,271	2,283,655	2,772,737
9,154,244	6,586,965	7,577,210	9,666,080	6,903,952	7,871,262
3,936,562	4,219,657	4,345,981	6,152,414	4,906,639	4,916,983
1,883,113	2,085,237	1,983,170	2,123,645	2,101,713	2,177,290
141,923	190,224	86,134	237,886	128,148	65,849
<u>36,549,812</u>	<u>36,247,353</u>	<u>35,242,153</u>	<u>39,551,734</u>	<u>36,801,026</u>	<u>39,608,963</u>
(8,075,943)	(6,792,649)	(6,228,121)	(7,816,621)	2,057,554	(1,708,726)
7,358,164	10,505,000	8,600,000	12,410,000	6,565,000	3,000,000
-	4,860,000	-	-	-	-
418,441	209,422	-	227,641	133,572	168,000
-	-	-	19,666	41,362	6,730
-	(4,995,000)	-	-	-	-
-	-	49,000	32,665	72,080	165,454
2,718,604	3,240,516	4,382,807	5,179,079	5,200,179	7,024,867
(3,232,045)	(1,878,810)	(2,267,169)	(6,295,109)	(4,092,732)	(9,620,121)
<u>7,263,164</u>	<u>11,941,128</u>	<u>10,764,638</u>	<u>11,573,942</u>	<u>7,919,461</u>	<u>744,930</u>
<u>\$(812,779)</u>	<u>\$ 5,148,479</u>	<u>\$ 4,536,517</u>	<u>\$ 3,757,321</u>	<u>\$ 9,977,015</u>	<u>\$(963,796)</u>
<u>20.8%</u>	<u>21.1%</u>	<u>22.9%</u>	<u>27.2%</u>	<u>22.9%</u>	<u>21.9%</u>

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TABLE 6

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Totals
2006	\$ 5,010,817	\$ 6,254,935	\$ 1,356,641	\$ 12,622,393
2007	5,743,246	7,794,679	1,373,527	14,911,452
2008	6,444,572	8,490,926	1,493,665	16,429,163
2009	7,694,707	8,516,511	1,531,280	17,742,498
2010	7,691,528	8,733,789	1,627,628	18,052,945
2011	7,500,078	8,988,995	1,578,896	18,067,969
2012	7,519,269	10,053,941	1,585,406	19,158,616
2013	7,937,829	11,128,093	1,780,202	20,846,124
2014	8,577,307	13,083,487	1,851,747	23,512,541
2015	8,831,679	13,386,446	1,898,719	24,116,844

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

	Fiscal Year			
	2006	2007	2008	2009
Manufacturing	\$ 6,997,498	\$ 10,398,585	\$ 9,289,505	\$ 8,387,586
Construction	4,530,650	5,373,242	6,565,593	8,099,729
Mining/Oil and Gas Extraction	1,324,571	-	-	-
Wholesale Trade	69,311,984	68,378,422	60,136,962	34,918,765
Retail Trade	171,580,072	236,571,984	282,801,551	298,869,319
Information	5,285,021	5,795,888	6,122,947	6,946,114
Finance/Insurance	2,042,663	1,373,518	1,667,665	1,627,326
Real Estate/Rental/Leasing	11,268,109	10,045,964	10,810,863	9,860,254
Professional/Scientific/Technical	2,131,106	1,732,860	1,932,653	1,692,731
Admin/Waste Management	2,537,651	3,188,008	4,327,704	4,954,549
Entertainment/Recreation	109,601	62,670	327,409	620,027
Accommodation/Food Service	45,458,254	55,936,116	61,345,725	64,156,691
Other services	7,405,072	7,314,960	6,858,990	5,340,424
Other	500	-	-	500
Total	\$ 329,982,752	\$ 406,172,217	\$ 452,187,567	\$ 445,474,015
City direct sales tax rate	0.0125000%	0.0125000%	0.0125000%	0.0125000%

Source: Texas Comptroller of Public Accounts

* Represents the first three quarters of the 2015 fiscal year. The fourth quarter is not currently available.

TABLE 7

		Fiscal Year									
		2010	2011	2012	2013	2014	2015*				
\$	11,868,406	\$	35,709,305	\$	33,319,926	\$	34,755,374	\$	71,031,115	\$	35,708,599
	4,379,752		4,358,021		4,983,655		5,478,498		5,708,899		5,382,391
	236,213		410,444		156,604		217,256		150,606		429,276
	41,970,803		19,433,287		15,371,499		14,399,273		24,760,219		23,951,344
	317,562,021		349,146,421		384,003,024		439,367,655		477,457,388		375,931,817
	7,756,997		8,366,727		9,711,481		12,557,755		16,434,023		14,477,827
	1,610,799		1,523,707		1,493,134		1,552,677		1,584,891		1,312,534
	6,131,109		3,945,113		3,324,471		3,511,362		2,868,388		2,349,183
	1,479,498		1,549,856		1,737,784		1,837,041		2,056,783		1,581,397
	4,473,592		4,012,601		4,743,465		5,258,948		5,149,744		4,811,806
	677,975		709,310		79,539		16,075		5,415		94,754
	68,292,207		71,930,612		80,285,088		88,682,555		95,785,809		77,607,718
	6,259,539		6,783,724		7,477,950		8,477,137		9,374,034		7,448,157
	-		-		-		-		-		-
\$	<u>472,698,911</u>	\$	<u>507,879,128</u>	\$	<u>546,687,620</u>	\$	<u>616,111,606</u>	\$	<u>712,367,314</u>	\$	<u>551,086,803</u>
	0.0125000%		0.0125000%		0.0125000%		0.0125000%		0.0125000%		0.0125000%

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

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate
2006	\$ 441,859,965	\$ 438,773,980	\$ 162,488,532	\$ 176,689,234	\$ 866,433,243	0.55500
2007	484,689,625	554,855,910	150,942,200	197,897,104	992,590,631	0.55500
2008	547,104,220	649,004,645	181,322,932	212,429,698	1,165,002,099	0.54500
2009	611,248,377	887,502,675	208,073,292	248,992,979	1,457,831,365	0.52020
2010	633,894,250	956,763,945	217,383,174	292,467,550	1,515,573,819	0.50000
2011	641,654,835	916,094,036	236,920,483	309,195,554	1,485,473,800	0.50000
2012	653,022,105	906,727,249	232,900,324	315,949,304	1,476,700,374	0.50000
2013	679,387,315	957,903,509	247,958,051	341,872,159	1,543,376,716	0.51000
2014	749,359,856	1,004,574,850	280,163,875	342,400,025	1,691,698,556	0.50000
2015	792,288,805	1,048,609,929	288,757,261	345,917,083	1,783,738,912	0.49000

Source: Tax assessor/collector's records.

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

Tax rates are per \$100 of assessed value.

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

Tax Rates*		City Direct Rates			Overlapping Rates ⁽¹⁾			
Fiscal Year	Tax Year	Operating Tax Rate	Debt Service Rate	Total Tax Rate	Lamar ISD	Fort Bend County	Fort Bend Mud #94	
							MUD Rate	Overlapping Rate
2006	2005	0.27500	0.28000	0.55500	1.69760	0.51674	0.71000	3.47934
2007	2006	0.27500	0.28000	0.55500	1.54765	0.51674	0.71000	3.32939
2008	2007	0.26500	0.28000	0.54500	1.29765	0.51674	0.71000	3.06939
2009	2008	0.25020	0.27000	0.52020	1.29765	0.49976	0.71000	3.02761
2010	2009	0.23000	0.27000	0.50000	1.23765	0.49976	0.71000	3.00741
2011	2010	0.23500	0.27000	0.50500	1.36460	0.49976	0.77000	3.13436
2012	2011	0.24500	0.25500	0.50000	1.39005	0.49976	0.77000	3.15981
2013	2012	0.26000	0.25000	0.51000	1.39005	0.49976	0.77000	3.16981
2014	2013	0.26630	0.23370	0.50000	1.39005	0.49976	0.71000	3.09981
2015	2014	0.25858	0.23142	0.49000	1.39005	0.49976	0.66000	3.03981

Source: Tax Department records of the various taxing authorities.

* Per \$100 of assessed valuation

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

TABLE 9

Overlapping Rates ⁽¹⁾					
Fort Bend Mud #167		Fort Bend Mud #144		Fort Bend Mud #148	
MUD Rate	Overlapping Rate	MUD Rate	Overlapping Rate	MUD Rate	Overlapping Rate
0.85000	3.61934	0.80000	3.56934	0.90000	3.66934
0.85000	3.46939	0.80000	3.41939	0.90000	3.51939
0.85000	3.20939	0.80000	3.15939	0.90000	3.25939
0.85000	3.16761	0.80000	3.11761	0.90000	3.21761
0.85000	3.14741	0.80000	3.09741	0.90000	3.19741
0.89000	3.25436	0.80000	3.16436	0.90000	3.26436
0.89000	3.27981	0.80000	3.18981	0.90000	3.28981
0.89000	3.28981	0.80000	3.19981	0.90000	3.29981
0.89000	3.27981	0.80000	3.18981	0.90000	3.28981
0.89000	3.26981	0.80000	3.17981	0.90000	3.27981

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

Taxpayer	2015			2006		
	Taxable Assessed Value		Percentage of Total City Taxable Assessed Value	Taxable Assessed Value		Percentage of Total City Taxable Assessed Value
Brazos TC - Partnership A, LP	\$ 67,958,320	1	3.81%			- %
GS Brazos Ranch	23,503,990	2	1.32%			- %
Brazos TC - South Partnership A, LP	20,728,790	3	1.16%			- %
Dolce Living Rosenberg LLC	20,556,660	4	1.15%			- %
National Oilwell Downhole Tools	20,123,470	5	1.13%			- %
A-S 92 Hwy 59-Reading Rd LP	16,707,030	6	0.94%	11,884,080	2	1.37%
Kroger Texas LP	16,469,030	7	0.92%			- %
Seatex LTD	14,229,280	8	0.80%			- %
Centerpoint Energy Electric	14,200,380	9	0.80%	15,355,360	1	1.77%
3101 Place Owner LLC	13,648,010	10	0.77%			- %
RRR Apartments LTD	12,733,420	11	0.71%			- %
GSSW Fountains LLC	11,900,000	12	0.67%			- %
Gurecky Manufacturing Service, Inc.	10,694,560	13	0.60%	7,131,090	7	0.82%
Brazos TC - South Partnership B, LP	9,787,970	14	0.55%			- %
Target Corporation	8,136,980	15	0.46%			- %
Lowe's Home Centers, Inc.	8,012,000	16	0.45%	7,581,560	6	0.88%
Rosenburg Lodging Assoc LLP	7,522,130	17	0.42%			
JC Penney Properties, Inc.	7,140,360	18	0.40%			
Reading Road Apartments, LP	6,969,320	19	0.39%			
Urban Brittany Square LP	6,861,210	20	0.38%			
Rosenberg Venture, LTD	-	-	- %	11,124,830	3	1.28%
Southwestern Bell Telephone Co.	-	-	- %	10,148,250	4	1.17%
Albis Corporation	-	-	- %	8,689,130	5	1.00%
Viswa Jyothi LP	-	-	- %	6,677,450	8	0.77%
Rosenberg Station LLC	-	-	- %	6,264,390	9	0.72%
A-S 83 Town Cenetr - FM 2218 LP	-	-	- %	6,176,380	10	0.71%
Subtotal	317,882,910		17%	91,032,520		10%
Other taxpayers	1,465,856,002		83%	775,400,723		90%
Total	\$ 1,783,738,912		100%	\$ 866,433,243		100%

Source: Fort Bend Central Appraisal District

* Only top ten taxpayer information available.

TABLE 11

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

Fiscal Year	Tax Rate	Total Tax Levy and Adjustment	Collected Within		Collections in Subsequent Years	Total Collections to Date	
			Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2006	0.55500	\$ 4,906,330	\$ 4,707,628	95.95%	\$ 194,356	\$ 4,901,984	99.91%
2007	0.55500	5,543,720	5,387,768	97.19%	146,283	5,534,051	99.83%
2008	0.54500	6,377,788	6,182,287	96.93%	171,217	6,353,504	99.62%
2009	0.52020	7,512,800	7,401,558	98.52%	93,322	7,494,880	99.76%
2010	0.50000	7,538,276	7,431,901	98.59%	89,984	7,521,885	99.78%
2011	0.50000	7,413,614	7,308,431	98.58%	87,739	7,396,170	99.76%
2012	0.50000	7,376,235	7,317,653	99.21%	40,297	7,357,950	99.75%
2013	0.51000	7,870,255	7,794,028	99.03%	58,217	7,852,245	99.77%
2014	0.50000	8,462,074	8,387,692	99.12%	45,750	8,433,442	99.12%
2015	0.49000	8,921,625	8,848,290	99.18%	-	8,848,290	99.18%

Source: Tax assessor/collector's records.

TABLE 12

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

Fiscal Year Ended	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Tax Anticipation Notes	Bond Issuance Premiums	Revenue Bonds				
2006	\$ 3,465,000	\$ 18,525,000	\$ 55,800	\$ -	\$ -	\$ 6,750,000	\$ 28,795,800	5.61%	\$ 1,033	
2007	6,090,000	21,875,000	27,220	475,000	-	6,070,000	34,537,220	6.05%	1,238	
2008	5,440,000	29,175,000	-	1,895,000	-	5,370,000	41,880,000	7.43%	1,354	
2009	13,965,000	25,860,000	450,000	1,635,000	405,414	4,295,000	46,610,414	8.99%	1,375	
2010	17,130,000	26,810,000	1,080,558	1,365,000	433,381	8,437,811	55,256,750	10.67%	1,791	
2011	19,260,000	31,310,000	880,902	1,085,000	619,512	7,753,993	60,909,407	11.74%	1,969	
2012	16,890,000	38,435,000	675,009	790,000	575,279	7,163,381	64,528,669	9.52%	2,015	
2013	16,360,000	45,745,000	462,595	480,000	758,689	5,334,013	69,140,297	9.76%	2,091	
2014	15,860,000	48,380,000	305,956	160,000	830,550	4,711,863	70,248,369	9.79%	2,058	
2015	13,975,000	48,660,000	156,922	-	921,760	4,043,867	67,757,549	8.40%	1,891	

Source: Tax assessor/collector's records.

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

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

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Notes Payable	Tax Anticipation Notes	Bond Issuance Premiums	Less Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property	Per Capita
2006	\$ 3,465,000	\$ 18,525,000	\$ 55,800	\$ -	\$ -	\$ 2,565,502	\$ 19,480,298	2.20%	\$ 698
2007	6,090,000	21,875,000	27,220	475,000	-	3,985,558	24,481,662	2.50%	878
2008	5,440,000	29,175,000	-	1,895,000	-	3,302,634	33,207,366	2.85%	1,074
2009	13,965,000	25,860,000	450,000	1,635,000	405,414	4,617,517	37,697,897	2.56%	1,122
2010	17,130,000	26,810,000	1,080,558	1,365,000	433,381	5,492,418	41,326,521	2.70%	1,350
2011	19,260,000	31,310,000	880,902	1,085,000	619,512	5,062,930	48,092,484	3.20%	1,571
2012	16,890,000	38,435,000	675,009	790,000	575,279	5,170,780	52,194,508	3.50%	1,630
2013	16,360,000	45,745,000	462,595	480,000	758,689	4,990,181	58,816,103	3.42%	1,779
2014	15,860,000	48,380,000	305,956	160,000	830,550	4,971,151	60,565,355	3.58%	1,775
2015	13,975,000	48,660,000	156,922	-	921,760	5,014,535	58,699,147	3.29%	1,638

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CITY OF ROSENBERG, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)
AS OF SEPTEMBER 30, 2015

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Lamar CISD	\$ 748,580,000	16.92%	\$ 126,659,736
Fort Bend County	457,525,000	3.73%	17,065,683
Fort Bend MUD No. 94	5,600,000	100.00%	5,600,000
Fort Bend MUD No. 144	11,330,000	49.66%	5,626,478
Fort Bend MUD No. 148	1,675,000	100.00%	1,675,000
Fort Bend MUD No. 152	4,045,000	2.70%	109,215
Fort Bend MUD No. 159	4,975,000	100.00%	4,975,000
Fort Bend MUD No. 167	22,455,000	100.00%	22,455,000
Subtotal overlapping debt			184,166,112
City direct debt			<u>63,713,682</u>
Total direct and overlapping debt			<u>\$ 247,879,794</u>

Source: Financial advisor

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

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

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

	Fiscal Year			
	2006	2007	2008	2009
Debt limit	\$ 88,352,302	\$ 99,304,305	\$ 116,500,210	\$ 145,783,137
Total net debt applicable to limit	<u>19,424,498</u>	<u>24,929,442</u>	<u>33,207,366</u>	<u>36,842,483</u>
Legal debt margin	<u>\$ 68,927,804</u>	<u>\$ 74,374,863</u>	<u>\$ 83,292,844</u>	<u>\$ 108,940,654</u>
Total net debt applicable to the limit as a percentage of debt limit	21.99%	25.10%	28.50%	25.27%
Legal debt margin calculation by fiscal year				
Assessed value	\$ 883,523,023	\$ 993,043,047	\$ 1,165,002,099	\$ 1,457,831,365
Debt limit (10% of assessed value)	88,352,302	99,304,305	116,500,210	145,783,137
Debt applicable to limit:				
General obligation bonds	21,990,000	28,915,000	36,510,000	41,460,000
Less: amount set aside for repayment of general obligation debt	<u>(2,565,502)</u>	<u>(3,985,558)</u>	<u>(3,302,634)</u>	<u>(4,617,517)</u>
Total net debt applicable to limit	<u>19,424,498</u>	<u>24,929,442</u>	<u>33,207,366</u>	<u>36,842,483</u>
Legal debt margin	<u>\$ 68,927,804</u>	<u>\$ 74,374,863</u>	<u>\$ 83,292,844</u>	<u>\$ 108,940,654</u>

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

TABLE 15

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	151,557,382	\$	148,547,380	\$	154,515,089	\$	166,597,038	\$	181,299,013	\$	189,615,990
	<u>39,812,582</u>		<u>46,592,070</u>		<u>50,944,220</u>		<u>57,594,819</u>		<u>59,737,258</u>		<u>58,822,534</u>
\$	<u>111,744,800</u>	\$	<u>101,955,310</u>	\$	<u>103,570,869</u>	\$	<u>109,002,219</u>	\$	<u>121,561,755</u>	\$	<u>130,793,456</u>
	26.27%		31.37%		32.97%		34.57%		32.95%		31.02%
\$	1,515,573,819	\$	1,485,473,800	\$	1,545,150,888	\$	1,665,970,375	\$	1,812,990,131	\$	1,896,159,898
	151,557,382		148,547,380		154,515,089		166,597,038		181,299,013		189,615,990
	45,305,000		51,655,000		56,115,000		62,585,000		64,714,000		63,850,760
	<u>(5,492,418)</u>		<u>(5,062,930)</u>		<u>(5,170,780)</u>		<u>(4,990,181)</u>		<u>(4,976,742)</u>		<u>(5,028,226)</u>
	<u>39,812,582</u>		<u>46,592,070</u>		<u>50,944,220</u>		<u>57,594,819</u>		<u>59,737,258</u>		<u>58,822,534</u>
\$	<u>111,744,800</u>	\$	<u>101,955,310</u>	\$	<u>103,570,869</u>	\$	<u>109,002,219</u>	\$	<u>121,561,755</u>	\$	<u>130,793,456</u>

CITY OF ROSENBERG, TEXAS
DEBT SERVICE FUND PROJECTIONS FOR FISCAL YEAR 2016
(UNAUDITED)
SEPTEMBER 30, 2015

Tax Obligation Debt Service Requirements, FY 16		\$ 7,612,826
Debt Service Fund, 09/30/15	\$ 5,028,226	
Debt Service Fund Tax Levy @ 96% Collection	4,328,000	
Estimated Prior Year Delinquent Taxes	55,000	
Estimated Transfer from Water/Wastewater Fund	2,315,663	
Estimated Transfer from Rosenberg Development Corporation	794,991	
Estimated Transfer from Civic Center Fund	62,437	
Estimated Investment Income	<u>3,590</u>	12,587,907
Estimated Debt Service Fund Balance, 09/30/16		4,975,081
General Obligation and/or Revenue Bonds		
Authorized but unissued for 2015	None	
Floating Debt Outstanding for 2015	None	

CITY OF ROSENBERG, TEXAS
COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)
SEPTEMBER 30, 2015

WATERWORKS AND SEWER SYSTEM

Net system revenue available 09/30/15	\$ 7,347,732
Less: 2016 requirements for revenue bonds	<u>21,000</u>
Balance available for other purposes	<u>\$ 7,326,732</u>
Debt service coverage ratio	
2016 requirements for system tax or general obligation bonds (1)	2,315,663
Percentage of system general obligation bonds self-supporting	100%

ROSENBERG DEVELOPMENT CORPORATION

Net system revenue available 09/30/15	\$ 5,151,815
Less: 2016 requirements for revenue bonds	<u>794,991</u>
Balance available for other purposes	<u>\$ 4,356,824</u>
2016 requirements for general obligation bonds paid by the Corporation (1)	794,991
Percentage of system general obligation bonds self-supporting	100%

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

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

Fiscal Year Ended September 30,	Population ⁽¹⁾	Personal Income ⁽⁴⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate
2006	27,889	\$ 437,187,964	\$ 15,676	30.2	20,633	4.3%
2007	27,889	492,296,628	17,652	31.7	21,810	3.8%
2008	30,929	563,588,238	18,222	32.5	22,944	4.4%
2009	33,595	513,722,725	15,292	32.5	23,829	8.1%
2010	30,618	513,722,725	16,778	32.5	24,648	7.7%
2011	30,618	570,872,610	18,645	32.9	25,263	8.1%
2012	32,018	613,656,988	19,166	31.9	26,104	6.4%
2013	33,070	649,097,960	19,628	31.5	27,186	6.2%
2014	34,127	664,145,547	19,461	30.0	28,482	4.4%
2015	35,829	806,367,474	22,506	32.0	29,786	4.1%

Sources: (1) Internal City Estimates
(2) Bureau of the Census/ESRI Profile
(3) Lamar Consolidated Independent School District

TABLE 19

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lamar Consolidated ISD	4,500	1	28.47%	2,882	1	38.43%
Texana Center	506	2	3.20%			
Frito Lay, Inc.	470	3	2.97%	520	2	6.93%
Fort Bend County Offices	328	4	2.08%	164	5	2.19%
City of Rosenberg	315	5	1.99%	237	4	3.16%
Benedittini Cabinetry	302	6	1.91%			
Kroger	278	7	1.76%	113	8	1.51%
Biotics Research Corporation	175	8	1.11%			
Si Environmental	160	9	1.01%			
Seatex	131	10	0.83%			
Allied Concrete	-		- %	350	3	6.93%
BMC West (Home Lumber)	-		- %	136	6	1.81%
Silver Eagle, Inc.	-		- %	120	7	1.60%
Home Depot	-		- %	109	9	1.45%
Lowe's	-		- %	109	10	1.45%
Total	<u>7,165</u>		<u>45.34%</u>	<u>4,740</u>		<u>65.46%</u>

Source: City of Rosenberg Economic Development

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

Function/Program	Fulltime Equivalent Employees as of September 30,			
	2006	2007	2008	2009
General government	24	26	29	27
Public safety				
Police				
Officers	62	63	65	65
Civilians	21	22	22	23
Animal Control	2	2	2	2
Fire				
Firefighters	34	34	35	36
Civilians	2	2	2	2
Public works				
Engineering	1	-	-	-
Streets and drainage	19	15	18	17
Fleet maintenance	5	5	4	4
Community Development				
Administration	2	-	-	-
Planning	2	4	4	4
Code Enforcement	7	8	9	9
Health	1	1	1	2
Communications	-	-	1	1
Parks & Recreation	13	13	13	15
Hotel/Motel	2	2	2	2
Information Services	4	3	3	3
Civic Center	4	5	3	3
Water and Sewer	<u>30</u>	<u>30</u>	<u>29</u>	<u>29</u>
Total	<u>235</u>	<u>235</u>	<u>242</u>	<u>244</u>

Source: City personnel records.

TABLE 20

Fulltime Equivalent Employees as of September 30,					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
29	27	28	28	27	29
65	65	65	68	74	75
23	21	21	23	22	25
2	2	2	2	3	3
37	37	37	37	49	52
2	2	2	2	2	2
-	-	-	-	-	-
17	15	15	16	16	18
4	4	4	4	4	4
-	-	-	-	-	-
4	3	3	3	3	4
9	7	7	7	8	8
2	1	1	1	1	2
1	1	1	1	1	3
15	12	11	10	11	10
2	2	2	2	0	-
3	2	2	2	3	4
3	3	3	3	5	5
<u>27</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>27</u>
<u>245</u>	<u>229</u>	<u>229</u>	<u>234</u>	<u>255</u>	<u>269</u>

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police				
Arrests	3,912	4,243	4,473	4,287
Accident reports	506	750	651	506
Citations	11,467	12,160	14,895	11,158
Offense reports	5,901	6,150	4,453	4,955
Calls for service	36,243	41,492	42,568	40,775
Fire				
Emergency responses	4,930	5,145	4,527	3,476
Fire incidents	71	89	196	233
Service calls and other calls	1,639	1,672	2,514	3,124
Automatic aid, mutual aid given	49	69	128	119
Water				
Average daily consumption (millions of gallons)	3.15	3.00	3.44	3.75
Total consumption (millions of gallons)	1,150.31	1,098.57	1,262.22	1,371.73
Peak daily consumption (millions of gallons)	4.86	5.47	5.1	6.27
Sewer				
Average daily sewage treatment (millions of gallons)	2.68	3.27	3.27	2.44
Total consumption (millions of gallons)	979.08	1,197.31	1,197.31	890.89
Peak daily consumption (millions of gallons)	841	11.84	11.84	9.91

Source: Various City departments

TABLE 21

Fiscal Year					
2010	2011	2012	2013	2014	2015
3,373	3,313	3,440	2,654	2,819	2,875
444	399	570	629	767	890
8,583	7,087	6,779	5,874	4,239	5,250
5,235	4,105	3,921	4,229	4,088	4,180
51,683	53,702	58,414	55,829	51,054	50,843
3,348	3,426	3,697	3,702	3,792	3,602
127	69	197	239	141	149
3,199	3,061	3,455	3,333	3,651	3,453
22	60	45	130	152	83
3.37	4.11	3.63	3.71	3.69	3.87
1,229.84	1,503.75	1,333.99	1,357.00	1,353.24	1,411.00
5.16	7.14	6.46	5.83	6.65	8.2
3.13	2.33	2.54	2.32	2.83	2.82
1,132.78	853.85	931.78	848.52	867.35	1029
16.94	6.21	10.21	7.64	8.42	11.47

**CITY OF ROSENBERG, TEXAS
WATER AND SEWER RATES
(UNAUDITED)
SEPTEMBER 30, 2015**

WATER RATES

Rates for Single-Family Residence are as follows:

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

Rates for Commercial/Industrial users are as follows:

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

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

SUBSIDENCE FEE

For all water used the fee is \$1.80 per 1,000 gallons, in addition to the water rates.

SEWER RATES

Rates for Single-Family Residence are as follows:

First 2,000 gallons	\$15.00 minimum
2,000 - 12,000 gallons	\$3.10 per 1,000 gallons

Rates for Commercial/Industrial users are as follows:

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

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

Rates were effective July 1, 2015

CITY OF ROSENBERG, TEXAS
TOP TEN WATER AND SEWER CUSTOMERS
(UNAUDITED)
SEPTEMBER 30, 2015

TOP TEN WATER CUSTOMERS

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	35,796,200	\$ 171,415
2	Reading Park Apartments	Apartments	22,431,400	104,080
3	New Quest Properties	Irrigation Meters	15,450,100	63,414
4	Urban Brittany Square LP	Apartments	14,491,600	69,088
5	3101 Place Apartments	Apartments	13,037,100	65,647
6	Westwood Village Apartments	Apartments	12,908,300	68,694
7	Dolce Living Investments	Apartments	11,923,700	67,918
8	Vaman Investments LLC	Apartments	11,784,500	70,187
9	Brazos Master Maintenance	Irrigation Meters	11,543,200	44,779
10	Allied Concrete	Industry	10,048,300	39,516
TOTAL			<u>159,414,400</u>	<u>\$ 764,738</u>

TOP TEN SEWER CUSTOMERS

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	26,377,500	\$ 84,544
2	Reading Park Apartments	Apartments	21,453,300	91,995
3	Vaman	Apartments	14,643,200	66,123
4	Urban Brittany Square LP	Apartments	14,491,600	64,435
5	Westwood Village Apartments	Apartments	12,908,300	69,388
6	3101 Place Apartments	Apartments	10,672,500	54,244
7	Blue Wave Car Wash	Commercial	9,841,000	30,698
8	Fountains of Rosenberg	Apartments	9,715,000	50,235
9	Dolce Living LLC	Apartments	9,546,200	64,202
10	Seatex	Industry	8,128,800	15,203
TOTAL			<u>137,777,400</u>	<u>\$ 591,067</u>

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Public safety				
Police				
Stations	1	1	1	1
Patrol units	35	35	35	43
Fire				
Stations	2	2	2	2
Public works				
Collection trucks	N/A	N/A	N/A	N/A
Streets (miles)	120	128	148	148
Parks and recreation				
Parks acreage	431	443	443	443
Parks	8	8	8	8
Water and sewer				
Water mains (miles)	123	152	152	158
Fire hydrants	984	1,036	1,051	1,137
Maximum daily capacity (thousands of gallons)	5,232	5,232	5,232	5,232
Sanitary sewers (miles)	122	139	139	140
Storm sewers (miles)	133	133	133	128
Maximum daily treatment capacity (thousands of gallons)	5,025	5,025	6,525	6,525

N/A - information not available.

Source: Various City departments

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

TABLE 24

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
47	47	47	46	46	46
2	2	2	2	3	3
N/A	N/A	N/A	N/A	N/A	N/A
148	154	162	162	162	156
443	443	443	443	443	445
9	9	9	9	9	9
158	160	160	160	161	165
1,137	1,111	1,135	1,187	1,243	1,341
5,232	5,232	5,232	5,372	5,372	8,230
140	142	142	143	143	144
128	129	129	130	130	130
6,525	6,525	6,525	6,525	6,525	6,525

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COMPLIANCE SECTION

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rosenberg, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Rosenberg, Texas' basic financial statements, and have issued our report thereon dated February 26, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
February 26, 2016