

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended
September 30, 2016**



Prepared by

**John Maresh
City Manager**

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

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CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2016

**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 – 13
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities.....	15 – 16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17 – 18
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	19 – 20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	21
Statement of Net Position – Proprietary Fund	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	23

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2016

**Page
Number**

FINANCIAL SECTION (Continued)

Statement of Cash Flows – Proprietary Fund	24
Notes to Financial Statements.....	25 – 60
 Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	61 – 62
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – RDC Projects	63
Schedule of Changes in Net Pension Liability and Related Ratios	64
Schedule of Contributions.....	65
Schedule of Funding Progress Post-Retirement Health Care Benefit Plan	66
Notes to Required Supplementary Information	67
 Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69
 Special Revenue Funds	
Combining Balance Sheet.....	70 – 72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73 – 75

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2016

**Page
Number**

FINANCIAL SECTION (Continued)

Capital Projects Funds

Combining Balance Sheet..... 76 – 78

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances 79 – 81

Budget and Actual Schedules

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Debt Service Fund 82

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Hotel/Motel Tax Fund –
Special Revenue Fund..... 83

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Municipal Court
Technology Fund – Special Revenue Fund 84

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

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

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – CDBG –
Special Revenue Fund..... 87

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2016

**Page
Number**

FINANCIAL SECTION (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Asset Forfeiture – Special Revenue Fund.....	88
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Park Land Dedication – Special Revenue Fund.....	89
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Juvenile Case Manager – Special Revenue Fund.....	90
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Court Child Safety – Special Revenue Fund.....	91
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Court Building Security – Special Revenue Fund.....	92
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – MUD Fire – Special Revenue Fund.....	93
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Federal Forfeiture – Special Revenue Fund.....	94
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – PEG Capital – Special Revenue Fund.....	95
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Fire Station #3 – Special Revenue Fund.....	96

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2016

**Page
Number**

FINANCIAL SECTION (Continued)

Internal Service Funds

Combining Balance Sheet.....	97	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	98	
Combining Statement of Cash Flows	99 – 100	

STATISTICAL SECTION

Net Position by Component.....	1	101 – 102
Changes in Net Position.....	2	103 – 106
Governmental Activities Tax Revenues by Source	3	107 – 108
Fund Balances of Governmental Funds.....	4	109 – 110
Changes in Fund Balances of Governmental Funds	5	111 – 112
Governmental Funds Tax Revenues by Source	6	113
Taxable Sales by Category.....	7	114 – 115
Assessed and Estimated Actual Value of Taxable Property	8	116
Direct and Overlapping Property Tax Rates	9	117 – 118
Principal Property Taxpayers.....	10	119
Property Tax Levies and Collections.....	11	120
Ratios of Outstanding Debt by Type	12	121 – 122
Ratios of Net General Bonded Debt Outstanding.....	13	123

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2016

	<u>Table</u>	<u>Page Number</u>
STATISTICAL SECTION (Continued)		
Direct and Overlapping Governmental Activities Debt.....	14	124
Legal Debt Margin Information.....	15	125 – 126
Debt Service Fund Projections for Fiscal Year 2013.....	16	127
Computation of Self-Supporting Debt.....	17	128
Demographic and Economic Statistics	18	129
Principal Employers.....	19	130
Fulltime Equivalent City Government Employees by Function.....	20	131 – 132
Operating Indicators by Function	21	133 – 134
Water and Sewer Rates	22	135
Top Ten Water and Sewer Customers	23	136
Capital Asset Statistics by Function	24	137 – 138
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>		139 – 140

INTRODUCTORY SECTION

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March 7, 2017

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

EXECUTIVE SUMMARY

The Finance Department and City Manager's Office are pleased to submit the Fiscal Year 2016 (FY2016) Comprehensive Annual Financial Report (CAFR) for the dates ranging from October 1, 2015 to September 30, 2016.

This report is published to provide the City Council, staff, citizens, bondholders, and stakeholders with 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. 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 Charter, the financial statements have been audited by a firm of certified public accountants. The FY2016 City financial statements have been audited by Pattillo, Brown & Hill, L.L.P. 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, 2016, 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 are presented in conformity with generally accepted accounting principles (GAAP).

The City's Management 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, both, should be read in conjunction.

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, 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, ordinances and 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), potable water, reclaimed 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 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, Water & Sanitary Sewer Impact Fee Task Force, Main Street Advisory Board, and the Special Events Committee.

LOCAL ECONOMY

Rosenberg's economy remained steady in 2016. Much like the Texas economy, Rosenberg experienced job growth and an increase in building permits. Sales tax showed a slight decrease from 2015. This can be attributed to the slowdown in the oil and gas industry and construction along I-69.

The local unemployment rate in FY2016 exhibited an overall downward trend. The City's unemployment rate was 5.0%, which is slightly higher than the state and national rate of 4.8%. The median owner-occupied home value increased to \$128,000, up from \$103,000 in 2011.

Residential development remained steady from FY2016 to FY2015, with a total of 431 residential certificates of occupancy issued. The number of new commercial buildings opening decreased slightly by 1% from the previous year, for a total of 27 commercial certificates of occupancy. Commercial additions and remodels remained steady at 101 building permits, which exhibits a strong preference for purchasing or leasing existing buildings rather than constructing new facilities.

Sales tax revenue decreased by 6.8% for the City from FY2015 to FY2016. Although three of the first five (5) months of FY2017 have slight decreases in sales tax when compared to FY2016, the total decrease, to-date, is at 1.2%, as compared to a decrease of over 6% in FY2016.

Brazos Town Center, located along 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. 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, distribution centers, 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 can be maintained at or above current year's 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. Available funding for such projects is presented and proposed projects are prioritized.

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 estimates for 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 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. 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 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. 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 must 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 CIP, which shall be reviewed (at least) annually by the City Council. The City Council shall adopt an annual capital budget based on the approved five-year CIP. 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 project(s) or improvements being financed. The City's total debt service requirements in any fiscal year should 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. The rating agency commented on the City's stable financial operations, good financial management policies and practices, and healthy fund balances. The retail component of Brazos Town Center continues to impact trends for sales tax revenues. This retail component serves Fort Bend County's less developed areas to the west of the City.

The City's property valuations increased 13.8% from the previous year to an appraised value of just under \$2.2 billion in FY2017. The property tax base has expanded by a total of 52% since FY2012. The tax base is diverse, with the twenty leading taxpayers accounting for only 18% 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 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 has 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 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 complete and market deed-restricted business park developments with shovel-ready sites including: the Rosenberg Business Park and Walsh Road Industrial Park;
- To open a \$60 million, 650,000 square ft. distribution center and regional headquarters for national grocer, ALDI;
- To develop a regional workforce training institution, with the development of Texas State Technical College;
- To improve mobility by partnering with Fort Bend Transit to operate a transit system;
- To bring TexPharma, LLC for the development of a 200,000-square ft. distribution facility on 19.09 acres in the Rosenberg Business Park
- To undertake several smaller projects which enhance City aesthetics by improving 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 of the United States and Canada (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, 2015. ***This was the 29th 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 FY2016. 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
City Manager



Joyce Vasut
Assistant City Manager



Government Finance Officers Association

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

Presented to

**City of Rosenberg,
Texas**

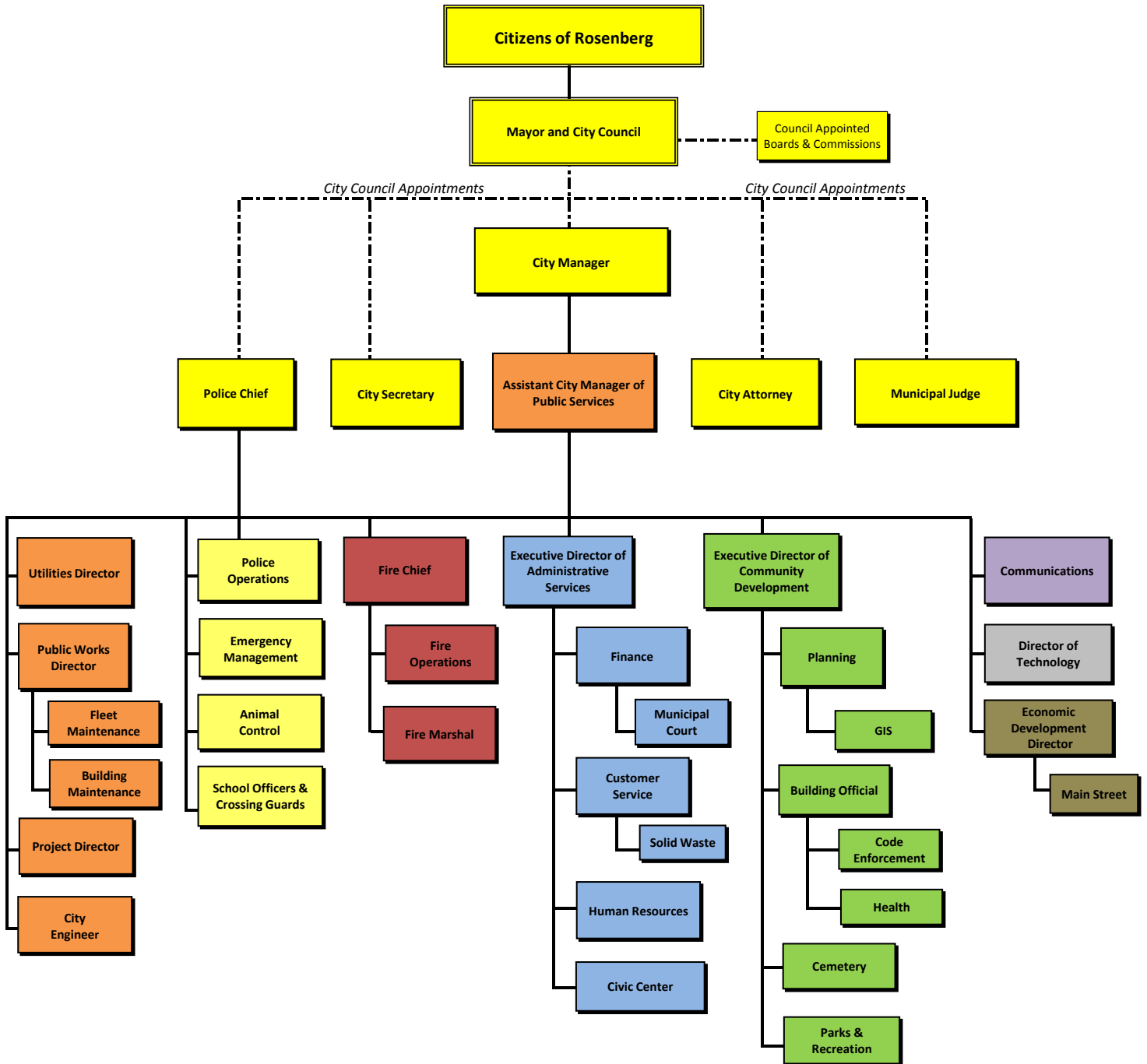
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

CITY OF ROSENBERG, TEXAS
2015-16 BUDGET

ORGANIZATIONAL CHART



CITY OF ROSENBERG, TEXAS

PRINCIPAL OFFICIALS SEPTEMBER 30, 2016

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
Alice Jozwiak	Councilor, District No. 3
Lynn Moses	Councilor, District No. 4

Key Staff	Position
John Maresh	City Manager*
Tonya Palmer	Building Official
Scott M. Tschirhart	City Attorney*
Charles A. Kalkomey	City Engineer*
Linda K. Cernosek	City Secretary*
Jenny Pavlovich	Communications Manager
Randall Malik	Economic Development Director
Joyce Vasut	Executive Director of Administrative Services
Travis Tanner	Executive Director of Community Development
Wade Goates	Fire Chief
Lori Remington	Human Resources Director
James A. Baker	Municipal Court Judge*
Darren R. McCarthy	Parks & Recreation Director
Dallis Warren	Police Chief*
Rigo Calzoncin	Public Works Director
Isaac Badu	Information Services Director

* Council Appointed

INTRODUCTORY 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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 March 2, 2017, on our consideration of the City of Rosenberg, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rosenberg, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
March 2, 2017

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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, 2016.

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 \$142,297,981 (net position). Of this amount, \$27,480,735 (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 \$5,756,707 from operations.
- As of September 30, 2016, the City's governmental funds reported an ending fund balance of \$42,190,775, an increase of \$1,592,621 in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$15,670,160, or 59% of total General Fund expenditures.
- The City's long-term debt increased by \$8,292,470 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

The City maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, RDC projects, Debt Service Fund, and the 2015 Certificates of Obligation Fund, which are considered to be major funds. Data from the other 27 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 \$142,297,981 as of September 30, 2016.

The largest portion of the City's net position (71%) 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 (19%) 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, 2016 and 2015**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 53,994,937	\$ 53,413,237	\$ 21,464,900	\$ 21,969,252	\$ 75,459,837	\$ 75,382,489
Capital assets	99,872,979	95,277,395	60,194,226	54,608,801	160,067,205	149,886,196
Total assets	153,867,916	148,690,632	81,659,126	76,578,053	235,527,042	225,268,685
Deferred outflows of resources	4,264,967	1,801,220	433,168	200,461	4,698,135	2,001,681
Total deferred outflows	4,264,967	1,801,220	433,168	200,461	4,698,135	2,001,681
Long-term liabilities	86,830,645	78,091,774	4,536,363	4,982,764	91,367,008	83,074,538
Other liabilities	3,995,779	4,723,335	2,214,848	2,490,927	6,210,627	7,214,262
Total liabilities	90,826,424	82,815,109	6,751,211	7,473,691	97,577,635	90,288,800
Deferred inflows of resources	317,332	396,130	32,229	44,162	349,561	440,292
Total deferred Inflows of resources	317,332	396,130	32,229	44,162	349,561	440,292
Net position:						
Net investment,						
in capital assets	44,536,858	45,031,276	56,850,394	50,564,934	101,387,252	95,596,210
Restricted	13,429,994	11,647,814	-	-	13,429,994	11,647,814
Unrestricted	9,022,275	10,601,523	18,458,460	18,695,727	27,480,735	29,297,250
Total net position	\$ 66,989,127	\$ 67,280,613	\$ 75,308,854	\$ 69,260,661	\$ 142,297,981	\$ 136,541,274

Net position of the City, excluding component units, increased by \$5,756,707. Key elements of the increase are as follows:

**Changes in Net Position
For the Fiscal Years Ended September 30, 2016 and 2015**

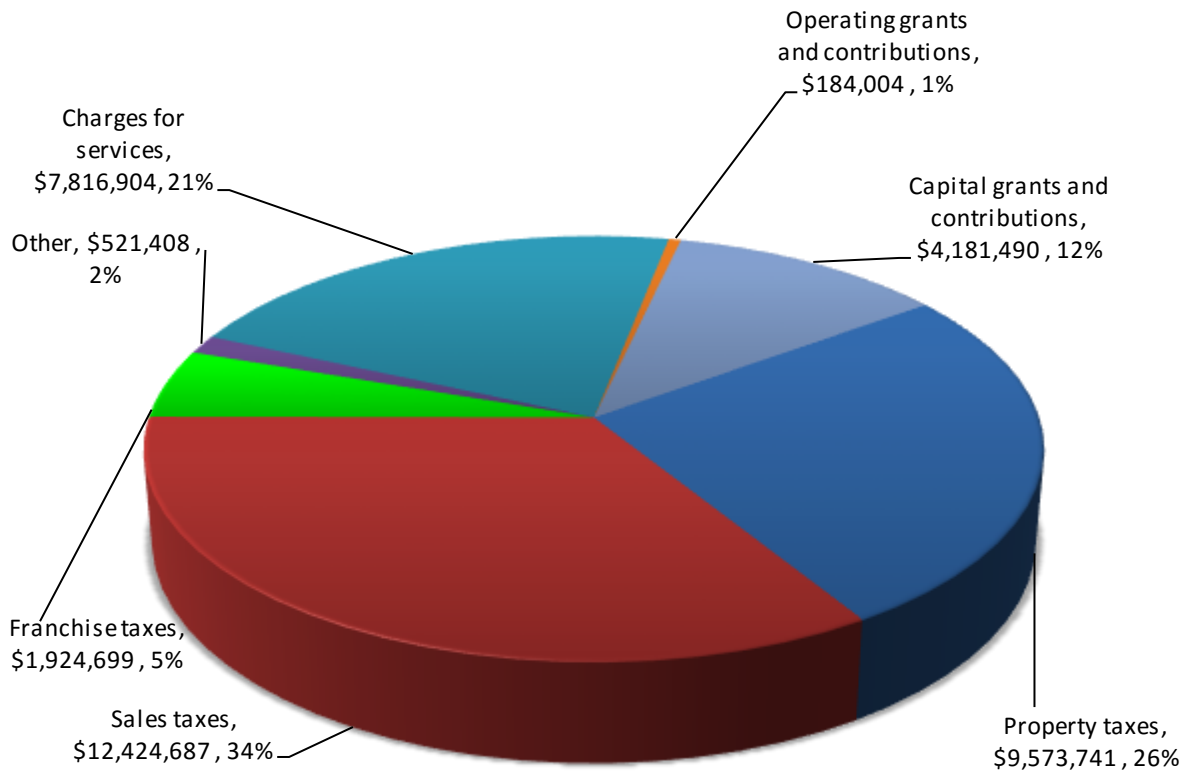
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 7,816,904	\$ 7,902,957	\$ 14,527,643	\$ 13,530,951	\$ 22,344,547	\$ 21,433,908
Operating grants and contributions	184,004	252,706	-	496,547	184,004	749,253
Capital grants and contributions	4,181,490	4,433,455	778,401	687,808	4,959,891	5,121,263
General revenues:						
Property taxes	9,573,741	8,833,478	-	-	9,573,741	8,833,478
Sales taxes	12,424,687	13,386,446	-	-	12,424,687	13,386,446
Franchise taxes	1,924,699	1,898,719	-	-	1,924,699	1,898,719
Investment interest	202,646	33,739	67,622	11,070	270,268	44,809
Gain on sale of capital asset	54,717	172,184	-	-	54,717	172,184
Miscellaneous	264,045	403,605	-	-	264,045	403,605
Total revenues	<u>36,626,933</u>	<u>37,317,289</u>	<u>15,373,666</u>	<u>14,726,376</u>	<u>52,000,599</u>	<u>52,043,665</u>
Expenses:						
General government	5,350,906	4,504,358	-	-	5,350,906	4,504,358
Public safety	15,997,582	13,688,321	-	-	15,997,582	13,688,321
Public works	9,224,710	7,962,151	-	-	9,224,710	7,962,151
Community development	3,704,464	3,037,820	-	-	3,704,464	3,037,820
Water and sewer	-	-	9,445,663	7,862,720	9,445,663	7,862,720
Civic center rentals	-	-	294,626	403,256	294,626	403,256
Interest and fiscal charges	2,140,471	2,095,192	-	-	2,140,471	2,095,192
Debt issuance cost	85,470	65,849	-	-	85,470	65,849
Total expenses	<u>36,503,603</u>	<u>31,353,691</u>	<u>9,740,289</u>	<u>8,265,976</u>	<u>46,243,892</u>	<u>39,619,667</u>
Increases in net assets before transfers	123,330	5,963,598	5,633,377	6,460,400	5,756,707	12,423,998
Transfers	(414,816)	(2,595,254)	414,816	2,595,254	-	-
Increase in net position	(291,486)	3,368,344	6,048,193	9,055,654	5,756,707	12,423,998
Net position, beginning	67,280,613	69,760,061	69,260,661	60,960,143	136,541,274	130,720,204
Prior period adjustment	-	(5,847,792)	-	(755,136)	-	(6,602,928)
Net position, ending	<u>\$ 66,989,127</u>	<u>\$ 67,280,613</u>	<u>\$ 75,308,854</u>	<u>\$ 69,260,661</u>	<u>\$ 142,297,981</u>	<u>\$ 136,541,274</u>

There was a decrease of \$291,486 in net position in connection with operation of the City's governmental activities. This decrease was primarily a result of an increase in both the OPEB and net pension liabilities.

The City’s business-type net position increased by \$6,048,193 from operations. 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.

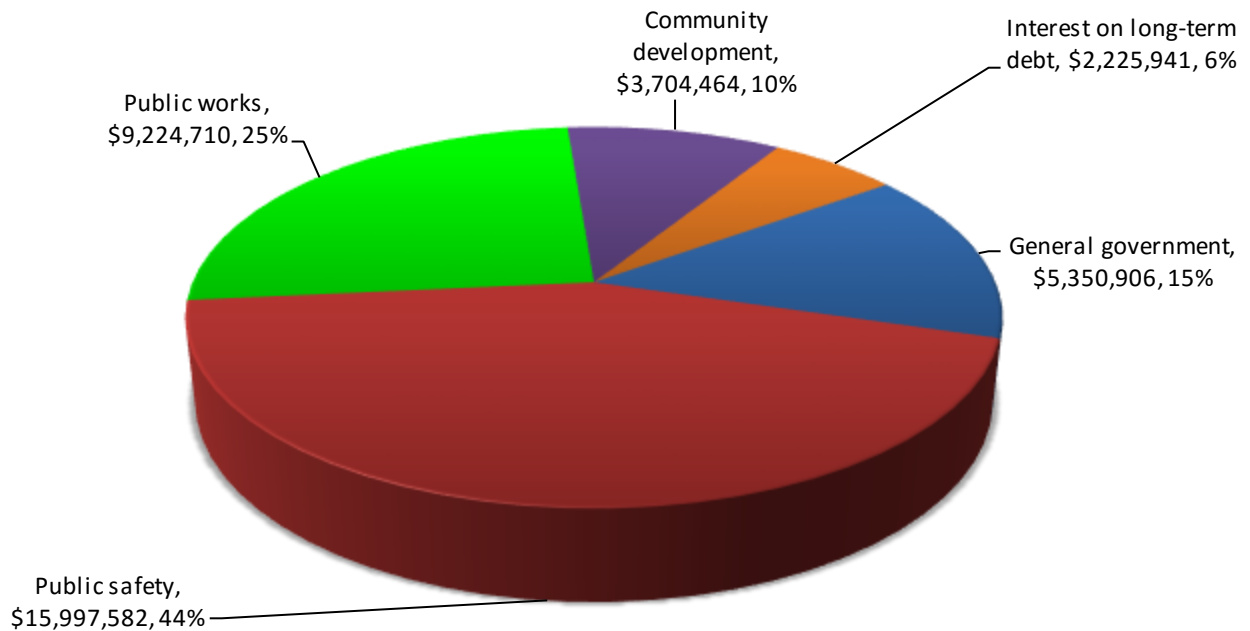
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City’s activities.

Governmental Activities - Revenues



For the fiscal year ended September 30, 2016, revenues from governmental activities totaled \$36,626,933.

Governmental Activities - Expenses



For the fiscal year ended September 30, 2016, expenses for governmental activities totaled \$36,503,603.

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, 2016, 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 \$42,190,775, which is an increase of \$1,592,621 from last year's total of \$40,598,154. 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 59% of total General Fund expenditures.

The fund balance of the General Fund increased by \$226,363 during the fiscal year. This increase can be attributed to the City's ability to keep operating expenditures below budget across all departments.

The Debt Service Fund has a fund balance of \$5,492,736, all of which is restricted for the payment of debt service. The net increase in fund balance for the year was \$464,510.

The RDC Projects Fund has a fund balance of \$3,744,813. The net increase in fund balance for the year was \$1,670,688. This fund is used to account for the various projects that have been funded by the Rosenberg Development Corporation and the increase in fund balance is due to the continued funding 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 \$18,458,460. The increase in total net position for the year was \$6,048,193. This increase relates to operating income of \$4,917,982. 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 \$349,356 in appropriations between the original and final amended budget for revenues and an increase of \$1,664,542 in appropriations between the original and final amended budget for expenditures. The primary reason for the revenue appropriations increase relates to an increase in fees and charges for services. 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 2016 fiscal year, the actual revenue collected for the General Fund exceeded the budget by \$182,040. This can be primarily attributed to higher than anticipated fees and charges for services.

Actual expenditures for the General Fund were \$1,807,385 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, 2016, amounts to \$160,067,205 (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	
	2016	2015	2016	2015	2016	2015
Non-depreciable assets:						
Land	\$ 6,117,623	\$ 6,117,623	\$ 363,209	\$ 363,209	\$ 6,480,832	\$ 6,480,832
Construction in progress	12,128,245	4,468,583	9,568,166	11,219,632	21,696,411	15,688,215
Other capital assets:						
Buildings and improvements	13,257,811	13,257,811	-	-	13,257,811	13,257,811
Machinery and equipment	14,589,536	14,100,864	2,393,029	2,393,029	16,982,565	16,493,893
Infrastructure	102,140,302	102,125,784	-	-	102,140,302	102,125,784
Water and wastewater system	-	-	79,995,029	69,982,980	79,995,029	69,982,980
Accumulated depreciation on other capital assets	<u>(48,360,538)</u>	<u>(44,793,270)</u>	<u>(32,125,207)</u>	<u>(29,350,049)</u>	<u>(80,485,745)</u>	<u>(74,143,319)</u>
Totals	<u>\$ 99,872,979</u>	<u>\$ 95,277,395</u>	<u>\$ 60,194,226</u>	<u>\$ 54,608,801</u>	<u>\$ 160,067,205</u>	<u>\$ 149,886,196</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 \$91,367,008. As of September 30, 2016, the City's OPEB obligation is \$6,805,711.

Schedule of Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General Obligation	\$ 12,050,000	\$ 13,975,000	\$ -	\$ -	\$ 12,050,000	\$ 13,975,000
Revenue bonds	-	-	273,000	294,000	273,000	294,000
Certificates of obligation	55,265,000	48,660,000	-	-	55,265,000	48,660,000
Tax notes	-	-	-	-	-	-
Bonds issuance premiums	1,054,554	921,760	-	-	1,054,554	921,760
Loss on refunding bonds	-	-	-	-	-	-
Notes payable	-	156,922	1,819,225	2,406,433	1,819,225	2,563,355
Capital leases payable	-	-	1,251,607	1,343,434	1,251,607	1,343,434
Compensated absences	542,357	529,213	63,847	60,461	606,204	589,674
Net pension liability	11,113,023	7,879,658	1,128,684	878,436	12,241,707	8,758,094
OPEB obligation	<u>6,805,711</u>	<u>5,969,221</u>	<u>-</u>	<u>-</u>	<u>6,805,711</u>	<u>5,969,221</u>
Totals	<u>\$ 86,830,645</u>	<u>\$ 78,091,774</u>	<u>\$ 4,536,363</u>	<u>\$ 4,982,764</u>	<u>\$ 91,367,008</u>	<u>\$ 83,074,538</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 2017 budget on September 6, 2016, with total revenues of \$58,706,949 and total expenditures of \$60,870,380. Some of the key highlights of that budget include:

- The net taxable value of \$1.933 billion for Tax Year 2016 represents an increase of \$149.6 million or 8.4% from the Tax Year 2015 valuation.
- The City's adopted tax rate for FY 2017 of \$0.47 per \$100 of taxable valuation is the same as FY 2016 and is higher than the effective tax rate.
- Sales tax revenues for FY 2017 are budgeted at \$11,900,000 which is slightly less than the FY 2016 budget.
- The Water Subsidence Fee increased from \$1.80 per 1,000 gallons to \$2.20 per 1,000 gallons in FY 2016.
- There is a total of 270 full-time positions for FY 2017 which includes an increase of five (5) full-time positions over FY 2016 adopted budget. The increase includes two (2) positions that were added during FY 2016, a Content Specialist in Communications and an Information Technology Specialist for the police department. One of the Information Technology Specialist positions in the Information Technology department was converted to an Information Technology Systems Administrator. These increases were offset by removing the Executive Director of Support Services position. The FY 2017 Budget also includes the addition of (5) positions including: three (3) Police Officers, one (1) School Resource Officer, and a Utilities Maintenance Technician. Additionally, the Municipal Court Judge position was converted from a full-time to a part-time position.
- An average of 2½% merit increase was included in the FY 2017 budget.

REQUESTS FOR INFORMATION

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

**BASIC
FINANCIAL STATEMENTS**

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CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
ASSETS				
Cash and investments	\$ 46,161,150	\$ 12,307,206	\$ 58,468,356	\$ 3,956,639
Receivables	4,377,685	1,865,050	6,242,735	668,756
Prepaid expenses	33,765	297,104	330,869	596
Inventory	11,332	-	11,332	-
Restricted cash and cash equivalents	-	6,900,540	6,900,540	-
Internal balances	(95,000)	95,000	-	-
Note from component unit	3,506,005	-	3,506,005	-
Capital assets, net of accumulated depreciation:				
Land	6,117,623	363,209	6,480,832	-
Buildings and improvements	7,025,278	-	7,025,278	-
Machinery and equipment	5,963,339	724,381	6,687,720	-
Infrastructure	68,638,494	-	68,638,494	-
Water and wastewater system	-	49,538,470	49,538,470	-
Construction in progress	12,128,245	9,568,166	21,696,411	-
Total assets	153,867,916	81,659,126	235,527,042	4,625,991
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for TMRS	4,264,967	433,168	4,698,135	-
Total deferred outflow of resources	4,264,967	433,168	4,698,135	-
LIABILITIES				
Accounts payable	3,091,678	958,682	4,050,360	566,706
Accrued liabilities	689,420	72,690	762,110	-
Due to other governments	43,459	-	43,459	-
Accrued interest payable	171,222	15,403	186,625	-
Customer deposits	-	1,168,073	1,168,073	-
Noncurrent liabilities:				
Due within one year	5,376,026	727,487	6,103,513	544,305
Due in more than one year	81,454,619	3,808,876	85,263,495	2,961,700
Total liabilities	90,826,424	6,751,211	97,577,635	4,072,711
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow for TMRS	317,332	32,229	349,561	-
Total deferred inflows of resources	317,332	32,229	349,561	-
NET POSITION				
Net investment in capital assets	44,536,858	56,850,394	101,387,252	-
Restricted for:				
Debt service	5,462,057	-	5,462,057	-
Community development	4,474,114	-	4,474,114	-
Court security and technology	217,030	-	217,030	-
Law enforcement	569,680	-	569,680	-
Fire services	926,302	-	926,302	-
Economic development	1,780,811	-	1,780,811	-
Unrestricted(deficit)	9,022,275	18,458,460	27,480,735	553,280
Total net position	\$ 66,989,127	\$ 75,308,854	\$ 142,297,981	\$ 553,280

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, 2016

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 5,350,906	\$ 842,483	\$ -	\$ -
Public safety	15,997,582	2,251,968	112,004	-
Public works	9,224,710	4,693,162	72,000	4,150,040
Community development	3,704,464	29,291	-	31,450
Interest on long-term debt	2,140,471	-	-	-
Debt issue cost	<u>85,470</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>36,503,603</u>	<u>7,816,904</u>	<u>184,004</u>	<u>4,181,490</u>
Business-type activities:				
Water and sewer	9,445,663	14,428,258	-	778,401
Civic center rentals	<u>294,626</u>	<u>99,385</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>9,740,289</u>	<u>14,527,643</u>	<u>-</u>	<u>778,401</u>
 Total primary government	 <u>46,243,892</u>	 <u>22,344,547</u>	 <u>184,004</u>	 <u>4,959,891</u>
Component unit				
Rosenberg Development Corporation	<u>4,386,007</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total component unit	 <u>\$ 4,386,007</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				
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
\$(4,508,423)	\$ -	\$(4,508,423)	\$ -
(13,633,610)	-	(13,633,610)	-
(309,508)	-	(309,508)	-
(3,643,723)	-	(3,643,723)	-
(2,140,471)	-	(2,140,471)	-
(85,470)	-	(85,470)	-
<u>(24,321,205)</u>	<u>-</u>	<u>(24,321,205)</u>	<u>-</u>
-	5,760,996	5,760,996	-
<u>-</u>	<u>(195,241)</u>	<u>(195,241)</u>	<u>-</u>
<u>-</u>	<u>5,565,755</u>	<u>5,565,755</u>	<u>-</u>
<u>(24,321,205)</u>	<u>5,565,755</u>	<u>(18,755,450)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,386,007)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(4,386,007)</u>
9,573,741	-	9,573,741	-
12,424,687	-	12,424,687	3,900,475
1,924,699	-	1,924,699	-
202,646	67,622	270,268	10,772
54,717	-	54,717	-
264,045	-	264,045	-
<u>(414,816)</u>	<u>414,816</u>	<u>-</u>	<u>-</u>
<u>24,029,719</u>	<u>482,438</u>	<u>24,512,157</u>	<u>3,911,247</u>
(291,486)	6,048,193	5,756,707	(474,760)
<u>67,280,613</u>	<u>69,260,661</u>	<u>136,541,274</u>	<u>1,028,040</u>
<u>\$ 66,989,127</u>	<u>\$ 75,308,854</u>	<u>\$ 142,297,981</u>	<u>\$ 553,280</u>

CITY OF ROSENBERG, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General	Debt Service
ASSETS		
Cash and investments	\$ 13,977,742	\$ 5,485,077
Receivables:		
Taxes	2,251,019	146,647
Accounts	537,654	-
Other	533,043	-
Intergovernmental	536,366	1,555
Inventory	11,332	-
Prepays	13,957	-
Notes receivable	-	3,506,005
Total assets	17,861,113	9,139,284
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities:		
Accounts payable	1,178,898	-
Accrued liabilities	641,704	-
Due to State	43,459	-
Due to Other Funds	-	-
Total liabilities	1,864,061	-
Deferred Inflows:		
Property Taxes	142,502	140,543
Court Fines	159,101	-
Receivable from component unit	-	3,506,005
Total deferred Inflows of resources	301,603	3,646,548
Fund balances:		
Nonspendable	25,289	-
Restricted	-	5,492,736
Assigned	-	-
Unassigned	15,670,160	-
Total fund balances	15,695,449	5,492,736
Total liabilities, deferred inflows, and fund balances	\$ 17,861,113	\$ 9,139,284

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

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

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

Some liabilities, including bonds payable, interest payable, notes payable, and accrued compensated absences are not reported as liabilities in the governmental funds. 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 replacement and information services to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.

Net position of governmental activities
The accompanying notes are an integral
part of these financial statements.

<u>RDC Projects</u>	<u>2015 Certificates of Obligation</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 4,123,077	\$ 8,410,359	\$ 10,130,308	\$ 42,126,563
-	-	64,675	2,462,341
-	-	-	537,654
-	-	635	533,678
-	-	303,375	841,296
-	-	-	11,332
-	-	5,772	19,729
-	-	-	3,506,005
<u>4,123,077</u>	<u>8,410,359</u>	<u>10,504,765</u>	<u>50,038,598</u>
378,264	961,590	553,041	3,071,793
-	-	47,716	689,420
-	-	-	43,459
-	-	95,000	95,000
<u>378,264</u>	<u>961,590</u>	<u>695,757</u>	<u>3,899,672</u>
-	-	-	283,045
-	-	-	159,101
-	-	-	3,506,005
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,948,151</u>
-	-	-	25,289
3,744,813	7,448,769	9,809,008	26,495,326
-	-	-	-
-	-	-	15,670,160
<u>3,744,813</u>	<u>7,448,769</u>	<u>9,809,008</u>	<u>42,190,775</u>
<u>\$ 4,123,077</u>	<u>\$ 8,410,359</u>	<u>\$ 10,504,765</u>	

98,324,124

3,948,151

(83,054,232)

5,580,309

\$ 66,989,127

CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	General	Debt Service
REVENUES		
Taxes:		
Property	\$ 5,169,658	\$ 4,432,817
Sales	11,781,945	-
Franchise	1,855,950	-
Licenses and permits	748,694	-
Fines and forfeitures	471,196	-
Fees and charges for service	4,345,189	-
Intergovernmental	1,302,051	794,991
Investment earnings	52,322	19,780
Other	216,489	-
Total revenues	25,943,494	5,247,588
EXPENDITURES		
Current:		
General government	3,733,927	-
Public safety	12,950,158	-
Public works	5,590,942	-
Community development	2,653,950	-
Capital outlay	1,545,024	-
Debt service:		
Principal retirement	-	5,236,922
Interest and service charges	-	2,224,256
Debt issuance costs	-	-
Total expenditures	26,474,001	7,461,178
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(530,507)	(2,213,590)
OTHER FINANCING SOURCES (USES)		
Debt issuance	-	-
Insurance proceeds	21,355	-
Sale of capital assets	39,589	-
Premium on debt issued	-	-
Transfers in	1,574,498	2,678,100
Transfers out	(878,572)	-
Total other financing sources (uses)	756,870	2,678,100
NET CHANGE IN FUND BALANCES	226,363	464,510
FUND BALANCES, BEGINNING	15,469,086	5,028,226
FUND BALANCES, ENDING	\$ 15,695,449	\$ 5,492,736

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

<u>RDC Projects</u>	<u>2015 Certificates of Obligation</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 9,602,475
-	-	642,742	12,424,687
-	-	68,749	1,924,699
-	-	-	748,694
-	-	88,603	559,799
-	-	-	4,345,189
3,670,360	-	1,338,528	7,105,930
13,998	47,448	56,085	189,633
-	-	88,112	304,601
<u>3,684,358</u>	<u>47,448</u>	<u>2,282,819</u>	<u>37,205,707</u>
32,843	-	97,302	3,864,072
-	-	1,276,615	14,226,773
-	-	-	5,590,942
450,521	-	198,946	3,303,417
1,530,306	572,537	6,749,079	10,396,946
-	-	-	5,236,922
-	-	-	2,224,256
-	85,470	-	85,470
<u>2,013,670</u>	<u>658,007</u>	<u>8,321,942</u>	<u>44,928,798</u>
<u>1,670,688</u>	<u>(610,559)</u>	<u>(6,039,123)</u>	<u>(7,723,091)</u>
-	9,760,000	-	9,760,000
-	-	-	21,355
-	-	-	39,589
-	209,584	-	209,584
-	130,761	1,475,485	5,858,844
-	<u>(2,041,017)</u>	<u>(3,654,071)</u>	<u>(6,573,660)</u>
-	<u>8,059,328</u>	<u>(2,178,586)</u>	<u>9,315,712</u>
1,670,688	7,448,769	(8,217,709)	1,592,621
<u>2,074,125</u>	<u>-</u>	<u>18,026,717</u>	<u>40,598,154</u>
<u>\$ 3,744,813</u>	<u>\$ 7,448,769</u>	<u>\$ 9,809,008</u>	<u>\$ 42,190,775</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, 2016

Net change in fund balances - total governmental funds	\$	1,592,621
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.		4,283,061
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(	646,504)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides		
Repayment of principal of long-term debt		5,236,922
Issuance of new long-term debt	(	9,969,584)
Amortization of:		
Premiums on long-term debt		76,790
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	(	17,980)
Net OPEB obligation	(	836,490)
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.		6,995
The net income (loss) of certain activities of Internal Service Funds is reported with governmental activities.		780,865
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.		(798,182)
Change in net position of governmental activities	\$(<u>291,486</u>)

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CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2016

	Business-type Activities Enterprise Fund		Governmental Activities Internal	
	Water and Wastewater	Civic Center Rentals	Total	Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 12,173,588	\$ 133,618	\$ 12,307,206	\$ 4,034,587
Receivables:				
Accounts, net of allowance	1,820,426	-	1,820,426	-
Other	-	-	-	2,716
Intergovernmental	44,624	-	44,624	-
Prepaid expenses	297,000	104	297,104	14,036
Due from other funds	95,000	-	95,000	-
Restricted cash and cash equivalents	6,900,540	-	6,900,540	-
Total current assets	<u>21,331,178</u>	<u>133,722</u>	<u>21,464,900</u>	<u>4,051,339</u>
Noncurrent assets:				
Capital assets:				
Land	363,209	-	363,209	-
Machinery and equipment	2,393,029	-	2,393,029	4,497,797
Water and wastewater system	79,995,029	-	79,995,029	-
Construction-in-progress	9,568,166	-	9,568,166	-
Less: accumulated depreciation	(32,125,207)	-	(32,125,207)	(2,948,942)
Total noncurrent assets	<u>60,194,226</u>	<u>-</u>	<u>60,194,226</u>	<u>1,548,855</u>
Total assets	<u>81,525,404</u>	<u>133,722</u>	<u>81,659,126</u>	<u>5,600,194</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for TMRS	392,764	40,404	433,168	-
Total deferred outflows of resources	<u>392,764</u>	<u>40,404</u>	<u>433,168</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	950,940	7,742	958,682	19,885
Accrued liabilities	64,615	8,075	72,690	-
Compensated absences	5,894	491	6,385	-
Payable from restricted assets:				
Deposits	1,166,683	1,390	1,168,073	-
Accrued interest payable	15,403	-	15,403	-
Capital lease payable	96,648	-	96,648	-
Note payable	603,454	-	603,454	-
Revenue bonds payable	21,000	-	21,000	-
Total current liabilities	<u>2,924,637</u>	<u>17,698</u>	<u>2,942,335</u>	<u>19,885</u>
Noncurrent liabilities:				
Compensated absences	53,046	4,416	57,462	-
Capital lease payable	1,154,959	-	1,154,959	-
Note payable	1,215,771	-	1,215,771	-
Revenue bonds payable	252,000	-	252,000	-
Net pension liability	1,023,406	105,278	1,128,684	-
Total noncurrent liabilities	<u>3,699,182</u>	<u>109,694</u>	<u>3,808,876</u>	<u>-</u>
Total liabilities	<u>6,623,819</u>	<u>127,392</u>	<u>6,751,211</u>	<u>19,885</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow for TMRS	29,223	3,006	32,229	-
Total deferred inflows of resources	<u>29,223</u>	<u>3,006</u>	<u>32,229</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	56,850,394	-	56,850,394	1,548,855
Unrestricted	18,414,732	43,728	18,458,460	4,031,454
Total net position	<u>\$ 75,265,126</u>	<u>\$ 43,728</u>	<u>\$ 75,308,854</u>	<u>\$ 5,580,309</u>

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

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CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities Enterprise Fund		Governmental Activities Internal	
	Water and Wastewater	Civic Center Rentals	Service Funds	
		Total		
OPERATING REVENUES				
Water	\$ 9,004,891	\$ -	\$ 9,004,891	\$ 4,094,682
Sewer	5,381,662	-	5,381,662	-
Charges for services	41,705	99,385	141,090	-
Total operating revenues	<u>14,428,258</u>	<u>99,385</u>	<u>14,527,643</u>	<u>4,094,682</u>
OPERATING EXPENSES				
Cost of sales and services	6,539,877	294,626	6,834,503	3,356,853
Depreciation	2,775,158	-	2,775,158	269,977
Total operating expenses	<u>9,315,035</u>	<u>294,626</u>	<u>9,609,661</u>	<u>3,626,830</u>
OPERATING INCOME	<u>5,113,223</u>	<u>(195,241)</u>	<u>4,917,982</u>	<u>467,852</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	67,208	414	67,622	13,013
Interest expense	<u>(130,628)</u>	<u>-</u>	<u>(130,628)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(63,420)</u>	<u>414</u>	<u>(63,006)</u>	<u>13,013</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,049,803	(194,827)	4,854,976	480,865
Capital contributions	778,401	-	778,401	-
Transfers in	4,357,839	324,000	4,681,839	300,000
Transfers out	<u>(4,204,586)</u>	<u>(62,437)</u>	<u>(4,267,023)</u>	<u>-</u>
CHANGE IN NET POSITION	5,981,457	66,736	6,048,193	780,865
NET POSITION, BEGINNING	<u>69,283,669</u>	<u>(23,008)</u>	<u>69,260,661</u>	<u>4,799,444</u>
NET POSITION, ENDING	<u>\$ 75,265,126</u>	<u>\$ 43,728</u>	<u>\$ 75,308,854</u>	<u>\$ 5,580,309</u>

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

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CITY OF ROSENBERG, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	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	\$ 14,865,098	\$ 100,121	\$ 14,965,219	\$ 4,108,939
Disbursed for goods and services to suppliers	(1,693,147)	(160,836)	(1,853,983)	(121,082)
Disbursed for personnel services	(5,133,028)	(158,458)	(5,291,486)	(3,405,108)
Net cash provided by operating activities	<u>8,038,923</u>	<u>(219,173)</u>	<u>7,819,750</u>	<u>582,749</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other funds	4,357,839	324,000	4,681,839	300,000
Transfers to other funds	(4,204,586)	(62,437)	(4,267,023)	-
Net cash provided (used) by noncapital financing activities	<u>153,253</u>	<u>261,563</u>	<u>414,816</u>	<u>300,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(700,035)	-	(700,035)	-
Interest paid on capital debt	(130,628)	-	(130,628)	-
Acquisition and construction of capital assets	(7,582,182)	-	(7,582,182)	(582,498)
Net cash used for capital and related financing activities	<u>(8,412,845)</u>	<u>-</u>	<u>(8,412,845)</u>	<u>(582,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	67,208	414	67,622	13,013
Net cash provided by investing activities	<u>67,208</u>	<u>414</u>	<u>67,622</u>	<u>13,013</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(153,461)</u>	<u>42,804</u>	<u>(110,657)</u>	<u>313,264</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>19,227,589</u>	<u>90,814</u>	<u>19,318,403</u>	<u>3,721,323</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 19,074,128</u>	<u>\$ 133,618</u>	<u>\$ 19,207,746</u>	<u>\$ 4,034,587</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 5,113,223	\$(195,241)	\$ 4,917,982	\$ 467,852
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation and amortization	2,775,158	-	2,775,158	269,975
Decrease (increase) in accounts receivable	500,216	-	500,216	7,521
Decrease (increase) in due from other funds	(95,000)	-	(95,000)	-
Decrease (increase) in other assets	(11,682)	161	(11,521)	(14,036)
Decrease (increase) in deferred outflows	(217,802)	(14,905)	(232,707)	29,693
Decrease (increase) in accrued interest	(2,253)	-	(2,253)	-
Increase (decrease) in accounts payable and accrued liabilities	(332,687)	(1,004)	(333,691)	(36,364)
Increase (decrease) in accrued liabilities	15,875	109	15,984	-
Increase in customer deposits	43,306	575	43,881	-
Increase (decrease) in net pension liability	257,073	(6,825)	250,248	(130,496)
Increase (decrease) in deferred inflows	(9,303)	(2,630)	(11,933)	(6,560)
Increase (decrease) in compensated absences	2,799	587	3,386	(4,836)
Total adjustments	<u>2,925,700</u>	<u>(23,932)</u>	<u>2,901,768</u>	<u>114,897</u>
Net cash provided by operating activities	<u>\$ 8,038,923</u>	<u>\$(219,173)</u>	<u>\$ 7,819,750</u>	<u>\$ 582,749</u>

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

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CITY OF ROSENBERG, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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 oversight by the City Manager and the Finance Department.

2015 Certificates of Obligation – This fund is used to account for the proceeds from the 2015 Certificate of Obligation issue that took place in November of 2015. These proceeds will be used for various street and road improvements as well as improvements and repairs to the City's water system.

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. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment pools are 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company act of 1940.

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 acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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. Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental funds as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, interest payable, notes payable and accrued compensated absences, are not reported in the funds.” The details of this \$(83,054,232) difference are as follows:

Bonds payable	\$(67,315,000)
Accrued interest payable	(171,222)
Compensated absences - governmental funds	(542,357)
Bond issuance premiums	(1,054,554)
Deferred inflows of resources related to TMRS	(317,332)
Deferred outflows of resources related to TMRS	4,264,967
Net pension liability	(11,113,023)
OPEB Net pension obligation	<u>(6,805,711)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$(83,054,232)</u></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 \$4,283,061 difference are as follows:

Capital outlay	\$ 8,064,210
Depreciation expense	<u>(3,781,149)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 4,283,061</u></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") and Texas Class.

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, 2016, are shown below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Primary government:		
Cash demand deposits	\$(241,373)	\$(241,373)
Certificates of Deposit	<u>8,061,811</u>	<u>8,061,811</u>
Total cash and cash equivalents	<u>7,820,438</u>	<u>7,820,438</u>
Component unit		
Cash demand deposits	46,806	46,806
Certificates of Deposit	<u>249,644</u>	<u>249,644</u>
Total cash and cash equivalents	<u>\$ 296,450</u>	<u>\$ 296,450</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, 2016, 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:

	Fair Value	Weighted Average Maturity (Days)
Primary government:		
LOGIC	\$ 17,466,414	54
TexPool	22,664,625	44
Lone Star	7,485,813	31
Texas Class	<u>9,931,606</u>	45
Total investments	<u>57,548,458</u>	
Component unit		
TexPool	<u>3,660,189</u>	44
Total cash and cash equivalents	<u>\$ 3,660,189</u>	

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted priced in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments are all in pools. The City has no investments at Level 1, 2 or 3 inputs.

The TexPool, Lone Star, Logic and Texas Class 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, Logic and Texas Class 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, 2016, Lone Star, TexPool, Logic and Texas Class investments are rated AAA, AAAM, AAAM and AAAM by Standard & Poor's, respectively.

Restricted Cash and Cash Equivalents

As of September 30, 2016, the Enterprise Fund held restricted cash and temporary investments for the following purposes:

Subsidence and Impact Fees	\$ <u>6,900,540</u>
Total	\$ <u><u>6,900,540</u></u>

C. Property Taxes

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

Property taxes are levied for operations and based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.47 per \$100 of assessed valuation. The resulting adjusted tax levy was \$9,086,888 on the total adjusted taxable valuation of \$1,933,380,329 for the 2015 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	\$ 2,251,848	\$ 147,475	\$ -	\$ 64,675	\$ -
Accounts	547,016	-	1,852,028	-	-
Intergovernmental	536,366	1,555	44,624	303,375	-
Court fines	1,152,869	-	-	-	-
Other	413,114	-	-	635	2,716
Notes	-	<u>3,506,005</u>	-	-	-
Gross receivables	<u>4,901,213</u>	<u>3,655,035</u>	<u>1,896,652</u>	<u>368,685</u>	<u>2,716</u>
Less: allowance for uncollectibles	<u>(1,098,438)</u>	<u>(828)</u>	<u>(31,602)</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 3,802,775</u>	<u>\$ 3,654,207</u>	<u>\$ 1,865,050</u>	<u>\$ 368,685</u>	<u>\$ 2,716</u>

Component Unit

	Rosenberg Development Corporation
Receivables:	
Taxes	\$ <u>668,756</u>
Total	\$ <u><u>668,756</u></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 Inflows</u>
General fund:	
Delinquent property taxes receivable	\$ 142,502
Municipal court fines	<u>140,543</u>
Total general fund	<u>283,045</u>
Debt service fund:	
Delinquent property taxes receivable	159,101
Receivable from Rosenberg Development Corporation	<u>3,506,005</u>
Total debt service fund	<u>3,665,106</u>
Total deferred inflows for governmental funds	<u>\$ 3,948,151</u>

E. Capital Assets

	<u>Balance Beginning</u>	<u>Increases</u>	<u>Decreases / Reclassification</u>	<u>Balance Ending</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,117,623	\$ -	\$ -	\$ 6,117,623
Construction in progress	<u>4,468,583</u>	<u>7,659,662</u>	<u>-</u>	<u>12,128,245</u>
Total capital assets not being depreciated	<u>10,586,206</u>	<u>7,659,662</u>	<u>-</u>	<u>18,245,868</u>
Capital assets being depreciated:				
Buildings and improvements	13,257,811	-	-	13,257,811
Machinery and equipment	14,100,864	978,755	(490,083)	14,589,536
Infrastructure	<u>102,125,784</u>	<u>7,356</u>	<u>7,162</u>	<u>102,140,302</u>
Total capital assets being depreciated	<u>129,484,459</u>	<u>986,111</u>	<u>(482,921)</u>	<u>129,987,649</u>
Less: accumulated depreciation for:				
Buildings and improvements	(5,865,656)	(366,877)	-	(6,232,533)
Machinery and equipment	(7,986,113)	(1,123,940)	483,856	(8,626,197)
Infrastructure	<u>(30,941,501)</u>	<u>(2,560,307)</u>	<u>-</u>	<u>(33,501,808)</u>
Total accumulated depreciation	<u>(44,793,270)</u>	<u>(4,051,124)</u>	<u>483,856</u>	<u>(48,360,538)</u>
Total capital assets being depreciated, net	<u>84,691,189</u>	<u>(3,065,013)</u>	<u>935</u>	<u>81,627,111</u>
Governmental activities, capital assets, net	<u>\$ 95,277,395</u>	<u>\$ 4,594,649</u>	<u>\$ 935</u>	<u>\$ 99,872,979</u>

	Balance Beginning	Increases	Decreases	Balance Ending
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 363,209	\$ -	\$ -	\$ 363,209
Construction in progress	<u>11,219,632</u>	<u>8,360,583</u>	<u>(10,012,049)</u>	<u>9,568,166</u>
Total capital assets not being depreciated	<u>11,582,841</u>	<u>8,360,583</u>	<u>(10,012,049)</u>	<u>9,931,375</u>
Capital assets being depreciated:				
Machinery and equipment	2,393,029	-	-	2,393,029
Water and wastewater system	<u>69,982,980</u>	<u>10,012,049</u>	<u>-</u>	<u>79,995,029</u>
Total capital assets being depreciated	<u>72,376,009</u>	<u>10,012,049</u>	<u>-</u>	<u>82,388,058</u>
Less: accumulated depreciation for:				
Machinery and equipment	(1,523,035)	(108,459)	-	(1,631,494)
Water and wastewater system	<u>(27,827,014)</u>	<u>(2,666,699)</u>	<u>-</u>	<u>(30,493,713)</u>
Total accumulated depreciation	<u>(29,350,049)</u>	<u>(2,775,158)</u>	<u>-</u>	<u>(32,125,207)</u>
Total capital assets being depreciated, net	<u>43,025,960</u>	<u>7,236,891</u>	<u>-</u>	<u>50,262,851</u>
Business-type activities, capital assets, net	<u>\$ 54,608,801</u>	<u>\$ 15,597,474</u>	<u>\$(10,012,049)</u>	<u>\$ 60,194,226</u>

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

Governmental activities:	
General government	\$ 86,240
Public safety	1,125,806
Public works	2,551,790
Community development	<u>287,288</u>
Total depreciation expense - governmental activities	<u>4,051,124</u>
Business-type activities:	
Water and wastewater	<u>2,775,158</u>
Total depreciation expense - business-type activities	<u>\$ 2,775,158</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, 2016, is as follows:

Project Description	Total in Progress	Remaining Commitment
Governmental activities:		
Bryan Road Improvements	\$ 1,218,056	\$ 6,812,208
Traffic Light Signal at Reading & Town Center Blvd	-	230,750
Railroad Quiet Zones	-	100,000
Spacek Road Phase II	-	1,625,382
Old Richmond Road Improvements	1,835,659	1,724,463
Existing Sidewalk Repair/Replacement Project	229,115	97,892
Avenue C Connector	34,095	904,905
Dry Creek Drainage Improvements	646,718	918,282
Macario Garcia Park Restrooms	195,127	-
Bamore Road Connector	-	193,325
Airport Avenue Improvements Phase II	4,058,346	422,027
Big League Field	3,363	96,637
Seabourne Creek Nature Center	27,652	222,348
Livable Centers	261,990	138,010
Sidewalk improvements	29,953	170,047
Business Park Development	<u>3,605,894</u>	<u>243,889</u>
Totals	<u>\$ 12,145,967</u>	<u>\$ 13,900,165</u>

Project Description	Total in Progress	Remaining Commitment
Business-type activities:		
Water Plants No. 8	\$ 2,037,577	\$ 3,118,927
Chloramine Conversion	483,928	1,216,072
Water Line Extension/Upsizing	206,224	386,149
Utility Office Building	27,320	257,680
Bryan Rd Sewer Lift Station No. 19	162,772	1,129,228
Lift Station No. 2 Replacement	294,219	2,188,289
Spacek Road Sewer Line	-	1,300,000
I69 Utility Adjustments (FM 762/Reading Rd to Spur 10)	42,688	17,172
I69 Utility Adjustments (Reading Rd to FM 762)	255	49,745
FM 2977 Elevated Storage Tank	3,268,975	332,307
Liftstation No. 11 Replacement	1,174,912	195,324
Sanitary Sewer Pipe Bursting - Phase II	<u>1,205,321</u>	<u>1,379,957</u>
Totals	<u>\$ 8,904,189</u>	<u>\$ 11,570,850</u>

G. Long-term Debt

General Obligation Bonds and Certificates of Obligation

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

A summary of governmental activities general obligation bonds, certificates of obligation, tax notes and notes payable outstanding as of September 30, 2016, 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	\$ 2,160,000
Series 2009 General Obligation and Refunding Bonds	9,170,000	2029	2.5-4.75	3,385,000
Series 2010 General Obligation Bonds	2,635,000	2030	4.0-4.25	2,085,000
Series 2011 General Refunding Bonds	4,860,000	2021	2.0-4.0	1,910,000
Series 2012 General Obligation Refunding Bonds	1,575,000	2024	2.0	1,105,000
Series 2014 General Obligation Refunding Bonds	1,565,000	2034	3.0-4.0	<u>1,405,000</u>
Total General Obligation Bonds				<u>12,050,000</u>
Certificates of Obligation:				
Series 2006 Certificates of Obligation	4,565,000	2027	4.0-4.25	2,970,000
Series 2007 Certificates of Obligation	4,570,000	2028	4.0-4.75	3,265,000
Series 2008 Certificates of Obligation	6,080,000	2028	3.5-4.0	4,305,000
Series 2008A Certificates of Obligation	1,800,000	2029	4.25-5.0	1,355,000
Series 2009 Certificates of Obligation	1,670,000	2029	2.5-4.75	1,130,000
Series 2010A Certificates of Obligation	2,800,000	2030	3.0-4.25	2,215,000
Series 2010B Certificates of Obligation	7,730,000	2030	2.4-3.9	5,835,000
Series 2010C Certificates of Obligation	2,775,000	2020	1.5-3.0	1,220,000
Series 2012 Certificates of Obligation	8,600,000	2032	0.4-3.3	6,880,000
Series 2012A certificates of obligation	1,185,000	2023	2.0-3.0	850,000
Series 2013 certificates of obligation	9,000,000	2033	2.0-2.75	7,965,000
Series 2013A certificates of obligation	650,000	2023	1.92	470,000
Series 2014 certificates of obligation	5,000,000	2034	2.5-3.0	4,625,000
Series 2014A certificates of obligation	3,000,000	2034	3.5-4	2,780,000
Series 2015 Comb. Tax & Revenue CO	9,760,000	2035	3.00	9,400,000
Total Certificates of Obligation				<u>55,265,000</u>
Total Governmental Activities				<u>\$ 67,315,000</u>

The annual requirements to amortize all primary government general obligation bonds, certificates of obligation and notes payable outstanding as of September 30, 2016, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2017	\$ 5,245,000	\$ 2,090,966
2018	4,525,000	1,941,872
2019	4,470,000	1,809,483
2020	4,595,000	1,672,219
2021	4,380,000	1,532,154
2022-2026	21,265,000	5,604,684
2027-2031	17,020,000	2,123,965
2032-2034	5,815,000	284,505
	<u>\$ 67,315,000</u>	<u>\$ 17,059,848</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 \$9 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, 2016:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Business-type activities:				
Series 2010 Comb. Tax and Revenue Certificates of Obligation (TWDB)	\$ 394,000	2029	N/A	<u>273,000</u>
Total Revenue Bonds				<u>\$ 273,000</u>

The annual requirements to amortize all revenue bonds outstanding as of September 30, 2016, are as follows:

<u>Year Ending September 30,</u>	<u>Business-type Activities Principal</u>
2017	\$ 21,000
2018	21,000
2019	21,000
2020	21,000
2021	21,000
2022-2026	105,000
2027-2030	<u>63,000</u>
	<u>\$ 273,000</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 \$587,000, \$565,000, \$237,005, and \$768,000, 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 \$630,000 and \$719,000. 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, 2016, are as follows:

<u>Year Ending September 30,</u>	<u>Rosenberg Development Corporation</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 544,305	\$ 160,476
2018	559,840	147,958
2019	574,875	126,890
2020	590,410	104,444
2021	191,980	85,627
2022-2026	447,565	248,586
2027-2030	<u>597,030</u>	<u>32,640</u>
	<u>\$ 3,506,005</u>	<u>\$ 906,621</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, 2016, are as follows:

Year Ending September 30,	SECO Notes Payable	
	Principal	Interest
2017	\$ 603,454	\$ 49,229
2018	621,762	30,920
2019	594,009	12,057
	<u>\$ 1,819,225</u>	<u>\$ 92,206</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, 2016.

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 13,975,000	\$ -	\$ 1,925,000	12,050,000	\$ 1,975,000
Certificates of obligation	48,660,000	9,760,000	3,155,000	55,265,000	3,270,000
Bond issuance premiums	921,760	209,584	76,790	1,054,554	76,790
Total bonds payable	<u>63,556,760</u>	<u>9,969,584</u>	<u>5,156,790</u>	<u>68,369,554</u>	<u>5,321,790</u>
Notes payable	156,922	-	156,922	-	-
Compensated absences	529,213	45,836	32,692	542,357	54,236
Net pension liability	7,879,658	3,592,627	359,262	11,113,023	-
OPEB obligation	5,969,221	836,490	-	6,805,711	-
Total governmental activities	<u>78,091,774</u>	<u>14,444,537</u>	<u>5,705,666</u>	<u>86,830,645</u>	<u>5,376,026</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	294,000	-	21,000	273,000	21,000
Capital leases	1,343,434	-	91,827	1,251,607	96,648
Notes payable	2,406,433	-	587,208	1,819,225	603,454
Net pension liability	878,436	364,882	114,634	1,128,684	-
Compensated absences	60,461	10,315	6,929	63,847	6,385
Total business-type activities	<u>4,982,764</u>	<u>375,197</u>	<u>821,598</u>	<u>4,536,363</u>	<u>727,487</u>
Discretely presented component unit:					
Notes payable	<u>4,123,775</u>	<u>-</u>	<u>617,770</u>	<u>3,506,005</u>	<u>544,305</u>
Total discretely presented component unit	<u>\$ 4,123,775</u>	<u>\$ -</u>	<u>\$ 617,770</u>	<u>\$ 3,506,005</u>	<u>\$ 544,305</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	(1,398,520)
	<u>\$ 381,415</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>
2017	\$ 159,233
2018	159,234
2019	159,233
2020	284,925
2021	472,779
2022	<u>267,471</u>
Total minimum lease payments	1,502,875
Less interest portion	(<u>251,268</u>)
Present value of minimum lease payments	<u>\$ 1,251,607</u>

Fund balances for all the major and nonmajor governmental funds as of September 30, 2016, were distributed as follows:

	2015					Total
	General	Debt Service	RDC Projects	Certificates of Obligation	Other Governmental	
Nonspendable:						
Inventory	\$ 11,332	\$ -	\$ -	\$ -	\$ -	\$ 11,332
Prepays	13,957	-	-	-	-	13,957
Subtotal	<u>25,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,289</u>
Restricted for:						
Economic development	-	-	-	-	1,780,811	1,780,811
Court security and tech	-	-	-	-	9,488	9,488
Community development	-	-	3,744,813	-	729,301	4,474,114
Law enforcement	-	-	-	-	778,048	778,048
Fire services	-	-	-	-	926,302	926,302
Capital projects	-	-	-	7,448,769	5,585,058	13,033,827
Debt service	-	5,492,736	-	-	-	5,492,736
Subtotal	<u>-</u>	<u>5,492,736</u>	<u>3,744,813</u>	<u>7,448,769</u>	<u>9,809,008</u>	<u>26,495,326</u>
Unassigned	<u>15,670,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,670,160</u>
Total	<u>\$ 15,695,449</u>	<u>\$ 5,492,736</u>	<u>\$ 3,744,813</u>	<u>\$ 7,448,769</u>	<u>\$ 9,809,008</u>	<u>\$ 42,190,775</u>

V. OTHER INFORMATION

A. Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 866 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.tmr.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
Annuitly Increase to retirees	70% of CPI Repeating

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	135
Inactive employees entitled to but not yet receiving benefits	146
Active employees	<u>250</u>
	<u><u>531</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 14.32% and 13.62% in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2016, were \$1,941,325, and were equal to the required contributions.

Net Pension Liability. The city's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Morality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by a factor of 100%. 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 Combined Healthy Mortality Tables with Blue Collar Adjustments are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year-set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period of December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 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 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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 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 return assumptions under the various alternative asset allocation portfolios, GRS focused on the are between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The pension plan’s policy in regard to the allocation in 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 target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. 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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 58,431,660	\$ 49,673,565	\$ 8,758,095
Changes for the year:			
Service cost	1,995,907	-	1,995,907
Interest	4,076,807	-	4,076,807
Change of benefit terms	-	-	-
Difference between expected and actual experience	289,636	-	289,636
Changes of assumptions	(25,808)	-	(25,808)
Contributions - employer	-	1,986,101	(1,986,101)
Contributions - employee	-	840,382	(840,382)
Net investment income	-	73,296	(73,296)
Benefit payments, including refunds of employee contributions	(2,379,033)	(2,379,033)	-
Administrative expense	-	(44,645)	44,645
Other changes	-	(2,205)	2,205
Net changes	<u>-</u>	<u>473,896</u>	<u>(473,896)</u>
Balance at 12/31/2015	<u>\$ 62,389,169</u>	<u>\$ 50,147,461</u>	<u>\$ 12,241,708</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, 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 (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 22,354,485	\$ 12,241,708	\$ 4,117,213

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.tmr.org.

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

For the year ended September 30, 2016, the City recognized pension expense of \$2,544,311. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 230,406	\$ 329,031
Changes in actuarial assumptions	-	20,530
Difference between projected and actual investment earnings	3,079,534	-
Contributions subsequent to the measurement date	<u>1,388,195</u>	<u>-</u>
Total	<u>\$ 4,698,135</u>	<u>\$ 349,561</u>

\$1,388,195 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2016	\$ 742,280
2017	742,280
2018	747,031
2019	728,788
2020	-
2021	-
Thereafter	<u>-</u>
Total	<u>\$ 2,960,379</u>

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 2016, 2015 and 2014 are as follows:

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
2014	0.02%	0.02%	100.0%
2015	0.02%	0.02%	100.0%
2016	0.03%	0.03%	100.0%

B. Texas Statewide Emergency Services Personnel Retirement Fund

Plan Description

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

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the State. No contributions are required by volunteer emergency services personnel. The City is required to contribute at least \$12 per month for each active member and can elect to increase the monthly amount. Additional contributions may be required by the City to pay for unfunded prior service costs from a prior plan or to establish credit in the Fund for service prior to entry in the Fund. The City's contributions to the Fund for the years ended September 30, 2016, 2015, and 2014 were \$61,287, \$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 \$532 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 \$270 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 \$168,769 for the fiscal year ending September 30, 2016. At September 30, 2016, 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 09/30/16
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	238,769
Adjustment to ARC	<u>(367,405)</u>
Annual OPEB cost	1,005,259
Less: assumed contribution made	<u>(168,769)</u>
Estimate increase in net OPEB obligation	836,490
Net OPEB obligation, beginning	<u>5,969,221</u>
Net OPEB obligation, ending	<u>\$ 6,805,711</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
09/30/14	884,180	14.82%	5,089,416
09/30/15	1,024,218	14.10%	5,969,221
09/30/16	1,005,259	16.79%	6,805,711

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2015, 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>\$ 14,230,199</u>
UAAL as a percentage of covered payroll	135.3%

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, 2015 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, 2016, are as follows:

	Transfers in							Total
	General	Debt Service	2015 C of O	Nonmajor Governmental	Water and Wastewater	Civic center rentals	Information Services	
Transfers out:								
General	\$ -	\$ -	\$ -	\$ 573,381	\$ 81,191	\$ 24,000	\$ 200,000	\$ 878,572
2015 C of O	-	-	-	-	2,041,017	-	-	2,041,017
Nonmajor governmental funds	170,575	-	130,761	817,104	2,235,631	300,000	-	3,654,071
Water and wastewater	1,403,923	2,615,663	-	85,000	-	-	100,000	4,204,586
Civic center rentals	-	62,437	-	-	-	-	-	62,437
Totals	<u>\$ 1,574,498</u>	<u>\$ 2,678,100</u>	<u>\$ 130,761</u>	<u>\$ 1,475,485</u>	<u>\$ 4,357,839</u>	<u>\$ 324,000</u>	<u>\$ 300,000</u>	<u>\$ 10,540,683</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 2016 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, 2016.

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 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.

The Rosenberg Development Corporation has entered into a performance agreement with Tex Pharma LLC for the development of a 200,000 square foot distribution facility on 19.09 acres in the Rosenberg Business Park. The agreement with Tex Pharma is to fund up to \$150,000 in infrastructure costs.

F. Subsequent Events

On October 4, 2016, the City issued \$9,825,000 of Series 2016 Combination Tax & Revenue Certificates of Obligation to fund the acquisition, construction and improvement of certain public works projects. The interest rates on the bonds are 2.0% and the final maturity date is on March 1, 2027.

**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, 2016

	2016			Variance from Final
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 4,810,721	\$ 5,135,871	\$ 5,169,658	\$ 33,787
Sales and use taxes	12,557,000	11,857,000	11,781,945	(75,055)
Franchise taxes	1,773,300	1,875,300	1,855,950	(19,350)
Licenses and permits	710,600	710,000	748,694	38,694
Fines and forfeitures	469,400	469,400	471,196	1,796
Fees and charges for services	3,777,100	4,277,100	4,345,189	68,089
Intergovernmental	1,186,009	1,230,387	1,302,051	71,664
Investment earnings	5,000	5,000	52,322	47,322
Other	<u>122,968</u>	<u>201,396</u>	<u>216,489</u>	<u>15,093</u>
Total revenue	<u>25,412,098</u>	<u>25,761,454</u>	<u>25,943,494</u>	<u>182,040</u>
EXPENDITURES				
General government:				
Mayor and City Council	65,172	65,172	44,165	21,007
City manager	1,088,297	1,280,546	1,087,281	193,265
City secretary	240,655	240,655	213,292	27,363
Finance	588,094	588,094	552,641	35,453
Legal	205,000	305,000	291,852	13,148
City prosecutor	40,000	40,000	32,445	7,555
Municipal court	399,848	399,848	351,483	48,365
Building maintenance	143,381	143,381	136,758	6,623
Technology	295,719	297,335	259,353	37,982
Communications	167,272	182,814	167,425	15,389
General government	<u>547,068</u>	<u>567,695</u>	<u>597,232</u>	<u>(29,537)</u>
Total general government	<u>3,780,506</u>	<u>4,110,540</u>	<u>3,733,927</u>	<u>376,613</u>
Public safety:				
Police and emergency management	8,190,659	8,285,670	7,754,964	530,706
Fire and fire marshal	3,959,242	3,959,242	3,853,223	106,019
Animal control	257,690	257,690	205,432	52,258
School officers and crossing guards	<u>1,110,008</u>	<u>1,154,386</u>	<u>1,136,539</u>	<u>17,847</u>
Total public safety	<u>13,517,599</u>	<u>13,656,988</u>	<u>12,950,158</u>	<u>706,830</u>
Public works:				
Streets and drainage	2,192,084	2,192,084	2,033,210	158,874
Street lighting and signals	483,000	483,000	443,096	39,904
Solid waste	2,600,000	2,748,000	2,747,680	320
Fleet maintenance	<u>368,628</u>	<u>368,628</u>	<u>366,956</u>	<u>1,672</u>
Total public works	<u>5,643,712</u>	<u>5,791,712</u>	<u>5,590,942</u>	<u>200,770</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, 2016

	2016			Variance from Final
	Original Budget	Final Budget	Actual	
EXPENDITURES (Continued)				
Community development:				
Engineering	\$ 190,000	\$ 269,150	\$ 253,845	\$ 15,305
Planning	403,329	403,329	399,212	4,117
Parks and recreation	1,117,513	1,101,683	1,012,604	89,079
Special Events	199,526	199,526	184,953	14,573
Code enforcement	661,018	661,018	603,648	57,370
Public health	203,641	203,641	199,688	3,953
Total community development	<u>2,775,027</u>	<u>2,838,347</u>	<u>2,653,950</u>	<u>184,397</u>
Capital outlay	<u>900,000</u>	<u>1,883,799</u>	<u>1,545,024</u>	<u>338,775</u>
Total expenditures	<u>26,616,844</u>	<u>28,281,386</u>	<u>26,474,001</u>	<u>1,807,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,204,746)</u>	<u>(2,519,932)</u>	<u>(530,507)</u>	<u>1,989,425</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	21,355	21,355
Sale of capital asset	5,000	5,000	39,589	34,589
Transfers in	1,574,498	1,574,498	1,574,498	-
Transfers out	<u>(374,752)</u>	<u>(998,572)</u>	<u>(878,572)</u>	<u>120,000</u>
Total other financing sources (uses)	<u>1,204,746</u>	<u>580,926</u>	<u>756,870</u>	<u>175,944</u>
NET CHANGE IN FUND BALANCE	-	(1,939,006)	226,363	2,165,369
FUND BALANCE, BEGINNING	<u>15,469,086</u>	<u>15,469,086</u>	<u>15,469,086</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 15,469,086</u>	<u>\$ 13,530,080</u>	<u>\$ 15,695,449</u>	<u>\$ 2,165,369</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDC PROJECTS - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 3,700,000	\$ 3,670,360	\$(29,640)
Investment earnings	700	13,998	13,298
Total revenue	<u>3,700,700</u>	<u>3,684,358</u>	<u>(16,342)</u>
EXPENDITURES			
Current:			
General government	28,248	32,843	(4,595)
Community development	971,109	450,521	520,588
Capital outlay	<u>5,633,681</u>	<u>1,530,306</u>	<u>4,103,375</u>
Total expenditures	<u>6,633,038</u>	<u>2,013,670</u>	<u>4,619,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,932,338)</u>	<u>1,670,688</u>	<u>4,603,026</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,932,338)	1,670,688	4,603,026
FUND BALANCE, BEGINNING	<u>2,074,125</u>	<u>2,074,125</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$(858,213)</u></u>	<u><u>\$ 3,744,813</u></u>	<u><u>\$ 4,603,026</u></u>

CITY OF ROSENBERG, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Plan Year	<u>2014</u>	<u>2015</u>
A. Total pension liability		
Service Cost	\$ 1,665,767	\$ 1,995,907
Interest (on the Total Pension Liability)	3,869,483	4,076,807
Difference between expected and actual experience	(551,553)	289,636
Changes in assumptions	-	(25,808)
Benefit payments, including refunds of employee contributions	(1,994,965)	(2,379,033)
Net change in total pension liability	2,988,732	3,957,509
Total pension liability - beginning	<u>55,442,928</u>	<u>58,431,660</u>
Total pension liability - ending (a)	<u>58,431,660</u>	<u>62,389,169</u>
B. Plan fiduciary net position		
Contributions - Employer	1,843,970	1,986,101
Contributions - Employee	743,396	840,382
Net Investment Income	2,657,661	73,296
Benefit payments, including refunds of employee contributions	(1,994,965)	(2,379,033)
Administrative Expenses	(27,745)	(44,645)
Other	<u>(2,281)</u>	<u>(2,205)</u>
Net change in plan fiduciary net position	3,220,036	473,896
Plan fiduciary net position - beginning	<u>46,453,529</u>	<u>49,673,565</u>
Plan fiduciary net position - ending (b)	<u>49,673,565</u>	<u>50,147,461</u>
C. Net pension liability - ending (a) - (b)	<u><u>\$ 8,758,095</u></u>	<u><u>\$ 12,241,708</u></u>
D. Plan fiduciary net position as a percentage of total pension liability	85.01%	80.38%
E. Covered employee payroll	\$ 12,383,933	\$ 14,006,366
F. Net position liability as a percentage of covered employee payroll	70.72%	87.40%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

CITY OF ROSENBERG, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarial determined contribution	\$ <u>1,843,461</u>	\$ <u>1,909,555</u>	\$ <u>1,965,516</u>
Contributions in relation to the actuarially determined contribution	\$ <u>1,843,461</u>	\$ <u>1,909,555</u>	\$ <u>1,965,516</u>
Contribution deficiency (excess)	-	-	-
Covered employee payroll	12,239,774	13,181,944	14,230,199
Contributions as a percentage of covered employee payroll	15.06%	14.49%	13.81%

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	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

CITY OF ROSENBERG, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

<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, 2016

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.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 4,137,187	\$ 5,993,121	\$ 10,130,308
Receivables			
Taxes	64,675	-	64,675
Other	635	-	635
Intergovernmental	303,375	-	303,375
Prepaid insurance	<u>5,772</u>	<u>-</u>	<u>5,772</u>
Total assets	<u>4,511,644</u>	<u>5,993,121</u>	<u>10,504,765</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	144,978	408,063	553,041
Accrued liabilities	47,716	-	47,716
Due from Other Funds	<u>95,000</u>	<u>-</u>	<u>95,000</u>
Total liabilities	<u>287,694</u>	<u>408,063</u>	<u>695,757</u>
Fund balances:			
Restricted	<u>4,223,950</u>	<u>5,585,058</u>	<u>9,809,008</u>
Total fund balances	<u>4,223,950</u>	<u>5,585,058</u>	<u>9,809,008</u>
 Total liabilities and fund balances	 <u>\$ 4,511,644</u>	 <u>\$ 5,993,121</u>	 <u>\$ 10,504,765</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, 2016

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Sales tax	\$ 642,742	\$ -	\$ 642,742
Franchise tax	68,749	-	68,749
Fines and forfeitures	88,603	-	88,603
Intergovernmental revenue	1,338,528	-	1,338,528
Investment earnings	15,027	41,058	56,085
Other	80,554	7,558	88,112
Total revenues	<u>2,234,203</u>	<u>48,616</u>	<u>2,282,819</u>
EXPENDITURES			
Current:			
General government	48,492	48,810	97,302
Public safety	1,276,615	-	1,276,615
Community Development	198,946	-	198,946
Capital outlay	<u>232,751</u>	<u>6,516,328</u>	<u>6,749,079</u>
Total expenditures	<u>1,756,804</u>	<u>6,565,138</u>	<u>8,321,942</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>477,399</u>	<u>(6,516,522)</u>	<u>(6,039,123)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,056,441	419,044	1,475,485
Transfers out	<u>(1,869,044)</u>	<u>(1,785,027)</u>	<u>(3,654,071)</u>
Total other financing sources (uses)	<u>(812,603)</u>	<u>(1,365,983)</u>	<u>(2,178,586)</u>
NET CHANGE IN FUND BALANCES	(335,204)	(7,882,505)	(8,217,709)
FUND BALANCES, BEGINNING	<u>4,559,154</u>	<u>13,467,563</u>	<u>18,026,717</u>
FUND BALANCES, ENDING	<u>\$ 4,223,950</u>	<u>\$ 5,585,058</u>	<u>\$ 9,809,008</u>

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

SEPTEMBER 30, 2016

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
ASSETS				
Cash and investments	\$ 1,737,239	\$ 8,662	\$ 91,918	\$ 195,739
Receivables				
Taxes	48,658	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
Prepaid Insurance	<u>5,772</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,791,669</u>	<u>8,662</u>	<u>91,918</u>	<u>195,739</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	7,795	-	19	228
Accrued liabilities	3,063	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,858</u>	<u>-</u>	<u>19</u>	<u>228</u>
Fund balances:				
Restricted	<u>1,780,811</u>	<u>8,662</u>	<u>91,899</u>	<u>195,511</u>
Total fund balances	<u>1,780,811</u>	<u>8,662</u>	<u>91,899</u>	<u>195,511</u>
Total liabilities and fund balances	<u>\$ 1,791,669</u>	<u>\$ 8,662</u>	<u>\$ 91,918</u>	<u>\$ 195,739</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>
\$ 805	\$ 46,765	\$ 356,682	\$ 167,901	\$ 208,368	\$ 826	\$ 861,372
-	-	-	-	-	-	-
-	-	-	-	-	-	-
300,000	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>300,805</u>	<u>46,765</u>	<u>356,682</u>	<u>167,901</u>	<u>208,368</u>	<u>826</u>	<u>861,372</u>
101,965	4,256	-	725	-	-	2,004
-	-	-	-	-	-	-
95,000	-	-	-	-	-	-
<u>196,965</u>	<u>4,256</u>	<u>-</u>	<u>725</u>	<u>-</u>	<u>-</u>	<u>2,004</u>
103,840	42,509	356,682	167,176	208,368	826	859,368
<u>103,840</u>	<u>42,509</u>	<u>356,682</u>	<u>167,176</u>	<u>208,368</u>	<u>826</u>	<u>859,368</u>
<u>\$ 300,805</u>	<u>\$ 46,765</u>	<u>\$ 356,682</u>	<u>\$ 167,901</u>	<u>\$ 208,368</u>	<u>\$ 826</u>	<u>\$ 861,372</u>

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CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
SEPTEMBER 30, 2016

	Police Federal Forfeiture	PEG Capital	Fire Station Number 3 Operating	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and investments	\$ 163,065	\$ 163,318	\$ 134,527	\$ 4,137,187
Receivables				
Taxes	-	16,017	-	64,675
Other	635	-	-	635
Intergovernmental	3,375	-	-	303,375
Prepaid Insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,772</u>
Total assets	<u>167,075</u>	<u>179,335</u>	<u>134,527</u>	<u>4,511,644</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	2,591	2,455	22,940	144,978
Accrued liabilities	-	-	44,653	47,716
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,000</u>
Total liabilities	<u>2,591</u>	<u>2,455</u>	<u>67,593</u>	<u>287,694</u>
Fund balances:				
Restricted	<u>164,484</u>	<u>176,880</u>	<u>66,934</u>	<u>4,223,950</u>
Total fund balances	<u>164,484</u>	<u>176,880</u>	<u>66,934</u>	<u>4,223,950</u>
Total liabilities and fund balances	<u>\$ 167,075</u>	<u>\$ 179,335</u>	<u>\$ 134,527</u>	<u>\$ 4,511,644</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, 2016

	Hotel / Motel Tax	Municipal Court Technology	Beautification	Law Enforcement
REVENUES				
Sales tax	\$ 642,742	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Fines and forfeitures	-	17,045	-	-
Intergovernmental revenue	-	-	-	29,382
Investment earnings	6,059	30	305	656
Other	5,125	-	24,000	-
Total revenues	<u>653,926</u>	<u>17,075</u>	<u>24,305</u>	<u>30,038</u>
EXPENDITURES				
Current:				
General government	-	24,295	-	-
Public safety	-	-	-	22,327
Community development	195,754	-	3,192	-
Capital outlay	-	-	-	-
Total expenditures	<u>195,754</u>	<u>24,295</u>	<u>3,192</u>	<u>22,327</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>458,172</u>	<u>(7,220)</u>	<u>21,113</u>	<u>7,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(419,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(419,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	38,952	(7,220)	21,113	7,711
FUND BALANCES, BEGINNING	<u>1,741,859</u>	<u>15,882</u>	<u>70,786</u>	<u>187,800</u>
FUND BALANCES, ENDING	<u>\$ 1,780,811</u>	<u>\$ 8,662</u>	<u>\$ 91,899</u>	<u>\$ 195,511</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	20,804	39,932	10,822	-
479,680	-	-	-	-	-	800,160
-	158	1,261	602	767	4	3,325
-	<u>8,204</u>	<u>31,950</u>	-	-	-	-
<u>479,680</u>	<u>8,362</u>	<u>33,211</u>	<u>21,406</u>	<u>40,699</u>	<u>10,826</u>	<u>803,485</u>
-	-	-	494	23,703	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>10,719</u>	-	-	-	<u>177,281</u>
-	-	<u>10,719</u>	<u>494</u>	<u>23,703</u>	-	<u>177,281</u>
<u>479,680</u>	<u>8,362</u>	<u>22,492</u>	<u>20,912</u>	<u>16,996</u>	<u>10,826</u>	<u>626,204</u>
85,000	-	-	-	-	-	-
<u>(620,469)</u>	-	-	<u>(26,640)</u>	<u>(14,715)</u>	<u>(10,000)</u>	<u>(778,000)</u>
<u>(535,469)</u>	-	-	<u>(26,640)</u>	<u>(14,715)</u>	<u>(10,000)</u>	<u>(778,000)</u>
(55,789)	8,362	22,492	(5,728)	2,281	826	(151,796)
<u>159,629</u>	<u>34,147</u>	<u>334,190</u>	<u>172,904</u>	<u>206,087</u>	-	<u>1,011,164</u>
<u>\$ 103,840</u>	<u>\$ 42,509</u>	<u>\$ 356,682</u>	<u>\$ 167,176</u>	<u>\$ 208,368</u>	<u>\$ 826</u>	<u>\$ 859,368</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, 2016

	Police Federal Forfeiture	PEG Capital	Fire Station Number 3 Operating	Total Nonmajor Special Revenue Funds
REVENUES				
Sales tax	\$ -	\$ -	\$ -	\$ 642,742
Franchise tax	-	68,749	-	68,749
Fines and forfeitures	-	-	-	88,603
Intergovernmental revenue	29,306	-	-	1,338,528
Investment earnings	583	556	721	15,027
Other	11,275	-	-	80,554
Total revenues	<u>41,164</u>	<u>69,305</u>	<u>721</u>	<u>2,234,203</u>
EXPENDITURES				
Current:				
General government	-	-	-	48,492
Public safety	42,548	-	1,211,740	1,276,615
Community development	-	-	-	198,946
Capital outlay	-	44,751	-	232,751
Total expenditures	<u>42,548</u>	<u>44,751</u>	<u>1,211,740</u>	<u>1,756,804</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,384)</u>	<u>24,554</u>	<u>(1,211,019)</u>	<u>477,399</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	971,441	1,056,441
Transfers out	-	-	-	(1,869,044)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>971,441</u>	<u>(812,603)</u>
NET CHANGE IN FUND BALANCES	<u>(1,384)</u>	<u>24,554</u>	<u>(239,578)</u>	<u>(335,204)</u>
FUND BALANCES, BEGINNING	<u>165,868</u>	<u>152,326</u>	<u>306,512</u>	<u>4,559,154</u>
FUND BALANCES, ENDING	<u>\$ 164,484</u>	<u>\$ 176,880</u>	<u>\$ 66,934</u>	<u>\$ 4,223,950</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<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	\$ 8,441	\$ 1,628,110	\$ 948,780	\$ -	\$ 155,739
Total assets	<u>8,441</u>	<u>1,628,110</u>	<u>948,780</u>	<u>-</u>	<u>155,739</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	<u>-</u>	<u>22,018</u>	<u>30</u>	<u>-</u>	<u>12,829</u>
Total liabilities	<u>-</u>	<u>22,018</u>	<u>30</u>	<u>-</u>	<u>12,829</u>
Fund balances:					
Restricted	<u>8,441</u>	<u>1,606,092</u>	<u>948,750</u>	<u>-</u>	<u>142,910</u>
Total fund balances	<u>8,441</u>	<u>1,606,092</u>	<u>948,750</u>	<u>-</u>	<u>142,910</u>
Total liabilities and fund balances	<u>\$ 8,441</u>	<u>\$ 1,628,110</u>	<u>\$ 948,780</u>	<u>\$ -</u>	<u>\$ 155,739</u>

<u>2012 Certificates of Obligation</u>	<u>2012A & 2013A Certificates of Obligation</u>	<u>2013 Certificates of Obligation</u>	<u>2014 Certificates of Obligation</u>	<u>2014A Certificates of Obligation</u>	<u>One-Way Pairs Mobility Project</u>
\$ <u>337,573</u>	\$ <u>-</u>	\$ <u>551,185</u>	\$ <u>664,082</u>	\$ <u>388,868</u>	\$ <u>-</u>
<u>337,573</u>	<u>-</u>	<u>551,185</u>	<u>664,082</u>	<u>388,868</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>9,170</u>	<u>87,600</u>	<u>19,529</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>9,170</u>	<u>87,600</u>	<u>19,529</u>	<u>-</u>
<u>337,573</u>	<u>-</u>	<u>542,015</u>	<u>576,482</u>	<u>369,339</u>	<u>-</u>
<u>337,573</u>	<u>-</u>	<u>542,015</u>	<u>576,482</u>	<u>369,339</u>	<u>-</u>
\$ <u><u>337,573</u></u>	\$ <u><u>-</u></u>	\$ <u><u>551,185</u></u>	\$ <u><u>664,082</u></u>	\$ <u><u>388,868</u></u>	\$ <u><u>-</u></u>

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CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Spacek Road County Mobility Project</u>	<u>Airport Ave County Mobility</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS			
Cash and investments	\$ 659,890	\$ 650,453	\$ 5,993,121
Total assets	<u>659,890</u>	<u>650,453</u>	<u>5,993,121</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>-</u>	<u>256,887</u>	<u>408,063</u>
Total liabilities	<u>-</u>	<u>256,887</u>	<u>408,063</u>
Fund balances:			
Restricted	<u>659,890</u>	<u>393,566</u>	<u>5,585,058</u>
Total fund balances	<u>659,890</u>	<u>393,566</u>	<u>5,585,058</u>
 Total liabilities and fund balances	 <u>\$ 659,890</u>	 <u>\$ 650,453</u>	 <u>\$ 5,993,121</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, 2016

	<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>
REVENUES					
Investment earnings	\$ 29	\$ 5,611	\$ 4,036	\$ -	\$ -
Other	<u>7,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,587</u>	<u>5,611</u>	<u>4,036</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
General government	-	48,810	-	-	-
Capital outlay	<u>795</u>	<u>542,840</u>	<u>33,851</u>	<u>-</u>	<u>274,862</u>
Total expenditures	<u>795</u>	<u>591,650</u>	<u>33,851</u>	<u>-</u>	<u>274,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>6,792</u>	<u>(586,039)</u>	<u>(29,815)</u>	<u>-</u>	<u>(274,862)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	379,940	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>379,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES					
	6,792	(206,099)	(29,815)	-	(274,862)
FUND BALANCES, BEGINNING					
	<u>1,649</u>	<u>1,812,191</u>	<u>978,565</u>	<u>-</u>	<u>417,772</u>
FUND BALANCES, ENDING					
	<u>\$ 8,441</u>	<u>\$ 1,606,092</u>	<u>\$ 948,750</u>	<u>\$ -</u>	<u>\$ 142,910</u>

<u>2012 Certificates of Obligation</u>	<u>2012A & 2013A Certificates of Obligation</u>	<u>2013 Certificates of Obligation</u>	<u>2014 Certificates of Obligation</u>	<u>2014A Certificates of Obligation</u>	<u>One-Way Pairs Mobility Project</u>
\$ -	\$ 39	\$ 5,121	\$ 8,805	\$ 10,448	\$ 101
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>39</u>	<u>5,121</u>	<u>8,805</u>	<u>10,448</u>	<u>101</u>
-	-	-	-	-	-
<u>320,819</u>	<u>37,773</u>	<u>1,627,045</u>	<u>-</u>	<u>2,085,491</u>	<u>-</u>
<u>320,819</u>	<u>37,773</u>	<u>1,627,045</u>	<u>-</u>	<u>2,085,491</u>	<u>-</u>
(<u>320,819</u>)	(<u>37,734</u>)	(<u>1,621,924</u>)	<u>8,805</u>	(<u>2,075,043</u>)	<u>101</u>
-	-	-	-	39,104	-
(<u>158,197</u>)	<u>-</u>	(<u>57,762</u>)	(<u>1,286,529</u>)	<u>-</u>	(<u>282,539</u>)
(<u>158,197</u>)	<u>-</u>	(<u>57,762</u>)	(<u>1,286,529</u>)	<u>39,104</u>	(<u>282,539</u>)
(<u>479,016</u>)	(<u>37,734</u>)	(<u>1,679,686</u>)	(<u>1,277,724</u>)	(<u>2,035,939</u>)	(<u>282,438</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>\$ 337,573</u>	<u>\$ -</u>	<u>\$ 542,015</u>	<u>\$ 576,482</u>	<u>\$ 369,339</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, 2016

	Spacek Road County Mobility Project	Airport Ave County Mobility	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Investment earnings	\$ 2,341	\$ 4,527	\$ 41,058
Other	-	-	7,558
Total revenues	<u>2,341</u>	<u>4,527</u>	<u>48,616</u>
EXPENDITURES			
General government	-	-	48,810
Capital outlay	-	1,592,852	6,516,328
Total expenditures	<u>-</u>	<u>1,592,852</u>	<u>6,565,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,341</u>	<u>(1,588,325)</u>	<u>(6,516,522)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	419,044
Transfers out	-	-	(1,785,027)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,365,983)</u>
NET CHANGE IN FUND BALANCES	2,341	(1,588,325)	(7,882,505)
FUND BALANCES, BEGINNING	<u>657,549</u>	<u>1,981,891</u>	<u>13,467,563</u>
FUND BALANCES, ENDING	<u>\$ 659,890</u>	<u>\$ 393,566</u>	<u>\$ 5,585,058</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Property taxes	\$ 4,403,000	\$ 4,432,817	\$ 29,817
Intergovernmental	794,991	794,991	-
Investment earnings	3,590	19,780	16,190
Total revenue	<u>5,201,581</u>	<u>5,247,588</u>	<u>46,007</u>
EXPENDITURES			
Debt service:			
Principal retirement	5,236,922	5,236,922	-
Interest and fiscal agent fees	2,405,904	2,224,256	181,648
Total debt service	<u>7,642,826</u>	<u>7,461,178</u>	<u>181,648</u>
Total expenditures	<u>7,642,826</u>	<u>7,461,178</u>	<u>181,648</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,441,245)</u>	<u>(2,213,590)</u>	<u>227,655</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,441,245	2,678,100	236,855
Total other financing sources (uses)	<u>2,441,245</u>	<u>2,678,100</u>	<u>236,855</u>
NET CHANGE IN FUND BALANCE	-	464,510	464,510
FUND BALANCE, BEGINNING	<u>5,028,226</u>	<u>5,028,226</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 5,028,226</u>	<u>\$ 5,492,736</u>	<u>\$ 464,510</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, 2016

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Taxes:				
Sales	\$ 650,000	\$ 650,000	\$ 642,742	\$(7,258)
Investment earnings	1,100	1,100	6,059	4,959
Other	-	-	5,125	5,125
Total revenue	<u>651,100</u>	<u>651,100</u>	<u>653,926</u>	<u>2,826</u>
EXPENDITURES				
Current:				
Community development	<u>275,319</u>	<u>275,319</u>	<u>195,754</u>	<u>79,565</u>
Total expenditures	<u>275,319</u>	<u>275,319</u>	<u>195,754</u>	<u>79,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>375,781</u>	<u>375,781</u>	<u>458,172</u>	<u>82,391</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(419,220)	(419,220)	(419,220)	-
Total other financing sources (uses)	<u>(419,220)</u>	<u>(419,220)</u>	<u>(419,220)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(43,439)	(43,439)	38,952	82,391
FUND BALANCE, BEGINNING	<u>1,741,859</u>	<u>1,741,859</u>	<u>1,741,859</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,698,420</u>	<u>\$ 1,698,420</u>	<u>\$ 1,780,811</u>	<u>\$ 82,391</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 18,000	\$ 17,045	\$(955)
Investment earnings	10	30	20
Total revenue	<u>18,010</u>	<u>17,075</u>	<u>(935)</u>
EXPENDITURES			
Current:			
General government	<u>20,900</u>	<u>24,295</u>	<u>(3,395)</u>
Total debt service	<u>20,900</u>	<u>24,295</u>	<u>(3,395)</u>
Total expenditures	<u>20,900</u>	<u>24,295</u>	<u>(3,395)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,890)	(7,220)	(4,330)
FUND BALANCE, BEGINNING	<u>15,882</u>	<u>15,882</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 12,992</u>	<u>\$ 8,662</u>	<u>\$(4,330)</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ 10	\$ 305	\$ 295
Other	24,000	24,000	-
Total revenue	<u>24,010</u>	<u>24,305</u>	<u>295</u>
EXPENDITURES			
Current:			
Community Development	<u>24,000</u>	<u>3,192</u>	<u>20,808</u>
Total expenditures	<u>24,000</u>	<u>3,192</u>	<u>20,808</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10</u>	<u>21,113</u>	<u>21,103</u>
NET CHANGE IN FUND BALANCE	10	21,113	21,103
FUND BALANCE, BEGINNING	<u>70,786</u>	<u>70,786</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 70,796</u>	<u>\$ 91,899</u>	<u>\$ 21,103</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ -	\$ 29,382	\$ 29,382
Investment earnings	50	656	606
Total revenue	<u>50</u>	<u>30,038</u>	<u>29,988</u>
EXPENDITURES			
Current:			
Public safety	74,500	22,327	52,173
Capital outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total debt service	<u>104,500</u>	<u>22,327</u>	<u>82,173</u>
Total expenditures	<u>104,500</u>	<u>22,327</u>	<u>82,173</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(104,450)</u>	<u>7,711</u>	<u>112,161</u>
NET CHANGE IN FUND BALANCE	<u>(104,450)</u>	<u>7,711</u>	<u>112,161</u>
FUND BALANCE, BEGINNING	<u>187,800</u>	<u>187,800</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 83,350</u>	<u>\$ 195,511</u>	<u>\$ 112,161</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 300,000	\$ 479,680	\$ 179,680
Total revenue	<u>300,000</u>	<u>479,680</u>	<u>179,680</u>
EXPENDITURES			
Community development	<u>635,320</u>	<u>-</u>	<u>635,320</u>
Total debt service	<u>635,320</u>	<u>-</u>	<u>635,320</u>
Total expenditures	<u>635,320</u>	<u>-</u>	<u>635,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(335,320)</u>	<u>479,680</u>	<u>815,000</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	85,000	85,000	-
Transfers out	<u>-</u>	<u>(620,469)</u>	<u>(620,469)</u>
Total other financing sources (uses)	<u>85,000</u>	<u>(535,469)</u>	<u>(620,469)</u>
NET CHANGE IN FUND BALANCE	(250,320)	(55,789)	194,531
FUND BALANCE, BEGINNING	<u>159,629</u>	<u>159,629</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ (90,691)</u></u>	<u><u>\$ 103,840</u></u>	<u><u>\$ 194,531</u></u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE ASSET FORFEITURE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ -	\$ 158	\$ 158
Other	-	8,204	8,204
Total revenue	<u>-</u>	<u>8,362</u>	<u>8,362</u>
EXPENDITURES			
Public Safety	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,000)</u>	<u>8,362</u>	<u>18,362</u>
NET CHANGE IN FUND BALANCE	<u>(10,000)</u>	<u>8,362</u>	<u>18,362</u>
FUND BALANCE, BEGINNING	<u>34,147</u>	<u>34,147</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 24,147</u>	<u>\$ 42,509</u>	<u>\$ 18,362</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ 200	\$ 1,261	\$ 1,061
Other	5,000	31,950	26,950
Total revenue	<u>5,200</u>	<u>33,211</u>	<u>28,011</u>
EXPENDITURES			
Capital outlay	<u>301,963</u>	<u>10,719</u>	<u>291,244</u>
Total expenditures	<u>301,963</u>	<u>10,719</u>	<u>291,244</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(296,763)</u>	<u>22,492</u>	<u>319,255</u>
NET CHANGE IN FUND BALANCE	(296,763)	22,492	319,255
FUND BALANCE, BEGINNING	<u>334,190</u>	<u>334,190</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 37,427</u>	<u>\$ 356,682</u>	<u>\$ 319,255</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 18,000	\$ 20,804	\$ 2,804
Investment earnings	60	602	542
Total revenue	<u>18,060</u>	<u>21,406</u>	<u>3,346</u>
EXPENDITURES			
General government	<u>2,000</u>	<u>494</u>	<u>1,506</u>
Total expenditures	<u>2,000</u>	<u>494</u>	<u>1,506</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,060</u>	<u>20,912</u>	<u>4,852</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(26,640)</u>	<u>(26,640)</u>	<u>-</u>
Total other financing sources (uses)	<u>(26,640)</u>	<u>(26,640)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(10,580)	(5,728)	4,852
FUND BALANCE, BEGINNING	<u>172,904</u>	<u>172,904</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 162,324</u>	<u>\$ 167,176</u>	<u>\$ 4,852</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 36,000	\$ 39,932	\$(3,932)
Investment earnings	65	767	(702)
Total revenue	<u>36,065</u>	<u>40,699</u>	<u>4,634</u>
EXPENDITURES			
General government	44,750	23,703	21,047
Total expenditures	<u>44,750</u>	<u>23,703</u>	<u>21,047</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,685)	16,996	25,681
OTHER FINANCING SOURCES (USES)			
Transfers out	(14,715)	(14,715)	-
Total other financing sources (uses)	<u>(14,715)</u>	<u>(14,715)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(23,400)	2,281	25,681
FUND BALANCE, BEGINNING	<u>206,087</u>	<u>206,087</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 182,687</u>	<u>\$ 208,368</u>	<u>\$ 25,681</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Fines and forfeitures	\$ 10,000	\$ 10,822	\$ 822
Investment earnings	-	4	4
Total revenue	<u>10,000</u>	<u>10,826</u>	<u>826</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,000</u>	<u>10,826</u>	<u>826</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(10,000)	(10,000)	-
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	826	826
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 826</u>	<u>\$ 826</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 750,000	\$ 800,160	\$ 50,160
Investment earnings	210	3,325	3,115
Total revenue	<u>750,210</u>	<u>803,485</u>	<u>53,275</u>
EXPENDITURES			
Capital outlay	<u>179,850</u>	<u>177,281</u>	<u>2,569</u>
Total expenditures	<u>179,850</u>	<u>177,281</u>	<u>2,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>570,360</u>	<u>626,204</u>	<u>55,844</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(778,000)	(778,000)	-
Total other financing sources (uses)	<u>(778,000)</u>	<u>(778,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(207,640)	(151,796)	55,844
FUND BALANCE, BEGINNING	<u>1,011,164</u>	<u>1,011,164</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 803,524</u>	<u>\$ 859,368</u>	<u>\$ 55,844</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Intergovernmental	\$ -	\$ 29,306	\$ 29,306
Investment earnings	-	583	583
Other	-	11,275	11,275
Total revenue	<u>-</u>	<u>41,164</u>	<u>41,164</u>
EXPENDITURES			
Current:			
Public Safety	<u>70,000</u>	<u>42,548</u>	<u>27,452</u>
Total expenditures	<u>70,000</u>	<u>42,548</u>	<u>27,452</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(70,000)</u>	<u>(1,384)</u>	<u>68,616</u>
NET CHANGE IN FUND BALANCE	<u>(70,000)</u>	<u>(1,384)</u>	<u>68,616</u>
FUND BALANCE, BEGINNING	<u>165,868</u>	<u>165,868</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 95,868</u>	<u>\$ 164,484</u>	<u>\$ 68,616</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Franchise taxes	\$ 60,000	\$ 68,749	\$ 8,749
Investment earnings	-	556	556
Total revenue	<u>60,000</u>	<u>69,305</u>	<u>9,305</u>
EXPENDITURES			
Capital outlay	<u>150,000</u>	<u>44,751</u>	<u>105,249</u>
Total expenditures	<u>150,000</u>	<u>44,751</u>	<u>105,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(90,000)</u>	<u>24,554</u>	<u>114,554</u>
NET CHANGE IN FUND BALANCE	(90,000)	24,554	114,554
FUND BALANCE, BEGINNING	<u>152,326</u>	<u>152,326</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 62,326</u>	<u>\$ 176,880</u>	<u>\$ 114,554</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, 2016

	2016		Variance from Final
	Budget	Actual	
REVENUES			
Investment earnings	\$ 400	\$ 721	\$ 321
Total revenue	<u>400</u>	<u>721</u>	<u>321</u>
EXPENDITURES			
Public safety	<u>1,200,236</u>	<u>1,211,740</u>	(11,504)
Total expenditures	<u>1,200,236</u>	<u>1,211,740</u>	(11,504)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,199,836)	(1,211,019)	(11,183)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>971,441</u>	<u>971,441</u>	-
Total other financing sources (uses)	<u>971,441</u>	<u>971,441</u>	-
NET CHANGE IN FUND BALANCE	(228,395)	(239,578)	(11,183)
FUND BALANCE, BEGINNING	<u>306,512</u>	<u>306,512</u>	-
FUND BALANCE, ENDING	<u>\$ 78,117</u>	<u>\$ 66,934</u>	<u>\$(11,183)</u>

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016

	Health Insurance	Fleet Replacement	Information Services	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 761,846	\$ 2,783,056	\$ 489,685	\$ 4,034,587
Receivables - other	2,716	-	-	2,716
Prepaid expenses	-	-	14,036	14,036
Total current assets	764,562	2,783,056	503,721	4,051,339
Noncurrent assets:				
Capital assets:				
Machinery and equipment	-	3,823,368	674,429	4,497,797
Less: accumulated depreciation	-	(2,376,296)	(572,646)	(2,948,942)
Total noncurrent assets	-	1,447,072	101,783	1,548,855
Total assets	764,562	4,230,128	605,504	5,600,194
LIABILITIES				
Current liabilities:				
Accounts payable	930	6,736	12,219	19,885
Total current liabilities	930	6,736	12,219	19,885
Total liabilities	930	6,736	12,219	19,885
NET POSITION				
Net investment in capital assets	-	1,447,072	101,783	1,548,855
Unrestricted	763,632	2,776,320	491,502	4,031,454
Total net position	\$ 763,632	\$ 4,223,392	\$ 593,285	\$ 5,580,309

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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, 2016

	<u>Health Insurance</u>	<u>Fleet Replacement</u>	<u>Information Services</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 2,786,465	\$ 657,909	\$ 650,308	\$ 4,094,682
Total operating revenues	<u>2,786,465</u>	<u>657,909</u>	<u>650,308</u>	<u>4,094,682</u>
OPERATING EXPENSES				
Cost of sales and services	2,850,469	39	506,345	3,356,853
Depreciation	<u>-</u>	<u>247,316</u>	<u>22,661</u>	<u>269,977</u>
Total operating expenses	<u>2,850,469</u>	<u>247,355</u>	<u>529,006</u>	<u>3,626,830</u>
OPERATING INCOME (LOSS)	<u>(64,004)</u>	<u>410,554</u>	<u>121,302</u>	<u>467,852</u>
NONOPERATING REVENUES				
Investment earnings	<u>2,310</u>	<u>9,770</u>	<u>933</u>	<u>13,013</u>
Total nonoperating revenues	<u>2,310</u>	<u>9,770</u>	<u>933</u>	<u>13,013</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(61,694)</u>	<u>420,324</u>	<u>122,235</u>	<u>480,865</u>
TRANSFERS				
Transfers in	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total transfers	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
CHANGE IN NET POSITION	<u>(61,694)</u>	<u>420,324</u>	<u>422,235</u>	<u>780,865</u>
NET POSITION, BEGINNING	<u>825,326</u>	<u>3,803,068</u>	<u>171,050</u>	<u>4,799,444</u>
NET POSITION, ENDING	<u>\$ 763,632</u>	<u>\$ 4,223,392</u>	<u>\$ 593,285</u>	<u>\$ 5,580,309</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>Health Insurance</u>	<u>Fleet Replacement</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,793,971	\$ 664,645
Disbursed for goods and services to suppliers	-	(39)
Disbursed for personnel services	<u>(2,851,460)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>(57,489)</u>	<u>664,606</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the sale of equipment	-	-
Purchases of equipment	<u>-</u>	<u>(582,498)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(582,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	<u>2,310</u>	<u>9,770</u>
Net cash provided by investing activities	<u>2,310</u>	<u>9,770</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(55,179)	91,878
CASH AND CASH EQUIVALENTS, BEGINNING	<u>817,025</u>	<u>2,691,178</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 761,846</u>	<u>\$ 2,783,056</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$(64,004)	\$ 410,554
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	-	247,316
(Increase) decrease in other receivables	7,506	-
(Increase) decrease in prepaid items	-	-
(Increase) decrease in deferred outflows	-	-
(Increase) decrease in accounts payable and accrued liabilities	(991)	6,736
(Increase) decrease in net pension liability	-	-
(Increase) decrease in deferred inflows	-	-
Increase (decrease) in compensated absences	<u>-</u>	<u>-</u>
Total adjustments	<u>6,515</u>	<u>254,052</u>
Net cash provided (used) by operating activities	<u>\$(57,489)</u>	<u>\$ 664,606</u>

<u>Information Services</u>	<u>Total Internal Services Funds</u>
\$ 650,323	\$ 4,108,939
(121,043)	(121,082)
<u>(553,648)</u>	<u>(3,405,108)</u>
<u>(24,368)</u>	<u>582,749</u>
<u>300,000</u>	<u>300,000</u>
<u>300,000</u>	<u>300,000</u>
-	-
<u>-</u>	<u>(582,498)</u>
<u>-</u>	<u>(582,498)</u>
<u>933</u>	<u>13,013</u>
<u>933</u>	<u>13,013</u>
276,565	313,264
<u>213,120</u>	<u>3,721,323</u>
<u>\$ 489,685</u>	<u>\$ 4,034,587</u>
\$ 121,302	\$ 467,852
22,659	269,975
15	7,521
(14,036)	(14,036)
29,693	29,693
(42,109)	(36,364)
(130,496)	(130,496)
(6,560)	(6,560)
<u>(4,836)</u>	<u>(4,836)</u>
<u>(145,670)</u>	<u>114,897</u>
<u>\$(24,368)</u>	<u>\$ 582,749</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.

101

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.

113

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.

121

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.

128

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.

132

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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:				
Net investment in capital assets	\$ 29,326,735	\$ 31,083,711	\$ 32,635,560	\$ 33,803,107
Restricted	7,980,965	6,940,067	7,733,228	7,657,493
Unrestricted	<u>7,116,233</u>	<u>8,687,194</u>	<u>7,367,951</u>	<u>6,365,692</u>
Total governmental activities net position	<u>\$ 44,423,933</u>	<u>\$ 46,710,972</u>	<u>\$ 47,736,739</u>	<u>\$ 47,826,292</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 23,670,141	\$ 35,020,690	\$ 37,092,180	\$ 39,944,847
Unrestricted	<u>4,140,704</u>	<u>4,948,117</u>	<u>6,388,090</u>	<u>6,807,001</u>
Total business-type activities net position	<u>\$ 27,810,845</u>	<u>\$ 39,968,807</u>	<u>\$ 43,480,270</u>	<u>\$ 46,751,848</u>
Primary government:				
Net investment in capital assets	\$ 52,996,876	\$ 66,104,401	\$ 69,727,740	\$ 73,747,954
Restricted	7,980,965	6,940,067	7,733,228	7,657,493
Unrestricted	<u>11,256,937</u>	<u>13,635,311</u>	<u>13,756,041</u>	<u>13,172,693</u>
Total primary government net position	<u>\$ 72,234,778</u>	<u>\$ 86,679,779</u>	<u>\$ 91,217,009</u>	<u>\$ 94,578,140</u>

TABLE 1

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 25,930,436	\$ 37,091,238	\$ 37,219,927	\$ 39,982,793	\$ 45,031,276	\$ 44,536,858
7,651,906	9,305,959	10,581,044	14,699,152	11,657,814	13,429,994
<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>9,022,275</u>
<u>\$ 49,581,160</u>	<u>\$ 61,078,139</u>	<u>\$ 62,562,467</u>	<u>\$ 69,760,061</u>	<u>\$ 67,290,613</u>	<u>\$ 66,989,127</u>
\$ 39,951,294	\$ 39,617,050	\$ 43,565,861	\$ 44,504,314	\$ 50,564,934	\$ 56,850,394
<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>18,458,460</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>	<u>\$ 75,308,854</u>
\$ 65,881,730	\$ 76,708,288	\$ 80,785,788	\$ 84,487,107	\$ 95,596,210	\$ 101,387,252
7,651,906	9,305,959	10,581,044	14,699,152	11,647,814	13,429,994
<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>27,480,735</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>	<u>\$ 142,297,981</u>

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

	Fiscal Year			
	2007	2008	2009	2010
EXPENSES				
Governmental activities:				
General government	\$ 2,585,601	\$ 5,893,278	\$ 4,940,400	\$ 4,543,990
Public safety	8,129,817	9,557,479	12,833,968	11,363,799
Public works	5,156,418	7,055,190	6,068,306	7,413,394
Community development	1,902,917	2,011,620	2,096,947	2,066,781
Interest on long-term debt	1,142,835	1,470,797	1,612,187	1,890,855
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>18,917,588</u>	<u>25,988,364</u>	<u>27,551,808</u>	<u>27,278,819</u>
Business-type activities:				
Water and sewer	4,972,667	5,076,178	5,423,819	5,541,932
Civic center rentals	-	-	-	-
Total business-type activities expenses	<u>4,972,667</u>	<u>5,076,178</u>	<u>5,423,819</u>	<u>5,541,932</u>
 Total primary government program expenses	 <u>\$ 23,890,255</u>	 <u>\$ 31,064,542</u>	 <u>\$ 32,975,627</u>	 <u>\$ 32,820,751</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 1,141,895	\$ 1,202,306	\$ 1,241,545	\$ 991,398
Public safety	167,313	46,964	168,849	169,472
Public works	3,275,404	3,979,234	3,827,530	3,836,951
Community development	167,287	187,534	24,086	20,274
Operating grants and contributions	986,101	1,718,460	3,115,639	2,708,807
Capital grants and contributions	16,185,051	1,658,285	1,386,483	2,719,342
Total governmental activities program revenues	<u>21,923,051</u>	<u>8,792,783</u>	<u>9,764,132</u>	<u>10,446,244</u>
Business-type activities:				
Charges for services:				
Water	3,836,688	4,396,761	4,367,318	4,011,869
Sewer	2,723,407	3,489,353	4,050,725	4,340,805
Civic center rentals	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	10,976,991	11,073,790	428,595	115,891
Total business-type activities program revenues	<u>17,537,086</u>	<u>18,959,904</u>	<u>8,846,638</u>	<u>8,468,565</u>
 Total primary government program revenues	 <u>\$ 39,460,137</u>	 <u>\$ 27,752,687</u>	 <u>\$ 18,610,770</u>	 <u>\$ 18,914,809</u>

TABLE 2

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	6,264,102	\$	3,573,695	\$	4,208,848	\$	3,995,452	\$	4,504,358	\$	5,350,906
	11,079,052		11,487,867		12,043,046		13,430,159		13,688,321		15,997,582
	7,714,821		7,054,048		7,264,024		7,236,352		7,962,151		9,224,710
	1,966,684		2,887,685		2,866,455		2,616,778		3,037,820		3,704,464
	2,109,455		2,005,530		2,194,440		2,039,639		2,095,192		2,140,471
	-		-		-		128,148		65,849		85,470
	<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>		<u>36,503,603</u>
	6,366,473		6,870,352		7,236,812		7,163,452		7,862,720		9,445,663
	-		-		-		391,242		403,256		294,626
	<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>9,740,289</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>	\$	<u>46,243,892</u>
\$	915,567	\$	987,095	\$	927,203	\$	850,652	\$	895,956	\$	842,483
	136,915		1,423,286		1,588,845		1,953,287		2,220,117		2,251,968
	3,929,779		4,327,317		4,048,440		4,386,859		4,751,892		4,693,162
	32,023		140,449		187,720		104,582		34,992		29,291
	2,904,132		311,124		289,050		187,547		252,706		184,004
	2,820,234		1,598,036		2,770,160		5,028,824		4,433,455		4,181,490
	<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>		<u>12,182,398</u>
	5,038,411		5,970,615		6,319,988		6,803,044		8,125,375		9,046,596
	4,935,437		4,453,529		4,712,109		5,058,751		5,327,572		5,381,662
	-		-		-		115,780		78,104		99,385
	-		68,666		282,696		3,997		496,547		-
	<u>467,393</u>		<u>412,122</u>		<u>525,482</u>		<u>517,470</u>		<u>687,808</u>		<u>778,401</u>
	<u>10,441,241</u>		<u>10,904,932</u>		<u>11,840,275</u>		<u>12,499,042</u>		<u>14,715,406</u>		<u>15,306,044</u>
\$	<u>21,179,891</u>	\$	<u>19,692,239</u>	\$	<u>21,651,693</u>	\$	<u>25,010,793</u>	\$	<u>27,304,524</u>	\$	<u>27,488,442</u>

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

	2007	2008	2009	2010
NET (EXPENSE) REVENUES				
Governmental activities	\$ 3,005,463	\$(17,195,581)	\$(17,787,676)	\$(16,832,575)
Business-type activities	<u>12,564,419</u>	<u>13,883,726</u>	<u>3,422,819</u>	<u>2,926,633</u>
Total primary government net expense	<u>15,569,882</u>	<u>(3,311,855)</u>	<u>(14,364,857)</u>	<u>(13,905,942)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	5,788,239	6,307,963	7,729,511	7,662,802
Sales	7,794,679	8,490,926	8,516,511	8,733,789
Franchise	1,373,527	1,493,665	1,531,280	1,627,628
Investment earnings	788,901	744,713	312,187	102,412
Gain on sale of capital assets	-	-	-	-
Other revenue	397,772	545,009	675,512	287,950
Transfers	<u>1,225,028</u>	<u>1,900,344</u>	<u>48,442</u>	<u>(513,441)</u>
Total governmental activities	<u>17,368,146</u>	<u>19,482,620</u>	<u>18,813,443</u>	<u>17,901,140</u>
Business-type activities:				
Investment earnings	228,492	149,076	131,474	20,987
Other revenue	-	25,504	5,612	61,143
Transfers	<u>(1,225,028)</u>	<u>(1,900,344)</u>	<u>(48,442)</u>	<u>513,441</u>
Total business-type activities	<u>(996,536)</u>	<u>(1,725,764)</u>	<u>88,644</u>	<u>595,571</u>
Total primary government	<u>16,371,610</u>	<u>17,756,856</u>	<u>18,902,087</u>	<u>18,496,711</u>
CHANGE IN NET POSITION				
Governmental activities	20,373,609	2,287,039	1,025,767	1,068,565
Business-type activities	<u>11,567,883</u>	<u>12,157,962</u>	<u>3,511,463</u>	<u>3,522,204</u>
Total primary government	<u>\$ 31,941,492</u>	<u>\$ 14,445,001</u>	<u>\$ 4,537,230</u>	<u>\$ 4,590,769</u>

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

TABLE 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$(18,395,464)	\$(18,221,518)	\$(18,765,395)	\$(16,934,777)	\$(18,764,573)	\$(24,321,205)
<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>5,565,755</u>
(14,320,696)	(14,186,938)	(14,161,932)	(11,990,429)	(12,315,243)	(18,755,450)
7,504,772	7,495,321	7,959,179	8,557,411	8,833,478	9,573,741
8,988,995	10,053,941	11,128,093	13,083,487	13,386,446	12,424,687
1,578,896	1,585,406	1,780,202	1,851,747	1,898,719	1,924,699
75,054	55,875	43,146	20,512	33,739	202,646
-	-	-	90,641	172,184	54,717
573,928	379,081	395,991	337,321	403,605	264,045
<u>1,428,687</u>	<u>2,118,609</u>	<u>(1,116,030)</u>	<u>1,107,446</u>	<u>(2,585,254)</u>	<u>(414,816)</u>
<u>20,150,332</u>	<u>21,688,233</u>	<u>20,190,581</u>	<u>25,048,565</u>	<u>22,142,917</u>	<u>24,029,719</u>
13,204	11,349	14,216	6,563	11,070	67,622
-	-	-	-	-	-
<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>414,816</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>482,438</u>
<u>18,734,849</u>	<u>19,580,973</u>	<u>21,320,827</u>	<u>23,947,682</u>	<u>24,749,241</u>	<u>24,512,157</u>
1,754,868	3,466,715	1,425,186	8,113,788	3,368,334	(291,486)
<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>6,048,193</u>
<u>\$ 4,414,153</u>	<u>\$ 5,394,035</u>	<u>\$ 7,158,895</u>	<u>\$ 11,957,253</u>	<u>\$ 12,423,988</u>	<u>\$ 5,756,707</u>

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

Function	Fiscal Year			
	2007	2008	2009	2010
Property taxes	\$ 5,788,239	\$ 6,307,963	\$ 7,729,511	\$ 7,662,802
Sales taxes	7,794,679	8,490,926	8,516,511	8,733,789
Franchise taxes	<u>1,373,527</u>	<u>1,493,665</u>	<u>1,531,280</u>	<u>1,627,628</u>
Total	<u>\$ 14,956,445</u>	<u>\$ 16,292,554</u>	<u>\$ 17,777,302</u>	<u>\$ 18,024,219</u>

TABLE 3

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 7,504,772	\$ 7,495,321	\$ 7,959,179	\$ 8,557,411	\$ 8,833,478	\$ 9,573,741
8,988,995	10,053,941	11,128,093	13,083,487	13,386,446	12,424,687
<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>1,924,699</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>	<u>\$ 23,923,127</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General fund:				
Nonspendable	\$ 108,053	\$ -	\$ -	\$ 28,715
Assigned	-	-	-	-
Unassigned	<u>5,051,367</u>	<u>5,386,612</u>	<u>4,616,240</u>	<u>4,399,287</u>
Total general fund	<u>\$ 5,159,420</u>	<u>\$ 5,386,612</u>	<u>\$ 4,616,240</u>	<u>\$ 4,428,002</u>
All other governmental funds				
Restricted	\$ 14,468,347	\$ 12,413,235	\$ 13,817,505	\$ 13,167,730
Assigned	-	-	-	-
Unassigned	<u>23,677</u>	<u>385,407</u>	<u>462,510</u>	<u>487,744</u>
Total all other governmental funds	<u>\$ 14,492,024</u>	<u>\$ 12,798,642</u>	<u>\$ 14,280,015</u>	<u>\$ 13,655,474</u>

TABLE 4

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 250,502	\$ 39,243	\$ 53,418	\$ 36,067	\$ 19,029	\$ 25,289
-	497,318	500,982	1,104,350	-	-
<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>15,670,160</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>	<u>\$ 15,695,449</u>
\$ 17,393,365	\$ 20,443,337	\$ 23,197,272	\$ 28,526,910	\$ 25,129,068	\$ 26,495,326
-	545,525	-	-	-	-
<u>1,189,903</u>	<u>-</u>	<u>(835)</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 26,495,326</u>

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

	Fiscal Year			
	2007	2008	2009	2010
REVENUES				
Taxes	\$ 14,911,452	\$ 16,429,163	\$ 17,742,498	\$ 18,052,945
Licenses and permits	543,496	526,446	430,983	385,461
Fines and forfeitures	952,281	1,036,121	891,746	737,463
Fees and charges for services	3,161,434	3,918,948	3,945,431	3,895,170
Intergovernmental	4,012,325	3,149,071	4,517,587	5,059,708
Investment earnings	694,785	692,571	280,491	90,548
Other	535,031	670,139	644,688	252,574
Total revenues	<u>24,810,804</u>	<u>26,422,459</u>	<u>28,453,424</u>	<u>28,473,869</u>
EXPENDITURES				
General government	3,044,859	5,744,858	4,404,269	4,189,729
Public safety	8,367,493	9,465,004	9,922,020	10,098,624
Public works	4,281,847	5,235,282	5,320,468	5,348,163
Community development	1,795,911	1,903,248	1,772,771	1,797,454
Capital outlay	3,554,057	13,986,114	10,133,254	9,154,244
Debt service				
Principal	1,818,580	4,167,220	2,472,000	3,936,562
Interest and fiscal charges	1,115,825	1,447,906	1,612,295	1,883,113
Debt issuance costs	-	52,146	179,149	141,923
Total expenditures	<u>23,978,572</u>	<u>42,001,778</u>	<u>35,816,226</u>	<u>36,549,812</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>832,232</u>	<u>(15,579,319)</u>	<u>(7,362,802)</u>	<u>(8,075,943)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	8,292,945	12,212,785	13,090,000	7,358,164
Refunding bonds issued	-	-	-	-
Premium on bonds	-	-	415,818	418,441
Insurance proceeds	-	-	-	-
Payment to refunded bond escrow agent	-	-	(5,265,355)	-
Proceeds on sale of capital assets	-	-	-	-
Transfers in	3,063,797	2,544,552	2,482,116	2,718,604
Transfers out	(918,182)	(644,208)	(2,492,178)	(3,232,045)
Total other financing sources (uses)	<u>10,438,560</u>	<u>14,113,129</u>	<u>8,230,401</u>	<u>7,263,164</u>
NET CHANGE IN FUND BALANCES	<u>\$ 11,270,792</u>	<u>\$(1,466,190)</u>	<u>\$ 867,599</u>	<u>\$(812,779)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>14.4%</u>	<u>19.9%</u>	<u>16.2%</u>	<u>20.8%</u>

TABLE 5

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	18,067,969	\$	19,158,616	\$	20,846,124	\$	23,512,541	\$	24,116,844	\$	23,951,861
	433,122		585,083		613,391		771,303		822,193		748,694
	634,437		665,836		657,690		573,433		612,230		559,799
	4,095,461		4,173,636		3,835,622		4,035,891		4,392,627		4,345,189
	5,743,934		3,667,174		5,206,542		9,495,522		7,419,273		7,105,930
	69,562		52,723		39,527		19,061		31,637		189,633
	410,219		710,964		536,217		450,829		505,433		304,601
	<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>		<u>37,205,707</u>
	5,886,316		3,353,809		3,309,484		3,446,026		3,787,085		3,864,072
	10,315,878		10,725,354		11,126,683		12,519,502		12,958,143		14,226,773
	5,314,788		4,819,422		4,407,271		4,511,391		5,059,614		5,590,942
	1,648,288		2,351,073		2,528,271		2,283,655		2,772,737		3,303,417
	6,586,965		7,577,210		9,666,080		6,903,952		7,871,262		10,396,946
	4,219,657		4,345,981		6,152,414		4,906,639		4,916,983		5,236,922
	2,085,237		1,983,170		2,123,645		2,101,713		2,177,290		2,224,256
	190,224		86,134		237,886		128,148		65,849		85,470
	<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>		<u>44,928,798</u>
(	<u>6,792,649</u>)	(	<u>6,228,121</u>)	(	<u>7,816,621</u>)		<u>2,057,554</u>	(	<u>1,708,726</u>)	(	<u>7,723,091</u>)
	10,505,000		8,600,000		12,410,000		6,565,000		3,000,000		9,760,000
	4,860,000		-		-		-		-		-
	209,422		-		227,641		133,572		168,000		209,584
	-		-		19,666		41,362		6,730		21,355
(	<u>4,995,000</u>)		-		-		-		-		-
	-		49,000		32,665		72,080		165,454		39,589
	3,240,516		4,382,807		5,179,079		5,200,179		7,024,867		5,858,844
(	<u>1,878,810</u>)	(	<u>2,267,169</u>)	(	<u>6,295,109</u>)	(	<u>4,092,732</u>)	(	<u>9,620,121</u>)	(	<u>6,573,660</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>9,315,712</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>1,592,621</u>
	<u>21.1%</u>		<u>22.9%</u>		<u>27.2%</u>		<u>22.9%</u>		<u>21.9%</u>		<u>20.2%</u>

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TABLE 6

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Totals
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
2016	9,602,475	12,424,687	1,924,699	23,951,861

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

	Fiscal Year			
	2007	2008	2009	2010
Manufacturing	\$ 10,398,585	\$ 9,289,505	\$ 8,387,586	\$ 11,868,406
Construction	5,373,242	6,565,593	8,099,729	4,379,752
Mining/Oil and Gas Extraction	-	-	-	236,213
Wholesale Trade	68,378,422	60,136,962	34,918,765	41,970,803
Retail Trade	236,571,984	282,801,551	298,869,319	317,562,021
Information	5,795,888	6,122,947	6,946,114	7,756,997
Finance/Insurance	1,373,518	1,667,665	1,627,326	1,610,799
Real Estate/Rental/Leasing	10,045,964	10,810,863	9,860,254	6,131,109
Professional/Scientific/Technical	1,732,860	1,932,653	1,692,731	1,479,498
Admin/Waste Management	3,188,008	4,327,704	4,954,549	4,473,592
Entertainment/Recreation	62,670	327,409	620,027	677,975
Accommodation/Food Service	55,936,116	61,345,725	64,156,691	68,292,207
Other services	7,314,960	6,858,990	5,340,424	6,259,539
Other	-	-	500	-
Total	\$ 406,172,217	\$ 452,187,567	\$ 445,474,015	\$ 472,698,911
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 2016 fiscal year. The fourth quarter is not currently available.

TABLE 7

		Fiscal Year									
		2011	2012	2013	2014	2015	2016*				
\$	35,709,305	\$	33,319,926	\$	34,755,374	\$	71,023,948	\$	43,914,757	\$	14,731,110
	4,358,021		4,983,655		5,478,498		5,699,322		6,761,025		3,801,775
	410,444		156,604		217,256		698,165		661,261		232,651
	19,433,287		15,371,499		14,399,273		24,760,219		29,108,721		15,963,328
	349,146,421		384,003,024		439,367,655		475,049,147		499,442,325		351,808,149
	8,366,727		9,711,481		12,557,755		16,434,007		18,819,964		14,862,735
	1,523,707		1,493,134		1,552,677		1,582,285		1,662,748		1,295,361
	3,945,113		3,324,471		3,511,362		2,813,209		3,175,468		2,339,886
	1,549,856		1,737,784		1,837,041		2,055,795		2,225,002		1,736,724
	4,012,601		4,743,465		5,258,948		5,149,744		7,761,946		7,943,978
	709,310		79,539		16,075		22,415		347,356		1,437,673
	71,930,612		80,285,088		88,682,555		95,710,727		104,003,993		80,566,907
	6,783,724		7,477,950		8,477,137		9,342,029		10,499,800		8,072,286
	-		-		-		-		-		8,690
\$	<u>507,879,128</u>	\$	<u>546,687,620</u>	\$	<u>616,111,606</u>	\$	<u>710,341,012</u>	\$	<u>728,384,366</u>	\$	<u>504,801,253</u>
	0.0125000%		0.0125000%		0.0125000%		0.0125000%		0.0125000%		0.0125000%

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TABLE 8

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

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate
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
2016	909,775,642	1,059,601,822	301,546,216	337,543,351	1,933,380,329	0.47000

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⁾			
		Operating Tax Rate	Debt Service Rate	Total Tax Rate	Lamar ISD	Fort Bend County	Fort Bend Mud #94	
Fiscal Year	Tax Year						MUD Rate	Overlapping Rate
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	0.49476	0.66000	3.03481
2016	2015	0.21626	0.25374	0.47000	1.39005	0.48600	0.58000	2.92605

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	3.46939	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	3.26481	0.80000	3.17481	0.90000	3.27481
0.85000	3.19605	0.80000	3.14605	0.88000	3.22605

TABLE 10

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

Taxpayer	2016			2007		
	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	\$ 75,231,210	1	3.89%			- %
Brazos TC - South Partnership A, LP	44,631,240	2	2.31%			- %
GS Brazos Ranch	27,750,000	3	1.44%			- %
Dolce Living Rosenberg LLC	24,701,270	4	1.28%			- %
National Oilwell Downhole Tools	23,690,770	5	1.23%			- %
Kroger Texas LP	15,468,220	6	0.80%			- %
3101 Place Owner LLC	14,727,830	7	0.94%			- %
Centerpoint Energy Electric	14,405,210	8	0.75%	15,355,360	1	1.55%
Seatex LTD	13,124,160	9	0.68%			- %
RRR Apartments LTD	13,020,000	10	0.67%			- %
Aldi (Texas) LLC	13,000,380	11	0.67%			- %
GSSW Fountains LLC	11,900,000	12	0.62%			- %
Gurecky Manufacturing Service, Inc.	11,027,650	13	0.57%	7,131,090	7	0.72%
SBS/Bison Building Material LLC	10,255,270	14	0.53%	5,598,320	15	0.56%
Sunstone Westwood Village Apartments	9,226,000	15	0.48%			- %
Brazos TC - South Partnership B, LP	8,672,610	16	0.45%			- %
Target Corporation	8,295,580	17	0.43%			- %
JC Penney Properties, Inc.	7,700,000	18	0.40%			- %
Lowe's Home Centers, Inc.	7,214,900	19	0.37%	7,581,560	6	0.76%
Reading Road Apartments, LP	7,178,400	20	0.37%	5,811,680	13	0.59%
A-S 70 Hwy 59-FM 762		-	- %	11,884,080	2	1.20%
Rosenberg Venture, LTD		-	- %	11,124,830	3	1.12%
Southwestern Bell Telephone Co.		-	- %	10,148,250	4	1.02%
Albis Corporation		-	- %	8,689,130	5	0.88%
Viswa Jyothi LP		-	- %	6,677,450	8	0.67%
Lowe's Companies of 1898		-	- %	6,549,780	9	0.66%
Rosenberg Station LLC		-	- %	6,264,390	10	0.63%
A-S 83 Town Center - FM 2218 LP		-	- %	6,176,380	11	0.62%
RD Auto Real Estate Investors LP		-	- %	5,858,770	12	0.59%
Texas MSI LTD		-	- %	5,759,100	14	0.58%
HS Development Properties LP		-	- %	5,508,920	16	0.56%
MNC Realty LP		-	- %	5,189,140	17	0.52%
BLEX Exchange II LP		-	- %	5,188,090	18	0.52%
Lumbermans Investment Corp		-	- %	5,020,400	19	0.51%
Home Depot #6530		-	- %	4,940,210	20	0.50%
Subtotal	361,220,700		18%	146,456,930		15%
Other taxpayers	<u>1,572,159,629</u>		<u>82%</u>	<u>846,133,701</u>		<u>85%</u>
Total	\$ <u>1,933,380,329</u>		<u>100%</u>	\$ <u>992,590,631</u>		<u>100%</u>

Source: Fort Bend County Tax Assessor/Collector's Office

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

Fiscal Year	Tax Rate	Total Tax Levy and Adjustment	Collected Within Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 0.55500	\$ 5,543,720	\$ 5,387,768	97.19%	\$ 150,949	\$ 5,538,717	99.91%
2008	0.54500	6,377,788	6,182,287	96.93%	172,515	6,354,802	99.64%
2009	0.52020	7,512,800	7,401,558	98.52%	94,357	7,495,915	99.78%
2010	0.50000	7,538,276	7,431,901	98.59%	90,863	7,522,764	99.79%
2011	0.50000	7,413,614	7,308,431	98.58%	90,149	7,398,580	99.80%
2012	0.50000	7,376,235	7,317,653	99.21%	43,138	7,360,791	99.79%
2013	0.51000	7,870,255	7,794,028	99.03%	61,834	7,855,862	99.82%
2014	0.50000	8,462,074	8,387,692	99.12%	55,946	8,443,638	99.78%
2015	0.49000	8,921,625	8,848,290	99.18%	45,424	8,893,713	99.69%
2016	0.47000	9,514,791	9,452,428	99.34%	-	9,452,428	99.34%

Source: Tax assessor/collector's records.

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

Fiscal Year Ended	Governmental Activities			
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Tax Anticipation Notes
2007	\$ 6,090,000	\$ 21,875,000	\$ 27,220	\$ 475,000
2008	5,440,000	29,175,000	-	1,895,000
2009	13,965,000	25,860,000	450,000	1,635,000
2010	17,130,000	26,810,000	1,080,558	1,365,000
2011	19,260,000	31,310,000	880,902	1,085,000
2012	16,890,000	38,435,000	675,009	790,000
2013	16,360,000	45,745,000	462,595	480,000
2014	15,860,000	48,380,000	305,956	160,000
2015	13,975,000	48,660,000	156,922	-
2016	12,050,000	55,265,000	-	-

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

TABLE 12

Bond Issuance Premiums	Business-type Activities Revenue Bonds	Total Primary Government	Percentage of Personal Income*	Per Capita*
\$ -	\$ 6,070,000	\$ 34,537,220	6.05%	\$ 1,238
-	5,370,000	41,880,000	7.43%	1,354
405,414	4,295,000	46,610,414	8.99%	1,375
433,381	8,437,811	55,256,750	10.67%	1,791
619,512	7,753,993	60,909,407	11.74%	1,969
575,279	7,163,381	64,528,669	9.52%	2,015
758,689	5,334,013	69,140,297	9.76%	2,091
830,550	4,711,863	70,248,369	9.79%	2,058
921,760	4,043,867	67,757,549	8.40%	1,891
1,054,554	3,343,832	71,713,386	7.95%	1,914

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

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Less Amounts Available in Debt Service Fund	Bond Issuance Premiums	General Bonded Debt Total	Percentage of Actual Taxable Value of Property	Per Capita
2007	\$ 6,090,000	\$ 21,875,000	\$ 3,985,558	\$ -	\$ 23,979,442	2.42%	\$ 860
2008	5,440,000	29,175,000	3,302,634	-	31,312,366	2.69%	1,012
2009	13,965,000	25,860,000	4,617,517	405,414	35,612,897	2.44%	1,060
2010	17,130,000	26,810,000	5,492,418	433,381	38,880,963	2.57%	1,270
2011	19,260,000	31,310,000	5,062,930	619,512	46,126,582	3.11%	1,507
2012	16,890,000	38,435,000	5,170,780	575,279	50,729,499	3.44%	1,584
2013	16,360,000	45,745,000	4,990,181	758,689	57,873,508	3.75%	1,750
2014	15,860,000	48,380,000	4,976,742	830,550	60,093,808	3.55%	1,761
2015	13,975,000	48,660,000	5,014,535	921,760	58,542,225	3.28%	1,634
2016	12,050,000	55,265,000	5,462,057	1,054,554	62,907,497	3.25%	1,679

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CITY OF ROSENBERG, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)
AS OF SEPTEMBER 30, 2016

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Lamar CISD	\$ 719,995,000	16.89%	\$ 121,607,156
Fort Bend County	523,195,000	03.63%	18,991,979
Fort Bend MUD No. 94	5,255,000	100.00%	5,255,000
Fort Bend MUD No. 144	10,905,000	97.79%	10,664,000
Fort Bend MUD No. 148	4,910,000	100.00%	4,910,000
Fort Bend MUD No. 152	8,505,000	01.32%	112,266
Fort Bend MUD No. 159	4,975,000	100.00%	4,975,000
Fort Bend MUD No. 167	25,265,000	100.00%	25,265,000
Subtotal overlapping debt			191,780,400
City direct debt			<u>68,365,554</u>
Total direct and overlapping debt			<u>\$ 260,145,954</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			
	2007	2008	2009	2010
Debt limit	\$ 99,304,305	\$ 116,500,210	\$ 145,783,137	\$ 151,557,382
Total net debt applicable to limit	<u>24,929,442</u>	<u>33,207,366</u>	<u>36,842,483</u>	<u>39,812,582</u>
Legal debt margin	<u>\$ 74,374,863</u>	<u>\$ 83,292,844</u>	<u>\$ 108,940,654</u>	<u>\$ 111,744,800</u>
Total net debt applicable to the limit as a percentage of debt limit	25.10%	28.50%	25.27%	26.27%
Legal debt margin calculation by fiscal year				
Assessed value	\$ 993,043,047	\$ 1,165,002,099	\$ 1,457,831,365	\$ 1,515,573,819
Debt limit (10% of assessed value)	99,304,305	116,500,210	145,783,137	151,557,382
Debt applicable to limit:				
General obligation bonds	28,915,000	36,510,000	41,460,000	45,305,000
Less: amount set aside for repayment of general obligation debt	<u>(3,985,558)</u>	<u>(3,302,634)</u>	<u>(4,617,517)</u>	<u>(5,492,418)</u>
Total net debt applicable to limit	<u>24,929,442</u>	<u>33,207,366</u>	<u>36,842,483</u>	<u>39,812,582</u>
Legal debt margin	<u>\$ 74,374,863</u>	<u>\$ 83,292,844</u>	<u>\$ 108,940,654</u>	<u>\$ 111,744,800</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					
2011	2012	2013	2014	2015	2016
\$ 148,547,380	\$ 154,515,089	\$ 166,597,038	\$ 181,299,013	\$ 189,615,990	\$ 203,925,239
<u>46,592,070</u>	<u>50,944,220</u>	<u>57,594,819</u>	<u>59,737,258</u>	<u>58,858,229</u>	<u>61,852,943</u>
<u>\$ 101,955,310</u>	<u>\$ 103,570,869</u>	<u>\$ 109,002,219</u>	<u>\$ 121,561,755</u>	<u>\$ 130,757,760</u>	<u>\$ 142,072,296</u>
31.37%	32.97%	34.57%	32.95%	31.04%	30.33%
\$ 1,485,473,800	\$ 1,545,150,888	\$ 1,665,970,375	\$ 1,812,990,131	\$ 1,896,159,898	\$ 2,039,252,388
148,547,380	154,515,089	166,597,038	181,299,013	189,615,990	203,925,239
51,655,000	56,115,000	62,585,000	64,714,000	63,850,760	67,315,000
(5,062,930)	(5,170,780)	(4,990,181)	(4,976,742)	(4,992,531)	(5,462,057)
<u>46,592,070</u>	<u>50,944,220</u>	<u>57,594,819</u>	<u>59,737,258</u>	<u>58,858,229</u>	<u>61,852,943</u>
<u>\$ 101,955,310</u>	<u>\$ 103,570,869</u>	<u>\$ 109,002,219</u>	<u>\$ 121,561,755</u>	<u>\$ 130,757,760</u>	<u>\$ 142,072,296</u>

CITY OF ROSENBERG, TEXAS
DEBT SERVICE FUND PROJECTIONS FOR FISCAL YEAR 2017
(UNAUDITED)
SEPTEMBER 30, 2016

Tax Obligation Debt Service Requirements, FY17		\$ 7,948,526
Debt Service Fund, 09/30/16	\$ 5,210,490	
Debt Service Fund Tax Levy @ 96% Collection	4,792,588	
Estimated Prior Year Delinquent Taxes	-	
Estimated Transfer from Water/Wastewater Fund	2,180,640	
Estimated Transfer from Rosenberg Development Corporation	704,782	
Estimated Transfer from Civic Center Fund	62,569	
Estimated Investment Income	<u>5,000</u>	12,956,069
Estimated Debt Service Fund Balance, 09/30/17		5,007,543
General Obligation and/or Revenue Bonds		
Authorized but unissued for 2016	None	
Floating Debt Outstanding for 2016	None	

CITY OF ROSENBERG, TEXAS
COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)
SEPTEMBER 30, 2016

WATERWORKS AND SEWER SYSTEM

Net system revenue available 09/30/16	\$ 7,347,732
Less: 2017 requirements for revenue bonds	<u>21,000</u>
Balance available for other purposes	<u>\$ 7,326,732</u>
Debt service coverage ratio	
2017 requirements for system tax or general obligation bonds (1)	2,201,640
Percentage of system general obligation bonds self-supporting	100%

ROSENBERG DEVELOPMENT CORPORATION

Net system revenue available 09/30/16	\$ 5,151,815
Less: 2017 requirements for revenue bonds	<u>704,781</u>
Balance available for other purposes	<u>\$ 4,447,034</u>
2017 requirements for general obligation bonds paid by the Corporation (1)	704,781
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	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate
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%
2016	37,476	843,434,856	22,506	32.0	30,891	5.0%

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	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lamar Consolidated ISD	4,848	1	28.55%	2,882	1	38.43%
Texana Center	500	2	2.94%			
Frito Lay, Inc.	470	3	2.77%	520	2	6.93%
Fort Bend County Offices	328	4	1.93%	164	6	2.19%
City of Rosenberg	315	5	1.86%	238	4	3.17%
Benedittini Cabinetry	302	6	1.78%	233	5	3.11%
Kroger	278	7	1.64%	113	9	1.51%
Biotics Research Corporation	175	8	1.03%			
Si Environmental	165	9	0.97%			
Seatex	131	10	0.77%			
Allied Concrete	-		- %	350	3	4.67%
BMC West (Home Lumber)	-		- %	136	7	1.81%
Silver Eagle, Inc.	-		- %	120	8	1.60%
Home Depot	-		- %	109	10	1.45%
Total	<u>7,512</u>		<u>44.25%</u>	<u>4,865</u>		<u>64.87%</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,			
	2007	2008	2009	2010
General government	29	32	30	32
Public safety				
Police				
Officers	63	65	65	65
Civilians	22	22	23	23
Animal Control	2	2	2	2
Fire				
Firefighters	34	35	36	37
Civilians	2	2	2	2
Public works				
Engineering	-	-	-	-
Streets and drainage	15	18	17	17
Fleet maintenance	5	4	4	4
Community Development				
Administration	-	-	-	-
Planning	4	4	4	4
Code Enforcement	8	9	9	9
Health	1	1	2	2
Communications	-	1	1	1
Parks & Recreation	13	13	15	15
Hotel/Motel	2	2	2	2
Civic Center	5	3	3	3
Water and Sewer	<u>30</u>	<u>29</u>	<u>29</u>	<u>27</u>
Total	<u>235</u>	<u>242</u>	<u>244</u>	<u>245</u>

Source: City personnel records.

TABLE 20

Fulltime Equivalent Employees as of September 30,					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
29	30	30	30	33	33
65	65	68	74	75	76
21	21	23	22	25	28
2	2	2	3	3	3
37	37	37	49	52	52
2	2	2	2	2	2
-	-	-	-	-	-
15	15	16	16	18	18
4	4	4	4	4	5
-	-	-	-	-	-
3	3	3	3	4	5
7	7	7	8	8	8
1	1	1	1	2	2
1	1	1	1	3	-
12	11	10	11	10	10
2	2	2	0	-	1
3	3	3	5	5	4
<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>27</u>	<u>27</u>
<u>229</u>	<u>229</u>	<u>234</u>	<u>255</u>	<u>270</u>	<u>275</u>

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police				
Arrests	4,243	4,473	4,287	3,373
Accident reports	750.00	651.00	506.00	444
Citations	12,160.00	14,895.00	11,158.00	8,583
Offense reports	6,150	4,453	4,955	5,235
Calls for service	41,492	42,568	40,775	51,683
Fire				
Emergency responses	5,145	4,527	3,476	3,348
Fire incidents	89.00	196.00	233.00	127
Service calls and other calls	1,672.00	2,514.00	3,124.00	3,199
Automatic aid, mutual aid given	69	128	119	22
Water				
Average daily consumption (millions of gallons)	3.00	3.44	3.75	3.37
Total consumption (millions of gallons)	1,099	1,262	1,372	1,230
Peak daily consumption (millions of gallons)	5.47	5.1	6.27	5.16
Sewer				
Average daily sewage treatment (millions of gallons)	3.27	3.27	2.44	3.13
Total consumption (millions of gallons)	1,197.31	1,197.31	890.89	1,133
Peak daily consumption (millions of gallons)	11.84	11.84	9.91	16.94

Source: Various City departments

*started reporting all fire incidents instead
of just structure fire incidents

TABLE 21

Fiscal Year						
2011	2012	2013	2014	2015	2016	
3,313	3,440	2,654	2,819	2,875	2,616	
399	570	629	767	890	977	
7,087	6,779	5,874	4,239	5,250	5,098	
4,105	3,921	4,229	4,088	4,180	3,871	
53,702	58,414	55,829	51,054	50,843	45,907	
3,426	3,697	3,702	3,792	3,602	4,506	
69	197	239	141	149	1370*	
3,061	3,455	3,333	3,651	3,453	3,036	
60	45	130	152	83	153	
4.11	3.63	3.71	3.69	3.87	3.94	
1,504	1,334	1,357	1,353	1,411	1,438	
7.14	6.46	5.83	6.65	8.2	8.60	
2.33	2.54	2.32	2.83	2.82	3.01	
854	932	849	867	1029	1,098	
6.21	10.21	7.64	8.42	11.47	9.63	

**CITY OF ROSENBERG, TEXAS
WATER AND SEWER RATES
(UNAUDITED)
SEPTEMBER 30, 2016**

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

Rates for Commercial/Industrial users are as follows:

<u>Minimum Monthly Billing</u>	<u>Includes up to 2,000 gallons</u>
3/4" 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 \$2.20 per 1,000 gallons, in addition to the water rates.

SEWER RATES

Rates for Single-Family Residence are as follows:

First 2,000 gallons	\$15.00 minimum
2,000 - 12,000 gallons	\$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>
3/4" 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 \$3.10 per 1,000 gallons.

Rates were effective January 1, 2016

CITY OF ROSENBERG, TEXAS
TOP TEN WATER AND SEWER CUSTOMERS
(UNAUDITED)
SEPTEMBER 30, 2016

TOP TEN WATER CUSTOMERS

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	34,670,600	\$ 165,060
2	Reading Park Apartments	Apartments	21,689,400	117,276
3	New Quest Properties	Irrigation Meters	19,470,000	95,681
4	Urban Brittany Square LP	Apartments	15,246,100	82,013
5	Vaman Investments LLC	Apartments	14,297,300	80,506
6	Westwood Village Apartments	Apartments	12,029,900	60,306
7	Brazos Master Maintenance	Irrigation Meters	11,130,400	58,098
8	3101 Place Apartments	Apartments	10,388,900	60,441
9	Allied Concrete	Industry	9,937,600	48,257
10	Dolce Living Investments	Apartments	9,926,800	66,385
TOTAL			<u>158,787,000</u>	<u>\$ 834,023</u>

TOP TEN SEWER CUSTOMERS

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	23,618,500	\$ 76,777
2	Reading Park Apartments	Apartments	21,689,400	95,087
3	Urban Brittany Square LP	Apartments	15,246,100	67,116
4	Vaman	Apartments	14,297,300	69,145
5	Westwood Village Apartments	Apartments	12,029,900	60,592
6	3101 Place Apartments	Apartments	10,388,900	53,334
7	Dolce Living LLC	Apartments	9,926,800	65,146
8	Allied	Industry	9,841,000	4,849
9	Fountains of Rosenberg	Apartments	9,820,800	50,128
10	Blue Wave Car Wash	Commercial	9,658,800	30,071
TOTAL			<u>136,517,500</u>	<u>\$ 572,245</u>

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Public safety				
Police				
Stations	1	1	1	1
Patrol units	35	35	43	47
Fire				
Stations	2	2	2	2
Public works				
Collection trucks	N/A	N/A	N/A	N/A
Streets (miles)	128	148	148	148
Parks and recreation				
Parks acreage	443	443	443	443
Parks	8	8	8	9
Water and sewer				
Water mains (miles)	152	152	158	158
Fire hydrants	1,036	1,051	1,137	1,137
Maximum daily capacity (thousands of gallons)	5,232	5,232	5,232	5,232
Sanitary sewers (miles)	139	139	140	140
Storm sewers (miles)	133	133	128	128
Maximum daily treatment capacity (thousands of gallons)	5,025	6,525	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					
2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
47	47	46	46	46	47
2	2	2	3	3	3
N/A	N/A	N/A	N/A	N/A	N/A
154	162	162	162	156	158
443	443	443	443	445	445
9	9	9	9	9	9
160	160	160	161	165	180
1,111	1,135	1,187	1,243	1,341	1,353
5,232	5,232	5,372	5,372	8,230	8,230
142	142	143	143	144	151
129	129	130	130	68	84
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 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, 2016, 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 March 2, 2017.

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 over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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
March 2, 2017