

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended
September 30, 2017**



Prepared by

**John Maresh
City Manager**

**Joyce Vasut, CPA
Assistant City Manager/Director of Finance**

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2017

**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
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	20 – 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	22
Statement of Net Position – Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	24

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2017

**Page
Number**

FINANCIAL SECTION (Continued)

Statement of Cash Flows – Proprietary Fund	25
Notes to Financial Statements.....	26 – 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, 2017

**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, 2017

**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 – Fire Station #3 – Special Revenue Fund.....	95
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – PEG Capital – Capital Projects Fund.....	96

CITY OF ROSENBERG, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2017

**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, 2017

	<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 2018.....	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

THIS PAGE LEFT BLANK INTENTIONALLY



March 19, 2018

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 2017 (FY2017) Comprehensive Annual Financial Report (CAFR) for the dates ranging from October 1, 2016 to September 30, 2017.

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 FY2017 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, 2017, 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 2017. Much like the Texas economy, Rosenberg experienced job growth and an increase in building permits. Sales tax showed an increase from 2016. This can be attributed to commercial development and a Chapter 380 Economic Development Program Agreement with BMC Texas Sales.

The local unemployment rate in FY2017 exhibited an overall downward trend. The City's unemployment rate was 4.5%, which is slightly higher than the state and national rate of 4.2%. The median owner-occupied home value increased to \$129,000, up from \$103,000 in 2011.

Residential development decreased slightly from FY2017 to FY2016, with a total of 276 residential certificates of occupancy issued. The effects from hurricane Harvey have slowed the residential new home starts. The number of new commercial buildings opening increased from the previous year, for a total of 49 new commercial certificates of occupancy. Commercial additions and remodels remained steady at 104 building permits, which exhibits a strong preference for both purchasing or leasing existing buildings and constructing new facilities.

Sales tax revenue increased by 6% for the City from FY2016 to FY2017. This has also been the trend for the first five (5) months of FY2018 having larger increases in sales tax when compared to FY2017.

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 6% from the previous year to an appraised value of just over \$2.3 billion in FY2018. The property tax base has expanded by a total of 59% since FY2012. The tax base is diverse, with the twenty leading taxpayers accounting for only 19% 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 headquarters, with the execution of a Chapter 380 Program Agreement with BMC Texas Sales, LLC;
- To develop a regional workforce training institution, with the development of Texas State Technical College;
- To assist in the addition of a Big-League Baseball Field at Seabourne Creek Park;
- To improve mobility by partnering with Fort Bend Transit to operate a transit system;
- 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.

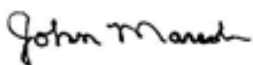
AWARDS AND ACKNOWLEDGEMENTS

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, 2016. *This was the 30th 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 FY2017. 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/Director of Finance



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

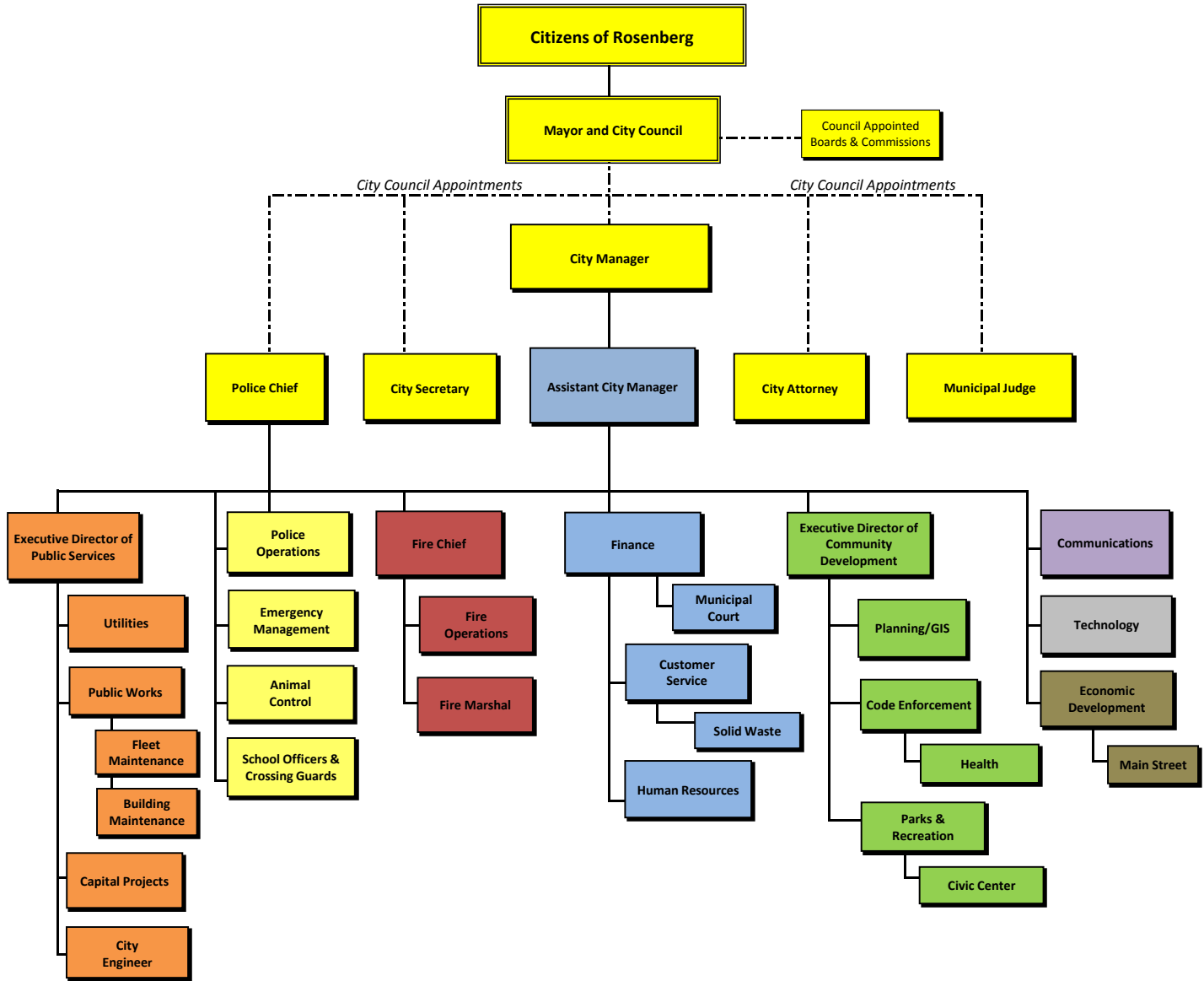
September 30, 2016

Christopher P. Morrill

Executive Director/CEO

**CITY OF ROSENBERG, TEXAS
2016-17 BUDGET**

ORGANIZATIONAL CHART



CITY OF ROSENBERG, TEXAS

PRINCIPAL OFFICIALS SEPTEMBER 30, 2017

Elected Officials	Position
William Benton	Mayor
Jacob Balderas	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

Appointed Officials	Position
John Maresh	City Manager
Denton Navarro Rocha Bernal & Zech	City Attorney
Cobb Fendley & Associates	City Engineer
Linda Cernosek	City Secretary
Phyllis Ross	Municipal Court Judge
Dallis Warren	Police Chief

City Management	Position
Joyce Vasut	Assistant City Manager/Director of Finance
Tonya Palmer-Machann	Building Official
Jenny Pavlovich	Communications Manager
Lori Remington	Director of Human Resources
Isaac Badu	Director of Information Services
Darren McCarthy	Director of Parks & Recreation
Rigo Calzoncin	Director of Public Works
Travis Tanner	Executive Director of Community Development
Jeremy Heath	Interim Director of Economic Development
Darrell Himly	Fire Chief

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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, 2017, 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, 2017, 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 – 13 and 61 – 66 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 19, 2018, 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 19, 2018

THIS PAGE LEFT BLANK INTENTIONALLY

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2017.

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 \$150,591,645 (net position). Of this amount, \$29,503,943 (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 \$8,293,664 from operations.
- As of September 30, 2017, the City's governmental funds reported an ending fund balance of \$44,066,904, an increase of \$1,876,129 in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$17,057,874, or 63% of total General Fund expenditures.
- The City's long-term debt increased by \$4,269,908 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 2016 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 \$150,591,645 as of September 30, 2017.

The largest portion of the City's net position (69%) 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 (20%) represents unrestricted financial resources available for future operations.

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

**Summary of Statement of Net Position
As of September 30, 2017 and 2016**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 59,312,191	\$ 53,994,937	\$ 22,541,635	\$ 21,464,900	\$ 81,853,826	\$ 75,459,837
Capital assets	<u>100,943,351</u>	<u>99,872,979</u>	<u>66,705,387</u>	<u>60,194,226</u>	<u>167,648,738</u>	<u>160,067,205</u>
Total assets	<u>160,255,542</u>	<u>153,867,916</u>	<u>89,247,022</u>	<u>81,659,126</u>	<u>249,502,564</u>	<u>235,527,042</u>
Deferred outflows of resources	<u>3,534,111</u>	<u>4,264,967</u>	<u>326,718</u>	<u>433,168</u>	<u>3,860,829</u>	<u>4,698,135</u>
Total deferred outflows	<u>3,534,111</u>	<u>4,264,967</u>	<u>326,718</u>	<u>433,168</u>	<u>3,860,829</u>	<u>4,698,135</u>
Long-term liabilities	91,964,591	86,830,645	3,672,325	4,536,363	95,636,916	91,367,008
Other liabilities	<u>3,914,909</u>	<u>3,995,779</u>	<u>2,575,869</u>	<u>2,214,848</u>	<u>6,490,778</u>	<u>6,210,627</u>
Total liabilities	<u>95,879,500</u>	<u>90,826,424</u>	<u>6,248,194</u>	<u>6,751,211</u>	<u>102,127,694</u>	<u>97,577,635</u>
Deferred inflows of resources	<u>589,552</u>	<u>317,332</u>	<u>54,502</u>	<u>32,229</u>	<u>644,054</u>	<u>349,561</u>
Total deferred Inflows of resources	<u>589,552</u>	<u>317,332</u>	<u>54,502</u>	<u>32,229</u>	<u>644,054</u>	<u>349,561</u>
Net position:						
Net investment, in capital assets	39,787,127	44,536,858	64,082,657	56,850,394	103,869,784	101,387,252
Restricted	17,217,918	13,429,994	-	-	17,217,918	13,429,994
Unrestricted	<u>10,315,556</u>	<u>9,022,275</u>	<u>19,188,387</u>	<u>18,458,460</u>	<u>29,503,943</u>	<u>27,480,735</u>
Total net position	<u>\$ 67,320,601</u>	<u>\$ 66,989,127</u>	<u>\$ 83,271,044</u>	<u>\$ 75,308,854</u>	<u>\$ 150,591,645</u>	<u>\$ 142,297,981</u>

Net position of the City, excluding component units, increased by \$8,293,664. Key elements of the increase are as follows:

**Changes in Net Position
For the Fiscal Years Ended September 30, 2017 and 2016**

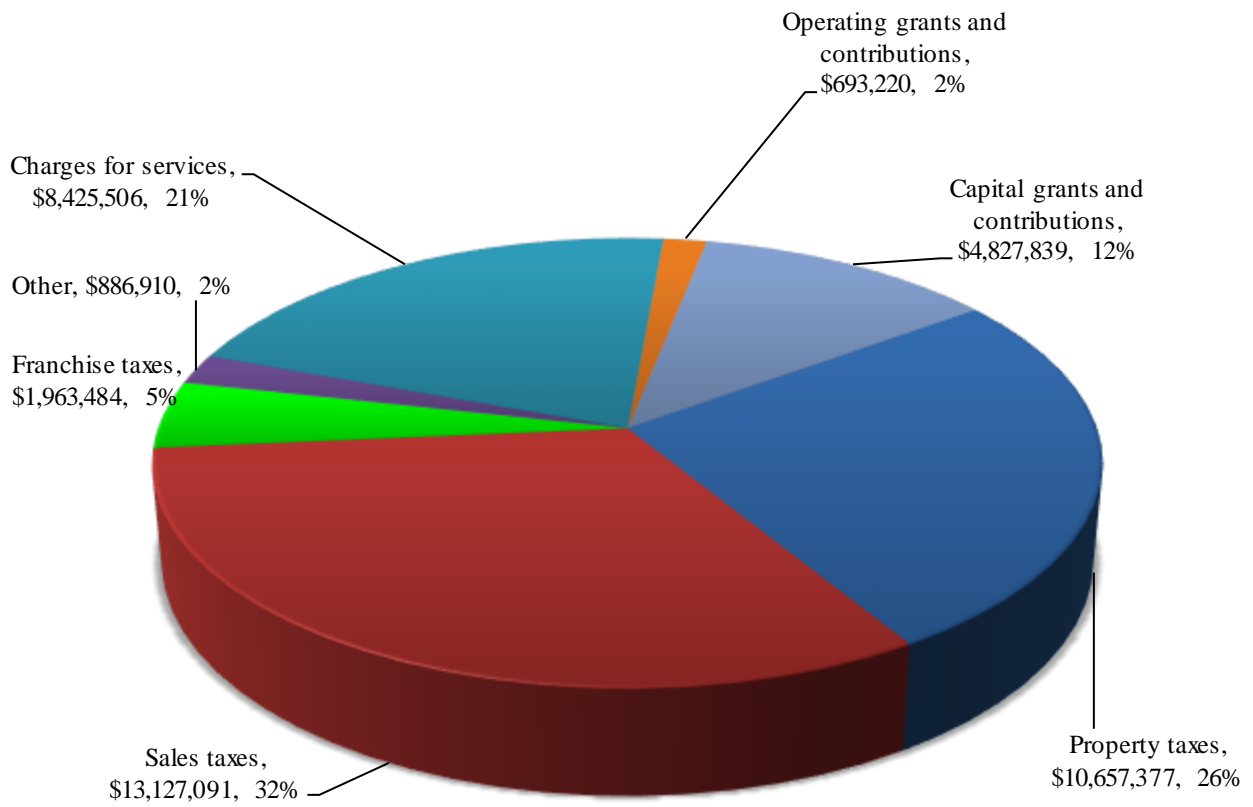
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 8,425,506	\$ 7,816,904	\$ 15,636,453	\$ 14,527,643	\$ 24,061,959	\$ 22,344,547
Operating grants and contributions	693,220	184,004	155,589	-	848,809	184,004
Capital grants and contributions	4,827,839	4,181,490	-	778,401	4,827,839	4,959,891
General revenues:						
Property taxes	10,657,377	9,573,741	-	-	10,657,377	9,573,741
Sales taxes	13,127,091	12,424,687	-	-	13,127,091	12,424,687
Franchise taxes	1,963,484	1,924,699	-	-	1,963,484	1,924,699
Investment interest	466,386	202,646	148,877	67,622	615,263	270,268
Gain on sale of capital asset	-	54,717	-	-	-	54,717
Miscellaneous	420,524	264,045	-	-	420,524	264,045
Total revenues	<u>40,581,427</u>	<u>36,626,933</u>	<u>15,940,919</u>	<u>15,373,666</u>	<u>56,522,346</u>	<u>52,000,599</u>
Expenses:						
General government	4,446,334	5,350,906	-	-	4,446,334	5,350,906
Public safety	17,405,764	15,997,582	-	-	17,405,764	15,997,582
Public works	9,408,265	9,224,710	-	-	9,408,265	9,224,710
Community development	3,885,492	3,704,464	-	-	3,885,492	3,704,464
Water and sewer	-	-	10,386,479	9,445,663	10,386,479	9,445,663
Civic center rentals	-	-	333,868	294,626	333,868	294,626
Interest and fiscal charges	2,362,480	2,140,471	-	-	2,362,480	2,140,471
Debt issuance cost	-	85,470	-	-	-	85,470
Total expenses	<u>37,508,335</u>	<u>36,503,603</u>	<u>10,720,347</u>	<u>9,740,289</u>	<u>48,228,682</u>	<u>46,243,892</u>
Increases in net assets before transfers	3,073,092	123,330	5,220,572	5,633,377	8,293,664	5,756,707
Transfers	(2,741,618)	(414,816)	2,741,618	414,816	-	-
Increase in net position	331,474	(291,486)	7,962,190	6,048,193	8,293,664	5,756,707
Net position, beginning	<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>
Net position, ending	<u>\$ 67,320,601</u>	<u>\$ 66,989,127</u>	<u>\$ 83,271,044</u>	<u>\$ 75,308,854</u>	<u>\$ 150,591,645</u>	<u>\$ 142,297,981</u>

There was a increase of \$331,474 in net position in connection with operation of the City’s governmental activities. This increase was primarily a result of an increase in revenues received from both property tax and sales tax.

The City’s business-type net position increased by \$7,962,190 from operations. The primary reason for the increase from operations is due to an increase in customers and an increase in transfers from capital project funds which funded water/wastewater assets. 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 as mandated by the Fort Bend Subsidence District.

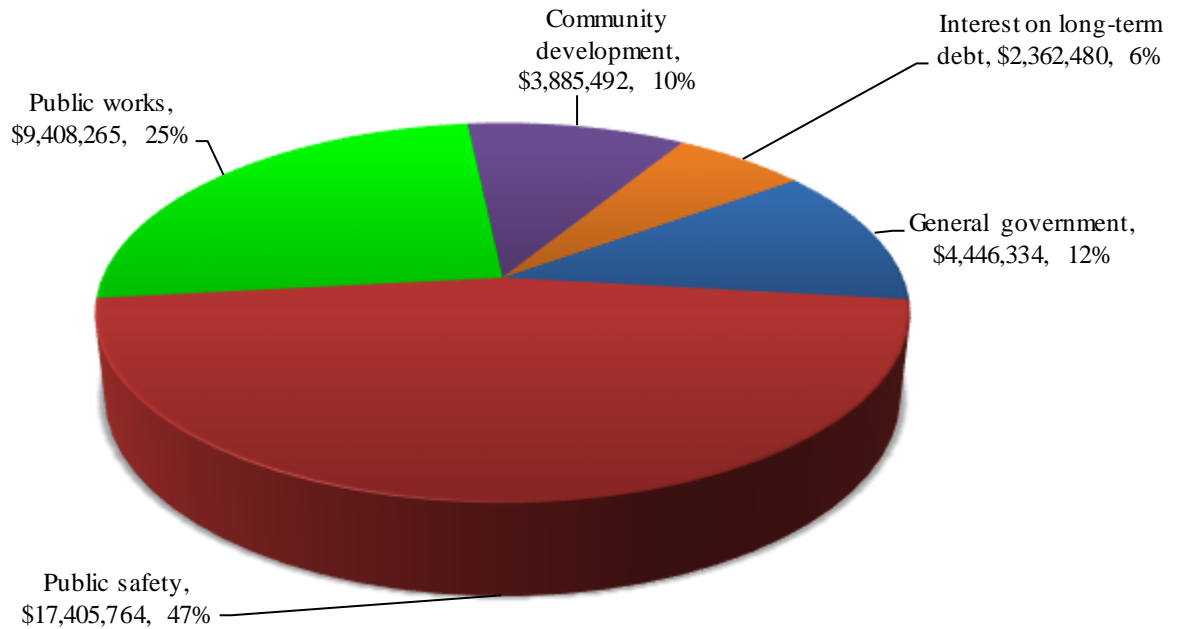
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City’s activities:

Governmental Activities - Revenues



For the fiscal year ended September 30, 2017, revenues from governmental activities totaled \$40,581,427.

Governmental Activities - Expenses



For the fiscal year ended September 30, 2017, expenses for governmental activities totaled \$37,508,335.

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, 2017, 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 \$44,066,904, which is an increase of \$1,876,129 from last year's total of \$42,190,775. 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 63% of total General Fund expenditures.

The fund balance of the General Fund increased by \$1,398,016 during the fiscal year. This increase can be attributed to the City's ability to keep operating expenditures below budget across all departments and an increase in sales tax and property taxes.

The Debt Service Fund has a fund balance of \$5,681,677, all of which is restricted for the payment of debt service. The net increase in fund balance for the year was \$188,941.

The RDC Projects Fund has a fund balance of \$2,698,411. The net decrease in fund balance for the year was \$1,046,402. This fund is used to account for the various projects that have been funded by the Rosenberg Development Corporation and the decrease in fund balance is due to the continued funding of these projects.

The 2016 Certificates of Obligation fund has a fund balance of \$9,979,523. The increase in fund balance for the year is attributable to the issuance of debt to be used for capital projects in the City.

The Bryan Road County Mobility Project fund has a deficit fund balance of \$(98,147). The decrease was caused by funding not being received soon enough to pay for the current period's expenditures.

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 \$19,188,387. The increase in total net position for the year was \$7,962,190. This increase relates to operating income of \$5,020,143. 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 \$972,100 in appropriations between the original and final amended budget for revenues and an increase of \$1,178,624 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 the end of the 2017 fiscal year, the actual revenue collected for the General Fund exceeded the budget by \$673,899. This can be primarily attributed to higher than anticipated sales and use taxes, as well as intergovernmental revenues.

Actual expenditures for the General Fund were \$2,188,215 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, 2017, amounts to \$167,648,738 (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	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	\$ 6,117,623	\$ 6,117,623	\$ 363,209	\$ 363,209	\$ 6,480,832	\$ 6,480,832
Construction in progress	11,475,302	12,128,245	9,757,662	9,568,166	21,232,964	21,696,411
Other capital assets:						
Buildings and improvements	13,452,938	13,257,811	-	-	13,452,938	13,257,811
Machinery and equipment	15,496,747	14,589,536	2,458,229	2,393,029	17,954,976	16,982,565
Infrastructure	106,658,212	102,140,302	-	-	106,658,212	102,140,302
Water and wastewater system	-	-	89,225,026	79,995,029	89,225,026	79,995,029
Accumulated depreciation on other capital assets	(52,257,471)	(48,360,538)	(35,098,739)	(32,125,207)	(87,356,210)	(80,485,745)
Totals	<u>\$ 100,943,351</u>	<u>\$ 99,872,979</u>	<u>\$ 66,705,387</u>	<u>\$ 60,194,226</u>	<u>\$ 167,648,738</u>	<u>\$ 160,067,205</u>

Additional information on the City's capital assets can be found in 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 \$95,636,916. As of September 30, 2017, the City's OPEB obligation is \$7,836,001.

Schedule of Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General Obligation	\$ 15,460,000	\$ 12,050,000	\$ -	\$ -	\$ 15,460,000	\$ 12,050,000
Revenue bonds	-	-	252,000	273,000	252,000	273,000
Certificates of obligation	55,595,000	55,265,000	-	-	55,595,000	55,265,000
Tax notes	-	-	-	-	-	-
Bonds issuance premiums	1,613,624	1,054,554	-	-	1,613,624	1,054,554
Loss on refunding bonds	-	-	-	-	-	-
Notes payable	-	-	1,215,771	1,819,225	1,215,771	1,819,225
Capital leases payable	-	-	1,154,959	1,251,607	1,154,959	1,251,607
Compensated absences	656,488	542,357	50,849	63,847	707,337	606,204
Net pension liability	10,803,478	11,113,023	998,746	1,128,684	11,802,224	12,241,707
OPEB obligation	<u>7,836,001</u>	<u>6,805,711</u>	<u>-</u>	<u>-</u>	<u>7,836,001</u>	<u>6,805,711</u>
Totals	<u>\$ 91,964,591</u>	<u>\$ 86,830,645</u>	<u>\$ 3,672,325</u>	<u>\$ 4,536,363</u>	<u>\$ 95,636,916</u>	<u>\$ 91,367,008</u>

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

ECONOMIC FACTORS

City Council approved the FY 2018 budget on September 6, 2017, 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 \$2.344 billion for Tax Year 2017 represents an increase of \$145.6 million or 6.% from the Tax Year 2016 valuation.
- The City's adopted tax rate for FY 2018 of \$0.462 per \$100 of taxable valuation is slightly lower than the FY 2017 tax rate and is slightly lower than the effective tax rate.
- Sales tax revenues for FY 2018 are budgeted at \$12,900,000 which is \$1,000,000 more than the FY 2017 budget.
- The Water Subsidence Fee increased from \$1.80 per 1,000 gallons to \$2.20 per 1,000 gallons in FY 2017.
- There is a total of 277 full-time positions for FY 2018 which includes an increase of seven (7) full-time positions over FY 2017 adopted budget. The increase includes four (4) positions that were added during FY 2017 for the Community Oriented Policing Program. The Administration Technician for the Parks Department was converted to a Human Resources Generalist. The FY 2018 budget also includes the addition of two (2) positions including: a Purchasing Agent/Contract Administrator and an Administrative Technician for the Animal Control Department. Additionally, two positions were converted from part-time to full-time, including the Crime Analyst in the Police Department and the Administrative Technician in Code Enforcement. Finally, the Maintenance and Operations Technician was removed from the Parks Department due to an increase in the contracts for mowing.
- An average of 2½% merit increase was included in the FY 2018 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, Assistant City Manager/Director of Finance, P. O. Box 32, Rosenberg, Texas 77471-0032.

CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
ASSETS				
Cash and investments	\$ 47,453,286	\$ 11,417,237	\$ 58,870,523	\$ 6,513,281
Receivables	8,859,308	2,065,729	10,925,037	778,892
Prepaid expenses	17,279	321,517	338,796	295
Inventory	20,618	-	20,618	-
Restricted cash and cash equivalents	-	8,737,152	8,737,152	-
Note from component unit	2,961,700	-	2,961,700	-
Capital assets, net of accumulated depreciation:				
Nondepreciable	17,592,925	10,120,871	27,713,796	-
Depreciable	<u>83,350,426</u>	<u>56,584,516</u>	<u>139,934,942</u>	-
Total assets	<u>160,255,542</u>	<u>89,247,022</u>	<u>249,502,564</u>	<u>7,292,468</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for TMRS	<u>3,534,111</u>	<u>326,718</u>	<u>3,860,829</u>	-
Total deferred outflow of resources	<u>3,534,111</u>	<u>326,718</u>	<u>3,860,829</u>	-
LIABILITIES				
Accounts payable	2,939,124	1,237,829	4,176,953	470,358
Accrued liabilities	730,144	61,666	791,810	-
Due to other governments	69,335	-	69,335	-
Accrued interest payable	176,306	13,065	189,371	-
Customer deposits	-	1,263,309	1,263,309	-
Noncurrent liabilities:				
Due within one year	5,000,649	749,570	5,750,219	559,840
Due in more than one year	<u>86,963,942</u>	<u>2,922,755</u>	<u>89,886,697</u>	<u>2,401,860</u>
Total liabilities	<u>95,879,500</u>	<u>6,248,194</u>	<u>102,127,694</u>	<u>3,432,058</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow for TMRS	<u>589,552</u>	<u>54,502</u>	<u>644,054</u>	-
Total deferred inflows of resources	<u>589,552</u>	<u>54,502</u>	<u>644,054</u>	-
NET POSITION				
Net investment in capital assets	39,787,127	64,082,657	103,869,784	-
Restricted for:				
Debt service	5,635,765	-	5,635,765	-
Community development	3,671,195	-	3,671,195	-
Public works projects	4,538,313	-	4,538,313	-
Court security and technology	208,429	-	208,429	-
Law enforcement	695,026	-	695,026	-
Fire services	771,311	-	771,311	-
Economic development	1,697,879	-	1,697,879	-
Unrestricted	<u>10,315,556</u>	<u>19,188,387</u>	<u>29,503,943</u>	<u>3,860,410</u>
Total net position	<u>\$ 67,320,601</u>	<u>\$ 83,271,044</u>	<u>\$ 150,591,645</u>	<u>\$ 3,860,410</u>

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

CITY OF ROSENBERG, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,446,334	\$ 938,557	\$ -	\$ -
Public safety	17,405,764	2,477,945	619,120	147,420
Public works	9,408,265	4,977,523	74,100	4,451,229
Community development	3,885,492	31,481	-	229,190
Interest on long-term debt	2,362,480	-	-	-
Total governmental activities	<u>37,508,335</u>	<u>8,425,506</u>	<u>693,220</u>	<u>4,827,839</u>
Business-type activities:				
Water and sewer	10,386,479	15,533,848	155,589	-
Civic center rentals	333,868	102,605	-	-
Total business-type activities	<u>10,720,347</u>	<u>15,636,453</u>	<u>155,589</u>	<u>-</u>
Total primary government	<u>48,228,682</u>	<u>24,061,959</u>	<u>848,809</u>	<u>4,827,839</u>
Component unit				
Rosenberg Development Corporation	803,507	-	-	-
Total component unit	<u>\$ 803,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Taxes:
 Property
 Sales
 Franchise
Investment earnings
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
\$(3,507,777)	\$ -	\$(3,507,777)	\$ -
(14,161,279)	-	(14,161,279)	-
94,587	-	94,587	-
(3,624,821)	-	(3,624,821)	-
(2,362,480)	-	(2,362,480)	-
<u>(23,561,770)</u>	<u>-</u>	<u>(23,561,770)</u>	<u>-</u>
-	5,302,958	5,302,958	-
<u>-</u>	<u>(231,263)</u>	<u>(231,263)</u>	<u>-</u>
<u>-</u>	<u>5,071,695</u>	<u>5,071,695</u>	<u>-</u>
<u>(23,561,770)</u>	<u>5,071,695</u>	<u>(18,490,075)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(803,507)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(803,507)</u>
10,657,377	-	10,657,377	-
13,127,091	-	13,127,091	4,075,039
1,963,484	-	1,963,484	-
466,386	148,877	615,263	35,598
420,524	-	420,524	-
<u>(2,741,618)</u>	<u>2,741,618</u>	<u>-</u>	<u>-</u>
<u>23,893,244</u>	<u>2,890,495</u>	<u>26,783,739</u>	<u>4,110,637</u>
331,474	7,962,190	8,293,664	3,307,130
<u>66,989,127</u>	<u>75,308,854</u>	<u>142,297,981</u>	<u>553,280</u>
<u>\$ 67,320,601</u>	<u>\$ 83,271,044</u>	<u>\$ 150,591,645</u>	<u>\$ 3,860,410</u>

CITY OF ROSENBERG, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General	Debt Service
ASSETS		
Cash and investments	\$ 15,658,970	\$ 5,676,301
Receivables:		
Taxes	2,592,262	146,678
Accounts	632,948	-
Other	575,600	-
Intergovernmental	583,044	2,774
Due from other funds	44,446	-
Inventory	20,618	-
Prepays expenses	14,973	-
Notes receivable	-	2,961,700
Total assets	20,122,861	8,787,453
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities:		
Accounts payable	1,883,799	3,501
Accrued liabilities	684,258	-
Due to state	69,335	-
Due to other funds	-	-
Unearned revenue	-	-
Total liabilities	2,637,392	3,501
Deferred Inflows:		
Unavailable revenue - property taxes	145,376	140,575
Unavailable revenue - court fines	99,208	-
Unavailable revenue - grants	147,420	-
Receivable from component unit	-	2,961,700
Total deferred inflows of resources	392,004	3,102,275
Fund balances:		
Nonspendable	35,591	-
Restricted	-	5,681,677
Unassigned	17,057,874	-
Total fund balances	17,093,465	5,681,677
Total liabilities, deferred inflows, and fund balances	\$ 20,122,861	\$ 8,787,453

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

Capital Projects				
RDC Projects	2016 Certificates of Obligation	Bryan Road County Mobility Project	Other Governmental	Total Governmental Funds
\$ 2,811,402	\$ 9,979,523	\$ -	\$ 9,233,656	\$ 43,359,852
-	-	-	99,029	2,837,969
-	-	-	-	632,948
-	-	-	8,201	583,801
-	-	4,026,515	189,565	4,801,898
-	-	-	-	44,446
-	-	-	-	20,618
-	-	-	1,981	16,954
-	-	-	-	2,961,700
<u>2,811,402</u>	<u>9,979,523</u>	<u>4,026,515</u>	<u>9,532,432</u>	<u>55,260,186</u>
112,991	-	53,701	774,571	2,828,563
-	-	-	45,886	730,144
-	-	-	-	69,335
-	-	44,446	-	44,446
-	-	3,928,368	-	3,928,368
<u>112,991</u>	<u>-</u>	<u>4,026,515</u>	<u>820,457</u>	<u>7,600,856</u>
-	-	-	-	285,951
-	-	-	-	99,208
-	-	98,147	-	245,567
-	-	-	-	2,961,700
<u>-</u>	<u>-</u>	<u>98,147</u>	<u>-</u>	<u>3,592,426</u>
-	-	-	1,981	37,572
2,698,411	9,979,523	-	8,709,994	27,069,605
-	-	(98,147)	-	16,959,727
<u>2,698,411</u>	<u>9,979,523</u>	<u>(98,147)</u>	<u>8,711,975</u>	<u>44,066,904</u>
<u>\$ 2,811,402</u>	<u>\$ 9,979,523</u>	<u>\$ 4,026,515</u>	<u>\$ 9,532,432</u>	<u>\$ 55,260,186</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF ROSENBERG, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balances - governmental funds balance sheet \$ 44,066,904

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

Capital assets used in governmental activities are not reported in the funds. 99,170,955

Certain receivables will not be collected soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.

Property tax receivables	285,951
Court fines and fees receivable	99,208
Grant receivables	4,173,935
Note from component unit	2,961,700

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. 5,758,286

Accrued bond interest is not due and payable in the current period and therefore is not reported in the funds. (176,306)

Long-term liabilities and deferred losses on bond refundings reported as deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds. A summary of these items are as follows:

Long-term liabilities:	
Bonds payable	(71,055,000)
Compensated absences	(656,488)
Net OPEB obligation	(7,836,001)
Unamortized premium	(1,613,624)

Included in the items related to long-term liabilities is the recognition of the City's net pension liability and a deferred outflow of resources and deferred inflows of resources related to the net pension liability

Long-term liabilities:	
Net pension liability	(10,803,478)
Deferred outflows of resources:	
Pension related deferred outflow of resources	3,534,111
Deferred inflows of resources:	
Pension related deferred inflow of resources	<u>(589,552)</u>

Net position of governmental activities \$ 67,320,601

CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	General	Debt Service
REVENUES		
Taxes:		
Property	\$ 5,798,665	\$ 4,855,806
Sales	12,521,827	-
Franchise	1,901,396	-
Licenses and permits	753,493	-
Fines and forfeitures	557,293	-
Fees and charges for service	4,616,700	-
Intergovernmental	1,646,000	704,781
Investment earnings	119,659	42,218
Other	415,052	-
Total revenues	28,330,085	5,602,805
EXPENDITURES		
Current:		
General government	3,710,554	-
Public safety	13,855,248	-
Public works	5,894,608	-
Community development	2,684,954	-
Capital outlay	868,011	-
Debt service:		
Principal retirement	-	5,660,000
Interest and service charges	-	2,246,523
Debt issuance costs	-	117,176
Total expenditures	27,013,375	8,023,699
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,316,710	(2,420,894)
OTHER FINANCING SOURCES (USES)		
Debt issuance	-	-
Refunding bonds issued	-	7,390,000
Insurance proceeds	19,900	-
Sale of capital assets	114,505	-
Premium on debt issued	-	512,691
Payment to refunded bond escrow agent	-	(7,841,447)
Transfers in	1,633,540	2,548,591
Transfers out	(1,686,639)	-
Total other financing sources (uses)	81,306	2,609,835
NET CHANGE IN FUND BALANCES	1,398,016	188,941
FUND BALANCES, BEGINNING	15,695,449	5,492,736
FUND BALANCES, ENDING	\$ 17,093,465	\$ 5,681,677

<u>RDC Projects</u>	<u>2016 Certificates of Obligation</u>	<u>Bryan Road County Mobility Project</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,654,471
-	-	-	605,264	13,127,091
-	-	-	62,088	1,963,484
-	-	-	-	753,493
-	-	-	106,541	663,834
-	-	-	-	4,616,700
137,174	-	-	1,442,214	3,930,169
24,453	101,841	-	148,945	437,116
-	-	-	283,699	698,751
<u>161,627</u>	<u>101,841</u>	<u>-</u>	<u>2,648,751</u>	<u>36,845,109</u>
404	-	-	76,543	3,787,501
-	-	-	1,468,698	15,323,946
-	-	-	-	5,894,608
472,856	-	-	255,982	3,413,792
734,769	-	98,147	4,114,156	5,815,083
-	-	-	-	5,660,000
-	-	-	-	2,246,523
-	121,942	-	-	239,118
<u>1,208,029</u>	<u>121,942</u>	<u>98,147</u>	<u>5,915,379</u>	<u>42,380,571</u>
(1,046,402)	(20,101)	(98,147)	(3,266,628)	(5,535,462)
-	9,825,000	-	-	9,825,000
-	-	-	-	7,390,000
-	-	-	-	19,900
-	-	-	-	114,505
-	174,624	-	-	687,315
-	-	-	-	(7,841,447)
-	-	-	2,744,583	6,926,714
-	-	-	(8,023,757)	(9,710,396)
<u>-</u>	<u>9,999,624</u>	<u>-</u>	<u>(5,279,174)</u>	<u>7,411,591</u>
(1,046,402)	9,979,523	(98,147)	(8,545,802)	1,876,129
<u>3,744,813</u>	<u>-</u>	<u>-</u>	<u>17,257,777</u>	<u>42,190,775</u>
<u>\$ 2,698,411</u>	<u>\$ 9,979,523</u>	<u>\$ (98,147)</u>	<u>\$ 8,711,975</u>	<u>\$ 44,066,904</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2017

Net change in fund balances - total governmental funds	\$	1,876,129
Amounts reported for governmental activities in the statement of activities are different because:		
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.		846,831
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,572,643
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Repayment of principal of long-term debt		5,660,000
Issuance of new long-term debt	(9,999,624)
Bond refunding	(87,691)
Amortization of:		
Premiums on long-term debt		128,245
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	(114,131)
Net OPEB obligation	(1,030,290)
Net pension obligation	(693,531)
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.	(5,084)
The net income (loss) of certain activities of Internal Service Funds is reported with governmental activities.		<u>177,977</u>
Change in net position of governmental activities	\$	<u>331,474</u>

CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2017

	Business-type Activities Enterprise Fund		Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Civic Center Rentals		
ASSETS				
Current assets:				
Cash and investments	\$ 11,276,222	\$ 141,015	\$ 11,417,237	\$ 4,093,434
Receivables:				
Accounts, net of allowance	2,065,729	-	2,065,729	-
Other	-	-	-	2,692
Prepaid expenses	321,218	299	321,517	325
Restricted cash and cash equivalents	8,737,152	-	8,737,152	-
Total current assets	<u>22,400,321</u>	<u>141,314</u>	<u>22,541,635</u>	<u>4,096,451</u>
Noncurrent assets:				
Capital assets:				
Land	363,209	-	363,209	-
Machinery and equipment	2,458,229	-	2,458,229	4,912,948
Water and wastewater system	89,225,026	-	89,225,026	-
Construction-in-progress	9,722,678	34,984	9,757,662	-
Less: accumulated depreciation	(35,098,739)	-	(35,098,739)	(3,140,552)
Total noncurrent assets	<u>66,670,403</u>	<u>34,984</u>	<u>66,705,387</u>	<u>1,772,396</u>
Total assets	<u>89,070,724</u>	<u>176,298</u>	<u>89,247,022</u>	<u>5,868,847</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for TMRS	<u>293,671</u>	<u>33,047</u>	<u>326,718</u>	<u>-</u>
Total deferred outflows of resources	<u>293,671</u>	<u>33,047</u>	<u>326,718</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,228,036	9,793	1,237,829	110,561
Accrued liabilities	53,849	7,817	61,666	-
Compensated absences	4,580	505	5,085	-
Payable from restricted assets:				
Deposits	1,262,309	1,000	1,263,309	-
Accrued interest payable	13,065	-	13,065	-
Capital lease payable	101,723	-	101,723	-
Note payable	621,762	-	621,762	-
Revenue bonds payable	21,000	-	21,000	-
Total current liabilities	<u>3,306,324</u>	<u>19,115</u>	<u>3,325,439</u>	<u>110,561</u>
Noncurrent liabilities:				
Compensated absences	41,218	4,546	45,764	-
Capital lease payable	1,053,236	-	1,053,236	-
Note payable	594,009	-	594,009	-
Revenue bonds payable	231,000	-	231,000	-
Net pension liability	897,728	101,018	998,746	-
Total noncurrent liabilities	<u>2,817,191</u>	<u>105,564</u>	<u>2,922,755</u>	<u>-</u>
Total liabilities	<u>6,123,515</u>	<u>124,679</u>	<u>6,248,194</u>	<u>110,561</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow for TMRS	<u>48,990</u>	<u>5,512</u>	<u>54,502</u>	<u>-</u>
Total deferred inflows of resources	<u>48,990</u>	<u>5,512</u>	<u>54,502</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	64,047,673	34,984	64,082,657	1,772,396
Unrestricted	<u>19,144,217</u>	<u>44,170</u>	<u>19,188,387</u>	<u>3,985,890</u>
Total net position	<u>\$ 83,191,890</u>	<u>\$ 79,154</u>	<u>\$ 83,271,044</u>	<u>\$ 5,758,286</u>

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

CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities Enterprise Fund		Governmental Activities Internal	
	Water and Wastewater	Civic Center Rentals	Service Funds	
		Total		
OPERATING REVENUES				
Water	\$ 10,219,961	\$ -	\$ 10,219,961	\$ 4,570,767
Sewer	5,296,433	-	5,296,433	-
Charges for services	17,454	102,605	120,059	-
Total operating revenues	<u>15,533,848</u>	<u>102,605</u>	<u>15,636,453</u>	<u>4,570,767</u>
OPERATING EXPENSES				
Cost of sales and services	7,272,937	333,868	7,606,805	4,128,197
Depreciation	3,009,505	-	3,009,505	335,927
Total operating expenses	<u>10,282,442</u>	<u>333,868</u>	<u>10,616,310</u>	<u>4,464,124</u>
OPERATING INCOME	<u>5,251,406</u>	<u>(231,263)</u>	<u>5,020,143</u>	<u>106,643</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	155,589	-	155,589	-
Investment earnings	147,819	1,058	148,877	29,270
Interest expense	(104,037)	-	(104,037)	-
Total nonoperating revenues (expenses)	<u>199,371</u>	<u>1,058</u>	<u>200,429</u>	<u>29,270</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,450,777	(230,205)	5,220,572	135,913
Transfers in	6,469,098	328,200	6,797,298	42,064
Transfers out	(3,993,111)	(62,569)	(4,055,680)	-
CHANGE IN NET POSITION	7,926,764	35,426	7,962,190	177,977
NET POSITION, BEGINNING	<u>75,265,126</u>	<u>43,728</u>	<u>75,308,854</u>	<u>5,580,309</u>
NET POSITION, ENDING	<u>\$ 83,191,890</u>	<u>\$ 79,154</u>	<u>\$ 83,271,044</u>	<u>\$ 5,758,286</u>

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

CITY OF ROSENBERG, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	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	\$ 15,499,577	\$ 102,020	\$ 15,601,597	\$ 4,571,721
Disbursed for goods and services to suppliers	(5,414,497)	(189,791)	(5,604,288)	(9,347)
Disbursed for personnel services	(1,612,070)	(136,537)	(1,748,607)	(4,015,393)
Net cash provided by operating activities	<u>8,473,010</u>	<u>(224,308)</u>	<u>8,248,702</u>	<u>546,981</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other funds	6,469,098	328,200	6,797,298	42,064
Transfers to other funds	(3,993,111)	(62,569)	(4,055,680)	-
Net cash provided (used) by noncapital financing activities	<u>2,631,576</u>	<u>265,631</u>	<u>2,897,207</u>	<u>42,064</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(721,102)	-	(721,102)	-
Interest paid on capital debt	(106,375)	-	(106,375)	-
Acquisition and construction of capital assets	(9,485,682)	(34,984)	(9,520,666)	(559,468)
Net cash used for capital and related financing activities	<u>(10,313,159)</u>	<u>(34,984)</u>	<u>(10,348,143)</u>	<u>(559,468)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	147,819	1,058	148,877	29,270
Net cash provided by investing activities	<u>147,819</u>	<u>1,058</u>	<u>148,877</u>	<u>29,270</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	939,246	7,397	946,643	58,847
CASH AND CASH EQUIVALENTS, BEGINNING	<u>19,074,128</u>	<u>133,618</u>	<u>19,207,746</u>	<u>4,034,587</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 20,013,374</u>	<u>\$ 141,015</u>	<u>\$ 20,154,389</u>	<u>\$ 4,093,434</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 5,251,406	\$(231,263)	\$ 5,020,143	\$ 106,643
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation and amortization	3,009,505	-	3,009,505	335,927
Decrease (increase) in accounts receivable	(200,679)	-	(200,679)	24
Decrease (increase) in due from other funds	95,000	-	95,000	-
Decrease (increase) in other assets	(24,218)	(195)	(24,413)	13,711
Decrease (increase) in deferred outflows	99,093	7,357	106,450	-
Increase (decrease) in accounts payable and accrued liabilities	277,096	2,051	279,147	90,676
Increase (decrease) in accrued liabilities	(10,766)	(258)	(11,024)	-
Increase in customer deposits	95,626	(390)	95,236	-
Increase (decrease) in net pension liability	(125,678)	(4,260)	(129,938)	-
Increase (decrease) in deferred inflows	19,767	2,506	22,273	-
Increase (decrease) in compensated absences	(13,142)	144	(12,998)	-
Total adjustments	<u>3,221,604</u>	<u>6,955</u>	<u>3,228,559</u>	<u>440,338</u>
Net cash provided by operating activities	<u>\$ 8,473,010</u>	<u>\$(224,308)</u>	<u>\$ 8,248,702</u>	<u>\$ 546,981</u>

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

CITY OF ROSENBERG, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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 3825 Highway 36 S, 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.

2016 Certificates of Obligation – This fund is used to account for the proceeds from the 2016 Certificate of Obligation issue. These proceeds will be used for street, drainage and utility improvements to City streets as well as improvements and repairs to the City’s water and wastewater system.

Bryan Road County Mobility Project – This fund is used to account for improvements made to Bryan Road funded by resources provided by Fort Bend County.

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.

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, which are reported at net asset value per share.

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 and prepaid items

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).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 the following items that qualify for reporting in this category:

- Differences between expected and actual economic experience – The effects on the total pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Changes in actuarial assumptions – The effects on the total pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Deferred inflows from property taxes, municipal court fines, and a receivable from the component unit.
- Unavailable revenue – Receivables not collected soon enough to pay for the current period's expenditures. This item arises only under the modified accrual basis of accounting.

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. 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.

B. Deficit Equity Balances

The Bryan Road County Mobility Project fund (capital projects fund – major) had a deficit fund balance of \$98,417. The deficit is a result of timing differences between when expenditures were incurred and when they will be reimbursed by Fort Bend County. This deficit will be eliminated when the City receives reimbursement from Fort Bend County.

III. 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, 2017, are shown below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Primary government:		
Cash demand deposits	\$ 1,472,103	\$ 1,472,103
Certificates of Deposit	<u>8,118,081</u>	<u>8,118,081</u>
Total cash and cash equivalents	<u>9,590,184</u>	<u>9,590,184</u>
Component unit		
Cash demand deposits	142,853	142,853
Certificates of Deposit	<u>246,014</u>	<u>246,014</u>
Total cash and cash equivalents	<u>\$ 388,867</u>	<u>\$ 388,867</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, 2017, 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	\$ 17,649,907	42
TexPool	13,094,720	37
Lone Star	7,258,675	21
Texas Class	<u>20,014,189</u>	53
Total investments	<u>58,017,491</u>	42
Component unit		
TexPool	<u>6,124,414</u>	30
Total cash and cash equivalents	<u>\$ 6,124,414</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.

LOGIC, TexPool, Lone Star, and Texas Class each have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

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, 2017, 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, 2017, the Enterprise Fund held restricted cash and temporary investments for the following purposes:

Subsidence and Impact Fees	\$ <u>8,737,152</u>
Total	\$ <u><u>8,737,152</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 \$10,584,242 on the total adjusted taxable valuation of \$2,199,121,566 for the 2016 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					Total	Business-type
	General	Debt Service	Bryan Road		Internal Service		Water and Wastewater
			County Mobility Project	Nonmajor Funds			
Receivables:							
Taxes	\$ 2,593,000	\$ 147,411	\$ -	\$ 99,029	\$ -	\$ 2,839,440	\$ -
Accounts	642,310	-	-	-	-	642,310	2,097,331
Intergovernmenta	583,044	2,774	4,026,515	189,565	-	4,801,898	-
Court fines	1,208,337	-	-	-	-	1,208,337	-
Other	540,762	-	-	8,201	2,692	551,655	-
Notes	-	2,961,700	-	-	-	2,961,700	-
Gross receivables	<u>5,567,453</u>	<u>3,111,885</u>	<u>4,026,515</u>	<u>296,795</u>	<u>2,692</u>	<u>13,005,340</u>	<u>2,097,331</u>
Less: allowance for uncollectibles	(1,183,599)	(733)	-	-	-	(1,184,332)	(31,602)
Net total receivable	<u>\$ 4,383,854</u>	<u>\$ 3,111,152</u>	<u>\$ 4,026,515</u>	<u>\$ 296,795</u>	<u>\$ 2,692</u>	<u>\$ 11,821,008</u>	<u>\$ 2,065,729</u>

Component Unit

	Rosenberg Development Corporation
Receivables:	
Taxes	\$ <u>778,892</u>
Total	\$ <u>778,892</u>

E. Capital Assets

Capital assets activity for the year ended September 30, 2017 was as follows:

	Balance Beginning	Increases	Decreases / Reclassification	Balance Ending
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,117,623	\$ -	\$ -	\$ 6,117,623
Construction in progress	<u>12,128,245</u>	<u>4,017,292</u>	<u>(4,670,235)</u>	<u>11,475,302</u>
Total capital assets not being depreciated	<u>18,245,868</u>	<u>4,017,292</u>	<u>(4,670,235)</u>	<u>17,592,925</u>
Capital assets being depreciated:				
Buildings and improvements	13,257,811	-	195,127	13,452,938
Machinery and equipment	14,589,536	1,171,858	(250,129)	15,511,265
Infrastructure	<u>102,140,302</u>	<u>42,802</u>	<u>4,460,590</u>	<u>106,643,694</u>
Total capital assets being depreciated	<u>129,987,649</u>	<u>1,214,660</u>	<u>4,405,588</u>	<u>135,607,897</u>
Less: accumulated depreciation for:				
Buildings and improvements	(6,232,533)	(339,341)	-	(6,571,874)
Machinery and equipment	(8,626,197)	(1,206,122)	264,647	(9,567,672)
Infrastructure	<u>(33,501,808)</u>	<u>(2,616,117)</u>	<u>-</u>	<u>(36,117,925)</u>
Total accumulated depreciation	<u>(48,360,538)</u>	<u>(4,161,580)</u>	<u>264,647</u>	<u>(52,257,471)</u>
Total capital assets being depreciated, net	<u>81,627,111</u>	<u>(2,946,920)</u>	<u>4,670,235</u>	<u>83,350,426</u>
Governmental activities, capital assets, net	<u>\$ 99,872,979</u>	<u>\$ 1,070,372</u>	<u>\$ -</u>	<u>\$ 100,943,351</u>
	Balance Beginning	Increases	Decreases	Balance Ending
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 363,209	\$ -	\$ -	\$ 363,209
Construction in progress	<u>9,568,166</u>	<u>9,419,493</u>	<u>(9,229,997)</u>	<u>9,757,662</u>
Total capital assets not being depreciated	<u>9,931,375</u>	<u>9,419,493</u>	<u>(9,229,997)</u>	<u>10,120,871</u>
Capital assets being depreciated:				
Machinery and equipment	2,393,029	101,173	(35,973)	2,458,229
Water and wastewater system	<u>79,995,029</u>	<u>-</u>	<u>9,229,997</u>	<u>89,225,026</u>
Total capital assets being depreciated	<u>82,388,058</u>	<u>101,173</u>	<u>9,194,024</u>	<u>91,683,255</u>
Less: accumulated depreciation for:				
Machinery and equipment	(1,631,494)	(109,396)	35,973	(1,704,917)
Water and wastewater system	<u>(30,493,713)</u>	<u>(2,900,109)</u>	<u>-</u>	<u>(33,393,822)</u>
Total accumulated depreciation	<u>(32,125,207)</u>	<u>(3,009,505)</u>	<u>35,973</u>	<u>(35,098,739)</u>
Total capital assets being depreciated, net	<u>50,262,851</u>	<u>(2,908,332)</u>	<u>9,229,997</u>	<u>56,584,516</u>
Business-type activities, capital assets, net	<u>\$ 60,194,226</u>	<u>\$ 6,511,161</u>	<u>\$ -</u>	<u>\$ 66,705,387</u>

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

Governmental activities:	
General government	\$ 100,352
Public safety	1,127,689
Public works	2,625,661
Community development	<u>307,878</u>
Total depreciation expense - governmental activities	<u>4,161,580</u>
Business-type activities:	
Water and wastewater	<u>3,009,505</u>
Total depreciation expense - business-type activities	<u>\$ 3,009,505</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, 2017, is as follows:

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Governmental activities:		
Bryan Road Improvements	\$ 2,156,234	\$ 5,823,702
Traffic Light Signal at Reading & Town Center Blvd	-	115,375
Railroad Quiet Zones	100,000	TBD
Spacek Road Phase II	-	1,625,382
Old Richmond Road Improvements	3,646,295	95,101
Existing Sidewalk Repair/Replacement Project	292,470	34,537
Avenue C Connector	36,255	902,745
Dry Creek Drainage Improvements	656,451	908,549
Lane Drive Drainage	46,500	3,500
Bamore Road Connector	-	210,000
Avenue G Connector	-	400,000
Big League Field	53,294	446,706
Seabourne Creek Nature Center	<u>29,546</u>	<u>220,454</u>
Totals	<u>\$ 7,017,045</u>	<u>\$ 10,786,051</u>

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Business-type activities:		
Water Plants No. 8	\$ 4,748,972	\$ 407,532
Chloramine Conversion	1,587,835	112,165
Bryan Rd Sewer Lift Station No. 19	599,684	2,282,377
Lift Station No. 2 Replacement	2,412,930	237,036
Spacek Road Sewer Line	-	1,440,000
I69 Utility Adjustments (FM 762/Reading Rd to Spur 10)	48,311	11,548
I69 Utility Adjustments (Reading Rd to FM 762)	255	49,745
CDBG Water Line Improvements - Phase IV	187,540	210,661
SCADA Project	<u>190,700</u>	<u>9,300</u>
Totals	<u>\$ 9,776,227</u>	<u>\$ 4,760,364</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, 2017, follows.

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Governmental Activities:				
General Obligation Bonds:				
Series 2009 General Obligation and Refunding Bonds	9,170,000	2029	2.5-4.75	\$ 2,435,000
Series 2010 General Obligation Bonds	2,635,000	2030	4.0-4.25	1,980,000
Series 2011 General Refunding Bonds	4,860,000	2021	2.0-4.0	1,375,000
Series 2012 General Obligation Refunding Bonds	1,575,000	2024	2.0	955,000
Series 2014 General Obligation Refunding Bonds	1,565,000	2034	3.0-4.0	1,325,000
Series 2017 General Obligation Refunding Bonds	7,390,000	2036	3.0-4.0	<u>7,390,000</u>
Total General Obligation Bonds				<u>15,460,000</u>
Certificates of Obligation:				
Series 2008 Certificates of Obligation	6,080,000	2028	3.5-4.0	\$ 4,030,000
Series 2008A Certificates of Obligation	1,800,000	2029	4.25-5.0	1,280,000
Series 2009 Certificates of Obligation	1,670,000	2029	2.5-4.75	1,055,000
Series 2010A Certificates of Obligation	2,800,000	2030	3.0-4.25	2,100,000
Series 2010B Certificates of Obligation	7,730,000	2030	2.4-3.9	5,500,000
Series 2010C Certificates of Obligation	2,775,000	2020	1.5-3.0	930,000
Series 2012 Certificates of Obligation	8,600,000	2032	0.4-3.3	6,450,000
Series 2012A certificates of obligation	1,185,000	2023	2.0-3.0	740,000
Series 2013 certificates of obligation	9,000,000	2033	2.0-2.75	7,600,000
Series 2013A certificates of obligation	650,000	2023	1.92	405,000
Series 2014 certificates of obligation	5,000,000	2034	2.5-3.0	4,435,000
Series 2014A certificates of obligation	3,000,000	2034	3.5-4	2,660,000
Series 2015 Comb. Tax & Revenue CO	9,760,000	2035	3.00	9,000,000
Series 2016 Comb. Tax & Revenue CO	9,825,000	2036	2.00	<u>9,410,000</u>
Total Certificates of Obligation				<u>55,595,000</u>
Total Governmental Activities				<u>\$ 71,055,000</u>

The annual requirements to amortize all primary government general obligation bonds, certificates of obligation and notes payable outstanding as of September 30, 2017, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2018	\$ 4,935,000	\$ 2,048,893
2019	4,885,000	1,914,713
2020	5,010,000	1,775,943
2021	4,790,000	1,638,131
2022	4,590,000	1,506,120
2023-2027	23,695,000	5,380,302
2028-2032	17,205,000	1,960,552
2033-2036	5,945,000	230,909
	<u>\$ 71,055,000</u>	<u>\$ 16,455,563</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, 2017:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Business-type activities:				
Series 2010 Comb. Tax and Revenue Certificates of Obligation (Texas Water Development Board)	\$ 394,000	2029	N/A	\$ <u>252,000</u>
Total Revenue Bonds				\$ <u><u>252,000</u></u>

The annual requirements to amortize all revenue bonds outstanding as of September 30, 2017, are as follows:

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	
2018	\$	21,000
2019		21,000
2020		21,000
2021		21,000
2022		21,000
2023-2027		105,000
2028-2029		<u>42,000</u>
	\$	<u><u>252,000</u></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 \$1,650,000, \$527,500, \$224,700, and \$587,000, 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 \$525,000 and \$621,500. 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, 2017, are as follows:

<u>Year Ending September 30,</u>	<u>Rosenberg Development Corporation</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 559,840	\$ 147,958
2019	574,875	126,890
2020	590,410	104,444
2021	191,980	85,627
2022	196,515	71,341
2023-2027	498,345	197,219
2028-2030	<u>349,735</u>	<u>12,666</u>
	<u><u>\$ 2,961,700</u></u>	<u><u>\$ 746,145</u></u>

The City also entered into a note payable with the State Energy Conservation Office ("SECO") 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, 2017, are as follows:

Year Ending September 30,	SECO Notes Payable	
	Principal	Interest
2018	\$ 627,762	\$ 30,920
2019	<u>588,009</u>	<u>12,057</u>
	<u>\$ 1,215,771</u>	<u>\$ 42,977</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, 2017.

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 12,050,000	\$ 7,390,000	\$ 3,980,000	15,460,000	\$ 1,615,000
Certificates of obligation	55,265,000	9,825,000	9,495,000	55,595,000	3,320,000
Bond issuance premiums	<u>1,054,554</u>	<u>687,315</u>	<u>128,245</u>	<u>1,613,624</u>	<u>-</u>
Total bonds payable	<u>68,369,554</u>	<u>17,902,315</u>	<u>13,603,245</u>	<u>72,668,624</u>	<u>4,935,000</u>
Compensated absences	542,357	665,916	551,785	656,488	65,649
Net pension liability	11,113,023	1,453,143	1,762,688	10,803,478	-
OPEB obligation	<u>6,805,711</u>	<u>1,605,715</u>	<u>575,425</u>	<u>7,836,001</u>	<u>-</u>
Total governmental activities	<u>\$ 86,830,645</u>	<u>\$ 21,627,089</u>	<u>\$ 16,493,143</u>	<u>\$ 91,964,591</u>	<u>\$ 5,000,649</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 273,000	\$ -	\$ 21,000	252,000	\$ 21,000
Capital leases	1,251,607	-	96,648	1,154,959	101,723
Notes payable	1,819,225	-	603,454	1,215,771	621,762
Net pension liability	1,128,684	33,017	162,955	998,746	-
Compensated absences	<u>63,847</u>	<u>48,071</u>	<u>61,069</u>	<u>50,849</u>	<u>5,085</u>
Total business-type activities	<u>\$ 4,536,363</u>	<u>\$ 81,088</u>	<u>\$ 945,126</u>	<u>\$ 3,672,325</u>	<u>\$ 749,570</u>
Discretely presented component unit:					
Notes payable	\$ <u>3,506,005</u>	\$ <u>-</u>	\$ <u>544,305</u>	<u>2,961,700</u>	\$ <u>559,840</u>
Total discretely presented component unit	<u>\$ 3,506,005</u>	<u>\$ -</u>	<u>\$ 544,305</u>	<u>\$ 2,961,700</u>	<u>\$ 559,840</u>

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

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

Federal Tax Compliance (Arbitrage) for Long-term Debt

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

Rebate

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

Unexpended Debt Issuance Proceeds (Yield Restriction Requirements)

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

Capital Lease Obligations

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

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 1,779,935
Less: accumulated depreciation	(<u>1,655,340</u>)
	\$ <u>124,595</u>

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

<u>Year Ending</u> <u>September 30,</u>	<u>Business-type Activities</u> <u>Scheduled Payments</u>
2018	\$ 159,234
2019	159,233
2020	284,925
2021	472,779
2022	<u>267,981</u>
Total minimum lease payments	1,344,152
Less: interest portion	(<u>189,193</u>)
Present value of minimum lease payments	\$ <u>1,154,959</u>

Fund balances for all the major and nonmajor governmental funds as of September 30, 2017, were distributed as follows:

	General	Debt Service	RDC Projects	2016 Certificates of Obligation	Bryan Road County Mobility Project	Other Governmental	Total
Nonspendable:							
Inventory	\$ 20,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,618
Prepays	14,973	-	-	-	-	1,981	16,954
Subtotal	35,591	-	-	-	-	1,981	37,572
Restricted for:							
Economic development	-	-	-	-	-	1,697,879	1,697,879
Court security and tech	-	-	-	-	-	12,715	12,715
Community development	-	-	2,698,411	-	-	800,591	3,499,002
Law enforcement	-	-	-	-	-	888,759	888,759
Fire services	-	-	-	-	-	771,311	771,311
Capital projects	-	-	-	9,979,523	-	4,538,739	14,518,262
Debt service	-	5,681,677	-	-	-	-	5,681,677
Subtotal	-	5,681,677	2,698,411	9,979,523	-	8,709,994	27,069,605
Unassigned	17,057,874	-	-	-	(98,147)	-	16,959,727
Total	\$ 17,093,465	\$ 5,681,677	\$ 2,698,411	\$ 9,979,523	\$ (98,147)	\$ 8,711,975	\$ 44,066,904

IV. OTHER INFORMATION

A. Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 872 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.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee’s accumulated contributions and are only payable in the form of an annuity.

Beginning in 2010, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee’s accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2010, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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	5
Service retirement eligibility	25 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating
Annuity Increase to retirees	70% of CPI Repeating

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	144
Inactive employees entitled to but not yet receiving benefits	159
Active employees	<u>249</u>
Total	<u><u>552</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 13.27% and 13.62% in calendar years 2017 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$1,950,736, and were equal to the required contributions.

Net Pension Liability. The city's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 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, 2016 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 then dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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). The target allocation and best estimates of arithmetic real rates of return for each major assets class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
U.S. Equities	17.5%	4.55%
International Equities	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Estate	10.0%	4.03%
Real Return	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 12/31/2015	\$ 62,389,169	\$ 50,147,461	\$ 12,241,708
Changes for the year:			
Service cost	2,034,621	-	2,034,621
Interest	4,180,290	-	4,180,290
Difference between expected and actual experience	(518,072)	-	(518,072)
Contributions - employer	-	1,928,740	(1,928,740)
Contributions - employee	-	858,490	(858,490)
Net investment income	-	3,389,430	(3,389,430)
Benefit payments, including refunds of employee contributions	(2,952,510)	(2,952,510)	-
Administrative expense	-	(38,275)	38,275
Other changes	-	(2,062)	2,062
Net changes	<u>2,744,329</u>	<u>3,183,813</u>	<u>(439,484)</u>
Balance at 12/31/2016	<u>\$ 65,133,498</u>	<u>\$ 53,331,274</u>	<u>\$ 11,802,224</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 <u>Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	1% Increase in <u>Discount Rate (7.75%)</u>
City's net pension liability	\$ 22,298,838	\$ 11,802,224	\$ 3,367,703

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, 2017, the City recognized pension expense of \$2,646,148.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 171,176	\$ 628,802
Changes in actuarial assumptions	-	15,252
Difference between projected and actual investment earnings	2,276,365	-
Contributions subsequent to the measurement date	<u>1,413,288</u>	<u>-</u>
Total	<u>\$ 3,860,829</u>	<u>\$ 644,054</u>

\$1,413,288 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended September 30,</u>	
2018	\$ 634,344
2019	639,097
2020	620,854
2022	<u>(90,808)</u>
Total	<u>\$ 1,803,487</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 2017, 2016 and 2015 are as follows:

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
2015	0.02%	0.02%	100.0%
2016	0.03%	0.03%	100.0%
2017	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, 2017, 2016, and 2015 were \$61,812, \$61,287, and \$53,680, 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 and prescription drug 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 \$593 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 \$349 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 \$196,987 for the fiscal year ending September 30, 2017. At September 30, 2017, there were approximately 40 participants eligible to receive such benefits.

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

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

	Fiscal Year Ending <u>09/30/17</u>
Determination of annual required contribution	
Normal cost at fiscal year-end	\$ 646,382
Amortization of unfunded actuarial accrued liability	<u>687,104</u>
Annual required contribution (ARC)	1,333,486
Determination of net OPEB obligation	
Annual required contribution	1,333,486
Interest on prior year net OPEB obligation	272,228
Adjustment to ARC	<u>(378,437)</u>
Annual OPEB cost	1,227,277
Less: assumed contribution made	<u>(196,987)</u>
Estimate increase in net OPEB obligation	1,030,290
Net OPEB obligation, beginning	<u>6,805,711</u>
Net OPEB obligation, ending	<u>\$ 7,836,001</u>

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

Fiscal Year-end	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
09/30/15	\$ 1,024,218	14.10%	\$ 5,969,221
09/30/16	1,005,259	16.79%	6,805,711
09/30/17	1,333,486	16.05%	7,836,001

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2016, the most recent valuation of the plan, was as follows:

Actuarial accrued liability (AAL)	\$	12,356,690
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		12,356,690
Funded ratio (actuarial value of plan)		- %
Covered payroll (active plan members)	\$	8,226,000
UAAL as a percentage of covered payroll		150.2%

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, 2016 actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level dollar, open
Remaining amortization period	30 years
Inflation rate	3.00%
Asset valuation method	fair value
Investment return	4.00%
Projected salary increases	N/A
Health care cost trend rate, pre-65	8.5% (2018), 5.0% (2027+)
Health care cost trend rate, post-65	7.0% (2018), 5.0% (2027+)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Bryan Road County Mobility Project	\$ <u>44,446</u>

The interfund balance between general fund and the nonmajor governmental funds was caused by short-term deficiencies in cash position in the nonmajor fund. It is anticipated that the balance will be repaid in one year or less.

The interfund transfers as of September 30, 2017, are as follows:

	Transfers in						Total
	General	Debt Service	Nonmajor Governmental	Water and Wastewater	Civic center rentals	Information Services	
Transfers out:							
General fund	\$ -	\$ -	\$ 1,581,448	\$ 81,191	\$ 24,000	\$ -	\$ 1,686,639
Nonmajor governmental fund:	201,764	-	1,087,822	6,387,907	304,200	42,064	8,023,757
Water and wastewater	1,431,776	2,486,022	75,313	-	-	-	3,993,111
Civic center rentals	-	<u>62,569</u>	-	-	-	-	<u>62,569</u>
Totals	<u>\$ 1,633,540</u>	<u>\$ 2,548,591</u>	<u>\$ 2,744,583</u>	<u>\$ 6,469,098</u>	<u>\$ 328,200</u>	<u>\$ 42,064</u>	<u>\$ 13,766,076</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 2017 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, 2017.

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 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.

In 2015, 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. In FY 2017, the RDC paid \$200,000 for year 2 of the agreement. 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 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.

G. Tax Abatement Incentives

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. The City's economic development agreements are authorized under Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the City, and the attraction of companies that offer high impact jobs and share the community's values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations or bringing targeted business to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has the following category of economic development agreements:

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales taxes received by the City, may result in fee reductions such as utility charges or building inspection or permit fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs, or other expenses. For fiscal year 2017, the City rebated \$654,268 in taxes.

H. Subsequent Events

On December 1, 2017, the City issued \$9,320,000 of Series 2017 Combination Tax & Revenue Certificates of Obligation to fund various capital projects. The interest rate on the bonds is 3.0% and the final maturity date is on March 1, 2028.

On December 15, 2017, the City issued \$4,495,000 of Series 2017A General Obligation Refunding Bonds in order to refund maturities from the Certificates of Obligation, Series 2008 and 2008A. The interest rate on the bonds is 3.0% and the final maturity date is on March 1, 2029.

THIS PAGE LEFT BLANK INTENTIONALLY

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2017

	Original Budget	Final Budget	Actual	Variance from Final
REVENUES				
Property taxes	\$ 5,825,390	\$ 5,825,390	\$ 5,798,665	\$(26,725)
Sales and use taxes	11,970,000	12,306,000	12,521,827	215,827
Franchise taxes	1,876,000	1,876,000	1,901,396	25,396
Licenses and permits	698,100	727,600	753,493	25,893
Fines and forfeitures	484,400	519,400	557,293	37,893
Fees and charges for services	4,348,100	4,528,100	4,616,700	88,600
Intergovernmental	1,254,221	1,514,321	1,646,000	131,679
Investment earnings	25,000	90,000	119,659	29,659
Other	202,875	269,375	415,052	145,677
Total revenue	<u>26,684,086</u>	<u>27,656,186</u>	<u>28,330,085</u>	<u>673,899</u>
EXPENDITURES				
General government:				
Mayor and City Council	67,004	67,004	50,105	16,899
City manager	962,200	982,550	874,824	107,726
City secretary	253,792	253,792	242,494	11,298
Finance	630,243	632,043	626,644	5,399
Legal	240,000	240,000	225,166	14,834
City prosecutor	35,000	35,000	34,313	687
Municipal court	342,155	377,155	375,715	1,440
Building maintenance	145,917	145,917	138,899	7,018
Technology	321,842	356,842	352,531	4,311
Communications	240,322	244,822	179,779	65,043
General government	589,026	626,674	610,084	16,590
Total general government	<u>3,827,501</u>	<u>3,961,799</u>	<u>3,710,554</u>	<u>251,245</u>
Public safety:				
Police and emergency management	8,853,528	9,008,540	8,379,690	628,850
Fire and fire marshal	4,053,256	4,005,306	3,879,531	125,775
Animal control	257,880	257,880	232,954	24,926
School officers and crossing guards	1,250,221	1,381,921	1,363,073	18,848
Total public safety	<u>14,414,885</u>	<u>14,653,647</u>	<u>13,855,248</u>	<u>798,399</u>
Public works:				
Streets and drainage	2,482,797	2,482,797	2,224,819	257,978
Street lighting and signals	488,000	488,000	470,499	17,501
Solid waste	2,700,000	2,815,000	2,814,026	974
Fleet maintenance	388,986	391,686	385,264	6,422
Total public works	<u>6,059,783</u>	<u>6,177,483</u>	<u>5,894,608</u>	<u>282,875</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, 2017

	Original Budget	Final Budget	Actual	Variance from Final
EXPENDITURES (Continued)				
Community development:				
Engineering	\$ 240,000	\$ 334,500	\$ 318,123	\$ 16,377
Planning	434,530	434,530	431,740	2,790
Parks and recreation	1,090,126	1,071,726	1,004,307	67,419
Special events	202,896	202,896	136,711	66,185
Code enforcement	679,999	681,499	621,167	60,332
Public health	<u>173,246</u>	<u>173,246</u>	<u>172,906</u>	<u>340</u>
Total community development	<u>2,820,797</u>	<u>2,898,397</u>	<u>2,684,954</u>	<u>213,443</u>
Capital outlay	<u>900,000</u>	<u>1,510,264</u>	<u>868,011</u>	<u>642,253</u>
Total expenditures	<u>28,022,966</u>	<u>29,201,590</u>	<u>27,013,375</u>	<u>2,188,215</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,338,880)</u>	<u>(1,545,404)</u>	<u>1,316,710</u>	<u>2,862,114</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	19,900	19,900
Sale of capital asset	5,000	26,900	114,505	87,605
Transfers in	1,633,540	1,633,540	1,633,540	-
Transfers out	<u>(1,202,275)</u>	<u>(1,773,539)</u>	<u>(1,686,639)</u>	<u>86,900</u>
Total other financing sources (uses)	<u>436,265</u>	<u>(113,099)</u>	<u>81,306</u>	<u>194,405</u>
NET CHANGE IN FUND BALANCE	<u>(902,615)</u>	<u>(1,658,503)</u>	<u>1,398,016</u>	<u>3,056,519</u>
FUND BALANCE, BEGINNING	<u>15,695,449</u>	<u>15,695,449</u>	<u>15,695,449</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 14,792,834</u>	<u>\$ 14,036,946</u>	<u>\$ 17,093,465</u>	<u>\$ 3,056,519</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Intergovernmental	\$ 3,559,385	\$ 137,174	\$(3,422,211)
Investment earnings	700	24,453	23,753
Total revenue	<u>3,560,085</u>	<u>161,627</u>	<u>(3,398,458)</u>
EXPENDITURES			
Current:			
General government	-	404	(404)
Community development	673,432	472,856	200,576
Capital outlay	<u>5,055,489</u>	<u>734,769</u>	<u>4,320,720</u>
Total expenditures	<u>5,728,921</u>	<u>1,208,029</u>	<u>4,520,892</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,168,836)</u>	<u>(1,046,402)</u>	<u>1,122,434</u>
NET CHANGE IN FUND BALANCE	(2,168,836)	(1,046,402)	1,122,434
FUND BALANCE, BEGINNING	<u>3,744,813</u>	<u>3,744,813</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,575,977</u>	<u>\$ 2,698,411</u>	<u>\$ 1,122,434</u>

CITY OF ROSENBERG, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Plan Year	2014	2015	2016
A. Total pension liability			
Service Cost	\$ 1,665,767	\$ 1,995,907	\$ 2,034,621
Interest (on the Total Pension Liability)	3,869,483	4,076,807	4,180,290
Difference between expected and actual experience	(551,553)	289,636	(518,072)
Changes in assumptions	-	(25,808)	-
Benefit payments, including refunds of employee contributions	(1,994,965)	(2,379,033)	(2,952,510)
Net change in total pension liability	2,988,732	3,957,509	2,744,329
Total pension liability - beginning	55,442,928	58,431,660	62,389,169
Total pension liability - ending (a)	58,431,660	62,389,169	65,133,498
B. Plan fiduciary net position			
Contributions - Employer	1,843,970	1,986,101	1,928,740
Contributions - Employee	743,396	840,382	858,490
Net Investment Income	2,657,661	73,296	3,389,430
Benefit payments, including refunds of employee contributions	(1,994,965)	(2,379,033)	(2,952,510)
Administrative Expenses	(27,745)	(44,645)	(38,275)
Other	(2,281)	(2,205)	(2,062)
Net change in plan fiduciary net position	3,220,036	473,896	3,183,813
Plan fiduciary net position - beginning	46,453,529	49,673,565	50,147,461
Plan fiduciary net position - ending (b)	49,673,565	50,147,461	53,331,274
C. Net pension liability - ending (a) - (b)	\$ 8,758,095	\$ 12,241,708	\$ 11,802,224
D. Plan fiduciary net position as a percentage of total pension liability	85.01%	80.38%	81.88%
E. Covered employee payroll	\$ 12,383,933	\$ 14,006,366	\$ 14,308,168
F. Net position liability as a percentage of covered employee payroll	70.72%	87.40%	82.49%

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, 2017

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarial determined contribution	\$ <u>1,843,461</u>	\$ <u>1,909,555</u>	\$ <u>1,941,325</u>	\$ <u>1,950,736</u>
Contributions in relation to the actuarially determined contribution	\$ <u>1,843,461</u>	\$ <u>1,909,555</u>	\$ <u>1,941,325</u>	\$ <u>1,950,736</u>
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	12,239,774	13,181,944	14,230,199	14,742,619
Contributions as a percentage of covered employee payroll	15.06%	14.49%	13.64%	13.23%

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

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	29 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.

CITY OF ROSENBERG, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<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>
10/01/12	\$ -	\$ 8,159,916	- %	\$ 8,159,916	\$ 10,920,821	156.43%
10/01/14	-	9,047,931	- %	9,047,931	12,239,774	157.32%
10/01/16	-	12,356,690	- %	12,356,690	8,226,000	150.20%

CITY OF ROSENBERG, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2017

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.

THIS PAGE LEFT BLANK INTENTIONALLY

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

**CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 4,091,801	\$ 5,141,855	\$ 9,233,656
Receivables:			
Taxes	84,015	15,014	99,029
Other	8,201	-	8,201
Intergovernmental	189,565	-	189,565
Prepaid expenses	<u>1,981</u>	<u>-</u>	<u>1,981</u>
Total assets	<u>4,375,563</u>	<u>5,156,869</u>	<u>9,532,432</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	156,441	618,130	774,571
Accrued liabilities	<u>45,886</u>	<u>-</u>	<u>45,886</u>
Total liabilities	<u>202,327</u>	<u>618,130</u>	<u>820,457</u>
Fund balances:			
Nonspendable			
Prepays	1,981	-	1,981
Restricted	<u>4,171,255</u>	<u>4,538,739</u>	<u>8,709,994</u>
Total fund balances	<u>4,173,236</u>	<u>4,538,739</u>	<u>8,711,975</u>
 Total liabilities and fund balances	 <u>\$ 4,375,563</u>	 <u>\$ 5,156,869</u>	 <u>\$ 9,532,432</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Sales tax	\$ 605,264	\$ -	\$ 605,264
Franchise tax	-	62,088	62,088
Fines and forfeitures	106,541	-	106,541
Intergovernmental revenue	1,442,214	-	1,442,214
Investment earnings	30,007	118,938	148,945
Other	283,699	-	283,699
Total revenues	<u>2,467,725</u>	<u>181,026</u>	<u>2,648,751</u>
EXPENDITURES			
Current:			
General government	71,689	4,854	76,543
Public safety	1,468,698	-	1,468,698
Community development	255,982	-	255,982
Capital outlay	<u>79,291</u>	<u>4,034,865</u>	<u>4,114,156</u>
Total expenditures	<u>1,875,660</u>	<u>4,039,719</u>	<u>5,915,379</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>592,065</u>	<u>(3,858,693)</u>	<u>(3,266,628)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,314,412	1,430,171	2,744,583
Transfers out	<u>(1,780,311)</u>	<u>(6,243,446)</u>	<u>(8,023,757)</u>
Total other financing sources (uses)	<u>(465,899)</u>	<u>(4,813,275)</u>	<u>(5,279,174)</u>
NET CHANGE IN FUND BALANCES	126,166	(8,671,968)	(8,545,802)
FUND BALANCES, BEGINNING	<u>4,047,070</u>	<u>13,210,707</u>	<u>17,257,777</u>
FUND BALANCES, ENDING	<u>\$ 4,173,236</u>	<u>\$ 4,538,739</u>	<u>\$ 8,711,975</u>

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

SEPTEMBER 30, 2017

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
ASSETS				
Cash and investments	\$ 1,645,279	\$ 7,553	\$ 109,558	\$ 358,014
Receivables:				
Taxes	84,015	-	-	-
Other	-	-	-	5,661
Intergovernmental	-	-	-	-
Prepaid expenses	<u>1,068</u>	<u>-</u>	<u>-</u>	<u>913</u>
Total assets	<u>1,730,362</u>	<u>7,553</u>	<u>109,558</u>	<u>364,588</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	29,264	-	150	580
Accrued liabilities	<u>3,219</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>32,483</u>	<u>-</u>	<u>150</u>	<u>580</u>
Fund balances:				
Nonspendable				
Prepays	1,068	-	-	913
Restricted	<u>1,696,811</u>	<u>7,553</u>	<u>109,408</u>	<u>363,095</u>
Total fund balances	<u>1,697,879</u>	<u>7,553</u>	<u>109,408</u>	<u>364,008</u>
Total liabilities and fund balances	<u>\$ 1,730,362</u>	<u>\$ 7,553</u>	<u>\$ 109,558</u>	<u>\$ 364,588</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>
\$ 82,122	\$ 47,130	\$ 520,107	\$ 168,328	\$ 198,263	\$ 5,162	\$ 771,311
-	-	-	-	-	-	-
-	-	-	-	-	-	-
187,540	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>269,662</u>	<u>47,130</u>	<u>520,107</u>	<u>168,328</u>	<u>198,263</u>	<u>5,162</u>	<u>771,311</u>
90,622	4,307	7,964	950	2,549	-	-
-	-	-	-	-	-	-
<u>90,622</u>	<u>4,307</u>	<u>7,964</u>	<u>950</u>	<u>2,549</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
179,040	42,823	512,143	167,378	195,714	5,162	771,311
<u>179,040</u>	<u>42,823</u>	<u>512,143</u>	<u>167,378</u>	<u>195,714</u>	<u>5,162</u>	<u>771,311</u>
<u>\$ 269,662</u>	<u>\$ 47,130</u>	<u>\$ 520,107</u>	<u>\$ 168,328</u>	<u>\$ 198,263</u>	<u>\$ 5,162</u>	<u>\$ 771,311</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
SEPTEMBER 30, 2017

	Police Federal Forfeiture	Fire Station Number 3 Operating	Total Nonmajor Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 120,303	\$ 58,671	\$ 4,091,801
Receivables:			
Taxes	-	-	84,015
Other	2,540	-	8,201
Intergovernmental	2,025	-	189,565
Prepaid expenses	<u>-</u>	<u>-</u>	<u>1,981</u>
Total assets	<u>124,868</u>	<u>58,671</u>	<u>4,375,563</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	4,051	16,004	156,441
Accrued liabilities	<u>-</u>	<u>42,667</u>	<u>45,886</u>
Total liabilities	<u>4,051</u>	<u>58,671</u>	<u>202,327</u>
Fund balances:			
Nonspendable			
Prepays	-	-	1,981
Restricted	<u>120,817</u>	<u>-</u>	<u>4,171,255</u>
Total fund balances	<u>120,817</u>	<u>-</u>	<u>4,173,236</u>
Total liabilities and fund balances	<u>\$ 124,868</u>	<u>\$ 58,671</u>	<u>\$ 4,375,563</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, 2017

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
REVENUES				
Sales tax	\$ 605,264	\$ -	\$ -	\$ -
Fines and forfeitures	-	21,490	-	-
Intergovernmental revenue	-	-	-	261,867
Investment earnings	12,428	37	784	2,189
Other	9,117	-	22,000	-
Total revenues	<u>626,809</u>	<u>21,527</u>	<u>22,784</u>	<u>264,056</u>
EXPENDITURES				
Current:				
General government	-	22,636	-	-
Public safety	-	-	-	51,705
Community development	250,707	-	5,275	-
Capital outlay	-	-	-	1,790
Total expenditures	<u>250,707</u>	<u>22,636</u>	<u>5,275</u>	<u>53,495</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>376,102</u>	<u>(1,109)</u>	<u>17,509</u>	<u>210,561</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(459,034)</u>	<u>-</u>	<u>-</u>	<u>(42,064)</u>
Total other financing sources (uses)	<u>(459,034)</u>	<u>-</u>	<u>-</u>	<u>(42,064)</u>
NET CHANGE IN FUND BALANCES				
	<u>(82,932)</u>	<u>(1,109)</u>	<u>17,509</u>	<u>168,497</u>
FUND BALANCES, BEGINNING				
	<u>1,780,811</u>	<u>8,662</u>	<u>91,899</u>	<u>195,511</u>
FUND BALANCES, ENDING				
	<u>\$ 1,697,879</u>	<u>\$ 7,553</u>	<u>\$ 109,408</u>	<u>\$ 364,008</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	28,068	42,674	14,309	-
187,540	-	-	-	-	-	950,580
-	332	3,772	1,264	1,525	27	6,106
-	8,347	229,190	-	-	-	-
<u>187,540</u>	<u>8,679</u>	<u>232,962</u>	<u>29,332</u>	<u>44,199</u>	<u>14,336</u>	<u>956,686</u>
-	-	-	-	49,053	-	-
-	8,365	-	-	-	-	-
-	-	-	-	-	-	-
-	-	77,501	-	-	-	-
-	8,365	77,501	-	49,053	-	-
<u>187,540</u>	<u>314</u>	<u>155,461</u>	<u>29,332</u>	<u>(4,854)</u>	<u>14,336</u>	<u>956,686</u>
75,200	-	-	-	-	-	-
(187,540)	-	-	(29,130)	(7,800)	(10,000)	(1,044,743)
(112,340)	-	-	(29,130)	(7,800)	(10,000)	(1,044,743)
75,200	314	155,461	202	(12,654)	4,336	(88,057)
<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>\$ 179,040</u>	<u>\$ 42,823</u>	<u>\$ 512,143</u>	<u>\$ 167,378</u>	<u>\$ 195,714</u>	<u>\$ 5,162</u>	<u>\$ 771,311</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2017

	Police Federal Forfeiture	Fire Station Number 3 Operating	Total Nonmajor Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Sales tax	\$ -	\$ -	\$ 605,264
Fines and forfeitures	-	-	106,541
Intergovernmental revenue	42,227	-	1,442,214
Investment earnings	1,034	509	30,007
Other	15,045	-	283,699
Total revenues	<u>58,306</u>	<u>509</u>	<u>2,467,725</u>
EXPENDITURES			
Current:			
General government	-	-	71,689
Public safety	101,973	1,306,655	1,468,698
Community development	-	-	255,982
Capital outlay	-	-	79,291
Total expenditures	<u>101,973</u>	<u>1,306,655</u>	<u>1,875,660</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,667)</u>	<u>(1,306,146)</u>	<u>592,065</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,239,212	1,314,412
Transfers out	<u>-</u>	<u>-</u>	<u>(1,780,311)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,239,212</u>	<u>(465,899)</u>
NET CHANGE IN FUND BALANCES	<u>(43,667)</u>	<u>(66,934)</u>	<u>126,166</u>
FUND BALANCES, BEGINNING	<u>164,484</u>	<u>66,934</u>	<u>4,047,070</u>
FUND BALANCES, ENDING	<u>\$ 120,817</u>	<u>\$ -</u>	<u>\$ 4,173,236</u>

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

SEPTEMBER 30, 2017

	<u>Seabourne Creek Capacity</u>	<u>Operating Projects</u>	<u>2007 General Obligation</u>	<u>2010B Certificates of Obligation</u>
ASSETS				
Cash and investments	\$ 8,505	\$ 2,128,613	\$ 947,838	\$ -
Receivables:				
Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>8,505</u>	<u>2,128,613</u>	<u>947,838</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>-</u>	<u>11,541</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>11,541</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	<u>8,505</u>	<u>2,117,072</u>	<u>947,838</u>	<u>-</u>
Total fund balances	<u>8,505</u>	<u>2,117,072</u>	<u>947,838</u>	<u>-</u>
 Total liabilities and fund balances	 <u>\$ 8,505</u>	 <u>\$ 2,128,613</u>	 <u>\$ 947,838</u>	 <u>\$ -</u>

2012 Certificates of Obligation	2013 Certificates of Obligation	2014 Certificates of Obligation	2014A Certificates of Obligation	2015 Certificates of Obligation
\$ 131,078	\$ 36,951	\$ 1,759	\$ 52,089	\$ 969,751
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>131,078</u>	<u>36,951</u>	<u>1,759</u>	<u>52,089</u>	<u>969,751</u>
<u>11,651</u>	<u>36,951</u>	<u>1,759</u>	<u>170</u>	<u>556,058</u>
<u>11,651</u>	<u>36,951</u>	<u>1,759</u>	<u>170</u>	<u>556,058</u>
<u>119,427</u>	<u>-</u>	<u>-</u>	<u>51,919</u>	<u>413,693</u>
<u>119,427</u>	<u>-</u>	<u>-</u>	<u>51,919</u>	<u>413,693</u>
<u>\$ 131,078</u>	<u>\$ 36,951</u>	<u>\$ 1,759</u>	<u>\$ 52,089</u>	<u>\$ 969,751</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
(Continued)
SEPTEMBER 30, 2017

	PEG Capital	Spacek Road County Mobility Project	Airport Ave County Mobility	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and investments	\$ 157,179	\$ 708,092	\$ -	\$ 5,141,855
Receivables:				
Taxes	15,014	-	-	15,014
Total assets	172,193	708,092	-	5,156,869
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	618,130
Total liabilities	-	-	-	618,130
Fund balances:				
Restricted	172,193	708,092	-	4,538,739
Total fund balances	172,193	708,092	-	4,538,739
Total liabilities and fund balances	\$ 172,193	\$ 708,092	\$ -	\$ 5,156,869

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Seabourne Creek Capacity</u>	<u>Operating Projects</u>	<u>2007 General Obligation</u>	<u>2010B Certificates of Obligation</u>
REVENUES				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Investment earnings	<u>64</u>	<u>13,911</u>	<u>8,821</u>	<u>-</u>
Total revenues	<u>64</u>	<u>13,911</u>	<u>8,821</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	4,854	-	-
Capital outlay	<u>-</u>	<u>885,056</u>	<u>9,733</u>	<u>142,910</u>
Total expenditures	<u>-</u>	<u>889,910</u>	<u>9,733</u>	<u>142,910</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>64</u>	<u>(875,999)</u>	<u>(912)</u>	<u>(142,910)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,386,979	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,386,979</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	64	510,980	(912)	(142,910)
FUND BALANCES, BEGINNING	<u>8,441</u>	<u>1,606,092</u>	<u>948,750</u>	<u>142,910</u>
FUND BALANCES, ENDING	<u>\$ 8,505</u>	<u>\$ 2,117,072</u>	<u>\$ 947,838</u>	<u>\$ -</u>

2012 Certificates of Obligation	2013 Certificates of Obligation	2014 Certificates of Obligation	2014A Certificates of Obligation	2015 Certificates of Obligation
\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>1,889</u>	<u>3,075</u>	<u>1,258</u>	<u>82,504</u>
<u>-</u>	<u>1,889</u>	<u>3,075</u>	<u>1,258</u>	<u>82,504</u>
-	-	-	-	-
<u>218,146</u>	<u>543,904</u>	<u>750</u>	<u>318,678</u>	<u>1,496,133</u>
<u>218,146</u>	<u>543,904</u>	<u>750</u>	<u>318,678</u>	<u>1,496,133</u>
(218,146)	(542,015)	<u>2,325</u>	(317,420)	(1,413,629)
-	-	113	-	-
<u>-</u>	<u>-</u>	<u>(578,920)</u>	<u>-</u>	<u>(5,621,447)</u>
<u>-</u>	<u>-</u>	<u>(578,807)</u>	<u>-</u>	<u>(5,621,447)</u>
(218,146)	(542,015)	(576,482)	(317,420)	(7,035,076)
<u>337,573</u>	<u>542,015</u>	<u>576,482</u>	<u>369,339</u>	<u>7,448,769</u>
<u>\$ 119,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,919</u>	<u>\$ 413,693</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2017

	PEG Capital	Spacek Road County Mobility Project	Airport Ave County Mobility	Total Nonmajor Capital Projects Funds
REVENUES				
Franchise tax	\$ 62,088	\$ -	\$ -	\$ 62,088
Investment earnings	<u>1,223</u>	<u>5,123</u>	<u>1,070</u>	<u>118,938</u>
Total revenues	<u>63,311</u>	<u>5,123</u>	<u>1,070</u>	<u>181,026</u>
EXPENDITURES				
Current:				
General government	-	-	-	4,854
Capital outlay	<u>67,998</u>	<u>-</u>	<u>351,557</u>	<u>4,034,865</u>
Total expenditures	<u>67,998</u>	<u>-</u>	<u>351,557</u>	<u>4,039,719</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(4,687)</u>	<u>5,123</u>	<u>(350,487)</u>	<u>(3,858,693)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	43,079	-	1,430,171
Transfers out	<u>-</u>	<u>-</u>	<u>(43,079)</u>	<u>(6,243,446)</u>
Total other financing sources (uses)	<u>-</u>	<u>43,079</u>	<u>(43,079)</u>	<u>(4,813,275)</u>
NET CHANGE IN FUND BALANCES	<u>(4,687)</u>	<u>48,202</u>	<u>(393,566)</u>	<u>(8,671,968)</u>
FUND BALANCES, BEGINNING	<u>176,880</u>	<u>659,890</u>	<u>393,566</u>	<u>13,210,707</u>
FUND BALANCES, ENDING	<u>\$ 172,193</u>	<u>\$ 708,092</u>	<u>\$ -</u>	<u>\$ 4,538,739</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, 2017

	Budget	Actual	Variance from Final
REVENUES			
Property taxes	\$ 4,867,588	\$ 4,855,806	\$(11,782)
Intergovernmental	704,781	704,781	-
Investment earnings	5,000	42,218	37,218
Total revenue	5,577,369	5,602,805	25,436
EXPENDITURES			
Debt service:			
Principal retirement	5,660,000	5,660,000	-
Interest and fiscal agent fees	2,406,960	2,246,523	160,437
Debt issuance costs	117,500	117,176	324
Total debt service	8,184,460	8,023,699	160,761
Total expenditures	8,184,460	8,023,699	160,761
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,607,091)	(2,420,894)	186,197
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	7,390,000	7,390,000	-
Premium on bonds	510,000	512,691	2,691
Payment to refunded bond escrow agent	(7,841,500)	(7,841,447)	53
Transfers in	2,548,591	2,548,591	-
Total other financing sources (uses)	2,607,091	2,609,835	2,744
NET CHANGE IN FUND BALANCE	-	188,941	188,941
FUND BALANCE, BEGINNING	5,492,736	5,492,736	-
FUND BALANCE, ENDING	\$ 5,492,736	\$ 5,681,677	\$ 188,941

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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Taxes:				
Sales	\$ 595,000	\$ 595,000	\$ 605,264	\$ 10,264
Investment earnings	1,100	1,100	12,428	11,328
Other	4,000	4,000	9,117	5,117
Total revenue	<u>600,100</u>	<u>600,100</u>	<u>626,809</u>	<u>26,709</u>
EXPENDITURES				
Current:				
Community development	284,724	284,724	250,707	34,017
Capital outlay	300,000	300,000	-	300,000
Total expenditures	<u>284,724</u>	<u>284,724</u>	<u>250,707</u>	<u>34,017</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>315,376</u>	<u>315,376</u>	<u>376,102</u>	<u>60,726</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(459,034)	(459,034)	(459,034)	-
Total other financing sources (uses)	<u>(459,034)</u>	<u>(459,034)</u>	<u>(459,034)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(143,658)	(143,658)	(82,932)	60,726
FUND BALANCE, BEGINNING	<u>1,780,811</u>	<u>1,780,811</u>	<u>1,780,811</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,637,153</u>	<u>\$ 1,637,153</u>	<u>\$ 1,697,879</u>	<u>\$ 60,726</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, 2017

	Budget	Actual	Variance With Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 19,800	\$ 21,490	\$ 1,690
Investment earnings	10	37	27
Total revenue	19,810	21,527	1,717
 EXPENDITURES			
Current:			
General government	22,700	22,636	64
Total expenditures	22,700	22,636	64
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,890)	(1,109)	1,781
 FUND BALANCE, BEGINNING	8,662	8,662	-
 FUND BALANCE, ENDING	\$ 5,772	\$ 7,553	\$ 1,781

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, 2017

	Budget	Actual	Variance from Final
REVENUES			
Investment earnings	\$ 100	\$ 784	\$ 684
Other	24,000	22,000	(2,000)
Total revenue	24,100	22,784	(1,316)
EXPENDITURES			
Current:			
Community Development	15,000	5,275	9,725
Total expenditures	15,000	5,275	9,725
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,100	17,509	8,409
NET CHANGE IN FUND BALANCE	9,100	17,509	8,409
FUND BALANCE, BEGINNING	91,899	91,899	-
FUND BALANCE, ENDING	\$ 100,999	\$ 109,408	\$ 8,409

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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Intergovernmental	\$ -	\$ 261,867	\$ 261,867
Investment earnings	<u>50</u>	<u>2,189</u>	<u>2,139</u>
Total revenue	<u>50</u>	<u>264,056</u>	<u>264,006</u>
 EXPENDITURES			
Current:			
Public safety	90,000	51,705	38,295
Capital outlay	<u>20,000</u>	<u>1,790</u>	<u>18,210</u>
Total debt service	<u>110,000</u>	<u>53,495</u>	<u>56,505</u>
 Total expenditures	<u>110,000</u>	<u>53,495</u>	<u>56,505</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(109,950)</u>	<u>210,561</u>	<u>320,511</u>
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(42,064)</u>	<u>(42,064)</u>	<u>-</u>
Total other financing sources (uses)	<u>(42,064)</u>	<u>(42,064)</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	<u>(152,014)</u>	<u>168,497</u>	<u>320,511</u>
 FUND BALANCE, BEGINNING	<u>195,511</u>	<u>195,511</u>	<u>-</u>
 FUND BALANCE, ENDING	<u>\$ 43,497</u>	<u>\$ 364,008</u>	<u>\$ 320,511</u>

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, 2017

	Budget	Actual	Variance from Final
REVENUES			
Intergovernmental	\$ 323,000	\$ 187,540	\$(135,460)
Total revenue	323,000	187,540	(135,460)
EXPENDITURES			
Current:			
Community development	398,200	-	398,200
Total debt service	398,200	-	398,200
Total expenditures	398,200	-	398,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(75,200)	187,540	262,740
OTHER FINANCING SOURCES (USES)			
Transfers in	75,200	75,200	-
Transfers out	-	(187,540)	(187,540)
Total other financing sources (uses)	75,200	(112,340)	(187,540)
NET CHANGE IN FUND BALANCE	-	75,200	75,200
FUND BALANCE, BEGINNING	103,840	103,840	-
FUND BALANCE, ENDING	\$ 103,840	\$ 179,040	\$ 75,200

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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Investment earnings	\$ -	\$ 332	\$ 332
Other	-	8,347	8,347
Total revenue	<u>-</u>	<u>8,679</u>	<u>8,679</u>
EXPENDITURES			
Current:			
Public Safety	<u>11,413</u>	<u>8,365</u>	<u>3,048</u>
Total expenditures	<u>11,413</u>	<u>8,365</u>	<u>3,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,413)</u>	<u>314</u>	<u>11,727</u>
NET CHANGE IN FUND BALANCE	(11,413)	314	11,727
FUND BALANCE, BEGINNING	<u>42,509</u>	<u>42,509</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 31,096</u>	<u>\$ 42,823</u>	<u>\$ 11,727</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Investment earnings	\$ 200	\$ 3,772	\$ 3,572
Other	<u>5,000</u>	<u>229,190</u>	<u>224,190</u>
Total revenue	<u>5,200</u>	<u>232,962</u>	<u>227,762</u>
 EXPENDITURES			
Capital outlay	<u>291,245</u>	<u>77,501</u>	<u>213,744</u>
Total expenditures	<u>291,245</u>	<u>77,501</u>	<u>213,744</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(286,045)</u>	 <u>155,461</u>	 <u>441,506</u>
 NET CHANGE IN FUND BALANCE	 <u>(286,045)</u>	 <u>155,461</u>	 <u>441,506</u>
 FUND BALANCE, BEGINNING	 <u>356,682</u>	 <u>356,682</u>	 <u>-</u>
 FUND BALANCE, ENDING	 <u><u>\$ 70,637</u></u>	 <u><u>\$ 512,143</u></u>	 <u><u>\$ 441,506</u></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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Fines and forfeitures	\$ 21,000	\$ 28,068	\$ 7,068
Investment earnings	60	1,264	1,204
Total revenue	<u>21,060</u>	<u>29,332</u>	<u>8,272</u>
EXPENDITURES			
Current:			
General government	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>-</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>19,060</u>	<u>29,332</u>	<u>10,272</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(29,130)</u>	<u>(29,130)</u>	<u>-</u>
Total other financing sources (uses)	<u>(29,130)</u>	<u>(29,130)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(10,070)	202	10,272
FUND BALANCE, BEGINNING	<u>167,176</u>	<u>167,176</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 157,106</u>	<u>\$ 167,378</u>	<u>\$ 10,272</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, 2017

	Budget	Actual	Variance from Final
REVENUES			
Fines and forfeitures	\$ 36,000	\$ 42,674	\$(6,674)
Investment earnings	65	1,525	(1,460)
Total revenue	36,065	44,199	8,134
EXPENDITURES			
Current:			
General government	53,747	49,053	4,694
Total expenditures	53,747	49,053	4,694
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,682)	(4,854)	12,828
OTHER FINANCING SOURCES (USES)			
Transfers out	(7,800)	(7,800)	-
Total other financing sources (uses)	(7,800)	(7,800)	-
NET CHANGE IN FUND BALANCE	(25,482)	(12,654)	12,828
FUND BALANCE, BEGINNING	208,368	208,368	-
FUND BALANCE, ENDING	\$ 182,886	\$ 195,714	\$ 12,828

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, 2017

	Budget	Actual	Variance from Final
REVENUES			
Fines and forfeitures	\$ 10,000	\$ 14,309	\$ 4,309
Investment earnings	<u>-</u>	<u>27</u>	<u>27</u>
Total revenue	<u>10,000</u>	<u>14,336</u>	<u>4,336</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,000</u>	<u>14,336</u>	<u>4,336</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	-	4,336	4,336
FUND BALANCE, BEGINNING	<u>826</u>	<u>826</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 826</u>	<u>\$ 5,162</u>	<u>\$ 4,336</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Intergovernmental	\$ 790,000	\$ 950,580	\$ 160,580
Investment earnings	<u>1,000</u>	<u>6,106</u>	<u>5,106</u>
Total revenue	<u>791,000</u>	<u>956,686</u>	<u>165,686</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>791,000</u>	<u>956,686</u>	<u>165,686</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,015,000)	(1,044,743)	(29,743)
Total other financing sources (uses)	<u>(1,015,000)</u>	<u>(1,044,743)</u>	<u>(29,743)</u>
NET CHANGE IN FUND BALANCE	(224,000)	(88,057)	135,943
FUND BALANCE, BEGINNING	<u>859,368</u>	<u>859,368</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 635,368</u>	<u>\$ 771,311</u>	<u>\$ 135,943</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Intergovernmental	\$ 14,500	\$ 42,227	\$ 27,727
Investment earnings	-	1,034	1,034
Other	<u>1,350</u>	<u>15,045</u>	<u>13,695</u>
Total revenue	<u>15,850</u>	<u>58,306</u>	<u>42,456</u>
EXPENDITURES			
Current:			
Public Safety	<u>100,675</u>	<u>101,973</u>	(1,298)
Total expenditures	<u>100,675</u>	<u>101,973</u>	(1,298)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(84,825)	(43,667)	<u>41,158</u>
NET CHANGE IN FUND BALANCE	(84,825)	(43,667)	41,158
FUND BALANCE, BEGINNING	<u>164,484</u>	<u>164,484</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 79,659</u>	<u>\$ 120,817</u>	<u>\$ 41,158</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, 2017

	Budget	Actual	Variance from Final
REVENUES			
Investment earnings	\$ 400	\$ 509	\$ 109
Total revenue	400	509	109
EXPENDITURES			
Current:			
Public safety	1,343,915	1,306,655	37,260
Total expenditures	1,343,915	1,306,655	37,260
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,343,515)	(1,306,146)	37,369
OTHER FINANCING SOURCES (USES)			
Transfers in	1,296,369	1,239,212	(57,157)
Total other financing sources (uses)	1,296,369	1,239,212	(57,157)
NET CHANGE IN FUND BALANCE	(47,146)	(66,934)	(19,788)
FUND BALANCE, BEGINNING	66,934	66,934	-
FUND BALANCE, ENDING	\$ 19,788	\$ -	\$(19,788)

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PEG CAPITAL - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Budget	Actual	Variance from Final
REVENUES			
Franchise taxes	\$ 70,000	\$ 62,088	\$(7,912)
Investment earnings	-	1,223	1,223
Total revenue	70,000	63,311	(6,689)
 EXPENDITURES			
Capital outlay	115,000	67,998	47,002
Total expenditures	115,000	67,998	47,002
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(45,000)	(4,687)	40,313
 NET CHANGE IN FUND BALANCE	(45,000)	(4,687)	40,313
 FUND BALANCE, BEGINNING	176,880	176,880	-
 FUND BALANCE, ENDING	\$ 131,880	\$ 172,193	\$ 40,313

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2017

	Health Insurance	Fleet Replacement	Information Services	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 729,270	\$ 3,066,270	\$ 297,894	\$ 4,093,434
Receivables - other	2,692	-	-	2,692
Prepaid expenses	<u>-</u>	<u>-</u>	<u>325</u>	<u>325</u>
Total current assets	<u>731,962</u>	<u>3,066,270</u>	<u>298,219</u>	<u>4,096,451</u>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	-	4,187,730	725,218	4,912,948
Less: accumulated depreciation	<u>-</u>	<u>(2,541,619)</u>	<u>(598,933)</u>	<u>(3,140,552)</u>
Total noncurrent assets	<u>-</u>	<u>1,646,111</u>	<u>126,285</u>	<u>1,772,396</u>
Total assets	<u>731,962</u>	<u>4,712,381</u>	<u>424,504</u>	<u>5,868,847</u>
LIABILITIES				
Current liabilities:				
Accounts payable	<u>5,477</u>	<u>7,666</u>	<u>97,418</u>	<u>110,561</u>
Total current liabilities	<u>5,477</u>	<u>7,666</u>	<u>97,418</u>	<u>110,561</u>
Total liabilities	<u>5,477</u>	<u>7,666</u>	<u>97,418</u>	<u>110,561</u>
NET POSITION				
Net investment in capital assets	-	1,646,111	126,285	1,772,396
Unrestricted	<u>726,485</u>	<u>3,058,604</u>	<u>200,801</u>	<u>3,985,890</u>
Total net position	<u>\$ 726,485</u>	<u>\$ 4,704,715</u>	<u>\$ 327,086</u>	<u>\$ 5,758,286</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Health Insurance</u>	<u>Fleet Replacement</u>	<u>Information Services</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 3,316,574	\$ 736,193	\$ 518,000	\$ 4,570,767
Total operating revenues	<u>3,316,574</u>	<u>736,193</u>	<u>518,000</u>	<u>4,570,767</u>
OPERATING EXPENSES				
Cost of sales and services	3,357,667	9,347	761,183	4,128,197
Depreciation	<u>-</u>	<u>309,640</u>	<u>26,287</u>	<u>335,927</u>
Total operating expenses	<u>3,357,667</u>	<u>318,987</u>	<u>787,470</u>	<u>4,464,124</u>
OPERATING INCOME (LOSS)	<u>(41,093)</u>	<u>417,206</u>	<u>(269,470)</u>	<u>106,643</u>
NONOPERATING REVENUES				
Investment earnings	<u>3,946</u>	<u>22,053</u>	<u>3,271</u>	<u>29,270</u>
Total nonoperating revenues	<u>3,946</u>	<u>22,053</u>	<u>3,271</u>	<u>29,270</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(37,147)</u>	<u>439,259</u>	<u>(266,199)</u>	<u>135,913</u>
TRANSFERS				
Transfers in	<u>-</u>	<u>42,064</u>	<u>-</u>	<u>42,064</u>
Total transfers	<u>-</u>	<u>42,064</u>	<u>-</u>	<u>42,064</u>
CHANGE IN NET POSITION	<u>(37,147)</u>	<u>481,323</u>	<u>(266,199)</u>	<u>177,977</u>
NET POSITION, BEGINNING	<u>763,632</u>	<u>4,223,392</u>	<u>593,285</u>	<u>5,580,309</u>
NET POSITION, ENDING	<u>\$ 726,485</u>	<u>\$ 4,704,715</u>	<u>\$ 327,086</u>	<u>\$ 5,758,286</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Health Insurance</u>	<u>Fleet Replacement</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,316,598	\$ 737,123
Disbursed for goods and services to suppliers	-	(9,347)
Disbursed for personnel services	<u>(3,353,120)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>(36,522)</u>	<u>727,776</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from other funds	<u>-</u>	<u>42,064</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>42,064</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of equipment	<u>-</u>	<u>(508,679)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(508,679)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	<u>3,946</u>	<u>22,053</u>
Net cash provided by investing activities	<u>3,946</u>	<u>22,053</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(32,576)</u>	<u>283,214</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>761,846</u>	<u>2,783,056</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 729,270</u>	<u>\$ 3,066,270</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$(41,093)	\$ 417,206
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	-	309,640
(Increase) decrease in other receivables	24	-
(Increase) decrease in prepaid items	-	-
(Increase) decrease in accounts payable and accrued liabilities	<u>4,547</u>	<u>930</u>
Total adjustments	<u>4,571</u>	<u>310,570</u>
Net cash provided (used) by operating activities	<u>\$(36,522)</u>	<u>\$ 727,776</u>

<u>Information Services</u>	<u>Total Internal Services Funds</u>
\$ 518,000	\$ 4,571,721
-	(9,347)
<u>(662,273)</u>	<u>(4,015,393)</u>
<u>(144,273)</u>	<u>546,981</u>
<u>-</u>	<u>42,064</u>
<u>-</u>	<u>42,064</u>
<u>(50,789)</u>	<u>(559,468)</u>
<u>(50,789)</u>	<u>(559,468)</u>
<u>3,271</u>	<u>29,270</u>
<u>3,271</u>	<u>29,270</u>
(191,791)	58,847
<u>489,685</u>	<u>4,034,587</u>
<u>\$ 297,894</u>	<u>\$ 4,093,434</u>
\$(269,470)	\$ 106,643
26,287	335,927
-	24
13,711	13,711
<u>85,199</u>	<u>90,676</u>
<u>125,197</u>	<u>440,338</u>
<u>\$(144,273)</u>	<u>\$ 546,981</u>

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

**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.

	<u>Page Number</u>
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.	129
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	131

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:				
Net investment in capital assets	\$ 31,083,711	\$ 32,635,560	\$ 33,803,107	\$ 25,930,436
Restricted	6,940,067	7,733,228	7,657,493	7,651,906
Unrestricted	<u>8,687,194</u>	<u>7,367,951</u>	<u>6,365,692</u>	<u>15,998,818</u>
Total governmental activities net position	<u>\$ 46,710,972</u>	<u>\$ 47,736,739</u>	<u>\$ 47,826,292</u>	<u>\$ 49,581,160</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 35,020,690	\$ 37,092,180	\$ 39,944,847	\$ 39,951,294
Unrestricted	<u>4,948,117</u>	<u>6,388,090</u>	<u>6,807,001</u>	<u>9,504,355</u>
Total business-type activities net position	<u>\$ 39,968,807</u>	<u>\$ 43,480,270</u>	<u>\$ 46,751,848</u>	<u>\$ 49,455,649</u>
Primary government:				
Net investment in capital assets	\$ 66,104,401	\$ 69,727,740	\$ 73,747,954	\$ 65,881,730
Restricted	6,940,067	7,733,228	7,657,493	7,651,906
Unrestricted	<u>13,635,311</u>	<u>13,756,041</u>	<u>13,172,693</u>	<u>25,503,173</u>
Total primary government net position	<u>\$ 86,679,779</u>	<u>\$ 91,217,009</u>	<u>\$ 94,578,140</u>	<u>\$ 99,036,809</u>

TABLE 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 37,091,238	\$ 37,219,927	\$ 39,982,793	\$ 45,031,276	\$ 44,536,858	\$ 39,787,127
9,305,959	10,581,044	14,699,152	11,657,814	13,429,994	17,217,918
<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>10,315,556</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>	<u>\$ 67,320,601</u>
\$ 39,617,050	\$ 43,565,861	\$ 44,504,314	\$ 50,564,934	\$ 56,850,394	\$ 64,082,657
<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>19,188,387</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>	<u>\$ 83,271,044</u>
\$ 76,708,288	\$ 80,785,788	\$ 84,487,107	\$ 95,596,210	\$ 101,387,252	\$ 103,869,784
9,305,959	10,581,044	14,699,152	11,647,814	13,429,994	17,217,918
<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>29,503,943</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>	<u>\$ 150,591,645</u>

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

	Fiscal Year			
	2008	2009	2010	2011
EXPENSES				
Governmental activities:				
General government	\$ 5,893,278	\$ 4,940,400	\$ 4,543,990	\$ 6,264,102
Public safety	9,557,479	12,833,968	11,363,799	11,079,052
Public works	7,055,190	6,068,306	7,413,394	7,714,821
Community development	2,011,620	2,096,947	2,066,781	1,966,684
Interest on long-term debt	1,470,797	1,612,187	1,890,855	2,109,455
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>25,988,364</u>	<u>27,551,808</u>	<u>27,278,819</u>	<u>29,134,114</u>
Business-type activities:				
Water and sewer	5,076,178	5,423,819	5,541,932	6,366,473
Civic center rentals	-	-	-	-
Total business-type activities expenses	<u>5,076,178</u>	<u>5,423,819</u>	<u>5,541,932</u>	<u>6,366,473</u>
Total primary government program expenses	<u>\$ 31,064,542</u>	<u>\$ 32,975,627</u>	<u>\$ 32,820,751</u>	<u>\$ 35,500,587</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 1,202,306	\$ 1,241,545	\$ 991,398	\$ 915,567
Public safety	46,964	168,849	169,472	136,915
Public works	3,979,234	3,827,530	3,836,951	3,929,779
Community development	187,534	24,086	20,274	32,023
Operating grants and contributions	1,718,460	3,115,639	2,708,807	2,904,132
Capital grants and contributions	1,658,285	1,386,483	2,719,342	2,820,234
Total governmental activities program revenues	<u>8,792,783</u>	<u>9,764,132</u>	<u>10,446,244</u>	<u>10,738,650</u>
Business-type activities:				
Charges for services:				
Water	4,396,761	4,367,318	4,011,869	5,038,411
Sewer	3,489,353	4,050,725	4,340,805	4,935,437
Civic center rentals	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>11,073,790</u>	<u>428,595</u>	<u>115,891</u>	<u>467,393</u>
Total business-type activities program revenues	<u>18,959,904</u>	<u>8,846,638</u>	<u>8,468,565</u>	<u>10,441,241</u>
Total primary government program revenues	<u>\$ 27,752,687</u>	<u>\$ 18,610,770</u>	<u>\$ 18,914,809</u>	<u>\$ 21,179,891</u>

TABLE 2

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	3,573,695	\$	4,208,848	\$	3,995,452	\$	4,504,358	\$	5,350,906	\$	4,446,334
	11,487,867		12,043,046		13,430,159		13,688,321		15,997,582		17,405,764
	7,054,048		7,264,024		7,236,352		7,962,151		9,224,710		9,408,265
	2,887,685		2,866,455		2,616,778		3,037,820		3,704,464		3,885,492
	2,005,530		2,194,440		2,039,639		2,095,192		2,140,471		2,362,480
	-		-		128,148		65,849		85,470		-
	<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>		<u>37,508,335</u>
	6,870,352		7,236,812		7,163,452		7,862,720		9,445,663		10,386,479
	-		-		391,242		403,256		294,626		333,868
	<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>10,720,347</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>	\$	<u>48,228,682</u>
\$	987,095	\$	927,203	\$	850,652	\$	895,956	\$	842,483	\$	938,557
	1,423,286		1,588,845		1,953,287		2,220,117		2,251,968		2,477,945
	4,327,317		4,048,440		4,386,859		4,751,892		4,693,162		4,977,523
	140,449		187,720		104,582		34,992		29,291		31,481
	311,124		289,050		187,547		252,706		184,004		693,220
	<u>1,598,036</u>		<u>2,770,160</u>		<u>5,028,824</u>		<u>4,433,455</u>		<u>4,181,490</u>		<u>4,827,839</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>		<u>13,946,565</u>
	5,970,615		6,319,988		6,803,044		8,125,375		9,046,596		10,237,415
	4,453,529		4,712,109		5,058,751		5,327,572		5,381,662		5,296,433
	-		-		115,780		78,104		99,385		102,605
	68,666		282,696		3,997		496,547		-		155,589
	<u>412,122</u>		<u>525,482</u>		<u>517,470</u>		<u>687,808</u>		<u>778,401</u>		<u>-</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>15,792,042</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>	\$	<u>29,738,607</u>

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

	2008	2009	2010	2011
NET (EXPENSE) REVENUES				
Governmental activities	\$(17,195,581)	\$(17,787,676)	\$(16,832,575)	\$(18,395,464)
Business-type activities	<u>13,883,726</u>	<u>3,422,819</u>	<u>2,926,633</u>	<u>4,074,768</u>
Total primary government net expense	<u>(3,311,855)</u>	<u>(14,364,857)</u>	<u>(13,905,942)</u>	<u>(14,320,696)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	6,307,963	7,729,511	7,662,802	7,504,772
Sales	8,490,926	8,516,511	8,733,789	8,988,995
Franchise	1,493,665	1,531,280	1,627,628	1,578,896
Investment earnings	744,713	312,187	102,412	75,054
Gain on sale of capital assets	-	-	-	-
Other revenue	545,009	675,512	287,950	573,928
Transfers	<u>1,900,344</u>	<u>48,442</u>	<u>(513,441)</u>	<u>1,428,687</u>
Total governmental activities	<u>19,482,620</u>	<u>18,813,443</u>	<u>17,901,140</u>	<u>20,150,332</u>
Business-type activities:				
Investment earnings	149,076	131,474	20,987	13,204
Other revenue	25,504	5,612	61,143	-
Transfers	<u>(1,900,344)</u>	<u>(48,442)</u>	<u>513,441</u>	<u>(1,428,687)</u>
Total business-type activities	<u>(1,725,764)</u>	<u>88,644</u>	<u>595,571</u>	<u>(1,415,483)</u>
Total primary government	<u>17,756,856</u>	<u>18,902,087</u>	<u>18,496,711</u>	<u>18,734,849</u>
CHANGE IN NET POSITION				
Governmental activities	2,287,039	1,025,767	1,068,565	1,754,868
Business-type activities	<u>12,157,962</u>	<u>3,511,463</u>	<u>3,522,204</u>	<u>2,659,285</u>
Total primary government	<u>\$ 14,445,001</u>	<u>\$ 4,537,230</u>	<u>\$ 4,590,769</u>	<u>\$ 4,414,153</u>

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

TABLE 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$(18,221,518)	\$(18,765,395)	\$(16,934,777)	\$(18,764,573)	\$(24,321,205)	\$(23,561,770)
<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>	<u>5,071,695</u>
(14,186,938)	(14,161,932)	(11,990,429)	(12,315,243)	(18,755,450)	(18,490,075)
7,495,321	7,959,179	8,557,411	8,833,478	9,573,741	10,657,377
10,053,941	11,128,093	13,083,487	13,386,446	12,424,687	13,127,091
1,585,406	1,780,202	1,851,747	1,898,719	1,924,699	1,963,484
55,875	43,146	20,512	33,739	202,646	466,386
-	-	90,641	172,184	54,717	-
379,081	395,991	337,321	403,605	264,045	420,524
<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>(2,741,618)</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>	<u>23,893,244</u>
11,349	14,216	6,563	11,070	67,622	148,877
-	-	-	-	-	-
<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>2,741,618</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>2,890,495</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>	<u>26,783,739</u>
3,466,715	1,425,186	8,113,788	3,368,334	(291,486)	331,474
<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>7,962,190</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>	<u>\$ 8,293,664</u>

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

Function	Fiscal Year			
	2008	2009	2010	2011
Property taxes	\$ 6,307,963	\$ 7,729,511	\$ 7,662,802	\$ 7,504,772
Sales taxes	8,490,926	8,516,511	8,733,789	8,988,995
Franchise taxes	<u>1,493,665</u>	<u>1,531,280</u>	<u>1,627,628</u>	<u>1,578,896</u>
Total	<u>\$ 16,292,554</u>	<u>\$ 17,777,302</u>	<u>\$ 18,024,219</u>	<u>\$ 18,072,663</u>

TABLE 3

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 7,495,321	\$ 7,959,179	\$ 8,557,411	\$ 8,833,478	\$ 9,573,741	\$ 10,657,377
10,053,941	11,128,093	13,083,487	13,386,446	12,424,687	13,127,091
<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>1,963,484</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>	<u>\$ 25,747,952</u>

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

	Fiscal Year			
	2008	2009	2010	2011
General fund:				
Nonspendable	\$ -	\$ -	\$ 28,715	\$ 250,502
Assigned	-	-	-	-
Unassigned	<u>5,386,612</u>	<u>4,616,240</u>	<u>4,399,287</u>	<u>4,398,185</u>
Total general fund	<u>\$ 5,386,612</u>	<u>\$ 4,616,240</u>	<u>\$ 4,428,002</u>	<u>\$ 4,648,687</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	12,413,235	13,817,505	13,167,730	17,393,365
Assigned	-	-	-	-
Unassigned	<u>385,407</u>	<u>462,510</u>	<u>487,744</u>	<u>1,189,903</u>
Total all other governmental funds	<u>\$ 12,798,642</u>	<u>\$ 14,280,015</u>	<u>\$ 13,655,474</u>	<u>\$ 18,583,268</u>

TABLE 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 39,243	\$ 53,418	\$ 36,067	\$ 19,029	\$ 25,289	\$ 35,591
497,318	500,982	1,104,350	-	-	-
<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>17,057,874</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>	<u>\$ 17,093,465</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,981
20,443,337	23,197,272	28,526,910	25,129,068	26,495,326	27,069,605
545,525	-	-	-	-	-
<u>-</u>	<u>(835)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,147)</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>	<u>\$ 26,973,439</u>

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

	Fiscal Year			
	2008	2009	2010	2011
REVENUES				
Taxes	\$ 16,429,163	\$ 17,742,498	\$ 18,052,945	\$ 18,067,969
Licenses and permits	526,446	430,983	385,461	433,122
Fines and forfeitures	1,036,121	891,746	737,463	634,437
Fees and charges for services	3,918,948	3,945,431	3,895,170	4,095,461
Intergovernmental	3,149,071	4,517,587	5,059,708	5,743,934
Investment earnings	692,571	280,491	90,548	69,562
Other	670,139	644,688	252,574	410,219
Total revenues	<u>26,422,459</u>	<u>28,453,424</u>	<u>28,473,869</u>	<u>29,454,704</u>
EXPENDITURES				
General government	5,744,858	4,404,269	4,189,729	5,886,316
Public safety	9,465,004	9,922,020	10,098,624	10,315,878
Public works	5,235,282	5,320,468	5,348,163	5,314,788
Community development	1,903,248	1,772,771	1,797,454	1,648,288
Capital outlay	13,986,114	10,133,254	9,154,244	6,586,965
Debt service				
Principal	4,167,220	2,472,000	3,936,562	4,219,657
Interest and fiscal charges	1,447,906	1,612,295	1,883,113	2,085,237
Debt issuance costs	52,146	179,149	141,923	190,224
Total expenditures	<u>42,001,778</u>	<u>35,816,226</u>	<u>36,549,812</u>	<u>36,247,353</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	<u>(15,579,319)</u>	<u>(7,362,802)</u>	<u>(8,075,943)</u>	<u>(6,792,649)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	12,212,785	13,090,000	7,358,164	10,505,000
Refunding bonds issued	-	-	-	4,860,000
Premium on bonds	-	415,818	418,441	209,422
Insurance proceeds	-	-	-	-
Payment to refunded bond escrow agent	-	(5,265,355)	-	(4,995,000)
Proceeds on sale of capital assets	-	-	-	-
Transfers in	2,544,552	2,482,116	2,718,604	3,240,516
Transfers out	<u>(644,208)</u>	<u>(2,492,178)</u>	<u>(3,232,045)</u>	<u>(1,878,810)</u>
Total other financing sources (uses)	<u>14,113,129</u>	<u>8,230,401</u>	<u>7,263,164</u>	<u>11,941,128</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,466,190)</u>	<u>\$ 867,599</u>	<u>\$ (812,779)</u>	<u>\$ 5,148,479</u>
DEBT SERVICE AS A PERCENTAGE				
OF NONCAPITAL EXPENDITURES	<u>19.9%</u>	<u>16.2%</u>	<u>20.8%</u>	<u>21.1%</u>

TABLE 5

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 19,158,616	\$ 20,846,124	\$ 23,512,541	\$ 24,116,844	\$ 23,951,861	\$ 25,745,046
585,083	613,391	771,303	822,193	748,694	753,493
665,836	657,690	573,433	612,230	559,799	663,834
4,173,636	3,835,622	4,035,891	4,392,627	4,345,189	4,616,700
3,667,174	5,206,542	9,495,522	7,419,273	7,105,930	3,930,169
52,723	39,527	19,061	31,637	189,633	437,116
710,964	536,217	450,829	505,433	304,601	698,751
<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>	<u>36,845,109</u>
3,353,809	3,309,484	3,446,026	3,787,085	3,864,072	3,787,501
10,725,354	11,126,683	12,519,502	12,958,143	14,226,773	15,323,946
4,819,422	4,407,271	4,511,391	5,059,614	5,590,942	5,894,608
2,351,073	2,528,271	2,283,655	2,772,737	3,303,417	3,413,792
7,577,210	9,666,080	6,903,952	7,871,262	10,396,946	5,815,083
4,345,981	6,152,414	4,906,639	4,916,983	5,236,922	5,660,000
1,983,170	2,123,645	2,101,713	2,177,290	2,224,256	2,246,523
86,134	237,886	128,148	65,849	85,470	239,118
<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>42,380,571</u>
(6,228,121)	(7,816,621)	2,057,554	(1,708,726)	(7,723,091)	(5,535,462)
8,600,000	12,410,000	6,565,000	3,000,000	9,760,000	9,825,000
-	-	-	-	-	7,390,000
-	227,641	133,572	168,000	209,584	687,315
-	19,666	41,362	6,730	21,355	19,900
-	-	-	-	-	(7,841,447)
49,000	32,665	72,080	165,454	39,589	114,505
4,382,807	5,179,079	5,200,179	7,024,867	5,858,844	6,926,714
(2,267,169)	(6,295,109)	(4,092,732)	(9,620,121)	(6,573,660)	(9,710,396)
<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>7,411,591</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>1,876,129</u>
<u>22.9%</u>	<u>27.2%</u>	<u>22.9%</u>	<u>21.9%</u>	<u>20.2%</u>	<u>23.0%</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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
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
2017	10,654,471	13,127,091	1,963,484	25,745,046

Source: Comprehensive Annual Financial Reports

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

	Fiscal Year			
	2008	2009	2010	2011
Manufacturing	\$ 9,289,505	\$ 8,387,586	\$ 11,868,406	\$ 35,709,305
Construction	6,565,593	8,099,729	4,379,752	4,358,021
Mining/Oil and Gas Extraction	-	-	236,213	410,444
Wholesale Trade	60,136,962	34,918,765	41,970,803	19,433,287
Retail Trade	282,801,551	298,869,319	317,562,021	349,146,421
Information	6,122,947	6,946,114	7,756,997	8,366,727
Finance/Insurance	1,667,665	1,627,326	1,610,799	1,523,707
Real Estate/Rental/Leasing	10,810,863	9,860,254	6,131,109	3,945,113
Professional/Scientific/Technical	1,932,653	1,692,731	1,479,498	1,549,856
Admin/Waste Management	4,327,704	4,954,549	4,473,592	4,012,601
Entertainment/Recreation	327,409	620,027	677,975	709,310
Accommodation/Food Service	61,345,725	64,156,691	68,292,207	71,930,612
Other services	6,858,990	5,340,424	6,259,539	6,783,724
Other	-	500	-	-
Total	\$ 452,187,567	\$ 445,474,015	\$ 472,698,911	\$ 507,879,128
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 2017 fiscal year. The fourth quarter is not currently available.

TABLE 7

		Fiscal Year									
		2012	2013	2014	2015	2016	2017*				
\$	33,319,926	\$	34,755,374	\$	71,023,948	\$	43,914,757	\$	14,731,110	\$	18,146,407
	4,983,655		5,478,498		5,699,322		6,761,025		3,801,775		4,236,260
	156,604		217,256		698,165		661,261		232,651		316,151
	15,371,499		14,399,273		24,760,219		29,108,721		15,963,328		75,872,289
	384,003,024		439,367,655		475,049,147		499,442,325		351,808,149		297,281,260
	9,711,481		12,557,755		16,434,007		18,819,964		14,862,735		14,387,216
	1,493,134		1,552,677		1,582,285		1,662,748		1,295,361		1,288,602
	3,324,471		3,511,362		2,813,209		3,175,468		2,339,886		2,818,525
	1,737,784		1,837,041		2,055,795		2,225,002		1,736,724		1,701,861
	4,743,465		5,258,948		5,149,744		7,761,946		7,943,978		10,357,153
	79,539		16,075		22,415		347,356		1,437,673		3,090,650
	80,285,088		88,682,555		95,710,727		104,003,993		80,566,907		83,185,032
	7,477,950		8,477,137		9,342,029		10,499,800		8,072,286		9,816,654
	-		-		-		-		8,690		1,200
\$	<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>	\$	<u>522,499,260</u>
	0.0125000%		0.0125000%		0.0125000%		0.0125000%		0.0125000%		0.0125000%

THIS PAGE LEFT BLANK INTENTIONALLY

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
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
2017	1,026,346,467	1,331,364,289	288,805,245	447,394,435	2,199,121,566	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
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
2017	2016	0.21434	0.25566	0.47000	1.39005	0.47400	0.50000	2.83405

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	3.20939	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
0.85000	3.18405	0.80000	3.13405	0.83000	3.16405

TABLE 10

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

Taxpayer	2017		2008	
	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	\$ 76,334,680	1 3.47%		- %
Aldi (Texas) LLC	68,900,150	2 3.13%		- %
Brazos TC - South Partnership A, LP	49,139,670	3 2.23%	13,100,610	3 1.12%
A-S 70 Hwy 59-FM 762	-	- %	31,173,420	1 2.68%
BRE Silver MF Brazos TX LP	30,064,630	4 1.37%		- %
Dolce Living Rosenberg LLC	27,176,860	5 1.24%		- %
National Oilwell Downhole Tools	19,226,360	6 0.87%		- %
Kroger Texas LP	17,740,620	7 0.81%		- %
Centerpoint Energy Electric	16,502,880	8 0.75%	14,104,920	2 1.21%
RRR Apartments LTD	14,130,070	9 0.64%		- %
3101 Place Owner LLC	14,046,060	10 0.64%		- %
Williams Brothers Construction Co Inc	12,443,680	11 0.57%		- %
GSSW Fountains LLC	12,337,390	12 0.56%		- %
Seatex LTD	12,795,750	13 0.58%		- %
Lowe's Home Centers, Inc.	10,459,060	14 0.48%	7,605,420	7 0.65%
Brazos TC - South Partnership B, LP	9,089,120	15 0.41%		- %
SBS/Bison Building Material LLC	9,028,390	16 0.41%	5,945,140	14 0.51%
Target Corporation	8,376,470	17 0.38%	7,540,520	9 - %
Reading Road Apartments, LP	8,346,820	18 0.38%	5,843,470	16 0.50%
JC Penney Properties, Inc.	7,990,000	19 0.36%		- %
Rockstar Westwood LLC	7,874,280	20 0.36%		- %
Rosenberg Venture Ltd	-	- %	10,535,360	4 0.90%
Southwestern Bell	-	- %	10,488,390	5 0.90%
A-S 83 Town Center - FM 2218 LP	-	- %	8,031,360	6 0.69%
Gurecky Manufacturing Service Inc	-	- %	7,593,980	8 0.65%
A-S 70 Hwy 59-FM 762	-	- %	6,812,760	10 0.58%
Viswa Jyothi Ltd Partnership	-	- %	6,716,860	11 0.58%
Lowe's Companies Inc. #1898	-	- %	6,160,910	12 0.53%
RD Auto Real Estate Investors LP	-	- %	5,947,210	13 0.51%
Texas MSI Ltd	-	- %	5,854,950	15 0.50%
Rosenberg Station LLC	-	- %	5,649,810	11 0.48%
HS Development Properties LP	-	- %	5,550,590	18 0.48%
CL Texas LP	-	- %	5,305,970	19 0.46%
DR Horton-Emerald Ltd	-	- %	5,187,560	20 0.45%
Subtotal	432,002,940	20%	175,149,210	14%
Other taxpayers	<u>1,767,118,626</u>	<u>80%</u>	<u>989,852,889</u>	<u>86%</u>
Total	<u>\$ 2,199,121,566</u>	<u>100%</u>	<u>\$ 1,165,002,099</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		Collections in Subsequent Years	Total Collections to Date	
			Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 0.54500	\$ 6,377,788	\$ 6,182,287	96.93%	\$ 173,509	\$ 6,355,796	99.66%
2009	0.52020	7,512,800	7,401,558	98.52%	95,381	7,496,939	99.79%
2010	0.50000	7,538,276	7,431,901	98.59%	92,411	7,524,312	99.81%
2011	0.50000	7,413,614	7,308,431	98.58%	91,815	7,400,246	99.82%
2012	0.50000	7,376,235	7,317,653	99.21%	46,679	7,364,332	99.84%
2013	0.51000	7,870,255	7,794,028	99.03%	66,652	7,860,680	99.88%
2014	0.50000	8,462,074	8,387,692	99.12%	61,780	8,449,472	99.85%
2015	0.49000	8,921,625	8,848,290	99.18%	57,374	8,905,664	99.82%
2016	0.47000	9,514,791	9,452,428	99.34%	42,781	9,495,209	99.79%
2017	0.47000	10,583,364	10,499,723	99.21%	-	10,499,723	99.21%

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
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	-	-
2017	15,460,000	55,595,000	-	-

Source: Comprehensive Annual Financial Reports

*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, Capital Leases and Notes Payable	Total Primary Government	Percentage of Personal Income*	Per Capita*
\$ -	\$ 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
1,613,624	2,622,730	75,291,354	7.16%	2,009

TABLE 13

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*
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
2017	15,460,000	55,595,000	5,681,677	1,613,624	66,986,947	3.05%	1,787

Source: Comprehensive Annual Financial Reports

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

CITY OF ROSENBERG, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)
AS OF SEPTEMBER 30, 2017

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Lamar CISD	\$ 791,650,000	17.16%	\$ 135,847,140
Fort Bend County	566,233,978	3.86%	21,856,632
Fort Bend MUD No. 94	4,685,000	100.00%	4,685,000
Fort Bend MUD No. 144	21,600,000	97.79%	21,122,640
Fort Bend MUD No. 148	4,800,000	100.00%	4,800,000
Fort Bend MUD No. 152	11,015,000	1.32%	145,398
Fort Bend MUD No. 159	4,710,000	100.00%	4,710,000
Fort Bend MUD No. 167	28,695,000	100.00%	28,695,000
Subtotal overlapping debt			221,861,810
City direct debt			<u>72,668,624</u>
Total direct and overlapping debt			<u>\$ 294,530,434</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			
	2008	2009	2010	2011
Debt limit	\$ 116,500,210	\$ 145,783,137	\$ 151,557,382	\$ 148,547,380
Total net debt applicable to limit	<u>33,207,366</u>	<u>36,842,483</u>	<u>39,812,582</u>	<u>46,592,070</u>
Legal debt margin	<u>\$ 83,292,844</u>	<u>\$ 108,940,654</u>	<u>\$ 111,744,800</u>	<u>\$ 101,955,310</u>
Total net debt applicable to the limit as a percentage of debt limit	28.50%	25.27%	26.27%	31.37%
Legal debt margin calculation by fiscal year				
Assessed value	\$ 1,165,002,099	\$ 1,457,831,365	\$ 1,515,573,819	\$ 1,485,473,800
Debt limit (10% of assessed value)	116,500,210	145,783,137	151,557,382	148,547,380
Debt applicable to limit:				
General obligation bonds	36,510,000	41,460,000	45,305,000	51,655,000
Less: amount set aside for repayment of general obligation debt	<u>(3,302,634)</u>	<u>(4,617,517)</u>	<u>(5,492,418)</u>	<u>(5,062,930)</u>
Total net debt applicable to limit	<u>33,207,366</u>	<u>36,842,483</u>	<u>39,812,582</u>	<u>46,592,070</u>
Legal debt margin	<u>\$ 83,292,844</u>	<u>\$ 108,940,654</u>	<u>\$ 111,744,800</u>	<u>\$ 101,955,310</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					
2012	2013	2014	2015	2016	2017
\$ 154,515,089	\$ 166,597,038	\$ 181,299,013	\$ 189,615,990	\$ 203,925,239	\$ 219,912,157
<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>65,562,263</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>	<u>\$ 154,349,894</u>
32.97%	34.57%	32.95%	31.04%	30.33%	29.81%
\$ 1,545,150,888	\$ 1,665,970,375	\$ 1,812,990,131	\$ 1,896,159,898	\$ 2,039,252,388	\$ 2,199,121,566
154,515,089	166,597,038	181,299,013	189,615,990	203,925,239	219,912,157
56,115,000	62,585,000	64,714,000	63,850,760	67,315,000	71,055,000
(5,170,780)	(4,990,181)	(4,976,742)	(4,992,531)	(5,462,057)	(5,492,737)
<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>65,562,263</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>	<u>\$ 154,349,894</u>

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

Tax Obligation Debt Service Requirements, FY18		\$	7,482,096
Debt Service Fund, 09/30/17	\$	5,681,677	
Debt Service Fund Tax Levy @ 96% Collection		4,451,571	
Estimated Prior Year Delinquent Taxes		-	
Estimated Transfer from Water/Wastewater Fund		1,993,292	
Estimated Transfer from Rosenberg Development Corporation		631,318	
Estimated Transfer from Civic Center Fund		62,790	
Estimated Transfer from Subsidence Fund		303,918	
Estimated Investment Income		<u>25,000</u>	13,149,566
Estimated Debt Service Fund Balance, 09/30/18			5,667,470
General Obligation and/or Revenue Bonds Authorized but unissued for 2017		None	
Floating Debt Outstanding for 2017		None	

CITY OF ROSENBERG, TEXAS
COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)
SEPTEMBER 30, 2017

WATERWORKS AND SEWER SYSTEM

Net system revenue available 09/30/17	\$ 8,128,024
Less: 2018 requirements for revenue bonds	<u>21,000</u>
Balance available for other purposes	<u>\$ 8,107,024</u>
Debt service coverage ratio	
2018 requirements for system tax or general obligation bonds (1)	2,388,217
Percentage of system general obligation bonds self-supporting	100%

ROSENBERG DEVELOPMENT CORPORATION

Net system revenue available 09/30/17	\$ 6,633,092
Less: 2018 requirements for revenue bonds	<u>707,798</u>
Balance available for other purposes	<u>\$ 5,925,294</u>
2018 requirements for general obligation bonds paid by the Corporation (1)	813,922
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
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%
2017	38,500	1,051,512,000	27,312	33.3	32,391	4.0%

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	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lamar Consolidated ISD	4,848	1	28.38%	3,016	1	40.21%
Frito Lay, Inc.	950	3	5.56%	511	2	6.81%
Texana Center	500	2	2.93%			
Fort Bend County Offices	442	4	2.59%	164	7	2.19%
City of Rosenberg	315	5	1.84%	243	4	3.24%
Benedittini Cabinetry	302	6	1.77%	233	6	3.11%
Kroger	278	7	1.63%	113	10	1.51%
Biotics Research Corporation	175	8	1.02%			
Si Environmental	165	9	0.97%			
Seatex	131	10	0.77%			
Southwestern Bell/AT&T				238	5	3.17%
Allied Concrete	-		- %	350	3	4.67%
BMC West (Home Lumber)	-		- %	136	8	1.81%
Silver Eagle, Inc.	-		- %	120	9	1.60%
Total	<u>8,106</u>		<u>47.46%</u>	<u>5,124</u>		<u>68.32%</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,			
	2008	2009	2010	2011
General government	32	30	32	29
Public safety				
Police				
Officers	65	65	65	65
Civilians	22	23	23	21
Animal Control	2	2	2	2
Fire				
Firefighters	35	36	37	37
Civilians	2	2	2	2
Public works				
Streets and drainage	18	17	17	15
Building maintenance	-	-	-	-
Fleet maintenance	4	4	4	4
Community Development				
Planning	4	4	4	3
Code Enforcement	9	9	9	7
Health	1	2	2	1
Communications	1	1	1	1
Parks & Recreation	13	15	15	12
Hotel/Motel	2	2	2	2
Civic Center	3	3	3	3
Water and Sewer	<u>29</u>	<u>29</u>	<u>27</u>	<u>25</u>
Total	<u>242</u>	<u>244</u>	<u>245</u>	<u>229</u>

Source: City personnel records.

TABLE 20

Fulltime Equivalent Employees as of September 30,					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
30	30	30	33	33	34
65	68	74	75	76	82
21	23	22	25	28	28
2	2	3	3	3	4
37	37	49	52	52	52
2	2	2	2	2	2
15	16	16	18	18	19
-	-	-	-	-	2
4	4	4	4	5	5
3	3	3	4	5	5
7	7	8	8	8	8
1	1	1	2	2	2
1	1	1	3	-	-
11	10	11	10	10	9
2	2	0	-	1	1
3	3	5	5	4	3
<u>25</u>	<u>25</u>	<u>25</u>	<u>27</u>	<u>27</u>	<u>27</u>
<u>229</u>	<u>234</u>	<u>255</u>	<u>270</u>	<u>275</u>	<u>283</u>

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police				
Arrests	4,473	4,287	3,373	3,313
Accident reports	651	506	444	399
Citations	14,895	11,158	8,583	7,087
Offense reports	4,453	4,955	5,235	4,105
Calls for service	42,568	40,775	51,683	53,702
Fire				
Emergency responses	4,527	3,476	3,348	3,426
Fire incidents	196	233	127	69
Service calls and other calls	2,514	3,124	3,199	3,061
Automatic aid, mutual aid given	128	119	22	60
Water				
Average daily consumption (millions of gallons)	3.44	3.75	3.37	4.11
Total consumption (millions of gallons)	1,262	1,372	1,230	1,504
Peak daily consumption (millions of gallons)	5.10	6.27	5.16	7.14
Sewer				
Average daily sewage treatment (millions of gallons)	3.27	2.44	3.13	2.33
Total consumption (millions of gallons)	1,197	891	1,133	854
Peak daily consumption (millions of gallons)	11.84	9.91	16.94	6.21

Source: Various City departments

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

TABLE 21

Fiscal Year						
2012	2013	2014	2015	2016	2017	
3,440	2,654	2,819	2,875	2,616	2,460	
570	629	767	890	977	1,083	
6,779	5,874	4,239	5,250	5,098	5,530	
3,921	4,229	4,088	4,180	3,871	3,887	
58,414	55,829	51,054	50,843	45,907	52,738	
3,697	3,702	3,792	3,602	4,506	5,076	
197	239	141	149	1370*	1,507	
3,455	3,333	3,651	3,453	3,036	3,419	
45	130	152	83	153	150	
3.63	3.71	3.69	3.87	3.94	4.09	
1,334	1,357	1,353	1,411	1,438	1,493	
6.46	5.83	6.65	8.20	8.60	6.90	
2.54	2.32	2.83	2.82	3.01	3.23	
932	849	867	1,029	1,098	1,179	
10.21	7.64	8.42	11.47	9.63	25.17	

**CITY OF ROSENBERG, TEXAS
WATER AND SEWER RATES
(UNAUDITED)
SEPTEMBER 30, 2017**

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
10,000 - 20,000 gallons	\$2.70 per 1,000 gallons
20,000 - 50,000 gallons	\$2.80 per 1,000 gallons
over 50,000 gallons	\$2.90 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	\$10.28
1" Meter	\$30.85
1 1/2" Meter	\$45.00
2" Meter	\$55.00
3" Meter	\$100.00
4" Meter	\$200.00
6" Meter	\$300.00
8" Meter	\$450.00

All water usage over 2,000 gallons:

2,000 - 10,000 gallons	\$2.50 per 1,000 gallons
10,000 - 20,000 gallons	\$2.70 per 1,000 gallons
20,000 - 50,000 gallons	\$2.80 per 1,000 gallons
over 50,000 gallons	\$2.90 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	\$30.00
1 1/2" Meter	\$45.00
2" Meter	\$55.00
3" Meter	\$120.00
4" Meter	\$195.00
6" Meter	\$375.00
8" Meter	\$600.00

All sewer used over 2,000 is charged \$3.10 per 1,000 gallons.

CITY OF ROSENBERG, TEXAS
TOP TEN WATER AND SEWER CUSTOMERS
(UNAUDITED)
SEPTEMBER 30, 2017

TOP TEN WATER CUSTOMERS

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	38,758,900	\$ 223,290
2	Reading Park Apartments	Apartments	19,928,400	105,930
3	Vaman Investments LLC	Apartments	17,411,000	91,748
4	Aldi Texas LLC	Commercial	16,097,900	80,195
5	Urban Brittany Square LP	Apartments	13,567,200	71,425
6	Westwood Village Apartments	Apartments	11,876,300	62,585
7	Williams Brothers	Commercial	11,844,400	73,759
8	3101 Place Apartments	Apartments	10,331,800	56,292
9	Fountains of Rosenberg	Apartments	9,364,900	49,971
10	Dolce Living Investments	Apartments	9,193,100	54,049
TOTAL			158,373,900	\$ 869,244

TOP TEN SEWER CUSTOMERS

Rank	Customer	Type of Property	Consumption in Gallons	Revenue
1	Lamar CISD	Education	21,991,500	\$ 105,684
2	Reading Park Apartments	Apartments	19,928,400	68,371
3	Urban Brittany Square LP	Apartments	13,567,200	44,324
4	Vaman Investments LLC	Apartments	17,411,000	57,488
5	Aldi Texas LLC	Commercial	16,097,900	49,773
6	Westwood Villiage Apartments	Apartments	11,876,300	39,353
7	3101 Place Apartments	Apartments	10,331,800	37,696
8	Dolce Living LLC	Apartments	9,193,100	36,532
9	Blue Wave Car Wash	Commercial	8,877,100	28,441
10	Seatex LTD	Industrial	8,771,600	13,443
TOTAL			138,045,900	\$ 481,105

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Public safety				
Police				
Stations	1	1	1	1
Patrol units	35	43	47	47
Fire				
Stations	2	2	2	2
Public works				
Collection trucks	N/A	N/A	N/A	N/A
Streets (miles)	148	148	148	154
Parks and recreation				
Parks acreage	443	443	443	443
Parks	8	8	9	9
Water and sewer				
Water mains (miles)	152	158	158	160
Fire hydrants	1,051	1,137	1,137	1,111
Maximum daily capacity (thousands of gallons)	5,232	5,232	5,232	5,232
Sanitary sewers (miles)	139	140	140	142
Storm sewers (miles)	133	128	128	129
Maximum daily treatment capacity (thousands of gallons)	6,525	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					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
47	46	46	46	47	49
2	2	3	3	3	3
N/A	N/A	N/A	N/A	N/A	N/A
162	162	162	156	158	159
443	443	443	445	445	445
9	9	9	9	9	9
160	160	161	165	180	184
1,135	1,187	1,243	1,341	1,353	1,387
5,232	5,372	5,372	8,230	8,230	11,838
142	143	143	144	151	154
129	130	130	68	84	91
6,525	6,525	6,525	6,525	6,525	6,525

THIS PAGE LEFT BLANK INTENTIONALLY

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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, 2017, 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 19, 2018.

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 19, 2018