

CITY OF ROSENBERG, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended
September 30, 2018**



Prepared by

**John Maresh
City Manager**

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Assistant City Manager / Director of Finance**

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SEPTEMBER 30, 2018

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INTRODUCTORY SECTION

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March 29, 2019

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 2018 (FY2018) Comprehensive Annual Financial Report (CAFR) for the dates ranging from October 1, 2017 to September 30, 2018.

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 FY2018 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, 2018, 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 2018. Much like the Texas economy, Rosenberg experienced job growth and an increase in building permits. Sales tax showed an increase from 2017. This can be attributed to commercial development and a Chapter 380 Economic Development Program Agreement with BMC Texas Sales.

The local unemployment rate in FY2018 exhibited an overall downward trend. The City's unemployment rate was 3.8%, which is slightly higher than the state and national rate of 3.7%. The average owner-occupied home value increased to \$148,806, up from \$103,000 in 2011.

Although the total number of permits issued for the year markedly increased from FY2017 to FY2018, the total number of residential and commercial new starts did experience a slight dip, with a total of 232 residential certificates of occupancy issued. There were 143 commercial certificates of occupancy, 37 new commercial buildings, and 76 commercial additions/remodels issued in the 2018 fiscal year, demonstrating that both purchasing and leasing existing buildings and constructing new facilities are still growing trends within the City.

Sales tax revenue increased by 15% for the City from FY2017 to FY2018. This upward trend has leveled off during the first six (6) months of FY2019. When compared to FY2018, FY2019 collections remains steady and has increased by approximately one percent.

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 automobiles.

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 a six-year period which includes the actual amounts for the last audited fiscal year, 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 net property tax valuations increased 6.7% from the previous year to an appraised value of just over \$2.5 billion in FY2019. The property tax base has expanded by a total of 65% since FY2010. The tax base is diverse, with the leading taxpayers accounting for only 11% 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 to ensure the economic vitality of the City. 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 numerous projects encouraging development and growth including:

- Assisting with the development of the Rosenberg Business Park, which currently has three (3) buildings under construction;
- Assisting OCuSOFT with expanding manufacturing facilities on their campus and creating approximately 50 new full-time positions;
- Actively recruiting for a 1.2M square foot, \$130M distribution center and which would add 300 new full-time positions to the City's workforce;
- Developing a Multi-Modal analysis and subsequent marketing of the same to establish a rail based, logistical facility in the City;
- Improving mobility for our residents by collaborating with Fort Bend Transit to maintain and grow a transit system in the City and County;
- Creating and hosting several business and community outreach projects to assist our small businesses with marketing and attractions of resident shoppers.
- Embarking on the Reading Road Center Turn Lane Project to improve shopper access to Brazos Town Center

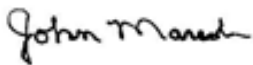
AWARDS AND ACKNOWLEDGEMENTS

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, 2017. ***This was the 31st 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 FY2018. 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

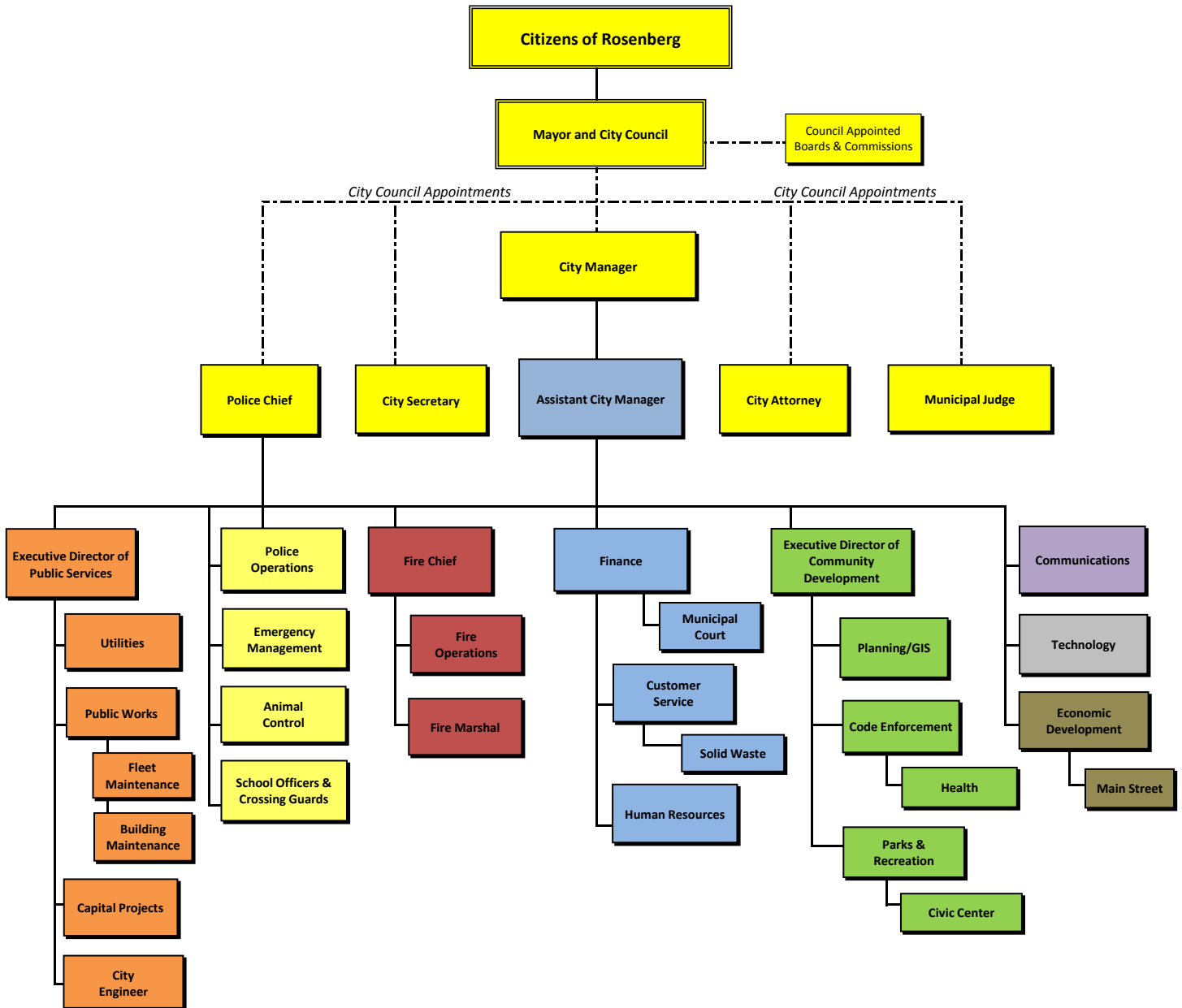
September 30, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF ROSENBERG, TEXAS
2017-18 BUDGET

ORGANIZATIONAL CHART



CITY OF ROSENBERG, TEXAS

PRINCIPAL OFFICIALS SEPTEMBER 30, 2018

Elected Officials	Position
William Benton	Mayor
Jacob Balderas	Councilor at Large, Position 1
Amanda J. Barta	Councilor at Large, Position 2
Isaac Davila	Councilor, District No. 1
Steven DeGregorio	Councilor, District No. 2
Lisa Wallingford	Councilor, District No. 3
Richard Olson	Councilor, District No. 4

Appointed Officials	Position
John Maresh	City Manager
Denton Navarro Rocha Bernal & Zech, PC	City Attorney
Jones & Carter	City Engineer
Danyel Swint	City Secretary
Phyllis Ross	Municipal Court Judge
Jonathan White	Police Chief

City Management	Position
Joyce Vasut	Assistant City Manager/Director of Finance
Robert Kinsey	Building Official
Jenny Pavlovich	Communications Manager
Bret Gardella	Director of Economic Development
Ashley Scaggs	Interim Director of Human Resources
Isaac Badu	Director of Information Services
Darren McCarthy	Director of Parks & Recreation
Doug Gorka	Director of Public Works
Eddie DeLeon	Director of Utilities
Rigo Calzoncin	Executive Director of Public Services
Travis Tanner	Executive Director of Community Development
Darrell Himly	Fire Chief

FINANCIAL SECTION

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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, 2018, 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in the notes to the financial statements, in fiscal year 2018 the City of Rosenberg, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information 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 29, 2019, 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 the effectiveness of the City of Rosenberg, Texas' 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 29, 2019

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Rosenberg, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2018.

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 \$154,029,265 (net position). Of this amount, \$34,617,353 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position, excluding component units, increased by \$12,345,114 from operations.
- As of September 30, 2018, the City's governmental funds reported an ending fund balance of \$56,163,586, an increase of \$12,096,682 in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$15,887,549, or 55% of total General Fund expenditures.
- The City's long-term debt increased by \$3,769,301 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 2017 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 \$154,029,265 as of September 30, 2018.

The largest portion of the City's net position (64%) 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 (22%) represents unrestricted financial resources available for future operations.

Additionally, a portion of the City's net position (14%) represents resources that are subject to restrictions on how they may be used.

**Summary of Statement of Net Position
As of September 30, 2018 and 2017**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 73,859,265	\$ 59,312,191	\$ 24,444,636	\$ 22,541,635	\$ 98,303,901	\$ 81,853,826
Capital assets	<u>102,499,404</u>	<u>100,943,351</u>	<u>67,358,789</u>	<u>66,705,387</u>	<u>169,858,193</u>	<u>167,648,738</u>
Total assets	<u>176,358,669</u>	<u>160,255,542</u>	<u>91,803,425</u>	<u>89,247,022</u>	<u>268,162,094</u>	<u>249,502,564</u>
Deferred outflows of resources	<u>1,536,963</u>	<u>3,534,111</u>	<u>152,459</u>	<u>326,718</u>	<u>1,689,422</u>	<u>3,860,829</u>
Total deferred outflows	<u>1,536,963</u>	<u>3,534,111</u>	<u>152,459</u>	<u>326,718</u>	<u>1,689,422</u>	<u>3,860,829</u>
Long-term liabilities	100,769,893	91,964,591	4,201,687	3,672,325	104,971,580	95,636,916
Other liabilities	<u>5,839,337</u>	<u>3,914,909</u>	<u>2,246,982</u>	<u>2,575,869</u>	<u>8,086,319</u>	<u>6,490,778</u>
Total liabilities	<u>106,609,230</u>	<u>95,879,500</u>	<u>6,448,669</u>	<u>6,248,194</u>	<u>113,057,899</u>	<u>102,127,694</u>
Deferred inflows of resources	<u>2,514,922</u>	<u>589,552</u>	<u>249,430</u>	<u>54,502</u>	<u>2,764,352</u>	<u>644,054</u>
Total deferred Inflows of resources	<u>2,514,922</u>	<u>589,552</u>	<u>249,430</u>	<u>54,502</u>	<u>2,764,352</u>	<u>644,054</u>
Net position:						
Net investment, in capital assets	32,415,489	39,787,127	65,482,173	64,082,657	97,897,662	103,869,784
Restricted	21,514,250	17,217,918	-	-	21,514,250	17,217,918
Unrestricted	<u>14,841,741</u>	<u>10,315,556</u>	<u>19,775,612</u>	<u>19,188,387</u>	<u>34,617,353</u>	<u>29,503,943</u>
Total net position	<u>\$ 68,771,480</u>	<u>\$ 67,320,601</u>	<u>\$ 85,257,785</u>	<u>\$ 83,271,044</u>	<u>\$ 154,029,265</u>	<u>\$ 150,591,645</u>

Net position of the City, excluding component units, increased by \$12,345,114. Key elements of the increase are as follows:

**Changes in Net Position
For the Fiscal Years Ended September 30, 2018 and 2017**

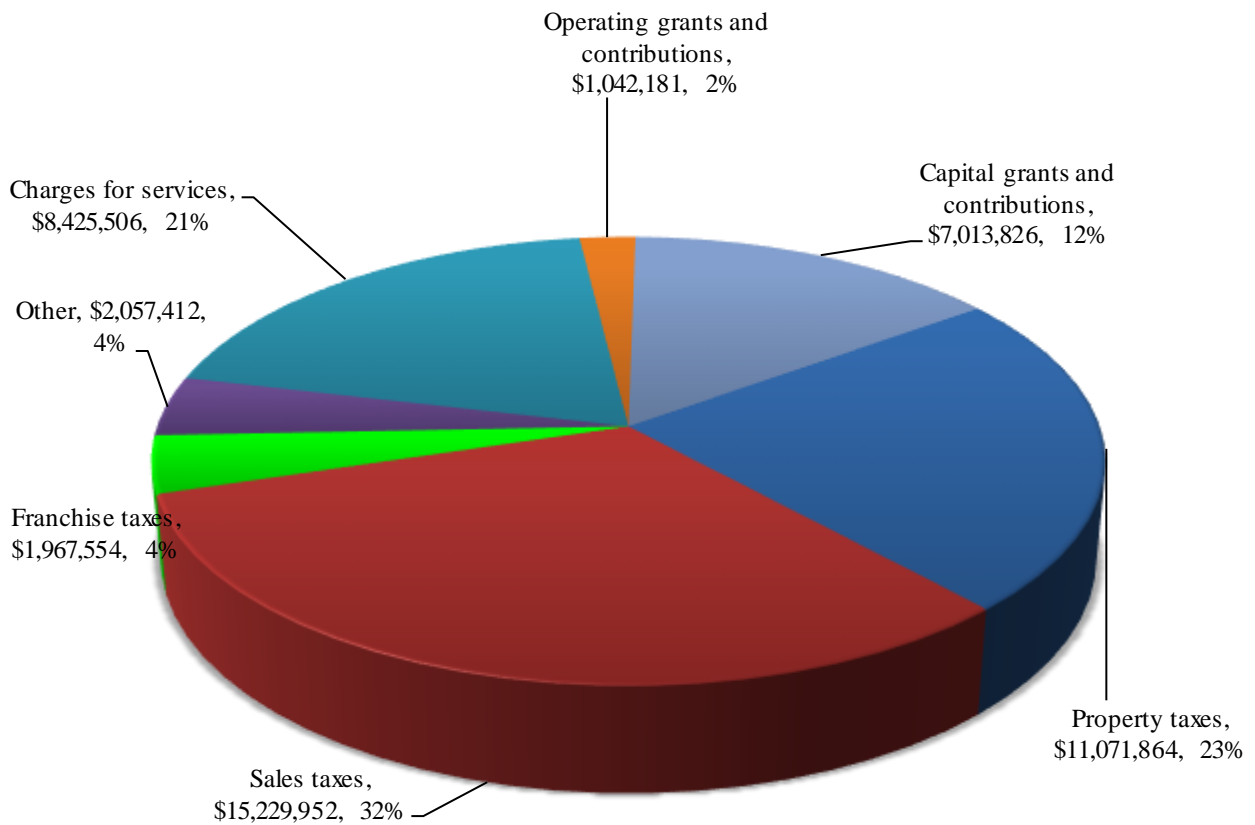
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 9,240,432	\$ 8,425,506	\$ 16,640,349	\$ 15,636,453	\$ 25,880,781	\$ 24,061,959
Operating grants and contributions	1,042,181	693,220	6,788	155,589	1,048,969	848,809
Capital grants and contributions	7,013,826	4,827,839	-	-	7,013,826	4,827,839
General revenues:						
Property taxes	11,071,864	10,657,377	-	-	11,071,864	10,657,377
Sales taxes	15,229,952	13,127,091	-	-	15,229,952	13,127,091
Franchise taxes	1,967,554	1,963,484	-	-	1,967,554	1,963,484
Investment interest	954,997	466,386	349,995	148,877	1,304,992	615,263
Gain on sale of capital asset	909,746	-	-	-	909,746	-
Miscellaneous	192,669	420,524	-	-	192,669	420,524
Total revenues	<u>47,623,221</u>	<u>40,581,427</u>	<u>16,997,132</u>	<u>15,940,919</u>	<u>64,620,353</u>	<u>56,522,346</u>
Expenses:						
General government	5,539,396	4,446,334	-	-	5,539,396	4,446,334
Public safety	17,388,136	17,405,764	-	-	17,388,136	17,405,764
Public works	12,564,950	9,408,265	-	-	12,564,950	9,408,265
Community development	3,093,782	3,885,492	-	-	3,093,782	3,885,492
Water and sewer	-	-	10,898,020	10,386,479	10,898,020	10,386,479
Civic center rentals	-	-	479,223	333,868	479,223	333,868
Interest and fiscal charges	2,311,732	2,362,480	-	-	2,311,732	2,362,480
Total expenses	<u>40,897,996</u>	<u>37,508,335</u>	<u>11,377,243</u>	<u>10,720,347</u>	<u>52,275,239</u>	<u>48,228,682</u>
Increases in net assets before transfers						
	6,725,225	3,073,092	5,619,889	5,220,572	12,345,114	8,293,664
Transfers	<u>2,122,861</u>	<u>(2,741,618)</u>	<u>(2,122,861)</u>	<u>2,741,618</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>8,848,086</u>	<u>331,474</u>	<u>3,497,028</u>	<u>7,962,190</u>	<u>12,345,114</u>	<u>8,293,664</u>
Net position, beginning	<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>
Prior period adjustment	<u>(7,397,207)</u>	<u>-</u>	<u>(1,510,287)</u>	<u>-</u>	<u>(8,907,494)</u>	<u>-</u>
Net position, ending	<u>\$ 68,771,480</u>	<u>\$ 67,320,601</u>	<u>\$ 85,257,785</u>	<u>\$ 83,271,044</u>	<u>\$ 154,029,265</u>	<u>\$ 150,591,645</u>

There was an increase of \$8,848,086 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 \$3,497,028 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.

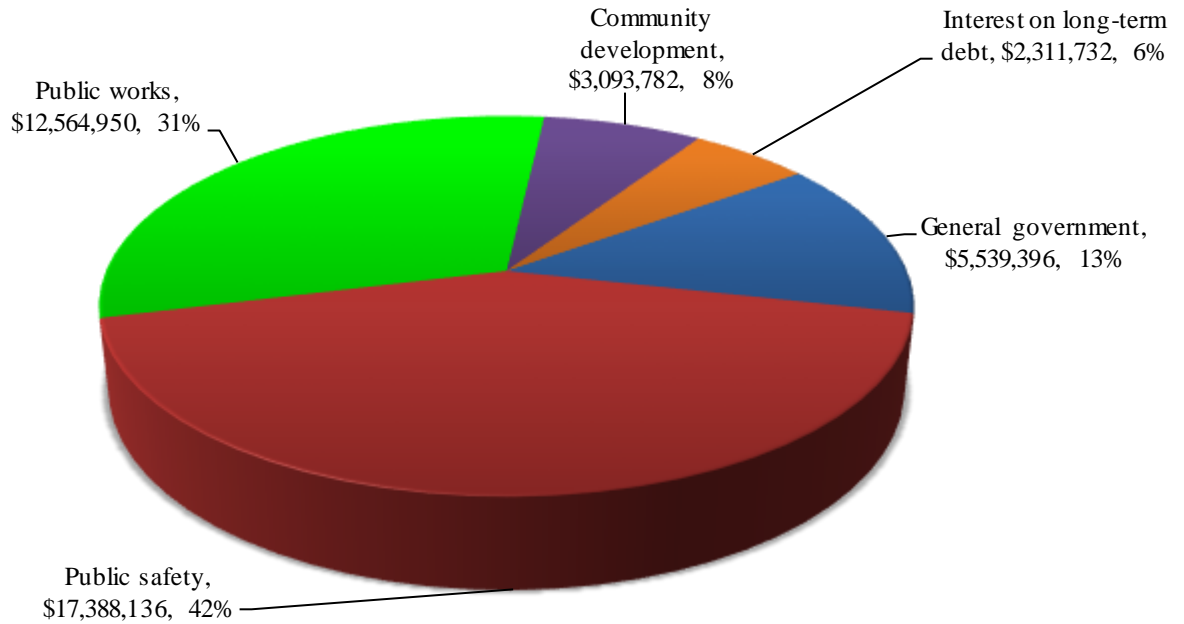
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City’s activities:

Governmental Activities - Revenues



For the fiscal year ended September 30, 2018, revenues from governmental activities totaled \$47,623,221.

Governmental Activities - Expenses



For the fiscal year ended September 30, 2018, expenses for governmental activities totaled \$40,897,996.

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, 2018, 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 \$56,163,586, which is an increase of \$12,096,682 from last year's total of \$44,066,904. 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 55% of total General Fund expenditures.

The fund balance of the General Fund increased by \$3,174,302 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 \$5,900,145, all of which is restricted for the payment of debt service. The net increase in fund balance for the year was \$218,468.

The RDC Projects Fund has a fund balance of \$6,972,563. The net increase in fund balance for the year was \$4,274,152. This fund is used to account for the various projects that have been funded by the Rosenberg Development Corporation and the increase in fund balance is due to the continued funding of these projects.

The 2017 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 \$19,775,612. The increase in total net position for the year was \$3,497,028. This increase relates to operating income of \$5,347,481. 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 \$469,840 in appropriations between the original and final amended budget for revenues and an increase of \$1,436,672 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 2018 fiscal year, the actual revenue collected for the General Fund exceeded the budget by \$2,341,790. 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 \$2,343,970 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, 2018, amounts to \$169,858,193 (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	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 6,126,946	\$ 6,117,623	\$ 363,209	\$ 363,209	\$ 6,490,155	\$ 6,480,832
Construction in progress	7,313,486	11,475,302	9,977,724	9,757,662	17,291,210	21,232,964
Other capital assets:						
Buildings and improvements	13,459,418	13,452,938	-	-	13,459,418	13,452,938
Machinery and equipment	16,454,590	15,496,747	2,556,075	2,458,229	19,010,665	17,954,976
Infrastructure	115,761,285	106,658,212	-	-	115,761,285	106,658,212
Water and wastewater system	-	-	92,218,091	89,225,026	92,218,091	89,225,026
Accumulated depreciation on other capital assets	(56,616,321)	(52,257,471)	(37,756,310)	(35,098,739)	(94,372,631)	(87,356,210)
Totals	\$ <u>102,499,404</u>	\$ <u>100,943,351</u>	\$ <u>67,358,789</u>	\$ <u>66,705,387</u>	\$ <u>169,858,193</u>	\$ <u>167,648,738</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 \$79,767,992.

Schedule of Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General Obligation	\$ 18,725,000	\$ 15,460,000	\$ -	\$ -	\$ 18,725,000	\$ 15,460,000
Revenue bonds	-	-	231,000	252,000	231,000	252,000
Certificates of obligation	56,425,000	55,595,000	-	-	56,425,000	55,595,000
Bonds issuance premiums	1,999,347	1,613,624	-	-	1,999,347	1,613,624
Notes payable	-	-	-	1,215,771	-	1,215,771
Capital leases payable	-	-	1,645,616	1,154,959	1,645,616	1,154,959
Compensated absences	<u>690,702</u>	<u>656,488</u>	<u>51,327</u>	<u>50,849</u>	<u>742,029</u>	<u>707,337</u>
Totals	\$ <u>77,840,049</u>	\$ <u>73,325,112</u>	\$ <u>1,927,943</u>	\$ <u>2,673,579</u>	\$ <u>79,767,992</u>	\$ <u>75,998,691</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 2019 budget on September 4, 2018, with total revenues of \$78,238,500 and total expenditures of \$87,856,306. Some of the key highlights of that budget include:

- The net taxable value of \$2.501 billion for Tax Year 2018 (Fiscal Year 2019) represents an increase of \$156 million or 6.7% from the Tax Year 2017 valuation.
- The City's adopted tax rate for FY 2019 of \$0.43 per \$100 of taxable valuation is \$0.032 cents lower than the FY 2018 tax rate.
- Sales tax revenues for FY 2019 are budgeted at \$13,700,000 which is \$800,000 more than the FY 2018 budget.
- The Water Subsidence Fee increased from \$1.80 per 1,000 gallons to \$2.20 per 1,000 gallons in FY 2018.
- There is a total of 284 full-time positions for FY 2019 which includes an increase of seven (7) full-time positions over FY 2018 adopted budget. The increase includes six (6) police officer positions in the School Resource Division of the police department. Two Public Safety Support Dispatchers were converted to a Director of Public Safety Dispatch and Jailer position. Additionally, one position was converted from part-time to full-time which includes the Fiscal Services Technician in the Customer Service Department.
- A 1½% increase to the City's Compensation and Classification Plan was included in the FY 2019 budget. An additional increase will be considered at mid-year.

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.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
ASSETS				
Cash and investments	\$ 65,226,075	\$ 11,686,235	\$ 76,912,310	\$ 5,182,303
Receivables	5,860,997	1,999,972	7,860,969	873,429
Prepaid items	352,042	335,795	687,837	850
Inventory	18,291	-	18,291	-
Restricted cash and cash equivalents	-	10,422,634	10,422,634	-
Note from component unit	2,401,860	-	2,401,860	-
Capital assets, net of accumulated depreciation:				
Nondepreciable	13,440,432	10,340,933	23,781,365	-
Depreciable	<u>89,058,972</u>	<u>57,017,856</u>	<u>146,076,828</u>	<u>-</u>
Total assets	<u>176,358,669</u>	<u>91,803,425</u>	<u>268,162,094</u>	<u>6,056,582</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for pensions	1,491,054	147,905	1,638,959	-
Deferred resource outflow for OPEB SBDF	<u>45,909</u>	<u>4,554</u>	<u>50,463</u>	<u>-</u>
Total deferred outflow of resources	<u>1,536,963</u>	<u>152,459</u>	<u>1,689,422</u>	<u>-</u>
LIABILITIES				
Accounts payable	4,773,921	775,059	5,548,980	871,736
Accrued liabilities	833,625	71,391	905,016	-
Due to other governments	55,485	-	55,485	-
Accrued interest payable	176,306	10,637	186,943	-
Customer deposits	-	1,389,895	1,389,895	-
Noncurrent liabilities:				
Due within one year:			-	
Long-term debt	5,404,070	640,998	6,045,068	574,875
Total OPEB liability - retiree healthcare	419,708	41,611	461,319	-
Due in more than one year:				
Long-term debt	72,435,979	1,286,945	73,722,924	1,826,985
Net pension liability	7,440,724	738,081	8,178,805	-
Total OPEB liability - SBDF	573,686	56,907	630,593	-
Total OPEB liability - retiree healthcare	<u>14,495,726</u>	<u>1,437,145</u>	<u>15,932,871</u>	<u>-</u>
Total liabilities	<u>106,609,230</u>	<u>6,448,669</u>	<u>113,057,899</u>	<u>3,273,596</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow for pensions	1,798,531	178,405	1,976,936	-
Deferred resource inflow for OPEB retiree healthcare	<u>716,391</u>	<u>71,025</u>	<u>787,416</u>	<u>-</u>
Total deferred inflows of resources	<u>2,514,922</u>	<u>249,430</u>	<u>2,764,352</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	32,415,489	65,482,173	97,897,662	-
Restricted for:				
Debt service	5,881,714	-	5,881,714	-
Community development	7,782,415	-	7,782,415	-
Public works projects	4,538,312	-	4,538,312	-
Court security and technology	205,555	-	205,555	-
Law enforcement	882,881	-	882,881	-
Fire services	664,410	-	664,410	-
Economic development	1,558,963	-	1,558,963	-
Unrestricted	<u>14,841,741</u>	<u>19,775,612</u>	<u>34,617,353</u>	<u>2,782,986</u>
Total net position	<u>\$ 68,771,480</u>	<u>\$ 85,257,785</u>	<u>\$ 154,029,265</u>	<u>\$ 2,782,986</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, 2018

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 5,539,396	\$ 956,304	\$ -	\$ -
Public safety	17,388,136	2,922,656	928,181	428,023
Public works	12,564,950	5,333,801	114,000	6,507,203
Community development	3,093,782	27,671	-	78,600
Interest on long-term debt	2,311,732	-	-	-
Total governmental activities	<u>40,897,996</u>	<u>9,240,432</u>	<u>1,042,181</u>	<u>7,013,826</u>
Business-type activities:				
Water and sewer	10,898,020	16,519,296	6,788	-
Civic center rentals	479,223	121,053	-	-
Total business-type activities	<u>11,377,243</u>	<u>16,640,349</u>	<u>6,788</u>	<u>-</u>
Total primary government	<u>52,275,239</u>	<u>25,880,781</u>	<u>1,048,969</u>	<u>7,013,826</u>
Component unit				
Rosenberg Development Corporation	<u>5,835,610</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 5,835,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property				
Sales				
Franchise				
Investment earnings				
Gain on sale of capital asset				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Prior period adjustment				
Net position, ending				

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

Net (Expense) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Rosenberg Development Corporation
\$(4,583,092)	\$ -	\$(4,583,092)	\$ -
(13,109,276)	-	(13,109,276)	-
(609,946)	-	(609,946)	-
(2,987,511)	-	(2,987,511)	-
(2,311,732)	-	(2,311,732)	-
<u>(23,601,557)</u>	<u>-</u>	<u>(23,601,557)</u>	<u>-</u>
-	5,628,064	5,628,064	-
<u>-</u>	<u>(358,170)</u>	<u>(358,170)</u>	<u>-</u>
<u>-</u>	<u>5,269,894</u>	<u>5,269,894</u>	<u>-</u>
<u>(23,601,557)</u>	<u>5,269,894</u>	<u>(18,331,663)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,835,610)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(5,835,610)</u>
11,071,864	-	11,071,864	-
15,229,952	-	15,229,952	4,658,833
1,967,554	-	1,967,554	-
954,997	349,995	1,304,992	99,353
909,746	-	909,746	-
192,669	-	192,669	-
<u>2,122,861</u>	<u>(2,122,861)</u>	<u>-</u>	<u>-</u>
<u>32,449,643</u>	<u>(1,772,866)</u>	<u>30,676,777</u>	<u>4,758,186</u>
8,848,086	3,497,028	12,345,114	(1,077,424)
<u>67,320,601</u>	<u>83,271,044</u>	<u>150,591,645</u>	<u>3,860,410</u>
<u>(7,397,207)</u>	<u>(1,510,287)</u>	<u>(8,907,494)</u>	<u>-</u>
<u>\$ 68,771,480</u>	<u>\$ 85,257,785</u>	<u>\$ 154,029,265</u>	<u>\$ 2,782,986</u>

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

CITY OF ROSENBERG, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General	Debt Service
ASSETS		
Cash and investments	\$ 18,958,418	\$ 5,896,297
Receivables:		
Taxes	2,998,223	166,484
Accounts	646,676	-
Other	497,383	-
Intergovernmental	1,239,668	1,244
Inventory	18,291	-
Prepays items	67,998	-
Notes receivable	-	2,401,860
Total assets	24,426,657	8,465,885
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities:		
Accounts payable	2,474,918	3,500
Accrued liabilities	780,794	-
Due to state	55,485	-
Unearned revenue	-	-
Total liabilities	3,311,197	3,500
Deferred Inflows:		
Unavailable revenue - property taxes	181,340	160,380
Unavailable revenue - court fines	90,910	-
Unavailable revenue - grants	575,443	-
Receivable from component unit	-	2,401,860
Total deferred inflows of resources	847,693	2,562,240
Fund balances:		
Nonspendable	86,289	-
Restricted	-	5,900,145
Assigned	4,293,929	-
Unassigned	15,887,549	-
Total fund balances	20,267,767	5,900,145
Total liabilities, deferred inflows, and fund balances	\$ 24,426,657	\$ 8,465,885

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

RDC Projects	Capital Projects				Other Governmental	Total Governmental Funds
	2016 Certificates of Obligation	2017 Certificates of Obligation	Bryan Road County Mobility Project			
\$ 7,226,897	\$ 6,937,795	\$ 8,281,132	\$ 3,871,900	\$ 9,650,625	\$ 60,823,064	
-	-	-	-	57,338	3,222,045	
-	-	-	-	-	646,676	
-	-	-	-	6,855	504,238	
-	-	-	-	246,555	1,487,467	
-	-	-	-	-	18,291	
-	-	-	-	2,429	70,427	
-	-	-	-	-	2,401,860	
<u>7,226,897</u>	<u>6,937,795</u>	<u>8,281,132</u>	<u>3,871,900</u>	<u>9,963,802</u>	<u>69,174,068</u>	
254,334	1,317,436	124,014	-	510,723	4,684,925	
-	-	-	-	52,831	833,625	
-	-	-	-	-	55,485	
-	-	-	3,928,367	-	3,928,367	
<u>254,334</u>	<u>1,317,436</u>	<u>124,014</u>	<u>3,928,367</u>	<u>563,554</u>	<u>9,502,402</u>	
-	-	-	-	-	341,720	
-	-	-	-	-	90,910	
-	-	-	98,147	-	673,590	
-	-	-	-	-	2,401,860	
-	-	-	98,147	-	3,508,080	
-	-	-	-	1,981	88,270	
6,972,563	5,620,359	8,157,118	-	9,398,267	36,048,452	
-	-	-	-	-	4,293,929	
-	-	-	(154,614)	-	15,732,935	
<u>6,972,563</u>	<u>5,620,359</u>	<u>8,157,118</u>	<u>(154,614)</u>	<u>9,400,248</u>	<u>56,163,586</u>	
<u>\$ 7,226,897</u>	<u>\$ 6,937,795</u>	<u>\$ 8,281,132</u>	<u>\$ 3,871,900</u>	<u>\$ 9,963,802</u>	<u>\$ 69,174,068</u>	

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

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CITY OF ROSENBERG, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total fund balances - governmental funds balance sheet \$ 56,163,586

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. 100,448,641

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	341,720
Court fines and fees receivable	90,910
Grant receivables	4,601,957
Note from component unit	2,401,860

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. 6,646,964

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	(75,150,000)
Compensated absences	(690,702)
Total retiree OPEB liability	(14,915,434)
Total SDBF OPEB liability	(573,686)
Unamortized premium	(1,999,347)

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	(7,440,724)
Deferred outflows of resources:	
Pension related deferred outflow of resources	1,491,054
SDBF OPEB related deferred outflow of resources	45,909
Deferred inflows of resources:	
Pension related deferred inflow of resources	(1,798,531)
Total retiree OPEB related deferred inflow of resources	<u>(716,391)</u>

Net position of governmental activities \$ 68,771,480

CITY OF ROSENBERG, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General	Debt Service
REVENUES		
Taxes:		
Property	\$ 6,545,122	\$ 4,470,973
Sales	14,474,532	-
Franchise	1,910,171	-
Licenses and permits	692,388	-
Fines and forfeitures	565,993	-
Fees and charges for service	5,085,045	-
Intergovernmental	2,165,648	707,797
Investment earnings	251,081	102,732
Other	332,516	-
Total revenues	32,022,496	5,281,502
EXPENDITURES		
Current:		
General government	4,393,061	-
Public safety	14,304,715	-
Public works	7,130,734	-
Community development	2,372,682	-
Capital outlay	862,871	-
Debt service:		
Principal retirement	-	10,262,726
Interest and service charges	-	2,170,996
Debt issuance costs	-	168,304
Total expenditures	29,064,063	12,602,026
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,958,433</u>	<u>(7,320,524)</u>
OTHER FINANCING SOURCES (USES)		
Debt issuance	-	-
Refunding bonds issued	-	4,950,000
Insurance proceeds	22,215	-
Sale of capital assets	983,338	-
Premium on debt issued	-	228,992
Transfers in	1,720,755	2,360,000
Transfers out	(2,510,439)	-
Total other financing sources (uses)	215,869	7,538,992
NET CHANGE IN FUND BALANCES	3,174,302	218,468
FUND BALANCES, BEGINNING	17,093,465	5,681,677
FUND BALANCES, ENDING	<u>\$ 20,267,767</u>	<u>\$ 5,900,145</u>

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

<u>RDC Projects</u>	<u>2016 Certificates of Obligation</u>	<u>2017 Certificates of Obligation</u>	<u>Bryan Road County Mobility Project</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,016,095
-	-	-	-	755,420	15,229,952
-	-	-	-	57,383	1,967,554
-	-	-	-	-	692,388
-	-	-	-	109,467	675,460
-	-	-	-	-	5,085,045
5,201,297	-	-	-	2,624,453	10,699,195
65,950	183,179	153,560	-	138,862	895,364
-	-	-	-	122,405	454,921
<u>5,267,247</u>	<u>183,179</u>	<u>153,560</u>	<u>-</u>	<u>3,807,990</u>	<u>46,715,974</u>
-	-	-	-	637,589	5,030,650
-	-	-	-	1,471,820	15,776,535
-	-	-	-	-	7,130,734
-	-	-	-	1,822	2,374,504
993,095	3,790,459	1,383,288	56,467	1,764,768	8,850,948
-	-	-	-	-	10,262,726
-	-	-	-	-	2,170,996
-	-	138,174	-	-	306,478
<u>993,095</u>	<u>3,790,459</u>	<u>1,521,462</u>	<u>56,467</u>	<u>3,875,999</u>	<u>51,903,571</u>
<u>4,274,152</u>	<u>(3,607,280)</u>	<u>(1,367,902)</u>	<u>(56,467)</u>	<u>(68,009)</u>	<u>(5,187,597)</u>
-	-	9,320,000	-	-	9,320,000
-	-	-	-	-	4,950,000
-	-	-	-	-	22,215
-	-	-	-	-	983,338
-	-	322,473	-	-	551,465
-	-	-	-	2,985,171	7,065,926
-	(751,884)	(117,453)	-	(2,228,889)	(5,608,665)
<u>-</u>	<u>(751,884)</u>	<u>9,525,020</u>	<u>-</u>	<u>756,282</u>	<u>17,284,279</u>
4,274,152	(4,359,164)	8,157,118	(56,467)	688,273	12,096,682
2,698,411	9,979,523	-	(98,147)	8,711,975	44,066,904
<u>\$ 6,972,563</u>	<u>\$ 5,620,359</u>	<u>\$ 8,157,118</u>	<u>\$ (154,614)</u>	<u>\$ 9,400,248</u>	<u>\$ 56,163,586</u>

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

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CITY OF ROSENBERG, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - total governmental funds	\$	12,096,682
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.		1,277,686
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(	84,347)
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		5,230,000
Issuance of new long-term debt	(	9,642,473)
Bond refunding	(	233,992)
Amortization of:		
Premiums on long-term debt		165,742
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	(	34,214)
Total retiree OPEB liability	(	885,400)
Total SDBF OPEB liability	(	40,994)
Net pension obligation		110,718
The net income (loss) of certain activities of Internal Service Funds is reported with governmental activities.		<u>888,678</u>
Change in net position of governmental activities	\$	<u><u>8,848,086</u></u>

CITY OF ROSENBERG, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018

	Business-type Activities Enterprise Fund			Governmental Activities Internal
	Water and Wastewater	Civic Center Rentals	Total	Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 11,564,864	\$ 121,371	\$ 11,686,235	\$ 4,403,011
Receivables:				
Accounts, net of allowance	1,990,651	-	1,990,651	-
Other	9,321	-	9,321	571
Prepaid items	334,973	822	335,795	281,615
Restricted cash and cash equivalents	10,422,634	-	10,422,634	-
Total current assets	<u>24,322,443</u>	<u>122,193</u>	<u>24,444,636</u>	<u>4,685,197</u>
Noncurrent assets:				
Capital assets:				
Land	363,209	-	363,209	-
Machinery and equipment	2,521,091	34,984	2,556,075	5,592,448
Water and wastewater system	92,218,091	-	92,218,091	-
Construction-in-progress	9,977,724	-	9,977,724	-
Less: accumulated depreciation	(37,756,310)	-	(37,756,310)	(3,541,685)
Total noncurrent assets	<u>67,323,805</u>	<u>34,984</u>	<u>67,358,789</u>	<u>2,050,763</u>
Total assets	<u>91,646,248</u>	<u>157,177</u>	<u>91,803,425</u>	<u>6,735,960</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflow for pensions	123,344	24,561	147,905	-
Deferred resource outflow for SDBF OPEB	3,798	756	4,554	-
Total deferred outflows of resources	<u>127,142</u>	<u>25,317</u>	<u>152,459</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	762,682	12,377	775,059	88,996
Accrued liabilities	63,984	7,407	71,391	-
Compensated absences	4,783	349	5,132	-
Payable from restricted assets:				
Deposits	1,387,738	2,157	1,389,895	-
Accrued interest payable	10,637	-	10,637	-
Capital lease payable	614,866	-	614,866	-
Revenue bonds payable	21,000	-	21,000	-
Total OPEB liability - retiree healthcare	<u>34,691</u>	<u>6,920</u>	<u>41,611</u>	<u>-</u>
Total current liabilities	<u>2,900,381</u>	<u>29,210</u>	<u>2,929,591</u>	<u>88,996</u>
Noncurrent liabilities:				
Compensated absences	43,049	3,146	46,195	-
Capital lease payable	1,030,750	-	1,030,750	-
Revenue bonds payable	210,000	-	210,000	-
Net pension liability	615,515	122,566	738,081	-
Total OPEB liability - retiree healthcare	<u>1,198,153</u>	<u>238,992</u>	<u>1,437,145</u>	<u>-</u>
Total OPEB liability - SDBF	<u>47,457</u>	<u>9,450</u>	<u>56,907</u>	<u>-</u>
Total noncurrent liabilities	<u>3,144,924</u>	<u>374,154</u>	<u>3,519,078</u>	<u>-</u>
Total liabilities	<u>6,045,305</u>	<u>403,364</u>	<u>6,448,669</u>	<u>88,996</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflow for pensions	148,779	29,626	178,405	-
Deferred resource inflow for retiree OPEB healthcare	59,214	11,811	71,025	-
Total deferred inflows of resources	<u>207,993</u>	<u>41,437</u>	<u>249,430</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	65,447,189	34,984	65,482,173	2,050,763
Unrestricted	20,072,903	(297,291)	19,775,612	4,596,201
Total net position	<u>\$ 85,520,092</u>	<u>\$ (262,307)</u>	<u>\$ 85,257,785</u>	<u>\$ 6,646,964</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, 2018

	Business-type Activities Enterprise Fund		Governmental Activities Internal	
	Water and Wastewater	Civic Center Rentals	Service Funds	
		Total		
OPERATING REVENUES				
Water	\$ 10,990,485	\$ -	\$ 10,990,485	\$ 5,430,397
Sewer	5,309,921	-	5,309,921	-
Charges for services	218,890	121,053	339,943	-
Total operating revenues	<u>16,519,296</u>	<u>121,053</u>	<u>16,640,349</u>	<u>5,430,397</u>
OPERATING EXPENSES				
Cost of sales and services	8,156,074	479,223	8,635,297	4,865,819
Depreciation	2,657,571	-	2,657,571	401,133
Total operating expenses	<u>10,813,645</u>	<u>479,223</u>	<u>11,292,868</u>	<u>5,266,952</u>
OPERATING INCOME	<u>5,705,651</u>	<u>(358,170)</u>	<u>5,347,481</u>	<u>163,445</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	6,788	-	6,788	-
Investment earnings	347,551	2,444	349,995	59,633
Interest expense	(84,375)	-	(84,375)	-
Total nonoperating revenues (expenses)	<u>269,964</u>	<u>2,444</u>	<u>272,408</u>	<u>59,633</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,975,615	(355,726)	5,619,889	223,078
Transfers in	1,506,408	328,200	1,834,608	665,600
Transfers out	(3,894,679)	(62,790)	(3,957,469)	-
CHANGE IN NET POSITION	3,587,344	(90,316)	3,497,028	888,678
NET POSITION, BEGINNING	<u>83,191,890</u>	<u>79,154</u>	<u>83,271,044</u>	<u>5,758,286</u>
PRIOR PERIOD ADJUSTMENT	<u>(1,259,142)</u>	<u>(251,145)</u>	<u>(1,510,287)</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 85,520,092</u>	<u>\$(262,307)</u>	<u>\$ 85,257,785</u>	<u>\$ 6,646,964</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, 2018

	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	\$ 16,696,727	\$ 121,687	\$ 16,818,414	\$ 5,442,521
Disbursed for goods and services to suppliers	(7,040,084)	(128,955)	(7,169,039)	(22,887)
Disbursed for personnel services	(1,504,697)	(280,230)	(1,784,927)	(5,155,790)
Net cash provided (used) by operating activities	<u>8,151,946</u>	<u>(287,498)</u>	<u>7,864,448</u>	<u>263,844</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other funds	1,506,408	328,200	1,834,608	665,600
Transfers to other funds	(3,894,679)	(62,790)	(3,957,469)	-
Net cash provided (used) by noncapital financing activities	<u>(2,381,483)</u>	<u>265,410</u>	<u>(2,116,073)</u>	<u>665,600</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(746,114)	-	(746,114)	-
Interest paid on capital debt	(86,803)	-	(86,803)	-
Acquisition and construction of capital assets	(3,310,973)	-	(3,310,973)	(679,500)
Net cash used for capital and related financing activities	<u>(4,143,890)</u>	<u>-</u>	<u>(4,143,890)</u>	<u>(679,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	347,551	2,444	349,995	59,633
Net cash provided by investing activities	<u>347,551</u>	<u>2,444</u>	<u>349,995</u>	<u>59,633</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,974,124	(19,644)	1,954,480	309,577
CASH AND CASH EQUIVALENTS, BEGINNING	<u>20,013,374</u>	<u>141,015</u>	<u>20,154,389</u>	<u>4,093,434</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 21,987,498</u>	<u>\$ 121,371</u>	<u>\$ 22,108,869</u>	<u>\$ 4,403,011</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 5,705,651	\$(358,170)	\$ 5,347,481	\$ 163,445
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation and amortization	2,657,571	-	2,657,571	401,133
Decrease (increase) in accounts receivable	65,757	-	65,757	2,121
Decrease (increase) in other assets	(13,755)	(523)	(14,278)	(281,290)
Decrease (increase) in deferred outflows	166,529	7,730	174,259	-
Increase (decrease) in accounts payable and accrued liabilities	(465,354)	2,584	(462,770)	(21,565)
Increase (decrease) in accrued liabilities	10,135	(410)	9,725	-
Increase in customer deposits	125,429	1,157	126,586	-
Increase (decrease) in net pension liability	(282,213)	21,548	(260,665)	-
Increase (decrease) in total retiree healthcare OPEB liability	13,970	2,786	16,756	-
Increase (decrease) in total SDBF liability	7,189	1,431	8,620	-
Increase (decrease) in deferred inflows	159,003	35,925	194,928	-
Increase (decrease) in compensated absences	2,034	(1,556)	478	-
Total adjustments	<u>2,446,295</u>	<u>70,672</u>	<u>2,516,967</u>	<u>100,399</u>
Net cash provided (used) by operating activities	<u>\$ 8,151,946</u>	<u>\$(287,498)</u>	<u>\$ 7,864,448</u>	<u>\$ 263,844</u>

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

CITY OF ROSENBERG, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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.

2017 Certificates of Obligation – This fund is used to account for the proceeds from the 2017 Certificate of Obligation issue. These proceeds will be used for road improvements and sanitary sewer projects.

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. Post-Employment Benefits Other Than Pensions

Supplemental Death Benefit. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

M. 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 and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- 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 OPEB 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 OPEB plan (active employees and inactive employees).

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).
- 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.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

N. 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.

O. 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.

P. 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.

Q. Estimates

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

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 \$154,614. 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, 2018, are shown below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Primary government:		
Cash demand deposits	\$ 5,207,197	\$ 5,207,197
Certificates of Deposit	<u>8,200,082</u>	<u>8,200,082</u>
Total cash and cash equivalents	<u>13,407,279</u>	<u>13,407,279</u>
Component unit		
Cash demand deposits	86,251	86,251
Certificates of Deposit	<u>248,285</u>	<u>248,285</u>
Total cash and cash equivalents	<u>\$ 334,536</u>	<u>\$ 334,536</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, 2018, 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	\$ 27,619,879	33
TexPool	22,774,348	37
Lone Star	7,370,123	22
Texas Class	<u>16,163,315</u>	39
Total investments	<u>73,927,665</u>	34
Component unit		
TexPool	<u>4,847,767</u>	37
Total cash and cash equivalents	<u>\$ 4,847,767</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, 2018, 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, 2018, the Enterprise Fund held restricted cash and temporary investments for the following purposes:

Subsidence and Impact Fees	\$ <u>10,422,634</u>
Total	\$ <u><u>10,422,634</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 \$0.462per \$100 of assessed valuation. The resulting adjusted tax levy was \$10,844,369 on the total adjusted taxable valuation of \$2,367,293,661 for the 2017 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	Nonmajor Funds	Internal Service		Activities
						Water and Wastewater
Receivables:						
Taxes	\$ 2,999,183	\$ 167,389	\$ 57,338	\$ -	\$ 3,223,910	\$ -
Accounts	656,038	-	-	-	656,038	2,022,253
Intergovernmental	1,239,668	1,244	246,555	-	1,487,467	-
Court fines	1,218,766	-	-	-	1,218,766	-
Other	490,643	-	6,855	571	498,069	9,321
Notes	-	2,401,860	-	-	2,401,860	-
Gross receivables	<u>6,604,298</u>	<u>2,570,493</u>	<u>310,748</u>	<u>571</u>	<u>9,486,110</u>	<u>2,031,574</u>
Less: allowance for uncollectibles	(1,222,348)	(905)	-	-	(1,223,253)	(31,602)
Net total receivable	<u>\$ 5,381,950</u>	<u>\$ 2,569,588</u>	<u>\$ 310,748</u>	<u>\$ 571</u>	<u>\$ 8,262,857</u>	<u>\$ 1,999,972</u>

Component Unit

	Rosenberg Development Corporation
Receivables:	
Taxes	\$ <u>873,429</u>
Total	\$ <u><u>873,429</u></u>

E. Capital Assets

Capital assets activity for the year ended September 30, 2018 was as follows:

	Balance Beginning	Increases	Decreases / Reclassification	Balance Ending
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,117,623	\$ 9,323	\$ -	\$ 6,126,946
Construction in progress	<u>11,475,302</u>	<u>5,038,530</u>	<u>(9,200,346)</u>	<u>7,313,486</u>
Total capital assets not being depreciated	<u>17,592,925</u>	<u>5,047,853</u>	<u>(9,200,346)</u>	<u>13,440,432</u>
Capital assets being depreciated:				
Buildings and improvements	13,452,938	6,480	-	13,459,418
Machinery and equipment	15,511,265	943,325	-	16,454,590
Infrastructure	<u>106,643,694</u>	<u>-</u>	<u>9,117,591</u>	<u>115,761,285</u>
Total capital assets being depreciated	<u>135,607,897</u>	<u>949,805</u>	<u>9,117,591</u>	<u>145,675,293</u>
Less: accumulated depreciation for:				
Buildings and improvements	(6,571,874)	(341,917)	-	(6,913,791)
Machinery and equipment	(9,567,672)	(1,264,415)	-	(10,832,087)
Infrastructure	<u>(36,117,925)</u>	<u>(2,752,518)</u>	<u>-</u>	<u>(38,870,443)</u>
Total accumulated depreciation	<u>(52,257,471)</u>	<u>(4,358,850)</u>	<u>-</u>	<u>(56,616,321)</u>
Total capital assets being depreciated, net	<u>83,350,426</u>	<u>(3,409,045)</u>	<u>9,117,591</u>	<u>89,058,972</u>
Governmental activities, capital assets, net	<u>\$ 100,943,351</u>	<u>\$ 1,638,808</u>	<u>\$ (82,755)</u>	<u>\$ 102,499,404</u>
	Balance Beginning	Increases	Decreases/ Reclassifications	Balance Ending
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 363,209	\$ -	\$ -	\$ 363,209
Construction in progress	<u>9,757,662</u>	<u>3,213,127</u>	<u>(2,993,065)</u>	<u>9,977,724</u>
Total capital assets not being depreciated	<u>10,120,871</u>	<u>3,213,127</u>	<u>(2,993,065)</u>	<u>10,340,933</u>
Capital assets being depreciated:				
Machinery and equipment	2,458,229	97,846	-	2,556,075
Water and wastewater system	<u>89,225,026</u>	<u>-</u>	<u>2,993,065</u>	<u>92,218,091</u>
Total capital assets being depreciated	<u>91,683,255</u>	<u>97,846</u>	<u>2,993,065</u>	<u>94,774,166</u>
Less: accumulated depreciation for:				
Machinery and equipment	(1,704,917)	(109,861)	(37,155)	(1,851,933)
Water and wastewater system	<u>(33,393,822)</u>	<u>(2,547,710)</u>	<u>37,155</u>	<u>(35,904,377)</u>
Total accumulated depreciation	<u>(35,098,739)</u>	<u>(2,657,571)</u>	<u>-</u>	<u>(37,756,310)</u>
Total capital assets being depreciated, net	<u>56,584,516</u>	<u>(2,559,725)</u>	<u>2,993,065</u>	<u>57,017,856</u>
Business-type activities, capital assets, net	<u>\$ 66,705,387</u>	<u>\$ 653,402</u>	<u>\$ -</u>	<u>\$ 67,358,789</u>

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

Governmental activities:	
General government	\$ 113,250
Public safety	1,213,221
Public works	2,726,683
Community development	<u>305,696</u>
Total depreciation expense - governmental activities	<u>4,358,850</u>
Business-type activities:	
Water and wastewater	<u>2,657,571</u>
Total depreciation expense - business-type activities	<u>\$ 2,657,571</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, 2018, is as follows:

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Governmental activities:		
Bryan Road Improvements	\$ 5,949,986	\$ 6,279,730
Traffic Light Signal at Reading & Town Center Blvd	-	115,375
Railroad Quiet Zones	100,000	500,000
Spacek Road Phase III	254,636	2,461,743
Road Improvements	1,507,730	492,270
Avenue C Connector	36,255	876,745
Dry Creek Drainage Improvements	674,793	890,207
Lane Drive Drainage	46,500	3,500
Bamore Road Connector	234,194	1,807
Avenue G Connector	29,671	370,329
Big League Field	372,653	410,416
Seabourne Creek Nature Center	<u>29,546</u>	<u>355,454</u>
Totals	<u>\$ 9,235,964</u>	<u>\$ 12,757,576</u>
<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Business-type activities:		
Water Plants No. 8	\$ 4,890,866	\$ 266,633
Chloramine Conversion	1,599,373	103,628
Bryan Rd Sewer Lift Station No. 19	1,938,440	1,213,066
Spacek Road Sewer Line	-	456,312
I69 Utility Adjustments (FM 762/Reading Rd to Spur 10)	51,379	8,480
I69 Utility Adjustments (Reading Rd to FM 762)	255	49,745
CDBG Water Line Improvements - Phase V	293,742	112,858
SCADA Project	355,867	124,133
Sanitary Sewer Pipe Bursting Phase III	751,884	7,534,414
Parkplace/Fairgrounds Rd Waterline	<u>117,453</u>	<u>507,548</u>
Totals	<u>\$ 9,999,259</u>	<u>\$ 10,376,817</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, 2018, 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	4.0-4.75	\$ 2,230,000
Series 2010 General Obligation Bonds	2,635,000	2030	4.0-4.75	1,870,000
Series 2011 General Refunding Bonds	4,860,000	2021	3.0-4.0	915,000
Series 2012 General Obligation Refunding Bonds	1,575,000	2024	2.0-2.5	805,000
Series 2014 General Obligation Bonds	1,565,000	2034	3.0-4.0	1,245,000
Series 2017 General Obligation Refunding Bonds	7,390,000	2036	3.0-4.0	6,780,000
Series 2017A General Obligation Refunding Bonds	4,945,000	2029	3.0	<u>4,880,000</u>
Total General Obligation Bonds				<u>\$ 18,725,000</u>
Certificates of Obligation:				
Series 2008A Certificates of Obligation	1,800,000	2029	4.25-4.8	\$ 80,000
Series 2009 Certificates of Obligation	1,670,000	2029	4.0-4.75	980,000
Series 2010A Certificates of Obligation	2,800,000	2030	3.0-4.25	1,980,000
Series 2010B Certificates of Obligation	7,730,000	2030	2.25-3.0	5,155,000
Series 2010C Certificates of Obligation	2,775,000	2020	1.5-3.0	630,000
Series 2012 Certificates of Obligation	8,600,000	2032	0.4-3.3	6,020,000
Series 2012A certificates of obligation	1,185,000	2023	2.0-3.0	625,000
Series 2013 certificates of obligation	9,000,000	2033	2.0-2.75	7,225,000
Series 2013A certificates of obligation	650,000	2023	1.92	340,000
Series 2014 certificates of obligation	5,000,000	2034	2.0-3.5	4,240,000
Series 2014A certificates of obligation	3,000,000	2034	3.0-4.0	2,540,000
Series 2015 Comb. Tax & Revenue CO	9,760,000	2035	3.00	8,595,000
Series 2016 Comb. Tax & Revenue CO	9,825,000	2036	2.00	9,000,000
Series 2017 certificate of obligation	9,320,000	2037	3.0	<u>9,015,000</u>
Total Certificates of Obligation				<u>56,425,000</u>
Total Governmental Activities				<u>\$ 75,150,000</u>

The annual requirements to amortize all primary government general obligation bonds, certificates of obligation and notes payable outstanding as of September 30, 2018, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2019	\$ 5,340,000	\$ 2,183,675
2020	5,390,000	1,983,150
2021	5,180,000	1,837,085
2022	4,985,000	1,696,892
2023	5,110,000	1,551,840
2024-2028	25,605,000	5,436,126
2029-2033	17,595,000	2,013,556
2034-2037	5,945,000	245,827
	<u>\$ 75,150,000</u>	<u>\$ 16,948,151</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, 2018:

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>231,000</u>
Total Revenue Bonds				\$ <u><u>231,000</u></u>

The annual requirements to amortize all revenue bonds outstanding as of September 30, 2018, are as follows:

Year Ending September 30,	Business-type Activities
	Principal
2019	\$ 21,000
2020	21,000
2021	21,000
2022	21,000
2023	21,000
2024-2028	105,000
2029	<u>21,000</u>
	<u>\$ 231,000</u>

Notes Payable

Portions of the 2008, 2009, 2010A and 2010C certificates of obligation are payable by forming the Rosenberg Development Corporation in the amounts of \$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, 2018, are as follows:

Year Ending September 30,	Rosenberg Development Corporation	
	Principal	Interest
2019	\$ 574,875	\$ 126,890
2020	590,410	104,444
2021	191,980	85,627
2022	196,515	71,341
2023	14,800	59,162
2024-2028	738,875	147,614
2029-2033	<u>94,405</u>	<u>3,109</u>
	<u>\$ 2,401,860</u>	<u>\$ 598,187</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, 2018, are as follows:

Year Ending September 30,	SECO Notes Payable	
	Principal	Interest
2019	\$ <u>594,009</u>	\$ <u>12,057</u>
	<u>\$ 594,009</u>	<u>\$ 12,057</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, 2018.

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 15,460,000	\$ 4,950,000	\$ 1,685,000	18,725,000	\$ 1,870,000
Certificates of obligation	55,595,000	9,320,000	8,490,000	56,425,000	3,465,000
Bond issuance premiums	1,613,624	551,465	165,742	1,999,347	-
Total bonds payable	<u>72,668,624</u>	<u>14,821,465</u>	<u>10,340,742</u>	<u>77,149,347</u>	<u>5,335,000</u>
Compensated absences	<u>656,488</u>	<u>610,680</u>	<u>576,466</u>	<u>690,702</u>	<u>69,070</u>
Total governmental activities	<u>\$ 73,325,112</u>	<u>\$ 15,432,145</u>	<u>\$ 10,917,208</u>	<u>\$ 77,840,049</u>	<u>\$ 5,404,070</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 252,000	\$ -	\$ 21,000	231,000	\$ 21,000
Capital leases	1,154,959	-	103,352	1,051,607	107,063
Notes payable	1,215,771	-	621,762	594,009	507,803
Compensated absences	<u>50,849</u>	<u>45,714</u>	<u>45,236</u>	<u>51,327</u>	<u>5,132</u>
Total business-type activities	<u>\$ 2,673,579</u>	<u>\$ 45,714</u>	<u>\$ 791,350</u>	<u>\$ 1,927,943</u>	<u>\$ 640,998</u>
Discretely presented component unit:					
Notes payable	<u>\$ 2,961,700</u>	<u>\$ -</u>	<u>\$ 559,840</u>	<u>2,401,860</u>	<u>\$ 559,840</u>
Total discretely presented component unit	<u>\$ 2,961,700</u>	<u>\$ -</u>	<u>\$ 559,840</u>	<u>\$ 2,401,860</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, pensions, 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>(1,779,935)</u>
	<u>\$ -</u>

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

Year Ending September 30,	Business-type Activities Scheduled Payments
2019	\$ 159,233
2020	284,925
2021	472,779
2022	<u>266,352</u>
Total minimum lease payments	1,183,289
Less: interest portion	<u>(131,682)</u>
Present value of minimum lease payments	<u>\$ 1,051,607</u>

Fund balances for all the major and nonmajor governmental funds as of September 30, 2018, were distributed as follows:

	General	Debt Service	RDC Projects	2016 Certificates of Obligation	2017 Certificates of Obligation	Bryan Road County Mobility Project	Other Governmental	Total
Nonspendable:								
Inventory	\$ 18,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,291
Prepays	<u>67,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,981</u>	<u>69,979</u>
Subtotal	<u>86,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,981</u>	<u>88,270</u>
Restricted for:								
Economic development	-	-	-	-	-	-	1,557,895	1,557,895
Court security and tech	-	-	-	-	-	-	8,890	8,890
Community development	-	-	6,972,563	-	-	-	809,852	7,782,415
Law enforcement	-	-	-	-	-	-	1,078,633	1,078,633
Fire services	-	-	-	-	-	-	664,410	664,410
Capital projects	-	-	-	5,620,359	8,157,118	-	5,278,587	19,056,064
Debt service	<u>-</u>	<u>5,900,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,900,145</u>
Subtotal	<u>-</u>	<u>5,900,145</u>	<u>6,972,563</u>	<u>5,620,359</u>	<u>8,157,118</u>	<u>-</u>	<u>9,398,267</u>	<u>36,048,452</u>
Assigned to:								
Subsequent year's budget								
appropriated fund balance	<u>4,293,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,293,929</u>
Subtotal	<u>4,293,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,293,929</u>
Unassigned	<u>15,887,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(154,614)</u>	<u>-</u>	<u>15,732,935</u>
Total	<u>\$ 20,267,767</u>	<u>\$ 5,900,145</u>	<u>\$ 6,972,563</u>	<u>\$ 5,620,359</u>	<u>\$ 8,157,118</u>	<u>\$ (154,614)</u>	<u>\$ 9,400,248</u>	<u>\$ 56,163,586</u>

IV. OTHER INFORMATION

A. Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 883 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.com.

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

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in 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	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating Transfers
Annuity Increase to retirees	70% of CPI Repeating

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	150
Inactive employees entitled to but not yet receiving benefits	165
Active employees	<u>254</u>
Total	<u><u>569</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 13.03% and 13.14% in calendar years 2018 and 2017, respectively. The city’s contributions to TMRS for the year ended September 30, 2018, were \$2,022,036 and were equal to the required contributions.

Net Pension Liability. The city’s Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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. Mortality 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%. 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 Adjustment are used with males 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
U.S. Equities	17.5%	4.55%
International Equities	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Estate	10.0%	4.50%
Real Return	10.0%	3.80%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	\$ 65,133,498	\$ 53,331,274	\$ 11,802,224
Changes for the year:			
Service cost	2,139,697	-	2,139,697
Interest	4,383,721	-	4,383,721
Difference between expected and actual experience	69,996	-	69,996
Contributions - employer	-	1,966,261	(1,966,261)
Contributions - employee	-	898,292	(898,292)
Net investment income	-	7,392,526	(7,392,526)
Benefit payments, including refunds of employee contributions	(2,518,656)	(2,518,656)	-
Administrative expense	-	(38,306)	38,306
Other changes	-	(1,940)	1,940
Net changes	<u>4,074,758</u>	<u>7,698,177</u>	<u>(3,623,419)</u>
Balance at 12/31/2017	<u>\$ 69,208,256</u>	<u>\$ 61,029,451</u>	<u>\$ 8,178,805</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 19,400,328	\$ 8,178,805	\$(827,435)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the City recognized pension expense of \$1,956,248.

At September 30, 2018, 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	\$ 167,017	\$ 410,502
Changes in actuarial assumptions	-	9,974
Difference between projected and actual investment earnings	-	1,556,460
Contributions subsequent to the measurement date	<u>1,471,942</u>	<u>-</u>
Total	<u>\$ 1,638,959</u>	<u>\$ 1,976,936</u>

\$1,471,942 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, 2019. 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>	
2019	\$(104,511)
2020	(122,755)
2021	(834,416)
2022	<u>(748,237)</u>
Total	<u>\$(1,809,919)</u>

B. Post-Employment Benefit Plans Other Than Pensions (OPEB) – TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City’s pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	98
Inactive employees entitled to but not yet receiving benefits	40
Active employees	254
Total	392

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.13% for 2018 and 0.12% for 2017, of which 0.03% and 0.03%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2018 and 2017 were \$4,645 and \$4,423, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Discount rate	3.31%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 10.5% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under provisions of GASB Statement No. 68.

Salary increases were based on a service-related table.

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment 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 became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.31% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2017.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.31%) in measuring the Total OPEB Liability.

	<u>1% Decrease in Discount Rate (2.31%)</u>	<u>Current Discount Rate (3.31%)</u>	<u>1% Increase in Discount Rate (4.31%)</u>
Total OPEB Liability	\$ 774,975	\$ 630,593	\$ 520,673

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2018, the City reported a liability of \$630,593 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2017. For the year ended September 30, 2018, the City recognized OPEB expense of \$49,707. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	\$ 538,295
Changes for the year:	
Service cost	20,919
Interest	20,658
Changes of assumptions	55,204
Benefit payments	(4,483)
Net changes	<u>92,298</u>
Balance at 12/31/2017	<u>\$ 630,593</u>

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources
Changes in actuarial assumptions	\$ 47,074
Contributions subsequent to the measurement date	<u>3,389</u>
Totals	<u>\$ 50,463</u>

\$3,389 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2019. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	For the Year Ended September 30,
2019	\$ 8,130
2020	8,130
2021	8,130
2022	8,130
2023	8,130
Thereafter	<u>6,424</u>
	<u>\$ 47,074</u>

C. 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, 2018, 2017, and 2016 were \$48,190, \$61,812, and \$61,287, 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.

D. Post-Employment Benefits Other Than Pensions (OPEB) – Retiree Health Plan

Plan Description. The City of Rosenberg offers its eligible retirees and their dependents medical and prescription drug coverage through a single-employer defined benefit OPEB plan, under City policy. The plan is administered by the City and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits and Contributions. The pre-65 plan is a continuation of the self-insured active plan offered through Blue Cross. The post-65 plan is fully-insured Medicare Advantage plan offered through Aetna. Retirees’ contributions toward the cost depend on when they retired and their number of years of service at the time of retirement. To retire and be eligible for the benefits, an employee must be at least 60 years old and 5 years of service or have at least 20 years of service. Coverage for dependents (including spouses) is not subsidized. Thus no liability was assumed for the dependents.

Retirees are responsible for payment of premiums for dependent coverage, and the City pays the retirees premiums. The City’s contributions to the OPEB for the year ended September 30, 2018, were \$461,319, which equal benefit payments for retirees.

The number of employees covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	771
Active members	<u>48</u>
Total	<u><u>819</u></u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	September 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Salary Increases	3.00%, including inflation
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	The general RP-2014 Combined Table projected using MP-2017 was used with no gender roll-forwards or roll-backs. 2017 representative rates for non-annuitant males and females are 39-133% and 16-106%, respectively. 2017 rates for annuitant males and females are 39-133% and 16-106%, respectively.
Health care cost trend rates	For Pre-65, initial rate of 7.20% declining to an ultimate rate of 4.29% after 27 years; For post-65, initial rate of 5.40% declining to an ultimate rate of 4.29% after 27 years.
Participation rates	It was assumed that 83% of retirees who are eligible for the City subsidy would choose to receive health care benefits through the City.
Discount rate	The discount rate changed from 3.50% as of September 30, 2017 to 3.83% as of September 30, 2018.

Projections of health benefits are based on the plan as understood by the City and includes the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 3.83% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of September 30, 2018.

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$1,434,499. At September 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 787,416
Total	<u>\$ 787,416</u>

Other amounts of the reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2019	\$(196,854)
2020	(196,854)
2021	(196,854)
2022	(196,854)

E. Interfund Receivables, Payables, and Transfers

The city had no interfund receivables or payables as of September 30, 2018.

The interfund transfers as of September 30, 2018, are as follows:

	<u>Transfers in</u>						<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water and Wastewater</u>	<u>Civic center rentals</u>	<u>Information Services</u>	
Transfers out:							
General fund	\$ -	\$ -	\$ 1,739,648	\$ 81,191	\$ 24,000	\$ 665,600	\$ 2,510,439
2016 Certificate of Obligation	-	-		751,884			751,884
2017 Certificate of Obligation				117,453			117,453
Nonmajor							
governmental funds	204,309	-	1,164,500	555,880	304,200	-	2,228,889
Water and wastewater	1,516,446	2,297,210	81,023	-	-	-	3,894,679
Civic center rentals	-	62,790	-	-	-	-	62,790
Totals	<u>\$ 1,720,755</u>	<u>\$ 2,360,000</u>	<u>\$ 2,985,171</u>	<u>\$ 1,506,408</u>	<u>\$ 328,200</u>	<u>\$ 665,600</u>	<u>\$ 9,566,134</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 2018 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.

F. 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, 2018.

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.

G. 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 2018, the RDC paid \$200,000 for year 3 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.

H. 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 2018, the City rebated \$629,092 in sales tax.

I. Prior Period Adjustment – Change in Accounting Principles

During fiscal year 2018, the City adopted GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*. With GASB 75, the City must assume its Total OPEB Liability in connection with the TMRS SDBF and Retiree Health Insurance Plan. Adoption of GASB 75 required a prior period adjustment to report the effect of the standard retroactively. As such, beginning net position was restated by \$7,397,207 and \$1,510,287 in the governmental and business-type activities, respectively.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final
REVENUES				
Property taxes	\$ 6,614,084	\$ 6,614,084	\$ 6,545,122	\$(68,962)
Sales and use taxes	12,982,000	12,982,000	14,474,532	1,492,532
Franchise taxes	1,924,500	1,924,500	1,910,171	(14,329)
Licenses and permits	704,900	704,900	692,388	(12,512)
Fines and forfeitures	489,400	546,010	565,993	19,983
Fees and charges for services	4,749,220	4,840,520	5,085,045	244,525
Intergovernmental	1,423,707	1,745,637	2,165,648	420,011
Investment earnings	100,000	100,000	251,081	151,081
Other	223,055	223,055	332,516	109,461
Total revenue	<u>29,210,866</u>	<u>29,680,706</u>	<u>32,022,496</u>	<u>2,341,790</u>
EXPENDITURES				
General government:				
Mayor and City Council	58,822	58,822	34,203	24,619
City manager	990,839	990,839	947,186	43,653
City secretary	246,249	246,249	246,139	110
Finance	726,822	726,822	669,060	57,762
Legal	275,000	275,000	203,931	71,069
City prosecutor	35,000	39,670	39,670	-
Municipal court	411,985	411,985	348,291	63,694
Technology	421,777	421,777	406,366	15,411
Communications	219,110	219,110	198,647	20,463
General government	<u>1,298,597</u>	<u>1,298,599</u>	<u>1,299,568</u>	<u>(969)</u>
Total general government	<u>4,684,201</u>	<u>4,688,873</u>	<u>4,393,061</u>	<u>295,812</u>
Public safety:				
Police and emergency management	9,082,397	9,208,457	8,819,535	388,922
Fire and fire marshal	4,060,549	4,056,649	3,784,197	272,452
Animal control	309,358	309,358	280,684	28,674
School officers and crossing guards	<u>1,266,708</u>	<u>1,462,578</u>	<u>1,420,299</u>	<u>42,279</u>
Total public safety	<u>14,719,012</u>	<u>15,037,042</u>	<u>14,304,715</u>	<u>732,327</u>
Public works:				
Streets and drainage	2,493,609	2,493,609	2,311,124	182,485
Street lighting and signals	498,000	549,940	549,000	940
Solid waste	3,080,000	3,171,300	3,178,885	(7,585)
Building maintenance	150,311	150,311	143,127	7,184
City engineer	250,000	605,000	601,073	3,927
Fleet maintenance	<u>403,119</u>	<u>403,119</u>	<u>347,525</u>	<u>55,594</u>
Total public works	<u>6,875,039</u>	<u>7,373,279</u>	<u>7,130,734</u>	<u>242,545</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
EXPENDITURES (Continued)				
Community development:				
Planning	\$ 459,492	\$ 459,492	\$ 452,647	\$ 6,845
Parks and recreation	1,038,110	1,038,110	1,002,374	35,736
Special events	197,436	197,436	142,055	55,381
Code enforcement	699,065	699,065	614,115	84,950
Public health	<u>179,006</u>	<u>179,006</u>	<u>161,491</u>	<u>17,515</u>
Total community development	<u>2,573,109</u>	<u>2,573,109</u>	<u>2,372,682</u>	<u>200,427</u>
Capital outlay	<u>1,120,000</u>	<u>1,735,730</u>	<u>862,871</u>	<u>872,859</u>
Total expenditures	<u>29,971,361</u>	<u>31,408,033</u>	<u>29,064,063</u>	<u>2,343,970</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(760,495)</u>	<u>(1,727,327)</u>	<u>2,958,433</u>	<u>4,685,760</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	22,215	22,215
Sale of capital asset	5,000	980,000	983,338	3,338
Transfers in	1,720,755	1,720,755	1,720,755	-
Transfers out	<u>(965,260)</u>	<u>(2,510,439)</u>	<u>(2,510,439)</u>	<u>-</u>
Total other financing sources (uses)	<u>760,495</u>	<u>190,316</u>	<u>215,869</u>	<u>25,553</u>
NET CHANGE IN FUND BALANCE	-	(1,537,011)	3,174,302	4,711,313
FUND BALANCE, BEGINNING	<u>17,093,465</u>	<u>17,093,465</u>	<u>17,093,465</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 17,093,465</u>	<u>\$ 15,556,454</u>	<u>\$ 20,267,767</u>	<u>\$ 4,711,313</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, 2018

	Budget	Actual	Variance from Final
REVENUES			
Intergovernmental	\$ 5,225,750	\$ 5,201,297	\$(24,453)
Investment earnings	10,000	65,950	55,950
Total revenue	5,235,750	5,267,247	31,497
 EXPENDITURES			
Capital outlay	7,856,476	993,095	6,863,381
Total expenditures	7,856,476	993,095	6,863,381
 NET CHANGE IN FUND BALANCE	(2,620,726)	4,274,152	6,894,878
 FUND BALANCE, BEGINNING	2,698,411	2,698,411	-
 FUND BALANCE, ENDING	\$ 77,685	\$ 6,972,563	\$ 6,894,878

CITY OF ROSENBERG, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Measurement Date December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
A. Total pension liability				
Service Cost	\$ 1,665,767	\$ 1,995,907	\$ 2,034,621	\$ 2,139,697
Interest (on the Total Pension Liability)	3,869,483	4,076,807	4,180,290	4,383,721
Difference between expected and actual experience	(551,553)	289,636	(518,072)	69,996
Changes in assumptions	-	(25,808)	-	-
Benefit payments, including refunds of employee contributions	<u>(1,994,965)</u>	<u>(2,379,033)</u>	<u>(2,952,510)</u>	<u>(2,518,656)</u>
Net change in total pension liability	2,988,732	3,957,509	2,744,329	4,074,758
Total pension liability - beginning	<u>55,442,928</u>	<u>58,431,660</u>	<u>62,389,169</u>	<u>65,133,498</u>
Total pension liability - ending (a)	<u>58,431,660</u>	<u>62,389,169</u>	<u>65,133,498</u>	<u>69,208,256</u>
B. Plan fiduciary net position				
Contributions - Employer	1,843,970	1,986,101	1,928,740	1,966,261
Contributions - Employee	743,396	840,382	858,490	898,292
Net Investment Income	2,657,661	73,296	3,389,430	7,392,526
Benefit payments, including refunds of employee contributions	(1,994,965)	(2,379,033)	(2,952,510)	(2,518,656)
Administrative Expenses	(27,745)	(44,645)	(38,275)	(38,306)
Other	<u>(2,281)</u>	<u>(2,205)</u>	<u>(2,062)</u>	<u>(1,940)</u>
Net change in plan fiduciary net position	3,220,036	473,896	3,183,813	7,698,177
Plan fiduciary net position - beginning	<u>46,453,529</u>	<u>49,673,565</u>	<u>50,147,461</u>	<u>53,331,274</u>
Plan fiduciary net position - ending (b)	<u>49,673,565</u>	<u>50,147,461</u>	<u>53,331,274</u>	<u>61,029,451</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 8,758,095</u>	<u>\$ 12,241,708</u>	<u>\$ 11,802,224</u>	<u>\$ 8,178,805</u>
D. Plan fiduciary net position as a percentage of total pension liability	85.01%	80.38%	81.88%	88.18%
E. Covered payroll	\$ 12,383,933	\$ 14,006,366	\$ 14,308,168	\$ 14,942,016
F. Net position liability as a percentage of covered payroll	70.72%	87.40%	82.49%	54.74%

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 PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Fiscal Year Ended September 30,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarial determined contribution	\$ <u>1,843,461</u>	\$ <u>1,909,555</u>	\$ <u>1,941,325</u>	\$ <u>1,950,736</u>	\$ <u>2,022,036</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>	\$ <u>2,022,036</u>
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	12,239,774	13,181,944	14,230,199	14,742,619	15,482,968
Contributions as a percentage of covered payroll	15.06%	14.49%	13.64%	13.23%	13.06%

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	28 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

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS**

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Measurement Date December 31,	<u>2017</u>
A. Total OPEB liability	
Service Cost	\$ 20,919
Interest (on the Total OPEB Liability)	20,658
Changes of assumptions	55,204
Benefit payments, including refunds of employee contributions	<u>(4,483)</u>
Net change in Total OPEB liability	92,298
Total OPEB liability - beginning	<u>538,295</u>
Total OPEB liability - ending (a)	<u>630,593</u>
B. Covered employee payroll	\$ 14,942,016
C. Total OPEB liability as a percentage of covered employee payroll	4.22%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Included in the changes of assumptions was a reduction to the discount rate from 3.81% to 3.31%.

CITY OF ROSENBERG, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
RETIREE HEALTH CARE BENEFIT PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Measurement Date September 30,	<u>2018</u>
A. Total OPEB liability	
Service Cost	\$ 1,035,876
Interest on the total OPEB liability	595,478
Changes of assumptions and other inputs	(984,270)
Benefit payments	<u>(461,319)</u>
Net change in total OPEB liability	<u>185,765</u>
Total OPEB liability - beginning	<u>16,208,425</u>
Total OPEB liability - ending	<u><u>\$ 16,394,190</u></u>
B. Covered-employee payroll	\$ 21,716,538
C. Total OPEB liability as a percentage of covered-employee payroll	75.49%

Notes to Schedule:

- No assets are accumulated in a trust for the retiree health care plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- This schedule is required to have 10 years of information, but the information prior to 2018 is not available.
- Included in the changes of assumptions was a reduction to the discount rate from 3.50% to 3.83%.

CITY OF ROSENBERG, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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**CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 4,098,116	\$ 5,552,509	\$ 9,650,625
Receivables:			
Taxes	42,993	14,345	57,338
Other	6,855	-	6,855
Intergovernmental	246,555	-	246,555
Prepaid items	<u>2,429</u>	<u>-</u>	<u>2,429</u>
Total assets	<u>4,396,948</u>	<u>5,566,854</u>	<u>9,963,802</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	222,456	288,267	510,723
Accrued liabilities	<u>52,831</u>	<u>-</u>	<u>52,831</u>
Total liabilities	<u>275,287</u>	<u>288,267</u>	<u>563,554</u>
Fund balances:			
Nonspendable			
Prepays	1,981	-	1,981
Restricted	<u>4,119,680</u>	<u>5,278,587</u>	<u>9,398,267</u>
Total fund balances	<u>4,121,661</u>	<u>5,278,587</u>	<u>9,400,248</u>
 Total liabilities and fund balances	 <u>\$ 4,396,948</u>	 <u>\$ 5,566,854</u>	 <u>\$ 9,963,802</u>

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CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Sales tax	\$ 755,420	\$ -	\$ 755,420
Franchise tax	-	57,383	57,383
Fines and forfeitures	109,467	-	109,467
Intergovernmental revenue	1,854,453	770,000	2,624,453
Investment earnings	66,207	72,655	138,862
Other	122,403	2	122,405
Total revenues	<u>2,907,950</u>	<u>900,040</u>	<u>3,807,990</u>
EXPENDITURES			
Current:			
General government	340,556	297,033	637,589
Public safety	1,471,820	-	1,471,820
Community development	1,822	-	1,822
Capital outlay	467,477	1,297,291	1,764,768
Total expenditures	<u>2,281,675</u>	<u>1,594,324</u>	<u>3,875,999</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>626,275</u>	<u>(694,284)</u>	<u>(68,009)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,439,992	1,545,179	2,985,171
Transfers out	<u>(2,117,842)</u>	<u>(111,047)</u>	<u>(2,228,889)</u>
Total other financing sources (uses)	<u>(677,850)</u>	<u>1,434,132</u>	<u>756,282</u>
NET CHANGE IN FUND BALANCES	(51,575)	739,848	688,273
FUND BALANCES, BEGINNING	<u>4,173,236</u>	<u>4,538,739</u>	<u>8,711,975</u>
FUND BALANCES, ENDING	<u>\$ 4,121,661</u>	<u>\$ 5,278,587</u>	<u>\$ 9,400,248</u>

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

SEPTEMBER 30, 2018

	<u>Hotel / Motel Tax</u>	<u>Municipal Court Technology</u>	<u>Beautification</u>	<u>Law Enforcement</u>
ASSETS				
Cash and investments	\$ 1,586,196	\$ 4,061	\$ 133,624	\$ 474,440
Receivables:				
Taxes	42,993	-	-	-
Other	3	-	-	6,852
Intergovernmental	-	-	-	-
Prepaid items	<u>1,493</u>	<u>-</u>	<u>-</u>	<u>913</u>
Total assets	<u>1,630,685</u>	<u>4,061</u>	<u>133,624</u>	<u>482,205</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	68,182	-	33	26,779
Accrued liabilities	<u>3,540</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>71,722</u>	<u>-</u>	<u>33</u>	<u>26,779</u>
Fund balances:				
Nonspendable				
Prepays	1,068	-	-	913
Restricted	<u>1,557,895</u>	<u>4,061</u>	<u>133,591</u>	<u>454,513</u>
Total fund balances	<u>1,558,963</u>	<u>4,061</u>	<u>133,591</u>	<u>455,426</u>
Total liabilities and fund balances	<u>\$ 1,630,685</u>	<u>\$ 4,061</u>	<u>\$ 133,624</u>	<u>\$ 482,205</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>
\$ -	\$ 50,417	\$ 502,279	\$ 166,579	\$ 201,660	\$ 4,829	\$ 661,277
-	-	-	-	-	-	-
-	-	-	-	-	-	-
245,205	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>245,205</u>	<u>50,417</u>	<u>502,279</u>	<u>166,579</u>	<u>201,660</u>	<u>4,829</u>	<u>661,277</u>
42,025	9,267	29,198	983	4,995	-	905
-	-	-	-	-	-	-
<u>42,025</u>	<u>9,267</u>	<u>29,198</u>	<u>983</u>	<u>4,995</u>	<u>-</u>	<u>905</u>
-	-	-	-	-	-	-
203,180	41,150	473,081	165,596	196,665	4,829	660,372
<u>203,180</u>	<u>41,150</u>	<u>473,081</u>	<u>165,596</u>	<u>196,665</u>	<u>4,829</u>	<u>660,372</u>
<u>\$ 245,205</u>	<u>\$ 50,417</u>	<u>\$ 502,279</u>	<u>\$ 166,579</u>	<u>\$ 201,660</u>	<u>\$ 4,829</u>	<u>\$ 661,277</u>

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CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
SEPTEMBER 30, 2018

	Police Federal Forfeiture	Fire Station Number 3 Operating	Total Nonmajor Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 225,420	\$ 87,334	\$ 4,098,116
Receivables:			
Taxes	-	-	42,993
Other	-	-	6,855
Intergovernmental	1,350	-	246,555
Prepaid expenses	<u>-</u>	<u>23</u>	<u>2,429</u>
Total assets	<u>226,770</u>	<u>87,357</u>	<u>4,396,948</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	6,061	34,028	222,456
Accrued liabilities	<u>-</u>	<u>49,291</u>	<u>52,831</u>
Total liabilities	<u>6,061</u>	<u>83,319</u>	<u>275,287</u>
Fund balances:			
Nonspendable			
Prepays	-	-	1,981
Restricted	<u>220,709</u>	<u>4,038</u>	<u>4,119,680</u>
Total fund balances	<u>220,709</u>	<u>4,038</u>	<u>4,121,661</u>
Total liabilities and fund balances	<u>\$ 226,770</u>	<u>\$ 87,357</u>	<u>\$ 4,396,948</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, 2018

	Hotel / Motel Tax	Municipal Court Technology	Beautification	Law Enforcement
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Sales tax	\$ 755,420	\$ -	\$ -	\$ -
Fines and forfeitures	-	19,544	-	-
Intergovernmental revenue	-	-	-	237,584
Investment earnings	26,762	99	2,005	6,483
Other	3,400	-	24,000	2,278
Total revenues	<u>785,582</u>	<u>19,643</u>	<u>26,005</u>	<u>246,345</u>
EXPENDITURES				
Current:				
General government	271,674	23,135	-	-
Public safety	-	-	-	73,232
Community development	-	-	1,822	-
Capital outlay	195,884	-	-	81,695
Total expenditures	<u>467,558</u>	<u>23,135</u>	<u>1,822</u>	<u>154,927</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>318,024</u>	<u>(3,492)</u>	<u>24,183</u>	<u>91,418</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(456,940)	-	-	-
Total other financing sources (uses)	<u>(456,940)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(138,916)	(3,492)	24,183	91,418
FUND BALANCES, BEGINNING	<u>1,697,879</u>	<u>7,553</u>	<u>109,408</u>	<u>364,008</u>
FUND BALANCES, ENDING	<u>\$ 1,558,963</u>	<u>\$ 4,061</u>	<u>\$ 133,591</u>	<u>\$ 455,426</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	25,796	51,043	13,084	-
387,950	-	-	-	-	-	1,105,860
-	830	8,724	2,691	3,455	83	11,213
-	6,740	78,600	-	-	-	-
<u>387,950</u>	<u>7,570</u>	<u>87,324</u>	<u>28,487</u>	<u>54,498</u>	<u>13,167</u>	<u>1,117,073</u>
-	-	-	-	45,747	-	-
-	9,243	-	-	-	-	-
-	-	-	-	-	-	-
-	-	126,386	-	-	-	63,512
-	9,243	126,386	-	45,747	-	63,512
<u>387,950</u>	<u>(1,673)</u>	<u>(39,062)</u>	<u>28,487</u>	<u>8,751</u>	<u>13,167</u>	<u>1,053,561</u>
81,023	-	-	-	-	-	-
<u>(444,833)</u>	<u>-</u>	<u>-</u>	<u>(30,269)</u>	<u>(7,800)</u>	<u>(13,500)</u>	<u>(1,164,500)</u>
<u>(363,810)</u>	<u>-</u>	<u>-</u>	<u>(30,269)</u>	<u>(7,800)</u>	<u>(13,500)</u>	<u>(1,164,500)</u>
24,140	(1,673)	(39,062)	(1,782)	951	(333)	(110,939)
<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>\$ 203,180</u>	<u>\$ 41,150</u>	<u>\$ 473,081</u>	<u>\$ 165,596</u>	<u>\$ 196,665</u>	<u>\$ 4,829</u>	<u>\$ 660,372</u>

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CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Police Federal Forfeiture	Fire Station Number 3 Operating	Total Nonmajor Special Revenue Funds
REVENUES			
Sales tax	\$ -	\$ -	\$ 755,420
Fines and forfeitures	-	-	109,467
Intergovernmental revenue	123,059	-	1,854,453
Investment earnings	3,053	809	66,207
Other	7,385	-	122,403
Total revenues	<u>133,497</u>	<u>809</u>	<u>2,907,950</u>
EXPENDITURES			
Current:			
General government	-	-	340,556
Public safety	33,605	1,355,740	1,471,820
Community development	-	-	1,822
Capital outlay	-	-	467,477
Total expenditures	<u>33,605</u>	<u>1,355,740</u>	<u>2,281,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>99,892</u>	<u>(1,354,931)</u>	<u>626,275</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,358,969	1,439,992
Transfers out	-	-	(2,117,842)
Total other financing sources (uses)	<u>-</u>	<u>1,358,969</u>	<u>(677,850)</u>
NET CHANGE IN FUND BALANCES	99,892	4,038	(51,575)
FUND BALANCES, BEGINNING	<u>120,817</u>	<u>-</u>	<u>4,173,236</u>
FUND BALANCES, ENDING	<u>\$ 220,709</u>	<u>\$ 4,038</u>	<u>\$ 4,121,661</u>

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

SEPTEMBER 30, 2018

	<u>Seabourne Creek Capacity</u>	<u>Operating Projects</u>	<u>2007 General Obligation</u>	<u>2012 Certificates of Obligation</u>
ASSETS				
Cash and investments	\$ 8,645	\$ 2,584,884	\$ 945,782	\$ -
Receivables:				
Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>8,645</u>	<u>2,584,884</u>	<u>945,782</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>8,608</u>	<u>279,659</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>8,608</u>	<u>279,659</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	37	2,305,225	945,782	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>37</u>	<u>2,305,225</u>	<u>945,782</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 8,645</u>	<u>\$ 2,584,884</u>	<u>\$ 945,782</u>	<u>\$ -</u>

<u>2014A Certificates of Obligation</u>	<u>2015 Certificates of Obligation</u>	<u>PEG Capital</u>	<u>Bamore Road County Mobility Project</u>	<u>Spacek Road County Mobility Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ 308,106	\$ 215,500	\$ 770,000	\$ 719,592	\$ 5,552,509
-	-	14,345	-	-	14,345
<u>-</u>	<u>308,106</u>	<u>229,845</u>	<u>770,000</u>	<u>719,592</u>	<u>5,566,854</u>
-	-	-	-	-	288,267
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,267</u>
-	308,106	229,845	770,000	719,592	5,278,587
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>308,106</u>	<u>229,845</u>	<u>770,000</u>	<u>719,592</u>	<u>5,278,587</u>
<u>\$ -</u>	<u>\$ 308,106</u>	<u>\$ 229,845</u>	<u>\$ 770,000</u>	<u>\$ 719,592</u>	<u>\$ 5,566,854</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Seabourne Creek Capacity	Operating Projects	2007 General Obligation	2012 Certificates of Obligation
REVENUES				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	138	35,547	16,286	-
Other	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>140</u>	<u>35,547</u>	<u>16,286</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	297,033	-	-
Capital outlay	<u>8,608</u>	<u>1,095,540</u>	<u>18,342</u>	<u>119,427</u>
Total expenditures	<u>8,608</u>	<u>1,392,573</u>	<u>18,342</u>	<u>119,427</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(8,468)</u>	<u>(1,357,026)</u>	<u>(2,056)</u>	<u>(119,427)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,545,179	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,545,179</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	<u>(8,468)</u>	<u>188,153</u>	<u>(2,056)</u>	<u>(119,427)</u>
FUND BALANCES, BEGINNING				
	<u>8,505</u>	<u>2,117,072</u>	<u>947,838</u>	<u>119,427</u>
FUND BALANCES, ENDING				
	<u>\$ 37</u>	<u>\$ 2,305,225</u>	<u>\$ 945,782</u>	<u>\$ -</u>

<u>2014A Certificates of Obligation</u>	<u>2015 Certificates of Obligation</u>	<u>PEG Capital</u>	<u>Bamore Road County Mobility Project</u>	<u>Spacek Road County Mobility Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ -	\$ 57,383	\$ -	\$ -	\$ 57,383
-	-	-	770,000	-	770,000
601	5,460	3,123	-	11,500	72,655
-	-	-	-	-	2
<u>601</u>	<u>5,460</u>	<u>60,506</u>	<u>770,000</u>	<u>11,500</u>	<u>900,040</u>
-	-	-	-	-	297,033
<u>52,520</u>	<u>-</u>	<u>2,854</u>	<u>-</u>	<u>-</u>	<u>1,297,291</u>
<u>52,520</u>	<u>-</u>	<u>2,854</u>	<u>-</u>	<u>-</u>	<u>1,594,324</u>
<u>(51,919)</u>	<u>5,460</u>	<u>57,652</u>	<u>770,000</u>	<u>11,500</u>	<u>(694,284)</u>
-	-	-	-	-	1,545,179
<u>-</u>	<u>(111,047)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,047)</u>
<u>-</u>	<u>(111,047)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,434,132</u>
<u>(51,919)</u>	<u>(105,587)</u>	<u>57,652</u>	<u>770,000</u>	<u>11,500</u>	<u>739,848</u>
<u>51,919</u>	<u>413,693</u>	<u>172,193</u>	<u>-</u>	<u>708,092</u>	<u>4,538,739</u>
<u>\$ -</u>	<u>\$ 308,106</u>	<u>\$ 229,845</u>	<u>\$ 770,000</u>	<u>\$ 719,592</u>	<u>\$ 5,278,587</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, 2018

	Budget	Actual	Variance from Final
REVENUES			
Property taxes	\$ 4,518,571	\$ 4,470,973	\$(47,598)
Intergovernmental	631,317	707,797	76,480
Investment earnings	25,000	102,732	77,732
Total revenue	5,174,888	5,281,502	106,614
EXPENDITURES			
Debt service:			
Principal retirement	10,295,316	10,262,726	32,590
Interest and fiscal agent fees	2,182,798	2,170,996	11,802
Debt issuance costs	190,803	168,304	22,499
Total debt service	12,668,917	12,602,026	66,891
Total expenditures	12,668,917	12,602,026	66,891
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,494,029)	(7,320,524)	173,505
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	4,945,000	4,950,000	5,000
Premium on bonds	228,992	228,992	-
Transfers in	2,360,000	2,360,000	-
Total other financing sources (uses)	7,533,992	7,538,992	5,000
NET CHANGE IN FUND BALANCE	39,963	218,468	178,505
FUND BALANCE, BEGINNING	5,681,677	5,681,677	-
FUND BALANCE, ENDING	\$ 5,721,640	\$ 5,900,145	\$ 178,505

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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Taxes:				
Sales	\$ 575,000	\$ 575,000	\$ 755,420	\$ 180,420
Investment earnings	1,100	1,100	26,762	25,662
Other	9,000	9,000	3,400	(5,600)
Total revenue	<u>585,100</u>	<u>585,100</u>	<u>785,582</u>	<u>200,482</u>
EXPENDITURES				
Current:				
General Government	368,629	368,629	271,674	96,955
Capital outlay	-	464,000	195,884	268,116
Total expenditures	<u>368,629</u>	<u>832,629</u>	<u>467,558</u>	<u>96,955</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>216,471</u>	<u>(247,529)</u>	<u>318,024</u>	<u>565,553</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(456,940)	(456,940)	(456,940)	-
Total other financing sources (uses)	<u>(456,940)</u>	<u>(456,940)</u>	<u>(456,940)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(240,469)	(704,469)	(138,916)	565,553
FUND BALANCE, BEGINNING	<u>1,697,879</u>	<u>1,697,879</u>	<u>1,697,879</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,457,410</u>	<u>\$ 993,410</u>	<u>\$ 1,558,963</u>	<u>\$ 565,553</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REVENUES			
Fines and forfeitures	\$ 21,000	\$ 19,544	\$(1,456)
Investment earnings	<u>10</u>	<u>99</u>	<u>89</u>
Total revenue	<u>21,010</u>	<u>19,643</u>	<u>(1,367)</u>
 EXPENDITURES			
Current:			
General government	<u>23,450</u>	<u>23,135</u>	<u>315</u>
Total expenditures	<u>23,450</u>	<u>23,135</u>	<u>315</u>
 FUND BALANCE, BEGINNING	<u>7,553</u>	<u>7,553</u>	<u>-</u>
 FUND BALANCE, ENDING	<u>\$ 5,113</u>	<u>\$ 4,061</u>	<u>\$(1,052)</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BEAUTIFICATION - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance from Final
REVENUES			
Investment earnings	\$ 100	\$ 2,005	\$ 1,905
Other	24,000	24,000	-
Total revenue	24,100	26,005	1,905
 EXPENDITURES			
Current:			
Community Development	15,000	1,822	13,178
Total expenditures	15,000	1,822	13,178
 NET CHANGE IN FUND BALANCE	(5,900)	24,183	30,083
 FUND BALANCE, BEGINNING	109,408	109,408	-
 FUND BALANCE, ENDING	\$ 103,508	\$ 133,591	\$ 30,083

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, 2018

	Budget	Actual	Variance from Final
REVENUES			
Intergovernmental	\$ 20,000	\$ 237,584	\$ 217,584
Investment earnings	50	6,483	6,433
Other	-	2,278	2,278
Total revenue	20,050	246,345	226,295
EXPENDITURES			
Current:			
Public safety	107,600	73,232	34,368
Capital outlay	81,500	81,695	(195)
Total expenditures	189,100	154,927	34,173
NET CHANGE IN FUND BALANCE	(169,050)	91,418	260,468
FUND BALANCE, BEGINNING	364,008	364,008	-
FUND BALANCE, ENDING	\$ 194,958	\$ 455,426	\$ 260,468

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Intergovernmental	\$ 329,000	\$ 387,950	\$ 58,950
Total revenue	<u>329,000</u>	<u>387,950</u>	<u>58,950</u>
EXPENDITURES			
Capital outlay	<u>617,261</u>	<u>-</u>	<u>617,261</u>
Total expenditures	<u>617,261</u>	<u>-</u>	<u>617,261</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(288,261)</u>	<u>387,950</u>	<u>676,211</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	81,023	81,023
Transfers out	<u>-</u>	<u>(444,833)</u>	<u>(444,833)</u>
Total other financing sources (uses)	<u>-</u>	<u>(363,810)</u>	<u>(363,810)</u>
NET CHANGE IN FUND BALANCE	<u>(288,261)</u>	<u>24,140</u>	<u>312,401</u>
FUND BALANCE, BEGINNING	<u>179,040</u>	<u>179,040</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ (109,221)</u></u>	<u><u>\$ 203,180</u></u>	<u><u>\$ 312,401</u></u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE ASSET FORFEITURE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance from Final
REVENUES			
Investment earnings	\$ -	\$ 830	\$ 830
Other	-	6,740	6,740
Total revenue	-	7,570	7,570
 EXPENDITURES			
Current:			
Public Safety	15,400	9,243	6,157
Total expenditures	15,400	9,243	6,157
 NET CHANGE IN FUND BALANCE	(15,400)	(1,673)	13,727
 FUND BALANCE, BEGINNING	42,823	42,823	-
 FUND BALANCE, ENDING	\$ 27,423	\$ 41,150	\$ 13,727

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, 2018

	Budget	Actual	Variance from Final
REVENUES			
Investment earnings	\$ 200	\$ 8,724	\$ 8,524
Other	5,000	78,600	73,600
Total revenue	5,200	87,324	82,124
 EXPENDITURES			
Capital outlay	434,189	126,386	307,803
Total expenditures	434,189	126,386	307,803
 NET CHANGE IN FUND BALANCE	(428,989)	(39,062)	389,927
 FUND BALANCE, BEGINNING	512,143	512,143	-
 FUND BALANCE, ENDING	\$ 83,154	\$ 473,081	\$ 389,927

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Fines and forfeitures	\$ 21,000	\$ 25,796	\$ 4,796
Investment earnings	60	2,691	2,631
Total revenue	<u>21,060</u>	<u>28,487</u>	<u>7,427</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>28,487</u>	<u>9,427</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(30,269)</u>	<u>(30,269)</u>	<u>-</u>
Total other financing sources (uses)	<u>(30,269)</u>	<u>(30,269)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(11,209)	(1,782)	9,427
FUND BALANCE, BEGINNING	<u>167,378</u>	<u>167,378</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 156,169</u>	<u>\$ 165,596</u>	<u>\$ 9,427</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Fines and forfeitures	\$ 36,000	\$ 51,043	\$ 15,043
Investment earnings	65	3,455	3,390
Total revenue	<u>36,065</u>	<u>54,498</u>	<u>18,433</u>
EXPENDITURES			
Current:			
General government	<u>51,665</u>	<u>45,747</u>	<u>5,918</u>
Total expenditures	<u>51,665</u>	<u>45,747</u>	<u>5,918</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,600)</u>	<u>8,751</u>	<u>24,351</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(7,800)</u>	<u>(7,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,800)</u>	<u>(7,800)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(23,400)	951	24,351
FUND BALANCE, BEGINNING	<u>195,714</u>	<u>195,714</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 172,314</u>	<u>\$ 196,665</u>	<u>\$ 24,351</u>

CITY OF ROSENBERG, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT BUILDING SECURITY - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budget	Actual	Variance from Final
REVENUES			
Fines and forfeitures	\$ 13,500	\$ 13,084	\$(416)
Investment earnings	<u> -</u>	<u> 83</u>	<u> 83</u>
Total revenue	<u> 13,500</u>	<u> 13,167</u>	<u> (333)</u>
EXPENDITURES	<u> -</u>	<u> -</u>	<u> -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u> 13,500</u>	<u> 13,167</u>	<u> (333)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u> (13,500)</u>	<u> (13,500)</u>	<u> -</u>
Total other financing sources (uses)	<u> (13,500)</u>	<u> (13,500)</u>	<u> -</u>
NET CHANGE IN FUND BALANCE	-	(333)	(333)
FUND BALANCE, BEGINNING	<u> 5,162</u>	<u> 5,162</u>	<u> -</u>
FUND BALANCE, ENDING	<u> \$ 5,162</u>	<u> \$ 4,829</u>	<u> \$(333)</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, 2018

	Budget	Actual	Variance from Final
REVENUES			
Intergovernmental	\$ 1,005,000	\$ 1,105,860	\$ 100,860
Investment earnings	4,000	11,213	7,213
Total revenue	1,009,000	1,117,073	108,073
 EXPENDITURES			
Capital outlay	73,400	63,512	9,888
Total expenditures	73,400	63,512	9,888
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,009,000	1,053,561	108,073
 OTHER FINANCING SOURCES (USES)			
Transfers out	(1,164,500)	(1,164,500)	-
Total other financing sources (uses)	(1,164,500)	(1,164,500)	-
 NET CHANGE IN FUND BALANCE	(155,500)	(110,939)	44,561
 FUND BALANCE, BEGINNING	771,311	771,311	-
 FUND BALANCE, ENDING	\$ 615,811	\$ 660,372	\$ 44,561

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Intergovernmental	\$ -	\$ 123,059	\$ 123,059
Investment earnings	1,000	3,053	2,053
Other	<u>24,520</u>	<u>7,385</u>	(17,135)
Total revenue	<u>25,520</u>	<u>133,497</u>	<u>107,977</u>
EXPENDITURES			
Current:			
Public Safety	<u>35,000</u>	<u>33,605</u>	<u>1,395</u>
Total expenditures	<u>35,000</u>	<u>33,605</u>	<u>1,395</u>
NET CHANGE IN FUND BALANCE	(9,480)	99,892	109,372
FUND BALANCE, BEGINNING	<u>120,817</u>	<u>120,817</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 111,337</u>	<u>\$ 220,709</u>	<u>\$ 109,372</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, 2018

	Budget	Actual	Variance from Final
REVENUES			
Investment earnings	\$ 400	\$ 809	\$ 409
Total revenue	400	809	409
EXPENDITURES			
Current:			
Public safety	1,359,369	1,355,740	3,629
Total expenditures	1,359,369	1,355,740	3,629
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,358,969)	(1,354,931)	4,038
OTHER FINANCING SOURCES (USES)			
Transfers in	1,358,969	1,358,969	-
Total other financing sources (uses)	1,358,969	1,358,969	-
NET CHANGE IN FUND BALANCE	-	4,038	4,038
FUND BALANCE, BEGINNING	-	-	-
FUND BALANCE, ENDING	\$ -	\$ 4,038	\$ 4,038

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES			
Franchise taxes	\$ 70,000	\$ 57,383	\$(12,617)
Investment earnings	<u>-</u>	<u>3,123</u>	<u>3,123</u>
Total revenue	<u>70,000</u>	<u>60,506</u>	<u>(9,494)</u>
EXPENDITURES			
Capital outlay	<u>15,000</u>	<u>2,854</u>	<u>12,146</u>
Total expenditures	<u>15,000</u>	<u>2,854</u>	<u>12,146</u>
NET CHANGE IN FUND BALANCE	55,000	57,652	2,652
FUND BALANCE, BEGINNING	<u>172,193</u>	<u>172,193</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 227,193</u>	<u>\$ 229,845</u>	<u>\$ 2,652</u>

CITY OF ROSENBERG, TEXAS
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018

	Health Insurance	Fleet Replacement	Information Services	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 405,945	\$ 3,909,698	\$ 87,368	\$ 4,403,011
Receivables - other	571	-	-	571
Prepaid items	<u>280,916</u>	<u>-</u>	<u>699</u>	<u>281,615</u>
Total current assets	<u>687,432</u>	<u>3,909,698</u>	<u>88,067</u>	<u>4,685,197</u>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	-	4,867,230	725,218	5,592,448
Less: accumulated depreciation	<u>-</u>	<u>(2,916,769)</u>	<u>(624,916)</u>	<u>(3,541,685)</u>
Total noncurrent assets	<u>-</u>	<u>1,950,461</u>	<u>100,302</u>	<u>2,050,763</u>
Total assets	<u>687,432</u>	<u>5,860,159</u>	<u>188,369</u>	<u>6,735,960</u>
LIABILITIES				
Current liabilities:				
Accounts payable	<u>13,650</u>	<u>17,669</u>	<u>57,677</u>	<u>88,996</u>
Total current liabilities	<u>13,650</u>	<u>17,669</u>	<u>57,677</u>	<u>88,996</u>
Total liabilities	<u>13,650</u>	<u>17,669</u>	<u>57,677</u>	<u>88,996</u>
NET POSITION				
Net investment in capital assets	-	1,950,461	100,302	2,050,763
Unrestricted	<u>673,782</u>	<u>3,892,029</u>	<u>30,390</u>	<u>4,596,201</u>
Total net position	<u>\$ 673,782</u>	<u>\$ 5,842,490</u>	<u>\$ 130,692</u>	<u>\$ 6,646,964</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Health Insurance</u>	<u>Fleet Replacement</u>	<u>Information Services</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 3,677,343	\$ 814,154	\$ 938,900	\$ 5,430,397
Total operating revenues	<u>3,677,343</u>	<u>814,154</u>	<u>938,900</u>	<u>5,430,397</u>
OPERATING EXPENSES				
Cost of sales and services	3,732,129	22,887	1,110,803	4,865,819
Depreciation	<u>-</u>	<u>375,150</u>	<u>25,983</u>	<u>401,133</u>
Total operating expenses	<u>3,732,129</u>	<u>398,037</u>	<u>1,136,786</u>	<u>5,266,952</u>
OPERATING INCOME (LOSS)	<u>(54,786)</u>	<u>416,117</u>	<u>(197,886)</u>	<u>163,445</u>
NONOPERATING REVENUES				
Investment earnings	<u>2,083</u>	<u>56,058</u>	<u>1,492</u>	<u>59,633</u>
Total nonoperating revenues	<u>2,083</u>	<u>56,058</u>	<u>1,492</u>	<u>59,633</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(52,703)</u>	<u>472,175</u>	<u>(196,394)</u>	<u>223,078</u>
TRANSFERS				
Transfers in	<u>-</u>	<u>665,600</u>	<u>-</u>	<u>665,600</u>
Total transfers	<u>-</u>	<u>665,600</u>	<u>-</u>	<u>665,600</u>
CHANGE IN NET POSITION	<u>(52,703)</u>	<u>1,137,775</u>	<u>(196,394)</u>	<u>888,678</u>
NET POSITION, BEGINNING	<u>726,485</u>	<u>4,704,715</u>	<u>327,086</u>	<u>5,758,286</u>
NET POSITION, ENDING	<u>\$ 673,782</u>	<u>\$ 5,842,490</u>	<u>\$ 130,692</u>	<u>\$ 6,646,964</u>

CITY OF ROSENBERG, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Health Insurance</u>	<u>Fleet Replacement</u>	<u>Information Services</u>	<u>Total Internal Services Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,679,464	\$ 824,157	\$ 938,900	\$ 5,442,521
Disbursed for goods and services to suppliers	-	(22,887)	-	(22,887)
Disbursed for personnel services	<u>(4,004,872)</u>	<u>-</u>	<u>(1,150,918)</u>	<u>(5,155,790)</u>
Net cash provided (used) by operating activities	<u>(325,408)</u>	<u>801,270</u>	<u>(212,018)</u>	<u>263,844</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other funds	<u>-</u>	<u>665,600</u>	<u>-</u>	<u>665,600</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>665,600</u>	<u>-</u>	<u>665,600</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of equipment	<u>-</u>	<u>(679,500)</u>	<u>-</u>	<u>(679,500)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(679,500)</u>	<u>-</u>	<u>(679,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	<u>2,083</u>	<u>56,058</u>	<u>1,492</u>	<u>59,633</u>
Net cash provided by investing activities	<u>2,083</u>	<u>56,058</u>	<u>1,492</u>	<u>59,633</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(323,325)	843,428	(210,526)	309,577
CASH AND CASH EQUIVALENTS, BEGINNING	<u>729,270</u>	<u>3,066,270</u>	<u>297,894</u>	<u>4,093,434</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 405,945</u>	<u>\$ 3,909,698</u>	<u>\$ 87,368</u>	<u>\$ 4,403,011</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$(54,786)	\$ 416,117	\$(197,886)	\$ 163,445
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	-	375,150	25,983	401,133
(Increase) decrease in other receivables	2,121	-	-	2,121
(Increase) decrease in prepaid items	(280,916)	-	(374)	(281,290)
(Increase) decrease in accounts payable and accrued liabilities	<u>8,173</u>	<u>10,003</u>	<u>(39,741)</u>	<u>(21,565)</u>
Total adjustments	<u>(270,622)</u>	<u>385,153</u>	<u>(14,132)</u>	<u>100,399</u>
Net cash provided (used) by operating activities	<u>\$(325,408)</u>	<u>\$ 801,270</u>	<u>\$(212,018)</u>	<u>\$ 263,844</u>

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STATISTICAL SECTION

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**STATISTICAL SECTION
(UNAUDITED)**

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

	<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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:				
Net investment in capital assets	\$ 32,635,560	\$ 33,803,107	\$ 25,930,436	\$ 37,091,238
Restricted	7,733,228	7,657,493	7,651,906	9,305,959
Unrestricted	<u>7,367,951</u>	<u>6,365,692</u>	<u>15,998,818</u>	<u>14,680,942</u>
Total governmental activities net position	<u>\$ 47,736,739</u>	<u>\$ 47,826,292</u>	<u>\$ 49,581,160</u>	<u>\$ 61,078,139</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 37,092,180	\$ 39,944,847	\$ 39,951,294	\$ 39,617,050
Unrestricted	<u>6,388,090</u>	<u>6,807,001</u>	<u>9,504,355</u>	<u>11,765,919</u>
Total business-type activities net position	<u>\$ 43,480,270</u>	<u>\$ 46,751,848</u>	<u>\$ 49,455,649</u>	<u>\$ 51,382,969</u>
Primary government:				
Net investment in capital assets	\$ 69,727,740	\$ 73,747,954	\$ 65,881,730	\$ 76,708,288
Restricted	7,733,228	7,657,493	7,651,906	9,305,959
Unrestricted	<u>13,756,041</u>	<u>13,172,693</u>	<u>25,503,173</u>	<u>26,446,861</u>
Total primary government net position	<u>\$ 91,217,009</u>	<u>\$ 94,578,140</u>	<u>\$ 99,036,809</u>	<u>\$ 112,461,108</u>

TABLE 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 37,219,927	\$ 39,982,793	\$ 45,031,276	\$ 44,536,858	\$ 39,787,127	\$ 32,415,489
10,581,044	14,699,152	11,657,814	13,429,994	17,217,918	21,514,250
<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>14,841,741</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>	<u>\$ 68,771,480</u>
\$ 43,565,861	\$ 44,504,314	\$ 50,564,934	\$ 56,850,394	\$ 64,082,657	\$ 65,482,173
<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>19,775,612</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>	<u>\$ 85,257,785</u>
\$ 80,785,788	\$ 84,487,107	\$ 95,596,210	\$ 101,387,252	\$ 103,869,784	\$ 97,897,662
10,581,044	14,699,152	11,647,814	13,429,994	17,217,918	21,514,250
<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>34,617,353</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>	<u>\$ 154,029,265</u>

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

	Fiscal Year			
	2009	2010	2011	2012
EXPENSES				
Governmental activities:				
General government	\$ 4,940,400	\$ 4,543,990	\$ 6,264,102	\$ 3,573,695
Public safety	12,833,968	11,363,799	11,079,052	11,487,867
Public works	6,068,306	7,413,394	7,714,821	7,054,048
Community development	2,096,947	2,066,781	1,966,684	2,887,685
Interest on long-term debt	1,612,187	1,890,855	2,109,455	2,005,530
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>27,551,808</u>	<u>27,278,819</u>	<u>29,134,114</u>	<u>27,008,825</u>
Business-type activities:				
Water and sewer	5,423,819	5,541,932	6,366,473	6,870,352
Civic center rentals	-	-	-	-
Total business-type activities expenses	<u>5,423,819</u>	<u>5,541,932</u>	<u>6,366,473</u>	<u>6,870,352</u>
Total primary government program expenses	<u>\$ 32,975,627</u>	<u>\$ 32,820,751</u>	<u>\$ 35,500,587</u>	<u>\$ 33,879,177</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 1,241,545	\$ 991,398	\$ 915,567	\$ 987,095
Public safety	168,849	169,472	136,915	1,423,286
Public works	3,827,530	3,836,951	3,929,779	4,327,317
Community development	24,086	20,274	32,023	140,449
Operating grants and contributions	3,115,639	2,708,807	2,904,132	311,124
Capital grants and contributions	1,386,483	2,719,342	2,820,234	1,598,036
Total governmental activities program revenues	<u>9,764,132</u>	<u>10,446,244</u>	<u>10,738,650</u>	<u>8,787,307</u>
Business-type activities:				
Charges for services:				
Water	4,367,318	4,011,869	5,038,411	5,970,615
Sewer	4,050,725	4,340,805	4,935,437	4,453,529
Civic center rentals	-	-	-	-
Operating grants and contributions	-	-	-	68,666
Capital grants and contributions	428,595	115,891	467,393	412,122
Total business-type activities program revenues	<u>8,846,638</u>	<u>8,468,565</u>	<u>10,441,241</u>	<u>10,904,932</u>
Total primary government program revenues	<u>\$ 18,610,770</u>	<u>\$ 18,914,809</u>	<u>\$ 21,179,891</u>	<u>\$ 19,692,239</u>

TABLE 2

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	4,208,848	\$	3,995,452	\$	4,504,358	\$	5,350,906	\$	4,446,334	\$	5,539,396
	12,043,046		13,430,159		13,688,321		15,997,582		17,405,764		17,388,136
	7,264,024		7,236,352		7,962,151		9,224,710		9,408,265		12,564,950
	2,866,455		2,616,778		3,037,820		3,704,464		3,885,492		3,093,782
	2,194,440		2,039,639		2,095,192		2,140,471		2,362,480		2,311,732
	-		128,148		65,849		85,470		-		-
	<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>		<u>40,897,996</u>
	7,236,812		7,163,452		7,862,720		9,445,663		10,386,479		10,898,020
	-		391,242		403,256		294,626		333,868		479,223
	<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>11,377,243</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>	\$	<u>52,275,239</u>
\$	927,203	\$	850,652	\$	895,956	\$	842,483	\$	938,557	\$	956,304
	1,588,845		1,953,287		2,220,117		2,251,968		2,477,945		2,922,656
	4,048,440		4,386,859		4,751,892		4,693,162		4,977,523		5,333,801
	187,720		104,582		34,992		29,291		31,481		27,671
	289,050		187,547		252,706		184,004		693,220		1,042,181
	2,770,160		5,028,824		4,433,455		4,181,490		4,827,839		7,013,826
	<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>		<u>17,296,439</u>
	6,319,988		6,803,044		8,125,375		9,046,596		10,237,415		11,209,375
	4,712,109		5,058,751		5,327,572		5,381,662		5,296,433		5,309,921
	-		115,780		78,104		99,385		102,605		121,053
	282,696		3,997		496,547		-		155,589		6,788
	<u>525,482</u>		<u>517,470</u>		<u>687,808</u>		<u>778,401</u>		<u>-</u>		<u>-</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>16,647,137</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>	\$	<u>33,943,576</u>

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

	2009	2010	2011	2012
NET (EXPENSE) REVENUES				
Governmental activities	\$(17,787,676)	\$(16,832,575)	\$(18,395,464)	\$(18,221,518)
Business-type activities	<u>3,422,819</u>	<u>2,926,633</u>	<u>4,074,768</u>	<u>4,034,580</u>
Total primary government net expense	<u>(14,364,857)</u>	<u>(13,905,942)</u>	<u>(14,320,696)</u>	<u>(14,186,938)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	7,729,511	7,662,802	7,504,772	7,495,321
Sales	8,516,511	8,733,789	8,988,995	10,053,941
Franchise	1,531,280	1,627,628	1,578,896	1,585,406
Investment earnings	312,187	102,412	75,054	55,875
Gain on sale of capital assets	-	-	-	-
Other revenue	675,512	287,950	573,928	379,081
Transfers	<u>48,442</u>	<u>(513,441)</u>	<u>1,428,687</u>	<u>2,118,609</u>
Total governmental activities	<u>18,813,443</u>	<u>17,901,140</u>	<u>20,150,332</u>	<u>21,688,233</u>
Business-type activities:				
Investment earnings	131,474	20,987	13,204	11,349
Other revenue	5,612	61,143	-	-
Transfers	<u>(48,442)</u>	<u>513,441</u>	<u>(1,428,687)</u>	<u>(2,118,609)</u>
Total business-type activities	<u>88,644</u>	<u>595,571</u>	<u>(1,415,483)</u>	<u>(2,107,260)</u>
Total primary government	<u>18,902,087</u>	<u>18,496,711</u>	<u>18,734,849</u>	<u>19,580,973</u>
CHANGE IN NET POSITION				
Governmental activities	1,025,767	1,068,565	1,754,868	3,466,715
Business-type activities	<u>3,511,463</u>	<u>3,522,204</u>	<u>2,659,285</u>	<u>1,927,320</u>
Total primary government	<u>\$ 4,537,230</u>	<u>\$ 4,590,769</u>	<u>\$ 4,414,153</u>	<u>\$ 5,394,035</u>

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

TABLE 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$(18,765,395)	\$(16,934,777)	\$(18,764,573)	\$(24,321,205)	\$(23,561,770)	\$(23,601,557)
<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>	<u>5,269,894</u>
(14,161,932)	(11,990,429)	(12,315,243)	(18,755,450)	(18,490,075)	(18,331,663)
7,959,179	8,557,411	8,833,478	9,573,741	10,657,377	11,071,864
11,128,093	13,083,487	13,386,446	12,424,687	13,127,091	15,229,952
1,780,202	1,851,747	1,898,719	1,924,699	1,963,484	1,967,554
43,146	20,512	33,739	202,646	466,386	954,997
-	90,641	172,184	54,717	-	909,746
395,991	337,321	403,605	264,045	420,524	192,669
(1,116,030)	<u>1,107,446</u>	(2,585,254)	(414,816)	(2,741,618)	<u>2,122,861</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>	<u>32,449,643</u>
14,216	6,563	11,070	67,622	148,877	349,995
-	-	-	-	-	-
<u>1,116,030</u>	(1,107,446)	<u>2,595,254</u>	<u>414,816</u>	<u>2,741,618</u>	(2,122,861)
<u>1,130,246</u>	(1,100,883)	<u>2,606,324</u>	<u>482,438</u>	<u>2,890,495</u>	(1,772,866)
<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>	<u>30,676,777</u>
1,425,186	8,113,788	3,368,334	(291,486)	331,474	8,848,086
<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>3,497,028</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>	<u>\$ 12,345,114</u>

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

Function	Fiscal Year			
	2009	2010	2011	2012
Property taxes	\$ 7,729,511	\$ 7,662,802	\$ 7,504,772	\$ 7,495,321
Sales taxes	8,516,511	8,733,789	8,988,995	10,053,941
Franchise taxes	<u>1,531,280</u>	<u>1,627,628</u>	<u>1,578,896</u>	<u>1,585,406</u>
Total	<u>\$ 17,777,302</u>	<u>\$ 18,024,219</u>	<u>\$ 18,072,663</u>	<u>\$ 19,134,668</u>

TABLE 3

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 7,959,179	\$ 8,557,411	\$ 8,833,478	\$ 9,573,741	\$ 10,657,377	\$ 11,071,864
11,128,093	13,083,487	13,386,446	12,424,687	13,127,091	15,229,952
<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>1,967,554</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>	<u>\$ 28,269,370</u>

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

	Fiscal Year			
	2009	2010	2011	2012
General fund:				
Nonspendable	\$ -	\$ 28,715	\$ 250,502	\$ 39,243
Assigned	-	-	-	497,318
Unassigned	<u>4,616,240</u>	<u>4,399,287</u>	<u>4,398,185</u>	<u>6,243,049</u>
Total general fund	<u>\$ 4,616,240</u>	<u>\$ 4,428,002</u>	<u>\$ 4,648,687</u>	<u>\$ 6,779,610</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	13,817,505	13,167,730	17,393,365	20,443,337
Assigned	-	-	-	545,525
Unassigned	<u>462,510</u>	<u>487,744</u>	<u>1,189,903</u>	<u>-</u>
Total all other governmental funds	<u>\$ 14,280,015</u>	<u>\$ 13,655,474</u>	<u>\$ 18,583,268</u>	<u>\$ 20,988,862</u>

TABLE 4

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 53,418	\$ 36,067	\$ 19,029	\$ 25,289	\$ 35,591	\$ 86,289
500,982	1,104,350	-	-	-	4,293,929
<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>15,887,549</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>	<u>\$ 20,267,767</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,981	\$ 1,981
23,197,272	28,526,910	25,129,068	26,495,326	27,069,605	36,048,452
-	-	-	-	-	-
<u>(835)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,147)</u>	<u>(154,614)</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>	<u>\$ 35,895,819</u>

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

	Fiscal Year			
	2009	2010	2011	2012
REVENUES				
Taxes	\$ 17,742,498	\$ 18,052,945	\$ 18,067,969	\$ 19,158,616
Licenses and permits	430,983	385,461	433,122	585,083
Fines and forfeitures	891,746	737,463	634,437	665,836
Fees and charges for services	3,945,431	3,895,170	4,095,461	4,173,636
Intergovernmental	4,517,587	5,059,708	5,743,934	3,667,174
Investment earnings	280,491	90,548	69,562	52,723
Other	<u>644,688</u>	<u>252,574</u>	<u>410,219</u>	<u>710,964</u>
Total revenues	<u>28,453,424</u>	<u>28,473,869</u>	<u>29,454,704</u>	<u>29,014,032</u>
EXPENDITURES				
General government	4,404,269	4,189,729	5,886,316	3,353,809
Public safety	9,922,020	10,098,624	10,315,878	10,725,354
Public works	5,320,468	5,348,163	5,314,788	4,819,422
Community development	1,772,771	1,797,454	1,648,288	2,351,073
Capital outlay	10,133,254	9,154,244	6,586,965	7,577,210
Debt service				
Principal	2,472,000	3,936,562	4,219,657	4,345,981
Interest and fiscal charges	1,612,295	1,883,113	2,085,237	1,983,170
Debt issuance costs	<u>179,149</u>	<u>141,923</u>	<u>190,224</u>	<u>86,134</u>
Total expenditures	<u>35,816,226</u>	<u>36,549,812</u>	<u>36,247,353</u>	<u>35,242,153</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,362,802)</u>	<u>(8,075,943)</u>	<u>(6,792,649)</u>	<u>(6,228,121)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	13,090,000	7,358,164	10,505,000	8,600,000
Refunding bonds issued	-	-	4,860,000	-
Premium on bonds	415,818	418,441	209,422	-
Insurance proceeds	-	-	-	-
Payment to refunded bond escrow agent	<u>(5,265,355)</u>	-	<u>(4,995,000)</u>	-
Proceeds on sale of capital assets	-	-	-	49,000
Transfers in	2,482,116	2,718,604	3,240,516	4,382,807
Transfers out	<u>(2,492,178)</u>	<u>(3,232,045)</u>	<u>(1,878,810)</u>	<u>(2,267,169)</u>
Total other financing sources (uses)	<u>8,230,401</u>	<u>7,263,164</u>	<u>11,941,128</u>	<u>10,764,638</u>
NET CHANGE IN FUND BALANCES	<u>\$ 867,599</u>	<u>\$(812,779)</u>	<u>\$ 5,148,479</u>	<u>\$ 4,536,517</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>16.2%</u>	<u>20.8%</u>	<u>21.1%</u>	<u>22.9%</u>

TABLE 5

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	20,846,124	\$	23,512,541	\$	24,116,844	\$	23,951,861	\$	25,745,046	\$	28,213,601
	613,391		771,303		822,193		748,694		753,493		692,388
	657,690		573,433		612,230		559,799		663,834		675,460
	3,835,622		4,035,891		4,392,627		4,345,189		4,616,700		5,085,045
	5,206,542		9,495,522		7,419,273		7,105,930		3,930,169		10,699,195
	39,527		19,061		31,637		189,633		437,116		895,364
	<u>536,217</u>		<u>450,829</u>		<u>505,433</u>		<u>304,601</u>		<u>698,751</u>		<u>454,921</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>		<u>46,715,974</u>
	3,309,484		3,446,026		3,787,085		3,864,072		3,787,501		5,030,650
	11,126,683		12,519,502		12,958,143		14,226,773		15,323,946		15,776,535
	4,407,271		4,511,391		5,059,614		5,590,942		5,894,608		7,130,734
	2,528,271		2,283,655		2,772,737		3,303,417		3,413,792		2,374,504
	9,666,080		6,903,952		7,871,262		10,396,946		5,815,083		8,850,948
	6,152,414		4,906,639		4,916,983		5,236,922		5,660,000		10,262,726
	2,123,645		2,101,713		2,177,290		2,224,256		2,246,523		2,170,996
	<u>237,886</u>		<u>128,148</u>		<u>65,849</u>		<u>85,470</u>		<u>239,118</u>		<u>306,478</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>		<u>51,903,571</u>
(	<u>7,816,621</u>)		<u>2,057,554</u>	(	<u>1,708,726</u>)	(	<u>7,723,091</u>)	(	<u>5,535,462</u>)	(	<u>5,187,597</u>)
	12,410,000		6,565,000		3,000,000		9,760,000		9,825,000		9,320,000
	-		-		-		-		7,390,000		4,950,000
	227,641		133,572		168,000		209,584		687,315		551,465
	19,666		41,362		6,730		21,355		19,900		22,215
	-		-		-		-		(7,841,447)		-
	32,665		72,080		165,454		39,589		114,505		983,338
	5,179,079		5,200,179		7,024,867		5,858,844		6,926,714		7,065,926
(	<u>6,295,109</u>)	(	<u>4,092,732</u>)	(	<u>9,620,121</u>)	(	<u>6,573,660</u>)	(	<u>9,710,396</u>)	(	<u>5,608,665</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>17,284,279</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>12,096,682</u>
	<u>27.2%</u>		<u>22.9%</u>		<u>21.9%</u>		<u>20.2%</u>		<u>20.2%</u>		<u>26.7%</u>

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TABLE 6

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Totals
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
2018	11,016,095	15,229,952	1,967,554	28,213,601

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

	Fiscal Year			
	2009	2010	2011	2012
Manufacturing	\$ 8,387,586	\$ 11,868,406	\$ 35,709,305	\$ 33,319,926
Construction	8,099,729	4,379,752	4,358,021	4,983,655
Mining/Oil and Gas Extraction	-	236,213	410,444	156,604
Wholesale Trade	34,918,765	41,970,803	19,433,287	15,371,499
Retail Trade	298,869,319	317,562,021	349,146,421	384,003,024
Information	6,946,114	7,756,997	8,366,727	9,711,481
Finance/Insurance	1,627,326	1,610,799	1,523,707	1,493,134
Real Estate/Rental/Leasing	9,860,254	6,131,109	3,945,113	3,324,471
Professional/Scientific/Technical	1,692,731	1,479,498	1,549,856	1,737,784
Admin/Waste Management	4,954,549	4,473,592	4,012,601	4,743,465
Entertainment/Recreation	620,027	677,975	709,310	79,539
Accommodation/Food Service	64,156,691	68,292,207	71,930,612	80,285,088
Other services	5,340,424	6,259,539	6,783,724	7,477,950
Other	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 445,474,015</u>	<u>\$ 472,698,911</u>	<u>\$ 507,879,128</u>	<u>\$ 546,687,620</u>
City direct sales tax rate	0.0125000%	0.1250000%	0.0125000%	0.0125000%

Source: Texas Comptroller of Public Accounts

* Represents the first three quarters of the 2018 fiscal year. The fourth quarter is not currently available.

TABLE 7

	Fiscal Year					
	2013	2014	2015	2016	2017	2018*
\$	34,755,374	\$ 71,023,948	\$ 44,265,651	\$ 15,128,366	\$ 21,052,228	\$ 35,123,628
	5,478,498	5,699,322	6,761,025	5,002,267	5,662,186	5,452,722
	217,256	698,165	661,261	292,920	443,889	2,561,644
	14,399,273	24,760,219	29,725,965	22,074,684	130,446,207	118,990,985
	439,367,655	475,049,147	499,317,990	459,438,625	388,297,566	299,703,591
	12,557,755	16,434,007	18,819,964	19,509,936	18,338,120	15,161,150
	1,552,677	1,582,285	1,662,748	1,656,975	1,661,182	1,353,267
	3,511,362	2,813,209	3,175,468	3,283,675	3,787,231	2,624,715
	1,837,041	2,055,795	2,225,002	2,346,951	2,346,951	1,701,861
	5,258,948	5,149,744	7,761,946	11,318,786	13,902,188	13,151,890
	16,075	22,415	347,356	1,869,409	3,214,948	3,837,582
	88,682,555	95,710,727	104,003,993	107,277,110	111,620,479	89,700,810
	8,477,137	9,342,029	10,499,800	11,417,087	13,201,471	10,739,817
	-	-	-	-	1,200	-
\$	<u>616,111,606</u>	<u>\$ 710,341,012</u>	<u>\$ 729,228,169</u>	<u>\$ 660,616,791</u>	<u>\$ 713,975,846</u>	<u>\$ 600,103,662</u>
	0.0125000%	0.0125000%	0.0125000%	0.0125000%	0.0125000%	0.0125000%

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TABLE 8

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

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate
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
2018	1,165,054,442	1,362,148,541	348,221,145	530,701,399	2,344,722,729	0.46200

Source: Tax assessor/collector's records.

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

Tax rates are per \$100 of assessed value.

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

Tax Rates*		City Direct Rates			Overlapping Rates ⁽¹⁾			
Fiscal Year	Tax Year	Operating Tax Rate	Debt Service Rate	Total Tax Rate	Lamar CISD	Fort Bend County	Fort Bend Mud #94	
							MUD Rate	Overlapping Rate
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	2.94741
2011	2010	0.23500	0.27000	0.50500	1.36460	0.49976	0.77000	3.13936
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
2018	2017	0.27464	0.18736	0.46200	1.39005	0.46900	0.47000	2.79105

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	3.16761	0.80000	3.11761	0.90000	3.21761
0.85000	3.08741	0.80000	3.03741	0.90000	3.13741
0.89000	3.25936	0.80000	3.16936	0.90000	3.26936
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
0.85000	3.17105	0.80000	3.12105	0.76000	3.08105

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

Taxpayer	2018			2009		
	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	\$ 78,132,280	1	3.33%	\$ 68,138,940	1	4.67%
Brazos TC - South Partnership A, LP	49,927,350	2	2.13%	-		- %
BRE Silver MF Brazos TX LP	29,414,000	3	1.25%	-		- %
Dolce Living Rosenberg LLC	27,035,450	4	1.15%	-		- %
Aldi (Texas) LLC	19,714,890	5	0.84%	-		- %
Kroger Texas LP	17,870,820	6	0.76%	-		- %
Centerpoint Energy Electric	16,477,640	7	0.70%	12,704,190	7	0.87%
3101 Place Owner LLC	14,624,770	8	0.62%	-		- %
RRR Apartments LTD	14,247,420	9	0.61%	-		- %
Mosaic Fountains LP	13,158,290	10	0.56%	-		- %
Brazos 308 LP	-		- %	21,554,050	2	1.48%
A-S Hwy 59-Reading Rd LP	-		- %	18,400,380	3	1.26%
Rosenberg Venture Ltd	-		- %	15,920,830	4	1.09%
Brazos TC - South Partnership B, LP	-		- %	14,702,480	5	1.01%
Target Corporation	-		- %	14,003,650	6	0.96%
JC Penney Properties, Inc.	-		- %	11,800,000	8	0.81%
Gurecky Manufacturing Service Inc	-		- %	10,064,340	9	0.69%
Southwestern Bell	-		- %	9,858,300	10	0.68%
Subtotal	280,602,910		11%	197,147,160		13%
Other taxpayers	<u>2,064,119,819</u>		<u>89%</u>	<u>1,260,684,205</u>		<u>87%</u>
Total	<u>\$ 2,344,722,729</u>		<u>100%</u>	<u>\$ 1,457,831,365</u>		<u>100%</u>

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

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

Fiscal Year	Tax Rate	Total Tax Levy and Adjustment	Collected Within Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	0.52020	7,512,800	7,401,558	98.52%	95,675	7,497,233	99.79%
2010	0.50000	7,538,276	7,431,901	98.59%	93,014	7,524,915	99.82%
2011	0.50000	7,416,761	7,308,431	98.54%	91,994	7,400,425	99.78%
2012	0.50000	7,379,326	7,317,653	99.16%	47,469	7,365,122	99.81%
2013	0.51000	7,880,093	7,794,028	98.91%	73,214	7,867,242	99.84%
2014	0.50000	8,480,919	8,387,692	98.90%	78,051	8,465,743	99.82%
2015	0.49000	8,939,696	8,848,290	98.98%	73,082	8,921,372	99.80%
2016	0.47000	9,516,815	9,452,428	99.32%	40,104	9,492,532	99.74%
2017	0.47000	10,578,103	10,499,723	99.26%	40,026	10,539,749	99.64%
2018	0.46200	10,954,696	10,853,779	99.08%	-	10,853,779	99.08%

Source: Tax assessor/collector's records.

TABLE 12

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

Fiscal Year Ended	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Tax Anticipation Notes	Bond Issuance Premiums	Revenue Bonds	Capital Leases	Notes Payable			
2009	\$ 13,965,000	\$ 25,860,000	\$ 450,000	\$ 1,635,000	\$ 405,414	\$ 4,295,000			\$ 46,610,414	8.99%	\$ 1,375
2010	17,130,000	26,810,000	1,080,558	1,365,000	433,381	8,437,811			55,256,750	10.67%	1,791
2011	19,260,000	31,310,000	880,902	1,085,000	619,512	7,753,993			60,909,407	11.74%	1,969
2012	16,890,000	38,435,000	675,009	790,000	575,279	1,614,000	1,483,394	4,065,987	64,528,669	9.52%	2,015
2013	16,360,000	45,745,000	462,595	480,000	758,689	334,000	1,470,997	3,529,016	69,140,297	9.76%	2,091
2014	15,860,000	48,380,000	305,956	160,000	830,550	314,000	1,421,834	2,976,029	70,248,369	9.79%	2,058
2015	13,975,000	48,660,000	156,922	-	921,760	294,000	1,343,434	2,406,433	67,757,549	8.40%	1,891
2016	12,050,000	55,265,000	-	-	1,054,554	273,000	1,819,225	1,251,607	71,713,386	7.95%	1,914
2017	15,460,000	55,595,000	-	-	1,613,624	252,000	1,215,771	1,154,959	75,291,354	7.16%	2,009
2018	18,725,000	56,425,000	-	-	1,999,347	231,000	1,051,607	594,009	79,025,963	7.34%	2,003

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

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

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Less Amounts Available in Debt Service Fund	Bond Issuance Premiums	General Bonded Debt Total	Percentage of Actual Taxable Value of Property	Per Capita
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	5,028,226	1,054,554	63,341,328	3.28%	1,690
2017	15,460,000	55,595,000	5,681,677	1,613,624	66,986,947	3.05%	1,787
2018	18,724,556	56,425,000	5,900,145	1,999,347	71,248,758	3.04%	1,851

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CITY OF ROSENBERG, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)
AS OF SEPTEMBER 30, 2018

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Fort Bend County	593,940,527	3.70%	\$ 21,975,799
Fort Bend MUD No. 94	4,565,000	100.00%	4,565,000
Fort Bend MUD No. 144	21,055,000	100.00%	21,055,000
Fort Bend MUD No. 147	5,080,000	100.00%	5,080,000
Fort Bend MUD No. 148	6,090,000	100.00%	6,090,000
Fort Bend MUD No. 152	14,020,000	0.69%	96,738
Fort Bend MUD No. 159	4,570,000	100.00%	4,570,000
Fort Bend MUD No. 167	27,540,000	100.00%	27,540,000
Lamar CISD	1,062,270,000	17.14%	182,073,078
Subtotal overlapping debt			273,045,615
City direct debt			<u>77,149,347</u>
Total direct and overlapping debt			<u>\$ 350,194,962</u>

Source: Municipal Advisory Council

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			
	2009	2010	2011	2012
Debt limit	\$ 145,783,137	\$ 151,557,382	\$ 148,547,380	\$ 154,515,089
Total net debt applicable to limit	<u>36,842,483</u>	<u>39,812,582</u>	<u>46,592,070</u>	<u>50,944,220</u>
Legal debt margin	<u>\$ 108,940,654</u>	<u>\$ 111,744,800</u>	<u>\$ 101,955,310</u>	<u>\$ 103,570,869</u>
Total net debt applicable to the limit as a percentage of debt limit	25.27%	26.27%	31.37%	32.97%
Legal debt margin calculation by fiscal year				
Assessed value	\$ 1,457,831,365	\$ 1,515,573,819	\$ 1,485,473,800	\$ 1,545,150,888
Debt limit (10% of assessed value)	145,783,137	151,557,382	148,547,380	154,515,089
Debt applicable to limit:				
General obligation bonds	41,460,000	45,305,000	51,655,000	56,115,000
Less: amount set aside for repayment of general obligation debt	<u>(4,617,517)</u>	<u>(5,492,418)</u>	<u>(5,062,930)</u>	<u>(5,170,780)</u>
Total net debt applicable to limit	<u>36,842,483</u>	<u>39,812,582</u>	<u>46,592,070</u>	<u>50,944,220</u>
Legal debt margin	<u>\$ 108,940,654</u>	<u>\$ 111,744,800</u>	<u>\$ 101,955,310</u>	<u>\$ 103,570,869</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					
2013	2014	2015	2016	2017	2018
\$ 166,597,038	\$ 181,299,013	\$ 189,615,990	\$ 203,925,239	\$ 219,912,157	\$ 234,472,273
<u>57,594,819</u>	<u>59,737,258</u>	<u>58,858,229</u>	<u>62,286,774</u>	<u>65,562,263</u>	<u>69,467,435</u>
<u>\$ 109,002,219</u>	<u>\$ 121,561,755</u>	<u>\$ 130,757,760</u>	<u>\$ 141,638,464</u>	<u>\$ 154,349,894</u>	<u>\$ 165,004,838</u>
34.57%	32.95%	31.04%	30.54%	29.81%	29.63%
\$ 1,665,970,375	\$ 1,812,990,131	\$ 1,896,159,898	\$ 2,039,252,388	\$ 2,199,121,566	\$ 2,344,722,729
166,597,038	181,299,013	189,615,990	203,925,239	219,912,157	234,472,273
62,585,000	64,714,000	63,850,760	67,315,000	71,055,000	75,149,112
(4,990,181)	(4,976,742)	(4,992,531)	(5,028,226)	(5,492,737)	(5,681,677)
<u>57,594,819</u>	<u>59,737,258</u>	<u>58,858,229</u>	<u>62,286,774</u>	<u>65,562,263</u>	<u>69,467,435</u>
<u>\$ 109,002,219</u>	<u>\$ 121,561,755</u>	<u>\$ 130,757,760</u>	<u>\$ 141,638,464</u>	<u>\$ 154,349,894</u>	<u>\$ 165,004,838</u>

CITY OF ROSENBERG, TEXAS
DEBT SERVICE FUND PROJECTIONS FOR FISCAL YEAR 2018
(UNAUDITED)
SEPTEMBER 30, 2018

Tax Obligation Debt Service Requirements, FY18		\$ 7,442,889
Debt Service Fund, 09/30/18	\$ 5,900,145	
Debt Service Fund Tax Levy @ 96% Collection	4,451,571	
Estimated Prior Year Delinquent Taxes	67,000	
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>	13,435,034
Estimated Debt Service Fund Balance, 09/30/19		5,992,145
General Obligation and/or Revenue Bonds		
Authorized but unissued for 2018	None	
Floating Debt Outstanding for 2018	None	

CITY OF ROSENBERG, TEXAS
COMPUTATION OF SELF-SUPPORTING DEBT
(UNAUDITED)
SEPTEMBER 30, 2018

WATERWORKS AND SEWER SYSTEM

Net system revenue available 09/30/18	\$ 10,613,174
Less: 2019 requirements for revenue bonds	<u>-</u>
Balance available for other purposes	<u>\$ 10,613,174</u>
Debt service coverage ratio	
2019 requirements for system tax or general obligation bonds (1)	3,273,522
Percentage of system general obligation bonds self-supporting	100%

ROSENBERG DEVELOPMENT CORPORATION

Net system revenue available 09/30/18	\$ 4,758,185
Less: 2019 requirements for revenue bonds	<u>701,765</u>
Balance available for other purposes	<u>\$ 4,056,420</u>
2019 requirements for general obligation bonds paid by the Corporation (1)	1,128,562
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
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	32.0	32,391	4.0%
2018	39,447	1,077,376,464	27,312	32.0	33,641	3.9%

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	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lamar Consolidated ISD	5,265	1	31.01%	3,331	1	40.21%
Frito Lay, Inc.	941	2	5.54%	502	2	6.81%
Texana Center	500	3	2.94%			
Fort Bend County Offices	330	4	1.94%	164	8	2.19%
City of Rosenberg	285	5	1.68%	243	3	3.24%
Benedittini Cabinetry	300	6	1.77%	120	10	3.11%
Kroger	280	7	1.65%	201	6	1.51%
Biotics Research Corporation	178	8	1.05%			
Si Environmental	165	9	0.97%			
Aldi	165	10	0.97%			
Southwestern Bell/AT&T				238	4	3.17%
Allied Concrete	-		- %	200	5	4.67%
JC Penney	-		- %	164	9	1.81%
Academy	-		- %	165	7	1.60%
Total	<u>8,409</u>		<u>49.53%</u>	<u>5,328</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,			
	2009	2010	2011	2012
General government	30	32	29	30
Public safety				
Police				
Officers	65	65	65	65
Civilians	23	23	21	21
Animal Control	2	2	2	2
Fire				
Firefighters	36	37	37	37
Civilians	2	2	2	2
Public works				
Streets and drainage	17	17	15	15
Building Maintenance	-	-	-	-
Fleet maintenance	4	4	4	4
Community Development				
Planning	4	4	3	3
Code Enforcement	9	9	7	7
Health	2	2	1	1
Communications	1	1	1	1
Parks & Recreation	15	15	12	11
Hotel/Motel	2	2	2	2
Civic Center	3	3	3	3
Water and Sewer	<u>29</u>	<u>27</u>	<u>25</u>	<u>25</u>
Total	<u>244</u>	<u>245</u>	<u>229</u>	<u>229</u>

Source: City personnel records.

TABLE 20

Fulltime Equivalent Employees as of September 30,					
2013	2014	2015	2016	2017	2018
30	30	33	33	34	34
68	74	75	76	82	82
23	22	25	28	28	28
2	3	3	3	4	4
37	49	52	52	52	52
2	2	2	2	2	2
16	16	18	18	19	19
-	-	-	-	2	2
4	4	4	5	5	5
3	3	4	5	5	5
7	8	8	8	8	9
1	1	2	2	2	2
1	1	3	-	-	-
10	11	10	10	9	9
2	0	-	1	1	1
3	5	5	4	3	3
<u>25</u>	<u>25</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>28</u>
<u>234</u>	<u>255</u>	<u>270</u>	<u>275</u>	<u>283</u>	<u>285</u>

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police				
Arrests	4,287	3,373	3,313	3,440
Accident reports	506.00	444.00	399.00	570.00
Citations	11,158.00	8,583.00	7,087.00	6,779.00
Offense reports	4,955	5,235	4,105	3,921
Calls for service	40,775	51,683	53,702	58,414
Fire				
Emergency responses	3,476	3,348	3,426	3,697
Fire incidents	233.00	127.00	69.00	197.00
Service calls and other calls	3,124.00	3,199.00	3,061.00	3,455.00
Automatic aid, mutual aid given	119	22	60	45
Water				
Average daily consumption (millions of gallons)	3.75	3.37	4.11	3.63
Total consumption (millions of gallons)	1,371.73	1,229.84	1,503.75	1,333.99
Peak daily consumption (millions of gallons)	6.27	5.16	7.14	6.46
Sewer				
Average daily sewage treatment (millions of gallons)	2.44	3.13	2.33	2.54
Total consumption (millions of gallons)	890.89	1,132.78	853.85	931.78
Peak daily consumption (millions of gallons)	9.91	16.94	6.21	10.21

Source: Various City departments

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

TABLE 21

Fiscal Year					
2013	2014	2015	2016	2017	2018
2,654	2,819	2,875	2,616	2,460	2,272
629.00	767.00	890.00	977.00	1,083.00	1,041.00
5,874.00	4,239.00	5,250.00	5,098.00	5,530.00	5,037.00
4,229	4,088	4,180	3,871	3,887	3,666
55,829	51,054	50,843	45,907	52,738	53,253
3,702	3,792	3,602	4,506	5,076	5,131
239.00	141.00	149.00	1370.00*	1,507.00	1,767.00
3,333.00	3,651.00	3,453.00	3,036.00	3,419.00	3,207.00
130	152	83	153	150	157
3.71	3.69	3.87	3.94	4.09	4.30
1,357.00	1,353.24	1,411.00	1,438.00	1,493.00	1,680.30
5.83	6.65	8.2	8.60	6.90	11.20
2.32	2.83	2.82	3.01	3.23	2.90
848.52	867.35	1029.00	1,098.00	1,179.00	1,070.00
7.64	8.42	11.47	9.63	25.17	23.00

CITY OF ROSENBERG, TEXAS
WATER AND SEWER RATES
(UNAUDITED)
SEPTEMBER 30, 2018

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.

Rates were effective October 1, 2016

CITY OF ROSENBERG, TEXAS
TOP TEN WATER AND SEWER CUSTOMERS
(UNAUDITED)
SEPTEMBER 30, 2018

TOP TEN WATER CUSTOMERS

<u>Rank</u>	<u>Customer</u>	<u>Type of Property</u>	<u>Consumption in Gallons</u>	<u>Revenue</u>
1	Reading Park Apartments	Apartments	16,061,400	\$63,783
2	Urban Brittany Square LP	Apartments	13,389,200	50,418
3	Aldi Texas LLC	Commercial	12,606,100	43,890
4	Allied Concrete	Commercial	11,513,500	42,459
5	Williams Brothers	Commercial	10,637,600	50,547
6	Kings Arms Apartments	Apartments	8,465,200	30,254
7	Seatex LTD	Industry	8,424,200	32,563
8	Bluewave Car Wash	Commercial	8,363,500	34,242
9	ADEF II 3101 Place LP	Apartments	7,665,800	25,231
10	Bayou Bend Apartments	Apartments	7,487,100	28,073
TOTAL			<u>104,613,600</u>	<u>\$ 401,460</u>

TOP TEN SEWER CUSTOMERS

<u>Rank</u>	<u>Customer</u>	<u>Type of Property</u>	<u>Consumption in Gallons</u>	<u>Revenue</u>
1	Aldi Texas LLC	Commercial	10,288,000	\$ 41,345
2	Reading Park Apartments	Apartments	9,801,100	54,216
3	Urban Brittany Square LP	Apartments	9,136,000	43,772
4	ADEF II 3101 Place LP	Apartments	7,385,600	26,846
5	Blue Wave Car Wash	Commercial	6,433,200	29,703
6	Kings Arms Apartments	Apartments	6,341,000	27,608
7	Westwood Village	Apartments	5,824,900	24,863
8	Bayou Bend Apartments	Apartments	5,065,100	24,576
9	Waterford at Summer Park	Apartments	4,568,500	23,914
10	Knights Inn	Commercial	4,546,500	24,527
TOTAL			<u>69,389,900</u>	<u>\$ 321,370</u>

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Public safety				
Police				
Stations	1	1	1	1
Patrol units	43	47	47	47
Fire				
Stations	2	2	2	2
Public works				
Collection trucks	N/A	N/A	N/A	N/A
Streets (miles)	148	148	154	162
Parks and recreation				
Parks acreage	443	443	443	443
Parks	8	9	9	9
Water and sewer				
Water mains (miles)	158	158	160	160
Fire hydrants	1,137	1,137	1,111	1,135
Maximum daily capacity (thousands of gallons)	5,232	5,232	5,232	5,232
Sanitary sewers (miles)	140	140	142	142
Storm sewers (miles)	128	128	129	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					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
46	46	46	47	49	49
2	3	3	3	3	3
N/A	N/A	N/A	N/A	N/A	N/A
162	162	156	158	159	159
443	443	445	445	445	445
9	9	9	9	9	9
160	161	165	180	184	186
1,187	1,243	1,341	1,353	1,387	1,328
5,372	5,372	8,230	8,230	11,838	11,838
143	143	144	151	154	154
130	130	68	84	91	92
6,525	6,525	6,525	6,525	6,525	6,525

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