# CITY OF LAKE JACKSON, TEXAS

# COMPREHENSIVE ANNUAL FINANCIAL REPORT
# FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

**PREPARED BY THE**
**CITY OF LAKE JACKSON FINANCE DEPARTMENT**

**PAM EAVES, FINANCE DIRECTOR**

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

*Comprehensive Annual Financial Report*
*For the Year Ended September 30, 2015*

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CITY OF LAKE JACKSON
25 OAK DRIVE • LAKE JACKSON, TEXAS 77566-5889 • 979-415-2400 • FAX 979-297-9804

March 29, 2016

To the Honorable Mayor, Members of City Council,
and Citizens of Lake Jackson, Texas:

We are pleased to submit the Comprehensive Annual Financial Report for the City of Lake Jackson, Texas (the City) for the fiscal year ended September 30, 2015. The City's Finance Department prepared this report in conjunction with our auditors, Kennemer, Masters and Lunsford, LLC. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

This Comprehensive Annual Financial Report incorporates Government Accounting Standards Board Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information.

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

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

PROFILE OF THE CITY

The City provides a full range of municipal services. These services include police and fire protection, emergency ambulance service, the construction and maintenance of streets and drainage systems, building inspection, recreational facilities and activities, and park facilities and maintenance.

In addition, the City provides water, sewer and sanitation services, including curbside recycling for persons residing within its city limits. The City has an agreement with the Brazosport Water Authority (BWA) to obtain 2,000,000 gallons of surface water per day on a take or pay basis. The surface water is supplemented by the City's twelve water wells. The water wells and BWA have a peak production capacity of 10.5 million gallons per day. Water storage capacity includes five elevated tanks (2.55 million gallons total capacity) and four ground storage tanks (4.0 million gallons total capacity). The City distributes an average of 3.5 million gallons per day.

Sewer treatment is provided for the City by one water reclamation facility. This facility has a permitted capacity of 5.89 million gallons per day. Wastewater generated throughout the city flows through a series of lift stations prior to reaching the treatment plant. There are currently four "master" lift stations that pump directly to the treatment plant, and 39 lift stations that serve various subdivisions and convey wastewater to a "master" lift station. All effluent from the facility flows to Dow Chemical Company for use in its plant processes.

Each residence in the city receives regular garbage collection service two times per week; collection of large items and brush twice a month; and curbside recycling once a week. The recycling program includes the collection of co-mingled items. Each resident is asked to place plastic and aluminum in a blue bag. Residents may also recycle cardboard, newspaper and magazines in a separate bag.

## HISTORY AND BACKGROUND

Lake Jackson is part of Texas history. The land that Lake Jackson is built on was part of Stephen F. Austin's original land grant from the Mexican government. The City of Lake Jackson derives its name from Major Abner Jackson, who, in the 1800's, built his home near an oxbow lake, which he called Lake Jackson. Development of the City began in December, 1941. The City incorporated in 1944. On January 30, 1954, the City adopted a Home Rule Charter and approved the Council/Manager form of government.

The City of Lake Jackson encompasses 18 square miles and has produced an orderly, well planned residential community. Lake Jackson is located 50 miles south of Houston, 45 miles southwest of Galveston and 8 miles north of the Gulf of Mexico. The City is readily accessible via State Highway 332, State Highway 288, FM 2004, and the Port Freeport. The City has a population of approximately 28,000 people; and is part of a larger community of cities known as the Brazosport Area. This area represents a population of over 70,000 and includes: Lake Jackson, Clute, Freeport, Oyster Creek, Quintana, Angleton and Brazoria. Lake Jackson serves as the regional retail and medical center.

The City of Lake Jackson operates under the Council/Manager form of government with a Mayor and five City Council members, elected on an "at-large", non-partisan basis for a term of two years. Operating under a Home Rule Charter and the Council/Manager plan, the City Council is the legislative body of the City. The City Manager, who is responsible for the general administration of the City, is appointed by the City Council.

## AREA ECONOMY

The Brazoria County economy, especially Southern Brazoria County, is experiencing an industrial boom. Currently nearly $30 billion in industrial expansion is underway. Some 15,000 construction workers are building the various chemical and petrochemical plants in the county. According to the Economic Development Alliance of Brazoria County, the current $30 billion in industrial expansion will generate some 1,500 permanent, high paying industrial jobs which will then create 5,000 indirect jobs serving the industrial jobs.

This expansion is forecast to continue as another $7.5 billion to $10 billion of additional industrial investment is under serious consideration. This would add another 400 to 500 direct jobs and another 1,000 to 1,500 indirect jobs. Another 10,000 construction workers would be needed for these projects.

While lower oil and gas prices may create hardships for other parts of Texas, they are a positive to the chemical/petrochemical industrial. Natural gas is the primary feedstock for the chemical industry. Low natural gas prices and abundant supplies available here in Texas is literally fueling this massive industrial expansion.

The Dow Chemical Company is building its Texas Innovation Center near downtown Lake Jackson. The 30 acre Texas Innovation Center campus includes administrative offices which opened this past June, and world class research and development facilities which are nearing completion. Over 2,000 employees will be employed at this facility when all buildings are complete in 2017.

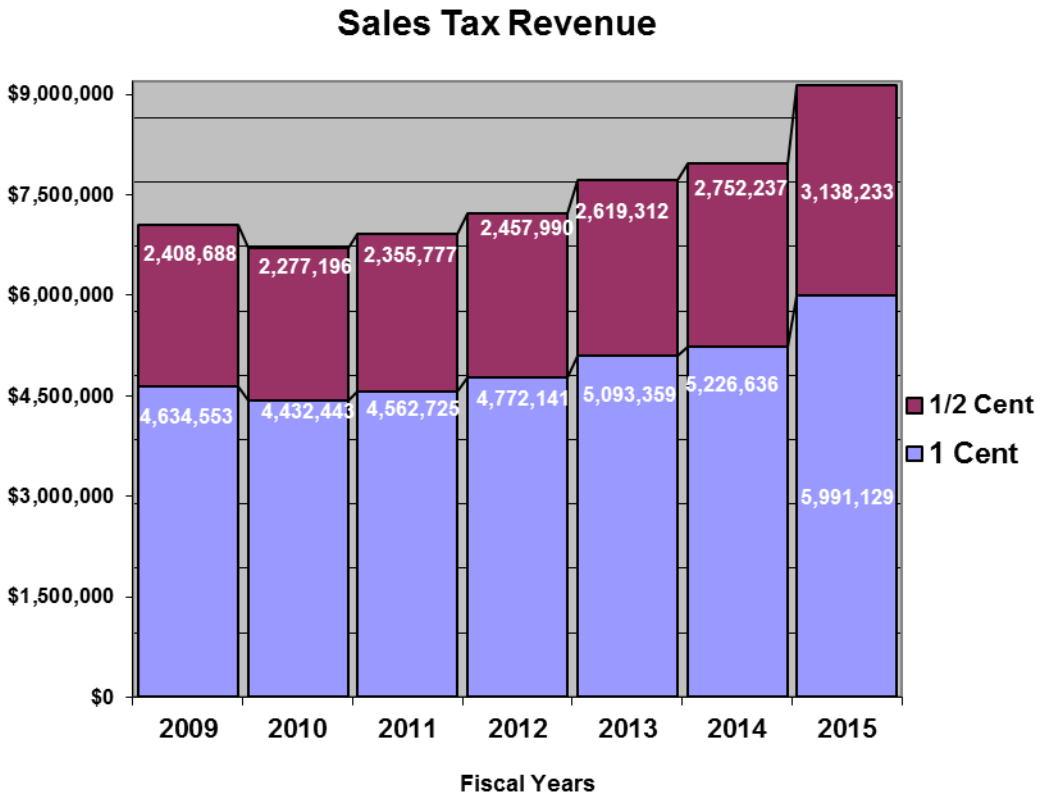
This impressive industrial development is spurring our local economy to new heights. The HEB Corporation took an old 28 acre duplex area and has repurposed it. The anchor is a new 83,000 square foot HEB. The remaining acreage will include additional retail, multi-family housing and office space.

Of equal importance to the booming area economy is Freeport LNG receiving final regulatory approval for its natural gas liquefaction project.. The LNG terminal was originally constructed to import natural gas and is now being expanded to liquefy and export natural gas to take advantage of the abundance of natural gas being produced in the Eagle Ford Shale and other fracturing regions. Construction of Trains 1, 2 and 3 of the $14 Billion project are now in progress. Construction will likely be complete in 2018-2019 will generate 3,500 construction jobs and 160 full time positions. Additionally, Freeport LNG has commenced the regulatory approval process for Train 4 which will likely extend the construction jobs through 2021.

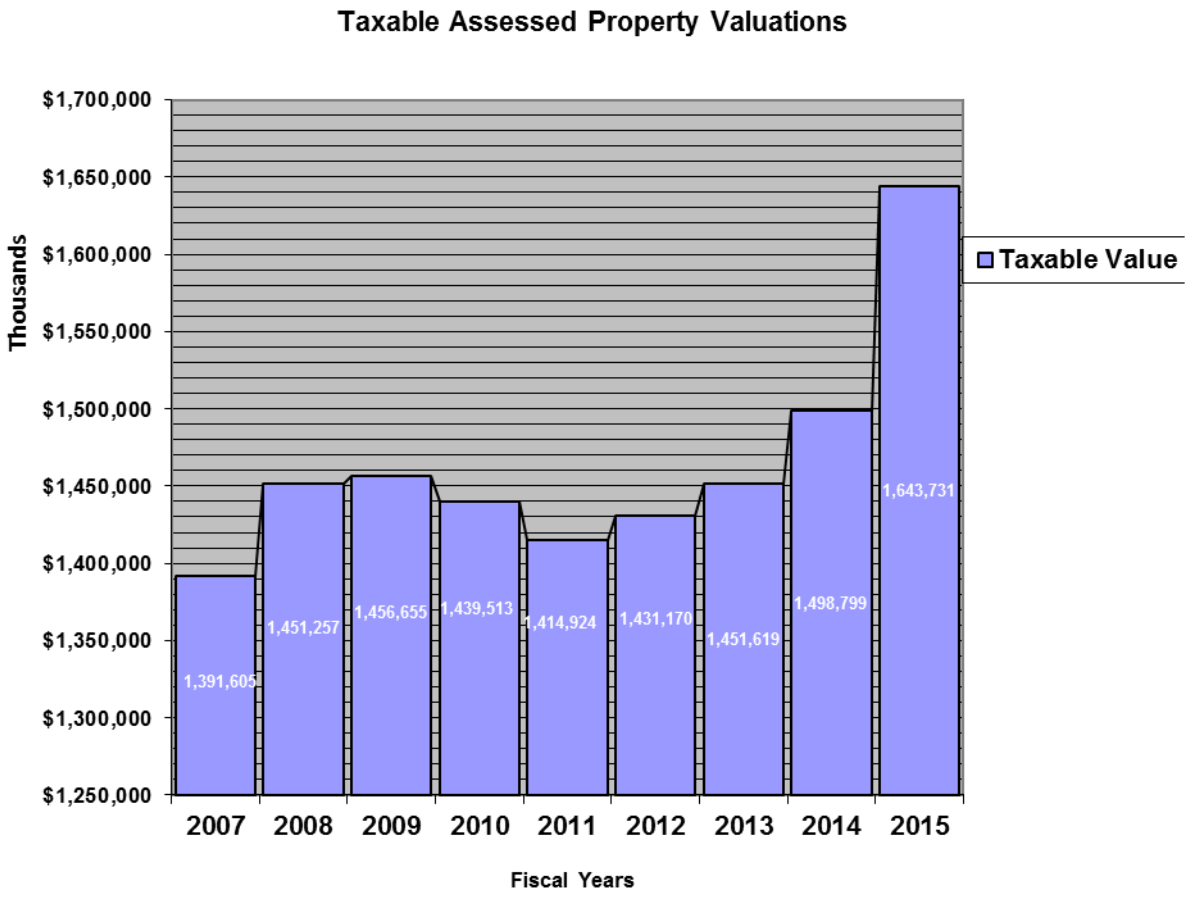
CITY ECONOMY

The economic impact to the city of these projects is substantial. Sales Tax in FY 2015 increased over 14% compared to FY 2014 and FY 2016 year-to-date is up 6%.

The City's portion of the 8.25% sales tax rate is 1.5% -- of which 1% is allocated to the General Fund, and ½ % is allocated to the Economic Development Fund. In fiscal 2015, sales tax collections totaled $9,129,362, a 14.4% increase from the previous year. Of the total sales tax revenue, approximately $6.0 million was allocated to the General Fund, and approximately $3.1 million to the Economic Development Fund.




Taxable assessed values increased almost 10%. With construction underway on the Creekside subdivision, the completion of construction of the Dow Innovation Center, two new apartment complexes nearing completion and three new hotels nearing commencement of construction, it is anticipated this upward trend will continue.




## MAJOR ISSUES AND INITIATIVES

Housing is a big need in our area. Just in the last year the city has approved two new class "A" apartment projects (Plantation Park and Urban Crest) totaling over 500 units. These projects are under construction and will open in 2016.

The need for single family housing is crucial. The new Creekside subdivision (224 lots) is currently into its 2nd and 3rd phase. Lots are selling as soon as they hit the market. The proposed 987 acre Alden subdivision is projected to have anywhere from 1,300 to 2,200 single family homes. The City of Lake Jackson is proactively supporting the development of the Alden area by extending the initial water and sewer system to the area. While the extension of the water and sewer encourages the Alden development, it is primarily aimed at providing service to the Texas Gulf Coast Regional Airport and planned business park.

Other developments generated by this incredible growth include three new hotel properties – The Courtyard by Marriot, the Staybridge Suites, and the LaQuinta Del Sol.

The Brazos Mall is under new ownership and there are plans for $24 million in upgrades for the mall.

The City of Lake Jackson continues its commitment to infrastructure repair and replacement. In May, 2016 the voters will consider a $16 million bond issue to continue our downtown revitalization project ($9.9 million), residential street replacement ($3.8 million), a new bridge at Plantation Drive and Medical Drive ($1.0 million), and other drainage and traffic related improvements ($1.3 million).

The future of Lake Jackson and all of Southern Brazoria County is very bright. It is anticipated that this industrial expansion/growth will continue unabated for another 5-10 years at the least.

## ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1.) The cost of a control should not exceed the benefits likely to be derived; and
(2.) The valuation of costs and benefits requires estimates and judgments by management.

**Budgetary Controls.** The City maintains a system of budgetary controls. The objective of these budgetary controls is to ensure compliance with the annual budget appropriations ordinance approved by City Council. Activities of each of the City's funds are included in the appropriations ordinance. Annual budgets are adopted for all significant governmental fund types (general fund, special revenue funds, and debt service funds) and proprietary fund type (enterprise fund). The budgets for the capital projects funds are prepared on a project basis with costs being incurred over the project period. The City's Finance Office monitors expenditure activity on a monthly basis against budgeted amounts and reports significant variances to the city manager, who in turn reports to the City Council. A financial report is submitted to the City Council on a monthly basis. The City continues to follow and improve upon its strong and fiscally conservative policies that lead to its sound financial condition.

## DEBT ADMINISTRATION

It is the City's policy to structure each new series of General Obligation Bonds, Revenue Bonds and Certificates of Obligation with a repayment schedule featuring level principal payments as opposed to level debt payments. This results in a declining debt service schedule. The required debt service payment will only increase if new debt is issued. As part of the annual budget a debt capacity analysis is performed. The objective of this analysis is to minimize the impact future bond issues have on the tax or utility rates. Because of the declining debt schedule, new issues are generally planned for years in which the largest decreases in debt service will take place.

INDEPENDENT AUDIT

Pursuant to Article III, Section 3.14 of the City Charter, an audit of the accounts and financial statements has been completed by the City's independent Certified Public Accountants -- Kennemer, Masters and Lunsford, LLC. Their report is included in this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Lake Jackson for its comprehensive annual financial report for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Lake Jackson has received a Certificate of Achievement the last seventeen years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efforts of the entire Finance Department staff. Additionally, we would like to thank our auditors, Kennemer, Masters and Lunsford, LLC; whose professional expertise and advice have resulted in continuing improvements in the quality of the City's financial reporting.

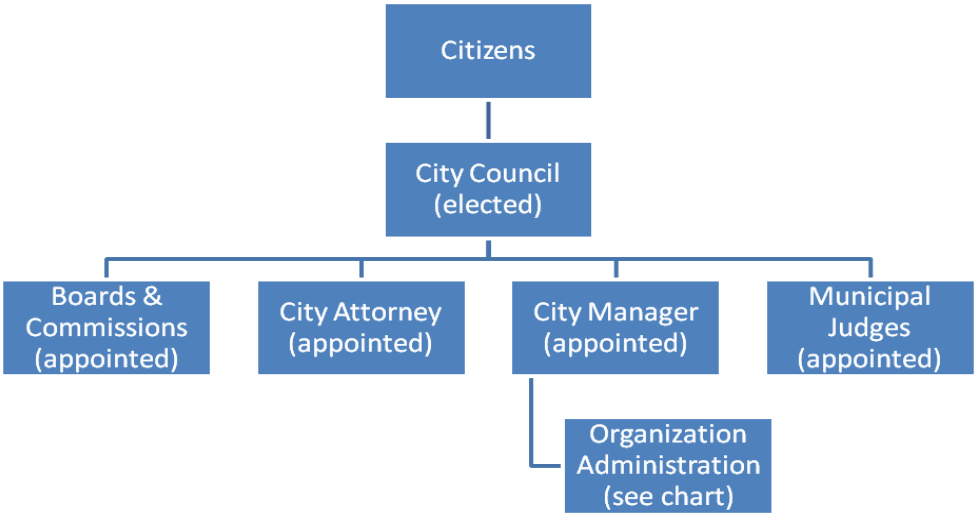
Respectfully submitted,

William P. Yenne
City Manager

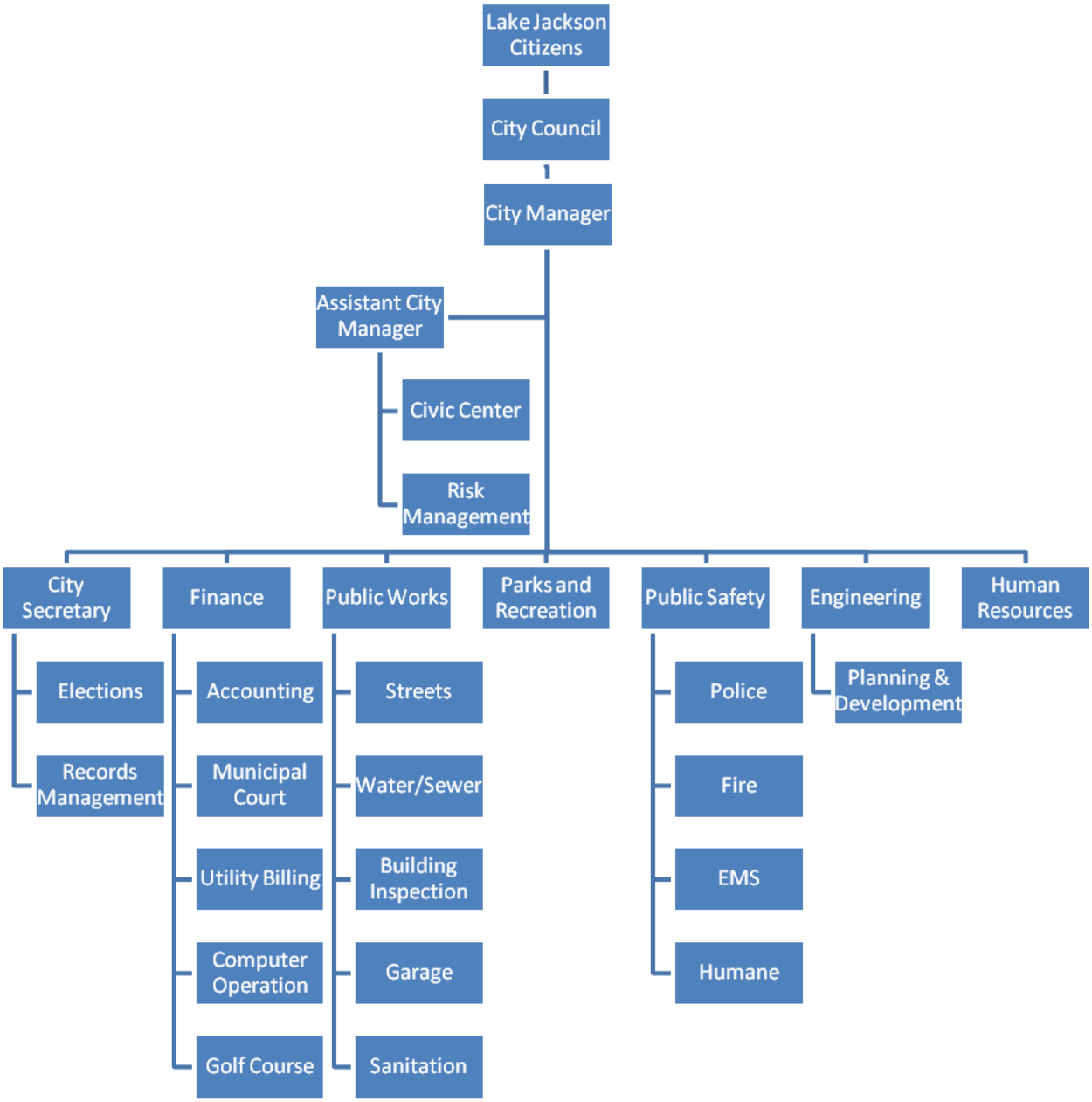
Pamela K. Eaves, CPA
Finance Director

# City of Lake Jackson

## Council-Manager Government



# Organization Administration Chart



# Elected Officials

| | Official | Title | Years Of Service | Term Expire | Occupation |
|---|---|---|---|---|---|
| * | Joe Rinehart | Mayor | 4 | 2018 | Retired |
| | Heather Melass | Councilmember | 5 | 2017 | Retired |
| ** | Will Brooks | Councilmember | 4 | 2018 | Engineer |
| *** | Gerald Roznovsky | Councilmember | 3 | 2017 | Business Owner |
| | Ralph "Buster" Buell | Councilmember | 2 | 2018 | Retired |
| | Jon Baker | Councilmember | 5 | 2017 | Law Enforcement |

* Served as Councilmember 2003-2009 before becoming Mayor.
** Served as Councilmember 2008-2010.
*** Served as Councilmember 2005-2011.

# City Officials

| | Name | Title | Length of Service |
|---|---|---|---|
| * | *William P. Yenne* | *City Manager* | *36 years* |
| | *Modesto Mundo* | *Asst. City Manager* | *21 years* |
| | *Pam Eaves, CPA* | *Finance Director* | *26 years* |
| | *Salvador Aguirre* | *City Engineer* | *37 years* |
| | *Sherri Russell* | *City Attorney* | *9 years* |
| | *First Southwest Company* | *Financial Advisors* | *11 years* |

* *Served 11 years as Assistant City Manager. Has been City Manager since 1991.*

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Lake Jackson
## Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

## September 30, 2014

Executive Director/CEO

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# FINANCIAL SECTION

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# Kennemer, Masters & Lunsford

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

**Lake Jackson Office:**
8 West Way Court
Lake Jackson, Texas 77566
979-297-4075

**Angleton Office:**
2801 N. Velasco Suite C
Angleton, Texas 77515
979-849-8297

**El Campo Office:**
201 W. Webb
El Campo, Texas 77437
979-543-6836

**Houston Office:**
10850 Richmond Ave., Ste 135
Houston, Texas 77042
281-974-3416

## Independent Auditor's Report

To The Honorable Mayor and
Members of City Council
City of Lake Jackson
Lake Jackson, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund, and budgetary comparison information of the City of Lake Jackson (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund, and budgetary comparison of the City of Lake Jackson, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 2 to the Financial Statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension related schedules for Texas Municipal Retirement System and Texas Emergency Services Retirement System on pages 5 through 13 and pages 87 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The combining and individual fund statements and schedules and other 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 fund statements and schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical section and continuing financial disclosures 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, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kennemer, Masters & Rungford, LLC

Lake Jackson, Texas
March 29, 2016

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As management of the City of Lake Jackson (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 fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ix-xv of this report.

## Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $ 86,028,230 (net position). This number must be viewed in the context that the vast majority of the City's net position of $ 59,366,755 (69.01%) are investments in capital assets (e.g. land, buildings, improvements and other than buildings, furniture, equipment and vehicles, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. Most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position externally restricted for specific purposes totals $ 8,047,269 (9.35%). The remaining $ 18,614,206 (21.64%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $ 30,275,942. Within this total, $ 100,472 is non-spendable, $ 13,146,302 is restricted by specific legal requirements, such as debt covenants, $ 903,264 has been committed for general contingency purpose, and $ 8,645,069 has been assigned to specific types of expenditures.

- At the end of the current fiscal year, the general fund balance was $ 15,027,639. Of this amount, $ 100,472 is non-spendable, $ 903,264 has been committed for general contingency purpose, and $ 6,543,068 has been assigned primarily for equipment replacement. The remaining $ 7,480,835 is unassigned and can be used for any lawful purpose.

- During the year, the City reported net pension liability of $ 2,410,727 at September 30, 2015 with the implementation of GASB statements Nos. 68 and 71.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 business.

The s*tatement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being 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 s*tatement of activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the City include general government and administration, public safety, public works, and cultural and recreation. The *business-type activities* of the City include Water and Sewer, Sanitation, and Golf Course operations.

The government-wide financial statements can be found on pages 16-19 of this report.

**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. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains sixteen (16) 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, Economic Development Fund (special revenue fund), General Debt Service Fund, and 2014 Economic

Incentive Fund (capital projects fund); all of which are considered to be major funds. Data from the other twelve (12) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental funds financial statements can be found on pages 20-28 of this report.

**Proprietary Funds.** The City maintains two categories of *proprietary funds* - Enterprise Fund and Golf Course Operating Fund. Proprietary funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses proprietary funds to account for its water and sewer, golf, and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 30-35 of this report.

**Notes to the Financial Statements.** The notes 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 on pages 37-83 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 87-90 of this report. The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 92-140 of this report. Other schedules can be found on pages 142 – 167 of this report. The statistical section can be found on pages 170-193 of this report following the other schedules. The continuing financial disclosures can be found on pages 197-214 of this report following the statistical section.

**Government-wide Financial Analysis**

With the implementation of GASB Statements Nos. 68 and 71, comparable information for the year ended September 30, 2014 is not available, therefore, only one year is presented. Beginning with September 30, 2016 financial statements, comparative information will resume.

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $ 86,028,230 as of September 30, 2015.

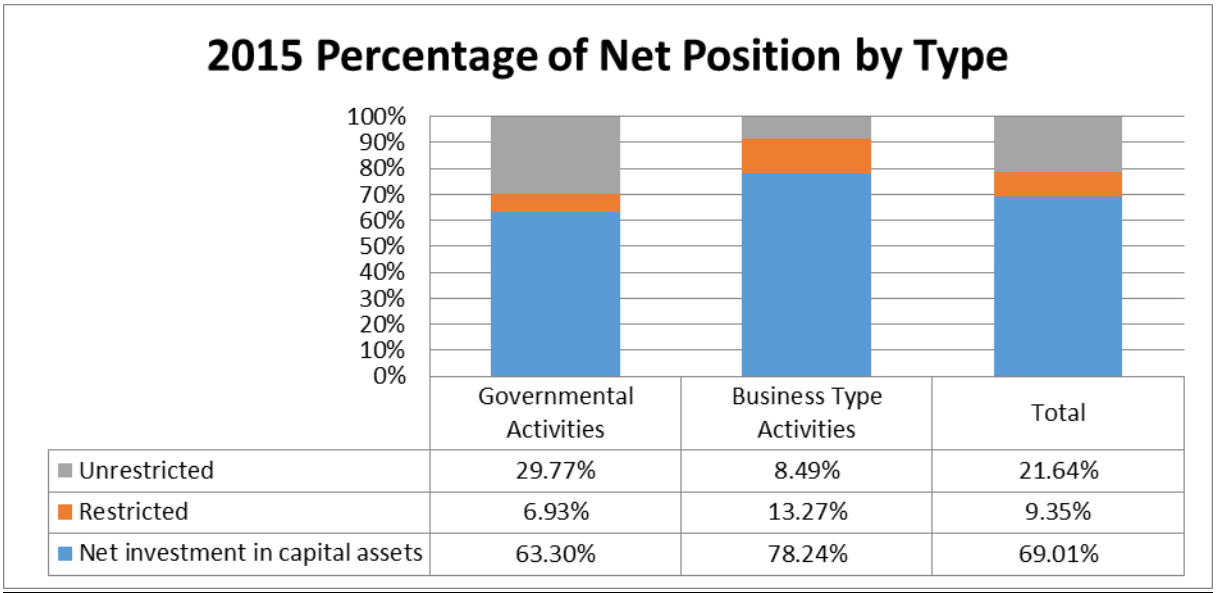
The largest portion of the City's net position, $ 59,366,755 (69.01%) reflects its investments in capital assets less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide service to citizens; consequently these assets are not available for future spending. An additional portion of the City's net position of $ 8,047,269 (9.35%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $ 18,614,206 (21.64%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2015, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate categories governmental and business-type activities.

There was a decrease of $ 606,871 in restricted net position and an increase of $ 1,878,750 net investment in capital assets. The decrease in restricted net position and the increase in net investment in capital assets, resulted from the new construction projects, and the net of issuance of the new long-term debt and payments of debt.

NET POSITION

| | Governmental Activities | Business-type Activities | Totals |
|---|---|---|---|
| Current and other assets | $ 32,301,497 | $ 9,702,935 | $ 42,004,432 |
| Capital assets | 56,428,167 | 34,217,955 | 90,646,122 |
| Total assets | 88,729,664 | 43,920,890 | 132,650,554 |
| Deferred outflows of resources | 1,179,814 | 387,517 | 1,567,331 |
| Total deferred outflows of resources | 1,179,814 | 387,517 | 1,567,331 |
| Other liabilities | 1,469,228 | 2,112,240 | 3,581,468 |
| Long-term liabilities | 34,861,894 | 9,222,286 | 44,084,180 |
| Total liabilities | 36,331,122 | 11,334,526 | 47,665,648 |
| Deferred inflows of resources | 414,498 | 109,509 | 524,007 |
| Total deferred inflows of resources | 414,498 | 109,509 | 524,007 |
| Net Position: | | | |
| Net investment in capital assets | 33,652,498 | 25,714,257 | 59,366,755 |
| Restricted | 3,686,401 | 4,360,868 | 8,047,269 |
| Unrestricted | 15,824,959 | 2,789,247 | 18,614,206 |
| Total net position | $ 53,163,858 | $ 32,864,372 | $ 86,028,230 |



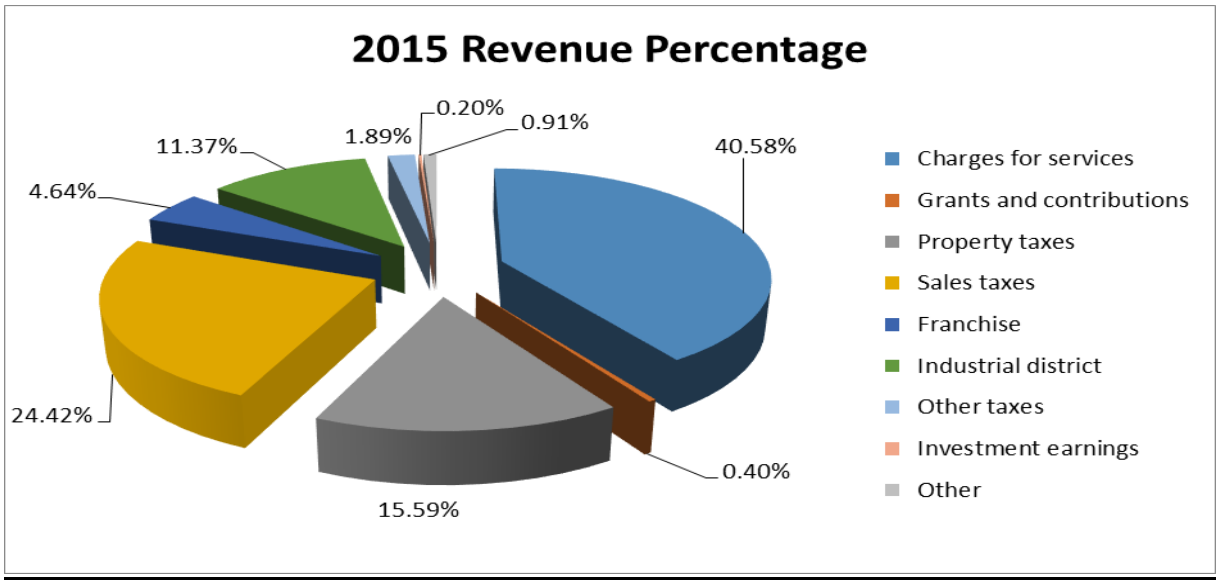
**Analysis of the City's Operations:** The following table provides a summary of the City's operations for the year ended September 30, 2015.

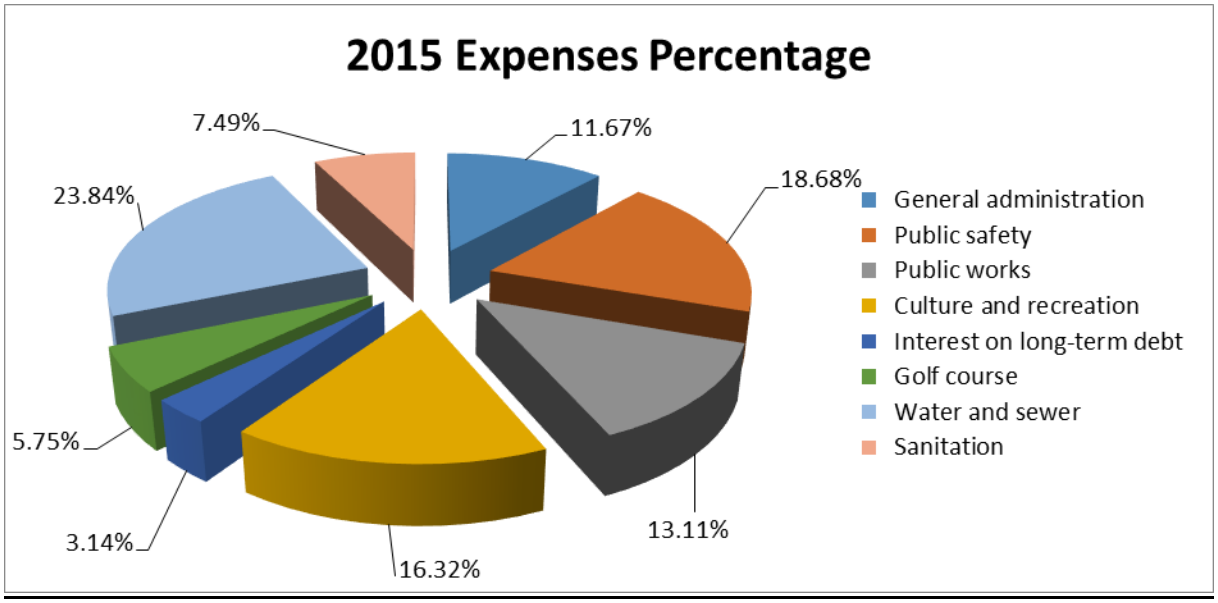
CHANGES IN NET POSITION

| | Governmental Activities | Business-type Activities | Totals |
|---|---|---|---|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for services | $ 2,437,276 | $ 12,734,417 | $ 15,171,693 |
| Operating grants and contributions | 111,615 | | 111,615 |
| Capital grants and contributions | | 38,897 | 38,897 |
| General Revenues: | | | |
| Property taxes | 5,827,889 | | 5,827,889 |
| Sales taxes | 9,129,362 | | 9,129,362 |
| Franchise taxes | 1,734,149 | | 1,734,149 |
| Occupancy taxes | 498,844 | | 498,844 |
| Alcoholic beverage taxes | 116,215 | | 116,215 |
| Criminal justice taxes | 21,342 | | 21,342 |
| Apartment taxes | 69,344 | | 69,344 |
| Industrial district | 4,249,304 | | 4,249,304 |
| Investment earnings | 57,363 | 15,740 | 73,103 |
| Miscellaneous | 333,321 | | 333,321 |
| Gain on disposal of capital assets | 7,314 | | 7,314 |
| Total revenues | 24,593,338 | 12,789,054 | 37,382,392 |
| Expenses: | | | |
| General government and administration | 3,976,659 | | 3,976,659 |
| Public safety | 6,364,951 | | 6,364,951 |
| Public works | 4,466,925 | | 4,466,925 |
| Culture and recreation | 5,561,349 | | 5,561,349 |
| Interest on long-term debt | 1,071,742 | | 1,071,742 |
| Water and sewer | | 8,122,897 | 8,122,897 |
| Sanitation | | 2,551,608 | 2,551,608 |
| Golf course | | 1,962,353 | 1,962,353 |
| Total expenses | 21,441,626 | 12,636,858 | 34,078,484 |
| Increase in net position before transfers and contributions | 3,151,712 | 152,196 | 3,303,908 |
| Transfers | 326,052 | ( 326,052 ) | -0- |
| Change in net position | 3,477,764 | ( 173,856 ) | 3,303,908 |
| Net position, October 1 (restated) | 49,686,094 | 33,038,228 | 82,724,322 |
| Net position, September 30 | $ 53,163,858 | $ 32,864,372 | $ 86,028,230 |

Governmental Activities: Governmental activities increased the City's net position by $ 3,477,764. The increase mainly reflects the increase in charges for services, and sales taxes.

Business-type Activities: Business activities decreased the City's net position by $ 173,856 (0.53%) which was resulted from fund transfers out.



## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $ 30,275,942. 24.71% of this total amount ($ 7,480,835) constitutes unassigned fund balance. The remainder of the fund balance has been categorized as 1) non-spendable ($ 100,472), 2) restricted ($ 13,146,302), 3) committed ($ 903,264), and 4) assigned ($ 8,645,069).

In the General Fund, the City budgeted for a fund balance decrease of $ 1,137,473. This included budgeting a $ 1,000,000 transfer to the General Construction Fund. This transfer reflects the fiscal year 2014 budget savings. Due to actual revenue being more than budgeted, and actual expenditures being less than budgeted, the actual fund balance change was an increase for fiscal year 2015 of $ 1,203,243. This better than budget performance is due to the City's continued emphasis on expenditure control, and conservative budgeting of revenues.

The Economic Development fund is used to account for revenue from the half-cent sales tax. In 2015, the half-cent sales tax revenue and investment income in the Economic Development fund were more than the budget, and total expenditures and transfers out were less than budget. As a result, the Economic Development fund balance increased by $ 106,587.

The Debt Service fund balance decreased by $ 10,569, which was consistent with the City's budget.

The 2014 Economic Incentive fund balance increased by $ 5,504,299 due to the issuance of the new long term debt.

**Proprietary funds.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at September 30, 2015 amounted to $ 2,789,247. Total net position decreased $ 173,856. In 2015, the decrease in net position for proprietary funds was a combination of a $ 37,261 decrease in the Enterprise Fund and a $ 136,595 decrease in the Golf Course Fund. Other factors concerning these funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights.** Sales tax revenue continued its recovery and exceeded expectations by finishing the year in excess of 13.39% over budget. Licenses and permits revenue exceeded budgeted amounts by 65.05% as the result of the growth of the construction projects in the area.

The City's general fund expenditure budget exceeded the actual expenditures by $ 904,072 primarily due to overall spending control. It is the City's policy to transfer budget savings in the General Operating Funds to the Capital Project Fund and/or the Park Fund. In fiscal year 2015, the City transferred fiscal 2014 budget savings of $ 1,000,000 to the General Construction Fund.

## Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to $ 90,646,122 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment and vehicles, infrastructure and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was $ 1,890,571. ($ 631,648 decrease for governmental activities and $ 1,258,923 decrease in business-type activities).

Major capital asset events during the current fiscal year included the following:

- Water SCADA radio $ 132,413,
- Street and sidewalk improvements totaling $ 2,436,560,
- Building and Improvements totaling $ 3,872,258
- Mobile Equipment for Streets, Parks and Garage $ 372,081
- Police Vehicles $ 238,839
- Computer Network Equipment $ 216,942

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CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION

| | Governmental Activities | Business-type Activities | Totals |
|---|---|---|---|
| Land | $ 2,397,003 | $ 3,821,585 | $ 6,218,588 |
| Buildings | 17,756,181 | 1,476,524 | 19,232,705 |
| Improvements other than buildings | 7,436,270 | 14,541,298 | 21,977,568 |
| Furniture, equipment and vehicles | 4,149,710 | 2,185,582 | 6,335,292 |
| Infrastructure | 22,942,308 | 11,845,483 | 34,787,791 |
| Construction in progress | 1,746,695 | 347,483 | 2,094,178 |
| Total | $ 56,428,167 | $ 34,217,955 | $ 90,646,122 |

Additional information on the City's capital assets can be found in Note 6 on pages 58-61 of this report.

## Debt Administration

At the end of the current fiscal year, the City had a total bonded debt and notes payable of $ 40,345,000. Of this amount, $ 31,385,000 is comprised of bonded debt backed by the full faith and credit of the City. These bonds will be retired with revenues from property and sales taxes. The remaining $ 8,960,000 represents bonds secured by water and sewer revenues.

OUTSTANDING LONG-TERM DEBT AT YEAR END

| | Governmental Activities | Business-type Activities | Totals |
|---|---|---|---|
| Certificate of obligations | $ 11,975,000 | $ | $ 11,975,000 |
| Limited tax bonds | 19,410,000 | | 19,410,000 |
| Revenue bonds | | 8,960,000 | 8,960,000 |
| Total | $ 31,385,000 | $ 8,960,000 | $ 40,345,000 |

During the fiscal year, the City's total bonded debt increased $ 1,165,000 or 2.97% due to the net of issuance of bonds less current debt payments. The underlying rating on all of such Bonds and other obligations payable from such source are "AA+" on the General Obligations and "AA" on the Revenue Bonds by S&P.

Additional information on the City's long term debt can be found in Note 8 on pages 62-68 of this report.

**Economic Factors and Next Year's Budgets and Rates**

In the 2015-16 Budget, General Fund revenues and transfers-in are budgeted to increase by 6.3% from the 2014-15 fiscal year budget. However, due to very strong revenues in 2014-15, the 2015-16 budgeted amount is 1.07% less than 2014-15 actual revenues. Sales tax continues to be the largest source of General Fund budgeted revenue at 31%. Property taxes account for 20.0% of the General Fund budgeted revenues. Certified assessed taxable valuations increased by 10.17%.

The Utility Fund 2015-16 budget is 5.7% more than the proceeding year's budget. For the fiscal year 2015-16 the Brazosport Water Authority continues with a multi-year improvement plan including the building of a desalination plant. As a result, they are increasing rates by 16.8% from $2.25/1,000 gallons to $2.63/1,000 gallons. The City's base water rate for 2015-16 fiscal year will increase from $11.70/month to $12.90/month. Water rates for usage above the 2,000 gallon base amount will increase by $ .50/ 1,000 gallons. The rate for usage between 2,000 and 20,000 gallons will be $4.00/1,000 gallons and the rate for over 20,000 gallons will be $4.25. The base sewer rate for the 2015-16 budget year will increase from $11.70/month to $13.05/month. The over 2,000 gallon rate will increase from $3.70/1,000 gallons to $4.25.

**Request for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 25 Oak Drive, Lake Jackson, Texas, 77566, or call (979) 415-2400.

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# BASIC FINANCIAL STATEMENTS

# CITY OF LAKE JACKSON
Lake Jackson, Texas

STATEMENT OF NET POSITION

September 30, 2015

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Assets: | | | |
| Cash and cash equivalents | $ 29,273,641 | $ 3,098,010 | $ 32,371,651 |
| Taxes receivable (net) | 1,856,145 | | 1,856,145 |
| Accounts receivable (net) | 651,955 | 806,131 | 1,458,086 |
| Due from other governments | 20,284 | | 20,284 |
| Investments | 399,000 | | 399,000 |
| Inventories | 100,472 | 27,198 | 127,670 |
| Prepaid expenses | | 9,471 | 9,471 |
| Restricted Assets: | | | |
| Temporarily Restricted: | | | |
| Cash and cash equivalents | | 5,756,807 | 5,756,807 |
| Due from other governments | | 5,318 | 5,318 |
| Capital Assets (Net of Accumulated Depreciation): | | | |
| Land | 2,397,003 | 3,821,585 | 6,218,588 |
| Buildings | 17,756,181 | 1,476,524 | 19,232,705 |
| Improvements other than buildings | 7,436,270 | 14,541,298 | 21,977,568 |
| Furniture, equipment, and vehicles | 4,149,710 | 2,185,582 | 6,335,292 |
| Infrastructure | 22,942,308 | 11,845,483 | 34,787,791 |
| Construction in progress | 1,746,695 | 347,483 | 2,094,178 |
| Total assets | 88,729,664 | 43,920,890 | 132,650,554 |
| Deferred Outflows of Resources: | | | |
| Deferred outflows of resources - debt refunding loss | 68,223 | 108,821 | 177,044 |
| Deferred outflows of resources - pension | 1,111,591 | 278,696 | 1,390,287 |
| Total deferred outflows of resources | 1,179,814 | 387,517 | 1,567,331 |

(continued)

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2015

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Liabilities: | | | |
| Accounts payable | $ 706,250 | $ 482,121 | $ 1,188,371 |
| Cash bonds and taxes | 400,125 | | 400,125 |
| Accrued wages | 262,024 | 86,941 | 348,965 |
| Unearned revenue | 100,829 | 141,921 | 242,750 |
| Liabilities payable from restricted assets | | 1,401,257 | 1,401,257 |
| Noncurrent liabilities: | | | |
| Due within one year | 3,899,492 | 820,173 | 4,719,665 |
| Due in more than one year | 30,962,402 | 8,402,113 | 39,364,515 |
| Total liabilities | 36,331,122 | 11,334,526 | 47,665,648 |
| Deferred Inflows of Resources: | | | |
| Deferred inflows of resources - gain on capital lease | | 10,125 | 10,125 |
| Deferred inflows of resources - pension | 414,498 | 99,384 | 513,882 |
| Total deferred inflows of resources | 414,498 | 109,509 | 524,007 |
| Net Position: | | | |
| Net investment in capital assets | 33,652,498 | 25,714,257 | 59,366,755 |
| Restricted For: | | | |
| Debt service | 765,299 | 1,675,881 | 2,441,180 |
| Economic development | 2,519,353 | | 2,519,353 |
| Construction | | 2,684,987 | 2,684,987 |
| Other | 401,749 | | 401,749 |
| Unrestricted | 15,824,959 | 2,789,247 | 18,614,206 |
| Total net position | $ 53,163,858 | $ 32,864,372 | $ 86,028,230 |

The notes to the financial statements are an integral part of this statement.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government and administration | $ 3,976,659 | $ 584,423 | $ | $ |
| Public safety | 6,364,951 | | 111,615 | |
| Public works | 4,466,925 | 666,610 | | |
| Culture and recreation | 5,561,349 | 1,186,243 | | |
| Interest on long-term debt | 1,071,742 | | | |
| Total governmental activities | 21,441,626 | 2,437,276 | 111,615 | -0- |
| Business-type Activities: | | | | |
| Water and sewer | 8,122,897 | 8,060,180 | | 38,897 |
| Sanitation | 2,551,608 | 3,287,706 | | |
| Golf course | 1,962,353 | 1,386,531 | | |
| Total business-type activities | 12,636,858 | 12,734,417 | -0- | 38,897 |
| Total | $ 34,078,484 | $ 15,171,693 | $ 111,615 | $ 38,897 |

General Revenue:
- Taxes:
  - Property taxes
  - Sales taxes
  - Franchise
  - Occupancy
  - Other
- Industrial district
- Investment earnings
- Miscellaneous
- Gain on the disposal of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position – beginning (restated)

Net position – ending

The notes to the financial statements are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Governmental Activities | Business-Type Activities | Total |
| $( 3,392,236 ) | $ | $( 3,392,236 ) |
| ( 6,253,336 ) | | ( 6,253,336 ) |
| ( 3,800,315 ) | | ( 3,800,315 ) |
| ( 4,375,106 ) | | ( 4,375,106 ) |
| ( 1,071,742 ) | | ( 1,071,742 ) |
| ( 18,892,735 ) | -0- | ( 18,892,735 ) |
| | ( 23,820 ) | ( 23,820 ) |
| | 736,098 | 736,098 |
| | ( 575,822 ) | ( 575,822 ) |
| -0- | 136,456 | 136,456 |
| ( 18,892,735 ) | 136,456 | ( 18,756,279 ) |
| 5,827,889 | | 5,827,889 |
| 9,129,362 | | 9,129,362 |
| 1,734,149 | | 1,734,149 |
| 498,844 | | 498,844 |
| 206,901 | | 206,901 |
| 4,249,304 | | 4,249,304 |
| 57,363 | 15,740 | 73,103 |
| 333,321 | | 333,321 |
| 7,314 | | 7,314 |
| 326,052 | ( 326,052 ) | -0- |
| 22,370,499 | ( 310,312 ) | 22,060,187 |
| 3,477,764 | ( 173,856 ) | 3,303,908 |
| 49,686,094 | 33,038,228 | 82,724,322 |
| $ 53,163,858 | $ 32,864,372 | $ 86,028,230 |

# CITY OF LAKE JACKSON
Lake Jackson, Texas

## BALANCE SHEET
## GOVERNMENTAL FUNDS

September 30, 2015

| | General Fund | Economic Development Fund | General Debt Service Fund | 2014 Economic Incentive Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Assets and Deferred Outflows of Resources | | | | | | |
| Assets: | | | | | | |
| Cash and temporary investments | $ 14,471,336 | $ 2,024,750 | $ 705,634 | $ 5,504,299 | $ 6,567,622 | $ 29,273,641 |
| Receivables (net of allowance for uncollectibles): | | | | | | |
| Taxes | 1,288,588 | 528,076 | 17,539 | | 21,942 | 1,856,145 |
| Accounts | 46,877 | | | | 91,680 | 138,557 |
| Grants | 20,284 | | | | | 20,284 |
| Investments | 399,000 | | | | | 399,000 |
| Inventories | 100,472 | | | | | 100,472 |
| Total assets | 16,326,557 | 2,552,826 | 723,173 | 5,504,299 | 6,681,244 | 31,788,099 |
| Deferred Outflows of Resources: | | | | | | |
| Deferred outflows of resources | | | | | | -0- |
| Total deferred outflows of resources | -0- | -0- | -0- | -0- | -0- | -0- |
| Total assets and deferred outflows of resources | $ 16,326,557 | $ 2,552,826 | $ 723,173 | $ 5,504,299 | $ 6,681,244 | $ 31,788,099 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ 530,495 | $ 33,473 | $ 316 | $ | $ 141,966 | $ 706,250 |
| Cash bonds and taxes | 400,125 | | | | | 400,125 |
| Accrued wages | 262,024 | | | | | 262,024 |
| Unearned revenue | 80,829 | | | | 20,000 | 100,829 |
| Total liabilities | 1,273,473 | 33,473 | 316 | -0- | 161,966 | 1,469,228 |
| Deferred Inflows of Resources: | | | | | | |
| Deferred inflows of resources-property taxes | 25,445 | | 17,484 | | | 42,929 |
| Total deferred inflows of resources | 25,445 | -0- | 17,484 | -0- | -0- | 42,929 |
| Fund Balances: | | | | | | |
| Non-spendable | 100,472 | | | | | 100,472 |
| Restricted | | 2,519,353 | 705,373 | 5,504,299 | 4,417,277 | 13,146,302 |
| Committed | 903,264 | | | | | 903,264 |
| Assigned | 6,543,068 | | | | 2,102,001 | 8,645,069 |
| Unassigned | 7,480,835 | | | | | 7,480,835 |
| Total fund balances | 15,027,639 | 2,519,353 | 705,373 | 5,504,299 | 6,519,278 | 30,275,942 |
| Total liabilities, deferred inflows of resources and fund balances | $ 16,326,557 | $ 2,552,826 | $ 723,173 | $ 5,504,299 | $ 6,681,244 | $ 31,788,099 |

The notes to the financial statements are an integral part of this statement.

# CITY OF LAKE JACKSON
Lake Jackson, Texas

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION

September 30, 2015

| | |
|---|---|
| Total fund balances – governmental funds balance sheet | $ 30,275,942 |
| **Amounts reported for *governmental activities* in the statement of net position are different because:** | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include $ 149,336,352 in assets less $ 92,908,185 in accumulated depreciation. | 56,428,167 |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund and the debt service fund amounted to $ 25,390 and $ 17,539, respectively. | 42,929 |
| Judicial accounts receivables net of related allowance for uncollectible are unavailable to pay for current period expenditures and availability of funds are uncertain as to availability are not recorded in the funds. Judicial receivables of $ 1,348,945 net of allowance for uncollectible accounts of $ 835,547 of the general fund amounted to $ 513,398. | 513,398 |
| Debt refunding cost paid in advance is an expenditure in the governmental funds, but the amount decreases long-term position in the statement of net position. This amount is amortized over the life of the bond. Net refunding costs were $ 68,223 (issuance costs of $ 107,366 less amortization of $ 39,143). | 68,223 |
| Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term position in the statement of net position. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were $ 901,193 (premium on the sale of bonds of $ 1,336,488 less amortization of $ 435,295). | ( 901,193 ) |
| Pension deferred outflows of resources of $ 1,210,310 less amortization of $ 98,719. | 1,111,591 |
| Pension deferred inflows of resources of $ 570,332 less amortization of $ 155,834. | ( 414,498 ) |
| Payable for bond principal and other long-term debt are not reported in the funds. | ( 31,385,000 ) |
| Payable for bond interest is not reported in the funds. | ( 43,045 ) |
| Net pension liability is not reported in the funds. | ( 1,950,105 ) |
| Payable for long-term compensated absences is not reported in the funds. | ( 582,551 ) |
| Net position of governmental activities – statement of net position. | $ 53,163,858 |

The notes to the financial statements are an integral part of this statement.

# CITY OF LAKE JACKSON
Lake Jackson, Texas

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

| | General Fund | Economic Development Fund | General Debt Service Fund | 2014 Economic Incentive Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| Taxes: | | | | | | |
| Property | $ 3,615,757 | $ | $ 2,202,155 | $ | $ | $ 5,817,912 |
| Sales | 5,991,129 | 3,138,233 | | | | 9,129,362 |
| Franchise | 1,646,902 | | | | 87,247 | 1,734,149 |
| Occupancy | | | | | 498,844 | 498,844 |
| Other | 206,901 | | | | | 206,901 |
| Industrial district | 4,249,304 | | | | | 4,249,304 |
| Intergovernmental | 8,443 | | | | 103,172 | 111,615 |
| Revenue producing facilities | 1,186,243 | | | | | 1,186,243 |
| Fines and fees | 573,801 | | | | | 573,801 |
| Licenses and permits | 666,610 | | | | | 666,610 |
| Investment income | 38,474 | 6,832 | 2,872 | 3,270 | 5,915 | 57,363 |
| Miscellaneous | 146,148 | | | | 187,173 | 333,321 |
| Total revenues | 18,329,712 | 3,145,065 | 2,205,027 | 3,270 | 882,351 | 24,565,425 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government and administration | 3,536,378 | | | | 251,574 | 3,787,952 |
| Public safety | 5,843,285 | | | | 123,372 | 5,966,657 |
| Public works | 2,576,814 | | | | 1,750 | 2,578,564 |
| Culture and recreation | 4,274,608 | 55,918 | | | 481,581 | 4,812,107 |
| Capital outlay | 1,017,483 | 309,693 | | | 1,839,488 | 3,166,664 |
| Debt Service: | | | | | | |
| Principal retirement | | | 1,642,639 | | 1,507,361 | 3,150,000 |
| Interest and fiscal charges | | | 572,957 | | 590,566 | 1,163,523 |
| Total expenditures | 17,248,568 | 365,611 | 2,215,596 | -0- | 4,795,692 | 24,625,467 |
| Excess (deficiency) of revenues over (under) expenditures | 1,081,144 | 2,779,454 | ( 10,569 ) | 3,270 | ( 3,913,341 ) | ( 60,042 ) |
| Other Financing Sources (Uses): | | | | | | |
| Issuance of bonds | | | | 5,500,000 | | 5,500,000 |
| Bond issuance premium | | | | 1,029 | 82,571 | 83,600 |
| Sale of capital assets | 81,393 | | | | | 81,393 |
| Transfers in | 1,623,339 | | | | 3,022,867 | 4,646,206 |
| Transfers out | ( 1,582,633 ) | ( 2,672,867 ) | | | ( 64,654 ) | ( 4,320,154 ) |
| Total other financing sources (uses) | 122,099 | ( 2,672,867 ) | -0- | 5,501,029 | 3,040,784 | 5,991,045 |
| Net change in fund balances | 1,203,243 | 106,587 | ( 10,569 ) | 5,504,299 | ( 872,557 ) | 5,931,003 |
| Fund balances - beginning | 13,824,396 | 2,412,766 | 715,942 | -0- | 7,391,835 | 24,344,939 |
| Fund balances - ending | $ 15,027,639 | $ 2,519,353 | $ 705,373 | $ 5,504,299 | $ 6,519,278 | $ 30,275,942 |

The notes to the financial statements are an integral part of this statement.

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# CITY OF LAKE JACKSON
Lake Jackson, Texas

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

| | | |
|---|---|---|
| Net change in fund balances – total governmental funds | $ | 5,931,003 |
| **Amounts reported for *governmental activities* in the statement of activities are different because:** | | |
| Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlay of $ 3,127,767 less depreciation of $ 3,685,336 in the current period. | ( | 557,569 ) |
| Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund and the debt service fund increased by $ 6,534 and $ 3,443 , respectively. | | 9,977 |
| Judicial revenues (resulting from accounts receivables net of related allowance for uncollectible) in the governmental activities statements of activities do not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in a decrease in revenues reported in the governmental activities statement of activities. | | 10,622 |
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net position. These amounts were for general obligation bonded debt $ 3,150,000. | | 3,150,000 |
| Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net position. Long-term proceeds in the governmental fund were $ 5,500,000 for bonds. | ( | 5,500,000 ) |
| Debt refunding cost paid in advance is an expenditure in the governmental funds, but the amount decreases long-term position in the statement of net position. This amount is amortized over the life of the bond. Change in net refunding costs were $ 9,908. | ( | 9,908 ) |
| Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net position. This amount is amortized over the life of the bonds. Current amortization of $ 103,745 less current proceeds of $ 83,600. | | 20,145 |
| Governmental funds report pension payments as expenditures. However, in the governmental activities statement of activities, the pension cost is calculated by an actuary and involves multiple factors. The amount of pension expense reported was $ 521,095 less than the amount reported in the funds. | | 521,095 |
| Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the change in accrued interest on long-term debt. | ( | 2,056 ) |

(continued)

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES - Continued

For the Year Ended September 30, 2015

| | |
|---|---|
| Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in compensated absences. | $( 21,466 ) |
| Governmental funds report proceeds from the sale of assets as revenue. However, in the governmental activities statement of activities, the cost of the assets disposed is offset against the proceeds to report gain or loss on the disposition of assets. The cost of assets disposed was $ 74,079 (cost of $ 2,254,556 less accumulated depreciation of $ 2,180,477). | ( 74,079 ) |
| Change in net position of governmental activities | $ 3,477,764 |

The notes to the financial statements are an integral part of this statement.

# CITY OF LAKE JACKSON
Lake Jackson, Texas

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2015

| | Budgeted Amounts | |
|---|---|---|
| | Original | Final |
| Revenues: | | |
| Taxes: | | |
| Property | $ 3,621,536 | $ 3,621,536 |
| Sales | 5,283,875 | 5,283,875 |
| Franchise | 1,544,875 | 1,544,875 |
| Other | 92,000 | 92,000 |
| Industrial district | 4,248,890 | 4,248,890 |
| Intergovernmental | | |
| Revenue producing facilities | 1,082,600 | 1,082,600 |
| Fines and fees | 566,500 | 566,500 |
| Licenses and permits | 403,859 | 403,859 |
| Investment income | 32,000 | 32,000 |
| Miscellaneous | 126,550 | 126,550 |
| Total revenues | 17,002,685 | 17,002,685 |
| Expenditures: | | |
| Current: | | |
| General government and administration | 3,385,799 | 3,385,799 |
| Public safety | 6,125,037 | 6,125,037 |
| Public works | 3,089,105 | 3,089,105 |
| Culture and recreation | 4,418,827 | 4,418,827 |
| Capital outlay | 1,133,872 | 1,133,872 |
| Total expenditures | 18,152,640 | 18,152,640 |
| Excess (deficiency) of revenues over (under) expenditures | ( 1,149,955 ) | ( 1,149,955 ) |
| Other Financing Sources (Uses): | | |
| Sale of capital assets | | |
| Transfers in | 1,595,115 | 1,595,115 |
| Transfer out | ( 382,633 ) | ( 1,582,633 ) |
| Total other financing sources (uses) | 1,212,482 | 12,482 |
| Net change in fund balance | 62,527 | ( 1,137,473 ) |
| Fund balance - beginning | 13,824,396 | 13,824,396 |
| Fund balance - ending | $ 13,886,923 | $ 12,686,923 |

The notes to the financial statements are an integral part of this statement.

| Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget- Positive (Negative) |
|---|---|---|---|
| $ 3,615,757 | $ | $ 3,615,757 | $( 5,779 ) |
| 5,991,129 | | 5,991,129 | 707,254 |
| 1,646,902 | | 1,646,902 | 102,027 |
| 206,901 | | 206,901 | 114,901 |
| 4,249,304 | | 4,249,304 | 414 |
| 8,443 | | 8,443 | 8,443 |
| 1,186,243 | | 1,186,243 | 103,643 |
| 573,801 | | 573,801 | 7,301 |
| 666,610 | | 666,610 | 262,751 |
| 38,474 | | 38,474 | 6,474 |
| 146,148 | | 146,148 | 19,598 |
| 18,329,712 | -0- | 18,329,712 | 1,327,027 |
| 3,536,378 | | 3,536,378 | ( 150,579 ) |
| 5,843,285 | | 5,843,285 | 281,752 |
| 2,576,814 | | 2,576,814 | 512,291 |
| 4,274,608 | | 4,274,608 | 144,219 |
| 1,017,483 | | 1,017,483 | 116,389 |
| 17,248,568 | -0- | 17,248,568 | 904,072 |
| 1,081,144 | -0- | 1,081,144 | 2,231,099 |
| 81,393 | | 81,393 | 81,393 |
| 1,623,339 | | 1,623,339 | 28,224 |
| ( 1,582,633 ) | | ( 1,582,633 ) | -0- |
| 122,099 | -0- | 122,099 | 109,617 |
| 1,203,243 | -0- | 1,203,243 | 2,340,716 |
| 13,824,396 | -0- | 13,824,396 | -0- |
| $ 15,027,639 | $ -0- | $ 15,027,639 | $ 2,340,716 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND

For the Year Ended September 30, 2015

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Taxes | $ 2,783,000 | $ 2,783,000 | $ 3,138,233 | $ 355,233 |
| Investment income | 8,000 | 8,000 | 6,832 | ( 1,168 ) |
| Total revenues | 2,791,000 | 2,791,000 | 3,145,065 | 354,065 |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 50,000 | 50,000 | 55,918 | ( 5,918 ) |
| Capital outlay | 1,167,125 | 973,000 | 309,693 | 663,307 |
| Total expenditures | 1,217,125 | 1,023,000 | 365,611 | 657,389 |
| Excess (deficiency) of revenues over (under) expenditures | 1,573,875 | 1,768,000 | 2,779,454 | 1,011,454 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | ( 1,513,914 ) | ( 2,707,859 ) | ( 2,672,867 ) | ( 602,008 ) |
| Total other financing sources (uses) | ( 1,513,914 ) | ( 2,707,859 ) | ( 2,672,867 ) | ( 602,008 ) |
| Net change in fund balance | 59,961 | ( 302,859 ) | 106,587 | 409,446 |
| Fund balance - beginning | 2,412,766 | 2,412,766 | 2,412,766 | -0- |
| Fund balance - ending | $ 2,472,727 | $ 2,109,907 | $ 2,519,353 | $ 409,446 |

The notes to the financial statements are an integral part of this statement.

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# CITY OF LAKE JACKSON
Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2015

| | Business-Type Activities | | |
|---|---|---|---|
| | Enterprise | Golf Course Operating | Total |
| Assets: | | | |
| Current Assets: | | | |
| Cash and temporary investments | $ 3,002,342 | $ 95,668 | $ 3,098,010 |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts | 790,995 | 15,136 | 806,131 |
| Inventory | | 27,198 | 27,198 |
| Prepaid expenses | | 9,471 | 9,471 |
| | 3,793,337 | 147,473 | 3,940,810 |
| Current Restricted Assets: | | | |
| Cash and temporary investments | 3,415,923 | | 3,415,923 |
| Due from other governments | 5,318 | | 5,318 |
| Total current restricted assets | 3,421,241 | -0- | 3,421,241 |
| Total current assets | 7,214,578 | 147,473 | 7,362,051 |
| Noncurrent Assets: | | | |
| Restricted Cash and Temporary Investments: | | | |
| Revenue bond covenant accounts | 2,340,884 | | 2,340,884 |
| Total noncurrent restricted assets | 2,340,884 | -0- | 2,340,884 |
| Capital Assets: | | | |
| Property, plant and equipment | 64,459,576 | 8,983,622 | 73,443,198 |
| Construction in progress | 347,483 | | 347,483 |
| Less accumulated depreciation | ( 36,519,669 ) | ( 3,053,057 ) | ( 39,572,726 ) |
| Total capital assets (net of accumulated depreciation) | 28,287,390 | 5,930,565 | 34,217,955 |
| Total noncurrent assets | 30,628,274 | 5,930,565 | 36,558,839 |
| Total assets | 37,842,852 | 6,078,038 | 43,920,890 |
| Deferred Outflows of Resources: | | | |
| Deferred outflows of resources - debt refunding costs | 108,821 | | 108,821 |
| Deferred outflows of resources - pension | 278,696 | | 278,696 |
| Total deferred outflows of resources | 387,517 | -0- | 387,517 |

(continued)

# CITY OF LAKE JACKSON
Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued

September 30, 2015

| | Business-Type Activities | | |
|---|---|---|---|
| | Enterprise | Golf Course Operating | Total |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Accounts payable | $ 422,193 | $ 59,928 | $ 482,121 |
| Accrued wages | 65,149 | 21,792 | 86,941 |
| Unearned revenue | | 141,921 | 141,921 |
| Accrued compensated absences | 102,861 | | 102,861 |
| Net pension liability | 46,062 | | 46,062 |
| Revenue bonds payable | 671,250 | | 671,250 |
| | 1,307,515 | 223,641 | 1,531,156 |
| Current Liabilities Payable from Restricted Assets: | | | |
| Accrued interest | 148,151 | | 148,151 |
| Customer deposits | 736,254 | | 736,254 |
| Revenue bonds payable | 516,852 | | 516,852 |
| Total current liabilities payable from restricted assets | 1,401,257 | -0- | 1,401,257 |
| Total current liabilities | 2,708,772 | 223,641 | 2,932,413 |
| Noncurrent Liabilities: | | | |
| Revenue bonds payable | 7,941,269 | | 7,941,269 |
| Accrued compensated absences | 46,284 | | 46,284 |
| Net pension liabiity | 414,560 | | 414,560 |
| Total noncurrent liabilities | 8,402,113 | -0- | 8,402,113 |
| Total liabilities | 11,110,885 | 223,641 | 11,334,526 |
| Deferred Inflows of Resources: | | | |
| Deferred inflows of resources - gain on capital lease | | 10,125 | 10,125 |
| Deferred inflows of resources - pension | 99,384 | | 99,384 |
| Total deferred inflows of resources | 99,384 | 10,125 | 109,509 |
| Net Position: | | | |
| Net investment in capital assets | 19,783,692 | 5,930,565 | 25,714,257 |
| Restricted For: | | | |
| Revenue bond retirement | 1,675,881 | | 1,675,881 |
| Construction | 2,684,987 | | 2,684,987 |
| Unrestricted | 2,875,540 | ( 86,293 ) | 2,789,247 |
| Total net position | $ 27,020,100 | $ 5,844,272 | $ 32,864,372 |

The notes to the financial statements are an integral part of this statement.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS

For the Year Ended September 30, 2015

| | Business-Type Activities | | |
|---|---|---|---|
| | Enterprise | Golf Course Operating | Total |
| Operating Revenues: | | | |
| Water service | $ 3,912,414 | $ | $ 3,912,414 |
| Sewer service | 3,616,255 | | 3,616,255 |
| Garbage fees | 3,287,706 | | 3,287,706 |
| Tapping and connection fees | 329,992 | | 329,992 |
| Golf course fees and charges | | 1,386,531 | 1,386,531 |
| Other | 201,519 | | 201,519 |
| Total operating revenues | 11,347,886 | 1,386,531 | 12,734,417 |
| Operating Expenses: | | | |
| Utility administration | 430,822 | | 430,822 |
| Water production and treatment | 3,133,454 | | 3,133,454 |
| Sewer collection | 2,110,332 | | 2,110,332 |
| Sanitation | 2,551,608 | | 2,551,608 |
| Golf course | | 1,742,911 | 1,742,911 |
| Depreciation | 2,094,283 | 219,442 | 2,313,725 |
| Total operating expenses | 10,320,499 | 1,962,353 | 12,282,852 |
| Operating income (loss) | 1,027,387 | ( 575,822 ) | 451,565 |
| Non-Operating Revenues (Expenses): | | | |
| Interest revenue | 15,410 | 330 | 15,740 |
| Loss on disposal of capital assets | ( 10,764 ) | | ( 10,764 ) |
| Interest expense and fiscal charges | ( 343,242 ) | | ( 343,242 ) |
| Total non-operating revenues (expenses) | ( 338,596 ) | 330 | ( 338,266 ) |
| Income (loss) before contributions and transfers | 688,791 | ( 575,492 ) | 113,299 |
| Capital contributions | | 38,897 | 38,897 |
| Transfers in | 482,633 | 400,000 | 882,633 |
| Transfers out | ( 1,208,685 ) | | ( 1,208,685 ) |
| Change in net position | ( 37,261 ) | ( 136,595 ) | ( 173,856 ) |
| Net position at beginning of year (restated) | 27,057,361 | 5,980,867 | 33,038,228 |
| Net position at end of year | $ 27,020,100 | $ 5,844,272 | $ 32,864,372 |

The notes to the financial statements are an integral part of this statement.

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

For the Year Ended September 30, 2015

| | Business-Type Activities | | |
|---|---|---|---|
| | Enterprise | Golf Course Operating | Total |
| Cash Flows from Operating Activities: | | | |
| Receipts from customers and users | $ 11,261,777 | $ 1,391,239 | $ 12,653,016 |
| Payments to suppliers | ( 5,834,243 ) | ( 861,297 ) | ( 6,695,540 ) |
| Payments to employees | ( 2,446,023 ) | ( 877,686 ) | ( 3,323,709 ) |
| Net cash provided (used) by operating activities | 2,981,511 | ( 347,744 ) | 2,633,767 |
| Cash Flows from Non-Capital Financing Activities: | | | |
| Transfers in | 482,633 | 400,000 | 882,633 |
| Transfers out | ( 1,208,685 ) | | ( 1,208,685 ) |
| Net cash provided (used) by non-capital and related financing activities | ( 726,052 ) | 400,000 | ( 326,052 ) |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Purchases of capital assets | ( 1,026,668 ) | | ( 1,026,668 ) |
| Principal and premium paid on capital debt | ( 1,208,102 ) | | ( 1,208,102 ) |
| Interest and fiscal charges paid on capital debt | ( 334,672 ) | | ( 334,672 ) |
| Net cash used for capital and related financing activities | ( 2,569,442 ) | -0- | ( 2,569,442 ) |
| Cash Flows from Investing Activities: | | | |
| Interest on investments | 15,410 | 330 | 15,740 |
| Net cash provided by investing activities | 15,410 | 330 | 15,740 |
| Net increase (decrease) in cash and cash equivalents | ( 298,573 ) | 52,586 | ( 245,987 ) |
| Cash and cash equivalents at the beginning of year | 9,057,722 | 43,082 | 9,100,804 |
| Cash and cash equivalents at the end of year | $ 8,759,149 | $ 95,668 | $ 8,854,817 |

(continued)

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS - Continued

For the Year Ended September 30, 2015

| | Business-Type Activities | | |
|---|---|---|---|
| | Enterprise | Golf Course Operating | Total |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | $ 1,027,387 | $( 575,822 ) | $ 451,565 |
| Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 2,094,283 | 219,442 | 2,313,725 |
| (Increase) decrease in accounts receivable | ( 122,557 ) | 40,739 | ( 81,818 ) |
| (Increase) decrease in inventory | | 10,672 | 10,672 |
| (Increase) decrease in prepaid expenses | | ( 9,471 ) | ( 9,471 ) |
| Increase (decrease) in accounts payable | 43,778 | ( 393 ) | 43,385 |
| Increase (decrease) in accrued wages payable | 5,970 | 3,120 | 9,090 |
| Increase (decrease) in net pension obligation | ( 105,876 ) | | ( 105,876 ) |
| Increase (decrease) in accrued compensated absences | 2,078 | | 2,078 |
| Increase (decrease) in deferred revenue | | ( 36,031 ) | ( 36,031 ) |
| Increase (decrease) in customer deposits | 36,448 | | 36,448 |
| Total adjustments | 1,954,124 | 228,078 | 2,182,202 |
| Net cash provided (used) by operating activities | $ 2,981,511 | $( 347,744 ) | $ 2,633,767 |
| Non-cash Investing, Capital, and Financing Activities: | | | |
| Capital contribution | $ | $ 38,897 | $ 38,897 |
| Net effect of non-cash transactions | $ -0- | $ 38,897 | $ 38,897 |

The notes to the financial statements are an integral part of this statement.

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### General Statement

The City of Lake Jackson (the City) operates under a Home Rule Charter adopted in a special election on April 1, 1958. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public services, streets and drainage, sanitation, health and building inspections, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The City's Financial Statements are in accordance with GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38 "Certain Financial Statement Disclosures" which changes the note disclosure requirements in the financial statements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The GASB Statement No. 34 reporting model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The following is a summary of the most significant accounting policies.

### Reporting Entity

The City is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the City's financial reporting entity. Based on these considerations, the City's basic financial statements do not include any other entities. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - continued

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 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 other 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 members of City council (the "members") are elected by the public and have the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB in its GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14. and No. 34".

Based upon the application of these criteria, the following entity is considered a blended component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Financial statements for this component unit can be obtained from the office of the City.

Blended component unit – The Lake Jackson Development Corporation, Inc.

On June 5, 1995, the City Council authorized the creation and approved the Articles of Incorporation and the Bylaws of the Lake Jackson Development Corporation, Inc. (the Corporation). The Articles of Incorporation were filed with the Office of the Secretary Of State of Texas on June 23, 1995. The Corporation, a nonprofit corporation, organized under Section 4b of the Development Corporation Act of 1979 was created to act on behalf of the City in the financing of projects.

The Corporation is governed by a seven-member board of directors appointed by the City Council, which includes three members of the City Council. All projects must have prior approval of the City Council. On May 6, 1995, the voters of Lake Jackson approved the levy and collection of a one-half cent sales tax, effective October 1, 1995, to fund the cost of land, buildings, equipment, facilities, and improvements for public park purposes, recreational facilities, and for infrastructure improvements for development of new or expanded business enterprises. The Corporation provides funding for the City's debt service payments of these approved projects. When the Corporation directly finances construction, the completed facilities are donated to the City upon completion. As the Corporation provides financing services entirely to the City, the Corporation is considered a blended component unit for financial reporting purposes and is reported as if it were part of the City's operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 financial information of the primary government and its component unit. Except for balances between governmental activities and business-type activities, 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 program 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 program and 2) operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. 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 proprietary funds are reported as separate columns in the fund financial statements. The City has two proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

The City has presented the following major governmental funds:

The G*eneral Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Economic Development Special Revenue Fund* accounts for the one-half cent Economic Development Sales tax and approved expenditures for providing parks and recreation facilities and infrastructure projects.

The *General Debt Service Fund* accounts for the accumulation of resources for the annual payment of general long-term debt principal and interest of governmental funds and to provide a reserve for such payment.

*2014 Economic Incentive Fund* accounts for the proceeds of the Series 2014 Texas Certificates of Obligation issued for financing the redevelopment of the Oak Woods subdivision and the development of the Dow Texas Innovation Center.

The City reports the following major proprietary funds:

The Enterprise Fund is used to account for the provision of water, sewer and sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility and sanitation customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

The Golf Course Operating Fund is used to account for the operations of the City's Wilderness Golf Course. Activities of the fund include administration, operations and maintenance of the Wilderness Golf Course. All costs are financed through charges for customer's use of the golf course and government capital contributions and transfers.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Fund and Golf Course Operating Fund are charges to customers for sales and services. The City also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system.

Operating expenses for the Enterprise Fund and the Golf Course Operating Fund includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", was issued June 2012. The statement was implemented and did have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2014.

GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", was issued January 2013. The statement was implemented and did not have a material effect on the financial statements of the City. This statement is effective for periods beginning after December 15, 2013.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees", was issued April 2013. The statement was implemented and did not have a material effect on the City's financial statements. This statement is effective for periods beginning after June 15, 2013.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68", was issued November 2013. The statement was implemented and did have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2014.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - continued

GASB No. 72, "Fair Value Measurement and Application" was issued February 2015. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City, however there will be additional disclosures related to Fair Values. This statement is effective for periods beginning after June 15, 2015.

GASB No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of Statements 67 and 68" was issued June 2015. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2016.

GASB No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" was issued June 2015. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2016.

GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was issued June 2015. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2017.

GASB No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" was issued June 2015. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2015.

GASB No. 77 "Tax Abatement Disclosures" was issued in August 2015. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. This statement is effective for periods beginning after December 15, 2015.

GASB No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" was issued in December 2015. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. This statement is effective for periods beginning after December 15, 2015.

GASB No. 79, "Certain External Investment Pools and Pool Participants" was issued in December 2015. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which is effective for reporting periods beginning after December 15, 2015.

GASB No. 80 "Blending Requirements for Certain Component Units and amendment of GASB No. 14" was issued in January 2016. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. This statement is effective for period beginning after June 15, 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data

All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund and includes requested appropriations for the next year. The proposed budget is presented to members of the City Council for review. The City Council holds budget workshops and may add to, subtract from, or change appropriations. A public hearing is held prior to adoption.

Once the budget is adopted, expenditures may not legally exceed total appropriations at the fund level without approval of a majority of the Council. Line item and department budgets may exceed appropriated amounts at the discretion of management as long as total expenditures for the fund do not exceed appropriated amounts. Revisions to the budget were made during the year. Appropriations not exercised in the current year lapse at the end of the year.

The City adopts annual budgets for all significant governmental fund types (general fund, special revenue funds, and debt service funds) and proprietary fund types (Enterprise Fund and Golf Course Operating Fund). The budgets for the capital projects funds are prepared on a project basis with costs being incurred over the project period.

The City prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General, Economic Development Special Revenue, Enterprise Fund and Golf Course Operating Fund to provide a meaningful comparison of actual results with the budget.

Governmental Fund Types:

1. Encumbrances which do not lapse at year-end are treated as budgeted expenditures in the year the commitment to purchase is made.

Proprietary Fund Type:

1. Encumbrances which do not lapse at year-end are treated as budgeted expenditures in the year the commitment to purchase is made.
2. Budgetary amounts do not include provisions for current adjustments in the following:
   1). Depreciation.
   2). Accrued interest on long-term debt.

The following reconciles the differences between the legally enacted budget basis and the GAAP basis of accounting for the year ended September 30, 2015:

Governmental Fund Types: There are no reconciling items for governmental fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - continued

Proprietary Fund Types:

| | Enterprise Fund |
|---|---|
| Change in net position - GAAP basis | $( 37,261) |
| Provisions for Current Adjustments To: | |
| Depreciation | 2,094,283 |
| Amortization of loss on refunding debt | 23,704 |
| Change in net position - budgetary basis | $ 2,080,726 |

| | Golf Course Operating Fund |
|---|---|
| Change in net position - GAAP basis | $( 136,595) |
| Provisions for Current Adjustments To: | |
| Depreciation | 219,442 |
| Change in net position - budgetary basis | $ 82,847 |

Encumbrances

Encumbrances represent commitments related to contracts not yet performed (executor contracts), and are used to control expenditures for the period and to enhance cash management. A City often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent any expenditure for the period, only a commitment to expend resources.

Prior to the end of the current period, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at the current period end, the City likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances - continued

If the City allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate. The city canceled all the open purchase orders at the end of fiscal year, therefore, the city had no outstanding encumbrances as of September 31, 2015.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and short-term investments with an original maturity date of three months or less. Temporary investments are stated at cost. State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

The City maintains a cash and investment pool that is available for use by all funds. Substantially all cash and/or investment transactions of the various funds are conducted through the general fund. During the year, these transactions are recorded in the participating funds due to/from accounts. At year-end, the cash and temporary investments, and investments are prorated to participating funds, thus eliminating related due to/from balances. Negative cash and temporary investments, and investment balances remain in that fund's due to/from accounts.

The City elected to implement GASB Statement No. 31 (GASB 31), *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* as of September 30, 1996. As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value, except for interest-earning investment contracts and external investment pools (See Note 3). In applying GASB 31, the City utilizes the following methods and assumptions as of September 30, 2015:

1. Fair value is based on quoted market prices as of the valuation date.

2. The portfolio did not hold investments in any of the following:
   a. Items required to be reported at amortized cost,
   b. Items in external pools that are not SEC-registered,
   c. Items subject to involuntary participation in an external pool,
   d. Items associated with a fund other than the fund to which the income is assigned;

3. Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General Fund to the extent its cash and investments' balance exceeds the cumulative value of those investments subject to GASB 31;

4. The gain/loss resulting from valuation is reported within the revenue account "investment income" on the Statement of Revenues, Expenditures and Changes in Fund Balances.

The City's policy is to hold investments until maturity, or until fair values equal or exceed cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The City had no advances between funds. All activity between funds was for short-term cash flow requirements. See Note 5 for additional discussion of interfund receivables, payables and transfers.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. No interest was capitalized during the year ended September 30, 2015.

Assets capitalized have an original cost of $ 5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 20-50 Years |
| Infrastructure | 20-40 Years |
| Furniture, equipment and vehicles | 5-10 Years |
| Improvements other than buildings | 10-25 Years |

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the City is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the City, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on August 1, 2014, upon which the levy for the 2014-15 fiscal year was based, was $ 1,496,958,230. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2015, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were $ 0.240778 and $ 0.146722 per $ 100 valuation, respectively, for a total of $ 0.3875 per $ 100 valuation.

Current tax collections for the year ended September 30, 2015, were 99.74% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2015, property taxes receivable, net of estimated uncollectible taxes, totaled $ 25,390 and $ 17,539 for the general and debt service funds, respectively.

Compensated Absences

The City's vacation policy provides that employees are credited with vacation at rates of from 12 to 20 days each calendar year, depending on their length of employment by the City. Employees may accumulate and carry over up to 10 days of vacation to the next calendar year and may sell back accumulated vacation days after having used 6 days during the calendar year. Upon termination, employees are paid for all days of unused accumulated vacation.

The City's sick leave policy provides that employees are credited with sick leave at the rate of 12 days each calendar year. Employees may accumulate up to 90 sick days, however, upon termination, employees are not eligible for payment of accumulated sick days.

The estimated liabilities include required salary related payments. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences – Continued

As of September 30, 2015, there is no maturing compensated absences payable in the General Fund. Accrued compensated absences reported in the Enterprise Fund at September 30, 2015 totaled $ 149,145.

Pension Plans

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

Inventories

The City employs the consumption method of accounting for inventory. Inventories are valued at cost using the first-in first-out method. Purchases are recorded at cost as inventory when purchased, and then charged out as expenditures when used. The reserve for inventory has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. Inventory at September 30, 2015, consisted of the following:

| | Governmental Activities | Business Type Activities |
|---|---|---|
| Supplies | $ 67,387 | $ |
| Supplies held for resale | 33,085 | 27,198 |
| | $ 100,472 | $ 27,198 |

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

The City Council of Members meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The City's unassigned General Fund Balance is maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the City Council. Fund balance of the City may be committed for a specific source by formal action of the City Council. Amendments or modifications of the committed fund balance must also be approved by formal action by the City Council. When it is appropriate for fund balance to be assigned, the City Council delegates authority to the City Manager or the Finance Director. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

Beginning with fiscal 2011, the City implemented GASB Statement No. 54, "Fund Balance, Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on government's fund balance more transparent. The following classifications describe the relative strength of spending constraints:

Non-spendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned Fund Balance - Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, or by an official to whom that authority has been given.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following schedule presents details of fund balance components at September 30, 2015:

| | General Fund | Economic Development Fund | General Debt Service Fund | 2014 Economic Incentive Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Fund Balances: | | | | | | |
| Non-spendable: | | | | | | |
| Inventory | $ 100,472 | $ | $ | $ | $ | $ 100,472 |
| Restricted: | | | | | | |
| Debt service | | | 705,373 | | 9,303 | 714,676 |
| Capital projects | | | | 5,504,299 | 4,006,225 | 9,510,524 |
| Economic development | | 2,519,353 | | | | 2,519,353 |
| Program education | | | | | 281,104 | 281,104 |
| Encourage tourism | | | | | 49,798 | 49,798 |
| Law enforcement | | | | | 70,847 | 70,847 |
| Committed: | | | | | | |
| Contingencies | 903,264 | | | | | 903,264 |
| Assigned: | | | | | | |
| General construction | | | | | 2,102,001 | 2,102,001 |
| Unemployment insurance | 144,302 | | | | | 144,302 |
| Equipment replacement | 6,193,352 | | | | | 6,193,352 |
| Special events | 32,652 | | | | | 32,652 |
| Park improvement | 172,762 | | | | | 172,762 |
| Unassigned | 7,480,835 | | | | | 7,480,835 |
| Total fund balances | $ 15,027,639 | $ 2,519,353 | $ 705,373 | $ 5,504,299 | $ 6,519,278 | $ 30,275,942 |

In accordance with City Resolution 11-624, the City committed the total fund balance of General Contingency Fund, a sub fund of the General Fund, for emergency use and in the event purchases cannot be accommodated through current year savings. The City Council delegates authority to the City Manager or the Finance Director to assign funds, when it is appropriate. By establishing a sub fund of the General Fund, the city manager has assigned balances in these sub funds for the purposes of purchasing new and replacement equipment, paying unemployment claims, conducting or hosting special events and making Park improvements. No additional sub funds were established in the current fiscal year.

Net Position - Net position represents the differences between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Restricted net position, as presented in the government-wide Statement of Net Position, are reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following schedule presents details of net position balance components at September 30, 2015:

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Net Position: | | | |
| Net investment in capital assets | $ 33,652,498 | $ 25,714,257 | $ 59,366,755 |
| Restricted: | | | |
| Debt service | 765,299 | | 765,299 |
| Economic development | 2,519,353 | | 2,519,353 |
| Program education | 281,104 | | 281,104 |
| Encourage tourism | 49,798 | | 49,798 |
| Law enforcement | 70,847 | | 70,847 |
| Revenue bond retirement | | 1,675,881 | 1,675,881 |
| Construction | | 2,684,987 | 2,684,987 |
| Unrestricted | 15,824,959 | 2,789,247 | 18,614,206 |
| Total net position | $ 53,163,858 | $ 32,864,372 | $ 86,028,230 |

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2015, the City implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”, and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB No. 68”. GASB Statement No. 68 establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. GASB Statement 71, amendment of GASB Statement No. 68, addresses the issue regarding application of the transition provisions. It requires a government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government’s reporting period, it requires that the government recognize its contribution as a deferred outflow of resources. The following represents the retroactive restatement of net position as a result of implementation of GASB Statements No. 68 and 71 and prior period adjustment as noted above:

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Net position, September 30, previously reported | $ 50,752,793 | $ 33,229,992 | $ 83,982,785 |
| Addition of outflows of resources – subsequent pension contributions | 781,650 | 209,838 | 991,488 |
| Addition of net pension obligation | ( 1,848,349) | ( 401,602) | ( 2,249,951) |
| Total | $ 49,686,094 | $ 33,038,228 | $ 82,724,322 |

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT - Continued

Information was not available to restate the September 30, 2013 net position or the changes in net position for the year ended September 30, 2014, therefore, the MD&A presentation does not report comparative statements for the year ended September 30, 2014. Further, this change in accounting principle had no effect on governmental fund fund balance or changes in fund balance.

NOTE 3 - DEPOSITS, INVESTMENTS AND DERIVATIVES

The City classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased it has maturity of three months or less. Cash and temporary investments, and investments, as reported on the government-wide Statement of Net Position at September 30, 2015, are as follows:

| | Unrestricted | Restricted | Total |
|---|---|---|---|
| Cash and Cash Equivalents: | | | |
| Cash (petty cash accounts) | $ 11,209 | $ | $ 11,209 |
| Financial Institution Deposits: | | | |
| Demand deposits | 9,741,891 | 1,733,048 | 11,474,939 |
| Local Government Investment Pools: | | | |
| Texpool | 5,533,211 | 984,338 | 6,517,549 |
| Lone Star Investment Pool | 6,525,300 | 1,160,828 | 7,686,128 |
| TexSTAR | 10,560,040 | 1,878,593 | 12,438,633 |
| | $ 32,371,651 | $ 5,756,807 | $ 38,128,458 |
| Investments: | | | |
| Financial Institution Deposits: | | | |
| Certificates of deposit | $ 399,000 | $ | $ 399,000 |
| | $ 399,000 | $ -0- | $ 399,000 |

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. The City requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

NOTE 3 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Deposits - Continued

Under Texas state law, a bank serving as the depository must have a bond or in lieu thereof, deposited or pledged securities (or other security) with the City or an independent third party agent, an amount equal to the highest daily balance of all deposits the City may have during the term of the depository contract, less any applicable FDIC insurance.

At September 30, 2015, in addition to petty cash of $ 11,209, the carrying amount of the City's cash, savings, and time deposits was $ 11,873,939. The financial institutions balances were $ 12,076,137 at September 30, 2015. Bank balances of $ 719,707 were covered by federal depository insurance, and $ 11,356,430 was covered by collateral pledged in the City's name. The pledged collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the investment policy, which is approved by the Council. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the City will deposit funds is addressed. The City's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The City's management believes it complied with the requirements of the PFIA and the City's investment policy.

The City's Investment Officer submits an investment report each quarter to the Council. The report details the investment positions of the City and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of the United States, or its agencies and instrumentalities, and government sponsored enterprises; and have a maximum stated maturity of five (5) years or less;
2. Certificates of deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations that are described in Section 2256.009 (a) of the Government Code;

NOTE 3 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

3. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities. These shall be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. A masters repurchase agreement must be signed by the bank/dealer prior to investment in a repurchase agreement;
4. No load money market mutual funds that are registered and regulated by the Securities and Exchange Commission, with a dollar weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of $1 for each share. Money market mutual funds must provide the City with a prospectus and other information required by the Securities and Exchange Act of 1934 (Section 2256.014 (a) Government Code);
5. Local government investment pools that have been authorized by the governing body by rule, ordinance or resolution. The investment pool must maintain a rating no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized rating agency; and
6. Interest bearing checking accounts at the City's banking services provider.

The City participates in three Local Government Investment Pools (LGIP): TexPool, Lone Star Investment Pool, and TexSTAR. The State Comptroller oversees TexPool and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over Lone Star investment Pool and TexSTAR, advisory boards consisting of participants or their designees, maintains oversight responsibility for Lone Star and TexSTAR.

The City invests in TexPool, Lone Star Investment Pool, and TexSTAR to provide its liquidity needs. TexPool, Lone Star Investment Pool, and TexSTAR are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool, Lone Star Investment Pool, and TexSTAR are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of $ 1.00, although this cannot be fully guaranteed. TexPool, Lone Star Investment Pool, and TexSTAR are rated AAAm and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At September 30, 2015 TexPool, Lone Star investment Pool, and TexSTAR, had a weighted average maturity of 39 days, 27 days, and 53 days, respectively. Although TexPool, Lone Star Investment Pool, and TexSTAR portfolios had a weighted average maturity of 39 days, 27 days, and 53 days, respectively, the City considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The City is invested in certificates of deposit at four different local financial institutions for diversification. All of the City's 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.

NOTE 3 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

The following table includes the portfolio balances of all investment types of the City at September 30, 2015.

| | Maturity Date | Rate % | Weighted Average Maturity (Days) | Fair Value |
|---|---|---|---|---|
| Investments: | | | | |
| Local Government Investment Pools: | | | | |
| Texpool | N/A | Varies daily | 39 | $ 6,517,549 |
| Lone Star Investment Pool | N/A | Varies daily | 27 | 7,686,128 |
| TexSTAR | N/A | Varies daily | 53 | 12,438,633 |
| Total local government investment pools | | | 41 | 26,642,310 |
| Certificate of deposit | 06-19-16 | 0.450% | 263 | 100,000 |
| Certificate of deposit | 02-13-16 | 0.300% | 136 | 99,000 |
| Certificate of deposit | 02-28-16 | 0.548% | 151 | 100,000 |
| Certificate of deposit | 02-04-16 | 0.600% | 127 | 100,000 |
| Total certificates of deposit | | | 3 | 399,000 |
| Total investments | | | 40 | $ 27,041,310 |

Credit Risk - As of September 30, 2015, the LGIP's (which represent approximately 98.52% of the portfolio are rated AAAm by Standard and Poor's, while the certificates of deposits (1.48% of the portfolio) are fully insured.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the City's cash flow requirements.

Derivatives

Interest in derivative products has increased in recent years. Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The City made no direct investments in derivatives during the year ended September 30, 2015, and holds no direct investments in derivatives at September 30, 2015.

## NOTE 4 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND UNEARNED REVENUE

### Government Funds

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue). As of September 30, 2015, the following components of deferred inflows of resources/unearned revenue were reported in the governmental funds:

| | Deferred Inflows of Resources | Unearned Revenue |
|---|---|---|
| Delinquent property taxes receivable (general fund) | $ 25,445 | $ |
| Delinquent property taxes receivable (debt service fund) | 17,484 | |
| Donation received for dog park project | | 20,000 |
| Recreation memberships and deposits | | 80,829 |
| Total | $ 42,929 | $ 100,829 |

### Governmental and Business-Type Activities

Governmental and business-type activities defer the recognition of pension expense for contributions made from the measurement date to the current year-end of September 30, 2015 and report these as deferred outflows of resources. Governmental and business-type activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental and business-type activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue). As of September 30, 2015, the various components of deferred inflows and outflows of resources reported in the governmental and business-type activities were as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Governmental Activities | | |
| Debt refunding loss | $ 68,223 | $ |
| TMRS deferred inflows and outflows of resources less current amortization | 296,157 | 370,295 |
| TESRS deferred inflows of resources less current amortization | | 44,203 |
| Pension contributions subsequent to the measurement date | 815,434 | |
| Totals | $ 1,179,814 | $ 414,498 |
| Business-Type Activities | | |
| Debt refunding loss | $ 108,821 | $ |
| Gain on capital lease | | 10,125 |
| TMRS deferred inflows and outflows of resources less current amortization | 79,486 | 99,384 |
| Pension contributions subsequent to the measurement date | 199,210 | |
| Totals | $ 387,517 | $ 109,509 |

## NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ended September 30, 2015 consisted of the following individual fund transfers in and transfers out.

| | Transfers In | | | | |
|---|---|---|---|---|---|
| | Governmental Funds | | Proprietary Funds | | |
| Transfers Out | General Fund | Non-major Governmental Funds | Enterprise Funds | Golf Course Fund | Total |
| Governmental Funds: | | | | | |
| General Fund | $ | $ 1,000,000 | $ 482,633 | $ 100,000 | $ 1,582,633 |
| Economic development | 350,000 | 2,022,867 | | 300,000 | 2,672,867 |
| Non-major governmental | 64,654 | | | | 64,654 |
| Proprietary Funds: | | | | | |
| Enterprise | 1,208,685 | | | | 1,208,685 |
| | $ 1,623,339 | $ 3,022,867 | $ 482,633 | $ 400,000 | $ 5,528,839 |

These transfers were approved by the City Council as transfers of operational funds to cover planned expenditures/expenses.

## NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

| | Balance 10/01/14 | Additions | Retirements & Transfers | Balance 09/30/15 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 2,397,003 | $ | $ | $ 2,397,003 |
| Construction in progress | 6,010,552 | 2,357,923 | 6,621,780 | 1,746,695 |
| Total capital assets, not being depreciated | 8,407,555 | 2,357,923 | 6,621,780 | 4,143,698 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 26,202,247 | 3,872,258 | | 30,074,505 |
| Improvements | 16,747,749 | 141,575 | 13,144 | 16,876,180 |
| Equipment | 13,533,686 | 866,929 | 2,241,412 | 12,159,203 |
| Infrastructure | 83,571,904 | 2,510,862 | | 86,082,766 |
| Total capital assets, being depreciated | 140,055,586 | 7,391,624 | 2,254,556 | 145,192,654 |
| Less Accumulated Depreciation For: | | | | |
| Buildings | 11,677,222 | 641,102 | | 12,318,324 |
| Improvements | 8,999,272 | 449,728 | 9,090 | 9,439,910 |
| Equipment | 9,389,315 | 791,565 | 2,171,387 | 8,009,493 |
| Infrastructure | 61,337,517 | 1,802,941 | | 63,140,458 |
| Total accumulated depreciation | 91,403,326 | 3,685,336 | 2,180,477 | 92,908,185 |
| Total capital assets, being depreciated, net | 48,652,260 | 3,706,288 | 74,079 | 52,284,469 |
| Governmental activities capital assets, net | $ 57,059,815 | $ 6,064,211 | $ 6,695,859 | $ 56,428,167 |

NOTE 6 - CAPITAL ASSETS - Continued

| | Balance 10/01/14 | Additions | Retirements & Transfers | Balance 09/30/15 |
|---|---|---|---|---|
| Business-type Activities (Utility Fund): | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in progress | $ 359,506 | $ 644,034 | $ 656,057 | $ 347,483 |
| Total capital assets, not being depreciated | 359,506 | 644,034 | 656,057 | 347,483 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 5,399,947 | | | 5,399,947 |
| Improvements other than buildings | 31,795,315 | 656,058 | | 32,451,373 |
| Equipment | 7,023,311 | 382,633 | 93,636 | 7,312,308 |
| Infrastructure | 19,295,948 | | | 19,295,948 |
| Total capital assets, being depreciated | 63,514,521 | 1,038,691 | 93,636 | 64,459,576 |
| Less Accumulated Depreciation: | | | | |
| Buildings | 4,305,953 | 132,533 | | 4,438,486 |
| Improvements other than buildings | 18,380,489 | 893,596 | | 19,274,085 |
| Equipment | 5,020,676 | 418,829 | 82,872 | 5,356,633 |
| Infrastructure | 6,801,140 | 649,325 | | 7,450,465 |
| Total accumulated depreciation | 34,508,258 | 2,094,283 | 82,872 | 36,519,669 |
| Total capital assets, being depreciated, net | 29,006,263 | ( 1,055,592) | 10,764 | 27,939,907 |
| Business-type activities capital assets, net | $ 29,365,769 | $( 411,558) | $ 666,821 | $ 28,287,390 |

| | Balance 10/01/14 | Additions | Retirements & Transfers | Balance 09/30/15 |
|---|---|---|---|---|
| Business-type Activities (Golf Course Fund): | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 3,821,585 | $ | $ | $ 3,821,585 |
| Total capital assets, not being depreciated | 3,821,585 | -0- | -0- | 3,821,585 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 1,222,546 | | | 1,222,546 |
| Improvements other than buildings | 3,089,069 | 27,012 | | 3,116,081 |
| Equipment | 811,524 | 11,886 | | 823,410 |
| Total capital assets, being depreciated | 5,123,139 | 38,898 | -0- | 5,162,037 |

(continued)

NOTE 6- CAPITAL ASSETS - Continued

| | Balance 10/01/14 | Additions | Retirements & Transfers | Balance 09/30/15 |
|---|---|---|---|---|
| Less Accumulated Depreciation: | | | | |
| Buildings | $ 646,888 | $ 60,595 | $ | $ 707,483 |
| Improvements other than buildings | 1,593,866 | 158,205 | | 1,752,071 |
| Equipment | 592,861 | 642 | | 593,503 |
| Total accumulated depreciation | 2,833,615 | 219,442 | -0- | 3,053,057 |
| Total capital assets, being depreciated, net | 2,289,524 | ( 180,544) | -0- | 2,108,980 |
| Business-type activities capital assets, net | $ 6,111,109 | $( 180,544) | $ -0- | $ 5,930,565 |

| | Balance 10/01/14 | Adjustments/ Additions | Retirements | Balance 09/30/15 |
|---|---|---|---|---|
| Business-type Activities (Combined): | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 3,821,585 | $ | $ | $ 3,821,585 |
| Construction in progress | 359,506 | 644,034 | 656,057 | 347,483 |
| Total capital assets, not being depreciated | 4,181,091 | 644,034 | 656,057 | 4,169,068 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 6,622,493 | | | 6,622,493 |
| Improvements other than buildings | 34,884,384 | 683,070 | | 35,567,454 |
| Equipment | 7,834,835 | 394,519 | 93,636 | 8,135,718 |
| Infrastructure | 19,295,948 | | | 19,295,948 |
| Total capital assets, being depreciated | 68,637,660 | 1,077,589 | 93,636 | 69,621,613 |
| Less Accumulated Depreciation: | | | | |
| Buildings | 4,952,841 | 193,128 | | 5,145,969 |
| Improvements other than buildings | 19,974,355 | 1,051,801 | | 21,026,156 |
| Equipment | 5,613,537 | 419,471 | 82,872 | 5,950,136 |
| Infrastructure | 6,801,140 | 649,325 | | 7,450,465 |
| Total accumulated depreciation | 37,341,873 | 2,313,725 | 82,872 | 39,572,726 |
| Total capital assets, being depreciated, net | 31,295,787 | ( 1,236,136) | 10,764 | 30,048,887 |
| Business-type activities capital assets, net | $ 35,476,878 | $( 592,102) | $ 666,821 | $ 34,217,955 |

NOTE 6 - CAPITAL ASSETS - Continued

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

Governmental Activities:

| | |
|---|---|
| General government | $ 283,413 |
| Public safety | 684,575 |
| Public works, including depreciation of infrastructure | 1,914,720 |
| Culture and recreation | 802,628 |
| Total depreciation expense-governmental activities | $ 3,685,336 |

Business-type Activities:

| | |
|---|---|
| Water and sewer | $ 1,779,844 |
| Sanitation | 314,439 |
| Golf course | 219,442 |
| Total depreciation expense-business-type activities | $ 2,313,725 |

Governmental Fund Construction Commitments

The City has entered into contracts for construction as of September 30, 2015, as follows:

| | Project Authorization | Expended to Date | Commitment |
|---|---|---|---|
| Downtown Revitalization | $ 524,959 | $ | $ 524,959 |
| S. Parking Place D/W Revitalization | 16,168 | | 16,168 |
| Recreation Center AHU replacement | 171,380 | 169,171 | 2,209 |
| Plantation Dr. /Loganberry & Oleander Crossing | 185,361 | | 185,361 |
| ADA Ramp Improvements | 42,810 | | 42,810 |
| Total | $ 940,678 | $ 169,171 | $ 771,507 |

Proprietary Fund Construction Commitments

The City has entered into contracts for construction as of September 30, 2015 as follows:

| | Project Authorization | Expended to Date | Commitment |
|---|---|---|---|
| North Sewer Services | $ 363,600 | $ | $ 363,600 |
| North Water Services | 2,116,069 | 112,000 | 2,004,069 |
| Total | $ 2,479,669 | $ 112,000 | $ 2,367,669 |

## NOTE 7 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

### Taxes

Ad valorem taxes receivable are reserved based on historical experience and evaluation of collectivity as the lesser of a percentage of the original levy and the current receivable for each levy year. The following is a summary of the allowance for uncollectible taxes by fund:

| | |
|---|---|
| General Fund | $ 24,102 |
| Debt Service Fund | 15,479 |
| Total | $ 39,581 |

### Customer Receivables

The allowance for uncollectible receivables related to City services is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The allowance for uncollectible receivables for the year ended September 30, 2015, was $ 48,170.

### Special Assessments

The special assessments against property owners for capital improvements were financed with currently available resources of the capital projects funds. As only special assessments received are considered both measurable and available, the balance of the special assessment is recorded as unearned revenue. The allowance for uncollectible special assessment receivables related to special assessments against property owners for capital improvements in prior years is determined based on historical experience and evaluation of collectability in relation to aging of the special assessments. The City has recorded an allowance of $ 75,319 for the year ended September 30, 2015.

### Judicial Receivables

Municipal Court Receivables - Municipal court receivables are reported in the governmental activities statements of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to municipal court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The allowance for uncollectible receivables for the year ended September 30, 2015, was $ 835,547.

## NOTE 8 - LONG-TERM DEBT

### General Obligation Bonds\Certificates of Obligation

In May 2003, the City advance refunded the remaining City of Lake Jackson, Texas, General Obligation Bonds, Series 1989 and Series 1993, for $ 1,750,000 and $ 770,000 respectfully. The City issued $ 2,615,000 of limited tax refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's accounts. This advance refunding was undertaken to reduce total debt service payments over the next ten years by $ 239,054 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $ 205,745. These defeased bonds were called prior to September 30, 2003; therefore, there are no outstanding bonds that are considered to be defeased.

NOTE 8 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

On May 16, 2007, the City issued City of Lake Jackson, Texas, Limited Tax Bonds, Series 2007, in the amount of $ 5,300,000 for financing the construction of the municipal court, emergency operation and dispatch center, and street and drainage improvements in the Brazos Oaks subdivision. The Bonds were authorized at an election held May 7, 2005.

On March 3, 2009, the City issued City of Lake Jackson, Texas, Limited Tax Bonds, Series 2009, in the amount of $ 2,400,000 for financing street reconstruction, and water and sewer repairs on Jasmine, Winding Way and the remaining stretch of Oak Drive. The Bonds were authorized at an election held May 7, 2005.

On May 12, 2009, the City refunded the remaining City of Lake Jackson, Texas, Combination Tax and Revenue Certificates of Obligation Series 1996, Certificates of Obligation Series 1997, General Obligation Bonds Series 1997, and General Obligation Bonds Series 1999, for $ 2,920,000, $ 900,000, $ 1,000,000, and $ 2,025,000 respectfully. The City issued $ 6,845,000 of limited tax refunding bonds to provide resources to provide full payment of the debt and the liability has been removed from the City's accounts. This refunding was undertaken to reduce total debt service payments over the next ten years by $ 426,192 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $ 360,046.

In December 2009, the City issued city of Lake Jackson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2009, in the amount of $ 5,000,000 for phase 2 of Downtown revitalization project.

In July 2010, the City issued City of Lake Jackson, Texas, Limited Tax Bonds, Series 2010, in the amount of $ 3,000,000 for drainage projects and arterial street spot repairs.

On October 18, 2011, the City sold $ 7,360,000 of Limited Tax Refunding Bonds, Series 2011. The net proceeds of $ 8,015,573 along with $ 97,731 from the general fund, a total of $ 8,113,304, were placed in escrow for the defeasement of the City of Lake Jackson, Texas, General Obligation Bond, Series 2001; the Limited Tax Bond, Series 2002; the Certificates of Obligation, Series 2002A; and the Certificates of Obligation, Series 2003 (Golf Course) bonds, for $ 1,800,000, $ 3,650,000, $ 1,620,000, and $ 660,000 respectfully. These refunding bonds were issued for the purpose of generating resources and decreasing the total debt service payments. This refunding issue defeased the bond issuances noted above. All future debt service payments on the original bonds were provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's basic financial statements. The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was a decrease of $ 925,425. The economic gain resulting from the transaction was $ 781,257. The liability for the defeased bonds was paid off during the year ended September 30, 2013.

NOTE 8 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

On June 4, 2013, the City issued City of Lake Jackson, Texas Certificates of Obligation, Series 2013 in the amount of $ 2,000,000 for financing the completion of phase III of the downtown plan – South Parking Place.

On June 4, 2013, the City issued City of Lake Jackson, Texas, Limited Tax Bonds, Series 2013, in the amount of $ 4,000,000 for financing the replacement of streets and associated water, sewer and sidewalks. The Bonds were authorized at an election held in May, 2010.

On October 15, 2013, the City issued City of Lake Jackson, Texas Certificates of Obligation, Series 2013A in the amount of $ 1,500,000 for financing the extension of water to the airport.

On November 4, 2014, the City issued City of Lake Jackson, Texas Certificates of Obligation, Series 2014 in the amount of $ 5,500,000 for financing the economic incentives for the Dow Chemical and HEB projects (offsite infrastructure).

General obligation bonds and certificates of obligation payable for governmental activities at September 30, 2015, are summarized as follows:

| | | Series Dates | | | Bonds |
|---|---|---|---|---|---|
| | Interest Rates % | Issued | Maturity | Callable | Outstanding 09/30/15 |
| Limited Tax Bond Series 2004 | 3.30 - 4.20 | 2004 | 2024 | 2013 | $ 1,620,000 |
| Limited Tax Bond Series 2007 | 3.875 – 4.00 | 2007 | 2027 | 2017 | 3,180,000 |
| Limited Tax Bond Series 2009 | 3.75 – 5.25 | 2009 | 2029 | 2018 | 1,680,000 |
| Limited Tax Refunding Series 2009 | 3.875 - 4.00 | 2009 | 2019 | N/A | 1,675,000 |
| Certificates of Obligation Series 2009 | 3.50 - 5.00 | 2010 | 2030 | 2019 | 3,750,000 |
| Limited Tax Series 2010 | 3.50 - 5.00 | 2010 | 2030 | 2020 | 2,250,000 |
| Limited Tax Refunding Series 2011 | 2.00 - 4.00 | 2011 | 2023 | 2020 | 5,405,000 |
| Limited Tax Refunding Series 2013 | 1.50 - 3.00 | 2013 | 2033 | 2023 | 3,600,000 |
| Certificate of Obligation Series 2013 | 2.00 - 3.00 | 2013 | 2033 | 2023 | 1,800,000 |
| Certificate of Obligation Series 2013A | 2.00 - 3.00 | 2013 | 2023 | 2021 | 1,200,000 |
| Certificate of Obligation Series 2014 | 2.00 - 3.00 | 2014 | 2024 | 2022 | 5,225,000 |
| Total | | | | | $ 31,385,000 |

NOTE 8 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

General obligation bond transactions for the year ended September 30, 2015, were as follows:

| | |
|---|---|
| Bonds outstanding, October 1 | $ 29,035,000 |
| Issued | 5,500,000 |
| Maturities | ( 3,150,000) |
| Bonds outstanding, September 30 | $ 31,385,000 |

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than two percent of the principal of the outstanding bonds or the amount to pay current principal, whichever is greater. For the year ended September 30, 2015, the amount of ad valorem taxes collected for interest and sinking was $ 2,202,155. The debt service requirements for principal and interest were $ 4,313,523. In addition, $ 2,022,867 was transferred to the debt service funds. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The following is a summary of general obligation bond requirements for governmental activities by year as of September 30, 2015:

| Year Ending September 30, | Principal | Interest | Total Requirements |
|---|---|---|---|
| 2016 | $ 3,100,000 | $ 1,002,102 | $ 4,102,102 |
| 2017 | 3,100,000 | 906,508 | 4,006,508 |
| 2018 | 2,730,000 | 810,788 | 3,540,788 |
| 2019 | 2,495,000 | 722,906 | 3,217,906 |
| 2020 | 2,435,000 | 639,051 | 3,074,051 |
| 2021-2025 | 9,640,000 | 2,061,169 | 11,701,169 |
| 2026-2030 | 5,885,000 | 797,512 | 6,682,512 |
| 2031-2034 | 2,000,000 | 116,125 | 2,116,125 |
| Total | $ 31,385,000 | $ 7,056,161 | $ 38,441,161 |

Revenue Bonds Payable

On May 1, 2007, the City issued City of Lake Jackson, Texas, Waterworks and Sewer System Revenue bonds, Series 2007, in the amount of $ 2,000,000 for financing repairs on lift stations and sewer lines.

In December 2009, the City issued City of Lake Jackson, Texas, Waterworks and Sewer System Revenue Bonds, Series 2009, in the amount of $ 1,680,000 for proceeds to fund three water wells.

In December 2009, the City refunded the remaining of Revenue Bonds, Series 1993A and Revenue Bonds, Series 1996 for $ 220,000 and $600,000 respectively. The City issued $ 860,000 of Waterworks and Sewer System Revenue Refunding Bonds, Series 2009 to provide resources to provide full payment of the debt and the liability has been removed from the City's accounts. This refunding was undertaken to reduce total debt services payment over next six years by $ 42,233 and to obtain an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of $ 38,608.

NOTE 8 - LONG-TERM DEBT – Continued

Revenue Bonds Payable - Continued

In May 2010, the City refunded the remaining of Revenue Bonds, Series 2000 for $ 8,800,000. The City issued $ 9,600,000 of Waterworks and Sewer System Revenue Refunding Bonds, Series 2010 to provide resources to provide full payment of the debt and the liability has been removed from the City's accounts. This refunding was undertaken to reduce total debt services payment over next ten years by $ 553,269 and to obtain an economic gain (difference between the present value of one debt service payment of the refunded and refunding bonds) of $ 463,714.

On June 4, 2013, the City issued City of Lake Jackson, Texas, Waterworks and Sewer System Revenue bonds, Series 2013 in the amount of $ 2,000,000 for the funding of the Northwest water system expansion, sewer line replacements, local lift station renovations, and repair and repainting of the Dow water tower.

Revenue bonds payable for business-type activities at September 30, 2015, are summarized as follows:

| | Interest Rates % | Series Dates Issued | Series Dates Maturity | Series Dates Callable | Bonds Outstanding 09/30/15 |
|---|---|---|---|---|---|
| Revenue Bonds Series 2007 | 4.00 - 5.00 | 2007 | 2027 | 2017 | $ 1,200,000 |
| Revenue Bonds - Series 2009 | 3.50 - 4.50 | 2009 | 2030 | 2018 | 1,265,000 |
| Revenue Bonds Refunding - Series 2009 | 2.00 - 3.00 | 2009 | 2016 | N/A | 95,000 |
| Revenue Bonds Refunding - Series 2010 | 2.00 - 4.00 | 2010 | 2021 | N/A | 4,600,000 |
| Revenue Bonds - Series 2013 | 2.50 - 3.00 | 2013 | 2033 | 2022 | 1,800,000 |
| Total | | | | | $ 8,960,000 |

Revenue bond transactions for the year ended September 30, 2015 were as follows:

| | |
|---|---|
| Bonds outstanding, October 1 | $ 10,145,000 |
| Maturities | ( 1,185,000) |
| Bonds outstanding, September 30 | $ 8,960,000 |

The bond ordinances require that amounts sufficient to pay the next scheduled principal and interest payment be paid into a sinking account in equal monthly installments. At September 30, 2015, the required balance in the sinking fund was $ 662,067. Additionally, bond ordinances require a Reserve Fund in an amount equal to the succeeding fiscal year's interest and principal payment be accumulated and maintained. This fund is to be accumulated within sixty-one months from the date additional bonds are issued. At September 30, 2015, the required balance in the reserve fund was $ 1,486,875. At September 30, 2015, the balance in the City's reserve/sinking accounts designated for interest and sinking totaled $ 854,009; and the designated amount for the reserve totaled $ 1,486,875. The total account balance of $ 2,340,884 is sufficient to cover the combined reserve and sinking requirement of $ 2,148,942.

NOTE 8 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

The bond ordinances require that before new revenue bonds can be issued, the net earnings of the system for the last fiscal year, or for any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the ordinance authorizing the issuance of such additional bonds, were at least 1.25 times the average annual principal and interest requirements for all then outstanding parity bonds and for the series of additional bonds then proposed to be issued.

The following is a summary of revenue bond requirements for business-type activities by year as of September 30, 2015:

| Year Ending September 30, | Principal | Interest | Total Requirements |
|---|---|---|---|
| 2016 | $ 1,165,000 | $ 321,875 | $ 1,486,875 |
| 2017 | 1,055,000 | 286,000 | 1,341,000 |
| 2018 | 1,050,000 | 253,425 | 1,303,425 |
| 2019 | 1,050,000 | 213,350 | 1,263,350 |
| 2020 | 1,045,000 | 172,850 | 1,217,850 |
| 2021-2025 | 2,180,000 | 438,563 | 2,618,563 |
| 2026-2030 | 1,115,000 | 157,137 | 1,272,137 |
| 2031-2033 | 300,000 | 18,000 | 318,000 |
| Total | $ 8,960,000 | $ 1,861,200 | $ 10,821,200 |

Capital Leases

During the year ended September 30, 2007, the City purchased golf course machinery and equipment under capital leases, with effective interest rates of 5.35% to 7.21%. During the fiscal year ended September 30, 2008, the City purchased golf course machinery and equipment under capital lease, with an effective interest rate of 2.972%. Current requirements for principal and interest expenditures accounted for in the Golf Course Operating Fund were $ 222,972 and $ 6,044, respectively. However, the City only paid principal and interest expenditures of $ 104,000 and $ 1,452, respectively. The rest of the capital lease payments of $ 118,871 were cancelled and the cancelled balance was recorded as deferred inflows of resources and will be accreted over the life of the new operating lease. Accretion amount for the current year was $ 30,376.

The following is the accretion schedule over the remaining life of the capital lease:

| | |
|---|---|
| 2016 | $ 10,125 |
| Total | $ 10,125 |

NOTE 8 - LONG-TERM DEBT - Continued

Changes in Outstanding Debt

Transactions for the year ended September 30, 2015, are summarized as follows:

| | Balance 10-01-14 | Additions | Reductions | Balance 09-30-15 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental Type Activities: | | | | | |
| Certificates of obligation bonds | $ 7,250,000 | $ 5,500,000 | $ 775,000 | $ 11,975,000 | $ 775,000 |
| Limited tax bonds | 21,785,000 | | 2,375,000 | 19,410,000 | 2,325,000 |
| Components of Bonded Debt: | | | | | |
| Premiums on bonds | 921,338 | 83,600 | 103,745 | 901,193 | 103,919 |
| Accrued interest payable | 40,989 | 43,045 | 40,989 | 43,045 | 43,045 |
| Net pension liability | 2,555,757 | 4,322,064 | 4,927,716 | 1,950,105 | 195,011 |
| Compensated absences | 561,085 | 450,756 | 429,290 | 582,551 | 457,517 |
| Total governmental activities | 33,114,169 | 10,399,465 | 8,651,740 | 34,861,894 | 3,899,492 |
| Business-Type Activities: | | | | | |
| Revenue bonds | 10,145,000 | | 1,185,000 | 8,960,000 | 1,165,000 |
| Components of Bonded Debt: | | | | | |
| Premium on bonds | 192,473 | | 23,102 | 169,371 | 23,102 |
| Accrued interest payable | 163,064 | 148,151 | 163,064 | 148,151 | 148,151 |
| Net pension liability | 597,024 | 1,159,433 | 1,295,835 | 460,622 | 46,062 |
| Compensated absences | 147,067 | 101,812 | 99,734 | 149,145 | 102,861 |
| Total business-type activities | 11,244,628 | 1,409,396 | 2,766,735 | 9,887,289 | 1,485,176 |
| Less Portion Payable from Restricted Assets: | | | | | |
| Revenue bonds payable | 493,750 | | | 493,750 | 493,750 |
| Premium on bonds | 23,102 | 23,102 | 23,102 | 23,102 | 23,102 |
| Accrued interest payable | 163,064 | 148,151 | 163,064 | 148,151 | 148,151 |
| Net business-type activities | 10,564,712 | 1,238,143 | 2,580,569 | 9,222,286 | 820,173 |
| Total government (net) | $ 43,678,881 | $ 11,637,608 | $ 11,232,309 | $ 44,084,180 | $ 4,719,665 |

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

Net Pension Liability

General fund and water and sewer enterprise fund have been used to liquidate the net pension obligation in prior years. See Note 10 and Note 11 for pension liability information.

## NOTE 9 - LEASING OPERATIONS

### Lessor

The City is involved in various operating leases as lessor. These leases include building, office facilities, and other equipment. These rental facilities are leased through 2037. The City has not determined the cost of these facilities as of September 30, 2015. Minimum future rentals to be received on noncancelable leases, as of September 30, 2015, for each of the next five years and in the aggregate are as follows:

| Year Ended September 30, | Amount |
|---|---|
| 2016 | $ 179,902 |
| 2017 | 182,247 |
| 2018 | 166,877 |
| 2019 | 193,346 |
| 2020 | 199,146 |
| 2021-2025 | 932,052 |
| 2026-2030 | 927,437 |
| 2031-2035 | 706,403 |
| 2036-2040 | 318,201 |
| 2041-2042 | 7,318 |
| | $ 3,812,929 |

### Lessee

The City is involved in various operating leases as lessee. These leases include copier equipment, postage equipment, and golf cart and other golf course equipment. Minimum future rentals to be received on noncancelable leases, as of September 30, 2015, for each of the next five years and in the aggregate are as follows:

| Year Ended September 30, | Amount |
|---|---|
| 2016 | $ 128,156 |
| 2017 | 122,743 |
| 2018 | 82,517 |
| 2019 | 41,258 |
| | $ 374,674 |

## NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN

A. Plan Description

The City of Lake Jackson participates as one of 860 plans in the nontraditional, join 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 agent 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 Section 401(a) of the Internal Revenue Code. TMRS issues a publically available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com*.

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

B. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Member 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 plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. Members in most cities can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Some cities have elected retirement eligibility with 25 years of service regardless of age. Most plans also provide death benefits and all provide disability benefits. Effective January 1, 2002, members are vested after 5 years, unless a city opted to maintain 10-year vesting. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

*Employees covered by benefit terms*

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

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 110 |
| Inactive employees entitled to but not yet receiving benefits | 118 |
| Active employees | 208 |
| | 436 |

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Lake Jackson were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lake Jackson were 12.62% and 13.73% in the calendar years 2015 and 2014, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were $ 1,246,781, and were equal to the required contributions.

D. Net Pension Liability

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

*Actuarial Assumptions*

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions.

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates multiplied by a factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

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

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

| Asset Class | Target Allocation | Long-Term Expected Net Real Rate of Return |
|---|---|---|
| Domestic Equity | 17.5% | 4.80% |
| International Equity | 17.5% | 6.05% |
| Core Fixed Income | 30.0% | 1.50% |
| Non-Core Fixed Income | 10.0% | 3.50% |
| Real Return | 5.0% | 1.75% |
| Real Estate | 10.0% | 5.25% |
| Absolute Return | 5.0% | 4.25% |
| Private Equity | 5.0% | 8.50% |
| Total | 100% | |

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

*Changes in the Net Pension Liability*

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance at 12/31/2013 | $ 51,744,203 | $ 48,922,727 | $ 2,821,476 |
| Changes for the Year: | | | |
| Service cost | 1,235,156 | | 1,235,156 |
| Interest | 3,586,517 | | 3,586,517 |
| Difference between expected and actual experience | ( 864,997) | | ( 864,997) |
| Contributions - employer | | 1,276,545 | ( 1,276,545) |
| Contributions - employee | | 557,850 | ( 557,850) |
| Net investment income | | 2,798,520 | ( 2,798,520) |
| Benefit payment, including refunds of employee contributions | ( 2,251,635) | ( 2,251,635) | -0- |
| Administrative expense | | ( 29,219) | 29,219 |
| Other changes | | ( 2,402) | 2,402 |
| Net changes | 1,705,041 | 2,349,659 | ( 644,618) |
| Balance at 12/31/2014 | $ 53,449,244 | $ 51,272,386 | $ 2,176,858 |

*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what's the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-perentage-point higher (8.0%) than the current rate:

| | 1% Decrease In Discount Rate (6.0%) | Discount Rate (7.0%) | 1% Increase In Discount Rate (8.0%) |
|---|---|---|---|
| City's Net Pension Liability | $ 9,838,209 | $ 2,176,858 | $ ( 4,083,450) |

*Pension Plan Fiduciary Net Position*

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

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

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

For the year ended September 30, 2015, the city recognized pension expense of $ 798,408.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 375,643 | $ |
| Difference between projected and actual investment earnings | | 469,679 |
| Contributions subsequent to the measurement date | 941,269 | |
| Total | $ 1,316,912 | $ 469,679 |

$ 941,269 reported as deferred outflows of resources related to pensions relating from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended September 30, | |
|---|---|
| 2016 | $( 72,445) |
| 2017 | $( 72,445) |
| 2018 | $ 50,854 |
| 2019 | -0- |
| 2020 | -0- |

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

A. Plan Description

The Texas Emergency Services Retirement System (TESRS) administers, a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2014, there were 198 contributing fire and/or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

On August 31, 2014, the pension system membership consisted of:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 3,073 |
| Terminated members entitled to benefits but not yet receiving them | 2,161 |
| Active participants (vested and non-vested) | 4,036 |

Senate Bill 411, 65th Legislature, Regular Session (1977) created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Member are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

B. Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is $ 36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

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

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

C. Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of $ 4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The City appropriated $ 53,754 for the fiscal year ending August 31, 2014.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in subsection D below.

The actuarial valuation as of August 31, 2014 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately $ 625,000 each year to pay for part of the System's administrative expenses. On August 31, 2014 the actuarial liabilities exceeded the actuarial assets by $ 26,093,761.

D. Net Pension Liability

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

| | City's Portion | System |
|---|---|---|
| Total pension liability | $ 1,413,831 | $ 109,854,799 |
| Plan fiduciary net position | 1,179,962 | 91,683,156 |
| Net pension liability | $ 233,869 | $ 18,171,643 |
| Plan fiduciary net position as a percentage of the total pension liability | 83.5% | 83.5% |

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.50% |
| Salary increases | N/A |
| Investment rate of return | 7.75%, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

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

*Discount Rate*

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

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) than the current rate:

| | 1% Decrease In Discount Rate (6.75%) | Discount Rate (7.75%) | 1% Increase In Discount Rate (8.75%) |
|---|---|---|---|
| City's Net Pension Liability | $ 481,933 | $ 233,869 | $ 89,138 |

E. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At September 30, 2015, the City reported $ 73,375 deferred outflows of resources and $ 44,203 deferred inflows of resources related to pension. $ 44,203 deferred inflows of resources was net difference between projected and actual investment earning.

$ 73,375 reported as deferred outflows of resources related to pensions relating from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. $ 44,203 reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended September 30, | |
|---|---|
| 2016 | $( 14,735) |
| 2017 | $( 14,734) |
| 2018 | $( 14,734) |
| 2019 | -0- |
| 2020 | -0- |

NOTE 12 - OPEB-SUPPLEMENTAL DEATH BENEFITS PLAN

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

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

NOTE 12 - OPEB-SUPPLEMENTAL DEATH BENEFITS PLAN - Continued

| | 2015 | 2014 |
|---|---|---|
| The City offers Supplemental Death to: | | |
| Active employees (Yes or No) | Yes | Yes |
| Retirees (Yes or No) | Yes | Yes |

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

The City's contributions to the TMRS SDBF for the years ended September 30, 2015, 2014, and 2013 were $ 20,225, $ 19,904, and $ 18,306, respectively, which equaled the required contributions each year.

Financial reports that include financial statements and supplementary information are publicly available by writing or calling the following: Texas Municipal Retirement System, PO Box 149153, Austin, TX 78714-9153, (877) 634-8595.

NOTE 13 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the ICMA Retirement Corporation (ICMA). On January 1, 1997, ICMA transferred all Plan assets and income, as described in IRC Section 457, subsection (b)(6), into a trust for the exclusive benefit of the participants and their beneficiaries. At that time, the City adopted GASB Statement No. 32. As the City does not hold the Plan assets in a trustee capacity, the Plan is not considered a Trust and Agency Fund and is not included in the City's financial statements.

The plan, available to all City employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and their beneficiaries.

The City has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

## NOTE 14 - CONTINGENT LIABILITIES

The City is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the City at September 30, 2015.

## NOTE 15 - RISK POOL PARTICIPATION

The City is a participant in the Texas Municipal League Intergovernmental Risk Pool for coverage of liability, property, worker's compensation and medical insurance claims. The City pays annual premiums to the pool for the coverage stated. The agreement with the Texas Municipal League Intergovernmental Risk Pool requires the pool to be self-sustaining. Property and liability insurance provide varying and appropriate coverage, with most claims subject to a $ 5,000 deductible. Workers compensation claims are managed by the Texas Municipal League. For medical insurance claims, the City pays insurance premiums for full coverage and has no liability for claims filed by employees or their covered dependents.

## NOTE 16 - INDUSTRIAL DISTRICT CONTRACT

In 2011, the City of Lake Jackson, in conjunction with the Cities of Clute and Freeport, entered into a new contract with the Dow Chemical Company (Dow), BASF Corporation, and the Brock interests.

In this contract the City removed the need to determine what value was in each City's jurisdiction and instead simply created and all inclusive "district" where all industrial value is "taxed" at 50% of value at a set 55 cent district "tax rate" as one of the potential growth factors.

This new 15 year contract set a floor payment of $ 9 million. This floor payment will stay in place for the first two years of the contract. Then that floor payment will go up based on the higher percentage growth factor of either the Department of Labor's CPI-U or the value based formula described above.

A ceiling was also set in which no payment could exceed what would be generated by the industrial values at 80% at the 55 cent Industrial District tax rate.

Payments could only drop below the $ 9 million floor in the event of a natural disaster (such as a hurricane) negatively affecting property values.

The initial $ 9 million payment is split as follows:

| | |
|---|---|
| Clute | $ 1,400,000 |
| Freeport | 3,500,000 |
| Lake Jackson | 4,100,000 |
| Total | $ 9,000,000 |

NOTE 16 - INDUSTRIAL DISTRICT CONTRACT - Continued

In year three of the contract the higher percentage of the CPI-U or growth in the Industrial District values will be applied to each City's allotment to determine that year's payment.

This contract will help provide certainty to both the cities and industry for the next 15 years. It also keeps our Industrial District among the most competitive along the Gulf Coast, in order to encourage industry's efforts to grow this site. Recent announcements by industry seem to indicate this had the desired effect – at least it wasn't a hindrance.

The industrial district revenues received during the year ended September 30, 2015 amounted to $ 4,249,304.

NOTE 17 - GRANTS, LOANS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2015, the City applied for and received federal and state grants related to various activities. The operations of these grants are reported in the General Fund and Enterprise Fund. Grant revenues are classified as intergovernmental revenues or capital contribution.

| | General Fund | Capital Project Fund | Total |
|---|---|---|---|
| Federal: | | | |
| U.S. Department of Housing and Urban Development: | | | |
| Community Development Block Grant (ADA Accessibility) | $ | $ 103,172 | $ 103,172 |
| U.S. Department of Justice: | | | |
| Bulletproof Vest Partnership Program | 3,147 | | 3,147 |
| U.S. Department of Transportation: | | | |
| Highway Safety Program | 1,860 | | 1,860 |
| State: | | | |
| Law Enforcement Officer Standards and Education (LEOSE) | 3,436 | | 3,436 |
| Total | $ 8,443 | $ 103,172 | $ 111,615 |

As of September 30, 2015, all cash and in-kind matching requirements had been met for those grants requiring local matching**.**

During the year ending September 30, 2000, the City received a $ 16,000,000 loan from the Texas Water Development Board, which represents pass-through Federal assistance from the Environmental Protection Agency. This loan is accounted for in the Enterprise Fund with the liability included in revenue bonds payable (See Note 8). Requirements of the Single Audit Act and OMB Circular A-133 do not apply.

## NOTE 18 - INTERLOCAL AGREEMENT

During the year ended September 30, 2003, the City entered into an Interlocal Agreement with the City of Freeport, City of Clute, and the Society for the Prevention of Cruelty of Animals of Brazoria County (the SPCA), and the Southern Brazoria County Animal Shelter (the Shelter) to provide an animal shelter and related programs facility. This agreement is for twenty (20) years, being effective as of March 1, 2003 and ending on February 28, 2023. The Cities of Clute and Freeport each contributed $ 150,000, with the SPCA contributing $ 250,000 to the City of Lake Jackson as a cash grant to pay for the design and construction of the facility. The City of Lake Jackson agreed as its capital contribution to enter into a twenty (20) year lease subject to renewal on the same terms, as the agreement is renewed, for 5 acres of land and a $ 1.1 million dollar facility that the City of Lake Jackson will own. The City of Lake Jackson's capital contribution has an agreed cash value of $ 565,000.

The Shelter hired the SPCA to provide all administrative services necessary to administer the programs on behalf of the Cities and the SPCA. Each of the three Cities and the SPCA agreed to appropriate to the Shelter for the first year of the term of the agreement, in addition to their capital contribution, a stated amount for use in carrying out the programs developed by the Shelter and for its administrative operating services. For the year ending September 30, 2015, the City paid the Shelter $ 135,148 under this agreement.

On November 13, 2013 the City entered into an Economic Development Agreement with The Dow Chemical Company (Dow) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, Dow is expected to expend a certain amount of funds on a project in the City and the City will reimburse up to two million five hundred thousand dollars ($ 2,500,000) in infrastructure costs related to the project. In addition the City will provide certain rebates according to terms of the agreement for real and personal property taxes. The term of the agreement is fifteen (15) years. Both the City and Dow have agreed to various covenants, warranties, obligations and duties as a part of this agreement. For the year ending September 30, 2015, the City has not made any reimbursements or rebates to Dow under this agreement.

On December 2, 2013 the City entered into an Economic Development Agreement with Brazosport Creekside, LLC (the Developer) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, the Developer will construct approximately 224 new homes in a development in the City. As a part of the development the City will reimburse the Developer up to six hundred seventy five thousand five hundred dollars ($ 675,500) for the construction of a bridge. The reimbursement will occur based on additional property taxes collected over a period of fifteen (15) years along with the City will providing the Developer five yearly payments of seventy thousand dollars ($ 70,000). In no event will the reimbursement exceed $ 675,500 plus interest at the rate of five percent (5%) per annum. For the year ending September 30, 2015, the City paid $ 70,000 under this agreement.

NOTE 18 - INTERLOCAL AGREEMENT - Continued

On December 9, 2013 the City entered into an Economic Development Agreement with HEB Grocery Company, LP (HEB) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, HEB will construct a HEB store and retail center in the City and the City will reimburse HEB up to three million dollars ($ 3,000,000) in infrastructure costs related to the project. In addition the City will provide certain rebates according to terms of the agreement for real and personal property taxes and sales taxes. In no event shall the sum total of the tax rebates exceed five million dollars ($ 5,000,000). Both the City and HEB have agreed to various covenants, warranties, obligations and duties as a part of this agreement. For the year ending September 30, 2015, the City paid no reimbursements or rebates to HEB under this agreement.

NOTE 19 - EVALULATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 29, 2016, the date which the financial statements were available to be issued.

On December 1, 2015, the City issued City of Lake Jackson, Texas Limited Tax Refunding Bonds, Series 2015, in the amount of $ 7,870,000. The purpose of the refunding bonds is for making public improvements.

NOTE 20 - EXCESS OF EXPENDITURES OVER APROPRIATIONS

During the year ended September 30, 2015, expenditures exceeded appropriations in the funds as follows:

| | |
|---|---|
| Red Light Camera Fund | $ 23,492 |
| Motel Occupancy Fund | 176,546 |
| Program Education Fund | 2,388 |
| Economic Development Debt Service Fund | 35,887 |

The budget was not amended; however, the City Council approved these expenditures as required by City budget procedures.

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# REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

TMRS SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS (1)
SEPTEMBER 30, 2015 WITH MEASUREMENT DATE OF DECEMBER 31, 2014

| | 2015 |
|---|---|
| **Total Pension Liability** | |
| Service cost | $ 1,235,156 |
| Interest (on the Total Pension Liability) | 3,586,517 |
| Changes of benefit terms | -0- |
| Difference between expected and actual experience | ( 864,997 ) |
| Change of assumptions | -0- |
| Benefit payments, including refunds of employee contributions | ( 2,251,635 ) |
| Net Change in Total Pension Liability | 1,705,041 |
| Total Pension Liability – Beginning | 51,744,203 |
| Total Pension Liability – Ending (a) | $ 53,449,244 |
| **Plan Fiduciary Net Position** | |
| Contributions – Employer | $ 1,276,545 |
| Contributions – Employee | 557,850 |
| Net Investment Income | 2,798,520 |
| Benefit payments, including refunds of employee contributions | ( 2,251,635 ) |
| Administrative expense | ( 29,219 ) |
| Other | ( 2,402 ) |
| Net Change in Plan Fiduciary Net Position | 2,349,659 |
| Plan Fiduciary Net Position – Beginning | 48,922,727 |
| Plan Fiduciary Net Position – Ending (b) | $ 51,272,386 |
| **Net Pension Liability** (a-b) | $ 2,176,858 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 95.93% |
| Covered Employee Payroll | $ 9,297,496 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 23.41% |

Notes to Schedule:
N/A

(1) The first TMRS actuarial report was completed for the year ended December 31, 2014 (measurement date), therefore, only one year of required supplemental information is available.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

TMRS SCHEDULE OF CONTRIBUTIONS
FOR THE LAST TEN YEARS (1)
SEPTEMBER 30, 2015 WITH MEASUREMENT DATE OF DECEMBER 31, 2014

| | 2015 |
|---|---|
| Actuarially determined contribution | $ 1,276,545 |
| Contributions in relation to the actuarially determined contribution | 1,276,545 |
| Contribution deficiency (excess) | $ -0- |
| Covered-employee payroll | $ 9,297,496 |
| Contributions as a percentage of covered-employee payroll | 13.73% |

**Notes to Schedule of Contributions**

**Valuation date**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level Percentage of Payroll, Closed |
| Remaining Amortization period | 25 years |
| Asset valuation method | 10 Year smoothed market; 15% soft corridor |
| Inflation | 3.0% |
| Salary increases | 3.50% to 12.00% including inflation |
| Investment rate of return | 7.00% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009. |
| Mortality | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generated basis with scale BB |

**Other Information**

| | |
|---|---|
| Notes | Adopted 20 year, any age retirement eligibility |

(1) The first TMRS actuarial report was completed for the year ended December 31, 2014 (measurement date), therefore, only one year of required supplemental information is available.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

TESRS SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS (1)
SEPTEMBER 30, 2015 WITH MEASUREMENT DATE OF AUGUST 31, 2014

| | 2015 |
|---|---|
| **Total Pension Liability** | |
| Service cost | $ 23,521 |
| Interest | 103,620 |
| Changes in benefit terms | -0- |
| Difference between expected and actual experience | -0- |
| Assumption changes | -0- |
| Benefit payments | ( 53,644 ) |
| Net Change in Total Pension Liability | 73,497 |
| Total Pension Liability – Beginning (2) | 1,340,334 |
| Total Pension Liability – Ending (a) | $ 1,413,831 |
| **Total Fiduciary Net Position** | |
| Contributions by the City | $ 53,754 |
| Contributions by the State | 19,696 |
| Net Investment Income | 153,260 |
| Benefit payments | ( 53,644 ) |
| Administrative expense | ( 2,133 ) |
| Other | -0- |
| Net Change in Plan Fiduciary Net Position | 170,933 |
| Plan Fiduciary Net Position – Beginning | 1,009,029 |
| Plan Fiduciary Net Position – Ending (b) | $ 1,179,962 |
| **Net Pension Liability** (a-b) | $ 233,869 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 83.46% |
| Number of Active Members (3) | 43 |
| City's Net Pension Liability per Active Member | $ 5,439 |

Notes to Schedule:
(1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.
(2) Determined from the end of year total pension liability using the roll back procedure allowed for the initial year of implementing GASB 67.
(3) There is no compensation for active members.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

TESRS SCHEDULE OF INVESTMENT RETURNS
FOR THE LAST TEN YEARS (1)
SEPTEMBER 30, 2015 WITH MEASUREMENT DATE OF AUGUST 31, 2014

| Fiscal Year Ending | Annual Money-Weighted Net Real Rate of Return (2) |
|---|---|
| August 31, 2013 | 13.84% |
| August 31, 2014 | 14.92% |

Notes to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

(2) The money weighted rate of return expresses investment performance, net of investment expenses, reflecting the changing amounts actually invested during the year.

***COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES***

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

Red Light Camera Fund – This fund is used to account for funds generated from red light camera citations to be used for traffic safety programs, including pedestrian safety programs, public safety programs, intersection improvements, and traffic enforcement.

Motel Occupancy Tax Fund – This fund is used to account for resources generated from the local hotel/motel occupancy tax. Revenue from this fund has been distributed to the Fine Arts Council, the Museum of Natural Science, Brazosport Area Chamber of Commerce and other pursuits as determined by the City Council pursuant to State law.

Police Seizure Fund – This fund is used to account for monies obtained through a federal equitable share program for assistance in federal narcotics investigations and monies obtained from local narcotics investigations, authorized by state chapter 59 C.C.P. These monies must be used for law enforcement purposes according to the guidelines set forth in Chapter 59 C.C.P. and the federal equitable sharing agreement.

Program Education Fund – This fund is used to account for revenue generated from a 1% fee paid by local video providers. In addition, the video providers are required to provide PEG channels. PEG revenue may only be spent as allowed by federal law, which provides that expenditures must be for capital costs for PEG facilities.

## Debt Service Funds

Economic Development Debt Service Fund – This fund is used to account for the accumulation of resources for the annual payment of economic development principal and interest and to provide a reserve for such payment.

Golf Course Debt Service Fund – This fund is used to account for the accumulation of resources for the annual payment of the golf course principal and interest and to provide a reserve for such payment.

## Capital Projects Funds

General Construction Fund – This fund is used to account for resources and expenditures dedicated to small general capital improvements. Projects primarily include street rehabilitation and drainage projects, as well as some public facility enhancements. Projects supported by this fund are typically small and do not warrant a bond issue.

Court/Emergency Operations Center/Brazos Oaks Construction Fund – This fund accounts for the proceeds of the $ 5.3 million bond issue for providing renovations of the old fire station into an expanded municipal court facility, emergency dispatch and operation center, and to account for the Downtown Revitalization Fund and reconstruction of streets and drainage in the Brazos Oaks subdivision.

**Capital Projects Funds - Continued**

2013 Infrastructure Fund – This fund accounts for the proceeds of the 2013 Limited Tax Bonds issued for financing the replacement of streets and associated water, sewer and sidewalks.

2010 Drainage Infrastructure Fund – This fund accounts for the proceeds of the 2010 Limited Tax Bonds issued for financing drainage projects and arterial street spot repairs.

Downtown Revitalization Fund – This fund accounts for the proceeds of the $ 5.0 million bond issued for reconstruction of streets in the downtown area.

2013 Downtown Improvement Fund – This fund accounts for the proceeds of the 2013 Certificates of Obligation issued for the completion of phase III of the downtown plan – South Parking Place.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS

September 30, 2015

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | Red Light Camera | Motel Occupancy Tax | Police Seizure | Program Education |
| Assets and Deferred Outflows of Resources | | | | |
| Assets: | | | | |
| Cash and temporary investments | $ | $ 49,798 | $ 70,847 | $ 259,162 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes | | | | 21,942 |
| Accounts | | | | |
| Total assets | -0- | 49,798 | 70,847 | 281,104 |
| Deferred Outflows of Resources: | | | | |
| Deferred outflows of resources | | | | |
| Total deferred outflows of resources | -0- | -0- | -0- | -0- |
| Total assets and deferred outflows of resources | $ -0- | $ 49,798 | $ 70,847 | $ 281,104 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | |
| Liabilities: | | | | |
| Accounts payable | $ | $ | $ | $ |
| Unearned revenue | | | | |
| Total liabilities | -0- | -0- | -0- | -0- |
| Deferred Inflows of Resources: | | | | |
| Deferred inflows of resources | | | | |
| Total deferred inflows of resources | -0- | -0- | -0- | -0- |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Debt service | | | | |
| Capital projects | | | | |
| Program education | | | | 281,104 |
| Encourage tourism | | 49,798 | | |
| Law enforcement | | | 70,847 | |
| Assigned | | | | |
| Total fund balances | -0- | 49,798 | 70,847 | 281,104 |
| Total liabilities, deferred inflows of resources and fund balances | $ -0- | $ 49,798 | $ 70,847 | $ 281,104 |

| Debt Service Funds | | Capital Projects Funds | | | |
|---|---|---|---|---|---|
| Economic Development | Golf Course | General Construction | Court/Emergency Operations Center/ Brazos Oaks Construction | 2013 Infrastructure | 2010 Drainage infrastructure |
| $ 9,303 | $ | $ 2,088,757 | $ 80,447 | $ 935,429 | $ 1,015,988 |
| | | 91,680 | | | |
| 9,303 | -0- | 2,180,437 | 80,447 | 935,429 | 1,015,988 |
| -0- | -0- | -0- | -0- | -0- | -0- |
| $ 9,303 | $ -0- | $ 2,180,437 | $ 80,447 | $ 935,429 | $ 1,015,988 |
| $ | $ | $ 58,436 | $ | $ 62,647 | $ 20,883 |
| | | 20,000 | | | |
| -0- | -0- | 78,436 | -0- | 62,647 | 20,883 |
| -0- | -0- | -0- | -0- | -0- | -0- |
| 9,303 | | | 80,447 | 872,782 | 995,105 |
| | | 2,102,001 | | | |
| 9,303 | -0- | 2,102,001 | 80,447 | 872,782 | 995,105 |
| $ 9,303 | $ -0- | $ 2,180,437 | $ 80,447 | $ 935,429 | $ 1,015,988 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS - Continued

September 30, 2015

| | Capital Projects Funds | | |
|---|---|---|---|
| | Downtown Revitalization | 2013 Downtown Improvement | Total Non-major Governmental Funds |
| Assets and Deferred Outflows of Resources | | | |
| Assets: | | | |
| Cash and temporary investments | $ 54,402 | $ 2,003,489 | $ 6,567,622 |
| Receivables (net of allowance for uncollectibles): | | | |
| Taxes | | | 21,942 |
| Accounts | | | 91,680 |
| Total assets | 54,402 | 2,003,489 | 6,681,244 |
| Deferred Outflows of Resources: | | | |
| Deferred outflows of resources | | | -0- |
| Total deferred outflows of resources | -0- | -0- | -0- |
| Total assets and deferred outflows of resources | $ 54,402 | $ 2,003,489 | $ 6,681,244 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | |
| Liabilities: | | | |
| Accounts payable | $ | $ | $ 141,966 |
| Unearned revenue | | | 20,000 |
| Total liabilities | -0- | -0- | 161,966 |
| Deferred Inflows of Resources: | | | |
| Deferred inflows of resources | | | -0- |
| Total deferred inflows of resources | -0- | -0- | -0- |
| Fund Balances: | | | |
| Restricted: | | | |
| Debt service | | | 9,303 |
| Capital projects | 54,402 | 2,003,489 | 4,006,225 |
| Program education | | | 281,104 |
| Encourage tourism | | | 49,798 |
| Law enforcement | | | 70,847 |
| Assigned | | | 2,102,001 |
| Total fund balances | 54,402 | 2,003,489 | 6,519,278 |
| Total liabilities, deferred inflows of resources and fund balances | $ 54,402 | $ 2,003,489 | $ 6,681,244 |

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURE AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | Red Light Camera | Motel Occupancy Tax | Police Seizure | Program Education |
| Revenues: | | | | |
| Franchise tax | $ | $ | $ | $ 87,247 |
| Motel occupancy tax | | 498,844 | | |
| Intergovernmental | | | | |
| Investment income | | 201 | 195 | |
| Miscellaneous | | | 25,547 | |
| Total revenues | -0- | 499,045 | 25,742 | 87,247 |
| Expenditures: | | | | |
| Current: | | | | |
| General government and administration | | | | 2,388 |
| Public safety | | | 63,313 | |
| Public works | | | | |
| Cultural and Recreation: | | | | |
| Contribution to Fine Arts Council | | 69,088 | | |
| Contribution to Museum of Natural Science | | 103,632 | | |
| Contribution to Chamber of Commerce | | 138,177 | | |
| Contribution to Historical Museum | | 112,341 | | |
| Other | | 6,878 | | |
| Capital outlay | 23,492 | | | |
| Debt Service: | | | | |
| Principal retirement | | | | |
| Interest and fiscal charges | | | | |
| Total expenditures | 23,492 | 430,116 | 63,313 | 2,388 |
| Excess (deficiency) of revenues over (under) expenditures | ( 23,492 ) | 68,929 | ( 37,571 ) | 84,859 |
| Other Financing Sources (Uses): | | | | |
| Bond issuance premium | | | | |
| Transfers in | | | | |
| Transfers out | | ( 64,654 ) | | |
| Total other financing sources (uses) | -0- | ( 64,654 ) | -0- | -0- |
| Net changes in fund balances | ( 23,492 ) | 4,275 | ( 37,571 ) | 84,859 |
| Fund balances – beginning | 23,492 | 45,523 | 108,418 | 196,245 |
| Fund balances – ending | $ -0- | $ 49,798 | $ 70,847 | $ 281,104 |

| Debt Service Funds | | Capital Projects Funds | | | |
|---|---|---|---|---|---|
| Economic Development | Golf Course | General Construction | Court/Emergency Operations Center/ Brazos Oaks Construction | 2013 Infrastructure | 2010 Drainage Infrastructure |
| $ | $ | $ | $ | $ | $ |
| | | 103,172 | | | |
| | | 2,652 | | 981 | 583 |
| | | 161,626 | | | |
| -0- | -0- | 267,450 | -0- | 981 | 583 |
| | | 249,186 | | | |
| | | 60,059 | | | |
| | | 1,750 | | | |
| | | 51,465 | | | |
| | | 706,535 | ( 80,447 ) | 1,152,126 | 20,882 |
| 1,132,361 | 375,000 | | | | |
| 461,141 | 129,425 | | | | |
| 1,593,502 | 504,425 | 1,068,995 | ( 80,447 ) | 1,152,126 | 20,882 |
| ( 1,593,502 ) | ( 504,425 ) | ( 801,545 ) | 80,447 | ( 1,152,145 ) | ( 20,299 ) |
| 82,571 | | | | | |
| 1,518,442 | 504,425 | 1,000,000 | | | |
| 1,601,013 | 504,425 | 1,000,000 | -0- | -0- | -0- |
| 7,511 | -0- | 198,455 | 80,447 | ( 1,151,145 ) | ( 20,299 ) |
| 1,792 | | 1,903,546 | | 2,023,927 | 1,015,404 |
| $ 9,303 | $ -0- | $ 2,102,001 | $ 80,447 | $ 872,782 | $ 995,105 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURE AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - Continued

For the Year Ended September 30, 2015

| | Capital Projects Funds | | |
|---|---|---|---|
| | Downtown Revitalization | 2013 Downtown Improvement | Total Non-major Governmental Funds |
| Revenues: | | | |
| Franchise Tax | $ | $ | $ 87,247 |
| Motel occupancy tax | | | 498,844 |
| Intergovernmental | | | 103,172 |
| Investment income | 40 | 1,263 | 5,915 |
| Miscellaneous | | | 187,173 |
| Total revenues | 40 | 1,263 | 882,351 |
| Expenditures: | | | |
| Current: | | | |
| General government and administration | | | 251,574 |
| Public safety | | | 123,372 |
| Public works | | | 1,750 |
| Cultural and Recreation: | | | |
| Contribution to Fine Arts Council | | | 69,088 |
| Contribution to Museum of Natural Science | | | 103,632 |
| Contribution to Chamber of Commerce | | | 138,177 |
| Contribution to Historical Museum | | | 112,341 |
| Other | | | 58,343 |
| Capital outlay | 16,900 | | 1,839,488 |
| Debit Service: | | | |
| Principal | | | 1,507,361 |
| Interest and fiscal charges | | | 590,566 |
| Total expenditures | 16,900 | -0- | 4,795,692 |
| Excess (deficiency) of revenues over (under) expenditures | ( 16,860 ) | 1,263 | ( 3,913,341 ) |
| Other Financing Sources (Uses): | | | |
| Bond issuance premium | | | 82,571 |
| Transfers in | | | 3,022,867 |
| Transfers out | | | ( 64,654 ) |
| Total other financing sources (uses) | -0- | -0- | 3,040,784 |
| Net changes in fund balances | ( 16,860 ) | 1,263 | ( 872,557 ) |
| Fund balances – beginning | 71,262 | 2,002,226 | 7,391,835 |
| Fund balances – ending | $ 54,402 | $ 2,003,489 | $ 6,519,278 |

***SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL***

***Special Revenue and Debt Service Funds***

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Red Light Camera Fund

For the Year Ended September 30, 2015
With Comparative Actual Total for 2014

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| | Original | Final | Actual | | |
| Revenues: | | | | | |
| Fines and fees | $ | $ | $ | $ | $ |
| Total revenues | -0- | -0- | -0- | -0- | -0- |
| Expenditures: | | | | | |
| Capital outlay | | | 23,492 | ( 23,492) | 3,246 |
| Total expenditures | -0- | -0- | 23,492 | ( 23,492) | 3,246 |
| Net changes in fund balance | -0- | -0- | ( 23,492 ) | ( 23,492 ) | ( 3,246 ) |
| Fund balance – beginning | 23,492 | 23,492 | 23,492 | -0- | 26,738 |
| Fund balance – ending | $ 23,492 | $ 23,492 | $ -0- | $( 23,492 ) | $ 23,492 |

# CITY OF LAKE JACKSON
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Motel Occupancy Tax Fund

For the Year Ended September 30, 2015
With Comparative Actual Totals for 2014

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| | Original | Final | Actual | | |
| Revenues: | | | | | |
| Motel occupancy tax | $ 290,000 | $ 290,000 | $ 498,844 | $ 208,844 | $ 311,774 |
| Investment income | | -0- | 201 | 201 | 180 |
| Total revenues | 290,000 | 290,000 | 499,045 | 209,045 | 311,954 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Culture and recreation | 253,570 | 253,570 | 430,116 | ( 176,546 ) | 265,135 |
| Total expenditures | 253,570 | 253,570 | 430,116 | ( 176,546 ) | 265,135 |
| Excess (deficiency) of revenues over (under) expenditures | 36,430 | 36,430 | 68,929 | 32,499 | 46,819 |
| Other Financing Sources (Uses): | | | | | |
| Transfers out | ( 36,430 ) | ( 36,430 ) | ( 64,654 ) | ( 28,224 ) | ( 43,671 ) |
| Total other financing sources (uses) | ( 36,430 ) | ( 36,430 ) | ( 64,654 ) | ( 28,224 ) | ( 43,671 ) |
| Net changes in fund balance | -0- | -0- | 4,275 | 4,275 | 3,148 |
| Fund balance – beginning | 45,523 | 45,523 | 45,523 | -0- | 42,375 |
| Fund balance – ending | $ 45,523 | $ 45,523 | $ 49,798 | $ 4,275 | $ 45,523 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Police Seizure Fund

For the Year Ended September 30, 2015
With Comparative Actual Totals for 2014

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| | Original | Final | Actual | | |
| Revenues: | | | | | |
| Investment income | $ | $ | $ 195 | $ 195 | $ 293 |
| Miscellaneous | 20,300 | 20,300 | 25,547 | 5,247 | 21,498 |
| Total revenues | 20,300 | 20,300 | 25,742 | 5,442 | 21,791 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public Safety: | | | | | |
| Seizures administration | 80,000 | 80,000 | 63,313 | 16,687 | 18,940 |
| Capital outlay | | -0- | | -0- | 16,746 |
| Total expenditures | 80,000 | 80,000 | 63,313 | 16,687 | 35,686 |
| Net changes in fund balance | ( 59,700 ) | ( 59,700 ) | ( 37,571 ) | 22,129 | ( 13,895 ) |
| Fund balance – beginning | 108,418 | 108,418 | 108,418 | -0- | 122,313 |
| Fund balance – ending | $ 48,718 | $ 48,718 | $ 70,847 | $ 22,129 | $ 108,418 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Program Education Fund

For the Year Ended September 30, 2015
With Comparative Actual Totals for 2014

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| | Original | Final | Actual | | |
| Revenues: | | | | | |
| Franchise tax | $ 60,000 | $ 60,000 | $ 87,247 | $ 27,247 | $ 76,844 |
| Total revenues | 60,000 | 60,000 | 87,247 | 27,247 | 76,844 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General administration | | | 2,388 | ( 2,388 ) | 5,500 |
| Total expenditures | -0- | -0- | 2,388 | ( 2,388 ) | 5,500 |
| Net changes in fund balance | 60,000 | 60,000 | 84,859 | 24,859 | 71,344 |
| Fund balance – beginning | 196,245 | 196,245 | 196,245 | -0- | 124,901 |
| Fund balance – ending | $ 256,245 | $ 256,245 | $ 281,104 | $ 24,859 | $ 196,245 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Economic Development Debt Service Fund

For the Year Ended September 30, 2015
With Comparative Actual Total for 2014

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| | Original | Final | Actual | | |
| Revenues | $ | $ | $ | $ -0- | $ |
| Expenditures: | | | | | |
| Debt Service: | | | | | |
| Principal retirement | 1,132,361 | 1,132,361 | 1,132,361 | | 863,325 |
| Interest and fiscal charges | 425,254 | 425,254 | 461,141 | ( 35,887 ) | 330,697 |
| Total expenditures | 1,557,615 | 1,557,615 | 1,593,502 | ( 35,887 ) | 1,194,022 |
| Excess (deficiency) of revenues over (under) expenditures | ( 1,557,615 ) | ( 1,557,615 ) | ( 1,593,502 ) | ( 35,887 ) | ( 1,194,022 ) |
| Other Financing Sources (Uses): | | | | | |
| Bond issuance | | | | | 1,500,000 |
| Bond issuance premium | | | 82,571 | 82,571 | 40,920 |
| Transfers in | 1,557,615 | 1,557,615 | 1,518,442 | ( 39,173 ) | 1,159,135 |
| Transfers out | | | | -0- | ( 1,504,241 ) |
| Total other financing sources (uses) | 1,557,615 | 1,557,615 | 1,601,013 | 43,398 | 1,195,814 |
| Net changes in fund balance | -0- | -0- | 7,511 | 7,511 | 1,792 |
| Fund balance – beginning | 1,792 | 1,792 | 1,792 | -0- | |
| Fund balance – ending | $ 1,792 | $ 1,792 | $ 9,303 | $ 7,511 | $ 1,792 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Golf Course Debt Service Fund

For the Year Ended September 30, 2015
With Comparative Actual Totals for 2014

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| | Original | Final | Actual | | |
| Revenues | $ | $ | $ | $ -0- | $ |
| Expenditures: | | | | | |
| Debt Service: | | | | | |
| Principal retirement | 375,000 | 375,000 | 375,000 | | 365,000 |
| Interest and fiscal charges | 130,425 | 130,425 | 129,425 | 1,000 | 140,774 |
| Total expenditures | 505,425 | 505,425 | 504,425 | 1,000 | 505,774 |
| Excess (deficiency) of revenues over (under) expenditures | ( 505,425 ) | ( 505,425 ) | ( 504,425 ) | 1,000 | ( 505,774 ) |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 505,425 | 505,425 | 504,425 | ( 1,000 ) | 505,774 |
| Total other financing sources (uses) | 505,425 | 505,425 | 504,425 | ( 1,000 ) | 505,774 |
| Net changes in fund balance | -0- | -0- | -0- | -0- | -0- |
| Fund balance – beginning | | | | -0- | |
| Fund balance – ending | $ -0- | $ -0- | $ -0- | $ -0- | $ -0- |

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## *SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES*

### *General Fund*

These supplementary statements and schedules are included to provide management additional information for financial analysis.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE BALANCE SHEETS -
General Fund

September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Assets and Deferred Outflows of Resources | | |
| Assets: | | |
| Cash and temporary investments | $ 14,471,336 | $ 13,353,991 |
| Receivable (net of allowance for uncollectibles): | | |
| Taxes | 1,288,588 | 1,172,376 |
| Accounts | 46,877 | 63,279 |
| Grants | 20,284 | 18,381 |
| Investments | 399,000 | 399,000 |
| Inventories | 100,472 | 83,390 |
| Prepaid expenditures | | 6,930 |
| Total assets | 16,326,557 | 15,097,347 |
| Deferred Outflows of Resources: | | |
| Deferred outflows of resources | | |
| Total deferred outflows of resources | -0- | -0- |
| Total assets and deferred outflows of resources | $ 16,326,557 | $ 15,097,347 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE BALANCE SHEETS -
General Fund - Continued

September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | $ 530,495 | $ 551,523 |
| Cash bonds and taxes | 400,125 | 400,514 |
| Accrued wages | 262,024 | 231,957 |
| Unearned revenue | 80,829 | 70,046 |
| Total liabilities | 1,273,473 | 1,254,040 |
| Deferred Inflows of Resources: | | |
| Deferred inflows of resources – property taxes | 25,445 | 18,911 |
| Total deferred inflows of resources | 25,445 | 18,911 |
| Fund Balance: | | |
| Non-spendable: | | |
| Inventory | 100,472 | 83,390 |
| Prepaid expenditures | | 6,930 |
| Committed: | | |
| General contingencies | 903,264 | 801,448 |
| Assigned: | | |
| Unemployment insurance | 144,302 | 165,785 |
| Equipment replacement | 6,193,352 | 5,813,661 |
| Special events | 32,652 | 12,937 |
| Park improvement | 172,762 | 295,836 |
| Unassigned | 7,480,835 | 6,644,409 |
| Total fund balance | 15,027,639 | 13,824,396 |
| Total liabilities, deferred inflows of resources and fund balance | $ 16,326,557 | $ 15,097,347 |

# CITY OF LAKE JACKSON
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
General Fund

For the Year Ended September 30, 2015
With Comparative Actual Totals for 2014

| | Budgeted Amounts | |
|---|---|---|
| | Original | Final |
| Revenues: | | |
| Taxes: | | |
| Property | $ 3,621,536 | $ 3,621,536 |
| Sales | 5,283,875 | 5,283,875 |
| Franchise | 1,544,875 | 1,544,875 |
| Other | 92,000 | 92,000 |
| Industrial district | 4,248,890 | 4,248,890 |
| Intergovernment | | |
| Revenue producing facilities | 1,082,600 | 1,082,600 |
| Fines and fees | 566,500 | 566,500 |
| Licenses and permits | 403,859 | 403,859 |
| Investment income | 32,000 | 32,000 |
| Miscellaneous | 126,550 | 126,550 |
| Total revenues | 17,002,685 | 17,002,685 |
| Expenditures: | | |
| Current: | | |
| General government and administration | 3,385,799 | 3,385,799 |
| Public safety | 6,125,037 | 6,125,037 |
| Public works | 3,089,105 | 3,089,105 |
| Culture and recreation | 4,418,827 | 4,418,827 |
| Capital outlay | 1,133,872 | 1,133,872 |
| Total expenditures | 18,152,640 | 18,152,640 |
| Excess (deficiency) of revenues over (under) expenditures | ( 1,149,955 ) | ( 1,149,955 ) |
| Other Financing Sources (Uses): | | |
| Sale of capital assets | | |
| Transfers in | 1,595,115 | 1,595,115 |
| Transfers out | ( 382,633 ) | ( 1,582,633 ) |
| Total other financing sources (uses) | 1,212,482 | 12,482 |
| Net change in fund balance | 62,527 | ( 1,137,473 ) |
| Fund balance - beginning | 13,824,396 | 13,824,396 |
| Fund balance - ending | $ 13,886,923 | $ 12,686,923 |

| 2015 | | | | 2014 |
|---|---|---|---|---|
| Actual GAAP Basis | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| $ 3,615,757 | $ | $ 3,615,757 | $( 5,779 ) | $ 3,466,594 |
| 5,991,129 | | 5,991,129 | 707,254 | 5,226,636 |
| 1,646,902 | | 1,646,902 | 102,027 | 1,580,815 |
| 206,901 | | 206,901 | 114,901 | 164,284 |
| 4,249,304 | | 4,249,304 | 414 | 4,186,100 |
| 8,443 | | 8,443 | 8,443 | 6,613 |
| 1,186,243 | | 1,186,243 | 103,643 | 1,135,711 |
| 573,801 | | 573,801 | 7,301 | 625,201 |
| 666,610 | | 666,610 | 262,751 | 501,138 |
| 38,474 | | 38,474 | 6,474 | 33,858 |
| 146,148 | | 146,148 | 19,598 | 120,682 |
| 18,329,712 | -0- | 18,329,712 | 1,327,027 | 17,047,632 |
| 3,536,378 | | 3,536,378 | ( 150,579 ) | 3,354,028 |
| 5,843,285 | | 5,843,285 | 281,752 | 5,703,530 |
| 2,576,814 | | 2,576,814 | 512,291 | 2,695,742 |
| 4,274,608 | | 4,274,608 | 144,219 | 3,897,297 |
| 1,017,483 | | 1,017,483 | 116,389 | 1,186,446 |
| 17,248,568 | -0- | 17,248,568 | 904,072 | 16,837,043 |
| 1,081,144 | -0- | 1,081,144 | 2,231,099 | 210,589 |
| 81,393 | | 81,393 | 81,393 | 80,088 |
| 1,623,339 | | 1,623,339 | 28,224 | 1,650,212 |
| ( 1,582,633 ) | | ( 1,582,633 ) | -0- | ( 1,225,632 ) |
| 122,099 | -0- | 122,099 | 109,617 | 504,668 |
| 1,203,243 | -0- | 1,203,243 | 2,340,716 | 715,257 |
| 13,824,396 | | 13,824,396 | -0- | 13,109,139 |
| $ 15,027,639 | $ -0- | $ 15,027,639 | $ 2,340,716 | $ 13,824,396 |

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## *SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES*

### *Economic Development Fund*

These supplementary statements and schedules are included to provide management additional information for financial analysis.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE BALANCE SHEETS-
Economic Development Fund

September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Assets and Deferred Outflows of Resources | | |
| Assets: | | |
| Cash and temporary investments | $ 2,024,750 | $ 1,938,268 |
| Receivable (net of allowance for uncollectibles): | | |
| Taxes | 528,076 | 477,823 |
| Total assets | 2,552,826 | 2,416,091 |
| Deferred Outflows of Resources: | | |
| Deferred outflows of resources | | |
| Total deferred outflows of resources | -0- | -0- |
| Total assets and deferred outflows of resources | $ 2,552,826 | $ 2,416,091 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | $ 33,473 | $ 3,325 |
| Total liabilities | 33,473 | 3,325 |
| Deferred Inflows of Resources: | | |
| Deferred inflows of resources | | |
| Total deferred inflows of resources | -0- | -0- |
| Fund Balances: | | |
| Restricted For: | | |
| Economic development | 2,519,353 | 2,412,766 |
| Total fund balances | 2,519,353 | 2,412,766 |
| Total liabilities, deferred inflows of resources and fund balances | $ 2,552,826 | $ 2,416,091 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Economic Development Fund

For the Year Ended September 30, 2015
With Comparative Actual Totals for 2014

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| Revenues: | | | | | |
| Sales taxes | $ 2,783,000 | $ 2,783,000 | $ 3,138,233 | $ 355,233 | $ 2,752,237 |
| Investment income | 8,000 | 8,000 | 6,832 | ( 1,168 ) | 13,761 |
| Total revenues | 2,791,000 | 2,791,000 | 3,145,065 | 354,065 | 2,765,998 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government and administration | | | | | 300,000 |
| Culture and recreation | 50,000 | 50,000 | 55,918 | ( 5,918 ) | 74,377 |
| Capital outlay | 1,167,125 | 973,000 | 309,693 | 663,307 | 106,644 |
| Total expenditures | 1,217,125 | 1,023,000 | 365,611 | 657,389 | 481,021 |
| Excess (deficiency) of revenues over (under) expenditures | 1,573,875 | 1,768,000 | 2,779,454 | 1,011,454 | 2,284,977 |
| Other Financing Sources (Uses): | | | | | |
| Transfers out | ( 1,513,914 ) | ( 2,070,859 ) | ( 2,672,867 ) | ( 602,008 ) | ( 2,164,909 ) |
| Total other financing sources (uses) | ( 1,513,914 ) | ( 2,070,859 ) | ( 2,672,867 ) | ( 602,008 ) | ( 2,164,909 ) |
| Net changes in fund balance | 59,961 | ( 302,859 ) | 106,587 | 409,446 | 120,068 |
| Fund balances – beginning | 2,412,766 | 2,412,766 | 2,412,766 | -0- | 2,292,698 |
| Fund balances – ending | $ 2,472,727 | $ 2,109,907 | $ 2,519,353 | $ 409,446 | $ 2,412,766 |

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## *SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES*

### *General Debt Service Fund*

These supplementary statements and schedules are included to provide management additional information for financial analysis.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE BALANCE SHEETS-
General Debt Service Fund

September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Assets and Deferred Outflows of Resources | | |
| Assets: | | |
| Cash and temporary investments | $ 705,634 | $ 715,888 |
| Receivable (net of allowance for uncollectibles): | | |
| Taxes | 17,539 | 14,095 |
| Total assets | 723,173 | 729,983 |
| Deferred Outflows of Resources: | | |
| Deferred outflows of resources | | |
| Total deferred outflows of resources | -0- | -0- |
| Total assets and deferred outflows of resources | $ 723,173 | $ 729,983 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities: | | |
| Accrued interest | $ 316 | $ |
| Total liabilities | 316 | -0- |
| Deferred Inflows of Resources: | | |
| Deferred inflows of resources – property taxes | 17,484 | 14,041 |
| Total deferred inflows of resources | 17,484 | 14,041 |
| Fund Balance: | | |
| Restricted For: | | |
| Debt service | 705,373 | 715,942 |
| Total fund balance | 705,373 | 715,942 |
| Total liabilities, deferred inflows of resources and fund balance | $ 723,173 | $ 729,983 |

# CITY OF LAKE JACKSON
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
General Debt Service Fund

For the Year Ended September 30, 2015
With Comparative Actual Totals for 2014

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual GAAP Basis | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| | Original | Final | | | |
| Revenues: | | | | | |
| Property taxes | $ 2,206,846 | $ 2,206,846 | $ 2,202,155 | $( 4,691 ) | $ 2,220,101 |
| Investment income | 8,000 | 8,000 | 2,872 | ( 5,128 ) | 9,508 |
| Total revenues | 2,214,846 | 2,214,846 | 2,205,027 | ( 9,819 ) | 2,229,609 |
| Expenditures: | | | | | |
| Debt Service: | | | | | |
| Principal retirement | 1,642,639 | 1,642,639 | 1,642,639 | | 1,576,675 |
| Interest and fiscal charges | 572,207 | 572,207 | 572,957 | ( 750 ) | 644,528 |
| Total expenditures | 2,214,846 | 2,214,846 | 2,215,596 | ( 750 ) | 2,221,203 |
| Net changes in fund balances | -0- | -0- | ( 10,569 ) | ( 10,569 ) | 8,406 |
| Fund balance – beginning | 715,942 | 715,942 | 715,942 | -0- | 707,536 |
| Fund balance – ending | $ 715,942 | $ 715,942 | $ 705,373 | $( 10,569 ) | $ 715,942 |

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## *SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES*

### *Proprietary Funds*

These supplementary statements and schedules are included to provide management additional information for financial analysis.

With the implementation of GASB Statement Nos. 68 and 71, comparable information for enterprise fund for the year ended September 30, 2014 is not available, therefore, comparable information for enterprise fund is not presented. Beginning with September 30, 2016 financial statements, comparative information for enterprise fund will resume.

# CITY OF LAKE JACKSON
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - ACTUAL COMPARED TO BUDGETARY BASIS
Enterprise Fund

For the Year Ended September 30, 2015

| | Budgeted Amounts | |
|---|---|---|
| | Original | Final |
| Operating Revenues: | | |
| Water service | $ 4,032,285 | $ 4,032,285 |
| Sewer service | 3,687,060 | 3,687,060 |
| Garbage fees | 3,243,940 | 3,243,940 |
| Tapping and connection fees | 205,350 | 205,350 |
| Other | 156,040 | 156,040 |
| Total revenues | 11,324,675 | 11,324,675 |
| Operating Expenses: | | |
| Utility administration | 453,355 | 453,355 |
| Water production and treatment | 3,189,115 | 3,189,115 |
| Sewer collection | 2,283,005 | 2,283,005 |
| Sanitation | 2,624,960 | 2,624,960 |
| Depreciation | | |
| Total operating expenses | 8,550,435 | 8,550,435 |
| Operating income | 2,774,240 | 2,774,240 |
| Non-Operating Revenues (Expenses): | | |
| Interest revenue | 11,280 | 11,280 |
| Loss on disposal of capital assets | | |
| Interest expense and fiscal charge | ( 354,275 ) | ( 354,275 ) |
| Total non-operating revenues (expenses) | ( 342,995 ) | ( 342,995 ) |
| Income before contributions and transfers | 2,431,245 | 2,431,245 |
| Capital contributions | | |
| Transfers in | | |
| Transfers out | ( 1,208,685 ) | ( 1,208,685 ) |
| Change in net position | 1,222,560 | 1,222,560 |
| Net position - beginning (restated) | 27,057,361 | 27,057,361 |
| Net position - ending | $ 28,279,921 | $ 28,279,921 |

| 2015 | | | |
|---|---|---|---|
| Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget- Positive (Negative) |
| $ 3,912,414 | $ | $ 3,912,414 | $( 119,871 ) |
| 3,616,255 | | 3,616,255 | ( 70,805 ) |
| 3,287,706 | | 3,287,706 | 43,766 |
| 329,992 | | 329,992 | 124,642 |
| 201,519 | | 201,519 | 45,479 |
| 11,347,886 | -0- | 11,347,886 | 23,211 |
| 430,822 | | 430,822 | 22,533 |
| 3,133,454 | | 3,133,454 | 55,661 |
| 2,110,332 | | 2,110,332 | 172,673 |
| 2,551,608 | | 2,551,608 | 73,352 |
| 2,094,283 | ( 2,094,283 ) | | |
| 10,320,499 | ( 2,094,283 ) | 8,226,216 | 324,219 |
| 1,027,387 | 2,094,283 | 3,121,670 | 347,430 |
| 15,410 | | 15,410 | 4,130 |
| ( 10,764 ) | | | ( 10,764 ) |
| ( 343,242 ) | 23,704 | ( 319,538 ) | 34,737 |
| ( 338,596 ) | 23,704 | ( 314,892 ) | 28,103 |
| 688,791 | 2,117,987 | 2,806,778 | 375,533 |
| 482,633 | | 482,633 | 482,633 |
| ( 1,208,685 ) | | ( 1,208,685 ) | |
| ( 37,261 ) | 2,117,987 | 2,080,726 | 858,166 |
| 27,057,361 | | 27,057,361 | -0- |
| $ 27,020,100 | $ 2,117,987 | $ 29,138,087 | $ 858,166 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Golf Course Operating Fund

September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Assets: | | |
| Current Assets: | | |
| Cash and temporary investments | $ 95,668 | $ 43,082 |
| Receivables (net of allowance for uncollectibles): | | |
| Accounts | 15,136 | 55,875 |
| Inventory | 27,198 | 37,870 |
| Prepaid expenses | 9,471 | |
| Total current assets | 147,473 | 136,827 |
| Capital Assets: | | |
| Property, plant and equipment | 8,983,622 | 8,944,724 |
| Less accumulated depreciation | ( 3,053,057 ) | ( 2,833,615 ) |
| Total capital assets (net of accumulated depreciation) | 5,930,565 | 6,111,109 |
| Total noncurrent assets | 5,930,565 | 6,111,109 |
| Total assets | 6,078,038 | 6,247,936 |
| Deferred Outflows of Resources: | | |
| Deferred outflows of resources | | |
| Total deferred outflows of resources | -0- | -0- |

(continued)

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Golf Course Operating Fund - Continued

September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Liabilities: | | |
| Current Liabilities: | | |
| Accounts payable | $ 59,928 | $ 60,321 |
| Accrued wages | 21,792 | 18,671 |
| Unearned revenues | 141,921 | 147,576 |
| Total current liabilities | 223,641 | 226,568 |
| Noncurrent Liabilities: | | |
| Total noncurrent liabilities | | |
| Total liabilities | 223,641 | 226,568 |
| Deferred Inflows of Resources: | | |
| Deferred inflows of resources | 10,125 | 40,501 |
| Total deferred inflows of resources | 10,125 | 40,501 |
| Net Position: | | |
| Net investment in capital assets | 5,930,565 | 6,111,109 |
| Unrestricted | ( 86,293 ) | ( 130,242 ) |
| Total net position | $ 5,844,272 | $ 5,980,867 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Golf Course Operating Fund

For the Years Ended September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Operating Revenues: | | |
| Course and ground | $ 797,075 | $ 799,336 |
| Cart | 173,812 | 200,474 |
| Pro shop | 113,858 | 142,415 |
| Range | 58,628 | 69,404 |
| Food and beverage | 243,032 | 234,691 |
| Other | 126 | |
| Total operating revenues | 1,386,531 | 1,446,320 |
| Operating Expenses: | | |
| Cost of Sales: | | |
| Pro shop | 77,356 | 98,608 |
| Food and beverage | 101,455 | 102,466 |
| Payroll and related benefits | 788,470 | 754,436 |
| Other expenses | 688,486 | 692,355 |
| Management fee | 87,144 | 85,260 |
| Depreciation | 219,442 | 218,498 |
| Total operating expenses | 1,962,353 | 1,951,623 |
| Operating income (loss) | ( 575,822 ) | ( 505,303 ) |
| Non-Operating Revenues (Expenses): | | |
| Interest revenue | 330 | 1,165 |
| Total non-operating revenues (expenses) | 330 | 1,165 |
| Income (loss) before contributions and transfers | ( 575,492 ) | ( 504,138 ) |
| Capital contributions | 38,897 | |
| Transfers in | 400,000 | 150,000 |
| Change in net position | ( 136,595 ) | ( 354,138 ) |
| Net position at beginning of year | 5,980,867 | 6,335,005 |
| Net position at end of year | $ 5,844,272 | $ 5,980,867 |

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE STATEMENTS OF CASH FLOWS -
Golf Course Operating Fund

For the Years Ended September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Receipts from customers and users | $ 1,391,239 | $ 1,403,258 |
| Payments to suppliers | ( 861,297 ) | ( 833,532 ) |
| Payments to employees | ( 877,686 ) | ( 850,010 ) |
| Net cash used by operating activities | ( 347,744 ) | ( 280,284 ) |
| Cash Flows from Non-Capital Financing Activities: | | |
| Transfers in | 400,000 | 150,000 |
| Net cash provided by non-capital financing activities | 400,000 | 150,000 |
| Cash Flows from Capital and Related Financing Activities: | | |
| Net cash used by capital and related financing activities | -0- | -0- |
| Cash Flows from Investing Activities: | | |
| Interest on investments | 330 | 1,165 |
| Net cash provided by investing activities | 330 | 1,165 |
| Net increase (decrease) in cash and cash equivalents | 52,586 | ( 129,119 ) |
| Cash and cash equivalents at the beginning of year | 43,082 | 172,201 |
| Cash and cash equivalents at the end of year | $ 95,668 | $ 43,082 |

(continued)

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

COMPARATIVE STATEMENTS OF CASH FLOWS -
Golf Course Operating Fund - Continued

For the Years Ended September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Operating income (loss) | $( 575,822 ) | $( 505,303 ) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 219,442 | 218,498 |
| (Increase) decrease in accounts receivable | 40,739 | ( 13,593 ) |
| (Increase) decrease in inventory | 10,672 | 11,294 |
| (Increase) decrease in prepaid expenses | ( 9,471 ) | 7,405 |
| Increase (decrease) in accounts payable | ( 393 ) | 28,678 |
| Increase (decrease) in accrued wages payable | 3,120 | 2,206 |
| Increase (decrease) in unearned revenues | ( 36,031 ) | ( 29,469 ) |
| Total adjustments | 228,078 | 225,019 |
| Net cash used by operating activities | $( 347,744 ) | $( 280,284 ) |
| Noncash Investing, Capital, and Financing Activities: | | |
| Capital assets transferred from governmental funds | $ 38,897 | $ |
| Net effect of noncash transactions | $ 38,897 | $ -0- |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - ACTUAL COMPARED TO BUDGETARY BASIS
Golf Course Operating Fund

For the Year Ended September 30, 2015
With Comparative Actual Totals for 2014

| | Budgeted Amounts | |
|---|---|---|
| | Original | Final |
| Operating Revenues: | | |
| Course and ground | $ 968,733 | $ 968,733 |
| Cart | 241,054 | 241,054 |
| Pro shop | 159,715 | 159,715 |
| Range | 73,141 | 73,141 |
| Food and beverage | 250,466 | 250,466 |
| Other | 6,853 | 6,853 |
| Total operating revenues | 1,699,962 | 1,699,962 |
| Operating Expenses: | | |
| Cost of Sales: | | |
| Pro shop | 104,156 | 104,156 |
| Food and beverage | 102,009 | 102,009 |
| Payroll and related benefits | 807,982 | 807,982 |
| Other expenses | 745,224 | 745,224 |
| Management fee | 87,000 | 87,000 |
| Depreciation | | |
| Total operating expenses | 1,846,371 | 1,846,371 |
| Operating income (loss) | ( 146,409 ) | ( 146,409 ) |
| Non-Operating Revenues (Expenses): | | |
| Interest revenue | | |
| Total non-operating revenues (expenses) | -0- | -0- |
| Income (loss) before contributions and transfers | ( 146,409 ) | ( 146,409 ) |
| Capital contributions | 150,000 | 150,000 |
| Transfers in | | |
| Change in net position | 3,591 | 3,591 |
| Fund balances - beginning | 5,980,867 | 5,980,867 |
| Fund balances - ending | $ 5,984,458 | $ 5,984,458 |

| 2015 | | | | 2014 |
|---|---|---|---|---|
| Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget- Positive (Negative) | Actual GAAP Basis |
| $ 797,075 | $ | $ 797,075 | $( 171,658 ) | $ 799,336 |
| 173,812 | | 173,812 | ( 67,242 ) | 200,474 |
| 113,858 | | 113,858 | ( 45,857 ) | 142,415 |
| 58,628 | | 58,628 | ( 14,513 ) | 69,404 |
| 243,032 | | 243,032 | ( 7,434 ) | 234,691 |
| 126 | | 126 | ( 6,727 ) | |
| 1,386,531 | -0- | 1,386,531 | ( 313,431 ) | 1,446,320 |
| 77,356 | | 77,356 | 26,800 | 98,608 |
| 101,455 | | 101,455 | 554 | 102,466 |
| 788,470 | | 788,470 | 19,512 | 754,436 |
| 688,486 | | 688,486 | 56,738 | 692,355 |
| 87,144 | | 87,144 | ( 144 ) | 85,260 |
| 219,442 | ( 219,442 ) | | -0- | 218,498 |
| 1,962,353 | ( 219,442 ) | 1,742,911 | 103,460 | 1,951,623 |
| ( 575,822 ) | 219,442 | ( 356,380 ) | ( 209,971 ) | ( 505,303 ) |
| 330 | | 330 | 330 | 1,165 |
| 330 | -0- | 330 | 330 | 1,165 |
| ( 575,492 ) | 219,442 | ( 356,050 ) | ( 209,641 ) | ( 504,138 ) |
| 38,897 | | 38,897 | 38,897 | |
| 400,000 | | 400,000 | 250,000 | 150,000 |
| ( 136,595 ) | 219,442 | 82,847 | 79,256 | ( 354,138 ) |
| 5,980,867 | | 5,980,867 | -0- | 6,335,005 |
| $ 5,844,272 | $ 219,442 | $ 6,063,714 | $ 79,256 | $ 5,980,867 |

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## *CAPITAL ASSET SCHEDULES*

These schedules present the capital asset balances related to governmental activities. A capital asset is presented in this schedule when it has been purchased using general governmental resources and is used for general governmental purposes. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated.

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
COMPARATIVE SCHEDULES BY SOURCE

September 30, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| Governmental Activities Capital Assets: | | |
| Land | $ 2,397,003 | $ 2,397,003 |
| Buildings | 30,074,505 | 26,202,247 |
| Improvements other than buildings | 16,876,180 | 16,747,749 |
| Machinery and equipment | 12,159,203 | 13,533,686 |
| Infrastructure | 86,082,766 | 83,571,904 |
| Construction in progress | 1,746,695 | 6,010,552 |
| Total governmental activities capital assets | $ 149,336,352 | $ 148,463,141 |
| | | |
| Investments in Governmental Activities Capital Assets by Source: | | |
| General fund | $ 12,519,308 | $ 13,236,268 |
| Special revenue fund | 4,761,126 | 4,427,940 |
| Capital projects fund | 108,872,578 | 107,615,593 |
| Contributed | 23,183,340 | 23,183,340 |
| Total governmental activities capital assets | $ 149,336,352 | $ 148,463,141 |

This schedule presents only the capital asset balances related to governmental activities.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION
September 30, 2015

| Function | Land | Buildings | Improvements Other Than Buildings |
|---|---|---|---|
| General government | $ 1,094,732 | $ 5,712,076 | $ 1,124,863 |
| Public safety | | 7,450,537 | 598,193 |
| Public works | | 1,877,845 | 3,720,190 |
| Culture and recreation | 1,302,271 | 15,034,047 | 11,432,934 |
| Total governmental activities capital assets | $ 2,397,003 | $ 30,074,505 | $ 16,876,180 |

This schedule presents only the capital asset balances related to governmental activities.

| Machinery and Equipment | Infrastructure | Construction in Progress | Total |
|---|---|---|---|
| $ 834,197 | $ 3,783,611 | $ 74,867 | $ 12,624,346 |
| 6,600,989 | 323,634 | | 14,973,353 |
| 2,724,544 | 81,751,651 | 1,406,583 | 91,480,813 |
| 1,999,473 | 223,870 | 265,245 | 30,257,840 |
| $ 12,159,203 | $ 86,082,766 | $ 1,746,695 | $ 149,336,352 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CAPITAL ASSETS USED
IN THE OPERATIONS OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION
For the Year Ended September 30, 2015

| Function | Governmental Activities Capital Assets 10/01/14 | Additions | Deductions | Governmental Activities Capital Assets 09/30/15 |
|---|---|---|---|---|
| General government | $ 13,308,949 | $ 11,925 | $ 696,528 | $ 12,624,346 |
| Public safety | 15,558,297 | 561,130 | 1,146,074 | 14,973,353 |
| Public works | 89,778,367 | 2,038,334 | 335,888 | 91,480,813 |
| Culture and recreation | 29,817,528 | 516,378 | 76,066 | 30,257,840 |
| Total governmental activities capital assets | $ 148,463,141 | $ 3,127,767 | $ 2,254,556 | $ 149,336,352 |

This schedule presents only the capital asset balances related to governmental activities.

# OTHER SCHEDULES

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES, AND LIABILITIES AND DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES - GENERAL FUND - SUB-FUNDS

September 30, 2015

| | General | Clearing | Payroll | General Contingencies |
|---|---|---|---|---|
| Assets and Deferred Outflows of Resources | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 7,428 | $ 14,463,908 | $ | $ |
| Receivables (net of allowance for uncollectibles): | | | | |
| Property tax | 25,390 | | | |
| Accounts | 46,877 | | | |
| Sales tax | 1,056,152 | | | |
| Franchise tax | 207,046 | | | |
| Grants | 20,284 | | | |
| Due from clearing fund | 7,240,747 | | 128,381 | 903,264 |
| Investments | | 399,000 | | |
| Inventories: | | | | |
| Resale items | 33,084 | | | |
| Supplies | 67,388 | | | |
| Total assets | 8,704,396 | 14,862,908 | 128,381 | 903,264 |
| Deferred Outflows of Resources: | | | | |
| Deferred outflows of resources | | | | |
| Total outflows of resources | -0- | -0- | -0- | -0- |
| Total assets and deferred outflows of resources | $ 8,704,396 | $ 14,862,908 | $ 128,381 | $ 903,264 |

| Equipment Replacement | Unemployment Insurance | Special Events | Park | Consolidation | Total |
|---|---|---|---|---|---|
| $ | $ | $ | $ | $ | $ 14,471,336 |
| | | | | | 25,390 |
| | | | | | 46,877 |
| | | | | | 1,056,152 |
| | | | | | 207,046 |
| | | | | | 20,284 |
| 6,235,103 | 149,999 | 32,652 | 172,762 | ( 14,862,908 ) | -0- |
| | | | | | 399,000 |
| | | | | | 33,084 |
| | | | | | 67,388 |
| 6,235,103 | 149,999 | 32,652 | 172,762 | ( 14,862,908 ) | 16,326,557 |
| | | | | | -0- |
| -0- | -0- | -0- | -0- | -0- | -0- |
| $ 6,235,103 | $ 149,999 | $ 32,652 | $ 172,762 | $( 14,862,908 ) | $ 16,326,557 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES, AND LIABILITIES AND DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES - GENERAL FUND - SUB-FUNDS - Continued

September 30, 2015

| | General | Clearing | Payroll | General Contingencies |
|---|---|---|---|---|
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 359,666 | $ | $ 123,381 | $ |
| Cash bonds and taxes | 400,125 | | | |
| Accrued wages | 262,024 | | | |
| Unearned revenue | 80,829 | | | |
| Due to other funds | | 14,862,908 | | |
| Total liabilities | 1,102,644 | 14,862,908 | 123,381 | -0- |
| Deferred Inflows of Resources: | | | | |
| Deferred inflows of resources – property taxes | 25,445 | | | |
| Total deferred inflows of resources | 25,445 | -0- | -0- | -0- |
| Fund Balances: | | | | |
| Non-spendable: | | | | |
| Inventory | 100,472 | | | |
| Committed: | | | | |
| Contingencies | | | | |
| Assigned: | | | | 903,264 |
| Unemployment insurance | | | | |
| Equipment replacement | | | | |
| Special events | | | | |
| Park improvement | | | | |
| Unassigned | 7,475,835 | | 5,000 | |
| Total fund balances | 7,576,307 | -0- | 5,000 | 903,264 |
| Total liabilities, deferred inflows of resources and fund balances | $ 8,704,396 | $ 14,862,908 | $ 128,381 | $ 903,264 |

| Equipment Replacement | Unemployment Insurance | Special Events | Park | Consolidation | Total |
|---|---|---|---|---|---|
| $ 41,751 | $ 5,697 | $ | $ | $ | $ 530,495 |
| | | | | | 400,125 |
| | | | | | 262,024 |
| | | | | | 80,829 |
| | | | | ( 14,862,908 ) | -0- |
| 41,751 | 5,697 | -0- | -0- | ( 14,862,908 ) | 1,273,473 |
| | | | | | 25,445 |
| -0- | -0- | -0- | -0- | -0- | 25,445 |
| | | | | | 100,472 |
| | | | | | 903,264 |
| | 144,302 | | | | 144,302 |
| 6,193,352 | | | | | 6,193,352 |
| | | 32,652 | | | 32,652 |
| | | | 172,762 | | 172,762 |
| | | | | | 7,480,835 |
| 6,193,352 | 144,302 | 32,652 | 172,762 | -0- | 15,027,639 |
| $ 6,235,103 | $ 149,999 | $ 32,652 | $ 172,762 | $( 14,862,908 ) | $ 16,326,557 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND - SUB-FUNDS

For the Year Ended September 30, 2015

| | General | Clearing | Payroll | General Contingencies |
|---|---|---|---|---|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | $ 3,615,757 | $ | $ | $ |
| Sales | 5,991,129 | | | |
| Franchise | 1,646,902 | | | |
| Other | 206,901 | | | |
| Industrial district | 4,249,304 | | | |
| Intergovernmental | 8,443 | | | |
| Revenue producing facilities | 1,186,243 | | | |
| Fines and fees | 573,801 | | | |
| Licenses and permits | 666,610 | | | |
| Investment income | 19,491 | | | 1,816 |
| Miscellaneous | 135,595 | | | |
| Total revenues | 18,300,176 | -0- | -0- | 1,816 |
| Expenditures: | | | | |
| Current: | | | | |
| General government and administration | | | | |
| General administration | 1,626,160 | | | |
| Finance | 905,138 | | | |
| Elections | 7,825 | | | |
| Legal | 162,622 | | | |
| Municipal court | 357,122 | | | |
| Engineering | 408,036 | | | |
| Public Safety: | | | | |
| Police | 4,655,220 | | | |
| Fire | 481,650 | | | |
| EMS department | 399,721 | | | |
| Humane | 291,895 | | | |
| Public works: | | | | |
| Garage | 626,000 | | | |
| Street | 715,571 | | | |
| Drainage | 641,854 | | | |
| Building inspection | 542,267 | | | |
| Culture and recreation: | | | | |
| Parks | 1,110,028 | | | |
| Recreation | 2,080,181 | | | |
| Civic Center & Jasmine Hall | 658,650 | | | |
| Commissions and Boards | 300,279 | | | |
| Special event | | | | |
| Capital outlay | 53,619 | | | |
| Total expenditures | 16,023,838 | -0- | -0- | -0- |

| Equipment Replacement | Unemployment Insurance | Special Events | Park | Consolidation | Total |
|---|---|---|---|---|---|
| $ | $ | $ | $ | $ | $ 3,615,757 |
| | | | | | 5,991,129 |
| | | | | | 1,646,902 |
| | | | | | 206,901 |
| | | | | | 4,249,304 |
| | | | | | 8,443 |
| | | | | | 1,186,243 |
| | | | | | 573,801 |
| | | | | | 666,610 |
| 16,193 | 346 | | 628 | | 38,474 |
| | | 10,553 | | | 146,148 |
| 16,193 | 346 | 10,553 | 628 | -0- | 18,329,712 |
| | | | | | |
| 12,140 | 21,829 | | | | 1,660,129 |
| 16,818 | | | | | 921,956 |
| | | | | | 7,825 |
| 2,244 | | | | | 164,866 |
| 3,802 | | | | | 360,924 |
| 12,642 | | | | | 420,678 |
| | | | | | |
| 9,544 | | | | | 4,664,764 |
| 5,255 | | | | | 486,905 |
| | | | | | 399,721 |
| | | | | | 291,895 |
| | | | | | |
| 3,198 | | | | | 629,198 |
| 45,680 | | | | | 761,251 |
| | | | | | 641,854 |
| 2,244 | | | | | 544,511 |
| | | | | | |
| 1,447 | | | 10,131 | | 1,121,606 |
| 32,037 | | | | | 2,112,218 |
| 1,363 | | | | | 660,013 |
| | | | | | 300,279 |
| | | 80,492 | | | 80,492 |
| 850,293 | | | 113,571 | | 1,017,483 |
| 998,707 | 21,829 | 80,492 | 123,702 | -0- | 17,248,568 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND - SUB-FUNDS - Continued

For the Year Ended September 30, 2015

| | General | Clearing | Payroll | General Contingencies |
|---|---|---|---|---|
| Excess (deficiency) of revenues over (under) expenditures | $ 2,276,338 | $ -0- | $ -0- | $ 1,816 |
| Other Financing Sources (Uses): | | | | |
| Sale of capital assets | | | | |
| Transfers in | 890,390 | | | 100,000 |
| Transfers out | ( 2,320,150 ) | | | |
| Total other financing sources (uses) | ( 1,429,760 ) | -0- | -0- | 100,000 |
| Net changes in fund balances | 846,578 | -0- | -0- | 101,816 |
| Fund balances - beginning | 6,729,729 | | 5,000 | 801,448 |
| Fund balances - ending | $ 7,576,307 | $ -0- | $ 5,000 | $ 903,264 |

| Equipment Replacement | Unemployment Insurance | Special Events | Park | Consolidation | Total |
|---|---|---|---|---|---|
| $( 982,514 ) | $( 21,483 ) | $( 69,939 ) | $( 123,074 ) | $ -0- | $ 1,081,144 |
| 81,393 | | | | | 81,393 |
| 1,663,445 | | 89,654 | | ( 1,120,150 ) | 1,623,339 |
| ( 382,633 ) | | | | 1,120,150 | ( 1,582,633 ) |
| 1,362,205 | -0- | 89,654 | -0- | -0- | 122,099 |
| 379,691 | ( 21,483 ) | 19,715 | ( 123,074 ) | -0- | 1,203,243 |
| 5,813,661 | 165,785 | 12,937 | 295,836 | | 13,824,396 |
| $ 6,193,352 | $ 144,302 | $ 32,652 | $ 172,762 | $ -0- | $ 15,027,639 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF NET POSITION
ENTERPRISE FUND - SUB-FUNDS

September 30, 2015

| | Utility | Utility Contingency | Utility Revenue Bond Interest and Sinking |
|---|---|---|---|
| Assets: | | | |
| Current Assets: | | | |
| Cash and temporary investments | $ 1,973,035 | $ 349,878 | $ |
| Receivables (Net of Allowance for Uncollectibles): | | | |
| Accounts | 790,995 | | |
| | 2,764,030 | 349,878 | -0- |
| Current Restricted Assets: | | | |
| Cash and temporary investments | 736,254 | | |
| Due from other governments | | | |
| Total current restricted assets | 736,254 | -0- | -0- |
| Total current assets | 3,500,284 | 349,878 | -0- |
| Noncurrent Assets: | | | |
| Restricted Cash and Cash Equivalents: | | | |
| Revenue bond covenant accounts | | | 2,340,884 |
| Total noncurrent restricted assets | -0- | -0- | 2,340,884 |
| Capital Assets: | | | |
| Property, plant and equipment | 64,459,576 | | |
| Construction in progress | | | |
| Less accumulated depreciation | ( 36,519,669 ) | | |
| Total capital assets (net of accumulated depreciation) | 27,939,907 | -0- | -0- |
| Total noncurrent assets | 27,939,907 | -0- | 2,340,884 |
| Total assets | 31,440,191 | 349,878 | 2,340,884 |
| Deferred Outflows of Resources: | | | |
| Deferred outflows of resources - debt refunding cost | | | 108,821 |
| Deferred outflows of resources - pension | 278,696 | | |
| Total deferred outflows of resources | 278,696 | -0- | 108,821 |

(continued)

| Utility Construction | 2007 Utility Bond | 2013 Revenue Bond | Total |
|---|---|---|---|
| $ 679,429 | $ | $ | $ 3,002,342 |
| | | | 790,995 |
| 679,429 | -0- | -0- | 3,793,337 |
| | ( 5,318 ) | 2,684,987 | 3,415,923 |
| | 5,318 | | 5,318 |
| -0- | -0- | 2,684,987 | 3,421,241 |
| 679,429 | -0- | 2,684,987 | 7,214,578 |
| | | | 2,340,884 |
| -0- | -0- | -0- | 2,340,884 |
| | | | 64,459,576 |
| 133,195 | | 214,288 | 347,483 |
| | | | ( 36,519,669 ) |
| 133,195 | -0- | 214,288 | 28,287,390 |
| 133,195 | -0- | 214,288 | 30,628,274 |
| 812,624 | -0- | 2,899,275 | 37,842,852 |
| | | | 108,821 |
| | | | 278,696 |
| -0- | -0- | -0- | 387,517 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF NET POSITION
ENTERPRISE FUND - SUB-FUNDS - Continued

September 30, 2015

| | Utility | Utility Contingency | Utility Revenue Bond Interest and Sinking |
|---|---|---|---|
| Liabilities: | | | |
| Current Liabilities: | | | |
| Accounts payable | $ 364,960 | $ | $ |
| Accrued wages | 65,149 | | |
| Accrued compensated absences | 102,861 | | |
| Net pension liability | 46,062 | | |
| Revenue bonds payable | 671,250 | | |
| | 1,250,282 | -0- | -0- |
| Current Liabilities Payable from Restricted Assets: | | | |
| Accrued interest | | | 148,151 |
| Customer deposits | 736,254 | | |
| Revenue bonds payable | | | 516,852 |
| Total current liabilities payable from restricted assets | 736,254 | -0- | 665,003 |
| Total current liabilities | 1,986,536 | -0- | 665,003 |
| Noncurrent Liabilities: | | | |
| Revenue bonds payable | 7,795,000 | | 146,269 |
| Accrued compensated absences | 46,284 | | |
| Net pension obligation | 414,560 | | |
| Total noncurrent liabilities | 8,255,844 | -0- | 146,269 |
| Total liabilities | 10,242,380 | -0- | 811,272 |
| Deferred Inflows of Resources: | | | |
| Deferred inflows of resources - pension | 99,384 | | |
| Total deferred inflows of resources | 99,384 | -0- | -0- |
| Net Position: | | | |
| Net investment in capital assets | 19,473,657 | | ( 37,448 ) |
| Restricted For: | | | |
| Revenue bond retirement | | | 1,675,881 |
| Construction | | | |
| Unrestricted | 1,903,466 | 349,878 | |
| Total net position | $ 21,377,123 | $ 349,878 | $ 1,638,433 |

| Utility Construction | 2007 Utility Bond | 2013 Revenue Bond | Total |
|---|---|---|---|
| $ 57,233 | $ | $ | $ 422,193 |
| | | | 65,149 |
| | | | 102,861 |
| | | | 46,062 |
| | | | 671,250 |
| 57,233 | -0- | -0- | 1,307,515 |
| | | | 148,151 |
| | | | 736,254 |
| | | | 516,852 |
| -0- | -0- | -0- | 1,401,257 |
| 57,233 | -0- | -0- | 2,708,772 |
| | | | 7,941,269 |
| | | | 46,284 |
| | | | 414,560 |
| -0- | -0- | -0- | 8,402,113 |
| 57,233 | -0- | -0- | 11,110,885 |
| | | | 99,384 |
| -0- | -0- | -0- | 99,384 |
| 133,195 | | 214,288 | 19,783,692 |
| | | | 1,675,881 |
| | | 2,684,987 | 2,684,987 |
| 622,196 | | | 2,875,540 |
| $ 755,391 | $ -0- | $ 2,899,275 | $ 27,020,100 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - ENTERPRISE FUND - SUB-FUNDS

For the Year Ended September 30, 2015

| | Utility | Utility Contingency | Utility Revenue Bond Interest and Sinking |
|---|---|---|---|
| Operating Revenues: | | | |
| Water service | $ 3,912,414 | $ | $ |
| Sewer service | 3,616,255 | | |
| Garbage fees | 3,287,706 | | |
| Tapping and connection fees | 329,992 | | |
| Other | 201,519 | | |
| Total operating revenues | 11,347,886 | -0- | -0- |
| Operating Expenses: | | | |
| Utility administration | 430,822 | | |
| Water production and treatment | 3,133,454 | | |
| Sewer collection | 2,110,332 | | |
| Sanitation | 2,551,608 | | |
| Depreciation | 2,094,283 | | |
| Total operating expenses | 10,320,499 | -0- | -0- |
| Operating income (loss) | 1,027,387 | -0- | -0- |
| Non-Operating Revenues (Expenses): | | | |
| Interest revenue | 6,408 | 790 | 5,146 |
| Loss on disposal of capital assets | ( 10,764 ) | | |
| Interest expense and fiscal charges | | | ( 343,242 ) |
| Total non-operating revenues (expenses) | ( 4,356 ) | 790 | ( 338,096 ) |
| Income (loss) before contributions and transfers | 1,023,031 | 790 | ( 338,096 ) |
| Transfers in | 382,633 | | |
| Transfers out | ( 1,208,685 ) | | |
| Intrafund transfers | 271,722 | | 384,335 |
| Change in net position | 468,701 | 790 | 46,239 |
| Net position at beginning of year (restated) | 20,908,422 | 349,088 | 1,592,194 |
| Net position at end of year | $ 21,377,123 | $ 349,878 | $ 1,638,433 |

| Utility Construction | 2007 Utility Bond | 2013 Revenue Bond | Total |
|---|---|---|---|
| $ | $ | $ | $ 3,912,414 |
| | | | 3,616,255 |
| | | | 3,287,706 |
| | | | 329,992 |
| | | | 201,519 |
| -0- | -0- | -0- | 11,347,886 |
| | | | 430,822 |
| | | | 3,133,454 |
| | | | 2,110,332 |
| | | | 2,551,608 |
| | | | 2,094,283 |
| -0- | -0- | -0- | 10,320,499 |
| -0- | -0- | -0- | 1,027,387 |
| 1,256 | | 1,810 | 15,410 |
| | | | ( 10,764 ) |
| | | | ( 343,242 ) |
| 1,256 | -0- | 1,810 | ( 338,596 ) |
| 1,256 | -0- | 1,810 | 688,791 |
| 100,000 | | | 482,633 |
| | | | ( 1,208,685 ) |
| ( 479,481 ) | | ( 176,576 ) | -0- |
| ( 378,225 ) | | ( 174,766 ) | ( 37,261 ) |
| 1,133,616 | -0- | 3,074,041 | 27,057,361 |
| $ 755,391 | $ -0- | $ 2,899,275 | $ 27,020,100 |

# CITY OF LAKE JACKSON
Lake Jackson, Texas

## CONSOLIDATED SCHEDULE OF CASH FLOWS
## ENTERPRISE FUND - SUB-FUNDS

For the Year Ended September 30, 2015

| | Utility | Utility Contingency | Utility Revenue Bond Interest and Sinking |
|---|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Receipts from customers and users | $ 11,256,777 | $ | $ |
| Payments to customers and suppliers | ( 5,891,476 ) | | |
| Payments to employees | ( 2,446,023 ) | | |
| Net cash provided by operating activities | 2,919,278 | -0- | -0- |
| Cash Flows from Non-Capital Financing Activities: | | | |
| Transfer in | 382,633 | | |
| Transfers out | ( 1,208,685 ) | | |
| Intrafund transfers | 271,722 | | 384,335 |
| Net cash provided (used) by non-capital financing activities | ( 554,330 ) | -0- | 384,335 |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Purchases of capital assets | ( 1,038,691 ) | | |
| Principal paid on capital debt | ( 1,185,000 ) | | ( 23,102 ) |
| Interest and fiscal charges paid on capital debt | | | ( 334,672 ) |
| Net cash provided (used) by capital and related financing activities | ( 2,223,691 ) | -0- | ( 357,774 ) |
| Cash Flows from Investing Activities: | | | |
| Interest on investments | 6,408 | 790 | 5,146 |
| Net cash provided by investing activities | 6,408 | 790 | 5,146 |
| Net increase (decrease) in cash and cash equivalents | 147,665 | 790 | 31,707 |
| Cash and cash equivalents at the beginning of year | 2,561,624 | 349,088 | 2,309,177 |
| Cash and cash equivalents at the end of year | $ 2,709,289 | $ 349,878 | $ 2,340,884 |
| Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities: | | | |
| Operating income (loss) | $ 1,027,387 | $ | $ |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 2,094,283 | | |
| (Increase) decrease in accounts receivable | ( 127,557 ) | | |
| Increase (decrease) in accounts payable | ( 13,455 ) | | |
| Increase (decrease) in accrued wages payable | 5,970 | | |
| Increase (decrease) in net pension obligation | ( 105,876 ) | | |
| Increase (decrease) in accrued compensated absences | 2,078 | | |
| Increase (decrease) in customer deposits | 36,448 | | |
| Total adjustments | 1,891,891 | -0- | -0- |
| Net cash provided by operating activities | $ 2,919,278 | $ -0- | $ -0- |
| Non-cash Investing, Capital, and Financing Activities: | | | |
| Capital contributions from other government | $ | $ | $ |
| Net effect of non-cash transactions | $ -0- | $ -0- | $ -0- |

| Utility Construction | 2007 Utility Bond | 2013 Revenue Bond | Total |
|---|---|---|---|
| $ | $ | $ 5,000 | $ 11,261,777 |
| 57,233 | | | ( 5,834,243 ) |
| | | | ( 2,446,023 ) |
| 57,233 | -0- | 5,000 | 2,981,511 |
| 100,000 | | | 482,633 |
| | | | ( 1,208,685 ) |
| ( 479,481 ) | | ( 176,576 ) | -0- |
| ( 379,481 ) | -0- | ( 176,576 ) | ( 726,052 ) |
| 109,936 | | ( 97,913 ) | ( 1,026,668 ) |
| | | | ( 1,208,102 ) |
| | | | ( 334,672 ) |
| 109,936 | -0- | ( 97,913 ) | ( 2,569,442 ) |
| 1,256 | | 1,810 | 15,410 |
| 1,256 | -0- | 1,810 | 15,410 |
| ( 211,056 ) | -0- | ( 267,679 ) | ( 298,573 ) |
| 890,485 | ( 5,318 ) | 2,952,666 | 9,057,722 |
| $ 679,429 | $( 5,318 ) | $ 2,684,987 | $ 8,759,149 |
| $ | $ | $ | $ 1,027,387 |
| | | | 2,094,283 |
| | | 5,000 | ( 122,557 ) |
| 57,233 | | | 43,778 |
| | | | 5,970 |
| | | | ( 105,876 ) |
| | | | 2,078 |
| | | | 36,448 |
| 57,233 | -0- | 5,000 | 1,954,124 |
| $ 57,233 | $ -0- | $ 5,000 | $ 2,981,511 |
| $ -0- | $ -0- | $ -0- | $ -0- |
| $ -0- | $ -0- | $ -0- | $ -0- |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE

September 30, 2015

| Year Ending 09/30 | Series 2004 Principal | Series 2004 Interest | Series 2007 Principal | Series 2007 Interest |
|---|---|---|---|---|
| 2016 | $ 180,000 | $ 59,715 | $ 265,000 | $ 121,900 |
| 2017 | 180,000 | 53,370 | 265,000 | 111,300 |
| 2018 | 180,000 | 46,800 | 265,000 | 100,700 |
| 2019 | 180,000 | 40,050 | 265,000 | 90,100 |
| 2020 | 180,000 | 33,120 | 265,000 | 79,500 |
| 2021 | 180,000 | 26,010 | 265,000 | 68,900 |
| 2022 | 180,000 | 18,720 | 265,000 | 58,300 |
| 2023 | 180,000 | 11,295 | 265,000 | 47,700 |
| 2024 | 180,000 | 3,780 | 265,000 | 37,100 |
| 2025 | | | 265,000 | 26,500 |
| 2026 | | | 265,000 | 15,900 |
| 2027 | | | 265,000 | 5,300 |
| 2028 | | | | |
| 2029 | | | | |
| 2030 | | | | |
| 2031 | | | | |
| 2032 | | | | |
| 2033 | | | | |
| TOTAL | $ 1,620,000 | $ 292,860 | $ 3,180,000 | $ 763,200 |

(continued)

| Series 2009 | | Series 2009 Refunding | | Series 2009 Certificate | |
|---|---|---|---|---|---|
| Principal | Interest | Principal | Interest | Principal | Interest |
| $ 120,000 | $ 65,550 | $ 670,000 | $ 43,650 | $ 250,000 | $ 145,625 |
| 120,000 | 60,750 | 660,000 | 22,875 | 250,000 | 136,875 |
| 120,000 | 56,025 | 285,000 | 7,162 | 250,000 | 127,500 |
| 120,000 | 51,450 | 60,000 | 1,088 | 250,000 | 117,500 |
| 120,000 | 46,950 | | | 250,000 | 107,500 |
| 120,000 | 42,450 | | | 250,000 | 97,500 |
| 120,000 | 37,800 | | | 250,000 | 87,500 |
| 120,000 | 33,000 | | | 250,000 | 77,500 |
| 120,000 | 28,200 | | | 250,000 | 67,500 |
| 120,000 | 23,220 | | | 250,000 | 57,500 |
| 120,000 | 18,060 | | | 250,000 | 47,375 |
| 120,000 | 12,900 | | | 250,000 | 37,062 |
| 120,000 | 7,740 | | | 250,000 | 26,625 |
| 120,000 | 2,580 | | | 250,000 | 16,063 |
| | | | | 250,000 | 5,375 |
| $ 1,680,000 | $ 486,675 | $ 1,675,000 | $ 74,775 | $ 3,750,000 | $ 1,155,000 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE - Continued

September 30, 2015

| Year Ending 09/30 | Series 2010 Principal | Series 2010 Interest | Series 2011 Principal | Series 2011 Interest |
|---|---|---|---|---|
| 2016 | $ 150,000 | $ 84,525 | $ 740,000 | $ 197,700 |
| 2017 | 150,000 | 79,800 | 750,000 | 171,600 |
| 2018 | 150,000 | 74,850 | 755,000 | 141,500 |
| 2019 | 150,000 | 69,375 | 745,000 | 111,500 |
| 2020 | 150,000 | 63,375 | 745,000 | 81,700 |
| 2021 | 150,000 | 57,375 | 740,000 | 52,000 |
| 2022 | 150,000 | 51,375 | 555,000 | 26,100 |
| 2023 | 150,000 | 45,375 | 375,000 | 7,500 |
| 2024 | 150,000 | 39,375 | | |
| 2025 | 150,000 | 33,375 | | |
| 2026 | 150,000 | 27,375 | | |
| 2027 | 150,000 | 21,375 | | |
| 2028 | 150,000 | 15,375 | | |
| 2029 | 150,000 | 9,281 | | |
| 2030 | 150,000 | 3,094 | | |
| 2031 | | | | |
| 2032 | | | | |
| 2033 | | | | |
| TOTAL | $ 2,250,000 | $ 675,300 | $ 5,405,000 | $ 789,600 |

(continued)

| Series 2013 LTB | | Series 2013 Certificate | | Series 2013A Certificate | |
|---|---|---|---|---|---|
| Principal | Interest | Principal | Interest | Principal | Interest |
| $ 200,000 | $ 77,500 | $ 100,000 | $ 43,750 | $ 150,000 | $ 28,125 |
| 200,000 | 74,500 | 100,000 | 41,750 | 150,000 | 25,125 |
| 200,000 | 71,500 | 100,000 | 39,750 | 150,000 | 21,938 |
| 200,000 | 68,500 | 100,000 | 37,750 | 150,000 | 18,375 |
| 200,000 | 65,500 | 100,000 | 35,750 | 150,000 | 14,625 |
| 200,000 | 62,000 | 100,000 | 33,750 | 150,000 | 10,875 |
| 200,000 | 58,000 | 100,000 | 31,750 | 150,000 | 6,750 |
| 200,000 | 54,000 | 100,000 | 29,625 | 150,000 | 2,250 |
| 200,000 | 50,000 | 100,000 | 27,375 | | |
| 200,000 | 46,000 | 100,000 | 24,875 | | |
| 200,000 | 41,500 | 100,000 | 22,125 | | |
| 200,000 | 36,500 | 100,000 | 19,375 | | |
| 200,000 | 31,500 | 100,000 | 16,500 | | |
| 200,000 | 26,500 | 100,000 | 13,500 | | |
| 200,000 | 21,000 | 100,000 | 10,500 | | |
| 200,000 | 15,000 | 100,000 | 7,500 | | |
| 200,000 | 9,000 | 100,000 | 4,500 | | |
| 200,000 | 3,000 | 100,000 | 1,500 | | |
| $ 3,600,000 | $ 811,500 | $ 1,800,000 | $ 441,625 | $ 1,200,000 | $ 128,063 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE - Continued

September 30, 2015

| Year Ending | Series 2014 Certificate | | Totals | | |
|---|---|---|---|---|---|
| 09/30 | Principal | Interest | Principal | Interest | Total |
| 2016 | $ 275,000 | $ 134,062 | $ 3,100,000 | $ 1,002,102 | $ 4,102,102 |
| 2017 | 275,000 | 128,563 | 3,100,000 | 906,508 | 4,006,508 |
| 2018 | 275,000 | 123,063 | 2,730,000 | 810,788 | 3,540,788 |
| 2019 | 275,000 | 117,218 | 2,495,000 | 722,906 | 3,217,906 |
| 2020 | 275,000 | 111,031 | 2,435,000 | 639,051 | 3,074,051 |
| 2021 | 275,000 | 104,844 | 2,430,000 | 555,704 | 2,985,704 |
| 2022 | 275,000 | 98,656 | 2,245,000 | 474,951 | 2,719,951 |
| 2023 | 275,000 | 92,469 | 2,065,000 | 400,714 | 2,465,714 |
| 2024 | 275,000 | 85,937 | 1,540,000 | 339,267 | 1,879,267 |
| 2025 | 275,000 | 79,063 | 1,360,000 | 290,533 | 1,650,533 |
| 2026 | 275,000 | 72,188 | 1,360,000 | 244,523 | 1,604,523 |
| 2027 | 275,000 | 65,141 | 1,360,000 | 197,653 | 1,557,653 |
| 2028 | 275,000 | 57,922 | 1,095,000 | 155,662 | 1,250,662 |
| 2029 | 275,000 | 50,187 | 1,095,000 | 118,111 | 1,213,111 |
| 2030 | 275,000 | 41,594 | 975,000 | 81,563 | 1,056,563 |
| 2031 | 275,000 | 32,656 | 575,000 | 55,156 | 630,156 |
| 2032 | 275,000 | 23,719 | 575,000 | 37,219 | 612,219 |
| 2033 | 275,000 | 14,438 | 575,000 | 18,938 | 593,938 |
| 2034 | 275,000 | 4,812 | 275,000 | 4,812 | 279,812 |
| TOTAL | $ 5,225,000 | $ 1,437,562 | $ 31,385,000 | $ 7,056,161 | $ 38,441,161 |

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

WATERWORKS AND SEWER SYSTEM
REVENUE BONDS - DEBT SERVICE SCHEDULE

September 30, 2015

| Year Ending | Series 2007 | | Series 2009 Refunding | |
|---|---|---|---|---|
| 09/30 | Principal | Interest | Principal | Interest |
| 2016 | $ 100,000 | $ 48,000 | $ 95,000 | $ 2,850 |
| 2017 | 100,000 | 44,000 | | |
| 2018 | 100,000 | 40,000 | | |
| 2019 | 100,000 | 36,000 | | |
| 2020 | 100,000 | 32,000 | | |
| 2021 | 100,000 | 28,000 | | |
| 2022 | 100,000 | 24,000 | | |
| 2023 | 100,000 | 20,000 | | |
| 2024 | 100,000 | 16,000 | | |
| 2025 | 100,000 | 12,000 | | |
| 2026 | 100,000 | 8,000 | | |
| 2027 | 100,000 | 4,000 | | |
| 2028 | | | | |
| 2029 | | | | |
| 2030 | | | | |
| 2031 | | | | |
| 2032 | | | | |
| 2033 | | | | |
| TOTAL | $ 1,200,000 | $ 312,000 | $ 95,000 | $ 2,850 |

| Series 2009 | | Series 2010 Refunding | | Series 2013 | |
|---|---|---|---|---|---|
| Principal | Interest | Principal | Interest | Principal | Interest |
| $ 85,000 | $ 51,825 | $ 785,000 | $ 168,450 | $ 100,000 | $ 50,750 |
| 85,000 | 48,850 | 770,000 | 144,900 | 100,000 | 48,250 |
| 85,000 | 45,875 | 765,000 | 121,800 | 100,000 | 45,750 |
| 85,000 | 42,900 | 765,000 | 91,200 | 100,000 | 43,250 |
| 85,000 | 39,500 | 760,000 | 60,600 | 100,000 | 40,750 |
| 85,000 | 36,100 | 755,000 | 30,200 | 100,000 | 38,000 |
| 85,000 | 32,700 | | | 100,000 | 35,250 |
| 85,000 | 29,300 | | | 100,000 | 32,500 |
| 85,000 | 25,688 | | | 100,000 | 29,750 |
| 85,000 | 22,075 | | | 100,000 | 27,000 |
| 85,000 | 18,462 | | | 100,000 | 24,000 |
| 85,000 | 14,850 | | | 100,000 | 21,000 |
| 85,000 | 11,025 | | | 100,000 | 18,000 |
| 80,000 | 7,200 | | | 100,000 | 15,000 |
| 80,000 | 3,600 | | | 100,000 | 12,000 |
| | | | | 100,000 | 9,000 |
| | | | | 100,000 | 6,000 |
| | | | | 100,000 | 3,000 |
| $ 1,265,000 | $ 429,950 | $ 4,600,000 | $ 617,150 | $ 1,800,000 | $ 499,250 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

WATERWORKS AND SEWER SYSTEM
REVENUE BONDS - DEBT SERVICE SCHEDULE - Continued

September 30, 2015

| Year Ending 09/30 | Totals Principal | Interest | Total |
|---|---|---|---|
| 2016 | $ 1,165,000 | $ 321,875 | $ 1,486,875 |
| 2017 | 1,055,000 | 286,000 | 1,341,000 |
| 2018 | 1,050,000 | 253,425 | 1,303,425 |
| 2019 | 1,050,000 | 213,350 | 1,263,350 |
| 2020 | 1,045,000 | 172,850 | 1,217,850 |
| 2021 | 1,040,000 | 132,300 | 1,172,300 |
| 2022 | 285,000 | 91,950 | 376,950 |
| 2023 | 285,000 | 81,800 | 366,800 |
| 2024 | 285,000 | 71,438 | 356,438 |
| 2025 | 285,000 | 61,075 | 346,075 |
| 2026 | 285,000 | 50,462 | 335,462 |
| 2027 | 285,000 | 39,850 | 324,850 |
| 2028 | 185,000 | 29,025 | 214,025 |
| 2029 | 180,000 | 22,200 | 202,200 |
| 2030 | 180,000 | 15,600 | 195,600 |
| 2031 | 100,000 | 9,000 | 109,000 |
| 2032 | 100,000 | 6,000 | 106,000 |
| 2033 | 100,000 | 3,000 | 103,000 |
| TOTAL | $ 8,960,000 | $ 1,861,200 | $ 10,821,200 |

# CITY OF LAKE JACKSON
Lake Jackson, Texas

INSURANCE COVERAGE

September 30, 2015

| Type of Coverage | Amount of Coverage | Expiration Date |
|---|---|---|
| Texas Municipal League: | | |
| General and Auto Liability: | | |
| General liability | $ 5,000,000 | 10/01/16 |
| Automobile liability | 5,000,000 | 10/01/16 |
| Other Liability: | | |
| Law enforcement liability | 5,000,000 | 10/01/16 |
| Errors and omissions | 2,000,000 | 10/01/16 |
| Property coverage | 52,709,462 | 10/01/16 |
| Mobil equipment | 2,733,098 | 10/01/16 |
| Boiler and machinery | 8,000,000 | 10/01/16 |
| American Governmental Risk and Insurance Programs: | | |
| Windstorm and hail coverage on property, buildings and contents | 53,867,290 | 01/26/17 |
| Pollution liability insurance | 2,000,000 | 10/01/16 |

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## *STATISTICAL SECTION*

The Statistical Section presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. It includes five categories of information:

Financial Trends (tables 1-4) - contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (tables 5-9) - contain information to help the reader assess the government's most significant local revenue source.

Debt Capacity (tables 10-13) - present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (tables 14-15) - offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (tables 16-18) - contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to services the government provides and the activities it performs.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 1
Net Position by Component - Last Ten Fiscal Years
(accrual basis of accounting)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Net investment in capital assets | $ 25,482,995 | $ 20,767,169 | $ 22,531,131 | $ 24,720,024 | $ 29,710,085 |
| Restricted | 2,501,788 | 7,165,037 | 6,127,672 | 5,539,740 | 3,464,062 |
| Unrestricted | 10,411,172 | 12,535,286 | 12,901,474 | 13,589,900 | 11,359,453 |
| Total governmental activities net Position | $ 38,395,955 | $ 40,467,492 | $ 41,560,277 | $ 43,849,664 | $ 44,533,600 |
| Business-type Activities Net Position: | | | | | |
| Net investment in capital assets | $ 27,043,902 | $ 26,931,575 | $ 27,384,565 | $ 27,423,694 | $ 28,033,629 |
| Restricted | 2,588,178 | 4,403,071 | 4,433,305 | 3,762,045 | 2,477,733 |
| Unrestricted | 5,882,669 | 3,862,779 | 3,228,210 | 3,586,865 | 3,024,992 |
| Total business-type activities net position | $ 35,514,749 | $ 35,197,425 | $ 35,046,080 | $ 34,772,604 | $ 33,536,354 |
| Primary Government: | | | | | |
| Net investment in capital assets | $ 52,526,897 | $ 47,698,744 | $ 49,915,696 | $ 52,143,718 | $ 57,743,714 |
| Restricted | 5,089,966 | 11,568,108 | 10,560,977 | 9,301,785 | 5,941,795 |
| Unrestricted | 16,293,841 | 16,398,065 | 16,129,684 | 17,176,765 | 14,384,445 |
| Total primary government net position | $ 73,910,704 | $ 75,664,917 | $ 76,606,357 | $ 78,622,268 | $ 78,069,954 |

**Source:** Comprehensive Annual Financial Report

| 2011 | (Restated) 2012 | 2013 | (Restated) 2014 | 2015 |
|---|---|---|---|---|
| $ 30,758,109 | $ 31,925,095 | $ 32,758,260 | $ 32,216,296 | $ 33,652,498 |
| 3,492,533 | 2,954,878 | 3,336,660 | 3,555,361 | 3,686,401 |
| 11,811,249 | 12,831,196 | 13,720,520 | 13,914,437 | 15,824,959 |
| $ 46,061,891 | $ 47,711,169 | $ 49,815,440 | $ 49,686,094 | $ 53,163,858 |
| $ 28,073,361 | $ 27,647,349 | $ 25,127,439 | $ 25,271,709 | $ 25,714,257 |
| 2,108,449 | 2,203,481 | 4,128,057 | 5,098,779 | 4,360,868 |
| 3,474,825 | 3,249,031 | 3,459,981 | 2,667,740 | 2,789,247 |
| $ 33,656,635 | $ 33,099,861 | $ 32,715,477 | $ 33,038,228 | $ 32,864,372 |
| $ 58,831,470 | $ 59,572,444 | $ 57,885,699 | $ 57,488,005 | $ 59,366,755 |
| 5,600,982 | 5,158,359 | 7,464,717 | 8,654,140 | 8,047,269 |
| 15,286,074 | 16,080,227 | 17,180,501 | 16,582,177 | 18,614,206 |
| $ 79,718,526 | $ 80,811,030 | $ 82,530,917 | $ 82,724,322 | $ 86,028,230 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 2
Changes in Net Position - Last Ten Fiscal Years
(accrual basis of accounting)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Governmental Activities: | | | | | |
| General government and administration | $ 2,602,960 | $ 2,933,681 | $ 2,894,285 | $ 3,075,201 | $ 3,222,710 |
| Public safety | 5,138,326 | 5,238,784 | 5,464,662 | 5,739,091 | 6,046,380 |
| Public works | 5,632,640 | 5,346,890 | 5,925,876 | 5,758,443 | 5,694,647 |
| Culture and recreation | 4,634,673 | 4,621,273 | 4,977,391 | 4,885,568 | 5,037,305 |
| Interest on long-term debt | 1,250,474 | 1,225,583 | 1,260,296 | 1,180,102 | 1,233,922 |
| Total governmental activities expenses | 19,259,073 | 19,366,211 | 20,522,510 | 20,638,405 | 21,234,964 |
| Business-type Activities: | | | | | |
| Water and sewer | 6,191,778 | 6,407,376 | 6,614,955 | 6,913,963 | 7,013,299 |
| Sanitation | 2,435,453 | 2,629,561 | 2,573,279 | 2,718,214 | 2,747,149 |
| Golf Course | 1,783,080 | 1,868,965 | 2,017,199 | 2,167,996 | 2,197,021 |
| Total business-type activities expenses | 10,410,311 | 10,905,902 | 11,205,433 | 11,800,173 | 11,957,469 |
| Total primary government expenses | $ 29,669,384 | $ 30,272,113 | $ 31,727,943 | $ 32,438,578 | $ 33,492,433 |
| **Program Revenues** | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General government and administration | $ 520,176 | $ 442,892 | $ 451,580 | $ 447,112 | $ 410,235 |
| Public safety | | | | | |
| Public works | | 244,049 | 239,063 | 186,017 | 237,964 |
| Culture and recreation | 877,552 | 974,310 | 986,604 | 931,477 | 1,035,350 |
| Operating grants and contributions | 97,341 | 25,000 | 744,892 | 1,566,242 | 1,025,417 |
| Capital grants and contributions | 626,803 | 856,100 | | | |
| Total governmental activities program revenues | 2,121,872 | 2,542,351 | 2,422,139 | 3,130,848 | 2,708,966 |
| Business-type Activities: | | | | | |
| Charges for Services: | | | | | |
| Water and sewer | 5,852,076 | 5,614,724 | 6,678,843 | 7,003,764 | 6,807,782 |
| Sanitation | 2,668,684 | 2,823,869 | 2,970,992 | 3,038,754 | 3,015,623 |
| Golf | 1,570,279 | 1,637,741 | 1,847,418 | 1,869,731 | 1,550,705 |
| Operating grants and contributions | 62,298 | | | 53,182 | 99,687 |
| Capital grants and contributions | | | | | |
| Total business-type activities program revenues | 10,153,337 | 10,076,334 | 11,497,253 | 11,965,431 | 11,473,797 |
| Total primary government program revenues | $ 12,275,209 | $ 12,618,685 | $ 13,919,392 | $ 15,096,279 | $ 14,182,763 |

| 2011 | (Restated) 2012 | 2013 | (Restated) 2014 | 2015 |
|---|---|---|---|---|
| $ 3,079,021 | $ 3,338,677 | $ 3,644,827 | $ 4,174,927 | $ 3,976,659 |
| 6,140,172 | 6,146,043 | 6,260,664 | 6,732,615 | 6,364,951 |
| 4,288,666 | 4,378,048 | 4,827,784 | 4,705,962 | 4,466,925 |
| 4,961,616 | 4,896,044 | 4,501,507 | 5,449,301 | 5,561,349 |
| 1,293,892 | 1,629,413 | 1,258,756 | 985,786 | 1,071,742 |
| 19,763,367 | 20,388,225 | 20,493,538 | 22,048,588 | 21,441,626 |
| 7,410,839 | 7,811,698 | 7,774,236 | 7,966,860 | 8,122,897 |
| 2,432,879 | 2,219,316 | 2,278,112 | 2,442,771 | 2,551,608 |
| 2,060,021 | 1,922,542 | 1,972,608 | 1,951,623 | 1,952,353 |
| 11,903,739 | 11,953,556 | 12,024,956 | 12,361,254 | 12,636,858 |
| $ 31,667,106 | $ 32,341,781 | $ 32,518,494 | $ 34,409,842 | $ 34,078,484 |
| $ 459,598 | $ 550,251 | $ 657,598 | $ 678,652 | $ 584,423 |
| 213,772 | 227,672 | 245,897 | 501,138 | 666,610 |
| 1,005,931 | 1,042,830 | 1,043,331 | 1,135,711 | 1,186,243 |
| 405,794 | 131,528 | 304,854 | 6,613 | 111,615 |
| | 100,168 | | | |
| 2,085,095 | 2,052,449 | 2,251,680 | 2,322,114 | 2,548,891 |
| 7,784,450 | 7,362,306 | 7,393,568 | 7,303,337 | 8,060,180 |
| 3,036,999 | 3,052,811 | 3,161,165 | 3,163,629 | 3,287,706 |
| 1,571,415 | 1,519,738 | 1,608,396 | 1,446,320 | 1,386,531 |
| | 143,858 | | | |
| 14,445 | 28,969 | 36,214 | 133,195 | 38,897 |
| 12,407,309 | 12,107,682 | 12,199,343 | 12,046,481 | 12,773,314 |
| $ 14,492,404 | $ 14,160,131 | $ 14,451,023 | $ 14,368,595 | $ 15,322,205 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 2 - Continued
Changes in Net Position - Last Ten Fiscal Years
(accrual basis of accounting)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Net (Expense)/Revenue: | | | | | |
| Governmental activities | $(17,137,201) | $(16,823,860) | $(18,100,371) | $ 17,507,557) | $(18,525,998) |
| Business-type activities | ( 256,974) | ( 829,568) | 291,820 | 165,258 | ( 483,672) |
| Total primary governmental net expense | (17,394,175) | (17,653,428) | (17,808,551) | (17,342,299) | (19,009,670) |
| **General Revenues & Other Changes in Net Position** | | | | | |
| Governmental Activities: | | | | | |
| Taxes: | | | | | |
| Ad valorem | 4,850,943 | 5,020,245 | 5,366,631 | 5,685,508 | 5,690,679 |
| Sales | 6,392,501 | 6,972,467 | 6,890,894 | 7,043,241 | 6,709,639 |
| Occupancy | 239,924 | 272,624 | 272,703 | 218,277 | 206,933 |
| Franchise | 1,683,612 | 1,596,697 | 1,525,195 | 1,586,698 | 1,610,075 |
| Other | 54,768 | 59,590 | 145,269 | 130,559 | 134,657 |
| Industrial district | 2,881,045 | 3,220,061 | 3,422,770 | 3,962,165 | 3,843,335 |
| Investment earnings | 687,327 | 819,379 | 656,899 | 193,207 | 99,729 |
| Miscellaneous | 124,902 | 103,123 | 182,791 | 138,624 | 282,518 |
| Gain (loss) on sale/retirement of capital assets | | 56,533 | 22,498 | 325,310 | 70,055 |
| Transfers | 517,117 | ( 53,112) | 707,506 | 513,355 | 745,253 |
| Total governmental activities | 17,432,139 | 18,067,607 | 19,193,156 | 19,796,944 | 19,392,873 |
| Business-type Activities: | | | | | |
| Investment earnings | 395,581 | 443,132 | 264,341 | 74,621 | 38,844 |
| Gain on sale/retirement of capital assets | ( 4,074) | 16,000 | | | |
| Miscellaneous | | | | | |
| Transfers | ( 495,032) | 53,112 | ( 707,506) | ( 513,353) | ( 745,253) |
| Total business-type activities | ( 103,525) | 512,244 | ( 443,165) | ( 438,734) | ( 706,409) |
| Total primary government | 17,328,614 | 18,579,851 | 18,749,991 | 19,358,210 | 18,686,464 |
| **Change in Net Position** | | | | | |
| Governmental activities | 294,938 | 1,243,747 | 1,092,785 | 2,289,387 | 866,875 |
| Business-type activities | ( 360,499) | ( 317,324) | ( 151,345) | ( 273,476) | ( 1,190,081) |
| Total primary government | $( 65,561) | $ 926,423 | $ 941,440 | $ 2,015,911 | $( 323,206) |

**Source:** Comprehensive Annual Financial Report

| 2011 | (Restated) 2012 | 2013 | (Restated) 2014 | 2015 |
|---|---|---|---|---|
| $(17,678,272) | $(18,335,776) | $(18,241,858) | $(19,726,474) | $(18,892,735) |
| 503,570 | 154,126 | 174,387 | ( 314,773) | 136,456 |
| (17,174,702) | (18,181,650) | (18,067,471) | (20,041,247) | (18,756,279) |
| 5,640,962 | 5,537,580 | 5,606,122 | 5,687,918 | 5,827,889 |
| 6,918,501 | 7,230,131 | 7,712,671 | 7,978,873 | 9,129,362 |
| 226,240 | 219,915 | 274,101 | 311,774 | 498,844 |
| 1,619,883 | 1,593,448 | 1,616,709 | 1,657,659 | 1,734,149 |
| 130,638 | 130,992 | 141,546 | 4,186,100 | 4,249,304 |
| 3,984,300 | 4,100,000 | 4,100,000 | 164,284 | 206,901 |
| 100,646 | 106,725 | 107,960 | 61,941 | 57,363 |
| 165,279 | 22,367 | 191,495 | 142,508 | 333,321 |
| | | 290,564 | 29,403 | 7,314 |
| 420,114 | 753,332 | 595,525 | ( 623,332) | 326,052 |
| 19,206,563 | 19,985,054 | 20,346,129 | 19,597,128 | 22,370,499 |
| 36,825 | 42,432 | 36,754 | 14,192 | 15,740 |
| ( 420,114) | ( 753,332) | ( 595,525) | 623,332 | ( 326,052) |
| ( 383,289) | ( 710,900) | 558,771 | 637,524 | ( 310,312) |
| 18,823,274 | 19,274,154 | 19,787,358 | 20,234,552 | 22,060,187 |
| 1,528,291 | 1,649,278 | 2,104,271 | ( 129,446) | 3,477,764 |
| 120,281 | ( 556,774) | ( 384,384) | 322,751 | ( 173,856) |
| $ 1,648,572 | $ 1,092,504 | $ 1,719,887 | $ 193,305 | $ 3,303,908 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 3
Fund Balances, Governmental Funds - Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| General Fund: | | | | | |
| Reserved for other/non-spendable* | $ 199,512 | $ 125,301 | $ 442,782 | $ 331,434 | $ 262,501 |
| Committed: | | | | | |
| General contingencies | | | | | |
| Assigned: | | | | | |
| Unemployment insurance | | | | | |
| Equipment replacement | | | | | |
| Special events | | | | | |
| Parks | | | | | |
| Unreserved/unassigned* | 7,504,971 | 9,010,029 | 7,914,743 | 9,290,235 | 70,273,711 |
| Total general fund | $ 7,704,483 | $ 9,135,330 | $ 8,357,525 | $ 9,621,669 | $ 10,536,212 |
| All Other Governmental Funds: | | | | | |
| Reserved For: | | | | | |
| Debt service | $ 550,663 | $ 534,831 | $ 527,608 | $ 719,637 | $ 705,816 |
| Capital projects | 1,706,433 | 6,344,497 | 5,648,872 | 4,838,804 | 9,470,729 |
| Unreserved, Reported In: | | | | | |
| Special Revenue | 1,593,812 | 1,843,390 | 2,432,834 | 2,578,102 | 2,784,937 |
| Capital projects | 1,515,074 | 1,132,586 | 2,299,863 | 1,612,184 | 1,378,000 |
| Total all other governmental funds | $ 5,365,982 | $ 9,855,304 | $ 10,909,177 | $ 6,748,727 | $ 14,339,482 |
| Restricted: | | | | | |
| Debt Service | | | | | |
| Capital Projects | | | | | |
| Economic Development | | | | | |
| Encourage tourism | | | | | |
| Law enforcement | | | | | |
| Traffic safety | | | | | |
| Contributor purpose | | | | | |
| Program education | | | | | |
| Assigned: | | | | | |
| General construction | | | | | |
| Total all other governmental funds | | | | | |

Note: *The City implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” in fiscal year 2011.

| 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|
| $ 179,575 | $ 135,790 | $ 88,399 | $ 90,320 | $ 100,472 |
| 1,032,819 | 1,037,756 | 800,085 | 801,448 | 903,264 |
| 203,627 | 194,179 | 176,847 | 165,785 | 144,302 |
| 4,033,149 | 4,909,100 | 5,544,711 | 5,813,661 | 6,193,352 |
| 6,660 | 31,881 | 12,308 | 12,937 | 32,652 |
| 336,842 | 284,576 | 245,889 | 295,836 | 172,762 |
| 5,503,023 | 5,636,513 | 6,240,900 | 6,644,409 | 7,480,835 |
| $ 11,295,695 | $ 12,229,795 | $ 13,109,139 | $ 13,824,396 | $ 15,027,639 |

| | | | | |
|---|---|---|---|---|
| $ 671,628 | $ 608,056 | $ 707,536 | $ 717,734 | $ 714,676 |
| 5,562,372 | 3,321,850 | 7,526,486 | 5,112,819 | 9,510,524 |
| 2,526,505 | 2,207,924 | 2,292,698 | 2,412,766 | 2,519,353 |
| 60,661 | 39,718 | 42,375 | 45,523 | 49,798 |
| 121,667 | 142,911 | 122,313 | 108,418 | 70,847 |
| 131,313 | 48,533 | 26,738 | 23,492 | |
| 4,157 | | | | |
| | 75,138 | 124,901 | 196,245 | 281,104 |
| 1,353,206 | 1,475,196 | 1,370,332 | 1,903,546 | 2,102,001 |
| $ 10,431,509 | $ 7,919,326 | $ 12,313,379 | $ 10,520,543 | $ 30,275,942 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 4
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Taxes and industrial district | $ 16,102183 | $ 17,130,142 | $ 17,628,611 | $ 18,612,438 | $ 18,187,067 |
| Intergovernmental | 724,144 | 646,100 | 744,892 | 1,566,242 | 1,025,417 |
| Charges for services | 877,552 | 974,310 | 986,604 | 931,477 | 1,035,350 |
| Fines and fees | 306,426 | 442,892 | 429,564 | 425,746 | 383,023 |
| Licenses and permits | 213,750 | 244,049 | 239,063 | 186,017 | 237,964 |
| Special assessment | | 3,246 | 100 | 655 | 2,349 |
| Investment earnings | 687,327 | 819,379 | 656,900 | 191,524 | 99,729 |
| Contributions | 1,025 | 2,020 | 515 | | |
| Miscellaneous | 124,902 | 97,857 | 182,275 | 140,307 | 282,518 |
| Total revenues | 19,037,309 | 20,359,995 | 20,868,524 | 22,054,406 | 21,253,417 |
| Expenditures: | | | | | |
| General government administration | 2,404,638 | 2,737,126 | 2,707,090 | 2,874,769 | 2,984,712 |
| Public safety | 4,585,013 | 4,663,457 | 4,949,286 | 5,189,939 | 5,410,431 |
| Public works | 2,640,909 | 2,298,989 | 3,882,411 | 3,679,429 | 3,637,437 |
| Culture and recreation | 3,900,092 | 3,863,375 | 4,227,705 | 4,102,208 | 4,199,311 |
| Capital outlay | 5,478,274 | 2,568,700 | 2,393,437 | 6,007,292 | 4,615,889 |
| Debt Service: | | | | | |
| Principal retirement | 2,285,000 | 2,345,000 | 2,580,000 | 2,260,000 | 2,530,000 |
| Interest and fiscal charges | 1,232,899 | 1,267,213 | 1,238,338 | 1,273,840 | 1,318,896 |
| Total expenditures | 22,526,825 | 19,743,860 | 21,978,267 | 25,387,477 | 24,696,676 |
| Excess (deficiency) of revenues over (under) expenditures | ( 3,489,516 ) | 616,135 | ( 1,109,743 ) | ( 3,333,071 ) | ( 3,443,259 ) |
| Other Financing Sources (Uses): | | | | | |
| Issuance of debt | | 5,300,000 | | 9,245,000 | 8,000,000 |
| Discount on bonds issued | | 613 | | | |
| Bond issuance premium | | | | 144,553 | 133,249 |
| Sale of capital asset | 9,250 | 56,533 | 54,638 | 386,858 | 70,055 |
| Payment to bond refunding escrow agent | | | | ( 6,894,852 ) | |
| Transfers in | 3,815,160 | 3,107,252 | 5,217,473 | 3,608,298 | 4,172,617 |
| Transfers out | ( 3,320,128 ) | ( 3,160,364 ) | ( 4,509,967 ) | ( 3,053,092 ) | ( 3,427,364 ) |
| Total other financing sources (uses) | 504,282 | 5,304,034 | 762,144 | 3,436,765 | 8,948,557 |
| Net change in fund balances | $( 2,985,234 ) | $ 5,920,169 | $( 347,599 ) | $ 103,694 | $ 5,505,298 |
| Debt Service as a percentage of noncapital Expenditures | 20.6% | 21.0% | 19.5% | 18.2% | 19.2% |

| 2011 | 2011 | 2012 | 2014 | 2015 |
|---|---|---|---|---|
| $ 18,526,662 | $ 18,824,139 | $ 19,468,703 | $ 19,985,385 | $ 21,636,472 |
| 405,794 | 131,528 | 304,854 | 6,613 | 111,615 |
| 1,005,931 | 1,042,830 | 1,043,331 | 1,135,711 | 1,186,243 |
| 418,536 | 504,603 | 569,700 | 625,201 | 573,801 |
| 213,772 | 227,672 | 245,897 | 501,138 | 666,610 |
| 4,712 | | | | |
| 100,646 | 106,725 | 107,960 | 61,941 | 57,363 |
| | 100,168 | | | |
| 160,567 | 290,564 | 191,495 | 142,508 | 333,321 |
| 20,836,620 | 21,228,229 | 21,931,940 | 22,458,497 | 24,565,425 |
| 2,862,240 | 3,068,045 | 3,478,670 | 3,762,435 | 3,787,952 |
| 5,559,479 | 5,600,724 | 5,686,957 | 5,751,812 | 5,966,657 |
| 2,671,957 | 2,717,025 | 2,618,713 | 2,697,647 | 2,578,564 |
| 4,067,243 | 4,105,287 | 4,101,500 | 4,236,809 | 4,812,107 |
| 5,355,135 | 4,181,783 | 3,736,077 | 4,111,550 | 3,166,664 |
| 2,715,000 | 2,830,000 | 2,785,000 | 2,805,000 | 3,150,000 |
| 1,272,263 | 1,187,465 | 1,068,892 | 1,115,999 | 1,163,523 |
| 24,503,317 | 23,690,329 | 23,475,809 | 24,481,252 | 24,625,467 |
| ( 3,666,697 ) | ( 2,462,100 ) | ( 1,543,869 ) | ( 2,022,755 ) | ( 60,042 ) |
| | 7,360,000 | 6,000,000 | 1,500,000 | 5,500,000 |
| | 810,870 | 106,996 | 40,920 | 83,600 |
| 28,330 | 73,120 | 14,745 | 127,588 | 81,393 |
| | ( 8,113,305 ) | | | |
| 4,058,123 | 4,071,614 | 3,929,614 | 4,315,121 | 4,646,206 |
| ( 3,638,009 ) | ( 3,318,282 ) | ( 3,334,089 ) | ( 4,938,453 ) | ( 4,320,154 ) |
| 448,444 | 884,017 | 6,717,266 | 1,045,176 | 5,991,045 |
| $( 3,218,253 ) | $( 1,578,083 ) | $ 5,173,397 | $( 977,579 ) | $ 5,931,003 |
| 20.8% | 20.6% | 19.5% | 19.2% | 20.1% |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Estimated Market Value: Real Property | Estimated Market Value: Personal Property | Less: Tax-Exempt Property | Taxable Assessed Value | Total Direct Tax Rate |
|---|---|---|---|---|---|
| 2006 | $ 1,414,404,750 | $ 112,102,800 | $ 252,573,630 | $ 1,273,933,920 | $ 0.38000 |
| 2007 | 1,497,758,792 | 114,426,600 | 265,668,634 | 1,346,516,758 | 0.37000 |
| 2008 | 1,548,589,780 | 117,138,400 | 274,123,140 | 1,391,605,040 | 0.38500 |
| 2009 | 1,598,884,378 | 121,221,910 | 280,572,592 | 1,439,533,696 | 0.39000 |
| 2010 | 1,627,373,340 | 124,429,670 | 295,147,652 | 1,456,655,358 | 0.39000 |
| 2011 | 1,619,266,640 | 120,047,810 | 299,801,676 | 1,439,512,774 | 0.39000 |
| 2012 | 1,608,903,194 | 115,032,120 | 312,052,094 | 1,411,883,220 | 0.39000 |
| 2013 | 1,567,292,079 | 119,916,600 | 315,852,118 | 1,371,356,561 | 0.39000 |
| 2014 | 1,689,132,358 | 120,394,220 | 360,227,700 | 1,449,298,878 | 0.39000 |
| 2015 | 1,762,892,528 | 121,122,020 | 387,056,318 | 1,496,958,230 | 0.38750 |

**Source:** Brazoria County Appraisal District and City's budget document.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 6
Direct and Overlapping Property Tax Rates (per $100 of assessed value)
Last Ten Fiscal Years

| | City Direct Rates | | | Overlapping Rates | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Operating/ General Rate | General Obligation Debt Service | Total Direct | Brazoria County | Brazosport ISD | Brazos River Navigation | Brazosport College | Velasco Drainage |
| 2006 | $ 0.2493 | $ 0.1307 | $ 0.3800 | $ 0.3480 | $ 1.5728 | $ 0.0650 | $ 0.1190 | $ 0.0821 |
| 2007 | 0.2390 | 0.1310 | 0.3700 | 0.3217 | 1.4237 | 0.0597 | 0.1220 | 0.0821 |
| 2008 | 0.2332 | 0.1518 | 0.3850 | 0.3114 | 1.1339 | 0.0560 | 0.1210 | 0.0821 |
| 2009 | 0.2332 | 0.1568 | 0.3900 | 0.3300 | 1.1922 | 0.0535 | 0.1565 | 0.0821 |
| 2010 | 0.2340 | 0.1560 | 0.3900 | 0.4031 | 1.2415 | 0.0535 | 0.1902 | 0.0909 |
| 2011 | 0.2345 | 0.1555 | 0.3900 | 0.4131 | 1.2415 | 0.0535 | 0.2392 | 0.0942 |
| 2012 | 0.2315 | 0.1585 | 0.3900 | 0.4259 | 1.2595 | 0.0515 | 0.2594 | 0.0948 |
| 2013 | 0.2323 | 0.1577 | 0.3900 | 0.4302 | 1.2553 | 0.0450 | 0.2673 | 0.1002 |
| 2014 | 0.2376 | 0.1524 | 0.3900 | 0.4920 | 1.2553 | 0.0450 | 0.2673 | 0.1002 |
| 2015 | 0.2408 | 0.1467 | 0.3875 | 0.4985 | 1.2553 | 0.0450 | 0.2809 | 0.0980 |

**Source:** Brazoria County Appraisal District

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 7
Principal Property Tax Payers
Current Year and Nine Years Ago

| 2015 | | | 2006 | | |
|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value | Taxpayer | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value |
| Brazos Mall Owners LLC | $ 21,641,440 | 1.31% | Wal-Mart Stores Inc. | $ 16,156,040 | 1.27% |
| Core LJ One Ltd | 18,248,010 | 1.10% | Brazos Outlets Center LLC | 14,169,230 | 1.11% |
| Wal-Mart Stores Texas LLC | 18,044,250 | 1.09% | Fazio Peter & Shari (Lowe's) | 11,829,620 | 0.93% |
| Redwood Westdale Edgewater | 14,100,000 | 0.85% | Home Depot | 10,777,980 | 0.85% |
| Spyglass-Lake Jackson | 10,600,000 | 0.64% | Centerpoint Energy, Inc. | 10,275,010 | 0.81% |
| Gulf Coast Kingston Properties | 9,715,270 | 0.59% | Dow Chemical Company | 9,106,650 | 0.71% |
| Centerpoint Energy, Inc. | 9,499,440 | 0.58% | Dayton Hudson Corp (Target) | 8,383,390 | 0.66% |
| HEB Grocery Company | 9,229,910 | 0.56% | Dillards, Inc. | 7,588,130 | 0.60% |
| Texas Dow Employees CU | 8,930,627 | 0.54% | Don Davis Buick/Pontiac/GMC | 5,371,170 | 0.42% |
| LEX Lake Jackson LP | 8,112,960 | 0.49% | Leo Martin Chevrolet Inc. | 5,057,150 | 0.40% |
| Total | $ 128,121,907 | 7.76% | Total | $ 98,714,370 | 7.76% |

**Source:** Brazoria County Appraisal District

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 8
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Taxes Levied for the Fiscal Year[1] | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2006 | $ 4,855,562 | $ 4,818,745 | 99.2% | $ 34,364 | $ 4,852,109 | 99.9% |
| 2007 | 4,980,528 | 4,940,579 | 99.2% | 36,541 | 4,977,044 | 99.9% |
| 2008 | 5,348,657 | 5,294,887 | 99.0% | 43,349 | 5,337,562 | 99.8% |
| 2009 | 5,636,199 | 5,582,960 | 99.1% | 36,656 | 5,619,136 | 99.7% |
| 2010 | 5,706,573 | 5,606,421 | 98.2% | 46,037 | 5,652,494 | 99.1% |
| 2011 | 5,599,633 | 5,545,788 | 99.0% | 39,960 | 5,585,206 | 99.7% |
| 2012 | 5,506,055 | 5,468,387 | 99.3% | 30,911 | 5,498,248 | 99.9% |
| 2013 | 5,581,007 | 5,546,523 | 99.4% | 24,353 | 5,567,603 | 99.8% |
| 2014 | 5,652,730 | 5,617,595 | 99.4% | 17,502 | 5,635,097 | 99.4% |
| 2015 | 5,800,884 | 5,762,010 | 99.3% | | 5,762,010 | 99.3% |

**Source:** Brazoria County Tax Office
[1] Adjusted Tax Levy

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 9
Sales Tax Analysis
Last Ten Fiscal Years

| Fiscal Year | General Fund Sales Tax Collections | Half-Cent Sales Tax Collections[1] | Total Sales Tax Collections | Percentage Growth | Sales Tax as a % of Total Revenues | Per Capita[2] |
|---|---|---|---|---|---|---|
| 2006 | $ 4,261,667 | $ 2,130,834 | $ 6,392,501 | 8.9% | 33.6% | $ 231.49 |
| 2007 | 4,618,469 | 2,353,998 | 6,972,467 | 9.1% | 34.2% | 252.50 |
| 2008 | 4,553,842 | 2,337,052 | 6,890,894 | (1.2%) | 33.0% | 249.54 |
| 2009 | 4,634,553 | 2,408,688 | 7,043,241 | 2.2% | 31.9% | 255.06 |
| 2010 | 4,432,443 | 2,277,196 | 6,709,639 | (4.7%) | 31.6% | 249.87 |
| 2011 | 4,562,725 | 2,355,777 | 6,918,501 | 3.1% | 33.2% | 257.64 |
| 2012 | 4,772,141 | 2,457,990 | 7,230,131 | 4.5% | 34.1% | 262.47 |
| 2013 | 5,093,359 | 2,619,312 | 7,712,671 | 6.7% | 35.2% | 279.04 |
| 2014 | 5,226,636 | 2,752,237 | 7,978,872 | 3.5% | 35.5% | 287.87 |
| 2015 | 5,991,129 | 3,138,233 | 9,129,362 | 14.4% | 37.13% | 328.75 |

Source: Finance Department

[1] The half-cent sales tax is accounted for in the Economic Development fund. Voters approved the half-cent sales tax on May 6, 1995. This revenue is limited to payment of the costs of land, building, equipment, facilities, improvements, and maintenance and operation costs for public park purposes, recreational facilities, and infrastructure improvements for the development of new or expanded business enterprises.

[2] See Table 14 for population data.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 10
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

| | Governmental Activities | | Business-Type Activities | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Certificates of Obligation | Water and Sewer Revenue Bonds | Capital Leases | Total Primary Government | Percentage of Personal Income* | Per Capita* |
| 2006 | $ 19,895,000 | $ 7,160,000 | $ 13,500,000 | $ 298,684 | $ 40,853,684 | 5.66% | $ 1,479 |
| 2007 | 23,775,000 | 6,235,000 | 14,530,000 | 326,074 | 44,686,074 | 6.22% | 1,625 |
| 2008 | 22,120,000 | 5,310,000 | 13,460,000 | 653,017 | 41,543,017 | 5.76% | 1,504 |
| 2009 | 22,895,368 | 4,674,632 | 12,390,000 | 542,143 | 40,502,143 | 5.61% | 1,467 |
| 2010 | 26,780,000 | 6,260,000 | 13,025,000 | 561,044 | 46,626,044 | 4.98% | 1,729 |
| 2011 | 24,540,000 | 5,785,000 | 11,765,000 | 230,875 | 42,320,875 | 4.54% | 1,576 |
| 2012 | 22,740,000 | 4,655,000 | 10,550,000 | -0- | 37,945,000 | 3.92% | 1,377 |
| 2013 | 24,090,000 | 6,250,000 | 11,345,000 | -0- | 41,685,000 | 4.39% | 1,508 |
| 2014 | 22,706,338 | 7,250,000 | 10,337,473 | -0- | 40,293,811 | 4.18% | 1,454 |
| 2015 | 20,311,193 | 11,975,000 | 9,129,371 | -0- | 41,415,564 | 4.29% | 1,453 |

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.
*See Table 14 for personal income and population data.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 11
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | Gross Bonded Debt[0] | Less: Amounts Available in Debt Service Fund | Less: Amounts Payable from Half-Cent Optional Tax[1] | Net Bonded Debt | Percentage of Actual Taxable Value of Property[2] | Per Capita[3] |
|---|---|---|---|---|---|---|
| 2006 | $ 27,055,000 | $ 550,608 | $ 12,555,000 | $ 13,949,392 | 1.09% | $ 980 |
| 2007 | 30,010,000 | 534,776 | 11,410,000 | 18,065,224 | 1.34% | 1,087 |
| 2008 | 27,430,000 | 527,553 | 10,255,000 | 16,647,447 | 1.20% | 993 |
| 2009 | 27,570,000 | 719,582 | 9,379,632 | 17,470,786 | 1.21% | 998 |
| 2010 | 33,040,000 | 679,125 | 13,456,365 | 18,904,510 | 1.30% | 1,196 |
| 2011 | 30,325,000 | 648,230 | 12,278,528 | 17,398,242 | 1.21% | 1,098 |
| 2012 | 27,395,000 | 608,056 | 10,788,000 | 15,998,944 | 1.13% | 1,067 |
| 2013 | 30,340,000 | 707,537 | 11,597,482 | 18,034,981 | 1.32% | 1,098 |
| 2014 | 29,956,338 | 715,235 | 11,869,157 | 17,371,946 | 1.20% | 1,081 |
| 2015 | 32,286,193 | 705,319 | 12,671,795 | 18,909,079 | 1.26% | 1,163 |

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[0] Does not include Revenue Bonds
[1] Includes Series 2009, 2013 & 2013A Certificates of Obligation and 2009 & 2011 refunding; all of which are being repaid from revenues generated from the half-cent optional sales tax. Does not include Revenue bonds.
[2] See Table 5 for property value data.
[3] See Table 14 for population data.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 12
Direct and Overlapping Governmental Activities Debt
As of September 30, 2015

| Governmental Unit | Debt Outstanding | | As of | Estimated Percentage Applicable** | Estimated Share of Overlapping Debt |
|---|---|---|---|---|---|
| Debt repaid with property taxes: | | | | | |
| Velasco Drainage District | $ 5,775,000 | | 09/30/15 | 20.17% | $ 1,165,818 |
| Brazosport I.S.D. | 182,999,050 | | 09/30/15 | 19.96% | 36,526,610 |
| Brazosport Jr. College | 61,535,000 | | 09/30/15 | 19.96% | 12,282,386 |
| Port Freeport | 4,315,000 | | 09/30/15 | 12.14% | 523,841 |
| Brazoria County | 84,880,000 | | 09/30/15 | 6.25% | 5,305,000 |
| Angleton Drainage District | -- | | 09/30/15 | 3.61% | -- |
| Angleton/Danbury Hospital District | 10,150,000 | | 09/30/15 | 0.02% | 2,030 |
| Columbia-Brazoria I.S.D. | 36,799,985 | | 09/30/15 | 1.32% | 485.760 |
| Angleton I.S.D. | 129,114,519 | | 09/30/15 | 0.02% | 25,823 |
| Subtotal, overlapping debt | | | | | 56,316,268 |
| City of Lack Jackson (direct debt) | 31,385,000 | * | 09/30/15 | 100.00% | 32,286,193 |
| Total direct and overlapping debt | | | | | $ 88,602,461 |

**Source:** Taxing jurisdictions, and the *Texas Municipal Advisory Council of Texas.*
***** Gross Debt
** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 13
Pledged Revenue Coverage
Last Ten Fiscal Years

| | Water and Sewer System Revenue Bonds | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Utility Revenue and Other[0] | Less: Operating Expenses[1] | Net Available Revenue | Average Annual Requirement | Average Coverage | Maximum Annual Requirements | Maximum Coverage |
| 2006 | $ 6,242,509 | $ 4,150,183 | $ 2,092,326 | $ 1,193,530 | 1.75 | $ 1,574,600 | 1.33 |
| 2007 | 6,052,858 | 4,425,545 | 1,627,313 | 959,150 | 1.70 | 1,678,355 | 0.97 |
| 2008 | 6,937,654 | 4,417,633 | 2,520,021 | 921,297 | 2.74 | 1,634,680 | 1.54 |
| 2009 | 7,078,385 | 4,692,032 | 2,386,353 | 881,665 | 2.71 | 1,590,720 | 1.50 |
| 2010 | 6,843,586 | 4,998,514 | 1,845,072 | 806,403 | 2.29 | 1,654,081 | 1.12 |
| 2011 | 7,819,019 | 5,116,318 | 2,702,701 | 763,512 | 3.54 | 1,603,350 | 1.69 |
| 2012 | 7,546,012 | 5,249,307 | 2,296,705 | 716,854 | 3.20 | 1,564,350 | 1.47 |
| 2013 | 7,427,529 | 5,315,927 | 2,111,602 | 697,008 | 3.03 | 1,579,676 | 1.34 |
| 2014 | 7,316,364 | 5,341,519 | 1,974,845 | 650,551 | 3.04 | 1,539,275 | 1.28 |
| 2015 | 8,075,590 | 5,674,608 | 2,400,962 | 601,175 | 3.99 | 1,486,875 | 1.61 |

**Source:** Lake Jackson Finance Department

[0] Utility Revenue and Other include water, sewer, connection fees, investment earnings; and excludes garbage fees.
[1] Excludes sanitation, interest, depreciation, and debt service charges.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 14
Demographic and Economic Statistics
Last Ten Calendar Years

| Year | Estimated Population | Estimated Personal Income | Per Capita Personal Income | Median Age[1] | School Enrollment | Unemploy-ment Rate | Labor Force |
|---|---|---|---|---|---|---|---|
| 2006 | 27,614 | $ 721,636,662 | $ 26,133 | -- | 6,409 | 3.6% | 14,467 |
| 2007 | 27,614 | 721,636,662 | 26,133 | | 6,472 | 3.8% | 14,439 |
| 2008 | 27,614 | 721,636,662 | 26,133 | -- | 6,921 | 5.8% | 14,266 |
| 2009 | 27,614 | 721,636,662 | 26,133 | -- | 6,422 | 7.1% | 13,735 |
| 2010 | 26,853 | 932,175,042 | 34,714 | 37.0 | 6,276 | 8.4% | 13,886 |
| 2011 | 26,853 | 932,175,042 | 34,714 | -- | 6,867 | 7.5% | 14,462 |
| 2012 | 27,547 | 967,175,170 | 35,110 | -- | 6,338 | 6.2% | 13,714 |
| 2013 | 27,640 | 950,594,880 | 34,392 | -- | 6,268 | 6.1% | 13,649 |
| 2014 | 27,717 | 943,292,661 | 34,033 | -- | 6,172 | 5.0% | 13,970 |
| 2015 | 27,770 | 964,840,880 | 34,744 | -- | 6,150 | 4.2% | 13,947 |

**Source:** Estimated Population, per capita income, and median age provided by U.S. Census and the Economic Development Alliance for Brazoria County.
Estimated personal income is derived from per capita personal income and estimated population.
School enrollment provided by Brazosport Independent School District.
Unemployment rate and Labor Force provided by the Texas Employment Commission website.

[1] Median age only available in Census Years.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table 15
Principal Employers
Current Year and Ten Years Ago

| 2015 | | | 2006 | | |
|---|---|---|---|---|---|
| Employer | Employees | Percentage of Total County Employment | Employer | Employees | Percentage of Total County Employment |
| The Dow Chemical Company | 4,200 | 2.62% | The Dow Chemical Company | 4,850 | 6.38% |
| Fluor Corporation | 3,161 | 1.97% | Texas Dept of Criminal Justice | 2,232 | 2.93% |
| Zachry Group | 2,821 | 1.76% | Wal-Mart Associates, Inc. | 1,755 | 2.31% |
| Texas Dept of Criminal Justice | 2,409 | 1.50% | U.S. Contractors Inc. | 1,144 | 1.51% |
| The Infinity Group | 1,673 | 1.04% | Industrial Specialists Inc. | 1,069 | 1.41% |
| Brock Group | 1,569 | 0.98% | ConocoPhillips | 900 | 1.18% |
| Phillips 66 | 970 | 0.61% | Gulf States, Inc. | 803 | 1.05% |
| BASF Corporation | 915 | 0.57% | Solutia. Inc. | 750 | 0.99% |
| Excel | 750 | 0.47% | BP | 711 | 0.94% |
| TDECU | 750 | 0.47% | BASF Corporation | 707 | 0.93% |
| Total | 19,218 | 12.00% | | 14,921 | 19.63% |
| Total | 19,218 | 12.00% | Total | 14,921 | 19.63% |

**Source:** Economic Development Alliance for Brazoria County
**Note**: City wide employer information not readily available.

# CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 16
Full-time Equivalent City Government Employees by
Function/Program
Last Ten Fiscal Years

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Government and Administration | 31 | 31 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| Public Safety: | | | | | | | | | | |
| Police | 58 | 58 | 59 | 59 | 61 | 60 | 60 | 60 | 60 | 60 |
| Fire | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Humane | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Culture and Recreation | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| Public Works: | | | | | | | | | | |
| Streets | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Drainage | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Building/Code | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Garage | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Water and Sewer | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 |
| Sanitation | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| | 219 | 219 | 226 | 226 | 228 | 227 | 227 | 227 | 227 | 227 |

**Source:** City Budget

# CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 17
Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Est. 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| % Criminal Offenses Cleared | 55% | 54% | 55% | 57% | 43% | 41% | 39% | 40%[2] | 45% | 58% |
| Traffic contacts | 18,039 | 18,296 | 14,406 | 13,515 | 15,169 | 22,500 | 18,523 | 16,074 | 16,000 | 13,327 |
| Fire: | | | | | | | | | | |
| Fire calls | 519 | 537 | 532 | 520 | 520 | 502 | 441 | 525 | 688 | 550 |
| EMS calls | 1,891 | 2,183 | 2,197 | 2,448 | 2,730 | 2,811 | 2,907 | 2,958 | 3,719 | 3,400 |
| Inspections | 243 | 408 | 319 | 368 | 257 | 341 | 289 | 247 | 436 | 563 |
| Public Works: | | | | | | | | | | |
| Streets: | | | | | | | | | | |
| Potholes repaired | 314 | 363 | 235 | 223 | 469 | 665 | 301 | 436 | 547 | 500 |
| Gutter sweeping (cu yd) | 1,430 | 1,300 | 1,707 | 1,570 | 1,864 | 2,178 | 1,820 | 1,759 | 1,520 | 1,800 |
| Culture and Recreation: | | | | | | | | | | |
| Recreation Center members | 5,864 | 5,800 | 6,204 | 5,738 | 4,926 | 3,861 | 4,434 | 4,600 | 4,327 | 5,000 |
| Recreation Center Attendance | 142,234 | 190,000 | 240,600 | 251,750 | 229,059 | 207,189 | 175,528 | 187,990 | 205,762 | 220,000 |
| Water and Sewer: | | | | | | | | | | |
| Number of sewer leaks Repaired | 3 | 5 | 3 | 8 | 3 | 6 | 1 | 4 | 9 | 3 |
| Linear feet of sewer mains cleaned | 47.735 | 108,464 | 45,215 | 29,430 | 20,232 | 25,000 | 67,726 | 7,188 | 9,205 | 4,820 |
| Sanitation: | | | | | | | | | | |
| Refuse Collected:[1] | | | | | | | | | | |
| Residential garbage (cu yd) | 27,031 | 27,200 | 28,000 | 24,070 | 22,214 | 24,000 | 20,331 | 20,120 | 22,000 | 24,000 |
| Commercial garbage (cu yd) | 40,459 | 40,800 | 42,000 | 36,106 | 22,898 | 36,000 | 33,389 | 35,027 | 35,500 | 36,000 |

**Source:** City Departments
[1] Does not include non-compacted refuse collection.
[2] Represents actual percentage; not estimate.

# CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 18
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Public Safety: | | | | | | | | | | |
| Police Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Culture and Recreation: | | | | | | | | | | |
| Tennis Courts | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Swimming Pools | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Community Center | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Recreation Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Parks Acreage[1] | 1,296 | 1,296 | 1,306 | 1,306 | 1,306 | 1,306 | 1,306 | 1,306 | 1,306 | 1,306 |
| Parks | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Baseball/softball fields | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Soccer fields | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Water: | | | | | | | | | | |
| Water mains (miles) | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| Fire Hydrants | 917 | 917 | 917 | 917 | 917 | 917 | 917 | 917 | 1,000 | 1,000 |
| Wasterwater[2] | | | | | | | | | | |
| Maximum daily treatment capacity (thousands of gallons) | 5,890 | 5,890 | 5,890 | 5,890 | 5,890 | 5,890 | 5,890 | 5,890 | 5,890 | 5,890 |

**Source:** Various City departments

[1] In 2007 Dow donated 9.86 acres of land.
[2] The expansion and upgrade of the Wastewater treatment plant was completed in 2005.

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## ***CONTINUING FINANCIAL DISCLOSURES***

*As of 01/31/16*

The Continuing Financial Disclosure Tables present various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This information is also sent to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system (EMMA) as required under Securities and Exchange Commission Rule 15c2-12.

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**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-1
Bond Summary and Authorization
(As of 1/31/16)

**Summary of Bonds Outstanding**

**General Obligation Bonds and Certificates of Obligation**

| | |
|---|---|
| 2004 Limited Tax Bonds | $ 180,000 |
| 2007 Limited Tax Bonds | 265,000 |
| 2009 Limited Tax Bonds | 600,000 |
| 2009 Limited Tax Refunding Bonds ($ 696,796)* | 1,675,000 |
| 2009 Certificates of Obligation (downtown)* | 1,250,000 |
| 2010 Limited Tax Bonds | 2,250,000 |
| 2011 Limited Tax Refunding Bonds ($ 3,190,000)* | 5,405,000 |
| 2013 Limited Tax Bonds | 3,600,000 |
| 2013 Certificates of Obligation (downtown)* | 1,800,000 |
| 2013A Certificates of Obligation | 1,200,000 |
| 2014 Certificates of Obligation* | 5,225,000 |
| 2015 Limited Tax Refunding Bonds ($ 2,366,744) | 7,870,000 |
| Total Ad Valorem Tax Secured Debt Outstanding | $ 31,320,000 |

* Secured by a pledge of Ad Valorem Tax Revenues; but paid from revenues generated from Optional Half Cent Sales Tax. In the case of Refunding bonds, a portion indicated in parenthesis is repaid from the Half Cent Sales Tax.

**Waterworks and Sewer System Bonds**

| | |
|---|---|
| 2007 Waterworks and Sewer System Bonds | $ 1,200,000 |
| 2009 Waterworks and Sewer System Bonds | 1,265,000 |
| 2009 Waterworks and Sewer System Refunding Bonds | 95,000 |
| 2010 Waterworks and Sewer System Refunding Bonds | 4,600,000 |
| 2013 Waterworks and Sewer System Bonds | 1,800,000 |
| Total Waterworks and Sewer System Debt Outstanding | $ 8,960,000 |

**General Obligation Bonds Authorized but not Issued as of 01/31/16**

None.

**Waterworks and Sewer System Bonds Authorized but not Issued as of 01/31/16**

None.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-2
Financial Information
(As of 1/31/2016)

| | |
|---|---|
| 2015 Assessed Valuation (100% of Actual)[1] | $ 1,496,958,230 |
| **General Obligation Bonds Outstanding**[2] | |
| Presently outstanding (01/31/16) | $ 31,320,000 |
| Other Bonds issued to date | -0- |
| Gross debt | 31,320,000 |
| Less: Amounts payable from ½ Cent Optional Tax | 15,728,539 |
| Less: Debt Service Cash Balance | 2,456,233 |
| Net Debt | $ 13,135,228 |
| Ratio of Net Debt to 2015 Assessed Valuation | 0.98% |
| 2015 Estimated Population | 27,770 |
| 2015 Assessed Valuation per Capita | $ 53,905.59 |
| Net Debt per Capita | $ 473.00 |
| Area of the City | 18 square miles |

[1] Tax Year; Net of exemptions in the amount of $ 387,056,318.
[2] Excludes the Waterworks and Sewer System Revenue Bonds outstanding.

## CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-3
Estimated Direct & Overlapping Debt Statement

| Political Subdivision | Net Debt Amount | Net Debt As of | Estimated Percent Overlapping | Amount Overlapping |
|---|---|---|---|---|
| Angleton I.S.D. | $ 129,114,519 | 09/30/15 | 0.02% | $ 25,823 |
| Angleton-Danbury Hospital District | 10,150,000 | 09/30/15 | 0.02% | 2,030 |
| Angleton Drainage District | -0- | 09/30/15 | 3.44% | -0- |
| Brazoria County | 84,880,000 | 09/30/15 | 6.25% | 5,305,000 |
| Brazosport I.S.D. | 182,999,050 | 09/30/15 | 19.96% | 36,526,610 |
| Brazos River Harbor Navigation District | 4,315,000 | 09/30/15 | 12.14% | 523,841 |
| Brazosport Jr. College | 61,535,000 | 09/30/15 | 19.96% | 12,282,386 |
| Columbia-Brazoria I.S.D. | 36,799,985 | 09/30/15 | 1.32% | 485,760 |
| Velasco Drainage District | 5,775,000 | 09/30/15 | 20.17% | 1,164,818 |
| Total Overlapping Debt | | | | 56,316,269 |
| City of Lake Jackson (direct debt) | | | | 31,385,000 |
| Total Direct and Overlapping Debt | | | | $ 87,701,269 |
| Ratio of Total Direct and Overlapping Debt to 2015 Assessed Valuation | | | | 5.86% |
| Per Capita Total Direct and Overlapping Debt | | | | $ 3,158 |
| Assessed Valuation per Capita | | | | $ 53,906 |

Source: Taxing jurisdictions, and the *Texas Municipal Advisory Council of Texas.*
* Gross Debt
** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-4
Outstanding Debt Service Requirements
General Obligation Debt

| Fiscal Year Ending 09/30 | Principal | Interest | Total Debt Service Requirements |
|---|---|---|---|
| 2016 | $ 3,210,000 | $ 862,305 | $ 4,072,305 |
| 2017 | 3,105,000 | 815,325 | 3,940,325 |
| 2018 | 2,755,000 | 722,675 | 3,477,675 |
| 2019 | 2,515,000 | 638,119 | 3,153,119 |
| 2020 | 2,450,000 | 557,919 | 3,007,919 |
| 2021 | 2,440,000 | 480,256 | 2,920,256 |
| 2022 | 2,250,000 | 407,369 | 2,657,369 |
| 2023 | 2,060,000 | 341,506 | 2,401,506 |
| 2024 | 1.525,000 | 288,825 | 1,813,825 |
| 2025 | 1,340,000 | 248,225 | 1,588,225 |
| 2026 | 1,330,000 | 210,556 | 1,540,556 |
| 2027 | 1,320,000 | 173,259 | 1,493,259 |
| 2028 | 1,045,000 | 139,584 | 1,184,584 |
| 2029 | 1,040,000 | 109,025 | 1,149,025 |
| 2030 | 915,000 | 78,800 | 993,800 |
| 2031 | 575,000 | 55,156 | 630,156 |
| 2032 | 575,000 | 37,219 | 612,219 |
| 2033 | 575,000 | 18,938 | 593,938 |
| 2034 | 275,000 | 4,813 | 279,813 |
| | $ 31,320,000 | $ 6,189,874 | $ 37,509,874 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-5
Water and Sewer System
Revenue Bonds Debt Service Schedule

| Fiscal Year Ending 09/30 | Principal | Interest | Total Debt Service Requirements |
|---|---|---|---|
| 2016 | $ 1,165,000 | $ 321,875 | $ 1,486,875 |
| 2017 | 1,055,000 | 286,000 | 1,341,000 |
| 2018 | 1,050,000 | 253,425 | 1,303,425 |
| 2019 | 1,050,000 | 213,350 | 1,263,350 |
| 2020 | 1,045,000 | 172,850 | 1,217,850 |
| 2021 | 1,040,000 | 132,300 | 1,172,300 |
| 2022 | 285,000 | 91,950 | 376,950 |
| 2023 | 285,000 | 81,800 | 366,800 |
| 2024 | 285,000 | 71,438 | 356,438 |
| 2025 | 285,000 | 61,075 | 346,075 |
| 2026 | 285,000 | 50,462 | 335,462 |
| 2027 | 285,000 | 39,850 | 324,850 |
| 2028 | 185,000 | 29,025 | 214,025 |
| 2029 | 180,000 | 22,200 | 202,200 |
| 2030 | 180,000 | 15,600 | 195,600 |
| 2031 | 100,000 | 9,000 | 109,000 |
| 2032 | 100,000 | 6,000 | 106,000 |
| 2033 | 100,000 | 3,000 | 103,000 |
| | $ 8,960,000 | $ 1,861,200 | $ 10,821,200 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-6
Tax Adequacy

The following calculation does not include the estimated fund balance as of 9/30/15, nor any of the debt to be repaid from the half-cent sales tax as indicated on CD-1.

| | Average Requirements (2016-2033) | Maximum Requirement 2016 |
|---|---|---|
| General Obligation Debt Service Requirements | $ 1,026,800 | $ 2,736,110 |
| Debt Service Fund tax rate required on 2015 Assessed Taxable Valuation of $ 1,496,958,230 @ 98% collection | $ 0.070 | $ 0.187 |

Including the Certificates of Obligation and the 2009 & 2011 General Obligation bonds paid from the half cent sales tax, the calculation is as follows:

| | Average Requirements (2016-2033) | Maximum Requirement 2016 |
|---|---|---|
| General Obligation Debt Service Requirements | $ 1,974,204 | $ 4,072,305 |
| Debt Service Fund tax rate required on 2015 Assessed Taxable Valuation of $ 1,496,925,230 @ 98% collection | $ 0.135 | $ 0.278 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-7
Tax Rate and Tax Collection Information

## Tax Collection Period

Taxes are due October 1 and are delinquent after January 31. No discounts are given on early payments. Penalty and interest on delinquent payments are rigidly enforced.

## Tax Collection Record

| Tax Year | Fiscal Year | Assessed Taxable Valuation | Tax Rate | Percent Tax Collections Current | Percent Tax Collections Total | Year Ending |
|---|---|---|---|---|---|---|
| 2004 | 2005 | $ 1,237,823,934 | 0.3700 | 99.0% | 99.9% | 09/30/05 |
| 2005 | 2006 | 1,273,933,920 | 0.3800 | 99.2% | 99.9% | 09/30/06 |
| 2006 | 2007 | 1,354,217,330 | 0.3700 | 99.2% | 99.9% | 09/30/07 |
| 2007 | 2008 | 1,391,605,040 | 0.3850 | 99.0% | 99.8% | 09/30/08 |
| 2008 | 2009 | 1,451,257,205 | 0.3900 | 99.0% | 99.7% | 09/30/09 |
| 2009 | 2010 | 1,456,655,358 | 0.3900 | 99.0% | 99.0% | 09/30/10 |
| 2010 | 2011 | 1,439,512,774 | 0.3900 | 98.2% | 99.7% | 09/30/11 |
| 2011 | 2012 | 1,414,924,084 | 0.3900 | 85.6% | 99.7% | 09/30/12 |
| 2012 | 2013 | 1,431,169,883 | 0.3900 | 99.4% | 99.7% | 09/30/13 |
| 2013 | 2014 | 1,451,619,228 | 0.3900 | 98.8% | 99.6% | 09/30/14 |
| 2014 | 2015 | 1,498,799,409 | 0.3875 | 99.3% | 99.6% | 09/30/15 |
| 2015 | 2016 | 1,643,731,378 | 0.3600 | | 82.9% | thru 01/31/16 |

## Tax Rate Limitations

The City is a Home Rule City with a maximum authorized rate for all purposes of $ 2.50 per $ 100 assessed valuation. This maximum tax rate is imposed both by the Constitution of the State of Texas and the City Charter. Under the rules of the Texas attorney general, the City may issue general obligation debt in an amount no greater than that which can be serviced by a debt tax of $ 1.50 per $ 100 assessed valuation, based on 90% collections.

## Tax Rate Distribution

| Tax Year | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| General Fund | $ 0.2323 | $ 0.2408 | $ 0.2323 | $ 0.2323 | $ 0.2323 |
| Debt Service Fund | 0.1277 | 0.1467 | 0.1577 | 0.1577 | 0.1577 |
| Total Tax Rate | $ 0.3600 | $ 0.3875 | $ 0.3900 | $ 0.3900 | $ 0.3900 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

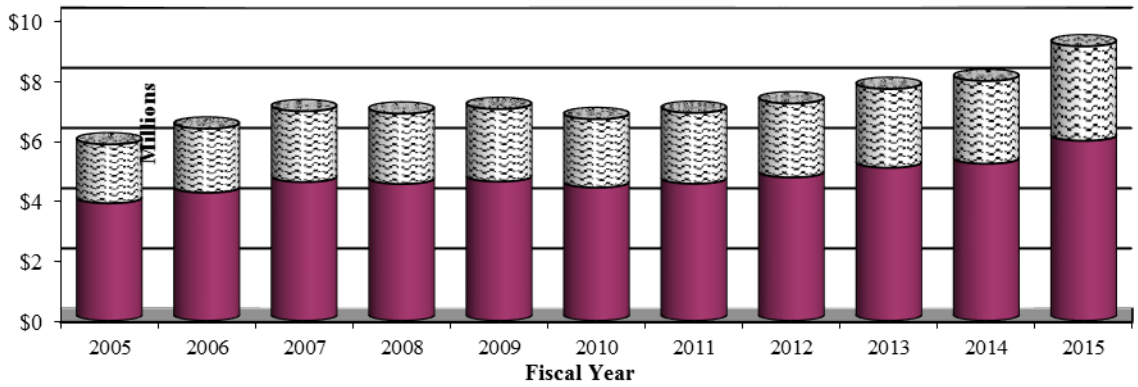
Table CD-8
Sales Tax Collection History

## City Sales Tax Collection

The City adopted the provisions of Article 1066c, VACS, Section 9, authorizing a 1% sales tax. In addition, on May 6, 1995, the voters of Lake Jackson approved the levy and collection of a one-half cent sales tax to fund the cost of land, buildings, equipment, facilities, improvements and maintenance and operation for public park purposes, recreational facilities, and for infrastructure improvements for development of new or expanded business enterprises.

**Sales Tax Collection History**

| Fiscal Year | One Cent Sales Tax | Optional Half Cent Sales Tax[1] |
|---|---|---|
| 2005 | $ 3,914,130 | $ 1,957,065 |
| 2006 | 4,261,667 | 2,130,834 |
| 2007 | 4,618,469 | 2,353,998 |
| 2008 | 4,553,842 | 2,337,052 |
| 2009 | 4,634,553 | 2,408,688 |
| 2010 | 4,432,443 | 2,277,196 |
| 2011 | 4,562,724 | 2,355,777 |
| 2012 | 4,772,141 | 2,457,990 |
| 2013 | 5,093,359 | 2,619,312 |
| 2014 | 5,226,636 | 2,752,237 |
| 2015 | 5,991,129 | 3,138,233 |




[1] The Economic Development Fund is used to account for the revenue from the Optional Half Cent Sales Tax.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-9
Economic Development Fund

| Resources | ACTUAL 2013-14 | BUDGET 2014-15 | ACTUAL 2014-15 | AMENDED 2015-16 |
|---|---|---|---|---|
| Fund Balance | $ 2,292,698 | $ 2,412,765 | $ 2,412,766 | $ 2,412,765 |
| Revenues: | | | | |
| Half Cent Sales Tax | 2,752,237 | 2,783,000 | 3,138,233 | 3,135,000 |
| Interest income | 13,761 | 8,000 | 6,832 | 10,000 |
| | 2,765,998 | 2,791,000 | 3,145,065 | 3,145,000 |
| Total Resources | $ 5,058,696 | $ 5,203,765 | $ 5,557,831 | $5,2557,765 |

| Expenditures | ACTUAL 2013-14 | BUDGET 2014-15 | ACTUAL 2014-15 | AMENDED 2015-16 |
|---|---|---|---|---|
| Transfer to Economic Development Debt Service | $ 814,760 | $ 794,865 | $ 796,375 | $ 1,502,812 |
| New Bond Issue - S. Parking Place | 161,833 | 145,750 | 145,750 | incl. in above |
| New Bond Issue - Water to Airport | 182,542 | 181,125 | 181,125 | incl. in above |
| New Bond Issue - HEB/Dow | -0- | 435,875 | 395,192 | incl. in above |
| New Bond Issue - Sewer to Airport | -0- | -0- | -0- | 200,000 |
| S. Parking Place - Design | 22,657 | 65,268 | 29,137 | 36,131 |
| This Way/Center Way to 332 | -0- | 385,000 | -0- | 385,000 |
| New Mall Entrance | 300,000 | -0- | -0- | -0- |
| Expand Rec check-in station | 47,401 | -0- | -0- | -0- |
| Golf course security system | 8,000 | -0- | -0- | -0- |
| Bunker renovations | 15,351 | -0- | -0- | -0- |
| Downtown Maintenance | 44,508 | 50,000 | 52,893 | 50,000 |
| Park projects previously approved | 33,725 | -0- | -0- | -0- |
| Recreation Center - Air Handler | 9,380 | 124,620 | 154,600 | -0- |
| Recreation Center - A/C Rooftops | -0- | 125,000 | 128,981 | 175,000 |
| Recreation Center natatorium lighting | -0- | -0- | -0- | 40,000 |
| Transfer to Golf Course Debt Service | 505,774 | 505,425 | 504,425 | 498,100 |
| Golf Course Operating | 150,000 | 150,000 | 300,000 | 250,000 |
| Transfer to General Fund | 350,000 | 350,000 | 350,000 | 350,000 |
| Total Expenditures | $ 2,645,931 | $ 3,312,928 | $ 3,038,478 | $ 3,487,043 |
| Ending Fund Balance | $ 2,412,765 | $ 1,890,837 | $ 2,519,353 | $ 2,070,722 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-10
Debt Service Fund Management Index

## General Debt Service Fund

| | |
|---|---|
| Debt Service Fund Balance as of 9/30/15 | $ 705,634 |
| Debt Service Tax Levy of $ .1277 per $ 100 of Assessed Valuation on 2015 Assessed Valuation of $ 1,653,577,752 at 98% collection | 2,069,386 |
| Interest Earnings on Debt Service Fund | 8,000 |
| Total Available for 2016 Debt Service | 2,783,020 |
| Less: 2016 Debt Service Requirements | 2,094,260 |
| Projected Debt Service Fund Balance at 9/30/16 | $ 688,760 |

## Economic Development and Golf Course Debt Service Funds

These funds were established to account for the debt service on all bond issues which are to be repaid with the revenue from the optional half-cent sales tax. As of 01/31/16, there are six outstanding issues, the 2009 Refunding CO's for the Recreation Center and Civic Center; the 2009 CO's for the Downtown Revitalization Project, the 2011 Limited Tax Refunding Bonds originally for the Golf Course, the 2013 CO's for Phase 3 of the Downtown Project (South Parking Place), the 2013A CO's that will be used to fund the extension of water for further development and the 2014 CO for infrastructure improvement incentives for Dow and HEB.

| | Golf Course | Economic Development |
|---|---|---|
| Debt Service Fund Balance as of 9/30/15 | $ -0- | $ -0- |
| Transfer from Golf Course Operations | | |
| Transfer from Economic Development Fund (Sales Tax Revenue) | 498,100 | 1,702,812 |
| Total Available for 2016 Debt Service | 498,100 | 1,702,812 |
| Less: 2016 Debt Service Requirements | 498,100 | 1,702,812 |
| Projected Debt Service Fund Balance at 9/30/16 | $ -0- | $ -0- |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-11
Utility Debt Service Fund Management Index

**Utility Revenue Interest and Sinking Fund (Including Reserve Balance)**

| | |
|---|---|
| Debt Service Fund Balance as of 9/30/15 | $ 2,340,883 |
| Transfer from Utility Operating Fund (as budgeted) | 1,569,335 |
| Transfer from Debt Service Reserve (as budgeted) | -0- |
| 2016 Projected Interest Earnings | 6,000 |
| Total Available for 2016 Debt Service | 3,916,218 |
| Less: 2016 Debt Service Requirements (including agent fees) | 1,541,917 |
| Projected Debt Service Fund Balance at 9/30/16 | $ 2,374,301 |

The above fund accounts for the interest and sinking portion for all Utility bonds. It also represents the reserve portion for all outstanding bonds.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-12
Changes in Fund Balances
Governmental Funds (Modified Accrual Basis)

| | Fiscal Year | |
|---|---|---|
| | 2015 | 2014 |
| Revenues: | | |
| Taxes | $ 21,636,475 | $ 19,985,385 |
| Intergovernmental | 111,615 | 6,613 |
| Charges for services | 1,186,243 | 1,135,711 |
| Fines and fees | 573,801 | 625,201 |
| Licenses and permits | 666,610 | 501,138 |
| Investment earnings | 57,363 | 61,941 |
| Miscellaneous | 333,321 | 142,508 |
| Total revenues | 24,565,425 | 22,458,497 |
| Expenditures: | | |
| General government and administration | 3,787,952 | 3,762,435 |
| Public safety | 5,966,657 | 5,751,812 |
| Public works | 2,578,564 | 2,697,647 |
| Culture and recreation | 4,812,107 | 4,236,809 |
| Capital Outlay | 3,166,664 | 4,111,550 |
| Debt Service: | | |
| Principal | 3,150,000 | 2,850,000 |
| Interest and fiscal charges | 1,163,523 | 1,115,999 |
| Total expenditures | 24,625,467 | 24,481,252 |
| Excess of revenues over (under) expenditures | ( 60,042) | ( 2,022,755) |
| Other Financing Sources (Uses): | | |
| Issuance of bonds | 5,500,000 | 1,500,000 |
| Bonds issued premium | 83,600 | 40,920 |
| Sale of capital assets | 81,393 | 127,588 |
| Transfers in | 4,646,206 | 4,315,121 |
| Transfers out | ( 4,320,154) | ( 4,938,453) |
| Total other financing sources (uses) | 5,991,045 | 1,045,176 |
| Net change in fund balances | $ 5,931,003 | $( 977,579) |

# CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-13
Proprietary Fund - Statement of Revenues and Expenses

The following schedule presents a summary of the Proprietary Funds for the fiscal year ended September 30, 2015 and 2014.

| | 2015 | 2014 |
|---|---|---|
| Revenues: | | |
| Water and sewer services | $ 7,528,669 | $ 6,796,946 |
| Sanitation service | 3,287,706 | 3,163,629 |
| Tapping and connection fees | 329,992 | 301,961 |
| Golf course fees and charges | 1,386,531 | 1,446,320 |
| Other | 201,519 | 204,430 |
| | 12,734,417 | 11,913,286 |
| Operating Expenses: | | |
| Utility administration | 430,822 | 291,528 |
| Water and sewer | 5,243,786 | 5,049,991 |
| Golf course | 1,742,911 | 1,733,125 |
| Sanitation | 2,551,608 | 2,442,771 |
| Depreciation | 2,313,725 | 2,277,763 |
| | 12,282,852 | 11,795,178 |
| Net revenues | 451,565 | 118,108 |
| Nonoperating Revenues (Expenses): | | |
| Interest earnings | 15,740 | 14,192 |
| Gain (loss) on disposition of capital assets | ( 10,764) | |
| Interest expense and fiscal charges | ( 343,242) | ( 374,312) |
| Contributions | 38,897 | 133,195 |
| Transfers: | | |
| for franchise fee | ( 102,000) | ( 102,000) |
| for equipment replacement | ( 438,390) | ( 438,390) |
| for utility projects | 100,000 | |
| for golf course operation | 400,000 | 150,000 |
| for debt proceeds | | 1,504,241 |
| Assets purchased by general fund | 382,633 | 225,632 |
| | ( 625,421) | 396,407 |
| Net income | $( 625,421) | $ 396,407 |
| Coverage of average annual debt service requirements | 3.03% | 3.03% |
| Customer count (residential & commercial) | 8,818 | 8,809 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-14
Water and Sewer Information

## Water and Sewer Rates

Current water and sewer rates became effective October 1, 2015.

| | | |
|---|---|---|
| Water: | First 2000 gallons | $ 12.90 Minimum |
| | Over 2000 gallons | $ 4.00 per 1,000 gallons |
| | Over 20,000 gallons | $ 4.25 per 1,000 gallons |
| Sewer: | First 2000 gallons | $ 13.05 Minimum |
| | Over 2000 gallons | $ 4.25 per 1,000 gallons |

Residential sewer charges stop at 15,000 gallons.

## Water Supply Facilities

The City continues to purchase two million gallons of treated surface water per day from the Brazosport Water Authority. The current cost per 1,000 gallons is $ 2.63.

In addition to the above, the City operates 12 water wells with a peak production capacity of 10.5 million gallons. Water storage capacity includes five elevated tanks (2.55 million gallons of capacity) and 4 ground storage tanks (4.0 million gallons total capacity).

## Wastewater Treatment Plant

Sewer treatment is provided to the City by one water reclamation facility. This facility has a permitted capacity of 5.89 million gallons per day. Wastewater generated throughout the City flows through a series of lift stations prior to reaching the treatment plant. There are currently four “master” lift stations that pump directly to the treatment plant, and 39 lift stations that serve various subdivisions and convey wastewater to a “master” lift station.

## Water and Sewer Customers

Currently, the City has 23 apartment complexes (2,974 units); 495 Commercial businesses and 8,269 residences utilizing the City’s water and sewer services.

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-15
Top Ten Utility Customers

| Name of Business | Type of Business | FY 2015 Consumption in 1000's | Total Percent of Water Consumed |
|---|---|---|---|
| Brazosport Hospital | Hospital | 21,644 | 2.40% |
| Buc-ee's #29 | Gas Station/Car Wash | 19,071 | 2.11% |
| Brazosport College | College | 18,596 | 2.06% |
| The Palms | Apartments | 11,254 | 1.25% |
| Raamco Raintree LP | Apartments | 10,332 | 1.14% |
| Oakwood Apartments | Apartments | 9,051 | 1.00% |
| Linmark Oaks, LLC | Apartments | 8,497 | 0.94% |
| Gateway Housing | Apartments | 8,338 | 0.92% |
| Residence of Lake Jackson | Apartments | 7,866 | 0.87% |
| Shadow Park Apartments | Apartments | 7,530 | 0.83% |
| | | 122,179 | 13.53% |

Total water consumption for the period October 1, 2014 to September 30, 2015 in thousands of gallons was 902,700.

# CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-16
Principal Taxpayers and Assessed Valuation

**Principal Taxpayers**

| Taxpayer | Type of Business | Tax Year 2015 Assessed Taxable Valuation | Percent of Assessed Valuation |
|---|---|---|---|
| Brazos Mall Owners, LLC | Mall - Retail | $ 21,641,440 | 1.31% |
| Core LJ One Ltd | Office - Building | 18,248,010 | 1.10% |
| Wal-Mart Stores Texas LLC. | Grocery/Retail | 18,044,250 | 1.09% |
| Redwood Westdale Edgewater | Apartments | 14,100,000 | 0.85% |
| Spyglass - Lake Jackson | Apartments | 10,600,000 | 0.64% |
| Gulf Coast Kingston Properties LLC | Apartments | 9,715,270 | 0.59% |
| Centerpoint Energy, Inc. | Utility | 9,499,440 | 0.58% |
| HEB Grocery Company | Grocery | 9,299,910 | 0.56% |
| Texas Dow Employees Credit Union | Financial Institution | 8,930,627 | 0.54% |
| Lex Lake Jackson LP | Office – Research | 8,112,960 | 0.49% |
| Partners of Lake Jackson LTD | Apartments | 8,000,000 | 0.48% |
| Lake Jackson Brazos Square LP | Leasing – Retail | 7,398,410 | 0.45% |
| Buc-ees LTD | Convenience stores | 7,277,860 | 0.44% |
| Leo Martin Chevrolet Inc. | Dealership | 6,880,480 | 0.42% |
| Raamco Raintree LP | Apartments | 6,092,550 | 0.37% |
| HD Development Properties LP | Home Depot | 6,053,420 | 0.37% |
| Vighneshwer LLC | Motel | 5,880,190 | 0.36% |
| Brazos Crossing Management, LLC | Leasing - Retail | 5,520,260 | 0.33% |
| Dayton Hudson Corp (Target) | Retail | 5,487,210 | 0.33% |
| | | $ 186,712,287 | 11.30% |

**Assessed Valuation by Classification**

| Classification | 2015 Assessed Taxable Valuation | Percent of Total |
|---|---|---|
| Residential | $ 1,319,870,667 | 68.85% |
| Real, Vacant Platted Lots/Tracts | 10,308,410 | 0.54% |
| Commercial & Industrial | 319,918,221 | 16.69% |
| Real, Acreage (Land only) | 12,383,346 | 0.65% |
| Utilities & Pipelines | 19,680,300 | 1.03% |
| Special Inventory & Other | 234,925,735 | 12.25% |
| Total Market/Appraised Value | $ 1,917,086,679 | 100.00% |
| Less Exemptions | 392,114,079 | |
| | 1,524,972,600 | |
| Under protest at certification | 126,964,980 | |
| Net Taxable Value | $ 1,651,937,580 | |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-17
General Fund - Budget Summary

On September 2, 2015 the 2015-16 budget was adopted by the City Council. The following General Fund Operating Budget is presented on a budget basis presentation.

| | 2013-14 Actual | 2014-15 Actual | 2015-16 Adopted Budget |
|---|---|---|---|
| Revenues: | | | |
| Property tax | $ 3,466,594 | $ 3,615,757 | $ 3,802,612 |
| Sales tax | 5,226,636 | 5,991,129 | 5,950,000 |
| Franchise fees | 1,682,815 | 1,748,902 | 1,717,775 |
| Industrial district | 4,186,000 | 4,249,304 | 4,278,632 |
| Licenses and permits | 501,138 | 735,954 | 486,045 |
| Fines and fees | 693,975 | 573,301 | 576,424 |
| Civic Center fees | 252,395 | 279,984 | 254,000 |
| Recreation Center fees | 883,316 | 906,259 | 881,200 |
| Intergovernmental * | 103,764 | 144,489 | 92,000 |
| Interest and other | 129,613 | 155,195 | 160,000 |
| Utility Administrative fee | 438,390 | 438,390 | 438,390 |
| Transfer from Economic Development | 350,000 | 350,000 | 350,000 |
| Transfer from General Contingency | -0- | -0- | -0- |
| Total revenues | $ 17,914,636 | $ 19,188,664 | $ 18,987,078 |
| Expenditures: | | | |
| General government services | $ 1,421,938 | $ 1,507,397 | $ 1,651,994 |
| Financial services | 1,417,830 | 1,314,065 | 1,443,917 |
| Legal services | 154,831 | 163,067 | 190,185 |
| Public safety services * | 6,241,440 | 6,428,036 | 7,255,598 |
| Engineering services | 411,319 | 417,381 | 459,877 |
| Public works services | 2,976,379 | 2,809,306 | 3,447,795 |
| Storm damage clean up | -0- | 192,909 | -0- |
| Parks & recreation services | 3,603,484 | 3,911,549 | 4,207,508 |
| Miscellaneous services | 281,984 | 300,279 | 330,204 |
| Budget saving transfers | 1,000,000 | 1,300,000 | -0- |
| Total expenditures | $ 17,509,205 | $ 18,343,989 | $ 18,987,078 |

**CITY OF LAKE JACKSON**
Lake Jackson, Texas

Table CD-18
Utility Fund - Budget Summary

On September 2, 2015 the 2015-16 budget was adopted by the City Council. The following Utility Fund Operating Budget is presented on a budget basis presentation.

| | 2013-14 Actual | 2014-15 Actual | 2015-16 Adopted Budget |
|---|---|---|---|
| Revenues: | | | |
| Plumbing fees | $ 18,864 | $ 36,349 | $ 20,000 |
| Tap fees | 83,230 | 89,370 | 20,000 |
| Administrative fees | 199,867 | 204,273 | 196,763 |
| Water sales | 3,661,625 | 4,121,748 | 4,402,582 |
| Sewer sales | 3,332,649 | 3,616,256 | 3,934,517 |
| Senior discount | ( 197,328) | ( 209,334) | ( 231,580) |
| Sanitation sales | 3,190,846 | 3,325,003 | 3,478,989 |
| Other revenues | 176,173 | 163,153 | 155,500 |
| Interest & sales tax discount | 5,599 | 7,475 | 3,700 |
| Transfer from General Contingency | -0- | -0- | -0- |
| Total revenues | $ 10,471,525 | $ 11,354,293 | $ 11,980,471 |
| Expenditures: | | | |
| Utility administration | $ 324,600 | $ 473,850 | $ 520,984 |
| Water | 2,938,421 | 3,228,737 | 3,669,657 |
| Wastewater | 2,188,897 | 2,293,832 | 2,629,258 |
| Sanitation | 2,909,048 | 3,001,890 | 3,050,847 |
| Non-departmental | 2,109,725 | 2,109,725 | 2,109,725 |
| Total expenditures | $ 10,470,691 | $ 11,108,034 | $ 11,980,471 |