

CITY OF TEXAS CITY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

CITY OF TEXAS CITY, TEXAS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2015

**PREPARED BY
THE DEPARTMENT OF FINANCE
CITY OF TEXAS CITY, TEXAS**

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INTRODUCTORY SECTION

CITY OF TEXAS CITY, TEXAS

FINANCE DEPARTMENT • OFFICE (409) 643-5907 • FAX (409) 942-1073



Mayor:
Matthew T. Doyle

Commissioners:
Mike Land
Dee Ann Haney
Thelma Bowie
Phil Roberts
Dedrick D. Johnson, Sr.
Jami Clark

March 16, 2016

To the Honorable Matthew T. Doyle, Mayor and
Members of the City Commission and
Citizens of the City of Texas City, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Texas City, Texas (the “City”), for the fiscal year ended September 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The Comprehensive Annual Financial Report is presented as compliant with the financial reporting model in effect pursuant to GASB statement No. 34. The financial reporting model requires governments to present certain basic financial statements as well as Management’s Discussion and Analysis (MD&A) and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

- The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about costs of services, operating results and financial position of the government as an economic entity.
- Following the government-wide statements are fund financial statements for the primary government (City) and proprietary fund.
- The notes to the financial statements disclose information essential for the fair presentation of the basic statements that is not displayed in the financial statements.
- The management’s discussion and analysis (MD&A) gives an objective and easily readable analysis of the City’s financial activities based on currently known facts, decisions, or conditions. It presents short and long-term analysis of the City’s activities. The City of Texas City’s MD&A can be found immediately following the independent auditor’s report.
- Required supplementary information (RSI) is financial information that GASB standards require to be presented with, but outside of, the financial statements. The RSI that GASB Statement No. 34 requires is MD&A (noted above), and budgetary comparison schedules for the General Fund.

PROFILE OF THE GOVERNMENT

The City of Texas City is the third largest city in Galveston County; located southeast of Houston, Texas. Houston is readily accessible via Interstate 45, a major thoroughfare running through the West side of Texas City. The City encompasses an area of 132 square miles and estimated population of 46,081. The City of Texas City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation.



The City of Texas City is a home-rule city operating under a strong mayor form of government. Policy-making and legislative authority are vested in a governing commission (City Commission) consisting of the Mayor and (6) six City Commissioners, all elected on a non-partisan basis. Four of the six Commissioners are elected by district, and are required to reside in their respective district in which they are elected. The Mayor and two Commissioners are elected at large. All City Commissioners and the Mayor are elected for a two year term. The City Commission is responsible, but not limited to, passing ordinances, adopting the budget and tax rate, and appointing committees. The Mayor is responsible for carrying out the policies of the City Commission, for overseeing the day-to-day operations of the City and for hiring the department directors, subject to City Commission approval.

The City of Texas City provides a full range of municipal services contemplated by ordinance and the City Charter. This includes police and fire protection, emergency medical services, street construction and maintenance, planning and zoning, recreational activities, curbside brush collection, a recycling center, a storm water drainage system, water distribution system, sewer system, wastewater collection and treatment and general administrative services. Sanitation services, residential and commercial garbage collection, are contracted with a private firm. The financial reporting units of the City are funds. The Construction Fund-Gulf Coast Water Authority Bonds, City of Texas City Economic Development Corporation, City of Texas City Harbour Foreign Trade Zone Corporation, City of Texas City Industrial Development Corporation, City of Texas City Public Facilities Development Corporation, City of Texas City Danforth Health Facilities Corporation, City of Texas City Cultural Arts Foundation, and City of Texas City Historical Preservation are reported as Component Units for which the City is financially accountable.

BUDGET

The budget is required by City Charter, which controls many facets of the budgeting process. The budget is used to plan for the use of funds generated through a variety of revenue sources to provide services for the benefit of the citizens in the community. The budget text provides the following:

- a.) Identifies revenue sources and amounts to provide for services delivered during the next fiscal year (October through September);
- b.) Approves the expenditure of monies to deliver the services provided by each of the respective operating divisions;
- c.) Provides a basis for financial recording and control of the approved revenue and expenditure dollars.

The budget process is a systematic approach to plan for the new fiscal year. The process is established to gain input from the citizens, the City Commission, and the City staff. The budget process initially begins with departmental requests, at which time each request is reviewed by the Mayor and Director of Finance, prioritized and discussed with the department head. The budget is then evaluated by City Commission in terms of staff, programs, projects, services and policies of the City. The staff, programs, projects, services and policies may be new or existing. Critical in the process is determining at what level the programs, projects, services and policies will serve. Also considered is not only the impact on the budget being formulated, but also the City's ability to pay for each; in other words, how much revenue can be generated through taxes, fees, etc., putting the least amount of burden on the citizens.

The City's budget shall be preceded by a budget message which shall explain the budget both in fiscal terms and work programs. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, and include such other material deemed relevant to Commission consideration of the document. The budget shall provide a complete financial plan of all City funds and activities for the ensuing year. In the organization of the budget, the combination of expenditure classification by fund, organization unit, program purpose, activity, or object is deemed the most feasible in representation. It shall begin with a clear general summary of its contents; shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year; and shall be so arranged as to show comparative figures for actual and estimated income and expenditures for three fiscal years, the last completed fiscal year, the year of preparation of the budget, and the projections for the ensuing fiscal year. It shall indicate in separate sections:

- (1.) Proposed expenditures for operations during the ensuing fiscal year, detailed by departments, in terms of their respective work programs, and the method of financing such expenditures;
- (2.) Proposed capital improvement expenditures during the ensuing fiscal year, detailed by purpose and the proposed method of financing each capital expenditure;
- (3.) Anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or enterprise fund operated by the City and the proposed method of its disposition; budgets for each utility or enterprise fund giving detailed income and expenditure information shall be included; and
- (4.) Detailed schedules indicating the City's debt position and debt service requirements.

The Commission, may, upon the recommendation of the chief executive officer, transfer any unencumbered appropriation balance or any portion thereof within a department of the City government to another.

The City Commission is required to adopt the final budget by no later than the close of the current fiscal year.

BUDGET (continued)

Budget transfers within departments require the approval of the Mayor and the Director of Finance, and transfers outside departments and amendments to the final budget require City Commission approval.

ECONOMIC CONDITION AND OUTLOOK

The City of Texas City prides itself on providing quality services and amenities for its citizens. With over 1,100 acres of parks spread over 40 locations throughout the City, The City of Texas City has one of the best recreational and tourism (Parks & Recreation) departments in the State of Texas. The City will be developing a mix-use development called Central Park that will include a 280+ acre environmental park and 40+ acres of various ball fields and other interactive facilities. Tanger Outlet Mall has been in successful operation since 2012. Lago Mar residential development is underway, with homes expected to be under construction by summer 2016.

The City of Texas City economic base maintains its status as a major global economic power, with one of the largest ports in the country, which is a gateway to worldwide trade and a major hub for world energy supplies. The industrial base comes from a strong petrochemical industry with significant base operations in the area. They include Marathon Petroleum, Valero Refining, Eastman Chemical, BP Chemical, Dow Chemicals and Ashland, Inc. These facilities account for nearly \$400 million in payroll annually, more than \$75 million in local property and sales taxes, almost \$2 million for local charity contributions, and provide more than 26,000 man-hours for local volunteer programs. But their biggest contribution to date is the manufacturing of products used in our home and business lives. The City of Texas City still remains optimistic about the strength of the petro-chemical industry and is still looking at developing Shoal Point into a container facility.

The City of Texas City's community purpose is to make it possible for all citizens to benefit from living, working, worshipping and playing in a safe, healthy, attractive and economically viable community. Thereby, offering all citizens the opportunity for a rewarding, satisfying and fulfilling lifestyle, and providing a foundation for a strong family unit environment.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

The City of Texas City continues to enhance services provided to citizens. Many of the notable achievements during the year reflect this focus:

- Continued paving and drainage improvement projects;
- Continued waterline and sewer line improvements;
- Disc Golf course at Bay Street Park;
- Major renovations to Bayou Golf Course;
- Dog park at Amoco Park;
- Continue to operate and maintain a City committed to delivering quality public services to its citizens.

CAPITAL IMPROVEMENT PROGRAM (CIP)

A capital improvement program (CIP) is a fiscal planning tool that identifies capital improvement projects, prioritizes these projects, and schedules them for funding and implementation. Capital improvement programming provides the decision-makers in Texas City with the ability to gain an overall perspective on new development in the City and to coordinate government capital improvement and outlay plans with general community growth and expansion. This enables the City to foresee repair and replacement needs.

A CIP helps assure logical development of public facilities and helps avoid concentrating too much on certain types of projects to the exclusion or detriment of other public facility and capital needs.

A capital improvement program is an important capital and fiscal planning tool. The CIP, if exercised skillfully and with good judgment, will help Texas City:

- (1.) Select projects which address the most pressing need(s);
- (2.) Eliminate projects that are favored by one or more groups in the community but have a low overall priority;
- (3.) Prevent projects from being undertaken either too soon, causing unnecessary carrying costs, or too late, after the need for the project is upon the City and planning must be done in a crisis situation.

The capital budget is only as good as the plan for financing the proposed projects. The number of public improvements a municipality can finance generally depends on:

- (1.) The level of recurring future operating expenditures;
- (2.) The current level of debt (bonded indebtedness);
- (3.) The legal limit of debt it may incur (bonded capacity);
- (4.) Any potential sources of additional revenue available for capital improvement financing.

Financial analysis and planning are needed for intelligent capital improvement programming. The three elements that must be clearly understood are:

- (1.) The relationship between the revenue program (based on the economic vitality of the community) and the operating budget (based on a program of public services), with the resulting cash funds available to pay in whole or in part for capital improvements or to meet the obligations of the debt service;
- (2.) The new debt structure of the community and its ability to incur new debt;
- (3.) Policies and legal mandates dealing with revenues, operating expenditures, capital improvements, bonds, and the relations among and between them.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is completed to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal control 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 controls should not exceed the benefits expected to be derived, and (2) the evaluation of costs and benefits require estimates and judgments by management.

We believe the City's accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period by employees in the normal course of performing their assigned functions.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Commission. Activities of the General, Special Revenue, Debt Service, Construction, Enterprise, Internal Service, Agency Funds and Component Units are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each department.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

The City of Texas City's financial statements have been audited by WhitleyPenn LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Texas City for the fiscal year ended September 30, 2015, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the City of Texas City's financial statements for the fiscal year ended September 30, 2015, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

ACKNOWLEDGEMENTS

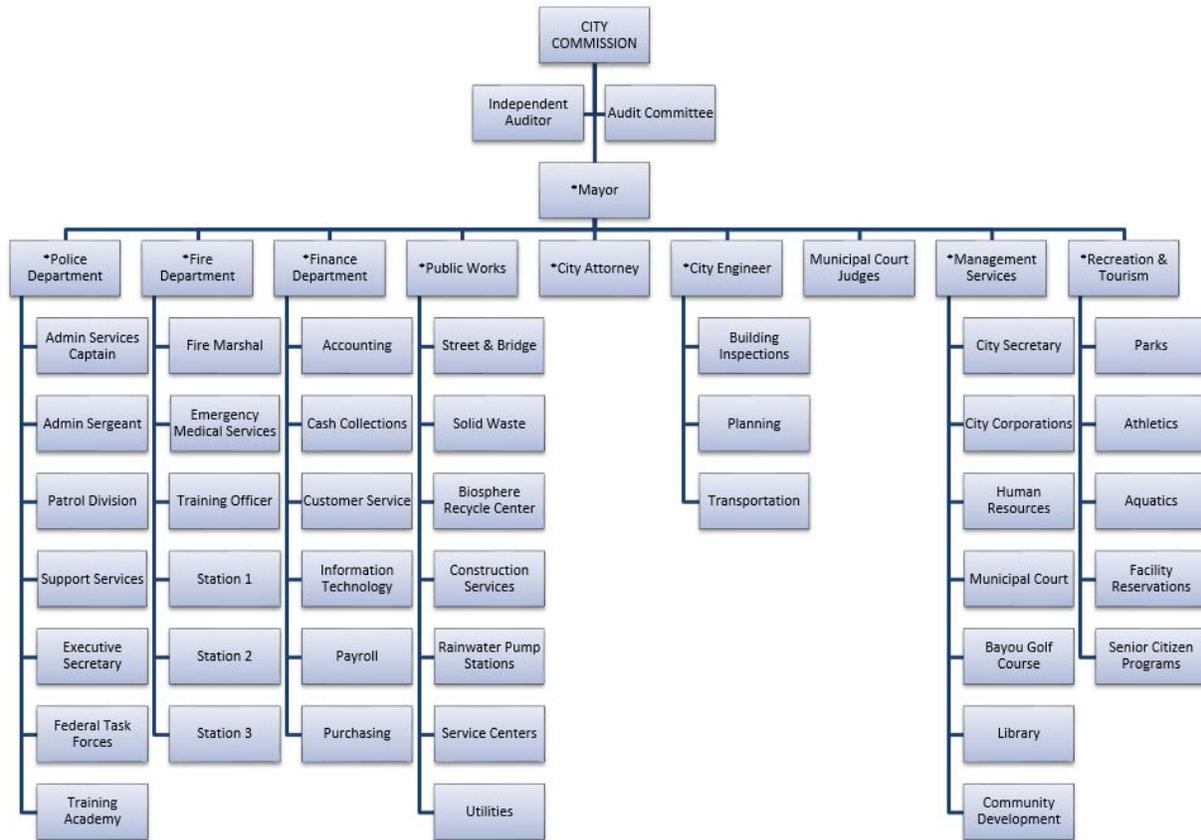
The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation. We would also like to thank the Mayor and City Commission for their interest and unfailing support in planning and conducting the financial operations of the City in a responsible and prudent manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Laura R. Boyd".

Laura R. Boyd
Director of Finance

CITY OF TEXAS CITY, TEXAS
ORGANIZAITONAL CHART



CITY OF TEXAS CITY, TEXAS
PRINCIPAL OFFICIALS

The City of Texas City is governed by a mayor, mayor pro-tem and city commissioners.



Mayor
Matthew T. Doyle

Commissioners At-Large



Mike Land
Mayor Pro-Tem



Dee Ann Haney



Thelma Bowie

District 2



Phil Roberts

District 3



Dedrick Johnson, Sr.

District 4



Jami Clark



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Texas City
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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REPORT OF INDEPENDENT AUDITORS

The Honorable Mayor and
Members of the City Commission
City of Texas City, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Texas City, Texas (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.

The Honorable Mayor and
Members of the City Commission
City of Texas City, Texas

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, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, 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 discussed in Note IV-G to the financial statements, the City adopted the provisions of Government Accounting Standards Board (“GASB”) Statements No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*, as of September 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information, such as management’s discussion and analysis, budgetary comparison information and pension systems information on pages 9-18, 86 and 87-92 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 nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates 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

The Honorable Mayor and
Members of the City Commission
City of Texas City, Texas

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Texas City, Texas
March 16, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF TEXAS CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Comprehensive Annual Financial Report, we present a narrative overview and analysis of the financial activities of the City of Texas City for the fiscal year ended September 30, 2015. Please read it in conjunction with the independent auditors' report, our letter of transmittal and the City's Basic Financial Statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Texas City exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$154.5 million (*net position*). Of this amount, \$14.3 million (*unrestricted net position*) is a negative amount and is not available to be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8.5 million, before the prior period adjustment.
- As of the close of the current fiscal year, the City of Texas City's governmental funds reported combined ending fund balances of \$45.7 million, an increase of \$6.5 million in comparison with the prior year. Approximately, \$22.1 million (48 percent) of the total fund balance amount is available for spending at the government's discretion (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22.1 million, or 50 percent of total general fund expenditures.
- The City's total debt increased by \$5.4 million as a result of 2015 certificate of obligation issuance.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Texas City's basic financial statements. The City's basic financial statements comprise 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 of Texas City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four 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 of Texas City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other 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 administrative services, public safety, public works, culture and recreation, health and sanitation. The business-type activities of the City of Texas City include the Water and Sewer System Revenue.

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The City's seven component units consist of the following:

- City of Texas City Economic Development Corporation (4A)
- City of Texas City Public Facilities Development Corporation
- City of Texas City Industrial Development Corporation
- City of Texas City Harbour Foreign Trade Zone Corporation
- City of Texas City Cultural Arts Foundation
- City of Texas City Historical Preservation Corporation
- Lago Mar Development Authority

The government-wide financial statements can be found on pages 21-23 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 of Texas 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 three categories: governmental funds, proprietary funds, and fiduciary 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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Texas City maintains twenty-two 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 which is considered to be a major fund. Data from the other twenty governmental 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 basic governmental fund financial statements can be found on pages 24-27 of this report.

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Proprietary funds

The City of Texas City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Texas City uses enterprise funds to account for its Water and Sewer System operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Texas City uses internal service funds to account for its capital equipment replacement program and for its employee health/dental insurance. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System operations. Several of Gulf Coast Water Authority (GCWA) Bond Construction Funds are included in the operation of the City's Water Fund. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 28-31 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Texas City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 32-33 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 38-83 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Texas City's pension systems information for employees. The City of Texas City adopts an annual appropriated budget for its general, debt service, special revenue, construction, water, sewer, internal service, fiduciary funds, and component units. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Combining and individual fund statements and schedules can be found on pages 94-140.

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Texas City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$154.5 million at the close of the most recent fiscal year.

By far the largest portion of the City of Texas City's net position \$158.0 million (102.3 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Texas City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Texas City's Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 51.0	\$ 44.8	\$ (2.9)	\$ 2.7	\$ 48.1	\$ 47.5
Capital assets	132.9	121.6	62.9	61.3	195.8	182.9
Total assets	183.9	166.4	60.0	64.0	243.9	230.4
Total Deferred Outflows of Resource	5.4	0.5	0.4	-	5.8	0.5
Long-term liabilities outstanding	76.8	43.1	8.2	7.1	85.0	50.2
Other Liabilities	5.5	6.1	3.5	2.7	9.0	8.8
Total Liabilities	82.3	49.2	11.7	9.8	94.0	59.0
Total Deferred Inflows of Resources	1.1	-	0.1	-	1.2	-
Net Position						
Net Investment in capital assets	101.1	100.5	56.9	54.2	158.0	154.7
Restricted	10.8	9.6	-	-	10.8	9.6
Unrestricted	(6.0)	7.6	(8.3)	-	(14.3)	7.6
Total Net Position	\$ 105.9	\$ 117.7	\$ 48.6	\$ 54.2	\$ 154.5	\$ 171.9

An additional portion of the City of Texas City's net position \$10.8 million (7.0 percent) represents resources that are subject to external restrictions on how they may be used. The *unrestricted net position* has a negative balance of \$14.3 million.

At the end of the current fiscal year, the City of Texas City is able to report positive balances in two of three categories of net position, for its whole government and separate governmental and business-type activities.

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

City of Texas City's Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for services	\$ 9.5	\$ 8.4	\$ 11.0	\$ 11.0	\$ 20.5	\$ 19.4
Operating grants and contributions	6.4	5.9	-	-	6.4	5.9
Capital grants and contributions	-	0.2	-	-	-	0.2
General Revenues:						
Property Taxes	23.8	22.2	-	-	23.8	22.2
Other Taxes	21.1	20.8	-	-	21.1	20.8
Other	3.6	4.8	2.6	2.3	6.2	7.1
Total revenues	64.4	62.3	13.6	13.3	78.0	75.6
Expenses						
General government	5.0	4.4	-	-	5.0	4.4
Public Safety	21.3	22.0	-	-	21.3	22.0
Public Works	13.5	13.2	-	-	13.5	13.2
Health and Welfare	0.4	0.4	-	-	0.4	0.4
Culture and Recreation	10.4	10.1	-	-	10.4	10.1
Economic and Community Development	0.3	0.3	-	-	0.3	0.3
Interest on long-term debt	1.2	1.1	-	-	1.2	1.1
Enterprise Fund - Water	-	-	11.4	11.2	11.4	11.2
Enterprise Fund - Sewer	-	-	6.0	5.8	6.0	5.8
Total Expenses	52.1	51.5	17.4	17.0	69.5	68.5
Increase (decrease) in net position before transfers	12.3	10.8	(3.8)	(3.7)	8.5	7.1
Transfers	-	(1.4)	-	1.4	-	-
Increase (decrease) in net position	12.3	9.4	(3.8)	(2.3)	8.5	7.1
Net position - beginning	117.7	108.3	54.2	56.5	171.9	164.8
Prior period adjustment	(24.1)	-	(1.8)	-	(25.9)	-
Net position - ending	\$ 105.9	\$ 117.7	\$ 48.6	\$ 54.2	\$ 154.5	\$ 171.9

During the current fiscal year, the government's net position increased by \$8.5 million before the prior period adjustment of \$25.9 million. This increase is attributed to the rise in property tax values and resulting increase in tax revenues, an increase in sales taxes, charges for services, and operating grants and contributions.

Governmental activities

Governmental activities increased the City of Texas City's net position by \$12.3 million before the prior period adjustment of \$24.1 million. Key elements of changes in net position are as follows:

- Property tax revenues increased by \$1.6 million, which was attributed to an increase in the property valuations.
- Other tax revenue increased by \$0.3 million, which was mainly attributed to increased sales tax revenue from new commercial business in the western portion of the city.
- Operating Grants and Contributions increased by \$0.5, which is related to Community Development Block Grant – General Land Office award.

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Changes in expenses by function for governmental activities are detailed below:

- Public Safety decreased by \$600,000, was mainly due to no separation related to personnel costs.
- Public Works increased of \$300,000, was due to increase in personnel costs and increases in the cost of road repair materials.

Business-type activities

Business-type activities decreased the City of Texas City's net position by \$3.8 million before prior period adjustment of \$1.8 million. Key elements of the expense increase are as follows:

- Increase in maintenance expenses.
- Increase in expenses related to Gulf Coast Water Authority.

Financial Analysis of the Government's Funds

The City of Texas City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City of Texas 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.

At the end of the current fiscal year, the City of Texas City's governmental funds reported combined ending fund balances of \$45.7 million an increase of \$6.5 million as compared to the prior year. *Unassigned fund balance*, which is available for spending at the government's discretion, totaled \$22.1 million. The remainder of fund balance is *nonspendable* of \$1.7 million for inventories and prepaid items and *restricted fund balance* indicate that it is not available for new spending because it has already been restricted 1) to pay debt service of \$2.3 million, 2) public safety of \$1.3 million, capital projects of \$11.0 million and development activities of \$6.5 million. In addition the City *assigned fund balance* for street improvements of \$1.0 million.

The general fund is the chief operating fund of the City of Texas City. At the end of the current fiscal year, *unassigned fund balance* amounted to \$22.1 million while total fund balance amounted to \$24.7 million. As a measure of the general fund's liquidity, it may be useful to compare both fund balance unassigned for future expenditures and total fund balance, to total fund expenditures. Unassigned fund balance represents 50 percent of total general fund expenditures, while total fund balance represents 56 percent of that same amount.

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

During the current fiscal year, the fund balance of the City of Texas City's General Fund increased by \$4.0 million. This increase is mainly due to higher collection of sales taxes, municipal court fines, and pipeline easement fees.

2013 Series Construction fund decreased by \$7.7 million, which was used to complete construction projects and the 2015 Series Construction fund increased its fund balance by \$9.1 million, which was a result of issuance of certificates of obligation for future construction projects.

The debt service has a total fund balance of \$2.3 million, which is legally restricted for payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$0.07 million. A majority of this increase is attributed to decrease in debt service payments.

Proprietary funds

The City of Texas City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Unrestricted net position at the end of the year for the Water and Sewer Funds was a negative of \$8.3 million and total net position was \$48.5 million. The combined total change in net position for these funds was a decrease of \$3.9 million before the prior period adjustment of \$1.8 million. At the end of the year, internal service funds had unrestricted negative net position of \$1.9 million and total net position of \$3.3 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Texas City's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$543,593 increase in appropriations between the original and final amended budget. Following are some components of the budgetary increase:

- Increase in building and equipment maintenance expenditures.
- Increase in cost of road repair materials.

Capital Assets and Debt Administration

Capital assets

The City of Texas City's investment in capital assets for its governmental and business type activities as of September 30, 2015, amounts to \$195.8 million (net of accumulated depreciation). This investment in capital assets includes infrastructure, land, historical treasures and works of art, buildings, improvements, vehicles, machinery and equipment, furniture and office equipment, construction in progress and investment in future water rights. The total increase in the City of Texas City's investment in capital assets for the current fiscal year was \$12.9 million (7.1 percent).

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Major capital assets acquired and major projects completed during the current fiscal year included the following:

- Major capital assets:
 - Various SWAT Equip. \$91,552 Police (grant funds)
 - (17) Chevrolet Tahoes \$408,298 Police
 - Motorola Digital Radios \$66,780 Police
 - Motorola Digital Radios \$67,478 Fire
 - (1) Volvo Motor Grader \$198,256 Public Works
 - (1) International Dump Truck \$94,218 Public Works
 - (2) Roll off box trucks \$176,627 Sanitation
 - (2) Ford Trucks \$75,677 Water
 - (2) Ford Trucks \$70,456 Sewer
 - Rotork Sluice Gate Actuators \$98,625 Sewer

- Major projects completed:
 - Waterline Rehab. Project Phase 13 \$955,723
 - Sewer line Rehab. Project Phase 14 \$870,613
 - Sewer line Rehab. Project Phase 15 \$1,003,779
 - Wastewater Treatment Plant Maintenance Shop \$344,007
 - Bayou Golf Course renovation \$787,728
 - Dog Park at Amoco Park \$93,459

City of Texas City's Capital Assets (in millions)

	Governmental Activities	Business-type Activities	Total
Land and improvements	\$ 3.5	\$ 3.0	\$ 6.5
Historical treasures & works of art	0.9	-	0.9
Infrastructure	75.5	118.4	193.9
Buildings & structures	74.8	2.2	77.0
Machinery, equipment & furniture	29.3	6.6	35.9
Construction in progress	18.9	4.3	23.2
	<u>202.9</u>	<u>134.5</u>	<u>337.4</u>
Less: Accumulated depreciation	<u>(70.0)</u>	<u>(71.6)</u>	<u>(141.6)</u>
	<u>\$ 132.9</u>	<u>\$ 62.9</u>	<u>\$ 195.8</u>

Additional information on the City of Texas City capital assets can be found on pages 58-61 of this report.

Long-term debt

At the end of the current fiscal year, the City of Texas City had a total bonded debt outstanding of \$47.0 million. Of this amount, \$41.4 million comprises debt backed by the full faith and credit of the government. The remainder of \$5.6 million of the City of Texas City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

City of Texas City's Outstanding Debt
Certificates of Obligation, General Obligation, and Revenue Bonds (in millions)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General obligation bonds	\$ 16.6	\$ -	\$ 16.6
Certificates of obligation	24.8	-	24.8
Contract revenue bonds	-	5.6	5.6
	<u>\$ 41.4</u>	<u>\$ 5.6</u>	<u>\$ 47.0</u>

The City of Texas City's total bonded debt increased by \$5.4 million (13.0 percent) during the current fiscal year due to \$9.6 million 2015 certificate of obligation issuance less annual scheduled principal payments on the debt.

All of the City's bond issues have been successful in qualifying for bond insurance resulting in ratings of Aa3 by Moody's Investors Services and AA- from Standard & Poor's.

Additional information on the City of Texas City's long-term debt can be found on pages 63-66 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City of Texas City's industrial base continues to contribute to the economic growth in Texas City. Contributions in the form of local employment for residents, economic funding in the areas of sales and property taxes, and in-kind contributions, help keep Texas City an economically viable community.
- The 2015-16 Budget was prepared assuming a total tax rate of \$.44921 per \$100 valuation, which is an increase from the previous fiscal year. The tax rate provides sufficient funds for general fund operations and debt service requirements. The 2015 tax rate is comprised of the following components:

General Fund	\$0.365518
Debt Service	\$0.083692

- The General Fund has budgeted revenues and other sources of \$47.09 million, compared to last year's budgeted revenues and other sources of \$46.49 million. This represents an increase of \$600,000. The increase in revenues is from higher sales tax revenue and increase in municipal court fines.
- The General Fund has budgeted expenditures of \$49.35 million, compared to the previous year's budgeted expenditures of \$46.55 million, an increase of \$2.8 million due to increased personnel costs.
- The 2015-16 Budget is expected to result in an unassigned fund balance approximately 28% of budgeted expenditures.
- The Water Revenue Fund has budgeted revenues of \$6.5 million. Budgeted expenditures in the Water Revenue Fund totaled \$6.6 million.

CITY OF TEXAS CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- The Water Revenue Fund has budgeted revenues of \$6.5 million. Budgeted expenditures in the Water Revenue Fund totaled \$6.6 million.
- The Sewer Revenue Fund has budgeted revenues of \$4.4 million. Expenditures in the Sewer Revenue Fund totaled \$4.04 million.
- The 2015-16 Total Budget includes \$21.9 million in capital outlay, which includes construction projects, equipment replacement, land purchases, and the ongoing water and sewer line replacement projects.

Requests for Information

This financial report is designed to provide a general overview of the City of Texas 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, 1801 9th Avenue North, Texas City, Texas 77590.

BASIC FINANCIAL STATEMENTS

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CITY OF TEXAS CITY, TEXAS
STATEMENT OF NET POSITION
September 30, 2015

Exhibit A-1

	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and equivalents	\$ 6,125,553	\$ 3,199,491	\$ 9,325,044	\$ 349,244
Investments	24,725,000	2,644,001	27,369,001	5,200,671
Receivables	3,817,661	1,438,366	5,256,027	84,656
Internal balances	10,726,909	(10,726,909)	-	-
Due from others	97,089	-	97,089	347,783
Due from other governmental agencies	3,852,994	-	3,852,994	903,006
Prepaid items	496,279	85,633	581,912	2,362
Inventories	1,156,917	324,000	1,480,917	-
Other assets		177,110	177,110	-
Capital Assets:				
Capital assets, not being depreciated	23,281,252	7,252,388	30,533,640	5,375,410
Infrastructure	75,510,101	118,369,395	193,879,496	-
Buildings	65,121,835	2,211,683	67,333,518	1,099,595
Equipment and furniture	29,356,566	6,616,960	35,973,526	-
Other capital assets	9,644,596	-	9,644,596	87,778
Less: accumulated depreciation	(69,965,039)	(71,588,668)	(141,553,707)	(923,026)
Total Capital Assets	132,949,311	62,861,758	195,811,069	5,639,757
Total Assets	183,947,713	60,003,450	243,951,163	12,527,479
Deferred Outflows of Resources				
Deferred charge on refunding	437,389	-	437,389	-
Deferred outflows - pension	5,020,895	431,755	5,452,650	-
Total Deferred Outflows of Resources	5,458,284	431,755	5,890,039	-
Liabilities				
Accounts payable and accrued expenses	5,374,928	3,525,627	8,900,555	314,211
Accrued interest payable	148,504	13,860	162,364	-
Due to others	-	-	-	616,883
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	3,601,495	1,024,070	4,625,565	-
Compensated absences	322,211	8,193	330,404	-
Due in more than one year:				
Bonds, capital leases and contracts	38,823,903	4,983,521	43,807,424	-
Net pension liability	30,194,854	2,123,630	32,318,484	-
Compensated absences	3,854,970	76,120	3,931,090	-
Total Liabilities	82,320,865	11,755,021	94,075,886	931,094
Deferred Inflows of Resources				
Deferred inflows - pension	1,152,216	151,357	1,303,573	-
Total Deferred Inflows of Resources	1,152,216	151,357	1,303,573	-
Net Position				
Net investment in capital assets	101,131,668	56,854,167	157,985,835	5,639,757
Restricted for:				
Debt service	2,251,759	-	2,251,759	-
Culture & recreation	1,825,627	-	1,825,627	647,247
Public safety	1,101,317	-	1,101,317	-
Economic & physical development	5,631,968	-	5,631,968	3,530,455
Unrestricted	(6,009,423)	(8,325,340)	(14,334,763)	1,778,926
Total Net Position	\$ 105,932,916	\$ 48,528,827	\$ 154,461,743	\$ 11,596,385

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
General government	\$ 5,000,523	\$ 33,000	\$ -
Public safety	21,303,434	4,618,567	183,517
Public works	13,494,882	2,377,134	5,895,842
Health and welfare	426,672	52,813	-
Culture and recreation	10,411,949	2,428,257	-
Economic and community development	316,355	-	319,198
Interest and fiscal charges	1,208,844	-	-
Total Governmental Activities	52,162,659	9,509,771	6,398,557
Business-type Activities:			
Water revenue fund	11,380,848	6,485,922	-
Sewer revenue fund	6,059,227	4,515,966	-
Total Business-type Activities	17,440,075	11,001,888	-
Total Primary Government	\$ 69,602,734	\$ 20,511,659	\$ 6,398,557
Component Units			
Component units	\$ 5,086,149	\$ 342,046	\$ 241,960
Total Component Units	\$ 5,086,149	\$ 342,046	\$ 241,960

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise and other taxes

Sales taxes

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net Position - beginning

Prior period adjustments

Net Position - ending

See notes to the financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,967,523)	\$ -	\$ (4,967,523)	
(16,501,350)	-	(16,501,350)	
(5,221,906)	-	(5,221,906)	
(373,859)	-	(373,859)	
(7,983,692)	-	(7,983,692)	
2,843	-	2,843	
(1,208,844)	-	(1,208,844)	
<u>(36,254,331)</u>	<u>-</u>	<u>(36,254,331)</u>	
-	(4,894,926)	(4,894,926)	
-	(1,543,261)	(1,543,261)	
-	(6,438,187)	(6,438,187)	
<u>(36,254,331)</u>	<u>(6,438,187)</u>	<u>(42,692,518)</u>	
			<u>\$ (4,502,143)</u>
			<u>(4,502,143)</u>
20,882,538	-	20,882,538	1,231,715
2,907,807	-	2,907,807	-
5,209,721	-	5,209,721	-
15,925,091	-	15,925,091	5,308,363
60,448	15,753	76,201	17,676
<u>3,578,027</u>	<u>2,550,417</u>	<u>6,128,444</u>	<u>82,819</u>
<u>48,563,632</u>	<u>2,566,170</u>	<u>51,129,802</u>	<u>6,640,573</u>
12,309,301	(3,872,017)	8,437,284	2,138,430
117,740,702	54,222,204	171,962,906	9,457,955
(24,117,087)	(1,821,360)	(25,938,447)	-
<u>\$ 105,932,916</u>	<u>\$ 48,528,827</u>	<u>\$ 154,461,743</u>	<u>\$ 11,596,385</u>

CITY OF TEXAS CITY, TEXAS

Exhibit B-1

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General Fund	2013 Series Construction Fund	2015 Series Construction Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,600,110	\$ -	\$ 566,858	\$ 1,953,229	\$ 6,120,197
Investments	4,325,000	2,500,000	8,900,000	3,900,000	19,625,000
Taxes receivable, net	719,159	-	-	130,397	849,556
Due from other funds	13,068,078	-	-	6,472,416	19,540,494
Due from other governments	2,853,163	-	-	999,831	3,852,994
Other receivables	2,280,048	-	-	142,385	2,422,433
Inventories	1,156,917	-	-	-	1,156,917
Prepaid items	496,279	-	-	-	496,279
Total Assets	\$ 28,498,754	\$ 2,500,000	\$ 9,466,858	\$ 13,598,258	\$ 54,063,870
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,418,250	\$ 673,062	\$ 354,832	\$ 732,662	\$ 3,178,806
Due to other funds	-	1,084,859	-	1,590,160	2,675,019
Due to other governments	325,741	-	-	-	325,741
Accrued wages payable	335,525	-	-	-	335,525
Total Liabilities	2,079,516	1,757,921	354,832	2,322,822	6,515,091
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	682,311	-	-	124,376	806,687
Unavailable revenue - ems	74,087	-	-	-	74,087
Unavailable revenue - court	249,958	-	-	-	249,958
Unavailable revenue - pipeline	675,914	-	-	-	675,914
Total Deferred Inflows	1,682,270	-	-	124,376	1,806,646
Fund Balances:					
Nonspendable:					
Inventories	1,156,917	-	-	-	1,156,917
Prepaid items	496,279	-	-	-	496,279
Restricted:					
Debt service	-	-	-	2,275,887	2,275,887
Public safety	-	-	-	1,287,130	1,287,130
Capital projects	-	742,079	9,112,026	1,119,393	10,973,498
Development activities	-	-	-	6,486,029	6,486,029
Assigned:					
Street improvements	1,000,000	-	-	-	1,000,000
Unassigned	22,083,772	-	-	(17,379)	22,066,393
Total Fund Balances	24,736,968	742,079	9,112,026	11,151,060	45,742,133
Total Liabilities, Deferred Inflows and Fund Balances	\$ 28,498,754	\$ 2,500,000	\$ 9,466,858	\$ 13,598,258	\$ 54,063,870

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS

Exhibit B-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE STATEMENT OF NET POSITION

September 30, 2015

Total fund balance, governmental funds \$ 45,742,133

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 127,726,705

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. 3,297,301

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Bonds and certificates of obligation payable	(41,380,000)
Capital leases payable	(75,987)
Compensated absences	(4,177,181)
Accrued interest payable	(148,504)
Net pension liability	(30,194,854)
Unamortized premium on bonds	(969,411)

Unavailable revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements. 1,806,646

Deferred outflows (inflows) represent a consumption (acquisition) of net position that applies to future periods and therefore will be recognized as an outflow (inflow) of resources until then.

Deferred charge on refunding	437,389
Deferred outflows of resources related to pensions	5,020,895
Deferred inflows of resources related to pensions	(1,152,216)

Net Position of Governmental Activities in the Statement of Net \$ 105,932,916

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS

Exhibit B-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

	General Fund	2013 Series Construction Fund	2015 Series Construction Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 20,312,692	\$ -	\$ -	\$ 2,893,268	\$ 23,205,960
General sales tax	15,925,091	-	-	-	15,925,091
Miscellaneous taxes	4,497,012	-	-	620,540	5,117,552
Licenses and permits	459,358	-	-	-	459,358
Intergovernmental	74,917	-	-	6,346,140	6,421,057
Charges for services	4,361,094	-	-	192,600	4,553,694
Fine and forfeits	2,849,455	-	-	121,781	2,971,236
Investment earnings	2,161	15,163	18,776	11,368	47,468
Miscellaneous revenue	2,118,517	-	-	2,853,889	4,972,406
Total Revenues	50,600,297	15,163	18,776	13,039,586	63,673,822
Expenditures					
Current:					
General government	4,848,995	-	-	63,029	4,912,024
Public safety	19,965,166	-	-	161,775	20,126,941
Public works	11,229,854	-	-	6,311	11,236,165
Health & welfare	404,769	-	-	-	404,769
Culture and recreation	7,877,912	8,789	-	1,061,884	8,948,585
Economic & community development	-	-	-	319,198	319,198
Capital outlay	88,095	7,662,270	772,348	6,272,346	14,795,059
Debt service:					
Principal retirement	58,337	-	-	3,200,000	3,258,337
Interest and fiscal charges	5,379	-	128,427	1,081,068	1,214,874
Total Expenditures	44,478,507	7,671,059	900,775	12,165,611	65,215,952
Excess (deficiency) of revenues over expenditures	6,121,790	(7,655,896)	(881,999)	873,975	(1,542,130)
Other Financing Sources (Uses)					
Transfers in	-	-	-	122,598	122,598
Proceeds from sale of capital assets	33,808	-	-	-	33,808
Issuance of debt	-	-	9,595,000	-	9,595,000
Premium or discount on issuance of bonds	-	-	399,025	5,083	404,108
Transfers out	(2,122,598)	-	-	-	(2,122,598)
Total Other Financing Sources (Uses)	(2,088,790)	-	9,994,025	127,681	8,032,916
Net change in fund balances	4,033,000	(7,655,896)	9,112,026	1,001,656	6,490,786
Fund balances - beginning	20,703,968	8,397,975	-	10,149,404	39,251,347
Fund balances - ending	\$ 24,736,968	\$ 742,079	\$ 9,112,026	\$ 11,151,060	\$ 45,742,133

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS

Exhibit B-4

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

For the Year Ended September 30, 2015

Net change in fund balances - total governmental funds: \$ 6,490,786

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	14,795,059
Depreciation expense	(3,621,993)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Unavailable tax and emergency management revenues	139,906
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Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Debt service principal	3,258,337
Proceeds from issuance of long-term debt	(9,595,000)
Premium from issuance of long-term debt	(404,108)

Internal service funds are used by management to charge the costs of certain activities, such as self-insured employee health insurance, equipment replacement and property, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

147,346

Capital assets contributed from component units are not presented in the governmental funds, but are included as revenue in the Statement of Activities.

Pension contributions made after the measurement date are reported as expenditures in the governmental funds and are reported as as deferred outflows on the face of the statement of net position

3,863,926

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

(Increase) decrease in accrued interest	(14,146)
(Increase) decrease in compensated absences	163,270
Amortization of deferred loss on refunding	(77,145)
Pension expense for the pension plan measurement year	(3,410,469)
Amortization of premium on bonds	97,321
(Increase) decrease in tax refund payable	476,211

Change in net position of governmental activities \$ 12,309,301

See notes to the financial statements.

	Business-type Activities - Enterprise Funds			Governmental
	Major Enterprise Funds			Activities
	Water Revenue Fund	Sewer Revenue Fund	Total Enterprise Funds	Total Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 2,541,814	\$ -	\$ 2,541,814	\$ 5,356
Investments	1,500,000	-	1,500,000	5,100,000
Accounts receivables, net	1,076,019	358,547	1,434,566	-
Accrued interest receivable	3,800	-	3,800	-
Other receivables	-	-	-	545,672
Inventories	208,321	115,679	324,000	-
Prepaid items	62,667	22,966	85,633	-
Total current assets	5,392,621	497,192	5,889,813	5,651,028
Non-current assets				
Restricted cash and cash equivalents	657,677	-	657,677	-
Restricted investments	1,144,001	-	1,144,001	-
Capital assets:				
Land and improvements	2,955,403	4,652	2,960,055	-
Infrastructure	58,329,214	60,040,181	118,369,395	-
Buildings	353,524	1,858,159	2,211,683	-
Equipment and furniture	3,039,322	3,577,638	6,616,960	15,454,323
Construction in progress	77,281	4,215,052	4,292,333	-
Less accumulated depreciation	(35,117,143)	(36,471,525)	(71,588,668)	(10,231,717)
Total capital assets	29,637,601	33,224,157	62,861,758	5,222,606
Other assets	177,110	-	177,110	-
Total non-current assets	31,616,389	33,224,157	64,840,546	5,222,606
Total Assets	37,009,010	33,721,349	70,730,359	10,873,634
Deferred Outflows of Resources				
Deferred outflows of resources - pension	225,902	205,853	431,755	-
Liabilities				
Current Liabilities				
Accounts payable	829,043	928,466	1,757,509	588,126
Accrued wages payable	23,640	22,966	46,606	-
Due to other funds	5,780,534	4,946,375	10,726,909	6,041,477
Customer deposits payable	1,717,847	3,665	1,721,512	-
Bonds payable, current	1,024,070	-	1,024,070	-
Accrued interest payable	13,860	-	13,860	-
Compensated absences	3,108	5,085	8,193	-
Claims and judgments, current	-	-	-	946,730
Total Current Liabilities	9,392,102	5,906,557	15,298,659	7,576,333
Non-current Liabilities				
Bonds payable	4,983,521	-	4,983,521	-
Net pension liability	1,111,122	1,012,508	2,123,630	-
Compensated absences	28,617	47,503	76,120	-
Total Non-current Liabilities	6,123,260	1,060,011	7,183,271	-
Total Liabilities	15,515,362	6,966,568	22,481,930	7,576,333
Deferred Inflows of Resources				
Deferred inflows of resources - pension	79,193	72,164	151,357	-
Net Position				
Net investment in capital assets	23,630,010	33,224,157	56,854,167	5,222,606
Unrestricted	(1,989,653)	(6,335,687)	(8,325,340)	(1,925,305)
Total Net Position	\$ 21,640,357	\$ 26,888,470	\$ 48,528,827	\$ 3,297,301

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS

Exhibit C-2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds			
	Major Enterprise Funds			Governmental Activities
	Water Revenue Fund	Sewer Revenue Fund	Enterprise Funds	Total Internal Service Funds
Operating Revenues				
Charges for services	\$ 6,485,922	\$ 4,515,966	\$ 11,001,888	\$ 5,996,766
Miscellaneous	2,450,417	-	2,450,417	23,219
Total Operating Revenues	8,936,339	4,515,966	13,452,305	6,019,985
Operating Expenses				
Personnel services	2,065,404	1,399,541	3,464,945	-
Contractual and professional services	380,575	276,207	656,782	1,509,296
Other supplies and expenses	4,139,851	581,598	4,721,449	-
Repairs and maintenance	567,294	1,073,037	1,640,331	-
Utilities	110,871	259,451	370,322	-
Insurance claims and expenses	-	-	-	5,168,442
Depreciation	3,917,131	2,469,393	6,386,524	1,375,159
Amortization	(52,350)	-	(52,350)	-
Total Operating Expenses	11,128,776	6,059,227	17,188,003	8,052,897
Operating income (loss)	(2,192,437)	(1,543,261)	(3,735,698)	(2,032,912)
Non-Operating Revenues (Expenses)				
Interest and investment revenue	15,753	-	15,753	12,980
Intergovernmental	-	-	-	32,045
Interest expense	(252,072)	-	(252,072)	-
Miscellaneous revenue	-	100,000	100,000	-
Gain/loss on sale of capital assets	-	-	-	135,233
Total Non-Operating Revenues (Expenses)	(236,319)	100,000	(136,319)	180,258
Income (loss) before transfers	(2,428,756)	(1,443,261)	(3,872,017)	(1,852,654)
Transfers in	-	-	-	2,000,000
Change in net position	(2,428,756)	(1,443,261)	(3,872,017)	147,346
Total Net Position - beginning	24,971,052	29,251,152	54,222,204	3,149,955
Prior period adjustment	(901,939)	(919,421)	(1,821,360)	-
As restated	24,069,113	28,331,731	52,400,844	3,149,955
Total Net Position - ending	\$ 21,640,357	\$ 26,888,470	\$ 48,528,827	\$ 3,297,301

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2015

Exhibit C-3
Page 1 of 2

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Major Enterprise Funds</u>			
	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities				
Cash received from customers	\$ 8,632,722	\$ 4,350,559	\$ 12,983,281	\$ 1,420,937
Receipts from interfund charges for health insurance	-	-	-	4,019,433
Receipts from interfund charges for equipment lease fees	-	-	-	490,722
Cash paid to employees	(2,104,273)	(1,425,735)	(3,530,008)	-
Cash paid to suppliers	(5,150,753)	(1,689,696)	(6,840,449)	(1,211,865)
Cash paid from claims	-	-	-	(5,194,513)
Net cash provided (used) by operating activities	<u>1,377,696</u>	<u>1,235,128</u>	<u>2,612,824</u>	<u>(475,286)</u>
Cash flows from noncapital financing activities				
Advances from (repayments to) other funds	-	-	-	2,000,000
Advances to (repayments from) other funds	1,685,423	2,728,079	4,413,502	3,243,878
Net cash provided (used) by noncapital financing activities	<u>1,685,423</u>	<u>2,728,079</u>	<u>4,413,502</u>	<u>5,243,878</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	-	-	135,233
Capital grants	-	-	-	32,045
Principal on capital debt	(1,001,839)	-	(1,001,839)	-
Interest expense	(255,759)	-	(255,759)	-
Acquisition and construction of capital assets	(3,869,844)	(3,963,207)	(7,833,051)	(1,596,663)
Net cash provided (used) by capital and related financing activities	<u>(5,127,442)</u>	<u>(3,963,207)</u>	<u>(9,090,649)</u>	<u>(1,429,385)</u>
Cash flows from investing activities				
Proceeds from sales and maturities of investments	1,500,000	-	1,500,000	-
Purchase of investments	(1,144,001)	-	(1,144,001)	(3,350,000)
Interest and dividends received	17,033	-	17,033	12,980
Net cash provided (used) by investing activities	<u>373,032</u>	<u>-</u>	<u>373,032</u>	<u>(3,337,020)</u>
Net increase (decrease) in cash and cash equivalents	(1,691,291)	-	(1,691,291)	2,187
Cash and cash equivalents, beginning	<u>4,890,782</u>	<u>-</u>	<u>4,890,782</u>	<u>3,169</u>
Cash and cash equivalents, ending	<u>\$ 3,199,491</u>	<u>\$ -</u>	<u>\$ 3,199,491</u>	<u>\$ 5,356</u>
Cash and cash equivalents	\$ 2,541,814	\$ -	\$ 2,541,814	\$ 5,356
Restricted cash and cash equivalents	657,677	-	657,677	-
Cash and cash equivalents, ending	<u>\$ 3,199,491</u>	<u>\$ -</u>	<u>\$ 3,199,491</u>	<u>\$ 5,356</u>

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended September 30, 2015

Exhibit C-3
 Page 2 of 2

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Major Enterprise Funds</u>			
	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (2,192,437)	\$ (1,543,261)	\$ (3,735,698)	\$ (2,032,912)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	3,917,131	2,469,393	6,386,524	1,375,159
Amortization	(52,350)	-	(52,350)	-
(Increase) decrease in receivables	(401,636)	(165,407)	(567,043)	(88,893)
(Increase) decrease in prepaid expenses	(26,389)	(22,966)	(49,355)	-
(Increase) decrease in inventories	(48,954)	(5,277)	(54,231)	-
(Increase) decrease in deferred outflows relating to pension activities	(69,085)	(62,954)	(132,039)	-
Increase (decrease) in accounts payable	123,181	528,840	652,021	297,431
Increase (decrease) in accrued wages payable	(1,490)	4,743	3,253	-
Increase (decrease) in customer deposits payable	98,019	-	98,019	-
Increase (decrease) in compensated absences	7,177	9,665	16,842	-
Increase (decrease) in deferred inflows relating to pension activities	79,193	72,164	151,357	-
Increase (decrease) in net pension liability	(54,664)	(49,812)	(104,476)	-
Increase (decrease) in accrued claims payable	-	-	-	(26,071)
Total adjustments	<u>3,570,133</u>	<u>2,778,389</u>	<u>6,348,522</u>	<u>1,557,626</u>
Net cash provided (used) by operating activities	<u>\$ 1,377,696</u>	<u>\$ 1,235,128</u>	<u>\$ 2,612,824</u>	<u>\$ (475,286)</u>
Schedule of non-cash capital and related financing activities:				
Contribution of capital assets	\$ -	\$ -	\$ -	\$ -

See notes to the financial statements.

CITY OF TEXAS CITY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2015

Exhibit D-1

	Pension Trust	Private Purpose Trust	
		Firemen's Relief and Retirement Fund	Life & Disability Fund
Assets			
Cash and cash equivalents	\$ 386,873	\$ 18,557	\$ 65,244
Investments:			
U.S. Government obligations	397,556	-	-
Municipal bonds	54,012	-	-
Corporate bonds	682,333	-	-
Corporate stocks	9,025,254	-	-
Mutual funds	4,080,710	-	-
Exchange traded funds	870,914	-	-
Other investments	484,943	225,000	100,000
Total Investments	15,595,722	225,000	100,000
Receivables:			
Interest and Dividends	6,969	-	-
Miscellaneous	-	-	15,390
Total receivables	6,969	-	15,390
Total assets	15,989,564	243,557	180,634
Liabilities			
Due to other funds	97,089	-	-
Refunds payable and others	-	-	180,634
Total liabilities	97,089	-	\$ 180,634
Net Position			
Held in trust for benefits and other purposes	\$ 15,892,475	\$ 243,557	

See notes to the financial statements.

The data presented in this schedule for the pension trust fund represents activity as of December 31, 2014.

CITY OF TEXAS CITY, TEXAS

Exhibit D-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended September 30, 2015

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>
	<u>Firemen's Relief and Retirement Fund</u>	<u>Life & Disability Fund</u>
Additions		
Contributions:		
Employer	\$ 737,126	\$ -
Plan Members	737,126	-
Total contributions	<u>1,474,252</u>	<u>-</u>
Investment earnings:		
Net increase (decrease) in fair value of investments	110,007	-
Interest	47,061	656
Dividends	339,851	-
Investment activity expense	(164,290)	-
Total net investment earnings	<u>332,629</u>	<u>656</u>
Other Additions:		
Miscellaneous	1,089	-
Total other additions	<u>1,089</u>	<u>-</u>
Total additions	<u>1,807,970</u>	<u>656</u>
Deductions		
Benefits	2,043,792	-
Refunds of contributions	370,108	-
Administrative	42,423	-
Miscellaneous	-	-
Total deductions	<u>2,456,323</u>	<u>-</u>
Change in net position	(648,353)	656
Net position - beginning	<u>16,540,828</u>	<u>242,901</u>
Net position - ending	<u>\$ 15,892,475</u>	<u>\$ 243,557</u>

See notes to the financial statements.

The data presented in this schedule for the pension trust fund represents activity for the fiscal year of January 1, 2014, to December 31, 2014.

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT
UNITS - GOVERNMENTAL ACTIVITIES
September 30, 2015

	Texas City Economic Development Corp.	Public Facilities Development Fund	Texas City Industrial Development Corp.
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 10,249
Investments	4,200,671	400,000	150,000
Due from others	207,521	-	-
Due from other governments	903,006	-	-
Other receivables	-	-	-
Prepaid items	1,297	-	-
Capital assets, net	5,083,434	471,820	-
Total Assets	<u>10,395,929</u>	<u>871,820</u>	<u>160,249</u>
Liabilities			
Accounts payable	286,578	-	-
Due to developer	-	-	-
Due to others	-	12,596	-
Accrued wages payable	1,297	-	-
Total Liabilities	<u>287,875</u>	<u>12,596</u>	<u>-</u>
Net Position			
Investment in capital assets	5,083,434	471,820	-
Restricted:			
Culture & recreation	-	387,404	160,249
Economic & physical development	5,024,620	-	-
Unrestricted	-	-	-
Total Net Position	<u>\$ 10,108,054</u>	<u>\$ 859,224</u>	<u>\$ 160,249</u>

See notes to the financial statements.

Exhibit E-1

Texas City Harbour Foreign Trade Zone	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Lago Mar Development Authority	Totals
\$ -	\$ 114,296	\$ 162,939	\$ 61,760	\$ 349,244
300,000	150,000	-	-	5,200,671
-	140,262	-	-	347,783
-	-	-	-	903,006
84,656	-	-	-	84,656
1,065	-	-	-	2,362
-	-	84,503	-	5,639,757
<u>385,721</u>	<u>404,558</u>	<u>247,442</u>	<u>61,760</u>	<u>12,527,479</u>
625	5,539	17,242	1,865	311,849
-	-	-	269,100	269,100
335,187	-	-	-	347,783
1,065	-	-	-	2,362
<u>336,877</u>	<u>5,539</u>	<u>17,242</u>	<u>270,965</u>	<u>931,094</u>
-	-	84,503	-	5,639,757
48,844	-	-	-	596,497
-	399,019	145,697	-	5,569,336
-	-	-	(209,205)	(209,205)
<u>\$ 48,844</u>	<u>\$ 399,019</u>	<u>\$ 230,200</u>	<u>\$ (209,205)</u>	<u>\$ 11,596,385</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS -
GOVERNMENTAL ACTIVITIES
For the year ended September 30, 2015

Functions/Programs	Program Revenue			Texas City Economic Development Corp.
	Expenses	Charges for Services	Operating Grants and Contributions	
Component Units				
Governmental Activities				
Texas City Economic Development Corp.	\$ 3,318,947	\$ 6,075	\$ -	\$ (3,312,872)
Public Facilities Development Fund	272,077	240,998	-	-
Texas City Foreign Trade Zone	134,473	81,170	-	-
Texas City Cultural Arts Foundation	39,368	-	121,460	-
Texas City Historical Preservation Corp.	90,624	13,803	120,500	-
Lago Mar Development Authority	1,230,660	-	-	-
Total Component Units	\$ 5,086,149	\$ 342,046	\$ 241,960	(3,312,872)

General Revenues

Taxes:	
Property taxes	-
Sales taxes	5,308,363
Unrestricted investment earnings	14,495
Miscellaneous	82,819
Total general revenues	5,405,677
<i>Change in net position</i>	2,092,805
Net position - beginning	8,015,249
Net position - ending	\$ 10,108,054

See notes to the financial statements.

Net (Expense) Revenue and Changes in Net Position						
Public Facilities Development Fund	Texas City Industrial Development Corp.	Texas City Harbour Foreign Trade Zone	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Lago Mar Development Authority	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,312,872)
(31,079)	-	-	-	-	-	(31,079)
-	-	(53,303)	-	-	-	(53,303)
-	-	-	82,092	-	-	82,092
-	-	-	-	43,679	-	43,679
-	-	-	-	-	(1,230,660)	(1,230,660)
<u>(31,079)</u>	<u>-</u>	<u>(53,303)</u>	<u>82,092</u>	<u>43,679</u>	<u>(1,230,660)</u>	<u>(4,502,143)</u>
-	-	-	-	-	1,231,715	1,231,715
-	-	-	-	-	-	5,308,363
1,166	438	874	437	-	266	17,676
-	-	-	-	-	-	82,819
<u>1,166</u>	<u>438</u>	<u>874</u>	<u>437</u>	<u>-</u>	<u>1,231,981</u>	<u>6,640,573</u>
(29,913)	438	(52,429)	82,529	43,679	1,321	2,138,430
889,137	159,811	101,273	316,490	186,521	(210,526)	9,457,955
<u>\$ 859,224</u>	<u>\$ 160,249</u>	<u>\$ 48,844</u>	<u>\$ 399,019</u>	<u>\$ 230,200</u>	<u>\$ (209,205)</u>	<u>\$ 11,596,385</u>

I. Summary of Significant Accounting Policies

The City of Texas City (the “City”) is a municipality operating under the applicable laws and regulations of the State of Texas. The City prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board, other authoritative sources identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants, and the requirements of contracts and grants of agencies from which it receives funds.

In 2003, the City implemented GASB Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments (GASB Statement No. 34), 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 Note Disclosures which changes note disclosure requirements 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 users of financial reports to assess a government’s operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

A. Reporting Entity

Primary government. The City of Texas City, Texas was incorporated in September 1911, and is a home rule City under statutes of the State of Texas. It is governed by an elected mayor and six-member commission. The current City charter was amended November 7, 1995. The City provides the full range of municipal services contemplated by statute or character. This includes public safety (police and fire), highway and streets, sanitation, health, culture-recreation, education, planning and zoning, and general administrative services. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for descriptions) to emphasize that they are legally separate from the primary government.

Blended component units. The Firemen’s Relief and Retirement Fund, an entity legally separate from the City, is governed by a seven member board. For financial reporting purposes, the Firemen’s Relief and Retirement Fund is reported as if it were part of the City’s operations because its purpose is to provide benefits to employees of the City. The fund is reported as a Pension Trust Fund in the Fiduciary Fund Types.

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Discretely presented component units. All of these units are presented as governmental fund types.

Texas City Economic Development Corporation. The Texas City Economic Development Corporation is a non-profit corporation created for the purpose of promotion and development of new and expanded businesses within the City of Texas City and any other activity allowed by the enabling statutes. The administration of the Economic Development Corporation is vested in a board of directors and a general manager. The City appoints the board of directors and the Economic Development Corporation Board appoints the general manager. However, the corporation is fiscally dependent on the City because their operational and capital budgets are approved by the City Commission.

Public Facilities Development Corporation. The Public Facilities Development Corporation is a non-profit corporation created to enhance the welfare and/or prosperity of the citizens of the City and the State of Texas through the acquisition, financing, construction, equipping, operation, and/or leasing, on behalf of the City, facilities that promote or encourage economic, civic, social, and/or educational development or expansion. The administration of the corporation is vested with the board of directors, which are appointed by the City Commission. Although the Public Facilities Development Corporation has the authority to operate and lease the facilities, the operational and capital budgets are approved by the City Commission.

City of Texas City Industrial Development Corporation. The City of Texas City Industrial Development Corporation was created to issue industrial development revenue bonds for the purpose of paying all or part of the costs of constructing and acquiring one or more commercial, industrial or manufacturing facilities within the City, or for the purpose of loaning the proceeds to one or more corporations duly authorized to do business in the State of Texas, in order to provide temporary or permanent financing of all or part of the cost of constructing and acquiring a commercial, industrial, or manufacturing facility. The board of directors is appointed by the City; however, none of the directors are members of the City Commission. The corporation's operational budget is subject to approval by the City Commission.

Texas City Harbour Foreign Trade Zone Corporation. The Texas City Foreign Trade Zone Corporation was created to operate and maintain a foreign trade zone and subsequent subzones in Galveston, Brazoria, and Chambers County areas for the promotion of international trade. The administration of the Texas City Foreign Trade Zone Corporation is conducted by a board of directors and a general manager. The City Commission appoints the board of directors, and the board of directors of the corporation appoints the general manager. Although the Foreign Trade Zone Corporation has the authority to set user fees, its operational and capital budgets must be approved by the City Commission.

Texas City Cultural Arts Foundation. The Texas City Cultural Arts Foundation is a Nonprofit Corporation created to promote the Arts. The administration of the Corporation is conducted by a board of directors. The Corporation's operational and capital budgets are subject to approval by the City Commission. The Board of Directors is appointed by the City; however, not of the Directors are members of the City Commission.

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Texas City Historical Preservation Corporation. The Texas City Historical Preservation Corporation is a non-profit corporation created to protect, preserve and enhance historical structures and articles in the City of Texas City and the surrounding communities. The administration of the Corporation is conducted by a board of directors. The Corporation's operational and capital budgets are subject to approval by the City Commission. The Board of Directors is appointed by the City; however, not of the Directors are members of the City Commission.

Lago Mar Development Authority. The Lago Mar Development Authority is a non-profit corporation created to aid, assist and act on behalf of the City in the performance of the City's obligation with respect to Reinvestment Zone Number One. The affairs of the authority are managed by a board of directors, which are appointed by the Mayor and approved by the City Commission. However, none of the directors are members of the City Commission. Besides appointing Board members, the City Commission must also approve any debt issuances done on behalf of the Development Authority.

Complete financial statements for each of the individual component units may be obtained at the City's administrative offices: City of Texas City, 1801 Ninth Avenue North, Texas City, Texas 77590.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

I. Summary of Significant Accounting Policies (continued)

C. 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 and fiduciary fund financial statements. The agency fund has no measurement focus. 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, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital project funds - 2013 Series Construction Fund and 2015 Series Construction Fund* accounts for the acquisition and construction of major capital facilities, other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The *Water Revenue Fund* and *Sewer Revenue Fund* account for the rendering of water and sewer services to the residents of the City. The Gulf Coast Water Authority hold debt in the city name and those amounts are reported in the Water fund. The City agreed to provide sufficient funds to retire bonds utilized to construct facilities.

Additionally, the government reports the following fund types:

The *internal services funds* account for equipment replacement costs, group health and windstorm insurance costs as needed by City departments on a cost reimbursement basis

The *pension trust fund* is used to account for the assets of the City's fire fighters pension plan. The pension trust fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting

The *private-purpose trust fund* is used to account for funds received from the termination of the City's former life and disability insurance plan.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The *agency funds* are used to account for resources held for others in a custodial capacity. The most significant of these funds are as follows:

- Mae Dixon Blalock Estate Fund - created to hold in trust amounts contributed to the City of Texas City Library to be used for building improvements.
- TCPD Training Tower Fund - used to account for donations specific to construction of a training tower.
- Municipal Court Bonds Fund - used to account for municipal court bonds posted by individuals that are being held until disposition of the case.

As a general rule, except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 Water Revenue and Sewer Revenue enterprise funds, and of the City's Equipment Replacement and Group Insurance internal service funds are charges to customers for sales and services. The Water Revenue Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include 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.

Trust funds employ the same economic resources measurement focus and accrual basis of accounting as described for proprietary funds. Since agency funds report only assets and liabilities, they have no measurement focus.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 6) fully collateralized repurchase agreements; and 7) a public funds investment pool meeting the requirement of Government Code 2256.016 – 2256.019. Temporary investments are reported at cost, which approximates market.

Except for the Firefighters' Relief and Retirement Fund, the City's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA).

2. Receivables and payables

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 other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All customer and property tax receivables are shown net of an allowance for uncollectibles. Customer accounts receivable in excess of 120 days comprise the customer accounts receivable allowance for uncollectibles. Property taxes are levied as of October 1 on property values assessed as of the same date. Assessed values approximate 100% of market value. Taxes are due October 1, immediately following the levy date, and are considered delinquent February 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1.

3. Inventories and prepaid items

Inventories are valued at cost. The General Fund inventory consists of consumable vehicle replacement parts, fuel and other supplies. The consumption method of accounting is used for the governmental fund types whereby supplies are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of the enterprise fund revenue bonds, and certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Assets held in the general fund to repay cash bonds held are also classified as restricted assets.

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined, by the City, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not 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. No interest expense was incurred on assets constructed using business-type activity funds; therefore, no interest has been capitalized on those projects.

General infrastructure, property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
General infrastructure - streets	99
General infrastructure - drainage	99
General infrastructure - water and sewer plant and lines	50
Buildings and structures	40
Other improvements	20-40
Heavy equipment	7
Light equipment - normal use	7
Light equipment - frequent use	5
Emergency vehicles	5
Other vehicles	7
Office furniture and equipment	7
Computer equipment	7

Land and improvements, construction in process, historical treasures and works of art are non-exhaustible assets and are therefore not depreciated. Land and improvements include water rights with indefinite useful lives and are not amortized.

General infrastructure assets are defined by *Governmental Accounting Standards Board* Statement No. 34 as “long-lived assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets” and include the following: (1) roads; (2) bridges; (3) tunnels; (4) drainage systems; (5) water and sewer systems; (6) dams; and (7) lighting systems.

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has two items that qualifies for reporting in this category. It is the deferred charge on refunding and deferred inflows related to pension activities and both are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflow of resources for pension results from pension plan contributions made after the measurement date of the net pension liabilities and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resource, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, which one arises under a modified accrual basis of accounting and one under the government-wide statement of net pension, which qualifies for reporting in this category. Accordingly, the first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and pipeline easement fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item deferred inflows of resources for pension activities reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. The amounts will be amortized over a closed five year period.

7. Compensated absences

Employees are paid by prescribed formula for absence due to vacation. The eligibility for such benefits lapses at year end, and pay in lieu of vacation is not given except in case of termination. The accumulated vacation leave is reported in the government-wide statement of net position.

Every employee of the City accumulates sick leave at full pay at the rate of fifteen days per year, not to exceed a total of ninety days accumulated unpaid sick leave. Upon termination, policemen and firemen receive payment for their accumulated sick leave. All other City employees are paid for the total amount accumulated, up to a maximum of forty-five days, only upon retirement or death. Only the estimated current portion of unpaid sick pay in connection with terminated employees' unpaid balance of reimbursable unused leave has been accrued in the General Fund. The non-current portion has been recorded directly in the (government-wide statement of net position). At September 30, 2015, current sick and vacation leave payable amounted to \$330,404 and non-current sick leave payable amounted to \$3,931,090. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

8. Long-term obligations

In the government-wide financial statements and the 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 amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 debt issued is reported as other financing sources. 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.

9. Net position and fund balance

Net Position on the Statement of Net Position includes the following:

Net investment in capital assets – the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for debt service – the component of net position that reports the difference between assets and liabilities and deferred inflows of resources adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Restricted for culture & recreation – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use for culture and recreation activities.

Restricted for public safety – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use for public safety activities.

Restricted for economic development – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use for economic development activities.

Unrestricted net position – the difference between the assets and liabilities that are not reported in net position net investment in capital assets, or restricted net position. Funds can be used for any activities the City determines.

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

9. Net position and fund balance (continued)

Net position flow assumption - the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted -net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The City uses the following fund balance classifications to describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet.

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Commissioners). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level action to remove or change the constraint. The City establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.

Assigned fund balance – amounts the City intends to use for a specific purpose. The City's has established a policy by ordinance that authorizes the Mayor to assign fund balance amounts. The Mayor has assigned \$1 million of the general fund's fund balance for street and other improvements.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. The City has adopted a policy stating which fund balance category is spent first when committed, assigned or unassigned fund balances are available. The City will consider amounts to have been spent first out of committed funds, then assigned and finally unassigned funds.

The City passed a resolution stating the City intends to maintain a minimum fund balance of 25% of the City general fund annual operating expenditures. If the fund balance drops below 25%, it shall be recovered at a rate of 1% minimally, each year. The City's general fund was in compliance with the resolution.

10. Statement of cash flows

In accordance with Governmental Accounting Standards Board Statement No. 34, a Statement of Cash Flows is required as part of a full set of financial statements for all Proprietary Funds. For purposes of the Statement of Cash Flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

II. Stewardship, Compliance, and Accountability

A. Budgetary information

The City Commission follows these procedures as prescribed by the City Charter in establishing the budgets reflected in the accompanying combined financial statements:

The City Commission adopts an annual operating budget, which can be amended by the City Commission throughout the year. Formal budgetary accounting is employed as a management control for all funds of the City; however, legal budgets are adopted only for the general fund, special revenue funds, debt service fund, and capital projects funds. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The City Commission follows these procedures as prescribed by the City Charter in establishing the budgets reflected in the accompanying combined financial statements:

1. At least thirty days prior to the Commission makes its tax levy for the fiscal year, the Finance Director shall file a copy of proposed budget with the City Secretary. The City Secretary shall make the proposed budget available for the inspection of any taxpayer.
2. The City Commission shall provide for a public hearing, which shall take place on some date not less than fifteen days subsequent to the time the budget is filed, to obtain taxpayers comments. At the conclusion of such hearing, the budget shall be acted upon by the City Commission.

The legal level of budgetary control in the general fund is the department level. In the special revenue funds, debt service fund, and the capital projects funds, budgetary control is at the fund level. However, the City Commission may, upon the recommendation of the Mayor, transfer any appropriation balance or any portion thereof from one department to another. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments.

With the Mayor's approval, the budget may be amended within a department without seeking the approval of the City Commission.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. As of September 30, 2015, encumbrances outstanding were as follows:

General fund	\$ 41,337
2013 Series Construction Fund	416,423
2015 Series Construction Fund	1,565,035
Other governmental funds	41,242
Water fund	192,715
Sewer fund	692,317
Internal service funds	307,916
	<u>\$ 3,256,985</u>
Component Units	<u>\$ 12,777</u>

II. Stewardship, Compliance, and Accountability (continued)

B. Excess of expenditures over appropriations

For the year ended September 30, 2015, expenditures in the General Fund exceeded appropriations in the following departments:

General fund:		
Administration	\$	867,718
Legal		43,190
Data processing		30,009
Municipal Court		121,728
Debt service		181
	\$	<u>1,062,826</u>

General fund deficits were funded by excess budget amounts in other departments of the general fund.

Deficit fund equity

As of September 30, 2015, the Group Insurance internal service fund had a net position deficit of \$2,410,266, and FEMA Disaster Assistance Fund has a deficit fund balance of \$17,379. The City plans to transfer funds in the future to cover the deficits for all the funds.

III. Detailed Notes on All Funds

A. Deposits and investments

Authorization for deposits and investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

The City Commission has adopted a written investment policy as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government agencies, fully collateralized certificates of deposit, repurchase agreements, and state and local government investment pools. The City's investment policy does not allow investments in commercial paper, collateralized mortgage obligations, floating rate investments, or swaps.

III. Detailed Notes on All Funds (continued)

A. Deposits and investments (continued)

Deposit and investment amounts

The City’s cash and investments are classified as: cash and cash equivalents, investments, and restricted cash and investments. The cash and cash equivalents include cash on hand and deposits with financial institutions. The investments that have a maturity at purchase of greater than three months consist of U.S. Government obligations (agencies). For better management of cash, the City pools the cash, based on the City’s needs, into either deposits in bank accounts or in longer-term investments in U.S. Government securities. However, each fund’s balance of cash and investments is maintained in the books of the City.

The following schedule presents the City’s recorded cash and investments at year-end:

	Total Fair Value			Total
	Primary Government	Fiduciary Funds*	Component Units	
Cash on hand and on deposit	\$ 9,325,044	\$ 83,801	\$ 349,244	\$ 9,758,089
Investments:				
Certificates of Deposit	27,369,001	325,000	5,200,671	32,894,672
Total Cash and Investments	<u>\$ 36,694,045</u>	<u>\$ 408,801</u>	<u>\$ 5,549,915</u>	<u>\$ 42,652,761</u>

* Fiduciary investments are not subject to the City’s investment policies. In addition, City of Texas City Firemen’s Relief and Retirement Fund investments are reported separately.

At September 30, 2015, the City reported bank deposits in the amount of \$10,851,768 and the book balances totaled \$10,144,962. The bank deposits were entirely collateralized by federal depository insurance and by collateral held by the City’s agent in the City’s name.

For the fiscal year 2015, the City’s investment income is as follows:

	Primary Government	Component Units	Total
Interest income	\$ 76,201	\$ 17,676	\$ 93,877
	<u>\$ 76,201</u>	<u>\$ 17,676</u>	<u>\$ 93,877</u>

III. Detailed Notes on All Funds (continued)

A. Deposits and investments (continued)

Investment Risks:

Interest Rate Risk

At year-end, the City had the following investments subject to interest rate risk disclosure under U.S. generally accepted accounting principles:

	Total Fair Value		Weighted Average Maturity (days)
	Primary Government	Component Units	
Certificates of deposit	\$ 27,369,001	\$ 5,200,671	339

The City measures interest rate risk using the weighted average maturity method for the portfolio. The City’s investment policy specifies a maximum weighted average maturity of 365 days or 12 months based on the stated maturity date for each investment in the portfolio. To the extent possible, the City attempts to match investments with anticipated cash flow requirements, thereby avoiding the need to sell on the open market prior to maturity.

Concentration of Credit Risk

The City’s investment policy allows investments by type based on the following diversification requirements:

Investment Type	Maximum Investment %
U.S. treasuries and securities with the U.S. Government's guarantee	100%
U.S. Government agencies and instrumentalities	up to 50%
Fully insured or collateralized CDs	100%
State and local government investment pools	up to 50%

Credit Risk:

All the City’s investments were at acceptable levels required by guidelines prescribed of PFIA and investment policy. The City was fully invested in time certificates of deposit, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in state or national banks. Any deposits exceeding FDIC insurance limits shall be collateralized at 102% of the face amount of the Certificate of Deposit by securities listed U.S. government treasuries, agencies or similar agencies and held by the City’s custodial bank.

III. Detailed Notes on All Funds (continued)

A. Deposits and investments (continued)

Investments - Firemen’s Relief and Retirement Fund

Statutes of the State of Texas authorize the Fund to invest surplus funds in the manner provided by the Government Code, Title 8, Subtitle A. Subchapter C. This subchapter provides for the investment of surplus assets in any investment or investments that are deemed “prudent” by the Board. The investment policy of the Board does not restrict the types of investments authorized to be made on behalf of the Fund; however, the Board seeks to produce a return on investments that is based on prudent and reasonable investment risk and the cash flow requirements of the Fund given prevailing economic and capital market conditions. While the Board recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with incremental returns. Consequently, prudent risk-taking is justifiable.

The Board manages the investment program of the Plan in compliance with all applicable Federal and State statutes and regulations concerning the investment of pension assets. The Board has adopted an Investment Policy Statement (Investment Policy) to set forth the factors involved in the management of investment assets for the Plan. The Board selected the following strategic asset allocation model based upon the Plan’s investment time horizon, risk tolerance, performance expectations, asset class preferences, and long-term real rate of return expectations.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Actual Allocation</u>
Domestic Equity: Large Cap Growth	13.00%	14.00%
Domestic Equity: Large Cap Value	13.00%	13.91%
Domestic Equity: Smid Cap	9.00%	9.63%
International Equity	20.00%	19.62%
Emerging Markets	5.00%	4.85%
Fixed Income	35.00%	32.72%
Commodities	5.00%	4.64%
Cash and Equivalents	0.00%	0.63%
	<u>100.00%</u>	<u>100.00%</u>

The Board has employed Morgan Stanley (Custodian) as Custodian of the assets of the Fund, and in said capacity, the Custodian shall be a fiduciary of the Fund’s assets with respect to its discretionary duties including safekeeping the Fund’s assets. The Custodian shall establish and maintain a custodian account to hold, or direct its agents to hold, for the account of the Fund all assets that the Board shall from time to time deposit with the Custodian. All right, title and interest in and to the Fund’s assets for the exclusive purpose of providing the benefits to the members and the qualified survivors of the Fund.

III. Detailed Notes on All Funds (continued)

A. Deposits and investments (continued)

Investments - Firemen’s Relief and Retirement Fund (continued)

The fair value of the Fund’s investments as of December 31, 2014 by type are as follows:

Cash on hand and on deposit	<u>\$ 386,873</u>
Investments:	
Fixed income securities:	
U.S. Government obligations	397,556
Municipal bonds	54,012
Corporate bonds	682,333
Corporate stocks	9,025,254
Mutual Funds	4,080,710
Exchange Traded Funds	870,914
Other investments	<u>484,943</u>
Total Investments	<u>15,595,722</u>
Total Cash and Investments	<u>\$ 15,982,595</u>

* Fiduciary investments are not subject to the City's investment policies.

Custodial credit risk. For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Fund’s name.

Concentration of credit risk. The allocation of assets among various assets classes is set by the Board with the objective of optimizing the investment return if the Fund within framework of acceptable and diversification. For major asset classes (e.g. domestic equities, international equities, fixed income, alternative investments, private equity and real estate), the Fund will further diversify by employing investment managers who implement the strategies selected by the Board.

Interest rate risk. The Fund invests in fixed income securities including, but not limited to, investment representing instruments with an obligated fixed rate of interest including public and private debentures, mortgages, investments in life insurance general accounts and guaranteed investment contracts, with maturities greater than one year, and options/futures. Instruments may have an investment grade or non-investment grade rating. Purchases and sales, investment selection and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and the Fund’s Investment Policy.

III. Detailed Notes on All Funds (continued)

A. Deposits and investments (continued)

Investments - Firemen's Relief and Retirement Fund (continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The weighted average maturity expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates, but rather mandates such limits within the Investment Management Services Contract.

At December 31, 2014 the following table shows the Fund's investments by type, with weighted average maturity and fair value:

	Investment Maturities (in Years)			
	Less than 1	1 - 5	6 - 10	More than 10
Investments:				
Fixed income securities:				
U.S. Government obligations	99.2%	0.0%	0.0%	0.8%
Municipal bonds	0.0%	0.0%	0.0%	100.0%
Corporate bonds	0.0%	53.8%	32.7%	13.5%

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund does not have a formal policy limiting credit risk, but rather mandates such limits with the Investment Management services Contract.

The Fund's exposure to investment credit risk in fixed income securities as of December 31, 2014 is as follows:

Quality Rating	Municipal Bonds	Corporate Bonds	Government Obligations	Total
Aaa	\$ -	\$ -	\$ 397,556	\$ 397,556
Aa1	-	29,107	-	29,107
Aa2	-	13,008	-	13,008
Aa3	54,012	12,958	-	66,970
A1	-	59,223	-	59,223
A2	-	58,044	-	58,044
A3	-	132,467	-	132,467
Baa1	-	140,039	-	140,039
Baa2	-	219,501	-	219,501
Baa3	-	17,986	-	17,986
	\$ 54,012	\$ 682,333	\$ 397,556	\$ 1,133,901

III. Detailed Notes on All Funds (continued)

A. Deposits and investments (continued)

Investments - Firemen's Relief and Retirement Fund (continued)

Foreign currency risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been including in the net appreciation (depreciation) in fair value of investments. The Fund's policy allows external investment managers to decide what action to take regarding their respective portfolio's foreign currency exposures subject to compliance with its respective Investment Management Services Contract and the Fund's Investment Policy Statement.

The ACL Alternative Program (USD A Share Class) was incorporated as an open-ended investment company in Bermuda on January 4, 2002. The Company commenced operating as a Segregated Accounts Company on May 18, 2009 following its restructure under the Segregated Accounts Companies Act of 2000. The Fund allocated to various Trading Funds during the year. The Fund, through its allocation of assets to the Trading Funds, invests in a range of trading styles, including long-term trend following, short-term systematic, value, discretionary macro and specialist FX strategies. Market exposure is broadly diversified with positions in global currency, financial and commodity markets.

Hedge funds are managed portfolios of investments using advanced investment strategies such as leverage, log, short and derivative positions in both domestic and international markets with the goal of generating uncorrelated positive returns over a specified market benchmark.

The use of derivatives in a portfolio gives rise to various types of risks. The primary types of risks include market risk, liquidity risk, counterparty risk and operations risk.

Market risk – represents the risk of adverse movements in markets (including asset prices, volatility, changes in yield curve, implied option volatility or other market variables) for the derivatives or the underlying asset, reference rate or index to which the derivative relates.

Liquidity risk – There are generally two types of liquidity risk. The first is the risk that a responsible party may not be able to, or cannot easily, unwind or offset a particular position risk at or near the previous market price, because of inadequate market depth or because of disruptions in the market place. The second is the risk that the portfolio will not be able to meet its future financial obligations resulting from its derivative activities, such as margin calls on futures contracts.

Counterparty risk- is the risk that a counterparty (the other party with whom a derivative contract is made) will fail to perform contractual obligations (i.e. default in either whole or part) under a contract and that this failure occurs at a time the contract is in-the-money.

Operations risk – is the risk that deficiencies in the effectiveness and accuracy of the information or internal controls will result in a material loss. This risk is associated with human error, Fund failures and inadequate procedures and internal management controls.

III. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Major Funds</u>				<u>Total</u>
	<u>General</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Nonmajor & Other Funds</u>	
Receivables:					
Property taxes	\$ 1,402,692	\$ -	\$ -	\$ 278,967	\$ 1,681,659
Utility customers	-	1,139,355	398,386	-	1,537,741
Garbage collection	162,792	-	-	-	162,792
Gross receipts taxes	1,084,552	-	-	-	1,084,552
Sales & mixed drink taxes	2,726,727	-	-	-	2,726,727
Municipal court	2,499,582	-	-	-	2,499,582
EMS transport	1,257,246	-	-	-	1,257,246
Other governments	126,436	-	-	999,831	1,126,267
Miscellaneous	1,522,287	-	-	-	1,522,287
Interest	-	3,800	-	-	3,800
Other	-	-	-	688,057	688,057
Gross receivables	<u>10,782,314</u>	<u>1,143,155</u>	<u>398,386</u>	<u>1,966,855</u>	<u>14,290,710</u>
Less: allowance for uncollectibles	(4,929,944)	(63,336)	(39,839)	(148,570)	(5,181,689)
Net total receivables	<u><u>\$ 5,852,370</u></u>	<u><u>\$ 1,079,819</u></u>	<u><u>\$ 358,547</u></u>	<u><u>\$ 1,818,285</u></u>	<u><u>\$ 9,109,021</u></u>

Certain revenues are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

	<u>Major Funds</u>			<u>Nonmajor & Other Funds</u>	<u>Total</u>
	<u>General</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>		
Uncollectibles related to:					
Property taxes	\$ 683,533	\$ -	\$ -	\$ 148,570	\$ 832,103
Utilities customers	-	63,336	39,839	-	103,175
Municipal court	2,249,624	-	-	-	2,249,624
EMS billings	1,161,720	-	-	-	1,161,720
Garbage collection	16,279	-	-	-	16,279
Miscellaneous	818,788	-	-	-	818,788
Total allowance for uncollectibles	<u><u>\$ 4,929,944</u></u>	<u><u>\$ 63,336</u></u>	<u><u>\$ 39,839</u></u>	<u><u>\$ 148,570</u></u>	<u><u>\$ 5,181,689</u></u>

III. Detailed Notes on All Funds (continued)

B. Receivables (continued)

Discretely presented component units

	Texas City Economic Development Corp.	Texas City Cultural Arts Foundation	Total
	<u> </u>	<u> </u>	<u> </u>
Receivables:			
Due from other governments	\$ 903,006	\$ -	\$ 903,006
Due from others	207,521	140,262	347,783
Net total receivables	<u>\$ 1,110,527</u>	<u>\$ 140,262</u>	<u>\$ 1,250,789</u>

III. Detailed Notes on All Funds (continued)

C. Capital assets

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

Governmental activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,475,453	\$ -	\$ -	\$ 3,475,453
Historical treasures and works of art	868,833	-	-	868,833
Construction in progress	5,483,841	14,418,555	(965,430)	18,936,966
Total capital assets, not being depreciated	9,828,127	14,418,555	(965,430)	23,281,252
Capital assets, being depreciated:				
Streets and drainage	75,510,101	-	-	75,510,101
Buildings and structures	65,121,835	-	-	65,121,835
Improvements other than buildings	8,394,214	284,952	965,430	9,644,596
Machinery and equipment	28,052,987	1,688,214	(384,635)	29,356,566
Total capital assets, being depreciated	177,079,137	1,973,166	580,795	179,633,098
Less accumulated depreciation for:				
Streets and drainage	(27,722,480)	(921,194)	-	(28,643,674)
Buildings and structures	(12,841,869)	(1,823,510)	-	(14,665,379)
Improvements other than buildings	(4,012,285)	(273,523)	-	(4,285,808)
Machinery and equipment	(20,775,889)	(1,978,925)	384,635	(22,370,178)
Total accumulated depreciation	(65,352,523)	(4,997,152)	384,635	(69,965,039)
Governmental capital assets, net	\$121,554,741	\$ 11,394,569	\$ -	\$132,949,311

Business-type activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land and improvements	\$ 142,062	\$ 2,817,993	\$ -	\$ 2,960,055
Construction in progress	3,398,092	3,791,958	(2,897,717)	4,292,333
Total capital assets, not being depreciated	3,540,154	6,609,951	(2,897,717)	7,252,388
Capital assets, being depreciated:				
Buildings and structures	1,867,676	344,007	-	2,211,683
Improvements other than buildings	115,125,906	3,243,489	-	118,369,395
Machinery and equipment	6,055,191	561,769	-	6,616,960
Total capital assets, being depreciated	123,048,773	4,149,265	-	127,198,038
Less accumulated depreciation for:				
Buildings and structures	(1,863,721)	(7,185)	-	(1,870,906)
Improvements other than buildings	(58,162,186)	(6,050,015)	-	(64,212,201)
Machinery and equipment	(5,176,236)	(329,325)	-	(5,505,561)
Total accumulated depreciation	(65,202,143)	(6,386,525)	-	(71,588,668)
Business-type capital assets, net	\$ 61,386,784	\$ 4,372,691	\$ (2,897,717)	\$ 62,861,758

III. Detailed Notes on All Funds (continued)

C. Capital assets (continued)

Discretely presented component units

Texas City Economic Development Corporation

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 4,944,755	\$ 138,679	\$ -	\$ 5,083,434
Total capital assets, not being depreciated	<u>4,944,755</u>	<u>138,679</u>	<u>-</u>	<u>5,083,434</u>
Governmental capital assets, net	<u>\$ 4,944,755</u>	<u>\$ 138,679</u>	<u>\$ -</u>	<u>\$ 5,083,434</u>

Public Facilities Development Corporation

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 219,073	\$ -	\$ -	\$ 219,073
Total capital assets, not being depreciated	<u>219,073</u>	<u>-</u>	<u>-</u>	<u>219,073</u>
Capital assets, being depreciated:				
Buildings and structures	1,099,595	-	-	1,099,595
Improvements other than buildings	73,278	-	-	73,278
Total capital assets, being depreciated	<u>1,172,873</u>	<u>-</u>	<u>-</u>	<u>1,172,873</u>
Less accumulated depreciation for:				
Buildings and structures	(865,930)	(27,490)	-	(893,420)
Improvements other than buildings	(23,042)	(3,664)	-	(26,706)
Total accumulated depreciation	<u>(888,972)</u>	<u>(31,154)</u>	<u>-</u>	<u>(920,126)</u>
Governmental capital assets, net	<u>\$ 502,974</u>	<u>\$ (31,154)</u>	<u>\$ -</u>	<u>\$ 471,820</u>

Texas City Historical Preservation Corporation

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 30,000	\$ 42,903	\$ -	\$ 72,903
Total capital assets, not being depreciated	<u>30,000</u>	<u>42,903</u>	<u>-</u>	<u>72,903</u>
Capital assets, being depreciated:				
Improvements other than buildings	14,500	-	-	14,500
Total capital assets, being depreciated	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>14,500</u>
Less accumulated depreciation for:				
Improvements other than buildings	(1,450)	(1,450)	-	(2,900)
Total accumulated depreciation	<u>(1,450)</u>	<u>(1,450)</u>	<u>-</u>	<u>(2,900)</u>
Governmental capital assets, net	<u>\$ 43,050</u>	<u>\$ 41,453</u>	<u>\$ -</u>	<u>\$ 84,503</u>

III. Detailed Notes on All Funds (continued)

C. Capital assets (continued)

Depreciation expense was charged to functions/programs as follows:

	Depreciation Expense
Primary government	
Governmental activities:	
General government	\$ 106,330
Culture and recreation	1,597,819
Health and welfare	11,429
Public safety	485,725
Public works	1,420,690
Capital assets used by the City's internal service funds are charged to various functions based on asset usage	1,375,159
Total Governmental activities	<u>4,997,152</u>
Business-type activities:	
Water	3,917,132
Sewer	2,469,393
Total Business-type activities:	<u>6,386,525</u>
Total primary government	<u>\$ 11,383,677</u>
Discretely presented component units	
Governmental activities:	
Public Facilities Development Corporation	\$ 31,154
Texas City Historical Preservation Corporation	1,450
Total discretely presented component units	<u>\$ 32,604</u>

III. Detailed Notes on All Funds (continued)

C. Capital assets (continued)

Construction commitments

The City has active construction projects as of September 30, 2015. The projects include street improvements and sanitary sewer rehabilitation in various areas of the City. At year end, the City's commitments with contractors were as follows:

Project	Budget	Construction in Progress	Estimated Remaining Commitment
Governmental Activities			
FM 1764 Landscaping Project	\$ 288,030	\$ 248,689	\$ 39,341
15th Ave Drainage Improvements	16,962,765	9,511,248	7,451,517
Multi-street Improvements Project	9,371,671	8,853,317	518,354
Shooting Range Building	75,000	34,083	40,917
Disc Golf	14,500	14,136	364
Lift Station Generators	350,926	275,493	75,433
Total Governmental Activities	27,062,892	18,936,966	8,125,926
Business-Type Activities			
Lift Station Improvements	4,122,242	4,122,242	-
Waterline Rehab Project Phase 14	1,000,000	77,281	922,719
Sewerline Rehab Project Phase 16	1,000,000	92,810	907,190
Total Business Activities	6,122,242	4,292,333	1,829,909
Component Units			
USS Westfield Exhibit	84,570	72,903	11,667
Total Component Units	84,570	72,903	11,667
Total	\$ 33,269,704	\$ 23,302,202	\$ 9,967,502

III. Detailed Notes on All Funds (continued)

D. Interfund receivables, payables, and transfers

Interfund receivables and payables are utilized as an offset to a fund's deficit cash with another fund's positive cash. As of September 30, 2015, there were the following interfund balances.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Net</u>
Primary government			
Governmental activities:			
General fund	\$ 13,068,078	\$ -	\$ 13,068,078
2013 Series Construction Fund	-	1,084,859	(1,084,859)
Nonmajor governmental funds	6,472,416	1,590,160	4,882,256
Internal service funds	-	6,041,477	(6,041,477)
Total governmental activities	<u>19,540,494</u>	<u>8,716,496</u>	<u>10,823,998</u>
Business-type activities:			
Water revenue fund	-	5,780,534	(5,780,534)
Sewer revenue fund	-	4,946,375	(4,946,375)
Total business-type activities	<u>-</u>	<u>10,726,909</u>	<u>(10,726,909)</u>
Fiduciary funds:			
Trust funds	-	97,089	(97,089)
Total fiduciary funds	<u>-</u>	<u>97,089</u>	<u>(97,089)</u>
Total primary government	<u>\$ 19,540,494</u>	<u>\$ 19,540,494</u>	<u>\$ -</u>

Interfund transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net</u>
Primary government			
Governmental activities:			
General fund	\$ -	\$ 2,122,598	\$ (2,122,598)
Nonmajor governmental funds	122,598	-	122,598
Internal service fund	2,000,000	-	2,000,000
Total governmental activities	<u>2,122,598</u>	<u>2,122,598</u>	<u>-</u>
Total primary government	<u>\$ 2,122,598</u>	<u>\$ 2,122,598</u>	<u>\$ -</u>

The principal reasons for governmental funds transfers included general fund to internal service government for funding purposes.

III. Detailed Notes on All Funds (continued)

E. Operating Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment are cancelable contingent upon budget funding approval. The City is therefore not obligated for any future minimum rental payments at September 30, 2015. The imputed interest on the leases is not readily determinable. Expenditures for operating leases totaled \$146,894 and \$1,943 for component units for the year.

F. Long-term debt

1. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds	\$ 19,515,000	\$ -	\$ 2,935,000	\$ 16,580,000	\$ 1,965,000
Certificates of obligation	15,470,000	9,595,000	265,000	24,800,000	1,580,000
Tax refund payable	476,211	-	476,211	-	-
Capital leases	134,324	-	58,337	75,987	56,495
Unamortized premium/discount on bonds	662,624	404,108	97,321	969,411	-
Compensated absences	4,340,451	38,983	202,254	4,177,180	322,211
Net pension obligation	2,460,607	-	2,460,607	-	-
Governmental activity Long-term liabilities	\$ 43,059,217	\$ 10,038,091	\$ 6,494,730	\$ 46,602,578	\$ 3,923,706
Business-type activities:					
Contract revenue bonds	\$ 6,632,667	\$ -	\$ 1,001,841	\$ 5,630,828	\$ 1,024,070
Unamortized premium/discount on bonds	430,586	-	53,824	376,763	-
Compensated absences	67,471	21,267	4,425	84,313	8,193
Business-type activity Long-term liabilities	\$ 7,130,724	\$ 21,267	\$ 1,060,090	\$ 6,091,904	\$ 1,032,263

2. General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. Certain bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

2. General obligation bonds (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding as of September 30, 2015:

Series	Interest Rates	Final Maturity Date	Outstanding 09/30/15
Series 2008 (Refunding)	3.75%	2/15/21	\$ 5,495,000
Series 2011 (Refunding)	2.00 - 3.00%	2/15/22	3,515,000
Series 2012 (Refunding)	2.00 - 3.00%	2/15/25	7,570,000
			<u>\$ 16,580,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ended September 30	Principal	Interest	Total
2016	\$ 1,965,000	\$ 466,363	\$ 2,431,363
2017	2,035,000	409,400	2,444,400
2018	2,110,000	347,906	2,457,906
2019	2,190,000	283,944	2,473,944
2020	2,270,000	215,569	2,485,569
2021 - 2025	6,010,000	322,900	6,332,900
	<u>\$ 16,580,000</u>	<u>\$ 2,046,082</u>	<u>\$ 18,626,082</u>

3. Long-term contract revenue bonds

On July 1, 1998, the City of Texas City entered into a long-term contract with the Gulf Coast Water Authority (GCWA) to build and improve facilities for potable water transportation to the City of Texas City. The GCWA is a conservation and reclamation district created by Chapter 712, Acts of the 59th Texas Legislature, 1965, as amended (compiled as Article 8280-339, Vernon's Texas Civil Statutes, as amended). The GCWA issued bonds totaling \$9,535,000 in 1998 portion under the title "Gulf Coast Water Authority Water System Contract Revenue Bonds, Series 1998 C - City of Texas City Project". In addition the City also has obligation related to the 2011B series. In 2011 the 1998 bonds (both 1998B and 1998C) were refunding by the District, and by agreement the City continues to provide sufficient funds to retire the bonds. Gulf Coast Water Authority has pledged to make payments on scheduled principal and interest.

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

3. Long-term contract revenue bonds (continued)

In November 2006, the City of Texas City entered into a contract with the Gulf Coast Water Authority (“GCWA”) whereby GCWA issued \$9,680,300 of Gulf Coast Water Authority Contract Revenue Bond Series 2006 to be used to obtain water rights from the Brazos River and execute a purchase agreement for the assets of Chocolate Bayou Water Company. The bonds will be repaid with pledged revenues from the City’s Water Revenue fund.

Revenue bonds outstanding as of September 30, 2015:

Series	Interest Rates	Final Maturity Date	Outstanding 9/30/2015
Series 2006	Variable Rate	12/01/16	\$ 1,206,345
Series 2011B	2.00 - 4.00%	8/15/22	194,483
Series 2011C	3.00 - 5.00%	8/15/22	4,230,000
			<u>\$ 5,630,828</u>

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ended September 30	Enterprise Funds		
	Principal	Interest	Total
2016	\$ 1,024,070	\$ 243,114	\$ 1,267,184
2017	1,065,156	198,793	1,263,949
2018	477,800	176,425	654,225
2019	503,890	152,816	656,706
2020	530,283	127,661	657,944
2021-2022	2,029,629	175,260	2,204,889
	<u>\$ 5,630,828</u>	<u>\$ 1,074,069</u>	<u>\$ 6,704,897</u>

Contract Revenue Bonds Reserve Fund

Reserve requirements for the Contract Revenue Bonds Series 2006, 2011B, and 2011C are as follows:

On the date of issuance of the Bonds, funds were transferred into the Reserve Fund from the proceeds of the Bonds in to satisfy the “Reserve Fund Requirement”. The Reserve Fund Requirement means there shall remain on deposit in the Reserve Fund an amount which is the least of (i) the maximum annual debt service on the Bonds, (ii) 125% of the average annual debt service on the Bonds, or (iii) 10% of the original principal amount of the Bonds. At September 30, 2015, the required reserve was for 2006 Series was \$607,533, for the 2011B it was \$4,251 and for the 2011C the Reserve Fund amounted to \$576,000.

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

4. Certificates of obligation

In January 2010, the City issued certificates of obligation of \$6,500,000 and in 2013 certificates of obligation of \$9,960,000 to pay the cost of construction of streets, paving and related drainage projects, to pay costs related to other capital improvement projects and to pay certain costs incurred in connection with the issuance of the certificates. It is anticipated that the debt will be retired from debt service fund revenues, the certificates' proceeds are recorded in the City's General Fund.

The City has entered an agreement with the Texas City Economic Development Corporation (the "Corporation") whereby the Corporation will pay to the City from sales tax revenues, amounts sufficient to retire the debt for the certificates. The Corporation receives one-half of one percent of sales tax remitted to the City. During the fiscal year 2015, \$1,445,308 was remitted to the City's Debt Service Fund from the Corporation.

In April 2015, the City issued \$9,595,000 of Revenue Certificate of Obligation, Series 2015. The bonds interest rate range from 2.00% to 3.00%. The proceeds received from the issuance were issued to (i) construction and rehabilitation of City streets and related drainage; (ii) improvements City buildings; (iii) improvement of water and sewer facilities; and (iv) to pay the cost associated with the issuance of the Certificates.

Certificates of obligation outstanding as of September 30, 2015, were as follows:

<u>Series</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Outstanding 9/30/15</u>
Series 2010	2.00 - 4.50%	02/15/30	\$ 5,245,000
Series 2013	2.69%	2/15/24	9,960,000
Series 2015	2.00 - 3.00%	2/15/25	9,595,000
			<u>\$ 24,800,000</u>

Annual debt service requirements to maturity for certificates of obligation are as follows:

<u>Fiscal Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,580,000	\$ 666,498	\$ 2,246,498
2017	1,620,000	628,695	2,248,695
2018	1,660,000	589,906	2,249,906
2019	1,700,000	549,786	2,249,786
2020	1,740,000	507,130	2,247,130
2021 - 2025	14,435,000	1,581,695	16,016,695
2026 - 2030	2,065,000	227,156	2,292,156
	<u>\$ 24,800,000</u>	<u>\$ 4,750,866</u>	<u>\$ 29,550,866</u>

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

4. Certificates of obligation (continued)

Prior Year Refunding of General Obligation Bonds

The City defeased certain outstanding bonds by place proceeds of new bonds in irrevocable escrow account to provide for all future debt service payments on the old debt. Accordingly, the escrow accounts to provide for all future debt service payments are not included in the City financial statement. As of September 30, 2015 the City had no outstanding defeased debt.

5. Compensated Absences

Primary government

A summary of changes in compensated absences follows:

Beginning balance	\$ 4,407,922
Additions - new entrants and salary increments	60,250
Deductions - payments to participants	(206,678)
Ending balance	<u>\$ 4,261,494</u>

Typically, the general fund, water and sewer funds have been used to liquidate the liabilities for compensated absences.

6. Capital leases

Primary government

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the statement of net position. Assets under capital leases totaled \$212,065 at September 30, 2015. The following is a schedule of future minimum lease payments under capital leases:

<u>Year Ending September 30,</u>	
2016	\$ 58,815
2017	19,680
Minimum lease payments for all capital leases	<u>78,495</u>
Imputed interest	(2,508)
Present value - minimum lease payments	<u>\$ 75,987</u>

III. Detailed Notes on All Funds (continued)

F. Long-term debt (continued)

6. Capital leases (continued)

The following is a summary of capital lease transactions for the year ended September 30, 2015:

Beginning balance	\$ 134,324
Principal retired	(58,337)
Ending balance	<u>\$ 75,987</u>

A lease-purchase agreement dated December 1, 2012, for the acquisition of golf carts is payable from general fund revenues. The payment amounts are \$4,901 monthly beginning March 2013 and ending February 2017. The stated interest rate is 4.792%.

IV. Other Information

A. Risk management

General liabilities

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2015, the City purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Employee health care coverage

The City sponsors a modified self-insurance plan to provide health care benefits to employees and their dependents. Transactions related to the plan are accounted in the Health Insurance internal service fund of the City. Partial employee contributions are required for coverage. The City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage. Stop loss coverage was in effect for annual individual claims exceeding \$60,000, and annual aggregate losses exceeding \$1,000,000.

Payments are made to the fund based on estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for losses. The claims liability of \$946,730 reported in the fund at September 30, 2015, is based on the requirements of Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated.

The following is a summary of the changes in the balances of claims liabilities for the year ended September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Liability, beginning of period	\$ 972,801	\$ 880,675
Current year claims and changes in estimates	5,168,442	4,933,139
Claim payments	<u>(5,194,513)</u>	<u>(4,841,013)</u>
Liability, end of period	<u>\$ 946,730</u>	<u>\$ 972,801</u>

IV. Other Information (continued)

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Economic development agreements

The City's Economic Development Corporation (EDC) has entered into a performance agreement in 2013 for purpose of economic development. The agreement by the EDC would provide funding to an entity involved, which will be utilized to defray a portion of the costs of infrastructure projects in the new developed area of the City. The maximum (ceiling) expenditure by the EDC would be \$8,500,000, which will come only from EDC's portion of sales tax revenue and has an expiration date of 10 years following construction completion, which was October 2012. During the fiscal year 2015, the City rebate amount was \$1,366,273 and as of September 30, 2015, the remaining commitment by the EDC is \$4,720,872.

C. Other postemployment benefits

Retired Life Reserve Plan

The City maintains a life insurance plan for the benefit of its retirees. As of January 1, 2015 the number of active participation is 477. The effective date of the plan is January 1, 1993, and the plan year is on a calendar year. Employees are eligible beginning on the January 1 following his/her employment date. The entire cost of the plan is paid by the City; no contributions are required or permitted from employees. Retirement benefits are available at the earliest of the following retirement ages: (i) age 60 with 10 years of credited service; or (ii) any age after 20 years of credited service. The retirement benefit is provided in the form of paid-up group term life insurance with a face amount of \$25,000. Employees who terminate employment prior to reaching retirement age will receive no benefits from the plan. As of the last actuarial valuation (January 1, 2015), the actuarial value of plan assets was \$758,545 and the present value of all projected future benefits was \$2,476,430. The recommended contribution as of that valuation was \$180,225 for plan year 2015, which the City contributed. No actuarial valuations have been performed since January 1, 2015.

D. Employee retirement systems and pension plans

The City does not provide any other postemployment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

The City maintains a single-employer, defined benefit plan that covers all its firefighters, and participates in the statewide Texas Municipal Retirement System, an agent multiple-employer defined benefit public employee pension plan that covers all of the government's employees except firefighters.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Firemen’s Relief and Retirement Fund

Plan Description:

The Board of Trustees of the Texas City Firemen's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. This pension fund is a trust fund and is reported in the accompanying general purpose financial statements as a pension trust fund and a blended component unit. Separate financial reports are not issued by the Texas City Firemen's Relief and Retirement Fund.

Firefighters in the Texas City Fire Department are covered by the Texas City Firemen's Relief and Retirement Fund. The table below summarizes the membership of the fund at December 31, 2014, (the date of the most recent actuarial valuation).

	<u>December 31, 2014</u>
a. Retired members and their beneficiaries	51
b. Disabled members	1
c. Vested terminated members	12
d. Active members:	
i. Vested	11
ii. Nonvested	<u>57</u>
Subtotal	<u>68</u>
e. Total fund membership	<u>132</u>

Retirement Benefits. A member is eligible for service retirement upon completion of 20 years of service and attainment of age 53 (age 50 for those firefighters hired prior to January 1, 2006). For a Firefighter employed before January 1, 1996, benefits are calculated at 3.5% of the Firefighter’s average monthly compensation for the last five years of service times years of service prior January 1, 2006, plus 3.0% of the five year average monthly salary multiplied by his years of service on or after January 1, 2006, the total service not to exceed twenty years. The benefit for Firefighters employed on or after January 1, 1996 is 3.0% of the five year average monthly salary multiplied by his years of service, not to exceed 20 years of service. In addition, all Firefighters who qualify for a normal service retirement benefit will receive an additional benefit equal to \$116 per month for each whole year of service in excess of 20 years of service. Benefits are payable for the member’s lifetime; if the member’s death precedes the death of the member’s spouse, two-thirds of the member’s pension will be continued for the spouse for his or her lifetime.

Prior to the date service retirement benefits commence, a Firefighter may elect to receive a modified monthly benefit which is payable for as long as the Firefighter or his surviving spouse (a joint and one hundred percent survivor form of payment or a joint and fifty percent survivor form of payment). The amount of the benefit will be amount of the normal service retirement benefit multiplied by the optional form adjustment percentage shown below.

<u>Optional Form of Payment</u>	<u>Adjustment Percentage</u>
Joint and 50% to Surviving Spouse	101.8%
Joint and 100% to Surviving Spouse	96.5%

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Firemen's Relief and Retirement Fund (continued)

Active members with 22.5 years of service may be eligible to elect to receive benefits under the deferred retirement option plan ("DROP") option. In order to participate in the DROP program, Firefighters would have to meet the following age requirements:

<u>Date of Employment</u>	<u>Age</u>
Before January 1, 2006	52.5
On or after January 1, 2006	55.5

This option is equal to the amount of monthly contributions that the member made to the fund during participation in the fund plus the total monthly retirement benefits the member would have received between the time the member entered DROP and the time the member retired under the plan.

An ad-hoc cost-of-living increase was provided to retirees and beneficiaries for retirement benefit commencements prior to 2006. The cost-of-living increase was equal to 1% per year of retirement since 1999, effective January 1, 2012.

Death Benefits. The Plan provides death benefits to surviving spouses and dependent children. The spouse will receive an immediate monthly benefit beginning the last day of the calendar month following the month in which the firefighter's death occurred. If the firefighter's death occurs prior to normal retirement or disability, a partial benefit will be paid on the last day of the calendar month of the firefighter's death. Payments will continue under certain conditions and amounts for as long as the spouse is alive (as described in the Plan document). The surviving child's benefit is payable upon the death of an active, vested terminated, service retired or disability retired firefighter if the death occurred after the Plan effective date. Benefits are payable from age 18 to age 25 as long as the child remains a full-time student between these ages, or after age 17 and for as long as the child remains totally disabled if the child becomes totally disabled as a result of a physical or mental illness, injury or retardation. Payable benefits are further described in the Plan document.

Disability Benefits. Active firefighters will qualify for disability benefits if they become disabled in or in consequence of the performance of the Firefighter's duties as an employee of the City. Firefighters must be disabled to the extent of being unable to perform the duties of a position offered to him in the fire department providing the Firefighter with pay that is greater than or equal to the pay the disabled Firefighter would have been receiving had his disability not occurred and he continued in his former position with the fire department to be entitled to benefits for the first two and a half years; thereafter, during the entire time they claim to be so disabled, they must establish to the Plan that the firefighter is unable to perform the duties of any occupation for which they are reasonably suited by education, training and experience. If the firefighter has fully recovered from the disability or has recovered to the extent to which they can perform the duties of a firefighter, all disability benefits hereunder shall be terminated. The disability benefit will commence after the firefighter's regular salary, including vacation and sick leave pay, has ceased as the result of this disability (determined to be the firefighter's date of employment termination) and will continue thereafter as long as the firefighter remains alive and is eligible for the benefit as defined by the Plan.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Firemen's Relief and Retirement Fund (continued)

Contributions

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The funding policy for the firefighters is determined by a majority vote per TLFFRA. TLFFRA provides that the employer must contribute at least the same rate as the firefighters or a minimum of 9%. The current funding commitment as of September 30, 2015 for the firefighters is 16% and by the City of Texas City is 16% of payroll.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age normal actuarial cost method the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method. The costs of administering the plan are financed from the trust. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Net Pension Liability

The net pension liability of the Texas City Firemen's Relief and Retirement Fund was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions:

Investment Rate of Return	7.75%
Inflation	2.50%
Annual pay increases	4.50% per annum

The mortality rates were based on the employee and healthy annuitant combined rates from the RP-2000 Mortality Table, projected ten years beyond the measurement date using Scale AA for males and females.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Firemen's Relief and Retirement Fund (continued)

Long Term Expected Rate of Return. 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate Of Return
Equity	6.0%
Fixed Income	4.0%
Cash	0.0%

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 16% of payroll and that member contributions would equal 16% of compensation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Firemen’s Relief and Retirement Fund (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2013	\$ 29,168,933	\$ 16,540,828	\$ 12,628,105
Changes for the year			
Service Cost	754,114	-	754,114
Interest (on the Total Pension Liability)	2,283,011	-	2,283,011
Changes of benefit terms	(366,180)	-	(366,180)
Difference between expected and actual experience	170,651	-	170,651
Changes of assumptions	324,358	-	324,358
Benefit payments, including refunds of employee contributions	(2,413,900)	(2,413,900)	-
Contributions – employer	-	737,126	(737,126)
Contributions – employee	-	737,125	(737,125)
Net investment income	-	332,629	(332,629)
Administrative Expense	-	(42,423)	42,423
Other	-	1,090	(1,090)
Balance at 12/31/2014	<u>\$ 29,920,987</u>	<u>\$ 15,892,475</u>	<u>\$ 14,028,512</u>

The following presents the net pension liability of the Texas City Firemen’s Relief and Retirement Fund, calculated using the discount rate of 7.75% as well as what the Plan’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 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
	\$ 17,342,750	\$ 14,028,512	\$ 11,242,492

Pension Plan Fiduciary Net Position

Detailed information about the Texas City Firemen’s relief and Retirement Fund’s fiduciary net position is available in the separately issued financial report.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Firemen’s Relief and Retirement Fund (continued)

Pension expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$999,421. At September 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference in actuarial assumptions and actual experience	\$ 149,840	\$ -
Changes in assumptions	284,802	-
Difference in projected and actual earnings on pension plan investments	727,301	-
Contributions subsequent to the measurement date	<u>572,180</u>	<u>-</u>
Total	<u><u>\$ 1,734,123</u></u>	<u><u>\$ -</u></u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$572,180 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (recognized in the City’s financial statements for the year ending September 30, 2016). Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
	<u> </u>
2016	\$ 242,192
2017	242,192
2018	242,192
2019	242,193
2020	60,367
Thereafter	<u>132,807</u>
Total	<u><u>\$ 1,161,943</u></u>

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an 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 publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

Employees Covered by Benefits 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	279
Inactive employees entitled to but not yet receiving benefits	145
Active employees	<u>410</u>
	<u><u>834</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are 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 consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2015, the City made contributions of 17.79% for the months in 2014 and 17.59% for the months in 2015. The City's contributions to TMRS for the year ended September 30, 2015, were \$1,381,799, and were equal to the required contributions.

Net Pension Liability

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

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 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 generational basis with scale BB

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

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. This experience study 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.

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.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

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:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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	<u>100.0%</u>	

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 contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan 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.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2013	\$ 129,706,795	\$ 110,517,023	\$ 19,189,772
Changes for the year			
Service Cost	2,952,280	-	2,952,280
Interest (on the Total Pension Liability)	8,964,861	-	8,964,861
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,710,965)	-	(1,710,965)
Benefit payments, including refunds of employee contributions	(6,226,983)	(6,226,983)	-
Contributions – employer	-	3,482,491	(3,482,491)
Contributions – employee	-	1,373,161	(1,373,161)
Net investment income	-	6,321,758	(6,321,758)
Administrative Expense	-	(66,007)	66,007
Other	-	(5,427)	5,427
Balance at 12/31/2014	<u>\$ 133,685,988</u>	<u>\$ 115,396,016</u>	<u>\$ 18,289,972</u>

Sensitivity of the Net Pension Liability

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

	Current Single Rate Assumption	
1% Decrease 6.00%	7.00%	1% Increase 8.00%
\$ 37,144,011	\$ 18,289,972	\$ 2,859,845

Pension Plan Fiduciary Net Position

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

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 a pension expense of \$2,754,717.

IV. Other Information (continued)

D. Employee retirement systems and pension plans (continued)

Texas Municipal Retirement System (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in actuarial assumptions and actual experience	\$ -	\$ 1,303,573
Difference in projected and actual earnings on pension plan investments	1,131,547	-
Contributions subsequent to the measurement date	<u>2,586,980</u>	<u>-</u>
Total	<u>\$ 3,718,527</u>	<u>\$ 1,303,573</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,586,980 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e. recognized in the City's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2016	\$ (124,505)
2017	(124,505)
2018	(124,505)
2019	<u>201,489</u>
Total	<u>\$ (172,026)</u>

Subsequent Event

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

IV. Other Information (continued)

E. Deferred Compensation Plan

The City offers its employees the opportunity to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. The City provides neither administrative services nor investment advice for the plan. Accordingly, no assets or liabilities are reported in the financial statements of the City.

F. Fund Balance Restrictions

Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors are classified as restricted fund balance. A summary of restricted fund balance in the governmental funds at September 30, 2015, follows:

	2013 Series Construction Fund	2015 Series Construction Fund	Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Debt service	\$ -	\$ -	\$ 2,275,887
Public safety:			
Police	-	-	263,853
Municipal Court Operations	-	-	628,805
Port security	-	-	179,653
Public information	-	-	214,819
	<u>-</u>	<u>-</u>	<u>1,287,130</u>
Capital projects:			
Streets and drainage	<u>742,079</u>	<u>9,112,026</u>	<u>1,119,393</u>
Development activities:			
Economic	-	-	1,657,193
Recreation	-	-	4,828,836
	<u>-</u>	<u>-</u>	<u>6,486,029</u>
Total	<u>\$ 742,079</u>	<u>\$ 9,112,026</u>	<u>\$ 11,168,439</u>

IV. Other Information (continued)

G. Prior Period Adjustment

During the current fiscal year, the City adopted *Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 71 requires that a government recognize a deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. The implementation of these standards has resulted in the restatement of the City’s beginning net position for the fiscal year 2015 government-wide and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of these statements as follows:

	<u>Governmental-type Activities</u>	<u>Business-type Activities</u>
Beginning net assets - As originally presented	\$ 117,740,702	\$ 54,222,204
Prior period adjustment:		
Recording of net pension liability	(27,129,164)	(2,228,106)
District contributions made to pension plans during the fiscal year	2,810,139	299,716
Recording of GCWA assets		107,030
Recording of capias warrants receivable	201,938	-
Beginning net position - As restated	<u><u>\$ 93,623,615</u></u>	<u><u>\$ 52,400,844</u></u>

	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>
Beginning net assets - as originally presented	\$ 24,971,052	\$ 29,251,152
Prior period adjustment:		
Recording of net pension liability	(1,165,786)	(1,062,320)
District contributions made to pension plans during the fiscal year	156,817	142,899
Recording of capias warrants receivable	107,030	-
Beginning net assets - As restated	<u><u>\$ 24,069,113</u></u>	<u><u>\$ 28,331,731</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TEXAS CITY, TEXAS

Exhibit G-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

BUDGET AND ACTUAL (WITH VARIANCES)

GENERAL FUND

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 20,565,483	\$ 20,565,483	\$ 20,312,692	\$ (252,791)
General sales tax	13,000,000	13,000,000	15,925,091	2,925,091
Miscellaneous taxes	3,993,000	3,993,000	4,497,012	504,012
Licenses and permits	389,000	389,000	459,358	70,358
Intergovernmental	73,500	96,000	74,917	(21,083)
Charges for services	4,395,000	4,395,000	4,361,094	(33,906)
Fine and forfeits	1,700,000	1,700,000	2,849,455	1,149,455
Investment earnings	12,000	12,000	2,161	(9,839)
Miscellaneous revenue	2,364,000	2,364,000	2,118,517	(245,483)
Total Revenues	46,491,983	46,514,483	50,600,297	4,085,814
Expenditures				
Current:				
General government				
Administration	2,534,410	2,635,835	3,503,553	(867,718)
Legal	246,944	247,292	290,482	(43,190)
Purchasing	97,190	97,190	80,041	17,149
Planning	412,879	437,435	323,163	114,272
Data processing	612,190	621,747	651,756	(30,009)
Public safety				
Police	10,858,153	10,882,711	10,556,644	326,067
Fire	8,735,681	8,808,116	8,050,021	758,095
Inspection	347,395	347,395	346,382	1,013
Municipal court	666,541	668,284	790,012	(121,728)
Emergency management	273,409	274,884	222,107	52,777
Public works				
Street & bridge	7,768,890	7,979,509	7,161,514	817,995
Sanitation	3,909,136	3,979,310	3,639,564	339,746
Rainwater pump stations	476,586	476,727	428,776	47,951
Health & welfare				
Health	434,995	436,537	404,769	31,768
Culture and recreation				
Recreation & tourism	6,189,408	6,199,982	5,603,786	596,196
Library	1,260,349	1,263,351	1,166,595	96,756
Bayou golf	1,139,377	1,166,508	1,107,531	58,977
Capital outlay	525,925	505,518	88,095	417,423
Debt service:				
Principal retirement	58,815	63,535	58,337	5,198
Interest and fiscal charges	-	-	5,379	(5,379)
Total Expenditures	46,548,273	47,091,866	44,478,507	2,613,359
Excess (deficiency) of revenues over expenditures	(56,290)	(577,383)	6,121,790	6,699,173
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	33,808	33,808
Transfers out	-	(2,404,976)	(2,122,598)	282,378
Total Other Financing Sources (Uses)	-	(2,404,976)	(2,088,790)	316,186
Net change in fund balances	(56,290)	(2,982,359)	4,033,000	7,015,359
Fund Balances - beginning	20,703,968	20,703,968	20,703,968	-
Fund Balances - ending	\$ 20,647,678	\$ 17,721,609	\$ 24,736,968	\$ 7,015,359

CITY OF TEXAS CITY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Measurement Year ⁽¹⁾

Exhibit G-2

	<u>2014</u>
Total pension liability	
Service Cost	\$ 2,952,280
Interest (on the Total Pension Liability)	8,964,861
Changes of benefit terms	-
Difference between expected and actual experience	(1,710,965)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(6,226,983)
Net Change in Total Pension Liability	<u>3,979,193</u>
Total Pension Liability - Beginning	<u>129,706,795</u>
Total Pension Liability - Ending (a)	<u><u>\$ 133,685,988</u></u>
Plan Fiduciary Net Position	
Contributions – employer	\$ 3,482,491
Contributions – employee	1,373,161
Net investment income	6,321,758
Benefit payments, including refunds of employee contributions	(6,226,983)
Administrative Expense	(66,007)
Other	(5,427)
Net Change in Total Pension Liability	<u>4,878,993</u>
Plan Fiduciary Net Position - Beginning	<u>110,517,023</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 115,396,016</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 18,289,972</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.32%
Covered Employee Payroll	\$ 19,539,593
Net Pension Liability as a Percentage of Covered Payroll	93.60%

(1) Net Pension Liability is calculated using a new methodology and will be presented in accordance with GASB 68. Ten years of data should be presented in the schedule, but data was unavailable prior to 2014.

CITY OF TEXAS CITY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CITY CONTRIBUTIONS
Last Nine Fiscal Years

Exhibit G-3

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially required contributions	\$ 3,481,746	\$ 3,452,379	\$ 3,322,525	\$ 3,330,636	\$ 3,986,075
Contributions in relation to the actuarially required contributions	<u>3,481,746</u>	<u>3,452,379</u>	<u>3,322,525</u>	<u>3,166,802</u>	<u>3,291,181</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,834</u>	<u>\$ 694,894</u>
City's covered-employee payroll	\$ 19,739,965	\$ 19,398,043	\$ 18,794,289	\$ 18,309,230	\$ 19,059,461
Contributions as a percentage of covered-employee payroll	17.6%	17.8%	17.7%	17.3%	17.3%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	
Actuarially required contributions	\$ 3,780,325	\$ 3,223,790	\$ 2,484,335	\$ 2,385,355	
Contributions in relation to the actuarially required contributions	<u>3,022,706</u>	<u>2,680,402</u>	<u>2,484,335</u>	<u>2,385,355</u>	
Contribution deficiency (excess)	<u>\$ 757,619</u>	<u>\$ 543,388</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered-employee payroll	\$ 18,244,087	\$ 17,352,190	\$ 16,684,589	\$ 15,909,027	
Contributions as a percentage of covered-employee payroll	16.6%	15.4%	14.9%	15.0%	

CITY OF TEXAS CITY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS

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

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 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	22 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 generational basis with scale BB

Other Information: There were no benefit changes during the year.

REQUIRED SUPPLEMENTARY INFORMATION

TEXAS CITY FIREMEN'S RELIEF AND RETIREMENT FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Measurement Year ⁽¹⁾

	<u>2014</u>
Total pension liability	
Service Cost	\$ 754,114
Interest (on the Total Pension Liability)	2,283,011
Changes of benefit terms	(366,180)
Difference between expected and actual experience	170,651
Changes of assumptions	324,358
Benefit payments, including refunds of employee contributions	(2,413,900)
Net Change in Total Pension Liability	<u>752,054</u>
Total Pension Liability - Beginning	<u>29,168,933</u>
Total Pension Liability - Ending (a)	<u><u>\$ 29,920,987</u></u>
 Plan Fiduciary Net Position	
Contributions – employer	\$ 737,126
Contributions – employee	737,125
Net investment income	332,629
Benefit payments, including refunds of employee contributions	(2,413,900)
Administrative Expense	(42,423)
Other	1,090
Net Change in Total Pension Liability	<u>(648,353)</u>
Plan Fiduciary Net Position - Beginning	<u>16,540,828</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 15,892,475</u></u>
 Net Pension Liability - Ending (a) - (b)	<u><u>\$ 14,028,512</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	53.11%
Covered Employee Payroll	\$ 4,413,281
Net Pension Liability as a Percentage of Covered Payroll	317.87%

(1) Net Pension Liability is calculated using a new methodology and will be presented in accordance with GASB 68. Ten years of data should be presented in the schedule, but data was unavaialble prior to 2014.

CITY OF TEXAS CITY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS CITY FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CITY CONTRIBUTIONS
Last Nine Fiscal Years

Exhibit G-5

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 780,787	\$ 721,143	\$ 716,421	\$ 676,160	\$ 674,244
Contributions in relation to the contractually required contributions	<u>780,787</u>	<u>721,143</u>	<u>716,421</u>	<u>1,676,160</u>	<u>674,244</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,879,920	\$ 4,507,142	\$ 4,477,635	\$ 4,236,049	\$ 4,214,027
Contributions as a percentage of covered-employee payroll	16.0%	16.0%	16.0%	39.6%	16.0%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	
Contractually required contributions	\$ 604,182	\$ 551,003	\$ 496,879	\$ 407,655	
Contributions in relation to the contractually required contributions	<u>604,182</u>	<u>551,003</u>	<u>496,879</u>	<u>407,655</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered-employee payroll	\$ 3,811,234	\$ 3,673,353	\$ 3,312,501	\$ 2,717,703	
Contributions as a percentage of covered-employee payroll	15.9%	15.0%	15.0%	15.0%	

CITY OF TEXAS CITY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS CITY FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS

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

Valuation Date: December 31, 2014

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	The actuarial cost method used in the valuation is Entry Age Normal Actuarial Cost Method.
Amortization Method	Open period, level percent of pay
Asset Valuation Method	Adjusted market value, with asset gains and losses recognized over 5 years. The adjusted market value is adjusted to remain within a corridor range of 90% to 110% of fair market value
Inflation	2.50%
Salary Increases	4.50% per annum
Investment Rate of Return	7.75%
Retirement Age	Custom table based on age of the firefighter, resulting in an average retirement age of 52.7 years.
Mortality	RP-2000 Blue Collar Mortality Tables projected ten years beyond the measurement date using Scale AA for males and females.
Disability	Active firefighters are assumed to incur disabilities based on experience firefighter rates that vary by age.
Termination	Custom table based on service of firefighter.

OTHER SUPPLEMENTARY INFORMATION

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

Exhibit H-1

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,857,357	\$ 95,872	\$ -	\$ 1,953,229
Investments	1,250,000	1,050,000	1,600,000	3,900,000
Taxes receivable, net	-	130,397	-	130,397
Due from other funds	5,348,422	1,123,994	-	6,472,416
Due from other governments	999,831	-	-	999,831
Other receivables	142,385	-	-	142,385
Total Assets	\$ 9,597,995	\$ 2,400,263	\$ 1,600,000	\$ 13,598,258
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 728,983	\$ -	\$ 3,679	\$ 732,662
Due to other funds	310,100	-	1,280,060	1,590,160
Total Liabilities	1,039,083	-	1,283,739	2,322,822
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	-	124,376	-	124,376
Total Deferred Inflows	-	124,376	-	124,376
Fund Balances:				
Restricted:				
Debt service	-	2,275,887	-	2,275,887
Public safety	1,287,130	-	-	1,287,130
Capital projects	803,132	-	316,261	1,119,393
Development activities	6,486,029	-	-	6,486,029
Unassigned	(17,379)	-	-	(17,379)
Total Fund Balances	8,558,912	2,275,887	316,261	11,151,060
Total Liabilities, Deferred Inflows and Fund Balances	\$ 9,597,995	\$ 2,400,263	\$ 1,600,000	\$ 13,598,258

CITY OF TEXAS CITY, TEXAS

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ -	\$ 2,893,268	\$ -	\$ 2,893,268
Miscellaneous taxes	620,540	-	-	620,540
Intergovernmental	6,346,140	-	-	6,346,140
Charges for services	192,600	-	-	192,600
Fine and forfeits	121,781	-	-	121,781
Investment earnings	3,644	3,061	4,663	11,368
Miscellaneous revenue	1,408,581	1,445,308	-	2,853,889
Total Revenues	8,693,286	4,341,637	4,663	13,039,586
Expenditures				
Current:				
General government	63,029	-	-	63,029
Public safety	161,775	-	-	161,775
Public works	6,311	-	-	6,311
Culture and recreation	1,061,884	-	-	1,061,884
Economic & physical development	319,198	-	-	319,198
Capital outlay	5,987,394	-	284,952	6,272,346
Debt service:				
Principal retirement	-	3,200,000	-	3,200,000
Interest and fiscal charges	-	1,081,068	-	1,081,068
Total Expenditures	7,599,591	4,281,068	284,952	12,165,611
Excess (deficiency) of revenues over expenditures	1,093,695	60,569	(280,289)	873,975
Other Financing Sources (Uses)				
Transfers in	22,850	-	99,748	122,598
Premium or discount on issuance of bonds	-	5,083	-	5,083
Total Other Financing Sources (Uses)	22,850	5,083	99,748	127,681
Net change in fund balances	1,116,545	65,652	(180,541)	1,001,656
Fund Balances - beginning	7,442,367	2,210,235	496,802	10,149,404
Fund Balances - ending	\$ 8,558,912	\$ 2,275,887	\$ 316,261	\$ 11,151,060

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2015

	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Drug Confiscation Fund
Assets				
Cash and cash equivalents	\$ -	\$ 151,249	\$ 96,557	\$ 264,183
Investments	1,000,000	250,000	-	-
Due from other funds	540,456	-	-	-
Due from other governments	-	-	-	-
Other receivables	119,606	-	-	-
Total Assets	\$ 1,660,062	\$ 401,249	\$ 96,557	\$ 264,183
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,869	\$ 1,071	\$ 1,038	\$ 330
Due to other funds	-	-	-	-
Total Liabilities	2,869	1,071	1,038	330
Fund Balances:				
Restricted:				
Public safety	-	400,178	95,519	263,853
Capital projects	-	-	-	-
Development activities	1,657,193	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,657,193	400,178	95,519	263,853
Total Liabilities and Fund Balances	\$ 1,660,062	\$ 401,249	\$ 96,557	\$ 264,183

Water Capital Recovery Fund	Sewer Capital Recovery Fund	BJA Grant Fund	HGAC Grants Fund	Cable Public Educational Government (PEG) Channel Fund	Municipal Court Efficiency Fees Fund
\$ 503,718	\$ 299,414	\$ -	\$ -	\$ 192,438	\$ 133,207
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	22,779	-
<u>\$ 503,718</u>	<u>\$ 299,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,217</u>	<u>\$ 133,207</u>
\$ -	\$ -	\$ -	\$ -	\$ 398	\$ 99
-	-	-	-	-	-
-	-	-	-	398	99
-	-	-	-	214,819	133,108
503,718	299,414	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>503,718</u>	<u>299,414</u>	<u>-</u>	<u>-</u>	<u>214,819</u>	<u>133,108</u>
<u>\$ 503,718</u>	<u>\$ 299,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,217</u>	<u>\$ 133,207</u>

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2015

	Fire fighter's Association Grant	Step Op Grant	Community Development Block Grant Fund	Port Security Grant
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	101,816	68,701
Other receivables	-	-	-	-
Total Assets	\$ -	\$ -	\$ 101,816	\$ 68,701
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,434	\$ -
Due to other funds	-	-	100,382	57,482
Total Liabilities	-	-	101,816	57,482
Fund Balances:				
Restricted:				
Public safety	-	-	-	11,219
Capital projects	-	-	-	-
Development activities	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	-	11,219
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 101,816	\$ 68,701

<u>Valero Contributions</u>	<u>FEMA Disaster Assistance Fund</u>	<u>CDBG Disaster Recovery - GLO</u>	<u>Texas City Dike Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 168,434	\$ -	\$ -	\$ 48,157	\$ 1,857,357
-	-	-	-	1,250,000
-	-	-	4,807,966	5,348,422
-	156,730	672,584	-	999,831
-	-	-	-	142,385
<u>\$ 168,434</u>	<u>\$ 156,730</u>	<u>\$ 672,584</u>	<u>\$ 4,856,123</u>	<u>\$ 9,597,995</u>
\$ -	\$ 21,873	\$ 672,584	\$ 27,287	\$ 728,983
-	152,236	-	-	310,100
<u>-</u>	<u>174,109</u>	<u>672,584</u>	<u>27,287</u>	<u>1,039,083</u>
168,434	-	-	-	1,287,130
-	-	-	-	803,132
-	-	-	4,828,836	6,486,029
-	(17,379)	-	-	(17,379)
<u>168,434</u>	<u>(17,379)</u>	<u>-</u>	<u>4,828,836</u>	<u>8,558,912</u>
<u>\$ 168,434</u>	<u>\$ 156,730</u>	<u>\$ 672,584</u>	<u>\$ 4,856,123</u>	<u>\$ 9,597,995</u>

CITY OF TEXAS CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2015

	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Drug Confiscation Fund
Revenues				
Miscellaneous taxes	\$ 620,540	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fine and forfeits	-	47,589	63,454	-
Investment earnings	2,915	729	-	-
Miscellaneous revenue	170	-	-	-
Total Revenues	623,625	48,318	63,454	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	9,753	68,897	13,460
Public works	-	-	-	-
Culture and recreation	706,723	-	-	-
Economic and community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	706,723	9,753	68,897	13,460
Excess (deficiency) of revenues over expenditures	(83,098)	38,565	(5,443)	(13,460)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balances	(83,098)	38,565	(5,443)	(13,460)
Fund Balances - beginning	1,740,291	361,613	100,962	277,313
Fund Balances - ending	\$ 1,657,193	\$ 400,178	\$ 95,519	\$ 263,853

Water Capital Recovery Fund	Sewer Capital Recovery Fund	BJA Grant Fund	HGAC Grants Fund	Cable Public Educational Government (PEG) Channel Fund	Municipal Court Efficiency Fees Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	13,481	20,768	-	-
192,600	-	-	-	-	-
-	-	-	-	-	10,738
-	-	-	-	-	-
-	-	-	-	92,169	-
<u>192,600</u>	<u>-</u>	<u>13,481</u>	<u>20,768</u>	<u>92,169</u>	<u>10,738</u>
-	-	-	-	-	-
-	-	13,481	20,768	-	6,413
-	-	-	-	-	-
-	-	-	-	117,106	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>13,481</u>	<u>20,768</u>	<u>117,106</u>	<u>6,413</u>
192,600	-	-	-	(24,937)	4,325
-	-	-	-	-	-
-	-	-	-	-	-
192,600	-	-	-	(24,937)	4,325
311,118	299,414	-	-	239,756	128,783
<u>\$ 503,718</u>	<u>\$ 299,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,819</u>	<u>\$ 133,108</u>

CITY OF TEXAS CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2015

	Fire fighter's Association Grant	Step Op Grant	Community Development Block Grant Fund	Port Security Grant
Revenues				
Miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	28,149	319,198	68,702
Charges for services	-	-	-	-
Fine and forfeits	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	-	-
Total Revenues	-	28,149	319,198	68,702
Expenditures				
Current:				
General government	-	-	-	-
Public safety	854	28,149	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic and community development	-	-	319,198	-
Capital outlay	-	-	-	91,552
Total Expenditures	854	28,149	319,198	91,552
Excess (deficiency) of revenues over expenditures	(854)	-	-	(22,850)
Other Financing Sources (Uses)				
Transfers in	-	-	-	22,850
Total Other Financing Sources (Uses)	-	-	-	22,850
Net change in fund balances	(854)	-	-	-
Fund Balances - beginning	854	-	-	11,219
Fund Balances - ending	\$ -	\$ -	\$ -	\$ 11,219

Valero Contributions	FEMA Disaster Assistance Fund	CDBG Disaster Recovery - GLO	Texas City Dike Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 620,540
-	-	5,895,842	-	6,346,140
-	-	-	-	192,600
-	-	-	-	121,781
-	-	-	-	3,644
-	-	-	1,316,242	1,408,581
-	-	5,895,842	1,316,242	8,693,286
-	-	-	63,029	63,029
-	-	-	-	161,775
-	-	-	6,311	6,311
-	-	-	238,055	1,061,884
-	-	-	-	319,198
-	-	5,895,842	-	5,987,394
-	-	5,895,842	307,395	7,599,591
-	-	-	1,008,847	1,093,695
-	-	-	-	22,850
-	-	-	-	22,850
-	-	-	1,008,847	1,116,545
168,434	(17,379)	-	3,819,989	7,442,367
<u>\$ 168,434</u>	<u>\$ (17,379)</u>	<u>\$ -</u>	<u>\$ 4,828,836</u>	<u>\$ 8,558,912</u>

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2015

Exhibit H-5

	Construction Fund	2010 Series Construction Fund	Total Nonmajor Capital Project Funds
Assets			
Investments	\$ 100,000	\$ 1,500,000	\$ 1,600,000
Total Assets	<u>\$ 100,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,600,000</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 3,679	\$ 3,679
Due to other funds	99,709	1,180,351	1,280,060
Total liabilities	<u>99,709</u>	<u>1,184,030</u>	<u>1,283,739</u>
Fund balances:			
Restricted:			
Capital projects	291	315,970	316,261
Total Fund Balances	<u>291</u>	<u>315,970</u>	<u>316,261</u>
Total Liabilities and Fund Balances	<u>\$ 100,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,600,000</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended September 30, 2015

Exhibit H-6

	Construction Fund	2010 Series Construction Fund	Total Nonmajor Capital Project Funds
Revenues			
Investment earnings	\$ 291	\$ 4,372	\$ 4,663
Total Revenues	<u>291</u>	<u>4,372</u>	<u>4,663</u>
Expenditures			
Current:			
Capital outlay	<u>-</u>	<u>284,952</u>	<u>284,952</u>
Total Expenditures	<u>-</u>	<u>284,952</u>	<u>284,952</u>
Excess (deficiency) of revenues over expenditures	<u>291</u>	<u>(280,580)</u>	<u>(280,289)</u>
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>99,748</u>	<u>99,748</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>99,748</u>	<u>99,748</u>
Net change in fund balances	291	(180,832)	(180,541)
Fund Balances - beginning	<u>-</u>	<u>496,802</u>	<u>496,802</u>
Fund Balances - ending	<u>\$ 291</u>	<u>\$ 315,970</u>	<u>\$ 316,261</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2015

Exhibit H-7

	Group Insurance Fund	Capital Equipment Replacement Fund	Windstorm Insurance	Total Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 5,356	\$ 5,356
Investments	-	4,350,000	750,000	5,100,000
Other receivable	545,672	-	-	545,672
Total current assets	<u>545,672</u>	<u>4,350,000</u>	<u>755,356</u>	<u>5,651,028</u>
Non-current assets				
Capital assets:				
Equipment and furniture	-	15,454,323	-	15,454,323
Less accumulated depreciation	-	(10,231,717)	-	(10,231,717)
Total capital assets	<u>-</u>	<u>5,222,606</u>	<u>-</u>	<u>5,222,606</u>
Total Assets	<u>545,672</u>	<u>9,572,606</u>	<u>755,356</u>	<u>10,873,634</u>
Liabilities				
Current Liabilities:				
Accounts payable	561,553	26,573	-	588,126
Due to other funds	1,447,655	4,593,822	-	6,041,477
Claims and judgments, current	946,730	-	-	946,730
Total Liabilities	<u>2,955,938</u>	<u>4,620,395</u>	<u>-</u>	<u>7,576,333</u>
Net Position				
Investment in capital assets	-	5,222,606	-	5,222,606
Unrestricted	(2,410,266)	(270,395)	755,356	(1,925,305)
Total Net Position	<u>\$ (2,410,266)</u>	<u>\$ 4,952,211</u>	<u>\$ 755,356</u>	<u>\$ 3,297,301</u>

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2015

Exhibit H-8

	Group Insurance Fund	Capital Equipment Replacement Fund	Windstorm Insurance	Total Internal Service Funds
Operating Revenues				
Charges for services	\$ 5,506,044	\$ 490,722	\$ -	\$ 5,996,766
Miscellaneous	-	23,219	-	23,219
Total Operating Revenues	5,506,044	513,941	-	6,019,985
Operating Expenses				
Contractual and professional services	1,509,296	-	-	1,509,296
Insurance claims and expenses	5,168,442	-	-	5,168,442
Depreciation	-	1,375,159	-	1,375,159
Total Operating Expenses	6,677,738	1,375,159	-	8,052,897
Operating income (loss)	(1,171,694)	(861,218)	-	(2,032,912)
Non-Operating Revenues				
Interest and investment revenue	-	10,793	2,187	12,980
Intergovernmental	-	32,045	-	32,045
Gain/loss on sale of capital assets	-	135,233	-	135,233
Total Non-Operating Revenues	-	178,071	2,187	180,258
Income (loss) before transfers	(1,171,694)	(683,147)	2,187	(1,852,654)
Transfers in	2,000,000	-	-	2,000,000
Change in net position	828,306	(683,147)	2,187	147,346
Total Net Position - beginning	(3,238,572)	5,635,358	753,169	3,149,955
Total Net Position - ending	\$ (2,410,266)	\$ 4,952,211	\$ 755,356	\$ 3,297,301

CITY OF TEXAS CITY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2015

Exhibit H-9

	Group Insurance Fund	Capital Equipment Replacement Fund	Windstorm Insurance	Total Internal Service Funds
Cash flows from operating activities				
Cash received from customers and users	\$ 1,397,718	\$ 23,219	\$ -	\$ 1,420,937
Receipts from interfund charges for health insurance	4,019,433	-	-	4,019,433
Receipts from interfund charges for equipment lease fees	-	490,722	-	490,722
Cash paid to suppliers	(1,226,944)	15,079	-	(1,211,865)
Cash paid from claims	(5,194,513)	-	-	(5,194,513)
Net cash provided (used) by operating activities	<u>(1,004,306)</u>	<u>529,020</u>	<u>-</u>	<u>(475,286)</u>
Cash flows from noncapital financing activities				
Transfers from other funds	2,000,000	-	-	2,000,000
Advances from (repayments to) other funds	(995,694)	4,239,572	-	3,243,878
Net cash provided (used) by noncapital financing activities	<u>1,004,306</u>	<u>4,239,572</u>	<u>-</u>	<u>5,243,878</u>
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	135,233	-	135,233
Capital grants	-	32,045	-	32,045
Acquisition and construction of capital assets	-	(1,596,663)	-	(1,596,663)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,429,385)</u>	<u>-</u>	<u>(1,429,385)</u>
Cash flows from investing activities				
Purchase of investments	-	(3,350,000)	-	(3,350,000)
Interest and dividends received	-	10,793	2,187	12,980
Net cash provided (used) by investing activities	<u>-</u>	<u>(3,339,207)</u>	<u>2,187</u>	<u>(3,337,020)</u>
Net increase (decrease) in cash and cash equivalents	-	-	2,187	2,187
Cash and cash equivalents, beginning	<u>-</u>	<u>-</u>	<u>3,169</u>	<u>3,169</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,356</u>	<u>\$ 5,356</u>
Cash and cash equivalents	\$ -	\$ -	\$ 5,356	\$ 5,356
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,356</u>	<u>\$ 5,356</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,171,694)	\$ (861,218)	\$ -	\$ (2,032,912)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	1,375,159	-	1,375,159
(Increase) decrease in receivables	(88,893)	-	-	(88,893)
Increase (decrease) in accounts payable	282,352	15,079	-	297,431
Increase (decrease) in accrued claims payable	(26,071)	-	-	(26,071)
Total adjustments	<u>167,388</u>	<u>1,390,238</u>	<u>-</u>	<u>1,557,626</u>
Net cash provided by operating activities	<u>\$ (1,004,306)</u>	<u>\$ 529,020</u>	<u>\$ -</u>	<u>\$ (475,286)</u>

CITY OF TEXAS CITY, TEXAS*Exhibit H-10***STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****AGENCY FUNDS***For the Year Ended September 30, 2015*

	<u>09/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>09/30/15</u>
Assets				
Cash and cash equivalents	\$ 49,946	\$ 467,193	\$ 451,895	\$ 65,244
Other investments	100,000	-	-	100,000
Due from others	211,641	-	211,641	-
Miscellaneous receivable	15,390	-	-	15,390
Total assets	<u>\$ 376,977</u>	<u>\$ 467,193</u>	<u>\$ 663,536</u>	<u>\$ 180,634</u>
Liabilities				
Refunds payable and others	\$ 376,977	\$ 467,193	\$ 663,536	\$ 180,634
Total liabilities	<u>\$ 376,977</u>	<u>\$ 467,193</u>	<u>\$ 663,536</u>	<u>\$ 180,634</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-11

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

BUDGET AND ACTUAL (WITH VARIANCES)

DEBT SERVICE FUND

For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
Revenues				
Property taxes	\$ 2,927,335	\$ 2,927,335	\$ 2,893,268	\$ (34,067)
Investment earnings	2,000	2,000	3,061	1,061
Miscellaneous revenue	1,445,308	1,445,308	1,445,308	-
Total Revenues	<u>4,374,643</u>	<u>4,374,643</u>	<u>4,341,637</u>	<u>(33,006)</u>
Expenditures				
Principal retirement	3,200,000	3,200,000	3,200,000	-
Interest and fiscal charges	1,018,068	1,018,068	1,081,068	(63,000)
Total Expenditures	<u>4,218,068</u>	<u>4,218,068</u>	<u>4,281,068</u>	<u>(63,000)</u>
Excess (deficiency) of revenues over expenditures	<u>156,575</u>	<u>156,575</u>	<u>60,569</u>	<u>(96,006)</u>
Other Financing Sources (Uses)				
Premium on issuance of debt	-	362,001	5,083	(356,918)
Total Other Financing Sources (Uses)	<u>-</u>	<u>362,001</u>	<u>5,083</u>	<u>(356,918)</u>
Net change in fund balances	156,575	518,576	65,652	(452,924)
Fund Balances - beginning	<u>2,210,235</u>	<u>2,210,235</u>	<u>2,210,235</u>	<u>-</u>
Fund Balances - ending	<u>\$ 2,366,810</u>	<u>\$ 2,728,811</u>	<u>\$ 2,275,887</u>	<u>\$ (452,924)</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-12

SPECIAL REVENUE FUNDS - HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget Positive (Negative)
Revenues				
General Sales Tax	\$ 505,000	\$ 550,000	\$ 620,540	\$ 70,540
Investment earnings	1,500	1,500	2,915	1,415
Miscellaneous	-	400	170	(230)
Total Revenues	506,500	551,900	623,625	71,725
Expenditures				
Current:				
Culture and recreation	698,037	757,620	706,723	50,897
Total Expenditures	698,037	757,620	706,723	50,897
Net change in fund balances	(191,537)	(205,720)	(83,098)	122,622
Fund balances - beginning	1,740,291	1,740,291	1,740,291	-
Fund balances - ending	\$ 1,548,754	\$ 1,534,571	\$ 1,657,193	\$ 122,622

CITY OF TEXAS CITY, TEXAS

Exhibit H-13

SPECIAL REVENUE FUNDS - MUNICIPAL COURT BUILDING SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Fees and fines	\$ 33,000	\$ 33,000	\$ 47,589	\$ 14,589
Investment earnings	400	400	729	329
Total Revenues	33,400	33,400	48,318	14,918
Expenditures				
Current:				
Public Safety	29,100	29,100	9,753	19,347
Total Expenditures	29,100	29,100	9,753	19,347
Net change in fund balances	4,300	4,300	38,565	34,265
Fund balances - beginning	361,613	361,613	361,613	-
Fund balances - ending	\$ 365,913	\$ 365,913	\$ 400,178	\$ 34,265

CITY OF TEXAS CITY, TEXAS

Exhibit H-14

SPECIAL REVENUE FUNDS - MUNICIPAL COURT TECHNOLOGY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Fees and fines	\$ 40,000	\$ 40,000	\$ 63,454	\$ 23,454
Total Revenues	40,000	40,000	63,454	23,454
Expenditures				
Current:				
Public Safety	66,500	73,307	68,897	4,410
Total Expenditures	66,500	73,307	68,897	4,410
Net change in fund balances	(26,500)	(33,307)	(5,443)	27,864
Fund balances - beginning	100,962	100,962	100,962	-
Fund balances - ending	\$ 74,462	\$ 67,655	\$ 95,519	\$ 27,864

CITY OF TEXAS CITY, TEXAS
SPECIAL REVENUE FUNDS - DRUG CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2015

Exhibit H-15

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget Positive (Negative)
Revenues				
Fees and fines	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Expenditures				
Current:				
Public Safety	3,150	15,250	13,460	1,790
Total Expenditures	<u>3,150</u>	<u>15,250</u>	<u>13,460</u>	<u>1,790</u>
Net change in fund balances	(1,650)	(13,750)	(13,460)	290
Fund balances - beginning	<u>277,313</u>	<u>277,313</u>	<u>277,313</u>	<u>-</u>
Fund balances - ending	<u>\$ 275,663</u>	<u>\$ 263,563</u>	<u>\$ 263,853</u>	<u>\$ 290</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-16

SPECIAL REVENUE FUNDS - WATER CAPITAL RECOVERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 192,600	\$ 192,600
Total Revenues	-	-	192,600	192,600
Expenditures				
Current:	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances			192,600	192,600
Fund balances - beginning	311,118	311,118	311,118	-
Fund balances - ending	\$ 311,118	\$ 311,118	\$ 503,718	\$ 192,600

CITY OF TEXAS CITY, TEXAS

Exhibit H-17

SPECIAL REVENUE FUNDS - SEWER CAPITAL RECOVERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances				
Fund balances - beginning	299,414	299,414	299,414	-
Fund balances - ending	\$ 299,414	\$ 299,414	\$ 299,414	\$ -

CITY OF TEXAS CITY, TEXAS

Exhibit H-18

SPECIAL REVENUE FUNDS - BJA GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 13,481	\$ 13,481	\$ 13,481	\$ -
Total Revenues	13,481	13,481	13,481	-
Expenditures				
Current:				
Public Safety	13,481	13,481	13,481	-
Total Expenditures	13,481	13,481	13,481	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

CITY OF TEXAS CITY, TEXAS
SPECIAL REVENUE FUNDS - HGAC GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2015

Exhibit H-19

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 20,768	\$ 5,768
Total Revenues	15,000	15,000	20,768	5,768
Expenditures				
Current:				
Public Safety	15,000	15,000	20,768	(5,768)
Total Expenditures	15,000	15,000	20,768	(5,768)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

CITY OF TEXAS CITY, TEXAS

Exhibit H-20

SPECIAL REVENUE FUNDS - CABLE PUBLIC EDUCATIONAL GOVERNMENT (PEG) CHANNEL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Miscellaneous	\$ 100,000	\$ 100,000	\$ 92,169	\$ (7,831)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>92,169</u>	<u>(7,831)</u>
Expenditures				
Current:				
Culture and recreation	25,000	79,329	117,106	(37,777)
Total Expenditures	<u>25,000</u>	<u>79,329</u>	<u>117,106</u>	<u>(37,777)</u>
Net change in fund balances	75,000	20,671	(24,937)	(45,608)
Fund balances - beginning	<u>239,756</u>	<u>239,756</u>	<u>239,756</u>	<u>-</u>
Fund balances - ending	<u>\$ 314,756</u>	<u>\$ 260,427</u>	<u>\$ 214,819</u>	<u>\$ (45,608)</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-21

SPECIAL REVENUE FUNDS - MUNICIPAL COURT EFFICIENCY FEES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Fees and fines	\$ 12,500	\$ 12,500	\$ 10,738	\$ (1,762)
Total Revenues	12,500	12,500	10,738	(1,762)
Expenditures				
Current:				
Public Safety	13,950	13,950	6,413	7,537
Capital Outlay	5,800	5,800	-	5,800
Total Expenditures	19,750	19,750	6,413	13,337
Net change in fund balances	(7,250)	(7,250)	4,325	11,575
Fund balances - beginning	128,783	128,783	128,783	-
Fund balances - ending	\$ 121,533	\$ 121,533	\$ 133,108	\$ 11,575

CITY OF TEXAS CITY, TEXAS

Exhibit H-22

SPECIAL REVENUE FUNDS - FIREFIGHTER'S ASSOCIATION GRANT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current:				
Public Safety	-	832	854	(22)
Total Expenditures	-	832	854	(22)
Net change in fund balances	-	(832)	(854)	(22)
Fund balances - beginning	854	854	854	-
Fund balances - ending	\$ 854	\$ 22	\$ -	\$ (22)

CITY OF TEXAS CITY, TEXAS

Exhibit H-23

SPECIAL REVENUE FUNDS - STEP OP GRANT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 28,149	\$ (6,851)
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>28,149</u>	<u>(6,851)</u>
Expenditures				
Current:				
Public Safety	35,000	35,000	28,149	6,851
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>28,149</u>	<u>6,851</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-24

SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT BLOCK GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 488,358	\$ 494,793	\$ 319,198	\$ (175,595)
Miscellaneous	-	2,912	-	(2,912)
Total Revenues	488,358	497,705	319,198	(178,507)
Expenditures				
Current:				
Economic and community development	418,358	422,548	319,198	103,350
Capital Outlay	70,000	72,161	-	72,161
Total Expenditures	488,358	494,709	319,198	175,511
				-
Net change in fund balances	-	2,996	-	2,996
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 2,996	\$ -	\$ 2,996

CITY OF TEXAS CITY, TEXAS
SPECIAL REVENUE FUNDS - PORT SECURITY GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2015

Exhibit H-25

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ -	\$ 68,550	\$ 68,702	\$ 152
Total Revenues	-	68,550	68,702	152
Expenditures				
Current:				
Capital Outlay	-	91,400	91,552	(152)
Total Expenditures	-	91,400	91,552	(152)
Excess (deficiency) of revenues over expenditures	-	(22,850)	(22,850)	-
Other Financing Sources (Uses)				
Transfers in	-	22,850	22,850	-
Total other financing sources and uses	-	22,850	22,850	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	11,219	11,219	11,219	-
Fund balances - ending	\$ 11,219	\$ 11,219	\$ 11,219	\$ -

CITY OF TEXAS CITY, TEXAS
SPECIAL REVENUE FUNDS - VALERO CONTRIBUTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2015

Exhibit H-26

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current:	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	168,434	168,434	168,434	-
Fund balances - ending	\$ 168,434	\$ 168,434	\$ 168,434	\$ -

CITY OF TEXAS CITY, TEXAS

Exhibit H-27

SPECIAL REVENUE FUNDS - FEMA DISASTER ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current:				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	(17,379)	(17,379)	(17,379)	-
Fund balances - ending	\$ (17,379)	\$ (17,379)	\$ (17,379)	\$ -

CITY OF TEXAS CITY, TEXAS

Exhibit H-28

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

SPECIAL REVENUE FUNDS - CDBG DISASTER RECOVERY - GLO

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Intergovernmental	\$ 7,163,769	\$ 7,163,769	\$ 5,895,842	\$ (1,267,927)
Total Revenues	<u>7,163,769</u>	<u>7,163,769</u>	<u>5,895,842</u>	<u>(1,267,927)</u>
Expenditures				
Current:				
Capital Outlay	14,327,538	14,557,912	5,895,842	8,662,070
Total Expenditures	<u>14,327,538</u>	<u>14,557,912</u>	<u>5,895,842</u>	<u>8,662,070</u>
Net change in fund balances	(7,163,769)	(7,394,143)	-	7,394,143
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ (7,163,769)</u>	<u>\$ (7,394,143)</u>	<u>\$ -</u>	<u>\$ 7,394,143</u>

CITY OF TEXAS CITY, TEXAS

Exhibit H-29

SPECIAL REVENUE FUNDS - TEXAS CITY DIKE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ 430,000	\$ 430,000	\$ 1,316,242	\$ 886,242
Total Revenues	430,000	430,000	1,316,242	886,242
Expenditures				
Current:				
General government	40,500	40,500	63,029	(22,529)
Public works	-	40,000	6,311	33,689
Culture and recreation	155,000	158,303	238,055	(79,752)
Capital Outlay	150,000	110,000	-	110,000
Total Expenditures	345,500	348,803	307,395	41,408
Net change in fund balances	84,500	81,197	1,008,847	927,650
Fund balances - beginning	3,819,989	3,819,989	3,819,989	-
Fund balances - ending	\$ 3,904,489	\$ 3,901,186	\$ 4,828,836	\$ 927,650

CITY OF TEXAS CITY, TEXAS
CAPITAL PROJECTS FUNDS - CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2015

Exhibit H-30

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 291	\$ 291
Total Revenues	-	-	291	291
Expenditures				
Current:				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	-	-	291	291
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 291	\$ 291

CITY OF TEXAS CITY, TEXAS

Exhibit H-31

CAPITAL PROJECTS FUNDS - 2010 SERIES CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 4,372	\$ 4,372
Total Revenues	-	-	4,372	4,372
Expenditures				
Capital Outlay	-	291,174	284,952	6,222
Total Expenditures	-	291,174	284,952	6,222
Excess (deficiency) of revenues over expenditures	-	(291,174)	(280,580)	10,594
Other Financing Sources (Uses)				
Transfers in	-	99,748	99,748	-
Total Other Financing Sources (Uses)	-	99,748	99,748	-
Net change in fund balances	-	(191,426)	(180,832)	10,594
Fund balances - beginning	496,802	496,802	496,802	-
Fund balances - ending	\$ 496,802	\$ 305,376	\$ 315,970	\$ 10,594

CITY OF TEXAS CITY, TEXAS

Exhibit H-32

CAPITAL PROJECTS FUND - 2013 SERIES CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
				Positive
				(Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 15,163	\$ 15,163
Total revenues	-	-	15,163	15,163
Expenditures				
Current:				
Culture and recreation	-	-	8,789	(8,789)
Capital Outlay	15,661,950	8,811,870	7,662,270	1,149,600
Total Expenditures	15,661,950	8,811,870	7,671,059	1,140,811
Excess (deficiency) of revenues over expenditures	(15,661,950)	(8,811,870)	(7,655,896)	1,155,974
Other Financing Sources (Uses)				
Transfers in	-	282,378	-	(282,378)
Total other financing sources (Uses)	-	282,378	-	(282,378)
Net change in fund balances	(15,661,950)	(8,529,492)	(7,655,896)	873,596
Fund balances - beginning	8,397,975	8,397,975	8,397,975	-
Fund balances - ending	\$ (7,263,975)	\$ (131,517)	\$ 742,079	\$ 873,596

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CITY OF TEXAS CITY, TEXAS

Exhibit H-33

CAPITAL PROJECTS FUND - 2015 SERIES CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Positive (Negative)
Revenues				
Investment earnings	\$ -	\$ -	\$ 18,776	\$ 18,776
Total revenues	-	-	18,776	18,776
Expenditures				
Debt Service:				
Interest and other charges	-	91,403	128,427	(37,024)
Capital Outlay	-	6,450,453	772,348	5,678,105
Total Expenditures	-	6,541,856	900,775	5,641,081
Excess (deficiency) of revenues over expenditures	-	(6,541,856)	(881,999)	5,659,857
Other Financing Sources (Uses)				
Proceeds from long-term debt, net	-	9,595,000	9,595,000	
Premium on issuance of debt	-	-	399,025	399,025
Total other financing sources (Uses)	-	9,595,000	9,994,025	399,025
Net change in fund balances	-	3,053,144	9,112,026	6,058,882
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 3,053,144	\$ 9,112,026	\$ 6,058,882

CITY OF TEXAS CITY, TEXAS
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2015

	Texas City Economic Development Corp.	Public Facilities Development Fund	Texas City Industrial Development Corp.
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 10,249
Investments	4,200,671	400,000	150,000
Due from others	207,521	-	-
Due from other governments	903,006	-	-
Other receivables	-	-	-
Prepaid items	1,297	-	-
Total Assets	\$ 5,312,495	\$ 400,000	\$ 160,249
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 286,578	\$ -	\$ -
Due to others	-	12,596	-
Accrued wages payable	1,297	-	-
Total Liabilities	287,875	12,596	-
Fund Balances:			
Restricted:			
Culture and recreation	-	-	-
Economic & community development	5,024,620	387,404	160,249
Total Fund Balances	5,024,620	387,404	160,249
Total Liabilities and Fund Balances	\$ 5,312,495	\$ 400,000	\$ 160,249

Exhibit I-1

Texas City Harbour Foreign Trade Zone	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Lago Mar Development Authority	Total Component Units
\$ -	\$ 114,296	\$ 162,939	\$ 61,760	\$ 349,244
300,000	150,000	-	-	5,200,671
-	140,262	-	-	347,783
-	-	-	-	903,006
84,656	-	-	-	84,656
1,065	-	-	-	2,362
<u>\$ 385,721</u>	<u>\$ 404,558</u>	<u>\$ 162,939</u>	<u>\$ 61,760</u>	<u>\$ 6,887,722</u>
\$ 625	\$ 5,539	\$ 17,242	\$ 1,865	\$ 311,849
335,187	-	-	-	347,783
1,065	-	-	-	2,362
<u>336,877</u>	<u>5,539</u>	<u>17,242</u>	<u>1,865</u>	<u>661,994</u>
-	399,019	-	-	399,019
48,844	-	145,697	59,895	5,826,709
<u>48,844</u>	<u>399,019</u>	<u>145,697</u>	<u>59,895</u>	<u>6,225,728</u>
<u>\$ 385,721</u>	<u>\$ 404,558</u>	<u>\$ 162,939</u>	<u>\$ 61,760</u>	<u>\$ 6,887,722</u>

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CITY OF TEXAS CITY, TEXAS
RECONCILIATION OF THE COMPONENT UNITS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2015

Exhibit I-2

Total fund balances, component units \$ 6,225,728

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. 5,639,757

Some liabilities (such as notes payable, capital lease contracts payable, and due to developer bonds payable) are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. (269,100)

Net position of component units in the Statement of Net Position \$ 11,596,385

CITY OF TEXAS CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended September 30, 2015

	Texas City Economic Development Corp.	Public Facilities Development Fund	Texas City Industrial Development Corp.
Revenues			
Property tax	\$ -	\$ -	\$ -
General sales tax	5,308,363	-	-
Investment earnings	14,495	1,166	438
Miscellaneous revenue	88,894	240,998	-
Total Revenues	<u>5,411,752</u>	<u>242,164</u>	<u>438</u>
Expenditures			
Current:			
General government	-	240,923	-
Culture and recreation	-	-	-
Economic and community development	1,873,639	-	-
Intergovernmental	1,445,308	-	-
Capital outlay	<u>138,679</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,457,626</u>	<u>240,923</u>	<u>-</u>
Net change in fund balances	1,954,126	1,241	438
Fund balances - beginning	<u>3,070,494</u>	<u>386,163</u>	<u>159,811</u>
Fund balances - ending	<u>\$ 5,024,620</u>	<u>\$ 387,404</u>	<u>\$ 160,249</u>

Texas City Harbour Foreign Trade Zone	Texas City Cultural Arts Foundation	Texas City Historical Preservation Corp.	Lago Mar Development Authority	Total Component Units
\$ -	\$ -	\$ -	\$ 1,231,715	\$ 1,231,715
-	-	-	-	5,308,363
874	437	-	266	17,676
81,170	121,460	134,303	-	666,825
<u>82,044</u>	<u>121,897</u>	<u>134,303</u>	<u>1,231,981</u>	<u>7,224,579</u>
-	-	-	-	240,923
-	39,368	89,174	-	128,542
134,473	-	-	1,230,660	3,238,772
-	-	-	-	1,445,308
-	-	42,903	-	181,582
<u>134,473</u>	<u>39,368</u>	<u>132,077</u>	<u>1,230,660</u>	<u>5,235,127</u>
(52,429)	82,529	2,226	1,321	1,989,452
101,273	316,490	143,471	58,574	4,236,276
<u>\$ 48,844</u>	<u>\$ 399,019</u>	<u>\$ 145,697</u>	<u>\$ 59,895</u>	<u>\$ 6,225,728</u>

CITY OF TEXAS CITY, TEXAS

Exhibit I-4

**RECONCILIATION OF THE COMPONENT UNITS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015**

Net Change in Fund Balances, Component Units \$ 1,989,452

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	181,582
Depreciation expense	<u>(32,604)</u>

Changes in Net Position of Component Units \$ 2,138,430

Statistical Section

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

Contents Pages

Financial Trends (Tables 1-4)..... 142-151

These schedules 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)..... 152-161

These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.

Debt Capacity (Tables 10-13) 162-165

These schedules 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 (Table 14)..... 167

This schedule offers demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Operating Information (Tables 15-18)..... 168-177

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

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

CITY OF TEXAS CITY, TEXAS**NET POSITION BY COMPONENT***Last Ten Fiscal Years**(Accrual Basis of Accounting)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Net investment in capital assets	\$ 101,131,668	\$ 100,536,097	\$ 96,182,195	\$ 81,884,410
Restricted	10,810,671	9,628,081	9,063,707	8,278,742
Unrestricted	<u>(6,009,423)</u>	<u>7,576,524</u>	<u>3,081,857</u>	<u>9,860,191</u>
Total governmental activities net assets	<u>\$ 105,932,916</u>	<u>\$ 117,740,702</u>	<u>\$ 108,327,759</u>	<u>\$ 100,023,343</u>
Business-type activities				
Net investment in capital assets	\$ 56,854,167	\$ 54,323,531	\$ 53,362,281	\$ 49,611,961
Unrestricted	<u>(8,325,340)</u>	<u>(101,327)</u>	<u>3,086,393</u>	<u>5,654,432</u>
Total business-type activities net assets	<u>\$ 48,528,827</u>	<u>\$ 54,222,204</u>	<u>\$ 56,448,674</u>	<u>\$ 55,266,393</u>
Primary government				
Net investment in capital assets	\$ 157,985,835	\$ 154,859,628	\$ 149,544,476	\$ 131,496,371
Restricted	10,810,671	9,628,081	9,063,707	8,278,742
Unrestricted	<u>(14,334,763)</u>	<u>7,475,197</u>	<u>6,168,250</u>	<u>15,514,623</u>
Total Primary government net positions	<u>\$ 154,461,743</u>	<u>\$ 171,962,906</u>	<u>\$ 164,776,433</u>	<u>\$ 155,289,736</u>

Table 1

2011	2010	2009	2008	2007	2006
\$ 75,915,472	\$ 52,131,606	\$ 44,292,065	\$ 34,689,237	\$ 10,958,429	\$ (11,083,630)
2,442,702	3,619,284	4,030,695	9,434,763	3,928,223	13,156,747
19,221,070	22,885,116	27,289,913	23,304,527	21,080,789	11,132,587
<u>\$ 97,579,244</u>	<u>\$ 78,636,006</u>	<u>\$ 75,612,673</u>	<u>\$ 67,428,527</u>	<u>\$ 35,967,441</u>	<u>\$ 13,205,704</u>
\$ 51,254,121	\$ 52,412,643	\$ 48,951,766	\$ 47,363,524	\$ 43,273,938	\$ 40,254,565
5,378,583	5,131,993	2,194,514	3,653,154	7,572,587	9,026,593
<u>\$ 56,632,704</u>	<u>\$ 57,544,636</u>	<u>\$ 51,146,280</u>	<u>\$ 51,016,678</u>	<u>\$ 50,846,525</u>	<u>\$ 49,281,158</u>
\$ 127,169,593	\$ 104,544,249	\$ 93,243,831	\$ 82,052,761	\$ 54,232,367	\$ 29,170,935
2,442,702	3,619,284	4,030,695	9,434,763	3,928,223	13,156,747
24,599,653	28,017,109	29,484,427	26,957,681	28,653,376	20,159,180
<u>\$ 154,211,948</u>	<u>\$ 136,180,642</u>	<u>\$ 126,758,953</u>	<u>\$ 118,445,205</u>	<u>\$ 86,813,966</u>	<u>\$ 62,486,862</u>

CITY OF TEXAS CITY, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses				
Governmental activities:				
General government	\$ 5,000,523	\$ 4,400,919	\$ 4,974,188	\$ 4,338,885
Public safety	21,303,434	22,044,744	21,321,835	22,535,648
Public works	13,494,882	13,190,376	12,515,277	12,299,845
Health and Welfare	426,672	379,188	395,411	342,342
Culture and recreation	10,411,949	10,078,098	10,429,829	9,473,922
Economic and Community development	316,355	300,733	556,024	523,960
Interest on long-term debt	1,208,844	1,138,917	1,006,711	1,242,047
Total government activities expenses	<u>52,162,659</u>	<u>51,532,975</u>	<u>51,199,275</u>	<u>50,756,649</u>
Business-type activities:				
Water and sewer	17,440,075	16,973,082	15,145,423	15,409,028
Total primary government expenses	<u>\$ 69,602,734</u>	<u>\$ 68,506,057</u>	<u>\$ 66,344,698</u>	<u>\$ 66,165,677</u>
 Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 33,000	\$ -	\$ -	\$ 4,493
Public safety	4,618,567	4,107,224	3,097,645	3,320,861
Public works	2,377,134	2,255,542	2,328,864	1,704,689
Health and Welfare	52,813	77,272	63,390	78,755
Culture and recreation	2,428,257	1,984,085	2,281,660	2,021,971
Operating grants and contributions:				
Public safety	183,517	486,823	3,674,163	878,535
Public works	5,895,842	5,158,382	222,820	-
Culture and recreation	-	-	-	-
Economic and Community development	319,198	300,636	633,401	2,078,065
Capital grants and contributions:				
Culture and recreation	-	156,119	-	-
Total governmental activities program revenues	<u>15,908,328</u>	<u>14,526,083</u>	<u>12,301,943</u>	<u>10,087,369</u>
Business-type activities:				
Charges for services	11,001,888	10,962,226	10,891,112	10,918,737
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>11,001,888</u>	<u>10,962,226</u>	<u>10,891,112</u>	<u>10,918,737</u>
Total primary government program revenues	<u>\$ 26,910,216</u>	<u>\$ 25,488,309</u>	<u>\$ 23,193,055</u>	<u>\$ 21,006,106</u>
 Net (Expense)/Revenue				
Governmental activities	\$ (36,254,331)	\$ (37,006,892)	\$ (38,897,332)	\$ (40,669,280)
Business-type activities	(6,438,187)	(6,010,856)	(4,254,311)	(4,490,291)
Total primary government net expense	<u>\$ (42,692,518)</u>	<u>\$ (43,017,748)</u>	<u>\$ (43,151,643)</u>	<u>\$ (45,159,571)</u>

Table 2
Page 1 of 2

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 4,606,523	\$ 4,688,827	\$ 4,447,843	\$ 4,107,677	\$ 3,859,318	\$ 3,627,245
21,869,053	20,603,917	20,161,565	17,851,054	16,816,698	15,194,357
12,227,267	17,024,045	13,752,279	12,720,391	10,731,889	8,760,691
464,991	483,714	419,679	412,947	356,590	304,240
9,876,934	9,058,715	9,383,309	8,397,967	7,029,468	6,227,018
466,611	566,512	2,886,196	392,411	447,176	412,396
1,374,111	1,347,698	1,621,260	1,759,787	2,005,970	2,169,494
<u>50,885,490</u>	<u>53,773,428</u>	<u>52,672,131</u>	<u>45,642,234</u>	<u>41,247,109</u>	<u>36,695,441</u>
<u>15,683,891</u>	<u>13,161,709</u>	<u>11,014,584</u>	<u>10,520,350</u>	<u>9,569,788</u>	<u>8,986,753</u>
<u>\$ 66,569,381</u>	<u>\$ 66,935,137</u>	<u>\$ 63,686,715</u>	<u>\$ 56,162,584</u>	<u>\$ 50,816,897</u>	<u>\$ 45,682,194</u>
\$ 63,889	\$ 74,728	\$ 85,674	\$ 166,944	\$ 335,883	\$ 275,170
2,708,182	2,940,376	3,272,158	3,034,504	2,491,565	2,426,236
1,618,030	1,750,379	1,756,879	1,667,176	1,805,041	2,036,767
92,721	71,406	51,822	64,659	70,010	63,858
2,157,512	1,736,706	1,929,446	1,808,124	1,496,266	1,241,842
890,065	5,004,650	3,122,257	1,797,002	156,707	753,727
3,763,611	1,898,758	30,395		820,287	3,721,075
14,410	18,702	13,713	13,748	6,520	12,408
3,586,076	747,065	473,830	987,148	449,146	424,449
-	-	-	-	-	-
<u>14,894,496</u>	<u>14,242,770</u>	<u>10,736,174</u>	<u>9,539,305</u>	<u>7,631,425</u>	<u>10,955,532</u>
10,788,625	9,661,005	10,140,759	9,665,416	9,770,766	9,810,299
-	-	100,542	-	-	-
-	-	-	-	-	619,014
<u>10,788,625</u>	<u>9,661,005</u>	<u>10,241,301</u>	<u>9,665,416</u>	<u>9,770,766</u>	<u>10,429,313</u>
<u>\$ 25,683,121</u>	<u>\$ 23,903,775</u>	<u>\$ 20,977,475</u>	<u>\$ 19,204,721</u>	<u>\$ 17,402,191</u>	<u>\$ 21,384,845</u>
\$ (35,990,994)	\$ (39,530,658)	\$ (41,935,957)	\$ (36,102,929)	\$ (33,615,684)	\$ (25,739,909)
<u>(4,895,266)</u>	<u>(3,500,704)</u>	<u>(773,283)</u>	<u>(854,934)</u>	<u>200,978</u>	<u>1,442,560</u>
<u>\$ (40,886,260)</u>	<u>\$ (43,031,362)</u>	<u>\$ (42,709,240)</u>	<u>\$ (36,957,863)</u>	<u>\$ (33,414,706)</u>	<u>\$ (24,297,349)</u>

CITY OF TEXAS CITY, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Revenues				
Governmental activities:				
Taxes:				
Property taxes	\$ 23,790,345	\$ 22,193,055	\$ 22,025,766	\$ 21,085,101
Other taxes	21,134,812	20,785,391	18,451,164	16,993,022
Unrestricted investment earnings	60,448	39,761	22,614	48,251
Miscellaneous	3,408,986	4,781,731	3,162,863	3,197,341
Special item-gain(loss) on sale of assets	169,041	-	-	-
Transfers	-	(1,380,103)	-	-
Capital Contributions	-	-	3,876,470	1,789,664
Total governmental activities	<u>48,563,632</u>	<u>46,419,835</u>	<u>47,538,877</u>	<u>43,113,379</u>
Business-type activities:				
Unrestricted investment earnings	15,753	19,365	19,923	85,641
Miscellaneous	2,550,417	2,384,918	5,623,739	3,038,339
Special item-gain(loss) on sale of assets	-	-	-	-
Transfers	-	1,380,103	-	-
Total business-type activities	<u>2,566,170</u>	<u>3,784,386</u>	<u>5,643,662</u>	<u>3,123,980</u>
Total primary government	<u>\$ 51,129,802</u>	<u>\$ 50,204,221</u>	<u>\$ 53,182,539</u>	<u>\$ 46,237,359</u>
Changes in Net Position				
Governmental activities	\$ 12,309,301	\$ 9,412,943	\$ 8,641,545	\$ 2,444,099
Business-type activities	(3,872,017)	(2,226,470)	1,389,351	(1,366,311)
Total primary government	<u>\$ 8,437,284</u>	<u>\$ 7,186,473</u>	<u>\$ 10,030,896</u>	<u>\$ 1,077,788</u>

Table 2
Page 2 of 2

2011	2010	2009	2008	2007	2006
\$20,510,620	\$ 22,210,827	\$ 21,649,489	\$ 23,647,215	\$ 24,025,477	\$ 19,621,721
17,894,933	17,599,265	23,296,425	19,165,441	17,313,632	15,803,119
81,134	126,447	558,677	1,200,353	1,553,926	866,921
3,176,570	3,117,452	4,610,133	2,515,691	2,863,767	2,166,095
79,441	-	5,377	27,030	-	71,493
-	(500,000)	-	-	(12,576)	500,000
14,654,498	-	-	21,418,510	-	(619,015)
<u>56,397,196</u>	<u>42,553,991</u>	<u>50,120,101</u>	<u>67,974,240</u>	<u>45,744,226</u>	<u>38,410,334</u>
58,277	33,255	92,074	227,168	359,805	257,220
3,881,900	2,662,810	809,634	797,916	837,259	841,091
2,500	-	1,177	-	-	-
-	500,000	-	-	12,576	(500,000)
<u>3,942,677</u>	<u>3,196,065</u>	<u>902,885</u>	<u>1,025,084</u>	<u>1,209,640</u>	<u>598,311</u>
<u>\$60,339,873</u>	<u>\$ 45,750,056</u>	<u>\$ 51,022,986</u>	<u>\$ 68,999,324</u>	<u>\$ 46,953,866</u>	<u>\$ 39,008,645</u>
\$20,406,202	\$ 3,023,333	\$ 8,184,144	\$ 31,871,311	\$ 12,128,542	\$ 12,670,425
(952,589)	(304,639)	129,602	170,150	1,410,618	2,040,871
<u>\$19,453,613</u>	<u>\$ 2,718,694</u>	<u>\$ 8,313,746</u>	<u>\$ 32,041,461</u>	<u>\$ 13,539,160</u>	<u>\$ 14,711,296</u>

CITY OF TEXAS CITY, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable:				
Inventories	1,156,917	837,594	678,713	745,138
Prepaid items	496,279	71,975	75,957	5,495
Assigned:				
Public works	1,000,000	1,000,000	1,000,000	1,000,000
Self insurance	-	-	-	-
Pension	-	-	-	-
Unassigned	<u>22,083,772</u>	<u>18,794,399</u>	<u>13,048,074</u>	<u>12,072,648</u>
Total General Fund	<u>24,736,968</u>	<u>20,703,968</u>	<u>14,802,744</u>	<u>13,823,281</u>
 All Other Governmental Funds				
Reserved:				
Debt Service	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Restricted:				
Debt Service	2,275,887	2,210,235	2,286,385	2,316,959
Public safety	1,287,130	1,288,934	1,112,244	670,988
Capital projects	10,973,498	9,505,309	3,313,379	7,210,669
Development activities	6,486,029	5,560,280	5,186,952	6,649,057
Unassigned	<u>(17,379)</u>	<u>(17,379)</u>	<u>(413,258)</u>	<u>(14,942)</u>
Total Other Governmental Funds	<u>21,005,165</u>	<u>18,547,379</u>	<u>11,485,702</u>	<u>16,832,731</u>
 Total Fund Balances of Governmental Funds	 <u>\$ 45,742,133</u>	 <u>\$ 39,251,347</u>	 <u>\$ 26,288,446</u>	 <u>\$ 30,656,012</u>

**** Implementation of GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions."**

Table 3

2011 **	2010	2009	2008	2007	2006
\$ -	\$ 2,468,668	\$ 3,202,374	\$ 6,266,730	\$ 1,637,640	\$ 2,031,449
-	24,653,005	23,111,551	17,104,026	18,600,690	10,881,335
678,837	-	-	-	-	-
425,434	-	-	-	-	-
6,000,000	-	-	-	-	-
1,400,000	-	-	-	-	-
1,000,000	-	-	-	-	-
13,498,692	-	-	-	-	-
<u>23,002,963</u>	<u>27,121,673</u>	<u>26,313,925</u>	<u>23,370,756</u>	<u>20,238,330</u>	<u>12,912,784</u>
-	1,839,108	1,501,410	1,388,194	1,332,168	1,101,839
-	1,850,843	2,370,316	2,549,227	2,054,627	1,948,335
-	2,288,753	2,201,297	4,866,327	10,082,504	9,763,611
2,170,023	-	-	-	-	-
644,518	-	-	-	-	-
5,379,174	-	-	-	-	-
4,670,870	-	-	-	-	-
(14,942)	-	-	-	-	-
<u>12,849,643</u>	<u>5,978,704</u>	<u>6,073,023</u>	<u>8,803,748</u>	<u>13,469,299</u>	<u>12,813,785</u>
<u>\$ 35,852,606</u>	<u>\$ 33,100,377</u>	<u>\$ 32,386,948</u>	<u>\$ 32,174,504</u>	<u>\$ 33,707,629</u>	<u>\$ 25,726,569</u>

CITY OF TEXAS CITY, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2015	2014	2013	2012
Revenues				
Property taxes	\$23,205,960	\$22,720,746	\$22,141,627	\$20,698,758
Sales and miscellaneous taxes	21,042,643	20,690,614	18,330,946	16,987,354
Licenses and permits	459,358	665,120	465,635	464,818
Intergovernmental	6,421,057	5,995,841	4,530,384	2,945,600
Charges for services	4,553,694	4,424,358	4,847,191	4,328,752
Fines and forfeitures	2,971,236	2,240,830	1,603,232	1,341,731
Investment earnings	47,468	34,367	18,416	44,712
Other	4,972,406	5,174,015	4,137,428	3,749,858
Total revenues	63,673,822	61,945,891	56,074,859	50,561,583
Expenditures				
General government	4,912,024	4,233,728	4,807,143	4,216,526
Public safety	20,126,941	20,394,850	20,653,987	20,995,854
Public works	11,236,165	10,949,708	10,616,538	10,807,602
Health and welfare	404,769	356,294	365,995	326,320
Culture and recreation	8,948,585	8,450,542	8,692,639	8,033,154
Economic and community development	319,198	300,636	557,413	521,988
Capital outlay	14,795,059	9,717,437	10,170,008	4,096,926
Debt service:				
Principal	3,258,337	3,451,328	3,774,024	3,689,369
Interest and other charges	1,214,874	1,128,615	1,041,032	1,181,667
Total expenditures	65,215,952	58,983,138	60,678,779	53,869,406
Excess of revenues over (under) expenditures	(1,542,130)	2,962,753	(4,603,920)	(3,307,823)
Other Financing Sources (Uses)				
Transfers in	122,598	1,120,021	151,491	6,541,935
Transfers out	(2,122,598)	(1,120,021)	(151,491)	(8,691,935)
Issuance of bonds	9,595,000	9,960,000	7,570,000	-
Loans/capital leases	-	-	211,990	-
Other	437,916	40,148	(7,545,636)	261,229
Total other financing sources (uses)	8,032,916	10,000,148	236,354	(1,888,771)
Special Item				
Proceeds from sale of fixed assets	-	-	-	-
Net change in fund balances	\$ 6,490,786	\$ 12,962,901	\$ (4,367,566)	\$ (5,196,594)
Debt service as a percentage of noncapital expenditures	8.9%	9.3%	9.5%	9.8%

(1) One-time payment for tax refund.

Table 4

2011	2010	2009	2008	2007	2006
\$20,622,989	\$22,376,812	\$25,062,719	\$23,171,476	\$23,007,376	\$19,836,290
17,894,933	17,599,265	20,731,758	19,165,440	17,313,632	15,803,119
266,949	240,200	529,474	383,418	346,848	285,664
8,243,162	5,729,417	3,562,630	2,866,329	612,373	1,190,583
4,164,701	4,335,262	4,558,738	4,322,138	3,947,679	4,145,333
1,318,702	1,408,382	1,404,672	1,229,123	1,030,502	1,043,181
81,134	126,447	558,677	1,200,367	1,553,927	866,919
4,117,198	5,353,539	4,577,957	3,253,988	4,557,551	6,456,867
<u>56,709,768</u>	<u>57,169,324</u>	<u>60,986,625</u>	<u>55,592,279</u>	<u>52,369,888</u>	<u>49,627,956</u>
4,351,272	4,604,890	4,379,669	4,069,243	3,784,584	3,602,514
19,903,598	19,235,985	19,092,224	17,508,465	16,230,726	15,392,454
13,810,648	15,828,240	12,893,294	11,963,772	9,563,332	8,668,399
431,203	472,963	412,246	409,787	346,468	301,208
8,284,523	8,170,898	8,633,504	7,757,054	6,553,439	5,925,069
466,611	566,512	2,886,196	392,952	449,146	413,362
1,864,296	7,607,468	7,503,897	9,656,897	1,276,999	9,794,773
3,546,467	3,758,227	3,482,880	3,514,837	3,999,979	3,920,472
1,485,981	1,539,953	1,664,940	1,720,075	2,019,155	2,192,357
<u>54,144,599</u>	<u>61,785,136</u>	<u>60,948,850</u>	<u>56,993,082</u>	<u>44,223,828</u>	<u>50,210,608</u>
2,565,169	(4,615,812)	37,775	(1,400,803)	8,146,060	(582,652)
3,389,789	75,000	249,561	1,181,325	623,197	870,000
(3,389,789)	(1,325,000)	(499,562)	(1,181,325)	(788,197)	(713,000)
5,270,000	14,020,000	-	9,705,000	-	-
79,441	24,754	208,124	-	-	-
<u>(5,162,381)</u>	<u>(7,465,513)</u>	<u>216,546</u>	<u>(9,837,319)</u>	<u>-</u>	<u>-</u>
<u>187,060</u>	<u>5,329,241</u>	<u>174,669</u>	<u>(132,319)</u>	<u>(165,000)</u>	<u>157,000</u>
-	-	-	-	-	71,493
<u>\$ 2,752,229</u>	<u>\$ 713,429</u>	<u>\$ 212,444</u>	<u>\$ (1,533,122)</u>	<u>\$ 7,981,060</u>	<u>\$ (354,159)</u>
9.6%	9.8%	9.6%	11.1%	14.0%	15.1%

CITY OF TEXAS CITY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Real Property					
Fiscal Year	Tax Year	Residential	Commercial	Personal Property	Less Tax Exempt Real Property
2015	2014	\$ 1,170,687,928	\$ 3,666,084,771	\$ 1,603,371,724	\$ 365,203,711
2014	2013	1,106,761,030	3,184,615,653	1,836,794,795	340,702,084
2013	2012	1,112,492,446	3,680,193,020	1,735,850,780	339,304,393
2012	2011	1,134,735,043	3,573,198,467	1,593,011,833	332,308,262
2011	2010	1,153,916,166	3,518,437,396	1,511,465,045	330,518,465
2010	2009	1,140,859,911	4,094,199,542	1,182,983,052	287,281,525
2009	2008	1,200,706,221	4,027,444,720	1,747,063,778	299,242,979
2008	2007	1,169,186,378	3,852,309,555	1,337,634,808	247,348,389
2007	2006	1,102,416,098	3,423,074,520	1,291,233,720	249,046,708
2006	2005	1,017,166,616	2,548,252,930	1,196,108,506	241,647,668
2005	2004	927,376,314	1,466,847,912	770,457,545	252,427,038

The estimated actual taxable value equals the total taxable assessed value.
All properties are assessed at 100% of actual taxable value.

Source: City of Texas City Tax Assessor-Collector

Table 5

Less Other Exemptions and Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Value as a Percent of Actual Taxable
\$ 962,336,275	\$ 5,112,604,437	\$ 0.438	\$ 5,112,604,437	100%
1,373,384,030	4,414,085,364	0.453	4,414,085,364	100%
1,568,155,970	4,621,075,883	0.425	4,621,075,883	100%
1,575,819,984	4,392,817,097	0.425	4,392,817,097	100%
1,509,214,021	4,344,086,121	0.425	4,344,086,121	100%
1,313,907,232	4,816,853,748	0.425	4,816,853,748	100%
1,326,610,613	5,349,361,127	0.425	5,349,361,127	100%
730,023,600	5,381,758,752	0.436	5,381,758,752	100%
990,291,125	4,577,386,505	0.456	4,577,386,505	100%
468,363,981	4,051,516,403	0.456	4,051,516,403	100%
400,198,859	2,512,055,874	0.456	2,512,055,874	100%

CITY OF TEXAS CITY, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Galveston County	Texas City Independent School District
	M & O Rate	I & S Rate	Total Direct		
2015	\$ 0.383686	\$ 0.054314	\$ 0.438000	\$ 0.584800	\$ 1.261600
2014	0.394645	0.058355	0.453000	0.589800	1.290900
2013	0.361800	0.063200	0.425000	0.608770	1.269200
2012	0.352727	0.072273	0.425000	0.621800	1.295300
2011	0.342294	0.082706	0.425000	0.628750	1.288600
2010	0.342294	0.082706	0.425000	0.618600	1.216000
2009	0.350238	0.074762	0.425000	0.570000	1.184931
2008	0.358040	0.077570	0.435610	0.580000	1.112750
2007	0.368579	0.087661	0.456240	0.598750	1.448354
2006	0.358066	0.098174	0.456240	0.628750	1.587100

Source: Galveston County and Galveston County Central Appraisal District

Note: The city's basic property tax rate may be increased only by a majority vote of the city's residents. Rates for debt service are set based on each year's requirements.

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Texas City. Not all overlapping rates apply to all Texas City property owners; for example, although the county property tax rates apply to all.

Table 6

Overlapping		Rates ^a	
La Marque Independent School District	Dickinson Independent School District	College of the Mainland	Galveston County Drainage District No. 2
\$ 1.220000	\$ 1.540000	\$ 0.221210	\$ 0.063021
1.220000	1.540000	0.221210	0.063021
1.220000	1.540000	0.225970	0.063021
1.240000	1.540000	0.232020	0.063021
1.240000	1.540000	0.233890	0.063021
1.240000	1.504000	0.221640	0.063021
1.240000	1.500000	0.221640	0.063021
1.240000	1.430000	0.227380	0.057360
1.570000	1.724000	0.233450	0.055740
1.740000	1.751000	0.243020	0.055200

CITY OF TEXAS CITY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2015	\$ 22,941,076	\$ 22,742,949	99.14%	\$ -
2014	22,574,003	22,384,153	99.16%	82,839
2013	22,017,033	21,817,450	99.09%	117,287
2012	20,984,236	20,775,591	99.01%	144,377
2011	20,242,161	20,006,955	98.84%	179,172
2010	22,308,236	22,145,753	99.27%	102,964
2009	24,421,413	24,078,789	98.60%	291,086
2008	23,443,313	22,457,033	95.79%	941,289
2007	22,622,593	21,737,823	96.09%	840,440
2006	19,693,614	19,404,611	98.53%	251,007

Source: City of Texas City Tax Assessor-Collector

Table 7

Total Collections to Date			Amount
Amount	% of Levy		Outstanding
\$ 22,742,949	99.14%	\$	198,127
22,466,992	99.53%		107,011
21,934,737	99.63%		82,296
20,919,968	99.69%		64,268
20,186,127	99.72%		56,034
22,248,717	99.73%		59,519
24,369,875	99.79%		51,538
23,398,322	99.81%		44,991
22,578,263	99.80%		44,330
19,655,618	99.81%		37,996

CITY OF TEXAS CITY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Blanchard Refining Co LLC	\$ 1,331,771,287	1	26%
Valero Refining-Texas LP	624,770,014	2	12%
Marathon Petroleum Company LLC	349,945,180	3	7%
South Houston Green Power, LP	232,067,861	4	5%
Union Carbide Corp	208,550,250	5	4%
BP Amoco Chemical Co	185,987,276	6	4%
Praxair, Inc.	154,514,654	7	3%
Galveston Outlets LLC	82,564,680	8	2%
Valero Marketing & Supply Co	80,130,433	9	2%
Eastman Chemical Texas City	61,562,728	10	1%
ISP Technologies Inc	-		0%
BP Products (NA) Inc	-		0%
Sterling Chemicals Inc	-		0%
Total	\$ 3,311,864,363		65%

Source: Galveston County Appraisal District

Table 8

2006		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
\$ -		0%
668,505,350	2	17%
114,030,920	8	3%
281,684,910	4	7%
323,329,110	3	8%
115,789,500	7	3%
132,151,110	6	3%
-	-	0%
15,388,200	9	0%
-	-	0%
55,017,580	10	1%
1,285,559,550	1	32%
155,096,891	5	4%
<u>\$ 3,146,553,121</u>		<u>78%</u>

CITY OF TEXAS CITY, TEXAS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

(in thousands of dollars)

	<u>2015 ^a</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Construction	\$ 12,272	\$ 23,926	\$ 20,577	\$ 22,696
Manufacturing	13,116	24,819	11,653	13,717
Wholesale Trade	9,178	16,188	12,772	10,181
Retail Trade	137,874	288,206	273,527	213,347
Transportation/Warehousing	110	334	273	236
Information	2,491	4,170	4,138	4,113
Finance/Insurance	603	1,151	1,178	1,181
Real Estate/Rental/Leasing	8,470	22,881	22,792	19,826
Professional/Scientific/Technical Services	1,722	2,854	2,527	2,411
Management of Companies/Enterprises	-	-	-	-
Admin/Support/Waste Mgmt/Remediation	3,908	7,000	5,078	3,201
Educational Services	-	-	13	-
Health Care/Social Assistance	633	1,398	1,648	1,660
Arts/Entertainment/Recreation	535	885	590	629
Accommodation/Food Services	30,541	59,538	55,232	52,491
Other Services (except Public Administration)	2,742	5,529	5,535	5,242
Total	<u>\$ 224,195</u>	<u>\$ 458,879</u>	<u>\$ 417,533</u>	<u>\$ 350,931</u>
City direct sales tax rate ^b	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

Source: State Comptroller's Office.

^a 2015 taxable sales thru 2nd quarter of 2014.

^b The City direct sales tax rate includes the City only and not the City of Texas City Economic Development Corp. (4A).

Table 9

2011	2010	2009	2008	2007	2006
\$ 18,711	\$ 21,076	\$ 18,951	\$ 22,313	\$ 22,800	\$ 14,117
13,307	11,489	15,294	23,324	26,898	23,228
8,373	12,884	10,107	12,793	13,765	12,423
175,591	169,460	206,837	212,410	202,599	193,352
6,996	4,569	5,251	1,062	454	809
4,228	4,305	4,541	4,234	4,256	6,834
1,201	1,199	1,197	684	637	973
16,592	13,859	18,933	21,800	21,235	21,105
2,681	2,625	2,775	2,192	2,455	2,035
-	-	-	172	-	-
2,854	2,949	2,547	2,288	2,107	3,161
1,964	1,628	3,071	1,844	1,097	1,862
574	734	542	289	595	890
48,684	46,430	50,319	51,819	48,788	45,344
5,479	5,922	6,691	6,391	6,128	6,126
<u>\$ 307,235</u>	<u>\$ 299,129</u>	<u>\$ 347,056</u>	<u>\$ 363,615</u>	<u>\$ 353,814</u>	<u>\$ 332,259</u>
<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

CITY OF TEXAS CITY, TEXAS

Table 10

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type	Total Primary Government	Percentage of Personal Income ^a	Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Lease Obligations	Revenue Bonds			
2015	\$ 17,135	\$ 25,214	\$ 76	\$ 6,008	\$ 48,433	5%	\$ 1,038
2014	20,178	15,470	134	7,063	42,845	4%	930
2013	23,427	5,765	186	8,092	37,470	4%	820
2012	26,275	6,015	26	12,080	44,396	4%	970
2011	29,455	6,260	89	14,586	50,390	5%	1,117
2010	32,495	6,500	150	15,484	54,629	6%	1,211
2009	31,520	4,545	191	7,185	43,441	5%	970
2008	33,650	5,715	167	7,525	47,057	6%	1,063
2007	29,810	12,400	350	7,749	50,309	7%	1,116
2006	31,755	13,480	653	8,053	53,941	7%	1,219

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

^a Population data can be found in demographic and economic statistics

CITY OF TEXAS CITY, TEXAS

Table 11

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA**

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Tax Year	General Obligation Bonds	Less Debt Service Funds	Net Bonded Debt	Net Bonded Debt to Assessed Value	Percentage of Personal Income ^a	Per Capita ^a
2015	2014	\$ 42,349	\$ 2,252	\$ 40,097	1%	4%	\$ 860
2014	2013	35,648	2,186	33,462	1%	3%	726
2013	2012	29,192	2,286	26,906	1%	3%	589
2012	2011	32,290	2,317	29,973	1%	3%	655
2011	2010	35,715	2,170	33,545	1%	4%	744
2010	2009	38,995	1,839	37,156	1%	4%	824
2009	2008	36,065	1,501	34,564	1%	4%	772
2008	2007	39,365	1,388	37,977	1%	5%	858
2007	2006	42,210	1,332	40,878	1%	5%	907
2006	2005	45,235	1,102	44,133	1%	6%	998

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

^a Population data can be found in demographic and economic statistics table.

CITY OF TEXAS CITY, TEXAS

Table 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2015

(dollars in thousands, except per capita)

<u> Taxing Jurisdiction </u>	<u> Gross Debt^a </u>	<u> Overlapping </u>	
		<u> Percentage </u>	<u> Amount </u>
College of the Mainland	\$ -	68.82%	\$ -
Dickinson Independent School District	281,550	17.89%	50,369
Galveston County	289,438	42.18%	122,085
La Marque Independent School District	22,901	72.76%	16,663
Texas City Independent School District	112,519	100.00%	<u>112,519</u>
Total Overlapping Debt			301,636
City Direct Debt	\$ 42,425	100.00%	<u>42,425</u>
Total Direct and Overlapping Debt			<u>\$ 344,061</u>
Population			45,671
Per Capita Debt-Direct and Overlapping Debt			<u>\$ 7,533</u>

Sources: Individual jurisdictions and/or Texas Municipal Reports.

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

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Water & Sewer Revenue Bonds

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2015	\$ 13,452,305	\$ 10,853,829	\$ 2,598,476	\$ 1,001,841	\$ 252,072	\$ 1,253,913	2
2014	13,308,844	10,756,596	2,552,248	974,725	278,728	1,253,453	2
2013	16,408,968	9,517,532	6,891,436	4,473,258	353,412	4,826,670	1
2012	13,840,262	10,177,748	3,662,514	1,504,851	582,896	2,087,747	2
2011	10,745,669	10,512,212	233,457	1,898,638	480,043	2,378,681	0
2010	10,490,254	8,546,937	1,943,317	1,381,171	522,716	1,903,887	1
2009	10,941,575	7,907,990	3,033,585	340,000	373,220	713,220	4
2008	10,299,065	7,679,238	2,619,827	325,000	388,170	713,170	4
2007	10,608,025	6,959,312	3,648,713	310,000	402,120	712,120	5
2006	10,651,390	6,767,480	3,883,910	300,000	415,470	715,470	5

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

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CITY OF TEXAS CITY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Table 14

Fiscal Year	Population (A)	Personal Income (in \$000's)	Per Capita Personal Income (A)	Median Age (A)	Education level in Years of Schooling (B)	School Enrollment (C)	Unemployment Rate (D)
2015	46,639	993,551	21,303	37.1	13.6	6,347	6.5%
2014	46,081	1,019,358	22,121	37.1	13.6	6,763	6.5%
2013	45,671	1,016,591	22,259	35.9	13.6	5,944	8.0%
2012	45,763	1,033,329	22,580	35.9	13.6	5,936	9.6%
2011	45,099	954,114	21,156	36.5	13.6	5,824	9.3%
2010	45,099	970,215	21,513	35.0	13.6	5,860	9.3%
2009	44,765	963,029	21,513	35.0	13.6	6,051	8.5%
2008	44,287	755,403	17,057	35.5	13.6	5,965	6.1%
2007	45,070	768,759	17,057	35.5	13.6	5,824	6.7%
2006	44,237	754,551	17,057	35.5	13.6	5,965	6.1%

(A) U.S. Census Bureau

(B) U.S. Census Bureau-population 25 years of age and over

(C) Texas Education Agency

(D) Bureau of Labor Statistics

CITY OF TEXAS CITY, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015		
	Employees	Rank	Percentage of Total City Employment
Marathon Galvesto Bay Refinery (formerly BP)	2,000	1	8%
INEOS Nova	1,150	2	5%
Texas City Independent School District	879	3	4%
Mainland Medical Center	725	4	3%
Valero Refining-Texas LP	500	5	2%
BP Chemical	360	6	1%
Dow (formerly Union Carbide Corporation)	335	7	1%
Marathon Petroleum Company	282	8	1%
College of the Mainland	280	9	1%
Ashland (formerly International Specialty Products)	175	10	1%
Eastman Chemical (formerly Sterling Chemicals)	-		0%
Sam's Club	-		0%
Total	6,686		27%

Source: Texas City-La Marque Chamber of Commerce

Table 15

2006		
Employees	Rank	Percentage of Total City Employment
2,300	1	12%
-		0%
879	2	4%
750	3	4%
500	4	3%
-		0%
335	6	2%
275	8	1%
280	7	1%
170	9	1%
450	5	2%
156	10	1%
6,095		31%

CITY OF TEXAS CITY, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Full-time Equivalent Employees as of Sept 30:

Function/Program	2015	2014	2013	2012
Governmental Activities:				
General Government	23	23	22	32
Public Safety	205	205	200	212
Public Works	99	97	95	96
Community Services	5	6	4	6
Parks and Recreation	117	111	115	126
Business Type Activities:				
Water & Sewer	52	48	45	44
Component Unit:				
Economic Development	2	2	2	2
Total	503	492	483	518

Source: City Budget

Table 16

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
32	29	38	39	38	37
219	218	211	211	204	188
104	98	104	104	105	105
7	7	7	7	7	7
202	215	215	214	217	219
45	45	45	45	45	45
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>611</u>	<u>614</u>	<u>622</u>	<u>622</u>	<u>618</u>	<u>603</u>

CITY OF TEXAS CITY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year Ending 9/30			
	2015	2014	2013	2012
General Government				
Finance:				
Number of accounts payable checks processed	9,228	9,152	8,862	8,521
Number of payroll checks processed	2,112	2,258	2,316	2,577
Number of budget amendments	25	19	22	31
Number of budget transfers	27	18	26	19
Public Safety				
Police:				
Number of police calls resulting in dispatch	118,793	38,629	60,300	112,970
Number of offense reports filed	12,337	11,615	10,859	10,951
Number of citation issued	24,631	24,953	17,096	16,626
Total police arrests made (adult)	5,268	5,540	4,800	4,252
Total police arrests made (juvenile)	152	110	16	144
Dispatched calls per patrol officer	1,764	757	n/a	n/a
Motor vehicle accidents	1,429	1,662	2,104	1,545
Number of burglaries	349	664	711	353
Number of motor vehicle thefts	181	118	87	63
Average response time in minutes	5	4	4	6
Fire:				
Total number fire responses-residential	37	2	60	39
Total number fire responses-other	151	32	166	107
Fires investigated	188	7	15	1
Total annual inspections	2,107	2,289	1,487	1,805
Average response time in minutes	7	6	5	6
Calls for service	8,457	913	7,062	5,274
Total EMS responses - residential	3,010	n/a	n/a	n/a
Total EMS responses - other	3,510	n/a	n/a	n/a
Average response time - EMA - in minutes	7	n/a	n/a	n/a
Patients treated	5,477	4,706	4,868	4,134
Municipal Court:				
Total traffic violations filed	21,529	21,943	14,467	13,932
Total state law violations filed	1,949	2,063	1,760	1,154
Total city ordinance violations filed	1,061	947	998	821
Total parking violations filed	28	41	25	29
Public Works				
Fleet Maintenance:				
Vehicle maintenance service requests	298	292	303	1,000
Vehicle maintenance repair requests	515	550	726	700
Other public works:				
Tons of Residential refuse	21,930	21,310	21,310	22,619
Tons of commercial refuse	21,300	20,700	20,700	21,852
Work orders completed	823	986	983	1,100
Number of recycling participants	19,981	22,831	22,831	15,131

Table 17
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Fiscal Year Ending 9/30					
2011	2010	2009	2008	2007	2006
9,221	11,348	11,467	14,513	13,778	12,968
3,146	3,462	3,922	4,612	4,453	5,131
17	7	26	22	14	12
14	8	6	26	37	25
89,391	76,982	83,581	84,562	69,217	72,862
10,733	11,540	12,016	12,395	12,341	12,874
15,514	15,143	18,602	17,992	n/a	n/a
3,775	4,211	4,891	4,733	3,967	4,158
165	230	180	203	129	146
531	n/a	n/a	n/a	845	899
1,442	1,678	2,051	1,907	1,912	2,188
353	411	485	555	526	767
66	101	119	125	165	176
7	6.23	6.56	5.48	n/a	n/a
49	34	47	76	157	157
190	959	411	404	543	1,005
15	12	3	8	21	14
1,337	1,145	284	209	386	607
6	4.15	6.56	6.63	5.83	n/a
6,815	6,884	5,723	4,696	4,454	5,004
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
4,430	4,591	4,612	3,972	4,691	4,832
13,328	12,939	15,376	18,494	10,823	9,052
1,729	2,071	2,320	766	2,306	2,288
1,112	1,118	1,645	1,789	1,042	879
23	38	64	16	43	104
1,042	537	632	535	760	721
714	713	886	836	1,394	1,167
21,958	30,875	30,601	32,333	31,310	29,256
7,962	16,451	15,517	17,899	16,687	15,699
705	1,324	1,262	1,450	1,351	1,232
17,014	38,838	41,039	39,611	37,513	37,189

CITY OF TEXAS CITY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year Ending 9/30			
	2015	2014	2013	2012
Parks and Recreation				
All Parks and recreation:				
Total number of attendance at events	194,329	249,913	2,500,000	2,500,000
Number of recreation classes offered	44	44	60	60
Community Services				
Building Inspections:				
Total building permits issued-residential (new)	640	739	718	559
Total building permits issued-non-residential (new)	276	264	372	522
Community Development:				
Total code violation cases	400	750	986	1,700
Total housing rehabilitation	3	7	12	16
Total first time homebuyers	3	4	5	15
Total demolition of condemned structures	34	19	34	23
Total rat bait distributed (in pounds)	n/a	623	288	500
Total mowed vacant lots	133	750	700	800
Water and Sewer				
Distribution and Collection:				
Total water work orders	2,058	2,125	2,300	1,500
Total sewer work orders	1,618	1,400	889	1,200
Water Production:				
Water produced - wells (well only in millions)	2	79	14	9
Combined gallons of water produced (well and surface in millions)	2,034	2,059	2,030	2,160
Billing & Collections:				
Annual meter reads	173,703	170,000	169,765	170,000
Wastewater Treatment:				
Wastewater treated (in millions of gallons)	1.9	1.3	2.0	2.0

Sources: Various city departments.

Table 17
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Fiscal Year Ending 9/30					
2011	2010	2009	2008	2007	2006
2,500,000	2,500,000	2,518,404	773,556	813,793	772,490
60	60	60	57	57	50
465	648	1,831	1,313	173	196
524	383	559	477	8	8
1,756	1,173	743	593	1,097	n/a
7	15	7	16	19	5
8	8	11	9	12	9
27	45	39	33	11	17
534	434	537	580	725	n/a
813	528	562	112	153	216
1,557	1,557	1,060	1,766	1,845	n/a
1,263	1,263	681	1,506	1,601	n/a
9	9	13.6	4.8	4.8	11.9
2,154	2,154	2,307	2,104	2,104	2,101
167,569	167,569	168,570	169,750	166,860	165,096
2.0	2.0	1.7	2.9	2.9	2.1

CITY OF TEXAS CITY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012
Public Safety				
Police:				
Police stations	1	1	1	1
Police vehicles	112	112	112	112
Fire stations:				
Fire stations	3	3	3	3
Fire vehicles	30	30	30	30
Public Works				
Other public works:				
Streets (miles) ^a	297	297	297	297
Highways (miles) ^a	n/a	n/a	n/a	n/a
Streetlights	3,628	3,628	3,628	3,628
Traffic signals	47	47	51	51
Recycling Center	1	1	1	1
Parks and Recreation				
Parks and recreation:				
Acreage	125	125	125	125
Parks	42	42	42	42
Pools	2	2	2	2
Fitness Center	1	1	1	1
Natatorium	1	1	1	1
Rental Facilities	6	6	6	6
Pavilions & Shelters	4	4	4	4
Shooting Range	1	1	1	1
Museums	1	1	1	1
Fountains (Decorative)	9	9	9	9
Statues (Bronze)	50	50	50	50
Golf Course	1	1	1	1
Library	1	1	1	1
Gymnasiums	3	3	3	3
Water and Sewer				
Water Production:				
Water wells	11	11	11	11
Pressure reducing stations	14	14	14	14
Ground storage tanks	8	8	8	8
Elevated towers	5	5	5	5
Wastewater:				
Treatment Plants	1	1	1	1
Lift Stations	36	36	36	36
Distribution and Collection:				
Water mains (miles)	249	249	249	249
Sanitary sewers (miles)	207	207	207	207

Sources: Various city departments.

^a Inside city limits

Table 18

2011	2010	2009	2008	2007	2006
1	1	1	1	1	1
112	112	112	112	112	112
3	3	3	3	3	3
30	30	30	30	30	30
297	297	297	297	297	297
n/a	n/a	n/a	n/a	n/a	n/a
3,628	3,628	3,628	3,628	3,628	3,628
51	51	51	51	51	51
1	1	1	1	1	1
125	125	125	125	125	125
42	42	42	42	42	42
2	2	3	4	4	4
1	1	1	1	1	1
1	1	1	1	1	n/a
6	6	6	6	6	6
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
9	9	9	9	9	9
50	50	50	50	50	50
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
11	11	11	11	11	11
14	14	14	14	14	14
8	8	8	8	8	8
5	5	5	5	5	5
1	1	1	1	1	1
36	36	36	36	36	36
249	249	249	249	249	249
207	207	207	207	207	207