

CITY OF LAKE JACKSON, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

PAM EAVES, FINANCE DIRECTOR

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CITY OF LAKE JACKSON

Lake Jackson, Texas

*Comprehensive Annual Financial Report
For the Year Ended September 30, 2014*

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INTRODUCTORY SECTION

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CITY OF LAKE JACKSON

25 OAK DRIVE • LAKE JACKSON, TEXAS 77566-5289 • 979-415-2400 • FAX 979-297-9804

March 25, 2015

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

We are pleased to submit the Comprehensive Annual Financial Report for the City of Lake Jackson, Texas (the City) for the fiscal year ended September 30, 2014. The City's Finance Department prepared this report in conjunction with our auditors, Kennemer, Masters and Lunsford, LLC. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

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

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

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

PROFILE OF THE CITY

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

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

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

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

HISTORY AND BACKGROUND

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

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

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

AREA ECONOMY

The Dow Chemical Company (Dow), the world's leading producer of chemicals and plastics, continues to be the major contributor to the area economy. Dow employs over 53,000 people globally. Dow's more than 6,000 products are manufactured at 201 sites in 35 countries across the globe. Texas Operations in Freeport, TX, is Dow's largest integrated site. The four major complexes – Plant A, Plant B, Oyster Creek and Salt Dome – operate as an integrated unit spanning 7,000 acres. The site contains more than 3,200 acres of waterways and pipeline corridors and houses more than 1,900 buildings across the site. The products manufactured on site are transported by rail, truck, marine vessels and pipeline to customers around the world. Texas Operations manufactures more than 44 percent of Dow's products sold in the United States and more than 20 percent of Dow's products sold globally

At its Freeport site, construction is well underway on over \$4 billion in planned projects.

- A new Propylene production unit is expected to start up later this year adding 80 permanent jobs
- AgroSciences plant to be completed in 2015 adding 10 permanent jobs
- Ethylene Cracker, construction underway to be complete in 2017. 2000 contractor jobs, 100 permanent jobs
- Polyolefins and Elastomers plant will begin construction in 2015 and be on line in 2017. 1200 contract jobs and 80 permanent jobs

Additionally as part of The Dow Chemical Company's ongoing commitment to innovation, a new Research & Development (R&D) facility in Lake Jackson is nearing completion. The Texas Innovation Center will house state-of-the-art laboratory facilities and technical expertise centers. Upon completion of all phases in 2016, the facility will be a global research and development hub of modern lab and office facilities for more than 2,000 employees.

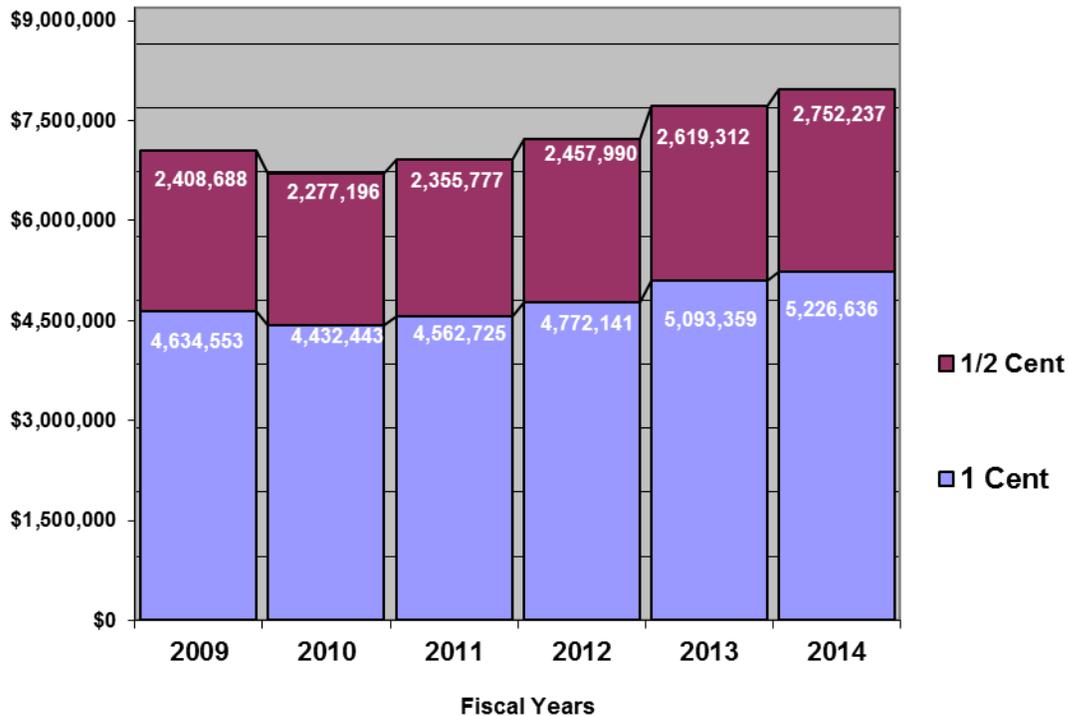
Of equal importance to the booming area economy is Freeport LNG receiving final regulatory approval for its natural gas liquefaction project. The LNG terminal was originally constructed to import natural gas and is now being expanded to liquefy and export natural gas to take advantage of the abundance of natural gas being produced in the Eagle Ford Shale and other fracturing regions. Construction of the \$ 14 Billion project will take four to five years and generate 3,500 construction jobs.

The economic impact to the city of these projects is already being felt. Sales Tax year to date in FY 2015 is up over 13% compared to the same time period last year.

CITY ECONOMY

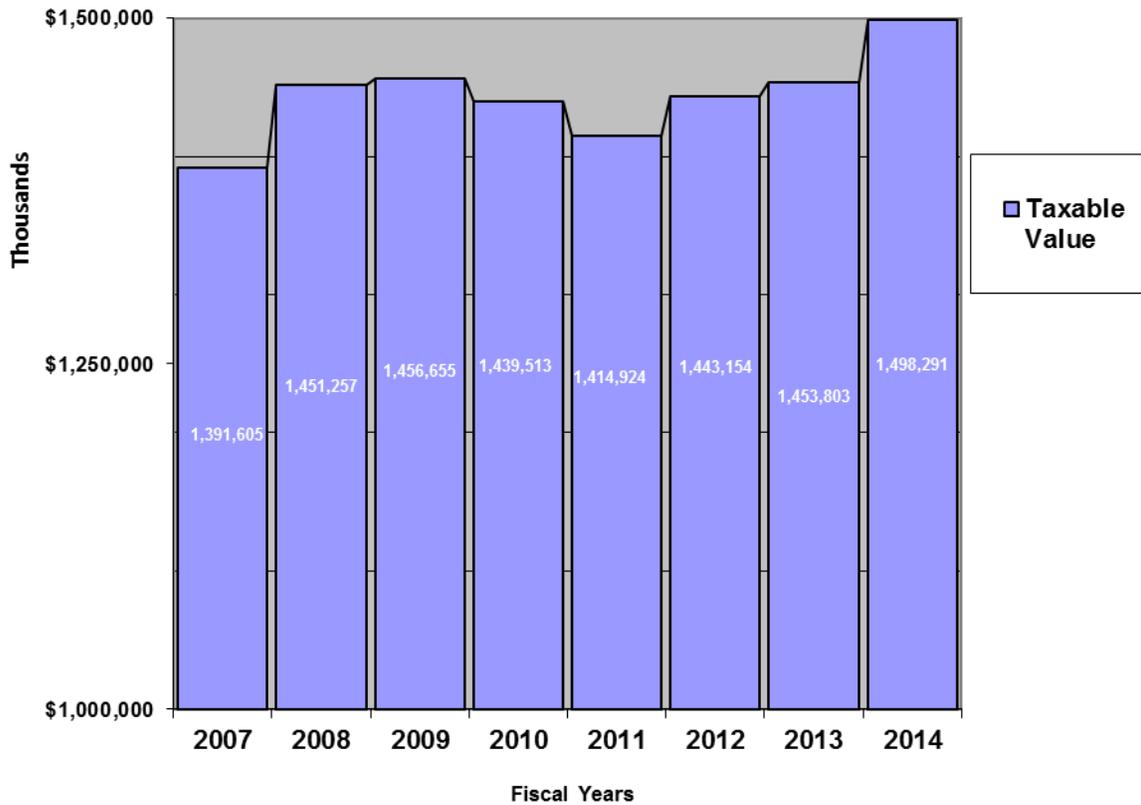
The City's portion of the 8.25% sales tax rate is 1.5% -- of which 1% is allocated to the General Fund, and ½ % is allocated to the Economic Development Fund. In fiscal 2014, sales tax collections totaled \$ 7,978,873, a 3.5% increase from the previous year. Of the total sales tax revenue, approximately \$ 5.2 million was allocated to the General Fund, and approximately \$ 2.8 million to the Economic Development Fund.

Sales Tax Revenue



For the second straight year taxable assessed values have increased. The values for the 2014 tax year (fiscal year 2015) have increased approximately 3.7%. With construction underway on the Creekside subdivision, the completion of phase I of the Dow Innovation Center, the new HEB store nearing completion, and two new apartment complexes under construction, it is anticipated this upward trend will accelerate.

Taxable Assessed Property Valuations



MAJOR ISSUES AND INITIATIVES

Water and Sewer north of the City.

In June, 2013 we issued \$ 2 million in Water and Sewer Revenue Bonds and in October 2013 we issued \$ 1.5 million in Certificates of Obligation. The proceeds funded \$ 1 million in utility upgrade, maintenance and repair type projects. The remaining \$ 2.5 million will be to extend a base water system to the Texas Gulf Coast Airport and surrounding properties. Engineering for this project is nearing completion and it should be out for bid before summer.

Additionally engineering for the wastewater phase of this project has been approved and is underway. Engineering is expected to be complete near the end of the calendar year. At that time, we anticipate issuing \$ 4.5 million Water and Sewer revenue bonds to fund construction of this project.

The City expects readily available water and sewer to attract industrial and commercial development on properties surrounding the airport as well as facilitate the development of the 990 acres owned by Cresco Companies. Conceptual plans for this area include 2,200 +/- single family residential units, 630+/- multi-family residential units, and approximately 185 acres of commercial development

Downtown Revitalization

In June, 2013, \$ 2 million in Certificates of Obligations (CO's) were issued to fund the construction of the South Parking Place portion of the Downtown revitalization. Along with street, water, sewer and pedestrian improvements the South Parking Place project will include a pavilion. It is planned the pavilion will host such events as a farmers market several times a year. Plans for this project are nearing completion and it will be out for bid this summer.

Looking ahead.

The developer has begun construction of the 103 acre Creekside Subdivision. This summer should bring the first of what will eventually be 224 single family homes.

Two new multi-family complexes are under construction and should near completion this fiscal year. This will add 512 apartment units.

A section 380 agreement has been signed as a development incentive for a new Courtyard by Marriot hotel at the Brazos Mall.

The HEB store and strip center will open this year.

The Dow innovation office building will open in June 2015 followed by two lab buildings in 2016 and 2017.

Several other retail/restaurant projects are either under construction or in the planning stages.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

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

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

Budgetary Controls. The City maintains a system of budgetary controls. The objective of these budgetary controls is to ensure compliance with the annual budget appropriations ordinance approved by City Council. Activities of each of the City's funds are included in the appropriations ordinance. Annual budgets are adopted for all significant governmental fund types (general fund, special revenue funds, and debt service funds) and proprietary fund type (enterprise fund). The budgets for the capital projects funds are prepared on a project basis with costs being incurred over the project period. The City's Finance Office monitors expenditure activity on a monthly basis

against budgeted amounts and reports significant variances to the city manager, who in turn reports to the City Council. A financial report is submitted to the City Council on a monthly basis. The City continues to follow and improve upon its strong and fiscally conservative policies that lead to its sound financial condition.

DEBT ADMINISTRATION

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

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Lake Jackson for its comprehensive annual financial report for the fiscal year ended September 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ACKNOWLEDGMENTS

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

Respectfully submitted,



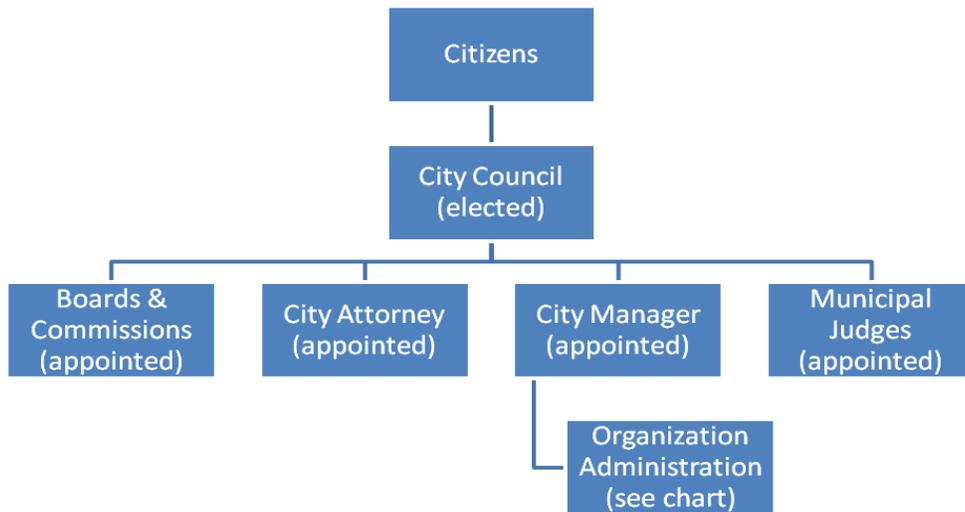
William P. Yenne
City Manager



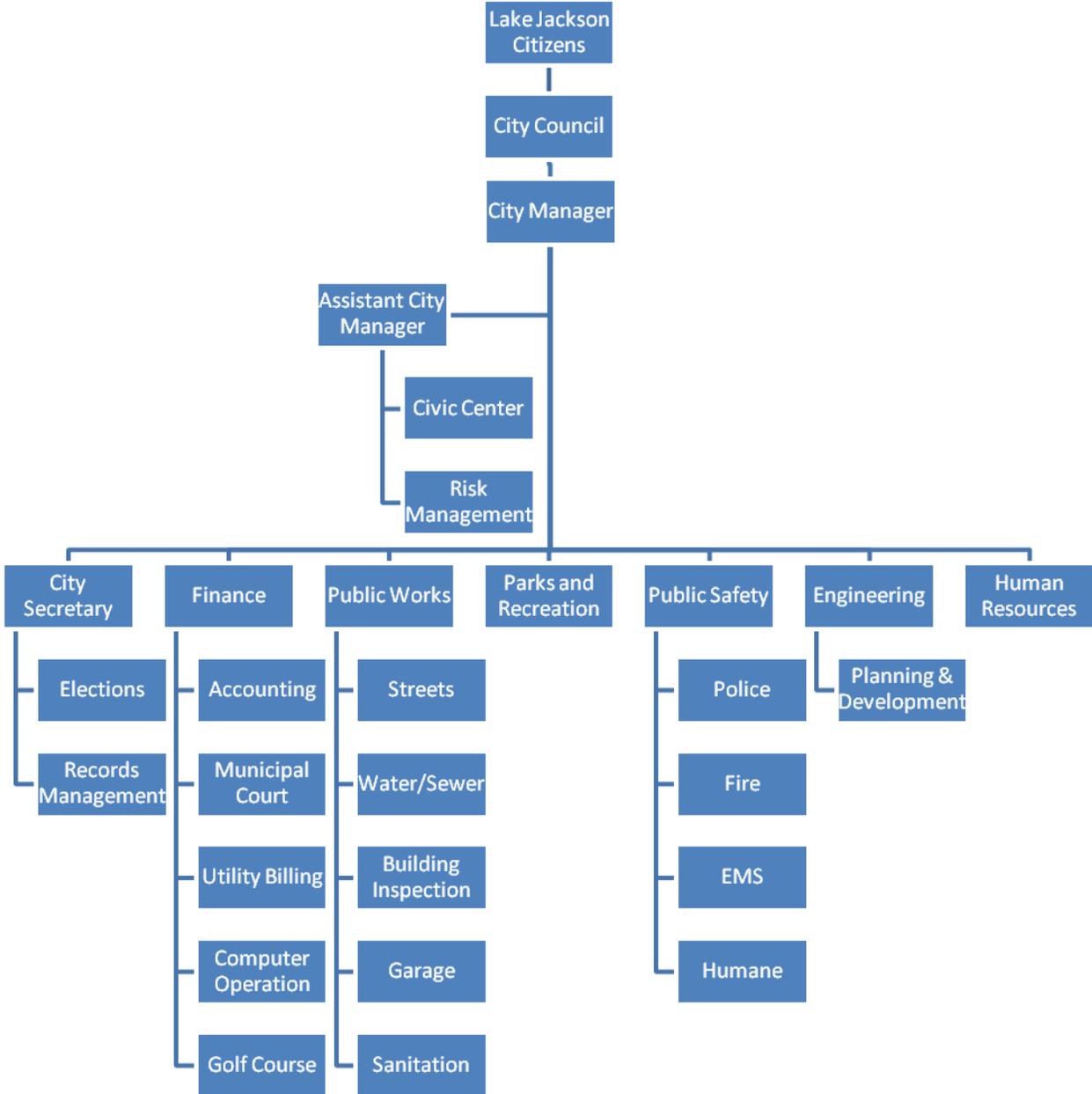
Pamela K. Eaves, CPA
Finance Director

City of Lake Jackson

Council-Manager Government



Organization Administration Chart



Elected Officials

	Official	Title	Years Of Service	Term Expire	Occupation
*	Joe Rinehart	Mayor	3	2016	Retired
	Heather Melass	Councilmember	4	2015	Retired
**	Will Brooks	Councilmember	3	2016	Engineer
***	Gerald Roznovsky	Councilmember	2	2015	Business Owner
	Ralph “Buster” Buell	Councilmember	1	2016	Retired
	Jon Baker	Councilmember	4	2015	Law Enforcement

* Served as Councilmember 2003-2009 before becoming Mayor.

** Served as Councilmember 2008-2010.

*** Served as Councilmember 2005-2011.

City Officials

	Name	Title	Length of Service
*	<i>William P. Yenne</i>	<i>City Manager</i>	<i>35 years</i>
	<i>Modesto Mundo</i>	<i>Asst. City Manager</i>	<i>20 years</i>
	<i>Pam Eaves, CPA</i>	<i>Finance Director</i>	<i>25 years</i>
	<i>Salvador Aguirre</i>	<i>City Engineer</i>	<i>36 years</i>
	<i>Sherri Russell</i>	<i>City Attorney</i>	<i>8 years</i>
	<i>First Southwest Company</i>	<i>Financial Advisors</i>	<i>10 years</i>

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lake Jackson Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2013

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Enow

Executive Director

FINANCIAL SECTION

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Kennemer, Masters & Lunsford

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

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

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

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10850 Richmond Ave., Suite 135
Houston, Texas 77042
281-974-3416

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund, and budgetary comparison information of the City of Lake Jackson (the "City") as of and for the year ended September 30, 2014, 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.

www.kmandl.com – Email: kmkw@kmandl.com

Members: American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants,
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To The Honorable Mayor and
Members of Council
City of Lake Jackson
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund, and budgetary comparison of the City of Lake Jackson, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Texas Municipal Retirement System and Texas Emergency Services Retirement System schedule of funding progress on pages 5 through 15 and pages 80 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

To The Honorable Mayor and
Members of Council
City of Lake Jackson
Page 3

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kennemer, Masters & Burdord, LLC

Lake Jackson, Texas
March 25, 2015

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CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

As management of the City of Lake Jackson, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ix-xvi of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Lake Jackson exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 83,982,785 (net position). This number must be viewed in the context that the vast majority of the City's net position of \$ 57,488,005 (68.45%) are investments in capital assets (e.g. land, buildings, improvements, equipment, machinery, construction in progress), less any debt used to acquire those assets that is still outstanding. Most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position externally restricted for specific purposes totals \$ 8,654,140 (10.31%). The remaining \$ 17,840,640 (21.24%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 24,344,939. Within this total, \$ 90,320 is non-spendable, \$ 8,616,997 is restricted by specific legal requirements, such as debt covenants, \$ 801,448 has been committed for general contingency purpose, and \$ 8,191,765 has been assigned to specific types of expenditures.
- At the end of the current fiscal year, the general fund balance was \$ 13,824,396. Of this amount, \$ 90,320 is non-spendable, \$ 801,448 has been committed for general contingency purpose, and \$ 6,288,219 has been assigned primarily for equipment replacement. The remaining \$ 6,644,409 is unassigned and can be used for any lawful purpose.

Overview of the Financial Statements

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

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

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

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

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

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

The government-wide financial statements can be found on pages 18-21 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen (15) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Economic Development Fund (special revenue fund), General Debt Service Fund, and 2013 Infrastructure Fund (capital projects fund); all of which are considered to be major funds. Data from the other eleven (11) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental funds financial statements can be found on pages 22-30 of this report.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Proprietary Funds. The City maintains one category of *proprietary funds* - Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its water and sewer, golf, and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 32-36 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-78 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 80-81 of this report. The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 83-165 of this report.

The statistical section can be found on pages 167-191 of this report following the other schedules. The continuing financial disclosures can be found on pages 195-212 of this report following the statistical section.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Lake Jackson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 83,982,785 as of September 30, 2014.

CITY OF LAKE JACKSON'S NET POSITION

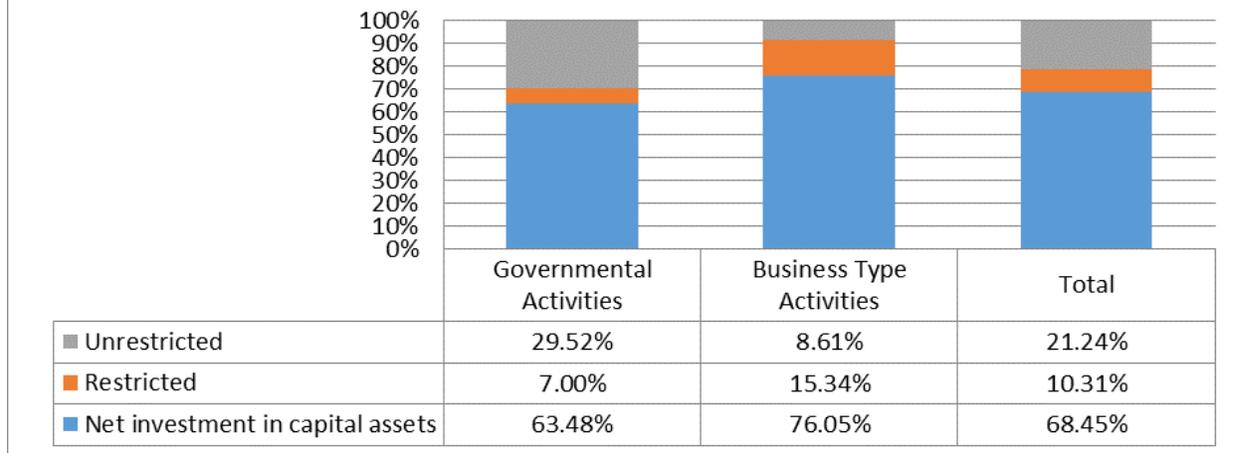
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 26,553,533	\$ 27,265,327	\$ 9,868,305	\$ 9,399,723	\$ 36,421,838	\$ 36,665,050
Capital assets	57,059,815	56,551,393	35,476,878	36,532,228	92,536,693	93,083,621
Total assets	83,613,348	83,816,720	45,345,183	45,931,951	128,958,531	129,748,671
Deferred outflows of resources	78,131	88,039	132,304	155,786	210,435	243,825
Total deferred outflows of resources	78,131	88,039	132,304	155,786	210,435	243,825
Long-term liabilities	31,265,820	32,627,564	10,163,110	11,370,796	41,428,930	43,998,360
Other liabilities	1,672,866	1,461,755	2,043,884	1,930,588	3,716,750	3,392,343
Total liabilities	32,938,686	34,089,319	12,206,994	13,301,384	45,145,680	47,390,703
Deferred inflows of resources			40,501	70,876	40,501	70,876
Total deferred inflows of resources	-0-	-0-	40,501	70,876	40,501	70,876

(continued)

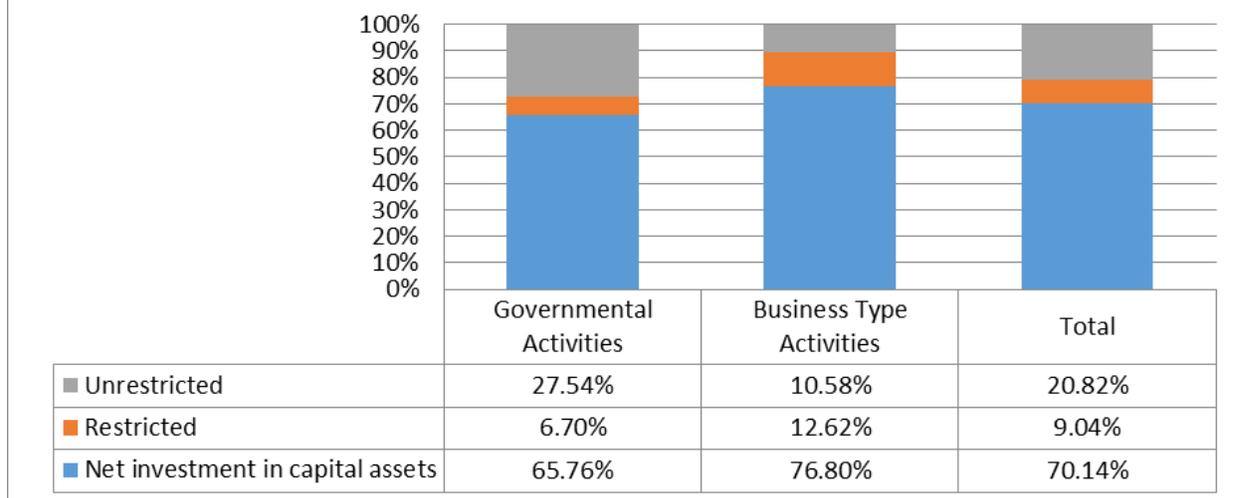
CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net Position:						
Net investment in capital assets	\$ 32,216,296	\$ 32,758,260	\$ 25,271,709	\$ 25,127,439	\$ 57,488,005	\$ 57,885,699
Restricted	3,555,361	3,336,660	5,098,779	4,128,057	8,654,140	7,464,717
Unrestricted	<u>14,981,136</u>	<u>13,720,520</u>	<u>2,859,504</u>	<u>3,459,981</u>	<u>17,840,640</u>	<u>17,180,501</u>
Total net position	<u>\$ 50,752,793</u>	<u>\$ 49,815,440</u>	<u>\$ 33,229,992</u>	<u>\$ 32,715,477</u>	<u>\$ 83,982,785</u>	<u>\$ 82,530,917</u>

2014 Percentage of Net Position by Type



2013 Percentage of Net Position by Type



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
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As of September 30, 2014, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate categories- governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$ 1,189,423 in restricted net position and a decrease of \$ 397,694 net investment in capital assets. The increase in restricted net position and the decrease in net investment in capital assets, resulted from the new construction project and issuance of the new long-term debt.

Analysis of the City's Operations

Governmental Activities: Governmental activities increased the City of Lake Jackson's net position by \$ 937,353. The increase mainly reflects the increase in charges for services, and sales taxes.

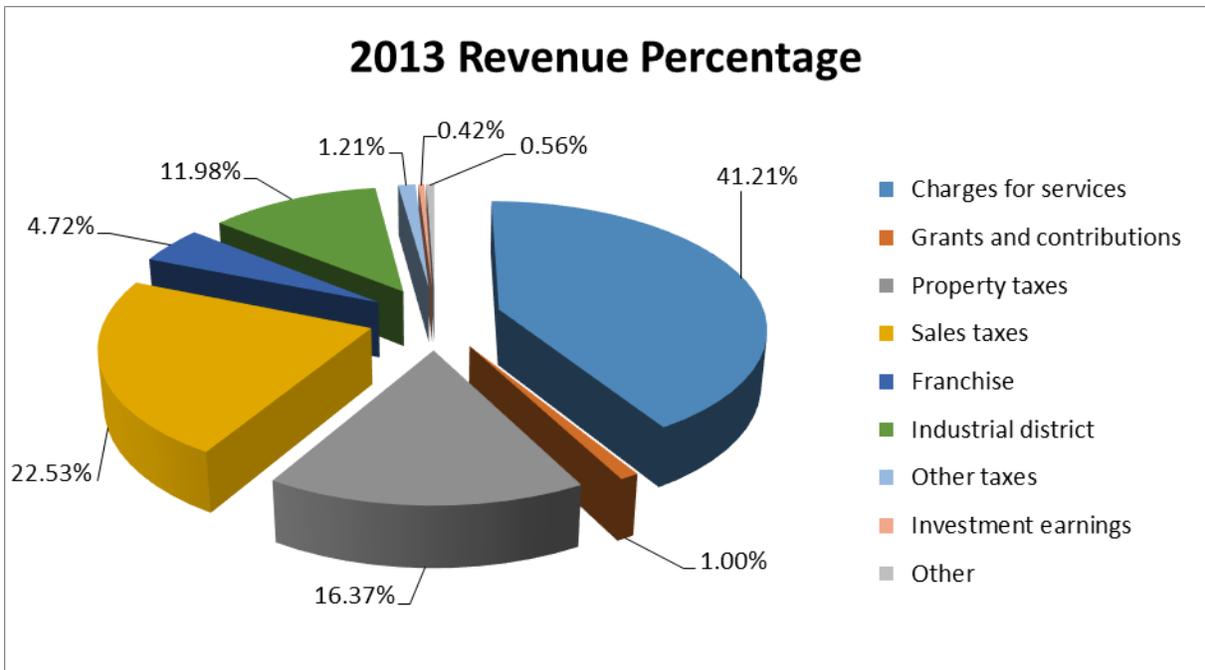
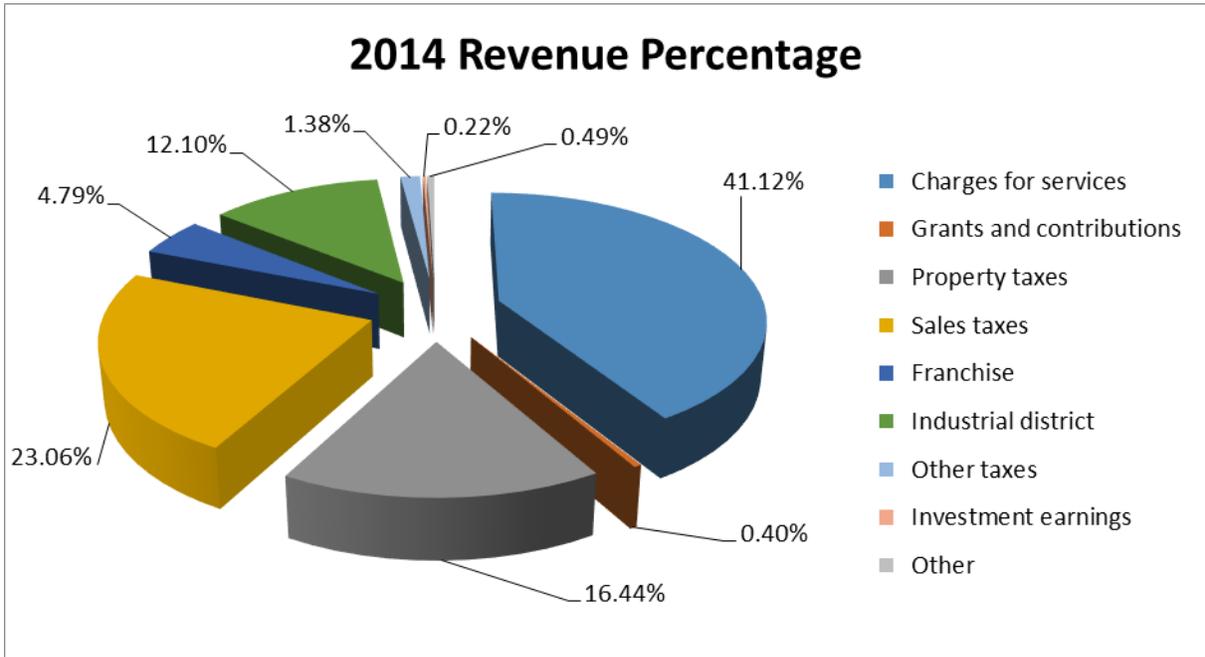
Total revenues for governmental activities increased from the previous year by \$ 540,290 (2.46%).

Program revenues increased from last year by \$ 70,434. This is a result of an increase in charges for services.

General revenues increased from last year by \$ 469,856. This is mainly resulted from increase in property taxes, sales taxes, and industrial district revenue.

Business-type Activities: Business activities increased the City's net position by \$ 514,515 (1.57%). Total revenues decreased from the prior year by \$ 175,424 and total expenses increased from the prior year by \$ 144,534 respectively. Total revenues decreased from the prior year, due to a decrease in water/sewer consumption. Total expenses increased at a normal rate of about 1.20%. The major increases in 2014 expenses were sanitation operating expenses.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014



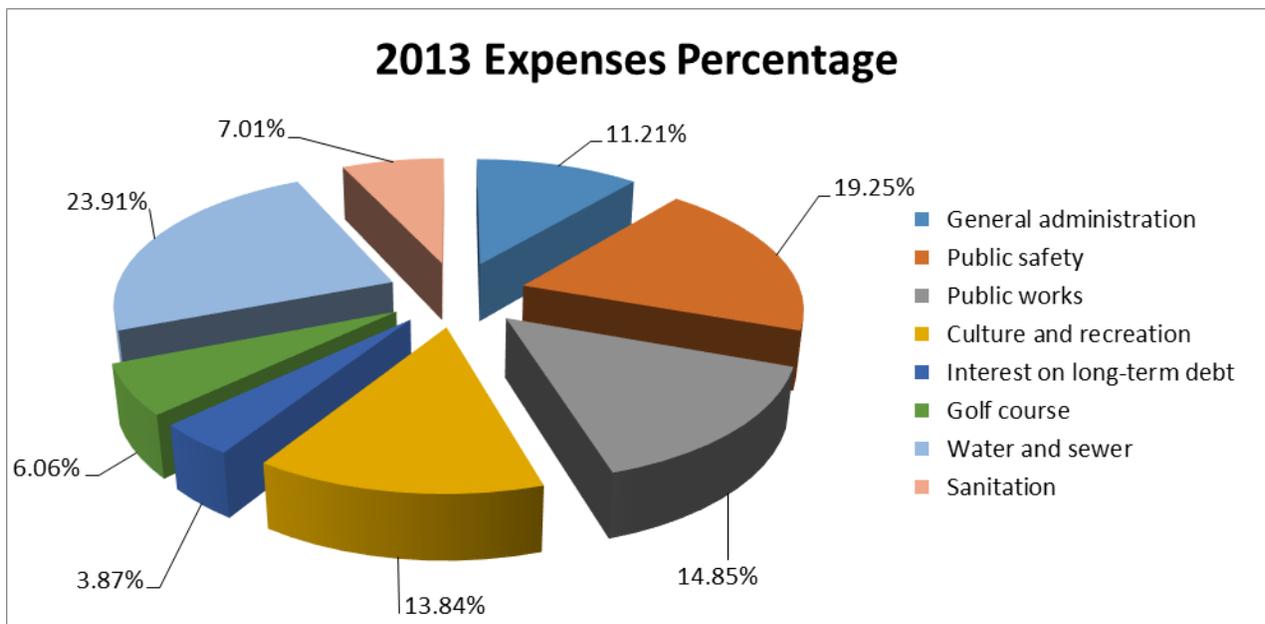
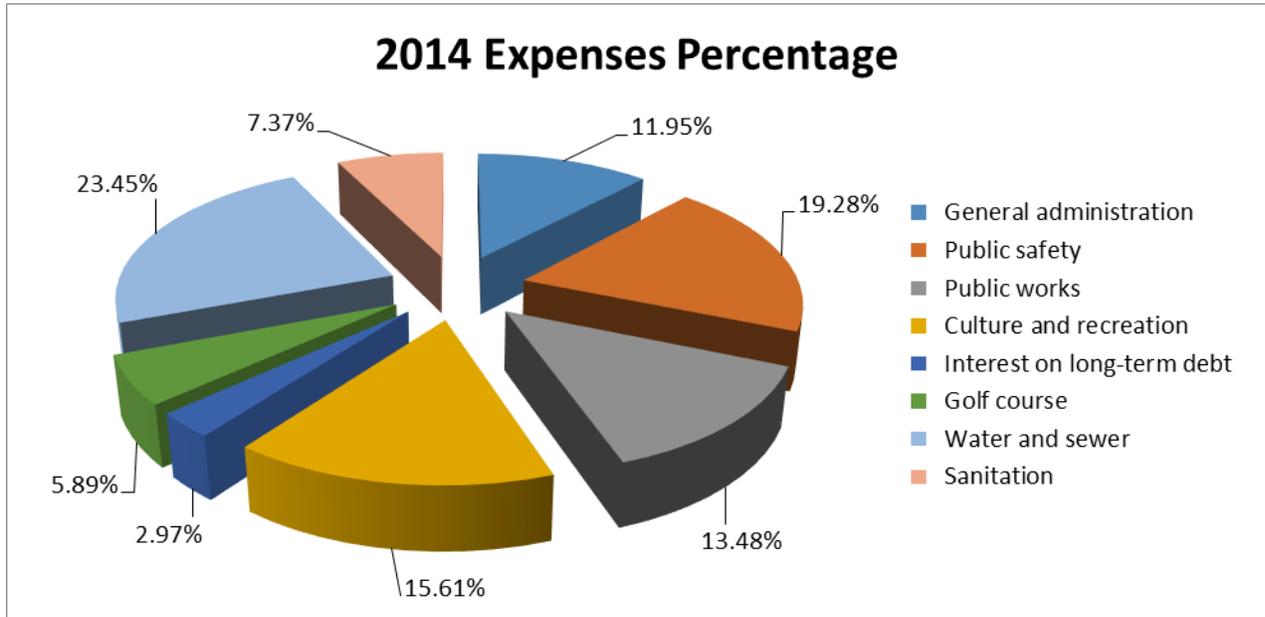
The following table provides a summary of the City's operations for the year ended September 30, 2014 with comparative tables for the year ended September 30, 2013.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

CITY OF LAKE JACKSON'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 2,315,501	\$ 1,946,826	\$ 11,913,286	\$ 12,163,129	\$ 14,228,787	\$ 14,109,955
Operating grants and contributions	6,613	304,854			6,613	304,854
Capital grants and contributions			133,195	36,214	133,195	36,214
General Revenues:						
Property taxes	5,687,918	5,606,122			5,687,918	5,606,122
Sales taxes	7,978,873	7,712,671			7,978,873	7,712,671
Franchise taxes	1,657,659	1,616,709			1,657,659	1,616,709
Occupancy taxes	311,774	274,101			311,774	274,101
Alcoholic beverages taxes	77,951	44,413			77,951	44,413
Criminal justice taxes	19,200	28,097			19,200	28,097
Apartment taxes	67,133	69,036			67,133	69,036
Industrial district	4,186,100	4,100,000			4,186,100	4,100,000
Investment earnings	61,941	107,960	14,192	36,754	76,133	144,714
Miscellaneous	142,508	191,495			142,508	191,495
Gain on sale of Capital assets	29,403				29,403	-0-
Total revenues	<u>22,542,574</u>	<u>22,002,284</u>	<u>12,060,673</u>	<u>12,236,097</u>	<u>34,603,247</u>	<u>34,238,381</u>
Expenses:						
General government and administration	3,963,493	3,644,827			3,963,493	3,644,827
Public safety	6,391,647	6,260,664			6,391,647	6,260,664
Public works	4,467,635	4,827,784			4,467,635	4,827,784
Culture and recreation	5,173,328	4,501,507			5,173,328	4,501,507
Interest on long-term debt	985,786	1,258,756			985,786	1,258,756
Water and sewer			7,775,096	7,774,236	7,775,096	7,774,236
Sanitation			2,442,771	2,278,112	2,442,771	2,278,112
Golf course			1,951,623	1,972,608	1,951,623	1,972,608
Total expenses	<u>20,981,889</u>	<u>20,493,538</u>	<u>12,169,490</u>	<u>12,024,956</u>	<u>33,151,379</u>	<u>32,518,494</u>
Increase (decrease) in net position before transfers and contributions	1,560,685	1,508,746	(108,817)	211,141	1,451,868	1,719,887
Transfers	(623,332)	595,525	623,332	(595,525)	-0-	-0-
Change in net position	937,353	2,104,271	514,515	(384,384)	1,451,868	1,719,887
Net position, October 1	<u>49,815,440</u>	<u>47,711,169</u>	<u>32,715,477</u>	<u>33,099,861</u>	<u>82,530,917</u>	<u>80,811,030</u>
Net position, September 30	<u>\$ 50,752,793</u>	<u>\$ 49,815,440</u>	<u>\$ 33,229,992</u>	<u>\$ 32,715,477</u>	<u>\$ 83,982,785</u>	<u>\$ 82,530,917</u>

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014



Financial Analysis of the City's Funds

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

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

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

As of the end of the current fiscal year, the City of Lake Jackson's governmental funds reported combined ending fund balances of \$ 24,344,939. 27.29% of this total amount (\$ 6,644,049) constitutes unassigned fund balance. The remainder of the fund balance has already been categorized as 1) non-spendable (\$ 90,320), 2) restricted (\$ 8,616,997), 3) committed (\$ 801,448), and 4) assigned (\$ 8,191,765).

In the General Fund, the City budgeted for a fund balance decrease of \$ 907,607. This included budgeting a \$ 1,000,000 transfer to the General Construction Fund. This transfer reflects the fiscal year 2013 budget savings. Due to actual revenue being more than budgeted, and actual expenditures being less than budgeted, the actual fund balance change was an increase for fiscal year 2014 of \$ 715,257. This better than budget performance is due to the City's continued emphasis on expenditure control, and conservative budgeting of revenues.

The Economic Development fund is used to account for revenue from the half-cent sales tax. In 2014, the half-cent sales tax revenue and investment income in the Economic Development fund were more than the budget, and total expenditures and transfers out were less than budget. As a result, the Economic Development fund balance increased by \$ 120,068.

The Debt Service fund balance increased by \$ 8,406, which was consistent with the City's budget.

The 2013 infrastructure fund balance decreased by \$ 1,781,616 due to planned capital outlay expenditures.

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

Unrestricted net position at September 30, 2014 amounted to \$ 2,859,504. Total net position increased \$ 514,515. In 2014, the increase in net position for proprietary funds was a combination of a \$ 868,653 increase in the Enterprise Fund and a \$ 354,138 decrease in the Golf Course Fund. Other factors concerning these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights. Sales tax revenue continued its recovery and exceeded expectations by finishing the year in excess of 2.14% over budget. Licenses and permits revenue exceeded budgeted amounts by 63.45% as the result of the growth of the construction projects in the area. Also Municipal Court revenues exceeded budgeted amounts by more than 31.18% as the result of a more concerted collection effort.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

The City's general fund expenditure budget exceeded the actual expenditures by \$ 832,116 primarily due to overall spending control. It is the City's policy to transfer budget savings in the General Operating Funds to the Capital Project Fund and/or the Park Fund. In fiscal year 2014, the City transferred fiscal 2013 budget savings of \$ 1,000,000 to the General Construction Fund.

Capital Assets

The City of Lake Jackson's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$ 92,536,693 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment and vehicles, infrastructure and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$ 546,928. (\$ 508,422 increase for governmental activities and \$ 1,055,350 decrease in business-type activities).

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

- Fire Truck purchase of \$ 709,567,
- Street and sidewalk improvements totaling \$ 1,686,144,
- Drainage improvements of \$ 391,256, and
- Water/sewer improvements totaling \$ 660,120

**Capital Assets at Year-end
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,397,003	\$ 2,397,003	\$ 3,821,585	\$ 3,821,585	\$ 6,218,588	\$ 6,218,588
Buildings	14,525,025	15,068,989	1,669,652	1,863,312	16,194,677	16,932,301
Improvements other than buildings	7,748,477	8,052,669	14,910,029	15,370,380	22,658,506	23,423,049
Furniture, equipment and vehicles	4,144,371	3,850,074	2,221,298	2,427,513	6,365,669	6,277,587
Infrastructure	22,234,387	17,418,358	12,494,808	13,026,593	34,729,195	30,444,951
Construction in progress	<u>6,010,552</u>	<u>9,764,300</u>	<u>359,506</u>	<u>22,845</u>	<u>6,370,058</u>	<u>9,787,145</u>
Total	<u>\$ 57,059,815</u>	<u>\$ 56,551,393</u>	<u>\$ 35,476,878</u>	<u>\$ 36,532,228</u>	<u>\$ 92,536,693</u>	<u>\$ 93,083,621</u>

Additional information on the City of Lake Jackson's capital assets can be found in Note 5 on pages 57-60 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Lake Jackson had a total bonded debt and notes payable of \$ 39,180,000. Of this amount, \$ 29,035,000 is comprised of bonded debt backed by the full faith and credit of the City. These bonds will be retired with revenues from property and sales taxes. The remaining \$ 10,145,000 represents bonds secured by water and sewer revenues.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Outstanding Long-Term Debt at Year End

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Certificates of obligations	\$ 7,400,000	\$ 6,250,000	\$	\$	\$ 7,400,000	\$ 6,250,000
Limited tax bonds	21,635,000	24,090,000			21,635,000	24,090,000
Revenue bonds			10,145,000	11,345,000	10,145,000	11,345,000
Total	<u>\$ 29,035,000</u>	<u>\$ 30,340,000</u>	<u>\$ 10,145,000</u>	<u>\$ 11,345,000</u>	<u>\$ 39,180,000</u>	<u>\$ 41,685,000</u>

During the fiscal year, the City's total bonded debt decreased \$ 2,505,000 or 6.01% due to the net of issuance of bonds less current debt payments. The underlying rating on all of such Bonds and other obligations payable from such source are "AA+" on the General Obligations and "AA" on the Revenue Bonds by S&P.

Additional information on the City of Lake Jackson's long term debt can be found in Note 7 on pages 61-67 of this report.

Economic Factors and Next Year's Budgets and Rates

In the 2014-15 Budget, General Fund revenues and transfers-in are budgeted to increase by 3.45% from the 2013-14 fiscal year. Sales tax continues to be the largest source of General Fund budgeted revenue at 30%. Property taxes account for 20.0% of the General Fund budgeted revenues. Certified assessed taxable valuations increased by 4.3%.

The Utility Fund 2014-15 budget is 3.3% more than the proceeding year's budget. For the fiscal year 2014-15 the Brazosport Water Authority is in the beginning stages of building a desalination plant and is increasing rates by 15.9% from \$1.94/1,000 gallons to \$2.25/1,000 gallons. The City's base water rate for 2014-15 fiscal year will increase from \$11.40/month to \$11.70/month. Water rates for usage above the 2,000 gallon base amount will increase by \$.30/ 1,000 gallons. The rate for usage between 2,000 and 20,000 gallons will be \$3.50/1,000 gallons and the rate for over 20,000 gallons will be \$3.70. The base sewer rate for the 2014-15 budget year will increase from \$11.40/month to \$11.70/month. The over 2,000 gallon rate will increase from \$3.40/1,000 gallons to \$3.70.

Request for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF LAKE JACKSON
Lake Jackson, Texas

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities	Business- Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 23,776,658	\$ 3,144,473	\$ 26,921,131
Taxes receivable (net)	1,684,090		1,684,090
Accounts receivable (net)	585,084	724,313	1,309,397
Due from other governments	18,381		18,381
Investments	399,000		399,000
Inventories	83,390	37,870	121,260
Prepaid expenses	6,930		6,930
Restricted Assets:			
Temporarily Restricted:			
Cash and cash equivalents		5,956,331	5,956,331
Due from other governments		5,318	5,318
Capital Assets (Net of Accumulated Depreciation):			
Land	2,397,003	3,821,585	6,218,588
Buildings	14,525,025	1,669,652	16,194,677
Improvements other than buildings	7,748,477	14,910,029	22,658,506
Furniture, equipment, and vehicles	4,144,371	2,221,298	6,365,669
Infrastructure	22,234,387	12,494,808	34,729,195
Construction in progress	6,010,552	359,506	6,370,058
Total assets	83,613,348	45,345,183	128,958,531
Deferred Outflows of Resources:			
Deferred outflows of resources – debt refunding costs	78,131	132,304	210,435
Total deferred outflows of resources	78,131	132,304	210,435

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2014

	Governmental Activities	Business- Type Activities	Total
Liabilities:			
Accounts payable	\$ 970,349	\$ 438,736	\$ 1,409,085
Cash bonds and taxes	400,514		400,514
Accrued wages	231,957	77,850	309,807
Unearned revenue	70,046	147,576	217,622
Liabilities payable from restricted assets		1,379,722	1,379,722
Noncurrent liabilities:			
Due within one year	3,457,642	794,111	4,251,753
Due in more than one year	<u>27,808,178</u>	<u>9,368,999</u>	<u>37,177,177</u>
 Total liabilities	 <u>32,938,686</u>	 <u>12,206,994</u>	 <u>45,145,680</u>
Deferred Inflows of Resources:			
Deferred inflows of resources – gain on capital lease		<u>40,501</u>	<u>40,501</u>
 Total deferred inflows of resources	 <u>-0-</u>	 <u>40,501</u>	 <u>40,501</u>
Net Position:			
Net investment in capital assets	32,216,296	25,271,709	57,488,005
Restricted For:			
Debt service	768,917	2,146,113	2,915,030
Economic development	2,412,766		2,412,766
Construction		2,952,666	2,952,666
Other	373,678		373,678
Unrestricted	<u>14,981,136</u>	<u>2,859,504</u>	<u>17,840,640</u>
 Total net position	 <u>\$ 50,752,793</u>	 <u>\$ 33,229,992</u>	 <u>\$ 83,982,785</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government and administration	\$ 3,963,493	\$ 678,652	\$	\$
Public safety	6,391,647		6,269	
Public works	4,467,635	501,138	344	
Culture and recreation	5,173,328	1,135,711		
Interest on long-term debt	985,786			
Total governmental activities	<u>20,981,889</u>	<u>2,315,501</u>	<u>6,613</u>	<u>-0-</u>
Business-type Activities:				
Water and sewer	7,775,096	7,303,337		133,195
Sanitation	2,442,771	3,163,629		
Golf course	1,951,623	1,446,320		
Total business-type activities	<u>12,169,490</u>	<u>11,913,286</u>	<u>-0-</u>	<u>133,195</u>
Total	<u>\$ 33,151,379</u>	<u>\$ 14,228,787</u>	<u>\$ 6,613</u>	<u>\$ 133,195</u>

General Revenue:

- Taxes:
 - Property
 - Sales
 - Franchise
 - Occupancy
 - Other
- Industrial district
- Investment earnings
- Gain on sale of capital assets
- Miscellaneous
- Transfers

Total general revenues and transfers

Change in net position

Net position – beginning

Net position – ending

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business- Type Activities	Total
\$(3,284,841)	\$	\$(3,284,841)
(6,385,378)		(6,385,378)
(3,966,153)		(3,966,153)
(4,037,617)		(4,037,617)
<u>(985,786)</u>		<u>(985,786)</u>
<u>(18,659,775)</u>	<u>-0-</u>	<u>(18,659,775)</u>
	(338,564)	(338,564)
	720,858	720,858
	<u>(505,303)</u>	<u>(505,303)</u>
<u>-0-</u>	<u>(123,009)</u>	<u>(123,009)</u>
<u>(18,659,775)</u>	<u>(123,009)</u>	<u>(18,782,784)</u>
5,687,918		5,687,918
7,978,873		7,978,873
1,657,659		1,657,659
311,774		311,774
164,284		164,284
4,186,100		4,186,100
61,941	14,192	76,133
29,403		29,403
142,508		142,508
<u>(623,332)</u>	<u>623,332</u>	<u>-0-</u>
<u>19,597,128</u>	<u>637,524</u>	<u>20,234,652</u>
937,353	514,515	1,451,868
<u>49,815,440</u>	<u>32,715,477</u>	<u>82,530,917</u>
<u>\$ 50,752,793</u>	<u>\$ 33,229,992</u>	<u>\$ 83,982,785</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>General Debt Service Fund</u>	<u>2013 Infrastructure Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets and Deferred Outflows of Resources</u>						
Assets:						
Cash and temporary investments	\$ 13,353,991	\$ 1,938,268	\$ 715,888	\$ 2,295,925	\$ 5,472,586	\$ 23,776,658
Receivables (net of allowance for uncollectibles):						
Taxes	1,172,376	477,823	14,095		19,796	1,684,090
Accounts	63,279				19,029	82,308
Grants	18,381					18,381
Investments	399,000					399,000
Inventories	83,390					83,390
Prepaid expenditures	<u>6,930</u>					<u>6,930</u>
Total assets	<u>15,097,347</u>	<u>2,416,091</u>	<u>729,983</u>	<u>2,295,925</u>	<u>5,511,411</u>	<u>26,050,757</u>
Deferred Outflows of Resources:						
Deferred outflows of resources						<u>-0-</u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 15,097,347</u>	<u>\$ 2,416,091</u>	<u>\$ 729,983</u>	<u>\$ 2,295,925</u>	<u>\$ 5,511,411</u>	<u>\$ 26,050,757</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 551,523	\$ 3,325	\$	\$ 271,998	\$ 143,503	\$ 970,349
Cash bonds and taxes	400,514					400,514
Accrued wages	231,957					231,957
Unearned revenue	<u>70,046</u>					<u>70,046</u>
Total liabilities	<u>1,254,040</u>	<u>3,325</u>	<u>-0-</u>	<u>271,998</u>	<u>143,503</u>	<u>1,672,866</u>
Deferred Inflows of Resources:						
Deferred inflows of resources-property taxes	<u>18,911</u>		<u>14,041</u>			<u>32,952</u>
Total deferred inflows of resources	<u>18,911</u>	<u>-0-</u>	<u>14,041</u>	<u>-0-</u>	<u>-0-</u>	<u>32,952</u>
Fund Balances:						
Non-spendable	90,320					90,320
Restricted		2,412,766	715,942	2,023,927	3,464,362	8,616,997
Committed	801,448					801,448
Assigned	6,288,219				1,903,546	8,191,765
Unassigned	<u>6,644,409</u>					<u>6,644,409</u>
Total fund balances	<u>13,824,396</u>	<u>2,412,766</u>	<u>715,942</u>	<u>2,023,927</u>	<u>5,367,908</u>	<u>24,344,939</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,097,347</u>	<u>\$ 2,416,091</u>	<u>\$ 729,983</u>	<u>\$ 2,295,925</u>	<u>\$ 5,511,411</u>	<u>\$ 26,050,757</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2014

Total fund balances – governmental funds balance sheet	\$ 24,344,939
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 148,463,141 in assets less \$ 91,403,326 in accumulated depreciation.	57,059,815
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund and the debt service fund amounted to \$ 18,911 and \$ 14,041, respectively.	32,952
Judicial accounts receivables net of related allowance for uncollectible are unavailable to pay for current period expenditures and availability of funds are uncertain as to availability are not recorded in the funds. Judicial receivables of \$ 1,321,035 net of allowance for uncollectible accounts of \$ 818,259 of the general fund amounted to \$ 502,776.	502,776
Debt refunding cost paid in advance is an expenditure in the governmental funds, but the amount decreases long-term position in the statement of net position. This amount is amortized over the life of the bond. Net refunding costs were \$ 78,131 (issuance costs of \$ 107,366 less amortization of \$ 29,235).	78,131
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term position in the statement of net position. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$ 921,338 (premium on the sale of bonds of \$ 1,252,888 less amortization of \$ 331,550).	(921,338)
Payable for bond principal and other long-term debt are not reported in the funds.	(29,035,000)
Payable for bond interest is not reported in the funds.	(40,989)
Net pension obligation is not reported in the funds.	(707,408)
Payable for long-term compensated absences is not reported in the funds.	<u>(561,085)</u>
Net position of governmental activities – statement of net position.	<u>\$ 50,752,793</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	General Fund	Economic Development Fund	General Debt Service Fund	2013 Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 3,466,594	\$	\$ 2,220,101	\$	\$	\$ 5,686,695
Sales	5,226,636	2,752,237				7,978,873
Franchise	1,580,815				76,844	1,657,659
Occupancy					311,774	311,774
Other	164,284					164,284
Industrial district	4,186,100					4,186,100
Intergovernmental	6,613					6,613
Revenue producing facilities	1,135,711					1,135,711
Fines and fees	625,201					625,201
Licenses and permits	501,138					501,138
Investment income	33,858	13,761	9,508	1,246	3,568	61,941
Miscellaneous	120,682				21,826	142,508
Total revenues	17,047,632	2,765,998	2,229,609	1,246	414,012	22,458,497
Expenditures:						
Current:						
General government and administration	3,354,028	300,000			108,407	3,762,435
Public safety	5,703,530				48,282	5,751,812
Public works	2,695,742				1,905	2,697,647
Culture and recreation	3,897,297	74,377			265,135	4,236,809
Capital outlay	1,186,446	106,644		1,782,862	1,035,598	4,111,550
Debt Service:						
Principal retirement			1,576,675		1,228,325	2,805,000
Interest and fiscal charges			644,528		471,471	1,115,999
Total expenditures	16,837,043	481,021	2,221,203	1,782,862	3,159,123	24,481,252
Excess (deficiency) of revenues over (under) expenditures	210,589	2,284,977	8,406	(1,781,616)	(2,745,111)	(2,022,755)
Other Financing Sources (Uses):						
Issuance of bonds					1,500,000	1,500,000
Bond issuance premium					40,920	40,920
Sale of capital assets	80,088				47,500	127,588
Transfers in	1,650,212				2,664,909	4,315,121
Transfers out	(1,225,632)	(2,164,909)			(1,547,912)	(4,938,453)
Total other financing sources (uses)	504,668	(2,164,909)	-0-	-0-	2,705,417	1,045,176
Net change in fund balances	715,257	120,068	8,406	(1,781,616)	(39,694)	(977,579)
Fund balances - beginning	13,109,139	2,292,698	707,536	3,805,543	5,407,602	25,322,518
Fund balances - ending	\$ 13,824,396	\$ 2,412,766	\$ 715,942	\$ 2,023,927	\$ 5,367,908	\$ 24,344,939

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

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

Net change in fund balances – total governmental funds \$(977,579)

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

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlay of \$ 4,111,550 exceeded depreciation of \$ 3,504,943 in the current period. 606,607

Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund and the debt service fund increased by \$ 1,151 and \$ 72 , respectively. 1,223

Judicial revenues (resulting from accounts receivables net of related allowance for uncollectible) in the governmental activities statements of activities do not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in a decrease in revenues reported in the governmental activities statement of activities. 53,451

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net position. These amounts were for general obligation bonded debt \$ 2,805,000. 2,805,000

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net position. Long-term proceeds in the governmental fund were \$ 1,500,000 for bonds. (1,500,000)

Debt refunding cost paid in advance is an expenditure in the governmental funds, but the amount decreases long-term position in the statement of net position. This amount is amortized over the life of the bond. Change in net refunding costs were \$ 9,908. (9,908)

Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net position. This amount is amortized over the life of the bonds. Current amortization of \$ 99,201 less current proceeds of \$ 40,920. 58,281

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the change in accrued interest on long-term debt. 40,920

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in compensated absences.	\$(23,409)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the change in net pension obligation.	(19,048)
Governmental funds report proceeds from the sale of assets as revenue. However, in the governmental activities statement of activities, the cost of the assets disposed is offset against the proceeds to report gain or loss on the disposition of assets. The cost of assets disposed was \$ 98,185 (cost of \$ 508,324 less accumulated depreciation of \$ 410,139).	<u>98,185</u>
Change in net position of governmental activities	<u>\$ 937,353</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	Budgeted Amounts	
	Original	Final
Revenues:		
Taxes:		
Property	\$ 3,453,769	\$ 3,453,769
Sales	5,117,000	5,117,000
Franchise	1,481,000	1,481,000
Other	92,000	92,000
Industrial district	4,186,100	4,186,100
Intergovernmental		
Revenue producing facilities	1,130,740	1,130,740
Fines and fees	476,600	476,600
Licenses and permits	306,600	306,600
Investment income	63,621	63,621
Miscellaneous	110,500	110,500
	16,417,930	16,417,930
Total revenues		
Expenditures:		
Current:		
General government and administration	3,247,152	3,247,152
Public safety	6,088,482	6,088,482
Public works	2,877,573	2,877,573
Culture and recreation	4,197,063	4,197,063
Capital outlay	1,328,325	1,328,325
	17,738,595	17,738,595
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	(1,320,665)	(1,320,665)
Other Financing Sources (Uses):		
Sale of capital assets		
Transfers in	1,638,690	1,638,690
Transfer out	(1,225,632)	(1,225,632)
	413,058	413,058
Total other financing sources (uses)		
Net change in fund balance	(907,607)	(907,607)
Fund balance - beginning	13,109,139	13,109,139
Fund balance - ending	\$ 12,201,532	\$ 12,201,532

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

Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
\$ 3,466,594	\$	\$ 3,466,594	\$ 12,825
5,226,636		5,226,636	109,636
1,580,815		1,580,815	99,815
164,284		164,284	72,284
4,186,100		4,186,100	-0-
6,613		6,613	6,613
1,135,711		1,135,711	4,971
625,201		625,201	148,601
501,138		501,138	194,538
33,858		33,858	(29,763)
<u>120,682</u>		<u>120,682</u>	<u>10,182</u>
<u>17,047,632</u>	<u>-0-</u>	<u>17,047,632</u>	<u>629,702</u>
3,354,028	5,040	3,359,068	(111,916)
5,703,530	6,305	5,709,835	378,647
2,695,742	3,200	2,698,942	178,631
3,897,297	54,891	3,952,188	244,875
<u>1,186,446</u>		<u>1,186,446</u>	<u>141,879</u>
<u>16,837,043</u>	<u>69,436</u>	<u>16,906,479</u>	<u>832,116</u>
<u>210,589</u>	<u>(69,436)</u>	<u>141,153</u>	<u>1,461,818</u>
80,088		80,088	80,088
1,650,212		1,650,212	11,522
<u>(1,225,632)</u>		<u>(1,225,632)</u>	<u>-0-</u>
<u>504,668</u>	<u>-0-</u>	<u>504,668</u>	<u>91,610</u>
715,257	(69,436)	645,821	1,553,428
<u>13,109,139</u>	<u>-0-</u>	<u>13,109,139</u>	<u>-0-</u>
<u>\$ 13,824,396</u>	<u>\$(69,436)</u>	<u>\$ 13,754,960</u>	<u>\$ 1,553,428</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,638,463	\$ 2,638,463	\$ 2,752,237	\$ 113,774
Investment income	8,394	8,394	13,761	5,367
Total revenues	<u>2,646,857</u>	<u>2,646,857</u>	<u>2,765,998</u>	<u>119,141</u>
Expenditures:				
Current:				
General government and administration	50,000	50,000	300,000	(250,000)
Culture and recreations			74,377	(74,377)
Capital outlay	<u>867,333</u>	<u>867,333</u>	<u>106,644</u>	<u>706,689</u>
Total expenditures	<u>917,333</u>	<u>917,333</u>	<u>481,021</u>	<u>436,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,729,524</u>	<u>1,729,524</u>	<u>2,284,977</u>	<u>555,453</u>
Other Financing Sources (Uses):				
Transfers out	(1,823,413)	(1,823,413)	(2,164,909)	(341,496)
Total other financing sources (uses)	(1,823,413)	(1,823,413)	(2,164,909)	(341,496)
Net change in fund balance	(93,889)	(93,889)	120,068	213,957
Fund balance - beginning	<u>2,292,698</u>	<u>2,292,698</u>	<u>2,292,698</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 2,198,809</u>	<u>\$ 2,198,809</u>	<u>\$ 2,412,766</u>	<u>\$ 213,957</u>

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

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CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2014

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Assets:			
Current Assets:			
Cash and temporary investments	\$ 3,101,391	\$ 43,082	\$ 3,144,473
Receivables (net of allowance for uncollectibles):			
Accounts	668,438	55,875	724,313
Inventories	<u> </u>	<u>37,870</u>	<u>37,870</u>
	<u>3,769,829</u>	<u>136,827</u>	<u>3,906,656</u>
Current Restricted Assets:			
Cash and temporary investments	3,647,154		3,647,154
Due from other governments	<u>5,318</u>	<u> </u>	<u>5,318</u>
Total current restricted assets	<u>3,652,472</u>	<u>-0-</u>	<u>3,652,472</u>
Total current assets	<u>7,422,301</u>	<u>136,827</u>	<u>7,559,128</u>
Noncurrent Assets:			
Restricted Cash and Temporary Investments:			
Revenue bond covenant accounts	<u>2,309,177</u>	<u> </u>	<u>2,309,177</u>
Total noncurrent restricted assets	<u>2,309,177</u>	<u>-0-</u>	<u>2,309,177</u>
Capital Assets:			
Property, plant and equipment	63,514,521	8,944,724	72,459,245
Construction in progress	359,506		359,506
Less accumulated depreciation	<u>(34,508,258)</u>	<u>(2,833,615)</u>	<u>(37,341,873)</u>
Total capital assets (net of accumulated depreciation)	<u>29,365,769</u>	<u>6,111,109</u>	<u>35,476,878</u>
Total noncurrent assets	<u>31,674,946</u>	<u>6,111,109</u>	<u>37,786,055</u>
Total assets	<u>39,097,247</u>	<u>6,247,936</u>	<u>45,345,183</u>
Deferred Outflows of Resources:			
Deferred outflows of resources –debt refunding costs	<u>132,304</u>	<u> </u>	<u>132,304</u>
Total deferred outflows of resources	<u>132,304</u>	<u>-0-</u>	<u>132,304</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued

September 30, 2014

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 378,415	\$ 60,321	\$ 438,736
Accrued wages	59,179	18,671	77,850
Unearned revenue		147,576	147,576
Accrued compensated absences	102,861		102,861
Revenue bonds payable	691,250		691,250
	<u>1,231,705</u>	<u>226,568</u>	<u>1,458,273</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest	163,064		163,064
Customer deposits	699,806		699,806
Revenue bonds payable	516,852		516,852
Total current liabilities payable from restricted assets	<u>1,379,722</u>	<u>-0-</u>	<u>1,379,722</u>
Total current liabilities	<u>2,611,427</u>	<u>226,568</u>	<u>2,837,995</u>
Noncurrent Liabilities:			
Revenue bonds payable	9,129,371		9,129,371
Accrued compensated absences	44,206		44,206
Net pension obligation	195,422		195,422
Total noncurrent liabilities	<u>9,368,999</u>	<u>-0-</u>	<u>9,368,999</u>
Total liabilities	<u>11,980,426</u>	<u>226,568</u>	<u>12,206,994</u>
Deferred Inflows of Resources:			
Deferred inflows of resources – gain on capital lease		40,501	40,501
Total deferred inflows of resources	<u>-0-</u>	<u>40,501</u>	<u>40,501</u>
Net Position:			
Net investment in capital assets	19,160,600	6,111,109	25,271,709
Restricted For:			
Revenue bond retirement	2,146,113		2,146,113
Construction	2,952,666		2,952,666
Unrestricted	2,989,746	(130,242)	2,859,504
Total net position	<u>\$ 27,249,125</u>	<u>\$ 5,980,867</u>	<u>\$ 33,229,992</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Operating Revenues:			
Water service	\$ 3,464,297	\$	\$ 3,464,297
Sewer service	3,332,649		3,332,649
Garbage fees	3,163,629		3,163,629
Tapping and connection fees	301,961		301,961
Golf course fees and charges		1,446,320	1,446,320
Other	<u>204,430</u>		<u>204,430</u>
Total operating revenues	<u>10,466,966</u>	<u>1,446,320</u>	<u>11,913,286</u>
Operating Expenses:			
Utility administration	291,528		291,528
Water production and treatment	3,013,541		3,013,541
Sewer collection	2,036,450		2,036,450
Sanitation	2,442,771		2,442,771
Golf course		1,733,125	1,733,125
Depreciation	<u>2,059,265</u>	<u>218,498</u>	<u>2,277,763</u>
Total operating expenses	<u>9,843,555</u>	<u>1,951,623</u>	<u>11,795,178</u>
Operating income (loss)	<u>623,411</u>	<u>(505,303)</u>	<u>118,108</u>
Non-Operating Revenues (Expenses):			
Interest revenue	13,027	1,165	14,192
Interest expense and fiscal charges	<u>(374,312)</u>		<u>(374,312)</u>
Total non-operating revenues (expenses)	<u>(361,285)</u>	<u>1,165</u>	<u>(360,120)</u>
Income (loss) before contributions and transfers	262,126	<u>(504,138)</u>	<u>(242,012)</u>
Capital contributions	133,195		133,195
Transfers in	1,729,873	150,000	1,879,873
Transfers out	<u>(1,256,541)</u>		<u>(1,256,541)</u>
Change in net position	868,653	<u>(354,138)</u>	514,515
Net position at beginning of year	<u>26,380,472</u>	<u>6,335,005</u>	<u>32,715,477</u>
Net position at end of year	<u>\$ 27,249,125</u>	<u>\$ 5,980,867</u>	<u>\$ 33,229,992</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the Year Ended September 30, 2014

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 10,346,722	\$ 1,403,258	\$ 11,749,980
Payments to customers and suppliers	(5,551,231)	(833,532)	(6,384,763)
Payments to employees	(2,165,057)	(850,010)	(3,015,067)
Net cash provided (used) by operating activities	<u>2,630,434</u>	<u>(280,284)</u>	<u>2,350,150</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers in	1,729,873	150,000	1,879,873
Transfers out	(1,256,541)	-	(1,256,541)
Net cash provided by non-capital financing activities	<u>473,332</u>	<u>150,000</u>	<u>623,332</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(1,094,218)	-	(1,094,218)
Principal paid on capital debt	(1,223,102)	-	(1,223,102)
Interest and fiscal charges paid on capital debt	(358,628)	-	(358,628)
Net cash used for capital and related financing activities	<u>(2,675,948)</u>	<u>-0-</u>	<u>(2,675,948)</u>
Cash Flows from Investing Activities:			
Interest on investment	13,027	1,165	14,192
Net cash provided by investing activities	<u>13,027</u>	<u>1,165</u>	<u>14,192</u>
Net increase (decrease) in cash and cash equivalents	440,845	(129,119)	311,726
Cash and cash equivalents at the beginning of year	<u>8,616,877</u>	<u>172,201</u>	<u>8,789,078</u>
Cash and cash equivalents at the end of year	<u>\$ 9,057,722</u>	<u>\$ 43,082</u>	<u>\$ 9,100,804</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS - Continued**

For the Year Ended September 30, 2014

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 623,411	\$(505,303)	\$ 118,108
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	2,059,265	218,498	2,277,763
(Increase) decrease in accounts receivable	(156,962)	(13,593)	(170,555)
(Increase) decrease in inventory		11,294	11,294
(Increase) decrease in prepaid expenses		7,405	7,405
Increase (decrease) in accounts payable	30,931	28,678	59,609
Increase (decrease) in accrued wages payable	27,905	2,206	30,111
Increase (decrease) in net pension obligation	5,385		5,385
Increase (decrease) in accrued compensated absences	3,781		3,781
Increase (decrease) in unearned revenue		(29,469)	(29,469)
Increase (decrease) in customer deposits	36,718		36,718
Total adjustments	2,007,023	225,019	2,232,042
Net cash provided (used) by operating activities	\$ 2,630,434	\$(280,284)	\$ 2,350,150
Non-cash Investing, Capital, and Financing Activities:			
Capital contribution from other government	\$ 133,195		\$ 133,195
Net effect of non-cash transactions	\$ 133,195	\$ -0-	\$ 133,195

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

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CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

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

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

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

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

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

Reporting Entity

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - continued

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information of the primary government and its component unit. Except for balances between governmental activities and business-type activities, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The City has two proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The City has presented the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

New Pronouncements

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

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34", was issued November 2010. The statement was implemented and did not have an impact on the City's financial statements. This statement is effective for periods beginning after June 15, 2012.

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", was issued December 2010. The statement was implemented and did not have an impact on the City's financial statements. This statement is effective for periods beginning after December 15, 2011.

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", was issued June 2011. The statement was implemented and did not have an impact on the City's financial statements, although it has reclassified items previously recorded as assets and liabilities within the City's financial statements as deferred outflows and inflows of resources. This statement is effective for periods beginning after December 15, 2011.

GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions-and amendment of GASB Statements No. 53", was issued June 2011. The statement was implemented and did not have an impact on the City's financial statements. This statement is effective for periods beginning after June 15, 2011.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - continued

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", was issued March 2012. The statement was implemented and did have an impact on the City's financial statements. This statement is effective for periods beginning after December 15, 2012 and was adopted in the prior fiscal year.

GASB Statement No. 66, "Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62", was issued March 2012. The statement was implemented and did not have an impact on the City's financial statements. This statement is effective for periods beginning after December 15, 2012.

GASB Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25", was issued June 2012. The statement was implemented and did not have an impact on the City's financial statements. This statement is effective for periods beginning after June 15, 2013.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", was issued June 2012. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The management of the City believes that the implementation of this statement may have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2014.

GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", was issued January 2013. This Statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. However, earlier application of the Statement is encouraged. The management of the City does not believe that the implementation of this statement will have a material effect on the financial statements of the City. This statement is effective for periods beginning after December 15, 2013. However, earlier application of the Statement is encouraged.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees", was issued April 2013. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions. The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The management of the City does not believe that the implementation of this statement will have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2013.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 69", was issued November 2013. The management of the City believes that the implementation of this statement may have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2014..

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements – continued

GASB Statement No. 72, “Fair Value Measurement and Application”, was issued February 2015. This statement enhances the transparency and comparability of fair value measurements and disclosures in the state and local governments’ financial statements. The management of the City does not believe that the implementation of this statement will have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2015.

Budgetary Data

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

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

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

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

Governmental Fund Types:

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

Proprietary Fund Type:

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

The following reconciles the differences between the legally enacted budget basis and the GAAP basis of accounting for the year ended September 30, 2014:

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - continued

Governmental Fund Types:

	<u>General Fund</u>
Net change in fund balance - GAAP basis	\$ 715,257
Adjustments of encumbrances	<u>(69,436)</u>
Net change in fund balance – on budget basis	\$ <u>645,821</u>

Proprietary Fund Types:

	<u>Enterprise Fund</u>
Change in net position - GAAP basis	\$ 868,653
Provisions for Current Adjustments To:	
Depreciation	2,059,265
Amortization of loss on refunding debt	<u>23,482</u>
Change in net position - budgetary basis	\$ <u>2,951,400</u>

	<u>Golf Course Operating Fund</u>
Change in net position - GAAP basis	\$(354,138)
Provisions for Current Adjustments To:	
Depreciation	<u>218,498</u>
Change in net position - budgetary basis	\$ <u>(135,640)</u>

Encumbrances

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances - continued

If the City allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate. As September 30, 2014, encumbrances were \$ 69,436 in general fund and \$ 209,011 in capital projects fund.

Cash and Cash Equivalents

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

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

The City elected to implement GASB Statement No. 31 (GASB 31), "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" as of September 30, 1996. As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value, except for interest-earning investment contracts and external investment pools (See Note 3). In applying GASB 31, the City utilizes the following methods and assumptions as of September 30, 2014:

1. Fair value is based on quoted market prices as of the valuation date.
2. The portfolio did not hold investments in any of the following:
 - a. Items required to be reported at amortized cost,
 - b. Items in external pools that are not SEC-registered,
 - c. Items subject to involuntary participation in an external pool,
 - d. Items associated with a fund other than the fund to which the income is assigned;
3. Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General Fund to the extent its cash and investments' balance exceeds the cumulative value of those investments subject to GASB 31;
4. The gain/loss resulting from valuation is reported within the revenue account "investment income" on the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The City had no advances between funds. All activity between funds was for short-term cash flow requirements. See Note 4 for additional discussion of interfund receivables, payables and transfers.

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. No interest was capitalized during the year ended September 30, 2014.

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

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

Deferred Outflows and Inflows of Resources

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

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

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

The assessed value of the property tax roll on August 1, 2013, upon which the levy for the 2013-14 fiscal year was based, was \$ 1,449,298,878. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2014, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.237568 and \$ 0.152432 per \$ 100 valuation, respectively, for a total of \$ 0.3900 per \$ 100 valuation.

Current tax collections for the year ended September 30, 2014, were 99.38% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2014, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 18,853 and \$ 14,095 for the general and debt service funds, respectively.

Compensated Absences

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences – Continued

As of September 30, 2014, there is no maturing compensated absences payable in the General Fund. Accrued compensated absences reported in the Enterprise Fund at September 30, 2014 totaled \$ 147,067.

Pension Plans

It is the policy of the City to fund pension costs annually. In the fiscal year ended September 30, 1999, the City implemented GASB Statement 27, Accounting for Pensions by State and Local Governmental Employers, which standardizes financial reporting for pensions by state and local governmental employers for the Emergency Services Personnel Retirement Fund (the Fund) upon the Fund's adoption of GASB 25. For fiscal year ended September 30, 1998, the City implemented GASB Statement 27 for the Texas Municipal Retirement System (TMRS). At the date of transition and implementation of GASB Statement 27, there was no pension liability or pension asset (see Note 9).

Inventories

The City employs the consumption method of accounting for inventory. Inventories are valued at cost using the first-in first-out method. Purchases are recorded at cost as inventory when purchased, and then charged out as expenditures when used. The reserve for inventory has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. Inventory at September 30, 2014, consisted of the following:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Supplies	\$ 74,666	\$
Supplies held for resale	<u>8,724</u>	<u>37,870</u>
	<u>\$ 83,390</u>	<u>\$ 37,870</u>

Long-Term Obligations

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

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

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

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

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

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

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

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

CITY OF LAKE JACKSON
Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following schedule presents details of fund balance components at September 30, 2014:

	General Fund	Economic Development Fund	General Debt Service Fund	2013 Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Non-spendable:						
Inventory	\$ 83,390					\$ 83,390
Prepaid expenditures	6,930					6,930
Restricted:						
Debt service			715,942		1,792	717,734
Capital projects				2,023,927	3,088,892	5,112,819
Economic development		2,412,766				2,412,766
Traffic safety					23,492	23,492
Program education					196,245	196,245
Encourage tourism					45,523	45,523
Law enforcement					108,418	108,418
Committed:						
General contingencies	801,448					801,448
Assigned:						
General construction					1,903,546	1,903,546
Unemployment insurance	165,785					165,785
Equipment replacement	5,813,661					5,813,661
Special events	12,937					12,937
Park improvement	295,836					295,836
Unassigned	6,644,409					6,644,409
 Total fund balances	 \$ 13,824,396	 \$ 2,412,766	 \$ 715,942	 \$ 2,023,927	 \$ 5,367,908	 \$ 24,344,939

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following schedule presents details of net position balance components at September 30, 2014:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position:			
Net investment in capital assets	\$ 32,216,296	\$ 25,271,709	\$ 57,488,005
Restricted:			
Debt service	768,917	2,146,113	2,915,030
Economic development	2,412,766		2,412,766
Construction		2,952,666	2,952,666
Other			
Traffic safety	23,492		23,492
Program education	196,245		196,245
Encourage tourism	45,523		45,523
Law enforcement	108,418		108,418
Unrestricted	<u>14,981,136</u>	<u>2,859,504</u>	<u>17,840,640</u>
Total net position	<u>\$ 50,752,793</u>	<u>\$ 33,229,992</u>	<u>\$ 83,982,785</u>

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES

The City classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased it has maturity of three months or less. Cash and temporary investments, and investments, as reported on the government-wide Statement of Net Position at September 30, 2014, are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 8,861	\$	\$ 8,861
Financial Institution Deposits:			
Demand deposits	8,467,728	1,874,111	10,341,839
Local Government Investment Pools:			
Texpool	5,333,652	1,180,465	6,514,117
Lone Star Investment Pool	6,284,820	1,390,982	7,675,802
TexSTAR	<u>6,826,070</u>	<u>1,510,773</u>	<u>8,336,843</u>
	<u>\$ 26,921,131</u>	<u>\$ 5,956,331</u>	<u>\$ 32,877,462</u>
Investments:			
Financial Institution Deposits:			
Certificates of deposit	<u>\$ 399,000</u>	<u>\$</u>	<u>\$ 399,000</u>
	<u>\$ 399,000</u>	<u>\$ -0-</u>	<u>\$ 399,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Deposits

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

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

At September 30, 2014, in addition to petty cash of \$ 8,861, the carrying amount of the City's cash, savings, and time deposits was \$ 10,341,839. The financial institutions balances were \$ 11,129,254 at September 30, 2014. Bank balances of \$ 757,278 were covered by federal depository insurance, and \$ 10,371,976 was covered by collateral pledged in the City's name. The pledged collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

Investments

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

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

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

The City invests in TexPool, Lone Star Investment Pool, and TexSTAR to provide its liquidity needs. TexPool, Lone Star Investment Pool, and TexSTAR are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool, Lone Star Investment Pool, and TexSTAR are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. TexPool, Lone Star Investment Pool, and TexSTAR are rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At September 30, 2014 TexPool, Lone Star investment Pool, and TexSTAR, had a weighted average maturity of 48 days, 49 days, and 51 days, respectively. Although TexPool, Lone Star Investment Pool, and TexSTAR portfolios had a weighted average maturity of 48 days, 49 days, and 51 days, respectively, the City considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The City is invested in certificates of deposit at four different local financial institutions for diversification. All of the City's investments are insured, registered, or the City's agent holds the securities in the City's name; therefore, the City is not exposed to custodial credit risk.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

The following table includes the portfolio balances of all investment types of the City at September 30, 2014.

	<u>Maturity Date</u>	<u>Rate %</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
Investments:				
Local Government Investment Pools:				
Texpool	N/A	Varies daily	48	\$ 6,514,117
Lone Star Investment Pool	N/A	Varies daily	49	7,675,802
TexSTAR	N/A	Varies daily	51	<u>8,336,843</u>
Total local government investment pools			49	<u>22,526,762</u>
Certificate of deposit	06-20-15	0.450%	263	100,000
Certificate of deposit	02-13-15	0.300%	136	99,000
Certificate of deposit	02-28-15	0.548%	151	100,000
Certificate of deposit	02-04-16	0.600%	492	<u>100,000</u>
Total certificates of deposit			5	<u>399,000</u>
Total investments			53	<u>\$22,925,762</u>

Credit Risk - As of September 30, 2014, the LGIP's (which represent approximately 98.26% of the portfolio are rated AAAM by Standard and Poor's, while the certificates of deposits (1.74% of the portfolio) are fully insured.

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

Derivatives

Interest in derivative products has increased in recent years. Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The City made no direct investments in derivatives during the year ended September 30, 2014, and holds no direct investments in derivatives at September 30, 2014.

NOTE 3 - DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUE

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 3 - DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUE - Continued

deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of September 30, 2014, the following components of deferred inflows of resources/unearned revenue were reported in the governmental funds:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 18,911	\$
Delinquent property taxes receivable (debt service fund)	14,041	
Recreation memberships and deposits	<u> </u>	<u>70,046</u>
Total	<u>\$ 32,952</u>	<u>\$ 70,046</u>

As of September 30, 2014, the following components of deferred inflows of resources/unearned revenue were reported in the proprietary funds:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Gain on capital lease	\$ 40,501	\$
Service deposits	<u> </u>	<u>147,576</u>
Total	<u>\$ 40,501</u>	<u>\$ 147,576</u>

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ended September 30, 2014 consisted of the following individual fund transfers in and transfers out.

	<u>Transfers In</u>				
	<u>Governmental Funds</u>		<u>Proprietary Funds</u>		
<u>Transfers Out</u>	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>
Governmental Funds:					
General Fund	\$	\$ 1,000,000	\$ 225,632	\$	\$ 1,225,632
Economic development	350,000	1,664,909		150,000	2,164,909
Non-major governmental	43,671		1,504,241		1,547,912
Proprietary Funds:					
Enterprise	<u>1,256,541</u>	<u> </u>	<u> </u>	<u> </u>	<u>1,256,541</u>
	<u>\$ 1,650,212</u>	<u>\$ 2,664,909</u>	<u>\$ 1,729,873</u>	<u>\$ 150,000</u>	<u>\$ 6,194,994</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Balance</u> <u>10/01/13</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/14</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,397,003	\$	\$	\$ 2,397,003
Construction in progress	<u>9,764,300</u>	<u>2,908,358</u>	<u>6,662,106</u>	<u>6,010,552</u>
Total capital assets, not being depreciated	<u>12,161,303</u>	<u>2,908,358</u>	<u>6,662,106</u>	<u>8,407,555</u>
Capital Assets, Being Depreciated:				
Buildings	26,202,247			26,202,247
Improvements	16,415,721	332,028		16,747,749
Equipment	12,917,758	1,124,252	508,324	13,533,686
Infrastructure	<u>77,162,886</u>	<u>6,409,018</u>		<u>83,571,904</u>
Total capital assets, being depreciated	<u>132,698,612</u>	<u>7,865,298</u>	<u>508,324</u>	<u>140,055,586</u>
Less Accumulated Depreciation For:				
Buildings	11,133,258	543,964		11,677,222
Improvements	8,363,052	636,220		8,999,272
Equipment	9,067,684	731,770	410,139	9,389,315
Infrastructure	<u>59,744,528</u>	<u>1,592,989</u>		<u>61,337,517</u>
Total accumulated depreciation	<u>88,308,522</u>	<u>3,504,943</u>	<u>410,139</u>	<u>91,403,326</u>
Total capital assets, being depreciated, net	<u>44,390,090</u>	<u>4,360,355</u>	<u>98,185</u>	<u>48,652,260</u>
Governmental activities capital assets, net	<u>\$ 56,551,393</u>	<u>\$ 7,268,713</u>	<u>\$ 6,760,291</u>	<u>\$ 57,059,815</u>
	<u>Balance</u> <u>10/01/13</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/14</u>
Business-type Activities (Enterprise Fund):				
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ <u>22,845</u>	\$ <u>996,781</u>	\$ <u>660,120</u>	\$ <u>359,506</u>
Total capital assets, not being depreciated	<u>22,845</u>	<u>996,781</u>	<u>660,120</u>	<u>359,506</u>
Capital Assets, Being Depreciated:				
Buildings	5,399,947			5,399,947
Improvements other than buildings	31,209,995	585,320		31,795,315
Equipment	6,902,499	185,632	64,820	7,023,311
Infrastructure	<u>19,181,148</u>	<u>114,800</u>		<u>19,295,948</u>
Total capital assets, being depreciated	<u>62,693,589</u>	<u>885,752</u>	<u>64,820</u>	<u>63,514,521</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 5 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10/01/13</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/14</u>
Less Accumulated Depreciation:				
Buildings	\$ 4,173,420	\$ 132,533	\$	\$ 4,305,953
Improvements other than buildings	17,491,548	888,941		18,380,489
Equipment	4,694,290	391,206	64,820	5,020,676
Infrastructure	<u>6,154,555</u>	<u>646,585</u>		<u>6,801,140</u>
Total accumulated depreciation	<u>32,513,813</u>	<u>2,059,265</u>	<u>64,820</u>	<u>34,508,258</u>
Total capital assets, being depreciated, net	<u>30,179,776</u>	<u>(1,173,513)</u>	<u>-0-</u>	<u>29,006,263</u>
Business-type activities capital assets, net	<u>\$ 30,202,621</u>	<u>\$ (176,732)</u>	<u>\$ 660,120</u>	<u>\$ 29,365,769</u>
	<u>Balance</u> <u>10/01/13</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/14</u>
Business-type Activities (Golf Course Fund):				
Capital Assets, Not Being Depreciated:				
Land	\$ <u>3,821,585</u>	\$ _____	\$ _____	\$ <u>3,821,585</u>
Total capital assets, not being depreciated	<u>3,821,585</u>	<u>-0-</u>	<u>-0-</u>	<u>3,821,585</u>
Capital Assets, Being Depreciated:				
Buildings	1,222,546			1,222,546
Improvements other than buildings	3,089,069			3,089,069
Equipment	<u>811,524</u>			<u>811,524</u>
Total capital assets, being depreciated	<u>5,123,139</u>	<u>-0-</u>	<u>-0-</u>	<u>5,123,139</u>
Less Accumulated Depreciation:				
Buildings	585,761	61,127		646,888
Improvements other than buildings	1,437,136	156,730		1,593,866
Equipment	<u>592,220</u>	<u>641</u>		<u>592,861</u>
Total accumulated depreciation	<u>2,615,117</u>	<u>218,498</u>	<u>-0-</u>	<u>2,833,615</u>
Total capital assets, being depreciated, net	<u>2,508,022</u>	<u>(218,498)</u>	<u>-0-</u>	<u>2,289,524</u>
Business-type activities capital assets, net	<u>\$ 6,329,607</u>	<u>\$ (218,498)</u>	<u>\$ -0-</u>	<u>\$ 6,111,109</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 5 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10/01/13</u>	<u>Adjustments/</u> <u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>09/30/14</u>
Business-type Activities (Combined):				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,821,585	\$	\$	\$ 3,821,585
Construction in progress	<u>22,845</u>	<u>996,781</u>	<u>660,120</u>	<u>359,506</u>
Total capital assets, not being depreciated	<u>3,844,430</u>	<u>996,781</u>	<u>660,120</u>	<u>4,181,091</u>
Capital Assets, Being Depreciated:				
Buildings	6,622,493			6,622,493
Improvements other than buildings	34,299,064	585,320		34,884,384
Equipment	7,714,023	185,632	64,820	7,834,835
Infrastructure	<u>19,181,148</u>	<u>114,800</u>		<u>19,295,948</u>
Total capital assets, being depreciated	<u>67,816,728</u>	<u>885,752</u>	<u>64,820</u>	<u>68,637,660</u>
Less Accumulated Depreciation:				
Buildings	4,759,181	193,660		4,952,841
Improvements other than buildings	18,928,684	1,045,671		19,974,355
Equipment	5,286,510	391,847	64,820	5,613,537
Infrastructure	<u>6,154,555</u>	<u>646,585</u>		<u>6,801,140</u>
Total accumulated depreciation	<u>35,128,930</u>	<u>2,277,763</u>	<u>64,820</u>	<u>37,341,873</u>
Total capital assets, being depreciated, net	<u>32,687,798</u>	<u>(1,392,011)</u>	<u>-0-</u>	<u>31,295,787</u>
Business-type activities capital assets, net	\$ <u>36,532,228</u>	\$ <u>(395,230)</u>	\$ <u>660,120</u>	\$ <u>35,476,878</u>

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

Governmental Activities:

General government	\$ 191,959
Public safety	624,362
Public works, including depreciation of infrastructure	1,762,675
Culture and recreation	<u>925,947</u>

Total depreciation expense-governmental activities \$ 3,504,943

Business-type Activities:

Water and sewer	\$ 1,853,406
Sanitation	205,859
Golf course	<u>218,498</u>

Total depreciation expense-business-type activities \$ 2,277,763

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 5 - CAPITAL ASSETS - Continued

Governmental Fund Construction Commitments

The City has entered into contracts for construction as of September 30, 2014, as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Construction of sidewalk and ADA improvements	\$ 124,954	\$ 73,812	\$ 51,142
Replace Rec Center Air Handler	152,400		152,400
Paving and drainage – Magnolia, Gardenia, etc.	2,380,564	1,401,877	978,687
Engineering for paving, drainage of various courts	<u>100,440</u>	<u>96,718</u>	<u>3,722</u>
Total	<u>\$ 2,758,358</u>	<u>\$ 1,572,407</u>	<u>\$ 1,185,951</u>

Proprietary Fund Construction Commitments

The City has entered into contracts for construction as of September 30, 2014 as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Engineering for Extension of Water to Airport	<u>\$ 119,000</u>	<u>\$ 86,375</u>	<u>\$ 32,625</u>

NOTE 6 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Taxes

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

General Fund	\$ 25,307
Debt Service Fund	<u>16,188</u>
Total	<u>\$ 41,495</u>

Customer Receivables

The allowance for uncollectible receivables related to City services is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The allowance for uncollectible receivables for the year ended September 30, 2014, was \$ 55,338.

Special Assessments

The special assessments against property owners for capital improvements were financed with currently available resources of the capital projects funds. As only special assessments received are considered both measurable and available, the balance of the special assessment is recorded as unearned revenue. The allowance for uncollectible special assessment receivables related to special assessments against property owners for capital improvements in prior years is determined based on historical experience and evaluation of collectability in relation to aging of the special assessments. The City has recorded an allowance of \$ 80,556 for the year ended September 30, 2014.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 6 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - Continued

Judicial Receivables

Municipal Court Receivables - Municipal court receivables are reported in the governmental activities statements of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to municipal court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The allowance for uncollectible receivables for the year ended September 30, 2014, was \$ 818,259.

NOTE 7 - LONG-TERM DEBT

General Obligation Bonds\Certificates of Obligation

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

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

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

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

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

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

General obligation bonds and certificates of obligation payable for governmental activities at September 30, 2014, are summarized as follows:

	Interest Rates %	Series Dates			Bonds Outstanding 09/30/14
		Issued	Maturity	Callable	
Limited Tax Bond Series 2004	3.30 - 4.20	2004	2024	2013	\$ 1,800,000
Limited Tax Bond Series 2007	3.875 – 4.00	2007	2027	2017	3,445,000
Limited Tax Bond Series 2009	3.75 – 5.25	2009	2029	2018	1,800,000
Limited Tax Refunding Series 2009	3.875 - 4.00	2009	2019	N/A	2,355,000
Certificates of Obligation Series 2009	3.50 - 5.00	2010	2030	2019	4,000,000
Limited Tax Series 2010	3.50 - 5.00	2010	2030	2020	2,400,000
Limited Tax Refunding Series 2011	2.00 - 4.00	2011	2023	2020	6,145,000
Limited Tax Refunding Series 2013	1.50 - 3.00	2013	2033	2023	3,840,000

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

Certificate of Obligation	2.00 -					
Series 2013	3.00	2013	2033	2023	\$	1,900,000
Certificate of Obligation	2.00 -					
Series 2013A	3.00	2013	2023	2021		<u>1,350,000</u>
Total					\$	<u>29,035,000</u>

General obligation bond transactions for the year ended September 30, 2014, were as follows:

Bonds outstanding, October 1	\$ 30,340,000
Issued	1,500,000
Maturities	<u>(2,805,000)</u>
Bonds outstanding, September 30	<u>\$ 29,035,000</u>

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than two percent of the principal of the outstanding bonds or the amount to pay current principal, whichever is greater. For the year ended September 30, 2014, the amount of ad valorem taxes collected for interest and sinking was \$ 2,220,101. The debt service requirements for principal and interest were \$ 3,920,999. In addition, \$ 1,664,909 was transferred to the debt service funds. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The following is a summary of general obligation bond requirements for governmental activities by year as of September 30, 2014:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2015	\$ 2,875,000	\$ 954,010	\$ 3,829,010
2016	2,825,000	868,040	3,693,040
2017	2,825,000	777,945	3,602,945
2018	2,455,000	687,725	3,142,725
2019	2,220,000	605,688	2,825,688
2020-2024	9,340,000	1,916,750	11,256,750
2025-2029	4,895,000	681,981	5,576,981
2030-2033	<u>1,600,000</u>	<u>80,469</u>	<u>1,680,469</u>
Total	<u>\$ 29,035,000</u>	<u>\$ 6,572,608</u>	<u>\$ 35,607,608</u>

Revenue Bonds Payable

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

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

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

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

Revenue bonds payable for business-type activities at September 30, 2014, are summarized as follows:

	Interest Rates %	Series Dates			Bonds Outstanding 09/30/14
		Issued	Maturity	Callable	
Revenue Bonds	4.00 -				
Series 2007	5.00	2007	2027	2017	\$ 1,300,000
Revenue Bonds -	3.50 -				
Series 2009	4.50	2009	2030	2018	1,350,000
Revenue Bonds Refunding -	2.00 -				
Series 2009	3.00	2009	2016	N/A	195,000
Revenue Bonds Refunding -	2.00 -				
Series 2010	4.00	2010	2021	N/A	5,400,000
Revenue Bonds -	2.50 -				
Series 2013	3.00	2013	2033	2022	<u>1,900,000</u>
Total					<u>\$ 10,145,000</u>

Revenue bond transactions for the year ended September 30, 2014 were as follows:

Bonds outstanding, October 1	\$ 11,345,000
Maturities	<u>(1,200,000)</u>
Bonds outstanding, September 30	<u>\$ 10,145,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

The bond ordinances require that amounts sufficient to pay the next scheduled principal and interest payment be paid into a sinking account in equal monthly installments. At September 30, 2014, the required balance in the sinking fund was \$ 641,365. Additionally, bond ordinances require a Reserve Fund in an amount equal to the succeeding fiscal year's interest and principal payment be accumulated and maintained. This fund is to be accumulated within sixty-one months from the date additional bonds are issued. At September 30, 2014, the required balance in the reserve fund was \$ 1,486,875. At September 30, 2014, the balance in the City's reserve/sinking accounts designated for interest and sinking totaled \$ 822,301; and the designated amount for the reserve totaled \$ 1,486,875. The total account balance of \$ 2,309,177 is sufficient to cover the combined reserve and sinking requirement of \$ 2,128,240.

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

The following is a summary of revenue bond requirements for business-type activities by year as of September 30, 2014:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2015	\$ 1,185,000	\$ 354,275	\$ 1,539,275
2016	1,165,000	321,875	1,486,875
2017	1,055,000	286,000	1,341,000
2018	1,050,000	253,425	1,303,425
2019	1,050,000	213,350	1,263,350
2020-2024	2,940,000	550,338	3,490,338
2025-2029	1,220,000	202,612	1,422,612
2030-2033	<u>480,000</u>	<u>33,600</u>	<u>513,600</u>
Total	<u>\$ 10,145,000</u>	<u>\$ 2,215,475</u>	<u>\$ 12,360,475</u>

Capital Leases

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

Capital Leases - Continued

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

2015	\$ 30,376
2016	<u>10,124</u>
Total	<u>\$ 40,501</u>

Changes in Outstanding Debt

Transactions for the year ended September 30, 2014, are summarized as follows:

	Balance 10-01-13	Additions	Reductions	Balance 09-30-14	Due Within One Year
Governmental Type Activities:					
Certificates of obligation bonds	\$ 6,250,000	\$ 1,500,000	\$ 350,000	\$ 7,400,000	\$ 500,000
Limited tax bonds	24,090,000		2,455,000	21,635,000	2,375,000
Components of Bonded Debt:					
Premiums on bonds	979,619	40,920	99,201	921,338	99,380
Accrued interest payable	81,909	40,989	81,909	40,989	40,989
Net pension obligation	688,360	19,048		707,408	
Compensated absences	<u>537,676</u>	<u>439,506</u>	<u>416,097</u>	<u>561,085</u>	<u>442,273</u>
Total governmental activities	<u>32,627,564</u>	<u>2,040,463</u>	<u>3,402,207</u>	<u>31,265,820</u>	<u>3,457,642</u>
Business-Type Activities:					
Revenue bonds	11,345,000		1,200,000	10,145,000	1,185,000
Components of Bonded Debt:					
Premium on bonds	215,575		23,102	192,473	23,102
Accrued interest payable	170,862	163,064	170,862	163,064	163,064
Net pension obligation	190,037	5,385		195,422	
Compensated absences	<u>143,286</u>	<u>99,835</u>	<u>96,054</u>	<u>147,067</u>	<u>102,861</u>
Total business-type activities	12,064,760	268,284	1,490,018	10,843,026	1,474,027
Less Portion Payable from Restricted Assets:					
Revenue bonds payable	500,000		6,250	493,750	493,750
Premium on bonds	23,102	23,102	23,102	23,102	23,102
Accrued interest payable	<u>170,862</u>	<u>163,064</u>	<u>170,862</u>	<u>163,064</u>	<u>163,064</u>
Net business-type activities	<u>11,370,796</u>	<u>82,118</u>	<u>1,289,804</u>	<u>10,163,110</u>	<u>794,111</u>
Total government (net)	<u>\$ 43,998,360</u>	<u>\$ 2,122,581</u>	<u>\$ 4,692,011</u>	<u>\$ 41,428,930</u>	<u>\$ 4,251,753</u>

Compensated Absences

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

Net Pension Obligation

General fund and water and sewer enterprise fund have been used to liquidate the net pension obligation in prior years.

NOTE 8 - LEASING OPERATIONS

Lessor

The City is involved in various operating leases as lessor. These leases include building, office facilities, and other equipment. These rental facilities are leased through 2037. The City has not determined the cost of these facilities as of September 30, 2014. Minimum future rentals to be received on noncancelable leases, as of September 30, 2014, for each of the next five years and in the aggregate are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2015	\$ 149,883
2016	154,186
2017	158,617
2018	163,180
2019	167,879
2020-2024	914,936
2025-2029	937,082
2030-2034	630,973
2035-2037	<u>80,459</u>
	<u>\$ 3,357,195</u>

Lessee

The City is involved in various operating leases as lessee. These leases include copier equipment, postage equipment, and golf cart and other golf course equipment. Minimum future rentals to be received on noncancelable leases, as of September 30, 2014, for each of the next five years and in the aggregate are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2015	\$ 113,900
2016	74,710
2017	<u>40,226</u>
	<u>\$ 228,836</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 9 - PENSION AND OPEB-SUPPLEMENTAL DEATH BENEFITS PLAN

Plan Description

The City provides pension benefits for all of its eligible employees, except volunteer firefighters, through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year <u>2013</u>	Plan Year <u>2014</u>
Employee deposit rate	6%	6%
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%	100%
	Repeating, Transfers	Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation, previously the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015). The annual pension cost and net pension obligation (asset) are as follows:

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 9 - PENSION AND OPEB-SUPPLEMENTAL DEATH BENEFITS PLAN - Continued

Contributions - Continued

Annual required contributions (ARC)	\$ 1,291,061
Interest on net pension obligation (NPO)	87,401
Adjustment to ARC	<u>(62,968)</u>
Annual pension cost (APC)	1,315,494
Contributions made (at phase-in rate)	<u>(1,291,061)</u>
Increase in NPO	24,433
NPO, beginning of year	<u>878,397</u>
 NPO, end of year	 <u>\$ 902,830</u>

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/ (Asset) Current</u>	<u>Net Pension Obligation/ (Asset) Cumulative</u>
2012	\$ 1,365,329	\$ 1,283,670	94.02%	\$ 81,660	\$ 922,253
2013	1,258,093	1,301,950	103.49	(43,856)	878,397
2014	1,315,494	1,291,061	98.14	24,433	902,830

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additionally information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation date	12-31-11	12-31-12	12-31-13
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of payroll	Level Percent of payroll	Level Percent of payroll
GASB 25 Equivalent Single Amortization Period	26.0 years; closed period	25.0 years; closed period	16.0 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 9 - PENSION AND OPEB-SUPPLEMENTAL DEATH BENEFITS PLAN - Continued

Contributions - Continued

Actuarial Assumptions:

Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age & service	Varies by age & service	Varies by age & service
*Includes Inflation rate at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.10%	2.10%	2.10%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (1)	<u>Actuarial Accrued Liability (AAL)-</u> (2)	<u>Funded Ratio</u> (3) (1)/(2)	<u>Unfunded AAL (UAAL)</u> (4) (2)-(1)	<u>Covered Payroll</u> (5)	<u>UAAL as a Percentage of Covered Payroll</u> (6) (4)/(5)
12/31/13	46,061,905	51,744,203	89.0%	5,682,298	9,105,527	62.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 9 - PENSION AND OPEB-SUPPLEMENTAL DEATH BENEFITS PLAN - Continued

Supplemental Death Benefits Fund

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

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

	<u>2013</u>	<u>2014</u>
The City offers Supplemental Death to:		
Active employees (Yes or No)	Yes	Yes
Retirees (Yes or No)	Yes	Yes

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

The City's contributions to the TMRS SDBF for the years ended September 30, 2014, 2013, and 2012 were \$ 19,904, \$ 18,306, and \$ 19,185, respectively, which equaled the required contributions each year.

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

NOTE 10 - TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND

Plan Description

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 10 - TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND - Continued

Plan Description - Continued

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

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Nonvested)	4,036

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

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

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

Funding Policy

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 10 - TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND - Continued

Plan Description - Continued

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

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

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$ 1,530,343 for the fiscal year ending August 31, 2014.

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

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

Actuarial Assumptions

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 10 - TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND -
Continued

Actuarial Assumptions - Continued

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

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

A report may be obtained by contacting the Texas Comptroller, Post Office Box 13528, Capitol Station, Austin, Texas 78711-3528.

NOTE 11 - DEFERRED COMPENSATION PLAN

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 11 - DEFERRED COMPENSATION PLAN - Continued

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

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

NOTE 12 - CONTINGENT LIABILITIES

The City is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the City at September 30, 2014.

NOTE 13 - RISK POOL PARTICIPATION

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

NOTE 14 - INDUSTRIAL DISTRICT CONTRACT

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 14 - INDUSTRIAL DISTRICT CONTRACT - Continued

The initial \$ 9 million payment is split as follows:

Clute	\$ 1,400,000
Freeport	3,500,000
Lake Jackson	<u>4,100,000</u>
 Total	 <u>\$ 9,000,000</u>

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

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

The industrial district revenues received during the year ended September 30, 2014 amounted to \$ 4,186,100.

NOTE 15 - GRANTS, LOANS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2014, the City applied for and received federal and state grants related to various activities. The operations of these grants are reported in the General Fund and Enterprise Fund. Grant revenues are classified as intergovernmental revenues or capital contribution.

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Federal:			
U.S. Department of Housing and Urban Development:			
Community Development Block Grant (Water/Sewer Project)	\$	\$ 133,195	\$ 133,195
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	2,788		2,788
U.S. Department of Homeland Security:			
Public Assistance Grant	344		344
State:			
Law Enforcement Officer Standards and Education (LEOSE)	<u>3,481</u>		<u>3,481</u>
Total	<u>\$ 6,613</u>	<u>\$ 133,195</u>	<u>\$ 139,808</u>

As of September 30, 2014, all cash and in-kind matching requirements had been met for those grants requiring local matching.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 15 - GRANTS, LOANS, ENTITLEMENTS AND SHARED REVENUES - Continued

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

NOTE 16 - INTERLOCAL AGREEMENT

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

The Shelter hired the SPCA to provide all administrative services necessary to administer the programs on behalf of the Cities and the SPCA. Each of the three Cities and the SPCA agreed to appropriate to the Shelter for the first year of the term of the agreement, in addition to their capital contribution, a stated amount for use in carrying out the programs developed by the Shelter and for its administrative operating services. For the year ending September 30, 2014, the City paid the Shelter \$ 125,432 under this agreement.

On November 13, 2013 the City entered into an Economic Development Agreement with The Dow Chemical Company (Dow) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, Dow is expected to expend a certain amount of funds on a project in the City and the City will reimburse up to two million five hundred thousand dollars (\$ 2,500,000) in infrastructure costs related to the project. In addition the City will provide certain rebates according to terms of the agreement for real and personal property taxes. The term of the agreement is fifteen (15) years. Both the City and Dow have agreed to various covenants, warranties, obligations and duties as a part of this agreement. For the year ending September 30, 2014, the City has not made any reimbursements or rebates to Dow under this agreement.

On December 2, 2013 the City entered into an Economic Development Agreement with Brazosport Creekside, LLC (the Developer) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, the Developer will construct approximately 224 new homes in a development in the City. As a part of the development the City will reimburse the Developer up to six hundred seventy five thousand five hundred dollars (\$ 675,500) for the construction of a bridge. The reimbursement will occur based on additional property taxes collected over a period of fifteen (15) years along with the City will providing the Developer five yearly payments of seventy thousand dollars (\$ 70,000). In no event will the reimbursement exceed \$675,500 plus interest at the rate of five percent (5%) per annum. For the year ending September 30, 2014, the City paid no reimbursements under this agreement.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 16 - INTERLOCAL AGREEMENT - Continued

On December 9, 2013 the City entered into an Economic Development Agreement with HEB Grocery Company, LP (HEB) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, HEB will construct a HEB store and retail center in the City and the City will reimburse HEB up to three million dollars (\$ 3,000,000) in infrastructure costs related to the project. In addition the City will provide certain rebates according to terms of the agreement for real and personal property taxes and sales taxes. In no event shall the sum total of the tax rebates exceed five million dollars (\$ 5,000,000). Both the City and HEB have agreed to various covenants, warranties, obligations and duties as a part of this agreement. For the year ending September 30, 2014, the City paid no reimbursements or rebates to HEB under this agreement.

NOTE 17 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 25, 2015, the date which the financial statements were available to be issued.

On November 4, 2014, the City issued City of Lake Jackson, Texas Certificates of Obligation, Series 2014, in the amount of \$ 5,500,000. The purpose of these Certificates is to pay the infrastructure reimbursements related to the Section 380 agreements with Dow and HEB.

NOTE 18 - EXCESS OF EXPENDITURES OVER APROPRIATIONS

During the year ended September 30, 2014, expenditures exceeded appropriations in the funds as follows:

Red Light Camera Fund	\$	3,246
Motel Occupancy Fund		72,278
Program Education Fund		5,500
Economic Development Debt Service Fund		12,801

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE JACKSON

Lake Jackson, Texas

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
LAST THREE FISCAL YEARS – (UNAUDITED)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)-</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/11	\$ 39,974,294	\$ 45,022,092	88.8%	\$ 5,047,798	\$ 9,025,587	55.9%
12/31/12	43,216,930	47,265,090	91.4	4,048,160	9,262,178	43.7
12/31/13	46,061,905	51,744,203	89.0	5,682,298	9,105,527	62.4

CITY OF LAKE JACKSON

Lake Jackson, Texas

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
LAST THREE FISCAL YEARS – (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ¹ - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Total Members Covered (c)	UAAL Per Member Covered (b-a)/(c)
8/31/10 ³	\$ 64,113,803	\$ 81,264,230	\$ 17,150,427	78.9%	8,644	\$ 1,984
8/31/12 ²	67,987,487	101,856,042	33,868,555	66.7	9,448	3,585
8/31/14	83,761,038	109,854,799	26,093,761	76.2	9,270	2,815

Notes:

¹ The actuarial accrued liability is based upon the entry age actuarial cost method.

² Changes in actuarial assumptions were reflected in this valuation.

³ Changes in actuarial assumptions and method were reflected in this valuation.

Note to Required Supplementary Information

Valuation date	August 31, 2014
Actuarial cost method	Entry Age
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value

Actuarial Assumptions:

Investment rate of return*	7.75% per year, net of investment expenses
Projected salary increases	N/A
*Included inflation at	3.50%
Cost-of-living adjustments	None

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

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

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds - Continued

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS

September 30, 2014

	Special Revenue Funds			
	Red Light Camera	Motel Occupancy Tax	Police Seizure	Program Education
<u>Assets and Deferred Outflows of Resources</u>				
Assets:				
Cash and temporary investments	\$ 23,492	\$ 45,523	\$ 108,418	\$ 176,449
Receivables (net of allowance for uncollectibles):				
Taxes				19,796
Accounts				
Total assets	23,492	45,523	108,418	196,245
Deferred Outflows of Resources:				
Deferred outflows of resources				
Total deferred outflows of resources	-0-	-0-	-0-	-0-
Total assets and deferred outflows of resources	\$ 23,492	\$ 45,523	\$ 108,418	\$ 196,245
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Total liabilities	-0-	-0-	-0-	-0-
Deferred Inflows of Resources:				
Deferred inflows of resources				
Total deferred inflows of resources	-0-	-0-	-0-	-0-
Fund Balances:				
Restricted:				
Debt service				
Capital projects				
Traffic safety	23,492			
Program education				196,245
Encourage tourism		45,523		
Law enforcement			108,418	
Assigned				
Total fund balances	23,492	45,523	108,418	196,245
Total liabilities, deferred inflows of resources and fund balances	\$ 23,492	\$ 45,523	\$ 108,418	\$ 196,245

Debt Service Funds		Capital Projects Funds			
Economic Development	Golf Course	General Construction	Court/Emergency Operations Center/ Brazos Oaks Construction	2010 Drainage Infrastructure	Downtown Revitalization
\$ 1,792	\$	\$ 1,945,230	\$ 80,448	\$ 1,017,746	\$ 71,262
		19,029			
<u>1,792</u>	<u>-0-</u>	<u>1,964,259</u>	<u>80,448</u>	<u>1,017,746</u>	<u>71,262</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 1,792</u>	<u>\$ -0-</u>	<u>\$ 1,964,259</u>	<u>\$ 80,448</u>	<u>\$ 1,017,746</u>	<u>\$ 71,262</u>
\$	\$	\$ 60,713	\$ 80,448	\$ 2,342	\$
<u>-0-</u>	<u>-0-</u>	<u>60,713</u>	<u>80,448</u>	<u>2,342</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
1,792				1,015,404	71,262
		1,903,546			
<u>1,792</u>	<u>-0-</u>	<u>1,903,546</u>	<u>-0-</u>	<u>1,015,404</u>	<u>71,262</u>
<u>\$ 1,792</u>	<u>\$ -0-</u>	<u>\$ 1,964,259</u>	<u>\$ 80,448</u>	<u>\$ 1,017,746</u>	<u>\$ 71,262</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS - Continued

September 30, 2014

	<u>Capital Projects Funds</u>	Total Non-major Governmental Funds
	2013 Downtown Improvement	
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Cash and temporary investments	\$ 2,002,226	\$ 5,472,586
Receivables (net of allowance for uncollectibles):		
Taxes		19,796
Accounts		<u>19,029</u>
Total assets	<u>2,002,226</u>	<u>5,511,411</u>
Deferred Outflows of Resources:		
Deferred outflows of resources		<u>-0-</u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 2,002,226</u>	<u>\$ 5,511,411</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ _____	\$ 143,503
Total liabilities	<u>-0-</u>	<u>143,503</u>
Deferred Inflows of Resources:		
Deferred inflows of resources		<u>-0-</u>
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>
Fund Balances:		
Restricted:		
Debt service		1,792
Capital projects	2,002,226	3,088,892
Traffic safety		23,492
Program education		196,245
Encourage tourism		45,523
Law enforcement		108,418
Assigned		<u>1,903,546</u>
Total fund balances	<u>2,002,226</u>	<u>5,367,908</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,002,226</u>	<u>\$ 5,511,411</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	Special Revenue Funds			
	Red Light Camera	Motel Occupancy Tax	Police Seizure	Program Education
Revenues:				
Franchise tax	\$	\$	\$	\$ 76,844
Occupancy tax		311,774		
Investment income		180	293	
Miscellaneous			21,498	
Total revenues	-0-	311,954	21,791	76,844
Expenditures:				
Current:				
General government and administration				5,500
Public safety	3,246		18,940	
Public works				
Cultural and Recreation:				
Contribution to Fine Arts Council		43,672		
Contribution to Museum of Natural Science		65,507		
Contribution to Chamber of Commerce		87,343		
Contribution to Historical Museum		65,507		
Other		3,106		
Capital outlay			16,746	
Debt Service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	3,246	265,135	35,686	5,500
Excess (deficiency) of revenues over (under) expenditures	(3,246)	46,819	(13,895)	71,344
Other Financing Sources (Uses):				
Issuance of debt				
Bond issuance premium				
Sale of capital assets				
Transfers in				
Transfers out		(43,671)		
Total other financing sources (uses)	-0-	(43,671)	-0-	-0-
Net changes in fund balances	(3,246)	3,148	(13,895)	71,344
Fund balances – beginning	26,738	42,375	122,313	124,901
Fund balances – ending	\$ 23,492	\$ 45,523	\$ 108,418	\$ 196,245

Debt Service Funds		Capital Projects Funds			
Economic Development	Golf Course	General Construction	Court/Emergency Operations Center/ Brazos Oaks Construction	2010 Drainage Infrastructure	Downtown Revitalization
\$	\$	\$	\$	\$	\$
		1,876		459	62
		328			
<u>-0-</u>	<u>-0-</u>	<u>2,204</u>	<u>-0-</u>	<u>459</u>	<u>62</u>
		102,907			
		26,096		1,905	
		387,487		558,069	73,296
863,325	365,000				
<u>330,697</u>	<u>140,774</u>				
<u>1,194,022</u>	<u>505,774</u>	<u>516,490</u>	<u>-0-</u>	<u>559,974</u>	<u>73,296</u>
(<u>1,194,022</u>)	(<u>505,774</u>)	(<u>514,286</u>)	<u>-0-</u>	(<u>559,515</u>)	(<u>73,234</u>)
1,500,000					
40,920					
1,159,135	505,774	47,500			
(<u>1,504,241</u>)		<u>1,000,000</u>			
<u>1,195,814</u>	<u>505,774</u>	<u>1,047,500</u>		<u>-0-</u>	<u>-0-</u>
1,792	-0-	533,214	-0-	(559,515)	(73,234)
		<u>1,370,332</u>		<u>1,574,919</u>	<u>144,496</u>
<u>\$ 1,792</u>	<u>\$ -0-</u>	<u>\$ 1,903,546</u>	<u>\$ -0-</u>	<u>\$ 1,015,404</u>	<u>\$ 71,262</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	<u>Capital Projects Funds</u>	Total Non-major Governmental Funds
	2013 Downtown Improvement	
Revenues:		
Franchise Tax	\$	\$ 76,844
Occupancy tax		311,774
Investment income	698	3,568
Miscellaneous		<u>21,826</u>
Total revenues	<u>698</u>	<u>414,012</u>
Expenditures:		
Current:		
General government and administration		108,407
Public safety		48,282
Public works		1,905
Cultural and Recreation:		
Contribution to Fine Arts Council		43,672
Contribution to Museum of Natural Science		65,507
Contribution to Chamber of Commerce		87,343
Contribution to Historical Museum		65,507
Other		3,106
Capital outlay		1,035,598
Debit Service:		
Principal		1,228,325
Interest and fiscal charges		<u>471,471</u>
Total expenditures	<u>-0-</u>	<u>3,159,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>698</u>	<u>(2,745,111)</u>
Other Financing Sources (Uses):		
Issuance of debt		1,500,000
Bond issuance premium		40,920
Sale of capital assets		47,500
Transfers in		2,664,909
Transfers out		<u>(1,547,912)</u>
Total other financing sources (uses)	<u>-0-</u>	<u>2,705,417</u>
Net changes in fund balances	698	<u>(39,694)</u>
Fund balances – beginning	<u>2,001,528</u>	<u>5,407,602</u>
Fund balances – ending	<u>\$ 2,002,226</u>	<u>\$ 5,367,908</u>

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

Special Revenue and Debt Service Funds

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Total for 2013

	2014			Variance with Final Budget- Positive (Negative)	2013
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Fines and fees	\$	\$	\$	\$	\$ 6,492
Total revenues	-0-	-0-	-0-	-0-	6,492
Expenditures:					
Current:					
Public Safety:					
Traffic control			3,246	(3,246)	4,268
Capital outlay					24,019
Total expenditures	-0-	-0-	3,246	(3,246)	28,287
Net changes in fund balance	-0-	-0-	(3,246)	(3,246)	(21,795)
Fund balance – beginning	26,738	26,738	26,738	-0-	48,533
Fund balance – ending	\$ 26,738	\$ 26,738	\$ 23,492	\$ (3,246)	\$ 26,738

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Totals for 2013

	2014			Variance with Final Budget- Positive (Negative)	2013
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Occupancy tax	\$ 225,000	\$ 225,000	\$ 311,774	\$ 86,774	\$ 274,101
Investment income		-0-	180	180	221
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>311,954</u>	<u>86,954</u>	<u>274,322</u>
Expenditures:					
Current:					
Culture and recreation	<u>192,857</u>	<u>192,857</u>	<u>265,135</u>	<u>(72,278)</u>	<u>241,665</u>
Total expenditures	<u>192,857</u>	<u>192,857</u>	<u>265,135</u>	<u>(72,278)</u>	<u>241,665</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,143</u>	<u>32,143</u>	<u>46,819</u>	<u>14,676</u>	<u>32,657</u>
Other Financing Sources (Uses):					
Transfers out	<u>(32,143)</u>	<u>(32,143)</u>	<u>(43,671)</u>	<u>(11,528)</u>	<u>(30,000)</u>
Total other financing sources (uses)	<u>(32,143)</u>	<u>(32,143)</u>	<u>(43,671)</u>	<u>(11,528)</u>	<u>(30,000)</u>
Net changes in fund balance	-0-	-0-	3,148	3,148	2,657
Fund balance – beginning	<u>42,375</u>	<u>42,375</u>	<u>42,375</u>	<u>-0-</u>	<u>39,718</u>
Fund balance – ending	<u>\$ 42,375</u>	<u>\$ 42,375</u>	<u>\$ 45,523</u>	<u>\$ 3,148</u>	<u>\$ 42,375</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Totals for 2013

	2014			Variance with Final Budget- Positive (Negative)	2013
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Investment income	\$	\$	\$ 293	\$ 293	\$ 347
Miscellaneous	<u>34,000</u>	<u>34,000</u>	<u>21,498</u>	<u>(12,502)</u>	<u>9,665</u>
Total revenues	<u>34,000</u>	<u>34,000</u>	<u>21,791</u>	<u>(12,209)</u>	<u>10,012</u>
Expenditures:					
Current:					
Public Safety:					
Seizures administration	48,200	48,200	18,940	29,260	30,610
Capital outlay	<u> </u>	<u> </u>	<u>16,746</u>	<u>(16,746)</u>	<u> </u>
Total expenditures	<u>48,200</u>	<u>48,200</u>	<u>35,686</u>	<u>12,514</u>	<u>30,610</u>
Net changes in fund balance	<u>(14,200)</u>	<u>(14,200)</u>	<u>(13,895)</u>	<u>305</u>	<u>(20,598)</u>
Fund balance – beginning	<u>122,313</u>	<u>122,313</u>	<u>122,313</u>	<u>-0-</u>	<u>142,911</u>
Fund balance – ending	<u>\$ 108,113</u>	<u>\$ 108,113</u>	<u>\$ 108,418</u>	<u>\$ 305</u>	<u>\$ 122,313</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Totals for 2013

	2014			Variance with Final Budget- Positive (Negative)	2013
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Franchise tax	\$ 60,000	\$ 60,000	\$ 76,844	\$ 16,844	\$ 69,597
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>76,844</u>	<u>16,844</u>	<u>69,597</u>
Expenditures:					
Current:					
General government and administration			5,500	(5,500)	19,834
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>5,500</u>	<u>(5,500)</u>	<u>19,834</u>
Net changes in fund balance	<u>60,000</u>	<u>60,000</u>	<u>71,344</u>	<u>11,344</u>	<u>49,763</u>
Fund balance – beginning	<u>124,901</u>	<u>124,901</u>	<u>124,901</u>	<u>-0-</u>	<u>75,138</u>
Fund balance – ending	<u>\$ 184,901</u>	<u>\$ 184,901</u>	<u>\$ 196,245</u>	<u>\$ 11,344</u>	<u>\$ 124,901</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Total for 2013

	2014			Variance with Final Budget- Positive (Negative)	2013
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues	\$ _____	\$ _____	\$ _____	\$ -0-	\$ _____
Expenditures:					
Debt Service:					
Principal retirement	863,325	863,325	863,325		840,518
Interest and fiscal charges	<u>317,896</u>	<u>317,896</u>	<u>330,697</u>	(12,801)	<u>266,302</u>
Total expenditures	<u>1,181,221</u>	<u>1,181,221</u>	<u>1,194,022</u>	(12,801)	<u>1,106,820</u>
Excess (deficiency) of revenues over (under) expenditures	(<u>1,181,221</u>)	(<u>1,181,221</u>)	(<u>1,194,022</u>)	(12,801)	(<u>1,106,820</u>)
Other Financing Sources (Uses):					
Issuance of bonds			1,500,000	1,500,000	
Bond issuance premium			40,920	40,920	42,181
Transfers in	1,181,221	1,181,221	1,159,135	(22,086)	1,064,639
Transfers out	_____	_____	(<u>1,504,241</u>)	(<u>1,504,241</u>)	_____
Total other financing sources (uses)	<u>1,181,221</u>	<u>1,181,221</u>	<u>1,195,814</u>	<u>14,593</u>	<u>1,106,820</u>
Net changes in fund balance	-0-	-0-	1,792	1,792	-0-
Fund balance – beginning	_____	_____	_____	-0-	_____
Fund balance – ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,792</u>	<u>\$ 1,792</u>	<u>\$ -0-</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Totals for 2013

	2014			Variance with Final Budget- Positive (Negative)	2013
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues	\$ _____	\$ _____	\$ _____	\$ -0-	\$ _____
Expenditures:					
Debt Service:					
Principal retirement	365,000	365,000	365,000		350,000
Interest and fiscal charges	<u>141,525</u>	<u>141,525</u>	<u>140,774</u>	<u>751</u>	<u>152,720</u>
Total expenditures	<u>506,525</u>	<u>506,525</u>	<u>505,774</u>	<u>751</u>	<u>502,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(506,525)</u>	<u>(506,525)</u>	<u>(505,774)</u>	<u>751</u>	<u>(502,720)</u>
Other Financing Sources (Uses):					
Transfers in	<u>506,525</u>	<u>506,525</u>	<u>505,774</u>	<u>(751)</u>	<u>502,720</u>
Total other financing sources (uses)	<u>506,525</u>	<u>506,525</u>	<u>505,774</u>	<u>(751)</u>	<u>502,720</u>
Net changes in fund balance	-0-	-0-	-0-	-0-	-0-
Fund balance – beginning	_____	_____	_____	-0-	_____
Fund balance – ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

General Fund

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE BALANCE SHEETS -
General Fund**

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Cash and temporary investments	\$ 13,353,991	\$ 12,457,681
Receivable (net of allowance for uncollectibles):		
Taxes	1,172,376	1,064,347
Accounts	63,279	57,331
Grants	18,381	49,981
Investments	399,000	399,000
Inventories	83,390	87,658
Prepaid expenditures	<u>6,930</u>	<u>741</u>
 Total assets	 <u>15,097,347</u>	 <u>14,116,739</u>
Deferred Outflows of Resources:		
Deferred outflows of resources	<u> </u>	<u> </u>
 Total deferred outflows of resources	 <u>-0-</u>	 <u>-0-</u>
 Total assets and deferred outflows of resources	 <u>\$ 15,097,347</u>	 <u>\$ 14,116,739</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE BALANCE SHEETS -
General Fund - Continued**

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 551,523	\$ 510,798
Cash bonds and taxes	400,514	270,285
Accrued wages	231,957	130,117
Unearned revenue	70,046	74,629
Due to other fund		4,011
Total liabilities	<u>1,254,040</u>	<u>989,840</u>
Deferred Inflows of Resources:		
Deferred inflows of resources – property taxes	<u>18,911</u>	<u>17,760</u>
Total deferred inflows of resources	<u>18,911</u>	<u>17,760</u>
Fund Balance:		
Non-spendable:		
Inventory	83,390	87,658
Prepaid expenditures	6,930	741
Committed:		
General contingencies	801,448	800,085
Assigned:		
Unemployment insurance	165,785	176,847
Equipment replacement	5,813,661	5,544,711
Special events	12,937	12,308
Park improvement	295,836	245,889
Unassigned	<u>6,644,409</u>	<u>6,240,900</u>
Total fund balance	<u>13,824,396</u>	<u>13,109,139</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 15,097,347</u>	<u>\$ 14,116,739</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

General Fund

For the Year Ended September 30, 2014

With Comparative Actual Totals for 2013

	Budgeted Amounts	
	Original	Final
Revenues:		
Taxes:		
Property	\$ 3,453,769	\$ 3,453,769
Sales	5,117,000	5,117,000
Franchise	1,481,000	1,481,000
Other	92,000	92,000
Industrial district	4,186,100	4,186,100
Intergovernment		
Revenue producing facilities	1,130,740	1,130,740
Fines and fees	476,600	476,600
Licenses and permits	306,600	306,600
Investment income	63,621	63,621
Miscellaneous	110,500	110,500
Total revenues	16,417,930	16,417,930
Expenditures:		
Current:		
General government and administration	3,247,152	3,247,152
Public safety	6,088,482	6,088,482
Public works	2,877,573	2,877,573
Culture and recreation	4,197,063	4,197,063
Capital outlay	1,328,325	1,328,325
Total expenditures	17,738,595	17,738,595
Excess (deficiency) of revenues over (under) expenditures	(1,320,665)	(1,320,665)
Other Financing Sources (Uses):		
Sale of capital assets		
Transfers in	1,638,690	1,638,690
Transfers out	(1,225,632)	(1,225,632)
Total other financing sources (uses)	413,058	413,058
Net change in fund balance	(907,607)	(907,607)
Fund balance - beginning	13,109,139	13,109,139
Fund balance - ending	\$ 12,201,532	\$ 12,201,532

2014			2013	
Actual GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)	Actual GAAP Basis
\$ 3,466,594	\$	\$ 3,466,594	\$ 12,825	\$ 3,351,088
5,226,636		5,226,636	109,636	5,093,359
1,580,815		1,580,815	99,815	1,547,112
164,284		164,284	72,284	141,546
4,186,100		4,186,100	-0-	4,100,000
6,613		6,613	6,613	94,843
1,135,711		1,135,711	4,971	1,043,331
625,201		625,201	148,601	563,208
501,138		501,138	194,538	245,897
33,858		33,858	(29,763)	70,907
<u>120,682</u>		<u>120,682</u>	<u>10,182</u>	<u>171,073</u>
<u>17,047,632</u>	<u>-0-</u>	<u>17,047,632</u>	<u>629,702</u>	<u>16,422,364</u>
3,354,028	5,040	3,359,068	(111,916)	3,297,784
5,703,530	6,305	5,709,835	378,647	5,686,957
2,695,742	3,200	2,698,942	178,631	2,483,528
3,897,297	54,891	3,952,188	244,875	3,866,230
<u>1,186,446</u>		<u>1,186,446</u>	<u>141,879</u>	<u>753,546</u>
<u>16,837,043</u>	<u>69,436</u>	<u>16,906,479</u>	<u>832,116</u>	<u>16,088,045</u>
<u>210,589</u>	<u>(69,436)</u>	<u>141,153</u>	<u>1,461,818</u>	<u>334,319</u>
80,088		80,088	80,088	14,745
1,650,212		1,650,212	11,522	1,612,255
<u>(1,225,632)</u>		<u>(1,225,632)</u>	<u>-0-</u>	<u>(1,081,975)</u>
<u>504,668</u>	<u>-0-</u>	<u>504,688</u>	<u>91,610</u>	<u>545,025</u>
715,257	(69,436)	645,821	1,553,428	879,344
<u>13,109,139</u>		<u>13,109,139</u>	<u>-0-</u>	<u>12,229,795</u>
<u>\$ 13,824,396</u>	<u>\$ (69,436)</u>	<u>\$ 13,754,960</u>	<u>\$ 1,553,428</u>	<u>\$ 13,109,139</u>

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Economic Development Fund

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE BALANCE SHEETS-
Economic Development Fund**

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Cash and temporary investments	\$ 1,938,268	\$ 2,024,110
Receivable (net of allowance for uncollectibles):		
Taxes	<u>477,823</u>	<u>430,670</u>
Total assets	<u>2,416,091</u>	<u>2,454,780</u>
Deferred Outflows of Resources:		
Deferred outflows of resources		
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 2,416,091</u>	<u>\$ 2,454,780</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ <u>3,325</u>	\$ <u>162,082</u>
Total liabilities	<u>3,325</u>	<u>162,082</u>
Deferred Inflows of Resources:		
Deferred inflows of resources		
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>
Fund Balances:		
Restricted For:		
Economic development	<u>2,412,766</u>	<u>2,292,698</u>
Total fund balances	<u>2,412,766</u>	<u>2,292,698</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,416,091</u>	<u>\$ 2,454,780</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Totals for 2013

	2014			Variance with Final Budget- Positive (Negative)	2013
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Sales taxes	\$ 2,638,463	\$ 2,638,463	\$ 2,752,237	\$ 113,774	\$ 2,619,312
Investment income	<u>8,394</u>	<u>8,394</u>	<u>13,761</u>	<u>5,367</u>	<u>17,958</u>
Total revenues	<u>2,646,857</u>	<u>2,646,857</u>	<u>2,765,998</u>	<u>119,141</u>	<u>2,637,270</u>
Expenditures:					
Current:					
General government and administration	50,000	50,000	300,000	(250,000)	150,276
Culture and recreation			74,377	(74,377)	
Capital outlay	<u>867,333</u>	<u>867,333</u>	<u>106,644</u>	<u>760,689</u>	<u>334,861</u>
Total expenditures	<u>917,333</u>	<u>917,333</u>	<u>481,021</u>	<u>436,312</u>	<u>485,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,729,524</u>	<u>1,729,524</u>	<u>2,284,977</u>	<u>555,453</u>	<u>2,152,133</u>
Other Financing Sources (Uses):					
Transfers out	(1,823,413)	(1,823,413)	(2,164,909)	(341,496)	(2,067,359)
Total other financing sources (uses)	(1,823,413)	(1,823,413)	(2,164,909)	(341,496)	(2,067,359)
Net changes in fund balance	(93,899)	(93,899)	120,068	213,957	84,774
Fund balances – beginning	<u>2,292,698</u>	<u>2,292,698</u>	<u>2,292,698</u>	<u>-0-</u>	<u>2,207,924</u>
Fund balances – ending	<u>\$ 2,198,809</u>	<u>\$ 2,198,809</u>	<u>\$ 2,412,766</u>	<u>\$ 213,957</u>	<u>\$ 2,292,698</u>

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***SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES***

General Debt Service Fund

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE BALANCE SHEETS-
General Debt Service Fund**

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Cash and temporary investments	\$ 715,888	\$ 708,190
Receivable (net of allowance for uncollectibles):		
Taxes	<u>14,095</u>	<u>14,024</u>
Total assets	<u>729,983</u>	<u>722,214</u>
Deferred Outflows of Resources:		
Deferred outflows of resources	<u> </u>	<u> </u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 729,983</u>	<u>\$ 722,214</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
Liabilities:		
Accrued interest	\$ <u> </u>	\$ <u> 709</u>
Total liabilities	<u>-0-</u>	<u>709</u>
Deferred Inflows of Resources:		
Deferred inflows of resources – property taxes	<u>14,041</u>	<u>13,969</u>
Total deferred inflows of resources	<u>14,041</u>	<u>13,969</u>
Fund Balance:		
Restricted For:		
Debt service	<u>715,942</u>	<u>707,536</u>
Total fund balance	<u>715,942</u>	<u>707,536</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 729,983</u>	<u>\$ 722,214</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Totals for 2013

	2014			Variance with Final Budget- Positive (Negative)	2013
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Taxes	\$ 2,216,062	\$ 2,216,062	\$ 2,220,101	\$ 4,039	\$ 2,272,588
Investment income	8,000	8,000	9,508	1,508	9,551
Total revenues	<u>2,224,062</u>	<u>2,224,062</u>	<u>2,229,609</u>	<u>5,547</u>	<u>2,282,139</u>
Expenditures:					
Debt Service:					
Principal retirement	1,576,675	1,576,675	1,576,675		1,594,482
Interest and fiscal charges	<u>647,387</u>	<u>647,387</u>	<u>644,528</u>	<u>2,859</u>	<u>649,865</u>
Total expenditures	<u>2,224,062</u>	<u>2,224,062</u>	<u>2,221,203</u>	<u>2,859</u>	<u>2,244,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>8,406</u>	<u>8,406</u>	<u>37,792</u>
Other Financing Sources (Uses):					
Bond issuance premium					<u>61,688</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>61,688</u>
Net changes in fund balance	-0-	-0-	8,406	8,416	99,480
Fund balance – beginning	<u>707,536</u>	<u>707,536</u>	<u>707,536</u>	<u>-0-</u>	<u>608,056</u>
Fund balance – ending	<u>\$ 707,536</u>	<u>\$ 707,536</u>	<u>\$ 715,942</u>	<u>\$ 8,406</u>	<u>\$ 707,536</u>

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Proprietary Funds

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Enterprise Fund

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Current Assets:		
Cash and temporary investments	\$ 3,101,391	\$ 3,660,188
Receivables (net of allowance for uncollectibles):		
Accounts	<u>668,438</u>	<u>506,476</u>
	<u>3,769,829</u>	<u>4,166,664</u>
Current Restricted Assets:		
Cash and temporary investments	3,647,154	2,640,545
Due from other governments	<u>5,318</u>	<u>5,318</u>
Total current restricted assets	<u>3,652,472</u>	<u>2,645,863</u>
Total current assets	<u>7,422,301</u>	<u>6,812,527</u>
Noncurrent Assets:		
Restricted Cash and Temporary Investments:		
Revenue bond covenant accounts	<u>2,309,177</u>	<u>2,316,144</u>
Total noncurrent restricted assets	<u>2,309,177</u>	<u>2,316,144</u>
Capital Assets:		
Property, plant and equipment	63,514,521	62,693,589
Construction in process	359,506	22,845
Less accumulated depreciation	<u>(34,508,258)</u>	<u>(32,513,813)</u>
Total capital assets (net of accumulated depreciation)	<u>29,365,769</u>	<u>30,202,621</u>
Total noncurrent assets	<u>31,674,946</u>	<u>32,518,765</u>
Total assets	<u>39,097,247</u>	<u>39,331,292</u>
Deferred Outflows of Resources:		
Deferred outflows of resources – debt refunding cost	<u>132,304</u>	<u>155,786</u>
Total deferred outflows of resources	<u>132,304</u>	<u>155,786</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Enterprise Fund - Continued

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 378,415	\$ 347,484
Accrued wages	59,179	31,274
Accrued compensated absences	102,861	97,385
Revenue bonds payable	<u>691,250</u>	<u>700,000</u>
	<u>1,231,705</u>	<u>1,176,143</u>
Current Liabilities Payable from Restricted Assets:		
Accrued interest	163,064	170,862
Customer deposits	699,806	663,088
Revenue bonds payable	<u>516,852</u>	<u>523,102</u>
Total current liabilities payable from restricted assets	<u>1,379,722</u>	<u>1,357,052</u>
Total current liabilities	<u>2,611,427</u>	<u>2,533,195</u>
Noncurrent Liabilities:		
Revenue bonds payable	9,129,371	10,337,473
Accrued compensated absences	44,206	45,901
Net pension obligation	<u>195,422</u>	<u>190,037</u>
Total noncurrent liabilities	<u>9,368,999</u>	<u>10,573,411</u>
Total liabilities	<u>11,980,426</u>	<u>13,106,606</u>
Deferred Inflows of Resources:		
Deferred inflows of resources	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>
Net Position:		
Net investment in capital assets	19,160,600	18,797,832
Restricted For:		
Revenue bond retirement	2,146,113	2,145,282
Construction	2,952,666	1,982,775
Unrestricted	<u>2,989,746</u>	<u>3,454,583</u>
Total net position	<u>\$ 27,249,125</u>	<u>\$ 26,380,472</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Enterprise Fund**

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Water service	\$ 3,464,297	\$ 3,561,044
Sewer service	3,332,649	3,408,385
Garbage fees	3,163,629	3,161,165
Tapping and connection fees	301,961	254,736
Other	<u>204,430</u>	<u>169,403</u>
Total operating revenues	<u>10,466,966</u>	<u>10,554,733</u>
Operating Expenses:		
Utility administration	291,528	445,254
Water production and treatment	3,013,541	2,766,448
Sewer collection	2,036,450	2,104,225
Sanitation	2,442,771	2,278,112
Depreciation	<u>2,059,265</u>	<u>2,025,029</u>
Total operating expenses	<u>9,843,555</u>	<u>9,619,068</u>
Operating income	<u>623,411</u>	<u>935,665</u>
Non-Operating Revenues (Expenses):		
Interest revenue	13,027	33,961
Interest expense and fiscal charges	<u>(374,312)</u>	<u>(433,280)</u>
Total non-operating revenues (expenses)	<u>(361,285)</u>	<u>(399,319)</u>
Income (loss) before contributions and transfers	262,126	536,346
Capital contributions	133,195	
Transfers in	1,729,873	486,730
Transfers out	<u>(1,256,541)</u>	<u>(1,232,255)</u>
Change in net position	868,653	(209,179)
Net position at beginning of year	<u>26,380,472</u>	<u>26,589,651</u>
Net position at end of year	<u>\$ 27,249,125</u>	<u>\$ 26,380,472</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF CASH FLOWS -
Enterprise Fund**

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 10,346,722	\$ 10,648,941
Payments to suppliers	(5,551,231)	(5,576,629)
Payments to employees	(2,165,057)	(2,135,784)
Net cash provided by operating activities	<u>2,630,434</u>	<u>2,936,528</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	1,729,873	486,730
Transfers out	(1,256,541)	(1,232,255)
Net cash provided (used) by non-capital financing activities	<u>473,332</u>	(745,525)
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(1,094,218)	(598,608)
Issuance of debt		2,000,000
Principal paid on capital debt	(1,223,102)	(1,181,898)
Interest and fiscal charges paid on capital debt	(358,628)	(380,834)
Net cash used for capital and related financing activities	<u>(2,675,948)</u>	<u>(161,340)</u>
Cash Flows from Investing Activities:		
Interest received	<u>13,027</u>	<u>33,961</u>
Net cash provided by investing activities	<u>13,027</u>	<u>33,961</u>
Net increase in cash and cash equivalents	440,845	2,062,624
Cash and cash equivalents at the beginning of year	<u>8,615,877</u>	<u>6,553,253</u>
Cash and cash equivalents at the end of year	<u>\$ 9,056,722</u>	<u>\$ 8,616,877</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF CASH FLOWS -
Enterprise Fund - Continued**

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income	\$ <u>623,411</u>	\$ <u>935,665</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	2,059,265	2,025,029
(Increase) decrease in accounts receivable	(156,962)	35,156
Increase (decrease) in accounts payable	30,931	(119,932)
Increase (decrease) in accrued wages payable	27,905	7,704
Increase (decrease) in net pension obligation	5,385	(9,224)
Increase (decrease) in accrued compensated absences	3,781	3,078
Increase (decrease) in customer deposits	<u>36,718</u>	<u>59,052</u>
Total adjustments	<u>2,007,023</u>	<u>2,000,863</u>
Net cash provided by operating activities	\$ <u><u>2,630,434</u></u>	\$ <u><u>2,936,528</u></u>
Non-cash Investing, Capital, and Financing Activities:		
Capital contributions from other government	\$ <u>133,195</u>	\$ _____
Net effect of non-cash transactions	\$ <u><u>133,195</u></u>	\$ <u><u>-0-</u></u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Totals for 2013

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Water service	\$ 3,746,572	\$ 3,746,572
Sewer service	3,656,419	3,656,419
Garbage fees	3,175,724	3,175,724
Tapping and connection fees	220,700	220,700
Other	144,624	144,624
Total revenues	<u>10,944,039</u>	<u>10,944,039</u>
Operating Expenses:		
Utility administration	434,693	434,693
Water production and treatment	2,987,315	2,987,315
Sewer collection	2,240,213	2,240,213
Sanitation	2,642,860	2,642,860
Depreciation		
Total operating expenses	<u>8,305,081</u>	<u>8,305,081</u>
Operating income	<u>2,638,958</u>	<u>2,638,958</u>
Non-Operating Revenues (Expenses):		
Interest revenue	29,062	29,062
Interest expense and fiscal charge	(383,676)	(383,676)
Total non-operating revenues (expenses)	<u>(354,614)</u>	<u>(354,614)</u>
Income before contributions and transfers	2,284,344	2,284,344
Capital contributions		
Transfers in	1,729,863	1,729,863
Transfers out	(1,256,554)	(1,256,554)
Change in net position	2,757,653	2,757,653
Net position - beginning	<u>26,380,472</u>	<u>26,380,472</u>
Net position - ending	<u>\$ 29,138,125</u>	<u>\$ 29,138,125</u>

2014			2013	
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)	Actual GAAP Basis
\$ 3,464,297	\$	\$ 3,464,297	\$(282,275)	\$ 3,561,044
3,332,649		3,332,649	(323,770)	3,408,385
3,163,629		3,163,629	(12,095)	3,161,165
301,961		301,961	81,261	254,736
204,430		204,430	59,806	169,403
<u>10,466,966</u>	<u>-0-</u>	<u>10,466,966</u>	<u>(477,073)</u>	<u>10,554,733</u>
291,528		291,528	143,165	445,254
3,013,541		3,013,541	(26,226)	2,766,448
2,036,450		2,036,450	203,763	2,104,225
2,442,771		2,442,771	200,089	2,278,112
<u>2,059,265</u>	<u>(2,059,265)</u>			<u>2,025,029</u>
<u>9,843,555</u>	<u>(2,059,265)</u>	<u>7,784,290</u>	<u>520,791</u>	<u>9,619,068</u>
<u>623,411</u>	<u>2,059,265</u>	<u>2,682,676</u>	<u>43,718</u>	<u>935,665</u>
13,027		13,027	(16,035)	33,961
<u>(374,312)</u>	<u>23,482</u>	<u>(350,830)</u>	<u>32,846</u>	<u>(433,280)</u>
<u>(361,285)</u>	<u>23,482</u>	<u>(337,803)</u>	<u>16,811</u>	<u>(399,319)</u>
262,126	2,082,747	2,344,873	60,529	536,346
133,195		133,195	133,195	-0-
1,729,873		1,729,873	10	486,730
<u>(1,256,541)</u>		<u>(1,256,541)</u>	<u>13</u>	<u>(1,232,255)</u>
868,653	2,082,747	2,951,400	193,747	(209,179)
<u>26,380,472</u>		<u>26,380,472</u>	<u>-0-</u>	<u>26,589,651</u>
<u>\$ 27,249,125</u>	<u>\$ 2,082,747</u>	<u>\$ 29,331,872</u>	<u>\$ 193,747</u>	<u>\$ 26,380,472</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Golf Course Operating Fund

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Current Assets:		
Cash and temporary investments	\$ 43,082	\$ 172,201
Receivables (net of allowance for uncollectibles):		
Accounts	55,875	42,282
Inventories	37,870	49,164
Prepaid expenses		<u>7,405</u>
Total current assets	<u>136,827</u>	<u>271,052</u>
Capital Assets:		
Property, plant and equipment	8,944,724	8,580,688
Less accumulated depreciation	<u>(2,833,615)</u>	<u>(2,251,081)</u>
Total capital assets (net of accumulated depreciation)	<u>6,111,109</u>	<u>6,329,607</u>
Total noncurrent assets	<u>6,111,109</u>	<u>6,329,607</u>
Total assets	<u>6,247,936</u>	<u>6,600,659</u>
Deferred Outflows of Resources:		
Deferred outflows of resources		
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>

(continued)

CITY OF LAKE JACKSON
Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Golf Course Operating Fund - Continued

September 30, 2014 and 2013

	2014	2013
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 60,321	\$ 31,643
Accrued wages	18,671	16,465
Unearned revenues	147,576	146,670
Total current liabilities	226,568	194,778
Noncurrent Liabilities:		
Total noncurrent liabilities		
Total liabilities	226,568	194,778
Deferred Inflows of Resources:		
Deferred inflows of resources	40,501	70,876
Total deferred inflows of resources	40,501	70,876
Net Position:		
Net investment in capital assets	6,111,109	6,329,607
Unrestricted	(130,242)	5,398
Total net position	\$ 5,980,867	\$ 6,335,005

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Course and ground	\$ 799,336	\$ 888,645
Cart	200,474	249,180
Pro shop	142,415	146,349
Range	69,404	73,630
Food and beverage	234,691	246,157
Other	<u>4,435</u>	<u>4,435</u>
Total operating revenues	<u>1,446,320</u>	<u>1,608,396</u>
Operating Expenses:		
Cost of Sales:		
Pro shop	98,608	99,861
Food and beverage	102,466	108,851
Payroll and related benefits	754,436	748,017
Other expenses	692,355	667,262
Management fee	85,260	84,000
Depreciation	<u>218,498</u>	<u>264,617</u>
Total operating expenses	<u>1,951,623</u>	<u>1,972,608</u>
Operating income (loss)	<u>(505,303)</u>	<u>(364,212)</u>
Non-Operating Revenues (Expenses):		
Interest revenue	<u>1,165</u>	<u>2,793</u>
Total non-operating revenues (expenses)	<u>1,165</u>	<u>2,793</u>
Income (loss) before contributions and transfers	<u>(504,138)</u>	<u>(361,419)</u>
Capital contributions		36,214
Transfers in	<u>150,000</u>	<u>150,000</u>
Change in net position	<u>(354,138)</u>	<u>(175,205)</u>
Net position at beginning of year	<u>6,335,005</u>	<u>6,510,210</u>
Net position at end of year	<u>\$ 5,980,867</u>	<u>\$ 6,335,005</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 1,403,258	\$ 1,562,226
Payments to suppliers	(833,532)	(881,132)
Payments to employees	(850,010)	(852,215)
Net cash used by operating activities	<u>(280,284)</u>	<u>(171,121)</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	<u>150,000</u>	<u>150,000</u>
Net cash provided by non-capital financing activities	<u>150,000</u>	<u>150,000</u>
Cash Flows from Capital and Related Financing Activities:		
Net cash used by capital and related financing activities	<u>-0-</u>	<u>-0-</u>
Cash Flows from Investing Activities:		
Interest received	<u>1,165</u>	<u>2,793</u>
Net cash provided by investing activities	<u>1,165</u>	<u>2,793</u>
Net decrease in cash and cash equivalents	(129,119)	(18,328)
Cash and cash equivalents at the beginning of year	<u>172,201</u>	<u>190,529</u>
Cash and cash equivalents at the end of year	<u>\$ 43,082</u>	<u>\$ 172,201</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$(<u>505,303</u>)	\$(<u>364,212</u>)
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	218,498	264,617
(Increase) decrease in accounts receivable	(13,593)	(26,608)
(Increase) decrease in inventory	11,294	(17,861)
(Increase) decrease in prepaid expenses	7,405	5,362
Increase (decrease) in accounts payable	28,678	(11,685)
Increase (decrease) in accrued wages payable	2,206	2,188
Increase (decrease) in unearned revenues	(29,469)	(19,562)
Increase (decrease) in due to other funds	<u> </u>	<u>(3,360)</u>
Total adjustments	<u>225,019</u>	<u>193,091</u>
Net cash used by operating activities	\$(<u>280,284</u>)	\$(<u>171,121</u>)
Noncash Investing, Capital, and Financing Activities:		
Capital assets transferred from governmental funds	\$ <u> </u>	\$ <u>36,214</u>
Net effect of noncash transactions	\$ <u>-0-</u>	\$ <u>36,214</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014
With Comparative Actual Totals for 2013

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Course and ground	\$ 935,955	\$ 935,955
Cart	255,628	255,628
Pro shop	138,433	138,433
Range	76,883	76,883
Food and beverage	254,288	254,288
Other		-0-
	1,661,187	1,661,187
 Operating Expenses:		
Cost of Sales:		
Pro shop	92,407	92,407
Food and beverage	103,655	103,655
Payroll and related benefits	900,981	900,981
Other expenses	587,997	587,997
Management fee	85,260	85,260
Depreciation		
	1,770,300	1,770,300
Total operating expenses		
	1,770,300	1,770,300
Operating income (loss)	(109,113)	(109,113)
 Non-Operating Revenues (Expenses):		
Interest revenue		
	-0-	-0-
Total non-operating revenues (expenses)		
	-0-	-0-
Income (loss) before contributions and transfers	(109,113)	(109,113)
 Capital contributions		
Transfers in	150,000	150,000
	150,000	150,000
Change in net position	40,887	40,887
 Fund balances - beginning	6,335,005	6,335,005
	6,335,005	6,335,005
Fund balances - ending	\$ 6,375,892	\$ 6,375,892
	6,375,892	6,375,892

2014			2013	
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)	Actual GAAP Basis
\$ 799,336	\$	\$ 799,336	\$ (136,619)	\$ 888,645
200,474		200,474	(55,154)	249,180
142,415		142,415	3,982	146,349
69,404		69,404	(7,479)	73,630
234,691		234,691	(19,597)	246,157
			-0-	4,435
<u>1,446,320</u>	<u>-0-</u>	<u>1,446,320</u>	<u>(214,867)</u>	<u>1,608,396</u>
98,608		98,608	(6,201)	99,861
102,466		102,466	1,189	108,851
754,436		754,436	146,545	748,017
692,355		692,355	(104,358)	667,262
85,260		85,260	-0-	84,000
<u>218,498</u>	<u>(218,498)</u>		<u>-0-</u>	<u>264,617</u>
<u>1,951,623</u>	<u>(218,498)</u>	<u>1,733,125</u>	<u>37,175</u>	<u>1,972,608</u>
<u>(505,303)</u>	<u>218,498</u>	<u>(286,805)</u>	<u>(177,692)</u>	<u>(364,212)</u>
<u>1,165</u>		<u>1,165</u>	<u>1,165</u>	<u>2,793</u>
<u>1,165</u>	<u>-0-</u>	<u>1,165</u>	<u>1,165</u>	<u>2,793</u>
<u>(504,138)</u>	<u>218,498</u>	<u>(285,640)</u>	<u>(176,527)</u>	<u>(361,419)</u>
<u>150,000</u>		<u>150,000</u>	<u>-0-</u>	<u>36,214</u>
<u>150,000</u>		<u>150,000</u>	<u>-0-</u>	<u>150,000</u>
<u>(354,138)</u>	<u>218,498</u>	<u>(135,640)</u>	<u>(176,527)</u>	<u>(175,205)</u>
<u>6,335,005</u>		<u>6,335,005</u>	<u>-0-</u>	<u>6,510,210</u>
<u>\$ 5,980,867</u>	<u>\$ 218,498</u>	<u>\$ 6,199,365</u>	<u>\$ (176,527)</u>	<u>\$ 6,335,005</u>

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CAPITAL ASSET SCHEDULES

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

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Governmental Funds Capital Assets:		
Land	\$ 2,397,003	\$ 2,397,003
Buildings	26,202,247	26,202,247
Improvements other than buildings	16,747,749	16,415,721
Machinery and equipment	13,533,686	12,917,758
Infrastructure	83,571,904	77,162,886
Construction in progress	<u>6,010,552</u>	<u>9,764,300</u>
Total governmental funds capital assets	<u>\$ 148,463,141</u>	<u>\$ 144,859,915</u>
Investments in Governmental Funds Capital Assets by Source:		
General fund	\$ 13,236,268	\$ 12,576,900
Special revenue fund	4,427,940	4,322,009
Capital projects fund	107,615,593	104,777,666
Contributed	<u>23,183,340</u>	<u>23,183,340</u>
Total governmental funds capital assets	<u>\$ 148,463,141</u>	<u>\$ 144,859,915</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION**

September 30, 2014

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>
General government	\$ 1,094,732	\$ 2,071,443	\$ 1,124,864
Public safety		7,316,573	606,217
Public works		1,877,845	3,725,310
Culture and recreation	<u>1,302,271</u>	<u>14,936,386</u>	<u>11,291,358</u>
Total governmental funds capital assets	<u>\$ 2,397,003</u>	<u>\$ 26,202,247</u>	<u>\$ 16,747,749</u>

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

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 1,463,043	\$ 3,783,611	\$ 3,771,256	\$ 13,308,949
7,311,873	323,634		15,558,297
2,710,081	79,240,791	2,224,340	89,778,367
<u>2,048,689</u>	<u>223,868</u>	<u>14,956</u>	<u>29,817,528</u>
<u>\$ 13,533,686</u>	<u>\$ 83,571,904</u>	<u>\$ 6,010,552</u>	<u>\$ 148,463,141</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CAPITAL ASSETS USED
IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION**

For the Year Ended September 30, 2014

<u>Function</u>	<u>Governmental Funds Capital Assets 10/01/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets 09/30/14</u>
General government	\$ 13,257,012	\$ 51,937	\$	\$ 13,308,949
Public safety	14,846,060	1,119,449	407,212	15,558,297
Public works	87,120,611	2,736,167	78,411	89,778,367
Culture and recreation	<u>29,636,232</u>	<u>203,997</u>	<u>22,701</u>	<u>29,817,528</u>
Total governmental funds capital assets	<u>\$ 144,859,915</u>	<u>\$ 4,111,550</u>	<u>\$ 508,324</u>	<u>\$ 148,463,141</u>

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

OTHER SCHEDULES

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2014

	<u>General</u>	<u>Clearing</u>	<u>Payroll</u>	<u>General Contingencies</u>
<u>Assets and Deferred Outflows of Resources</u>				
Assets:				
Cash and cash equivalents	\$ 5,921	\$ 13,348,070	\$	\$
Receivables (net of allowance for uncollectibles):				
Property tax	18,856			
Accounts	63,279			
Sales tax	955,646			
Franchise tax	197,874			
Grants	18,381			
Due from clearing fund	6,495,450		136,853	801,448
Investments		399,000		
Inventories:				
Resale items	8,724			
Supplies	74,666			
Prepaid expenditures	6,930			
	<u>7,845,727</u>	<u>13,747,070</u>	<u>136,853</u>	<u>801,448</u>
Total assets				
Deferred Outflows of Resources:				
Deferred outflows of resources				
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total outflows of resources				
	<u>\$ 7,845,727</u>	<u>\$ 13,747,070</u>	<u>\$ 136,853</u>	<u>\$ 801,448</u>
Total assets and deferred outflows of resources				

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$	\$	\$	\$	\$	\$ 13,353,991
					18,856
					63,279
					955,646
					197,874
					18,381
5,838,761	165,785	12,937	295,836	(13,747,070)	-0-
					399,000
					8,724
					74,666
					6,930
<u>5,838,761</u>	<u>165,785</u>	<u>12,937</u>	<u>295,836</u>	<u>(13,747,070)</u>	<u>15,097,347</u>
					-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 5,838,761</u>	<u>\$ 165,785</u>	<u>\$ 12,937</u>	<u>\$ 295,836</u>	<u>\$ (13,747,070)</u>	<u>\$ 15,097,347</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2014

	<u>General</u>	<u>Clearing</u>	<u>Payroll</u>	<u>General Contingencies</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 394,570	\$	\$ 131,853	\$
Cash bonds and taxes	400,514			
Accrued wages	231,957			
Unearned revenue	70,046			
Due to other funds		<u>13,747,070</u>		
Total liabilities	<u>1,097,087</u>	<u>13,747,070</u>	<u>131,853</u>	<u>-0-</u>
Deferred Inflows of Resources:				
Deferred inflows of resources – property taxes	<u>18,911</u>			
Total deferred inflows of resources	<u>18,911</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances:				
Non-spendable:				
Inventory	83,390			
Prepaid expenditures	6,930			
Committed:				
General contingencies				801,448
Assigned:				
Unemployment insurance				
Equipment replacement				
Special events				
Park improvement				
Unassigned	<u>6,639,409</u>		<u>5,000</u>	
Total fund balances	<u>6,729,729</u>	<u>-0-</u>	<u>5,000</u>	<u>801,448</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,845,727</u>	<u>\$ 13,747,070</u>	<u>\$ 136,853</u>	<u>\$ 801,448</u>

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$ 25,100	\$	\$	\$	\$	\$ 551,523
					400,514
					231,957
					70,046
				(13,747,070)	-0-
<u>25,100</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(13,747,070)</u>	<u>1,254,040</u>
					18,911
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>18,911</u>
					83,390
					6,930
					801,448
	165,785				165,785
5,813,661					5,813,661
		12,937			12,937
			295,836		295,836
					<u>6,644,409</u>
<u>5,813,661</u>	<u>165,785</u>	<u>12,937</u>	<u>295,836</u>	<u>-0-</u>	<u>13,824,396</u>
<u>\$ 5,838,761</u>	<u>\$ 165,785</u>	<u>\$ 12,937</u>	<u>\$ 295,836</u>	<u>\$ (13,747,070)</u>	<u>\$ 15,097,347</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	General	Clearing	Payroll	General Contingencies
Revenues:				
Taxes:				
Property	\$ 3,466,594	\$	\$	\$
Sales	5,226,636			
Franchise	1,580,815			
Other	164,284			
Industrial district	4,186,100			
Intergovernmental	6,613			
Revenue producing facilities	1,135,711			
Fines and fees	625,201			
Licenses and permits	501,138			
Investment income	16,343			1,363
Miscellaneous	114,812			
Total revenues	17,024,247	-0-	-0-	1,363
Expenditures:				
Current:				
General government and administration				
General administration	1,346,215			
Finance	1,023,821			
Elections	12,161			
Legal	154,832			
Municipal court	341,557			
Engineering	397,589			
Public Safety:				
Police	4,495,595			
Fire	503,522			
EMS department	403,261			
Humane	269,506			
Public works:				
Garage	584,795			
Street	830,925			
Drainage	719,230			
Building inspection	552,942			
Culture and recreation:				
Parks	1,079,921			
Recreation	1,892,856			
Civic Center & Jasmine Hall	557,677			
Commissions and Boards	281,983			
Special event				
Capital outlay	68,825			
Total expenditures	15,517,213	-0-	-0-	-0-

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$	\$	\$	\$	\$	\$ 3,466,594
					5,226,636
					1,580,815
					164,284
					4,186,100
					6,613
					1,135,711
					625,201
					501,138
15,412	293		447		33,858
		5,870			120,682
<u>15,412</u>	<u>293</u>	<u>5,870</u>	<u>447</u>	<u>-0-</u>	<u>17,047,632</u>
4,645	11,355				1,362,215
47,191					1,071,012
					12,161
					154,832
12,207					353,764
2,455					400,044
31,646					4,527,241
					503,522
					403,261
					269,506
2,156					586,951
					830,925
					719,230
5,694					558,636
					1,079,921
3,152			10,500		1,906,508
2,296					559,973
					281,983
		68,912			68,912
<u>1,117,621</u>	<u></u>	<u>68,912</u>	<u></u>	<u></u>	<u>1,186,446</u>
<u>1,229,063</u>	<u>11,355</u>	<u>68,912</u>	<u>10,500</u>	<u>-0-</u>	<u>16,837,043</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	<u>General</u>	<u>Clearing</u>	<u>Payroll</u>	<u>General Contingencies</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>1,507,034</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,363</u>
Other Financing Sources (Uses):				
Sale of capital assets				
Transfers in	890,389			
Transfers out	<u>(1,991,993)</u>			
Total other financing sources (uses)	<u>(1,101,604)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net changes in fund balances	405,430	-0-	-0-	1,363
Fund balances - beginning	<u>6,324,299</u>		<u>5,000</u>	<u>800,085</u>
Fund balances - ending	<u>\$ 6,729,729</u>	<u>\$ -0-</u>	<u>\$ 5,000</u>	<u>\$ 801,448</u>

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
<u>\$ (1,213,651)</u>	<u>\$ (11,062)</u>	<u>\$ (63,042)</u>	<u>\$ (10,053)</u>	<u>\$ -0-</u>	<u>\$ 210,589</u>
20,088			60,000		80,088
1,688,145		63,671		(991,993)	1,650,212
<u>(225,632)</u>				<u>991,993</u>	<u>(1,225,632)</u>
<u>1,482,601</u>	<u>-0-</u>	<u>63,671</u>	<u>60,000</u>	<u>-0-</u>	<u>504,668</u>
268,950	(11,062)	629	49,947	-0-	715,257
<u>5,544,711</u>	<u>176,847</u>	<u>12,308</u>	<u>245,889</u>		<u>13,109,139</u>
<u>\$ 5,813,661</u>	<u>\$ 165,785</u>	<u>\$ 12,937</u>	<u>\$ 295,836</u>	<u>\$ -0-</u>	<u>\$ 13,824,396</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2014

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Assets:			
Current Assets:			
Cash and temporary investments	\$ 1,861,818	\$ 349,088	\$
Receivables (net of allowance for uncollectibles):			
Accounts	<u>663,438</u>	<u></u>	<u></u>
	<u>2,525,256</u>	<u>349,088</u>	<u>-0-</u>
Current Restricted Assets:			
Cash and temporary investments	699,806		
Due from other governments	<u></u>	<u></u>	<u></u>
Total current restricted assets	<u>699,806</u>	<u>-0-</u>	<u>-0-</u>
Total current assets	<u>3,225,062</u>	<u>349,088</u>	<u>-0-</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents:			
Revenue bond covenant accounts	<u></u>	<u></u>	<u>2,309,177</u>
Total noncurrent restricted assets	<u>-0-</u>	<u>-0-</u>	<u>2,309,177</u>
Capital Assets:			
Property, plant and equipment	63,514,521		
Construction in progress			
Less accumulated depreciation	<u>(34,508,258)</u>	<u></u>	<u></u>
Total capital assets (net of accumulated depreciation)	<u>29,006,263</u>	<u>-0-</u>	<u>-0-</u>
Total noncurrent assets	<u>29,006,263</u>	<u>-0-</u>	<u>2,309,177</u>
Total assets	<u>32,231,325</u>	<u>349,088</u>	<u>2,309,177</u>
Deferred Outflows of Resources:			
Deferred outflows of resources – debt refunding cost	<u></u>	<u></u>	<u>132,304</u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>132,304</u>

(continued)

Utility Construction	2007 Utility Bond	2009 Revenue Bond	2013 Revenue Bond	Total
\$ 890,485	\$	\$	\$	\$ 3,101,391
			5,000	668,438
890,485	-0-	-0-	5,000-	3,769,829
	(5,318)		2,952,666	3,647,154
	5,318			5,318
-0-	-0-	-0-	2,952,666	3,652,472
890,485	-0-	-0-	2,957,666	7,422,301
				2,309,177
-0-	-0-	-0-	-0-	2,309,177
				63,514,521
243,131			116,375	359,506
				(34,508,258)
243,131	-0-	-0-	116,375	29,365,769
243,131	-0-	-0-	116,375	31,674,946
1,133,616	-0-	-0-	3,074,041	39,097,247
				132,304
-0-	-0-	-0-	-0-	132,304

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2014

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 378,415	\$	\$
Accrued wages	59,179		
Accrued compensated absences	102,861		
Revenue bonds payable	<u>691,250</u>		
	<u>1,231,705</u>	<u>-0-</u>	<u>-0-</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest			163,064
Customer deposits	699,806		
Revenue bonds payable			<u>516,852</u>
Total current liabilities payable from restricted assets	<u>699,809</u>	<u>-0-</u>	<u>679,916</u>
Total current liabilities	<u>1,931,511</u>	<u>-0-</u>	<u>679,916</u>
Noncurrent Liabilities:			
Revenue bonds payable	8,960,000		169,371
Accrued compensated absences	44,206		
Net pension obligation	<u>195,422</u>		
Total noncurrent liabilities	<u>9,199,628</u>	<u>-0-</u>	<u>169,371</u>
Total liabilities	<u>11,131,139</u>	<u>-0-</u>	<u>849,287</u>
Deferred Inflows of Resources:			
Deferred inflows of resources			
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Position:			
Net investment in capital assets	19,355,013		(553,919)
Restricted For:			
Revenue bond retirement			2,146,113
Construction			
Unrestricted	<u>1,745,173</u>	<u>349,088</u>	
Total net position	<u>\$ 21,100,186</u>	<u>\$ 349,088</u>	<u>\$ 1,592,194</u>

Utility Construction	2007 Utility Bond	2009 Revenue Bond	2013 Revenue Bond	Total
\$	\$	\$	\$	\$ 378,415
				59,179
				102,861
				691,250
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,231,705</u>
				163,064
				699,806
				516,852
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,379,722</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,611,427</u>
				9,129,371
				44,206
				195,422
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,368,999</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>11,980,426</u>
				-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
243,131			116,375	19,160,600
				2,146,113
			2,952,666	2,952,666
<u>890,485</u>			<u>5,000</u>	<u>2,989,746</u>
<u>\$ 1,133,616</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,074,041</u>	<u>\$ 27,249,125</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2014

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Operating Revenues:			
Water service	\$ 3,464,297	\$	\$
Sewer service	3,332,649		
Garbage fees	3,163,629		
Tapping and connection fees	301,961		
Other	<u>204,430</u>		
Total operating revenues	<u>10,466,966</u>	<u>-0-</u>	<u>-0-</u>
Operating Expenses:			
Utility administration	291,528		
Water production and treatment	2,889,114		
Sewer collection	2,036,450		
Sanitation	2,442,771		
Depreciation	<u>2,059,265</u>		
Total operating expenses	<u>9,719,128</u>	<u>-0-</u>	<u>-0-</u>
Operating income (loss)	<u>747,838</u>	<u>-0-</u>	<u>-0-</u>
Non-Operating Revenues (Expenses):			
Interest revenue	4,560	594	5,428
Interest expense and fiscal charges			<u>(374,312)</u>
Total non-operating revenues (expenses)	<u>4,560</u>	<u>594</u>	<u>(368,884)</u>
Income (loss) before contributions and transfers	752,398	594	(368,884)
Capital contributions			
Transfers In (Out):			
Transfers in	225,632		
Transfers out	<u>(1,256,541)</u>		
Intrafund transfers	<u>(38,310)</u>		<u>375,585</u>
Change in net position	<u>(316,821)</u>	594	6,701
Net position at beginning of year	<u>21,417,007</u>	<u>348,494</u>	<u>1,585,493</u>
Net position at end of year	<u>\$ 21,100,186</u>	<u>\$ 349,088</u>	<u>\$ 1,592,194</u>

Utility Construction	2007 Utility Bond	2009 Revenue Bond	2013 Revenue Bond	Total
\$	\$	\$	\$	\$ 3,464,297
				3,332,649
				3,163,629
				301,961
				204,430
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>10,466,966</u>
				291,528
124,427				3,013,541
				2,036,450
				2,442,771
				<u>2,059,265</u>
<u>124,427</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,843,555</u>
<u>(124,427)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>623,411</u>
1,287			1,158	13,027
				<u>(374,312)</u>
<u>1,287</u>	<u>-0-</u>	<u>-0-</u>	<u>1,158</u>	<u>(361,285)</u>
<u>(123,140)</u>			1,158	262,126
133,195				133,195
			1,504,241	1,729,873
				<u>(1,256,541)</u>
<u>94,400</u>			<u>(431,675)</u>	<u>-0-</u>
104,455			1,073,724	868,653
<u>1,029,161</u>	<u>-0-</u>	<u>-0-</u>	<u>2,000,317</u>	<u>26,380,472</u>
<u>\$ 1,133,616</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,074,041</u>	<u>\$ 27,249,125</u>

CITY OF LAKE JACKSON
Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF CASH FLOWS
ENTERPRISE FUND - SUB-FUNDS

For the Year Ended September 30, 2014

	Utility	Utility Contingency	Utility Revenue Bond Interest and Sinking
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 10,346,722	\$	\$
Payments to customers and suppliers	(5,426,804)		
Payments to employees	(2,165,057)		
Net cash provided (used) by operating activities	2,754,861	-0-	-0-
Cash Flows from Non-Capital Financing Activities:			
Transfers in	225,632		
Transfers out	(1,256,541)		
Intrafund transfers	(38,310)		375,585
Net cash provided (used) by non-capital financing activities	(1,069,219)	-0-	375,585
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(880,449)		
Principal paid on capital debt	(1,193,750)		(29,352)
Interest and fiscal charges paid on capital debt			(358,628)
Net cash provided (used) by capital and related financing activities	(2,074,199)	-0-	(387,980)
Cash Flows from Investing Activities:			
Interest on investments	4,560	594	5,428
Net cash provided by investing activities	4,560	594	5,428
Net increase (decrease) in cash and cash equivalents	(383,997)	594	(6,967)
Cash and cash equivalents at the beginning of year	2,945,621	348,494	2,316,144
Cash and cash equivalents at the end of year	\$ 2,561,624	\$ 349,088	\$ 2,309,177
Reconciliation of Operating Income to Net Cash Provided			
(used) by Operating Activities:			
Operating income (loss)	\$ 747,838	\$	\$
Adjustments to Reconcile Operating Income to Net Cash			
Provided (Used) by Operating Activities:			
Depreciation	2,059,265		
(Increase) decrease in accounts receivable	(156,962)		
Increase (decrease) in accounts payable	30,931		
Increase (decrease) in accrued wages payable	27,905		
Increase (decrease) in net pension obligation	5,385		
Increase (decrease) in accrued compensated absences	3,781		
Increase (decrease) in customer deposits	36,718		
Total adjustments	2,007,023	-0-	-0-
Net cash provided (used) by operating activities	\$ 2,754,861	\$ -0-	\$ -0-
Non-cash Investing, Capital, and Financing Activities:			
Capital contributions from other government	\$	\$	\$
Net effect of non-cash transactions	\$ -0-	\$ -0-	\$ -0-

Utility Construction	2007 Utility Bond	2009 Revenue Bond	2013 Revenue Bond	Total
\$	\$	\$	\$	\$ 10,346,722
(124,427)				(5,551,231)
				(2,165,057)
<u>(124,427)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,630,434</u>
			1,504,241	1,729,873
94,400			(431,675)	(1,256,541)
<u>94,400</u>	<u>-0-</u>	<u>-0-</u>	<u>1,072,566</u>	<u>473,332</u>
(109,936)		17,542	(121,375)	(1,094,218)
				(1,223,102)
				(358,628)
<u>(109,936)</u>	<u>-0-</u>	<u>17,542</u>	<u>(121,375)</u>	<u>(2,675,948)</u>
1,287			1,158	13,027
<u>1,287</u>	<u>-0-</u>	<u>-0-</u>	<u>1,158</u>	<u>13,027</u>
(138,676)	-0-	17,542	952,349	440,845
<u>1,029,161</u>	<u>(5,318)</u>	<u>(17,542)</u>	<u>2,000,317</u>	<u>8,616,877</u>
<u>\$ 890,485</u>	<u>\$ (5,318)</u>	<u>\$ -0-</u>	<u>\$ 2,952,666</u>	<u>\$ 9,057,722</u>
<u>\$(124,427)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 623,411</u>
				2,059,265
				(156,962)
				30,931
				27,905
				5,385
				3,781
				36,718
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,007,023</u>
<u>\$(124,427)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,630,434</u>
<u>\$ 133,195</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 133,195</u>
<u>\$ 133,195</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 133,195</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE**

September 30, 2014

Year Ending 09/30	Series 2004		Series 2007	
	Principal	Interest	Principal	Interest
2015	\$ 180,000	\$ 65,835	\$ 265,000	\$ 132,500
2016	180,000	59,715	265,000	121,900
2017	180,000	53,370	265,000	111,300
2018	180,000	46,800	265,000	100,700
2019	180,000	40,050	265,000	90,100
2020	180,000	33,120	265,000	79,500
2021	180,000	26,010	265,000	68,900
2022	180,000	18,720	265,000	58,300
2023	180,000	11,295	265,000	47,700
2024	180,000	3,780	265,000	37,100
2025			265,000	26,500
2026			265,000	15,900
2027			265,000	5,300
2028				
2029				
2030				
2031				
2032				
2033				
TOTAL	<u>\$ 1,800,000</u>	<u>\$ 358,695</u>	<u>\$ 3,445,000</u>	<u>\$ 895,700</u>

(continued)

Series 2009		Series 2009 Refunding		Series 2009 Certificate	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 120,000	\$ 70,800	\$ 680,000	\$ 63,900	\$ 250,000	\$ 154,375
120,000	65,550	670,000	43,650	250,000	145,625
120,000	60,750	660,000	22,875	250,000	136,875
120,000	56,025	285,000	7,162	250,000	127,500
120,000	51,450	60,000	1,088	250,000	117,500
120,000	46,950			250,000	107,500
120,000	42,450			250,000	97,500
120,000	37,800			250,000	87,500
120,000	33,000			250,000	77,500
120,000	28,200			250,000	67,500
120,000	23,220			250,000	57,500
120,000	18,060			250,000	47,375
120,000	12,900			250,000	37,062
120,000	7,740			250,000	26,625
120,000	2,580			250,000	16,063
				250,000	5,375
<hr/>		<hr/>		<hr/>	
<u>\$ 1,800,000</u>	<u>\$ 557,475</u>	<u>\$ 2,355,000</u>	<u>\$ 138,675</u>	<u>\$ 4,000,000</u>	<u>\$ 1,309,375</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE - Continued**

September 30, 2014

Year Ending 09/30	Series 2010		Series 2011	
	Principal	Interest	Principal	Interest
2015	\$ 150,000	\$ 89,025	\$ 740,000	\$ 219,900
2016	150,000	84,525	740,000	197,700
2017	150,000	79,800	750,000	171,600
2018	150,000	74,850	755,000	141,500
2019	150,000	69,375	745,000	111,500
2020	150,000	63,375	745,000	81,700
2021	150,000	57,375	740,000	52,000
2022	150,000	51,375	555,000	26,100
2023	150,000	45,375	375,000	7,500
2024	150,000	39,375		
2025	150,000	33,375		
2026	150,000	27,375		
2027	150,000	21,375		
2028	150,000	15,375		
2029	150,000	9,281		
2030	150,000	3,094		
2031				
2032				
2033				
TOTAL	\$ 2,400,000	\$ 764,325	\$ 6,145,000	\$ 1,009,500

(continued)

Series 2013 LTB		Series 2013 Certificate		Series 2013A Certificate	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 240,000	\$ 80,800	\$ 100,000	\$ 45,750	\$ 150,000	\$ 31,125
200,000	77,500	100,000	43,750	150,000	28,125
200,000	74,500	100,000	41,750	150,000	25,125
200,000	71,500	100,000	39,750	150,000	21,938
200,000	68,500	100,000	37,750	150,000	18,375
200,000	65,500	100,000	35,750	150,000	14,625
200,000	62,000	100,000	33,750	150,000	10,875
200,000	58,000	100,000	31,750	150,000	6,750
200,000	54,000	100,000	29,625	150,000	2,250
200,000	50,000	100,000	27,375		
200,000	46,000	100,000	24,875		
200,000	41,500	100,000	22,125		
200,000	36,500	100,000	19,375		
200,000	31,500	100,000	16,500		
200,000	26,500	100,000	13,500		
200,000	21,000	100,000	10,500		
200,000	15,000	100,000	7,500		
200,000	9,000	100,000	4,500		
200,000	3,000	100,000	1,500		
<u>\$ 3,840,000</u>	<u>\$ 892,300</u>	<u>\$ 1,900,000</u>	<u>\$ 487,375</u>	<u>\$ 1,350,000</u>	<u>\$ 159,188</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE - Continued**

September 30, 2014

Year Ending 09/30	Totals		
	Principal	Interest	Total
2015	\$ 2,875,000	\$ 954,010	\$ 3,829,010
2016	2,825,000	868,040	3,693,040
2017	2,825,000	777,945	3,602,945
2018	2,455,000	687,725	3,142,725
2019	2,220,000	605,688	2,825,688
2020	2,160,000	528,020	2,688,020
2021	2,155,000	450,860	2,605,860
2022	1,970,000	376,295	2,346,295
2023	1,790,000	308,245	2,098,245
2024	1,265,000	253,330	1,518,330
2025	1,085,000	211,470	1,296,470
2026	1,085,000	172,335	1,257,335
2027	1,085,000	132,512	1,217,512
2028	820,000	97,740	917,740
2029	820,000	67,924	887,924
2030	700,000	39,969	739,969
2031	300,000	22,500	322,500
2032	300,000	13,500	313,500
2033	<u>300,000</u>	<u>4,500</u>	<u>304,500</u>
 TOTAL	 <u>\$ 29,035,000</u>	 <u>\$ 6,572,608</u>	 <u>\$ 35,607,608</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2014

<u>Year Ending</u> <u>09/30</u>	<u>Series 2007</u>		<u>Series 2009 Refunding</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 100,000	\$ 52,000	\$ 100,000	\$ 5,350
2016	100,000	48,000	95,000	2,850
2017	100,000	44,000		
2018	100,000	40,000		
2019	100,000	36,000		
2020	100,000	32,000		
2021	100,000	28,000		
2022	100,000	24,000		
2023	100,000	20,000		
2024	100,000	16,000		
2025	100,000	12,000		
2026	100,000	8,000		
2027	100,000	4,000		
2028				
2029				
2030				
2031				
2032				
2033				
TOTAL	<u>\$ 1,300,000</u>	<u>\$ 364,000</u>	<u>\$ 195,000</u>	<u>\$ 8,200</u>

Series 2009		Series 2010 Refunding		Series 2013	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 85,000	\$ 55,225	\$ 800,000	\$ 188,450	\$ 100,000	\$ 53,250
85,000	51,825	785,000	168,450	100,000	50,750
85,000	48,850	770,000	144,900	100,000	48,250
85,000	45,875	765,000	121,800	100,000	45,750
85,000	42,900	765,000	91,200	100,000	43,250
85,000	39,500	760,000	60,600	100,000	40,750
85,000	36,100	755,000	30,200	100,000	38,000
85,000	32,700			100,000	35,250
85,000	29,300			100,000	32,500
85,000	25,688			100,000	29,750
85,000	22,075			100,000	27,000
85,000	18,462			100,000	24,000
85,000	14,850			100,000	21,000
85,000	11,025			100,000	18,000
80,000	7,200			100,000	15,000
80,000	3,600			100,000	12,000
				100,000	6,000
				100,000	3,000
<u>\$ 1,350,000</u>	<u>\$ 485,175</u>	<u>\$ 5,400,000</u>	<u>\$ 805,600</u>	<u>\$ 1,900,000</u>	<u>\$ 552,500</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2014

Year Ending 09/30	Totals		
	Principal	Interest	Total
2015	\$ 1,185,000	\$ 354,275	\$ 1,539,275
2016	1,165,000	321,875	1,486,875
2017	1,055,000	286,000	1,341,000
2018	1,050,000	253,425	1,303,425
2019	1,050,000	213,350	1,263,350
2020	1,045,000	172,850	1,217,850
2021	1,040,000	132,300	1,172,300
2022	285,000	91,950	376,950
2023	285,000	81,800	366,800
2024	285,000	71,438	356,438
2025	285,000	61,075	346,075
2026	285,000	50,462	335,462
2027	285,000	39,850	324,850
2028	185,000	29,025	214,025
2029	180,000	22,200	202,200
2030	180,000	15,600	195,600
2031	100,000	9,000	109,000
2032	100,000	6,000	106,000
2033	100,000	3,000	103,000
TOTAL	<u>\$ 10,145,000</u>	<u>\$ 2,215,475</u>	<u>\$ 12,360,475</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

INSURANCE COVERAGE

September 30, 2014

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Texas Municipal League:		
General and Auto Liability:		
General liability	\$ 5,000,000	10/01/15
Automobile liability	5,000,000	10/01/15
Other Liability:		
Law enforcement liability	5,000,000	10/01/15
Errors and omissions	2,000,000	10/01/15
Property coverage	51,485,327	10/01/15
Mobil equipment	2,355,301	10/01/15
Boiler and machinery	8,000,000	10/01/15
American Governmental Risk and Insurance Programs:		
Windstorm and hail coverage on property, buildings and contents	45,897,489	01/26/16
Pollution liability insurance	2,000,000	10/01/15

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STATISTICAL SECTION

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

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities:					
Net investment in capital assets	\$ 22,161,825	\$ 25,482,995	\$ 20,767,169	\$ 22,531,131	\$ 24,720,024
Restricted	4,864,344	2,501,788	7,165,037	6,127,672	5,539,740
Unrestricted	<u>10,933,704</u>	<u>10,411,172</u>	<u>12,535,286</u>	<u>12,901,474</u>	<u>13,589,900</u>
Total governmental activities net Position	<u>\$ 37,959,873</u>	<u>\$ 38,395,955</u>	<u>\$ 40,467,492</u>	<u>\$ 41,560,277</u>	<u>\$ 43,849,664</u>
Business-type Activities Net Position:					
Net investment in capital assets	\$ 28,016,142	\$ 27,043,902	\$ 26,931,575	\$ 27,384,565	\$ 27,423,694
Restricted	2,185,194	2,588,178	4,403,071	4,433,305	3,762,045
Unrestricted	<u>5,673,377</u>	<u>5,882,669</u>	<u>3,862,779</u>	<u>3,228,210</u>	<u>3,586,865</u>
Total business-type activities net position	<u>\$ 35,874,713</u>	<u>\$ 35,514,749</u>	<u>\$ 35,197,425</u>	<u>\$ 35,046,080</u>	<u>\$ 34,772,604</u>
Primary Government:					
Net investment in capital assets	\$ 50,177,967	\$ 52,526,897	\$ 47,698,744	\$ 49,915,696	\$ 52,143,718
Restricted	7,049,538	5,089,966	11,568,108	10,560,977	9,301,785
Unrestricted	<u>16,607,081</u>	<u>16,293,841</u>	<u>16,398,065</u>	<u>16,129,684</u>	<u>17,176,765</u>
Total primary government net position	<u>\$ 73,834,586</u>	<u>\$ 73,910,704</u>	<u>\$ 75,664,917</u>	<u>\$ 76,606,357</u>	<u>\$ 78,622,268</u>

Source: Comprehensive Annual Financial Report

<u>2010</u>	<u>2011</u>	(Restated) <u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 29,710,085	\$ 30,758,109	\$ 31,925,095	\$ 32,758,260	\$ 32,216,296
3,464,062	3,492,533	2,954,878	3,336,660	3,555,361
<u>11,359,453</u>	<u>11,811,249</u>	<u>12,831,196</u>	<u>13,720,520</u>	<u>14,981,136</u>
<u>\$ 44,533,600</u>	<u>\$ 46,061,891</u>	<u>\$ 47,711,169</u>	<u>\$ 49,815,440</u>	<u>\$ 50,752,793</u>
\$ 28,033,629	\$ 28,073,361	\$ 27,647,349	\$ 25,127,439	\$ 25,271,709
2,477,733	2,108,449	2,203,481	4,128,057	5,098,779
<u>3,024,992</u>	<u>3,474,825</u>	<u>3,249,031</u>	<u>3,459,981</u>	<u>2,859,504</u>
<u>\$ 33,536,354</u>	<u>\$ 33,656,635</u>	<u>\$ 33,099,861</u>	<u>\$ 32,715,477</u>	<u>\$ 33,229,992</u>
\$ 57,743,714	\$ 58,831,470	\$ 59,572,444	\$ 57,885,699	\$ 57,488,005
5,941,795	5,600,982	5,158,359	7,464,717	8,654,140
<u>14,384,445</u>	<u>15,286,074</u>	<u>16,080,227</u>	<u>17,180,501</u>	<u>17,840,640</u>
<u>\$ 78,069,954</u>	<u>\$ 79,718,526</u>	<u>\$ 80,811,030</u>	<u>\$ 82,530,917</u>	<u>\$ 83,982,785</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	2005	2006	2007	2008	2009
Expenses					
Governmental Activities:					
General government and administration	\$ 2,362,231	\$ 2,602,960	\$ 2,933,681	\$ 2,894,285	\$ 3,075,201
Public safety	4,737,631	5,138,326	5,238,784	5,464,662	5,739,091
Public works	5,185,215	5,632,640	5,346,890	5,925,876	5,758,443
Culture and recreation	4,457,243	4,634,673	4,621,273	4,977,391	4,885,568
Interest on long-term debt	1,355,910	1,250,474	1,225,583	1,260,296	1,180,102
Total governmental activities expenses	18,098,230	19,259,073	19,366,211	20,522,510	20,638,405
Business-type Activities:					
Water and sewer	5,694,639	6,191,778	6,407,376	6,614,955	6,913,963
Sanitation	2,296,436	2,435,453	2,629,561	2,573,279	2,718,214
Golf Course	1,613,195	1,783,080	1,868,965	2,017,199	2,167,996
Total business-type activities expenses	9,604,270	10,410,311	10,905,902	11,205,433	11,800,173
Total primary government expenses	\$ 27,702,500	\$ 29,669,384	\$ 30,272,113	\$ 31,727,943	\$ 32,438,578
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government and administration	\$ 514,764	\$ 520,176	\$ 442,892	\$ 451,580	\$ 447,112
Public safety	3,381				
Public works	217,827		244,049	239,063	186,017
Culture and recreation	900,630	877,552	974,310	986,604	931,477
Operating grants and contributions		97,341	25,000	744,892	1,566,242
Capital grants and contributions		626,803	856,100		
Total governmental activities program revenues	1,636,602	2,121,872	2,542,351	2,422,139	3,130,848
Business-type Activities:					
Charges for Services:					
Water and sewer	5,824,846	5,852,076	5,614,724	6,678,843	7,003,764
Sanitation	2,611,266	2,668,684	2,823,869	2,970,992	3,038,754
Golf	1,305,294	1,570,279	1,637,741	1,847,418	1,869,731
Operating grants and contributions		62,298			53,182
Capital grants and contributions					
Total business-type activities program revenues	9,741,406	10,153,337	10,076,334	11,497,253	11,965,431
Total primary government program revenues	\$ 11,378,008	\$ 12,275,209	\$ 12,618,685	\$ 13,919,392	\$ 15,096,279

<u>2010</u>	<u>2011</u>	(Restated) <u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 3,222,710	\$ 3,079,021	\$ 3,338,677	\$ 3,644,827	\$ 3,963,493
6,046,380	6,140,172	6,146,043	6,260,664	6,391,647
5,694,647	4,288,666	4,378,048	4,827,784	4,467,635
5,037,305	4,961,616	4,896,044	4,501,507	5,173,328
<u>1,233,922</u>	<u>1,293,892</u>	<u>1,629,413</u>	<u>1,258,756</u>	<u>985,786</u>
<u>21,234,964</u>	<u>19,763,367</u>	<u>20,388,225</u>	<u>20,493,538</u>	<u>20,981,889</u>
7,013,299	7,410,839	7,811,698	7,774,236	7,775,096
2,747,149	2,432,879	2,219,316	2,278,112	2,442,771
<u>2,197,021</u>	<u>2,060,021</u>	<u>1,922,542</u>	<u>1,972,608</u>	<u>1,951,623</u>
<u>11,957,469</u>	<u>11,903,739</u>	<u>11,953,556</u>	<u>12,024,956</u>	<u>12,169,490</u>
<u>\$ 33,192,433</u>	<u>\$ 31,667,106</u>	<u>\$ 32,341,781</u>	<u>\$ 32,518,494</u>	<u>\$ 33,151,379</u>
\$ 410,235	\$ 459,598	\$ 550,251	\$ 657,598	\$ 678,652
237,964	213,772	227,672	245,897	501,138
1,035,350	1,005,931	1,042,830	1,043,331	1,135,711
1,025,417	405,794	131,528	304,854	6,613
<u> </u>	<u> </u>	<u>100,168</u>	<u> </u>	<u> </u>
<u>2,708,966</u>	<u>2,085,095</u>	<u>2,052,449</u>	<u>2,251,680</u>	<u>2,322,114</u>
6,807,782	7,784,450	7,362,306	7,393,568	7,303,337
3,015,623	3,036,999	3,052,811	3,161,165	3,163,629
1,550,705	1,571,415	1,519,738	1,608,396	1,446,320
99,687		143,858		
<u> </u>	<u>14,445</u>	<u>28,969</u>	<u>36,214</u>	<u>133,195</u>
<u>11,473,797</u>	<u>12,407,309</u>	<u>12,107,682</u>	<u>12,199,343</u>	<u>12,046,481</u>
<u>\$ 14,182,763</u>	<u>\$ 14,492,404</u>	<u>\$ 14,160,131</u>	<u>\$ 14,451,023</u>	<u>\$ 14,368,595</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	2005	2006	2007	2008	2009
Net (Expense)/Revenue:					
Governmental activities	\$(16,461,628)	\$(17,137,201)	\$(16,823,860)	\$(18,100,371)	\$ 17,507,557
Business-type activities	<u>137,136</u>	<u>(256,974)</u>	<u>(829,568)</u>	<u>291,820</u>	<u>165,258</u>
Total primary governmental net expense	<u>(16,324,492)</u>	<u>(17,394,175)</u>	<u>(17,653,428)</u>	<u>(17,808,551)</u>	<u>(17,342,299)</u>
General Revenues & Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Ad valorem	4,627,407	4,850,943	5,020,245	5,366,631	5,685,508
Sales	5,871,195	6,392,501	6,972,467	6,890,894	7,043,241
Occupancy	208,377	239,924	272,624	272,703	218,277
Franchise	1,391,393	1,683,612	1,596,697	1,525,195	1,586,698
Other	49,647	54,768	59,590	145,269	130,559
Industrial district	2,672,510	2,881,045	3,220,061	3,422,770	3,962,165
Investment earnings	467,505	687,327	819,379	656,899	193,207
Miscellaneous	72,298	124,902	103,123	182,791	138,624
Gain (loss) on sale/retirement of capital assets	23,505		56,533	22,498	325,310
Transfers	<u>(79,913)</u>	<u>517,117</u>	<u>(53,112)</u>	<u>707,506</u>	<u>513,355</u>
Total governmental activities	<u>15,303,924</u>	<u>17,432,139</u>	<u>18,067,607</u>	<u>19,193,156</u>	<u>19,796,944</u>
Business-type Activities:					
Investment earnings	243,037	395,581	443,132	264,341	74,621
Gain on sale/retirement of capital assets		(4,074)	16,000		
Miscellaneous					
Transfers	<u>79,913</u>	<u>(495,032)</u>	<u>53,112</u>	<u>(707,506)</u>	<u>(513,353)</u>
Total business-type activities	<u>322,950</u>	<u>(103,525)</u>	<u>512,244</u>	<u>(443,165)</u>	<u>(438,734)</u>
Total primary government	<u>15,626,874</u>	<u>17,328,614</u>	<u>18,579,851</u>	<u>18,749,991</u>	<u>19,358,210</u>
Change in Net Position					
Governmental activities	(1,157,704)	294,938	1,243,747	1,092,785	2,289,387
Business-type activities	<u>460,086</u>	<u>(360,499)</u>	<u>(317,324)</u>	<u>(151,345)</u>	<u>(273,476)</u>
Total primary government	<u>\$(697,618)</u>	<u>\$(65,561)</u>	<u>\$ 926,423</u>	<u>\$ 941,440</u>	<u>\$ 2,015,911</u>

Source: Comprehensive Annual Financial Report

<u>2010</u>	<u>2011</u>	(Restated) <u>2012</u>	<u>2013</u>	<u>2014</u>
\$(18,525,998)	\$(17,678,272)	\$(18,335,776)	\$(18,241,858)	\$(18,659,775)
<u>(483,672)</u>	<u> 503,570</u>	<u> 154,126</u>	<u> 174,387</u>	<u>(123,009)</u>
<u>(19,009,670)</u>	<u>(17,174,702)</u>	<u>(18,181,650)</u>	<u>(18,067,471)</u>	<u>(18,782,784)</u>
5,690,679	5,640,962	5,537,580	5,606,122	5,687,918
6,709,639	6,918,501	7,230,131	7,712,671	7,978,873
206,933	226,240	219,915	274,101	311,774
1,610,075	1,619,883	1,593,448	1,616,709	1,657,659
134,657	130,638	130,992	141,546	4,186,100
3,843,335	3,984,300	4,100,000	4,100,000	164,284
99,729	100,646	106,725	107,960	61,941
282,518	165,279	22,367	191,495	142,508
70,055		290,564		29,403
<u>745,253</u>	<u>420,114</u>	<u>753,332</u>	<u>595,525</u>	<u>(623,332)</u>
<u>19,392,873</u>	<u>19,206,563</u>	<u>19,985,054</u>	<u>20,346,129</u>	<u>19,597,128</u>
38,844	36,825	42,432	36,754	14,192
<u>(745,253)</u>	<u>(420,114)</u>	<u>(753,332)</u>	<u>(595,525)</u>	<u> 623,332</u>
<u>(706,409)</u>	<u>(383,289)</u>	<u>(710,900)</u>	<u> 558,771</u>	<u> 637,524</u>
<u>18,686,464</u>	<u>18,823,274</u>	<u>19,274,154</u>	<u>19,787,358</u>	<u>20,234,552</u>
866,875	1,528,291	1,649,278	2,104,271	937,353
<u>(1,190,081)</u>	<u> 120,281</u>	<u>(556,774)</u>	<u>(384,384)</u>	<u> 514,515</u>
<u>\$(323,206)</u>	<u>\$ 1,648,572</u>	<u>\$ 1,092,504</u>	<u>\$ 1,719,887</u>	<u>\$ 1,451,868</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	2005	2006	2007	2008	2009
General Fund:					
Reserved for other/non-spendable*	\$ 538,565	\$ 199,512	\$ 125,301	\$ 442,782	\$ 331,434
Committed:					
General contingencies					
Assigned:					
Unemployment insurance					
Equipment replacement					
Special events					
Parks					
Unreserved/unassigned*	<u>7,242,862</u>	<u>7,504,971</u>	<u>9,010,029</u>	<u>7,914,743</u>	<u>9,290,235</u>
Total general fund	<u>\$ 7,781,427</u>	<u>\$ 7,704,483</u>	<u>\$ 9,135,330</u>	<u>\$ 8,357,525</u>	<u>\$ 9,621,669</u>
 All Other Governmental Funds:					
Reserved For:					
Debt service	\$ 604,045	\$ 550,663	\$ 534,831	\$ 527,608	\$ 719,637
Capital projects	3,998,032	1,706,433	6,344,497	5,648,872	4,838,804
Unreserved, Reported In:					
Special Revenue	1,551,229	1,593,812	1,843,390	2,432,834	2,578,102
Capital projects	<u>1,989,716</u>	<u>1,515,074</u>	<u>1,132,586</u>	<u>2,299,863</u>	<u>1,612,184</u>
Total all other governmental funds	<u>\$ 8,143,022</u>	<u>\$ 5,365,982</u>	<u>\$ 9,855,304</u>	<u>\$ 10,909,177</u>	<u>\$ 6,748,727</u>
 Restricted:					
Debt Service					
Capital Projects					
Economic Development					
Encourage tourism					
Law enforcement					
Traffic safety					
Contributor purpose					
Program education					
Assigned:					
General construction					
 Total all other governmental funds					

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 262,501	\$ 179,575	\$ 135,790	\$ 88,399	\$ 90,320
	1,032,819	1,037,756	800,085	801,448
	203,627	194,179	176,847	165,785
	4,033,149	4,909,100	5,544,711	5,813,661
	6,660	31,881	12,308	12,937
	336,842	284,576	245,889	295,836
<u>10,273,711</u>	<u>5,503,023</u>	<u>5,636,513</u>	<u>6,240,900</u>	<u>6,644,409</u>
<u>\$ 10,536,212</u>	<u>\$ 11,295,695</u>	<u>\$ 12,229,795</u>	<u>\$ 13,109,139</u>	<u>\$ 13,824,396</u>

\$ 705,816
9,470,729

2,784,937
1,378,000

\$ 14,339,482

\$ 671,628	\$ 608,056	\$ 707,536	\$ 717,734
5,562,372	3,321,850	7,526,486	5,112,819
2,526,505	2,207,924	2,292,698	2,412,766
60,661	39,718	42,375	45,523
121,667	142,911	122,313	108,418
131,313	48,533	26,738	23,492
4,157			
	75,138	124,901	196,245
<u>1,353,206</u>	<u>1,475,196</u>	<u>1,370,332</u>	<u>1,903,546</u>
<u>\$ 10,431,509</u>	<u>\$ 7,919,326</u>	<u>\$ 12,313,379</u>	<u>\$ 10,520,543</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	2005	2006	2007	2008	2009
Revenues:					
Taxes and industrial district	\$ 14,808,784	\$ 16,102,183	\$ 17,130,142	\$ 17,628,611	\$ 18,612,438
Intergovernmental	221,208	724,144	646,100	744,892	1,566,242
Charges for services	900,630	877,552	974,310	986,604	931,477
Fines and fees	327,720	306,426	442,892	429,564	425,746
Licenses and permits	187,044	213,750	244,049	239,063	186,017
Special assessment			3,246	100	655
Investment earnings	467,505	687,327	819,379	656,900	191,524
Contributions	600	1,025	2,020	515	
Miscellaneous	71,698	124,902	97,857	182,275	140,307
	<u>16,985,189</u>	<u>19,037,309</u>	<u>20,359,995</u>	<u>20,868,524</u>	<u>22,054,406</u>
Total revenues					
Expenditures:					
General government administration	2,181,307	2,404,638	2,737,126	2,707,090	2,874,769
Public safety	4,323,056	4,585,013	4,663,457	4,949,286	5,189,939
Public works	2,267,855	2,640,909	2,298,989	3,882,411	3,679,429
Culture and recreation	3,728,855	3,900,092	3,863,375	4,227,705	4,102,208
Capital outlay	2,817,025	5,478,274	2,568,700	2,393,437	6,007,292
Debt Service:					
Principal retirement	2,285,000	2,285,000	2,345,000	2,580,000	2,260,000
Interest and fiscal charges	1,338,466	1,232,899	1,267,213	1,238,338	1,273,840
	<u>8,941,564</u>	<u>22,526,825</u>	<u>19,743,860</u>	<u>21,978,267</u>	<u>25,387,477</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	(1,956,375)	(3,489,516)	616,135	(1,109,743)	(3,333,071)
Other Financing Sources (Uses):					
Issuance of debt			5,300,000		9,245,000
Discount on bonds issued			613		
Bond issuance premium					144,553
Sale of capital asset	71,558	9,250	56,533	54,638	386,858
Payment to bond refunding escrow agent					(6,894,852)
Transfers in	4,659,251	3,815,160	3,107,252	5,217,473	3,608,298
Transfers out	(4,717,233)	(3,320,128)	(3,160,364)	(4,509,967)	(3,053,092)
	<u>13,576</u>	<u>504,282</u>	<u>5,304,034</u>	<u>762,144</u>	<u>3,436,765</u>
Total other financing sources (uses)					
Net change in fund balances	\$(1,942,799)	\$(2,985,234)	\$ 5,920,169	\$(347,599)	\$ 103,694
Debt Service as a percentage of noncapital Expenditures					
	22.5%	20.6%	21.0%	19.5%	18.2%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 18,187,067	\$ 18,526,662	\$ 18,824,139	\$ 19,468,703	\$ 19,985,385
1,025,417	405,794	131,528	304,854	6,613
1,035,350	1,005,931	1,042,830	1,043,331	1,135,711
383,023	418,536	504,603	569,700	625,201
237,964	213,772	227,672	245,897	501,138
2,349	4,712			
99,729	100,646	106,725	107,960	61,941
		100,168		
<u>282,518</u>	<u>160,567</u>	<u>290,564</u>	<u>191,495</u>	<u>142,508</u>
<u>21,253,417</u>	<u>20,836,620</u>	<u>21,228,229</u>	<u>21,931,940</u>	<u>22,458,497</u>
2,984,712	2,862,240	3,068,045	3,478,670	3,762,435
5,410,431	5,559,479	5,600,724	5,686,957	5,751,812
3,637,437	2,671,957	2,717,025	2,618,713	2,697,647
4,199,311	4,067,243	4,105,287	4,101,500	4,236,809
4,615,889	5,355,135	4,181,783	3,736,077	4,111,550
2,530,000	2,715,000	2,830,000	2,785,000	2,805,000
<u>1,318,896</u>	<u>1,272,263</u>	<u>1,187,465</u>	<u>1,068,892</u>	<u>1,115,999</u>
<u>24,696,676</u>	<u>24,503,317</u>	<u>23,690,329</u>	<u>23,475,809</u>	<u>24,481,252</u>
<u>(3,443,259)</u>	<u>(3,666,697)</u>	<u>(2,462,100)</u>	<u>(1,543,869)</u>	<u>(2,022,755)</u>
8,000,000		7,360,000	6,000,000	1,500,000
133,249		810,870	106,996	40,920
70,055	28,330	73,120	14,745	127,588
		(8,113,305)		
4,172,617	4,058,123	4,071,614	3,929,614	4,315,121
<u>(3,427,364)</u>	<u>(3,638,009)</u>	<u>(3,318,282)</u>	<u>(3,334,089)</u>	<u>(4,938,453)</u>
<u>8,948,557</u>	<u>448,444</u>	<u>884,017</u>	<u>6,717,266</u>	<u>1,045,176</u>
<u>\$ 5,505,298</u>	<u>\$(3,218,253)</u>	<u>\$(1,578,083)</u>	<u>\$ 5,173,397</u>	<u>\$(977,579)</u>
19.2%	20.8%	20.6%	19.5%	19.2%

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2005	\$ 1,340,800,620	\$ 106,550,060	\$ 212,386,376	\$ 1,234,964,304	\$ 0.37000
2006	1,414,404,750	112,102,800	252,573,630	1,273,933,920	0.38000
2007	1,497,758,792	114,426,600	265,668,634	1,346,516,758	0.37000
2008	1,548,589,780	117,138,400	274,123,140	1,391,605,040	0.38500
2009	1,598,884,378	121,221,910	280,572,592	1,439,533,696	0.39000
2010	1,627,373,340	124,429,670	295,147,652	1,456,655,358	0.39000
2011	1,619,266,640	120,047,810	299,801,676	1,439,512,774	0.39000
2012	1,608,903,194	115,032,120	312,052,094	1,411,883,220	0.39000
2013	1,567,292,079	119,916,600	315,852,118	1,371,356,561	0.39000
2014	1,689,132,358	120,394,220	360,227,700	1,449,298,878	0.39000

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

Fiscal Year	City Direct Rates			Overlapping Rates					
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Brazoria County	Brazosport ISD	Brazos River Navigation	Brazosport College	Velasco Drainage	
2005	\$ 0.2369	\$ 0.1331	\$ 0.3700	\$ 0.3620	\$ 1.5228	\$ 0.0675	\$ 0.1140	& 0.0762	
2006	0.2493	0.1307	0.3800	0.3480	1.5728	0.0650	0.1190	0.0821	
2007	0.2390	0.1310	0.3700	0.3217	1.4237	0.0597	0.1220	0.0821	
2008	0.2332	0.1518	0.3850	0.3114	1.1339	0.0560	0.1210	0.0821	
2009	0.2332	0.1568	0.3900	0.3300	1.1922	0.0535	0.1565	0.0821	
2010	0.2340	0.1560	0.3900	0.4031	1.2415	0.0535	0.1902	0.0909	
2011	0.2345	0.1555	0.3900	0.4131	1.2415	0.0535	0.2392	0.0942	
2012	0.2315	0.1585	0.3900	0.4259	1.2595	0.0515	0.2594	0.0948	
2013	0.2323	0.1577	0.3900	0.4302	1.2553	0.0450	0.2673	0.1002	
2014	0.2376	0.1524	0.3900	0.4920	1.2553	0.0450	0.2673	0.1002	

Source: Brazoria County Appraisal District

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

2014			2005		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Brazos Mall Owners LLC	\$ 20,971,150	1.45%	Wal-Mart Stores Inc.	\$ 16,320,490	1.32%
Wal-Mart Stores Inc.	16,725,370	1.15%	WXI/Z Southwest Mall Real	13,750,870	1.11%
Redwood Edgewater	13,871,380	0.96%	Fazio Peter & Shari (Lowe's	11,205,250	0.91%
Lowe's	10,271,110	0.71%	Centerpoint Energy, Inc.	9,832,500	0.80%
Gulf Coast Kingston Properties	10,082,820	0.70%	Home Depot	9,469,470	0.77%
Centerpoint Energy, Inc.	9,780,240	0.67%	Dow Chemical Company	9,381,790	0.76%
Spyglass – Lake Jackson	8,800,000	0.61%	Dillard's, Inc.	7,361,510	0.60%
Texas Dow Employees CU	8,710,410	0.60%	Lake Jackson Apt Assoc.	7,313,990	0.59%
Partners of Lake Jackson LTD	7,569,350	0.52%	Don Davis Buick/Pontiac/GMC	5,367,770	0.43%
Dow Chemical Company	<u>7,363,540</u>	<u>0.51%</u>	Southwestern Bell	<u>5,291,170</u>	<u>0.43%</u>
Total	\$ <u>114,145,370</u>	<u>7.88%</u>	Total	\$ <u>95,294,810</u>	<u>7.72%</u>

Source: Brazoria County Appraisal District

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 8
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 4,608,542	\$ 4,563,655	99.0%	\$ 41,628	\$ 4,605,283	99.9%
2006	4,855,562	4,818,745	99.2%	34,364	4,853,109	99.9%
2007	4,980,528	4,940,579	99.2%	36,465	4,977,044	99.9%
2008	5,348,657	5,294,887	99.0%	42,675	5,337,562	99.8%
2009	5,636,199	5,582,960	99.1%	36,175	5,619,135	99.7%
2010	5,706,573	5,606,421	98.2%	46,073	5,652,494	99.1%
2011	5,599,633	5,545,788	99.0%	39,418	5,585,206	99.7%
2012	5,506,055	5,468,387	99.3%	29,861	5,498,248	99.9%
2013	5,581,007	5,546,523	99.4%	21,080	5,567,603	99.8%
2014	5,652,730	5,617,595	99.4%		5,617,595	99.4%

Source: Brazoria County Tax Office

¹ Adjusted Tax Levy

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 9
Sales Tax Analysis
Last Ten Fiscal Years

Fiscal Year	General Fund Sales Tax Collections	Half-Cent Sales Tax Collections ¹	Total Sales Tax Collections	Percentage Growth	Sales Tax as a % of Total Revenues	Per Capita ²
2005	\$ 3,914,130	\$ 1,957,065	\$ 5,871,195	2.7%	34.6%	\$ 214.46
2006	4,261,667	2,130,834	6,392,501	8.9%	33.6%	231.49
2007	4,618,469	2,353,998	6,972,467	9.1%	34.2%	252.50
2008	4,553,842	2,337,052	6,890,894	(1.2%)	33.0%	249.54
2009	4,634,553	2,408,688	7,043,241	2.2%	31.9%	255.06
2010	4,432,443	2,277,196	6,709,639	(4.7%)	31.6%	249.87
2011	4,562,725	2,355,777	6,918,502	3.1%	33.2%	257.64
2012	4,772,141	2,457,990	7,230,131	4.5%	34.1%	262.47
2013	5,093,359	2,619,312	7,712,671	6.7%	35.2%	279.04
2014	5,226,636	2,752,237	7,978,873	3.5%	35.5%	287.87

Source: Finance Department

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

² See Table 14 for population data.

CITY OF LAKE JACKSON
Lake Jackson, Texas

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Water and Sewer Revenue Bonds	Capital Leases			
2005	\$ 21,255,000	\$ 8,085,000	\$ 14,470,000	\$ 437,964	\$ 44,247,964	6.18%	\$ 1,616
2006	19,895,000	7,160,000	13,500,000	298,684	40,853,684	5.66%	1,479
2007	23,775,000	6,235,000	14,530,000	326,074	44,686,074	6.22%	1,625
2008	22,120,000	5,310,000	13,460,000	653,017	41,543,017	5.76%	1,504
2009	22,895,368	4,674,632	12,390,000	542,143	40,502,143	5.61%	1,467
2010	26,780,000	6,260,000	13,025,000	561,044	46,626,044	4.98 %	1,729
2011	24,540,000	5,785,000	11,765,000	230,875	42,320,875	4.54%	1,576
2012	22,740,000	4,655,000	10,550,000	-0-	37,945,000	3.92%	1,377
2013	18,742,518	11,597,482	11,345,000	-0-	41,685,000	4.39%	1,508
2014	17,165,843	11,869,157	10,145,000	-0-	39,180,000	4.15%	1,151

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

*See Table 14 for personal income and population data.

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

Fiscal Year	Gross Bonded Debt ⁰	Less: Amounts Available in Debt Service Fund	Less: Amounts Payable from Half-Cent Optional Tax ¹	Net Bonded Debt	Percentage of Actual Taxable Value of Property ²	Per Capita ³
2005	\$ 29,340,000	\$ 603,990	\$ 13,690,000	\$ 15,046,010	1.22%	\$ 1,072
2006	27,055,000	550,608	12,555,000	13,949,392	1.09%	980
2007	30,010,000	534,776	11,410,000	18,065,224	1.34%	1,087
2008	27,430,000	527,553	10,255,000	16,647,447	1.20%	993
2009	27,570,000	719,582	9,379,632	17,470,786	1.21%	998
2010	33,040,000	679,125	13,456,365	18,904,510	1.30%	1,196
2011	30,325,000	648,230	12,278,528	17,398,242	1.21%	1,098
2012	27,395,000	608,056	10,788,000	15,998,944	1.13%	1,067
2013	30,340,000	707,537	11,597,482	18,034,981	1.32%	1,098
2014	29,035,000	715,235	11,869,157	16,450,608	1.15%	1,048

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

⁰ Does not include Revenue Bonds

¹ Includes Series 2009, 2013 & 2013A Certificates of Obligation and 2009 & 2011 refunding; all of which are being repaid from revenues generated from the half-cent optional sales tax. Does not include Revenue bonds.

² See Table 5 for property value data.

³ See Table 14 for population data.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 12
Direct and Overlapping Governmental Activities Debt
As of September 30, 2014

Governmental Unit	Debt Outstanding	As of	Estimated Percentage Applicable**	Estimated Share of Overlapping Debt
Debt repaid with property taxes:				
Velasco Drainage District	\$ 5,945,000	09/30/14	20.38%	\$ 1,211,591
Brazosport I.S.D.	139,004,050	08/31/14	19.81%	27,536,702
Brazosport Jr. College	63,555,000	08/31/14	19.80%	12,583,890
Port Freeport	5,315,000	09/30/14	13.97%	742,506
Brazoria County	90,265,000	09/30/14	7.09%	6,399,789
Angleton Drainage District	--	09/30/14	3.61%	--
Angleton/Danbury Hospital District	11,260,000	09/30/14	0.06%	6,756
Columbia-Brazoria I.S.D.	38,449,985	06/30/14	0.91%	349,895
Angleton I.S.D.	134,812,352	08/31/14	0.05%	<u>67,406</u>
Subtotal, overlapping debt				48,898,535
City of Lack Jackson (direct debt)	29,035,000	* 09/30/14	100.00%	<u>29,035,000</u>
Total direct and overlapping debt				<u>\$ 77,933,535</u>

Source: Taxing jurisdictions, and the *Texas Municipal Advisory Council of Texas*.

* Gross Debt

** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 13
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water and Sewer System Revenue Bonds						
	Utility Revenue and Other ⁰	Less: Operating Expenses ¹	Net Available Revenue	Average Annual Requirement	Average Coverage	Maximum Annual Requirements	Maximum Coverage
2005	\$ 6,063,698	\$ 3,908,603	\$ 2,155,095	\$ 1,217,347	1.77	\$ 1,613,535	1.34
2006	6,242,509	4,150,183	2,092,326	1,193,530	1.75	1,574,600	1.33
2007	6,052,858	4,425,545	1,627,313	959,150	1.70	1,678,355	0.97
2008	6,937,654	4,417,633	2,520,021	921,297	2.74	1,634,680	1.54
2009	7,078,385	4,692,032	2,386,353	881,665	2.71	1,590,720	1.50
2010	6,843,586	4,998,514	1,845,072	806,403	2.29	1,654,081	1.12
2011	7,819,019	5,116,318	2,702,701	763,512	3.54	1,603,350	1.69
2012	7,546,012	5,249,307	2,296,705	716,854	3.20	1,564,350	1.47
2013	7,427,529	5,315,927	2,111,602	697,008	3.03	1,579,676	1.34
2014	7,316,364	5,341,519	1,974,845	650,551	3.04	1,539,275	1.28

Source: Lake Jackson Finance Department

⁰ Utility Revenue and Other include water, sewer, connection fees, investment earnings; and excludes garbage fees.

¹ Excludes sanitation, interest, depreciation, and debt service charges.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 14
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Estimated Population	Estimated Personal Income	Per Capita Personal Income	Median Age ¹	School Enrollment	Unemploy- ment Rate	Labor Force
2005	27,377	\$ 715,443,141	\$ 26,133	--	6,476	4.7%	14,180
2006	27,614	721,636,662	26,133	--	6,409	3.6%	14,467
2007	27,614	721,636,662	26,133	--	6,472	3.8%	14,439
2008	27,614	721,636,662	26,133	--	6,921	5.8%	14,266
2009	27,614	721,636,662	26,133	--	6,422	7.1%	13,735
2010	26,853	932,175,042	34,714	37.0	6,276	8.4%	13,886
2011	26,853	932,175,042	34,714	--	6,867	7.5%	14,462
2012	27,547	967,175,170	35,110	--	6,338	6.2%	13,714
2013	27,640	950,594,880	34,392	--	6,268	6.1%	13,649
2014	27,717	943,292,661	34,033	--	6,172	5.0%	13,970

Source: Estimated Population, per capita income, and median age provided by U.S. Census and the Economic Development Alliance for Brazoria County.

Estimated personal income is derived from per capita personal income and estimated population.

School enrollment provided by Brazosport Independent School District.

Unemployment rate and Labor Force provided by the Texas Employment Commission website.

¹ Median age only available in Census Years.

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 15
Principal Employers
Current Year and Ten Years Ago

2014			2005		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
The Dow Chemical Company	4,200	4.24%	The Dow Chemical Company	4,850	6.38%
Texas Dept of Criminal Justice	2,382	2.41%	Texas Dept of Criminal Justice	2,232	2.93%
Fluor Corporation	1,700	1.72%	Wal-Mart Associates, Inc.	1,755	2.31%
Miken Specialties	1,569	1.59%	U.S. Contractors Inc.	1,144	1.51%
The Infinity Group	1,492	1.51%	Industrial Specialists Inc.	1,069	1.41%
Schlumberger Technology Corp	1,100	1.11%	ConocoPhillips	900	1.18%
Zachary Construction Company	964	0.97%	Gulf States, Inc.	803	1.05%
Phillips 66	900	0.91%	Solutia. Inc.	750	0.99%
BASF Corporation	838	0.85%	BP	711	0.94%
Texas Dow Employee CU	<u>792</u>	<u>0.80%</u>	BASF Corporation	<u>707</u>	<u>0.93%</u>
Total	<u>15,937</u>	<u>16.11%</u>	Total	<u>14,921</u>	<u>19.63%</u>

Source: Economic Development Alliance for Brazoria County

Note: City wide employer information not readily available.

CITY OF LAKE JACKSON
Lake Jackson, Texas

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government and Administration	31	31	31	35	35	35	35	35	35	35
Public Safety:										
Police	57	58	58	59	59	61	60	60	60	60
Fire	1	1	1	1	1	1	1	1	1	1
Humane	3	3	3	3	3	3	3	3	3	3
Culture and Recreation	27	27	27	27	27	27	27	27	27	27
Public Works:										
Streets	7	7	7	7	7	7	7	7	7	7
Drainage	15	15	15	15	15	15	15	15	15	15
Building/Code	6	6	6	8	8	8	8	8	8	8
Garage	9	9	9	9	9	9	9	9	9	9
Water and Sewer	38	37	37	37	37	37	37	37	37	37
Sanitation	<u>25</u>									
	<u>219</u>	<u>219</u>	<u>219</u>	<u>226</u>	<u>226</u>	<u>228</u>	<u>227</u>	<u>227</u>	<u>227</u>	<u>227</u>

Source: City Budget

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Est. 2014</u>
Public Safety:										
Police:										
% Criminal Offenses Cleared	52%	55%	54%	55%	57%	43%	41%	39%	40%	45% ²
Traffic contacts	16,406	18,039	18,296	14,406	13,515	15,169	22,500	18,523	16,074	16,000
Fire:										
Fire calls	486	519	537	532	520	520	502	441	525	550
EMS calls	1,629	1,891	2,183	2,197	2,448	2,730	2,811	2,907	2,958	3,084
Inspections	253	243	408	319	368	257	341	289	247	350
Public Works:										
Streets:										
Potholes repaired	481	314	363	235	223	469	665	301	436	547
Gutter sweeping (cu yd)	1,676	1,430	1,300	1,707	1,570	1,864	2,178	1,820	1,759	1,520
Culture and Recreation:										
Recreation Center members	4,937	5,864	5,800	6,204	5,738	4,926	3,861	4,434	4,600	4,870
Recreation Center Attendance	168,967	142,234	190,000	240,600	251,750	229,059	207,189	175,528	187,990	215,000
Water and Sewer:										
Number of sewer leaks Repaired	133	3	5	3	8	3	6	1	4	9
Linear feet of sewer mains cleaned	122,216	47,735	108,464	45,215	29,430	20,232	25,000	67,726	7,188	20,801
Sanitation:										
Refuse Collected: ¹										
Residential garbage (cu yd)	27,060	27,031	27,200	28,000	24,070	22,214	24,000	20,331	20,120	20,713
Commercial garbage (cu yd)	26,698	40,459	40,800	42,000	36,106	22,898	36,000	33,389	35,027	35,666

Source: City Departments

¹ Does not include non-compacted refuse collection.

² Represents actual percentage; not estimate.

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:										
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Community Center	2	2	2	2	2	2	2	2	2	2
Recreation Center	1	1	1	1	1	1	1	1	1	1
Parks Acreage ¹	1,296	1,296	1,306	1,306	1,306	1,306	1,306	1,306	1,306	1,306
Parks	23	23	23	23	23	23	23	23	23	23
Baseball/softball fields	23	23	23	23	23	23	23	23	23	23
Soccer fields	24	24	24	24	24	24	24	24	24	24
Water:										
Water mains (miles)	130	130	130	130	130	130	130	130	130	130
Fire Hydrants	917	917	917	917	917	917	917	917	1,000	1,000
Wastewater²										
Maximum daily treatment capacity (thousands of gallons)	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890

Source: Various City departments

¹ In 2007 Dow donated 9.86 acres of land.

² The expansion and upgrade of the Wastewater treatment plant was completed in 2005.

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CONTINUING FINANCIAL DISCLOSURES

As of 01/31/15

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

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CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-1
Bond Summary and Authorization
(As of 1/31/15)

Summary of Bonds Outstanding

General Obligation Bonds and Certificates of Obligation

2004 Limited Tax Bonds	\$ 1,800,000
2007 Limited Tax Bonds	3,445,000
2009 Limited Tax Bonds	1,800,000
2009 Limited Tax Refunding Bonds (\$ 1,054,157)*	2,355,000
2009 Certificates of Obligation (downtown)*	4,000,000
2010 Limited Tax Bonds	2,400,000
2011 Limited Tax Refunding Bonds (\$ 3,565,000)*	6,145,000
2013 Limited Tax Bonds	3,840,000
2013 Certificates of Obligation (downtown)*	1,900,000
2013A Certificates of Obligation	1,350,000
2014 Certificates of Obligation*	<u>5,500,000</u>
Total Ad Valorem Tax Secured Debt Outstanding	\$ <u>34,535,000</u>

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

Waterworks and Sewer System Bonds

2007 Waterworks and Sewer System Bonds	\$ 1,300,000
2009 Waterworks and Sewer System Bonds	1,350,000
2009 Waterworks and Sewer System Refunding Bonds	195,000
2010 Waterworks and Sewer System Refunding Bonds	5,400,000
2013 Waterworks and Sewer System Bonds	<u>1,900,000</u>
Total Waterworks and Sewer System Debt Outstanding	\$ <u>10,145,000</u>

General Obligation Bonds Authorized but not Issued as of 01/31/15

None.

Waterworks and Sewer System Bonds Authorized but not Issued as of 01/31/15

None.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-2 Financial Information (As of 1/31/2015)

2014 Assessed Valuation (100% of Actual) ¹	\$ <u>1,498,290,819</u>
<u>General Obligation Bonds Outstanding²</u>	
Presently outstanding (01/31/15)	\$ 34,535,000
Other Bonds issued to date	<u>-0-</u>
Gross debt	34,535,000
Less: Amounts payable from ½ Cent Optional Tax	17,369,157
Less: Debt Service Cash Balance	<u>2,501,132</u>
Net Debt	\$ <u>14,664,771</u>
Ratio of Net Debt to 2014 Assessed Valuation	0.98%
2015 Estimated Population	27,717
2014 Assessed Valuation per Capita	\$ 54,056.75
Net Debt per Capita	\$ 529.09
Area of the City	18 square miles

¹ Tax Year; Net of exemptions in the amount of \$ 344,767,422; adjusted value as of 2/28/15.

² Excludes the Waterworks and Sewer System Revenue Bonds outstanding.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-3
Estimated Direct & Overlapping Debt Statement

Political Subdivision	Net Debt		Estimated Percent Overlapping	Amount Overlapping
	Amount	As of		
Angleton I.S.D.	\$ 134,812,352	08/31/14	0.05%	\$ 67,406
Angleton-Danbury Hospital District	11,260,000	09/30/14	0.06%	6,756
Angleton Drainage District	-0-	08/31/14	3.61%	-0-
Brazoria County	90,265,000	09/30/14	7.09%	6,399,789
Brazosport I.S.D.	139,004,050	08/31/14	19.81%	27,536,702
Brazos River Harbor Navigation District	5,315,000	09/30/14	13.97%	742,506
Brazosport Jr. College	63,555,000	09/30/14	19.80%	12,583,890
Columbia-Brazoria I.S.D.	38,449,985	06/30/14	0.91%	349,895
Velasco Drainage District	5,945,000	09/30/14	20.38%	<u>1,211,591</u>
Total Overlapping Debt				48,898,535
City of Lake Jackson (direct debt)				<u>34,535,000</u>
Total Direct and Overlapping Debt				<u>\$ 83,433,535</u>
Ratio of Total Direct and Overlapping Debt to 2014 Assessed Valuation				5.57%
Per Capita Total Direct and Overlapping Debt				\$ 3,010
Assessed Valuation per Capita				\$ 54,057

Source: Taxing jurisdictions, and the *Texas Municipal Advisory Council of Texas*.

* Gross Debt

** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-4
Outstanding Debt Service Requirements
General Obligation Debt

<u>Fiscal Year Ending 09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2015	\$ 3,150,000	\$ 1,081,713	\$ 4,231,713
2016	3,100,000	1,002,102	4,102,102
2017	3,100,000	906,508	4,006,508
2018	2,730,000	810,788	3,540,788
2019	2,495,000	722,906	3,217,906
2020	2,435,000	639,051	3,074,051
2021	2,430,000	555,704	2,985,704
2022	2,245,000	474,951	2,719,951
2023	2,065,000	400,714	2,465,714
2024	1,540,000	339,268	1,879,268
2025	1,360,000	290,533	1,650,533
2026	1,360,000	244,523	1,604,523
2027	1,360,000	197,653	1,557,653
2028	1,095,000	155,662	1,250,662
2029	1,095,000	118,111	1,213,111
2030	975,000	81,563	1,056,563
2031	575,000	55,156	630,156
2032	575,000	37,219	612,219
2033	575,000	18,938	593,938
2034	<u>275,000</u>	<u>4,813</u>	<u>279,813</u>
	<u>\$ 34,535,000</u>	<u>\$ 8,137,876</u>	<u>\$ 42,672,876</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

<u>Fiscal Year Ending 09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2015	\$ 1,185,000	\$ 354,275	\$ 1,539,275
2016	1,165,000	321,875	1,486,875
2017	1,055,000	286,000	1,341,000
2018	1,050,000	253,425	1,303,425
2019	1,050,000	213,350	1,263,350
2020	1,045,000	172,850	1,217,850
2021	1,040,000	132,300	1,172,300
2022	285,000	91,950	376,950
2023	285,000	81,800	366,800
2024	285,000	71,438	356,438
2025	285,000	61,075	346,075
2026	285,000	50,463	335,463
2027	285,000	39,850	324,850
2028	185,000	29,025	214,025
2029	180,000	22,200	202,200
2030	180,000	15,600	195,600
2031	100,000	9,000	109,000
2032	100,000	6,000	106,000
2033	<u>100,000</u>	<u>3,000</u>	<u>103,000</u>
	<u>\$ 10,145,000</u>	<u>\$ 2,215,476</u>	<u>\$ 12,360,476</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-6 Tax Adequacy

The following calculation does not include the estimated fund balance as of 9/30/14, the debt service on \$ 4,205,125 (principal and interest) of the 2011 Limited Tax Refunding Bonds, the 2009, 2013 and 2013A Certificates of Obligation, and \$ 1,103,394 (principal and interest) of the 2009 Limited Tax Refunding Bonds. (These are to be repaid from the half cent sales tax).

	<u>Average Requirements (2015-2031)</u>	<u>Maximum Requirement 2015</u>
General Obligation Debt Service Requirements	\$ 1,272,179	\$ 2,208,846
Debt Service Fund tax rate required on 2014 Assessed Taxable Valuation of \$ 1,498,290,819 @ 98% collection	\$ 0.085	\$ 0.147

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

	<u>Average Requirements (2015-2031)</u>	<u>Maximum Requirement 2015</u>
General Obligation Debt Service Requirements	\$ 2,133,644	\$ 4,231,713
Debt Service Fund tax rate required on 2014 Assessed Taxable Valuation of \$ 1,498,290,819 @ 98% collection	\$ 0.142	\$ 0.282

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-7 Tax Rate and Tax Collection Information

Tax Collection Period

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

Tax Collection Record

Tax Year	Fiscal Year	Assessed Taxable Valuation	Tax Rate	Percent Tax Collections		Year Ending
				Current	Total	
2004	2005	\$ 1,237,823,934	0.3700	99.0%	99.9%	09/30/05
2005	2006	1,273,933,920	0.3800	99.2%	99.9%	09/30/06
2006	2007	1,354,217,330	0.3700	99.2%	99.8%	09/30/07
2007	2008	1,391,605,040	0.3850	99.0%	99.8%	09/30/08
2008	2009	1,451,257,205	0.3900	99.0%	99.7%	09/30/09
2009	2010	1,456,655,358	0.3900	99.0%	99.0%	09/30/10
2010	2011	1,439,512,774	0.3900	98.2%	99.7%	09/30/11
2011	2012	1,414,924,084	0.3900	85.6%	99.7%	09/30/12
2012	2013	1,431,169,883	0.3900	99.4%	99.4%	09/30/13
2013	2014	1,451,619,228	0.3900	98.8%	99.5%	09/30/14
2014	2015	1,498,799,409	0.3875	80.9%	80.9%	thru 01/31/15

Tax Rate Limitations

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

Tax Rate Distribution

Tax Year	2015	2014	2013	2012	2011
General Fund	\$ 0.2408	\$ 0.2323	\$ 0.2323	\$ 0.2323	\$ 0.2315
Debt Service Fund	<u>0.1467</u>	<u>0.1577</u>	<u>0.1577</u>	<u>0.1577</u>	<u>0.1585</u>
Total Tax Rate	<u>\$ 0.3875</u>	<u>\$ 0.3900</u>	<u>\$ 0.3900</u>	<u>\$ 0.3900</u>	<u>\$ 0.3900</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

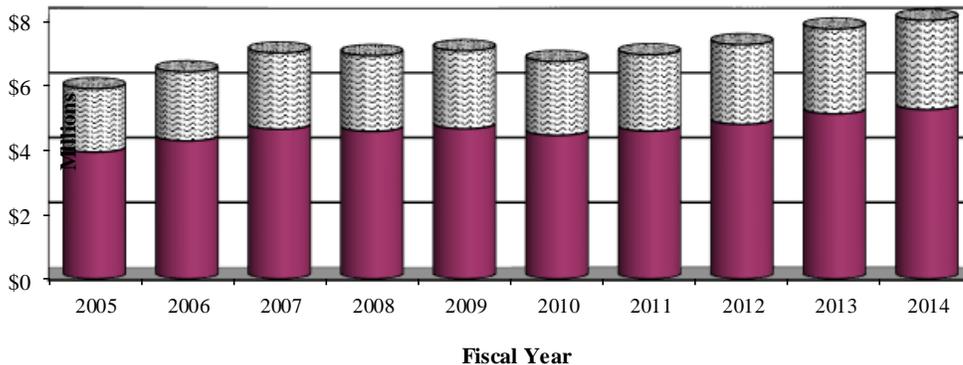
Table CD-8
Sales Tax Collection History

City Sales Tax Collection

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

Sales Tax Collection History

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



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

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-9
Economic Development Fund

<u>Resources</u>	<u>ACTUAL 2012-13</u>	<u>BUDGET 2013-14</u>	<u>ACTUAL 2013-14</u>	<u>ADOPTED 2014-15</u>
Fund Balance	\$ <u>2,204,564</u>	\$ <u>2,292,698</u>	\$ <u>2,292,698</u>	\$ <u>2,412,765</u>
Revenues:				
Half Cent Sales Tax	2,619,312	2,638,463	2,752,237	2,783,000
Interest income	<u>17,958</u>	<u>8,394</u>	<u>13,761</u>	<u>8,000</u>
	<u>2,637,270</u>	<u>2,646,857</u>	<u>2,765,998</u>	<u>2,791,000</u>
 Total Resources	 \$ <u>4,840,834</u>	 \$ <u>4,939,555</u>	 \$ <u>5,058,696</u>	 \$ <u>5,203,765</u>
<u>Expenditures</u>	<u>ACTUAL 2012-13</u>	<u>BUDGET 2013-14</u>	<u>ACTUAL 2013-14</u>	<u>ADOPTED 2014-15</u>
Transfer to Economic Development Debt Service	\$ 1,064,639	\$ 816,888	\$ 814,760	\$ 788,864
New Bond Issue - S. Parking Place	-0-	161,833	161,833	145,750
New Bond Issue - Water to Airport	-0-	202,500	182,542	181,125
New Bond Issue - HEB	-0-	-0-	-0-	237,750
New Bond Issue - Dow	-0-	-0-	-0-	198,125
S. Parking Place - Design	19,312	-0-	22,657	65,268
This Way/Center Way to 332	-0-	-0-	-0-	385,000
New Mall Entrance	-0-	300,000	300,000	-0-
Expand Rec check-in station	-0-	-0-	47,401	-0-
Golf course security system	-0-	-0-	8,000	-0-
Bunker renovations	-0-	-0-	15,351	-0-
Downtown Maintenance	24,640	50,000	44,508	50,000
Park projects previously approved	437,825	69,000	33,725	-0-
Recreation Center - Air Handler	-0-	134,000	9,380	124,620
Park projects approval	-0-	-0-	-0-	125,000
Transfer to Golf Course Debt Service	502,720	506,525	505,774	505,425
Golf Course Operating	150,000	150,000	150,000	150,000
Transfer to General Fund	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
 Total Expenditures	 \$ <u>2,549,136</u>	 \$ <u>2,740,746</u>	 \$ <u>2,645,931</u>	 \$ <u>3,306,927</u>
 Ending Fund Balance	 \$ <u>2,292,698</u>	 \$ <u>2,198,809</u>	 \$ <u>2,412,765</u>	 \$ <u>1,896,838</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-10 Debt Service Fund Management Index

General Debt Service Fund

Debt Service Fund Balance as of 9/30/14	\$	715,942
Debt Service Tax Levy of \$.1467 per \$ 100 of Assessed Valuation on 2014 Assessed Valuation of \$ 1,498,799,409 at 98% collection		2,154,764
Interest Earnings on Debt Service Fund		<u>8,000</u>
Total Available for 2015 Debt Service		2,878,706
Less: 2015 Debt Service Requirements		<u>2,214,846</u>
Projected Debt Service Fund Balance at 9/30/15	\$	<u>663,860</u>

Economic Development and Golf Course Debt Service Funds

These funds were established to account for the debt service on all bond issues which are to be repaid with the revenue from the optional half-cent sales tax. As of 01/31/15, there are six outstanding issues, the 2009 Refunding CO's for the Recreation Center, Civic Center and Golf Course; the 2009 CO's for the Downtown Revitalization Project, the \$ 4 million of the 2011 Limited Tax Refund Bonds, the 2013 CO's for Phase 3 of the Downtown Project, the 2013A CO's that will be used to fund the extension of water for further development and the 2014 CO for Economic Development incentives.

	<u>Golf Course</u>	<u>Economic Development</u>
Debt Service Fund Balance as of 9/30/14	\$ -0-	\$ -0-
Transfer from Golf Course Operations		
Transfer from Economic Development Fund (Sales Tax Revenue)	<u>505,425</u>	<u>1,557,615</u>
Total Available for 2015 Debt Service	505,425	1,557,615
Less: 2015 Debt Service Requirements	<u>505,425</u>	<u>1,557,615</u>
Projected Debt Service Fund Balance at 9/30/15	\$ <u>-0-</u>	\$ <u>-0-</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-11

Utility Debt Service Fund Management Index

Utility Revenue Interest and Sinking Fund (Including Reserve Balance)

Debt Service Fund Balance as of 9/30/14	\$ 2,309,176
Transfer from Utility Operating Fund (as budgeted)	1,569,535
Transfer from Debt Service Reserve (as budgeted)	-0-
2015 Projected Interest Earnings	<u>6,000</u>
Total Available for 2015 Debt Service	3,884,711
Less: 2015 Debt Service Requirements (including agent fees)	<u>1,543,275</u>
Projected Debt Service Fund Balance at 9/30/14	<u>\$ 2,341,436</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	Fiscal Year	
	2014	2013
Revenues:		
Taxes	\$ 19,985,385	\$ 19,468,703
Intergovernmental	6,613	304,854
Charges for services	1,135,711	1,043,331
Fines and fees	625,201	569,700
Licenses and permits	501,138	245,897
Investment earnings	61,941	107,960
Miscellaneous	142,508	191,495
Total revenues	<u>22,458,497</u>	<u>21,931,940</u>
Expenditures:		
General government and administration	3,762,435	3,393,618
Public safety	5,751,812	5,686,957
Public works	2,697,647	2,618,713
Culture and recreation	4,236,809	4,186,552
Capital Outlay	4,111,550	3,736,077
Debt Service:		
Principal	2,805,000	2,785,000
Interest and fiscal charges	<u>1,115,999</u>	<u>1,068,892</u>
Total expenditures	<u>24,481,252</u>	<u>23,475,809</u>
Excess of revenues over (under) expenditures	<u>(2,022,755)</u>	<u>(1,543,869)</u>
Other Financing Sources (Uses):		
Issuance of binds	1,500,000	6,000,000
Bonds issued premium	40,920	106,996
Sale of capital assets	127,588	14,745
Transfers in	4,315,121	3,929,614
Transfers out	<u>(4,938,453)</u>	<u>(3,334,089)</u>
Total other financing sources (uses)	<u>1,045,176</u>	<u>6,717,266</u>
Net change in fund balances	<u>\$(977,579)</u>	<u>\$ 5,173,397</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

The following schedule presents a summary of the Proprietary Funds for the fiscal year ended September 30, 2014 and 2013.

	2014	2013
Revenues:		
Water and sewer services	\$ 6,796,946	\$ 6,969,429
Sanitation service	3,163,629	3,161,165
Tapping and connection fees	301,961	254,736
Golf course fees and charges	1,446,320	1,603,961
Other	204,430	173,838
	11,913,286	12,163,129
Operating Expenses:		
Utility administration	291,528	445,254
Reimbursed administrative	438,390	438,390
Water and sewer	5,049,991	4,870,673
Golf course	1,733,125	1,707,991
Sanitation	2,442,771	2,278,112
	9,955,805	9,740,420
Net revenues as described by Bond ordinance	1,957,481	2,422,709
Nonoperating Revenues (Expenses):		
Depreciation	(2,277,763)	(2,289,645)
Interest earnings	14,192	36,754
Interest expense and fiscal charges	(374,312)	(433,280)
Capital Contributions	133,195	150,000
Transfers:		
for franchise fee	(102,000)	(102,000)
for equipment replacement	(716,151)	(691,865)
for golf course operation	150,000	154,754
for debt proceeds	1,504,241	
Assets purchased by general fund	225,632	368,189
	(2,807,093)	(2,807,093)
Net income	\$ 514,515	\$(384,384)
Coverage of average annual debt service requirements	3.03%	3.03%
Customer count (residential & commercial)	8,818	8,809

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-14
Water and Sewer Information

Water and Sewer Rates

Current water and sewer rates became effective October 1, 2014.

Water:	First 2000 gallons	\$ 11.70 Minimum
	Over 2000 gallons	\$ 3.50 per 1,000 gallons
	Over 20,000 gallons	\$ 3.75 per 1,000 gallons
Sewer:	First 2000 gallons	\$ 11.70 Minimum
	Over 2000 gallons	\$ 3.70 per 1,000 gallons

Residential sewer charges stop at 15,000 gallons.

Water Supply Facilities

The City continues to purchase two million gallons of treated surface water per day from the Brazosport Water Authority. The current cost per 1,000 gallons is \$ 2.25.

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

Wastewater Treatment Plant

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

Water and Sewer Customers

Currently, the City has 23 apartment complexes (2,961 units); 436 Commercial businesses and 8,283 residences utilizing the City’s water and sewer services.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-15
Top Ten Utility Customers

<u>Name of Business</u>	<u>Type of Business</u>	<u>FY 2014 Consumption in 1000's</u>	<u>Total Percent of Water Consumed</u>
Buc-ee's #29	Gas Station/Car Wash	20,176	2.27%
Brazosport Hospital	Hospital	18,691	2.10%
Brazosport College	College	14,385	1.62%
LJRB 905 E. Hwy 332	Apartments	12,931	1.45%
The Palms	Apartments	12,302	1.38%
Gulf Coast Kington (Anyway)	Apartments	9,914	1.12%
Raamco Raintree LP	Apartments	9,642	1.08%
Linmark Oaks, LLC	Apartments	8,105	0.91%
The Residence	Apartments	7,838	0.88%
Gateway Housing	Apartments	<u>7,432</u>	<u>0.84%</u>
		<u>124,416</u>	<u>13.65%</u>

Total water consumption for the period October 1, 2013 to September 30, 2014 in thousands of gallons was 888,834.

CITY OF LAKE JACKSON

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Table CD-16
Principal Taxpayers and Assessed Valuation

Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Tax Year 2014 Assessed Taxable Valuation</u>	<u>Percent of Assessed Valuation</u>
Wal-Mart Stores Inc.	Retail	\$ 16,725,370	1.12%
Brazos Mall Owners, LLC	Retail	14,731,150	0.98%
Redwood Edgewater	Apartments	13,871,380	0.93%
Lowe's	Retail	10,271,110	0.69%
Gulf Coast Kington Properties	Apartments	10,082,820	0.67%
Centerpoint Energy, Inc.	Utility	9,780,240	0.65%
Spyglass – Lake Jackson	Apartments	8,800,000	0.59%
Texas Dow Employees Credit Union	Financial Institution	8,710,410	0.58%
Partners of Lake Jackson LTD	Apartments	7,569,350	0.51%
Dow Chemical Company	Various property	7,422,410	0.50%
Brazos Crossing Management, LLC	Retail Center	6,240,000	0.42%
Leo Martin Chevrolet Inc.	Dealership	5,750,370	0.38%
Buc-ees	Convenience stores	5,359,460	0.36%
Candlewood Suites	Hotel	5,352,030	0.36%
Clark Richard A.	Various property	5,330,900	0.36%
Dayton Hudson Corp (Target)	Retail	5,097,590	0.34%
Dillard's Properties, Inc.	Retail	<u>5,066,000</u>	<u>0.34%</u>
		<u>\$ 146,160,590</u>	<u>9.78%</u>

Assessed Valuation by Classification

<u>Classification</u>	<u>2014 Assessed Taxable Valuation</u>	<u>Percent of Total</u>
Homesite Land	\$ 196,556,041	10.43%
Homesite Improvement	1,025,740,848	54.45%
Non Homesite Land	114,108,703	6.06%
Non Homesite Improvement	423,218,253	22.46%
Ag land market value	3,268,683	0.17%
Personal property	<u>121,131,520</u>	<u>6.43%</u>
Total Market/Appraised Value	\$ 1,884,024,048	<u>100.00%</u>
Less:		
Homestead Cap Loss	(1,523,487)	
Exemption loss	(381,113,877)	
Productivity loss	<u>(3,116,870)</u>	
Net Taxable Value	<u>\$ 1,498,269,814</u>	

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-17
General Fund - Budget Summary

On September 3, 2014 the 2014-15 budget was adopted by the City Council. The following General Fund Operating Budget is presented on a budget basis presentation.

	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Adopted Budget</u>
Revenues:			
Property tax	\$ 3,351,088	\$ 3,466,594	\$ 3,621,536
Sales tax	5,093,359	5,226,636	5,283,875
Franchise fees	1,653,123	1,682,815	1,646,875
Industrial district	4,100,000	4,186,000	4,248,890
Licenses and permits	245,897	501,138	334,359
Fines and fees	535,119	693,975	636,000
Civic Center fees	261,466	252,395	239,500
Recreation Center fees	781,865	883,316	843,100
Intergovernmental *	174,218	103,764	95,800
Interest and other	158,993	129,613	124,000
Utility Administrative fee	438,390	438,390	438,390
Transfer from Economic Development	350,000	350,000	350,000
Transfer from General Contingency	<u>242,600</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>\$ 17,386,118</u>	<u>\$ 17,914,636</u>	<u>\$ 17,862,325</u>
Expenditures:			
General government services	\$ 1,332,898	\$ 1,421,938	\$ 1,464,372
Financial services	1,224,576	1,417,830	1,382,685
Legal services	160,607	154,831	174,030
Public safety services *	6,301,377	6,241,440	6,709,788
Engineering services	418,421	411,319	429,980
Public works services	2,823,973	2,976,379	3,345,075
Parks & recreation services	3,565,074	3,603,484	4,048,500
Miscellaneous services	275,640	281,984	307,895
Budget saving transfers	<u>750,000</u>	<u>1,000,000</u>	<u>-0-</u>
Total expenditures	<u>\$ 16,852,566</u>	<u>\$ 17,509,205</u>	<u>\$ 17,862,325</u>

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-18
Utility Fund - Budget Summary

On September 2, 2014 the 2014-15 budget was adopted by the City Council. The following Utility Fund Operating Budget is presented on a budget basis presentation.

	<u>2012-13</u> Actual	<u>2013-14</u> Actual	<u>2013-14</u> Adopted Budget
Revenues:			
Plumbing fees	\$ 16,620	\$ 18,864	\$ 18,000
Tap fees	35,845	83,230	14,650
Administrative fees	202,315	199,867	190,700
Water sales	3,753,218	3,661,625	4,133,785
Sewer sales	3,409,124	3,332,649	3,788,560
Senior discount	(191,380)	(197,328)	(203,000)
Sanitation sales	3,182,156	3,190,846	3,223,940
Other revenues	147,863	176,173	157,140
Interest & sales tax discount	15,843	5,599	4,680
Transfer from General Contingency	<u>70,400</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>\$ 10,642,004</u>	<u>\$ 10,471,525</u>	<u>\$ 11,328,455</u>
Expenditures:			
Utility administration	\$ 441,859	\$ 324,600	\$ 470,629
Water	2,740,044	2,938,421	2,940,635
Wastewater	2,268,175	2,188,897	2,393,153
Sanitation	2,773,539	2,909,048	3,044,460
Non-departmental	<u>2,109,725</u>	<u>2,109,725</u>	<u>2,109,724</u>
Total expenditures	<u>\$ 10,333,342</u>	<u>\$ 10,470,691</u>	<u>\$ 10,958,601</u>