

CITY OF BASTROP, TEXAS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2017**

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CITY OF BASTROP, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 2017

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INTRODUCTORY SECTION

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City of Bastrop
1311 Chestnut Street
PO Box 427
Bastrop, Texas 78602



February 12, 2018

Honorable Mayor and City Council,
And the Citizens of the City of Bastrop, Texas

The City of Bastrop Finance Department respectfully submits the Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. Provided herein is a complete set of financial statements in conformity with generally accepted accounting principles GAAP and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The purpose of this report is to provide council, management, staff, the public and other interested parties with detailed information regarding the City's financial condition. State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2017.

This report consists of management's representations concerning the finances of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reports in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

To provide a reasonable basis for making the representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The City financial records have been audited by Pattillo, Brown & Hill, L.L.P. Certified Public Accountants as required by the City Charter and Financial Management Policies adopted by City Council. This Comprehensive Annual Financial Report has been prepared based upon those audited records. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017 are free of

material misstatement. This independent audit involved examining, on a test-basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, significant estimates made by management and evaluating the overall financial statement presentation.

Pattillo, Brown & Hill, L.L.P. Certified Public Accountants have stated that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bastrop, Texas, for the fiscal year ended September 30, 2017. The independent auditor's report is located at the front of the financial section. 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.

PROFILE OF BASTROP

The City of Bastrop is nestled on the Colorado River and located at the junction of TX Highways 71, 21 and 95, just 30 minutes from Austin, 90 minutes from San Antonio and less than 2 hours from Houston. It currently occupies 11 square miles and serves a population of approximately 8,900. The City of Bastrop serves as the county seat of Bastrop County. The City has developed into a commercial center which daily serves up to an estimated 25,000 business persons, shoppers, and visitors.

Bastrop, Texas is known as the most historic small town in Texas. A frontier settlement founded by Stephen F. Austin in 1832 and incorporated in 1837. The City is the second-oldest incorporated town in Texas and was considered an alternate capital of the Republic. The City is situated along El Camino Real National Historic Trail and boasts more than 130 renovated historic homes and sites, designated on the *National Register of Historic Places* by the Texas Historical Commission.

The City operates under a council-manager form of government. The City Council is comprised of a Mayor and five council members. All members are elected at-large on a staggered and non-partisan basis. They are responsible to enact local legislation, provide policy and annually adopt the operating budget. They appoint the City Manager, City Attorney, Judge of the Municipal Court and members of various boards and commissions. The City Manager under the oversight of the City Council is responsible for the proper administration of the operations of the City.

The City provides a full range of municipal services including general government, public safety, public works, parks and recreation, planning and development, code enforcement, animal services, and water, sewer and electric utilities. Sanitation services are provided by the City but are privately contracted.

The Bastrop Economic Development Corporation (BEDC) is included in the financial statements as a discrete component unit. Its purpose is to aid, promote and further economic development within the City. The BEDC is funded with sales tax revenues and is discussed more fully in the notes to the financial statements.

The annual budget of the City serves as the foundation for its financial plan and control. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter, ordinances, and state law. The budget process begins each year with the development of priority issues established by City Council at their City Council Retreat. Departments submit their annual departmental budget requests to the City Manager for review. A proposed budget is prepared for presentation to the City Council. The City Council reviews the budget in subsequent work sessions and a formal budget is prepared and made available to the public for review. Prior to official adoption of the budget by council, any required public hearings on the proposed budget are held to allow for public input and any required notices are published in the City's newspaper.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City of Bastrop is identified as the county seat for Bastrop County. With this designation comes commercial growth not typically seen for a population of approximately 8,900 residents. Major industries located within the government's boundaries, or close proximity, include small industries, retail stores, several financial institutions, restaurants and insurance companies. The school district has significant economic presence, employing in total more than 1,100 teachers, professionals, and support staff.

Although unemployment rates have reduced nationwide over the last two years, the City of Bastrop continues to experience unemployment rates consistently lower than national averages. The unemployment rate in Bastrop was 3.3% for September 2017.

Due to its healthy local economy, the City of Bastrop has a credit rating of AA from Standard and Poor's as of May 2016. Over the past ten years, the City has experienced significant economic growth and investment. Commercial development was active in 2014 as evidenced by the addition of Academy Sports store, Chick-fil-a, Southside BBQ restaurant, renovation and expansion of the HEB grocery store, and an additional retail strip center. This growth continued in 2015 with a new strip center added in Burleson Crossing including three additional retail stores (Hobby Lobby, Five Below, Ulta). The new strip center by Walmart (Fred Loya Insurance, The UPS store, Papa John's). In 2016, another strip center in Burleson Crossing was completed (Garcia's Restaurant, Wing Stop, etc.) and another strip center by Walmart (Mama Fu's, Sally's Beauty Supply, etc.). In 2016, the City approved final plats for Pecan Park to start residential construction, adding much needed homes. The City issued 77 building permits with a permit value of \$16,142,863 in FY16. In 2017, Pecan Park continued to expand with several additional residential sections opening. The Spring Street Dental, Lost Pines Art Center and Pacific Dental

all opened for business. The City issued 117 building permits with a permit value of \$17,782,113.

Our sound financial position is apparent even with the growth pressures because of our conservative budgeting practices, as evidenced by healthy fund balance numbers. The City experienced growth in assessed valuation of property taxes and collection of sales tax from fiscal year 2011 through 2017 as identified in the chart below. Existing assessed valuations have continued to represent a slight increase. This increase could be attributable to the build out of Hunter’s Crossing subdivision and an increase in assessed values of current properties including new commercial growth over the past several years. The Sales Tax Revenue for Fiscal 2017 was slightly below budget and did not reflect the higher % increase the City had been experiencing in previous years. The City consistently shows an increase in sales tax revenue even when other areas of the state do not.

Fiscal Year	Ad Valorem Taxes Certified Assessed		General Fund Sales	
	Valuation	% Change	Tax Receipts	% Change
2011	\$ 607,077,994	7.00%	\$ 2,722,333	4.26%
2012	\$ 627,256,816	3.32%	\$ 3,194,452	17.34%
2013	\$ 635,808,461	1.36%	\$ 3,322,116	3.99%
2014	\$ 670,721,248	5.49%	\$ 3,544,649	6.70%
2015	\$ 737,922,965	10.02%	\$ 4,016,828	13.3%
2016	\$ 782,928,050	6.09%	\$ 4,313,718	7.39%
2017	\$ 825,822,058	5.47%	\$ 4,437,843	2.87%

Long-term Financial Planning

The City Council approved a budget that reduced fund balance to 26.5% for Fiscal Year 2017. This is still above our 25% reserve required by the Financial Management Policy. The budget funded \$1,157,300 in one-time capital projects that were needed to improve the services provided by the City.

The overriding goal of the Financial Management Policy and Comprehensive Fund Balance Policy are to enable the City to achieve a long-term stable and positive financial condition while conducting its operations consistent with the Council-Manager form of government established in the City Charter. The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management.

Recognizing that debt is usually a more expensive financing method, alternative financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives that equal or exceed the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for design and construction of capital projects, and small component parts which are attached to major equipment purchases. Debt payments are structured to provide that capital assets funded by debt have a longer life than the debt associated with those assets.

Regarding general obligation debt, the City has followed a policy of structuring new debt issue payment schedules to maintain declining debt payment structures to keep tax increases at a minimum.

Relevant Financial Policies

The City of Bastrop, Texas has adopted a comprehensive set of financial policies. Annually or as needed, the City Council approves their financial policies and extensive review and revisions are provided to City Council and the City Manager from the Finance Department. Each year the City Council approves the Investment Policy, which is intended to protect City Assets by identifying investment objectives, addressing the issues of investment risks versus rewards, and providing the framework for the establishment of controls, limitations and responsibilities of City employees in the performance of their fiduciary responsibilities. In Fiscal Year 2014, the City approved a revised Purchasing Policy with the intent to maintain a cost-effective purchasing system conforming to good management practices. The establishment and maintenance of a good purchasing system is possible only through cooperative effort. This Policy reaffirms the City of Bastrop's commitment to strengthen purchasing and property controls to reasonably assure that assets are received and retained in the custody of the City of Bastrop.

Major Initiatives

There were one issuances of debt in FY2017. The General Obligation Refunding, Series 2017 in the amount of \$3,745,000 was issued on March 2, 2017. The proceeds from the sale of the Bonds will be used for the purpose of refunding certain maturities of the City's outstanding obligations to restructure its outstanding debt, recognizing a savings in interest expense and paying the costs of issuing the Bonds.

Awards and Acknowledgements

The Governmental Finance Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2016. This was the sixth consecutive year that the City achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A certificate of achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Treasurers' Organization of Texas awarded the City with a Certification of Investment Policy for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by the Government Treasurers' Organization of Texas. This certificate is for a two-year period ending September 30, 2018.

The State Comptroller of Public Accounts awarded the City the Traditional Finances Star and the Debt Obligations Star for transparency on the City's website. These certificates are valid for a period of one year.

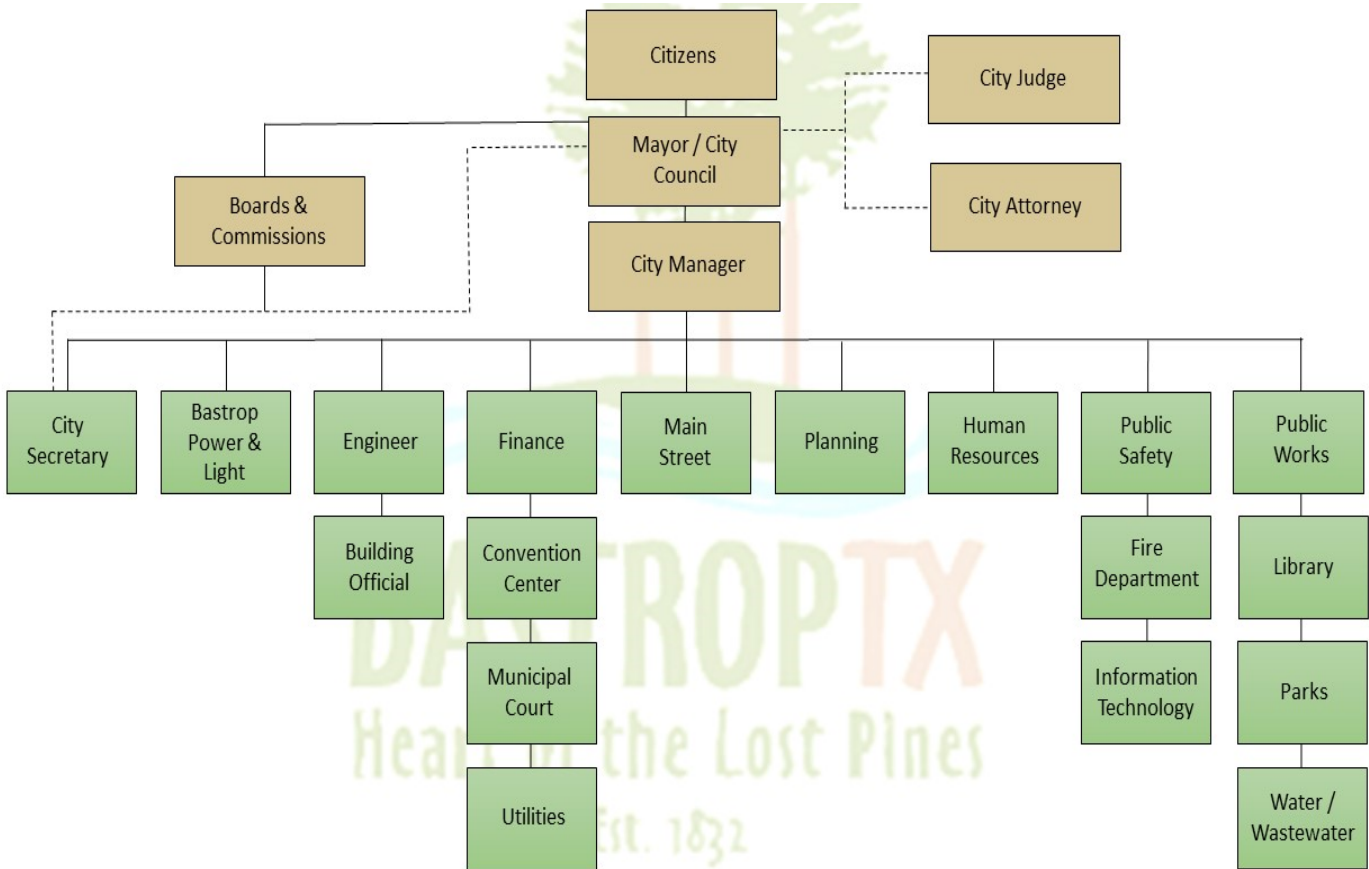
The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the City Manager, Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Bastrop, Texas's finances.

Respectfully submitted,

Tracy Waldron

Tracy Waldron
Chief Financial Officer

City of Bastrop Organizational Chart



CITY OF BASTROP, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2017

Prepared by the
Finance Department

Tracy Waldron, Chief Financial Officer
Margaret Silbernagel, Assistant Finance Director

City Council	Expiration of Term
Connie Schroeder, Mayor	May 2020
Gary Schiff, Mayor Pro-Tem	May 2018
Lyle Nelson, Council Member	May 2020
Willie Lewis "Bill" Peterson, Council Member	May 2019
Bill Ennis, Council Member	May 2018
Deborah Jones, Council Member	May 2019

City Manager
Lynda Humble



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Bastrop
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016



Executive Director/CEO

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FINANCIAL SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and City Council of the
City of Bastrop, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bastrop, Texas, as of and for the year ended September 30, 2017, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bastrop, Texas, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedule of funding progress, schedule of changes in net pension liability and related ratios, and schedule of contributions on pages 4 through 11 and 55 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2018, on our consideration of the City of Bastrop, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bastrop, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 12, 2018

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of the City of Bastrop, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Bastrop for the fiscal year ended September 30, 2017. 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 in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Bastrop exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$53,241,689 (net position). Of this amount, \$30,704,405 (57.7%) is net investment in capital assets. The amount of net position restricted for a specific purpose is \$9,758,839 (18.3%). The remaining \$12,778,445 (24.0%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies. The City's total net position increased by \$3,318,339 from fiscal year 2016.
- As of the close of the current fiscal year, the City of Bastrop's governmental funds reported combined ending fund balances of \$10,227,867, a decrease of \$1,212,834 in comparison with the prior year. Within this total, \$5,159,971 (50.5%) is restricted by specific legal requirements, \$3,498,478 (34.2%) is unassigned fund balance, and \$1,155,189 (11.3%) has been committed and assigned to specific types of expenditures.
- The unassigned portion of the General Fund fund balance at the end of the year was \$3,503,042. This includes the 25% of the General Fund expenditures which is required to be held in General Fund balance per the City Council approved Financial Management Policies. The remainder represents funds that may be utilized for unforeseen needs or emergencies which City Council allocates for a specific purpose.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Bastrop’s finances in a manner similar to private-sector business. The statement of net position presents information on all of the City’s assets, liabilities and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. In order to assess the overall health or financial condition of the City, other non-financial factors should also be taken into consideration. These include changes in the City’s property tax base and the condition of the City’s infrastructure (i.e., roads, drainage improvements, storm and sewer lines, etc.).

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

In the statement of net position and the statement of activities, the City is divided into three (3) categories.

- 1) Governmental activities account for those activities supported by taxes and intergovernmental revenues. Basic services are provided including police, fire, municipal court, public works, library, parks, recreation, human resources, Information Technology, and finance.
- 2) Business-type activities are supported by user fees and charges. The City’s Water and Wastewater system and electrical system are reported here.
- 3) The government-wide statements include not only the City but also a discrete component unit, the Bastrop Economic Development Corporation (BEDC). Although legally separate, BEDC is financially accountable to the City.

The government-wide financial statements can be found on pages 12 – 14 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bastrop maintains fifteen 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, the Debt Service Fund, and the Hotel/motel Tax Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided in this report to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 – 18 of this report.

Proprietary Funds. Proprietary funds can be further classified into two different types of funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Bastrop uses enterprise funds to account for its water/wastewater utility, electric utility, and non-major enterprise fund operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Bastrop's various functions. The City of Bastrop intends to use its internal service fund to account for vehicle and equipment replacement. This fund has just been established and the minimal activity for the year has been included with the *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements 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 19 – 23.

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

The basic fiduciary fund financial statements can be found on page 24 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 25 – 54 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bastrop’s General and Hotel/Motel Tax Funds, Schedule of Revenues, Expenditures and Changes in Fund Balance with a comparative display of budget to actual. This required supplementary information can be found on page 55 – 57 of this report. Required supplementary information of pension and other post employee benefit funding progress are also included on pages 58 – 60.

Government-Wide Financial Analysis

At the end of fiscal year 2017, the City’s net position (assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources) totaled \$53,241,689. This analysis focuses on the net position (Table 1) and changes in net position (Table 2). The largest portion of the City’s net position, \$30,704,405 (57.7%) reflects its investment in capital assets (land, buildings, infrastructure, machinery and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The second largest portion of the City’s net position, \$12,778,445 (24.0%) reflects the unrestricted net position which may be used to meet the government’s ongoing obligations to citizens and creditors. An additional portion of the City’s net position, \$9,758,839 (18.3%) represents resources that are subject to external restrictions on how they may be used.

As of September 30, 2017, the City has positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF BASTROP’S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 17,107,376	\$ 18,630,429	\$ 16,064,580	\$ 15,309,283	\$ 33,171,956	\$ 33,939,712
Capital assets	<u>34,765,365</u>	<u>33,285,465</u>	<u>31,484,687</u>	<u>30,793,162</u>	<u>66,250,052</u>	<u>64,078,627</u>
Total assets	<u>51,872,741</u>	<u>51,915,894</u>	<u>47,549,267</u>	<u>46,102,445</u>	<u>99,422,008</u>	<u>98,018,339</u>
Total deferred outflows of resources	<u>1,863,540</u>	<u>1,574,518</u>	<u>238,257</u>	<u>257,197</u>	<u>2,101,797</u>	<u>1,831,715</u>
Current liabilities	1,316,117	762,883	1,272,819	963,142	2,588,936	1,726,025
Long-term liabilities	<u>25,831,818</u>	<u>27,416,142</u>	<u>19,784,485</u>	<u>20,716,239</u>	<u>45,616,303</u>	<u>48,132,381</u>
Total liabilities	<u>27,147,935</u>	<u>28,179,025</u>	<u>21,057,304</u>	<u>21,679,381</u>	<u>48,205,239</u>	<u>49,858,406</u>
Total deferred inflows of resources	<u>13,548</u>	<u>-</u>	<u>63,329</u>	<u>68,298</u>	<u>76,877</u>	<u>68,298</u>
Net position:						
Net investment in capital assets	14,539,682	11,918,463	16,164,723	15,553,195	30,704,405	27,471,658
Restricted	7,742,134	8,066,547	2,016,705	931,191	9,758,839	8,997,738
Unrestricted	<u>4,292,982</u>	<u>5,326,377</u>	<u>8,485,463</u>	<u>8,127,577</u>	<u>12,778,445</u>	<u>13,453,954</u>
Total net position	<u>\$ 26,574,798</u>	<u>\$ 25,311,387</u>	<u>\$ 26,666,891</u>	<u>\$ 24,611,963</u>	<u>\$ 53,241,689</u>	<u>\$ 49,923,350</u>

Governmental Activities: Governmental activities net position increased by \$1,263,411, key elements are provided in the next page in Table 2. Program and general revenues for fiscal year 2017 are recorded at \$16,123,258 in comparison to \$15,880,258 in fiscal year 2016, recognizing a 1.5% increase. Total expenses for Governmental activities for fiscal year 2017 were \$15,690,794 in comparison to \$16,065,033 in fiscal year 2016 recognizing a 2.3% decrease.

Business-Type Activities: Revenues of the City’s business-type activities were \$13,228,549 for the fiscal year ended September 30, 2017. Revenues increased approximately \$1,537,509 (13.15%) as compared to the prior fiscal year. Expenses for the City’s business-type activities increased \$416,207 (4.09%).

CITY OF BASTROP’S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,636,155	\$ 1,547,816	\$ 12,932,639	\$ 11,438,051	\$ 14,568,794	\$ 12,985,867
Operating grants and contributions	237,019	278,349	12,032	6,401	249,051	284,750
Capital contributions	1,063,268	629,416	-	-	1,063,268	629,416
General revenues:						
Property taxes	5,374,085	5,671,902	-	-	5,374,085	5,671,902
Other taxes	7,581,855	7,598,917	-	-	7,581,855	7,598,917
Interest income	131,122	74,232	130,344	65,264	261,466	139,496
Other income	99,754	79,626	153,534	181,324	253,288	260,950
Total revenues	<u>16,123,258</u>	<u>15,880,258</u>	<u>13,228,549</u>	<u>11,691,040</u>	<u>29,351,807</u>	<u>27,571,298</u>
Expenses:						
General government	4,790,876	4,461,447	-	-	4,790,876	4,461,447
Public safety	4,169,672	4,342,768	-	-	4,169,672	4,342,768
Developmental services	692,326	923,089	-	-	692,326	923,089
Community services	1,880,293	2,914,278	-	-	1,880,293	2,914,278
Economic development	3,350,167	2,497,292	-	-	3,350,167	2,497,292
Interest on long-term debt	807,460	926,159	-	-	807,460	926,159
Water/wastewater services	-	-	4,487,471	3,960,331	4,487,471	3,960,331
Bastrop Power & Light	-	-	6,104,456	6,184,527	6,104,456	6,184,527
Other non-major	-	-	5,324	36,186	5,324	36,186
Total expenses	<u>15,690,794</u>	<u>16,065,033</u>	<u>10,597,251</u>	<u>10,181,044</u>	<u>26,288,045</u>	<u>26,246,077</u>
Increases in net position						
before transfers	432,464	(184,775)	2,631,298	1,509,996	3,063,762	1,325,221
Transfers	<u>748,152</u>	<u>(358,216)</u>	<u>(748,152)</u>	<u>358,216</u>	<u>-</u>	<u>-</u>
Change in net position	1,180,616	(542,991)	1,883,146	1,868,212	3,063,762	1,325,221
Net position, beginning	25,311,387	25,854,378	24,611,963	22,743,751	49,923,350	48,598,129
Prior period adjustment	<u>82,795</u>	<u>-</u>	<u>171,782</u>	<u>-</u>	<u>254,577</u>	<u>-</u>
Net position, ending	<u>\$ 26,574,798</u>	<u>\$ 25,311,387</u>	<u>\$ 26,666,891</u>	<u>\$ 24,611,963</u>	<u>\$ 53,241,689</u>	<u>\$ 49,923,350</u>

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance. The analysis includes both governmental funds and proprietary funds.

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

The General Fund is the chief operating fund of the City of Bastrop. At the end of the current fiscal year, the fund balance was \$3,748,643. With the exception of a small amount of fund balance shown as non-spendable, the fund balance essentially includes only unassigned funds of \$3,503,042 and assigned funds of \$217,328. The Debt Service Fund had a decrease of \$167,932 in fund balance, therefore at the end of the fiscal year the fund balance was \$62,817. These funds are specifically restricted for the payment of debt service. The Hotel/Motel Tax fund balance for the current year was \$2,629,042. This fund recognized an increase from last year of \$363,276 due to the expiring of the contract with Bastrop Marketing Corporation.

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

The net position of the water/wastewater fund at the end of the year amounted to \$17,959,231. The net position of the electric utility, Bastrop Power and Light fund at the end of the year amounted to \$7,147,092. Non-major enterprise funds amounted to \$1,560,568. Total proprietary funds net position for the year ended is \$26,666,891.

General Fund Budgetary Highlights

For the FY 2017 budget, the City adopted a tax rate of \$0.5640 per \$100 assessed valuation. The FY 2017 General Fund budgeted revenue of \$9,391,611 represented a 28.7% increase over the previous year's budgeted amount. The FY 2017 budget was amended through the year to decrease the adopted budget to \$9,741,611. Taxes and penalties comprise the majority of the budgeted General Fund revenues, \$8,095,711 (83.1%). Intergovernmental revenue contributed \$571,000 (5.9%) and transfers from other funds represent \$707,750 (7.3%) of the total budgeted revenues for FY 2017. All three of these categories identify 96.2% of total budgeted revenues.

The adopted General Fund expenditure budget of \$11,061,272. Each year the City performs a mid-year review of the budget. If the City Manager determines that funds are available, certain amendments are proposed to the City Council for their review and approval. Expenditures were amended throughout the year with the majority occurring during mid-year reviews. These amendments increased General Fund appropriations by \$509,249 (4.6%) to \$11,570,521. The City approved many departmental budget capital requests in FY 2017 to include Police & Court Building remodel \$500,000, Street Improvements \$300,000 and new Playscape for parks \$49,000.

Capital Assets and Debt Administration

Capital Assets. The City of Bastrop’s investment in total capital assets for its governmental and business-type activities as of September 30, 2017 amounts to \$66,250,052, (net of accumulated depreciation). Investment in capital assets related to governmental activities \$34,765,365 includes land, buildings and improvements, infrastructure, machinery and equipment, and construction in progress. The total increase in the City’s investment in capital assets for the current year was 3.4%.

CITY OF BASTROP’S CAPITAL ASSETS (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,098,868	\$ 4,370,614	\$ 1,541,613	\$ 1,541,613	\$ 6,640,481	\$ 5,912,227
Water rights	-	-	2,933,621	2,933,621	2,933,621	2,933,621
Construction in progress	399,424	119,006	2,068,345	2,267,617	2,467,769	2,386,623
Buildings and improvements	13,806,378	13,348,912	498,366	477,386	14,304,744	13,826,298
Infrastructure and systems	21,860,606	21,056,195	34,294,085	31,716,498	56,154,691	52,772,693
Machinery and equipment	6,771,413	5,756,863	2,767,509	2,781,685	9,538,922	8,538,548
Less: accumulated depreciation	(13,171,324)	(11,366,125)	(12,618,852)	(10,925,258)	(25,790,176)	(22,291,383)
Total capital assets	\$ <u>34,765,365</u>	\$ <u>33,285,465</u>	\$ <u>31,484,687</u>	\$ <u>30,793,162</u>	\$ <u>66,250,052</u>	\$ <u>64,078,627</u>

Additional information on the City of Bastrop’s capital assets can be found in Note III of the notes to the financial statements.

Long-Term Debt. During FY 2017, the City issued a General Obligation Refunding Bond, Series 2017 in the amount of \$3,745,000.

CITY OF BASTROP’S OUTSTANDING DEBT AT YEAR-END

General Obligation Bonds, Certificates of Obligation, Revenue Bonds, and Other Long-term Payables

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 22,220,898	\$ 23,798,232	\$ 18,435,374	\$ 19,384,953	\$ 40,656,272	\$ 43,183,185
Notes payable	341,547	388,915	420,000	480,000	761,547	868,915
Compensated absences	223,099	209,350	64,499	49,134	287,598	258,484
Net pension liability	2,530,597	2,527,955	635,283	578,498	3,165,880	3,106,453
Net OPEB obligation	<u>515,677</u>	<u>491,690</u>	<u>229,329</u>	<u>223,654</u>	<u>745,006</u>	<u>715,344</u>
Total	\$ <u>25,831,818</u>	\$ <u>27,416,142</u>	\$ <u>19,784,485</u>	\$ <u>20,716,239</u>	\$ <u>45,616,303</u>	\$ <u>48,132,381</u>

Additional information on the City of Bastrop’s long-term debt can be found in Note III of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City experiences steady commercial growth as it is identified within Bastrop County as the county seat and its desirable location between Houston and Austin. The City's population is about 8,900 within the city limits; however, it is estimated the City's retail market services in excess of 100,000 visitors. Due to its healthy local economy, the City has maintained a credit rating of AA from S&P Global Ratings at our last bond issue in May of 2016. The annual operating budget for fiscal year 2018 reflects a variety of community issues, planning initiatives, economic development opportunities, and street and drainage projects. The Council held budget and planning sessions to provide an opportunity for the City Council to pass long their input and guidance in developing the FY 2018 budget. The City adopted a fiscally responsible balance budget on September 26, 2017.

Total General Fund revenue for fiscal year 2018 is \$9,912,819. The fiscal year 2018 General Fund's major revenue source for the City is Sales Tax at a budgeted \$4,456,860. Ad Valorem Tax Revenue (property taxes) is a closed second with an annual budget of \$3,333,607. The Sales Tax and Ad Valorem Taxes comprise 73% of the revenues received by the General Fund for operations. The General Fund (M&O) tax rate of \$0.3643/\$100 and the Debt Service Fund (I&S) tax rate of \$0.1997/\$100 combine to establish the City's overall property tax rate of \$0.564 per \$100. The City has maintained this constant tax rate for the fourth year in a row. The debt service payments for FY 2018 are \$1,827,398 or 35.41 percent of the overall tax rate necessary to generate funds to service the bonded indebtedness of the City of Bastrop. Property taxes of \$3,333,607 support the General Fund operations of the City, which represents 64.59 percent of the revenue collection in addition to \$487,500 one-time expenditures for various departments being funded out of excess fund balance from FY 2017. The FY 2018 budget will provide for the 25% required to fund balance at year-end as required by the Financial Management policy adopted by City Council.

Water and Wastewater Fund operations for FY 2018 has budgeted revenue of \$5,121,640, which expenses are budgeted at \$6,924,329. This budget is consuming \$1,802,689 of identified excess fund balance leaving the Funds fund balance well over the 35% required by the Financial Management policy adopted by City Council.

Electric Fund revenues consist of the sale of electricity to the City's customers within its service area, fees assessed for extension services, and pole attachment fee. Total budgeted expenses for the Electric Fund for the purchase of electricity and operations of the department if \$6,841,784.

The Comprehensive Plan that was stated in FY 2017 was used to set budgetary priorities. The plan gives the City Council long range goals that will ensure progress towards improving the community and maintaining the quality of life Bastrop residents have come to expect. The City is committed to the delivery of excellent service today and we are prepared to effectively deliver the same service tomorrow.

Requests for Information

This financial report is designed to provide a general overview of the City of Bastrop's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 427, Bastrop, Texas 78602.

**BASIC
FINANCIAL STATEMENTS**

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bastrop EDC
ASSETS				
Cash and investments	\$ 10,870,146	\$ 8,886,137	\$ 19,756,283	\$ 4,183,699
Taxes receivable, net	994,864	-	994,864	366,012
Accounts receivable	529,518	1,542,478	2,071,996	430
Due from component unit	10,779	-	10,779	-
Due from other governments	1,068,759	-	1,068,759	-
Inventories	18,502	421,657	440,159	-
Prepaid items	10,955	525	11,480	7,615
Cash and investments-restricted	-	4,793,783	4,793,783	-
Notes receivable	3,603,853	420,000	4,023,853	63,388
Capital assets, net:				
Non-depreciable	5,498,292	6,543,579	12,041,871	980,394
Depreciable	<u>29,267,073</u>	<u>24,941,108</u>	<u>54,208,181</u>	<u>574,098</u>
Total assets	<u>51,872,741</u>	<u>47,549,267</u>	<u>99,422,008</u>	<u>6,175,636</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	949,073	238,257	1,187,330	47,800
Deferred loss on refunding	<u>914,467</u>	<u>-</u>	<u>914,467</u>	<u>-</u>
Total deferred outflows of resources	<u>1,863,540</u>	<u>238,257</u>	<u>2,101,797</u>	<u>47,800</u>
LIABILITIES				
Accounts payable	1,056,631	911,614	1,968,245	103,635
Accrued liabilities	229,381	129,443	358,824	27,622
Due to primary government	-	-	-	10,779
Retainage payable	-	20,680	20,680	-
Customer deposits	27,803	198,932	226,735	-
Unearned revenue	-	-	-	41,400
Other liabilities	2,302	12,150	14,452	-
Noncurrent liabilities:				
Due within one year	1,642,262	1,082,627	2,724,889	260,629
Due in more than one year	<u>24,189,556</u>	<u>18,701,858</u>	<u>42,891,414</u>	<u>3,789,482</u>
Total liabilities	<u>27,147,935</u>	<u>21,057,304</u>	<u>48,205,239</u>	<u>4,233,547</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pensions	13,548	3,401	16,949	682
Deferred gain on refunding	<u>-</u>	<u>59,928</u>	<u>59,928</u>	<u>-</u>
Total deferred inflows of resources	<u>13,548</u>	<u>63,329</u>	<u>76,877</u>	<u>682</u>
NET POSITION				
Net investment in capital assets	14,539,682	16,164,723	30,704,405	1,389,492
Restricted for:				
Cemetery:				
Nonexpendable	384,772	-	384,772	-
Expendable	196,419	-	196,419	-
Capital projects	-	-	-	-
Public improvement district	46,462	-	46,462	-
Traffic safety	639,726	-	639,726	-
Culture and recreation	125,895	-	125,895	-
Economic development	2,629,042	-	2,629,042	78,644
PEG channels	39,315	-	39,315	-
Debt service	3,680,503	456,137	4,136,640	-
Capital improvements	-	1,560,568	1,560,568	-
Unrestricted	<u>4,292,982</u>	<u>8,485,463</u>	<u>12,778,445</u>	<u>521,071</u>
Total net position	<u>\$ 26,574,798</u>	<u>\$ 26,666,891</u>	<u>\$ 53,241,689</u>	<u>\$ 1,989,207</u>

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

CITY OF BASTROP, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 4,790,876	\$ 1,371,930	\$ 161,422	\$ -
Public safety	4,169,672	31,697	-	-
Developmental services	692,326	-	-	-
Community services	1,880,293	87,616	75,597	73,108
Economic development services	3,350,167	144,912	-	990,160
Interest	807,460	-	-	-
Total governmental activities	<u>15,690,794</u>	<u>1,636,155</u>	<u>237,019</u>	<u>1,063,268</u>
Business-type activities:				
Water/wastewater	4,487,471	4,983,380	12,032	-
Bastrop power and light	6,104,456	6,903,151	-	-
Other	5,324	1,046,108	-	-
Total business-type activities	<u>10,597,251</u>	<u>12,932,639</u>	<u>12,032</u>	<u>-</u>
Total primary government	<u>26,288,045</u>	<u>14,568,794</u>	<u>249,051</u>	<u>1,063,268</u>
Component Unit:				
Bastrop Economic Development Corp.	<u>1,424,572</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 1,424,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Hotel/motel taxes				
Franchise taxes				
Investment earnings				
Miscellaneous				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Prior period adjustment				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Bastrop EDC
\$(3,257,524)	\$ -	\$(3,257,524)	\$ -
(4,137,975)	-	(4,137,975)	-
(692,326)	-	(692,326)	-
(1,643,972)	-	(1,643,972)	-
(2,215,095)	-	(2,215,095)	-
(807,460)	-	(807,460)	-
<u>(12,754,352)</u>	<u>-</u>	<u>(12,754,352)</u>	<u>-</u>
-	507,941	507,941	-
-	798,695	798,695	-
<u>-</u>	<u>1,040,784</u>	<u>1,040,784</u>	<u>-</u>
<u>-</u>	<u>2,347,420</u>	<u>2,347,420</u>	<u>-</u>
<u>(12,754,352)</u>	<u>2,347,420</u>	<u>(10,406,932)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,424,572)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,424,572)</u>
5,374,085	-	5,374,085	-
4,430,848	-	4,430,848	2,218,617
2,686,099	-	2,686,099	-
464,908	-	464,908	-
131,122	130,344	261,466	35,733
84,484	153,534	238,018	107,838
15,270	-	15,270	-
<u>748,152</u>	<u>(748,152)</u>	<u>-</u>	<u>-</u>
<u>13,934,968</u>	<u>(464,274)</u>	<u>13,470,694</u>	<u>2,362,188</u>
1,180,616	1,883,146	3,063,762	937,616
<u>25,311,387</u>	<u>24,611,963</u>	<u>49,923,350</u>	<u>1,938,101</u>
<u>82,795</u>	<u>171,782</u>	<u>254,577</u>	<u>(886,510)</u>
<u>\$ 26,574,798</u>	<u>\$ 26,666,891</u>	<u>\$ 53,241,689</u>	<u>\$ 1,989,207</u>

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

	General Fund	Debt Service Fund	Hotel/Motel Tax Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 3,415,688	\$ 62,817	\$ 2,414,140	\$ 3,994,510	\$ 9,887,155
Taxes receivable, net	869,767	123,097	-	2,000	994,864
Accounts receivable, net	257,489	-	224,961	47,068	529,518
Due from other funds	95,314	-	-	-	95,314
Due from component unit	-	-	-	10,779	10,779
Due from other governments	779,120	-	-	289,639	1,068,759
Inventories	18,502	-	-	-	18,502
Prepaid items	9,771	-	-	1,184	10,955
Notes receivable	304,046	3,299,807	-	-	3,603,853
Total assets	<u>5,749,697</u>	<u>3,485,721</u>	<u>2,639,101</u>	<u>4,345,180</u>	<u>16,219,699</u>
LIABILITIES					
Accounts payable	616,357	-	10,059	430,215	1,056,631
Accrued liabilities	112,335	-	-	7,783	120,118
Due to other funds	-	-	-	95,314	95,314
Other current liabilities	2,302	-	-	-	2,302
Customer deposits	5,300	-	-	22,503	27,803
Total liabilities	<u>736,294</u>	<u>-</u>	<u>10,059</u>	<u>555,815</u>	<u>1,302,168</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	886,449	123,097	-	2,000	1,011,546
Unavailable revenue - court fines	74,266	-	-	-	74,266
Unavailable revenue - notes receivable	304,045	3,299,807	-	-	3,603,852
Total deferred inflows of resources	<u>1,264,760</u>	<u>3,422,904</u>	<u>-</u>	<u>2,000</u>	<u>4,689,664</u>
FUND BALANCES					
Nonspendable:					
Inventories	18,502	-	-	-	18,502
Endowment	-	-	-	384,772	384,772
Prepaid items	9,771	-	-	1,184	10,955
Restricted for:					
Cemetery	-	-	-	196,419	196,419
Capital projects	-	-	-	1,422,295	1,422,295
Public improvement district	-	-	-	44,462	44,462
Traffic safety	-	-	-	639,726	639,726
Culture and recreation	-	-	-	125,895	125,895
Economic development	-	-	2,629,042	-	2,629,042
PEG channels	-	-	-	39,315	39,315
Debt service	-	62,817	-	-	62,817
Committed for:					
Economic development	-	-	-	827,206	827,206
Arena	-	-	-	110,655	110,655
Assigned for:					
Park equipment	198,328	-	-	-	198,328
Library improvements	19,000	-	-	-	19,000
Unassigned	3,503,042	-	-	(4,564)	3,498,478
Total fund balances	<u>3,748,643</u>	<u>62,817</u>	<u>2,629,042</u>	<u>3,787,365</u>	<u>10,227,867</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,749,697</u>	<u>\$ 3,485,721</u>	<u>\$ 2,639,101</u>	<u>\$ 4,345,180</u>	<u>\$ 16,219,699</u>

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

CITY OF BASTROP, TEXAS

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

SEPTEMBER 30, 2017

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

Total fund balances - governmental funds	\$ 10,227,867
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	34,101,882
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Long-term liabilities (net pension liability, compensated absences, and bonds) are not due and payable in the current period and therefore are not reported in the funds. Also, the premium on issuance of bonds and deferred resource outflows related to the net pension liability are not reported in the funds. A summary of these items are as follows:

Long-term liabilities:

Bonds payable	(21,258,667)
Bond issuance premium	(962,231)
Deferred loss on refunding	914,467
Notes payable	(341,547)
Net pension liability	(2,530,597)
Deferred resources related to pensions	935,525
Compensated absences	(223,099)
Other post employment benefit obligations	(515,677)
Accrued interest payable	(109,263)

The internal service fund will be used by management to charge the cost of vehicle and equipment replacement to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	1,646,474
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Uncollected property taxes and court fines are not available to pay for current period expenditures and are reported as deferred inflows in the funds.	1,085,812
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Long-term receivables related to economic development are not available to pay for current period expenditures and therefore are not reported in the funds.	<u>3,603,852</u>
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Net position of governmental activities	<u>\$ 26,574,798</u>
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CITY OF BASTROP, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Debt Service Fund	Hotel/Motel Tax Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 3,148,227	\$ 1,717,741	\$ -	\$ 400,731	\$ 5,266,699
Sales taxes	4,492,652	-	-	-	4,492,652
Hotel/motel taxes	-	-	2,686,099	-	2,686,099
Franchise taxes	442,233	-	-	22,675	464,908
Licenses and permits	245,157	-	-	2,017	247,174
Intergovernmental	543,369	-	-	493,729	1,037,098
Charges for services	524,292	-	-	230,511	754,803
Fines and forfeitures	338,811	-	-	23,586	362,397
Contributions and donations	1,098	658,461	-	115,660	775,219
Investments earnings	42,827	8,230	23,885	44,191	119,133
Miscellaneous	94,630	-	-	10,602	105,232
Total revenues	<u>9,873,296</u>	<u>2,384,432</u>	<u>2,709,984</u>	<u>1,343,702</u>	<u>16,311,414</u>
EXPENDITURES					
Current:					
General government	3,764,359	-	-	-	3,764,359
Public safety	3,640,279	-	-	57,862	3,698,141
Development services	666,775	-	-	-	666,775
Community services	1,537,471	-	-	135,972	1,673,443
Economic development	-	-	1,477,789	1,667,903	3,145,692
Debt service:					
Principal	-	1,872,455	-	-	1,872,455
Interest and other	-	947,412	-	-	947,412
Capital outlay	1,028,635	-	-	1,253,193	2,281,828
Total expenditures	<u>10,637,519</u>	<u>2,819,867</u>	<u>1,477,789</u>	<u>3,114,930</u>	<u>18,050,105</u>
Excess (deficiency) of revenue over expenditures	<u>(764,223)</u>	<u>(435,435)</u>	<u>1,232,195</u>	<u>(1,771,228)</u>	<u>(1,738,691)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	710,778	397,302	-	868,919	1,976,999
Transfers out	(37,500)	-	(868,919)	(434,928)	(1,341,347)
Sale of capital assets	4	-	-	-	4
Insurance recoveries	5,997	-	-	14,003	20,000
Issuance of refunding bonds	-	3,135,000	-	-	3,135,000
Payment to bond refunding escrow agent	-	(3,692,139)	-	-	(3,692,139)
Premium from bond issuance	-	427,340	-	-	427,340
Total other financing sources (uses)	<u>679,279</u>	<u>267,503</u>	<u>(868,919)</u>	<u>447,994</u>	<u>525,857</u>
Net change in fund balance	<u>(84,944)</u>	<u>(167,932)</u>	<u>363,276</u>	<u>(1,323,234)</u>	<u>(1,212,834)</u>
Fund balance - beginning	3,833,587	230,749	2,265,766	5,110,599	11,440,701
Fund balance - ending	<u>\$ 3,748,643</u>	<u>\$ 62,817</u>	<u>\$ 2,629,042</u>	<u>\$ 3,787,365</u>	<u>\$ 10,227,867</u>

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

CITY OF BASTROP, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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

Net change in fund balances - total governmental funds: \$(1,212,834)

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay 2,281,829
 Depreciation expense (1,543,473)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. (4,734)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:
 Refunding bonds (3,135,000)
 Premium on bonds (427,340)
 Payment to escrow agent 3,692,139
 Repayment of principal of long-term debt 1,872,455
 Amortization of deferred loss on bond refunding (37,551)
 Amortization of premium on bond issuance 123,857

Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension liability were amortized. (191,026)

Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.
 Compensated absences liability (13,749)
 Net OPEB obligation (23,987)

The internal service fund will be used by management to charge the cost of vehicle and equipment replacement to individual funds. The net revenue of the internal service funds is reported within the governmental activities. 351,467

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. 53,646

Revenues from property taxes, court fines and notes receivable are not available to pay for current period expenditures, and therefore, are not reported in the funds. (605,083)

Change in net position - statement of activities \$ 1,180,616

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

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CITY OF BASTROP, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2017

	Business-Type Activities				Governmental Activities
	Water/ Wastewater Fund	Bastrop	Total	Total Enterprise Funds	Internal Service Fund
		Power & Light Fund	Non-major Enterprise Funds		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,537,112	\$ 4,349,025	\$ -	\$ 8,886,137	\$ 982,991
Accounts receivable, net	439,926	635,377	467,175	1,542,478	-
Inventories	213,776	207,881	-	421,657	-
Prepaid items	525	-	-	525	-
Cash and cash equivalents-restricted	<u>3,506,318</u>	<u>194,072</u>	<u>1,093,393</u>	<u>4,793,783</u>	<u>-</u>
Total current assets	<u>8,697,657</u>	<u>5,386,355</u>	<u>1,560,568</u>	<u>15,644,580</u>	<u>982,991</u>
Noncurrent assets:					
Note receivable	420,000	-	-	420,000	-
Capital assets, net:					
Non-depreciable	6,480,104	63,475	-	6,543,579	-
Depreciable	<u>20,386,996</u>	<u>4,554,112</u>	<u>-</u>	<u>24,941,108</u>	<u>663,483</u>
Total noncurrent assets	<u>27,287,100</u>	<u>4,617,587</u>	<u>-</u>	<u>31,904,687</u>	<u>663,483</u>
Total assets	<u>35,984,757</u>	<u>10,003,942</u>	<u>1,560,568</u>	<u>47,549,267</u>	<u>1,646,474</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to					
TMRS pension	<u>147,971</u>	<u>90,286</u>	<u>-</u>	<u>238,257</u>	<u>-</u>
Total deferred outflows of resources	<u>147,971</u>	<u>90,286</u>	<u>-</u>	<u>238,257</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	436,156	475,458	-	911,614	-
Accrued liabilities	99,569	29,874	-	129,443	-
Retainage payable	20,680	-	-	20,680	-
Customer deposits	56,777	142,155	-	198,932	-
Other current liabilities	160	11,990	-	12,150	-
Compensated absences	6,825	6,075	-	12,900	-
Bonds and notes payable	<u>971,787</u>	<u>97,940</u>	<u>-</u>	<u>1,069,727</u>	<u>-</u>
Total current liabilities	<u>1,591,954</u>	<u>763,492</u>	<u>-</u>	<u>2,355,446</u>	<u>-</u>
Noncurrent liabilities:					
Bonds and notes payable	15,954,609	1,831,038	-	17,785,647	-
Net pension liability	394,542	240,741	-	635,283	-
Net OPEB obligation	143,053	86,276	-	229,329	-
Compensated absences	<u>27,299</u>	<u>24,300</u>	<u>-</u>	<u>51,599</u>	<u>-</u>
Total noncurrent liabilities	<u>16,519,503</u>	<u>2,182,355</u>	<u>-</u>	<u>18,701,858</u>	<u>-</u>
Total liabilities	<u>18,111,457</u>	<u>2,945,847</u>	<u>-</u>	<u>21,057,304</u>	<u>-</u>

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

CITY OF BASTROP, TEXAS

**STATEMENT OF NET POSITION
(CONTINUED)
PROPRIETARY FUNDS**

SEPTEMBER 30, 2017

	Business-Type Activities			Governmental
	Water/ Wastewater Fund	Bastrop Power & Light Fund	Total Non-major Enterprise Funds	Internal Service Fund
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to TMRS pension	\$ 2,112	\$ 1,289	\$ -	\$ -
Deferred gain on bond refunding	<u>59,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>62,040</u>	<u>1,289</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	13,282,042	2,882,681	-	-
Restricted for:				
Debt service	456,137	-	-	-
Capital improvements	-	-	1,560,568	-
Unrestricted	<u>4,221,052</u>	<u>4,264,411</u>	<u>-</u>	<u>1,646,474</u>
Total net position	<u>\$ 17,959,231</u>	<u>\$ 7,147,092</u>	<u>\$ 1,560,568</u>	<u>\$ 1,646,474</u>

CITY OF BASTROP, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities				Governmental
	Water/ Wastewater Fund	Bastrop Power & Light Fund	Total Non-major Enterprise Funds	Total Enterprise Funds	Activities
					Internal Service Fund
Operating revenues:					
Charges for services	\$ 4,983,380	\$ 6,903,151	\$ 1,046,108	\$ 12,932,639	\$ 263,670
Miscellaneous	7,899	145,635	-	153,534	-
Total operating revenues	<u>4,991,279</u>	<u>7,048,786</u>	<u>1,046,108</u>	<u>13,086,173</u>	<u>263,670</u>
Operating expenses:					
Personnel services	1,133,212	630,321	-	1,763,533	-
Supplies and maintenance	1,818,287	506,272	-	2,324,559	-
Services and other	223,252	4,655,340	5,324	4,883,916	-
Deprecation	790,146	200,180	-	990,326	44,503
Total operating expenses	<u>3,964,897</u>	<u>5,992,113</u>	<u>5,324</u>	<u>9,962,334</u>	<u>44,503</u>
Operating income (loss)	1,026,382	1,056,673	1,040,784	3,123,839	219,167
Nonoperating revenues (expenses):					
Intergovernmental	-	12,032	-	12,032	-
Investment earnings	75,681	43,920	10,743	130,344	11,989
Gain on disposal of capital assets	-	-	-	-	7,811
Interest expense	(522,574)	(112,343)	-	(634,917)	-
Total nonoperating revenues (expenses)	<u>(446,893)</u>	<u>(56,391)</u>	<u>10,743</u>	<u>(492,541)</u>	<u>19,800</u>
Income before transfers	579,489	1,000,282	1,051,527	2,631,298	238,967
Transfers in	456,748	-	-	456,748	112,500
Transfers out	-	(782,750)	(422,150)	(1,204,900)	-
Change in net position	<u>1,036,237</u>	<u>217,532</u>	<u>629,377</u>	<u>1,883,146</u>	<u>351,467</u>
Net position- beginning	16,768,221	6,912,551	931,191	24,611,963	1,295,007
Prior period adjustment	154,773	17,009	-	171,782	-
Net position- ending	<u>\$ 17,959,231</u>	<u>\$ 7,147,092</u>	<u>\$ 1,560,568</u>	<u>\$ 26,666,891</u>	<u>\$ 1,646,474</u>

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

CITY OF BASTROP, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities				Governmental
	Bastrop		Total	Total	Activities
	Water/ Wastewater Fund	Power & Light Fund	Non-major Enterprise Funds	Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 4,957,800	\$ 6,918,104	\$ 578,933	\$ 12,454,837	\$ -
Receipts from interfund charges	-	-	-	-	263,670
Payments to suppliers and service providers	(1,759,967)	(5,252,157)	(5,324)	(7,017,448)	-
Payments to employees for salaries and benefits	(895,870)	(586,251)	-	(1,482,121)	-
Net cash provided by operating activities	<u>2,301,963</u>	<u>1,079,696</u>	<u>573,609</u>	<u>3,955,268</u>	<u>263,670</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from other governments	6,401	-	-	6,401	-
Transfers in from other funds	456,748	-	-	456,748	112,500
Transfers out to other funds	-	(782,750)	(422,150)	(1,204,900)	-
Net cash provided (used) by noncapital noncapital financing activities	<u>463,149</u>	<u>(782,750)</u>	<u>(422,150)</u>	<u>(741,751)</u>	<u>112,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,405,905)	(195,266)	-	(1,601,171)	(707,986)
Proceeds from disposal of capital assets	-	-	-	-	7,811
Payments on long-term debt	(932,020)	(95,525)	-	(1,027,545)	-
Interest paid on capital debt	(564,020)	(61,301)	-	(625,321)	-
Net cash used by capital and related financing activities	<u>(2,901,945)</u>	<u>(352,092)</u>	<u>-</u>	<u>(3,254,037)</u>	<u>(700,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	<u>75,681</u>	<u>43,920</u>	<u>10,743</u>	<u>130,344</u>	<u>11,989</u>
Net cash provided by investing activities	<u>75,681</u>	<u>43,920</u>	<u>10,743</u>	<u>130,344</u>	<u>11,989</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(61,152)</u>	<u>(11,226)</u>	<u>162,202</u>	<u>89,824</u>	<u>(312,016)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>8,104,582</u>	<u>4,554,323</u>	<u>931,191</u>	<u>13,590,096</u>	<u>1,295,007</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 8,043,430</u>	<u>\$ 4,543,097</u>	<u>\$ 1,093,393</u>	<u>\$ 13,679,920</u>	<u>\$ 982,991</u>

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

CITY OF BASTROP, TEXAS

**STATEMENT OF CASH FLOWS
(CONTINUED)
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities			Governmental Activities	
	Water/ Wastewater Fund	Bastrop Power & Light Fund	Total Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,026,382	\$ 1,056,673	\$ 1,040,784	\$ 3,123,839	\$ 219,167
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	790,146	200,180	-	990,326	44,503
(Increase) decrease in accounts receivable	(33,599)	(127,627)	(467,175)	(628,401)	-
(Increase) decrease in inventories	(62,522)	(28,394)	-	(90,916)	-
(Increase) decrease in deferred outflows-pensions	(2,492)	21,432	-	18,940	-
Increase (decrease) in deferred inflows-pension	2,112	1,289	-	3,401	-
Increase (decrease) in accounts payable	344,619	(62,115)	-	282,504	-
Increase (decrease) in accrued liabilities	4,302	5,126	-	9,428	-
Increase (decrease) in customer deposits	120	(3,055)	-	(2,935)	-
Increase (decrease) in net pension liability	222,099	6,468	-	228,567	-
Increase (decrease) in compensated absences	7,814	7,551	-	15,365	-
Net cash provided by operating activities	<u>\$ 2,301,963</u>	<u>\$ 1,079,696</u>	<u>\$ 573,609</u>	<u>\$ 3,955,268</u>	<u>\$ 263,670</u>

SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Payment to escrow agent for defeasance of bonds	\$ -	\$ 634,595	\$ -	\$ 634,595	\$ -
Refunding bonds issued	-	693,151	-	693,151	-

CITY OF BASTROP, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 340,414
Total assets	<u>\$ 340,414</u>
LIABILITIES	
Due to others	\$ 340,414
Total liabilities	<u>\$ 340,414</u>

CITY OF BASTROP, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported in separately from certain legally separate *component units* for which the primary government is financially accountable.

A. Reporting Entity

The City of Bastrop, Texas (the City) was incorporated under the provisions of the State of Texas. The City operates as a Council-Manager government. With few exceptions, all powers of the city are vested in an elective Council, which enacts legislation, adopts budgets, determines policies, and appoints the City Attorney and the Municipal Court Judge. The Council also appoints the City Manager, who executes the laws and administers the government of the City. The City provides the following services to its citizens: public safety, street maintenance, sanitation services, recreation programs, municipal court, community development, public improvements, water, sewer and electrical services, and general administrative services.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended component unit. The Hunters Crossing Local Government Corporation (hereafter “the corporation”) was established to administer the service plan of the Hunters Crossing Public Improvement District (hereafter “the PID”). The PID was established on September 11, 2001 by resolution of the Bastrop City Council. That resolution was later amended on November 11, 2003. The purpose for creation of the PID was to provide for the construction of certain public improvements and a mechanism for the payment of the costs of such construction and the costs of such improvements through the levy of assessments against owners of respective parcels in the PID. The assessment and bond issuance authorizations are approved by the City’s Council and the City is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The entity is reported as a blended component unit of the City. Separate financial statements for Hunter’s Crossing Local Government Corporation can be obtained from the City of Bastrop Finance Department.

Discretely presented component unit. The Bastrop Economic Development Corporation (hereafter “Bastrop EDC”) was established in 1995, after the citizens of Bastrop voted to pass a one-half cent sales tax dedicated to economic development. Bastrop’s EDC’s primary purpose is to assist in bringing meaningful and rewarding employment opportunities to citizens in the area through funding assistance provided to businesses to relocate or expand in Bastrop. A separate governing board oversees Bastrop EDC, which is appointed by the Bastrop City Council, and consists of individuals from the community and related governmental entities in the area. City of Bastrop employees also manage the operations of Bastrop EDC. Bastrop EDC has been reported as a discretely presented component unit because the governing board is not identical to the governing body of the City, Bastrop EDC does not solely serve the City of Bastrop, and the City of Bastrop has the ability to impose its will on Bastrop EDC. Separate financial statements for Bastrop EDC can be obtained from the City of Bastrop Finance Department.

B. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while the business-type activities column incorporates data from the City’s enterprise funds. Separate financial states are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has a discretely presented component unit. Bastrop EDC is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however interfund services that are provided and used are not eliminated. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary fund and blended component unit. Separate financial statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It is utilized to account for all financial resources, except those required to be accounted for in other funds.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, and related costs.

The **Hotel/Motel Fund** is used to account for the receipt and expenditure of funds received by the City from the assessment of hotel and motel occupancy tax.

The City reports the following major enterprise funds:

The **Water/Wastewater Fund** is utilized to account for the financial activities related to the provision of water and wastewater services to residents of the government.

The **Bastrop Power & Light Fund** is utilized to account for the financial activities related to the provision of electricity services to residents of the government.

Additionally, the City reports the following fund types:

The **Internal Service Fund** has been established by the City to account for activities related to vehicle and equipment replacement services provided to other departments within the City on a cost-reimbursement basis.

The **Agency Fund** accounts for the receipt, temporary investment, and remittance of funds held in a fiduciary capacity for others.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds or advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is include as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements have been met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has not measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash, Cash Equivalents, and Investments

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

Investments for the City are reported at fair value, except for the position in investment pools. The City's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Obligations of the United States or its agencies and instruments;
- Obligations of State of Texas or its agencies and instrumentalities; and
- Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities.

Fairview Cemetery Permanent Fund

The City is permanent trustee for the perpetual care trust fund that is used to support the maintenance, repair and care of all places in the cemetery. Net appreciation on investments can be spent for this purpose as authorized by the Council. The City classifies the amount that can be authorized for expenditure by the Council as restricted expendable net position, and the policy for authorizing and spending investment income is the total-return policy.

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and utility operations minor equipment and repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and utility systems), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Land, water rights, and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 30
Machinery and equipment	5 - 20
Vehicles	5 - 10
Improvements	10 - 20
Infrastructure	50
Water distribution	50

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred losses on bond refundings – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions related to the pension plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Deferred gains on bond refundings – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- The governmental funds report unavailable revenues from three sources: property taxes, municipal court fines and notes receivable. These amounts are reported as deferred inflows of resources and are recognized as an inflow of resources in the period that the amounts become available.

Net Position Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements as flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned fund balance.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by ordinance authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

The City levies its taxes on October 1 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. The assessed value of the property tax roll on January 1, 2016, upon which the levy for the current fiscal year was based, was \$825,822,058. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the current fiscal year, to finance general fund and debt service fund operations were \$.364 and \$.20, respectively, for a total tax rate of \$.564 per \$100 valuation. The total tax levy for the General Fund and Debt Service Fund for the current fiscal year was \$4,809,280.

Compensated Absences

Vacation. The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Sick Leave. Accumulated sick leave lapses when employees leave the employment of the government and, upon separation from service, no obligation exists.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water/Wastewater and Bastrop Power and Light funds are charges to customers for sales and services. The Water/Wastewater Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

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

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "Investment Strategy" that specifically addresses limitations on instruments, diversification, and maturity scheduling.

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

Obligations of the United States of America, its agencies and instrumentalities;

Certificates of deposit issued by a bank organized under Texas law, the laws of another state, or federal law, that has its main office or a branch office in Texas, or by a savings and loan association or a savings bank organized under Texas law, the law of another state, or federal law, that has its main office or a branch office in Texas and that is guaranteed or insured by the Federal Deposit insurance or its successor or secured by obligations in a manner and amount provided by law for deposits for the City.

Money market mutual funds that are 1) registered and regulated by the Securities and Exchange commission, 2) have a dollar weighted average stated maturity of 90 days or less, 3) rated AAA by at least one nationally recognized rating service, and 4) seek to maintain a net position value of \$1 per share;

Local government investment pools, which 1) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by the Council.

The City participates in TexPool, which is a local government investment pool, established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the Investment Policy and management fee structure.

The Texas Short-term Reserve Fund (“TexStar”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexStar was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. J. P. Morgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. J. P. Morgan Chase Bank and/or its subsidiary, J. P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

The Cooperative Liquid Assets Securities System – Texas (“CLASS”) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Chapter 2256, Texas Government Code. CLASS is created under an Amended and Restated Trust Agreement, dated as of May 1, 2001 (the “Agreement”) among certain Texas governmental entities investing in the pool (the “Participants”), Municipal Investors Services Corporation (“MBIA-MISC”) as program administrator, and Wells Fargo as custodian. CLASS is not SEC-registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the “Board”), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with MBIA-MISC to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained by contacting MBIA Asset Management at 815-A Brazos Street, Suite 345, Austin, Texas 78701-9996 or by calling (800) 707-6242.

The City’s investment pools have a redemption notice period of one day and may redeem daily. The investment pool’s authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool’s liquidity.

The City categorizes its fair value measurements within a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of September 30, 2017, the City had the following investments measured at fair value or net asset value per share:

	9/30/2017	Fair Value Measurement Using	% of Total	Weighted Average Maturity (Days)	Rating
Primary government					
<u>Investments measured at net asset value per share:</u>					
Local Government Investment Pools:					
TexPool	\$ 1,758,843	N/A	6.62%	30	AAAm
Texas CLASS	3,445,986	N/A	12.97%	29	AAAm
Texas Term	<u>4,461,852</u>	N/A	16.80%	82	AAAm
	<u>9,666,681</u>				
<u>Investments by fair value level:</u>					
Brokered certificates of deposit (1)	10,610,959	Level 2	39.94%		
US Government Bonds (2)	<u>2,239,490</u>	Level 2	8.43%		AA+
	<u>12,850,449</u>				
 Total primary government	 <u>22,517,130</u>				
Component unit					
<u>Investments measured at net asset value per share:</u>					
Investment Pools:					
TexPool	1,719,761	N/A	6.47%	30	AAAm
Texas CLASS	<u>1,797,819</u>	N/A	6.77%	29	AAAm
	<u>3,517,580</u>				
<u>Investments by fair value level:</u>					
Brokered certificates of deposit (1)	<u>531,000</u>	Level 2	2.00%		
Total component unit	<u>4,048,580</u>				
 Total reporting entity	 <u>\$ 26,565,710</u>				

The following pricing models were used to value securities:

- (1) Present value of expected future cash flow model.
- (2) Option-adjusted discounted cash flow model or documented trade history in exact security.

In compliance with the Public Funds Investments Act, the City has adopted a deposit and investment policy. That policy addresses the following risks.

Interest Rate Risk – Investments are exposed to interest rate risk if changes in market interest rates will adversely affect the fair value of an investment. The City’s policy is to invest in securities maturing less than two years from the date of purchase, and the portfolio will have a weighted average maturity of 365 days or less. The City’s investments included investment pools and, therefore, were not exposed to interest rate risk as of year-end.

Credit Risk – State statute requires that investments in Local Government Investment Pools be rated AAA or the equivalent by a nationally recognized credit rating agency. The investment pools and US Government Bonds were rated by Standards & Poor’s.

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. At year-end, the City’s entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

As of year-end, the City held restricted cash and investments for the following purposes.

Business-type activities:	
Community impact fees	\$ 835,510
Accelerated recovery fee	257,883
Capital improvements-bond funds	2,993,976
XS Ranch well mitigation	250,277
Debt service	<u>456,137</u>
	<u>\$ 4,793,783</u>

B. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivable for the major and nonmajor funds of the governmental funds of the City, including the applicable allowances for uncollectible accounts.

	General Fund	Debt Service Fund	Hotel/Motel Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:					
Property taxes	\$ 149,364	\$ 129,576	\$ -	\$ 2,105	\$ 281,045
Sales tax	727,871	-	-	-	727,871
Franchise taxes	67,391	-	-	-	67,391
Hotel/Motel taxes	-	-	224,961	-	224,961
Other taxes	13,906	-	-	-	13,906
Accounts receivable	101,925	-	-	47,068	148,993
Court fines and fees	<u>742,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>742,665</u>
Gross receivables	1,803,122	129,576	224,961	49,173	2,206,832
Less: allowance for uncollectibles	<u>(675,866)</u>	<u>(6,479)</u>	<u>-</u>	<u>(105)</u>	<u>(682,450)</u>
Net receivables	<u>\$ 1,127,256</u>	<u>\$ 123,097</u>	<u>\$ 224,961</u>	<u>\$ 49,068</u>	<u>\$ 1,524,382</u>

Revenues of the Water/Wastewater and Bastrop Power and Light Funds, enterprise funds, are reported net of uncollectible amounts. The uncollectible amounts related to the Water/Wastewater and Bastrop Power and Light Funds are \$5,065 and \$19,921, respectively.

C. Capital Assets

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

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,370,614	\$ 679,183	\$ 49,071	\$ 5,098,868
Construction in progress	<u>119,006</u>	<u>381,563</u>	<u>(101,145)</u>	<u>399,424</u>
Total assets not being depreciated	<u>4,489,620</u>	<u>1,060,746</u>	<u>(52,074)</u>	<u>5,498,292</u>
Capital assets, being depreciated:				
Buildings and improvements	13,348,912	455,968	1,498	13,806,378
Machinery, equipment, vehicles	5,756,863	1,146,817	(132,267)	6,771,413
Infrastructure	<u>21,056,195</u>	<u>326,283</u>	<u>478,128</u>	<u>21,860,606</u>
Total capital assets being depreciated	<u>40,161,970</u>	<u>1,929,068</u>	<u>347,359</u>	<u>42,438,397</u>
Less accumulated depreciation:				
Buildings and improvements	(3,490,266)	(319,929)	-	(3,810,195)
Machinery, equipment, vehicles	(3,691,504)	(609,856)	182,718	(4,118,642)
Infrastructure	<u>(4,184,355)</u>	<u>(658,190)</u>	<u>(399,942)</u>	<u>(5,242,487)</u>
Total accumulated depreciation	<u>(11,366,125)</u>	<u>(1,587,975)</u>	<u>(217,224)</u>	<u>(13,171,324)</u>
Total capital assets being depreciated, net	<u>28,795,845</u>	<u>341,093</u>	<u>130,135</u>	<u>29,267,073</u>
Governmental activities capital assets, net	<u>\$ 33,285,465</u>	<u>\$ 1,401,839</u>	<u>\$ 78,061</u>	<u>\$ 34,765,365</u>

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

Governmental activities:	
General government	\$ 969,477
Public safety	271,907
Development services	3,705
Community services	150,017
Economic development	<u>192,869</u>
Total depreciation expense - governmental activities	<u>\$ 1,587,975</u>

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,541,613	\$ -	\$ -	\$ 1,541,613
Water rights	2,933,621	-	-	2,933,621
Construction in progress	<u>2,267,617</u>	<u>875,040</u>	<u>(1,074,312)</u>	<u>2,068,345</u>
Total assets not being depreciated	<u>6,742,851</u>	<u>875,040</u>	<u>(1,074,312)</u>	<u>6,543,579</u>
Capital assets, being depreciated:				
Buildings and improvements	477,386	20,980	-	498,366
Machinery, equipment and vehicles	2,781,685	113,158	(127,334)	2,767,509
Infrastructure	<u>31,716,498</u>	<u>500,893</u>	<u>2,076,694</u>	<u>34,294,085</u>
Total capital assets being depreciated	<u>34,975,569</u>	<u>635,031</u>	<u>1,949,360</u>	<u>37,559,960</u>
Less accumulated depreciation:				
Buildings and improvements	(166,553)	(20,374)	-	(186,927)
Machinery, equipment and vehicles	(1,620,312)	(211,990)	127,333	(1,704,969)
Infrastructure	<u>(9,138,393)</u>	<u>(757,962)</u>	<u>(830,601)</u>	<u>(10,726,956)</u>
Total accumulated depreciation	<u>(10,925,258)</u>	<u>(990,326)</u>	<u>(703,268)</u>	<u>(12,618,852)</u>
Total capital assets being depreciated, net	<u>24,050,311</u>	<u>(355,295)</u>	<u>1,246,092</u>	<u>24,941,108</u>
Business-type activities capital assets, net	<u>\$ 30,793,162</u>	<u>\$ 519,745</u>	<u>\$ 171,780</u>	<u>\$ 31,484,687</u>

D. Defined Benefit Pension Policies

Plan Descriptions. The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.org.

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

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

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

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

Beginning in 2004, the City granted an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2004, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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

Employee deposit rate	6%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	25 years to any age, 5 years at age 60 and above
Updated Service Credit	100% repeating
Annuity increase to retirees	70% of CPI repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	56
Active employees	119
	<u>219</u>

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.87% and 11.57% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$723,434, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major assets class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2015	\$ 15,569,193	\$ 12,351,737	\$ 3,217,456
Changes for the year:			
Service cost	877,585	-	877,585
Interest	1,065,490	-	1,065,490
Difference between expected and actual experience	(22,910)	-	(22,910)
Contributions - employer	-	656,980	(656,980)
Contributions - employee	-	362,639	(362,639)
Net investment income	-	834,607	(834,607)
Benefit payments, including refunds of employee contributions	(445,883)	(445,883)	-
Administrative expense	-	(9,427)	9,427
Other changes	-	(508)	508
Net changes	<u>1,474,282</u>	<u>1,398,408</u>	<u>75,874</u>
Balance at 12/31/2016	<u>\$ 17,043,475</u>	<u>\$ 13,750,145</u>	<u>\$ 3,293,330</u>

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 6,051,841	\$ 3,293,330	\$ 1,067,610

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources Related to Pensions. For the year ended September 30, 2017, the City recognized pension expense of \$1,000,194.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 54,824	\$ 17,631
Changes in actuarial assumptions	70,014	-
Difference between projected and actual investment earnings	541,670	-
Contributions subsequent to the measurement date	<u>568,622</u>	<u>-</u>
Total	<u>\$ 1,235,130</u>	<u>\$ 17,631</u>

\$568,622 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2018	\$ 243,565
2019	241,106
2020	166,174
2021	<u>(1,968)</u>
Total	<u>\$ 648,877</u>

E. Other Postemployment Benefits (OPEB) Obligations

Supplemental Death Benefits

Plan Description

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

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

Contributions

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

The City's contributions to the TMRS SDBF for the fiscal year ended 2015, 2016 and 2017 are \$8,118, \$9,717, and \$10,778 respectively, which equaled the required contributions each year.

Retiree Health Plan

Plan Description

Effective June 1, 2016, retirees who are at least 58 years old at retirement and have at least 25 years of service with the City are eligible for City paid health coverage until they reach 65 or become eligible for Medicare. The City pays the premium for the retired member. Dependents of the retired employee are not eligible for any City contribution, but may be eligible to continue coverage under the City's group health insurance plan in accordance with COBRA. The policy change was applied retroactively to the retirees who had coverage as of June 1, 2016.

Funding Policy

The City currently funds the plan on a pay-as-you-go system whereby annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees.

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents an amount that is projected to recognize the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City had an OPEB actuarial valuation performed as of October 1, 2016. The City's annual OPEB cost for the current fiscal year, is as follows:

Annual required contribution	\$	59,913
Interest on OPEB obligation		30,218
Adjustment to ARC	(	<u>43,688</u>)
Annual OPEB cost		46,443
Net employer contributions	(	<u>15,581</u>)
Increase in net OPEB obligation		<u>30,862</u>
Net OPEB obligation, beginning of year		<u>755,461</u>
Net OPEB obligation, end of year	\$	<u><u>786,323</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2015	\$(3,891,227)	\$ 180,200	(4.6%)	\$ 707,831
9/30/2016	63,211	15,581	24.6%	755,461
9/30/2017	46,443	15,581	33.5%	786,323

Funded Status and Funding Progress

The funded status of the City's retiree health care plan, as of the most recent actuarial valuation date is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2016	\$ -	\$ 605,387	\$ 605,387	0%	\$ 5,533,403	10.9%

Actuarial Methods and Assumptions

The actuarial cost method determines OPEB expense by assigning portions of the present value of projected benefits to various years with the general goal of accruing the cost of benefits over the working lifetime of the employees. The individual entry-age actuarial cost method was used in the valuation. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The entry age normal method then provides for a systematic funding for these anticipated payments. The yearly annual required contribution is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

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

Inflation rate	2.5% per year
Investment rate of return	4.50%, net of investment expenses
Actuarial cost method	Individual entry-age normal cost method
Amortization method	Level dollar
Amortization period	30-year closed amortization
Payroll growth	3% per annum
Healthcare cost trend rate	Initial rate of 7.25% declining to an ultimate rate of 5.50% after 9 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

F. Commitments – Construction

The City has active construction projects as of year-end, and had the following commitments with contractors at year end are as follows:

Projects	Spent to Date	Remaining Commitment
Alley D Parking Lot Paving	\$ 482,082	\$ 9,020
Shelter building - architect	117,331	17,669
Shelter building - contractor	239,669	850,233
Elevated storage tank - engineering	287,156	130,500
XS Water Line & Plant BEFCP Eng	47,618	545,500
XS Well J & Monitoring Wells - engineering	101,069	67,614
Sidewalks Pine to Spring - engineering	73,371	62,999
Alley D Infrastructure/Parking Improvement - engineering	59,228	9,580
	\$ 1,407,524	\$ 1,693,115

G. Tax Abatements

The City and Bastrop Economic Development Corporation (BEDC) enter into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. This program refunds property and sales taxes as authorized under Chapter 380 and 501 of the Texas Local Government Code.

In January 2012, BEDC entered into an agreement with a developer to rebate ½ cent of sales tax. Commitments made by the developer include providing a community kiosk, complying with building codes, and maintaining the property in good order and condition. The maximum amount to be rebated is \$700,000 over ten years. As of year-end \$410,300 was rebated, including \$94,644 in the current fiscal year.

The City and BEDC entered into an agreement with a developer in August 2007 to rebate 1 ½ cents of sales tax. The City also agreed to rebate 50% of the incremental increase in property taxes since 2007. Commitments made by the developer include building a project based on guidelines in the agreement, complying with building codes, and maintaining the property in good order and condition. The maximum amount to be rebated by the City and BEDC is \$7,370,694 over fifteen years. As of year-end \$4,698,911 was rebated, including \$867,967 in the current fiscal year.

In April 2012, the City entered into an agreement with a developer to rebate 75% of sales tax and 75% of the incremental increase in property taxes since 2012. Commitments made by the developer include complying with building codes and maintaining the property in good order and condition. The maximum amount to be rebated by the City is \$250,000 over seven years. As of year-end \$311,703 was rebated, including \$36,946 in the current fiscal year.

H. Encumbrances

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations. At September 30, 2017, the General Fund had \$252,328 of encumbrances at year-end that were re-appropriated in the subsequent year's budget.

I. Risk Management

The City is exposed to various risks of loss related to theft or damage of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP), a public entity risk pool for the benefit of governmental units located within the state. The Pool is considered a self-sustaining risk pool that provides coverage for its members. The City's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the government. The Pool's liability is limited to the coverage that the City elects as stated in the Pool's Declarations of Coverage for that fund year. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements. Settled claims have not exceeded insurance coverage limits for the past three years.

J. Long-term Liabilities

General Obligation Bonds

The City issues general obligation bonds, certificates of obligation, and tax and revenue bonds to provide funds for the acquisition and construction of major capital facilities and improvement projects. Long-term debt of this nature has been issued for both governmental and business-type activities. These debt instruments are direct obligations and pledge the full faith and credit of the City. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 3 to 30 years.

The City issues maintenance tax notes or obtains regular notes payable financing arrangements from banks to provide funds for the acquisition of equipment or minor capital projects. Tax notes and regular notes payable are direct obligations and pledge the full faith and credit of the government. These debt instructions are generally repaid in equal installments of principal and interest over a period of 3 to 10 years.

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations	\$ 10,234,451	\$ 3,135,000	\$ (896,397)	\$ 12,473,054	\$ 992,335
Certificates of obligation	12,862,076	-	(4,076,463)	8,785,613	557,939
Issuance premium	<u>701,705</u>	<u>427,340</u>	<u>(166,814)</u>	<u>962,231</u>	<u>-</u>
Total bonds payable	<u>23,798,232</u>	<u>3,562,340</u>	<u>(5,139,674)</u>	<u>22,220,898</u>	<u>1,550,274</u>
Notes payable	388,915	-	(47,368)	341,547	47,368
Compensated absences	209,350	250,072	(236,323)	223,099	44,620
Net pension liability	2,527,955	507,089	(504,447)	2,530,597	-
Net OPEB obligation	<u>491,690</u>	<u>23,987</u>	<u>-</u>	<u>515,677</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 27,416,142</u>	<u>\$ 4,343,488</u>	<u>\$ (5,927,812)</u>	<u>\$ 25,831,818</u>	<u>\$ 1,642,262</u>

For compensated absences, the General Fund normally liquidates 95 percent of the liability, the Convention Center fund normally liquidates 4%, and the remaining 1% is liquidated by other governmental funds. Liquidation of the net pension liability and net other postemployment benefit obligation is expected to occur at percentages approximating those for liquidation of the compensated absences liability.

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 2,530,546	\$ 610,000	\$ (158,602)	\$ 2,981,944	\$ 247,666
Certificates of obligation	16,332,924	-	(1,443,537)	14,889,387	762,061
Issuance premium	<u>521,483</u>	<u>83,151</u>	<u>(40,591)</u>	<u>564,043</u>	<u>-</u>
Total bonds payable	<u>19,384,953</u>	<u>693,151</u>	<u>(1,642,730)</u>	<u>18,435,374</u>	<u>1,009,727</u>
Notes payable	480,000	-	(60,000)	420,000	60,000
Compensated absences	49,134	65,970	(50,605)	64,499	12,900
Net pension liability	578,498	183,423	(126,638)	635,283	-
Net OPEB obligation	<u>223,654</u>	<u>5,675</u>	<u>-</u>	<u>229,329</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 20,716,239</u>	<u>\$ 948,219</u>	<u>\$ (1,879,973)</u>	<u>\$ 19,784,485</u>	<u>\$ 1,082,627</u>

Details of long-term debt obligations outstanding at September 30, 2017 are as follows:

Governmental Activities:

Type	Sale Date	Original Borrowing	Interest		Outstanding 9/30/2017
			Rates to Maturity	Final Maturity	
Bonds Payable:					
General Obligation Bonds, Series 2005	2005	\$ 2,445,000	3.67%	2025	\$ 1,235,000
General Obligation Bonds, Series 2006	2006	345,000	4.24%	2026	200,000
Certificates of Obligation, Series 2006 (31.4%)	2006	227,650	4.19%	2026	89,490
General Obligation Bonds, Series 2007	2007	1,220,000	4.08%	2027	755,000
Certificates of Obligation, Series 2007 (11.42%)	2007	264,944	4.04%	2027	164,448
Certificates of Obligation, Series 2008	2008	1,195,000	3.87%	2028	60,000
Certificates of Obligation, Series 2010 (83.1%)	2010	6,149,400	3.50-4.25%	2029	1,599,675
General Obligation Limited Tax Ref. Bonds, Series 2010	2010	239,872	2.0-4.0%	2024	133,054
General Obligation Refunding Bonds, Series 2011	2011	4,260,000	2.0-4.0%	2022	1,745,000
General Obligation Refunding and Imp. Bonds, Series 2012	2012	2,015,000	2.0-3.0%	2024	1,555,000
Comb. Tax & Rev. Cert. of Oblig., Series 2013 (67.2%)	2013	7,392,000	3.0-4.25%	2033	6,872,000
General Obligation Refunding Bonds, Series 2014	2014	1,695,558	2.0-4.0%	2031	2,275,000
General Obligation Refunding Bonds, Series 2016	2016	2,525,000	2.0-4.0%	2028	1,440,000
General Obligation Refunding Bonds, Series 2017	2017	3,135,000	3.0-4.0%	2029	3,135,000
Total Bonds Payable					<u>\$ 21,258,667</u>
Notes Payable:					
Note Payable - Texas Department of Economic Development	1999	\$ 500,000	0.0%	2019	\$ 39,584
Note Payable - Texas Capital Fund - Art Foundry	2011	447,351	0.0%	2031	301,963
Total notes payable					<u>\$ 341,547</u>

Business-Type Activities

Type	Sale Date	Original Borrowing	Interest		Outstanding 9/30/2017
			Rates to Maturity	Final Maturity	
Bonds Payable:					
Certificates of Obligation, Series 2006 (68.6%)	2006	\$ 497,350	4.19%	2026	\$ 195,510
Certificates of Obligation, Series 2007 (88.58%)	2007	2,055,056	4.04%	2027	1,275,552
General Obligation Limited Tax Ref. Bonds, Series 2010 (90.63%)	2010	2,320,128	2.0-4.0%	2024	1,286,944
Comb. Tax & Rev. Cert. of Oblig., Series 2010 (16.9%)	2010	1,250,600	3.50-4.25%	2029	325,325
Comb. Tax & Rev. Cert. of Oblig., Series 2012	2012	4,200,000	2.0-4.0%	2032	3,540,000
Combination Tax & Rev. Cert. of Oblig., Series 2013 (32.8%)	2013	3,608,000	3.0-4.25%	2033	3,353,000
Combination Tax & Rev. Cert. of Oblig., Series 2014 (31.4%)	2014	7,000,000	2.0-3.5%	2034	6,200,000
General Obligation Refunding Bonds, Series 2016 (42.0%)	2016	2,525,000	2.0-4.0%	2028	1,085,000
General Obligation Refunding Bonds, Series 2017 (12.7%)	2017	3,745,000	2.0-3.5%	2029	610,000
Total Bonds Payable					<u>\$ 17,871,331</u>
Notes Payable:					
Note payable - Ingram Note	2014	\$ 600,000	0.00%	2024	\$ 420,000
Total note payable					<u>\$ 420,000</u>

Advance Refunding

The City issued \$3,745,000 in general obligation refunding bonds with interest rates ranging from 2.0% to 3.0%. These bonds refunded a portion of the Certificates of Obligation, Series 2010, and Combination Tax and Revenue Certificates of Obligation, Series 2008A, which had interest rates ranging from 4.6% to 5.0%. The net proceeds of \$4,144,879 (which included a cash contribution from the Debt Service Fund of \$225,000) were deposited in an irrevocable trust with an escrow agent to provide funds in the future debt service payments on the refunded bonds. As a result, the liability for the refunded principle portion of the Certificates of Obligation, Series 2010, and Combination Tax and Revenue Certificates of Obligation, Series 2008A, have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$501,409. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded the General Obligation, Series 2010, and Combination Tax and Revenue Certificates of Obligation, Series 2008A, to reduce its total debt service payments over 13 years by \$326,851 and a present value savings of \$224,228.

The debt service requirements for the government's bonds, loans, and notes are as follows:

Governmental Activities:

Year Ended September 30,	Governmental Activities				Totals	
	Bonds Payable		Notes Payable		Principal	Interest
	Principal	Interest	Principal	Interest		
2018	\$ 1,550,274	\$ 780,756	\$ 47,368	\$ -	\$ 1,597,642	\$ 780,756
2019	1,618,503	733,710	36,952	-	1,655,455	733,710
2020	1,655,698	681,411	22,368	-	1,678,066	681,411
2021	1,754,752	623,936	22,368	-	1,777,120	623,936
2022	1,692,035	560,137	22,368	-	1,714,403	560,137
2023-2027	7,171,405	1,950,210	111,838	-	7,283,243	1,950,210
2028-2032	5,134,000	705,210	78,285	-	5,212,285	705,210
2033	682,000	28,999	-	-	682,000	28,999
Totals	\$ 21,258,667	\$ 6,064,369	\$ 341,547	\$ -	\$ 21,600,214	\$ 6,064,369

Business-type Activities

Year Ended September 30,	Business-Type Activities				Totals	
	Bonds Payable		Notes Payable		Principal	Interest
	Principal	Interest	Principal	Interest		
2018	\$ 1,009,727	\$ 589,680	\$ 60,000	\$ -	\$ 1,069,727	\$ 589,680
2019	1,021,497	563,284	60,000	-	1,081,497	563,284
2020	1,064,303	533,093	60,000	-	1,124,303	533,093
2021	1,100,248	501,461	60,000	-	1,160,248	501,461
2022	1,197,965	467,323	60,000	-	1,257,965	467,323
2023-2027	6,043,591	1,753,275	120,000	-	6,163,591	1,753,275
2028-2032	5,186,000	799,248	-	-	5,186,000	799,248
2033-2034	1,248,000	62,453	-	-	1,248,000	62,453
Totals	\$ 17,871,331	\$ 5,269,817	\$ 420,000	\$ -	\$ 18,291,331	\$ 5,269,817

K. Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General Fund	Grants Fund (nonmajor governmental)	\$ 95,314

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balance of working capital loans made to nonmajor governmental funds which the General Fund expects to collect in the subsequent year.

L. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2017 is as follows:

	Transfers in:					Totals
	Governmental Funds			Proprietary Funds		
	General Fund	Debt Service	Nonmajor Gov. Funds	Water/Wastewater	Internal Service	
Transfers out:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 37,500	\$ 37,500
Hotel/Motel Tax	-	-	868,919	-	-	868,919
Nonmajor -						
Governmental	3,028	397,302	-	34,598	-	434,928
Bastrop Power & Light	707,750	-	-	-	75,000	782,750
Nonmajor Enterprise	-	-	-	422,150	-	422,150
Totals	<u>\$ 710,778</u>	<u>\$ 397,302</u>	<u>\$ 868,919</u>	<u>\$ 456,748</u>	<u>\$ 112,500</u>	<u>\$ 2,546,247</u>

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, 2) move General Fund resources to provide subsidies to other funds as needs arise, 3) move resources from proprietary funds to governmental funds to subsidize governmental activities as budgeted, and 4) move resources for the start-up of the City's vehicle and equipment replacement program reported in an internal service fund.

M. Discretely Presented Component Unit

Bastrop Economic Development Corporation (Bastrop EDC)

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

Component Unit - Bastrop Economic Development Corporation

	Balance		Balance	
	10/1/2016	Increases	Decreases	9/30/2017
Capital assets, not being depreciated:				
Land	\$ 832,992	\$ 11,679	\$ -	\$ 844,671
Construction in progress	<u>6,944</u>	<u>128,779</u>	<u>-</u>	<u>135,723</u>
Total capital assets, not being depreciated	<u>839,936</u>	<u>140,458</u>	<u>-</u>	<u>980,394</u>
Capital assets, being depreciated:				
Buildings and improvements	895,379	-	-	895,379
Infrastructure	2,253,148	-	(2,253,148)	-
Machinery, equipment, and vehicles	<u>8,301</u>	<u>-</u>	<u>-</u>	<u>8,301</u>
Total capital assets, being depreciated	<u>3,156,828</u>	<u>-</u>	<u>(2,253,148)</u>	<u>903,680</u>
Less accumulated depreciation for:				
Buildings and improvements	(308,882)	(17,102)	-	(325,984)
Infrastructure	(1,366,638)	-	1,366,638	-
Machinery, equipment, and vehicles	<u>(1,938)</u>	<u>(1,660)</u>	<u>-</u>	<u>(3,598)</u>
Total accumulated depreciation	<u>(1,677,458)</u>	<u>(18,762)</u>	<u>1,366,638</u>	<u>(329,582)</u>
Total capital assets being depreciated, net	<u>1,479,370</u>	<u>(18,762)</u>	<u>(886,510)</u>	<u>574,098</u>
Component unit capital assets, net	<u>\$ 2,319,306</u>	<u>\$ 121,696</u>	<u>\$ (886,510)</u>	<u>\$ 1,554,492</u>

Details of long-term debt obligations outstanding for Bastrop EDC at September 30, 2017 are as follows:

Component Unit- Bastrop Economic Development

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/2017
Bonds Payable:					
Sales Tax and Revenue Refunding Bonds, Series 2006	2006	\$ 2,005,000	4.61%	2020	\$ <u>165,000</u>
Total Bonds Payable					\$ <u>165,000</u>
Notes Payable:					
City of Bastrop	1999	\$ 500,000	0.00%	2019	\$ 37,501
City of Bastrop	2014	600,000	0.00%	2024	<u>420,000</u>
Total Notes Payable					\$ <u>457,501</u>
Due to City of Bastrop:					
13.88% of Cert. of Oblig., Series 2010	2010	\$ 1,027,120	3.5-4.25%	2022	\$ 267,190
24.2% Cert. of Oblig., Series 2013	2013	2,662,000	3.0-4.25%	2033	2,476,000
13.4% General Oblig. Refunding, Series 2017	2017	500,000	3-4%	2029	<u>500,000</u>
Total Due to City of Bastrop					\$ <u>3,243,190</u>

Long-term debt activity for Bastrop EDC for the year ended September 30, 2017 was as follows:

Description	Balance			Balance 9/30/2017	Due in One Year
	10/1/2016	Additions	Deletions		
General obligation bonds	\$ 215,000	\$ -	\$(50,000)	\$ 165,000	\$ 55,000
Notes payable	542,500	-	(84,999)	457,501	85,000
Due to City of Bastrop - bonds	3,749,493	500,000	(1,006,303)	3,243,190	117,498
Compensated absences	11,249	19,185	(14,781)	15,653	3,131
Net pension liability	111,002	41,856	(25,408)	127,450	-
Net OPEB obligation	40,117	1,200	-	41,317	-
Total Component Unit	<u>\$ 4,669,361</u>	<u>\$ 562,241</u>	<u>\$(1,181,491)</u>	<u>\$ 4,050,111</u>	<u>\$ 260,629</u>

The debt service requirements for Bastrop EDC bonds and notes payable are as follows:

Year Ended September 30,	Bastrop EDC				Totals	
	Bonds Payable		Notes Payable		Principal	Interest
	Principal	Interest	Principal	Interest		
2018	\$ 172,498	\$ 133,709	\$ 85,000	\$ -	\$ 257,498	\$ 133,709
2019	180,274	127,416	72,501	-	252,775	127,416
2020	183,968	120,116	60,000	-	243,968	120,116
2021	137,990	112,672	60,000	-	197,990	112,672
2022	186,460	107,373	60,000	-	246,460	107,373
2023-2027	1,070,000	429,364	120,000	-	1,190,000	429,364
2028-2032	1,231,000	196,184	-	-	1,231,000	196,184
2033	246,000	10,455	-	-	246,000	10,455
Totals	<u>\$ 3,408,190</u>	<u>\$ 1,237,289</u>	<u>\$ 457,501</u>	<u>\$ -</u>	<u>\$ 3,865,691</u>	<u>\$ 1,237,289</u>

N. Contingencies

The government participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

The City was not involved in litigation as of year-end that in the opinion of City's legal counsel would have a material adverse effect on the financial condition of the government.

O. Prior period adjustment

In the prior year, capital assets were understated in the water and wastewater fund, Bastrop power and light fund, and the governmental activities by \$154,773, \$17,009, and \$82,795, respectively. Additionally, Bastrop Economic Development Corporation's capital assets were overstated by \$886,510. As a result, net position and/or fund balance was restated at the beginning of the year.

O. Future Financial Reporting Requirements

Significant new accounting standards not yet implemented by the City include the following.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement changes the focus of accounting of postemployment benefits other than pensions from whether an entity is responsible for funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement will become effective for the City in fiscal year 2020.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2021.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF BASTROP, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 3,136,861	\$ 3,136,861	\$ 3,148,227	\$ 11,366
Sales taxes	4,504,850	4,504,850	4,492,652	(12,198)
Franchise taxes	454,000	454,000	442,233	(11,767)
Licenses and permits	173,500	173,500	245,157	71,657
Intergovernmental	221,000	571,000	543,369	(27,631)
Charges for service	551,900	551,900	524,292	(27,608)
Fines	271,000	271,000	338,811	67,811
Investment earnings	30,000	30,000	42,827	12,827
Contributions and donations	3,500	3,500	1,098	(2,402)
Miscellaneous	45,000	45,000	94,630	49,630
Total revenues	<u>9,391,611</u>	<u>9,741,611</u>	<u>9,873,296</u>	<u>131,685</u>
EXPENDITURES				
Current:				
General government:				
Legislative	30,471	32,471	31,456	1,015
Organizational	1,158,674	1,133,674	1,127,824	5,850
City Manager	215,837	251,837	243,030	8,807
City Secretary	127,265	146,965	134,705	12,260
Finance	694,147	685,147	662,640	22,507
Human resources	125,585	131,535	129,539	1,996
Information technology	284,612	284,612	273,749	10,863
Public works	1,090,510	1,167,320	991,839	175,481
Building maintenance	168,738	176,638	169,577	7,061
Public safety:				
Police	2,970,173	2,989,652	2,897,767	91,885
Fire	464,871	462,871	440,817	22,054
Municipal court	316,770	316,770	301,695	15,075
Development services:				
Planning	813,596	763,596	666,775	96,821
Community services:				
Recreation	83,875	105,055	99,554	5,501
Parks	869,188	773,598	732,232	41,366
Library	712,160	693,291	705,685	(12,394)
Capital outlay	934,800	1,455,489	1,028,635	426,854
Total expenditures	<u>11,061,272</u>	<u>11,570,521</u>	<u>10,637,519</u>	<u>933,002</u>
Excess (deficiency) of revenues over expenditures	<u>(1,669,661)</u>	<u>(1,828,910)</u>	<u>(764,223)</u>	<u>1,064,687</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	557,750	707,750	710,778	3,028
Transfers out	(37,500)	(525,000)	(37,500)	487,500
Sale of capital assets	-	-	4	4
Insurance recoveries	-	3,299	5,997	2,698
Total other financing sources (uses)	<u>520,250</u>	<u>186,049</u>	<u>679,279</u>	<u>493,230</u>
Net change in fund balances	<u>(1,149,411)</u>	<u>(1,642,861)</u>	<u>(84,944)</u>	<u>1,557,917</u>
Fund balance- beginning	<u>3,833,587</u>	<u>3,833,587</u>	<u>3,833,587</u>	<u>-</u>
Fund balance- ending	<u>\$ 2,684,176</u>	<u>\$ 2,190,726</u>	<u>\$ 3,748,643</u>	<u>\$ 1,557,917</u>

CITY OF BASTROP, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

HOTEL/MOTEL TAX FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Hotel/motel taxes	\$ 2,875,000	\$ 2,875,000	\$ 2,686,099	\$(188,901)
Investment earnings	<u>7,000</u>	<u>7,000</u>	<u>23,885</u>	<u>16,885</u>
Total revenues	<u>2,882,000</u>	<u>2,882,000</u>	<u>2,709,984</u>	<u>(172,016)</u>
EXPENDITURES				
Current:				
Economic development:				
Donations	495,823	1,110,840	886,405	224,435
Bastrop marketing corporation	-	574,000	567,100	6,900
Special events	<u>30,000</u>	<u>30,000</u>	<u>24,284</u>	<u>5,716</u>
Total expenditures	<u>525,823</u>	<u>1,714,840</u>	<u>1,477,789</u>	<u>237,051</u>
Excess (deficiency) of revenues over expenditures	<u>2,356,177</u>	<u>1,167,160</u>	<u>1,232,195</u>	<u>65,035</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(868,919)	(868,919)	(868,919)	-
Total other financing sources (uses)	<u>(868,919)</u>	<u>(868,919)</u>	<u>(868,919)</u>	<u>-</u>
Net change in fund balance	<u>1,487,258</u>	<u>298,241</u>	<u>363,276</u>	<u>65,035</u>
Fund balance - beginning	<u>2,265,766</u>	<u>2,265,766</u>	<u>2,265,766</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,753,024</u>	<u>\$ 2,564,007</u>	<u>\$ 2,629,042</u>	<u>\$ 65,035</u>

CITY OF BASTROP, TEXAS
NOTES TO BUDGETARY INFORMATION
SEPTEMBER 30, 2017

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Hotel/motel Tax Fund, and Debt Service Fund. Capital projects funds are appropriated on a project-length basis. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The government's department heads make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

CITY OF BASTROP, TEXAS

**SCHEDULE OF FUNDING PROGRESS
RETIREE HEALTH CARE PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (1)</u>	<u>Actuarial Accrued Liability (AAL) (2)</u>	<u>Funding Ratio (3) (1)/(2)</u>	<u>Unfunded AAL (UAAL) (4)</u>	<u>Covered Payroll (5)</u>	<u>UAAL as a Percentage of Covered Payroll (6)</u>
12/31/2011	\$ -	\$ 9,781,417	0.0%	\$ 9,781,417	\$ 4,737,617	206.5%
12/31/2014 (1)	-	835,055	0.0%	835,055	5,217,564	16.0%
10/1/2016	-	605,387	0.0%	605,387	5,533,403	10.9%

(1) The City amended its retiree medical policy so that benefits are no longer provided after Medicare eligibility and retirees are required to be at least 58 years old at retirement and have at least 25 years of service with the City to be eligible for City paid coverage. The actuarial cost method was changed from the projected unit credit method to the individual entry age normal cost method.

CITY OF BASTROP, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Plan Year	2014	2015	2016
A. Total pension liability			
Service Cost	\$ 647,254	\$ 765,716	\$ 877,585
Interest (on the Total Pension Liability)	906,043	992,085	1,065,490
Difference between expected and actual experience	19,757	93,002	(22,910)
Changes of assumptions	-	134,544	-
Benefit payments, including refunds of employee contributions	(394,341)	(411,888)	(445,883)
Net change in total pension liability	1,178,713	1,573,459	1,474,282
Total pension liability - beginning	<u>12,817,021</u>	<u>13,995,734</u>	<u>15,569,193</u>
Total pension liability - ending (a)	<u>\$ 13,995,734</u>	<u>\$ 15,569,193</u>	<u>\$ 17,043,475</u>
B. Plan fiduciary net position			
Contributions - employer	\$ 497,753	\$ 584,017	\$ 656,980
Contributions - employee	313,054	327,229	362,639
Net investment income	618,954	17,476	834,607
Benefit payments, including refunds of employee contributions	(394,341)	(411,888)	(445,883)
Administrative expense	(6,461)	(10,647)	(9,427)
Other	(531)	(526)	(508)
Net change in plan fiduciary net position	1,028,428	505,661	1,398,408
Plan fiduciary net position - beginning	<u>10,817,648</u>	<u>11,846,076</u>	<u>12,351,737</u>
Plan fiduciary net position - ending (b)	<u>\$ 11,846,076</u>	<u>\$ 12,351,737</u>	<u>\$ 13,750,145</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 2,149,658</u>	<u>\$ 3,217,456</u>	<u>\$ 3,293,330</u>
D. Plan fiduciary net position as a percentage of total pension liability	84.64%	79.33%	80.68%
E. Covered employee payroll	\$ 5,217,564	\$ 5,453,817	\$ 6,043,976
F. Net position liability as a percentage of covered employee payroll	41.20%	58.99%	54.49%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of September 30, 2017, only 3 years are included and additional years will be added in the future as the information becomes available.

CITY OF BASTROP, TEXAS

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarial determined contribution	\$ 494,007	\$ 551,472	\$ 668,216	\$ 723,434
Contributions in relation to the actuarially determined contribution	<u>494,007</u>	<u>551,472</u>	<u>668,216</u>	<u>723,434</u>
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	5,140,859	5,317,314	6,170,226	6,340,147
Contributions as a percentage of covered employee payroll	9.61%	10.37%	10.83%	11.41%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of September 30, 2017, only 4 years are included and additional years will be added in the future as the information becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with scale BB.

Other Information There were no benefit changes during the year.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

Designated – This fund is used to account for the receipt and expenditure of funds restricted for a particular purpose by an outside entity.

Bastrop Convention Center – This fund is used to account for the operating activities and maintenance of the Bastrop Convention Center.

Main Street Project – This fund is used to account for the receipt and disbursement of funds received for the benefit of the Main Street improvement project.

Bastrop Art in Public Places – This fund is used to account for the receipt and disbursement of funds received for the benefit of the city art initiative.

Library Board – This fund is used to account for the application of any gifts and donations received for the benefit of the library.

Fairview Cemetery – This fund was established for the receipt and reimbursement of funds received for the benefit of City cemeteries.

Hunters Crossing PID – This fund is used to account for the general operating activities of the Hunters Crossing Public Improvement District, a blended component unit of the city.

Arena – This fund is used to account for committed resources for the City's Arena, and disbursements of funds.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Park/Trail Dedication Fund – This fund is used to account for the receipt and disbursement of funds received for special improvement projects related to city parks and trails.

Combination Revenue/Tax Bond, Series 2013 – This fund is used to account for the receipt of bond funds received in relation to this specific bond issue and application of the funds in accordance with stated requirements.

Grants Fund – This fund is used to account for grants received related to capital projects and the application of the funds in accordance with stated requirements.

PERMANENT FUND

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

Fairview Cemetery Permanent Fund - This fund is used to account for an endowment whose earnings are restricted to expenditures for the benefit of city cemeteries.

NONMAJOR PROPRIETARY FUNDS

Community Impact Fees - This fund is used to account for receipt of new development fees to help fund and pay for the construction or needed expansion of off-site capital improvements.

Accelerated Recovery Fees - This fund is used to account for receipt of new development fees in the Hunters Crossing subdivision to help pay for construction costs or needed expansion of capital improvements.

CITY OF BASTROP, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Special Revenue Funds			
	Designated Fund	Bastrop Convention Center	Main Street Project	Bastrop Art in Public Places
ASSETS				
Cash and cash equivalents	\$ 665,487	\$ 930,151	\$ 4,579	\$ 106,039
Taxes receivable, net	-	-	-	-
Due from component unit	-	-	-	-
Due from other governments	-	-	-	-
Accounts receivable	15,560	-	-	-
Prepaid items	-	-	1,184	-
Total assets	681,047	930,151	5,763	106,039
LIABILITIES				
Accounts payable	2,006	75,798	6,703	1,824
Accrued liabilities	-	4,644	2,440	-
Due to other funds	-	-	-	-
Customer deposits	-	22,503	-	-
Total liabilities	2,006	102,945	9,143	1,824
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable:				
Endowment	-	-	-	-
Prepaid items	-	-	1,184	-
Restricted for:				
Cemetery	-	-	-	-
Capital projects	-	-	-	-
Public improvement district	-	-	-	-
Traffic safety	639,726	-	-	-
Culture and recreation	-	-	-	104,215
PEG channels	39,315	-	-	-
Committed for:				
Economic development	-	827,206	-	-
Arena	-	-	-	-
Unassigned	-	-	(4,564)	-
Total fund balances	679,041	827,206	(3,380)	104,215
Total liabilities, deferred inflows of resources, and fund balances	\$ 681,047	\$ 930,151	\$ 5,763	\$ 106,039

Special Revenue Funds				Permanent Fund	Capital Project Funds
Library Board	Fairview Cemetery	Hunters Crossing PID	Arena	Fairview Cemetery	Park/Trail Dedication
\$ 32,367	\$ 198,765	\$ 87,658	\$ 110,840	\$ 384,772	\$ 5,977
-	-	2,000	-	-	-
-	-	-	-	-	-
-	-	31,508	-	-	-
-	-	-	-	-	-
<u>32,367</u>	<u>198,765</u>	<u>121,166</u>	<u>110,840</u>	<u>384,772</u>	<u>5,977</u>
10,687	1,647	74,704	185	-	791
-	699	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,687</u>	<u>2,346</u>	<u>74,704</u>	<u>185</u>	<u>-</u>	<u>791</u>
-	-	2,000	-	-	-
-	-	2,000	-	-	-
-	-	-	-	384,772	-
-	-	-	-	-	-
-	196,419	-	-	-	-
-	-	-	-	-	5,186
-	-	44,462	-	-	-
-	-	-	-	-	-
21,680	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	110,655	-	-
-	-	-	-	-	-
<u>21,680</u>	<u>196,419</u>	<u>44,462</u>	<u>110,655</u>	<u>384,772</u>	<u>5,186</u>
<u>\$ 32,367</u>	<u>\$ 198,765</u>	<u>\$ 121,166</u>	<u>\$ 110,840</u>	<u>\$ 384,772</u>	<u>\$ 5,977</u>

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CITY OF BASTROP, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Capital Project Funds		
	Combination Revenue/ Tax Bond Series 2013	Grants Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,467,875	\$ -	\$ 3,994,510
Taxes receivable, net	-	-	2,000
Due from component unit	10,779	-	10,779
Due from other governments	-	289,639	289,639
Accounts receivable	-	-	47,068
Prepaid items	-	-	1,184
Total assets	1,478,654	289,639	4,345,180
LIABILITIES			
Accounts payable	61,545	194,325	430,215
Accrued liabilities	-	-	7,783
Due to other funds	-	95,314	95,314
Customer deposits	-	-	22,503
Total liabilities	61,545	289,639	555,815
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	2,000
Total deferred inflows of resources	-	-	2,000
FUND BALANCES			
Nonspendable:			
Endowment	-	-	384,772
Prepaid items	-	-	1,184
Restricted for:			
Cemetery	-	-	196,419
Capital projects	1,417,109	-	1,422,295
Public improvement district	-	-	44,462
Traffic safety	-	-	639,726
Culture and recreation	-	-	125,895
PEG channels	-	-	39,315
Committed for:			
Economic development	-	-	827,206
Arena	-	-	110,655
Unassigned	-	-	(4,564)
Total fund balances	1,417,109	-	3,787,365
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,478,654	\$ 289,639	\$ 4,345,180

CITY OF BASTROP, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			
	Designated Fund	Bastrop Convention Center	Main Street Project	Bastrop Art in Public Places
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	22,675	-	-	-
Licenses and permits	-	1,667	-	-
Intergovernmental	1,919	-	-	-
Charges for services	-	143,245	-	-
Fines and forfeitures	23,586	-	-	-
Investment earnings	6,585	11,799	152	1,432
Contributions and donations	11,265	-	73,108	-
Miscellaneous	6,192	4,380	-	-
Total revenues	<u>72,222</u>	<u>161,091</u>	<u>73,260</u>	<u>1,432</u>
EXPENDITURES				
Current:				
Public safety	47,655	-	-	-
Community services	1,163	-	-	-
Economic development	-	662,360	201,587	112,035
Capital outlay	7,766	-	-	53,900
Total expenditures	<u>56,584</u>	<u>662,360</u>	<u>201,587</u>	<u>165,935</u>
Excess (deficiency) of revenues over expenditures	<u>15,638</u>	<u>(501,269)</u>	<u>(128,327)</u>	<u>(164,503)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	499,927	110,000	158,992
Transfers out	-	(397,303)	-	-
Insurance recoveries	-	-	14,003	-
Total other financing sources (uses)	<u>-</u>	<u>102,624</u>	<u>124,003</u>	<u>158,992</u>
Net change in fund balances	15,638	(398,645)	(4,324)	(5,511)
Fund balances - beginning	663,403	1,225,851	944	109,726
Fund balances - ending	<u>\$ 679,041</u>	<u>\$ 827,206</u>	<u>\$ (3,380)</u>	<u>\$ 104,215</u>

Special Revenue Funds				Permanent Fund	Capital Project Funds
Library Board	Fairview Cemetery	Hunters Crossing PID	Arena	Fairview Cemetery	Park/Trail Dedication
\$ -	\$ -	\$ 400,731	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	350	-	-
2,500	-	-	-	-	-
-	87,266	-	-	-	-
-	-	-	-	-	-
283	2,000	2,124	689	1,123	661
30,137	150	-	-	-	1,000
-	30	-	-	-	-
<u>32,920</u>	<u>89,446</u>	<u>402,855</u>	<u>1,039</u>	<u>1,123</u>	<u>1,661</u>
-	-	-	-	-	-
22,241	72,702	-	14,551	-	-
-	-	491,187	-	-	-
-	6,825	-	-	-	119,162
<u>22,241</u>	<u>79,527</u>	<u>491,187</u>	<u>14,551</u>	<u>-</u>	<u>119,162</u>
<u>10,679</u>	<u>9,919</u>	<u>(88,332)</u>	<u>(13,512)</u>	<u>1,123</u>	<u>(117,501)</u>
-	-	-	100,000	-	-
(3,028)	-	-	-	-	-
-	-	-	-	-	-
<u>(3,028)</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
7,651	9,919	(88,332)	86,488	1,123	(117,501)
14,029	186,500	132,794	24,167	383,649	122,687
<u>\$ 21,680</u>	<u>\$ 196,419</u>	<u>\$ 44,462</u>	<u>\$ 110,655</u>	<u>\$ 384,772</u>	<u>\$ 5,186</u>

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

	<u>Capital Project Funds</u>		
	Combination Revenue/ Tax Bond Series 2013	Grants	Total Non-Major Governmental Funds
REVENUES			
Property taxes	\$ -	\$ -	\$ 400,731
Franchise taxes	-	-	22,675
Licenses and permits	-	-	2,017
Intergovernmental	-	489,310	493,729
Charges for services	-	-	230,511
Fines and forfeitures	-	-	23,586
Investment earnings	17,343	-	44,191
Contributions and donations	-	-	115,660
Miscellaneous	-	-	10,602
Total revenues	<u>17,343</u>	<u>489,310</u>	<u>1,343,702</u>
EXPENDITURES			
Current:			
Public safety	-	10,207	57,862
Community services	-	25,315	135,972
Economic development	200,734	-	1,667,903
Capital outlay	<u>626,101</u>	<u>439,439</u>	<u>1,253,193</u>
Total expenditures	<u>826,835</u>	<u>474,961</u>	<u>3,114,930</u>
 Excess (deficiency) of revenues over expenditures	 <u>(809,492)</u>	 <u>14,349</u>	 <u>(1,771,228)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	868,919
Transfers out	(20,248)	(14,349)	(434,928)
Insurance recoveries	-	-	14,003
Total other financing sources (uses)	<u>(20,248)</u>	<u>(14,349)</u>	<u>447,994</u>
Net change in fund balances	(829,740)	-	(1,323,234)
Fund balances - beginning	<u>2,246,849</u>	<u>-</u>	<u>5,110,599</u>
Fund balances - ending	<u>\$ 1,417,109</u>	<u>\$ -</u>	<u>\$ 3,787,365</u>

CITY OF BASTROP, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,765,118	\$ 1,765,118	\$ 1,717,741	\$ (47,377)
Contributions and donations	285,056	285,056	658,461	373,405
Investment earnings	7,000	7,000	8,230	1,230
Total revenues	<u>2,057,174</u>	<u>2,057,174</u>	<u>2,384,432</u>	<u>327,258</u>
EXPENDITURES				
Debt service:				
Principal	1,502,455	1,502,455	1,872,455	(370,000)
Interest and other	870,440	870,440	947,412	(76,972)
Total expenditures	<u>2,372,895</u>	<u>2,372,895</u>	<u>2,819,867</u>	<u>(446,972)</u>
Excess (deficiency) of revenues over expenditures	(315,721)	(315,721)	(435,435)	(119,714)
OTHER FINANCING SOURCES (USES)				
Transfers in	499,927	499,927	397,302	(102,625)
Issuance of refunding bonds	-	-	3,135,000	3,135,000
Payment to bond refunding escrow agent	-	(225,000)	(3,692,139)	(3,467,139)
Premium from bond issuance	-	-	427,340	427,340
Total other financing sources (uses)	<u>499,927</u>	<u>274,927</u>	<u>267,503</u>	<u>(7,424)</u>
Net change in fund balance	184,206	(40,794)	(167,932)	(127,138)
Fund balance- beginning	230,749	230,749	230,749	-
Fund balance- ending	<u>\$ 414,955</u>	<u>\$ 189,955</u>	<u>\$ 62,817</u>	<u>\$ (127,138)</u>

CITY OF BASTROP, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2017

	Nonmajor Enterprise Funds		Total Non-Major Enterprise Funds
	Community Impact Fee Fund	Accelerated Recovery Fee Fund	
ASSETS			
Cash and cash equivalents-restricted	\$ 835,510	\$ 257,883	\$ 1,093,393
Accounts receivable, net	467,175	-	467,175
Total assets	1,302,685	257,883	1,560,568
LIABILITIES			
Total liabilities	-	-	-
NET POSITION			
Restricted for capital improvements	1,302,685	257,883	1,560,568
Total net position	\$ 1,302,685	\$ 257,883	\$ 1,560,568

CITY OF BASTROP, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR END SEPTEMBER 30, 2017

	Nonmajor Enterprise Funds		Total Non-Major Enterprise Funds
	Community Impact Fee Fund	Accelerated Recovery Fee Fund	
Operating revenues:			
Charges for services	\$ 1,046,108	\$ -	\$ 1,046,108
Total operating revenues	1,046,108	-	1,046,108
Operating expenses:			
Services and other	5,324	-	5,324
Total operating expenses	5,324	-	5,324
Operating income (loss)	1,040,784	-	1,040,784
Nonoperating revenues (expenses)			
Investment earnings	6,460	4,283	10,743
Total nonoperating revenues (expenses)	6,460	4,283	10,743
Income before transfers	1,047,244	4,283	1,051,527
Transfers out	(253,009)	(169,141)	(422,150)
Change in net position	794,235	(164,858)	629,377
Net position- beginning	508,450	422,741	931,191
Net position- ending	\$ 1,302,685	\$ 257,883	\$ 1,560,568

CITY OF BASTROP, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Nonmajor Enterprise Funds		Total
	Community Impact Fee Fund	Accelerated Recovery Fee Fund	Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 578,933	\$ -	\$ 578,933
Payments to suppliers and service providers	(5,324)	-	(5,324)
Net cash provided by operating activities	573,609	-	573,609
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out to other funds	(253,009)	(169,141)	(422,150)
Net cash used by noncapital noncapital financing activities	(253,009)	(169,141)	(422,150)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	6,460	4,283	10,743
Net cash provided by investing activities	6,460	4,283	10,743
Net increase (decrease) in cash and cash equivalents	327,060	(164,858)	162,202
Cash and cash equivalents - beginning	508,450	422,741	931,191
Cash and cash equivalents - ending	835,510	257,883	1,093,393
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	1,040,784	-	1,040,784
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in accounts receivable	(467,175)	-	(467,175)
Net cash provided by operating activities	\$ 573,609	\$ -	\$ 573,609

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STATISTICAL SECTION

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STATISTICAL SECTION

(Unaudited)

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	74 – 83
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its electric utility, sales tax and property tax revenues.	84 – 89
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	90 – 94
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	97 – 99
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	100 – 104

CITY OF BASTROP, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 1,437,927	\$ 2,155,157	\$(4,960,857)	\$ 5,875,370
Restricted	2,363,723	986,735	9,380,765	6,046,673
Unrestricted	<u>4,276,758</u>	<u>4,033,594</u>	<u>(236,597)</u>	<u>(2,389,362)</u>
Total governmental activities net position	<u>\$ 8,078,408</u>	<u>\$ 7,175,486</u>	<u>\$ 4,183,311</u>	<u>\$ 9,532,681</u>
Business-type activities:				
Net investment in capital assets	\$ 4,850,207	\$ 16,335,785	\$ 19,320,722	\$ 16,135,372
Restricted	3,476,113	-	-	-
Unrestricted	<u>12,960,782</u>	<u>5,767,731</u>	<u>6,658,219</u>	<u>5,594,939</u>
Total business-type activities net position	<u>\$ 21,287,102</u>	<u>\$ 22,103,516</u>	<u>\$ 25,978,941</u>	<u>\$ 21,730,311</u>
Primary government:				
Net investment in capital assets	\$ 6,288,134	\$ 18,490,942	\$ 14,359,865	\$ 22,010,742
Restricted	5,839,836	986,735	9,380,765	6,046,673
Unrestricted	<u>17,237,540</u>	<u>9,801,325</u>	<u>6,421,622</u>	<u>3,205,577</u>
Total primary government net position	<u>\$ 29,365,510</u>	<u>\$ 29,279,002</u>	<u>\$ 30,162,252</u>	<u>\$ 31,262,992</u>

TABLE 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 10,566,114	\$ 11,429,156	\$ 9,963,117	\$ 11,651,156	\$ 11,918,463	\$ 14,539,682
7,373,576	4,910,969	9,159,680	8,756,852	8,066,547	7,742,134
(854,428)	2,499,071	2,209,515	5,446,370	5,326,377	4,292,982
<u>\$ 17,085,262</u>	<u>\$ 18,839,196</u>	<u>\$ 21,332,312</u>	<u>\$ 25,854,378</u>	<u>\$ 25,311,387</u>	<u>\$ 26,574,798</u>
\$ 13,211,924	\$ 11,738,002	\$ 12,316,742	\$ 13,333,175	\$ 15,553,195	\$ 16,164,723
-	2,660,151	669,651	838,596	931,191	1,560,568
7,391,011	5,210,587	8,546,144	8,571,980	8,127,577	8,485,463
<u>\$ 20,602,935</u>	<u>\$ 19,608,740</u>	<u>\$ 21,532,537</u>	<u>\$ 22,743,751</u>	<u>\$ 24,611,963</u>	<u>\$ 26,210,754</u>
\$ 23,778,038	\$ 23,167,158	\$ 22,279,859	\$ 24,984,331	\$ 27,471,658	\$ 30,704,405
7,373,576	7,571,120	9,829,331	9,595,448	8,997,738	9,302,702
6,536,583	7,709,658	10,755,659	14,018,350	13,453,954	12,778,445
<u>\$ 37,688,197</u>	<u>\$ 38,447,936</u>	<u>\$ 42,864,849</u>	<u>\$ 48,598,129</u>	<u>\$ 49,923,350</u>	<u>\$ 52,785,552</u>

CITY OF BASTROP, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
EXPENSES				
Governmental activities:				
General government	\$ 4,607,153	\$ 5,150,600	\$ 6,394,947	\$ 6,295,882
Public safety	1,816,490	2,356,890	2,464,313	2,648,635
Developmental services	-	-	-	-
Community development	1,411,904	1,567,019	1,773,439	1,997,802
Health	71,026	79,169	76,812	75,991
Economic development & assistance	-	-	-	-
Cemetery	-	15,816	-	-
Interest on long-term debt	738,485	810,338	986,607	1,403,348
Depreciation	480,223	-	-	-
Total governmental activities expenses	<u>9,125,281</u>	<u>9,979,831</u>	<u>11,696,118</u>	<u>12,421,658</u>
Business-type activities:				
Water and wastewater utilities	2,443,594	2,654,152	2,790,906	3,061,719
Electric utility	5,437,279	6,049,776	5,727,753	5,871,322
Other nonmajor	83,312	3,619	67,305	19,207
Total business-type activities expenses	<u>7,964,185</u>	<u>8,707,547</u>	<u>8,585,964</u>	<u>8,952,248</u>
Total primary government program expenses	<u>\$ 17,089,466</u>	<u>\$ 18,687,378</u>	<u>\$ 20,282,082</u>	<u>\$ 21,373,906</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 40,943	\$ 1,087,944	\$ 1,255,484	\$ 1,318,457
Public safety	422,094	295,240	256,551	275,307
Community services	-	-	-	65,615
Health	-	27,932	-	-
Economic development & assistance	-	-	-	-
Operating grants and contributions	854,313	91,918	249,725	393,095
Capital grants and contributions	-	577,643	-	173,903
Total governmental activities program revenues	<u>1,317,350</u>	<u>2,080,677</u>	<u>1,761,760</u>	<u>2,226,377</u>
Business-type activities:				
Charges for services:				
Water and wastewater utilities	2,764,742	3,111,828	3,071,126	3,445,382
Electric utility	6,231,334	7,071,534	6,771,854	6,966,650
Other nonmajor	-	295,177	195,354	96,354
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>8,996,076</u>	<u>10,478,539</u>	<u>10,038,334</u>	<u>10,508,386</u>
Total primary government program revenues	<u>\$ 10,313,426</u>	<u>\$ 12,559,216</u>	<u>\$ 11,800,094</u>	<u>\$ 12,734,763</u>
NET (EXPENSE) REVENUES				
Governmental activities	\$(7,807,931)	\$(7,899,154)	\$(9,934,358)	\$(10,195,281)
Business-type activities	<u>1,031,891</u>	<u>1,770,992</u>	<u>1,452,370</u>	<u>1,556,138</u>
Total primary government net expense	<u>\$(6,776,040)</u>	<u>\$(6,128,162)</u>	<u>\$(8,481,988)</u>	<u>\$(8,639,143)</u>

TABLE 2

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	8,045,054	\$	3,714,276	\$	2,823,226	\$	3,000,666	\$	4,461,447	\$	4,790,876
	2,792,144		3,784,611		3,744,040		3,589,294		4,342,768		4,169,672
	-		-		-		711,905		923,089		692,326
	1,983,502		3,071,077		3,214,589		3,207,923		2,914,278		1,880,293
	78,982		-		-		-		-		-
	-		2,865,227		4,067,024		2,976,087		2,497,292		3,350,167
	-		-		-		-		-		-
	1,065,553		680,369		1,008,265		1,030,527		926,159		807,460
	-		-		-		-		-		-
	<u>13,965,235</u>		<u>14,115,560</u>		<u>14,857,144</u>		<u>14,516,402</u>		<u>16,065,033</u>		<u>15,690,794</u>
	3,174,942		3,748,334		3,694,129		3,882,671		3,960,331		4,487,471
	6,198,430		6,188,383		6,673,346		6,861,785		6,184,527		6,104,456
	129,198		620,614		683,574		47,028		36,186		5,324
	<u>9,502,570</u>		<u>10,557,331</u>		<u>11,051,049</u>		<u>10,791,484</u>		<u>10,181,044</u>		<u>10,597,251</u>
\$	<u>23,467,805</u>	\$	<u>24,672,891</u>	\$	<u>25,908,193</u>	\$	<u>25,307,886</u>	\$	<u>26,246,077</u>	\$	<u>26,288,045</u>
\$	1,351,258	\$	1,437,935	\$	413,374	\$	1,035,377	\$	1,061,694	\$	1,371,930
	230,014		1,067,556		925,131		932,848		266,292		31,697
	69,011		293,186		86,472		36,480		66,705		87,616
	-		-		-		-		-		-
	-		133,686		130,920		137,891		153,125		144,912
	200,007		130,520		390,712		428,497		278,349		237,019
	<u>3,404,918</u>		<u>408,312</u>		<u>2,988,454</u>		<u>1,878,711</u>		<u>629,416</u>		<u>1,063,268</u>
	<u>5,255,208</u>		<u>3,471,195</u>		<u>4,935,063</u>		<u>4,449,804</u>		<u>2,455,581</u>		<u>2,936,442</u>
	3,610,941		3,851,172		3,960,434		4,288,849		4,654,955		4,983,380
	7,395,021		6,854,109		7,304,225		7,415,588		6,446,305		6,903,151
	893,389		789,918		893,112		261,102		336,791		1,046,108
	-		-		-		-		-		12,032
	-		-		600,000		47,889		-		-
	<u>11,899,351</u>		<u>11,495,199</u>		<u>12,757,771</u>		<u>12,013,428</u>		<u>11,438,051</u>		<u>12,944,671</u>
\$	<u>17,154,559</u>	\$	<u>14,966,394</u>	\$	<u>17,692,834</u>	\$	<u>16,463,232</u>	\$	<u>13,893,632</u>	\$	<u>15,881,113</u>
\$(	8,710,027)	\$(	10,644,365)	\$(	9,922,081)	\$(	10,066,598)	\$(	13,609,452)	\$(	12,754,352)
	<u>2,396,781</u>		<u>937,868</u>		<u>1,706,722</u>		<u>1,221,944</u>		<u>1,257,007</u>		<u>2,347,420</u>
\$(	<u>6,313,246</u>	\$(	<u>9,706,497</u>	\$(	<u>8,215,359</u>	\$(	<u>8,844,654</u>	\$(	<u>12,352,445</u>	\$(	<u>10,406,932</u>

CITY OF BASTROP, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
NET EXPENSES				
Governmental activities:	\$(7,807,931)	\$(7,899,154)	\$(9,934,358)	\$(10,195,282)
Business-type activities:	<u>293,518</u>	<u>1,626,056</u>	<u>1,452,370</u>	<u>1,556,138</u>
Total primary government net expense	<u>\$(7,514,413)</u>	<u>\$(6,273,098)</u>	<u>\$(8,481,988)</u>	<u>\$(8,639,144)</u>
GENERAL REVENUES AND OTHER				
Governmental activities:				
Taxes				
Property taxes	\$ 2,842,170	\$ 3,182,745	\$ 3,362,419	\$ 3,557,551
Sales taxes	2,371,361	2,508,969	2,606,584	2,722,333
Franchise taxes	350,299	365,838	375,077	404,582
Other taxes	2,119,224	2,202,096	2,172,473	2,512,219
Penalty and interest	66,304	63,574	73,518	58,562
Grants and contributions not rest.	-	91,076	122,691	98,733
Miscellaneous revenue	693,273	135,334	511,770	296,242
Gain on sale of assets	-	-	-	-
Investment earnings	266,109	97,964	76,892	31,639
Special item - resource	-	47,821	37,782	40,431
Special item (use)	-	4,423	4,065	3,179
Transfers in (out)	<u>(670,202)</u>	<u>(1,431,720)</u>	<u>(2,401,089)</u>	<u>928,594</u>
Total governmental activities general revenues and other	<u>8,038,538</u>	<u>7,268,120</u>	<u>6,942,182</u>	<u>10,654,065</u>
Business-type activities:				
Sales taxes	1,185,502	-	-	-
Miscellaneous revenue	505,558	230,872	-	-
Investment earnings	292,526	68,051	21,968	14,412
Special item (use)	-	-	-	-
Transfers in (out)	<u>670,202</u>	<u>1,251,118</u>	<u>2,401,088</u>	<u>(928,594)</u>
Total business-type activities general revenues and other	<u>2,653,788</u>	<u>1,550,041</u>	<u>2,423,056</u>	<u>(914,182)</u>
Total primary government general revenues	<u>\$ 10,692,326</u>	<u>\$ 8,818,161</u>	<u>\$ 9,365,238</u>	<u>\$ 9,739,883</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 230,607	\$(631,034)	\$(2,992,176)	\$ 458,783
Business-type activities	<u>2,947,306</u>	<u>3,176,097</u>	<u>3,875,426</u>	<u>641,956</u>
Total primary government	<u>\$ 3,177,913</u>	<u>\$ 2,545,063</u>	<u>\$ 883,250</u>	<u>\$ 1,100,739</u>

TABLE 3

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$(8,710,027)	\$(10,644,365)	\$(9,922,081)	\$(10,066,598)	\$(13,609,452)	\$(12,754,352)
<u>2,396,781</u>	<u>937,868</u>	<u>1,706,722</u>	<u>1,221,944</u>	<u>1,263,408</u>	<u>2,347,420</u>
\$(<u>6,313,246</u>)	\$(<u>9,706,497</u>)	\$(<u>8,215,359</u>)	\$(<u>8,844,654</u>)	\$(<u>12,346,044</u>)	\$(<u>10,406,932</u>)
\$ 3,947,319	\$ 4,294,978	\$ 4,619,684	\$ 4,806,931	\$ 5,671,902	\$ 5,374,085
3,194,452	3,352,264	3,538,097	4,021,662	4,325,273	4,430,848
431,129	412,730	454,377	486,694	495,709	464,908
2,568,635	2,501,546	2,737,816	2,850,062	2,777,935	2,686,099
72,164	-	-	-	-	-
-	205,651	-	-	-	-
892,755	126,303	64,532	46,176	79,626	84,484
-	-	-	-	-	15,270
86,562	20,427	18,787	19,380	74,232	131,122
44,774	-	-	-	-	-
7,344	(9,537)	-	3,330,054	-	-
(<u>1,201,295</u>)	(<u>2,469,672</u>)	<u>439,179</u>	<u>500,248</u>	(<u>358,216</u>)	<u>748,152</u>
<u>10,043,839</u>	<u>8,434,690</u>	<u>11,872,472</u>	<u>16,061,207</u>	<u>13,066,461</u>	<u>13,934,968</u>
-	-	-	-	-	-
3,353	98,600	52,672	150,808	181,324	153,534
14,066	11,910	9,064	14,490	65,264	130,344
-	-	-	627,566	-	-
<u>1,201,295</u>	<u>2,469,672</u>	(<u>439,179</u>)	(<u>500,248</u>)	<u>358,216</u>	(<u>748,152</u>)
<u>1,218,714</u>	<u>2,580,182</u>	(<u>377,443</u>)	<u>292,616</u>	<u>604,804</u>	(<u>464,274</u>)
\$ <u>11,262,553</u>	\$ <u>11,014,872</u>	\$ <u>11,495,029</u>	\$ <u>16,353,823</u>	\$ <u>13,671,265</u>	\$ <u>13,470,694</u>
\$ 1,333,812	\$(2,209,675)	\$ 1,950,391	\$ 5,994,609	\$(542,991)	\$ 1,180,616
<u>3,615,495</u>	<u>3,518,050</u>	<u>1,329,279</u>	<u>1,514,560</u>	<u>1,868,212</u>	<u>1,883,146</u>
\$ <u>4,949,307</u>	\$ <u>1,308,375</u>	\$ <u>3,279,670</u>	\$ <u>7,509,169</u>	\$ <u>1,325,221</u>	\$ <u>3,063,762</u>

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TABLE 4

CITY OF BASTROP, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,362	\$ 56,011	\$ 136,887	\$ 82,553	\$ 28,273
Restricted	77,637	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	89,868	217,328
Unassigned	2,277,834	2,187,883	2,515,443	2,059,480	3,294,416	3,530,544	4,707,026	5,365,120	3,661,166	3,503,042
Total general fund	<u>\$ 2,355,471</u>	<u>\$ 2,187,883</u>	<u>\$ 2,515,443</u>	<u>\$ 2,059,480</u>	<u>\$ 3,294,416</u>	<u>\$ 3,575,906</u>	<u>\$ 4,763,037</u>	<u>\$ 5,502,007</u>	<u>\$ 3,833,587</u>	<u>\$ 3,748,643</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 512	\$ 83,913	\$ 383,789	\$ 385,956
Restricted for:										
Capital projects	-	-	-	-	-	755,047	5,297,045	4,019,033	2,369,536	1,422,295
Debt service	986,734	-	-	-	-	707,322	736,729	804,205	230,749	62,817
Other restricted	-	5,604,401	9,380,765	5,926,375	7,269,212	-	57,463	19,959	24,026	39,315
Cemetery	-	-	-	-	-	607,655	648,832	558,234	186,500	196,419
Public improvement district	-	-	-	-	-	87,098	161,579	187,892	132,794	44,462
Traffic safety	-	-	-	-	-	639,090	621,945	631,613	639,377	639,726
Culture & recreation	-	-	-	-	-	114,949	121,182	46,708	124,559	125,895
Economic development	-	-	-	-	-	1,905,557	2,148,817	2,015,834	2,265,766	2,629,042
Committed for:										
Economic development	-	-	-	-	-	1,038,897	1,044,994	1,077,854	1,225,851	827,206
Arena	-	-	-	-	-	-	-	-	24,167	110,655
Unassigned	3,168,641	2,412,513	167,536	1,034,177	1,102,144	-	-	-	-	(4,564)
Total all other governmental funds	<u>\$ 4,155,375</u>	<u>\$ 8,016,914</u>	<u>\$ 9,548,301</u>	<u>\$ 6,960,552</u>	<u>\$ 8,371,356</u>	<u>\$ 5,855,615</u>	<u>\$ 10,839,098</u>	<u>\$ 9,445,245</u>	<u>\$ 7,607,114</u>	<u>\$ 6,479,224</u>

CITY OF BASTROP, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Property taxes	\$ 2,908,474	\$ 3,326,158	\$ 3,668,631	\$ 3,859,531	\$ 4,266,992	\$ 4,243,734	\$ 4,536,737	\$ 4,741,831	\$ 4,998,616	\$ 5,266,699
Sales taxes	2,371,361	2,508,969	2,606,584	2,722,333	3,194,452	3,352,264	3,538,097	4,021,662	4,371,880	4,492,652
Hotel/motel taxes	2,119,224	2,202,096	1,970,512	2,247,985	2,276,444	2,501,546	2,737,816	2,850,062	2,777,935	2,686,099
Franchise taxes	350,299	365,838	375,077	404,582	431,129	412,730	454,377	486,694	495,709	464,908
Licenses and permits	235,490	150,664	104,149	97,305	135,408	143,768	153,841	213,904	187,729	247,174
Intergovernmental	854,313	1,614,689	1,231,197	1,691,978	1,625,928	1,960,454	531,182	728,094	656,385	1,037,098
Service fees	40,943	72,172	70,418	90,526	278,350	269,570	263,304	709,339	745,419	754,803
Fines and forfeitures	422,094	323,673	324,465	346,568	366,040	1,080,535	1,144,202	653,730	563,971	362,397
Investments earnings	266,109	97,964	76,854	31,640	26,315	20,427	18,788	19,380	70,100	119,133
Miscellaneous	457,763	145,889	667,249	394,975	2,124,631	197,675	348,371	443,233	530,322	880,451
Total revenues	<u>10,026,070</u>	<u>10,808,112</u>	<u>11,095,136</u>	<u>11,887,423</u>	<u>14,725,689</u>	<u>14,182,703</u>	<u>13,726,715</u>	<u>14,867,929</u>	<u>15,398,066</u>	<u>16,311,414</u>
EXPENDITURES										
Current:										
General government	4,594,555	1,805,523	2,233,336	2,591,833	2,659,338	2,587,881	1,498,735	2,695,518	4,195,350	3,764,359
Public safety	1,804,708	2,470,393	2,196,265	2,433,848	2,776,805	3,218,590	3,424,029	3,349,118	3,558,802	3,698,141
Development services	71,027	2,074,168	3,035,287	2,430,328	2,818,297	614,744	670,992	708,518	896,180	666,775
Public works	1,420,520	1,505,497	1,640,182	2,355,876	1,808,697	-	-	-	-	-
Community service	-	560,947	555,892	609,360	650,615	2,456,957	2,370,344	2,464,526	2,096,550	1,673,443
Economic development	-	-	-	-	-	2,512,066	3,846,172	2,743,266	2,266,449	3,145,692
Capital outlay	2,230,134	836,126	2,155,806	3,470,556	2,577,411	424,088	2,304,424	1,700,223	1,180,847	2,281,828
Debt service:										
Principal	1,129,328	1,066,729	1,457,967	1,519,243	1,520,438	1,422,705	1,326,185	1,439,775	1,815,125	1,872,455
Interest and other	749,638	1,135,654	1,002,209	1,474,101	1,162,345	721,877	1,111,724	1,068,183	973,859	947,412
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	325,000	-
Total expenditures	<u>11,999,910</u>	<u>11,455,037</u>	<u>14,276,944</u>	<u>16,885,145</u>	<u>15,973,946</u>	<u>13,958,908</u>	<u>16,552,605</u>	<u>16,169,127</u>	<u>17,308,162</u>	<u>18,050,105</u>

CITY OF BASTROP, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,973,840)</u>	<u>\$ (646,925)</u>	<u>\$ (3,181,808)</u>	<u>\$ (4,997,722)</u>	<u>\$ (1,248,257)</u>	<u>\$ 223,795</u>	<u>\$ (2,825,890)</u>	<u>\$ (1,301,198)</u>	<u>\$ (1,910,096)</u>	<u>\$ (1,738,691)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	1,338,208	1,218,690	1,127,753	2,657,927	2,673,323	2,426,820	2,387,025	2,856,260	2,554,732	1,976,999
Transfers out	(2,008,410)	(2,650,410)	(3,528,663)	(1,729,333)	(3,874,618)	(4,896,492)	(1,947,846)	(2,356,012)	(4,182,948)	(1,341,347)
Issuance of long-term debt	1,855,000	6,135,000	7,400,000	4,260,000	6,315,000	-	7,392,000	1,695,558	1,440,000	3,135,000
Premium of long-term debt	-	121,803	-	179,469	460,848	-	127,985	185,830	116,968	427,340
Other resources	-	47,821	37,782	40,431	44,774	-	475,000	-	-	-
Payments to refunded bond escrow agent	-	-	-	(4,300,560)	(1,732,675)	-	-	(1,819,234)	(1,505,285)	(3,692,139)
Insurance recoveries	-	-	-	-	-	-	-	-	51,757	20,000
Capital contribution	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	4,423	4,065	3,179	7,344	11,626	19,615	-	12,234	4
Total other financing sources (uses)	<u>1,184,798</u>	<u>4,877,327</u>	<u>5,040,937</u>	<u>1,111,113</u>	<u>3,893,996</u>	<u>(2,458,046)</u>	<u>8,453,779</u>	<u>562,402</u>	<u>(1,512,542)</u>	<u>525,857</u>
NET CHANGE IN FUND BALANCES	<u>\$ (789,042)</u>	<u>\$ 4,230,402</u>	<u>\$ 1,859,129</u>	<u>\$ (3,886,609)</u>	<u>\$ 2,645,739</u>	<u>\$ (2,234,251)</u>	<u>\$ 5,627,889</u>	<u>\$ (738,796)</u>	<u>\$ (3,422,638)</u>	<u>\$ (1,212,834)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	19.2%	18.7%	19.4%	21.1%	18.2%	15.8%	17.1%	17.2%	17.3%	17.9%

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Agriculture/Forestry/Fishing/Hunting	\$ -	\$ -	\$ 38,325	\$ 49,454
Construction	928,716	772,931	548,569	2,529,176
Manufacturing	735,263	519,926	502,894	609,479
Wholesale trade	1,941,359	2,064,535	1,537,429	1,532,664
Retail trade	158,632,371	171,365,676	182,220,911	191,434,598
Transportation/warehousing	3,400	-	-	-
Information	656,160	1,162,003	1,435,657	1,451,985
Finance/insurance	1,049,129	1,117,241	1,251,733	1,277,053
Professional/scientific/technical	805,327	604,404	566,407	619,830
Real estate/rental/leasing	1,180,657	2,449,809	1,993,012	1,240,362
Admin/support/Waste Mgmt/Remediation Srvs	471,492	459,068	415,289	377,390
Educational Services	23,464	8,029	6,502	7,479
Health Care/Social Assistance	61,585	16,296	84,316	108,373
Arts/Entertainment/Recreation	755,058	925,762	884,721	868,901
Accommodation/Food Services	33,558,943	34,293,028	35,011,335	37,095,419
Other Services (except Public Admin)	4,836,668	4,872,634	4,787,520	5,338,783
Public Administration	508,278	-	-	1,361,039
Total	\$ 206,147,870	\$ 220,631,342	\$ 231,284,620	\$ 245,901,985
City Direct Sales Tax Rate	1%	1%	1%	1%

Source: Texas Comptroller

(1) Only information for 3 quarters is available

TABLE 6

Fiscal Year					
2012	2013	2014	2015	2016	2017 (1)
\$ 51,436	\$ 49,046	\$ 52,808	\$ 52,920	\$ 45,195	\$ 41,115
612,692	733,996	813,098	761,185	1,086,071	862,633
1,113,311	567,873	1,038,367	1,205,357	750,211	1,116,936
1,897,020	2,180,790	2,151,794	1,822,898	2,153,299	2,369,431
227,250,051	231,643,120	238,982,499	277,256,866	297,431,573	230,743,249
5,480	58,825	64,042	42,575	54,272	30,429
1,886,983	2,268,905	5,165,014	6,285,357	6,069,450	4,503,665
1,334,575	1,430,714	1,441,582	1,499,365	1,583,797	1,329,366
688,357	939,161	586,683	600,935	707,937	522,279
1,006,683	1,062,877	894,945	1,284,457	1,342,905	983,861
536,628	608,223	546,942	552,963	603,347	473,274
5,424	11,445	33,522	24,482	92,677	38,465
265,225	146,756	134,592	155,984	180,685	105,875
819,934	817,189	660,179	487,662	748,173	729,739
41,461,897	46,836,570	51,668,983	60,429,758	65,489,245	50,062,754
5,448,774	5,089,936	5,622,266	6,609,898	7,480,169	5,714,848
2,728,196	2,959,497	2,987,696	3,160,468	2,954,206	2,086,744
<u>\$ 287,112,666</u>	<u>\$ 297,404,923</u>	<u>\$ 312,845,012</u>	<u>\$ 362,233,130</u>	<u>\$ 388,773,212</u>	<u>\$ 301,714,663</u>
1%	1%	1%	1%	1%	1%

TABLE 7

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

Fiscal Year	Tax Year	Real Property	Personal Property	Less Exempt Property	Less Other (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2008	2007	\$ 574,267,963	\$ 74,825,034	\$(103,636,206)	\$(62,093,889)	\$ 483,362,902	\$ 0.5350	\$ 483,362,902	100.00%
2009	2008	642,672,510	92,109,942	(110,409,715)	(75,953,047)	548,419,690	0.5540	548,419,690	100.00%
2010	2009	683,627,607	83,978,203	(117,951,584)	(82,207,662)	567,446,564	0.5540	567,446,564	100.00%
2011	2010	749,216,172	82,203,043	(135,123,943)	(89,217,278)	607,077,994	0.0554	607,077,994	100.00%
2012	2011	779,056,911	81,672,766	(146,849,465)	(86,623,396)	627,256,816	0.0584	627,256,816	100.00%
2013	2012	792,557,307	89,185,540	(147,350,585)	(98,583,801)	635,808,461	0.0584	635,808,461	100.00%
2014	2013	816,067,208	101,281,545	(143,609,524)	(103,017,981)	670,721,248	0.0584	670,721,248	100.00%
2015	2014	863,574,836	110,674,924	(150,322,357)	(86,004,438)	737,922,965	0.5640	737,922,965	100.00%
2016	2015	929,201,260	121,017,621	(158,570,133)	(108,720,698)	782,928,050	0.5640	782,928,050	100.00%
2017	2016	976,858,517	127,021,941	(157,738,191)	(120,320,209)	825,822,058	0.5640	825,822,058	100.00%

Source: Central Appraisal District of Bastrop County certified roll

(1) Other includes Homestead Cap Adjustment, Productivity Loss, Exemptions, 065 Freeze/Transfer and DP Freeze.

TABLE 8

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

Fiscal Year	City Direct Rates			Overlapping Rates		Other
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Bastrop Independent School District	Bastrop County/ County Road	Hunter's Crossing PID Fixed \$ amount
2008	\$ 0.1952	\$ 0.3398	\$ 0.5350	\$ 1.5010	\$ 0.6192	\$ 226.00
2009	0.1992	0.3548	0.5540	1.4810	0.6192	226.00
2010	0.2292	0.3248	0.5540	1.4810	0.6192	238.00
2011	0.2889	0.2651	0.5540	1.4810	0.6192	271.00
2012	0.3203	0.2637	0.5840	1.4810	0.6175	289.52
2013	0.3504	0.2336	0.5840	1.4810	0.6314	308.16
2014	0.3638	0.2202	0.5840	1.4610	0.6290	324.16
2015	0.3598	0.2042	0.5640	1.4410	0.6290	324.16
2016	0.3596	0.2044	0.5640	1.4410	0.6190	324.16
2017	0.3640	0.2000	0.5640	1.4410	0.5990	342.16

(1) Source: City of Bastrop Budget, County and BISSD websites

(2) Basis for property tax rate is per \$100 of taxable valuation.

TABLE 9

**CITY OF BASTROP, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bastrop Retail Partners	\$ 30,614,163	1	3.71%	\$ -	-	-
Covert Chevrolet	15,254,386	2	1.85%	10,278,339	2	2.13%
The Lodge at Lost Pines LP	14,868,620	3	1.80%	-	-	-
Bastrop Walnut Ridge Apartments	12,464,156	4	1.51%	-	-	-
Walmart Real Estate Bus Trust	10,243,733	5	1.24%	12,871,616	1	2.66%
Buc-ee's LTD	10,135,376	6	1.23%	-	-	-
H E Butt Grocery Company	10,075,470	7	1.22%	9,100,000	4	1.88%
Time Warner Cable Texas LLC	7,815,923	8	0.95%	-	-	-
Lowe's Home Center Inc.	7,617,320	9	0.92%	-	-	-
First National Bank of Bastrop	7,195,729	10	0.87%	6,072,052	10	1.26%
Total	\$ 126,284,876		15.30%	\$ 38,322,007		7.93%

(1) Source: Central Appraisal District of Bastrop County

TABLE 10

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

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 2,800,288	\$ 2,736,004	97.70%	\$ 75,816	\$ 2,794,059	99.78%
2009	3,278,876	3,185,516	97.15%	76,538	3,262,054	99.49%
2010	3,404,859	3,327,953	97.74%	53,367	3,381,320	99.31%
2011	3,609,482	3,517,945	97.46%	68,362	3,586,307	99.36%
2012	3,915,501	3,863,585	98.67%	32,961	3,896,546	99.52%
2013	3,977,570	3,928,876	98.78%	35,507	3,964,383	99.67%
2014	4,192,486	4,147,083	98.92%	30,894	4,177,977	99.65%
2015	4,356,620	4,321,311	99.19%	9,116	4,330,427	99.40%
2016	4,704,126	4,683,239	99.56%	14,552	4,697,791	99.87%
2017	5,001,944	4,889,591	97.75%	-	4,889,591	97.75%

Source: Tax-Assessor/Collector Annual Report

1. Due to variances allowed by Bastrop County Appraisal District the total Collections to Date exceed the Original Taxes Levied

TABLE 11

**CITY OF BASTROP, TEXAS
DIRECT AND OVERLAPPING SALES TAX REVENUE
LAST TEN FISCAL YEARS (UNAUDITED)**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Bastrop Economic Development Corporation</u>	<u>Bastrop County</u>	<u>State of Texas</u>
2008	1.00%	0.50%	0.50%	6.25%
2009	1.00%	0.50%	0.50%	6.25%
2010	1.00%	0.50%	0.50%	6.25%
2011	1.00%	0.50%	0.50%	6.25%
2012	1.00%	0.50%	0.50%	6.25%
2013	1.00%	0.50%	0.50%	6.25%
2014	1.00%	0.50%	0.50%	6.25%
2015	1.00%	0.50%	0.50%	6.25%
2016	1.00%	0.50%	0.50%	6.25%
2017	1.00%	0.50%	0.50%	6.25%

Source: Texas Comptroller

TABLE 12

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

Fiscal Year	General Bonded Debt				Business-type Activities			Total Primary Government	Population	Per Capita Income (1)	Personal Income
	General Obligation Bonds	Tax Notes	Notes Payable	Certificates of Obligation	General Obligation Bonds	Notes Payable	Certificates of Obligations				
2008	\$ 16,921,679	\$ 901,817	\$ -	\$ 4,167,729	\$ -	\$ -	\$ 1,772,530	\$ 23,763,755	\$ 6,836	23,782	\$ 162,573,752
2009	19,169,975	631,741	-	3,871,132	3,143,097	-	7,190,976	34,006,921	7,023	24,337	170,918,751
2010	17,797,138	473,072	-	1,848,435	2,965,593	-	17,887,129	40,971,367	7,218	26,527	191,471,886
2011	15,710,244	349,047	642,839	1,939,055	2,755,453	-	16,998,811	38,395,449	7,306	28,507	208,272,142
2012	14,430,240	218,856	688,171	11,435,550	4,862,938	-	10,321,157	41,956,912	7,394	29,077	214,995,338
2013	13,197,037	92,754	570,384	10,723,722	4,499,232	-	9,768,175	38,851,304	7,483	29,658	221,930,814
2014	12,218,133	-	960,513	22,663,741	4,132,955	600,000	24,096,343	64,671,685	7,649	26,883	205,628,067
2015	13,495,677	-	819,821	19,327,660	4,599,140	540,000	22,114,323	60,896,621	7,900	30,383	240,025,700
2016	10,787,319	-	388,915	13,010,913	2,621,276	480,000	16,763,677	44,052,100	8,600	30,991	266,519,676
2017	13,332,897	-	341,547	8,888,001	3,141,477	420,000	15,293,897	41,417,819	8,911	31,610	281,680,927

(1) Information from 2000 census, 2010 census and modified by City staff estimates.

TABLE 13

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

Fiscal Year	Governmental Activities				Business-type Activities			Total	Percentage Actual Taxable Property Value (a)	Per Capita (b)
	General Obligation Bonds	Tax Notes	Notes Payable	Certificates of Obligation	General Obligation Bonds	Notes Payable	Certificates of Obligations			
2008	\$ 16,921,679	\$ 901,817	\$ -	\$ 4,167,729	\$ -	\$ -	\$ 1,772,530	\$ 23,763,755	4.55%	\$ 3,574
2009	19,169,975	631,741	-	3,871,132	3,143,097	-	7,190,976	34,006,921	6.20%	4,975
2010	17,797,138	473,072	-	1,848,435	2,965,593	-	17,887,129	40,971,367	7.22%	5,676
2011	15,710,244	349,047	642,839	1,939,055	2,755,453	-	16,998,811	38,395,449	6.32%	5,255
2012	14,430,240	218,856	688,171	11,435,550	4,862,938	-	10,321,157	41,956,912	6.69%	5,674
2013	13,197,037	92,754	570,384	10,723,722	4,499,232	-	9,768,175	38,851,304	6.11%	5,192
2014	12,218,133	-	960,513	22,663,741	4,132,955	600,000	24,096,343	64,671,685	9.64%	8,455
2015	13,495,677	-	819,821	19,327,660	4,599,140	540,000	22,114,323	60,896,621	8.25%	7,708
2016	10,787,319	-	388,915	13,010,913	2,621,276	480,000	16,763,677	44,052,100	5.63%	5,576
2017	13,332,897	-	341,547	8,888,001	3,141,477	420,000	15,293,897	41,417,819	5.02%	3,066

(a) See Table 7 for Taxable Property Value

(b) See Table 12 for Per Capita

TABLE 14

**CITY OF BASTROP, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)**

<u>Taxing Jurisdiction</u>	<u>Total Direct Debt</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping Tax Supported Debt as of 09/30/2017</u>	<u>Subtotals</u>
City of Bastrop	\$ 22,562,445 (1)	100.00%	\$ 22,562,445	
Total Direct Debt				\$ 22,562,445
Bastrop County	41,755,000	16.20%	6,764,310	
Bastrop Independent School District	158,112,361	28.14%	44,492,818	
Total Indirect Debt				51,257,128
Total Direct and Overlapping Tax Supported Debt				73,819,573
Ratio of Direct and Overlapping Bonded Debt to Taxable Assessed Valuation (a)				7.73%
Per Capita Direct and Overlapping Debt (b)				\$ 7,166

Source : Texas Municipal Reports published by the Municipal Advisory Council of Texas
 (1) Excludes self-supporting ad valorem tax debt
 (a) See Table 7 for Taxable Property Value
 (b) See Table 12 for Per Capita

CITY OF BASTROP, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2008	2009	2010	2011
Assessed Valuation	\$ 483,362,902	\$ 548,419,690	\$ 567,446,564	\$ 607,077,994
Limit on Amount Designated for Debt Service:				
\$1.50 per \$100 assessed valuation	x 1.5	x 1.5	x 1.5	x 1.5
Legal Annual Maximum Debt Payment	<u>\$ 7,250,444</u>	<u>\$ 8,226,295</u>	<u>\$ 8,511,698</u>	<u>\$ 9,106,170</u>
Actual Amount Expended for General Obligation Debt Service During the Fiscal Year	<u>1,878,966</u>	<u>2,039,796</u>	<u>1,900,868</u>	<u>1,871,190</u>
Legal Debt Margin for Annual Debt Service Requirements	<u>\$ 5,371,478</u>	<u>\$ 6,186,499</u>	<u>\$ 6,610,830</u>	<u>\$ 7,234,980</u>
Total Net Debt Applicable to the Limit				
As a percentage of Debt Limit	25.92%	24.80%	22.33%	20.55%

Source: Central Appraisal District of Bastrop County
Audited Financial Statements of the City of Bastrop
BCAD - Assessment Roll Grand Totals Report

TABLE 15

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 627,256,816	\$ 635,808,461	\$ 670,721,248	\$ 737,922,965	\$ 782,928,050	\$ 825,822,058
<u>x 1.5</u>	<u>x 1.5</u>	<u>x 1.5</u>	<u>x 1.5</u>	<u>x 1.5</u>	<u>x 1.5</u>
<u>\$ 9,408,852</u>	<u>\$ 9,537,127</u>	<u>\$ 10,060,819</u>	<u>\$ 11,068,844</u>	<u>\$ 11,743,921</u>	<u>\$ 12,387,331</u>
<u>2,508,842</u>	<u>2,147,495</u>	<u>2,437,909</u>	<u>2,277,309</u>	<u>2,244,952</u>	<u>2,700,160</u>
<u>\$ 6,900,010</u>	<u>\$ 7,389,632</u>	<u>\$ 7,622,910</u>	<u>\$ 8,791,535</u>	<u>\$ 9,498,969</u>	<u>\$ 9,687,171</u>
26.66%	22.52%	24.23%	20.57%	19.12%	21.80%

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TABLE 16

CITY OF BASTROP, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Water Revenue Bonds				
	Gross Revenue (1)	Less: Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements Principle & Interest	Revenue Bond Coverage
2007	\$ 2,288,916	\$ 1,810,031	\$ 478,885	\$ 160,634	2.981
2008	2,842,989	2,027,077	815,912	243,666	3.348
2009	3,236,870	2,033,125	1,203,745	389,082	3.094
2010	3,071,126	2,603,978	467,148	438,917	1.064
2011	3,445,382	2,524,850	920,532	563,808	1.633
2012	3,610,941	2,443,648	1,167,293	571,497	2.043
2013	3,986,051	2,818,231	1,167,820	759,350	1.538
2014	3,971,117	2,469,599	1,501,518	928,595	1.617
2015	4,353,611	2,513,833	1,839,778	1,475,046	1.247
2016	4,703,546	3,347,215	1,356,331	1,424,776	0.952
2017	5,496,713	3,076,631	2,420,082	1,425,350	1.698

(1) Water and Wastewater Fund operating and non-operating revenues.

(2) Water and Wastewater Fund operating expenses, less depreciation expense.

CITY OF BASTROP, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2008	2009	2010	2011
Population (1)	6,649	6,836	7,218	7,306
Median Household Income (1)	\$ 48,064	\$ 48,486	\$ 48,486	\$ 48,486
Per Capita Income (1)	23,222	25,839	25,839	25,839
Median Age	33.4	33.4	33.4	33.4
Education Level in Years of Schooling (at 18 years and over) (2)				
Less than high school graduate	670	670	670	670
High school graduate (or equivalent)	1,291	1,291	1,291	1,291
Some college, no degree	1,626	1,626	1,626	1,626
Associate degree or higher	190	190	190	190
Bachelor's degree or higher	717	717	717	717
Graduate degree or higher	459	459	459	459
School Enrollment (3)	4,658	4,825	4,825	4,344
Unemployment Rate (4)	5.4%	8.1%	7.8%	8.6%

(1) Information from 2000 census, 2010 census and modified by City staff estimates.

(2) US Census Bureau - American Community Survey 2015

(3) Bastrop Independent School District - Only Schools located within City limits
not all enrolled live within the City limits

(4) Unemployment rates from TWC website (www.twc.state.tx.us). Bastrop County rate only one available.

TABLE 17

Fiscal Year						
2012	2013	2014	2015	2016	2017	
7,394	7,483	7,557	7,900	8,600	8,911	
\$ 48,486	\$ 48,486	\$ 49,456	\$ 52,886	\$ 53,889	\$ 48,178	
25,839	26,356	26,356	28,930	29,509	31,610	
33.6	36.9	36.9	38.9	38.7	36.0	
670	800	800	987	881	781	
1,291	1,285	1,285	1,410	1,479	1,680	
1,626	1,570	1,570	1,273	1,462	1,358	
190	261	261	378	387	413	
717	571	571	679	679	843	
459	421	421	302	325	296	
3,949	3,764	3,663	3,942	4,123	4,114	
7.8%	6.4%	4.2%	3.8%	3.4%	2.9%	

TABLE 18

**CITY OF BASTROP, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Bastrop ISD	1,100	1	3.07%	1,130	1	3.69%
Hyatt Regency Lost Pines Resort	675	2	1.88%	600	2	1.96%
Bastrop County	460	3	1.28%	409	4	1.34%
MD Anderson Cancer Center	430	4	1.20%	255	6	0.83%
HEB Food Stores	400	5	1.11%	125	9	0.41%
Walmart	320	6	0.89%	415	3	1.35%
Bastrop FCI	284	7	0.79%	294	5	0.96%
Buc-ee's	173	8	0.48%	-	-	-
Bluebonnet Electric Co-op	154	9	0.43%	-	-	-
Southside Market & BBQ	150	10	0.42%	-	-	-
Agilent/Stratagene	140	11	0.39%	133	7	-
Lowe's	133	12	0.37%	-	-	-
Griffin Industries	125	13	0.35%	-	-	-
Total	4,544		12.66%	3,361		10.54%
Total County Employment	35,884			30,631		

Source: Texas Workforce Commission

TABLE 19

**CITY OF BASTROP, TEXAS
FULL-TIME EQUIVALENT EMPLOYERS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)**

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Manager's Office	2.00	2.00	2.00	2.60	2.60	2.63	2.63	2.63	2.63	2.63
City Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	4.00	4.00	4.00	4.30	4.30	4.30	4.45	4.45	4.45	5.00
Utility Billing	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	5.00	4.00
Human Resources	1.00	1.00	1.10	1.00	1.00	1.00	1.10	1.10	1.50	1.63
Information Technology	-	-	1.00	1.00	1.00	1.00	1.00	1.63	2.00	1.50
Filming/ Broadcasting	-	-	-	-	-	-	-	-	-	0.50
Municipal Court	4.50	4.50	4.50	5.50	5.50	5.50	5.50	5.50	4.50	4.50
Building Maintenance	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Police Department										
Officers	20.00	20.00	20.00	20.00	20.00	20.00	20.00	22.00	22.00	23.00
Civilian	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Code Enforcement	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	0.50
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	0.50	0.50
Fire Department										
Chief	-	-	-	-	-	-	-	-	1.00	1.00
Development Services										
Planning	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Building Inspections	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works										
Administration	2.00	2.00	2.00	2.20	2.20	2.00	1.00	1.00	1.00	1.00
Streets	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	9.25
Other	-	1.40	0.40	-	-	-	-	-	-	-
Community Services										
Parks Department	9.00	9.60	9.60	11.00	11.00	11.00	11.00	11.00	11.00	12.95
Library	8.30	8.30	8.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80
Proprietary Funds										
Water/ Wastewater	12.00	12.00	12.00	13.00	13.00	13.00	12.50	12.50	12.50	17.00
Electric	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Other Funds										
Convention Center	-	-	-	4.00	4.20	4.20	4.20	5.50	4.50	4.50
Economic Development Corp.	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.50	3.50
Fairview Cemetery	-	-	-	0.50	0.50	0.50	1.50	1.50	1.00	1.00
Main Street	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	105.30	107.30	107.90	118.40	118.60	119.43	119.18	122.10	120.88	127.26

TABLE 20

**CITY OF BASTROP, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Building Permits Issued	207	91	128	101	139	141	158	157	100	117
Building Permits Value (thousands)	\$ 25,820,447	\$ 22,822,734	\$ 16,408,290	\$ 11,051,550	\$ 15,305,041	\$ 16,984,537	\$ 21,690,642	\$ 17,654,706	\$ 16,076,498	\$ 17,782,113
Police										
Physical Arrests	700	537	941	829	834	769	816	700	781	547
Violations Issued	5,963	6,491	3,955	3,643	3,678	3,606	4,125	4,000	4,869	3,116
Accident Investigations	271	487	253	304	383	316	448	450	552	528
Fire										
Incident Volume	843	826	717	980	1,040	1,125	1,150	1,140	921	676
Priority Calls Answered	450	433	336	430	325	398	450	530	444	213
Court										
Cases Filed	-	-	2,968	2,375	2,006	1,990	2,012	1,679	3,155	2,336
Warrants Issued	-	-	1,261	1,398	1,097	924	1,063	802	1,673	2,277
Public Works										
Paved Streets (miles)	49	50	52	53	53	54	55	56	56	56
Open Drainage Ditches (miles)	52	52	52	50	50	50	50	50	50	50
Storm Sewer Lines (miles)	65	66	66	67	67	67	67	67	67	67
Number of Street Signs	1,380	1,400	1,425	1,425	1,425	1,425	1,425	1,435	1,435	1,435
Parks and Recreation										
Pavilion Rentals	86	85	90	95	95	96	96	96	51	60
New Trees Planted	313	150	120	75	75	50	50	50	7	3
Special Events	16	18	22	18	22	24	56	56	57	49
Library										
Volumes in Collection	46,451	49,699	50,093	50,211	50,504	50,157	50,765	52,132	53,566	54,322
Total Circulation	171,360	192,700	205,177	193,529	163,577	165,667	167,324	162,900	152,111	145,827
Story Time & Program Attendance	9,989	10,024	10,446	12,979	12,562	13,161	13,500	12,000	11,748	14,349
Water										
Treated Water Prod (in millions of gal)	469.258	490.050	495.344	445.269	454.174	476.704	486.706	495.797	481.745	515.216
Line Leaks and Breaks	148	222	206	210	69	254	259	118	133	111
Wastewater										
Millions of gallons treated	222.171	235.284	210.239	229.610	312.842	319.099	325.480	325.737	350.635	343.872
Sewer Stops	94	80	90	92	45	176	180	53	55	54

TABLE 21

CITY OF BASTROP, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Bastrop Public Library	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Paved Streets (miles)	49	50	52	53	53	54	55	56	56	56
Open Drainage Ditches (miles)	52	52	52	50	50	50	50	50	50	50
Storm Sewer Lines (miles)	65	66	66	67	67	67	67	67	67	67
Parks and Recreation										
Acreage (maintained)	89	120	120	120	120	120	120	120	120	123
Right of Ways	52	52	54	55	55	55	55	55	55	55
Playgrounds	3	4	4	4	4	4	4	4	4	4
Basketball Courts	3	4	4	4	4	6	6	4	4	4
Ball Fields	7	7	7	7	7	7	7	7	7	7
Sand Volleyball		1	1	1	1	1	1	1	1	1
Water										
Number of service connections	2,689	2,762	2,770	2,825	2,889	2,960	3,029	3,091	3,140	3,306
Wastewater										
Number of Wastewater Customers	2,404	2,448	2,502	2,540	2,564	2,625	2,678	2,754	2,781	2,941
Number of Lift Stations	15	18	18	18	18	18	18	18	18	18

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COMPLIANCE SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor
and City Council of the
City of Bastrop, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bastrop, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Bastrop, Texas' basic financial statements, and have issued our report thereon dated February 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bastrop, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bastrop, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bastrop, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bastrop, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 12, 2018