

CITY OF BASTROP, TEXAS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2014**

CITY OF BASTROP, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED
SEPTEMBER 30, 2014

CITY COUNCIL

Kenneth W. Kesselus – Mayor
Willie DeLaRosa – Mayor Pro-Tem
Dock Jackson
Joe Beal
Kay Garcia McAnally
Kelly Gilleland

CITY MANAGER

Mike Talbot

CHIEF FINANCIAL OFFICER

Karla Stovall, CPM

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FOR THE YEAR ENDED SEPTEMBER 2014

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INTRODUCTORY SECTION

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



February 10, 2015

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, 2014. 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, 2014.

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 is reported 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, 2014 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 and significant estimates made by management and evaluating the overall financial statement presentation.

Pattillo, Brown & Hill, L.L.P. Certified Public Accountants have issued an unmodified (“clean”) opinion on the City of Bastrop, Texas’s financial statements for the fiscal year ended September 30, 2014. 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 10.9 square miles and serves a population of 7,800. 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 50,000 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 7,700 residents. Major industries located within the government's boundaries or in close proximity include hospitals, retail stores, and several financial institutions and insurance companies. The school district has significant economic presence, employing in total more than 1,350 teachers, professionals, and support staff.

Because of its location in a region with a varied economic base, unemployment had been relatively stable until the effect of the current recession was felt during the current year. During the past ten years, the unemployment rate rose from an initial low of 5.3 percent in 2004 to a decade high of 8.6 percent in 2011 and reducing to 4.2 percent for the current year of 2014. 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.

Due to its healthy local economy, the City of Bastrop has maintained a credit rating of AA- from Fitch Ratings and achieved an upgrade of two notches from Standard and Poor's to AA in 2013. Over the past ten years, the City has experienced significant economic growth and investment. Commercial development is attracted to the City as is evidenced by the opening of new establishments during 2013 which include Buc-ee's, Bastrop Museum, Super Donuts, Paw-paws Catfish, LaHacienda, Popeye's Chicken, Tres Viejo's, Lilly Cherry Clothing Boutique, and Tiger Tote #23. Commercial development continued to prosper in 2014 with the addition of Academy Sports store, Chic-fil-a, Southside BBQ restaurant, renovation and expansion of the HEB grocery store, and an additional retail strip center. The City issued 158 building permits with a permit value of \$21,690,642.

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 2010 through 2014 as identified in the chart below. Existing assessed valuations have continued to represent a slight increase. This increase could be attributable to the population growth in the greater Austin metro area and due to the Bastrop County Complex Fire in September 2011. The wildfire was located within the County of Bastrop and in proximity to the City which resulted in a significant Sales Tax impact upon our economy. The wildfire burned 1,645 homes in the county of which 67 were in the city limits. As is common following natural disasters of this scale, it is estimated sales tax receipts will increase over prior year receipts as the community rebuilds. The City of Bastrop had been experiencing significant commercial growth prior to the fire. The effects upon the Ad Valorem Tax base occurred in Fiscal Year 2013 as reappraisals of properties would have occurred in January of 2012 as evidenced below. The Sales Tax Revenue for Fiscal 2012 far exceeded its budgeted 4% increase and in Fiscal 2013 the revenue percentage increase was reduced but still outperformed the anticipated budget of \$2,952,100. In Fiscal Year 2014, the City remained conservative from a budget standpoint only budgeting \$3,155,000 and continued to safely exceed budgeted projections. The steady growth of the commercial area in addition to the City Councils conservative budgeting practices have kept the City finances insulated from a sharp pullback after the recovery.

Fiscal Year	Ad Valorem Taxes	%	General Fund	%
	Certified Assessed Valuation	Change	Sales Tax Receipts	Change
2009	\$ 548,419,690	13.46%	\$ 2,508,969	5.80%
2010	\$ 567,446,564	3.45%	\$ 2,606,584	3.89%
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%	\$ 3,477,564	4.68%

Long-term Financial Planning

General fund Fiscal 2015 budgeted expenditures exceed the 25 percent reserved fund balance and are in excess of the 90 days requirement identified within the financial management policy guidelines set by the City Council in the Financial Management Policies. The City Council held fund balance at 29% for Fiscal Year 2015 to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

The overriding goal of the Financial Management Policies 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 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. In Fiscal Year 2013, the City Council approved a revised Investment Policy, as amended, it will further 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 two issuances of debt in FY2014. The Certificates of Obligation, Series 2013 in the amount of \$11,000,000 was issued on 11/12/2013. The intention of the issue is to provide for costs incurred from (1) constructing, improving, extending and/or expanding City streets, including drainage, sidewalks, parking and right-of-ways; (2) constructing, improving, extending and/or expanding the City's water and wastewater system including an additional water supply well and related pipeline improvements for storm water drainage and detention and related roadway improvements; and (3) the payment of professional services in connection therewith including legal, fiscal and engineering fees and issuance costs. Also, Combination Tax and Revenue Certificates of Obligation, Series 2014 in the amount of \$7,000,000 was issued on 06/08/2014. The intention of the issue is to provide for costs incurred from (1) constructing, improving, extending and or expanding the City's water and wastewater system including equipment, vehicles, additional water supply well and related pipeline improvements for storm water drainage and detention and related roadway improvements; (2) constructing improvements and upgrading the City's electric system including equipment and vehicles; and (3) the payment of professional services in connection therewith including legal, fiscal and engineering fees and issuance costs.

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, 2013. This was the third 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 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.

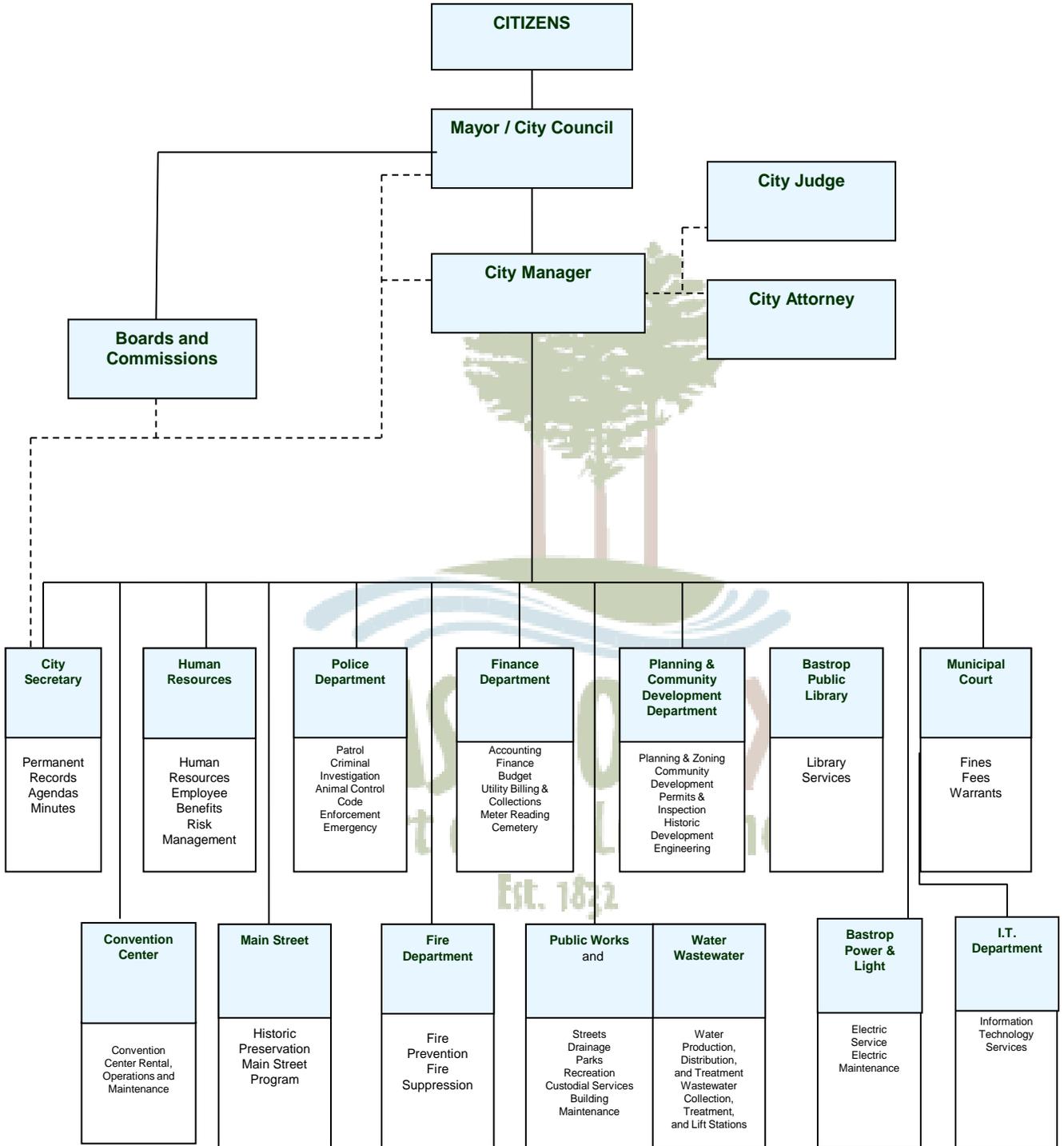
Respectfully submitted,

Karla Stovall

Karla Stovall, CPM

Chief Financial Officer/ Assistant to the City Manager

City of Bastrop Organizational Chart



CITY OF BASTROP, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2014

Prepared by the
Finance Department

Karla Stovall, CPM, Chief Financial Officer
Tracy Waldron, Assistant Finance Director

City Council	Expiration of Term
Kenneth W. Kesselus, Mayor	May 2017
Joe Beal, Council Member	May 2015
Willie DeLaRosa, Mayor Pro-Tem	May 2015
Dock Jackson, Council Member	May 2016
Kay Garcia McAnally, Council Member	May 2017
Kelly Gilleland, Council Member	May 2016

City Manager
Mike Talbot



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, 2013

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and schedules of funding progress on pages 4 through 11 and 51 through 55 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 10, 2015, 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 10, 2015

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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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found 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 \$42,864,849 (net position). Of this amount, \$22,279,859 (52.0%) is net investment in capital assets. The amount of net position restricted for a specific purpose is \$9,829,331 (22.9%). The remaining \$10,755,659 (25.1%) 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 \$3,279,670 from fiscal year 2013.
- As of the close of the current fiscal year, the City of Bastrop's governmental funds reported combined ending fund balances of \$15,602,135, an increase of \$5,627,889 in comparison with the prior year. Within this total, \$9,793,592 (62.8%) is restricted by specific legal requirements, \$4,707,026 (30.2%) is unassigned fund balance, and \$1,044,994 (6.7%) 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 \$4,707,026. 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 eighteen 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 general debt service fund, and the Series 2013 Combination Revenue/ Tax Bond 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 – 20 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. Proprietary fund financial statements provide the same type of information as the governmental fund financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 21-23.

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 25-50 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 Fund 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 52 of this report. Required supplementary information of pension and other post employee benefit funding progress are also included on page 51.

Government-Wide Financial Analysis

At the end of fiscal year 2014, the City’s net position (assets and deferred outflows in excess of liabilities and deferred inflows) totaled \$42,864,849. 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, \$22,279,859 (52.0%) 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, \$10,755,659 (25.1%) 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, \$9,829,331 (22.9%) represents resources that are subject to external restrictions on how they may be used.

As of September 30, 2014, 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	
	2014	2013	2014	2013	2014	2013
Current and other assets \$	22,341,292	\$ 12,771,521	\$ 20,007,867	\$ 9,566,170	\$ 42,349,159	\$ 22,337,691
Capital assets	<u>32,157,910</u>	<u>30,993,344</u>	<u>26,089,848</u>	<u>22,771,482</u>	<u>58,247,758</u>	<u>53,764,826</u>
Total assets	<u>54,499,202</u>	<u>43,764,865</u>	<u>46,097,715</u>	<u>32,337,652</u>	<u>100,596,917</u>	<u>76,102,517</u>
Current liabilities	1,836,300	1,104,685	1,800,340	999,649	3,636,640	2,104,334
Long-term liabilities	<u>31,330,590</u>	<u>23,820,984</u>	<u>22,764,838</u>	<u>11,729,263</u>	<u>54,095,428</u>	<u>35,550,247</u>
Total liabilities	<u>33,166,890</u>	<u>24,925,669</u>	<u>24,565,178</u>	<u>12,728,912</u>	<u>57,732,068</u>	<u>37,654,581</u>
Net position:						
Net investment in						
capital assets	9,963,117	11,429,157	12,316,742	11,738,002	22,279,859	23,167,159
Restricted	9,159,680	4,910,969	669,651	2,660,151	9,829,331	7,571,120
Unrestricted	<u>2,209,515</u>	<u>2,499,070</u>	<u>8,546,144</u>	<u>5,210,587</u>	<u>10,755,659</u>	<u>7,709,657</u>
Total net position \$	<u>21,332,312</u>	<u>18,839,196</u>	<u>21,532,537</u>	<u>19,608,740</u>	<u>42,864,849</u>	<u>38,447,936</u>

Governmental Activities: Governmental activities net position increased by \$3,279,670, key elements are provided in the next page in Table 2. Program and general revenues for FY2014 are recorded at \$16,285,037 in comparison to \$14,032,713 in fiscal year 2013. As charges for services recognized a reduction, due to the reclassification of the intergovernmental revenues as an offset to expense. Overall however the City recognized an increase to revenue within in operating grants and contribution revenue. Total expenses for Governmental activities for FY2014 were \$14,857,144 in comparison to \$14,115,560 in FY2013 recognizing a 5.2% increase.

Business-Type Activities: Revenues of the City’s business-type activities were \$12,819,507 for the fiscal year ended September 30, 2014. Revenues increased approximately \$1,213,798 (10.5%) as compared to the prior fiscal year. Expenses for the City’s business-type activities increased \$493,718 (4.7%).

CITY OF BASTROP'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,555,897	\$ 2,932,363	\$ 12,157,771	\$ 11,495,199	\$ 13,713,668	\$ 14,427,562
Operating grants and contributions	390,712	130,520	-	-	390,712	130,520
Capital contributions	2,988,454	408,312	600,000	-	3,588,454	408,312
General revenues:						
Property taxes	4,619,684	4,294,978	-	-	4,619,684	4,294,978
Other taxes	6,730,290	6,266,540	-	-	6,730,290	6,266,540
Grants and contributions not restricted to specific programs						
	-	205,651	-	-	-	205,651
Interest income	18,787	20,427	9,064	11,910	27,851	32,337
Other income	<u>64,532</u>	<u>116,766</u>	<u>52,672</u>	<u>98,600</u>	<u>117,204</u>	<u>215,366</u>
Total revenues	<u>16,368,356</u>	<u>14,375,557</u>	<u>12,819,507</u>	<u>11,605,709</u>	<u>29,187,863</u>	<u>25,981,266</u>
Expenses:						
General government	2,028,943	3,023,066	-	-	2,028,943	3,023,066
Public safety	3,744,040	3,784,245	-	-	3,744,040	3,784,245
Developmental services	794,283	678,314	-	-	794,283	678,314
Community services	3,214,589	3,070,798	-	-	3,214,589	3,070,798
Economical developmental services	4,055,935	2,878,768	-	-	4,055,935	2,878,768
Interest on long-term debt	1,019,354	680,369	-	-	1,019,354	680,369
Water/wastewater services	-	-	3,694,129	3,748,334	3,694,129	3,748,334
Bastrop Power & Light	-	-	6,673,346	6,188,383	6,673,346	6,188,383
Other non-major proprietary	<u>-</u>	<u>-</u>	<u>683,574</u>	<u>620,614</u>	<u>683,574</u>	<u>683,574</u>
Total expenses	<u>14,857,144</u>	<u>14,115,560</u>	<u>11,051,049</u>	<u>10,557,331</u>	<u>25,908,193</u>	<u>24,735,851</u>
Increases in net position						
before transfers	1,511,212	259,997	1,768,458	1,048,378	3,279,670	1,245,415
Transfers	<u>439,179</u>	<u>(2,469,672)</u>	<u>(439,179)</u>	<u>2,469,672</u>	<u>-</u>	<u>-</u>
Change in net position	1,950,391	(2,209,675)	1,329,279	3,518,050	3,279,670	1,245,415
Net position, beginning	18,839,196	21,048,871	19,608,740	16,090,690	38,447,936	37,139,561
Prior period adjustment	<u>542,725</u>	<u>-</u>	<u>594,518</u>	<u>-</u>	<u>1,137,243</u>	<u>-</u>
Net position, ending	<u>\$ 21,332,312</u>	<u>\$ 18,839,196</u>	<u>\$ 21,532,537</u>	<u>\$ 19,608,740</u>	<u>\$ 42,864,849</u>	<u>\$ 38,384,976</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 \$4,763,037. With the exception of a small amount of fund balance shown as non-spendable, the fund balance essentially includes only unassigned funds of \$4,707,026 and no funds were committed or restricted for specific purposes. The general obligation debt service fund had an increase of \$20,172 in fund balance, therefore at the end of the fiscal year the fund balance was \$727,494. These funds are specifically restricted for the payment of debt service. The Hotel/Motel Tax fund balance for the current year was \$2,148,817. This fund recognized an increase from last year of \$243,260 due to an increase in receipt of taxes.

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 \$12,933,027. The net position of the electric utility, Bastrop Power and Light fund at the end of the year amounted to \$7,020,606. Non-major enterprise funds amounted to \$1,578,904. Total proprietary funds net position for the year ended is \$21,532,537.

General Fund Budgetary Highlights

“On Course” was the theme for the FY2014 budget and reflects the continuation of managing and completing a variety of community issues, planning initiatives and projects. The City adopted a tax rate of \$0.5840 per \$100 assessed valuation for FY2014. This represented no tax increase for the third year in a row. The FY2014 General fund budgeted revenue of \$8,749,520 represented a 3.57% increase over the previous year’s budgeted amount. The FY2014 budget was amended through the year to increase the adopted budget to \$9,405,252. Taxes and penalties comprise the majority of the budgeted general fund revenues, \$6,219,020 (66.1%). Intergovernmental revenue contributed \$1,555,060 (16.5%) and transfers from other funds represent \$661,500 (7%) of the total budgeted revenues for FY2014. All three of these categories identify 89.7% of total budgeted revenues.

The adopted general fund expenditure budget of \$9,175,520. 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 \$655,732 (7.1%) to \$9,831,252. The City approved many departmental budget capital requests in FY2014 to include an administration vehicle for city hall (\$22,000), a Laser fiche Document Management System (\$42,500), Three Police Vehicles (\$115,000), PD In-Car Camera System (\$61,000), Form Based Codes – Zoning Ordinance Project (\$95,000), Parks Vehicle (\$22,000), and upgrade in the Lighting at the Library (\$15,000).

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, 2014 amounts to \$58,247,758, (net of accumulated depreciation). Investment in capital assets related to governmental activities \$32,157,910 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 8.33%.

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

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,976,560	\$ 3,976,560	\$ 1,555,631	\$ 1,502,517	\$ 5,532,191	\$ 5,479,077
Water rights	-	-	2,933,620	-	2,933,620	-
Construction in progress	557,049	59,038	884,212	782,500	1,441,261	841,538
Buildings and improvements	13,064,686	12,926,001	477,386	477,386	13,542,072	13,403,387
Machinery and equipment	18,589,859	17,486,865	27,095,239	27,057,082	45,685,098	44,543,947
Infrastructure and system	4,944,282	4,459,011	2,547,232	1,684,081	7,491,514	6,143,092
Less: accumulated depreciation	(8,974,526)	(7,914,161)	(9,403,472)	(8,732,074)	(18,377,998)	(16,646,235)
Total capital assets	\$ <u>32,157,910</u>	\$ <u>30,993,314</u>	\$ <u>26,089,848</u>	\$ <u>22,771,492</u>	\$ <u>58,247,758</u>	\$ <u>53,764,806</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 FY2014, the City issued a Combination Tax and Limited Revenue Certificates of Obligation, Series 2013 in the amount of \$11,000,000 and an additional Combination Tax and Revenue Certificates of Obligation, Series 2014 in the amount of \$4,300,000. The series 2013 issue proceeds from the sale of the Bonds provide for (1) constructing, improving, extending and/or expanding City streets, including drainage, sidewalks, parking and right-of-ways; (2) constructing, improving, extending and/or expanding the City's water and wastewater system including an additional water supply well and related pipeline and improvements for storm water drainage and detention and related roadway improvements; (3) the payment of professional services in connection therewith including legal, fiscal and engineering fees and the costs of issuing the certificates of obligation. The series 2014 issue Proceeds from the sale of the Bonds provide for (1) constructing, improving, extending and/or expanding the City's water and wastewater system including equipment, vehicles, additional water supply well and related pipeline and improvements for storm water drainage and detention and related roadway improvements; (2) constructing improvements and upgrading the City's electric system including equipment and vehicles; and (3) the payment of professional services in connection therewith including legal, fiscal and engineering fees and the costs of issuing the certificates of obligation.

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	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 26,375,164	\$ 20,162,045	\$ 21,289,629	\$ 10,980,983	\$ 47,664,793	\$ 31,143,028
Notes payable	960,513	570,384	600,000	52,497	1,560,513	622,881
Comensated absences	210,921	-	32,190	31,530	243,111	31,530
Net OPEB obligation	<u>3,783,992</u>	<u>2,913,159</u>	<u>843,019</u>	<u>664,253</u>	<u>4,627,011</u>	<u>3,577,412</u>
Total	\$ <u>31,330,590</u>	\$ <u>23,645,588</u>	\$ <u>22,764,838</u>	\$ <u>11,729,263</u>	\$ <u>54,095,428</u>	\$ <u>35,374,851</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. Due to its healthy local economy, the city has maintained a credit rating of AA- from Fitch Ratings at the last bond issue in October of 2014. The annual operating budget for fiscal year 2015 reflects a variety of community issues, planning initiatives, economic development opportunities, and projects. The City held four (4) budget and planning sessions to provide an opportunity for the City Council to pass along their input and guidance in developing the FY2015 budget. The City adopted a fiscally responsible balanced budget on September 23, 2014.

Total General Fund revenue for fiscal year 2015 is \$9,380,370. The fiscal year 2015 General Fund's major revenue source of the City is Sales Tax at a budgeted \$3,430,000. Ad Valorem Tax Revenue (property taxes) is a close second with an annual budget of \$2,779,920. The Sales Tax and Ad Valorem Taxes comprise 66.2% of the revenues received by the General Fund for operations. The General Fund (M&O) tax rate of \$0.3598/\$100 and the Debt Service Fund (I&S) rate of \$.2042/\$100 combine to establish the City's overall property tax rate of \$0.5640 per \$100. The City's property tax rate decreased \$0.02 cents in fiscal year 2015 from \$0.584 to \$0.564. The debt service payments for fiscal year 2015 are \$1,610,570 (\$0.2042/\$100) or 36.2% of the overall tax rate necessary to generate funds to service the bonded indebtedness of the City of Bastrop. Property taxes of \$2,841,670 (\$0.3598/\$100) support the General Fund operations of the city, which represents 63.8 percent of the revenue collected from property taxes. General fund expenditures total \$9,937,090 and includes the funding for operations in addition to \$556,670 one-time expenditures for various departments. Expenditures in fiscal year 2015 represent an increase of 8.2% over the budgeted total in fiscal year 2014. The fiscal year 2015 budget will provide for the 25% required fund balance at year-end as required by the Financial Management policies adopted by City Council.

Water Wastewater Fund operations for fiscal year 2015 has budgeted revenue of \$4,050,240, whole expenses are budgeted at \$3,226,624. The difference will roll into net position. Revenues can be identified into three categories: Water Sales \$2,296,400 or 56.7% of the total revenue; Wastewater Revenue \$1,487,820 or 36.7% of the total revenue; and Other/Penalties/Interest Income \$266,200, or 6.6% of the total revenue.

Electric Fund revenues consist of the sale of electricity to the City's residential, commercial and industrial customers, in addition to penalty and interest charges, electric sales based upon the current rate structure, and miscellaneous charges for electric services. Total budgeted expenses for the Electric Fund for the purchase of electricity and provision of electric services to the city's residential, commercial and industrial customers is \$7,553,790.

The long range planning efforts will provide a road map for future revenues and expenditures, ensuring progress toward important long-range goals of the community and maintain 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.

CITY OF BASTROP, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bastrop EDC
ASSETS				
Cash and investments	\$ 15,967,261	\$ 17,279,577	\$ 33,246,838	\$ 3,044,311
Taxes receivable, net	883,993	-	883,993	308,174
Accounts receivable	430,546	1,847,980	2,278,526	582
Due from component unit	171,340	-	171,340	-
Due from other governments	157,569	-	157,569	-
Inventories	24,842	239,477	264,319	-
Prepaid items	31,681	1,600	33,281	104
Notes receivable	4,482,939	600,000	5,082,939	183,788
Net pension asset	191,121	39,233	230,354	7,677
Capital assets, net:				
Non-depreciable	4,533,609	5,373,465	9,907,074	2,150,450
Depreciable	<u>27,624,301</u>	<u>20,716,383</u>	<u>48,340,684</u>	<u>1,767,504</u>
Total assets	<u>54,499,202</u>	<u>46,097,715</u>	<u>100,596,917</u>	<u>7,462,590</u>
LIABILITIES				
Accounts payable	1,405,894	1,392,910	2,798,804	-
Accrued liabilities	322,187	167,499	489,686	40,497
Due to primary government	-	-	-	171,340
Retainage payable	71,849	-	71,849	-
Customer deposits	34,293	228,121	262,414	-
Other liabilities	2,077	11,810	13,887	-
Noncurrent liabilities:				
Due within one year	1,520,096	927,355	2,447,451	417,269
Due in more than one year	<u>29,810,494</u>	<u>21,837,483</u>	<u>51,647,977</u>	<u>5,135,324</u>
Total liabilities	<u>33,166,890</u>	<u>24,565,178</u>	<u>57,732,068</u>	<u>5,764,430</u>
NET POSITION				
Net investment in capital assets	9,963,117	12,316,742	22,279,859	3,236,910
Restricted for:				
Cemetery-expendable	383,649	-	383,649	-
Cemetery	265,183	-	265,183	-
Capital projects	156,161	-	156,161	-
Public improvement district	163,370	-	163,370	-
Public safety	621,945	-	621,945	-
Culture and recreation	121,182	-	121,182	-
Economic development	2,148,817	-	2,148,817	166,990
PEG channels	57,463	-	57,463	-
Debt service	5,241,910	-	5,241,910	-
Capital improvements	-	669,651	669,651	-
Unrestricted	2,209,515	8,546,144	10,755,659	(1,705,740)
Total net position	<u>\$ 21,332,312</u>	<u>\$ 21,532,537</u>	<u>\$ 42,864,849</u>	<u>\$ 1,698,160</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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 2,028,943	\$ 413,374	\$ 363,863	\$ -
Public safety	3,744,040	925,131	-	-
Developmental services	794,283	-	-	-
Community services	3,214,589	86,472	26,849	50,370
Economic development services	4,055,935	130,920	-	2,938,084
Interest	1,019,354	-	-	-
Total governmental activities:	<u>14,857,144</u>	<u>1,555,897</u>	<u>390,712</u>	<u>2,988,454</u>
Business-type activities:				
Water/wastewater	3,694,129	3,960,434	-	600,000
Bastrop power and light	6,673,346	7,304,225	-	-
Non-major proprietary funds	683,574	893,112	-	-
Total business-type activities	<u>11,051,049</u>	<u>12,157,771</u>	<u>-</u>	<u>600,000</u>
Total primary government	<u>\$ 25,908,193</u>	<u>\$ 13,713,668</u>	<u>\$ 390,712</u>	<u>\$ 3,588,454</u>
Component Unit:				
Bastrop Economic Development Corp.	\$ 4,580,401	\$ -	\$ -	\$ 1,384,690
Total component unit	<u>\$ 4,580,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,384,690</u>
General revenues:				
Property taxes				
Sales taxes				
Hotel/motel taxes				
Franchise taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Prior period adjustment				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Primary Government		Component Unit
	Business-type Activities	Total	Bastrop EDC
\$(1,251,706)	\$ -	\$(1,251,706)	\$ -
(2,818,909)	-	(2,818,909)	-
(794,283)	-	(794,283)	-
(3,050,898)	-	(3,050,898)	-
(986,931)	-	(986,931)	-
(1,019,354)	-	(1,019,354)	-
<u>(9,922,081)</u>	<u>-</u>	<u>(9,922,081)</u>	<u>-</u>
-	866,305	866,305	-
-	630,879	630,879	-
-	209,538	209,538	-
<u>-</u>	<u>1,706,722</u>	<u>1,706,722</u>	<u>-</u>
(9,922,081)	1,706,722	(8,215,359)	-
			<u>(3,195,711)</u>
			<u>(3,195,711)</u>
4,619,684	-	4,619,684	-
3,538,097	-	3,538,097	1,772,063
2,737,816	-	2,737,816	-
454,377	-	454,377	-
18,787	9,064	27,851	3,733
64,532	52,672	117,204	93,475
439,179	(439,179)	-	-
<u>11,872,472</u>	<u>(377,443)</u>	<u>11,495,029</u>	<u>1,869,271</u>
<u>1,950,391</u>	<u>1,329,279</u>	<u>3,279,670</u>	<u>(1,326,440)</u>
18,839,196	19,608,740	38,447,936	2,753,237
<u>542,725</u>	<u>594,518</u>	<u>1,137,243</u>	<u>271,363</u>
<u>\$ 21,332,312</u>	<u>\$ 21,532,537</u>	<u>\$ 42,864,849</u>	<u>\$ 1,698,160</u>

CITY OF BASTROP, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Designated Fund</u>	<u>Debt Service Fund</u>
ASSETS			
Cash and investments	\$ 4,362,960	\$ 1,069,757	\$ 738,343
Taxes receivable, net	744,772	-	137,430
Accounts receivable, net	176,199	5,623	-
Due from other funds	92,695	-	-
Due from component unit	171,340	-	-
Due from other governments	-	-	-
Inventories	24,842	-	-
Prepays items	31,169	400	-
Notes receivable	373,011	-	4,109,928
Total assets	<u>\$ 5,976,988</u>	<u>\$ 1,075,780</u>	<u>\$ 4,985,701</u>
LIABILITIES			
Accounts payable	\$ 434,384	\$ 348,286	\$ 1,613
Accrued liabilities	194,515	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Other current liabilities	2,077	-	-
Customer deposits	5,200	-	-
Total liabilities	<u>636,176</u>	<u>348,286</u>	<u>1,613</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	134,962	-	137,431
Unavailable revenue - court fines	69,802	-	-
Unavailable revenue - notes receivable	373,011	-	4,109,928
Total deferred inflows of resources	<u>577,775</u>	<u>-</u>	<u>4,247,359</u>
FUND BALANCES			
Nonspendable:			
Inventories	24,842	-	-
Prepaid items	31,169	400	-
Restricted for:			
Cemetery	-	-	-
Capital projects	-	36,403	-
Public improvement district	-	-	-
Public safety	-	621,945	-
Culture and recreation	-	11,283	-
Economic development	-	-	-
PEG channels	-	57,463	-
Debt service	-	-	736,729
Committed for:			
Economic development	-	-	-
Unassigned	4,707,026	-	-
Total fund balances	<u>4,763,037</u>	<u>727,494</u>	<u>736,729</u>
Total liabilities, deferred inflows			
of resources and fund balances	<u>\$ 5,976,988</u>	<u>\$ 1,075,780</u>	<u>\$ 4,985,701</u>

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

<u>Hotel/Motel Tax Fund</u>	<u>Combination Revenue/ Tax Bond Series 2013</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 2,146,926	\$ 5,119,818	\$ 2,529,457	\$ 15,967,261
-	-	1,791	883,993
232,773	15,000	951	430,546
-	-	-	92,695
-	-	-	171,340
-	-	157,569	157,569
-	-	-	24,842
-	-	112	31,681
-	-	-	4,482,939
<u>\$ 2,379,699</u>	<u>\$ 5,134,818</u>	<u>\$ 2,689,880</u>	<u>\$ 22,242,866</u>
\$ 230,882	\$ 296,484	\$ 94,245	\$ 1,405,894
-	-	12,483	206,998
-	48,361	23,488	71,849
-	-	92,695	92,695
-	-	-	2,077
-	-	29,093	34,293
<u>230,882</u>	<u>344,845</u>	<u>252,004</u>	<u>1,813,806</u>
-	-	1,791	274,184
-	-	-	69,802
-	-	-	4,482,939
<u>-</u>	<u>-</u>	<u>1,791</u>	<u>4,826,925</u>
-	-	-	24,842
-	-	112	31,681
-	-	648,832	648,832
-	4,789,973	470,669	5,297,045
-	-	161,579	161,579
-	-	-	621,945
-	-	109,899	121,182
2,148,817	-	-	2,148,817
-	-	-	57,463
-	-	-	736,729
-	-	1,044,994	1,044,994
-	-	-	4,707,026
<u>2,148,817</u>	<u>4,789,973</u>	<u>2,436,085</u>	<u>15,602,135</u>
<u>\$ 2,379,699</u>	<u>\$ 5,134,818</u>	<u>\$ 2,689,880</u>	<u>\$ 22,242,866</u>

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CITY OF BASTROP, TEXAS

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

SEPTEMBER 30, 2014

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

Total fund balances - governmental funds	\$	15,602,135
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		32,157,910
The net pension asset is not an available resource and, therefore, is not reported in the funds.		191,121
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(31,445,779)
Uncollected property taxes and court fines are not available to pay for current period expenditures and are reported as deferred inflows in the funds.		343,986
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>4,482,939</u>
Net position of governmental activities	\$	<u><u>21,332,312</u></u>

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

CITY OF BASTROP, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Designated Fund</u>	<u>Debt Service Fund</u>
REVENUES			
Property taxes	\$ 2,629,078	\$ -	\$ 1,557,988
Sales taxes	3,538,097	-	-
Hotel/motel taxes	-	-	-
Franchise taxes	432,973	21,404	-
Licenses and permits	151,674	-	-
Intergovernmental	363,613	-	-
Charges for services	48,079	-	-
Fines and forfeitures	219,071	925,131	-
Investments earnings	3,895	777	1,165
Contributions and donations	250	23,897	203,617
Miscellaneous	67,173	-	-
Total revenues	<u>7,453,903</u>	<u>971,209</u>	<u>1,762,770</u>
EXPENDITURES			
Current:			
General government	1,498,735	-	-
Public safety	2,736,933	687,096	-
Development services	670,992	-	-
Community services	2,220,826	87,178	-
Economic development	-	-	-
Debt service:			
Principal	22,368	-	1,303,817
Interest and other	-	-	970,334
Capital outlay	813,925	108,531	-
Total expenditures	<u>7,963,779</u>	<u>882,805</u>	<u>2,274,151</u>
Excess (deficiency) of revenue over expenditures	<u>(509,876)</u>	<u>88,404</u>	<u>(511,381)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	659,667	-	540,788
Transfers out	-	-	-
Loan proceeds	475,000	-	-
Issuance of bonds	-	-	-
Premium from bond issuance	-	-	-
Sale of general capital assets	19,615	-	-
Total other financing sources (uses)	<u>1,154,282</u>	<u>-</u>	<u>540,788</u>
Net change in fund balance	644,406	88,404	29,407
Fund balance - beginning	3,575,906	639,090	707,322
Prior period adjustment	542,725	-	-
Fund balance - ending	<u>\$ 4,763,037</u>	<u>\$ 727,494</u>	<u>\$ 736,729</u>

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

Hotel/Motel Tax Fund	Combination Revenue/ Tax Bond Series 2013	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ 349,671	\$ 4,536,737
-	-	-	3,538,097
2,737,816	-	-	2,737,816
-	-	-	454,377
-	-	2,167	153,841
-	-	167,569	531,182
-	-	215,225	263,304
-	-	-	1,144,202
1,433	5,843	5,675	18,788
-	-	53,322	281,086
-	-	112	67,285
<u>2,739,249</u>	<u>5,843</u>	<u>793,741</u>	<u>13,726,715</u>
-	-	-	1,498,735
-	-	-	3,424,029
-	-	-	670,992
-	-	62,340	2,370,344
1,309,419	1,238,204	1,287,460	3,835,083
-	-	-	1,326,185
-	151,897	582	1,122,813
-	1,345,754	36,214	2,304,424
<u>1,309,419</u>	<u>2,735,855</u>	<u>1,386,596</u>	<u>16,552,605</u>
<u>1,429,830</u>	<u>(2,730,012)</u>	<u>(592,855)</u>	<u>(2,825,890)</u>
-	-	1,186,570	2,387,025
(1,186,570)	-	(761,276)	(1,947,846)
-	-	-	475,000
-	7,392,000	-	7,392,000
-	127,985	-	127,985
-	-	-	19,615
<u>(1,186,570)</u>	<u>7,519,985</u>	<u>425,294</u>	<u>8,453,779</u>
243,260	4,789,973	(167,561)	5,627,889
1,905,557	-	2,603,646	9,431,521
-	-	-	542,725
<u>\$ 2,148,817</u>	<u>\$ 4,789,973</u>	<u>\$ 2,436,085</u>	<u>\$ 15,602,135</u>

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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, 2014

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

Net change in fund balances - total governmental funds:	\$ 5,627,889
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 capital outlays exceeded depreciation expense in the current period.	1,058,271
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	106,326
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.	(6,603,248)
Net pension asset is a long-term asset and is not reported in the fund financial statements. The net effect of the current year's change in net pension asset.	7,578
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(868,451)
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.	<u>2,622,026</u>
Change in net position - statement of activities	<u>\$ 1,950,391</u>

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
FOR YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities			Total Proprietary Funds
	Water/ Wasterwater Fund	Bastrop Power & Light Fund	Total Non-major Enterprise Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 10,469,259	\$ 5,227,474	\$ 1,582,844	\$ 17,279,577
Accounts receivable, net	549,068	1,258,056	40,856	1,847,980
Inventories	85,603	153,874	-	239,477
Prepaid items	7	1,593	-	1,600
Total current assets	<u>11,103,937</u>	<u>6,640,997</u>	<u>1,623,700</u>	<u>19,368,634</u>
Noncurrent assets:				
Note receivable	600,000	-	-	600,000
Net pension asset	20,938	18,295	-	39,233
Capital assets, net:				
Non-depreciable	5,075,970	297,495	-	5,373,465
Depreciable	17,042,711	3,673,672	-	20,716,383
Total noncurrent assets	<u>22,739,619</u>	<u>3,989,462</u>	<u>-</u>	<u>26,729,081</u>
Total assets	<u>33,843,556</u>	<u>10,630,459</u>	<u>1,623,700</u>	<u>46,097,715</u>
LIABILITIES				
Current liabilities:				
Accounts payable	496,917	851,197	44,796	1,392,910
Accrued liabilities	128,542	38,957	-	167,499
Customer deposits	59,967	168,154	-	228,121
Other current liabilities	160	11,650	-	11,810
Compensated absences	3,041	3,397	-	6,438
Bonds and notes payable	834,692	86,225	-	920,917
Total current liabilities	<u>1,523,319</u>	<u>1,159,580</u>	<u>44,796</u>	<u>2,727,695</u>
Noncurrent liabilities:				
Bonds payable	18,901,595	2,067,117	-	20,968,712
Net OPEB obligation	473,453	369,566	-	843,019
Compensated absences	12,162	13,590	-	25,752
Total noncurrent liabilities	<u>19,387,210</u>	<u>2,450,273</u>	<u>-</u>	<u>21,837,483</u>
Total liabilities	<u>20,910,529</u>	<u>3,609,853</u>	<u>44,796</u>	<u>24,565,178</u>
NET POSITION				
Net investment in capital assets	9,732,653	2,584,089	-	12,316,742
Restricted for:				
Capital improvements	-	-	669,651	669,651
Unrestricted	3,200,374	4,436,517	909,253	8,546,144
Total net position	<u>\$ 12,933,027</u>	<u>\$ 7,020,606</u>	<u>\$ 1,578,904</u>	<u>\$ 21,532,537</u>

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

CITY OF BASTROP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities			Total Proprietary Funds
	Water/ Wastewater Fund	Bastrop Power & Light Fund	Total Non-major Enterprise Funds	
Operating revenues:				
Charges for services	\$ 3,960,434	\$ 7,304,225	\$ 893,112	\$ 12,157,771
Miscellaneous	6,598	46,074	-	52,672
Total operating revenues	<u>3,967,032</u>	<u>7,350,299</u>	<u>893,112</u>	<u>12,210,443</u>
Operating expenses:				
Personnel services	806,441	637,316	-	1,443,757
Supplies and maintenance	1,507,283	431,368	262,175	2,200,826
Services and other	155,875	5,411,693	421,399	5,988,967
Deprecation	549,232	122,155	-	671,387
Total operating expenses	<u>3,018,831</u>	<u>6,602,532</u>	<u>683,574</u>	<u>10,304,937</u>
Operating income (loss)	948,201	747,767	209,538	1,905,506
Nonoperating revenues (expenses):				
Investment earnings	4,085	3,616	1,363	9,064
Interest expense	(675,298)	(70,814)	-	(746,112)
Total nonoperating revenues (expenses)	<u>(671,213)</u>	<u>(67,198)</u>	<u>1,363</u>	<u>(737,048)</u>
Income before capital contributions and transfers	276,988	680,569	210,901	1,168,458
Capital contributions	600,000	-	-	600,000
Transfers in	378,655	13,518	171,684	563,857
Transfers out	(171,684)	(613,500)	(217,852)	(1,003,036)
Change in net position	1,083,959	80,587	164,733	1,329,279
Net position- beginning	11,647,417	6,547,152	1,414,171	19,608,740
Prior period adjustment	201,651	392,867	-	594,518
Net position- ending	<u>\$ 12,933,027</u>	<u>\$ 7,020,606</u>	<u>\$ 1,578,904</u>	<u>\$ 21,532,537</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 END SEPTEMBER 30, 2014

	Business-Type Activities			
	Water/ Wastewater Fund	Bastrop Power & Light Fund	Total Non-major Enterprise Funds	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,963,286	\$ 7,204,011	\$ 891,183	\$ 12,058,480
Payments to suppliers and service providers	(1,581,904)	(5,746,743)	(677,705)	(8,006,352)
Payments to employees for salaries and benefits	(647,565)	(545,187)	-	(1,192,752)
Net cash provided by operating activities	<u>1,733,817</u>	<u>912,081</u>	<u>213,478</u>	<u>2,859,376</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	378,655	13,518	171,684	563,857
Transfers out to other funds	(171,684)	(613,500)	(217,852)	(1,003,036)
Net cash provided (used) by noncapital financing activities	<u>206,971</u>	<u>(599,982)</u>	<u>(46,168)</u>	<u>(439,179)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,318,651)	(66,896)	-	(3,385,547)
Proceeds from issuance of long-term debt	10,387,377	1,037,370	-	11,424,747
Payments on long-term debt	(520,160)	(48,438)	-	(568,598)
Interest paid on capital debt	(675,298)	(70,814)	-	(746,112)
Net cash provided by capital and related financing activities	<u>5,873,268</u>	<u>851,222</u>	<u>-</u>	<u>6,724,490</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	4,085	3,616	1,363	9,064
Net cash provided by investing activities	<u>4,085</u>	<u>3,616</u>	<u>1,363</u>	<u>9,064</u>
Net increase (decrease) in cash and cash equivalents	7,818,141	1,166,937	168,673	9,153,751
Cash and cash equivalents- beginning	2,651,118	4,060,537	1,414,171	8,125,826
Cash and cash equivalents- ending	<u>\$ 10,469,259</u>	<u>\$ 5,227,474</u>	<u>\$ 1,582,844</u>	<u>\$ 17,279,577</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	948,201	747,767	209,538	1,905,506
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	549,232	122,155	-	671,387
(Increase) decrease in accounts receivable	(3,936)	(148,857)	(1,929)	(154,722)
(Increase) decrease in inventories	59,745	(4,256)	-	55,489
(Increase) decrease in prepaid items	(7)	124	-	117
(Increase) decrease in net pension asset	5,228	461	-	5,689
Increase (decrease) in accounts payable	21,516	102,789	5,869	130,174
Increase (decrease) in accrued liabilities	55,932	7,619	-	63,551
Increase (decrease) in customer deposits	190	2,569	-	2,759
Increase (decrease) in OPEB obligation	95,404	83,362	-	178,766
Increase (decrease) in compensated absences	2,312	(1,652)	-	660
Net cash provided by operating activities	<u>\$ 1,733,817</u>	<u>\$ 912,081</u>	<u>\$ 213,478</u>	<u>\$ 2,859,376</u>

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

CITY OF BASTROP
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 257,927
Total assets	<u>\$ 257,927</u>
LIABILITIES	
Due to others	\$ 257,927
Total liabilities	<u>\$ 257,927</u>

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

CITY OF BASTROP, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 and Bastrop EDC does not solely serve the City of Bastrop. Bastrop EDC does not issue separate financial statements.

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

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 **Combination Revenue/Tax Bond Series 2013 Fund** is used to account for the acquisition and construction of major improvement projects of the City which have been financed through issuance of long-term debt or other sources that are restricted or committed for the respective project.

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 type:

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, and Cash Equivalents

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

Investments

Investments for the government are reported as fair value (generally based on quoted market prices) except for position in local government investment pools when applicable. In accordance with state law, local government investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (with approximate fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

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 estimated fair value at the date of donation.

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

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 currently does not have any financial transactions that qualify for reporting in this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of 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 currently has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, court fines and fees, and notes receivable. These amounts are deferred and 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 grand 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 grand 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 of January 1, 2013, upon which the levy for the current fiscal year was based, was \$670,734,751. 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 \$.3638 and \$.2202, respectively, for a total tax rate of \$.5840 per \$100 valuation. The total tax levy for the general fund and debt service fund for the current fiscal year was \$4,194,870.

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 money 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.

Prior Period Adjustments

During the current fiscal year it was determined that unbilled utility revenue was not recorded in the Water/Wastewater and Bastrop Power and Light Funds. As a result beginning net position was restated for \$201,651 and \$392,867, respectively.

Additionally, during the current fiscal year it was determined that sales tax revenue earned as of year-end was not recorded in the General Fund and Bastrop Economic Development Corporation, a discretely presented component unit. As a result beginning fund balance/net position was restated for \$542,725 and \$271,363, respectively.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Items shown in summary form on that reconciliation are provided in detail below.

One element of the reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this amount are as follows:

Bonds payable	\$ 25,920,329
Bond issuance premium	454,834
Notes payable	960,514
Compensated absences	210,921
Other postemployment benefit obligations	3,783,992
Accrued interest payable	<u>115,189</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 31,445,779</u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,058,271 difference are as follows:

Capital outlay	2,304,424
Depreciation expense	<u>(1,246,153)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,058,271</u>

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The details of this \$106,326 difference are as follows:

Transfer of capital assets from business-type activities	\$ <u>106,326</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 106,326</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds) 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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$6,603,248 difference are as follows:

Debt issued or incurred:	
Loan	\$(475,000)
Bonds	(7,392,000)
Premium on bonds	(127,985)
Principal repayments on long-term debt	1,351,186
Amortization of bond premium	<u>40,551</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$(6,603,248)</u></u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$868,451 difference are as follows:

Compensated absences	\$(35,525)
Net other postemployment benefits obligation	(870,833)
Change in interest accrual on long-term debt	<u>37,907</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$(868,451)</u></u>

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank placed approved pledged securities for safekeeping and trust with the City’s agent bank in an amount sufficient to protect government funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City of adopt, implement, and publicize an investment policy. That policy must address the following areas (1) safety of principal and liquidity, (2) portfolio diversification, 3) allowable investments, (4) acceptable risk levels, (5) expected rates or return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, 94) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the city to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

As of September 30, 2014, the City had the following investments:

Description	Fair Value	Weighted Average Maturity (Days)	Rating
TexPool	\$ 34,089,965	48	AAAm
Total investments	\$ 34,089,965		

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

Custodial Credit Risk: Deposits: This is the risk that, in the event of bank failure, the City’s deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2014 were covered by depository insurance or by pledged collateral held by the City’s agent bank in the City’s name.

Custodial Credit Risk: Investments: This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Credit Risk: Safety of principal is the primary objective of the City’s investment policy. To address this objective the City tries to mitigate credit risk (or default risk) by limiting its investments to only those investments that have been issued one of the top ratings by a nationally recognized credit rating agency. As of September 30, 2013, the City’s investment in TexPool and TexStar were rated AAAM by Standard & Poor’s and the U. S. Government Securities were rated AAA by Moody.

Concentration of Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The minimize credit risk, investment policies of the city’s investment pools allow the portfolio’s investment manager to only invest in obligations of the U.S. Government, its agencies; purchase agreements; and no-loan AAAM money market mutual funds registered with the SEC.

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	Designated Fund	Debt Service Fund	Hotel/Motel Tax Fund	Combination Revenue/Tax Bond 2013	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:							
Property taxes	\$ 142,065	\$ -	\$ 144,663	\$ -	\$ -	\$ 1,885	\$ 288,613
Sales tax	609,810	-	-	-	-	-	609,810
Franchise taxes	63,181	-	-	-	-	-	63,181
Hotel/Motel taxes	-	-	-	232,773	-	-	232,773
Accounts receivabl	43,216	5,623	-	-	15,000	951	64,790
Court fines	<u>698,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698,018</u>
Gross receivables	1,556,290	5,623	144,663	232,773	15,000	2,836	1,957,185
Less: allowance for							
uncollectibles	<u>(635,319)</u>	<u>-</u>	<u>(7,233)</u>	<u>-</u>	<u>-</u>	<u>(94)</u>	<u>(642,646)</u>
Net receivables	<u>\$ 920,971</u>	<u>\$ 5,623</u>	<u>\$ 137,430</u>	<u>\$ 232,773</u>	<u>\$ 15,000</u>	<u>\$ 2,742</u>	<u>\$ 1,314,539</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, 2014, was as follows:

	Beginning Balance	Additions	Transfers/ Retirements	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,976,560	\$ -	\$ -	\$ -	\$ 3,976,560
Construction in progress	59,038	521,402	(23,391)	-	557,049
Total assets not being depreciated	<u>4,035,598</u>	<u>521,402</u>	<u>(23,391)</u>	<u>-</u>	<u>4,533,609</u>
Capital assets, being depreciated:					
Buildings and improvements	12,926,001	-	-	138,685	13,064,686
Machinery, equipment, vehicles	4,459,011	1,321,139	(223,926)	5,781	5,562,005
Infrastructure	17,486,865	508,662	(23,391)	-	17,972,136
Total capital assets being depreciated	<u>34,871,877</u>	<u>1,829,801</u>	<u>(247,317)</u>	<u>144,466</u>	<u>36,598,827</u>
Less accumulated depreciation:					
Buildings and improvements	(2,537,470)	(307,277)	-	(38,138)	(2,882,885)
Machinery, equipment, vehicles	(2,901,609)	(447,190)	223,926	-	(3,124,873)
Infrastructure	(2,475,082)	(491,686)	-	-	(2,966,768)
Total accumulated depreciation	<u>(7,914,161)</u>	<u>(1,246,153)</u>	<u>223,926</u>	<u>(38,138)</u>	<u>(8,974,526)</u>
Total capital assets being depreciated, net	<u>26,957,716</u>	<u>583,648</u>	<u>(23,391)</u>	<u>106,328</u>	<u>27,624,301</u>
Governmental activities capital assets, net	<u>\$ 30,993,314</u>	<u>\$ 1,105,050</u>	<u>\$(46,782)</u>	<u>\$ 106,328</u>	<u>\$ 32,157,910</u>

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

Governmental activities:	
General government	\$ 275,917
Public safety	158,519
Development services	7,630
Community services	585,537
Economic development and assistance	<u>218,550</u>
Total depreciation expense - governmental activities	<u>\$ 1,246,153</u>

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,502,517	\$ 53,114	\$ -	\$ 1,555,631
Water rights	-	2,933,620	-	2,933,620
Construction in progress	<u>782,500</u>	<u>884,213</u>	<u>(782,499)</u>	<u>884,214</u>
Total assets not being depreciated	<u>2,285,017</u>	<u>3,870,947</u>	<u>(782,499)</u>	<u>5,373,465</u>
Capital assets, being depreciated:				
Buildings and improvements	477,386	-	-	477,386
Machinery, equipment and vehicles	1,684,081	38,157	-	1,722,238
Infrastructure	<u>27,057,082</u>	<u>863,138</u>	<u>-</u>	<u>27,920,220</u>
Total capital assets being depreciated	<u>29,218,549</u>	<u>901,295</u>	<u>-</u>	<u>30,119,844</u>
Less accumulated depreciation:				
Buildings and improvements	(105,970)	(20,200)	-	(126,170)
Machinery, equipment and vehicles	(1,259,579)	(92,612)	-	(1,352,191)
Infrastructure	<u>(7,366,525)</u>	<u>(558,575)</u>	<u>-</u>	<u>(7,925,100)</u>
Total accumulated depreciation	<u>(8,732,074)</u>	<u>(671,387)</u>	<u>-</u>	<u>(9,403,461)</u>
Total capital assets being depreciated, net	<u>20,486,475</u>	<u>229,908</u>	<u>-</u>	<u>20,716,383</u>
Business-type activities capital assets, net	<u>\$ 22,771,492</u>	<u>\$ 4,100,855</u>	<u>\$(782,499)</u>	<u>\$ 26,089,848</u>

D. Pension Obligations – Texas Municipal Retirement System (TMRS)

Plan Description

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

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

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

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation/ (asset) are as follows:

Fiscal Year	<u>2014</u>
Annual required contribution (ARC)	\$ 485,919
Interest on net pension obligation	(16,521)
Adjustment to ARC	<u>14,515</u>
Annual pension cost	483,913
Contributions made	<u>(485,919)</u>
Change in net pension asset	(2,006)
Net pension asset, beginning of year	<u>(236,022)</u>
Net pension asset, end of year	<u><u>\$(238,028)</u></u>
Percentage of APC contributed	100.4%

Three-year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Annual Contribution Made	Percentage of APC Contributed	Net Pension Asset
09/30/2012	\$ 452,167	\$ 452,167	100.0%	\$ (236,025)
09/30/2013	458,167	458,364	100.0%	(236,025)
09/30/2014	483,913	485,919	100.4%	(238,028)

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

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	26.3 years; closed period	25.3 years; closed period	30 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment rate of return*	7.0%	7.0%	7.0%
Projected salary increases*	varies by age and service	varies by age and service	varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$ 10,230,058	\$ 12,817,021	\$ 2,586,963	79.8%	\$ 5,000,304	51.7%

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

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

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 2012, 2013 and 2014 are \$7,298, \$7,300, and \$8,088, respectively, which equaled the required contributions each year.

Retiree Health Plan

Plan Description

The City provides paid health insurance coverage for all retirees equal to the coverage being provided to current employees. Members are eligible to retire at age 60 with 5 years of service or at any age with 25 years of service.

Funding Policy

The City currently funds the plan on a pay-as-you-go (PAYGO) 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 its first OPEB actuarial valuation performed as of December 31, 2009. The City's annual OPEB cost for the current fiscal year, is as follows:

Annual required contribution	\$ 1,279,506
Interest on OPEB obligation	166,260
Adjustment to ARC	(154,040)
Annual OPEB cost	1,291,726
Net estimated employer contributions	(207,146)
Increase in net OPEB obligation	1,084,580
Net OPEB obligation, beginning of year	<u>3,694,677</u>
Net OPEB obligation, end of year	<u>\$ 4,779,257</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>
9/30/2012	\$ 1,210,975	\$ 106,564	8.8%	\$ 2,591,188
9/30/2013	1,250,810	147,321	11.8%	3,694,677
9/30/2014	1,291,726	207,146	16.0%	4,779,257

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>
12/31/2011	\$ -	\$ 9,781,417	\$ 9,781,417	0%	\$ 4,737,617	206.5%

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC 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.

Projects 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	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected unit credit cost
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year, open amortization
Payroll growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 8.50% declining to an ultimate rate of 4.50% after 8 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. The City’s commitments with contractors at year end are as follows:

Projects	Spent to Date	Remaining Commitment
Street Improvements - Pecan St.	\$ 10,607	\$ 254,393
Street Improvements - Farm St.	3,250	496,750
Street Improvements - Chambers St.	437,083	147,917
Street Improvements (Austin, Buttonwood, Juniper, Oak, Persimmon, Pea Jay Cove)	59,298	340,702
Alley D Infrastructure/Parking Improvement	46,813	643,187
Install Generator Loop 150 Lift Station	102,469	213,320
Install Generator Willow St. Lift Station	123,955	191,834
Automatic Metering Infrastructure Project (AMI)	533,058	1,166,942
Water Improvement Willow Plant-Membrane Filtration Proj	39,156	460,844
Wastewater Projects - (Walnut, Haysel, Spring Streets)	31,310	468,690
XS Ranch Water well development	54,265	59,920
Phase 1 Improvement of Business Park	1,215,116	639,885
Main Street Sidewalk/Street Replacement	2,275	797,725
	\$ 2,658,655	\$ 5,882,109

G. Commitments - Economic Development Agreements

The City entered into an economic development agreement dated January 2012, with a developer to provide certain economic development incentives to the developer in recognition of the economic benefits to the City. The agreement requires the City to rebate to the developer ½ cent of the sales tax collected by the Bastrop Economic Development Corporation, and the developer has to achieve and maintain certain benchmarks. The maximum amount to be rebated by the City from sales tax revenues generated by the development is \$700,000 over ten years. The total rebates paid to date as of September 30, 2014, was \$134,372.

In addition, the City entered into an economic development agreement dated August 2007, with a developer to provide certain economic development incentives to the developer in recognition of the economic benefits to the City. The agreement requires the City to rebate to the developer 1 ½ cents of the City and Bastrop Economic Development Corporation's sales taxes generated by the development that are above the agreed upon equalizer amount. Also, the City has agreed to pay 50% of the increase in ad valorem tax revenues from the 2007 base year to the developer each year. The maximum amount to be rebated by the City from sales tax and ad valorem tax revenues generated by the development is \$7,370,694 over fifteen years. The total rebates paid to date as of September 30, 2014, was \$539,525.

The City entered into an economic development agreement dated April 2012, with a developer to provide certain economic development incentives to the developer in recognition of the economic benefits to the City and to reimburse the developer for water lines. The agreement requires the City to rebate to the developer 75% of the City's sales taxes generated by the development, and the developer has to achieve and maintain certain benchmarks. Also, the City has agreed to pay 75% of the revenue generated to the City in ad valorem taxes on the appraised value of the new improvements. The maximum amount to be rebated by the City from sales tax and ad valorem tax revenues generated by the development is \$250,000 over seven years. The total rebates paid to date as of September 30, 2014, was \$119,929.

H. 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.

I. 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, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations	\$ 10,611,770	\$ -	\$(870,461)	\$ 9,741,309	\$ 800,929
Certificates of obligation	9,182,874	7,392,000	(395,854)	16,179,020	538,154
Issuance premium	<u>367,401</u>	<u>127,985</u>	<u>(40,551)</u>	<u>454,835</u>	<u>-</u>
Total bonds payable	20,162,045	7,519,985	(1,306,866)	26,375,164	1,339,083
Notes payable	570,384	475,000	(84,871)	960,513	138,829
Compensated absences	175,396	186,316	(150,791)	210,921	42,184
Net OPEB Obligation	<u>2,913,159</u>	<u>870,833</u>	<u>-</u>	<u>3,783,992</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 23,820,984</u>	<u>\$ 9,052,134</u>	<u>\$(1,542,528)</u>	<u>\$ 31,330,590</u>	<u>\$ 1,520,096</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 other postemployment benefit obligation is expected to occur at percentages approximating those for liquidation of the compensated absences liability.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 1,903,230	\$ -	\$(149,540)	\$ 1,753,690	\$ 706,846
Certificates of obligation	8,772,124	10,608,000	(339,146)	19,040,978	154,071
Issuance premium	<u>305,629</u>	<u>216,747</u>	<u>(27,415)</u>	<u>494,961</u>	<u>-</u>
Total bonds payable	10,980,983	10,824,747	(516,101)	21,289,629	860,917
Notes payable	52,497	600,000	(52,497)	600,000	60,000
Compensated absences	31,530	33,579	(32,919)	32,190	6,438
Net OPEB Obligation	<u>664,253</u>	<u>178,766</u>	<u>-</u>	<u>843,019</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 11,729,263</u>	<u>\$ 11,637,092</u>	<u>\$(601,517)</u>	<u>\$ 22,764,838</u>	<u>\$ 927,355</u>

Details of long-term debt obligations outstanding at September 30, 2014 are as follows:

Governmental Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/2014
Bonds Payable:					
General Obligation Bonds, Series 2004	2004	\$ 2,685,000	3.5-4.8%	2015	\$ 135,000
General Obligation Bonds, Series 2005	2005	2,445,000	3.67%	2025	1,610,000
General Obligation Bonds, Series 2006	2006	345,000	4.24%	2026	250,000
Certificates of Obligation, Series 2006 (31.4%)	2006	227,650	4.19%	2026	113,040
General Obligation Bonds, Series 2007	2007	1,220,000	4.08%	2027	930,000
Certificates of Obligation, Series 2007 (11.42%)	2007	264,944	4.04%	2027	202,134
Certificates of Obligation, Series 2008	2008	1,195,000	3.87%	2028	960,000
General Obligation Bonds, Series 2008	2008	2,110,000	4.60%	2028	1,890,000
Comb. Tax & Rev. Cert. of Oblig., Series 2008A (58.69%)	2008	2,362,273	4.20-5.0%	2028	2,018,936
Certificates of Obligation, Series 2010 (83.1% of issue)	2010	6,149,400	3.50-4.25%	2029	5,492,910
General Obligation Limited Tax Ref. Bonds, Series 2010 (9.37%)	2010	239,872	2.0-4.0%	2024	181,309
General Obligation Refunding Bonds, Series 2011	2011	4,260,000	2.0-4.0%	2022	2,795,000
General Obligation Refunding and Imp. Bonds, Series 2012	2012	2,015,000	2.0-3.0%	2024	1,950,000
Comb. Tax & Rev. Cert. of Oblig., Series 2013 (67.2%)	2013	7,392,000	3.0-4.25%	2033	<u>7,392,000</u>
Total Bonds Payable					<u>\$ 25,920,329</u>

Notes Payable:

Note Payable - Texas Department of Economic Development	1999	\$ 500,000	0.0%	2019	\$ 114,584
Note Payable - Texas Capital Fund - Art Foundry	2011	447,351	0.0%	2031	370,929
Notes Payable FNB (Loan #50018)	2014	475,000	1.9%	2019	<u>475,000</u>
Total Notes Payable					<u>\$ 960,513</u>

Business-Type Activities

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/2014
Bonds Payable:					
Certificates of Obligation, Series 2006 (68.6%)	2006	\$ 497,350	4.19%	2026	\$ 246,960
Certificates of Obligation, Series 2007 (88.58%)	2007	2,055,056	4.04%	2027	1,567,866
Comb. Tax & Rev. Cert. of Oblig., Series 2008A (41.31%)	2010	1,662,728	4.20-5.0%	2028	1,421,063
General Obligation Limited Tax Ref. Bonds, Series 2010 (90.63%)	2010	2,320,128	2.0-4.0%	2024	1,753,689
Comb. Tax & Rev. Cert. of Oblig., Series 2010 (16.9%)	2010	1,250,600	3.50-4.25%	2029	1,117,090
Comb. Tax & Rev. Cert. of Oblig., Series 2012	2012	4,200,000	2.0-4.0%	2032	4,080,000
Combination Tax & Rev. Cert. of Oblig., Series 2013 (32.8%)	2013	3,608,000	3.0-4.25%	2033	3,608,000
Combination Tax & Rev. Cert. of Oblig., Series 2014	2014	7,000,000	2.0-3.5%	2034	<u>7,000,000</u>
Total Bonds Payable					<u>\$ 20,794,668</u>

Notes Payable:

Notes Payable - Ingram Note	2014	\$ 600,000	0.00%	2024	<u>600,000</u>
Total Notes Payable					<u>\$ 600,000</u>

The City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of September 30, 2014, the City does not have bonds considered defeased and still outstanding.

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

Governmental Activities:

Year Ended September 30,	Governmental Activities					
	Bonds Payable		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,339,083	\$ 977,511	\$ 138,829	\$ 9,025	\$ 1,477,912	\$ 986,536
2016	1,474,182	932,133	140,548	7,307	1,614,730	939,440
2017	1,548,847	883,802	142,337	5,517	1,691,184	889,319
2018	1,592,894	833,348	144,142	3,712	1,737,036	837,060
2019	1,666,432	780,254	135,565	1,874	1,801,997	782,128
2020-2024	8,708,963	2,929,332	111,838	-	8,820,801	2,929,332
2025-2029	7,032,968	1,354,626	111,838	-	7,144,806	1,354,626
2030-2033	2,556,960	270,539	35,416	-	2,592,376	270,539
Totals	\$ 25,920,329	\$ 8,961,545	\$ 960,513	\$ 27,435	\$ 26,880,842	\$ 8,988,980

Business-type Activities

Year Ended September 30,	Business-Type Activities					
	Bonds Payable		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 860,917	\$ 713,812	\$ 60,000	\$ -	\$ 920,917	\$ 713,812
2016	955,833	667,296	60,000	-	1,015,833	667,296
2017	966,154	640,211	60,000	-	1,026,154	640,211
2018	1,012,107	612,629	60,000	-	1,072,107	612,629
2019	1,028,568	584,371	60,000	-	1,088,568	584,371
2020-2024	5,936,037	2,397,625	300,000	-	6,236,037	2,397,625
2025-2029	5,752,032	1,385,072	-	-	5,752,032	1,385,072
2030-2034	4,283,040	433,611	-	-	4,283,040	433,611
Totals	\$ 20,794,688	\$ 7,434,627	\$ 600,000	\$ -	\$ 21,394,688	\$ 7,434,627

J. Interfund Balances

The composition of interfund balances as of September 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Grants Fund	\$ 92,695
Total		\$ 92,695

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.

K. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2014 is as follows:

	Transfers in:						Totals
	Governmental Funds			Enterprise Funds			
	General Fund	Debt Service	Nonmajor Gov. Funds	Water/Wastewater	Bastrop Power & Light	Nonmajor Enterprise	
Transfers out:							
Hotel/Motel Tax	\$ -	\$ -	\$ 1,186,570	\$ -	\$ -	\$ -	\$ 1,186,570
Nonmajor -							
Governmental	-	540,788	-	206,970	13,518	-	761,276
Water/Wastewater	-	-	-	-	-	171,684	171,684
Bastrop Power & Light	613,500	-	-	-	-	-	613,500
Nonmajor Enterprise	46,167	-	-	171,685	-	-	217,852
Totals	\$ 659,667	\$ 540,788	\$ 1,186,570	\$ 378,655	\$ 13,518	\$ 171,684	\$ 2,950,882

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, and 3) move resources from proprietary funds to governmental funds to subsidize governmental activities as budgeted.

L. Discretely Presented Component Unit

Bastrop Economic Development Corporation (Bastrop EDC)

Capital assets activity for Bastrop EDC for the year ended September 30, 2014 was as follows:

Component Unit - Bastrop Economic Development Corporation

	Balance 9/30/2013	Increases	Decreases	Balance 9/30/2014
Capital assets, not being depreciated:				
Land	\$ 945,434	\$ -	\$ (12,374)	\$ 933,060
Construction-in-progress	135,598	1,081,792	-	1,217,390
Total capital assets, not being depreciated	1,081,032	1,081,792	(12,374)	2,150,450
Capital assets, being depreciated:				
Buildings and improvements	971,665	-	-	971,665
Infrastructure	2,253,147	-	-	2,253,147
Machinery, equipment, and vehicles	6,506	-	-	6,506
Total capital assets, being depreciated	3,231,318	-	-	3,231,318
Less accumulated depreciation for:				
Buildings and improvements	(279,626)	(18,560)	-	(298,186)
Infrastructure	(1,055,364)	(103,758)	-	(1,159,122)
Machinery, equipment, and vehicles	(6,506)	-	-	(6,506)
Total accumulated depreciation	(1,341,496)	(122,318)	-	(1,463,814)
Total capital assets being depreciated, net	1,889,822	(122,318)	-	1,767,504
Component unit capital assets, net	\$ 2,970,854	\$ 959,474	\$ (12,374)	\$ 3,917,954

Details of long-term debt obligations outstanding for Bastrop EDC at September 30, 2014 are as follows:

Component Unit- Bastrop Economic Development

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/2014
Bonds Payable:					
Sales Tax and Revenue Refunding Bonds, Series 2006	2006	\$ 2,005,000	4.61%	2020	\$ 670,000
Total Bonds Payable					<u>\$ 670,000</u>
Notes Payable:					
City of Bastrop	1999	500,000	0.00%	2019	\$ 112,500
First National Bank	1999	98,524	5.39%	2016	11,044
City of Bastrop	2014	600,000	0.00%	2024	<u>600,000</u>
Total Notes Payable					<u>\$ 723,544</u>
Other:					
Due to City of Bastrop-12.5% of Cert. of Oblig., Series 2008A	2008	503,125	4.20-5.0%	2028	\$ 417,960
Due to City of Bastrop-13.88% of Cert. of Oblig., Series 2010	2010	1,027,120	3.5-4.25%	2029	917,468
Due to City of Bastrop-24.2% Cert. of Oblig., Series 2013	2013	2,662,000	3.0-4.25%	2033	<u>2,662,000</u>
Total Other					<u>\$ 3,997,428</u>

Long-term debt activity for Bastrop EDC for the year ended September 30, 2014 was as follows:

Description	Balance 9/30/2013	Additions	Deletions	Balance 9/30/2014	Due in One Year
General Obligation Bonds	\$ 885,000	\$ -	\$ 215,000	\$ 670,000	\$ 220,000
Notes Payable	132,393	600,000	8,846	723,547	92,901
Due to City of Bastrop - Bonds	1,405,530	2,662,000	70,102	3,997,428	103,435
Compensated Absences	7,739	8,291	6,658	9,372	933
Net OPEB Obligation	<u>117,264</u>	<u>34,982</u>	<u>-</u>	<u>152,246</u>	<u>-</u>
Total Component Unit	<u>\$ 2,547,926</u>	<u>\$ 3,305,273</u>	<u>\$ 300,606</u>	<u>\$ 5,552,593</u>	<u>\$ 417,269</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		
2015	\$ 103,435	\$ 156,329	\$ 92,901	\$ 161	\$ 196,336	\$ 156,490
2016	139,827	152,604	88,146	16	227,973	152,620
2017	138,375	147,773	85,000	-	223,375	147,773
2018	142,188	142,934	85,000	-	227,188	142,934
2019	151,019	138,144	72,500	-	223,519	138,144
2020-2024	999,218	592,720	300,000	-	1,299,218	592,720
2025-2029	1,402,556	366,523	-	-	1,402,556	366,523
2030-2033	<u>920,810</u>	<u>97,426</u>	<u>-</u>	<u>-</u>	<u>920,810</u>	<u>97,426</u>
Totals	<u>\$ 3,997,428</u>	<u>\$ 1,794,453</u>	<u>\$ 723,547</u>	<u>\$ 177</u>	<u>\$ 4,720,975</u>	<u>\$ 1,794,630</u>

M. 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.

N. Subsequent Event

In October 2014, the City issued General Obligation Refunding Bonds, Series 2014 in the amount of \$2,275,000. These Bonds refunded a portion of the Certificates of Obligation, Series 2008 and the Combination Tax and Revenue Certificates of Obligation, Series 2008A, in order to reduce future debt service payments. A result of the refunding is a net present value cash flow savings of \$22,720.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF BASTROP, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Funding Ratio (3) (1)/(2)	Unfunded AAL (UAAL) (4)	Covered Payroll (5)	UAAL as a Percentage of Covered Payroll (6)
12/31/2011	\$ 8,124,527	\$ 9,958,983	81.6%	\$ 1,834,456	\$ 4,737,617	38.7%
12/31/2012	9,153,263	10,875,606	84.2%	1,722,343	4,833,458	35.6%
12/31/2013	10,230,058	12,817,021	79.8%	2,586,963	5,000,304	51.7%

RETIREE HEALTH CARE PLAN

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Funding Ratio (3) (1)/(2)	Unfunded AAL (UAAL) (4)	Covered Payroll (5)	UAAL as a Percentage of Covered Payroll (6)
12/31/2009	\$ -	\$ 6,261,851	0.0%	\$ 6,261,851	\$ 4,284,550	146.1%
12/31/2011	-	9,781,417	0.0%	9,781,417	4,737,617	206.5%

CITY OF BASTROP, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 2,629,020	\$ 2,629,020	\$ 2,629,078	\$ 58
Sales taxes	3,175,000	3,185,000	3,538,097	353,097
Franchise taxes	400,000	400,000	432,973	32,973
Licenses and permits	91,000	146,000	151,674	5,674
Intergovernmental	239,080	333,640	363,613	29,973
Charges for service	95,400	60,870	48,079	(12,791)
Fines	254,100	246,100	219,071	(27,029)
Investment earnings	6,000	6,000	3,895	(2,105)
Contributions and donations	-	-	250	250
Miscellaneous	25,000	40,702	67,173	26,471
Total revenues	<u>6,914,600</u>	<u>7,047,332</u>	<u>7,453,903</u>	<u>406,571</u>
EXPENDITURES				
Current:				
General government:				
Legislative	16,320	16,320	11,716	4,604
Organizational	1,295,340	1,139,745	1,015,195	124,550
City Manager	118,490	157,301	155,769	1,532
City Secretary	48,020	61,915	57,064	4,851
Finance	216,274	239,984	181,684	58,300
Human resources	52,236	56,326	51,348	4,978
Information technology	61,800	76,600	66,709	9,891
Public safety:				
Police	2,429,700	2,485,841	2,378,576	107,265
Fire	213,200	688,200	663,273	24,927
Municipal court	361,630	370,950	352,613	18,337
Development services:				
Planning	631,800	647,630	629,141	18,489
Health	71,050	71,050	47,351	23,699
Community services:				
Public works	879,450	976,250	971,025	5,225
Recreation	39,500	39,500	39,500	-
Parks	688,900	730,415	606,476	123,939
Building maintenance	169,200	173,230	97,810	75,420
Library	661,190	678,575	616,161	62,414
Debt service:				
Principal	-	-	22,368	(22,368)
Total expenditures	<u>7,954,100</u>	<u>8,609,832</u>	<u>7,963,779</u>	<u>646,053</u>
Excess (deficiency) of revenues over expenditures	<u>(1,039,500)</u>	<u>(1,562,500)</u>	<u>(509,876)</u>	<u>1,052,624</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	613,500	661,500	659,667	1,833
Loan proceeds	-	-	475,000	(475,000)
Sale of general capital assets	-	-	19,615	(19,615)
Total other financing sources (uses)	<u>613,500</u>	<u>661,500</u>	<u>1,154,282</u>	<u>(492,782)</u>
Net change in fund balances	<u>(426,000)</u>	<u>(901,000)</u>	<u>644,406</u>	<u>559,842</u>
Fund balance- beginning	3,575,906	3,575,906	3,575,906	-
Prior period adjustment	-	-	542,725	542,725
Fund balance- ending	<u>\$ 3,149,906</u>	<u>\$ 2,674,906</u>	<u>\$ 4,763,037</u>	<u>\$ 1,102,567</u>

CITY OF BASTROP, TEXAS

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

DESIGNATED FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Franchise taxes	20,500	20,500	21,404	904
Fines and forfeitures	768,000	768,000	925,131	157,131
Investment earnings	600	600	777	177
Contributions and donations	-	2,600	23,897	21,297
Total revenues	<u>789,100</u>	<u>791,700</u>	<u>971,209</u>	<u>179,509</u>
EXPENDITURES				
Current:				
Public safety	509,400	749,177	687,096	62,081
Community services	-	90,328	87,178	3,150
Capital outlay	-	124,963	108,531	16,432
Total expenditures	<u>509,400</u>	<u>964,468</u>	<u>882,805</u>	<u>81,663</u>
Net change in fund balances	279,700	(172,768)	88,404	261,172
Fund balance- beginning	639,090	639,090	639,090	-
Fund balance- ending	<u>\$ 918,790</u>	<u>\$ 466,322</u>	<u>\$ 727,494</u>	<u>\$ 261,172</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, 2014

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Hotel/motel taxes	2,329,020	2,484,380	\$ 2,737,816	\$ 253,436
Investment earnings	<u>3,500</u>	<u>3,500</u>	<u>1,433</u>	<u>(2,067)</u>
Total revenues	<u>2,332,520</u>	<u>2,487,880</u>	<u>2,739,249</u>	<u>251,369</u>
EXPENDITURES				
Current:				
Economic development:				
Donations	303,500	338,750	338,679	71
Bastrop marketing corporation	817,940	939,940	939,032	908
Special events	<u>45,000</u>	<u>43,110</u>	<u>31,708</u>	<u>11,402</u>
Total expenditures	<u>1,166,440</u>	<u>1,321,800</u>	<u>1,309,419</u>	<u>12,381</u>
Excess (deficiency) of revenues over expenditures	<u>1,166,080</u>	<u>1,166,080</u>	<u>1,429,830</u>	<u>263,750</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,186,570)</u>	<u>(1,186,570)</u>	<u>(1,186,570)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,186,570)</u>	<u>(1,186,570)</u>	<u>(1,186,570)</u>	<u>-</u>
Net change in fund balance	<u>(20,490)</u>	<u>(20,490)</u>	243,260	263,750
Fund balance - beginning	<u>1,905,557</u>	<u>1,905,557</u>	<u>1,905,557</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,885,067</u>	<u>\$ 1,885,067</u>	<u>\$ 2,148,817</u>	<u>\$ 263,750</u>

CITY OF BASTROP, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

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.

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**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.

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.

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.

General Obligation Bonds, Series 2005 – 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.

Certificates of Obligation, Series 2010 – 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.

Certificates of Obligation, Series 2012 – 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/

General Obligation & Refunding Bonds, Series 2012 – 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.

Sanitation Fund - This fund is used to account for the operating activities of the City's sanitation operations.

CITY OF BASTROP, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue Funds			
	Bastrop Convention Center	Main Street Project	Bastrop Art in Public Places	Library Board
ASSETS				
Cash and cash equivalents	\$ 1,099,226	\$ 49,258	\$ 55,996	\$ 10,205
Taxes receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Accounts receivable	-	-	-	-
Prepaid items	112	-	-	-
Total assets	\$ 1,099,338	\$ 49,258	\$ 55,996	\$ 10,205
LIABILITIES				
Accounts payable	17,391	2,482	-	241
Accrued liabilities	7,748	2,837	-	-
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Customer deposits	29,093	-	-	-
Total liabilities	\$ 54,232	\$ 5,319	\$ -	\$ 241
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable - prepaid items	112	-	-	-
Restricted for:				
Cemetery	-	-	-	-
Capital projects	-	-	-	-
Public improvement district	-	-	-	-
Culture and recreation	-	43,939	55,996	9,964
Committed for:				
Economic delvelopment	1,044,994	-	-	-
Total fund balances	1,045,106	43,939	55,996	9,964
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,099,338	\$ 49,258	\$ 55,996	\$ 10,205

Special Revenue Funds		Permanent Fund	Capital Project Funds			
Fairview Cemetery	Hunters Crossing PID	Fairview Cemetery	Park/Trail Dedication	GO Bond Series 2005	CO Series 2010	CO Series 2012
\$ 267,211	\$ 191,190	\$ 383,649	\$ 119,758	\$ 157,809	\$ 134,079	\$ -
-	1,791	-	-	-	-	-
-	-	-	-	-	-	-
860	91	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 268,071</u>	<u>\$ 193,072</u>	<u>\$ 383,649</u>	<u>\$ 119,758</u>	<u>\$ 157,809</u>	<u>\$ 134,079</u>	<u>\$ -</u>
990	6,214	-	-	-	122	-
1,898	-	-	-	-	-	-
-	23,488	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,888</u>	<u>\$ 29,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ -</u>
-	1,791	-	-	-	-	-
-	1,791	-	-	-	-	-
-	-	-	-	-	-	-
265,183	-	383,649	-	-	-	-
-	-	-	119,758	157,809	133,957	-
-	161,579	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>265,183</u>	<u>161,579</u>	<u>383,649</u>	<u>119,758</u>	<u>157,809</u>	<u>133,957</u>	<u>-</u>
<u>\$ 268,071</u>	<u>\$ 193,072</u>	<u>\$ 383,649</u>	<u>\$ 119,758</u>	<u>\$ 157,809</u>	<u>\$ 134,079</u>	<u>\$ -</u>

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CITY OF BASTROP, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Capital Projects Funds		Total
	GO Bonds	Grants	Non-Major
	Series 2012	Fund	Governmental
			Funds
ASSETS			
Cash and cash equivalents	\$ 61,075	\$ 1	\$ 2,529,457
Taxes receivable	-	-	1,791
Due from other governments	-	157,569	157,569
Accounts receivable	-	-	951
Prepaid items	-	-	112
Total assets	\$ 61,075	\$ 157,570	\$ 2,689,880
LIABILITIES			
Accounts payable	1,930	64,875	94,245
Accrued liabilities	-	-	12,483
Retainage payable	-	-	23,488
Due to other funds	-	92,695	92,695
Customer deposits	-	-	29,093
Total assets	\$ 1,930	\$ 157,570	\$ 252,004
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	1,791
Total deferred inflows of resources	-	-	1,791
FUND BALANCES			
Nonspendable - prepaid items	-	-	112
Restricted for:			
Cemetery	-	-	648,832
Capital projects	59,145	-	470,669
Public Improvement District	-	-	161,579
Culture and recreation	-	-	109,899
Committed for:			
Economic delvelopment	-	-	1,044,994
Total fund balances	59,145	-	2,436,085
Total liabilities, deferred inflows of resources, and fund balances	\$ 61,075	\$ 157,570	\$ 2,689,880

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds			
	Bastrop Convention Center	Main Street Project	Bastrop Art in Public Places	Library Board
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	2,167	-	-	-
Intergovernmental	-	-	-	-
Charges for services	128,753	-	-	-
Investment earnings	1,056	48	-	8
Contributions and donations	-	50,370	-	2,852
Miscellaneous	15	-	-	-
Total revenues	131,991	50,418	-	2,860
EXPENDITURES				
Current:				
Community services	-	-	-	3,063
Economic development	668,410	137,586	5,809	-
Debt Service:				
Interest and other	582	-	-	-
Capital outlay	7,082	-	7,360	-
Total expenditures	676,074	137,586	13,169	3,063
Excess (deficiency) of revenues over expenditures	(544,083)	(87,168)	(13,169)	(203)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,091,080	75,000	20,490	-
Transfers out	(540,788)	-	-	-
Total other financing sources (uses)	550,292	75,000	20,490	-
Net change in fund balances	6,209	(12,168)	7,321	(203)
Fund balances - beginning	1,038,897	56,107	48,675	10,167
Fund balances - ending	\$ 1,045,106	\$ 43,939	\$ 55,996	\$ 9,964

Special Revenue Funds		Permanent Fund	Capital Project Funds			
Fairview Cemetery	Hunters Crossing PID	Fairview Cemetery	Park/Trail Dedication	GO Bond Series 2005	CO Series 2010	CO Series 2012
\$ -	\$ 349,671	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
86,472	-	-	-	-	-	-
3,785	204	-	103	143	247	23
100	-	-	-	-	-	-
97	-	-	-	-	-	-
<u>90,454</u>	<u>349,875</u>	<u>-</u>	<u>103</u>	<u>143</u>	<u>247</u>	<u>23</u>
49,277	-	-	-	-	-	-
-	275,394	-	-	-	200,261	-
-	-	-	-	-	-	-
-	-	-	-	10,607	-	-
<u>49,277</u>	<u>275,394</u>	<u>-</u>	<u>-</u>	<u>10,607</u>	<u>200,261</u>	<u>-</u>
<u>41,177</u>	<u>74,481</u>	<u>-</u>	<u>103</u>	<u>(10,464)</u>	<u>(200,014)</u>	<u>23</u>
-	-	-	-	-	-	-
-	-	-	-	-	(13,518)	(49,401)
-	-	-	-	-	(13,518)	(49,401)
41,177	74,481	-	103	(10,464)	(213,532)	(49,378)
<u>224,006</u>	<u>87,098</u>	<u>383,649</u>	<u>119,655</u>	<u>168,273</u>	<u>347,489</u>	<u>49,378</u>
<u>\$ 265,183</u>	<u>\$ 161,579</u>	<u>\$ 383,649</u>	<u>\$ 119,758</u>	<u>\$ 157,809</u>	<u>\$ 133,957</u>	<u>\$ -</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, 2014

	<u>Capital Projects Funds</u>		Total Non-Major Governmental Funds
	<u>GO Bonds Series 2012</u>	<u>Grants</u>	
REVENUES			
Property taxes	\$ -	\$ -	\$ 349,671
Licenses and permits	-	-	2,167
Intergovernmental revenues	-	167,569	167,569
Charges for services	-	-	215,225
Investment earnings	58	-	5,675
Contributions and donations	-	-	53,322
Miscellaneous	-	-	112
Total Revenue	<u>58</u>	<u>167,569</u>	<u>793,741</u>
EXPENDITURES			
Current:			
Community services	-	10,000	62,340
Economic development	-	-	1,287,460
Debt Service:			
Interest and other	-	-	582
Capital outlay	<u>11,165</u>	<u>-</u>	<u>36,214</u>
Total expenditures	<u>11,165</u>	<u>10,000</u>	<u>1,386,596</u>
Excess (deficiency) of revenues over expenditures	<u>(11,107)</u>	<u>157,569</u>	<u>(592,855)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,186,570
Transfers out	<u>-</u>	<u>(157,569)</u>	<u>(761,276)</u>
Total other financing sources (uses)	<u>-</u>	<u>(157,569)</u>	<u>425,294</u>
Net change in fund balances	<u>(11,107)</u>	<u>-</u>	<u>(167,561)</u>
Fund balances - beginning	<u>70,252</u>	<u>-</u>	<u>2,603,646</u>
Fund balances - ending	<u>\$ 59,145</u>	<u>\$ -</u>	<u>\$ 2,436,085</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, 2014

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,591,250	\$ 1,591,250	\$ 1,557,988	\$(33,262)
Investment earnings	1,918	1,918	1,165	(753)
Contributions and donations	-	-	203,617	203,617
Total revenues	<u>1,593,168</u>	<u>1,593,168</u>	<u>1,762,770</u>	<u>169,602</u>
EXPENDITURES				
Debt service:				
Principal	1,303,818	1,245,514	1,303,817	58,303
Interest and other	<u>796,663</u>	<u>854,967</u>	<u>970,334</u>	<u>115,367</u>
Total expenditures	<u>2,100,481</u>	<u>2,100,481</u>	<u>2,274,151</u>	<u>173,670</u>
Excess (deficiency) of revenues over expenditures	<u>(507,313)</u>	<u>(507,313)</u>	<u>(511,381)</u>	<u>(4,068)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>656,176</u>	<u>656,176</u>	<u>540,788</u>	<u>(115,388)</u>
Total other financing sources (uses)	<u>656,176</u>	<u>656,176</u>	<u>540,788</u>	<u>(115,388)</u>
Net change in fund balance	148,863	148,863	29,407	(119,456)
Fund balance- beginning	<u>707,322</u>	<u>707,322</u>	<u>707,322</u>	-
Fund balance- ending	<u>\$ 856,185</u>	<u>\$ 856,185</u>	<u>\$ 736,729</u>	<u>\$(119,456)</u>

CITY OF BASTROP, TEXAS

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

SEPTEMBER 30, 2014

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	Community Impact Fee Fund	Accelerated Recovery Fee Fund	Sanitation Fund	
ASSETS				
Cash and cash equivalents	\$ 890,170	\$ 692,674	\$ -	\$ 1,582,844
Accounts receivable, net	-	-	40,856	40,856
Total assets	<u>890,170</u>	<u>692,674</u>	<u>40,856</u>	<u>1,623,700</u>
LIABILITIES				
Accounts payable	-	3,940	40,856	44,796
Total liabilities	<u>-</u>	<u>3,940</u>	<u>40,856</u>	<u>44,796</u>
NET POSITION				
Restricted for other purposes	571,914	97,737	-	669,651
Unrestricted	<u>318,256</u>	<u>590,997</u>	<u>-</u>	<u>909,253</u>
Total net position	<u>\$ 890,170</u>	<u>\$ 688,734</u>	<u>\$ -</u>	<u>\$ 1,578,904</u>

CITY OF BASTROP, TEXAS

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

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR END SEPTEMBER 30, 2014

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	Community Impact Fee Fund	Accelerated Recovery Fee Fund	Sanitation Fund	
Operating revenues:				
Charges for services	\$ 175,098	\$ 250,448	\$ 467,566	\$ 893,112
Total operating revenues	<u>175,098</u>	<u>250,448</u>	<u>467,566</u>	<u>893,112</u>
Operating expenses:				
Supplies and maintenance	-	262,175	-	262,175
Services and other	-	-	421,399	421,399
Total operating expenses	<u>-</u>	<u>262,175</u>	<u>421,399</u>	<u>683,574</u>
Operating income (loss)	175,098	(11,727)	46,167	209,538
Nonoperating revenues (expenses)				
Investment earnings	<u>695</u>	<u>668</u>	<u>-</u>	<u>1,363</u>
Total nonoperating revenues (expenses)	<u>695</u>	<u>668</u>	<u>-</u>	<u>1,363</u>
Income before transfers	175,793	(11,059)	46,167	210,901
Transfers in	-	171,684	-	171,684
Transfers out	<u>-</u>	<u>(171,685)</u>	<u>(46,167)</u>	<u>(217,852)</u>
Change in net position	175,793	(11,060)	-	164,733
Net position- beginning	<u>714,377</u>	<u>699,794</u>	<u>-</u>	<u>1,414,171</u>
Net position- ending	<u>\$ 890,170</u>	<u>\$ 688,734</u>	<u>\$ -</u>	<u>\$ 1,578,904</u>

CITY OF BASTROP, TEXAS

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	Comminuty Impact Fee Fund	Accelerated Recovery Fee Fund	Sanitation Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 175,098	\$ 250,448	\$ 465,637	\$ 891,183
Payments to suppliers and service providers	-	(258,235)	(419,470)	(677,705)
Net cash provided (used) by operating activities	<u>175,098</u>	<u>(7,787)</u>	<u>46,167</u>	<u>213,478</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	171,684	-	171,684
Transfers out to other funds	-	(171,685)	(46,167)	(217,852)
Net cash used by noncapital noncapital financing activities	-	(1)	(46,167)	(46,168)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	695	668	-	1,363
Net cash provided by investing activities	<u>695</u>	<u>668</u>	<u>-</u>	<u>1,363</u>
Net increase (decrease) in cash and cash equivalents	175,793	(7,120)	-	168,673
Cash and cash equivalents-beginning	<u>714,377</u>	<u>699,794</u>	<u>-</u>	<u>1,414,171</u>
Cash and cash equivalents-ending	<u>\$ 890,170</u>	<u>\$ 692,674</u>	<u>\$ -</u>	<u>\$ 1,582,844</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 175,098	\$(11,727)	\$ 46,167	\$ 209,538
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
(Increase) decrease in account receivable	-	-	(1,929)	(1,929)
Increase (decrease) in accounts payable	-	3,940	1,929	5,869
Net cash provided by (used for) operating activities	<u>\$ 175,098</u>	<u>\$(7,787)</u>	<u>\$ 46,167</u>	<u>\$ 213,478</u>

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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.	66 – 74
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.	75 – 80
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.	81 – 87
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.	88 – 90
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.	91 – 93

CITY OF BASTROP, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 1,103,205	\$ 2,167,796	\$ 439,746	\$ 1,437,927
Restricted	2,969,120	3,238,650	4,087,610	2,363,723
Unrestricted	<u>1,956,459</u>	<u>2,467,845</u>	<u>3,320,445</u>	<u>4,276,758</u>
Total governmental activities net position	<u>\$ 6,028,784</u>	<u>\$ 7,874,291</u>	<u>\$ 7,847,801</u>	<u>\$ 8,078,408</u>
Business-type activities:				
Net investment in capital assets	\$ 7,878,931	\$ 8,786,065	\$ 9,586,381	\$ 4,850,207
Restricted	2,875,310	3,626,113	3,476,113	3,476,113
Unrestricted	<u>2,076,100</u>	<u>2,124,885</u>	<u>5,277,302</u>	<u>12,960,782</u>
Total business-type activities net position	<u>\$ 12,830,341</u>	<u>\$ 14,537,063</u>	<u>\$ 18,339,796</u>	<u>\$ 21,287,102</u>
Primary government:				
Net investment in capital assets	\$ 8,982,136	\$ 10,953,861	\$ 10,026,127	\$ 6,288,134
Restricted	5,844,430	6,864,763	7,563,723	5,839,836
Unrestricted	<u>4,032,559</u>	<u>4,592,730</u>	<u>8,597,747</u>	<u>17,237,540</u>
Total primary government net position	<u>\$ 18,859,125</u>	<u>\$ 22,411,354</u>	<u>\$ 26,187,597</u>	<u>\$ 29,365,510</u>

TABLE 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,155,157	\$ (4,960,857)	\$ 5,875,370	\$ 10,566,114	\$ 11,429,156	\$ 9,963,117
986,735	9,380,765	6,046,673	7,373,576	4,910,969	9,159,680
<u>4,033,594</u>	<u>(236,597)</u>	<u>(2,389,362)</u>	<u>(854,428)</u>	<u>2,499,071</u>	<u>2,209,515</u>
<u>\$ 7,175,486</u>	<u>\$ 4,183,311</u>	<u>\$ 9,532,681</u>	<u>\$ 17,085,262</u>	<u>\$ 18,839,196</u>	<u>\$ 21,332,312</u>
\$ 16,335,785	\$ 19,320,722	\$ 16,135,372	\$ 13,211,924	\$ 11,738,002	\$ 12,316,742
-	-	-	-	2,660,151	669,651
<u>5,767,731</u>	<u>6,658,219</u>	<u>5,594,939</u>	<u>7,391,011</u>	<u>5,210,587</u>	<u>8,546,144</u>
<u>\$ 22,103,516</u>	<u>\$ 25,978,941</u>	<u>\$ 21,730,311</u>	<u>\$ 20,602,935</u>	<u>\$ 19,608,740</u>	<u>\$ 21,532,537</u>
\$ 18,490,942	\$ 14,359,865	\$ 22,010,742	\$ 23,778,038	\$ 23,167,158	\$ 22,279,859
986,735	9,380,765	6,046,673	7,373,576	7,571,120	9,829,331
<u>9,801,325</u>	<u>6,421,622</u>	<u>3,205,577</u>	<u>6,536,583</u>	<u>7,709,658</u>	<u>10,755,659</u>
<u>\$ 29,279,002</u>	<u>\$ 30,162,252</u>	<u>\$ 31,262,992</u>	<u>\$ 37,688,197</u>	<u>\$ 38,447,936</u>	<u>\$ 42,864,849</u>

CITY OF BASTROP, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
EXPENSES				
Governmental activities:				
General government	\$ 2,058,056	\$ 2,706,820	\$ 3,970,038	\$ 4,607,153
Public safety	1,346,209	1,438,822	1,603,169	1,816,490
Community development	1,229,656	1,138,460	1,329,794	1,411,904
Health	71,026	71,027	71,027	71,026
Economic development & assistance	-	-	-	-
Cemetery	-	-	-	-
Interest on long-term debt	678,258	603,946	620,935	738,485
Depreciation	<u>381,954</u>	<u>273,362</u>	<u>523,803</u>	<u>480,223</u>
Total governmental activities expenses	<u>5,765,159</u>	<u>6,232,437</u>	<u>8,118,766</u>	<u>9,125,281</u>
Business-type activities:				
Water and wastewater utilities	1,936,309	1,961,082	2,226,170	2,443,594
Electric utility	4,177,324	5,150,081	4,567,889	5,437,279
Other nonmajor	-	190	25,166	83,312
Total business-type activities expenses	<u>6,113,633</u>	<u>7,111,353</u>	<u>6,819,225</u>	<u>7,964,185</u>
Total primary government program expenses	<u>\$ 11,878,792</u>	<u>\$ 13,343,790</u>	<u>\$ 14,937,991</u>	<u>\$ 17,089,466</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 72,756	\$ 57,761	\$ 21,075	\$ 40,943
Public Safety	190,784	246,568	319,321	422,094
Community Services	-	-	-	-
Health	-	-	-	-
Economic Development & Assistance	-	-	-	-
Operating grants and contributions	776,857	1,093,585	1,170,248	854,313
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities program revenues	<u>1,040,397</u>	<u>1,397,914</u>	<u>1,510,644</u>	<u>1,317,350</u>
Business-type activities:				
Charges for services:				
Water and wastewater utilities	2,240,708	2,442,952	2,209,693	2,764,742
Electric utility	4,742,202	5,967,713	5,473,645	6,231,334
Other nonmajor	-	-	-	-
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>6,982,910</u>	<u>8,410,665</u>	<u>7,683,338</u>	<u>8,996,076</u>
Total primary government program revenues	<u>\$ 8,023,307</u>	<u>\$ 9,808,579</u>	<u>\$ 9,193,982</u>	<u>\$ 10,313,426</u>
NET (EXPENSE) REVENUES				
Governmental activities	\$(4,724,762)	\$(4,834,523)	\$(6,608,122)	\$(7,807,931)
Business-type activities	<u>869,277</u>	<u>1,299,312</u>	<u>864,113</u>	<u>1,031,891</u>
Total primary government net expense	<u>\$(3,855,485)</u>	<u>\$(3,535,211)</u>	<u>\$(5,744,009)</u>	<u>\$(6,776,040)</u>

TABLE 2

		Fiscal Year				
2009	2010	2011	2012	2013	2014	
\$ 5,150,600	\$ 6,394,947	\$ 6,295,882	\$ 8,045,054	\$ 3,714,276	\$ 2,823,226	
2,356,890	2,464,313	2,648,635	2,792,144	3,784,611	3,744,040	
1,567,019	1,773,439	1,997,802	1,983,502	3,071,077	3,214,589	
79,169	76,812	75,991	78,982	-	-	
-	-	-	-	2,865,227	4,067,024	
15,816	-	-	-	-	-	
810,338	986,607	1,403,348	1,065,553	680,369	1,008,265	
-	-	-	-	-	-	
<u>9,979,831</u>	<u>11,696,118</u>	<u>12,421,658</u>	<u>13,965,235</u>	<u>14,115,560</u>	<u>14,857,144</u>	
2,654,152	2,790,906	3,061,719	3,174,942	3,748,334	3,694,129	
6,049,776	5,727,753	5,871,322	6,198,430	6,188,383	6,673,346	
3,619	67,305	19,207	129,198	620,614	683,574	
<u>8,707,547</u>	<u>8,585,964</u>	<u>8,952,248</u>	<u>9,502,570</u>	<u>10,557,331</u>	<u>11,051,049</u>	
<u>\$ 18,687,378</u>	<u>\$ 20,282,082</u>	<u>\$ 21,373,906</u>	<u>\$ 23,467,805</u>	<u>\$ 24,672,891</u>	<u>\$ 25,908,193</u>	
\$ 1,087,944	\$ 1,255,484	\$ 1,318,457	\$ 1,351,258	\$ 1,437,935	\$ 413,374	
295,240	256,551	275,307	230,014	1,067,556	925,131	
-	-	65,615	69,011	293,186	86,472	
27,932	-	-	-	-	-	
-	-	-	-	133,686	130,920	
91,918	249,725	393,095	200,007	130,520	390,712	
<u>577,643</u>	<u>-</u>	<u>173,903</u>	<u>3,404,918</u>	<u>408,312</u>	<u>2,988,454</u>	
<u>2,080,677</u>	<u>1,761,760</u>	<u>2,226,377</u>	<u>5,255,208</u>	<u>3,471,195</u>	<u>4,935,063</u>	
3,111,828	3,071,126	3,445,382	3,610,941	3,851,172	3,960,434	
7,071,534	6,771,854	6,966,650	7,395,021	6,854,109	7,304,225	
295,177	195,354	96,354	893,389	789,918	893,112	
-	-	-	-	-	600,000	
<u>10,478,539</u>	<u>10,038,334</u>	<u>10,508,386</u>	<u>11,899,351</u>	<u>11,495,199</u>	<u>12,757,771</u>	
<u>\$ 12,559,216</u>	<u>\$ 11,800,094</u>	<u>\$ 12,734,763</u>	<u>\$ 17,154,559</u>	<u>\$ 14,966,394</u>	<u>\$ 17,692,834</u>	
\$(7,899,154)	\$(9,934,358)	\$(10,195,281)	\$(8,710,027)	\$(10,644,365)	\$(9,922,081)	
<u>1,770,992</u>	<u>1,452,370</u>	<u>1,556,138</u>	<u>2,396,781</u>	<u>937,868</u>	<u>1,706,722</u>	
<u>\$(6,128,162)</u>	<u>\$(8,481,988)</u>	<u>\$(8,639,143)</u>	<u>\$(6,313,246)</u>	<u>\$(9,706,497)</u>	<u>\$(8,215,359)</u>	

CITY OF BASTROP, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
NET EXPENSES				
Governmental activities:	\$(4,724,762)	\$(4,834,553)	\$(6,608,122)	\$(7,807,931)
Business-type activities:	<u>161,283</u>	<u>739,891</u>	<u>382,799</u>	<u>293,518</u>
Total primary government net expense	<u><u>\$(4,563,479)</u></u>	<u><u>\$(4,094,662)</u></u>	<u><u>\$(6,225,323)</u></u>	<u><u>\$(7,514,413)</u></u>
GENERAL REVENUES AND OTHER				
Governmental activities:				
Taxes				
Property taxes	\$ 2,131,451	\$ 2,327,827	\$ 2,846,719	\$ 2,842,170
Sales taxes	1,806,297	2,023,820	2,170,754	2,371,361
Franchise taxes	267,733	295,488	294,684	350,299
Other taxes	216,364	654,821	1,837,439	2,119,224
Penalty and interest	54,303	47,267	61,700	66,304
Grants and contributions not rest.	-	-	-	-
Miscellaneous revenue	1,253,132	653,367	645,063	693,273
Investment earnings	150,622	300,993	392,083	266,109
Special item - resource	-	-	-	-
Special item (use)	-	-	-	-
Transfers in (out)	<u>853,314</u>	<u>376,477</u>	<u>(1,666,810)</u>	<u>(670,202)</u>
Total governmental activities general revenues and other	<u>6,733,216</u>	<u>6,680,060</u>	<u>6,581,632</u>	<u>8,038,538</u>
Business-type activities:				
Sales taxes	-	1,110,377	1,085,214	1,185,502
Miscellaneous revenue	927,986	-	298,016	505,558
Investment earnings	134,657	232,931	369,894	292,526
Transfers in (out)	<u>(853,314)</u>	<u>(376,477)</u>	<u>1,666,810</u>	<u>670,202</u>
Total business-type activities general revenues and other	<u>209,329</u>	<u>966,831</u>	<u>3,419,934</u>	<u>2,653,788</u>
Total primary government general revenues	<u><u>\$ 6,942,545</u></u>	<u><u>\$ 7,646,891</u></u>	<u><u>\$ 10,001,566</u></u>	<u><u>\$ 10,692,326</u></u>
CHANGE IN NET POSITION				
Governmental activities	\$ 2,008,454	\$ 1,845,507	\$(26,490)	\$ 230,607
Business-type activities	<u>370,612</u>	<u>1,706,722</u>	<u>3,802,733</u>	<u>2,947,306</u>
Total primary government	<u><u>\$ 2,379,066</u></u>	<u><u>\$ 3,552,229</u></u>	<u><u>\$ 3,776,243</u></u>	<u><u>\$ 3,177,913</u></u>

TABLE 3

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$(7,899,154)	\$(9,934,358)	\$(10,195,282)	\$(8,710,027)	\$(10,644,365)	\$(9,922,081)
<u>1,626,056</u>	<u>1,452,370</u>	<u>1,556,138</u>	<u>2,396,781</u>	<u>937,868</u>	<u>1,706,722</u>
<u>\$(6,273,098)</u>	<u>\$(8,481,988)</u>	<u>\$(8,639,144)</u>	<u>\$(6,313,246)</u>	<u>\$(9,706,497)</u>	<u>\$(8,215,359)</u>
\$ 3,182,745	\$ 3,362,419	\$ 3,557,551	\$ 3,947,319	\$ 4,294,978	\$ 4,619,684
2,508,969	2,606,584	2,722,333	3,194,452	3,352,264	3,538,097
365,838	375,077	404,582	431,129	412,730	454,377
2,202,096	2,172,473	2,512,219	2,568,635	2,501,546	2,737,816
63,574	73,518	58,562	72,164	-	-
91,076	122,691	98,733	-	205,651	-
135,334	511,770	296,242	892,755	126,303	64,532
97,964	76,892	31,639	86,562	20,427	18,787
47,821	37,782	40,431	44,774	-	-
4,423	4,065	3,179	7,344	(9,537)	-
<u>(1,431,720)</u>	<u>(2,401,089)</u>	<u>928,594</u>	<u>(1,201,295)</u>	<u>(2,469,672)</u>	<u>439,179</u>
<u>7,268,120</u>	<u>6,942,182</u>	<u>10,654,065</u>	<u>10,043,839</u>	<u>8,434,690</u>	<u>11,872,472</u>
-	-	-	-	-	-
230,872	-	-	3,353	98,600	52,672
68,051	21,968	14,412	14,066	11,910	9,064
<u>1,251,118</u>	<u>2,401,088</u>	<u>(928,594)</u>	<u>1,201,295</u>	<u>2,469,672</u>	<u>(439,179)</u>
<u>1,550,041</u>	<u>2,423,056</u>	<u>(914,182)</u>	<u>1,218,714</u>	<u>2,580,182</u>	<u>(377,443)</u>
<u>\$ 8,818,161</u>	<u>\$ 9,365,238</u>	<u>\$ 9,739,883</u>	<u>\$ 11,262,553</u>	<u>\$ 11,014,872</u>	<u>\$ 11,495,029</u>
\$(631,034)	\$(2,992,176)	\$ 458,783	\$ 1,333,812	\$(2,209,675)	\$ 1,950,391
<u>3,176,097</u>	<u>3,875,426</u>	<u>641,956</u>	<u>3,615,495</u>	<u>3,518,050</u>	<u>1,329,279</u>
<u>\$ 2,545,063</u>	<u>\$ 883,250</u>	<u>\$ 1,100,739</u>	<u>\$ 4,949,307</u>	<u>\$ 1,308,375</u>	<u>\$ 3,279,670</u>

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CITY OF BASTROP, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,362	\$ 56,011
Restricted for	63,959	73,028	76,039	77,637	-	-	-	-	-	-
Unassigned	<u>1,480,793</u>	<u>1,557,114</u>	<u>2,048,836</u>	<u>2,277,834</u>	<u>2,187,883</u>	<u>2,515,443</u>	<u>2,059,480</u>	<u>3,294,416</u>	<u>3,530,544</u>	<u>4,707,026</u>
Total general fund	<u>\$ 1,544,752</u>	<u>\$ 1,630,142</u>	<u>\$ 2,124,875</u>	<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>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 512
Restricted for:										
Capital projects funds	2,346,918	2,369,074	2,613,207	-	-	-	-	-	755,047	5,297,045
Debt service	253,019	469,859	1,006,310	986,734	-	-	-	-	707,322	736,729
Other restricted	-	-	-	-	5,604,401	9,380,765	5,926,375	7,269,212	-	57,463
Cemetery	-	-	-	-	-	-	-	-	607,655	648,832
Public Improvement District	-	-	-	-	-	-	-	-	87,098	161,579
Public safety	-	-	-	-	-	-	-	-	639,090	621,945
Culture & recreation	-	-	-	-	-	-	-	-	114,949	121,182
Economic development	-	-	-	-	-	-	-	-	1,905,557	2,148,817
Committed for:										
Economic development	-	-	-	-	-	-	-	-	1,038,897	1,044,994
Unassigned	<u>618,299</u>	<u>1,031,658</u>	<u>1,555,496</u>	<u>3,168,641</u>	<u>2,412,513</u>	<u>167,536</u>	<u>1,034,177</u>	<u>1,102,144</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,218,236</u>	<u>\$ 3,870,591</u>	<u>\$ 5,175,013</u>	<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>

CITY OF BASTROP, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Ad valorem taxes	\$ 2,085,093	\$ 2,313,000	\$ 2,904,316	\$ 2,908,474	\$ 3,326,158	\$ 3,668,631	\$ 3,859,531	\$ 4,266,992	\$ 4,243,734	\$ 4,536,737
Sales taxes	1,806,297	2,071,087	2,170,754	2,371,361	2,508,969	2,606,584	2,722,333	3,194,452	3,352,264	3,538,097
Hotel/Motel taxes	216,364	654,823	1,837,439	2,119,224	2,202,096	1,970,512	2,247,985	2,276,444	2,501,546	2,737,816
Franchise fees	267,733	295,488	294,684	350,299	365,838	375,077	404,582	431,129	412,730	454,377
Licenses and permits	244,255	220,954	242,043	235,490	150,664	104,149	97,305	135,408	143,768	153,841
Intergovernmental	1,184,579	1,163,671	1,230,269	854,313	1,614,689	1,231,197	1,691,978	1,625,928	1,960,454	531,182
Service fees	102,890	57,761	21,075	40,943	72,172	70,418	90,526	278,350	269,570	263,304
Fines and penalties	190,784	246,568	319,321	422,094	323,673	324,465	346,568	366,040	1,080,535	1,144,202
Interest income	150,623	300,993	392,084	266,109	97,964	76,854	31,640	26,315	20,427	18,788
Miscellaneous	516,357	364,415	371,146	457,763	145,889	667,249	394,975	2,124,631	197,675	348,371
Total revenues	<u>6,764,975</u>	<u>7,688,760</u>	<u>9,783,131</u>	<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>
EXPENDITURES										
Current:										
General government	2,060,116	2,690,940	3,961,515	4,594,555	1,805,523	2,233,336	2,591,833	2,659,338	2,587,881	1,498,735
Public safety	1,324,954	1,432,584	1,599,829	1,804,708	2,470,393	2,196,265	2,433,848	2,776,805	3,218,590	3,424,029
Development services	71,026	71,027	71,027	71,027	2,074,168	3,035,287	2,430,328	2,818,297	614,744	670,992
Public works	1,230,479	1,132,222	1,326,446	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
Economic development and assistance	-	-	-	-	-	-	-	-	2,512,066	3,846,172
Capital outlay	2,126,856	3,092,448	2,700,721	2,230,134	836,126	2,155,806	3,470,556	2,577,411	424,088	2,304,424
Debt service:										
Principal	596,099	738,211	897,461	1,129,328	1,066,729	1,457,967	1,519,243	1,520,438	1,422,705	1,326,185
Interest and fiscal charges	590,773	624,056	585,168	749,638	954,646	913,096	1,336,096	959,566	721,877	1,111,724
Bond issue costs	-	-	-	-	181,008	89,113	138,005	202,779	-	-
Total expenditures	<u>8,000,303</u>	<u>9,781,488</u>	<u>11,142,167</u>	<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>

CITY OF BASTROP, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

(Continued)

LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$(1,235,328)	\$(2,092,728)	\$(1,359,036)	\$(1,973,840)	\$(646,925)	\$(3,181,808)	\$(4,997,722)	\$(1,248,257)	\$ 223,795	\$(2,825,890)
OTHER FINANCING SOURCES (USES)										
Transfers in	1,045,215	979,165	2,009,370	1,338,208	1,218,690	1,127,753	2,657,927	2,673,323	2,426,820	2,387,025
Transfers out	(191,901)	(602,688)	(3,676,179)	(2,008,410)	(2,650,410)	(3,528,663)	(1,729,333)	(3,874,618)	(4,896,492)	(1,947,846)
Issuance of long-term debt	435,000	2,453,996	4,825,000	1,855,000	6,135,000	7,400,000	4,260,000	6,315,000	-	7,392,000
Premium of long-term debt	-	-	-	-	121,803	-	179,469	460,848	-	127,985
Other resources	-	-	-	-	47,821	37,782	40,431	44,774	-	475,000
Payments to refunded bond escrow agent	-	-	-	-	-	-	(4,300,560)	(1,732,675)	-	-
Sale of capital assets	-	-	-	-	4,423	4,065	3,179	7,344	11,626	19,615
Total other financing sources (uses)	1,288,314	2,830,473	3,158,191	1,184,798	4,877,327	5,040,937	1,111,113	3,893,996	(2,458,046)	8,453,779
NET CHANGE IN FUND BALANCES	\$ 52,986	\$ 737,745	\$ 1,799,155	\$(789,042)	\$ 4,230,402	\$ 1,859,129	\$(3,886,609)	\$ 2,645,739	\$(2,234,251)	\$ 5,627,889
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	20.2%	20.4%	17.6%	19.2%	18.7%	19.4%	21.1%	18.2%	15.8%	17.1%

CITY OF BASTROP, TEXAS

TAXABLE TALES BY CATEGORY

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Agriculture/Forestry/Fishing/Hunting	\$ -	\$ -	\$ -	\$ -
Construction	3,113,850	3,776,242	3,674,373	12,047,220
Manufacturing	7,845,314	10,159,192	9,573,723	9,664,901
Wholesale trade	12,130,465	11,596,232	12,956,953	13,007,651
Retail trade	373,043,189	387,055,471	541,977,556	482,577,572
Transportation/warehousing	-	-	9,784	4,151
Information	635,614	444,305	468,181	656,160
Finance/insurance	2,623,490	2,192,366	2,424,479	2,216,496
Professional/scientific/technical	4,316,859	5,602,308	4,688,019	3,561,551
Real estate/rental/leasing	2,603,924	2,758,985	2,274,462	1,170,637
Admin/support/Waste Mgmt/Remediation Srvs	2,779,686	2,342,233	2,087,040	1,143,321
Educational Services	-	-	29,915	27,809
Health Care/Social Assistance	1,193,862	1,389,268	1,472,357	2,026,050
Arts/Entertainment/Recreation	463,165	636,776	648,866	1,038,623
Accommodation/Food Services	24,521,243	28,298,335	32,705,314	34,844,143
Other Services (except Public Admin)	8,016,205	8,953,765	9,901,274	18,866,676
Public Administration	-	980,647	1,098,060	1,041,228
Other	20,249	-	-	-
Total	\$ 443,307,115	\$ 466,186,125	\$ 625,990,356	\$ 583,894,189
City Direct Sales Tax Comptroller	1%	1%	1%	1%

(1) Only information for 3 quarters is available

TABLE 6

Fiscal Year					
2009	2010	2011	2012	2013	2014 (1)
\$ -	\$ 38,325	\$ 133,013	\$ 51,436	\$ 159,138	\$ 151,229
8,236,836	10,259,916	14,588,878	16,770,684	13,420,633	11,590,395
10,419,043	6,173,685	11,728,772	10,684,395	11,501,653	4,917,149
13,463,810	13,813,788	13,301,631	15,494,937	16,389,216	18,292,029
534,878,478	576,351,429	528,379,581	580,669,484	611,176,697	462,943,445
-	-	-	9,812	60,077	53,494
1,162,003	1,435,657	1,451,985	1,886,983	2,268,905	3,862,145
2,510,381	2,739,052	3,085,262	3,375,656	3,258,078	2,355,264
3,411,946	4,170,751	5,949,308	6,480,529	7,505,164	4,723,049
2,696,429	2,227,036	1,419,902	1,014,388	1,067,246	642,052
1,100,703	993,775	745,842	822,786	907,739	840,106
134,894	206,664	197,276	203,804	1,424,766	1,808,294
720,055	3,019,268	2,247,975	5,214,962	4,977,471	4,487,422
1,050,925	1,012,229	1,050,304	1,152,030	1,316,855	608,321
35,303,919	36,633,286	38,953,749	44,482,734	51,577,824	42,537,776
12,688,870	10,578,904	11,145,617	12,212,689	12,114,760	10,398,367
-	-	2,969,937	5,990,342	5,671,881	4,130,846
-	-	-	-	-	-
\$ 627,798,292	\$ 669,725,765	\$ 637,349,032	\$ 706,517,651	\$ 744,798,103	\$ 574,341,383
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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Less Other (1)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Total Assessed Value as a Percentage of Actual Value</u>
2005	2004	\$ 433,516,029	\$ 55,363,950	\$(68,452,695)	\$(15,207,526)	\$ 405,219,758	0.5011	\$ 405,219,758	100.00%
2006	2005	467,903,215	66,190,272	(85,281,715)	(51,859,246)	396,952,526	0.5277	396,952,526	100.00%
2007	2006	534,005,461	67,961,872	(95,264,326)	(59,591,491)	447,111,516	0.5835	447,111,516	100.00%
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%

Source: Central Appraisal District of Bastrop County certified roll.

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

CITY OF BASTROP, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Bastrop Independent School District	Bastrop County/ County Road	Hunter's Crossing PID Fixed \$ Amount
2005	\$ 0.2050	\$ 0.2961	\$ 0.5011	1.7420	\$ 0.6334	\$226.00
2006	0.1902	0.3375	0.5277	1.7280	0.6383	\$226.00
2007	0.1834	0.4001	0.5835	1.6221	0.6283	\$226.00
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

Source: City of Bastrop Budget

Note: Basis for property tax rate is per \$100 of taxable valuation.

TABLE 9

CITY OF BASTROP, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014			2004		
	Taxable Assessed Value (000's)	Rank	Percentage of Total City Market Value	Taxable Assessed Value (000's)	Rank	Percentage of Total City Market Value
Bastrop Retail Partners	\$ 20,859,872	1	3.11%	\$ 13,059,765	1	3.22%
H E Butt Grocery Company	11,816,274	2	1.76%	-		- %
Bastrop Walnut Ridge Apartments	11,400,000	3	1.70%	12,448,598	3	3.07%
Covert Chevrolet	10,980,742	4	1.64%	-		- %
The Lodge at Lost Pines LP	10,565,640	5	1.58%	-		- %
Walmart Real Estate Bus Trust	10,399,652	6	1.55%	10,903,659	4	2.69%
The Home Depot	10,011,714	7	1.49%	12,990,619	2	3.21%
Walmart	8,129,198	8	1.21%	-		- %
Buc-ee's LTD	7,842,887	9	1.17%	-		- %
Soft Hotels LLC	<u>7,067,706</u>	10	<u>1.05%</u>	<u>-</u>		<u>- %</u>
Total	\$ <u>109,073,685</u>		<u>16.26%</u>	\$ <u>49,402,641</u>		<u>12.19%</u>

Source: Central Appraisal District of Bastrop County

CITY OF BASTROP, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy ⁽¹⁾
2005	\$ 2,039,296	\$ 1,958,417	96.03%	\$ 60,572	\$ 2,018,989	99.00%
2006	2,301,006	2,216,887	96.34%	71,471	2,288,359	99.45%
2007	2,819,407	2,749,328	97.51%	53,405	2,802,734	99.41%
2008	2,800,288	2,736,004	97.70%	73,830	2,809,834	100.34%
2009	3,278,876	3,185,516	97.15%	74,253	3,259,769	99.42%
2010	3,404,859	3,327,953	97.74%	48,953	3,376,906	99.18%
2011	3,609,482	3,517,945	97.46%	58,977	3,576,922	99.10%
2012	3,915,501	3,863,585	98.67%	17,418	3,881,003	99.12%
2013	3,977,570	3,928,876	98.78%	15,086	3,943,962	99.16%
2014	4,192,486	4,147,083	98.92%	-	4,147,083	98.92%

Source: Tax-Assessor/Collector Annual Report

Note: ⁽¹⁾ Due to variances allowed by Bastrop County Appraisal District the collections to date exceed the original taxes levied.

CITY OF BASTROP, TEXAS

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Bastrop Economic Development Corporation</u>	<u>Bastrop County</u>	<u>State of Texas</u>
2005	1.00%	0.50%	0.50%	6.25%
2006	1.00%	0.50%	0.50%	6.25%
2007	1.00%	0.50%	0.50%	6.25%
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%

Source: Texas Comptroller

CITY OF BASTROP, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Component Unit		Totals	Population	Per Capita Income (1)	Personal Income
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Tax and Revenue Refunding Bonds	Certificates of Obligation		Certificates of Obligation	Tax & Revenue Refunding Bonds				
2005	18,474,826	-	-	-	-	18,474,826	-	21,054	18,495,880	6,275	22,102	138,690,050
2006	17,294,410	244,986	-	-	-	17,539,396	-	2,641,641	20,181,037	6,462	22,662	146,441,844
2007	18,301,929	210,028	4,392,476	-	-	22,904,433	-	2,519,211	25,423,644	6,649	23,222	154,403,078
2008	16,921,679	901,817	4,167,729	-	1,772,530	23,763,755	-	2,263,163	26,026,918	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	758,027	2,009,722	36,774,670	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	2,252,990	1,759,118	44,983,475	7,218	26,527	191,471,886
2011	15,710,244	349,047	1,939,055	2,755,453	16,998,811	37,752,610	2,148,171	1,506,582	41,407,363	7,306	28,507	208,272,142
2012	14,430,240	218,856	11,435,550	4,862,938	10,321,157	41,268,741	2,062,847	1,252,574	44,584,162	7,394	29,077	214,995,338
2013	13,197,037	92,754	10,723,722	4,499,232	9,768,175	38,280,920	1,935,494	1,002,555	41,218,969	7,483	29,658	221,930,814
2014	12,218,133	-	22,663,741	4,132,955	24,096,343	63,111,172	5,791,882	746,757	69,649,811	7,649	26,883	205,628,067

(1) Information from 200 census, 2010 census and modified by City staff estimates

CITY OF BASTROP, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Total		
2005	\$ 18,474,826	\$ -	\$ -	\$ 18,474,826	4.56%	\$ 3,035
2006	17,294,410	244,986	-	17,539,396	4.42%	2,795
2007	18,301,929	210,028	4,392,476	22,904,433	5.12%	3,544
2008	16,921,679	901,817	4,167,729	21,991,225	4.55%	3,307
2009	19,169,975	631,741	3,871,132	23,672,848	4.32%	3,463
2010	17,797,138	473,072	1,848,435	20,118,645	3.55%	2,787
2011	15,710,244	349,047	1,939,055	17,998,346	2.96%	2,464
2012	14,430,240	218,856	11,435,550	26,084,646	4.16%	3,528
2013	13,197,037	92,754	10,723,722	24,013,513	3.78%	3,209
2014	12,218,133	-	22,663,741	34,881,874	5.20%	4,560

(a) See Table 7 for Taxable Property Value

(b) See Table 12 for Per Capita

CITY OF BASTROP, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2014

Taxing Jurisdiction	Total Direct Debt	Estimated Percentage Applicable	City's Overlapping Tax Supported Debt As of 09/30/2014	Subtotals
City of Bastrop	\$ 15,693,700	100.00%	\$ 15,693,700	
Total Direct Debt				\$ 15,693,700
Bastrop County	41,365,000	15.26%	6,312,299	
Bastrop Independent School District	171,928,836	25.38%	43,635,539	
Total Indirect Debt				49,947,838
Total Direct and Overlapping Tax Supported Debt				65,641,538
Ratio of Direct and Overlapping Bonded Debt to Taxable Assessed Valuation (a)				9.79%
Per Capita Direct and Overlapping Debt (b)				\$ 8,581

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

(a) See Table 7 for Taxable Property Value

(b) See Table 12 for Per Capita

CITY OF BASTOP, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
Assessed Valuation	\$ 405,219,758	\$ 396,952,526	\$ 447,111,516	\$ 483,362,902
Limit on Amount Designated for Debt Service:				
\$1.50 per \$100 assessed valuation	x <u>1.5</u>	x <u>1.5</u>	x <u>1.5</u>	x <u>1.5</u>
Legal annual maximum debt payment	\$ <u>6,078,296</u>	\$ <u>5,954,288</u>	\$ <u>6,706,673</u>	\$ <u>7,250,444</u>
Actual amount expended for general obligation debt service during the fiscal year	<u>1,161,872</u>	<u>1,292,267</u>	<u>1,476,257</u>	<u>1,878,966</u>
Legal debt margin for annual debt service requirements	\$ <u>4,916,424</u>	\$ <u>4,662,021</u>	\$ <u>5,230,416</u>	\$ <u>5,371,478</u>
Total net debt applicable to the limit as a percentage of debt limit	19.12%	21.70%	22.01%	25.92%

Source: Central Appraisal District of Bastrop County
Audited Financial Statements of the City of Bastrop

TABLE 15

							Fiscal Year					
							2009	2010	2011	2012	2013	2014
							\$ 548,419,690	567,446,564	\$ 607,077,994	\$ 627,256,816	\$ 635,808,461	\$ 670,721,248
							x <u>1.5</u>					
							<u>\$ 8,226,295</u>	<u>\$ 8,511,698</u>	<u>\$ 9,106,170</u>	<u>\$ 9,408,852</u>	<u>\$ 9,537,127</u>	<u>\$ 10,060,819</u>
							<u>2,039,796</u>	<u>1,900,868</u>	<u>1,871,190</u>	<u>2,508,842</u>	<u>2,147,495</u>	<u>2,437,909</u>
							<u>\$ 6,186,499</u>	<u>\$ 6,610,830</u>	<u>\$ 7,234,980</u>	<u>\$ 6,900,010</u>	<u>\$ 7,389,632</u>	<u>\$ 7,622,910</u>
							24.80%	22.33%	20.55%	26.66%	22.52%	24.23%

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TABLE 16

CITY OF BASTROP, TEXAS
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds				
	Gross Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Requirements Principal and Interest	Revenue Bond Coverage
2004	\$ 1,940,287	\$ 1,663,648	\$ 276,639	\$ 314,725	0.879
2005	2,259,182	1,527,537	731,645	332,764	2.199
2006	2,502,526	1,563,948	938,578	300,788	3.120
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

(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

	2005	2006	2007	2008
Population (1)	6,088	6,275	6,462	6,649
Median Household Income (1)	\$ 46,101	\$ 48,064	\$ 48,064	\$ 48,064
Per Capita Income (1)	\$ 21,542	\$ 22,102	\$ 22,662	\$ 23,222
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	653	653	670	670
High school graduate (or equivalent)	1,259	1,259	1,291	1,291
Some college, no degree	1,427	1,427	1,626	1,626
Associate degree or higher	155	155	190	190
Bachelor's degree or higher	700	715	717	717
Graduate degree or higher	430	430	459	459
School Enrollment (3)	4,503	4,577	4,597	4,658
Unemployment Rate (4)	4.9%	4.4%	4.2%	5.4%

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

(2) US Census Bureau - American Community Survey 5 yr. Est. 2007-2011

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

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

TABLE 17

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
	6,836	7,218	7,306	7,394	7,483	7,649
\$	45,486	\$ 48,486	\$ 48,486	\$ 48,486	\$ 48,486	\$ 49,456
\$	25,839	\$ 25,839	\$ 25,839	\$ 25,839	\$ 26,356	\$ 26,883
	33.4	33.4	33.4	33.6	36.9	36.9
	670	670	670	670	800	800
	1,291	1,291	1,291	1,291	1,285	1,285
	1,626	1,626	1,626	1,626	1,570	1,570
	190	190	190	190	261	261
	717	717	717	717	571	571
	459	459	459	459	421	421
	4,825	4,825	4,344	3,949	3,764	3,663
	8.1%	7.8%	8.6%	7.8%	6.4%	4.2%

CITY OF BASTROP, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Employer	2014			2004		
	Employees	Percentage of Total County Employment	Rank	Employees	Percentage of Total County Employment	Rank
Bastrop ISD	1,023	3.10%	1	985	04.09%	1
Bastrop County	456	1.38%	2	347	1.44%	3
Walmart	400	1.21%	3	355	01.47%	2
Bastrop FCI	300	0.91%	4	270	01.12%	4
Bluebonnet Electric Co-op	265	0.80%	5			
HEB Food Stores	253	0.77%	6	250	01.04%	5
Bluebonnet Home Hlth Care	250	0.76%	7			
Home Depot	200	0.61%	8			
Lowe's	158	0.48%	9			
LCRA	126	0.38%	10	77	0.32%	9
First National Bank	125	0.38%	11	70	0.29%	8
City of Bastrop	113	0.34%	12	85	0.35%	7
Covert Chevrolet	<u>100</u>	<u>0.30%</u>	13	<u>93</u>	<u>0.39%</u>	6
Total	<u>3,769</u>	<u>11.42%</u>		<u>2,532</u>	<u>10.51%</u>	
Total County Employment	32,976			24,089		

Source: Texas Workforce Commission

CITY OF BASTROP, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
City Manager's Office	2.00	2.00	2.00	2.00	2.00	2.00	2.60	2.60	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	4.00	4.00	4.00	4.30	4.30	4.30	4.45
Utility Billing	6.00	6.00	5.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Human Resources	1.00	1.00	1.00	1.00	1.00	1.10	1.00	1.00	1.00	1.10
Information Technology	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Municipal Court	4.00	4.00	4.00	4.50	4.50	4.50	5.50	5.50	5.50	5.50
Building Maintenance	2.50	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Police Department										
Officers	19.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Civilians	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
Animal control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Development Services										
Planning	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	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	2.00	2.00	2.00	2.20	2.20	2.00	1.00
Streets	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Other	1.00	1.00	-	-	1.40	0.40	-	-	-	-
Community Services										
Parks Department	8.00	9.00	9.00	9.00	9.60	9.60	11.00	11.00	11.00	11.00
Library	6.93	8.30	8.30	8.30	8.30	8.80	9.80	9.80	9.80	9.80
Proprietary Funds										
Water/Wastewater	13.00	13.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00	12.50
Electric	9.00	9.00	8.00	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
Economic Development Corp.	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fairview Cemetery	-	-	-	-	-	-	0.50	0.50	0.50	1.50
Main Street	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>98.93</u>	<u>103.80</u>	<u>101.80</u>	<u>105.30</u>	<u>107.30</u>	<u>107.90</u>	<u>118.40</u>	<u>118.60</u>	<u>119.43</u>	<u>119.18</u>

CITY OF BASTROP, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Building permits issued	264	265	219	207	91	128	101	139	141	158
Building permits value (thousands)	\$ 33,295,000	\$ 23,321,074	\$ 18,507,556	\$ 25,820,447	\$ 22,822,734	\$ 16,408,290	\$ 11,051,550	\$ 15,305,041	\$ 16,984,537	\$ 21,690,642
Police										
Physical arrests	798	848	813	700	537	941	829	834	769	816
Violations issued	6,361	5,404	4,671	5,963	6,491	3,955	3,643	3,678	3,606	4,125
Accident investigations	367	373	352	271	487	253	304	383	316	448
Fire										
Incident volume	404	720	613	843	826	717	980	1,040	1,125	1,150
Priority calls answered	197	324	300	450	433	336	430	325	398	450
Court										
Cases filed	-	-	-	-	-	2,968	2,375	2,006	1,990	2,012
Warrants issued	-	-	-	-	-	1,261	1,398	1,097	924	1,063
Public Works										
Paved streets (miles)	49	49	49	49	50	52	53	53	54	55
Open drainage ditches (miles)	52	52	52	52	52	52	50	50	50	50
Storm sewer lines (miles)	65	65	65	65	66	66	67	67	67	67
Number of street signs	1,380	1,380	1,380	1,380	1,400	1,425	1,425	1,425	1,425	1,425
Parks and recreation										
Pavilion rentals	86	86	86	86	85	90	95	95	96	96
New trees planted	313	313	313	313	150	120	75	75	50	50
Special events	16	16	16	16	18	22	18	22	22	56
Library										
Volumes in collection	37,455	39,180	43,714	46,451	49,699	50,093	50,211	50,504	50,157	50,765
Total circulation	128,211	115,172	156,116	171,360	192,700	205,177	193,529	163,577	165,667	167,324
Story time and program attendance	5,170	4,743	7,978	9,989	10,024	10,446	12,979	12,562	13,161	13,500
Water										
Number of connections	2,479	2,639	2,689	2,689	2,762	2,770	2,825	2,889	2,970	3,029
Line leaks and breaks	150	91	148	148	222	206	210	69	254	259
Wastewater										
Millions of gallons treated	252.197	248.057	243.266	222.171	235.284	210.239	229.610	312.842	319.099	325.480
Sewer stops	100	113	94	94	80	90	92	45	176	180

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	49	49	49	50	52	53	53	54	55
Open Drainage Ditches (miles)	52	52	52	52	52	52	50	50	50	50
Storm Sewer Lines (miles)	65	65	65	65	66	66	67	67	67	67
Parks and recreation										
Acreage (maintained)	89	89	89	89	120	120	120	120	120	120
right of ways	52	52	52	52	52	54	55	55	55	55
Playgrounds	3	3	3	3	4	4	4	4	4	4
Basketball courts	3	3	3	3	4	4	4	4	6	6
Ball fields	7	7	7	7	7	7	7	7	7	7
Sand volleyball					1	1	1	1	1	1
Water										
Treated water produced (million gallons)	397.012	459.607	469.258	490.050	495.344	445.269	454.174	476.704	486.706	495.797
Number of service connections	2,479	2,639	2,689	2,689	2,762	2,770	2,825	2,889	2,960	3,029
Wastewater										
Wastewater treated (million gallons)	257.197	248.057	243.266	222.171	235.284	283.709	300.719	312.842	319.099	325.480
Number of wastewater customers	2,247	2,392	2,409	204	2,448	2,502	2,540	2,564	2,625	2,678
Number of lift stations	15	15	15	15	18	18	18	18	18	18

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COMPLIANCE SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' 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, 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, 2014, and the related notes to the financial statements, which collectively comprise City of Bastrop, Texas' basic financial statements, and have issued our report thereon dated February 10, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City of Bastrop, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 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 10, 2015