



BAY CITY

MINUTES • APRIL 7, 2016

Council Chambers

Special Meeting

5:30 PM

1901 5TH STREET
BAY CITY, TX 77414

1. CALL TO ORDER & CERTIFICATION OF QUORUM

Attendee Name	Title	Status	Arrived
Mark Bricker	Mayor	Excused	
Julie Estlinbaum	Mayor Pro-Tem	Present	
William Cornman	Councilman	Present	
Chrystal Folse	Councilwoman	Present	
Steven Johnson	Councilman	Excused	
Carolyn Thames	Councilwoman	Present	

2. CONSENT AGENDA ITEMS FOR CONSIDERATION AND/OR APPROVAL

The following items may be acted upon in a single motion. No separate discussion or action on any of these items will be held unless requested by a member of the City Council. Public comment on consent agenda items may be heard without removing the item from the consent agenda. Each person providing public comment will be limited to 3 minutes.

RESULT: APPROVED [UNANIMOUS]
MOVER: Carolyn Thames, Councilwoman
SECONDER: William Cornman, Councilman
AYES: Estlinbaum, Cornman, Folse, Thames
EXCUSED: Johnson

1. Report

ACCOUNTS PAYABLE FOR 11/19/15, 01/17, 01/14, 01/21, 01/28, 02/04, 02/11, 02/18, 02/23, 03/03, 03/10 AND 03/17/16; DIRECT PAYABLES FOR 12/01/15, 01/05/, 01/07, 01/22, 02/23 AND 03/10/16; AND UTILITY REFUNDS FOR 01/07, 01/28 AND 03/03/16.

Beverly Griffith, Interim Finance Director

Enacted and approved this 7th day of April, 2016, at Bay City

3. REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL:

1. Report

CONSIDER AND/OR APPROVE THE QUARTERLY INVESTMENT REPORT FOR THE PERIOD ENDING MARCH 31, 2016.

Beverly Griffith, Interim Finance Director

Interim Finance Director Beverly Griffith reviewed the Quarterly Report with Mayor and Council. She added that it was directionally correct right now.

Councilman Cornman asked how much of the funds were strictly committed and how much was just there. Mrs. Griffith stated that there was a little bit in there, but not a lot. Council Cornman stated that he would like to know how much. Mrs. Griffith stated ok. Councilman Cornman asked what was in the Forfeiture Account. Chief Barker stated that it is used for training and different projects. Councilman Cornman asked if he used it all. Chief stated that they try not to. He added that they try to keep a balance. Councilman Cornman asked what was the Pending Forfeiture Account, and Chief Barker stated that funds go into that account until the funds are released.

Councilwoman Folse asked about the USO balance. Mrs. Griffith stated that it was a compilation of donations. It was not active.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	William Cornman, Councilman
SECONDER:	Carolyn Thames, Councilwoman
AYES:	Estlinbaum, Cornman, Folse, Thames
EXCUSED:	Johnson

Enacted and approved this 7th day of April, 2016, at Bay City

2. Report

DISCUSS, CONSIDER, AND/OR APPROVE THE FINANCIAL STATEMENTS FOR THE MONTH ENDING FEBRUARY 29, 2016, AND DIRECT STAFF AS NECESSARY.

Beverly Griffith, Interim Finance Director

Mrs. Griffith reviewed the February monthly financial report. She stated that the Fund Balance at the end of March was \$470,000. Councilman Cornman asked if a department had been established for the theater. Mrs. Griffith stated that she created a fund under Civic and Cultural Arts. She added that it was set up today.

Councilman Cornman asked why was the Utility Revenue way off. Mrs. Griffith stated that it was at 37.36% at the end of February and that seasonally it was on track. She pointed out that there was a scheduled transfer that had yet to be made, so that was the difference.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Carolyn Thames, Councilwoman
SECONDER:	Chrystal Folse, Councilwoman
AYES:	Estlinbaum, Cornman, Folse, Thames
EXCUSED:	Johnson

Enacted and approved this 7th day of April, 2016, at Bay City

3. Ordinance

DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE ADOPTING BUDGET AMENDMENT #4 TO THE 2015-2016 BUDGET TO SHIFT FUNDING FOR AUTOMATIC TICKET WRITERS, AND DIRECT STAFF AS NECESSARY.

Beverly Griffith, Interim Finance Director
Council was polled.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Chrystal Folse, Councilwoman
SECONDER:	Carolyn Thames, Councilwoman
AYES:	Estlinbaum, Cornman, Folse, Thames
EXCUSED:	Johnson

ORDINANCE

Enacted and approved this 7th day of April, 2016, at Bay City

4. Ordinance

DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE ADOPTING BUDGET AMENDMENT #5 TO THE 2015-2016 BUDGET TO CONTRIBUTE \$10,000 (HOT FUNDS) TO THE ROTARY CLUB TO BE USED FOR ITS ANNUAL SUMMER CONCERT, AND DIRECT STAFF AS NECESSARY.

Beverly Griffith, Interim Finance Director

Mrs. Dunham stated that the Rotary Club had been asked to get better musical guests, so they did just that. She added that they did not get who they wanted, but got someone that would be good. Mrs. Dunham requested \$10,000 from HOT funds. Councilwoman Thames reminded Council that they had a Discretionary Fund out of the HOT funds. Councilman Cornman asked how much did Rotary make, and Mrs. Dunham stated that it ranged. Councilman Cornman asked if they already had a contract with the guest, and Mrs. Dunham stated yes. Councilman Cornman asked if they did not receive the funds, would they be able to cash flow it, and Mrs. Dunham stated yes. Councilwoman Thames suggested that during budget time Council state exactly how many of those projects they would fund in a year, so that groups would not come asking.

Council was polled.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Carolyn Thames, Councilwoman
SECONDER:	William Cornman, Councilman
AYES:	Estlinbaum, Cornman, Folse, Thames
EXCUSED:	Johnson

ORDINANCE

Enacted and approved this 7th day of April, 2016, at Bay City

5. Budget

DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE ADOPTING BUDGET AMENDMENT #6 TO THE 2015-2016 FISCAL BUDGET TO RE-APPROPRIATE FUNDS FROM THE 2014-2015 FISCAL BUDGET FOR THE FUNDING FOR REPAIRS AND CHEMICAL TREATMENT FOR WELL NO. 10, AND DIRECT STAFF AS NECESSARY

Mrs. Griffith explained to Mayor and Council that they approved a budget amendment for this item, and a purchase order was issued, but the project did not get finished before the end of October. Funds had to be moved over into the current

fiscal year. The funds were not spent. The project has since been completed and the funds spent.

Council was polled.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	William Cornman, Councilman
SECONDER:	Chrystal Folse, Councilwoman
AYES:	Estlinbaum, Cornman, Folse, Thames
EXCUSED:	Johnson

Enacted and approved this 7th day of April, 2016, at Bay City

6. Budget

DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE ADOPTING BUDGET AMENDMENT #7 TO THE 2015-2016 FISCAL BUDGET FOR THE PURCHASE OF A 2016 RAPID DEPLOYMENT VEHICLE, AND DIRECT STAFF AS NECESSARY

Beverly Griffith, Interim Finance Director

Mrs. Griffith informed Mayor and Council that the Chief went through his budget and recognized roughly \$40,000 in saving, and he is requesting \$43,915.

Councilman Cornman asked where the SRT Vehicle would be kept and Chief stated in the parking lot. Councilman Cornman asked how many of their vehicles were outside, and Chief stated all of them. Councilman Cornman asked how many times did they have to deploy, and Captain Lister stated approximately 1 - 2 times a month. Councilman Cornman asked what would they keep in the vehicle, and Captain Lister stated staff and equipment. Councilman Cornman asked if the \$83,000 would be the vehicle equipped, and Captain Lister stated yes.

Councilwoman Thames asked where the \$43,000 would be coming from. Mrs. Griffith stated she had a couple of options, surplus revenues; and she just shifted \$22,000 from PD to the Court Tech Fund. Councilman Cornman stated Fund Balance.

The motion and second was to pull the funds from Fund Balance. Council was polled.

Mayor Pro Tem Estlinbaum asked how long would it take to come in, and Captain Lister stated 5 to 6 months.

RESULT:	APPROVED AS AMENDED [UNANIMOUS]
MOVER:	William Cornman, Councilman
SECONDER:	Carolyn Thames, Councilwoman
AYES:	Estlinbaum, Cornman, Folse, Thames
EXCUSED:	Johnson

Enacted and approved this 7th day of April, 2016, at Bay City

7. Audit

DISCUSS, CONSIDER AND/OR APPROVE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2015, AND DIRECT STAFF AS NECESSARY.

Beverly Griffith, Interim Finance Director

MOTION BY MAYOR PRO TEM ESTLINBAUM, SECOND BY COUNCILMAN CORNMAN, TO NOMINATE COUNCILWOMAN THAMES AS TEMPORARY MAYOR PRO TEM. MOTION CARRIED BY UNANIMOUS VOTE.

Mrs. Griffith yielded to Steven Van Manen. Mr. Van Manen reviewed the CAFR with Mayor and Council.

Councilman Cornman commented that City Council did not receive a copy of the Gas Company's financial statements. Councilwoman Folse asked Mr. Hodges if the Mayor received a copy of the Gas Company's financials, and Mr. Hodges stated he is on the board, so yes.

There was a discussion regarding the Disaster Recovery Fund and the need to use it.

Councilman Cornman asked if there were any recommendations, even the little ones. Mrs. Griffith stated the accounting of the capital assets. She added that the recording on the depreciation schedule, something that is done monthly.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Chrystal Folse, Councilwoman
SECONDER:	William Cornman, Councilman
AYES:	Estlinbaum, Cornman, Folse, Thames
EXCUSED:	Johnson

Enacted and approved this 7th day of April, 2016, at Bay City

4. ITEMS / COMMENTS & MAYOR AND COUNCIL MEMBERS

Councilwoman Thames recognized the Finance Committee members present, Terry Farrar and Rosemary Rodriguez.

Councilman Folse reminded everyone that Relay for Life was Saturday.

5. ADJOURNMENT

AGENDA NOTICES:

Action by Council Authorized:

The City Council may vote and/or act upon any item within this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, pursuant to and in accordance with Texas Government Code Section 551.071, to seek the advice of its attorney about pending or contemplated litigation, settlement offer or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflict with the Open Meetings Act and may invoke this right where the City Attorney, the Mayor or a majority of the Governing Body deems an executive session is necessary to allow privileged consultation between the City Attorney and the governing body, if considered necessary and legally justified under the Open Meetings Act. The City Attorney may appear in person, or appear in executive session by conference call in accordance with applicable state law.

Attendance By Other Elected or Appointed Officials:

It is anticipated that members of other city board, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the other city boards, commissions and/or

committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the other boards, commissions and/or committees of the City, whose members may be Agenda City Council August 8, 2013 in attendance. The members of the boards, commissions and/or committees may participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that board, commission or committee subject to the Texas Open Meetings Act.

Executive Sessions Authorized:

This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

This is to certify that the above notice of a Special Called Council Meeting was posted on the front window of the City Hall of the City of Bay City, Texas on Friday, April 1, 2016 before 5:30 p.m. Any questions concerning the above items, please contact Mayor Mark A. Bricker at (979) 245-2137.

Rhonda Clegg
City Secretary



City Council
1901 5Th Street
Bay City, TX 77414

ADOPTED

AGENDA ITEM (ID # 2254)

Meeting: 04/07/16 05:30 PM
Department: Finance
Category: Report
Prepared By: Beverly Griffith
Initiator: Beverly Griffith
Sponsors:
DOC ID: 2254

**ACCOUNTS PAYABLE FOR 11/19/15, 01/17, 01/14, 01/21,
01/28, 02/04, 02/11, 02/18, 02/23, 03/03, 03/10 AND 03/17/16;
DIRECT PAYABLES FOR 12/01/15, 01/05/, 01/07, 01/22, 02/23
AND 03/10/16; AND UTILITY REFUNDS FOR 01/07, 01/28 AND
03/03/16.**

RESULT:	APPROVED BY CONSENT VOTE [UNANIMOUS]
MOVER:	Carolyn Thames, Councilwoman
SECONDER:	William Cornman, Councilman
AYES:	Julie Estlinbaum, William Cornman, Chrystal Folse, Carolyn Thames
EXCUSED:	Steven Johnson

AGENDA ITEM REQUEST FOR CITY COUNCIL APPROVAL

THE FOLLOWING ACCOUNTS PAYABLE ITEMS HAVE BEEN APPROVED BY THE FINANCE COMMITTEE. PLEASE PLACE THESE ITEMS ON THE AGENDA OF THE NEXT SCHEDULED CITY COUNCIL MEETING AND REQUEST APPROVAL BY CITY COUNCIL.

ACCOUNTS PAYABLE	10/01/15
ACCOUNTS PAYABLE	10/08/15
ACCOUNTS PAYABLE	10/15/15
ACCOUNTS PAYABLE	10/16/15
ACCOUNTS PAYABLE	10/22/15
ACCOUNTS PAYABLE	10/29/15
ACCOUNTS PAYABLE	11/05/15
ACCOUNTS PAYABLE	11/12/15
ACCOUNTS PAYABLE	12/03/15
ACCOUNTS PAYABLE	12/10/15
ACCOUNTS PAYABLE	12/17/15
ACCOUNTS PAYABLE	12/21/15
 DIRECT PAYABLES	 11/05/15
DIRECT PAYABLES	11/12/15
DIRECT PAYABLES	11/19/15
 UTILITY REFUND	 10/01/15
UTILITY REFUNDS	10/15/15
UTILITY REFUNDS	10/15/15
UTILITY REFUNDS	10/15/15
UTILITY REFUNDS	10/15/15
UTILITY REFUNDS	10/29/15
UTILITY REFUNDS	12/03/15

RESPECTFULLY SUBMITTED

BEVERLY GRIFFITH
INTERIM FINANCE DIRECTOR

January 20, 2016
DATE

Attachment: AGENDA ITEM REQUEST 032216 (2254 : Accounts Payable)

AGENDA ITEM REQUEST FOR CITY COUNCIL APPROVAL

THE FOLLOWING ACCOUNTS PAYABLE ITEMS HAVE BEEN APPROVED BY THE FINANCE COMMITTEE. PLEASE PLACE THESE ITEMS ON THE AGENDA OF THE NEXT SCHEDULED CITY COUNCIL MEETING AND REQUEST APPROVAL BY CITY COUNCIL.

ACCOUNTS PAYABLE	11/19/15
ACCOUNTS PAYABLE	01/07/16
ACCOUNTS PAYABLE	01/14/16
ACCOUNTS PAYABLE	01/21/16
ACCOUNTS PAYABLE	01/28/16
ACCOUNTS PAYABLE	02/04/16
ACCOUNTS PAYABLE	02/11/16
ACCOUNTS PAYABLE	02/18/16
ACCOUNTS PAYABLE	02/23/16
ACCOUNTS PAYABLE	03/03/16
ACCOUNTS PAYABLE	03/10/16
ACCOUNTS PAYABLE	03/17/16
 DIRECT PAYABLES	 12/01/15
DIRECT PAYABLES	01/05/16
DIRECT PAYABLES	01/07/16
DIRECT PAYABLES	01/22/16
DIRECT PAYABLES	02/23/16
DIRECT PAYABLES	03/10/16
 UTILITY REFUND	 01/07/16
UTILITY REFUNDS	01/28/16
UTILITY REFUNDS	03/03/16

RESPECTFULLY SUBMITTED

BEVERLY GRIFFITH
INTERIM FINANCE DIRECTOR

March 22, 2016
DATE

Attachment: 20160407 - Accounts Payable CORRECTED (2254 : Accounts Payable)



City Council
1901 5Th Street
Bay City, TX 77414

ADOPTED

AGENDA ITEM (ID # 2262)

Meeting: 04/07/16 05:30 PM
Department: Finance
Category: Report
Prepared By: Beverly Griffith
Initiator: Beverly Griffith
Sponsors:
DOC ID: 2262

**CONSIDER AND/OR APPROVE THE QUARTERLY
INVESTMENT REPORT FOR THE PERIOD ENDING MARCH
31, 2016.**

RESULT:	APPROVED [UNANIMOUS]
MOVER:	William Cornman, Councilman
SECONDER:	Carolyn Thames, Councilwoman
AYES:	Julie Estlinbaum, William Cornman, Chrystal Folse, Carolyn Thames
EXCUSED:	Steven Johnson

**CITY OF BAY CITY, TEXAS
QUARTERLY INVESTMENT REPORT
FOR THE QUARTER ENDED MARCH 31, 2016**

The investment portfolio detailed in the attached report includes all investment transactions made during the above referenced period. The investment portfolio and all related transactions comply with the investment policy of the City of Bay City, Texas and the Public Funds Investment Act of the State of Texas.

Investment Officer: _____
Beverly Griffith, Interim Finance Director

Date: _____
4/4/2016

**City of Bay City
Detailed Investment Activity
for Quarter Ending 3/31/16**

Investment Pool / Bank Account	Month	Beg Bal	Purchases/ Withdrawals	Interest	Sales/ Deposits	End Bal
FSA	January	5,448.94	1,941.61	-	1,224.56	4,731.89
	February	4,731.89	1,838.89	-	3,634.52	6,527.52
	March	6,527.52	1,310.63	-	2,449.96	7,666.85
		5,448.94	5,091.13	-	7,309.04	7,666.85
Pending Forfeiture	January	10,457.36	-	-	-	10,457.36
	February	10,457.36	-	-	-	10,457.36
	March	10,457.36	-	-	-	10,457.36
		10,457.36	-	-	-	10,457.36
Forfeiture Account	January	36,031.89	324.50	-	-	35,707.39
	February	35,707.39	-	-	-	35,707.39
	March	35,707.39	2,424.50	-	-	33,282.89
		36,031.89	2,749.00	-	-	33,282.89
USO	January	24,644.12	-	3.13	-	24,647.25
	February	24,647.25	-	2.93	-	24,650.18
	March	24,650.18	-	3.13	-	24,653.31
		24,644.12	-	9.19	-	24,653.31
Task Force Pending	January	11,145.55	950.00	-	-	10,195.55
	February	10,195.55	-	-	-	10,195.55
	March	10,195.55	-	-	-	10,195.55
		11,145.55	950.00	-	-	10,195.55
Task Force	January	50,230.09	4,596.00	-	7,979.00	53,613.09
	February	53,613.09	692.24	-	288.54	53,209.39
	March	53,209.39	2,099.99	-	20.00	51,129.40
		50,230.09	7,388.23	-	8,287.54	51,129.40
Texas Class	January	503,549.32	-	179.51	-	503,728.83
	February	503,728.83	-	193.83	-	503,922.66
	March	503,922.66	-	231.31	-	504,153.97
		503,549.32	-	604.65	-	504,153.97
Tex Pool	January	6,223,635.94	-	1,413.36	-	6,225,049.30
	February	6,225,049.30	-	1,488.97	-	6,226,538.27
	March	6,226,538.27	-	1,730.81	-	6,228,269.08
		6,223,635.94	-	4,633.14	-	6,228,269.08
IBC Pooled Cash	January	824,430.05	2,421,165.14	-	3,616,343.93	2,019,608.84
	February	2,019,608.84	3,430,729.69	-	3,183,358.77	1,772,237.92
	March	1,772,237.92	2,282,342.26	-	2,006,551.80	1,496,447.46
		824,430.05	8,134,237.09	-	8,806,254.50	1,496,447.46
Grand Total		7,689,573.26	8,150,415.45	5,246.98	8,821,851.08	8,366,255.87

Attachment: Quarterly Investment Report March 31, 2016 (2262 : Quarterly Investment Report)

CITY OF BAY CITY, TEXAS
Quarterly Investment Report
As of March 31, 2016

Balance Comparison by Quarter

INVESTMENT BALANCES BY TYPE	Book Value 6/30/2015	Book Value 9/30/2015	Book Value 12/31/2015	Book Value 3/31/2016
INVESTMENT POOLS	8,422,584	8,424,394	6,727,185	6,732,423
PROSPERITY BANK	24,625	24,635	24,644	24,653
IBC BANK	4,621,335	1,409,916	937,744	1,609,180
TOTAL CASH AND INVESTMENTS	<u>\$ 13,068,544</u>	<u>\$ 9,858,945</u>	<u>\$ 7,689,573</u>	<u>\$ 8,366,256</u>

CITY OF BAY CITY, TEXAS
INVESTMENTS OUTSTANDING AS OF MARCH 31, 2016

Purchase Date	Description	Ratings	Maturity Date	# Days to Maturity	Cost	Par Value	Coupon Yield	12/31/2015		Quarterly Activity			3/31/2016			Unrealized Gain/Loss
								Book Value	Market Value	Purchases	Maturities	Interest	Book Value	Market Price	Market Value	
INVESTMENT POOLS																
3/31/2016	Texpool - General	AAAm	4/1/2016	1		6,228,269	0.2231%	\$ 6,223,636	\$ 6,223,636	\$ -	\$ -	\$ 4,633	\$ 6,228,269	\$ -	\$ 6,228,269	
3/31/2016	Class - General	AAAm	4/1/2016	1		504,154	0.3604%	503,549	503,549	-	-	605	\$ 504,154	-	504,154	
								6,727,185	6,727,185	-	-	5,238	\$ 6,732,423	-	6,732,423	
								87.48%					80.47%			OF TOTAL
N/A	Prosperity Bank - USO		N/A	N/A		24,653	0.1500%	24,644	24,644	-	-	9	\$ 24,653	-	24,653	
								24,644	24,644	-	-	9	\$ 24,653	-	24,653	
								0.32%					0.29%			
CITY DEPOSITORY- IBC Bank																
N/A	Pooled Cash		N/A	N/A		1,496,447	0.00%	824,430	824,430	(8,134,237)	8,806,255	-	\$ 1,496,447	-	1,496,447	
N/A	Flexible Spending Account		N/A	N/A		7,667	0.00%	5,449	5,449	(5,091)	7,309	-	\$ 7,667	-	7,667	
N/A	Police Pending Forfeiture		N/A	N/A		10,457	0.00%	10,457	10,457	-	-	-	\$ 10,457	-	10,457	
N/A	Police Forfeiture		N/A	N/A		33,283	0.00%	36,032	36,032	(2,749)	-	-	\$ 33,283	-	33,283	
N/A	Police Task Force		N/A	N/A		51,129	0.00%	50,230	50,230	(7,388)	8,288	-	\$ 51,129	-	51,129	
N/A	Police Task Force Pending		N/A	N/A		10,196	0.00%	11,146	11,146	(950)	-	-	\$ 10,196	-	10,196	
								937,744	937,744	(8,150,415)	8,821,851	-	1,609,180	-	1,609,180	
								12.20%					19.23%			
TOTAL PORTFOLIO						\$ 8,366,256	0.1881%	\$ 7,689,573	\$ 7,689,573	\$ (8,150,415)	\$ 8,821,851	\$ 5,247	\$ 8,366,256	\$ -	\$ 8,366,256	

Per City of Bay City Investent Policy, Section III, Yield, "The City's investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the City's risk constraints and the cash flow needs of the portfolio. Market rate of return may be defined as the average yield of the current 91 Day U.S. Treasury Bill.

The average 91 Day T-Bill rate for the quarter = .2861%

For comparison purposes, the 91 Day T-Bill rate as of 12/31/15 = 0.2100%.

Attachment: Quarterly Investment Report March 31, 2016 (2262 : Quarterly Investment Report)



City Council
1901 5Th Street
Bay City, TX 77414

ADOPTED

AGENDA ITEM (ID # 2257)

Meeting: 04/07/16 05:30 PM
Department: Finance
Category: Report
Prepared By: Beverly Griffith
Initiator: Beverly Griffith
Sponsors:
DOC ID: 2257

DISCUSS, CONSIDER, AND/OR APPROVE THE FINANCIAL STATEMENTS FOR THE MONTH ENDING FEBRUARY 29, 2016, AND DIRECT STAFF AS NECESSARY.

The financial statements for the month ending February 29, 2016 are attached for your consideration and approval. Separate statements are presented in a manner that will show budget compared to actual for both revenues and expenditures/expenses in each fund.

HIGHLIGHTS

General Fund

General Fund revenues continue to remain on course through the month of February. Property tax revenue is 83.76% collected, compared to 88.72% for the same time last year. Property tax payments were due by January 31. For those taxpayers who pay once annually, property taxes are considered delinquent on February 1 and subject to both penalty and interest. Many individuals select to pay in installments and will continue to make payments throughout the remainder of the fiscal.

Through the month of February, Sales Tax revenue is right on par with expectations at 41.99%, representing an increase of almost 5% compared to the same time last year. The February allocation reflected an increase of 4% compared to February last year. We will continue to monitor Sales Tax very closely. Sales Tax is the single largest source of revenue for General Fund operations, providing 30.26% of revenue requirements, compared to current year property tax collections, which provides 26.88% of revenue requirements.

Other items of note regarding revenues include the category of fines and penalties, which are at 31.33% year to date, significantly less than last year, which was at 36.27% for the same time last year. At the other end of the scale is the category of licenses and permits, which at 59.17% year to date. However, please note that this category will show a substantial decline in total revenue for the March financial report, due to the permit refunds that were issued in March totaling approximately \$38,000.

General fund expenditures overall stand at 39.23%, compared with 37.43% for the same time period last year. Last month we noted departments that appear to be over budget (in this case exceeding 41.67%) but in reality had made large, one time expenditures early in the fiscal year.

These include the following:

- Police - Capital Expenditures, including purchase of vehicles
- Fire - Annual support payment made in October of 2015 for full year
- Riverside Park - Capital expenditures, including mowers and other equipment

Overall, General Fund revenue exceeds expenditures by \$1,412,915 as of February 29, 2016.

Civic & Cultural Arts Fund has recorded year to date hotel occupancy tax revenue of \$311,559, which is a 10% increase compared to the same time period last year. Total fund revenues, including rental fees, are at 45.20% of budget. Year to date expenditures are at 39.74%, both well within seasonal expectations.

This fund ended last fiscal year with a Fund Balance of \$372,746. So far this year, revenues exceed expenditures by \$97,139.

Utility Fund - The revenues for this fund have reached 58.12%, which includes both grant revenue and reimbursements for economic development projects. When these two revenue sources are subtracted, total net operating year to date revenue is 27.95% of budget. Net operating expenditures (excluding capital expenditures that are reimbursed by grants or other non-operating revenue) are at 32.6%.

Utility Debt Service Fund - The year to date revenues are at 41.82% of budget and the year to date expenses are 11.42%. Expenses are primarily due to interest payments on long term debt that were due on March 1, 2016.

Municipal Airport Fund - Year to date revenues are \$138,603.67, or 39.73%. Expenditures for airport operations are \$99,633.74, or 29.01% of budget.

Debt Service Fund - The revenues for this fund are at 70.93% of budget. Expenditures through the end of February include interest payments on long term debt obligations that were due on March 1, 2016.

Other funds included in this report are operating within expectations at this time.

The information contained within this report represents financial transactions through February 29, 2016. All current year financial data is un-audited and may be subject to change or adjustment. The financial statements for the month ending February 29, 2016 are attached for your consideration and approval. Separate statements are presented in a manner that will show budget compared to actual for both revenues and expenditures/expenses in each fund.

HIGHLIGHTS

General Fund

General Fund revenues continue to remain on course through the month of February. Property tax revenue is 83.76% collected, compared to 88.72% for the same time last year. Property tax payments were due by January 31. For those taxpayers who pay once annually, property taxes are considered delinquent on February 1 and subject to both penalty and interest. Many individuals select to pay in installments and will continue to make payments throughout the remainder of the fiscal.

Through the month of February, Sales Tax revenue is right on par with expectations at 41.99%, representing an increase of almost 5% compared to the same time last year. The February allocation reflected an increase of 4% compared to February last year. We will continue to monitor Sales Tax very closely. Sales Tax is the single largest source of revenue for General Fund operations, providing 30.26% of revenue requirements, compared to current year property tax collections, which provides 26.88% of revenue requirements.

Other items of note regarding revenues include the category of fines and penalties, which are at 31.33% year to date, significantly less than last year, which was at 36.27% for the same time last year. At the other end of the scale is the category of licenses and permits, which at 59.17% year to date. However, please note that this category will show a substantial decline in total revenue for the March financial report, due to the permit refunds that were issued in March totaling approximately \$38,000.

General fund expenditures overall stand at 39.23%, compared with 37.43% for the same time period last year. Last month we noted departments that appear to be over budget (in this case exceeding 41.67%) but in reality had made large, one time expenditures early in the fiscal year.

These include the following:

- Police - Capital Expenditures, including purchase of vehicles
- Fire - Annual support payment made in October of 2015 for full year
- Riverside Park - Capital expenditures, including mowers and other equipment

Overall, General Fund revenue exceeds expenditures by \$1,412,915 as of February 29, 2016.

Civic & Cultural Arts Fund has recorded year to date hotel occupancy tax revenue of \$311,559, which is a 10% increase compared to the same time period last year. Total fund revenues, including rental fees, are at 45.20% of budget. Year to date expenditures are at 39.74%, both well within seasonal expectations.

This fund ended last fiscal year with a Fund Balance of \$372,746. So far this year, revenues exceed expenditures by \$97,139.

Utility Fund - The revenues for this fund have reached 58.12%, which includes both grant revenue and reimbursements for economic development projects. When these two revenue sources are subtracted, total net operating year to date revenue is 27.95% of budget. Net operating expenditures (excluding capital expenditures that are reimbursed by grants or other non-operating revenue) are at 32.6%.

Utility Debt Service Fund - The year to date revenues are at 41.82% of budget and the year to date expenses are 11.42%. Expenses are primarily due to interest payments on long term debt that were due on March 1, 2016.

Municipal Airport Fund - Year to date revenues are \$138,603.67, or 39.73%. Expenditures for airport operations are \$99,633.74, or 29.01% of budget.

Debt Service Fund - The revenues for this fund are at 70.93% of budget. Expenditures through the end of February include interest payments on long term debt obligations that were due on March 1, 2016.

Other funds included in this report are operating within expectations at this time.

The information contained within this report represents financial transactions through February 29, 2016. All current year financial data is un-audited and may be subject to change or adjustment.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Carolyn Thames, Councilwoman
SECONDER:	Chrystal Folse, Councilwoman
AYES:	Julie Estlinbaum, William Cornman, Chrystal Folse, Carolyn Thames
EXCUSED:	Steven Johnson

11 -GENERAL FUND
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	PROPERTY TAXES	3,843,854.00	1,255,561.21	3,219,539.00	83.76	624,315.00
	OTHER TAXES	5,402,089.00	522,021.88	2,193,910.33	40.61	3,208,178.67
	FINES & PENALTIES	307,700.00	26,588.71	96,413.29	31.33	211,286.71
	LICENSE & PERMITS	209,750.00	12,360.64	124,112.67	59.17	85,637.33
	MISCELLANEOUS	3,569,896.00	257,972.90	1,331,359.15	37.29	2,238,536.85
	TRANSFERS IN	242,309.00	19,417.38	97,086.90	40.07	145,222.10
	OTHER REVENUES / SOURCES	22,200.00	208.00	4,370.00	19.68	17,830.00
	PRIOR FUND BALANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	13,597,798.00	2,094,130.72	7,066,791.34	51.97	6,531,006.66
		=====	=====	=====	=====	=====
EXPENDITURE SUMMARY						
	CITY SECRETARY	350,196.00	15,006.83	110,000.72	31.41	240,195.28
	CITY GENERAL SERVICES	3,238,510.00	228,478.32	1,266,472.44	39.11	1,972,037.56
	ADMINISTRATIVE COUNCIL	238,357.00	17,433.33	102,660.65	43.07	135,696.35
	MAINSTREET	40,391.00	2,590.88	12,954.40	32.07	27,436.60
	PERSONNEL RESOURCES	0.00	0.00	0.00	0.00	0.00
	MUNICIPAL COURT	300,811.00	24,029.66	118,318.24	39.33	182,492.76
	FINANCIAL	275,255.00	22,692.91	103,057.13	37.44	172,197.87
	CODE ENFORCEMENT	0.00	0.00	6.86	0.00	(6.86)
	POLICE	4,531,003.00	377,693.80	1,958,377.71	43.22	2,572,625.29
	PD Grant 1	0.00	3,124.42	17,184.31	0.00	(17,184.31)
	PD Grant 2	0.00	0.00	0.00	0.00	0.00
	ANIMAL IMPOUNDMENT	162,740.00	12,133.26	62,480.16	38.39	100,259.84
	FIRE	186,851.00	8,327.61	99,306.12	53.15	87,544.88
	PUBLIC WORKS	3,378,637.00	196,089.19	1,178,606.45	34.88	2,200,030.55
	SERVICE CENTER	0.00	0.00	0.00	0.00	0.00
	RECYCLING CENTER	242,358.00	45,527.42	97,050.29	40.04	145,307.71
	PARKS AND RECREATION	815,439.00	114,598.07	327,490.72	40.16	487,948.28
	RIVERSIDE PARK	207,994.00	11,672.49	102,954.55	49.50	105,039.45
	P&R Summer Programs	152,246.00	5,733.59	54,816.33	36.01	97,429.67
	Hilliard & BCISD Pool	292,960.00	7,722.48	42,139.20	14.38	250,820.80
	PUBLIC BENEFITS	0.00	0.00	0.00	0.00	0.00
	BAY CITY LIBRARY PERSONNE	0.00	0.00	0.00	0.00	0.00
	TEEN CENTER	0.00	0.00	0.00	0.00	0.00
	TOTAL EXPENDITURES	14,413,748.00	1,092,854.26	5,653,876.28	39.23	8,759,871.72
		=====	=====	=====	=====	=====
	EXCESS REVENUE/EXPENDITURES	(815,950.00)	1,001,276.46	1,412,915.06	173.16-	(2,228,865.06)
		=====	=====	=====	=====	=====

11 -GENERAL FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	PROPERTY TAXES	3,843,854.00	1,255,561.21	3,219,539.00	83.76	624,315.00
	OTHER TAXES	5,402,089.00	522,021.88	2,193,910.33	40.61	3,208,178.67
	FINES & PENALTIES	307,700.00	26,588.71	96,413.29	31.33	211,286.71
	LICENSE & PERMITS	209,750.00	12,360.64	124,112.67	59.17	85,637.33
	MISCELLANEOUS	3,569,896.00	257,972.90	1,331,359.15	37.29	2,238,536.85
	TRANSFERS IN	242,309.00	19,417.38	97,086.90	40.07	145,222.10
	OTHER REVENUES / SOURCES	22,200.00	208.00	4,370.00	19.68	17,830.00
	PRIOR FUND BALANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	13,597,798.00	2,094,130.72	7,066,791.34	51.97	6,531,006.66
		=====	=====	=====	=====	=====

11 -GENERAL FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
CITY SECRETARY						
	PAYROLL COSTS	147,443.00	11,151.51	64,434.04	43.70	83,008.96
	PAYROLL RELATED COST	99,687.00	4,493.80	27,784.20	27.87	71,902.80
	SUPPLIES AND MATERIALS	19,803.00	438.07	5,311.47	26.82	14,491.53
	OTHER CHARGES AND SERVICE	83,263.00	(1,076.55)	12,471.01	14.98	70,791.99
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL CITY SECRETARY	350,196.00	15,006.83	110,000.72	31.41	240,195.28
CITY GENERAL SERVICES						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	8,893.56	0.00	(8,893.56)
	SUPPLIES AND MATERIALS	12,500.00	207.86	2,748.07	21.98	9,751.93
	OTHER CHARGES AND SERVICE	1,207,554.00	54,158.98	425,160.75	35.21	782,393.25
	REPAIRS AND MAINTENANCE	34,000.00	45.51	4,282.03	12.59	29,717.97
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TRANSFERS	1,984,456.00	172,689.09	818,503.63	41.25	1,165,952.37
	DEBT SERVICE	0.00	1,376.88	6,884.40	0.00	(6,884.40)
	OTHER EXPENSES	0.00	0.00	0.00	0.00	0.00
	TOTAL CITY GENERAL SERVICES	3,238,510.00	228,478.32	1,266,472.44	39.11	1,972,037.56
ADMINISTRATIVE COUNCIL						
	PAYROLL COSTS	171,488.00	12,486.20	69,079.31	40.28	102,408.69
	PAYROLL RELATED COST	51,669.00	3,759.41	22,874.73	44.27	28,794.27
	SUPPLIES AND MATERIALS	6,300.00	613.49	6,935.26	110.08	(635.26)
	OTHER CHARGES AND SERVICE	8,900.00	574.23	3,771.35	42.37	5,128.65
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL ADMINISTRATIVE COUNCIL	238,357.00	17,433.33	102,660.65	43.07	135,696.35
MAINSTREET						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	35,391.00	2,590.88	12,954.40	36.60	22,436.60
	OTHER EXPENSES	5,000.00	0.00	0.00	0.00	5,000.00
	TOTAL MAINSTREET	40,391.00	2,590.88	12,954.40	32.07	27,436.60
PERSONNEL RESOURCES						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL PERSONNEL RESOURCES	0.00	0.00	0.00	0.00	0.00

11 -GENERAL FUND
DEPARTMENT EXPENSES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
MUNICIPAL COURT						
	PAYROLL COSTS	122,546.00	9,940.46	53,917.93	44.00	68,628.07
	PAYROLL RELATED COST	48,899.00	3,957.73	24,418.35	49.94	24,480.65
	SUPPLIES AND MATERIALS	7,266.00	1,082.42	2,452.36	33.75	4,813.64
	OTHER CHARGES AND SERVICE	117,600.00	9,049.05	37,487.48	31.88	80,112.52
	REPAIRS AND MAINTENANCE	4,500.00	0.00	42.12	0.94	4,457.88
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL MUNICIPAL COURT	300,811.00	24,029.66	118,318.24	39.33	182,492.76
FINANCIAL						
	PAYROLL COSTS	185,459.00	8,101.45	45,170.89	24.36	140,288.11
	PAYROLL RELATED COST	73,446.00	2,821.12	18,868.17	25.69	54,577.83
	SUPPLIES AND MATERIALS	8,250.00	761.71	2,087.76	25.31	6,162.24
	OTHER CHARGES AND SERVICE	8,100.00	11,008.63	36,930.31	455.93 (	28,830.31)
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL FINANCIAL	275,255.00	22,692.91	103,057.13	37.44	172,197.87
CODE ENFORCEMENT						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	6.86	0.00 (	6.86)
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL CODE ENFORCEMENT	0.00	0.00	6.86	0.00 (	6.86)
POLICE						
	PAYROLL COSTS	2,803,477.00	218,441.19	1,224,760.84	43.69	1,578,716.16
	PAYROLL RELATED COST	1,041,817.00	77,576.66	438,670.69	42.11	603,146.31
	SUPPLIES AND MATERIALS	136,518.00	5,299.71	35,885.79	26.29	100,632.21
	OTHER CHARGES AND SERVICE	264,999.00	19,914.89	86,290.29	32.56	178,708.71
	REPAIRS AND MAINTENANCE	48,430.00	3,360.75	8,301.21	17.14	40,128.79
	CAPITAL EXPENDITURES	235,762.00	53,100.60	164,468.89	69.76	71,293.11
	TRANSFERS	0.00	0.00	0.00	0.00	0.00
	TOTAL POLICE	4,531,003.00	377,693.80	1,958,377.71	43.22	2,572,625.29
PD Grant 1						
	PAYROLL COSTS	0.00	2,902.40	15,963.20	0.00 (	15,963.20)
	PAYROLL RELATED COST	0.00	222.02	1,221.11	0.00 (	1,221.11)
	TOTAL PD Grant 1	0.00	3,124.42	17,184.31	0.00 (	17,184.31)

11 -GENERAL FUND
DEPARTMENT EXPENSES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
PD Grant 2						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	TOTAL PD Grant 2	0.00	0.00	0.00	0.00	0.00
ANIMAL IMPOUNDMENT						
	PAYROLL COSTS	91,612.00	6,950.40	38,418.46	41.94	53,193.54
	PAYROLL RELATED COST	50,028.00	3,293.11	19,686.02	39.35	30,341.98
	SUPPLIES AND MATERIALS	3,250.00	319.34	1,171.17	36.04	2,078.83
	OTHER CHARGES AND SERVICE	13,280.00	1,315.67	2,746.57	20.68	10,533.43
	REPAIRS AND MAINTENANCE	4,570.00	254.74	457.94	10.02	4,112.06
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL ANIMAL IMPOUNDMENT	162,740.00	12,133.26	62,480.16	38.39	100,259.84
FIRE						
	PAYROLL COSTS	25,957.00	1,889.60	11,630.81	44.81	14,326.19
	PAYROLL RELATED COST	32,329.00	803.33	7,438.53	23.01	24,890.47
	SUPPLIES AND MATERIALS	14,165.00	445.04	1,831.89	12.93	12,333.11
	OTHER CHARGES AND SERVICE	75,400.00	410.01	66,110.77	87.68	9,289.23
	REPAIRS AND MAINTENANCE	39,000.00	4,779.63	12,294.12	31.52	26,705.88
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	DEBT SERVICE	0.00	0.00	0.00	0.00	0.00
	TOTAL FIRE	186,851.00	8,327.61	99,306.12	53.15	87,544.88
PUBLIC WORKS						
	PAYROLL COSTS	644,631.00	44,811.67	255,641.03	39.66	388,989.97
	PAYROLL RELATED COST	266,134.00	16,638.13	100,433.23	37.74	165,700.77
	SUPPLIES AND MATERIALS	131,105.00	5,919.17	26,957.33	20.56	104,147.67
	OTHER CHARGES AND SERVICE	1,694,767.00	122,125.08	489,445.04	28.88	1,205,321.96
	REPAIRS AND MAINTENANCE	166,000.00	6,595.14	76,129.82	45.86	89,870.18
	CAPITAL EXPENDITURES	476,000.00	0.00	230,000.00	48.32	246,000.00
	TOTAL PUBLIC WORKS	3,378,637.00	196,089.19	1,178,606.45	34.88	2,200,030.55
SERVICE CENTER						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL SERVICE CENTER	0.00	0.00	0.00	0.00	0.00

11 -GENERAL FUND
DEPARTMENT EXPENSES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
RECYCLING CENTER						
	PAYROLL COSTS	115,237.00	6,787.17	39,227.40	34.04	76,009.60
	PAYROLL RELATED COST	39,592.00	2,514.80	15,417.39	38.94	24,174.61
	SUPPLIES AND MATERIALS	7,279.00	33.39	857.71	11.78	6,421.29
	OTHER CHARGES AND SERVICE	21,750.00	1,198.92	6,382.94	29.35	15,367.06
	REPAIRS AND MAINTENANCE	14,500.00	993.14	1,164.85	8.03	13,335.15
	CAPITAL EXPENDITURES	44,000.00	34,000.00	34,000.00	77.27	10,000.00
	TOTAL RECYCLING CENTER	242,358.00	45,527.42	97,050.29	40.04	145,307.71
PARKS AND RECREATION						
	PAYROLL COSTS	283,415.00	20,762.37	118,408.57	41.78	165,006.43
	PAYROLL RELATED COST	123,724.00	9,135.39	45,606.60	36.86	78,117.40
	SUPPLIES AND MATERIALS	41,800.00	2,782.39	13,492.27	32.28	28,307.73
	OTHER CHARGES AND SERVICE	103,500.00	10,444.05	36,288.65	35.06	67,211.35
	REPAIRS AND MAINTENANCE	48,000.00	7,375.22	21,032.23	43.82	26,967.77
	CAPITAL EXPENDITURES	215,000.00	64,098.65	92,662.40	43.10	122,337.60
	OTHER EXPENSES	0.00	0.00	0.00	0.00	0.00
	TOTAL PARKS AND RECREATION	815,439.00	114,598.07	327,490.72	40.16	487,948.28
RIVERSIDE PARK						
	PAYROLL COSTS	71,201.00	5,442.09	32,681.21	45.90	38,519.79
	PAYROLL RELATED COST	41,983.00	2,643.25	16,287.89	38.80	25,695.11
	SUPPLIES AND MATERIALS	16,000.00	1,179.88	4,984.31	31.15	11,015.69
	OTHER CHARGES AND SERVICE	35,810.00	2,278.11	11,926.88	33.31	23,883.12
	REPAIRS AND MAINTENANCE	13,000.00	129.16	3,046.32	23.43	9,953.68
	CAPITAL EXPENDITURES	30,000.00	0.00	34,027.94	113.43	(4,027.94)
	TOTAL RIVERSIDE PARK	207,994.00	11,672.49	102,954.55	49.50	105,039.45
P&R Summer Programs						
	PAYROLL COSTS	40,851.00	0.00	13,279.27	32.51	27,571.73
	PAYROLL RELATED COST	3,895.00	0.00	3,772.85	96.86	122.15
	OTHER CHARGES AND SERVICE	2,500.00	0.00	336.00	13.44	2,164.00
	CAPITAL EXPENDITURES	15,000.00	0.00	0.00	0.00	15,000.00
	OTHER EXPENSES	90,000.00	5,733.59	37,428.21	41.59	52,571.79
	TOTAL P&R Summer Programs	152,246.00	5,733.59	54,816.33	36.01	97,429.67
Hilliard & BCISD Pool						
	PAYROLL COSTS	107,188.00	944.96	5,662.17	5.28	101,525.83
	PAYROLL RELATED COST	17,222.00	270.12	1,780.15	10.34	15,441.85
	SUPPLIES AND MATERIALS	71,050.00	91.99	2,832.36	3.99	68,217.64
	OTHER CHARGES AND SERVICE	48,500.00	2,515.41	11,378.15	23.46	37,121.85
	REPAIRS AND MAINTENANCE	25,000.00	3,900.00	20,486.37	81.95	4,513.63
	CAPITAL EXPENDITURES	24,000.00	0.00	0.00	0.00	24,000.00
	TOTAL Hilliard & BCISD Pool	292,960.00	7,722.48	42,139.20	14.38	250,820.80

11 -GENERAL FUND
DEPARTMENT EXPENSES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
PUBLIC BENEFITS						
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL PUBLIC BENEFITS	0.00	0.00	0.00	0.00	0.00
BAY CITY LIBRARY PERSONNE						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	TOTAL BAY CITY LIBRARY PERSONNE	0.00	0.00	0.00	0.00	0.00
TEEN CENTER						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL TEEN CENTER	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES						
		14,413,748.00	1,092,854.26	5,653,876.28	39.23	8,759,871.72
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES						
	(815,950.00)	1,001,276.46	1,412,915.06	0.00	(2,228,865.06)	
		=====	=====	=====	=====	=====

*** END OF REPORT ***

25 -CIVIC & CULTURAL ARTS
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	PROPERTY TAXES	0.00	0.00	0.00	0.00	0.00
	OTHER TAXES	700,000.00	73,275.31	311,559.40	44.51	388,440.60
	LICENSE & PERMITS	0.00	0.00	0.00	0.00	0.00
	MISCELLANEOUS	66,650.00	6,011.41	34,945.47	52.43	31,704.53
	TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
	OTHER REVENUES / SOURCES	0.00	0.00	0.00	0.00	0.00
	PRIOR FUND BALANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	766,650.00	79,286.72	346,504.87	45.20	420,145.13
		=====	=====	=====	=====	=====
EXPENDITURE SUMMARY						
	COUNCIL DISCRETIONARY	84,391.00	2,590.88	24,454.40	28.98	59,936.60
	CONVENTION&VISITORS BUREA	216,800.00	12,097.42	67,991.87	31.36	148,808.13
	BC ARTS COUNCIL	0.00	0.00	0.00	0.00	0.00
	BC CIVIC CENTER	271,250.00	16,942.71	101,919.42	37.57	169,330.58
	BC MAIN STREET	0.00	0.00	0.00	0.00	0.00
	MATAGORDA COUNTY MUSEUM	55,000.00	0.00	55,000.00	100.00	0.00
	TOTAL EXPENDITURES	627,441.00	31,631.01	249,365.69	39.74	378,075.31
		=====	=====	=====	=====	=====
	EXCESS REVENUE/EXPENDITURES	139,209.00	47,655.71	97,139.18	69.78	42,069.82
		=====	=====	=====	=====	=====

25 -CIVIC & CULTURAL ARTS
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	PROPERTY TAXES	0.00	0.00	0.00	0.00	0.00
	OTHER TAXES	700,000.00	73,275.31	311,559.40	44.51	388,440.60
	LICENSE & PERMITS	0.00	0.00	0.00	0.00	0.00
	MISCELLANEOUS	66,650.00	6,011.41	34,945.47	52.43	31,704.53
	TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
	OTHER REVENUES / SOURCES	0.00	0.00	0.00	0.00	0.00
	PRIOR FUND BALANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	766,650.00	79,286.72	346,504.87	45.20	420,145.13
		=====	=====	=====	=====	=====

25 -CIVIC & CULTURAL ARTS
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
COUNCIL DISCRETIONARY						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	22,000.00	0.00	11,500.00	52.27	10,500.00
	TRANSFERS	62,391.00	2,590.88	12,954.40	20.76	49,436.60
	TOTAL COUNCIL DISCRETIONARY	84,391.00	2,590.88	24,454.40	28.98	59,936.60
CONVENTION&VISITORS BUREA						
	PAYROLL RELATED COST	6,000.00	0.00	0.00	0.00	6,000.00
	SUPPLIES AND MATERIALS	11,000.00	0.00	630.77	5.73	10,369.23
	OTHER CHARGES AND SERVICE	198,800.00	12,097.42	67,361.10	33.88	131,438.90
	REPAIRS AND MAINTENANCE	1,000.00	0.00	0.00	0.00	1,000.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL CONVENTION&VISITORS BUREA	216,800.00	12,097.42	67,991.87	31.36	148,808.13
BC ARTS COUNCIL						
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL BC ARTS COUNCIL	0.00	0.00	0.00	0.00	0.00
BC CIVIC CENTER						
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	7,000.00	179.00	2,000.17	28.57	4,999.83
	OTHER CHARGES AND SERVICE	239,250.00	16,220.21	80,133.30	33.49	159,116.70
	REPAIRS AND MAINTENANCE	25,000.00	543.50	19,785.95	79.14	5,214.05
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL BC CIVIC CENTER	271,250.00	16,942.71	101,919.42	37.57	169,330.58
BC MAIN STREET						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	OTHER EXPENSES	0.00	0.00	0.00	0.00	0.00
	TOTAL BC MAIN STREET	0.00	0.00	0.00	0.00	0.00

25 -CIVIC & CULTURAL ARTS
DEPARTMENT EXPENSES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
MATAGORDA COUNTY MUSEUM						
	OTHER CHARGES AND SERVICE	55,000.00	0.00	55,000.00	100.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL MATAGORDA COUNTY MUSEUM	55,000.00	0.00	55,000.00	100.00	0.00
TOTAL EXPENDITURES						
		627,441.00	31,631.01	249,365.69	39.74	378,075.31
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES						
		139,209.00	47,655.71	97,139.18	0.00	42,069.82
		=====	=====	=====	=====	=====

*** END OF REPORT ***

26 -LIBRARY FUND
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	FINES & PENALTIES	7,000.00	501.02	2,610.89	37.30	4,389.11
	MISCELLANEOUS	304,840.00	647.80	148,538.32	48.73	156,301.68
	TRANSFERS IN	135,424.00	11,285.33	56,426.65	41.67	78,997.35
	TOTAL REVENUES	447,264.00 =====	12,434.15 =====	207,575.86 =====	46.41 =====	239,688.14 =====
EXPENDITURE SUMMARY						
	LIBRARY OPERATIONS	491,366.00	30,329.23	208,849.29	42.50	282,516.71
	TOTAL EXPENDITURES	491,366.00 =====	30,329.23 =====	208,849.29 =====	42.50 =====	282,516.71 =====
	EXCESS REVENUE/EXPENDITURES	(44,102.00) =====	(17,895.08) =====	(1,273.43) =====	2.89 =====	(42,828.57) =====

26 -LIBRARY FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	FINES & PENALTIES	7,000.00	501.02	2,610.89	37.30	4,389.11
	MISCELLANEOUS	304,840.00	647.80	148,538.32	48.73	156,301.68
	TRANSFERS IN	135,424.00	11,285.33	56,426.65	41.67	78,997.35
	TOTAL REVENUES	447,264.00	12,434.15	207,575.86	46.41	239,688.14
		=====	=====	=====	=====	=====

26 -LIBRARY FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
LIBRARY OPERATIONS						
	PAYROLL COSTS	191,015.00	14,521.20	76,858.58	40.24	114,156.42
	PAYROLL RELATED COST	64,451.00	4,384.99	26,609.68	41.29	37,841.32
	SUPPLIES AND MATERIALS	61,450.00	1,994.68	17,870.96	29.08	43,579.04
	OTHER CHARGES AND SERVICE	153,450.00	9,143.36	63,017.29	41.07	90,432.71
	REPAIRS AND MAINTENANCE	21,000.00	285.00	24,492.78	116.63	(3,492.78)
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL LIBRARY OPERATIONS	491,366.00	30,329.23	208,849.29	42.50	282,516.71
TOTAL EXPENDITURES						
		491,366.00	30,329.23	208,849.29	42.50	282,516.71
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES						
		(44,102.00)	(17,895.08)	(1,273.43)	0.00	(42,828.57)
		=====	=====	=====	=====	=====

*** END OF REPORT ***

27 -COURT-BLD SECURITY
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	FINES & PENALTIES	6,000.00	373.53	1,500.38	25.01	4,499.62
	MISCELLANEOUS	0.00	(5.96)	(38.75)	0.00	38.75
	TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	6,000.00 =====	367.57 =====	1,461.63 =====	24.36 =====	4,538.37 =====
EXPENDITURE SUMMARY						
	COURTS BLD SECURITY	12,500.00	285.89	500.35	4.00	11,999.65
	TOTAL EXPENDITURES	12,500.00 =====	285.89 =====	500.35 =====	4.00 =====	11,999.65 =====
	EXCESS REVENUE/EXPENDITURES	(6,500.00) =====	81.68 =====	961.28 =====	14.79- =====	(7,461.28) =====

27 -COURT-BLD SECURITY
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	FINES & PENALTIES	6,000.00	373.53	1,500.38	25.01	4,499.62
	MISCELLANEOUS	0.00	(5.96)	(38.75)	0.00	38.75
	TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	6,000.00	367.57	1,461.63	24.36	4,538.37
		=====	=====	=====	=====	=====

27 -COURT-BLD SECURITY
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
COURTS BLD SECURITY						
	PAYROLL COSTS	0.00	242.28	423.99	0.00	(423.99)
	PAYROLL RELATED COST	12,500.00	43.61	76.36	0.61	12,423.64
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL COURTS BLD SECURITY	12,500.00	285.89	500.35	4.00	11,999.65
TOTAL EXPENDITURES						
		12,500.00	285.89	500.35	4.00	11,999.65
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES						
		(6,500.00)	81.68	961.28	0.00	(7,461.28)
		=====	=====	=====	=====	=====

*** END OF REPORT ***

29 -COURT TECHNOLOGY
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	FINES & PENALTIES	8,000.00	443.04	1,897.83	23.72	6,102.17
	MISCELLANEOUS	0.00	(7.86)	(50.68)	0.00	50.68
	TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	8,000.00 =====	435.18 =====	1,847.15 =====	23.09 =====	6,152.85 =====
EXPENDITURE SUMMARY						
	COURT TECHNOLOGY EXPENSE	13,200.00	0.00	0.00	0.00	13,200.00
	TOTAL EXPENDITURES	13,200.00 =====	0.00 =====	0.00 =====	0.00 =====	13,200.00 =====
	EXCESS REVENUE/EXPENDITURES	(5,200.00) =====	435.18 =====	1,847.15 =====	35.52- =====	(7,047.15) =====

29 -COURT TECHNOLOGY
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	FINES & PENALTIES	8,000.00	443.04	1,897.83	23.72	6,102.17
	MISCELLANEOUS	0.00	(7.86)	(50.68)	0.00	50.68
	TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	8,000.00	435.18	1,847.15	23.09	6,152.85
		=====	=====	=====	=====	=====

29 -COURT TECHNOLOGY
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
COURT TECHNOLOGY EXPENSE						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	700.00	0.00	0.00	0.00	700.00
	OTHER CHARGES AND SERVICE	12,500.00	0.00	0.00	0.00	12,500.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL COURT TECHNOLOGY EXPENSE	13,200.00	0.00	0.00	0.00	13,200.00
TOTAL EXPENDITURES						
		13,200.00	0.00	0.00	0.00	13,200.00
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES						
	(5,200.00)	435.18	1,847.15	0.00	(7,047.15)	
	=====	=====	=====	=====	=====	=====

*** END OF REPORT ***

30 -PD TASK FORCE FUND
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	MISCELLANEOUS	10,000.00	0.00	12,029.00	120.29	(2,029.00)
	TRANSFERS IN	5,000.00	0.00	0.00	0.00	5,000.00
	TOTAL REVENUES	15,000.00	0.00	12,029.00	80.19	2,971.00
		=====	=====	=====	=====	=====
EXPENDITURE SUMMARY						
	Task Force	17,500.00	403.70	6,316.92	36.10	11,183.08
	TOTAL EXPENDITURES	17,500.00	403.70	6,316.92	36.10	11,183.08
		=====	=====	=====	=====	=====
	EXCESS REVENUE/EXPENDITURES	(2,500.00)	(403.70)	5,712.08	228.48-	(8,212.08)
		=====	=====	=====	=====	=====

30 -PD TASK FORCE FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	MISCELLANEOUS	10,000.00	0.00	12,029.00	120.29	(2,029.00)
	TRANSFERS IN	5,000.00	0.00	0.00	0.00	5,000.00
	TOTAL REVENUES	15,000.00	0.00	12,029.00	80.19	2,971.00
		=====	=====	=====	=====	=====

30 -PD TASK FORCE FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
Task Force						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	2,500.00	0.00	0.00	0.00	2,500.00
	SUPPLIES AND MATERIALS	10,000.00	83.99	83.99	0.84	9,916.01
	OTHER CHARGES AND SERVICE	5,000.00	319.71	6,232.93	124.66	(1,232.93)
	TOTAL Task Force	17,500.00	403.70	6,316.92	36.10	11,183.08
TOTAL EXPENDITURES		17,500.00	403.70	6,316.92	36.10	11,183.08
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES		(2,500.00)	(403.70)	5,712.08	0.00	(8,212.08)
		=====	=====	=====	=====	=====

*** END OF REPORT ***

61 -UTILITY GENERAL FUND
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	CHARGES FOR SERVICES	7,749,747.00	571,295.45	2,895,469.31	37.36	4,854,277.69
	FINES & PENALTIES	0.00	0.00	0.00	0.00	0.00
	LICENSE & PERMITS	0.00	0.00	0.00	0.00	0.00
	MISCELLANEOUS	11,000.00	549,673.43	1,937,420.97	7,612.92	(1,926,420.97)
	TRANSFERS IN	554,973.00	0.00	0.00	0.00	554,973.00
	OTHER REVENUES / SOURCES	0.00	0.00	0.00	0.00	0.00
	PRIOR FUND BALANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	8,315,720.00	1,120,968.88	4,832,890.28	58.12	3,482,829.72
		=====	=====	=====	=====	=====
EXPENDITURE SUMMARY						
	UTILITY GENERAL DIVISION	4,279,932.00	388,200.62	1,742,822.40	40.72	2,537,109.60
	WATER DIVISION	2,146,862.00	182,803.32	997,751.49	46.47	1,149,110.51
	SEWER DIVISION	1,716,460.00	840,061.33	2,271,713.09	132.35	(555,253.09)
	DATA PROCESSING DIVISION	0.00	0.00	0.00	0.00	0.00
	ELECTRICAL DIVISION	0.00	0.00	0.00	0.00	0.00
	INSPECTION DIVISION	0.00	0.00	0.00	0.00	0.00
	EQUIPMENT MAINT. DIVISION	0.00	0.00	0.00	0.00	0.00
	WHSE. OPERATIONS DIVISION	143,166.00	4,441.23	80,781.52	56.43	62,384.48
	TOTAL EXPENDITURES	8,286,420.00	1,415,506.50	5,093,068.50	61.46	3,193,351.50
		=====	=====	=====	=====	=====
	EXCESS REVENUE/EXPENDITURES	29,300.00	(294,537.62)	(260,178.22)	887.98-	289,478.22
		=====	=====	=====	=====	=====

61 -UTILITY GENERAL FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	CHARGES FOR SERVICES	7,749,747.00	571,295.45	2,895,469.31	37.36	4,854,277.69
	FINES & PENALTIES	0.00	0.00	0.00	0.00	0.00
	LICENSE & PERMITS	0.00	0.00	0.00	0.00	0.00
	MISCELLANEOUS	11,000.00	549,673.43	1,937,420.97	7,612.92	(1,926,420.97)
	TRANSFERS IN	554,973.00	0.00	0.00	0.00	554,973.00
	OTHER REVENUES / SOURCES	0.00	0.00	0.00	0.00	0.00
	PRIOR FUND BALANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	8,315,720.00	1,120,968.88	4,832,890.28	58.12	3,482,829.72
		=====	=====	=====	=====	=====

61 -UTILITY GENERAL FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
UTILITY GENERAL DIVISION						
	PAYROLL COSTS	461,222.00	30,759.28	173,762.73	37.67	287,459.27
	PAYROLL RELATED COST	159,208.00	10,438.15	56,834.35	35.70	102,373.65
	SUPPLIES AND MATERIALS	86,900.00	9,761.82	23,844.45	27.44	63,055.55
	OTHER CHARGES AND SERVICE	859,930.00	44,650.97	270,652.40	31.47	589,277.60
	REPAIRS AND MAINTENANCE	17,200.00	35.79	1,009.10	5.87	16,190.90
	CAPITAL EXPENDITURES	181,000.00	59,390.00	93,888.54	51.87	87,111.46
	TRANSFERS	2,514,472.00	233,164.61	1,122,830.83	44.65	1,391,641.17
	DEBT SERVICE	0.00	0.00	0.00	0.00	0.00
	TOTAL UTILITY GENERAL DIVISION	4,279,932.00	388,200.62	1,742,822.40	40.72	2,537,109.60
WATER DIVISION						
	PAYROLL COSTS	509,115.00	35,799.47	218,357.80	42.89	290,757.20
	PAYROLL RELATED COST	218,975.00	14,734.92	99,416.66	45.40	119,558.34
	SUPPLIES AND MATERIALS	107,800.00	4,046.78	34,235.71	31.76	73,564.29
	OTHER CHARGES AND SERVICE	336,800.00	29,947.72	242,501.33	72.00	94,298.67
	REPAIRS AND MAINTENANCE	234,172.00	16,575.54	165,744.55	70.78	68,427.45
	CAPITAL EXPENDITURES	740,000.00	81,698.89	237,495.44	32.09	502,504.56
	TRANSFERS	0.00	0.00	0.00	0.00	0.00
	TOTAL WATER DIVISION	2,146,862.00	182,803.32	997,751.49	46.47	1,149,110.51
SEWER DIVISION						
	PAYROLL COSTS	287,822.00	21,143.27	109,944.67	38.20	177,877.33
	PAYROLL RELATED COST	101,138.00	7,622.59	37,093.37	36.68	64,044.63
	SUPPLIES AND MATERIALS	114,000.00	4,335.79	58,245.23	51.09	55,754.77
	OTHER CHARGES AND SERVICE	781,500.00	51,737.27	288,307.58	36.89	493,192.42
	REPAIRS AND MAINTENANCE	165,000.00	34,505.74	52,520.87	31.83	112,479.13
	CAPITAL EXPENDITURES	267,000.00	720,716.67	1,725,601.37	646.29	(1,458,601.37)
	TOTAL SEWER DIVISION	1,716,460.00	840,061.33	2,271,713.09	132.35	(555,253.09)
DATA PROCESSING DIVISION						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL DATA PROCESSING DIVISION	0.00	0.00	0.00	0.00	0.00
ELECTRICAL DIVISION						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL ELECTRICAL DIVISION	0.00	0.00	0.00	0.00	0.00

61 -UTILITY GENERAL FUND
DEPARTMENT EXPENSES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
INSPECTION DIVISION						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL INSPECTION DIVISION	0.00	0.00	0.00	0.00	0.00
EQUIPMENT MAINT. DIVISION						
	PAYROLL COSTS	0.00	0.00	0.00	0.00	0.00
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	0.00	0.00	0.00	0.00	0.00
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	REPAIRS AND MAINTENANCE	0.00	0.00	0.00	0.00	0.00
	CAPITAL EXPENDITURES	0.00	0.00	0.00	0.00	0.00
	TOTAL EQUIPMENT MAINT. DIVISION	0.00	0.00	0.00	0.00	0.00
WHSE. OPERATIONS DIVISION						
	PAYROLL RELATED COST	0.00	0.00	0.00	0.00	0.00
	SUPPLIES AND MATERIALS	16,000.00	271.82	3,728.96	23.31	12,271.04
	OTHER CHARGES AND SERVICE	51,660.00	2,530.22	12,995.80	25.16	38,664.20
	REPAIRS AND MAINTENANCE	8,000.00	1,639.19	2,687.76	33.60	5,312.24
	CAPITAL EXPENDITURES	67,506.00	0.00	61,369.00	90.91	6,137.00
	TOTAL WHSE. OPERATIONS DIVISION	143,166.00	4,441.23	80,781.52	56.43	62,384.48
TOTAL EXPENDITURES						
		8,286,420.00	1,415,506.50	5,093,068.50	61.46	3,193,351.50
=====						
EXCESS REVENUES/EXPENDITURES						
		29,300.00	(294,537.62)	(260,178.22)	0.00	289,478.22
=====						

*** END OF REPORT ***

Attachment: Financial Reports 02-29-2016 incode (2257 : MONTHLY FINANCIAL REPORT)

63 -UTILITY DEBT&RESERVE
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	CHARGES FOR SERVICES	0.00	0.00	0.00	0.00	0.00
	MISCELLANEOUS	0.00	331.97	1,636.73	0.00	(1,636.73)
	TRANSFERS IN	1,062,111.00	88,499.25	442,496.25	41.66	619,614.75
	OTHER REVENUES / SOURCES	0.00	0.00	0.00	0.00	0.00
	PRIOR FUND BALANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	1,062,111.00	88,831.22	444,132.98	41.82	617,978.02
		=====	=====	=====	=====	=====
EXPENDITURE SUMMARY						
	UTILITY DEBT & RESERVE	1,062,111.00	120,831.78	121,331.78	11.42	940,779.22
	TOTAL EXPENDITURES	1,062,111.00	120,831.78	121,331.78	11.42	940,779.22
		=====	=====	=====	=====	=====
	EXCESS REVENUE/EXPENDITURES	0.00	(32,000.56)	322,801.20	0.00	(322,801.20)
		=====	=====	=====	=====	=====

63 -UTILITY DEBT&RESERVE
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	CHARGES FOR SERVICES	0.00	0.00	0.00	0.00	0.00
	MISCELLANEOUS	0.00	331.97	1,636.73	0.00	(1,636.73)
	TRANSFERS IN	1,062,111.00	88,499.25	442,496.25	41.66	619,614.75
	OTHER REVENUES / SOURCES	0.00	0.00	0.00	0.00	0.00
	PRIOR FUND BALANCE	0.00	0.00	0.00	0.00	0.00
	TOTAL REVENUES	1,062,111.00	88,831.22	444,132.98	41.82	617,978.02
		=====	=====	=====	=====	=====

63 -UTILITY DEBT&RESERVE
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
UTILITY DEBT & RESERVE						
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	TRANSFERS	0.00	0.00	0.00	0.00	0.00
	DEBT SERVICE	1,062,111.00	120,831.78	121,331.78	11.42	940,779.22
	TOTAL UTILITY DEBT & RESERVE	1,062,111.00	120,831.78	121,331.78	11.42	940,779.22
	TOTAL EXPENDITURES	1,062,111.00	120,831.78	121,331.78	11.42	940,779.22
		=====	=====	=====	=====	=====
	EXCESS REVENUES/EXPENDITURES	0.00	(32,000.56)	322,801.20	0.00	(322,801.20)
		=====	=====	=====	=====	=====

*** END OF REPORT ***

64 -AIRPORT FUND
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	MISCELLANEOUS	143,000.00	28,835.36	58,549.73	40.94	84,450.27
	TRANSFERS IN	120,464.00	10,038.67	50,193.35	41.67	70,270.65
	OTHER REVENUES / SOURCES	233,500.00	12,270.72	63,189.56	27.06	170,310.44
	COST OF FUEL	(148,067.00)	3,878.82	(33,328.97)	22.51	(114,738.03)
	TOTAL REVENUES	348,897.00	55,023.57	138,603.67	39.73	210,293.33
		=====	=====	=====	=====	=====
EXPENDITURE SUMMARY						
	AIRPORT OPERATIONS	343,495.00	18,118.92	99,633.74	29.01	243,861.26
	TOTAL EXPENDITURES	343,495.00	18,118.92	99,633.74	29.01	243,861.26
		=====	=====	=====	=====	=====
	EXCESS REVENUE/EXPENDITURES	5,402.00	36,904.65	38,969.93	721.40	(33,567.93)
		=====	=====	=====	=====	=====

64 -AIRPORT FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	MISCELLANEOUS	143,000.00	28,835.36	58,549.73	40.94	84,450.27
	TRANSFERS IN	120,464.00	10,038.67	50,193.35	41.67	70,270.65
	OTHER REVENUES / SOURCES	233,500.00	12,270.72	63,189.56	27.06	170,310.44
	COST OF FUEL	(148,067.00)	3,878.82	(33,328.97)	22.51	(114,738.03)
	TOTAL REVENUES	348,897.00	55,023.57	138,603.67	39.73	210,293.33
		=====	=====	=====	=====	=====

64 -AIRPORT FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
AIRPORT OPERATIONS						
	PAYROLL COSTS	71,861.00	4,204.77	35,062.78	48.79	36,798.22
	PAYROLL RELATED COST	32,318.00	1,247.17	12,884.63	39.87	19,433.37
	SUPPLIES AND MATERIALS	9,900.00	499.69	4,603.30	46.50	5,296.70
	OTHER CHARGES AND SERVICE	82,216.00	6,809.92	25,015.05	30.43	57,200.95
	REPAIRS AND MAINTENANCE	122,200.00	5,357.37	22,067.98	18.06	100,132.02
	CAPITAL EXPENDITURES	25,000.00	0.00	0.00	0.00	25,000.00
	TRANSFERS	0.00	0.00	0.00	0.00	0.00
	DEBT SERVICE	0.00	0.00	0.00	0.00	0.00
	TOTAL AIRPORT OPERATIONS	343,495.00	18,118.92	99,633.74	29.01	243,861.26
TOTAL EXPENDITURES		343,495.00	18,118.92	99,633.74	29.01	243,861.26
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES		5,402.00	36,904.65	38,969.93	0.00	(33,567.93)
		=====	=====	=====	=====	=====

*** END OF REPORT ***

80 -DEBT SERVICE FUND
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	PROPERTY TAXES	828,940.00	274,226.15	709,477.27	85.59	119,462.73
	MISCELLANEOUS	0.00	(163.00)	(730.31)	0.00	730.31
	TRANSFERS IN	991,221.00	116,462.67	582,313.35	58.75	408,907.65
	TOTAL REVENUES	1,820,161.00 =====	390,525.82 =====	1,291,060.31 =====	70.93 =====	529,100.69 =====
EXPENDITURE SUMMARY						
	DEBT SERVICE	1,719,548.00	174,497.72	174,497.72	10.15	1,545,050.28
	TOTAL EXPENDITURES	1,719,548.00 =====	174,497.72 =====	174,497.72 =====	10.15 =====	1,545,050.28 =====
	EXCESS REVENUE/EXPENDITURES	100,613.00 =====	216,028.10 =====	1,116,562.59 =====	1,109.76 =====	(1,015,949.59) =====

80 -DEBT SERVICE FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	PROPERTY TAXES	828,940.00	274,226.15	709,477.27	85.59	119,462.73
	MISCELLANEOUS	0.00	(163.00)	(730.31)	0.00	730.31
	TRANSFERS IN	991,221.00	116,462.67	582,313.35	58.75	408,907.65
	TOTAL REVENUES	1,820,161.00 =====	390,525.82 =====	1,291,060.31 =====	70.93 =====	529,100.69 =====

80 -DEBT SERVICE FUND
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
DEBT SERVICE						
	OTHER CHARGES AND SERVICE	0.00	0.00	0.00	0.00	0.00
	TRANSFERS	0.00	0.00	0.00	0.00	0.00
	DEBT SERVICE	1,719,548.00	174,497.72	174,497.72	10.15	1,545,050.28
	TOTAL DEBT SERVICE	1,719,548.00	174,497.72	174,497.72	10.15	1,545,050.28
	TOTAL EXPENDITURES	1,719,548.00	174,497.72	174,497.72	10.15	1,545,050.28
		=====	=====	=====	=====	=====
	EXCESS REVENUES/EXPENDITURES	100,613.00	216,028.10	1,116,562.59	0.00	(1,015,949.59)
		=====	=====	=====	=====	=====

*** END OF REPORT ***

81 -INFORMATION TECHNOLOGY
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	MISCELLANEOUS	0.00	0.00	146.12	0.00	(146.12)
	TRANSFERS IN	791,416.00	65,951.34	234,585.85	29.64	556,830.15
	TOTAL REVENUES	791,416.00	65,951.34	234,731.97	29.66	556,684.03
		=====	=====	=====	=====	=====
EXPENDITURE SUMMARY						
	INFORMATION TECHNOLOGY	809,417.00	153,535.95	295,613.92	36.52	513,803.08
	TOTAL EXPENDITURES	809,417.00	153,535.95	295,613.92	36.52	513,803.08
		=====	=====	=====	=====	=====
	EXCESS REVENUE/EXPENDITURES	(18,001.00)	(87,584.61)	(60,881.95)	338.21	42,880.95
		=====	=====	=====	=====	=====

81 -INFORMATION TECHNOLOGY
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	MISCELLANEOUS	0.00	0.00	146.12	0.00	(146.12)
	TRANSFERS IN	791,416.00	65,951.34	234,585.85	29.64	556,830.15
	TOTAL REVENUES	791,416.00	65,951.34	234,731.97	29.66	556,684.03
		=====	=====	=====	=====	=====

81 -INFORMATION TECHNOLOGY
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
INFORMATION TECHNOLOGY						
	PAYROLL COSTS	181,315.00	13,146.63	72,202.69	39.82	109,112.31
	PAYROLL RELATED COST	71,239.00	4,029.22	24,497.61	34.39	46,741.39
	SUPPLIES AND MATERIALS	20,200.00	65.05	1,471.39	7.28	18,728.61
	OTHER CHARGES AND SERVICE	317,063.00	10,923.89	66,835.15	21.08	250,227.85
	REPAIRS AND MAINTENANCE	26,000.00	2,816.64	8,052.56	30.97	17,947.44
	CAPITAL EXPENDITURES	193,600.00	122,554.52	122,554.52	63.30	71,045.48
	DEBT SERVICE	0.00	0.00	0.00	0.00	0.00
	TOTAL INFORMATION TECHNOLOGY	809,417.00	153,535.95	295,613.92	36.52	513,803.08
TOTAL EXPENDITURES		809,417.00	153,535.95	295,613.92	36.52	513,803.08
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES	(18,001.00)	(87,584.61)	(60,881.95)	0.00		42,880.95
	=====	=====	=====	=====		=====

*** END OF REPORT ***

82 -MAINTENANCE
FINANCIAL SUMMARY

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY						
	MISCELLANEOUS	0.00	(3.36)	123.89	0.00	(123.89)
	TRANSFERS IN	654,126.00	54,510.50	277,839.70	42.47	376,286.30
	TOTAL REVENUES	654,126.00	54,507.14	277,963.59	42.49	376,162.41
		=====	=====	=====	=====	=====
EXPENDITURE SUMMARY						
	EQUIPMENT MAINTENANCE	259,096.00	16,370.30	96,352.99	37.19	162,743.01
	FACILITY MAINTENANCE	408,279.00	26,920.59	155,059.07	37.98	253,219.93
	TOTAL EXPENDITURES	667,375.00	43,290.89	251,412.06	37.67	415,962.94
		=====	=====	=====	=====	=====
	EXCESS REVENUE/EXPENDITURES	(13,249.00)	11,216.25	26,551.53	200.40-	(39,800.53)
		=====	=====	=====	=====	=====

82 -MAINTENANCE
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
	MISCELLANEOUS	0.00	(3.36)	123.89	0.00	(123.89)
	TRANSFERS IN	654,126.00	54,510.50	277,839.70	42.47	376,286.30
	TOTAL REVENUES	654,126.00	54,507.14	277,963.59	42.49	376,162.41
		=====	=====	=====	=====	=====

82 -MAINTENANCE
REVENUES

ACCT#	ACCOUNT NAME	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	BUDGET BALANCE
EQUIPMENT MAINTENANCE						
PAYROLL COSTS		156,376.00	11,838.05	65,088.59	41.62	91,287.41
PAYROLL RELATED COST		64,620.00	4,222.82	25,511.15	39.48	39,108.85
SUPPLIES AND MATERIALS		22,650.00	184.65	1,909.73	8.43	20,740.27
OTHER CHARGES AND SERVICE		7,950.00	117.28	2,862.57	36.01	5,087.43
REPAIRS AND MAINTENANCE		7,500.00	7.50	980.95	13.08	6,519.05
CAPITAL EXPENDITURES		0.00	0.00	0.00	0.00	0.00
TOTAL EQUIPMENT MAINTENANCE		259,096.00	16,370.30	96,352.99	37.19	162,743.01
FACILITY MAINTENANCE						
PAYROLL COSTS		211,964.00	15,745.58	86,934.99	41.01	125,029.01
PAYROLL RELATED COST		88,217.00	5,170.08	31,941.28	36.21	56,275.72
SUPPLIES AND MATERIALS		9,550.00	2,103.33	4,411.17	46.19	5,138.83
OTHER CHARGES AND SERVICE		31,900.00	134.10	22,546.32	70.68	9,353.68
REPAIRS AND MAINTENANCE		53,400.00	17.50	5,475.31	10.25	47,924.69
CAPITAL EXPENDITURES		13,248.00	3,750.00	3,750.00	28.31	9,498.00
TOTAL FACILITY MAINTENANCE		408,279.00	26,920.59	155,059.07	37.98	253,219.93
TOTAL EXPENDITURES		667,375.00	43,290.89	251,412.06	37.67	415,962.94
		=====	=====	=====	=====	=====
EXCESS REVENUES/EXPENDITURES	(13,249.00)		11,216.25	26,551.53	0.00	(39,800.53)
	=====		=====	=====	=====	=====

*** END OF REPORT ***



City Council
1901 5Th Street
Bay City, TX 77414

ADOPTED

ORDINANCE (ID # 2263)

Meeting: 04/07/16 05:30 PM
Department: City Secretary
Category: Budget
Prepared By: Rhonda Clegg
Initiator: Rhonda Clegg
Sponsors:
DOC ID: 2263

**DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE
ADOPTING BUDGET AMENDMENT #4 TO THE 2015-2016
BUDGET TO SHIFT FUNDING FOR AUTOMATIC TICKET
WRITERS, AND DIRECT STAFF AS NECESSARY.**

This is the first of four recommended budget amendments submitted for City Council consideration and approval. The purpose of this amendment is to shift funding for Automatic Ticket Writers that have already been approved in the Police Department Budget for FY15/16.

After the FY15/16 budget was approved, this item was further reviewed by staff. It was determined that this type of equipment is eligible to be funded from the Municipal Court Technology Fund. The Municipal Court Technology Fund can only be used to purchase and maintain computer systems and related technology tools for the operation of the Municipal Court. The total amount required to purchase the ticket writers is \$22,315. Existing funding in the Municipal Court Technology Fund is more than adequate to make this purchase and still leave sufficient funds for the future needs of the Municipal Court.

This proposal was discussed with the Municipal Court Manager and Municipal Court Judge. Both of them are in agreement with this recommendation.

Fiscal impact: reduction in General Fund Expenditures of \$22,315
increase in Municipal Court Technology Fund expenditures of \$22,315.

The net fiscal impact to the FY 15/16 budget as a whole is -0-.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Chrystal Folse, Councilwoman
SECONDER:	Carolyn Thames, Councilwoman
AYES:	Julie Estlinbaum, William Cornman, Chrystal Folse, Carolyn Thames
EXCUSED:	Steven Johnson

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, ADOPTING A "BUDGET AMENDMENT #4 TO THE "ANNUAL BUDGET OF THE CITY OF BAY CITY, TEXAS, FOR THE FISCAL YEAR 2015-2016"; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT.

WHEREAS, by Ordinance No. 1552, the City of Bay City, Texas, adopted its "Annual Budget" for Fiscal Year 2015-2016;

WHEREAS, the City Council has determined the revenues and/or reserves are available for supplement appropriation and/or transfer of certain funds interdepartmentally is economically feasible and in the best interest of prudent budgeting; and

WHEREAS, the City Council desires to amend said Original General Budget to reflect such supplemental appropriation and/or transfer in the fiscal year 2015-2016; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BAY CITY, STATE OF TEXAS:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby to be true and correct.

Section 2. The "Annual Budget" of the City of Bay City, Texas, for the Fiscal Year 2015-2016, is hereby amended as shown on "Budget Amendment #4" to the Original Budget of the City of Bay City, Texas, for the Fiscal Year 2015-2016, attached hereto. Said Budget Amendment shall be attached to and made a part of such Annual Budget by the City Secretary and shall be filed as required by state law, a true and correct copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes.

Section 3. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held constitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Bay City, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or constitutional, whether there be one or more parts.

PASSED AND APPROVED on first and final reading this 7th day of April 2016.

CITY OF BAY CITY, TEXAS

Mark Bricker, Mayor

ATTEST:

Rhonda Clegg, City Secretary

APPROVED as to FORM:

M. Shannon Kackley, City Attorney
City of Bay City
DENTON, NAVARRO, ROCHA,
BERNAL, HYDE & ZECH, P.C.

Attachment: ORDINANCE NO. - Budget Amendment #4 (2263 : Budget Amendment #4)

<u>Council Member:</u>	<u>Voted Aye</u>	<u>Voted No</u>	<u>Absent</u>
Julie L. Estlinbaum Mayor Pro Tem	_____	_____	_____
Bill Cornman	_____	_____	_____
Chrystal Folse	_____	_____	_____
Steven Johnson	_____	_____	_____
Carolyn Thames	_____	_____	_____

Mark Bricker, Mayor

ATTEST:

Rhonda Clegg, City Secretary

APPROVED AS TO FORM AND SUBSTANCE:

M. Shannon Kackley, City Attorney



City Council
1901 5Th Street
Bay City, TX 77414

ADOPTED

ORDINANCE (ID # 2264)

Meeting: 04/07/16 05:30 PM
Department: City Secretary
Category: Budget
Prepared By: Rhonda Clegg
Initiator: Rhonda Clegg
Sponsors:
DOC ID: 2264

**DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE
ADOPTING BUDGET AMENDMENT #5 TO THE 2015-2016
BUDGET TO CONTRIBUTE \$10,000 (HOT FUNDS) TO THE
ROTARY CLUB TO BE USED FOR ITS ANNUAL SUMMER
CONCERT, AND DIRECT STAFF AS NECESSARY.**

The Rotary Club is requesting that the City make a contribution of \$10,000 to be used for their annual summer concert. Specifically these funds would go toward booking the entertainment for the event.

If the City Council desires to grant this request, funding would come from the Civic and Cultural Arts Fund/Council Discretionary. (Hotel Occupancy Tax).

Fiscal Impact: Increase in expenditures of \$10,000.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Carolyn Thames, Councilwoman
SECONDER:	William Cornman, Councilman
AYES:	Julie Estlinbaum, William Cornman, Chrystal Folse, Carolyn Thames
EXCUSED:	Steven Johnson

.. **ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, ADOPTING A "BUDGET AMENDMENT #5 TO THE "ANNUAL BUDGET OF THE CITY OF BAY CITY, TEXAS, FOR THE FISCAL YEAR 2015-2016"; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT.

WHEREAS, by Ordinance No. 1552, the City of Bay City, Texas, adopted its "Annual Budget" for Fiscal Year 2015-2016;

WHEREAS, the City Council has determined the revenues and/or reserves are available for supplement appropriation and/or transfer of certain funds interdepartmentally is economically feasible and in the best interest of prudent budgeting; and

WHEREAS, the City Council desires to amend said Original General Budget to reflect such supplemental appropriation and/or transfer in the fiscal year 2015-2016; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BAY CITY, STATE OF TEXAS:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby to be true and correct.

Section 2. The "Annual Budget" of the City of Bay City, Texas, for the Fiscal Year 2015-2016, is hereby amended as shown on "Budget Amendment #5" to the Original Budget of the City of Bay City, Texas, for the Fiscal Year 2015-2016, attached hereto. Said Budget Amendment shall be attached to and made a part of such Annual Budget by the City Secretary and shall be filed as required by state law, a true and correct copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes.

Section 3. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held constitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Bay City, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or constitutional, whether there be one or more parts.

PASSED AND APPROVED on first and final reading this 7th day of April 2016.

CITY OF BAY CITY, TEXAS

Mark Bricker, Mayor

ATTEST:

Rhonda Clegg, City Secretary

APPROVED as to FORM:

M. Shannon Kackley, City Attorney
City of Bay City
DENTON, NAVARRO, ROCHA,
BERNAL, HYDE & ZECH, P.C.

Attachment: ORDINANCE NO. - Budget Amendment #5 (2264 : Budget Amendment #5)

<u>Council Member:</u>	<u>Voted Aye</u>	<u>Voted No</u>	<u>Absent</u>
Julie L. Estlinbaum Mayor Pro Tem	_____	_____	_____
Bill Cornman	_____	_____	_____
Chrystal Folse	_____	_____	_____
Steven Johnson	_____	_____	_____
Carolyn Thames	_____	_____	_____

Mark Bricker, Mayor

ATTEST:

Rhonda Clegg, City Secretary

APPROVED AS TO FORM AND SUBSTANCE:

M. Shannon Kackley, City Attorney



City Council
1901 5Th Street
Bay City, TX 77414

ADOPTED

AGENDA ITEM (ID # 2260)

Meeting: 04/07/16 05:30 PM
Department: Finance
Category: Budget
Prepared By: Beverly Griffith
Initiator: Beverly Griffith
Sponsors:
DOC ID: 2260

**DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE
ADOPTING BUDGET AMENDMENT #6 TO THE 2015-2016
FISCAL BUDGET TO RE-APPROPRIATE FUNDS FROM THE
2014-2015 FISCAL BUDGET FOR THE FUNDING FOR
REPAIRS AND CHEMICAL TREATMENT FOR WELL NO. 10,
AND DIRECT STAFF AS NECESSARY**

This is the third of four budget amendments that are being presented to City Council for consideration and approval.

On September 21, 2015, City Council approved a budget amendment to the FY 14/15 budget that provided funding for repairs and chemical treatment at Well #10. A purchase order was issued and the work was authorized to begin, but it was not complete until after the beginning of the new budget year. The invoice was paid in November of 2015, which put the expense in the FY 15/16 budget. The funding was never spent out of the FY 14/15 budget.

The purpose of this amendment is to re-appropriate those funds to the FY 15/16 budget.

Fiscal impact: Increase in expenses to the Utility Fund of \$93,469.00 in FY 15/16

RESULT:	APPROVED [UNANIMOUS]
MOVER:	William Cornman, Councilman
SECONDER:	Chrystal Folse, Councilwoman
AYES:	Julie Estlinbaum, William Cornman, Chrystal Folse, Carolyn Thames
EXCUSED:	Steven Johnson

.. **ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, ADOPTING A "BUDGET AMENDMENT #6 TO THE "ANNUAL BUDGET OF THE CITY OF BAY CITY, TEXAS, FOR THE FISCAL YEAR 2015-2016"; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT.

WHEREAS, by Ordinance No. 1552, the City of Bay City, Texas, adopted its "Annual Budget" for Fiscal Year 2015-2016;

WHEREAS, the City Council has determined the revenues and/or reserves are available for supplement appropriation and/or transfer of certain funds interdepartmentally is economically feasible and in the best interest of prudent budgeting; and

WHEREAS, the City Council desires to amend said Original General Budget to reflect such supplemental appropriation and/or transfer in the fiscal year 2015-2016; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BAY CITY, STATE OF TEXAS:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby to be true and correct.

Section 2. The "Annual Budget" of the City of Bay City, Texas, for the Fiscal Year 2015-2016, is hereby amended as shown on "Budget Amendment #6" to the Original Budget of the City of Bay City, Texas, for the Fiscal Year 2015-2016, attached hereto. Said Budget Amendment shall be attached to and made a part of such Annual Budget by the City Secretary and shall be filed as required by state law, a true and correct copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes.

Section 3. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held constitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Bay City, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or constitutional, whether there be one or more parts.

Attachment: Budget Amendment # 6 Ordinance (2260 : Budget amendment #6)

PASSED AND APPROVED on first and final reading this 7th day of April 2016.

CITY OF BAY CITY, TEXAS

Mark Bricker, Mayor

ATTEST:

Rhonda Clegg, City Secretary

APPROVED as to FORM:

M. Shannon Kackley, City Attorney
City of Bay City
DENTON, NAVARRO, ROCHA,
BERNAL, HYDE & ZECH, P.C.

Attachment: Budget Amendment # 6 Ordinance (2260 : Budget amendment #6)

<u>Council Member:</u>	<u>Voted Aye</u>	<u>Voted No</u>	<u>Absent</u>
Julie L. Estlinbaum Mayor Pro Tem	_____	_____	_____
Bill Cornman	_____	_____	_____
Chrystal Folse	_____	_____	_____
Steven Johnson	_____	_____	_____
Carolyn Thames	_____	_____	_____

Mark Bricker, Mayor

ATTEST:

Rhonda Clegg, City Secretary

APPROVED AS TO FORM AND SUBSTANCE:

M. Shannon Kackley, City Attorney

Attachment: Budget Amendment # 6 Ordinance (2260 : Budget amendment #6)



City Council
1901 5Th Street
Bay City, TX 77414

ADOPTED

AGENDA ITEM (ID # 2261)

Meeting: 04/07/16 05:30 PM
Department: Finance
Category: Budget
Prepared By: Beverly Griffith
Initiator: Beverly Griffith
Sponsors:
DOC ID: 2261

DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE ADOPTING BUDGET AMENDMENT #7 TO THE 2015-2016 FISCAL BUDGET FOR THE PURCHASE OF A 2016 RAPID DEPLOYMENT VEHICLE, AND DIRECT STAFF AS NECESSARY

This is the fourth and final budget amendment that is being put forth tonight for consideration and approval by the City Council.

The Police Department has requested to purchase a 2016 Rapid Deployment Vehicle (RDV) to replace the 2001 Ford (EMS Vehicle) that was used to transport the Special Response Team on operations. Currently the team is transported in the back of pickups, which creates safety concerns. The 2016 RDV will safely transport the entire team without concerns of being stranded and provide the necessary tactical capabilities to ensure the protection of both officers and citizens. The current vehicle breaks down and has left the team stranded on two different operations. The total cost of the vehicle, equipment and shipping is \$84,475. Chief Barker and his staff have identified cost savings within the current Police Department budget of \$40,560. Therefore, this request is for the balance remaining of \$43,915.

Fiscal impact: increase in expenditures to the General Fund in the amount of \$43,915

RESULT:	APPROVED AS AMENDED [UNANIMOUS]
MOVER:	William Cornman, Councilman
SECONDER:	Carolyn Thames, Councilwoman
AYES:	Julie Estlinbaum, William Cornman, Chrystal Folse, Carolyn Thames
EXCUSED:	Steven Johnson

..

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, ADOPTING A "BUDGET AMENDMENT #7 TO THE "ANNUAL BUDGET OF THE CITY OF BAY CITY, TEXAS, FOR THE FISCAL YEAR 2015-2016"; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT.

WHEREAS, by Ordinance No. 1552, the City of Bay City, Texas, adopted its "Annual Budget" for Fiscal Year 2015-2016;

WHEREAS, the City Council has determined the revenues and/or reserves are available for supplement appropriation and/or transfer of certain funds interdepartmentally is economically feasible and in the best interest of prudent budgeting; and

WHEREAS, the City Council desires to amend said Original General Budget to reflect such supplemental appropriation and/or transfer in the fiscal year 2015-2016; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BAY CITY, STATE OF TEXAS:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby to be true and correct.

Section 2. The "Annual Budget" of the City of Bay City, Texas, for the Fiscal Year 2015-2016, is hereby amended as shown on "Budget Amendment #7" to the Original Budget of the City of Bay City, Texas, for the Fiscal Year 2015-2016, attached hereto. Said Budget Amendment shall be attached to and made a part of such Annual Budget by the City Secretary and shall be filed as required by state law, a true and correct copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes.

Section 3. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held constitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Bay City, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or constitutional, whether there be one or more parts.

Attachment: Budget Amendment #7 Ordinance (2261 : budget amendment #7)

PASSED AND APPROVED on first and final reading this 7th day of April 2016.

CITY OF BAY CITY, TEXAS

Mark Bricker, Mayor

ATTEST:

Rhonda Clegg, City Secretary

APPROVED as to FORM:

M. Shannon Kackley, City Attorney
City of Bay City
DENTON, NAVARRO, ROCHA,
BERNAL, HYDE & ZECH, P.C.

Attachment: Budget Amendment #7 Ordinance (2261 : budget amendment #7)

<u>Council Member:</u>	<u>Voted Aye</u>	<u>Voted No</u>	<u>Absent</u>
Julie L. Estlinbaum Mayor Pro Tem	_____	_____	_____
Bill Cornman	_____	_____	_____
Chrystal Folse	_____	_____	_____
Steven Johnson	_____	_____	_____
Carolyn Thames	_____	_____	_____

Mark Bricker, Mayor

ATTEST:

Rhonda Clegg, City Secretary

APPROVED AS TO FORM AND SUBSTANCE:

M. Shannon Kackley, City Attorney

Attachment: Budget Amendment #7 Ordinance (2261 : budget amendment #7)

BUDGET AMENDMENT # 7

DEPARTMENT: Police

Date: 3/31/2016

Reason for Budget Amendment: (Please indicate)

	1. New revenues (originally unbudgeted) are available.
	2. Actual revenues (originally unbudgeted) have exceeded the original adopted budget.
X	3. A new project, program or special expenditure has been authorized.
	4. Transfer reclassification of original adopted budget to realign budget to actual transaction activity as presently needed.

Brief description of request:	The Police Department is requesting to purchase a 2016 Rapid Deployment Vehicle (RDV) to replace the 2001 Ford (EMS Vehicle) that was used to to transport the Special Response Team on operations. Currently the team is transported in the back of pickups, which creates safety concerns. The 2016 RDV will safely transport the entire team without concerns of being stranded and provide the necessary tactical capabilities to ensure the protection of both officers and citizens. The current vehicle breaks down and has left the team stranded on two different operations.
-------------------------------	---

			<i>Expenditure Increase</i>	<i>Exp. Decrease or Rev. Increase</i>	
Account Description	Fund #	Account #	Debit	Credit	Notes
CE - Vehicles	11	450-4615	\$84,475.00		Funding will be a combination of a reduction of existing line items in the Police Department budget and new funding.
Fuel	11	450-4320		\$ 30,000	Lower fuel costs
Operational Support	11	450-4440		\$ 7,100	SRT unused ammo
Cell Phones	11	450-4411		\$ 960	Code Enforcement tablets
Cell Phones	11	450-4411		\$ 2,000	Cancelled cell & Air card lines
Misc. Furniture & Equipment	11	450-4498		\$ 500	Code Enforcement tablets
				\$ 43,915	New funding requested
TOTAL			\$ 84,475	\$ 84,475	

Dept. Supervisor Signature: _____

Date _____

City Treasurer Signature: _____

Date _____

Authorized by: _____
Council Authorized Signature [Ord #]

Date _____

**City of Bay City
Capital Improvement
Request**

Fund: 11

Dept: 50

Prog/Act:4615

Title: SRT Van

Fiscal Year: 2016/17

Explanation of This Request:

Purchasing a 2016 Rapid Deployment Vehicle will replace the 2001 Ford (EMS vehicle, 129000) that was used to transport the Special Response Team on operations. The 2001 Ford continuously breaks down and has left the team stranded on two different operations. Currently the team is transported in the back of pickups, which creates safety concerns for the team. The 2016 RDV will safely transport the entire team without concerns of being stranded and provide the necessary tactical capabilities to ensure the protection of both officers and the citizens.

Vehicle Cost - \$66,400

Equipment Cost - \$15,575

TOTAL - \$81,975

Impact on Revenues:**Specific Capital Being Replaced:**

2001 Ford F350 Unit Number 679

RESOURCES REQUESTED**Positions/Equipment:**

2016 Ford E450 Rapid Deployment Vehicle

EXPENDITURE SUMMARY

Personal Services \$

Supplies & Materials \$81,975

Other Charges & Services Freight \$2,500

Repairs & Maint.

Capital Outlay \$

Total Request \$ 84,475

Changes/Improvements to Current Operations:

The purchase of this vehicle will provide the safety needed to properly conduct an SRT operation.

Consequences of Not Funding This Request:

Currently using pickups to transport the SRT team. This places a risk of serious injury as the team could be spotted and losing the element of surprise. The trucks also are not equipped with any tactical equipment used to ensure a successful mission and preserve the lives of officers and citizens.

R.D.V.
(Rapid Deployment Vehicle)

**The Armored
Group, LLC**

250 Chisholm Place
Plano, TX 75075

www.armoredcars.com

Contact: Jeremy Johnson Cell: 817-291-4956 Email: jeremy@armoredcars.com



CUSTOMER:

Sgt. James Reckaway
Bay City Police Department
Administrative Sergeant
Special Response Team Leader
Email: jreckaway@cityofbaycity.org
Office: (979) 323-1715

THE ARMORED GROUP LLC
R.D.V.
(Rapid Deployment Vehicle)

Chassis Information

2016 Ford E-450
6.8L V10 Gas Engine
158" Wheelbase
Automatic Transmission (6 Speed)
55 Gallon Fuel Tank
225/75R16E Tires with Steel Rims
Vinyl Seats
Am/Fm Stereo with Digital Clock
14,500lbs GVW

RDV Standard Up Fit & Exterior Body Specifications

Dimensions

Interior Length- 14'
Interior Width- 96"
Interior Height- 84"

Floor

1 1/8" Hardwood
3" "C" Crossmembers
Low mount with wheel wells

R.D.V. (Rapid Deployment Vehicle)

Cab Access

Full height aerocap bulkhead with 26" sliding/locking door



Wall Construction

6MM "Duraplate" bonded wall

Duraplate body skirting below frame /floor level

Duraplate is a metal component that allows for use of Magnetic Signs on the vehicle for easy changing of use

Rear Structure

12 gauge steel rear structure and rear vertical corners

10 gauge steel rear sills

Rear Doors

Twin 25" swing "Duraplate" doors

Kason slamlock hardware

Plunger style door retainers

12" x 18" rear tinted fixed windows in each door



THE ARMORED GROUP LLC

R.D.V.

(Rapid Deployment Vehicle)

Side Doors

2-34" x 80" sliding side doors with walk-up steps with padded headers

Doors to be mounted starting 10" from front wall on either side

12" x 18" fixed tinted windows in doors

Kason key lock on each door



Roof

Aluminum Roof

2" roof bows 12" on center

Bumpers

Front Bumper OEM

Rear Bumper is 12" grip strut rear bumper

Lighting

LED clearance lights

LED stop turn and taillights

2-Reverse lights mounted on either side of license plate frame switched at CS rear bench

R.D.V.
(Rapid Deployment Vehicle)
Interior/Upfit Specifications

Ceiling

"Reflectix" R-19 rated insulation

¼" Lionite melamine ceiling lining

Shelving

2-14' x 2" aluminum shelf with 2" lip mounted above bench seating (or Boom Poles, Rake Sticks, etc.)



Shelving Runs above side doors and has Lip to Hold Longer Tools/Pole Cams, etc

Lighting

3 Red/White LED Dome Lights mounted on cargo area ceiling (evenly spaced)

Ceiling lighting can be switched between red and white at light

Ceiling lights to have power switch at dash, rear & side doors



THE ARMORED GROUP LLC
R.D.V.
(Rapid Deployment Vehicle)

HVAC

ACC Heat/Cooling combination system

30,000 BTU Cooling capacity & 35,000 BTU heating capacity

600CFM 3 speed fan

Additional 2 fan condenser mounted under vehicle with Additional compressor for auxiliary A/C system

Unit Mounted over rear doors

Seating

2 commander seats mounted on removable seat posts

Commander seats located on either side of cab access door by front wall

Bench seating located on both sides of interior walls with 3" padded vinyl seats and backs

Each bench 120" long with flip up padded bases equipped with pneumatic assist rods

Bench to be constructed of steel sub frame and aluminum "bright" exterior diamond plate

Each bench to include side access doors for storage access (in addition to top access)

All open areas (compartments) will be lined with chrome rubber trim

Seat Belts-3 sets mounted per side meeting FMVSS standard 209 & 302



R.D.V. (Rapid Deployment Vehicle)

Grab Handles

Interior

6 – 48" length X 8" deep stainless steel grab handle bars mounted on ceiling

2 - 42" length X 4" deep stainless steel grab handle bars mounted on bulkhead (either side of cab access door) If unit is equipped with shield hooks at bulkhead, handles will be 24"

Exterior

Grab handles mounted on rear & side cargo walls

2 located on either side of rear door – total 4

2 located on CS entry door – one each door

2 – one mounted by each rear swing door to assist entry

Floor

Non-skid Flooring

Suspension

Upgraded rear suspension to increase payload, stability and maneuverability

Paint

Exterior Paint is White

-other colors available as options

Options

Insulation Package

-Includes Double Roof Insulation

-Includes Vertical Panel Insulation

Spare Tire and Rim

Heavy Duty Ram Bumper

White Board

Back up Camera (color)

-Includes Color Monitor

Vest Hooks X10

Police Electrical Package

-LED Red/Blues in Grill, Rear Sill, Siren & PA

Painted solid black

Shield Hooks on bulkhead

THE ARMORED GROUP LLC
R.D.V.
(Rapid Deployment Vehicle)

Optional Equipment Included

Total Price:

\$81,975

*Pricing does not include freight

*Pricing good for 30 Days



March 30, 2016

Jeremy Johnson
The Armored Group, LLC
Sales Manager

____ April _____, 2016

Authorized Signature
Bay City Police Department

Chassis Warranty

Basic:	3 Years/36,000 Miles
Power Train:	5 Years/60,000 Miles
Corrosion:	5 Years/Unlimited Miles
Roadside Assistance:	5 Years/60,000 Miles



City Council
1901 5Th Street
Bay City, TX 77414

ADOPTED

AGENDA ITEM (ID # 2255)

Meeting: 04/07/16 05:30 PM
Department: Finance
Category: Audit
Prepared By: Beverly Griffith
Initiator: Beverly Griffith
Sponsors:
DOC ID: 2255

**DISCUSS, CONSIDER AND/OR APPROVE THE
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE
FISCAL YEAR ENDING SEPTEMBER 30, 2015, AND DIRECT
STAFF AS NECESSARY.**

Representatives from the firm of Harrison, Waldrop & Uherek, L.L.P., the City's independent auditors, will be presenting the auditor's report and answer questions from City Council.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Chrystal Folse, Councilwoman
SECONDER:	William Cornman, Councilman
AYES:	Julie Estlinbaum, William Cornman, Chrystal Folse, Carolyn Thames
EXCUSED:	Steven Johnson



City of Bay City Comprehensive Annual Financial Report

For the year ended September 30 **2015**



CITY OF BAY CITY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2015

Beverly Griffith, CGFO
Interim Finance Director

Mark Bricker
Mayor

Issued By:
Finance Department

CITY OF BAY CITY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2015

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INTRODUCTORY SECTION

CITY OF BAY CITY

MARK BRICKER
MAYOR



CITY COUNCIL
JULIE ESTLINBAUM
MAYOR PRO TEM

GEORGE HYDE
CITY ATTORNEY

RHONDA CLEGG
CITY SECRETARY

BILL CORNMAN
CAROLYN THAMES

CHRYSTAL FOLSE
STEVEN JOHNSON

March 28, 2015

Citizens of Bay City
Honorable Mayor and Members of the City Council,

The Finance Department is pleased to submit the Comprehensive Annual Financial Report for the City of Bay City, Texas, for the fiscal ended September 30, 2015. This report was prepared through the cooperative effort of the Finance Department and the City's independent auditor. State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the comprehensive annual financial report of the City of Bay City, Texas (the "City") for the fiscal year ended September 30, 2015, is hereby submitted.

The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's 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 believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by Harrison, Waldrop, & Uherek, L.L.P., a firm of licensed certified public accountants. 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, 2015, are free of material misstatement. The 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. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended September 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes a Management's Discussion and Analysis (MD&A), basic financial statements and schedules, as well as the auditor's report on the governmental activities,

basic financial statements and schedules, as well as the auditor's report on the governmental activities, business-type activities, major funds, and the aggregate remaining fund information, as well as budgetary comparison information and combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Bay City's MD&A can be found immediately following the report of our independent auditors.

In addition to the MD&A described above, this annual report includes government-wide financial statements, prepared using accrual accounting for all of our financial activities.

These government-wide financial statements help users:

- Assess the finances of the government in its entirety, including the year's operating results
- Determine whether the government's overall financial position improved or deteriorated
- Evaluate whether the government's current-year revenues were sufficient to pay for current-year services
- See the Cost of providing services to its citizenry
- See how the government finances its programs-through user fees and other program revenue versus general tax revenues
- Understand the extent to which the government has invested in capital assets, including streets, bridges, and other infrastructure assets.
- Make better comparisons between governments.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1902, is located in Matagorda County, currently occupies a land area of 8.92 square miles and serves a population of 17,368. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, if deemed appropriate by the City Council.

The City of Bay City has adopted a Mayor-Council form of government. The Council, vested with policy-making and legislative authority, is comprised of a Mayor and five Council members. The Mayor is elected to a three-year term, with three term limit, and Council members are elected at large for a two-year term, with three term limits. The City Council is responsible, among other things, for passing ordinances, adopting the budget and the hiring of the City's management and attorney.

The City provides a full range of municipal services: public safety (police and fire protection), public improvements, water and wastewater utilities, repairs and maintenance of infrastructure, recreation, sanitation and general administrative services. In addition, the City owns and operates a general aviation airport. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds for which the City, as the primary government, is accountable.

The annual budget serves as the foundation for the City's financial planning and control. Department heads are required to submit requests for appropriation to the Finance Director in April of each year. The Finance Director then assists the Mayor in the preparation of the budget for Council review and adoption. The Council is required to hold a public hearing on the proposed final budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department (e.g. police). Transfer of appropriations within a department and between departments requires the approval of Council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The City has adopted a budget for the General, Special Revenue Funds, Capital Project Funds, Enterprise Funds and Internal Service Funds. Monthly financial and capital project reports are presented to Council to aid in accomplishing budgetary control.

LOCAL ECONOMY

The City of Bay City is home to a diversified group of industries. Major industries and business activities in the area include nuclear power generation, healthcare, metals, oil and gas services and a variety of general retail operations. This diversification is evident in the fact that no single tax payer represents more than 1.24% of assessed valuation in the City.

The City is also a major retail trade area for industrial services, legal services, financial services, building materials, general merchandise, food stores, automotive, and restaurants.

Net taxable value for all residential and commercial property in the City exceeded \$677 million for fiscal year 2015, which is a 3.37% increase from fiscal year 2014.

ACCOUNTING SYSTEMS AND BUDGETING CONTROL

Accounting Systems

The City's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues recorded when available and measurable and expenditures recorded when the services and goods are received and the liabilities are incurred. Accounting records for the City's proprietary activities are maintained on the accrual basis.

Consideration of adequate internal accounting controls has been made in designing the City's accounting system. Internal accounting controls, instituted by the Finance Department as part of the accounting system, are designed to provide reasonable assurances that assets are properly safeguarded against loss from unauthorized use or disposition, that financial records used in preparation of the financial statements are reliable, and that accountability for the City's assets is maintained. The concept of reasonable assurance in relation to internal controls recognizes that the cost of the process should not exceed the benefits derived from the performance of related procedures and that the City's management must make estimates and judgments in evaluating the cost and benefit relationships relating to internal control processes and procedures that become part of the City's accounting system.

Budgetary Compliance

Because budgetary compliance is significant in managing governmental activities, budgetary compliance controls are critical. The objective of these controls is to ensure compliance with legal spending limits in annual or project appropriated budgets approved by City Council. The City Charter provides that the

City Councils shall adopt an annual and project budgets every fiscal year for all City funds. The budgets are prepared and maintained by the Mayor's office and Finance Department.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Council. Annual appropriated budgets are adopted for all funds. The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time in the fiscal year, City Council may make emergency appropriations to meet a pressing need for public expenditures in order to protect the public health, safety, or welfare. City Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Budgetary Controls

During the year, expenditure controls are maintained by each department with review of the budget provided by the Finance Director and overall exercised by City Council. Constant review of revenue and expenditure estimates is performed to assure the integrity of the adopted budget and to assure funds are available to meet current obligations. As a result of this review, it is possible to exercise administrative budgetary controls throughout the year. As demonstrated by the financial statements presented in this report, the City continues to meet responsibility for sound financial management.

FINANCIAL CONDITION

Cash Management

Cash temporarily idle during the year is deposited into various types of investments. Cash balances are monitored on a daily basis to ensure that sufficient funds are available. The City Council reviews and adopts the City's Investment Policy annually.

Risk Management

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the cost of insurance.

Risk control techniques have been established to reasonably assure that the City's employees are aware of their responsibilities regarding loss exposure related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned or under the control of the City.

Long-Term Financial Planning

The City of Bay City maintains sufficient cash reserves and unreserved fund balances/unrestricted net assets in its general and utility funds to avoid borrowing for general operating purposes and to handle emergency situations, while providing quality service levels to the public. In 2011 the City adopted a fund balance policy which requires the City to maintain a minimum unassigned fund balance in its General Fund ranging from 15% to 20%.

In fiscal year 2013, the City adopted a five year Capital Improvements Plan. This gives the City a five year outlook on possible capital projects to maintain the City's infrastructure and operations. The plan

has been reviewed and updated as necessary during the budget development process each year thereafter.

During fiscal year 2004, the City obtained certificates of obligation for \$6 million. These funds were used for improving City streets. These improvements were completed in 2006.

During fiscal year 2009, the City refunded the 1999 general obligation refunding bonds. This advance refunding was undertaken to reduce total debt service payments over a five year period. The cumulative savings were \$134,988 and the present value savings were \$124,794. Also, during fiscal year 2009, the City obtained certificates of obligation for \$5 million. These funds were used for renovating the Civic Center, Public Safety Facilities, Airport, Water and Sewer Facilities, the acquisition of rolling stock and equipment for City Services and Public Works, Technology Upgrades, and working capital related to the City's provision of Sanitation Services.

During fiscal year 2010, the City obtained certificates of obligation for \$3.3 million. These funds were used for Street and Drainage improvements, Airport Improvements, Park improvements, Service Center improvements, Hazmat equipment and Recycling facility improvements.

During fiscal year 2012, the City obtained certificates of obligation for \$9.53 million. These funds were used for the construction of improvements to and the equipment of the City's water and sewer system, the construction of improvements to and the equipment of lighting systems at City facilities, the construction of improvements to and the equipment of the City's street lighting system, the construction of improvements to and the equipment of the domestic water system at City facilities, and the construction of improvements to and the equipment of irrigations systems at City parks and recreational facilities.

MAJOR INITIATIVES

The City issued \$3,995,000 in certificates of obligation during fiscal year 2014. The funds will be used for street rehabilitation and reconstruction, repairing and/or replacing water and sewer lines and to purchase equipment. Phase I of the Street Rehabilitation project was completed fiscal year 2015. Phase II is expected to be completed in fiscal year 2016.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bay City for its comprehensive annual financial report for the fiscal year ended September 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

We would like to express our sincere appreciation to the City's employees for their dedication and commitment to the City. The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. Appreciation is expressed to the City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Acknowledgement is given to representatives of Harrison, Waldrop & Uherek, L.L.P. for their assistance in producing the final product.

We would like to thank the Members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner. Their support is critical in budget preparation, implementation and review. Also we would like to thank the City Council for their input throughout the year.

Respectfully submitted,

Mark Bricker
Mayor

Beverly Griffith, C.G.F.O.
Interim Finance Director



Government Finance Officers Association

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Achievement
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Reporting**

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**City of Bay City
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

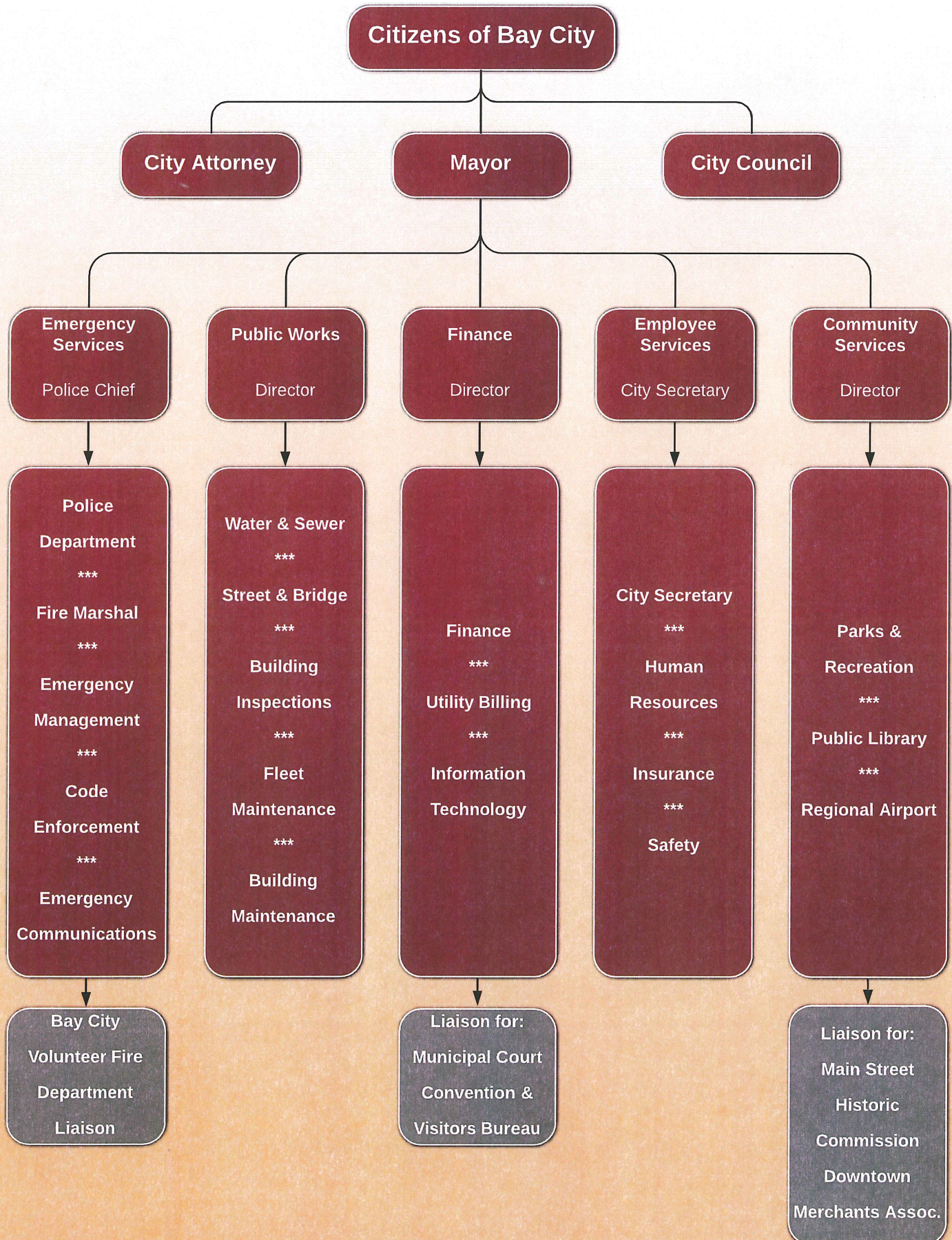
September 30, 2014

Executive Director/CEO

Attachment: CAFR - final - FY 2015 (2255 : Audit)

City of Bay City Org Chart

| Fiscal Year 2014 - 2015



Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS*DIRECTORY OF PRINCIPAL OFFICIALS**September 30, 2015*

City Officials	Elective Position	Term Expires
Mark Bricker	Mayor	2016
Julie Estlinbaum	Council Member - Position #1	2016
William Cornman	Council Member - Position #2	2016
Chrystal Folse	Council Member - Position #3	2017
Steven Johnson	Council Member - Position #4	2017
Carolyn Thames	Council Member - Position #5	2017

Key Staff	Position
George Hyde	City Attorney
Barry Calhoun	Public Works Director
Beverly Griffith , CGFO	Interim Finance Director
Roger Barker	Police Chief
Rhonda Clegg	City Secretary
Suzan Thompson	Municipal Court Judge

FINANCIAL SECTION

HARRISON, WALDROP & UHEREK, L.L.P.



CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA
DENNIS C. CICALA, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255
FAX: (361) 573-9531

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council
City of Bay City, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bay City Gas Company, which represent 40 percent, 48 percent, and 69 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions insofar as it relates to the amounts included in the Bay City Gas Company, is based solely on the reports of the other auditors. 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. The financial statements of the Bay City Gas Company and the Bay City Community Development Corporation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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.

The Honorable Mayor and Members
of the City Council
City of Bay City, Texas

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor and Members
of the City Council
City of Bay City, Texas

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

March 28, 2016

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2015

As management of the City of Bay City, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$25,922,662 (*net position*). Of this amount, \$4,909,485 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,043,535, an increase of \$1,642,898 from the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,945,445, or 26.98% of total General Fund expenditures. The increase in fund balance for the City's General Fund is attributable to increases in overall revenues of \$1,452,845.
- The City's total net position of the business-type activities decreased \$51,929, or 0.34%. The net position of the Water and Sewer Fund increased by \$1,041,355, the Sanitation Fund decreased by \$1,059,943, and the Airport Fund decreased by \$33,341. The decrease in the Sanitation Fund was due to the City discontinuing operations of this Fund as of October 1, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Organization and Flow of Financial Section Information

Independent Auditors' Report

Provides the opinion of the Independent Auditors on the fair presentation of the basic financial statements.

Management's Discussion and Analysis

This supplementary information is required for state and local government financial statements and is intended to provide a narrative introduction and analysis.

Pages 4 to 11

Government-wide Financial Statements

Provides information on governmental and business-type activities of the primary government.

Pages 12 to 15

Fund Financial Statements

Provides information on the financial position of specific funds of the primary government.

Pages 16 to 32

Notes to Financial Statements

Provides a summary of significant accounting policies and related disclosures.

Pages 33 to 72

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Government-wide Financial Statements

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

Statement of Net Position

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two 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.

Statement of Activities

The statement of activities presents information showing how the City'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 (i.e., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, construction for outside parties, public activities and recreation, and cultural arts and public benefits. The business-type activities of the City include water and sewer, sanitation and airport services.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 maintained thirteen individual governmental funds during the 2015-2016 fiscal year. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2014 Capital Project fund, the Debt Service Fund and the 2010 Capital Project Fund, which are considered major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation.

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Governmental Funds - (Continued)

The City adopts an annual appropriated budget for its General Fund and Debt Service Fund. A Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual has been provided to demonstrate compliance with the appropriated budgets.

Proprietary Funds

The City maintains two types of *proprietary funds*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water/wastewater utility service, for its solid waste operations, and for its airport operations. The City uses internal service funds to account for equipment maintenance and information technology services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in a more detailed format. The proprietary fund financial statements provide information for the water/wastewater utility service, the sanitation services, and the airport operation; which are considered to be major funds of the City.

Notes to 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.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund, a schedule of changes in net pension liability and related ratios, a schedule of employer contributions and historical other post employment benefits information. Required supplementary information can be found on pages 73-76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 77-94 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$25,922,662 at the close of the fiscal year 2015.

By far, the largest portion of the City's net position (78.57%) reflects its investment in capital assets (i.e., land, buildings, machinery and equipment), less a related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**City of Bay City, Texas****Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 9,126,006	\$ 7,280,132	\$ 4,167,168	\$ 7,896,534	\$ 13,293,174	\$ 15,176,666
Capital assets (net)	16,913,716	15,610,741	22,778,663	22,136,538	39,692,379	37,747,279
Total assets	26,039,722	22,890,873	26,945,831	30,033,072	52,985,553	52,923,945
Total deferred outflow of resources	665,105	426,665	166,276	106,666	831,381	533,331
Current liabilities	3,223,245	2,607,555	2,879,388	2,760,552	6,102,633	5,368,107
Noncurrent liabilities	12,595,458	12,068,863	8,811,477	11,982,956	21,406,935	24,051,819
Total liabilities	15,818,703	14,676,418	11,690,865	14,743,508	27,509,568	29,419,926
Total deferred inflow of resources	307,763	-	76,941	-	384,704	-
Net investment in capital assets	6,540,844	7,050,325	13,826,216	9,681,894	20,367,060	16,732,219
Restricted	646,117	1,073,579	-	-	646,117	1,073,579
Unrestricted	3,391,400	792,973	1,518,085	5,714,336	4,909,485	6,507,309
Total net position	\$ 10,578,361	\$ 8,916,877	\$ 15,344,301	\$ 15,396,230	\$ 25,922,662	\$ 24,313,107

*Net position of the 2014 statements have been restated. See Note 15 of this report.

The balance of unrestricted net position, \$4,909,485 may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the primary government as a whole.

Attachment: CAFR - final - FY 2015 (2255 : Audit)

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Governmental activities increased the City's net position by \$1,661,484. Key elements of this decrease are as follows: Total tax revenue increased \$1,073,943 or 12.18% from prior year as well as miscellaneous revenues increased \$368,210. Transfers increased \$2,210,890 and there was a special item in the 2015 fiscal year that reduced the net position by \$1,208,541. Business-type activities decreased \$51,929 from prior year. The decrease is attributed to the increase in transfer made to other funds.

City of Bay City, Texas						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
REVENUES						
Program revenues:						
Charges for services	\$ 3,374,266	\$ 3,241,279	\$ 7,213,721	\$ 7,359,927	\$ 10,587,987	\$ 10,601,206
Operating grants and contributions	200,000	280,889	-	10,914	200,000	291,803
Capital grants and contributions	386,329	-	1,115,799	975,226	1,502,128	975,226
General revenues:						
Property taxes	4,098,134	3,749,040	-	-	4,098,134	3,749,040
Sales taxes	4,077,195	3,469,272	-	-	4,077,195	3,469,272
Franchise taxes	1,047,005	984,607	-	-	1,047,005	984,607
Other taxes	668,601	614,073	-	-	668,601	614,073
Unrestricted investment earnings	2,660	3,653	1,729	3,680	4,389	7,333
Miscellaneous	1,077,904	709,694	-	148,415	1,077,904	858,109
Total revenues	14,932,094	13,052,507	8,331,249	8,498,162	23,263,343	21,550,669
EXPENSES						
General government	2,147,396	2,295,602	-	-	2,147,396	2,295,602
Public safety	4,661,538	4,662,949	-	-	4,661,538	4,662,949
Public works	5,595,487	5,854,434	-	-	5,595,487	5,854,434
Public activities and rec.	1,158,502	1,167,733	-	-	1,158,502	1,167,733
Cultural arts and pub. ben.	1,062,413	969,696	-	-	1,062,413	969,696
Interest on long-term debt	340,100	305,880	-	-	340,100	305,880
Water and sewer	-	-	6,063,713	5,775,681	6,063,713	5,775,681
Sanitation	-	-	-	503,196	-	503,196
Airport	-	-	550,555	540,255	550,555	540,255
Total expenses	14,965,436	15,256,294	6,614,268	6,819,132	21,579,704	22,075,426
Change in net position before transfers	(33,342)	(2,203,787)	1,716,981	1,679,030	1,683,639	(524,757)
Transfers	2,903,367	692,477	(2,903,367)	(692,477)	-	-
Special item	(1,208,541)	-	1,134,457	-	(74,084)	-
Change in net position	1,661,484	(1,511,310)	(51,929)	986,553	1,609,555	(524,757)
Net position - October 1	8,916,877	12,442,694	15,396,230	14,913,304	24,313,107	27,355,998
Impact of new accounting principle	-	(2,014,507)	-	(503,627)	-	(2,518,134)
Net position - September 30	\$ 10,578,361	\$ 8,916,877	\$ 15,344,301	\$ 15,396,230	\$ 25,922,662	\$ 24,313,107

*Net position of the 2014 statements have been restated. See Note 15 of this report.

Attachment: CAFR - final - FY 2015 (2255 : Audit)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,043,535, an increase of \$1,642,898 from the prior year.

Approximately 40.42% of this total amount, \$2,846,745 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance of \$4,196,790 or 59.58% is either non-spendable, restricted or assigned to indicate that it is not available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$2,945,445. Unassigned fund balance represents 26.98% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$1,283,515 during the current fiscal year. The increase was primarily due to decreases in various expenditure categories. The fund balance of the 2010 Capital Project Fund, a major capital project fund, decreased by \$58,321 to a deficit balance of \$98,700. The 2014 Capital Project Fund increased fund balance by \$1,470,893 due to debt proceeds transferred in and operating transfers. The Debt Service Fund fund balance decreased due to a decrease in the transfers in compared to previous years.

Proprietary Funds

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

Unrestricted net position of the Water and Sewer Fund at the end of the current fiscal year amounted to \$1,518,085, which is an decrease of \$2,514,877 from the prior year. Unrestricted net position of the Sanitation Fund decreased \$2,191,318 due to discontinued operations. Unrestricted net position of the Airport Fund amounted to \$98,147 at the end of the current fiscal year, which is an increase of \$6,317 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded budgetary expectations by \$425,689 and actual expenditures were \$1,116,043 less than budgetary projections. Total operating revenues were \$13,196,996, while total operating expenditures were \$10,918,182. This resulted in an excess of revenues over expenditures of \$2,278,814 which was \$1,541,732 better than budgetary expectations. The positive variance is primarily related to an increase in sales tax revenue and higher than anticipated grant revenue. Also, other financing uses (net transfers) totaled \$995,299, less than the budgeted amount of \$1,756,138. This resulted in a net increase in fund balance for the General Fund of \$1,283,515.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to \$39,692,379 (net of accumulated depreciation) at the end of the current fiscal year. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, water and sewer system, and land structured facilities. The net increase in the City's investment in capital assets was \$1,669,343.

City of Bay City, Texas						
Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,460,085	\$ 1,460,085	\$ 381,117	\$ 381,117	\$ 1,841,202	\$ 1,841,202
Construction in progress	4,240,231	2,636,006	3,221,004	1,373,707	7,461,235	4,009,713
Buildings and improvements	254,399	206,106	450,959	650,958	705,358	857,064
Machinery and equipment	2,784,585	2,890,568	7,870,376	8,374,917	10,654,961	11,265,485
Infrastructure	8,174,416	8,693,733	10,855,207	11,355,839	19,029,623	20,049,572
Total	<u>\$16,913,716</u>	<u>\$15,886,498</u>	<u>\$22,778,663</u>	<u>\$22,136,538</u>	<u>\$39,692,379</u>	<u>\$38,023,036</u>

Additional information on the City's capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$19,780,000. Of this amount, \$3,330,000 represents general obligation debt and certificates of obligation totaled \$16,450,000. The City's bonded debt had a net decrease of \$2,010,000 or 9.22% during the fiscal year ended September 30, 2015. The net decrease included current year payments of principal of \$2,010,000.

Additional information on the City's long-term debt can be found in Note 10.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the City's budget for the 2015-2016 fiscal year.

Although property values and consumer spending appear strong, the City continues to budget conservatively. The total sales tax payments received by the City from the State Comptroller in fiscal year 2015 equaled \$4,077,195. This amount is an increase of \$607,923 or 17.52% compared to the previous year. For fiscal year 2016 the City has budgeted \$4,114,851 in sales tax revenue. Sales tax increased significantly in fiscal year 2015 due to the construction of a seamless pipe mill company just outside of the City limits. This facility is estimated to have brought in approximately 2,000 construction employees and upon completion will bring in excess of 600 permanent jobs to the community. The new facility is expected to begin operation in during fiscal year 2016.

The certified assessed taxable property valuations for the 2016 fiscal year tax roll total \$743,532,492 with a tax rate of \$0.49162 per \$100 valuation for maintenance and operations and \$0.11047 per \$100 valuation for the interest and sinking fund. The total tax rate of \$0.60209 remained unchanged from the fiscal 2015 tax rate. The certified assessed taxable property valuations increased from the 2014 tax roll by \$65,950,114 or 9.73%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - (Continued)

The City issued Certificates of Obligation in the summer of 2014. The proceeds from these Certificates continue to be used for street improvements as well as water and sewer infrastructure improvements throughout the City. Phase I of the Street Rehabilitation project was completed in fiscal year 2015. Phase II of the Street Rehabilitation project, which is also funded by the 2014 Certificates of Obligation, is scheduled to be completed in fiscal year 2016.

Subsequent to year end, the City of Bay, in conjunction with the Bay City Community Development Corporation, approved the creation of two Tax Increment Reinvestment Zones (TIRZ#1 and TIRZ#2) pursuant to Chapter 311 of the Texas Tax Code. The first reinvestment zone is generally located in the downtown area, including a large portion of the north downtown area. The second reinvestment zone is generally located at the far eastern city limit and is currently unimproved land.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, 1901 Fifth Street, Bay City, Texas 77414.

Basic Financial Statements

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

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,428,925	\$ 2,431,565	\$ 9,860,490	\$ 1,570,535
Investments	-	-	-	3,105,641
Receivables (net)	1,024,688	1,801,461	2,826,149	305,196
Internal balances	142,110	(142,110)	-	-
Due from other governments	326,915	50,000	376,915	108,972
Due from component unit	79,653	-	79,653	-
Due from employees	-	-	-	13,814
Prepaid items	123,715	330	124,045	9,314
Inventory	-	25,922	25,922	63,596
Restricted assets				
Cash and cash equivalents	-	-	-	249,041
Investments	-	-	-	207,692
Total current assets	<u>9,126,006</u>	<u>4,167,168</u>	<u>13,293,174</u>	<u>5,633,801</u>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	5,700,316	3,602,121	9,302,437	391,580
Buildings, improvements, and equipment (net)	<u>11,213,400</u>	<u>19,176,542</u>	<u>30,389,942</u>	<u>6,942,231</u>
Total noncurrent assets	<u>16,913,716</u>	<u>22,778,663</u>	<u>39,692,379</u>	<u>7,333,811</u>
Total assets	<u>26,039,722</u>	<u>26,945,831</u>	<u>52,985,553</u>	<u>12,967,612</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to TMRS	<u>665,105</u>	<u>166,276</u>	<u>831,381</u>	-

Attachment: CAFR - final - FY 2015 (2255 : Audit)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,256,327	\$ 1,294,453	\$ 2,550,780	\$ 147,728
Accrued expenses	183,781	38,901	222,682	6,115
Accrued interest payable	25,410	20,419	45,829	9,481
Due to primary government	-	-	-	79,653
Due to other governments	50,838	-	50,838	-
Deposits	27,008	825,539	852,547	-
Unearned revenue	43,299	-	43,299	-
Accrued compensated absences	32,757	2,576	35,333	-
Current portion of long-term obligations	1,603,825	697,500	2,301,325	308,674
Total current liabilities	3,223,245	2,879,388	6,102,633	551,651
Noncurrent liabilities				
Noncurrent portion of long-term obligations	12,595,458	8,811,477	21,406,935	2,321,532
Total noncurrent liabilities	12,595,458	8,811,477	21,406,935	2,321,532
Total liabilities	15,818,703	11,690,865	27,509,568	2,873,183
DEFERRED INFLOW OF RESOURCES				
Deferred inflow related to TMRS	307,763	76,941	384,704	-
NET POSITION				
Net investment in capital assets	6,540,844	13,826,216	20,367,060	5,089,994
Restricted for:				
Debt service	33,298	-	33,298	-
Public safety	76,743	-	76,743	-
Municipal court	102,994	-	102,994	-
Cultural and recreation	433,082	-	433,082	-
Unrestricted	3,391,400	1,518,085	4,909,485	5,034,435
Total net position	\$ 10,578,361	\$ 15,344,301	\$ 25,922,662	\$ 10,124,429

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The accompanying notes are an integral part of this statement.

CITY OF BAY CITY, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2015

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 2,147,396	\$ 235,881	\$ -	\$ 147,218
Public safety	4,661,538	326,125	-	-
Public works	5,595,487	2,657,519	-	239,111
Public activities and recreation	1,158,502	154,741	200,000	-
Cultural arts and public benefits	1,062,413	-	-	-
Interest on long-term debt	340,100	-	-	-
Total governmental activities	<u>14,965,436</u>	<u>3,374,266</u>	<u>200,000</u>	<u>386,329</u>
Business-type activities				
Water and sewer	6,063,713	6,873,149	-	1,059,639
Sanitation	-	-	-	-
Airport	<u>550,555</u>	<u>340,572</u>	<u>-</u>	<u>56,160</u>
Total business-type activities	<u>6,614,268</u>	<u>7,213,721</u>	<u>-</u>	<u>1,115,799</u>
Total primary government	<u>\$ 21,579,704</u>	<u>\$ 10,587,987</u>	<u>\$ 200,000</u>	<u>\$ 1,502,128</u>
Component Units	<u>\$ 3,424,978</u>	<u>\$ 2,764,205</u>	<u>\$ 25,000</u>	<u>\$ 75,000</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Franchise taxes

Other taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Special item - discontinued operations

Total general revenues, transfers and special item

Change in net position

Net position - beginning, as restated

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (1,764,297)	\$ -	\$ (1,764,297)	\$ -
(4,335,413)	-	(4,335,413)	-
(2,698,857)	-	(2,698,857)	-
(803,761)	-	(803,761)	-
(1,062,413)	-	(1,062,413)	-
(340,100)	-	(340,100)	-
<u>(11,004,841)</u>	<u>-</u>	<u>(11,004,841)</u>	<u>-</u>
-	1,869,075	1,869,075	-
-	-	-	-
<u>-</u>	<u>(153,823)</u>	<u>(153,823)</u>	<u>-</u>
-	1,715,252	1,715,252	-
<u>(11,004,841)</u>	<u>1,715,252</u>	<u>(9,289,589)</u>	<u>-</u>
-	-	-	(560,773)
3,699,410	-	3,699,410	-
398,724	-	398,724	-
4,077,195	-	4,077,195	1,359,065
1,047,005	-	1,047,005	-
668,601	-	668,601	-
2,660	1,729	4,389	37,964
1,077,904	-	1,077,904	3,337
2,903,367	(2,903,367)	-	-
(1,208,541)	1,134,457	(74,084)	-
<u>12,666,325</u>	<u>(1,767,181)</u>	<u>10,899,144</u>	<u>1,400,366</u>
1,661,484	(51,929)	1,609,555	839,593
<u>8,916,877</u>	<u>15,396,230</u>	<u>24,313,107</u>	<u>9,284,836</u>
<u>\$ 10,578,361</u>	<u>\$ 15,344,301</u>	<u>\$ 25,922,662</u>	<u>\$ 10,124,429</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General	2010 Capital Project Fund	2014 Capital Project Fund	Debt Service Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,348,724	\$ 1,181,016	\$ 3,058,107	\$ 141,472
Receivables (net)	851,948	-	-	27,403
Due from other governments	326,915	-	-	-
Due from other funds	1,699,539	-	-	-
Due from component unit	79,653	-	-	-
Prepaid items	120,664	-	-	-
Total assets	<u>\$ 4,427,443</u>	<u>\$ 1,181,016</u>	<u>\$ 3,058,107</u>	<u>\$ 168,875</u>
LIABILITIES				
Accounts payable	\$ 640,728	\$ 7,046	\$ 144,813	\$ -
Accrued expenditures	140,112	-	-	-
Deposits	3,555	-	-	-
Due to other funds	-	1,272,670	390,014	110,167
Due to other governments	50,838	-	-	-
Unearned revenue	16,000	-	-	-
Total liabilities	<u>851,233</u>	<u>1,279,716</u>	<u>534,827</u>	<u>110,167</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	510,101	-	-	27,403
Total deferred inflows of resources	<u>510,101</u>	<u>-</u>	<u>-</u>	<u>27,403</u>
FUND BALANCES				
Nonspendable	120,664	-	-	-
Restricted	-	-	2,523,280	31,305
Unassigned	2,945,445	(98,700)	-	-
Total fund balances	<u>3,066,109</u>	<u>(98,700)</u>	<u>2,523,280</u>	<u>31,305</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,427,443</u>	<u>\$ 1,181,016</u>	<u>\$ 3,058,107</u>	<u>\$ 168,875</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 1,629,300	\$ 7,358,619
145,337	1,024,688
-	326,915
215,422	1,914,961
-	79,653
3,051	123,715
<u>\$ 1,993,110</u>	<u>\$ 10,828,551</u>
\$ 393,502	\$ 1,186,089
27,315	167,427
23,453	27,008
-	1,772,851
-	50,838
27,299	43,299
<u>471,569</u>	<u>3,247,512</u>
-	537,504
-	537,504
-	120,664
1,521,541	4,076,126
-	2,846,745
<u>1,521,541</u>	<u>7,043,535</u>
<u>\$ 1,993,110</u>	<u>\$ 10,828,551</u>

CITY OF BAY CITY, TEXAS**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION
OF GOVERNMENTAL ACTIVITIES**

September 30, 2015

Total governmental fund balances		\$ 7,043,535
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Internal service funds are used by the City to charge the costs of certain activities, such as insurance and vehicle and equipment services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		445,519
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are "unavailable" in the funds.		470,206
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.		67,298
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital assets costs	\$ 40,575,152	
Accumulated depreciation of governmental capital assets	<u>(24,299,503)</u>	16,275,649
Deferred outflows of resources are not reported in the governmental funds:		
Pension contributions after measurement date	445,823	
Difference in projected and actual earnings on pension assets	<u>219,282</u>	665,105
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and certificates payable	(10,896,250)	
Premiums on bonds payable	(212,081)	
Notes payable	(511,101)	
Accrued interest on the bonds	(25,410)	
Compensated absences	(302,994)	
Net pension liability	<u>(2,133,352)</u>	(14,081,188)
Deferred inflows of resources are not reported in the governmental funds:		
Difference in expected and actual pension experience		<u>(307,763)</u>
Net position of governmental activities		\$ <u>10,578,361</u>

The accompanying notes are an integral part of this statement.

CITY OF BAY CITY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the year ended September 30, 2015

	General	2010 Capital Project Fund	2014 Capital Project Fund	Debt Service Fund
REVENUES				
Taxes	\$ 8,952,370	\$ -	\$ -	\$ 405,383
Licenses and permits	235,881	-	-	-
Fines and forfeitures	276,911	-	-	-
Fees and charges for services	2,655,020	-	-	-
Intergovernmental	220,857	-	-	-
Investment income	867	867	830	-
Miscellaneous	855,090	-	58,911	-
Total revenues	<u>13,196,996</u>	<u>867</u>	<u>59,741</u>	<u>405,383</u>
EXPENDITURES				
Current				
General government	2,083,129	-	-	-
Public safety	4,569,082	-	-	-
Public works	3,156,360	-	-	-
Public activities and recreation	1,039,801	-	-	-
Cultural arts and public benefits	-	-	-	-
Debt service				
Principal	61,153	-	-	1,435,000
Interest and fiscal charges	8,657	-	-	359,369
Capital outlay	-	59,188	1,223,691	-
Total expenditures	<u>10,918,182</u>	<u>59,188</u>	<u>1,223,691</u>	<u>1,794,369</u>
Excess (deficiency) of revenues over expenditures	2,278,814	(58,321)	(1,163,950)	(1,388,986)
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	-	1,398,250	-
Transfers in	434,173	-	1,236,593	956,381
Transfers out	(1,429,472)	-	-	(86,311)
Total other financing sources (uses)	<u>(995,299)</u>	<u>-</u>	<u>2,634,843</u>	<u>870,070</u>
Net change in fund balances	1,283,515	(58,321)	1,470,893	(518,916)
Fund balances at beginning of year	<u>1,782,594</u>	<u>(40,379)</u>	<u>1,052,387</u>	<u>550,221</u>
Fund balances at end of year	<u>\$ 3,066,109</u>	<u>\$ (98,700)</u>	<u>\$ 2,523,280</u>	<u>\$ 31,305</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 630,804	\$ 9,988,557
-	235,881
49,214	326,125
154,741	2,809,761
200,000	420,857
96	2,660
84,559	998,560
<u>1,119,414</u>	<u>14,782,401</u>
-	2,083,129
12,400	4,581,482
7,385	3,163,745
-	1,039,801
1,062,413	1,062,413
-	1,496,153
-	368,026
962,612	2,245,491
<u>2,044,810</u>	<u>16,040,240</u>
(925,396)	(1,257,839)
-	1,398,250
431,480	3,058,627
(40,357)	(1,556,140)
<u>391,123</u>	<u>2,900,737</u>
(534,273)	1,642,898
<u>2,055,814</u>	<u>5,400,637</u>
<u>\$ 1,521,541</u>	<u>\$ 7,043,535</u>

CITY OF BAY CITY, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES***For the year ended September 30, 2015*

Total net change in fund balances - governmental funds	\$ 1,642,898
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Amounts reported for governmental activities in the statement of activities are different because:

Internal service funds are used by the City to charge the costs of certain activities, such as insurance and vehicle and equipment services, to individual funds. The net activity of the internal service funds are reported with governmental activities.

311,239

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Increase in capital assets	\$ 2,368,713	
Depreciation expense	<u>(1,784,363)</u>	584,350

The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position.

9,797

Issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Bonds at par value		(1,398,250)
--------------------	--	-------------

During the 2015 fiscal year the City discontinued the operations of the Sanitation Fund and transferred the remaining debt and capital assets to the governmental activities. The debt transferred was \$1,398,250 and the book value of the capital assets was \$189,709.

(1,208,541)

Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:

Debt principal retirement		1,496,084
---------------------------	--	-----------

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year end and are not reported as revenue in the governmental funds.

Property taxes	(9,820)	
Other revenues	<u>2,499</u>	(7,321)

Some items 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. These activities consist of:

Increase in compensated absences	(42,156)	
Decrease in accrued interest	12,924	
Net pension cost	238,497	
Decrease in bond premium	<u>21,963</u>	<u>231,228</u>

Change in net position of governmental activities	\$ 1,661,484
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The accompanying notes are an integral part of this statement.

CITY OF BAY CITY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type Activities		
	Water and Sewer	Sanitation	Airport
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,398,786	\$ -	\$ 32,779
Receivables (net)	1,796,607	-	4,854
Due from other governments	-	-	50,000
Prepaid items	330	-	-
Inventory	-	-	25,922
Total current assets	<u>4,195,723</u>	<u>-</u>	<u>113,555</u>
Noncurrent assets			
Land and other assets not being depreciated	3,205,739	-	396,382
Buildings, improvements, and equipment (net)	18,454,415	-	722,127
Total noncurrent assets	<u>21,660,154</u>	<u>-</u>	<u>1,118,509</u>
Total assets	<u>25,855,877</u>	<u>-</u>	<u>1,232,064</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to TMRS	<u>166,276</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,290,378	-	4,075
Accrued expenses	36,392	-	2,509
Due to other funds	142,110	-	-
Accrued interest payable	20,419	-	-
Deposits	819,719	-	5,820
Accrued compensated absences	2,276	-	300
Current portion of capital lease payable	-	-	-
Current portion of bonds and certificates payable	697,500	-	-
Total current liabilities	<u>3,008,794</u>	<u>-</u>	<u>12,704</u>
Noncurrent liabilities			
Accrued compensated absences	20,488	-	2,704
Net pension liability	533,338	-	-
Capital lease payable	-	-	-
Bonds and certificates payable (net of unamortized deferred amounts)	8,254,947	-	-
Total noncurrent liabilities	<u>8,808,773</u>	<u>-</u>	<u>2,704</u>
Total liabilities	<u>11,817,567</u>	<u>-</u>	<u>15,408</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to TMRS	<u>76,941</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	12,707,707	-	1,118,509
Unrestricted net position	1,419,938	-	98,147
Total net position	<u>\$ 14,127,645</u>	<u>\$ -</u>	<u>\$ 1,216,656</u>

The accompanying notes are an integral part of this statement.

		Governmental Activities
		Internal Service Funds
Total		
\$ 2,431,565	\$ 70,306	
1,801,461	-	
50,000	-	
330	-	
25,922	-	
4,309,278	70,306	
3,602,121	230,391	
19,176,542	407,676	
22,778,663	638,067	
27,087,941	708,373	
166,276	-	
1,294,453	70,237	
38,901	16,354	
142,110	-	
20,419	-	
825,539	-	
2,576	2,458	
-	50,073	
697,500	-	
3,021,498	139,122	
23,192	22,115	
533,338	-	
-	101,617	
8,254,947	-	
8,811,477	123,732	
11,832,975	262,854	
76,941	-	
13,826,216	486,377	
1,518,085	(40,858)	
\$ 15,344,301	\$ 445,519	

CITY OF BAY CITY, TEXAS**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the year ended September 30, 2015

	Business-type Activities		
	Water and Sewer	Sanitation	Airport
OPERATING REVENUES			
Charges for services	\$ 6,860,689	\$ -	295,412
Rents and miscellaneous fees	12,460	-	45,160
Total operating revenues	<u>6,873,149</u>	<u>-</u>	<u>340,572</u>
OPERATING EXPENSES			
Water and sewer system	4,304,382	-	-
Airport	-	-	422,463
Equipment maintenance	-	-	-
Information technology	-	-	-
Depreciation and amortization	<u>1,494,886</u>	<u>-</u>	<u>128,092</u>
Total operating expenses	<u>5,799,268</u>	<u>-</u>	<u>550,555</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	1,073,881	-	(209,983)
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,711	-	18
Interest and fiscal charges	<u>(264,445)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(262,734)</u>	<u>-</u>	<u>18</u>
Income (loss) before contributions and transfers	811,147	-	(209,965)
Contributions and transfers			
Capital contributions	1,059,639	-	56,160
Transfers in	802,229	-	120,464
Transfers out	<u>(1,631,660)</u>	<u>(2,194,400)</u>	<u>-</u>
Total contributions and transfers	<u>230,208</u>	<u>(2,194,400)</u>	<u>176,624</u>
Special item - Gain on disposal of assets in connection with discontinued operations	-	1,134,457	-
Change in net position	1,041,355	(1,059,943)	(33,341)
Total net position at beginning of year, as restated	<u>13,086,290</u>	<u>1,059,943</u>	<u>1,249,997</u>
Total net position at end of year	<u>\$ 14,127,645</u>	<u>\$ -</u>	<u>\$ 1,216,656</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The accompanying notes are an integral part of this statement.

	Governmental Activities
Total	Internal Service Funds
\$ 7,156,101	\$ -
57,620	478
<u>7,213,721</u>	<u>478</u>
4,304,382	-
422,463	-
-	602,379
-	499,551
<u>1,622,978</u>	<u>128,446</u>
<u>6,349,823</u>	<u>1,230,376</u>
863,898	(1,229,898)
1,729	-
<u>(264,445)</u>	<u>(6,961)</u>
<u>(262,716)</u>	<u>(6,961)</u>
601,182	(1,236,859)
1,115,799	147,218
922,693	1,400,880
<u>(3,826,060)</u>	<u>-</u>
<u>(1,787,568)</u>	<u>1,548,098</u>
1,134,457	-
(1,186,386)	311,239
<u>15,396,230</u>	<u>134,280</u>
<u>\$ 15,344,301</u>	<u>\$ 445,519</u>

CITY OF BAY CITY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2015

	Business-type Activities		
	Water and Sewer	Sanitation	Airport
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,681,324	\$ 146	\$ 341,923
Cash paid to suppliers for goods and services	(2,724,337)	-	(380,244)
Cash paid to employees for services	(1,144,801)	-	(95,975)
Net cash provided (used) by operating activities	<u>2,812,186</u>	<u>146</u>	<u>(134,296)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from other funds	(830,431)	(2,194,400)	120,464
Borrowings (repayments) to other funds	-	1,220,301	-
Increase (decrease) in customer deposits	<u>97,613</u>	<u>-</u>	<u>(1,835)</u>
Net cash provided (used) by noncapital financing activities	<u>(732,818)</u>	<u>(974,099)</u>	<u>118,629</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(2,422,235)	-	(82,274)
Proceeds from capital grants and contributions	1,059,639	-	3,373
Reclassification of debt to governmental type activities	(1,398,500)	-	-
Principal paid on long-term debt	(670,000)	-	-
Interest paid	<u>(301,930)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(3,733,026)</u>	<u>-</u>	<u>(78,901)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>1,711</u>	<u>-</u>	<u>18</u>
Net cash provided (used) by investing activities	<u>1,711</u>	<u>-</u>	<u>18</u>
Net increase (decrease) in cash and cash equivalents	(1,651,947)	(973,953)	(94,550)
Cash and cash equivalents at beginning of year	<u>4,050,733</u>	<u>973,953</u>	<u>127,329</u>
Cash and cash equivalents at end of year	<u>\$ 2,398,786</u>	<u>\$ -</u>	<u>\$ 32,779</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

	Governmental Activities
<u>Total</u>	<u>Internal Service Funds</u>
\$ 7,023,393	\$ 478
(3,104,581)	(684,697)
<u>(1,240,776)</u>	<u>(409,213)</u>
2,678,036	(1,093,432)
(2,904,367)	1,400,880
1,220,301	-
<u>95,778</u>	<u>-</u>
<u>(1,588,288)</u>	<u>1,400,880</u>
(2,504,509)	(193,442)
1,063,012	-
(1,398,500)	-
(670,000)	(48,156)
<u>(301,930)</u>	<u>(6,962)</u>
<u>(3,811,927)</u>	<u>(248,560)</u>
<u>1,729</u>	<u>-</u>
<u>1,729</u>	<u>-</u>
(2,720,450)	58,888
<u>5,152,015</u>	<u>11,418</u>
<u>\$ 2,431,565</u>	<u>\$ 70,306</u>
	(continued)

CITY OF BAY CITY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2015

	Business-type Activities		
	Water and Sewer	Sanitation	Airport
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,073,881	\$ -	\$ (209,983)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	1,494,886	-	128,092
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(191,825)	146	1,351
(Increase) decrease in inventory	-	-	(14,835)
(Increase) decrease in prepaid items	(330)	-	-
(Increase) decrease in deferred outflows	(59,610)	-	-
Increase (decrease) in accounts payable	478,592	-	(39,865)
Increase (decrease) in accrued expenses	8,442	-	598
Increase (decrease) in due to other governments	-	-	(14)
Increase (decrease) in net pension liability	(76,955)	-	-
Increase (decrease) in deferred inflows	76,940	-	-
Increase (decrease) in compensated absences	8,165	-	360
Total adjustments	<u>1,738,305</u>	<u>146</u>	<u>75,687</u>
Net cash provided (used) by operating activities	<u>\$ 2,812,186</u>	<u>\$ 146</u>	<u>\$ (134,296)</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The accompanying notes are an integral part of this statement.

<u>Total</u>	Governmental Activities
	<u>Internal Service Funds</u>
\$ 863,898	\$ (1,229,898)
1,622,978	128,446
(190,328)	-
(14,835)	-
(330)	9,265
(59,610)	-
438,727	(10,420)
9,040	2,861
(14)	-
(76,955)	-
76,940	-
8,525	6,314
<u>1,814,138</u>	<u>136,466</u>
<u>\$ 2,678,036</u>	<u>\$ (1,093,432)</u>

CITY OF BAY CITY, TEXAS
STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2015

	Bay City Community Development Corporation	Bay City Gas Company	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 627,028	\$ 943,507	\$ 1,570,535
Investments	1,456,828	1,648,813	3,105,641
Receivables (net)	40,013	265,183	305,196
Due from other governments	108,972	-	108,972
Due from employees	-	13,814	13,814
Inventory	-	63,596	63,596
Prepaid items	-	9,314	9,314
Restricted assets			
Cash and cash equivalents	-	249,041	249,041
Investments	-	207,692	207,692
Total current assets	<u>2,232,841</u>	<u>3,400,960</u>	<u>5,633,801</u>
Noncurrent assets			
Capital assets			
Land and improvements	391,580	-	391,580
Other capital assets (net)	5,402,730	1,539,501	6,942,231
Net capital assets	<u>5,794,310</u>	<u>1,539,501</u>	<u>7,333,811</u>
Total noncurrent assets	<u>5,794,310</u>	<u>1,539,501</u>	<u>7,333,811</u>
Total assets	<u>8,027,151</u>	<u>4,940,461</u>	<u>12,967,612</u>
LIABILITIES			
Accounts payable	72,372	75,356	147,728
Accrued expenditures	6,115	-	6,115
Accrued interest payable	9,481	-	9,481
Due to primary government	79,653	-	79,653
Long-term liabilities			
Due within one year	308,674	-	308,674
Due in more than one year	1,925,662	395,870	2,321,532
Total liabilities	<u>2,401,957</u>	<u>471,226</u>	<u>2,873,183</u>
NET POSITION			
Net investment in capital assets	3,550,493	1,539,501	5,089,994
Unrestricted	2,104,701	2,929,734	5,034,435
Total net position	<u>\$ 5,655,194</u>	<u>\$ 4,469,235</u>	<u>\$ 10,124,429</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The accompanying notes are an integral part of this statement.

CITY OF BAY CITY, TEXAS**STATEMENT OF ACTIVITIES****COMPONENT UNITS***For the year ended September 30, 2015*

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
Bay City Community Development Corporation	\$ 777,348	\$ 101,509	\$ 25,000	\$ 75,000
Bay City Gas Company	<u>2,647,630</u>	<u>2,662,696</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 3,424,978</u>	<u>\$ 2,764,205</u>	<u>\$ 25,000</u>	<u>\$ 75,000</u>

General revenues:

Taxes:

Sales taxes

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Net position - ending

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Component Units		
Bay City Community Dev. Corporation	Bay City Gas Company	Total
\$ (575,839)	\$ -	\$ (575,839)
-	15,066	15,066
(575,839)	15,066	(560,773)
1,359,065	-	1,359,065
10,693	27,271	37,964
3,337	-	3,337
1,373,095	27,271	1,400,366
797,256	42,337	839,593
4,857,938	4,426,898	9,284,836
\$ 5,655,194	\$ 4,469,235	\$ 10,124,429

CITY OF BAY CITY, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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CITY OF BAY CITY, TEXAS
NOTES TO FINANCIAL STATEMENTS
 September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bay City, Texas (the "City") is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles (GAAP) in the United States of America, these financial statements have been prepared based on considerations regarding the potential for inclusion of component units, which are other entities or organizations that are financially accountable to the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and as a result, data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide statements to emphasize that they are legally separate from the primary government. Based on these considerations, the City's financial statements include the Bay City Community Development Corporation, ("the Corporation") and the Bay City Gas Company (the "Gas Company") as discretely presented component units. The Corporation has a September 30 year-end and the Company has a March 31 year-end. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by GAAP. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Unit

Bay City Community Development Corporation

The Bay City Community Development Corporation (the "Corporation") has been included in the reporting entity as a discretely presented component unit. In 1994, the Corporation was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, and developing commercial, industrial and manufacturing enterprises and to promote and encourage employment and public welfare within the City. The Board of Directors consists of seven members, which are appointed by the City Council. Services provided by the Corporation almost exclusively benefit the City in that the development of the area within the community increases the tax bases, resulting in additional tax revenue to the City. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the Corporation shall be conveyed to the City. The operations of the Corporation are presented as a governmental fund type. Complete financial statements for the Company may be obtained from its administrative offices.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)
A. Reporting Entity - (Continued)
Discretely Presented Component Unit - (Continued)
Bay City Gas Company

The Bay City Gas Company (the "Gas Company") has been included in the reporting entity as a discretely presented component unit. The Gas Company provides for the distribution of natural gas services throughout the City, is controlled by a permanent three-person board, which was originally appointed by Victor LeTulle, who contributed the gas distribution system to the City in 1938. The board is comprised of two lifetime members with the City's mayor serving as the third member. The board is self-perpetuating with the lifetime members appointing their successors. The board is responsible for the daily operations and policies of the gas utility. The Gas Company is not separately incorporated and utilizes the City's municipal exemption from property, income and sales tax.

Historically, the Gas Company has made contributions from its profits to the City for capital improvements. Also included as part of these contributions are gas services to City facilities and volunteer firemen, which are not billed by the Gas Company. For the year ended March 31, 2015 these contributions totaled \$390,521. Complete financial statements for the Gas Company may be obtained from its administrative offices.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component units.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, franchise taxes, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

Two Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City has three Capital Project Funds, two of which have been reported as a major fund. The 2010 Capital Project Fund is used to account for the proceeds and expenditures of the 2010 debt issue and the 2014 Capital Project Fund is used to account for the proceeds of the 2014 certificates of obligation that were previously recorded in the business-type activities but were transferred to the governmental activities in the 2015 fiscal year..

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds

The City reports the following major proprietary funds:

Enterprise Funds are used to account for operations: 1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The Water and Sewer Fund accounts for the activities of the City related to its sewage treatment plant and water distribution system.

The Sanitation Fund accounts for the operation of the City's sanitation service. The principal sources of revenues are charges to customers. This fund discontinued operations in the 2015 fiscal year.

The Airport Fund accounts for the operation of the City's airport.

Additionally, the City reports the following fund types:

The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City maintains two Internal Service Funds which are the Equipment Maintenance Fund and the Information Technology Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)
D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Annual appropriated budgets are adopted for the General Fund and Debt Service Fund using the same basis of accounting as for financial reporting. All annual appropriations lapse at year-end. Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in the total budgeted appropriations must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function or department, to another activity, function or department, to re-estimate revenues and expenditures, and to amend the budget.

Management has the authority to transfer available funds allocated by the budget from one function or activity to another function or activity within the same department.

In cooperation with the department heads of the City, the City Finance Director prepares an annual budget for the General Fund, certain Special Revenue Funds and the Debt Service Fund for the ensuing fiscal year, in a form and style as deemed desirable by the Council. The budgets, as adopted must set forth the appropriations for services, functions, and activities of the various City departments and agencies, and shall meet all fund requirements provided by law and applicable bond covenants.

E. Deposits and Investments

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

The City may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or otherwise secured; and certain repurchase agreements.

As of September 30, 2015, the City has adopted a formal investment policy.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**F. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes. The allowance on the unpaid property taxes is equal to 10% of the outstanding property taxes and the allowance on the penalties and interest is equal to 70% of the assessed amount.

G. Inventory and Prepaid Items

Inventory is valued at the lower of cost (first-in, first-out) or market. Estimated cost is used when actual cost figures are not available. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are reported as prepaid items (governmental funds) or prepaid expenses (proprietary funds) in the fund financial statements and as prepaid items in the government-wide financial statements.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on capital assets of business-type activities when acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred during the period of construction until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Improvements other than buildings	39
Water and wastewater distribution system	25-50
Machinery and equipment	5-15
Public domain infrastructure	25-50

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)
I. Compensated Absences

The City allows twelve days sick leave per year for each full-time employee and further allows each employee to accumulate an unlimited number of days of sick leave. Upon termination, there is no provision to pay the employee for accumulated sick days.

The City's employees earn vacation which may be either taken or accumulated, up to certain amounts. Only earned leave is paid upon termination or retirement. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

All compensated absences pay is accrued when incurred in the government-wide and proprietary fund financial statements.

J. Long-term Obligations

In the government-wide financial statements, and in proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Losses or gains on refunding are capitalized and amortized over the shorter life of the new issuance or the life on existing debt.

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

K. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources which follows the asset section. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is the deferred amount calculated in the actuarial pension study required by GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" (GASB No. 68) and the current year pension payments reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position also reports 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 has two items that are considered deferred inflows of resources. One of the items arises only under a modified accrual basis of accounting and this item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from a variety of sources and are further defined in Note 4. The other item that qualifies for reporting as a deferred inflow of resources is calculated in the actuarial pension study required by GASB No. 68. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**L. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB No. 68.

M. Fund Equity

Fund balances of Governmental Funds classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the Council through a resolution. Once the resolution is passed, the commitment remains in place until another resolution is passed to remove or revise the commitment.

Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. The Council has by resolution authorized the Finance Director or his/her designee to assign fund balance. Unlike commitments, assignments generally only exist temporarily and a formal action by the Council does not have to occur in order to remove the assignment.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available.

N. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**A. Budgetary Compliance**

Budgetary compliance is monitored at the departmental level in the General Fund and at the fund level in the Debt Service Fund. There were several situations of expenditures exceeding the amount appropriated during the fiscal year 2014-2015.

<u>Fund / Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
City general services	\$ 926,000	\$ 939,526	\$ 13,526
Main Street	40,391	45,164	4,773
Teen Center	4,544	7,443	2,899
Debt Service Fund			
Transfers Out	-	86,311	86,311

These expenditures were funded by available fund balances in the respective funds.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - (Continued)**B. Deficit Fund Equity**

As of September 30, 2015, the following fund had a deficit equity balance:

<u>Fund</u>	<u>Fund Balance / Net Position</u>
2010 Capital Project Fund	\$ (98,700)

Steps will be taken to eliminate this deficit in the upcoming fiscal year.

NOTE 3: DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Investment Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository bank's agent bank. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance.

As of September 30, 2015, the City had the following investments classified as cash and cash equivalents:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>
Public Funds Investment Pool		
TexPool	\$ 7,421,264	40
Texas Class	1,003,130	53

The pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

Interest Rate Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. TexPool's weighted average maturity cannot exceed 60 days.

Credit Risk

The investment pools operate in full compliance with the Public Funds Investment Act. TexPool is rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the City was not exposed to concentration of credit risk.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 110% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the City was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, 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. All of the City's investments are invested in TexPool and it has no custodial credit risk.

NOTE 4: RECEIVABLES

Receivables at September 30, 2015, consist of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Water and Sewer</u>	<u>Airport Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Gross receivables:						
Accounts	\$ 242,443	\$ -	\$ 1,866,133	\$ 4,854	\$ 33	\$ 2,113,463
Ad valorem taxes	673,136	37,083	-	-	-	710,219
Franchise taxes	99,354	-	-	-	-	99,354
Occupancy taxes	-	-	-	-	145,304	145,304
Municipal court fines	149,602	-	-	-	-	149,602
Total gross receivables	1,164,535	37,083	1,866,133	4,854	145,337	3,217,942
Less: allowances	312,587	9,680	69,526	-	-	391,793
Total net receivables	<u>\$ 851,948</u>	<u>\$ 27,403</u>	<u>\$ 1,796,607</u>	<u>\$ 4,854</u>	<u>\$ 145,337</u>	<u>\$ 2,826,149</u>

The City's governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes	\$ 442,803	\$ -	\$ 442,803
Fines	67,298	-	67,298
Grants and contributions	-	16,000	16,000
Debt Service Fund			
Ad valorem taxes	27,403	-	27,403
Nonmajor Funds			
Fines and forfeitures	-	27,299	27,299
	<u>\$ 537,504</u>	<u>\$ 43,299</u>	<u>\$ 580,803</u>

NOTE 4: RECEIVABLES - (Continued)

The City's property taxes are levied annually on October 1st on the basis of the Appraisal District's assessed values as of January 1st of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and collected by the Matagorda County Tax Office and are due and payable on January 31st. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on the property on January 1st of the subsequent calendar year.

For the current year, the City levied property taxes of \$0.60209 per \$100 of assessed valuation, for maintenance and operations, \$0.54353 and interest and sinking, \$0.05866. The resulting adjusted total tax levy was \$4,106,680 on the total adjusted taxable valuation of \$677,582,378 for the 2014 tax roll.

NOTE 5: CAPITAL ASSETS

The City's capital assets activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,460,085	\$ -	\$ -	\$ 1,460,085
Construction in progress	2,636,006	1,935,605	331,380	4,240,231
Total capital assets not being depreciated	4,096,091	1,935,605	331,380	5,700,316
Capital assets, being depreciated				
Machinery and equipment	8,362,096	648,616	28,558	8,982,154
Buildings	3,570,156	584,443	-	4,154,599
Infrastructure	22,331,610	202,277	-	22,533,887
Total capital assets being depreciated	34,263,862	1,435,336	28,558	35,670,640
Less accumulated depreciation for				
Machinery and equipment	5,471,528	746,141	20,100	6,197,569
Buildings	3,364,050	536,150	-	3,900,200
Infrastructure	13,637,877	721,594	-	14,359,471
Total accumulated depreciation	22,473,455	2,003,885	20,100	24,457,240
Total capital assets being depreciated, net	11,790,407	(568,549)	8,458	11,213,400
Governmental activities capital assets, net	\$ 15,886,498	\$ 1,367,056	\$ 339,838	\$ 16,913,716

NOTE 5: CAPITAL ASSETS - (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 381,117	\$ -	\$ -	\$ 381,117
Construction in progress	1,373,707	1,857,047	9,750	3,221,004
Total capital assets not being depreciated	1,754,824	1,857,047	9,750	3,602,121
Capital assets, being depreciated				
Machinery and equipment	11,897,862	384,927	164,956	12,117,833
Buildings and improvements	1,310,130	-	200,939	1,109,191
Infrastructure	25,756,217	271,991	-	26,028,208
Total capital assets being depreciated	38,964,209	656,918	365,895	39,255,232
Less accumulated depreciation for				
Machinery and equipment	3,522,945	827,353	102,841	4,247,457
Buildings and improvements	659,172	23,002	23,942	658,232
Infrastructure	14,400,378	772,623	-	15,173,001
Total accumulated depreciation	18,582,495	1,622,978	126,783	20,078,690
Total capital assets being depreciated, net	20,381,714	(966,060)	239,112	19,176,542
Business-type activities capital assets, net	\$ 22,136,538	\$ 890,987	\$ 248,862	\$ 22,778,663

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

Governmental activities

General government	\$ 87,878
Public safety	197,383
Public works	1,393,535
Public activities and recreation	105,567
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	128,446
Total depreciation expense - governmental activities	<u>\$ 1,912,809</u>

Business-type activities

Water and sewer	\$ 1,494,886
Airport	128,092
Total depreciation expense - business-type activities	<u>\$ 1,622,978</u>

The depreciation expense recorded in the governmental activities was \$1,912,809 while the increase reflected on the schedule as an increase to the accumulated depreciation was \$2,003,885. The difference of \$91,076 is attributed to the accumulated depreciation associated with the capital assets that were transferred to the governmental activities as a result of the discontinued operations of the Sanitation Fund.

NOTE 6: DEFINED BENEFIT PENSION PLANPlan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com. All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions of the City for plan year 2015 were as follows:

Employee deposit rate	5.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100.0% repeating
Annuity increase (to retirees)	70.0% of CPI

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

Inactive employees or beneficiaries currently receiving benefits	100
Inactive employees entitled to but not yet receiving benefits	82
Active employees	<u>156</u>
	<u>338</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees for the City were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.43% and 9.88% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$497,618, and were equal to the required contributions.

NOTE 6: DEFINED BENEFIT PENSION PLAN - (Continued)Net Pension Liability

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

Actuarial Assumptions

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

Valuation Date	December 31 st
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	10 year Smoothed Market; 15% Soft Corridor
Inflation	3.00%
Overall Payroll Growth	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

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

The long-term expected rate of return on pension plan investments is 7.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

NOTE 6: DEFINED BENEFIT PENSION PLAN - (Continued)Net Pension Liability - (Continued)

Actuarial Assumptions - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	<u>5.00%</u>	8.50%
Total	<u>100.00%</u>	

Discount Rate

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 29,820,207	\$ 26,768,742	\$ 3,051,465
Changes for the year:			
Service cost	643,573	-	643,573
Interest	2,059,531	-	2,059,531
Difference between expected and actual experience	(538,291)	-	(538,291)
Contributions - Employer	-	709,618	(709,618)
Contributions - Employee	-	326,089	(326,089)
Net investment income	-	1,531,183	(1,531,183)
Benefit payments, including refunds of employee contributions	(1,440,240)	(1,440,240)	-
Administrative expense	-	(15,988)	15,988
Other changes	-	(1,314)	1,314
Net changes	<u>724,573</u>	<u>1,109,348</u>	<u>(384,775)</u>
Balance at 12/31/2014	<u>\$ 30,544,780</u>	<u>\$ 27,878,090</u>	<u>\$ 2,666,690</u>

NOTE 6: DEFINED BENEFIT PENSION PLAN - (Continued)Net Pension Liability - (Continued)*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

	1.0% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1.0% Increase in Discount Rate (8.0%)
City's Net Pension Liability:	\$6,845,082	\$2,666,690	\$757,745

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

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

For the year ended September 30, 2015 the City recognized pension expense of \$435,444

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 384,784
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	274,102	-
Contributions subsequent to the measurement date	557,279	-
Total	\$ 831,381	\$ 384,784

\$557,279 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2015	\$ (85,061)
2016	(85,061)
2017	(9,004)
2018	68,525
2019	-
Thereafter	-

NOTE 7: SUPPLEMENTAL DEATH BENEFIT PLAN

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

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.

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 retired term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014, and 2013 were \$5,506, \$5,798, and \$3,219, respectively, which equaled the required contributions each year.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB)Plan Description

In addition to providing pension benefits, the City provides its retirees with postemployment health care benefits through a single-employer postemployment healthcare plan (the "plan"). A separate audited financial report is not issued on the plan. The plan provides medical benefits to eligible retired City employees and their beneficiaries. A City employee whom retires under a disability retirement is immediately eligible for retiree health care benefits. In order for a City employee to be eligible for this benefit, he or she needs 20 or more years of service. The benefit ceases when the retired employee becomes eligible for Medicare and the retired employee's spouse may continue coverage until he/she becomes Medicare eligible. Spousal benefit ceases upon the death of the retiree.

Funding Policy

Retirees pay 100% of the monthly premium for health coverage. As of October 1, 2013, the retiree premiums are as follows: "Employee Only" - \$492.88 (base medical plan) \$691.32 (buy-up medical plan) \$18.55 (dental) and "Employee and Spouse" - \$1,035.05 (base medical plan) \$1,451.76 (buy-up medical plan) \$68.65 (dental).

The City is under no obligation, statutory or otherwise, to pay any portion of the cost of postemployment benefits to any retirees. Allocation of City funds to pay other postemployment benefits is determined on an annual basis by the City Council as part of the budget process.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)Annual OPEB Cost

The City's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The City's annual OPEB cost for the fiscal year ending September 30, 2015 is as follows:

Annual required contributions	\$ 26,423
Interest on OPEB obligation	1,450
Adjustment to ARC	<u>(1,344)</u>
Annual OPEB cost (expense) end of year	26,529
Net estimated employer contributions	<u>(9,551)</u>
Increase in net OPEB obligation	16,978
Net OPEB obligation/(asset) beginning of year	<u>32,230</u>
Net OPEB obligation/(asset) end of year	<u>\$ 49,208</u>

The City's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2013	\$ 16,115	\$ -	0.0%	\$ 32,230
September 30, 2014	26,529	9,551	36.0%	49,208

Funded Status

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2014 is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(d)	((b-a)/d)
12/31/14	\$ -	\$ 208,876	\$ 208,876	0.0%	\$ 6,442,271	3.24%

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$208,876 at December 31, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 3.24%

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)Actuarial Methods and Assumptions

The Projected Unit Credit 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 actuarial cost method then provides for a systematic funding for 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.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the City and the City's 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:

Actuarial Methods and Assumptions

Inflation rate	3.00% per annum
Investment rate of return	4.50% per annum, net of expenses
Actuarial cost method	Projected unit of credit cost method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.00% per annum
Medical trend	Initial rate of 7.50%, declining to an ultimate rate of 4.50% after 11 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 multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Fiscal Year Ended	Employer Annual Required Contribution	Net Employer Contribution	Interest on NOO	ARC Adjustment (9) / (6)	Amortization Factor	OPEB Cost (2)+(4)-(5)	Change in NOO (7) - (3)	NOO Balance NPO + (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
September 30, 2013	\$ 16,115	\$ -	\$ -	\$ -	N/A	\$ 16,115	\$ 16,115	\$ 16,115
September 30, 2014	26,423	9,551	1,450	1,344	23.98540	26,529	16,978	49,208

The ARC for the fiscal year ending September 30, 2014 is from the Actuarial Valuation Report as of December 31, 2014.

Note: Employer contribution amounts shown in Column (3) include the implicit subsidy and wellness discounts.

NOTE 9: RISK MANAGEMENT

The City is exposed to various risks of loss encompassed in the areas of general liabilities, workers' compensation claims, and employee health related expenses. The City has purchased general liability and workers' compensation insurance to cover potential losses in those areas. The City has entered into interlocal agreements with the Texas Municipal League Intergovernmental Risk Pool for general liability and workers' compensation coverage. Through the payment of contributions to the Texas Municipal League Intergovernmental Risk Pool, the City has transferred these risks to the pool. The City has not retained any risks other than the deductible and is covered up to the limits of coverage after the deductible. Settlements of claims did not exceed insurance coverage for any of the past three years.

The City has also entered into an interlocal agreement with the Texas Municipal League Group Benefits Risk Pool for health insurance for its employees. The City pays the health care premiums for City employees. Employees have the option of paying dependent coverage via payroll deductions. The City has no liability for any claims incurred by participants in this plan.

NOTE 10: LONG-TERM DEBT**A. Changes in Long-term Liabilities**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds and certificates payable					
General obligation bonds	\$ 3,665,000	\$ -	\$ 335,000	\$ 3,330,000	\$ 340,000
Certificates of obligation	5,828,000	2,743,250	1,005,000	7,566,250	1,052,500
Plus deferred amounts:					
Bond premium	149,646	84,398	21,963	212,081	-
Total bonds and certificates payable	9,642,646	2,827,648	1,361,963	11,108,331	1,392,500
Tax notes	490,000	-	95,000	395,000	97,000
Notes payable	177,185	-	61,084	116,101	64,252
Capital lease payable	199,845	-	48,155	151,690	50,073
Net pension liability	2,441,172	-	307,820	2,133,352	-
Compensated absences	260,838	309,555	242,826	327,567	32,757
Total governmental activity long-term liabilities	\$ 13,211,686	\$ 3,137,203	\$ 2,116,848	\$ 14,232,041	\$ 1,636,582
Business-type activities					
Bonds and certificates payable					
Certificates of obligation	\$ 12,297,000	\$ -	\$ 3,413,250	\$ 8,883,750	\$ 697,500
Plus deferred amounts:					
Bond premium	157,645	-	88,948	68,697	-
Total bonds and certificates payable	12,454,645	-	3,502,198	8,952,447	697,500
Net pension liability	610,293	-	76,955	533,338	-
Compensated absences	17,243	48,601	40,076	25,768	2,576
Total business-type activity long-term liabilities	\$ 13,082,181	\$ 48,601	\$ 3,619,229	\$ 9,511,553	\$ 700,076

NOTE 10: LONG-TERM DEBT - (Continued)

Included in the schedule of changes in long-term liabilities are additions to the governmental certificates of obligation that represents a reclassification of this debt from the business-type activities from the prior year. The increase in the governmental activities debt of \$2,743,250 is also shown as a reduction of debt in the business-type activities. The reason for the reclassification was due to two reasons, (1) the discontinuance of the Sanitation Fund, refer to Note 14 and (2) the City determining that certain proceeds of debt that were issued in the 2014 fiscal year that were previously to be used for Utility Fund projects were reprogrammed to governmental activity projects.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds have been issued for both governmental activities.

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

	<u>Term</u>	<u>Interest Rate</u>	<u>Original Amount</u>
Refunding Series 2013	2013 - 2024	3.00% - 4.50%	\$ 4,975,000

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

<u>Year</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 340,000	\$ 63,200	\$ 403,200
2017	345,000	59,800	404,800
2018	355,000	52,900	407,900
2019	360,000	45,800	405,800
2020	370,000	38,600	408,600
2021-2024	<u>1,560,000</u>	<u>79,000</u>	<u>1,639,000</u>
	<u>\$ 3,330,000</u>	<u>\$ 339,300</u>	<u>\$ 3,669,300</u>

Combination Tax and Revenue Certificates of Obligation

The City also issues combination tax and revenue certificates of obligation (C.O.'s) to provide funds for the acquisition and construction of major capital facilities payable from the proceeds of an annual ad valorem tax and further payable from a junior and subordinate pledge of the net revenues of the City's water and sewer system. The C.O.'s have been issued for both governmental and business-type activities. C.O.'s currently outstanding are as follows:

	<u>Term</u>	<u>Interest Rate</u>	<u>Original Amount</u>
Certificates of Obligation 2009 Series	2009-2019	3.00% - 3.50%	\$ 5,000,000
Certificates of Obligation 2010 Series	2010-2030	4.50%	3,300,000
Certificates of Obligation 2012 Series	2013-2027	0.7% - 3.3%	9,530,000
Certificates of Obligation 2014 Series	2014-2034	2.0% - 4.0%	3,995,000

NOTE 10: LONG-TERM DEBT - (Continued)Combination Tax and Revenue Certificates of Obligation - (Continued)

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

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 1,052,500	\$ 265,757	\$ 697,500	\$ 256,291	\$ 2,272,048
2017	787,500	237,482	617,500	242,341	1,884,823
2018	812,500	211,607	637,500	229,991	1,891,598
2019	822,500	184,857	647,500	214,241	1,869,098
2020	261,250	156,783	668,750	195,141	1,281,924
2021-2025	1,448,750	640,099	3,656,250	663,816	6,408,915
2026-2030	1,770,000	342,756	1,755,000	140,925	4,008,681
2031-2034	611,250	62,400	203,750	20,800	898,200
	<u>\$ 7,566,250</u>	<u>\$ 2,101,741</u>	<u>\$ 8,883,750</u>	<u>\$ 1,963,546</u>	<u>\$ 20,515,287</u>

Notes Payable

The City has entered into a note payable agreement with Prosperity Bank. The proceeds from this note payable were used to renovate the 16th Street Swimming Pool. Annual installments on this note are \$53,288 with a maturity date of 2017. The note bears interest at 5.074% and has an outstanding balance of \$98,187 at September 30, 2015. The City has entered into an inter-local agreement with the Bay City Independent School District, in which the Bay City Independent School District is responsible for paying \$16,000 annually of the required installments.

The City has also entered into a note payable agreement with Prosperity Bank. The proceeds of this note were used to purchase technology equipment. This note bears interest of 5.4%, monthly payments of \$1,377, and a maturity date of 2016. The balance outstanding at September 30, 2015 was \$17,914. The General Fund is responsible for servicing this debt.

The City has also entered into a note payable agreement with Houston Community Bank. The proceeds of this note were used to purchase fire suppression equipment. This note bears interest of 1.37%, annual payments of approximately \$102,000, and a maturity date of 2018. The balance outstanding at September 30, 2015 was \$395,000. The General Fund is responsible for servicing this debt.

Annual debt service requirements to maturity for the notes payable are as follows:

Year	Governmental Activities		Total
	Principal	Interest	
2016	\$ 161,252	\$ 10,970	\$ 172,222
2017	149,849	6,623	156,472
2018	99,000	2,740	101,740
2019	101,000	1,384	102,384
	<u>\$ 511,101</u>	<u>\$ 21,717</u>	<u>\$ 532,818</u>

NOTE 10: LONG-TERM DEBT - (Continued)Capital Lease Payable - (Continued)

The City has entered into lease agreement to purchase copiers and printers for City offices. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The assets acquired through the capital lease are as follows:

Machinery and equipment	
Office equipment	\$ 203,774
	203,774
Less: Accumulated depreciation	2,038
	<u>\$ 201,736</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

2016	\$ 55,116
2017	55,117
2018	<u>50,524</u>
Total minimum lease payments	160,757
Less: Amount representing interest	<u>(9,067)</u>
Present value of minimum lease payments	<u>\$ 151,690</u>

NOTE 11: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**A. Interfund Receivables and Payables**

At times during the fiscal year the various funds of the City were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. Interfund receivable and payable balances as of September 30, 2015, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	2010 Capital Project	\$ 188,202
	2014 Capital Project	1,272,670
	Debt Service	110,167
	Water and Sewer	128,500
Nonmajor Governmental Disaster Recovery	Water and Sewer	13,610
	2014 Capital Project	<u>201,812</u>
		<u>\$ 1,914,961</u>

NOTE 11: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - (Continued)**B. Interfund Transfers**

Each year various funds of the City transfer funds to other funds. The most significant of these are the planned transfers from the City's enterprise funds to specified governmental funds. These transfers are intended to provide the necessary resources to meet the operating and debt service obligations of the receiving funds. In most cases there is not a specific reason for the amount of the transfer or the purpose other than to subsidize the receiving fund. During the current fiscal year, transfers between funds consisted of the following:

Transfers Out	Transfers In							Total
	General Fund	2014 Capital Project Fund	Debt Service Fund	Water and Sewer Fund	Airport Fund	Internal Service Funds	Nonmajor Govt. Funds	
General	\$ -	\$ -	\$ 303,344	\$ 86,312	\$ 120,464	\$ 637,872	\$ 281,480	\$ 1,429,472
Debt Service Fund	-	-	-	86,311	-	-	-	86,311
Nonmajor Govt. Funds	39,317	-	1,040	-	-	-	-	40,357
Water and Sewer	66,655	-	651,997	-	-	763,008	150,000	1,631,660
Sanitation	328,201	1,236,593	-	629,606	-	-	-	2,194,400
	<u>\$ 434,173</u>	<u>\$ 1,236,593</u>	<u>\$ 956,381</u>	<u>\$ 802,229</u>	<u>\$ 120,464</u>	<u>\$ 1,400,880</u>	<u>\$ 431,480</u>	<u>\$ 5,382,200</u>

NOTE 12: COMMITMENTS AND CONTINGENCIES**Grant Programs**

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2015, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

NOTE 13: FUND BALANCES

The following is a detail of the governmental fund balances at September 30, 2015.

	Governmental Fund Balances			Total
	Nonspendable	Restricted	Unassigned	
General				
Prepaid items	\$ 120,664	\$ -	\$ -	\$ 120,664
Unassigned	-	-	2,945,445	2,945,445
2010 Capital Project				
Unassigned	-	-	(98,700)	(98,700)
2014 Capital Project				
Various capital projects	-	2,523,280	-	2,523,280
Debt Service				
Retirement of long-term debt	-	31,305	-	31,305
Nonmajor Governmental				
Tourism	-	372,746	-	372,746
Municipal court	-	102,994	-	102,994
Culture and recreation programs	-	60,336	-	60,336
Public safety	-	631,515	-	631,515
Various capital projects	-	353,950	-	353,950
	<u>\$ 120,664</u>	<u>\$ 4,076,126</u>	<u>\$ 2,846,745</u>	<u>\$ 7,043,535</u>

NOTE 14: DISPOSAL OF OPERATIONS

The City discontinued the services provided by the Sanitation Fund effectively on October 1, 2014. The assets were sold to the company that is assuming the services of collecting the residential solid waste for the citizens of the City. As a result of the disposal of the operations the Sanitation Fund recognized a gain of \$1,134,457 related to the transfer of the remaining debt that was assumed by the governmental activities. The governmental activities recognized a loss of \$1,208,541 on the transfer of debt in the in the government-wide statements. These amounts are presented as special items in the statement of activities.

NOTE 15: NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statement which became effective for fiscal year 2015:

Statement No. 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27." – This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of GASB No. 68 resulted restatement of beginning net position for the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date.

NOTE 15: NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS - (Continued)

Prospectively applying this change results in the adjustment below:

	Government-wide Statement of Activities	
	Governmental Activities	Business-type Activities
Net position at September 30, 2014, as previously reported	\$ 10,931,384	\$ 15,899,857
Recording of net pension liability as of September 30, 2014	(2,441,172)	(610,293)
Deferral for pension contributions made after the measurement date	426,665	106,666
Net position at September 30, 2014, as restated	<u>\$ 8,916,877</u>	<u>\$ 15,396,230</u>

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

NOTE 16: BAY CITY COMMUNITY DEVELOPMENT CORPORATION**A. Organization**

Bay City Community Development Corporation (CDC) is a public instrumentality and nonprofit economic development corporation under Section 4B of the Development Corporation Act of 1979, Article 5190.6 of the Revised Civil Statutes of Texas (the "Act") on March 13, 1998. Under the Act, the Board of Directors consists of five members appointed by and who serve at the pleasure of the City Council of the City of Bay City, Texas (the "City") for two-year terms.

CDC is organized exclusively for the purpose of benefiting and accomplishing public purposes of the City, by promoting, assisting and enhancing economic development activities for the City.

CDC prepares annual financial statements as of September 30 of each year. CDC reports its financial results as a governmental type entity.

B. Summary of Significant Accounting Policies

The accounting and reporting policies of Bay City Community Development Corporation conform to generally accepted accounting principles (GAAP), as applicable to governmental units. The more significant accounting policies are described below.

NOTE 16: BAY CITY COMMUNITY DEVELOPMENT CORPORATION - (Continued)
B. Summary of Significant Accounting Policies - (Continued)
1. Reporting Entity - Component Unit Status

CDC is reported as a component unit of the City of Bay City, Texas in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. CDC meets the criteria established by the GASB to be a component unit of the City, due to the fact that the City Council of Bay City appoints each member of its Board of Directors. CDC is included in the City's annual financial statements as a discretely presented component unit.

2. Government-wide and Fund Accounting

The combined government-wide and fund financial statements (i.e., the Statement of Net Position and Governmental Fund Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance) report information on all activities of CDC.

The combined Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance demonstrate the degree to which the direct expenses of CDC are offset by program revenues. Direct expenses are those that are clearly identifiable with CDC's specific function, that of economic development. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide and fund financial statements are provided for CDC with a column for adjustments between the two statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide information (i.e., the columns labeled "Statement of Net Position" and "Statement of Activities") in the financial statements is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund (i.e., the column labeled "General 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, CDC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred.

Sales taxes and interest revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when CDC receives cash.

NOTE 16: BAY CITY COMMUNITY DEVELOPMENT CORPORATION - (Continued)**B. Summary of Significant Accounting Policies - (Continued)****3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)**

CDC reports the following major governmental fund:

General Fund - The General Fund is CDC's operating fund. All financial resources are accounted for in the General Fund. The General Fund's transactions consist primarily of revenues realized from the collection of sales tax revenue dedicated to the purpose of economic development and income received on operating leases.

CDC reports no other funds.

4. Budgets and Budgetary Accounting

In accordance with CDC's articles of incorporation, the budget for the forthcoming fiscal year shall be submitted to, and approved by, the Board of Directors, and the City Council of the City.

In submitting the budget to the City Council, the Board of Directors shall submit the budget on forms prescribed by the City Manager and in accordance with the annual budget preparation schedule as set forth by the City Manager. The budget shall be submitted to the City Manager for inclusion in the annual budget presentation to the City Council. The budget proposed for adoption shall include the projected operating expenses, and such other budgetary information as shall be useful to or appropriate for the Board of Directors and the City Council of the City.

The budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by functions/categories. Expenditures may not exceed appropriations in total, which is the legal level of control. Within these above control levels, the Board of Directors may transfer appropriations without approval by the City. Any unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

For the year ended September 30, 2015, the final budget anticipated \$170,212 more in expenditures than revenues. Actual revenues and expenditures both exceeded the budget. The following individual expenditures exceeded their budgeted amounts:

	Final Budget	Actual	Negative Variance
Contractual service	\$ 17,160	\$ 45,306	\$ 28,146
Office	10,305	11,280	975
Professional services	16,500	16,763	263
City Comprehensive Center	-	23,375	23,375
Façade grants	25,000	50,000	25,000
Training Center operations	100,000	111,203	11,203
Telephone	4,500	4,582	82
Capital outlay	350,000	1,268,606	918,606

NOTE 16: BAY CITY COMMUNITY DEVELOPMENT CORPORATION - (Continued)
B. Summary of Significant Accounting Policies - (Continued)
5. Deposits and Investments

CDC'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.

CDC may invest its excess funds in certain instruments authorized by the Public Funds Investment Act (Chapter 2256.001 Texas Government Code). CDC limits the investment of excess funds to certificates of deposit issued by banking institutions and credit unions with office locations within the city limits of Bay City, Texas and Texas Local Government Investment Pool money market mutual fund. Investment balances with bank institutions should not exceed the limits of the Federal Deposit Insurance Corporation (FDIC).

CDC has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. Except as noted in Note 2, the investments of CDC are in compliance with CDC's investment policy.

6. Capital Assets

CDC's capital assets, which consist of land, buildings, and office equipment with an estimated useful life in excess of one year, are recorded at cost. Depreciation has been charged against these assets using the straight-line method of 39 years for buildings and five to seven years for equipment.

7. Long-term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities statement of net position.

8. Compensated Absences

CDC offers to full-time employees vacation, sick, and emergency leave. Leave time is accrued at different rates and no payment is made by CDC in lieu of taking the time off. However, in the case of termination, only accrued vacation time through the date of termination will be paid upon approval of the Board of Directors. Accumulated vacation time benefits payable were not considered material to the accompanying financial statements. As such, no liability for these benefits has been reported as of September 30, 2015.

NOTE 16: BAY CITY COMMUNITY DEVELOPMENT CORPORATION - (Continued)**C. Deposits and Investments**

As of September 30, 2015, CDC had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity</u>
Public Fund Investment Pool- TexPool	\$ 10,708	40 Days
Certificates of Deposit	\$ 1,446,120	17.81 Months

The investment pool operates in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The pool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pool is the same as the value of the shares in the pool.

Interest Rate Risk

In accordance with CDC's investment policy, CDC manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 36 months or less. CDC's certificates of deposits have original maturities that are 12 to 24 months.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. CDC was not exposed to credit risk.

Concentration of Credit Risk

CDC's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, CDC was not exposed to concentration of credit risk.

Custodial Credit Risk - Deposits

CDC's custodial credit risk refers to the risk that in the event of a bank failure, CDC's deposits may not be returned to it. CDC's investment policies require that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to CDC by the depository in an amount equal to at least 102% of the carrying value of deposits held.

As of September 30, 2015, CDC had deposits in three local financial institutions and the deposits were FDIC insured at each institution up to \$250,000. At September 30, 2015, \$73,277 of the CDC's bank balance of \$2,102,057 was under collateralized per CDC's investment policy by securities pledged to CDC by the financial institution.

NOTE 16: BAY CITY COMMUNITY DEVELOPMENT CORPORATION - (Continued)**C. Deposits and Investments - (Continued)****Custodial Credit Risk – Deposits (Continued)**

It is managements' recent understanding that CDC and any other 4A and 4B economic development entity is not considered a "political subdivision" as defined by Section 330.15 of the FDIC's regulation. Therefore, CDC's bank deposits may not be insured above \$250,000 even though they are secured by a pledged collateral agreement. In the event the collateral is not recognized by the FDIC, the CDC's deposits are subject to a loss of \$1,528,475 at September 30, 2015.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, CDC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. CDC was not exposed to custodial credit risk.

D. Sales Taxes

CDC, by law, is to receive one-fourth of the sales tax earned by the City and paid monthly to the City by the State of Texas. CDC's outstanding receivable of the sales tax earned by the City for the year ended September 30, 2015, was \$108,972. The City collects the sales tax from the State of Texas and then pays CDC's portion monthly when collected.

E. Capital Assets

CDC's capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 353,914	\$ -	\$ -	\$ 353,914
Construction in progress	35,512	1,304,596	1,302,442	37,666
Total capital assets not being depreciated	389,426	1,304,596	1,302,442	391,580
Capital assets being depreciated				
Machinery and equipment	147,108	3,141	-	150,249
Buildings	5,235,648	1,337,186	-	6,572,834
Total capital assets being depreciated	5,382,756	1,340,327	-	6,723,083
Less accumulated depreciation for				
Machinery and equipment	103,673	10,214	-	113,887
Buildings	1,068,990	137,476	-	1,206,466
Total accumulated depreciation	1,172,663	147,690	-	1,320,353
Total capital assets being depreciated, net	4,210,093	1,192,637	-	5,402,730
Governmental activities capital assets, net	\$ 4,599,519	\$ 2,497,233	\$ 1,302,442	\$ 5,794,310

Depreciation expense of \$147,690 was charged to the general government function/program.

NOTE 16: BAY CITY COMMUNITY DEVELOPMENT CORPORATION - (Continued)**F. Long-term Debt**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note payable	\$ 2,536,106	\$ -	\$ 301,770	\$ 2,234,336	\$ 308,674
	<u>\$ 2,536,106</u>	<u>\$ -</u>	<u>\$ 301,770</u>	<u>\$ 2,234,336</u>	<u>\$ 308,674</u>

In July 2013, CDC refinanced their 2007 Training Center note payable with Wells Fargo Bank. Terms of the note agreement call for interest at 2.280% with quarterly payments of \$89,452 until January 2022 and a final payment April 2022 of \$94,541. The loan is secured by a pledge of CDC sales tax revenues and requires a minimum Debt Service Coverage Ratio greater than or equal to 1.15. CDC is also required to maintain an unencumbered fund balance of not less than the Average Annual Debt Service.

Annual debt service requirements to maturity for notes payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 308,674	\$ 49,133	\$ 357,807
2017	316,004	41,803	357,807
2018	323,372	34,434	357,806
2019	330,913	26,894	357,807
2020	338,579	19,228	357,807
Thereafter	<u>616,794</u>	<u>14,456</u>	<u>631,250</u>
Totals	<u>\$ 2,234,336</u>	<u>\$ 185,948</u>	<u>\$ 2,420,284</u>

G. Lessor Agreements

CDC leases a commercial building to two unrelated third parties. CDC pays all utility bills then invoices its tenants for reimbursement of their portion. The variable costs, which are insurance and maintenance, are not reimbursed. CDC receives \$75,600 in rental fees each year.

H. Fund Balances

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," (the "Statement") was issued in February 2009. This Statement eliminates the requirement to report governmental fund balances as reserved, unreserved, or designated. It replaces those categories with five possible classifications of governmental fund balances - nonspendable, restricted, committed, assigned, and unassigned. This Statement also redefines the governmental funds for clarity and to be consistent with these new fund balance classifications. The provisions of this Statement are effective for periods beginning after June 15, 2010. CDC did not adopt a new fund balance policy in accordance with GASB Statement No. 54 during fiscal year 2015. This Statement did not have an impact on CDC's functions, financial position or results of operations.

NOTE 17: BAY CITY GAS COMPANY
A. Summary of Significant Accounting Policies

The combined financial statements of Bay City Gas Company (A Component Unit of the City of Bay City, Texas) (the "Company") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Bay City Gas Company is a component unit of the City of Bay City, Texas, and designated profits are used primarily for capital improvements of the City. The Bay City Gas Company is a single purpose government engaged in a business-type activity. The Company has no oversight responsibility for any other governmental entity since no entities are considered to be controlled by or dependent upon them. The Board of Trustees consists of the current Mayor of the City of Bay City, Texas, and two lifetime members. The surviving life trustee appoints the new lifetime member. The Board of Trustees has the authority to significantly influence operations and to hire management. They are responsible and accountable for all fiscal matters.

2. Basis of Presentation, Basis of Accounting
a. Basis of Presentation

The Bay City Gas Company is a single purpose business-type activity. As such they present only the enterprise fund financial statements, as they would only mirror the government-wide statements. The required statements under GASB No. 34 are the statement of net position, statement of revenues, expenses and changes in fund net position, and statement of cash flows.

b. Measurement Focus and Basis of Accounting

These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

When the Company incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Company's policy to use restricted resources first, then unrestricted resources.

c. Budgetary Information

Although proprietary funds are not required to adopt an annual budget, the Company has chosen to prepare and adopt annual budgets to aid in planning and monitoring of its activities. There were some insignificant variances in budget to actual as shown in the supplementary schedules.

NOTE 17: BAY CITY GAS COMPANY - (Continued)
A. Summary of Significant Accounting Policies - (Continued)
3. Assets, Liabilities and Net Position Financial Statement Accounts - (Continued)
a. Cash and Investments

The Company'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 for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurers' Investment Pool (Pool). In accordance with state law, the Pool operates 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 Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

b. Inventories and Prepaid Items

Inventories on the balance sheet are stated at latest cost. Inventory items are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$2,500 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Utility system	20-40
Buildings	40
Furniture and fixtures	7-10
Vehicles	5-10
Equipment	3-10

d. Receivable and Payable Balances

The Company believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year-end.

NOTE 17: BAY CITY GAS COMPANY - (Continued)
A. Summary of Significant Accounting Policies - (Continued)
3. Financial Statement Accounts - (Continued)
e. Compensated Absences

It is the policy of the Company to permit employees to accrue paid time off based on years of service. Unused paid time off may accumulate and carry forward up to a maximum of 120 or 160 hours which is paid upon termination. At March 31, 2014 the amount of accrued paid time off was determined to be immaterial to these financial statements and thus not recorded.

f. Proprietary fund operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Company are charges to customers for gas sales. Operating expenses for the fund include cost of sales, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

g. Net Position Flow Assumption

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

h. 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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Deposits and Investments

The Company's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Company's agent bank approved pledged securities in an amount sufficient to protect Company 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.

NOTE 17: BAY CITY GAS COMPANY - (Continued)**B. Deposits and Investments - (Continued)**Cash Deposits

Custodial credit risk - the risk that in the event of a bank failure, the government's deposits may not be returned to it. At March 31, 2015 the Company's bank balances (including nonparticipating certificates of deposit) were entirely insured or collateralized with securities held by the financial institutions trust department in the Company's name.

Investments

Within the guidelines provided in Government Code 10 (Chapter 2256), Public Funds Investment Act (short title), and subject to such other restrictions as may be imposed by the Board of Trustees, the Company is authorized to invest in obligations of or guaranteed by the governmental entities, certificates of deposit, repurchase agreements, commercial paper, mutual funds and public fund investment pools.

The Company's investments at March 31, 2015 are shown below.

Investment or Investment Type	Maturity	Rating	Fair Value	% of Portfolio
Certificates of Deposit - Nonparticipating	< 3 years	FDIC	\$ 411,080	22.14%
Certificates of Deposit - Participating	< 3 years	FDIC	589,826	31.77%
Certificates of Deposit - Participating	3-5 years	FDIC	744,523	40.10%
Certificates of Deposit - Participating	> 5 years	FDIC	59,215	3.19%
GNMA Pool	> 5 years	Not Rated	2,486	0.13%
UBS ag pfd tr IV	3-5 years	Baa3	49,375	2.66%
Total Investments			<u>\$ 1,856,505</u>	<u>100.00%</u>

Money market funds included in cash

Texpool	90 days	Aaam	\$ 856
Capital One brokerage	90 days	FDIC	117,272
UBS financial services	90 days	FDIC	358,236
Edward Jones Money Market Funds	60 days	Aaam	148,331
			<u>\$ 624,695</u>

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Company was exposed to the following specific investment risks at year-end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The Company policy is to exercise judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of principal as well as the probable income to be derived. The ratings for investments owned at year-end are included in the table above.

NOTE 17: BAY CITY GAS COMPANY - (Continued)**B. Deposits and Investments - (Continued)****Analysis of Specific Deposit and Investment Risks - (Continued)****b. Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is Company policy to diversify investments based on maturity and type of instrument. It is the policy of the Company to diversify its investments on the basis of maturity and type of instrument. The table above presents the portfolio breakdown.

c. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company limits its exposure to interest rate risk by diversifying its investments by security type and institution. It is the Company's policy to invest its funds in maturities sufficiently diverse, and in consideration of maximum maturity limits, to achieve safety of principal and adequate liquidity.

C. Capital Assets

Capital asset activity for the year ended March 31, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 416,861	\$ -	\$ 416,861
Capital assets, being depreciated:				
Utility plant	2,145,256	-	-	2,145,256
Buildings and improvements	520,800	11,105	-	531,905
Equipment	409,090	5,182	-	414,272
Vehicles	226,734	21,515	-	248,249
Total capital assets being depreciated	3,301,880	37,802	-	3,339,682
Less accumulated depreciation for:				
Utility plant	(1,371,430)	(59,565)	-	(1,430,995)
Buildings and improvements	(324,600)	(13,395)	-	(337,995)
Equipment	(259,267)	(20,949)	-	(280,216)
Vehicles	(155,199)	(12,638)	-	(167,837)
Total accumulated depreciation	(2,110,496)	(106,547)	-	(2,217,043)
Business-type activities capital assets, net	\$ 1,191,384	\$ 348,116	\$ -	\$ 1,539,500

Depreciation of \$106,547 was charged to the only function of providing natural gas.

D. Accounts Receivable

Accounts receivable of \$261,102 represent billed and uncollected service fees of \$283,807 less an 8% allowance for uncollectible service fees of \$22,705.

NOTE 17: BAY CITY GAS COMPANY - (Continued)**E. Risk Management**

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

F. Pension Plan**1. Plan Description**

The Company provides pension and supplemental death benefits for all of its eligible employees by participating in the City of Bay City's non-traditional, joint contributory, hybrid defined benefit plan with the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Company are within the options available in the governing state statutes of TMRS.

Since the Company participates with the City of Bay City, information related to the actuarial valuation of assets, accrued liability, funded ratio, unfunded liability, covered payroll and unfunded actuarial liability as a percentage of covered payroll is included in the totals for the City of Bay City, Texas. This information may be obtained by writing the City of Bay City, Texas, 1901 5th Street, Bay City, Texas 77414.

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 by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

1. Funding Policy and Annual Pension Cost

The current contribution rate for the Company is 10.74% of annual covered payroll and 5% for employees. The Company's contributions for the years ending March 31, 2015, 2014, and 2013 were \$68,572, \$60,278 and \$51,568, respectively, and were equal to the required contributions for each year.

2. Actuarial Methods and Assumptions

The ARC for the plan was determined as part of the December 31, 2013 actuarial valuation using the following methods and assumptions:

Actuarial cost method	entry age
Amortization method	level, closed
Remaining amortization	22
Inflation amortization	3.00%
Asset valuation method	10 yr smoothed
Investment return	7.00%
Projected salary increases	varies by age and service
Cost of living adjustments	2.10%

NOTE 17: BAY CITY GAS COMPANY - (Continued)**F. Pension Plan - (Continued)****3. Funded Status and Funding Progress**

As of December 31, 2013, the most recent actuarial valuation date, the funded status of the plan as a whole was as follows:

Schedule of Funding Progress						
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	\$ 25,161,208	\$ 29,820,207	\$ 4,658,999	84.38%	\$ 6,442,271	72.32%

The schedule of funding progress is presented as required supplementary information in the City's audit following the notes to the financial statements and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits. For more information please contact the City of Bay City, Texas 1901 5th Street, Bay City, Texas 77414.

G. Health Reimbursement Arrangement

In an effort to keep health insurance premiums at a reasonable level, the Company chose to go with a higher deductible plan at \$5,000 per employee. As a result of the higher deductible, they established a health reimbursement arrangement under Section 105 of the Internal Revenue Code in which the employees are issued a debit card for up to \$2,000 on medical expenses, leaving a \$3,000 gap they must fill before reaching the \$5,000 deductible. The plan may be terminated by the Company at anytime with any excess contributions reverting back to the Company. The plan is administered independently of the Company by TPA Systems, Inc.

H. Restricted Assets

Cash has been restricted for the payment of customer deposits.

I. Nonmonetary Transactions

It is Company policy to donate gas consumed by City owned property. At March 31, 2015, the amount of gas at retail prices consumed by City property was \$24,521.

Required Supplementary Information

CITY OF BAY CITY, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2015

With comparative totals for the year ended September 30, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES					
Taxes					
Ad valorem taxes	\$ 3,815,453	\$ 3,815,453	\$ 3,790,373	\$ (25,080)	\$ 3,428,359
Other taxes	4,901,681	4,901,681	5,161,997	260,316	4,486,121
Licenses and permits	263,750	263,750	235,881	(27,869)	205,321
Fines and forfeitures	307,700	307,700	276,911	(30,789)	286,748
Fees and charges for services	2,598,078	2,598,078	2,655,020	56,942	2,445,127
Intergovernmental	67,186	67,186	220,857	153,671	142,057
Investment income	2,000	2,000	867	(1,133)	1,512
Miscellaneous	815,459	815,459	855,090	39,631	748,906
Total revenues	<u>12,771,307</u>	<u>12,771,307</u>	<u>13,196,996</u>	<u>425,689</u>	<u>11,744,151</u>
EXPENDITURES					
Current					
General government	2,248,817	2,127,339	2,083,129	44,210	2,343,485
Public safety	4,580,822	4,743,602	4,569,082	174,520	4,425,534
Public works	3,140,148	3,502,793	3,156,360	346,433	2,851,186
Public activities and recreation	1,130,117	1,190,118	1,039,801	150,317	1,052,414
Debt service	470,373	470,373	69,810	400,563	69,811
Total expenditures	<u>11,570,277</u>	<u>12,034,225</u>	<u>10,918,182</u>	<u>1,116,043</u>	<u>10,742,430</u>
Excess (deficiency) of revenues over expenditures	1,201,030	737,082	2,278,814	1,541,732	1,001,721
OTHER FINANCING SOURCES (USES)					
Transfers in	113,126	113,126	434,173	321,047	94,675
Transfers out	(1,737,786)	(1,869,264)	(1,429,472)	439,792	(2,050,678)
Total other financing sources (uses)	<u>(1,624,660)</u>	<u>(1,756,138)</u>	<u>(995,299)</u>	<u>760,839</u>	<u>(1,956,003)</u>
Net change in fund balance	(423,630)	(1,019,056)	1,283,515	2,302,571	(954,282)
Fund balance at beginning of year	<u>1,785,594</u>	<u>1,782,594</u>	<u>1,782,594</u>	<u>-</u>	<u>2,736,876</u>
Fund balance at end of year	<u>\$ 1,361,964</u>	<u>\$ 763,538</u>	<u>\$ 3,066,109</u>	<u>\$ 2,302,571</u>	<u>\$ 1,782,594</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF BAY CITY, TEXAS**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Last ten years

	<u>2014</u>
Total Pension Liability	
Service cost	\$ 643,573
Interest (on the total pension liability)	2,059,531
Changes of benefit terms	-
Difference between expected and actual experience	(538,291)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(1,440,240)</u>
Net Change in Total Pension Liability	724,573
Total Pension Liability - Beginning	<u>29,820,207</u>
Total Pension Liability - Ending (a)	<u><u>\$ 30,544,780</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 709,618
Contributions - Employee	326,089
Net Investment Income	1,531,183
Benefit payments, including refunds of employee contributions	(1,440,240)
Administrative expense	(15,988)
Other	<u>(1,314)</u>
Net Change in Plan Fiduciary Net Position	1,109,348
Plan Fiduciary Net Position - Beginning	<u>26,768,742</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 27,878,090</u></u>
Net Pension Liability - Ending (a) - (b)	\$ 2,666,690
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.27%
Covered Employee Payroll	\$ 6,521,784
Net Pension Liability as a Percentage of Covered Employee Payroll	40.89%

NOTE: Information for the prior nine years was not readily available. The City will compile the respective information over the next nine years as provided by TMRS on a "measurement date" basis.

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF BAY CITY, TEXAS**SCHEDULE OF EMPLOYER CONTRIBUTIONS AND OTHER POSTEMPLOYMENT BENEFITS***Last ten fiscal years***SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	<u>2015</u>
Actuarially Determined Contribution	\$ 733,848
Contribution in relation to the actuarially determined contribution	<u>(751,736)</u>
Contribution deficiency (excess)	<u>\$ (17,888)</u>
Covered employee payroll	\$ 6,930,006
Contributions as a percentage of covered employee payroll	10.85%

NOTE: Information for the prior nine fiscal years was not readily available. The City will compile the respective information over the next nine fiscal years.

OTHER POSTEMPLOYMENT BENEFITS - (OPEB)

<u>Schedule of Funding Progress</u>						
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	\$ -	\$ 208,876	\$ 208,876	0.0%	\$ 6,442,271	3.24%

Actuarial Methods and Assumptions

Inflation rate	3.00% per annum
Investment rate of return	4.50% per annum, net of expenses
Actuarial cost method	Projected unit of credit cost method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.00% per annum
Medical trend	Initial rate of 7.50%, declining to an ultimate rate of 4.50% after 11 years

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF BAY CITY, TEXAS**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2015

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The City annually adopts budgets that are prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

NOTE 2: BUDGETARY LEGAL COMPLIANCE

For the year ended September 30, 2015 the City complied with budgetary restrictions at all departmental levels except the following. The following table details these variances:

<u>General Fund - Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
City general services	\$ 926,000	\$ 939,526	\$ 13,526
Main Street	40,391	45,164	4,773
Teen Center	4,544	7,443	2,899

NOTE 3: TEXAS MUNICIPAL RETIREMENT SYSTEMValuation Date

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	10 year Smoothed Market; 15% Soft Corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return*	7.00%, net of pension plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Combining and Individual Fund Statements and Schedules

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Civic and Cultural Arts - Accounts for the collection of hotel and motel taxes collected within the City.

Donation Fund - Accounts for various fund raising activities of the City.

Forfeiture Fund - Accounts for items seized by the City through the police department as a result of criminal investigations. The funds are used for one-time equipment purchases and other purchases to assist in police activities.

Police Task Force Fund - Accounts for funds received from governmental entities participating in the task force to be used to improve activities related to the prevention of illegal narcotics use, including drug education programs and law enforcement equipment.

Court Building Security Fund - Account for funds received in addition to municipal court fines to enhance these specific areas.

Court Technology Fund - Account for funds received in addition to municipal court fines to enhance these specific areas.

Disaster Recovery Fund - Accounts for funds to be held in reserve for an emergency or disaster.

Library Fund - Accounts for funds received to support the Bay City Public Library which its mission is "to serve as a community resource that expands and enriches the lives of residents by providing and promoting the use of the library system's information, education, and recreation resources."

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets. Capital Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Street Maintenance Fund - Accounts for monies transferred from other City funds for the improvement and construction of the City's streets.

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

	Special Revenue Funds				
	Civic and Cultural Arts Fund	Donation Fund	Forfeiture Fund	Police Task Force Fund	Court Building Security Fund
ASSETS					
Cash and cash equivalents	\$ 276,628	\$ 130,053	\$ 46,350	\$ 57,692	\$ 44,671
Receivables (net)					
Taxes	145,304	-	-	-	-
Accounts	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	2,758	-	-	-	-
Total assets	<u>\$ 424,690</u>	<u>\$ 130,053</u>	<u>\$ 46,350</u>	<u>\$ 57,692</u>	<u>\$ 44,671</u>
LIABILITIES					
Accounts payable	\$ 28,491	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	-	-	-	-	10
Deposits	23,453	-	-	-	-
Unearned revenue	-	-	9,663	17,636	-
Total liabilities	<u>51,944</u>	<u>-</u>	<u>9,663</u>	<u>17,636</u>	<u>10</u>
FUND BALANCES					
Restricted	372,746	130,053	36,687	40,056	44,661
Total fund balances	<u>372,746</u>	<u>130,053</u>	<u>36,687</u>	<u>40,056</u>	<u>44,661</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 424,690</u>	<u>\$ 130,053</u>	<u>\$ 46,350</u>	<u>\$ 57,692</u>	<u>\$ 44,671</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

Special Revenue Funds			Capital Project Fund	
Court Technology Fund	Disaster Recovery Fund	Library Fund	Street Maintenance Fund	Total
\$ 58,333	\$ 339,340	\$ 110,314	\$ 565,919	\$ 1,629,300
-	-	-	-	145,304
-	10	23	-	33
-	215,422	-	-	215,422
-	-	293	-	3,051
<u>\$ 58,333</u>	<u>\$ 554,772</u>	<u>\$ 110,630</u>	<u>\$ 565,919</u>	<u>\$ 1,993,110</u>
\$ -	\$ -	\$ 22,989	\$ 342,022	\$ 393,502
-	-	27,305	-	27,315
-	-	-	-	23,453
-	-	-	-	27,299
-	-	50,294	342,022	471,569
<u>58,333</u>	<u>554,772</u>	<u>60,336</u>	<u>223,897</u>	<u>1,521,541</u>
<u>58,333</u>	<u>554,772</u>	<u>60,336</u>	<u>223,897</u>	<u>1,521,541</u>
<u>\$ 58,333</u>	<u>\$ 554,772</u>	<u>\$ 110,630</u>	<u>\$ 565,919</u>	<u>\$ 1,993,110</u>

CITY OF BAY CITY, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

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

For the year ended September 30, 2015

	Special Revenue Funds				
	Civic and Cultural Arts Fund	Donation Fund	Forfeiture Fund	Police Task Force Fund	Court Building Security Fund
REVENUES					
Taxes					
Hotel - motel tax	\$ 630,804	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	1,335	31,345	4,036
Fees and charges for services	75,602	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment income					
Interest	-	29	19	-	-
Miscellaneous	3,682	51,765	-	-	-
Total revenues	<u>710,088</u>	<u>51,794</u>	<u>1,354</u>	<u>31,345</u>	<u>4,036</u>
EXPENDITURES					
Current					
Public safety	-	-	12,400	-	-
Public works	-	-	-	4,403	2,982
Cultural arts and public benefits	600,462	4,235	-	-	-
Debt service					
Capital outlay	-	-	-	-	-
Total expenditures	<u>600,462</u>	<u>4,235</u>	<u>12,400</u>	<u>4,403</u>	<u>2,982</u>
Excess (deficiency) of revenues over expenditures	109,626	47,559	(11,046)	26,942	1,054
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(39,316)	-	-	-	-
Total other financing sources (uses)	<u>(39,316)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	70,310	47,559	(11,046)	26,942	1,054
Fund balances at beginning of year	<u>302,436</u>	<u>82,494</u>	<u>47,733</u>	<u>13,114</u>	<u>43,607</u>
Fund balances at end of year	<u>\$ 372,746</u>	<u>\$ 130,053</u>	<u>\$ 36,687</u>	<u>\$ 40,056</u>	<u>\$ 44,661</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

Special Revenue Funds			Capital Project Fund	
Court Technology Fund	Disaster Recovery Fund	Library Fund	Street Maintenance Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 630,804
5,379	-	7,119	-	49,214
299	-	78,840	-	154,741
-	-	200,000	-	200,000
-	-	-	48	96
-	37	29,075	-	84,559
5,678	37	315,034	48	\$ 1,119,414
-	-	-	-	12,400
-	-	-	-	7,385
-	-	457,716	-	1,062,413
-	-	-	962,612	962,612
-	-	457,716	962,612	2,044,810
5,678	37	(142,682)	(962,564)	(925,396)
-	-	131,480	300,000	431,480
-	-	-	(1,041)	(40,357)
-	-	131,480	298,959	391,123
5,678	37	(11,202)	(663,605)	(534,273)
52,655	554,735	71,538	887,502	2,055,814
\$ 58,333	\$ 554,772	\$ 60,336	\$ 223,897	\$ 1,521,541

GENERAL FUND

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

CITY OF BAY CITY, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****BALANCE SHEET**

September 30, 2015

With comparative totals for September 30, 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,348,724	\$ 1,552,663
Receivables (net)		
Accounts	231,829	235,772
Taxes	552,821	539,572
Fines	67,298	64,799
Due from other governments	326,915	293,447
Due from other funds	1,699,539	242,748
Due from component unit	79,653	-
Prepaid items	120,664	55,374
Total assets	<u>\$ 4,427,443</u>	<u>\$ 2,984,375</u>
LIABILITIES		
Accounts payable	\$ 640,728	\$ 505,297
Accrued expenditures	140,112	118,387
Due to other governments	50,838	47,691
Deposits	3,555	2,450
Unearned revenue	16,000	32,000
Total liabilities	<u>851,233</u>	<u>705,825</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	510,101	495,956
Total deferred inflows of resources	<u>510,101</u>	<u>495,956</u>
FUND BALANCES		
Nonspendable	120,664	55,374
Unassigned	2,945,445	1,727,220
Total fund balances	<u>3,066,109</u>	<u>1,782,594</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,427,443</u>	<u>\$ 2,984,375</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2015

With comparative totals for the year ended September 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Taxes				
Ad valorem tax	\$ 3,815,453	\$ 3,790,373	\$ (25,080)	\$ 3,428,359
Sales tax	3,643,350	4,077,195	433,845	3,469,272
Mixed beverage tax	25,000	37,797	12,797	32,242
Franchise tax	1,233,331	1,047,005	(186,326)	984,607
Total taxes	8,717,134	8,952,370	235,236	7,914,480
Other revenues				
Licenses and permits	263,750	235,881	(27,869)	205,321
Fines and forfeitures	307,700	276,911	(30,789)	286,748
Fees and charges for services	2,598,078	2,655,020	56,942	2,445,127
Intergovernmental	67,186	220,857	153,671	142,057
Investment income	2,000	867	(1,133)	1,512
Miscellaneous	815,459	855,090	39,631	748,906
Total other revenues	4,054,173	4,244,626	190,453	3,829,671
Total revenues	12,771,307	13,196,996	425,689	11,744,151
EXPENDITURES				
Current				
General government				
City secretary				
Personnel services	214,174	214,901	(727)	188,994
Supplies	19,708	14,855	4,853	25,024
Repairs and maintenance	-	-	-	4,385
Other services and charges	84,328	79,685	4,643	63,922
Total city secretary	318,210	309,441	8,769	282,325
City general services				
Personnel services	-	7,962	(7,962)	2,358
Supplies	12,500	4,651	7,849	9,597
Repairs and maintenance	34,000	29,695	4,305	54,023
Other services and charges	879,500	897,218	(17,718)	1,000,586
Capital outlay	-	-	-	27,345
Total city general services	926,000	939,526	(13,526)	1,093,909
Administration and council				
Personnel services	250,011	222,027	27,984	231,892
Supplies	2,300	14,326	(12,026)	4,386
Other services and charges	5,200	8,152	(2,952)	6,561
Total administration and council	257,511	244,505	13,006	242,839

(continued)

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2015

With comparative totals for the year ended September 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Current - (Continued)				
General government - (Continued)				
Main Street				
Personnel services	\$ 17,974	\$ 3,440	\$ 14,534	\$ 17,275
Supplies	1,800	396	1,404	1,776
Other services and charges	20,617	41,328	(20,711)	10,737
Total Main Street	40,391	45,164	(4,773)	29,788
Municipal court				
Personnel services	180,221	156,021	24,200	158,769
Supplies	6,100	6,274	(174)	5,550
Repairs and maintenance	3,500	6,377	(2,877)	1,590
Other services and charges	115,800	111,014	4,786	108,630
Capital outlay	10,000	5,566	4,434	158,692
Total municipal court	315,621	285,252	30,369	433,231
Finance				
Personnel services	255,106	236,152	18,954	167,669
Supplies	8,500	7,469	1,031	8,621
Repairs and maintenance	-	-	-	3,258
Other services and charges	6,000	15,620	(9,620)	81,845
Total finance	269,606	259,241	10,365	261,393
Total general government	2,127,339	2,083,129	44,210	2,343,485
Public safety				
Police				
Personnel services	3,680,634	3,581,639	98,995	3,287,308
Supplies	121,308	88,272	33,036	115,725
Repairs and maintenance	48,330	38,838	9,492	41,540
Other services and charges	202,233	216,753	(14,520)	263,207
Capital outlay	137,780	146,194	(8,414)	117,446
Total police	4,190,285	4,071,696	118,589	3,825,226

(continued)

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2015

With comparative totals for the year ended September 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire				
Personnel services	\$ 57,617	\$ 36,285	\$ 21,332	\$ 54,050
Supplies	14,165	8,287	5,878	12,307
Repairs and maintenance	39,000	38,042	958	37,298
Other services and charges	76,232	74,842	1,390	101,118
Capital outlay	-	11,520	(11,520)	-
Total fire	187,014	168,976	18,038	204,773
Code enforcement				
Personnel services	120,642	107,813	12,829	190,278
Supplies	9,765	5,076	4,689	12,022
Repairs and maintenance	2,000	732	1,268	2,595
Other services and charges	53,675	44,490	9,185	49,901
Capital outlay	25,000	25,148	(148)	-
Total code enforcement	211,082	183,259	27,823	254,796
Animal impoundment				
Personnel services	135,262	128,263	6,999	116,550
Supplies	4,550	2,976	1,574	2,176
Repairs and maintenance	3,110	3,085	25	1,387
Other services and charges	12,299	10,827	1,472	20,626
Total animal impoundment	155,221	145,151	10,070	140,739
Total public safety	4,743,602	4,569,082	174,520	4,425,534
Public works				
Streets and sanitation				
Personnel services	1,059,339	884,235	175,104	760,494
Supplies	162,884	116,093	46,791	174,899
Repairs and maintenance	187,400	135,962	51,438	154,693
Other services and charges	1,731,526	1,795,704	(64,178)	1,603,241
Capital outlay	361,644	224,366	137,278	157,859
Total streets and sanitation	3,502,793	3,156,360	346,433	2,851,186
Total public works	3,502,793	3,156,360	346,433	2,851,186
Public activities and recreation				
City service center				
Personnel services	43,991	32,027	11,964	40,885
Supplies	3,100	4,869	(1,769)	3,515
Repairs and maintenance	2,500	6,745	(4,245)	11,598
Other services and charges	14,800	19,468	(4,668)	14,989
Total city service center	64,391	63,109	1,282	70,987

CITY OF BAY CITY, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2015

With comparative totals for the year ended September 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Current - (Continued)				
Public activities and recreation - (Continued)				
Parks and recreation				
Personnel services	\$ 492,718	\$ 395,808	\$ 96,910	\$ 356,125
Supplies	116,950	81,512	35,438	48,267
Repairs and maintenance	58,000	75,899	(17,899)	38,126
Other services and charges	227,750	211,208	16,542	310,305
Capital outlay	44,000	38,137	5,863	50,574
Total parks and recreation	939,418	802,564	136,854	803,397
Riverside park				
Personnel services	108,395	101,371	7,024	96,934
Supplies	11,250	15,555	(4,305)	12,657
Repairs and maintenance	19,700	11,367	8,333	22,914
Other services and charges	26,420	38,392	(11,972)	39,083
Capital outlay	16,000	-	16,000	-
Total riverside park	181,765	166,685	15,080	171,588
Library				
Personnel services	-	-	-	1,080
Total library	-	-	-	1,080
Teen center				
Repairs and maintenance	500	169	331	225
Other services and charges	4,044	7,274	(3,230)	5,137
Total teen center	4,544	7,443	(2,899)	5,362
Total public activities and recreation	1,190,118	1,039,801	150,317	1,052,414
Debt service				
Principal	386,581	61,153	325,428	58,110
Interest and fiscal charges	83,792	8,657	75,135	11,701
Total debt service	470,373	69,810	400,563	69,811
Total expenditures	12,034,225	10,918,182	1,116,043	10,742,430

(continued)

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2015

With comparative totals for the year ended September 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
Excess (deficiency) of revenues over expenditures	\$ 737,082	\$ 2,278,814	\$ 1,541,732	\$ 1,001,721
OTHER FINANCING SOURCES (USES)				
Transfers in	113,126	434,173	321,047	94,675
Transfers out	(1,869,264)	(1,429,472)	439,792	(2,050,678)
Total other financing sources (uses)	(1,756,138)	(995,299)	760,839	(1,956,003)
Net change in fund balance	(1,019,056)	1,283,515	2,302,571	(954,282)
Fund balance at beginning of year	1,782,594	1,782,594	-	2,736,876
Fund balance at end of year	<u>\$ 763,538</u>	<u>\$ 3,066,109</u>	<u>\$ 2,302,571</u>	<u>\$ 1,782,594</u> (concluded)

Attachment: CAFR - final - FY 2015 (2255 : Audit)

DEBT SERVICE FUND

The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for general government debt principal and interest.

CITY OF BAY CITY, TEXAS**MAJOR GOVERNMENTAL FUND - DEBT SERVICE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2015

With comparative totals for the year ended September 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current taxes	\$ 397,470	\$ 387,440	\$ (10,030)	\$ 384,295
Delinquent taxes	4,000	11,284	7,284	7,782
Penalty and interest	3,500	6,659	3,159	6,107
Investment income	-	-	-	272
Total revenues	<u>404,970</u>	<u>405,383</u>	<u>413</u>	<u>398,456</u>
EXPENDITURES				
Debt service				
Principal retirement	1,560,000	1,435,000	125,000	789,000
Interest and fiscal charges	415,488	357,569	57,919	246,296
Paying agents' fees and issue costs	-	1,800	(1,800)	2,000
Total expenditures	<u>1,975,488</u>	<u>1,794,369</u>	<u>181,119</u>	<u>1,037,296</u>
Excess (deficiency) of revenues over expenditures	(1,570,518)	(1,388,986)	181,532	(638,840)
OTHER FINANCING SOURCES (USES)				
Transfer out	-	(86,311)	(86,311)	-
Transfers in	<u>1,578,000</u>	<u>956,381</u>	<u>(621,619)</u>	<u>1,158,493</u>
Total other financing sources (uses)	<u>1,578,000</u>	<u>870,070</u>	<u>(707,930)</u>	<u>1,158,493</u>
Net change in fund balances	7,482	(518,916)	(526,398)	519,653
Fund balances at beginning of year	<u>550,221</u>	<u>550,221</u>	-	<u>30,568</u>
Fund balances at end of year	<u>\$ 557,703</u>	<u>\$ 31,305</u>	<u>\$ (526,398)</u>	<u>\$ 550,221</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis. The City maintains two Internal Service Funds: Equipment Maintenance and Information Technology.

Equipment Maintenance Fund - The Equipment Maintenance Fund was created to provide maintenance on City owned equipment and vehicles.

Information Technology Fund - The Information Technology Fund was created to provide computer maintenance and purchases for all departments of the City.

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

	Equipment Maintenance	Information Technology	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 57,298	\$ 13,008	\$ 70,306
Total current assets	<u>57,298</u>	<u>13,008</u>	<u>70,306</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	230,391	-	230,391
Buildings, improvements, and equipment (net)	<u>104,641</u>	<u>303,035</u>	<u>407,676</u>
Total noncurrent assets	<u>335,032</u>	<u>303,035</u>	<u>638,067</u>
Total assets	<u>392,330</u>	<u>316,043</u>	<u>708,373</u>
LIABILITIES			
Current liabilities			
Accounts payable	57,275	12,962	70,237
Accrued expenses	10,855	5,499	16,354
Accrued compensated absences	1,864	594	2,458
Current portion of capital lease payable	-	<u>50,073</u>	<u>50,073</u>
Total current liabilities	<u>69,994</u>	<u>69,128</u>	<u>139,122</u>
Noncurrent liabilities			
Accrued compensated absences	16,774	5,341	22,115
Capital lease payable	-	<u>101,617</u>	<u>101,617</u>
Total noncurrent liabilities	<u>16,774</u>	<u>106,958</u>	<u>123,732</u>
Total liabilities	<u>86,768</u>	<u>176,086</u>	<u>262,854</u>
NET POSITION			
Net investment in capital assets	335,032	151,345	486,377
Unrestricted	<u>(29,470)</u>	<u>(11,388)</u>	<u>(40,858)</u>
Total net position	<u>\$ 305,562</u>	<u>\$ 139,957</u>	<u>\$ 445,519</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION***For the year ended September 30, 2015*

	Equipment Maintenance	Information Technology	Total
OPERATING REVENUES			
Miscellaneous	\$ 366	\$ 112	\$ 478
Total operating revenues	<u>366</u>	<u>112</u>	<u>478</u>
OPERATING EXPENSES			
Equipment maintenance	602,379	-	602,379
Information technology	-	499,551	499,551
Depreciation	<u>15,985</u>	<u>112,461</u>	<u>128,446</u>
Total operating expenses	<u>618,364</u>	<u>612,012</u>	<u>1,230,376</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers and contributions	(617,998)	(611,900)	(1,229,898)
NONOPERATING REVENUES (EXPENSES)			
Interest and fiscal charges	-	(6,961)	(6,961)
Net nonoperating revenues (expenses)	<u>-</u>	<u>(6,961)</u>	<u>(6,961)</u>
Income (loss) before transfers and contributions	(617,998)	(618,861)	(1,236,859)
Contributions	147,218	-	147,218
Transfers in	<u>801,986</u>	<u>598,894</u>	<u>1,400,880</u>
Change in net position	331,206	(19,967)	311,239
Total net position at beginning of year	<u>(25,644)</u>	<u>159,924</u>	<u>134,280</u>
Total net position at end of year	<u>\$ 305,562</u>	<u>\$ 139,957</u>	<u>\$ 445,519</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2014

	Equipment Maintenance	Information Technology	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 366	\$ 112	\$ 478
Cash paid to suppliers for goods and services	(358,982)	(325,715)	(684,697)
Cash paid to employees for services	(193,694)	(215,519)	(409,213)
Net cash provided (used) by operating activities	<u>(552,310)</u>	<u>(541,122)</u>	<u>(1,093,432)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from other funds	801,986	598,894	1,400,880
Net cash provided (used) by noncapital financing activities	<u>801,986</u>	<u>598,894</u>	<u>1,400,880</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(193,442)	-	(193,442)
Principal paid on capital lease	-	(48,156)	(48,156)
Interest paid on capital lease	-	(6,962)	(6,962)
Net cash provided (used) by capital and related financing activities	<u>(193,442)</u>	<u>(55,118)</u>	<u>(248,560)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase (decrease) in cash and cash equivalents	56,234	2,654	58,888
Cash and cash equivalents at beginning of year	1,064	10,354	11,418
Cash and cash equivalents at end of year	<u>\$ 57,298</u>	<u>\$ 13,008</u>	<u>\$ 70,306</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (617,998)	\$ (611,900)	\$ (1,229,898)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	15,985	112,461	128,446
Changes in assets and liabilities			
(Increase) decrease in prepaid items	-	9,265	9,265
Increase (decrease) in accounts payable	40,397	(50,817)	(10,420)
Increase (decrease) in accrued expenses	1,240	1,621	2,861
Increase (decrease) in accrued compensated absences	8,066	(1,752)	6,314
Total adjustments	<u>65,688</u>	<u>70,778</u>	<u>136,466</u>
Net cash provided (used) by operating activities	<u>\$ (552,310)</u>	<u>\$ (541,122)</u>	<u>\$ (1,093,432)</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.....	96
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and water and sewer revenues.....	107
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	113
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments	118
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	120

CITY OF BAY CITY, TEXAS**NET POSITION BY COMPONENT (1)***Last ten fiscal years*

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Invested in capital assets, net of related debt	\$ 7,499,745	\$ 12,496,157	\$ 13,059,039	\$ 11,507,535
Restricted	1,441,232	1,345,964	2,327,929	3,493,985
Unrestricted	485,118	435,647	912,769	1,554,168
Total governmental activities net position	<u>\$ 9,426,095</u>	<u>\$ 14,277,768</u>	<u>\$ 16,299,737</u>	<u>\$ 16,555,688</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 4,957,372	\$ 6,655,233	\$ 7,522,741	\$ 9,390,238
Restricted	210,088	542,632	564,651	530,241
Unrestricted	2,147,890	1,447,433	731,981	688,817
Total business-type activities net position	<u>\$ 7,315,350</u>	<u>\$ 8,645,298</u>	<u>\$ 8,819,373</u>	<u>\$ 10,609,296</u>
Primary government				
Invested in capital assets, net of related debt	\$ 12,457,117	\$ 19,151,390	\$ 20,581,780	\$ 20,897,773
Restricted	1,651,320	1,888,596	2,892,580	4,024,226
Unrestricted	2,633,008	1,883,080	1,644,750	2,242,985
Total primary government activities net position	<u>\$ 16,741,445</u>	<u>\$ 22,923,066</u>	<u>\$ 25,119,110</u>	<u>\$ 27,164,984</u>

(1) Accrual basis of accounting

NOTE: The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

Attachment: CAFR - final - FY 2015 (2255 : Audit)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 12,166,490	\$ 7,541,744	\$ 7,904,146	\$ 8,444,943	\$ 7,050,325	\$ 6,540,844
-	407,739	410,945	132,143	1,073,579	646,117
<u>4,195,081</u>	<u>4,373,229</u>	<u>5,054,417</u>	<u>3,865,608</u>	<u>2,807,480</u>	<u>3,391,400</u>
<u>\$ 16,361,571</u>	<u>\$ 12,322,712</u>	<u>\$ 13,369,508</u>	<u>\$ 12,442,694</u>	<u>\$ 10,931,384</u>	<u>\$10,578,361</u>
\$ 9,836,242	\$ 10,543,619	\$ 10,948,774	\$ 12,245,026	\$ 9,681,894	\$13,826,216
548,261	339,292	-	-	-	-
<u>1,366,416</u>	<u>2,359,186</u>	<u>2,952,528</u>	<u>2,668,278</u>	<u>6,217,963</u>	<u>1,518,085</u>
<u>\$ 11,750,919</u>	<u>\$ 13,242,097</u>	<u>\$ 13,901,302</u>	<u>\$ 14,913,304</u>	<u>\$ 15,899,857</u>	<u>\$15,344,301</u>
\$ 22,002,732	\$ 18,085,363	\$ 18,852,920	\$ 20,689,969	\$ 16,732,219	\$20,367,060
548,261	747,031	410,945	132,143	1,073,579	646,117
<u>5,561,497</u>	<u>6,732,415</u>	<u>8,006,945</u>	<u>6,533,886</u>	<u>9,025,443</u>	<u>4,909,485</u>
<u>\$ 28,112,490</u>	<u>\$ 25,564,809</u>	<u>\$ 27,270,810</u>	<u>\$ 27,355,998</u>	<u>\$ 26,831,241</u>	<u>\$25,922,662</u>

CITY OF BAY CITY, TEXAS
CHANGES IN NET POSITION (1)
Last ten fiscal years

	Fiscal Year		
	2006	2007	2008
Governmental activities			
Expenses			
General government	\$ 760,200	\$ 1,702,393	\$ 1,942,008
Public safety	2,861,918	3,133,963	3,331,324
Public works	962,368	2,706,333	2,052,743
Construction for outside parties	-	-	-
Public activities and recreation	579,782	1,096,893	1,258,628
Cultural arts and public benefits	2,190,512	3,095,223	1,990,500
Interest on long-term debt	251,275	332,332	464,827
Total expenses	<u>7,606,055</u>	<u>12,067,137</u>	<u>11,040,030</u>
Program revenues			
Charges for services			
General government	171,382	150,025	207,903
Public safety	67,067	65,799	67,302
Public works	4,618	4,425	6,335
Construction for outside parties	-	-	-
Public activities and recreation	201,303	209,571	292,469
Cultural arts and public benefits	-	-	-
Operating grants and contributions	1,306,157	794,498	2,041,285
Capital grants and contributions	-	-	-
Total program revenues	<u>1,750,527</u>	<u>1,224,318</u>	<u>2,615,294</u>
Total governmental activities net program (expense) revenue	(5,855,528)	(10,842,819)	(8,424,736)
General revenues and other changes in net position			
Taxes			
Property taxes	2,492,991	2,594,281	2,761,842
Sales taxes	3,951,087	4,817,754	5,239,480
Franchise taxes	701,272	773,840	770,588
Other taxes	-	-	-
Investment earnings	107,901	125,914	54,491
Miscellaneous	-	1,031,784	1,558,912
Special item - discontinued operations	-	-	-
Transfers	100,990	(160,842)	61,392
Total general revenues and other changes in net position	<u>7,354,241</u>	<u>9,182,731</u>	<u>10,446,705</u>
Total governmental activities change in net position	<u>\$ 1,498,713</u>	<u>\$ (1,660,088)</u>	<u>\$ 2,021,969</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
\$ 2,473,385	\$ 2,012,790	\$ 2,592,172	\$ 1,992,271	\$ 2,321,123	\$ 2,295,602	\$ 2,147,396
4,099,853	3,771,477	4,248,889	4,073,513	4,303,562	4,662,949	4,661,538
2,849,343	2,340,844	3,571,109	2,377,316	2,656,096	5,854,434	5,595,487
-	2,320,411	-	-	-	-	-
1,788,850	1,929,843	1,580,288	1,235,690	1,227,420	1,167,733	1,158,502
1,259,694	643,792	447,854	684,950	872,918	969,696	1,062,413
381,608	583,214	576,214	331,816	495,527	305,880	340,100
<u>12,852,733</u>	<u>13,602,371</u>	<u>13,016,526</u>	<u>10,695,556</u>	<u>11,876,646</u>	<u>15,256,294</u>	<u>14,965,436</u>
254,034	240,650	210,778	94,793	81,818	999,059	235,881
72,011	406,931	1,139,693	620,749	538,848	149,354	326,125
13,033	-	-	-	59,130	1,832,671	2,657,519
-	1,847,562	-	-	-	-	-
191,462	203,546	199,657	161,334	154,573	260,195	154,741
80,088	-	-	-	-	-	-
2,172,387	439,912	334,370	111,982	281,587	280,889	200,000
-	-	-	-	-	-	386,329
<u>2,783,015</u>	<u>3,138,601</u>	<u>1,884,498</u>	<u>988,858</u>	<u>1,115,956</u>	<u>3,522,168</u>	<u>3,960,595</u>
(10,069,718)	(10,463,770)	(11,132,028)	(9,706,698)	(10,760,690)	(11,734,126)	(11,004,841)
3,059,879	3,414,585	3,724,754	3,728,127	3,769,351	3,749,040	4,098,134
5,076,657	3,986,482	4,423,374	3,385,962	3,440,988	3,469,272	4,077,195
756,851	860,750	794,918	1,099,039	1,087,598	984,607	1,047,005
-	432,144	478,484	474,242	497,136	614,073	668,601
26,809	14,401	14,914	6,163	5,779	3,653	2,660
514,177	1,014,427	1,100,694	924,999	685,286	709,694	1,077,904
-	-	-	-	-	-	(1,208,541)
(842,299)	74,131	98,338	1,134,962	501,909	692,477	2,903,367
<u>8,592,074</u>	<u>9,796,920</u>	<u>10,635,476</u>	<u>10,753,494</u>	<u>9,988,047</u>	<u>10,222,816</u>	<u>12,666,325</u>
\$ <u>(1,477,644)</u>	\$ <u>(666,850)</u>	\$ <u>(496,552)</u>	\$ <u>1,046,796</u>	\$ <u>(772,643)</u>	\$ <u>(1,511,310)</u>	\$ <u>1,661,484</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

(continued)

CITY OF BAY CITY, TEXAS
CHANGES IN NET POSITION (1)
Last ten fiscal years

	Fiscal Year		
	2006	2007	2008
Business-type activities			
Expenses			
Water and sewer	\$ 4,133,097	\$ 4,563,790	\$ 4,923,927
Sanitation	-	-	-
Airport	467,058	324,101	420,223
Total expenses	4,600,155	4,887,891	5,344,150
Program revenues			
Charges for services			
Water and sewer	5,361,790	5,310,276	5,282,569
Sanitation	-	-	-
Airport	287,323	147,004	186,511
Operating grants and contributions	19,965	350,747	13,869
Capital grants and contributions	-	-	-
Total program revenues	5,669,078	5,808,027	5,482,949
Total business-type activities net program (expense) revenue	1,068,923	920,136	138,799
General revenues and other changes in net position			
Unrestricted investment earnings	67,188	61,157	36,317
Miscellaneous	-	187,813	60,351
Special item - discontinued operations	-	-	-
Transfers	(100,990)	160,842	(61,392)
Total general revenues and other changes in net position	(33,802)	409,812	35,276
Total business-type activities change in net position	\$ 1,035,121	\$ 1,329,948	\$ 174,075
Total primary government change in net position	\$ 2,533,834	\$ (330,140)	\$ 2,196,044

(1) Accrual basis of accounting

NOTE: The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard

Attachment: CAFR - final - FY 2015 (2255 : Audit)

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
\$ 4,706,783	\$ 5,258,532	\$ 5,027,229	\$ 5,026,141	\$ 5,134,720	\$ 5,775,681	\$ 6,063,713
113,933	1,952,979	1,890,468	2,482,660	2,446,553	503,196	-
397,202	411,863	401,842	389,402	459,418	540,255	550,555
<u>5,217,918</u>	<u>7,623,374</u>	<u>7,319,539</u>	<u>7,898,203</u>	<u>8,040,691</u>	<u>6,819,132</u>	<u>6,614,268</u>
5,561,610	5,730,656	6,326,946	6,521,880	6,367,177	6,582,946	6,873,149
-	2,176,550	2,204,210	2,632,229	2,768,743	449,082	-
159,161	201,474	227,920	239,173	250,113	327,899	340,572
361,082	-	-	220,997	27,468	10,914	-
-	726,097	123,325	-	584,651	975,226	1,115,799
<u>6,081,853</u>	<u>8,834,777</u>	<u>8,882,401</u>	<u>9,614,279</u>	<u>9,998,152</u>	<u>8,346,067</u>	<u>8,329,520</u>
863,935	1,211,403	1,562,862	1,716,076	1,957,461	1,526,935	1,715,252
9,639	4,478	3,677	5,422	3,507	3,680	1,729
185,058	17,225	22,977	3,608	3,487	148,415	-
-	-	-	-	-	-	(2,903,367)
842,299	(74,131)	(98,338)	(1,134,962)	(501,909)	(692,477)	1,134,457
<u>1,036,996</u>	<u>(52,428)</u>	<u>(71,684)</u>	<u>(1,125,932)</u>	<u>(494,915)</u>	<u>(540,382)</u>	<u>(1,767,181)</u>
\$ 1,900,931	\$ 1,158,975	\$ 1,491,178	\$ 590,144	\$ 1,462,546	\$ 986,553	\$ (51,929)
\$ 423,287	\$ 492,125	\$ 994,626	\$ 1,636,940	\$ 689,903	\$ (524,757)	\$ 1,609,555

(concluded)

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**FUND BALANCES, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable				
Deferred expenditures	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved				
Deferred expenditures	-	-	-	-
Unreserved	504,295	491,835	955,593	1,622,414
Total general fund	<u>\$ 504,295</u>	<u>\$ 491,835</u>	<u>\$ 955,593</u>	<u>\$ 1,622,414</u>
All Other Governmental Funds				
Restricted				
Retirement of long-term debt	\$ -	\$ -	\$ -	\$ -
Capital project funds	190,142	-	-	832,503
Community development	884,152	659,675	1,204,720	1,356,292
Special revenue funds	384,855	733,622	1,190,398	1,325,206
Tourism	-	-	-	-
Municipal Court	-	-	-	-
Culture and Recreation	-	-	-	-
Public Safety	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 1,459,149</u>	<u>\$ 1,393,297</u>	<u>\$ 2,395,118</u>	<u>\$ 3,514,001</u>

(1) Modified accrual basis of accounting

NOTE: Due to the changes in the City's fund structure initiated when GASB Statement No. 34 was implemented, the fund balance information is available only beginning in 2004.

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

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Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ 53,128	\$ 108,116	\$ 16,879	\$ 55,374	\$ 120,664
-	7,201	7,201	-	-	-
-	2,013,578	2,821,025	2,719,997	1,727,220	2,945,445
24,824	-	-	-	-	-
1,708,708	-	-	-	-	-
<u>\$ 1,733,532</u>	<u>\$ 2,073,907</u>	<u>\$ 2,936,342</u>	<u>\$ 2,736,876</u>	<u>\$ 1,782,594</u>	<u>\$ 3,066,109</u>
\$ 5,431	\$ 10,285	\$ 11,275	\$ 30,568	\$ 550,221	\$ 31,305
3,663,379	1,365,723	1,337,295	1,191,190	2,022,383	2,877,230
1,810,198	1,806,794	-	-	-	-
-	884,510	823,579	-	-	-
-	-	-	221,561	302,436	372,746
-	-	-	101,575	96,262	102,994
-	-	-	42,270	71,538	60,336
-	-	-	610,912	615,582	631,515
-	-	-	-	(40,379)	(98,700)
<u>\$ 5,479,008</u>	<u>\$ 4,067,312</u>	<u>\$ 2,172,149</u>	<u>\$ 2,198,076</u>	<u>\$ 3,618,043</u>	<u>\$ 3,977,426</u>

CITY OF BAY CITY, TEXAS**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 7,087,728	\$ 8,247,870	\$ 8,793,242	\$ 8,892,810
Licenses and permits	4,993	4,425	6,335	13,033
Fines and forfeitures	171,382	150,025	207,903	254,034
Fees and charges for services	267,995	275,369	359,771	263,473
Intergovernmental	321,043	572,709	610,382	399,741
Investment income	107,901	125,914	54,491	26,809
Miscellaneous	985,113	1,253,574	2,989,815	2,446,952
Total revenues	8,946,155	10,629,886	13,021,939	12,296,852
Expenditures				
Current				
General government	1,571,107	1,734,186	1,903,178	2,048,581
Public safety	2,847,401	3,111,551	3,205,678	3,301,382
Public works	848,987	964,075	979,730	1,071,482
Public activities and recreation	1,403,702	1,046,249	1,189,963	1,158,364
Cultural arts and public benefits	2,174,859	1,083,632	988,541	1,056,464
Capital outlay	901,429	6,031,745	2,548,637	2,502,372
Debt service				
Principal retirement	315,447	327,694	357,054	529,847
Interest and fiscal charges	252,907	302,916	444,971	428,781
Bond issue costs	-	20,174	-	122,550
Total expenditures	10,315,839	14,622,222	11,617,752	12,219,823
Excess (deficiency) of revenues over expenditures	(1,369,684)	(3,992,336)	1,404,187	77,029
Other financing sources (uses)				
Debt issuance	410,000	4,127,000	-	2,500,000
Premium on bonds	-	-	-	50,974
Payment to escrow				
Transfers in	1,140,669	5,379,746	1,214,833	439,236
Transfers out	(1,039,679)	(5,540,588)	(1,153,441)	(1,281,535)
Total other financing sources (uses)	510,990	3,966,158	61,392	1,708,675
Changes in fund balances	\$ (858,694)	\$ (26,178)	\$ 1,465,579	\$ 1,785,704
Debt service as a percentage of noncapital expenditures	<u>6.04%</u>	<u>7.34%</u>	<u>8.84%</u>	<u>9.87%</u>

(1) Modified accrual basis of accounting

NOTE: Due to the changes in the City's fund structure initiated when GASB Statement No. 34 was implemented, the changes in fund balance information is available only beginning in 2004.

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Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 8,646,929	\$ 9,398,598	\$ 8,764,173	\$ 8,845,091	\$ 8,894,495	\$ 9,988,557
9,813	9,335	8,947	5,706	205,321	235,881
402,318	736,614	466,970	378,455	339,905	326,125
2,286,558	751,218	408,908	444,908	2,585,325	2,809,761
156,826	334,370	111,982	281,587	342,057	420,857
14,401	14,914	6,159	5,773	3,647	2,660
1,174,532	1,102,026	954,226	713,618	805,993	998,560
<u>12,691,377</u>	<u>12,347,075</u>	<u>10,721,365</u>	<u>10,675,138</u>	<u>13,176,743</u>	<u>14,782,401</u>
2,114,190	2,553,230	1,862,353	2,031,233	2,343,485	2,083,129
3,692,061	4,074,012	3,840,767	4,118,972	4,472,587	4,581,482
1,050,523	1,617,989	981,178	1,142,463	2,895,565	3,163,745
1,594,677	1,210,329	1,079,833	996,117	1,052,414	1,039,801
643,792	447,854	684,950	872,918	969,696	1,062,413
3,569,151	2,351,256	467,801	1,005,219	1,072,074	2,245,491
771,731	883,784	653,759	775,707	847,110	1,496,153
484,390	622,147	398,754	348,511	257,997	368,026
90,183	-	-	154,249	71,973	-
<u>14,010,698</u>	<u>13,760,601</u>	<u>9,969,395</u>	<u>11,445,389</u>	<u>13,982,901</u>	<u>16,040,240</u>
(1,319,321)	(1,413,526)	751,970	(770,251)	(806,158)	(1,257,839)
3,300,000	-	-	4,672,000	1,598,000	1,398,250
-	-	-	65,470	67,893	-
510,232	1,271,561	568,493	(3,960,250)	-	-
(436,101)	(1,173,223)	(576,872)	874,319	1,684,648	3,058,627
<u>3,374,131</u>	<u>98,338</u>	<u>(8,379)</u>	<u>(1,054,827)</u>	<u>(2,078,698)</u>	<u>(1,556,140)</u>
<u>3,374,131</u>	<u>98,338</u>	<u>(8,379)</u>	<u>596,712</u>	<u>1,271,843</u>	<u>2,900,737</u>
\$ <u>2,054,810</u>	\$ <u>(1,315,188)</u>	\$ <u>743,591</u>	\$ <u>(173,539)</u>	\$ <u>465,685</u>	\$ <u>1,642,898</u>
<u>12.03%</u>	<u>13.20%</u>	<u>11.09%</u>	<u>10.25%</u>	<u>8.19%</u>	<u>11.98%</u>

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CITY OF BAY CITY, TEXAS**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Property</u>	<u>Franchise</u>	<u>Sales</u>	<u>Other</u>	<u>Total</u>
2006	2,492,991	701,272	3,951,087	-	7,145,350
2007	2,594,281	773,840	4,817,754	-	8,185,875
2008*	2,761,842	770,588	5,218,435	21,045	8,771,910
2009	3,059,879	756,851	5,058,673	17,984	8,893,387
2010	3,414,585	860,750	3,986,482	432,144	8,693,961
2011	3,724,754	794,918	4,423,374	478,484	9,421,530
2012	3,804,930	1,099,039	3,385,962	474,242	8,764,173
2013	3,819,370	1,087,598	3,440,987	22,814	8,370,769
2014	3,826,542	984,606	2,313,622	30,201	7,154,971
2015	4,196,060	1,047,005	4,077,195	37,797	9,358,057

(1) Modified accrual basis of accounting

*Prior to fiscal year 2008, the city reported other taxes with sales taxes.

CITY OF BAY CITY, TEXAS**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Tax Roll</u>	<u>Residential Property</u>	<u>Commercial and Industrial Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2003	2002	\$ 252,195,082	\$ 156,827,930	\$ 65,545,234	\$ 81,415,894	\$ 393,152,352	\$ 0.51132
2004	2003	281,112,399	185,476,173	65,328,960	112,321,188	419,596,344	0.51132
2005	2004	282,892,640	186,052,492	64,969,467	107,349,527	426,565,072	0.51132
2006	2005	302,070,059	198,116,842	63,450,950	111,205,955	452,431,896	0.51132
2007	2006	324,883,782	229,169,949	63,687,770	118,880,723	498,860,778	0.51132
2008	2007	297,803,190	269,820,743	78,319,795	109,393,757	536,549,971	0.51132
2009	2008	299,647,821	331,396,398	82,412,631	111,046,253	602,410,597	0.50570
2010	2009	300,788,222	366,471,169	79,533,050	110,153,022	636,639,419	0.52934
2011	2010	312,638,392	381,341,753	77,386,950	111,494,200	659,872,895	0.56424
2012	2011	321,373,344	373,573,725	72,696,140	113,301,648	654,341,561	0.56981
2013	2012	317,325,756	375,135,265	69,127,650	106,208,499	655,380,172	0.57191
2014	2013	319,956,500	390,643,260	71,784,570	107,744,036	677,511,832	0.60209
2015	2014	330,002,930	445,688,477	88,166,790	115,450,676	743,532,492	0.60209

(1) Includes tax-exempt property

NOTE: Property in the City is reassessed annually. The City assesses property at 100% of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Matagorda County Appraisal District

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS

*DIRECT AND OVERLAPPING PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUE
Last ten fiscal years*

Fiscal Year	City Direct Rates			Overlapping Rates		
	Debt Service	General Fund	Total	Bay City ISD	Matagorda County	Port of Bay City
2003	\$ -	\$ 0.51132	\$ 0.51132	\$ 1.65000	\$ 0.32160	\$ 0.04237
2004	-	0.51132	0.51132	1.65000	0.31837	0.04138
2005	-	0.51132	0.51132	1.65000	0.31837	0.04047
2006	-	0.51132	0.51132	1.65000	0.30852	0.03607
2007	-	0.51132	0.51132	1.52000	0.26829	0.03269
2008	-	0.51132	0.51132	1.32000	0.27590	0.03475
2009	-	0.50570	0.50570	1.31380	0.27518	0.03420
2010	0.03000	0.49934	0.52934	1.32000	0.27498	0.03245
2011	0.04510	0.51914	0.56424	1.32000	0.27478	0.03116
2012	0.04521	0.52460	0.56981	1.32000	0.28162	0.03175
2013	0.04516	0.52675	0.57191	1.32000	0.29878	0.03284
2014	0.05866	0.54343	0.60209	1.34064	0.35867	0.04044
2015	0.05866	0.54343	0.60209	1.34064	0.39568	0.04539

SOURCE: Tax department records of the various taxing authorities

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Overlapping Rates			
Matagorda Co. Hospital District	Matagorda Co. Drainage District #1	Matagorda Co. Conservation & Reclaim. Distr.	Total
\$ 0.15070	\$ 0.14235	\$ 0.00729	\$ 2.82563
0.16140	0.13549	0.00713	2.82509
0.20999	0.13500	0.00682	2.87197
0.21240	0.12241	0.00604	2.84676
0.17214	0.10355	0.05080	2.65879
0.17724	0.09919	0.00525	2.42365
0.17864	0.09221	0.00521	2.40494
0.18588	0.09329	0.00497	2.44091
0.18851	0.09627	0.00481	2.47977
0.20003	0.09628	0.00456	2.50405
0.23163	0.09524	0.00470	2.55510
0.27624	0.07750	0.00577	2.70135
0.30147	0.07158	0.00646	2.76331

CITY OF BAY CITY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
(UNAUDITED)
Current Year and Ten Years Ago

2015		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Oak Manor Bay City LLC	9,190,320	1.24%
Wal-Mart Real Estate Business Trust	\$ 8,875,580	1.19%
Wal-Mart Store #01-1405	8,445,300	1.14%
Fortress Lodging LLC	7,183,820	0.97%
AEP Texas Central Co.	7,254,160	0.98%
Pasupatinath LLC	5,100,000	0.69%
Mosaic Nichols LP	5,148,780	0.69%
Roll-Lift USA, LLC	4,983,560	0.67%
Baker Hughes Oilfield Operations	4,766,440	0.64%
Bay City Accommodations LTD	4,400,000	0.59%
	<u>\$ 56,157,640</u>	<u>8.80%</u>

2006		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
AEP Texas Central Co.	\$ 6,377,780	0.97%
Sterling Court LLC	5,169,320	0.79%
Wal-Mart Store #01-1405	5,063,540	0.77%
Southwestern Bell Telephone	3,688,220	0.56%
H E Butt Grocery Company	3,488,950	0.53%
W R H Bay City LTD	3,168,030	0.48%
Don Davis Buick Pontiac	2,528,510	0.39%
H E Butt Grocery Co	2,032,510	0.31%
Baywood Square of Bay City LTD	1,931,350	0.30%
Walton Place Limited Partnership	<u>1,770,960</u>	<u>0.27%</u>
	<u>\$ 35,219,170</u>	<u>5.37%</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

SOURCE: Matagorda Central Appraisal District

CITY OF BAY CITY, TEXAS**PROPERTY TAX LEVIES AND COLLECTIONS***Last ten fiscal years*

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 2,010,267	\$ 1,936,001	96.31%	\$ 74,266	\$ 2,010,267	100.00%
2004	2,145,480	2,047,880	95.45%	77,189	2,125,069	99.05%
2005	2,181,113	2,090,348	95.84%	90,765	2,181,113	100.00%
2006	2,313,375	2,252,304	97.36%	61,071	2,313,375	100.00%
2007	2,553,038	2,489,828	97.52%	63,210	2,553,038	100.00%
2008	2,746,433	2,640,817	96.15%	81,031	2,721,848	99.10%
2009	3,049,571	2,923,979	95.88%	76,593	3,000,572	98.39%
2010	3,369,687	3,196,750	94.87%	99,689	3,296,439	97.83%
2011	3,723,267	3,577,925	96.10%	123,896	3,701,821	99.42%
2012	3,729,188	3,605,518	96.68%	-	3,605,518	96.68%
2013	3,747,573	3,634,938	96.99%	113,000	3,747,938	100.01%
2014	3,721,559	3,708,687	99.65%	107,707	3,816,394	102.55%
2015	4,082,487	3,980,062	97.49%	129,533	4,109,594	100.66%

SOURCES: Tax assessor/collector's records

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CITY OF BAY CITY, TEXAS**WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Gallons of Water Produced</u>	<u>Gallons of Water Consumed</u>	<u>Gallons of Water Unbilled</u>	<u>Average Percent Unbilled</u>	<u>Gallons of Wastewater Treated</u>
2004	935,102,000	664,892,900	270,209,100	28.90%	837,680,000
2005	907,796,000	662,808,600	244,987,400	26.99%	850,374,000
2006	817,903,300	635,455,100	182,448,200	22.31%	882,079,000
2007	752,369,000	600,756,200	151,612,800	20.15%	1,098,387,000
2008	860,144,000	651,039,200	209,104,800	24.31%	792,502,000
2009	913,706,000	709,826,800	203,879,200	22.31%	785,700,000
2010	695,911,000	605,383,800	90,527,200	13.01%	716,328,000
2011	820,538,000	732,557,300	87,980,700	10.72%	574,870,000
2012	809,245,000	749,527,000	59,718,000	7.38%	573,170,000
2013	798,353,000	725,058,000	73,295,000	9.18%	571,850,000
2014	780,403,000	623,508,400	156,894,600	20.10%	545,020,000
2015	824,901,000	627,451,200	197,449,800	23.94%	691,614,000

Note: The City switched Utility Billing Software in July 2012 and the water consumed numbers are not available.

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**RATIOS OF OUTSTANDING DEBT BY TYPE***Last ten fiscal years*

Fiscal Year	Governmental Activities			
	Certificates of Obligation	General Obligation Bonds	Notes Payable	Capital Leases
2006	-	5,595,000	476,300	316,284
2007	-	5,380,000	4,527,837	269,890
2008	-	5,155,000	4,434,167	221,134
2009	2,500,000	4,920,000	4,179,741	169,897
2010	5,582,500	4,675,000	3,913,401	116,052
2011	5,287,500	4,420,000	3,633,262	59,466
2012	4,947,500	4,155,000	290,461	-
2013	4,595,000	3,995,000	819,255	-
2014	5,828,000	3,665,000	667,185	199,845
2015	7,566,250	3,330,000	511,101	151,690

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

N/A denotes information not available.

The requirement for statistical data is ten years.

Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
Certificates of Obligation	General Obligation Bonds	Notes Payable			
-	8,405,000	34,851	14,827,435	N/A	807
-	7,375,000	-	17,552,727	N/A	955
-	6,305,000	-	16,115,301	N/A	877
2,500,000	5,220,000	-	19,489,638	N/A	1,044
2,282,500	4,025,000	-	20,594,453	N/A	1,648
2,057,500	2,795,000	-	18,252,728	N/A	1,460
11,357,500	1,530,000	-	22,280,461	N/A	1,265
10,675,000	225,000	-	20,309,255	N/A	1,153
12,297,000	-	-	22,657,030	N/A	1,294
8,883,750	-	-	20,442,791	N/A	1,177

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CITY OF BAY CITY, TEXAS**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING***Last ten fiscal years*

Fiscal Year	General Bonded Debt Outstanding			Debt Service Monies Available	Net Bonded Debt
	Certificates of Obligation	General Obligation Bonds	Total		
2006	-	14,000,000	14,000,000	-	14,000,000
2007	-	12,755,000	12,755,000	-	12,755,000
2008	-	11,460,000	11,460,000	-	11,460,000
2009	5,000,000	10,140,000	15,140,000	-	15,140,000
2010	7,865,000	8,700,000	16,565,000	4,854	16,560,146
2011	7,345,000	7,215,000	14,560,000	10,285	14,549,715
2012	16,305,000	5,685,000	21,990,000	11,275	21,978,725
2013	15,270,000	4,220,000	19,490,000	30,567	19,459,433
2014	18,125,000	3,665,000	21,790,000	542,496	21,247,504
2015	16,450,000	3,330,000	19,780,000	31,305	19,811,305

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

Attachment: CAFR - final - FY 2015 (2255 : Audit)

<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
100.00%	744
100.00%	662
100.00%	581
100.00%	811
100.00%	940
100.00%	824
100.00%	1,244
100.00%	1,113
100.00%	1,214
100.00%	1,141

CITY OF BAY CITY, TEXAS**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****(UNAUDITED)****September 30, 2015**

	<u>Gross Debt Outstanding</u>		<u>Percentage</u>	<u>Amount</u>
	<u>Date</u>	<u>Amount</u>	<u>Applicable</u>	<u>Applicable</u>
			<u>To City</u>	<u>To City</u>
Direct Debt:				
City of Bay City (1)	9/30/2015	<u>\$ 13,904,474</u>	100.00%	<u>\$ 13,904,474</u>
Overlapping Debt:				
Matagorda County	12/31/2015	2,930,000	14.36%	420,748
Bay City Independent School District	6/30/2015	<u>14,957,390</u>	66.50%	<u>9,946,664</u>
Total Overlapping Debt		<u>17,887,390</u>		<u>10,367,412</u>
Total		<u>\$ 31,791,864</u>		<u>\$ 24,271,886</u>

(1) Figures do not include accrued compensated absences.

NOTE: There is no legal debt limit for the City. Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in a tax levy for general bonded debt of over \$1.00 for cities under 5,000 population, or \$1.50 for cities over 5,000 population.

SOURCES: Bay City Independent School District
Matagorda County

CITY OF BAY CITY, TEXAS**DEMOGRAPHIC AND ECONOMIC STATISTICS****(UNAUDITED)***Last ten fiscal years*

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(4) Personal Income</u>	<u>(1) Per Capita Personal Income</u>	<u>(1) Median Age</u>	<u>(2) School Enrollment</u>	<u>(3) Unemployment Rate</u>
2003	18,667	\$ 494,866,864	\$ 26,510	30	1,420	5.9%
2004	18,381	521,219,237	28,356	30	1,388	5.1%
2005	18,381	548,254,974	29,827	30	1,343	5.2%
2006	18,822	561,413,093	29,827	32	4,140	7.0%
2007	19,273	574,887,007	29,829	32	4,410	5.9%
2008	19,735	588,684,295	29,829	32	4,140	7.0%
2009	18,667	568,335,482	30,446	32	4,140	11.2%
2010	17,614	N/A	21,773	33	3,797	11.2%
2011	17,663	N/A	21,773	33	3,772	11.6%
2012	17,663	N/A	22,000	33	3,770	10.1%
2013	17,476	N/A	22,000	33	3,860	9.80%
2014	17,509	N/A	35,426	38	3,735	8.30%
2015	17,368	N/A	37,324	38	3,755	6.80%

NOTES: Personal income figures for 2010 through 2012 are not available.

The unemployment rates are a twelve-month average from October through September.

N/A denotes information not available

SOURCES: (1) US Dept of Labor, Bureau of Labor Statistics

(2) Bay City Independent School District

(3) Texas Workforce Commission

(4) County Information Program, Tx Assoc of Counties

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS

PRINCIPAL EMPLOYERS

(UNAUDITED)

Current Year

2015	
<u>Employer</u>	<u>Employees</u>
South Texas Project (STP)	1,170
Bay City ISD	538
Matagorda County General Hospital	410
Matagorda County	250
OXEA	230
Tenaris	165
Lyondell	150
City of Bay City	150
Wal-Mart	150
H.E.B.	120
	<u>3,333</u>

2012	
<u>Employer</u>	<u>Employees</u>
South Texas Project (STP)	1,200
Bay City ISD	820
Walmart	305
Matagorda County General Hospital	300
H.E.B.	250
Lyondell	220
Valerus	188
City of Bay City	175
OXEA	140
Henerson	26
	<u>3,624</u>

NOTES: Information for nine years ago was not readily available.

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM***Last ten fiscal years*

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
General government	46.00	51.00	35.00	35.00	24.29
Public safety					
Police					
Officers	31.00	30.00	37.00	35.00	35.00
Civilians	14.00	21.00	18.00	20.19	20.19
Fire					
Firefighters	44.00	35.00	37.00	36.00	34.00
Civilians	4.00	3.00	1.00	1.00	1.00
Public works					
Streets/maintenance	20.00	24.00	18.00	35.00	19.00
Public activities and recreation	8.00	5.00	11.00	11.00	11.76
Library	-	-	-	-	-
Water and sewer	21.00	23.00	32.00	29.00	43.00
Airport	-	-	-	-	2.00
Equip & Bldg Maintenance	-	-	-	-	-
Information Technology	-	-	-	-	-
Sanitation	-	-	-	10.00	11.00
Total	<u>188.00</u>	<u>192.00</u>	<u>189.00</u>	<u>212.19</u>	<u>201.24</u>

NOTES: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

City took on Library Operations during FY 12/13

Attachment: CAFR - final - FY 2015 (2255 : Audit)

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
25.29	25.29	23.00	18.00	15.00
35.00	35.00	37.00	39.00	41.00
20.19	20.19	18.00	21.00	19.00
34.00	34.00	35.00	36.00	35.00
1.00	1.00	1.00	1.00	1.00
19.00	16.00	18.00	14.00	19.76
11.76	11.76	10.00	10.00	10.00
-	-	8.00	6.00	7.00
44.00	39.00	21.00	25.00	28.00
2.00	1.00	2.00	2.00	2.00
-	4.00	9.00	9.00	8.00
-	-	-	3.00	3.00
<u>11.00</u>	<u>16.28</u>	<u>13.00</u>	<u>-</u>	<u>-</u>
<u>203.24</u>	<u>203.52</u>	<u>195.00</u>	<u>184.00</u>	<u>188.76</u>

CITY OF BAY CITY, TEXAS**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM***Last ten fiscal years*

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Public safety				
Police				
Stations	1	1	1	1
Patrol units	29	30	30	32
Fire				
Fire stations	1	1	1	1
Public works				
Streets				
Streets (lane miles)	n/a	n/a	n/a	95
Parks				
Acreage	207	207	207	186
Parks	20	20	20	22
Swimming pools	2	2	2	2
Water and wastewater				
Water				
Water mains (miles)	90	90	90	94
Fire hydrants	600	600	600	600
Maximum daily capacity (thousands of gallons)	4	4	4	4
Wastewater				
Sanitary sewers (miles)	85	85	85	88
Storm sewers (miles)	70	70	70	80
Maximum daily treatment capacity (thousands of gallons)	4	4	4	4
Sanitation				
Collection trucks	n/a	n/a	n/a	8

SOURCE: Various City departments

n/a - information not available

Attachment: CAFR - final - FY 2015 (2255 : Audit)

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
31	31	31	35	33	37
1	1	1	1	1	1
109	109	109	109	109	109
185	185	185	185	185	185
16	16	16	16	16	16
2	2	2	2	2	2
94	94	94	94	115	115
600	600	600	600	600	650
4	4	4	4	4	4
88	88	88	88	88	88
80	80	80	80	80	80
4.3	4.3	4.3	4.3	4.3	4.3
8	8	8	8	0	0

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**OPERATING INDICATORS BY FUNCTION/PROGRAM***Last nine fiscal years*

Function/Program	Fiscal Year			
	2006	2007	2008	2009
General government				
Building permits issued*	N/A	N/A	N/A	N/A
Building inspections conducted*	N/A	N/A	N/A	N/A
Fire inspection conducted*	N/A	N/A	N/A	N/A
Public safety				
Police				
Arrests	2,539	1,846	1,399	1,513
Accident Reports	514	566	235	425
Citations	1,404	2,522	2,175	2,791
Offense reports	3,534	4,259	22,827	7,222
Calls for service	15,622	26,557	22,461	27,968
Fire				
Emergency responses	237	282	264	219
Fire incidents	80	83	112	133
Service calls and other calls	138	135	95	75
Automatic aid, mutual aid given	19	63	57	19
Streets and highways				
Street resurfacing (lane miles)*	-	-	-	-
Water and wastewater				
Water				
Average daily consumption (millions)	2.241	2.061	2.357	2.503
Total consumption (millions)	817.903	752.369	860.144	913.706
Peak daily consumption (millions)	4.620	4.823	3.686	4.608
Wastewater				
Average daily sewage treatment (mil)	2.417	3.009	2.000	2.153
Total consumption (millions)	882.079	1,098.387	729.502	785.700
Peak daily consumption (millions)	N/A	17.123	7.117	5.100

NOTES: N/A denotes information not available

The requirement for statistical data is ten years; only nine years are available at this time.

*Denotes only three years of data available at this time.

SOURCE: Various City departments

Attachment: CAFR - final - FY 2015 (2255 : Audit)

Fiscal Year					
2010	2011	2012	2013	2014	2015
442	310	231	459	1,227	1,039
222	691	431	1,222	1,735	2,238
13	5	6	22	8	13
1,934	1,730	893	1,722	1,520	1,364
452	416	199	304	325	471
4,484	3,223	1,196	1,621	1,862	1,784
3,017	2,734	1,327	2,669	2,231	3,427
32,296	33,453	19,333	32,155	31,544	32,864
165	220	175	233	178	170
71	132	95	101	66	64
94	88	80	132	112	106
22	27	39	21	19	23
-	-	-	-	-	5.2
1.907	2.248	2.217	2.187	1.707	2.251
695.911	820.538	809.245	798.353	623.508	824.901
3.516	4.395	3.799	3.485	2.001	3.338
1.963	1.575	1.570	1.566	N/A	1.774
716.328	574.870	573.170	571.850	545.020	691.614
13.556	9.758	11.916	11.755	N/A	6.287

Attachment: CAFR - final - FY 2015 (2255 : Audit)

SINGLE AUDIT SECTION

HARRISON, WALDROP & UHEREK, L.L.P.



CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA
DENNIS C. CIHAL, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255
FAX: (361) 573-9531

**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**

The Honorable Mayor and Members
of the City Council
City of Bay City, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bay City, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2016. The financial statements of the Bay City Community Development Corporation and the Bay City Gas Company. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

The Honorable Mayor and Members
of the City Council
City of Bay City, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

March 28, 2016

Attachment: CAFR - final - FY 2015 (2255 : Audit)

HARRISON, WALDROP & UHEREK, L.L.P.



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STEPHEN W. VAN MANEN, CPA
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ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255
FAX: (361) 573-9531

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Mayor and Members
of the City Council
City of Bay City, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Bay City, Texas (the "City") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Attachment: CAFR - final - FY 2015 (2255 : Audit)

The Honorable Mayor and Members
of the City Council
City of Bay City, Texas

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

March 28, 2016

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
FEDERAL EXPENDITURES			
U.S. Department of Housing and Urban Development			
<i>Passed Through Texas Department of Agriculture</i>			
Community Development Block Grant	14.228	713092	\$ 413,836
Community Development Block Grant	14.228	713252	<u>150,000</u>
Total U.S. Department of Housing and Urban Development			<u>563,836</u>
U.S. Department of Commerce			
Economic Adjustment Assistance	11.307	08-01-04955	<u>186,196</u>
Total U.S. Department of Commerce			<u>186,196</u>
U.S. Department of Transportation			
<i>Passed through Texas Department of Transportation - Division of Aviation</i>			
FY2015 Routine Airport Maintenance Program	20.106	M1513BAYC	<u>50,000</u>
Total U.S. Department of Transportation			<u>50,000</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 800,032</u>

Attachment: CAFR - final - FY 2015 (2255 : Audit)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BAY CITY, TEXAS**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***For the year ended September 30, 2015*

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

CITY OF BAY CITY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Major Programs or Cluster</i>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

Attachment: CAFR - final - FY 2015 (2255 : Audit)

CITY OF BAY CITY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2015

None were reported.