

**CITY OF INGLESIDE, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**PREPARED BY**

**City of Ingleside  
City Manager**

**Jim Gray  
City Manager**



**CITY OF INGLESIDE, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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## **INTRODUCTORY SECTION**





February 26, 2015

The Honorable Mayor, City Council and City Manager  
City of Ingleside  
Ingleside, Texas

This report represents the Annual Financial Report for the City of Ingleside, Texas for the fiscal year ended September 30, 2014.

This report is published to provide the City Council, City Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City Manager.

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

The City Staff is pleased to submit the Annual Financial Report for the City of Ingleside, Texas, for the fiscal year ended September 30, 2014.

### **THE REPORT**

This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, a listing of the City Officials, and an organizational chart. The Financial Section includes a Management Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules, as well as the Independent auditors' report on the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Ingleside's MD&A can be found immediately following the report of the independent auditors. The Statistical Section includes financial and demographic information, usually presented on a multi-year basis that is relevant to a financial statement reader.

The City of Ingleside's financial statements have been audited by Ernest R. Garza & Company, P.C.; 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 of Ingleside for the fiscal year ending September 30, 2014 are free of material misstatement. The independent audit involves 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 the fiscal year ending September 30, 2014 financial statements to be considered to be fairly presented in conformity with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board and other professional promulgations, as applicable.

## **CITY PROFILE**

### Location

The City of Ingleside is the second largest city in population in San Patricio County. Located on the eastern tip of San Patricio County, Ingleside is 18 miles from Corpus Christi, about 150 miles south of San Antonio and 225 miles southwest of Houston. The City encompasses approximately 16.0 square miles of land within the City's corporate boundary. Ingleside is about 40% developed.

The City of Ingleside, Texas, (the "City") was incorporated on June 18, 1951 under the provisions of the laws for the State of Texas. The City operates under a charter with a Council-Manager type of government where the Mayor and six Council members are elected on a rotating schedule. Members are elected under a place format. The City Council and Mayor are responsible for enacting ordinances, resolutions, and regulations governing the City, appointing members of various statutory and advisory boards, the City Manager is responsible for enforcement of laws and ordinances, and appoints and supervises the heads of departments of the City organization.

### Services Provided

Services provided by the City under the general governmental functions include police and fire protection, street maintenance, library services, public improvements, planning and zoning, engineering, traffic control, parks operation and maintenance, code enforcement, and general and administrative services. A private firm provides solid waste collection and disposal services under a contract with the City. In addition, water and sewer services are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses, payments on outstanding debt and reserves.

The Ingleside Development Corporation (IDC) is considered to be a blended component unit of the City. A seven-member board of directors, of which four may be active council members, governs this legally separate entity. The function of the IDC is to oversee the appropriations of funds collected under the special sales tax for economic development, including the payment of debt service for the projects approved by the voters for the purpose. The operational and capital budget must be approved by the City Council.

### Accounting System and Budgetary Control

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

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining

accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's current internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that on or before the first Council meeting in August, the City Manager submits to the City Council a proposed budget and budget message to the City Council for the fiscal year commencing the following October 1. The budget message is the responsibility of the City Manager. The City Council shall review the proposed budget and make any appropriate changes prior to publishing the final budget. The budget is legally enacted through passage of an ordinance on or before September 25. The City Manager is authorized to transfer budgeted amount within departments; however, any revisions that alter the total expenditures of a department must be approved by the City Council. The City Manager has been authorized, by ordinance and by adoption of the City Council, to expend limited amounts which are included within the budget. Expenditures over \$50,000 require authorization by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item for the current month and year-to-date and are distributed monthly to City department supervisors as well as to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item.

The City Council adopted certain financial goals for the City in order to create a better financial foundation and to improve the City's bond rating. These goals are basically to accumulate 25% of the City's annual general and utility operating expenditures in reserve and to re-establish the City's Utility Bond Reserves. The bond reserves were re-established within a year of the adoption of these goals. The City's steady and deliberate progress towards these goals has resulted in three consecutive upgrades of the City's bond ratings as published by Standard & Poor. The most recent upgrade occurred on July 12, 2010 when the City's bond rating was changed from A- to A. In August 2011, the City issued Certificate of Obligations Series 2011 with a coupon rate of 3.12% for utility system projects. In the prior fiscal year, the City issued various Certificate of Obligations and Refunding Bonds in the amount of \$3,135,000 with an interest rate of 1.89%. Also, a Tax Note in the amount of \$565,000 was issued for equipment with a stated interest rate of 1.68%. With these issuances, a large amount of interest savings will result over the term of the loans. As of September 30, 2014, the General Fund - fund balance was \$1,630,124, \$492,300 of this amount is budgeted to fund anticipated litigation expenses in the upcoming budget adopted for the General Fund for 2015 and the Utility Fund unrestricted Net Position was \$5,166,167. In addition to these amounts, the City maintains a capital improvement fund.

### **ECONOMIC OUTLOOK AND FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

## Regional Economy

San Patricio County is located at the center of the Corpus Christi Bay Area on the Gulf of Mexico. Linked to Corpus Christi by the Harbor Bridge, the County is part of a three county MSA, which celebrates being the industrial area in the nation that has clean air, healthy bays and estuaries and sufficient water supplies. Coupled with abundant land and a young workforce, San Patricio is poised to be the center of growth in the region. Rail and interstate highway connectivity also link San Patricio County to Mexican and U.S. markets.

As a bedroom community to the larger City of Corpus Christi, which is to our south, our economic development is largely dependent on the growth of our industrial partners. Housing starts have increased. Ingleside's housing remains affordable and in most cases is close to 10% less than a comparable property in neighboring metropolitan Corpus Christi.

The following facts reflect upon Ingleside's economic condition and outlook:

- Ingleside is the second largest city in San Patricio County, with ample space for additional growth.
- Home construction continues at a healthy pace.
- Ingleside and its adjacent lands continue to serve as plant locations for some of the nation's largest corporations:
  - Kiewit Offshore Services
  - DuPont
  - Gulf Marine Fabricators
  - OxyChem
  - Air Liquide America LP
  - Helix Energy Corporation
  - Tianjin Pipe Company
  - Voestalpine Group Steel Company
  - Cheniere LNG
- Total taxable value for all residential and commercial property in the City of Ingleside exceeded \$506.4 million for fiscal year 2014, a 10.15% increase from fiscal year 2013 of \$459.7 million.
- Total sales tax collections have increased by 3.19% over the prior fiscal year as it has for most Texas cities. The overall industrial growth of the area is considered to be major factor.

Ingleside's median household effective buying income of \$61,518 compares favorably at \$50,657 for San Patricio County and for Texas at \$51,900.

## Current Economic Outlook and New Developments

Ingleside's general economy has been stable and is poised for significant growth. City management took quick and appropriate action in recent years to deal with the economic threats posed by the closure of Naval Station Ingleside, and has come through that difficult period with a strong financial position. In addition, the City has and continues to make improvements to infrastructure to prepare for the industrial growth now occurring.

### New developments:

China based **Tianjin Pipe Company**, (TPCO) a seamless steel pipe manufacturing facility has completed initial plant construction and is beginning to assemble the milling function of the plant. This one billion dollar project will be the largest Chinese project ever located in the United States. Ingleside is expected to be positively impacted as construction continues and when the plant is completed with additional vendor support businesses and the resulting expanded workforce.

The Austrian steel manufacturing company, Voestalpine AG announced plans in 2014 to construct a natural gas based direct reduction plant on the Port Corpus Christi's La Quinta Trade Gateway. A world leader in the manufacture, processing and development of sophisticated steel products, voestalpine is a leading partner to the automotive and consumer goods industries in Europe, and the oil and gas industries worldwide. Known as the Voestalpine Texas, LLC, the project calls for an investment of \$740 million dollars in the new plant, which will have the capacity to produce 2 million metric tons of hot briquetted iron (HBI) annually. Ground breaking is scheduled for 2014 and production start-up is slated for the end of 2015.

Cheniere Energy has announced that its wholly owned subsidiary, Corpus Christi Liquefaction, LLC is developing a liquefied natural gas, i.e. LNG, export terminal at one of Cheniere's existing sites that was previously permitted for a re-gasification terminal. The LNG export terminal site is located in San Patricio County, Texas, and it is anticipated that the terminal would be primarily supplied by reserves from the Eagle Ford Shale, located approximately sixty miles northwest of Corpus Christi. The proposed liquefaction project is being designed for up to three trains units capable of producing in aggregate up to 13.5M tonnes per annum, or mtpa.

Oxy Ingleside Energy Center is 80% complete with Phase 1 construction on the base (\$250-\$300 Million) and is discussing Phase II with the City (\$75-\$100 Million project). Occidental Chemical Corporation and Mexichem have broken ground on construction of a \$1.3 billion Ethylene Cracker facility.

The City is experiencing a construction surge with two apartment buildings being developed and experiencing the highest level of home construction in the last six years. The City is 98% complete on the Economic Development Administration Water Improvement projects of two water storage facilities, an elevated facility with a 750k gallon capacity and a ground facility with a one-million gallon capacity; The City has also purchased two fire trucks - a \$753k fire apparatus in the post audit period (December 31, 2014) as well as an earlier purchase in the fiscal year 2013 of a \$550k pumper truck.

### Cash Management

The City awards its depository contract through official bidding procedures for a three year period with an option to extend the contract for two additional one year periods. The current depository contract is with Frost National Bank. The remaining idle cash is invested by City officials in TexPool when the interest rates available at TexPool are higher than the depository bank. TexPool was created under the Public Funds Investment Act to provide local governments investment opportunities while protecting principal and liquidity. The total amount of interest earned across funds in 2014 was \$2,796, compared to \$7,844, in 2013 and \$9,050 in 2012.

It is the City's Policy that all demand deposits and time deposits be secured by pledged collateral with a market value equal to no less than 100% of the deposits less an amount insured by the FDIC. Evidence of the pledged collateral is periodically obtained at a third party financial institution. Collateral is reviewed to assure the market value of the securities pledged equals or exceeds the related bank balances. All collateral is subject to inspection and audit by the City's independent auditors.

Risk Management

The City of Ingleside risk management program has been implemented in order to minimize or eliminate any harm to the financial position of the City, any physical injury to employees or potential destruction of property by providing proper insurance coverage, safety training and safety assessment. Insurance coverage at a minimum includes:

- Worker's Compensation
- General Liability
- Law Enforcement Liability
- Public Official Errors and Omissions
- Automobile and Physical Damage
- Windstorm Damage

Pension Plan

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) from 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](http://www.TMRS.com).

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

	Plan Year 2014	Plan Year 2013
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

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

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

1. Annual Required Contribution (ARC)	265,347
2. Interest on Net Pension Obligation	0
3. Adjustment to the ARC	0
4. Annual Pension Cost (APC)	265,347
5. Contributions Made	265,347
6. Increase (Decrease) in net pension obligation	0
7. Net Pension Obligation/(Asset), beginning of year	0
8. Net Pension Obligation/(Asset), end of year	0

The City has an unfunded Actuarial Accrued Liability overall but did not have a current year variance. See notes to financial statements for additional information.

#### Employee Health Plan

The City of Ingleside provides health insurance benefits to qualifying employees and their dependents through the Texas Municipal League Intergovernmental Employee Benefits Pool (the Pool). The Pool provides a full menu of cost-effective health related coverage to employees of political subdivisions throughout the State of Texas.

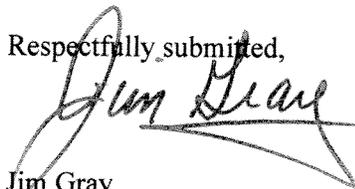
## OTHER INFORMATION

### Acknowledgments

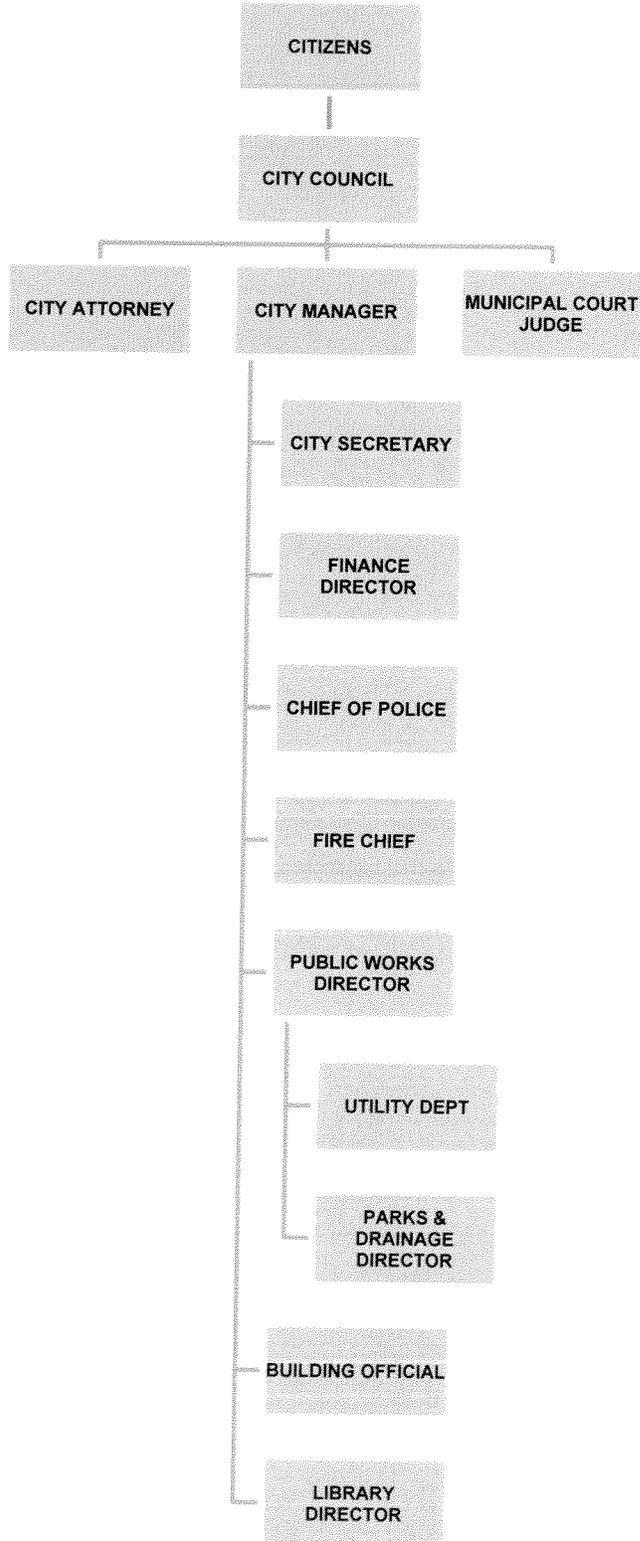
The City of Ingleside is blessed to have a workforce of hardworking and dedicated employees who take pride in their service to the citizens, taxpayers and business partners. Their dedication and hard work are appreciated.

The members of the City Council, and Citizens, are to be thanked for their active participation and support in the operations of the City. Working together, the community has worked through difficult times, made progress to prepare for the future and is ready to fully capitalize on the economic growth that will come with the industrial advances on the north side of Corpus Christi Bay. The people of Ingleside can be proud of the accomplishments achieved through the democratic process and active engagement of the entire community.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jim Gray", with a stylized flourish underneath.

Jim Gray  
City Manager



**CITY OF INGLESIDE**

**List of Principal Officials**

**ELECTED OFFICIALS**

Pete Perkins	Mayor
Willie Vaden	Mayor Pro-Tem
Ben Tucker	Council Member
Cynthia Wilson	Council Member
Paul Pierce	Council Member
Kevin Robbins	Council Member
Elaine W. Kemp	Council Member

**APPOINTED OFFICIALS AND DEPARTMENT HEADS**

Jim Gray	City Manager
Rosie Vela, CPA	Finance Director
Stan Bynum	Police Chief
Donald Paty	Director of Public Works
Belinda Casanova	Library Director
Kimberly Sampson	City Secretary/ HR
John Davis	Building Official
Cheryl Deal	Municipal Court Judge
Michael E. Morris	City Attorney

## **FINANCIAL SECTION**





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MEMBER  
American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants

**Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information  
and Other Information—State or Local Governmental Entity**

**Independent Auditor's Report**

The Honorable Mayor,  
Members of City Council  
City of Ingleside, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ingleside, Texas, as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

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

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* on pages 21-28 and 38-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The *combining and individual non-major fund financial statements and schedule of expenditures of federal awards*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The *statistical section* has 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 it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2015 on our consideration of the City of Ingleside' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ingleside internal control over financial reporting and compliance.

Ernest R. Garza & Company, P.C. CPA's  
Corpus Christi, Texas

February 26, 2015



**CITY OF INGLESIDE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

This discussion and analysis of the City of Ingleside's financial performance is intended to provide an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2014. The reader is encouraged to consider the information presented here in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- On a City wide basis, the City's liquidity changed from \$6,475,098 to \$7,175,158 during the past year.
- The City's total debt decreased by \$.77 million during 2014 from \$5.822 million to \$5.052 million.
- As of September 30, 2014, the City of Ingleside's General Fund reported ending fund balance of \$1,630,124 compared to \$1,659,015 in the prior year. (Exhibit C-3)
- As of September 30, 2014, the City of Ingleside's governmental funds reported combined ending fund balance of \$2,867,158 compared to \$2,871,873 in the year before. (Exhibit C-3)
- The Net Position of the City of Ingleside exceeded its liabilities at the close of the fiscal year ending September 30, 2014 for governmental and enterprise funds from \$31,339,465 to \$32,540,684, a decrease of \$43,180 in the governmental activities and an increase of \$1,244,398 for the business-type activities for a total increase of \$1,201,219 from the prior year. (Exhibit B-1).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements**

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

**CITY OF INGLESIDE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

The Statement of Net Position presents information on all of the City of Ingleside's assets and liabilities, with the difference between the two reported as Net Position (formerly Net Assets, changed to Net Position for GASB 63 and 65). Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City of Ingleside is improving or deteriorating. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. To assess the overall health or financial condition of the City, other non-financial factors should be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.).

The Statement of Activities presents information showing how the 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 when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxed and earned but not used vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, including the police, fire, library, building and inspections, sanitation, code enforcement, parks and recreation and general administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- **Business type Activities** - the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.
- **Blended Component Units** - The City of Ingleside Development Corporation was formed to promote economic development within the City and to administer the distribution of the proceeds of any developmental bonds issued and certain development sales taxes received on behalf of the City. Due to the financial interdependency of the Corporation, it is a blended component unit reported as a special revenue fund.

Reporting the City's Most Significant Funds

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds- not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City has established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds- governmental and propriety- utilize different accounting guidelines.

**CITY OF INGLESIDE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

- **Governmental Funds-** the majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provided a detailed short term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

By comparing information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government's near term operating decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statement.

The City of Ingleside maintains eleven individual governmental funds. 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 and the Local Redevelopment Authority Fund all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated non major fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

- **Proprietary Funds-** the City charges customers for the services it provides. These services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. In prior years the internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies or services for the City's other programs and activities. Because these services benefit both governmental as well as business type functions, their cost has been included in both the governmental and business type activities in the government-wide financial statements.

#### **Notes to the Financial Statements**

These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**CITY OF INGLESIDE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Other Information**

In addition to basic financial statement and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees and budgetary comparative information for the general fund.

**The City as a Whole- Government-wide Financial Analysis**

The City's combined Net Position were \$32.54 million as of September 30, 2014 compared to \$31.3 million as of September 30, 2013. Analyzing the Net Position and net expenses of governmental and business-type activities separately, the business type activities Net Position are \$20.3 million. The analysis focuses on the Net Position (Table 1) and changes in general revenues (Table 2) and significant expenses of the City's governmental and business type-activities.

By far the largest portion of the City's Net Position reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, equipment, and furniture), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

**Table I  
CITY OF INGLESIDE, TEXAS  
STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Current and other assets	\$ 6,211,269	\$ 4,221,472	\$ 6,748,446	\$ 8,753,869
Capital assets	10,990,338	11,368,301	17,475,239	16,168,822
Total assets:	<u>17,201,607</u>	<u>15,589,773</u>	<u>24,223,685</u>	<u>24,922,691</u>
Long-term liabilities	1,240,000	1,590,000	2,935,000	3,360,000
Other liabilities	3,728,432	1,723,419	981,175	2,499,580
Total liabilities	<u>4,968,432</u>	<u>3,313,419</u>	<u>3,916,175</u>	<u>5,859,580</u>
Net Position:				
Invested in capital assets	9,400,338	9,438,301	14,628,291	14,216,620
Restricted	576,496	509,766	165,395	159,501
Commitments	660,538	716,006	347,657	329,927
Unrestricted	1,595,803	1,612,281	5,166,167	4,357,063
Total Net Position	<u>\$ 12,233,175</u>	<u>\$ 12,276,354</u>	<u>\$ 20,307,510</u>	<u>\$ 19,063,111</u>

<b>Table II</b>				
<b>CITY OF INGLESIDE, TEXAS</b>				
<b>CHANGES IN NET POSITION</b>				
	<b>Governmental Activities</b>		<b>Business Type Activities</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>				
Property Taxes, Penalties & Interest	\$ 3,889,158	\$ 3,101,570	\$ -	\$ -
Sales Tax	1,495,179	1,468,678	-	-
Franchise Taxes	418,199	378,985	-	-
Charges for Services	1,230,934	1,167,480	4,127,220	4,097,471
Other Taxes	23,118	18,508	-	-
Licenses and Permits	279,216	88,178	-	-
Grants & Contributions Not Restricted	22,702	697,936	661,577	485,020
Investment Earnings	522	989	1,568	4,534
Other Revenue - net	230,548	126,515	-	-
<b>Total Revenues</b>	<b>7,589,576</b>	<b>7,048,839</b>	<b>4,790,365</b>	<b>4,587,025</b>
<b>Expenses</b>				
General Government	1,365,152	1,149,338	-	-
Public Safety	2,392,379	1,714,265	-	-
Public Works	1,791,486	2,024,941	3,782,822	3,354,622
Cultural and Recreational	1,087,921	1,028,367	-	-
Economic Development	181,061	904,590	-	-
Bond Interest and Fiscal Agent Fees	27,010	81,562	110,591	112,589
<b>Total Expenses</b>	<b>6,845,009</b>	<b>6,903,063</b>	<b>3,893,413</b>	<b>3,467,211</b>
Increase (Decrease) in Net Position before transfers and special items	744,567	145,776	896,952	1,119,814
Prior Period Adjustment	-	-	-	-
Transfers	(697,446)	190,929	697,446	(190,929)
<b>Total Net Changes in Net Position</b>	<b>47,121</b>	<b>336,705</b>	<b>1,594,398</b>	<b>928,885</b>
Net Position at Beginning	12,276,354	11,939,649	19,063,111	18,134,226
<b>Net Position at Ending</b>	<b>\$ 12,323,475</b>	<b>\$ 12,276,354</b>	<b>\$ 20,657,509</b>	<b>\$ 19,063,111</b>

Adjustments and reclassifications have been done for comparison purposes.

## Government Fund Activities

The City's general fund revenues increased when compared to the prior year by 10.36 percent or \$539,388. The assessed value of the property in the City increased by \$46.7 million from \$459,716,712 to \$506,367,556, or 10.15 percent, as compared to the prior year. In addition to ad valorem property taxes, the City collects sales taxes, franchise taxes, beverage taxes and other taxes in lieu of ad valorem taxes. General Fund sales tax revenue increased slightly by \$30,162 or 3.19 percent over the previous year due to conditions of the local economy.

**Table III**  
**General Fund Revenues**  
**At September 30**

	<u>2014</u>	<u>2013</u>	Increase (decrease)
Taxes	\$ 4,016,194	\$ 3,864,038	\$ 152,156
Licenses and Permits	279,216	88,178	191,038
Intergovernmental	-	1,000	(1,000)
Charges for Services	1,047,351	999,366	47,985
Fines and Penalties	183,583	168,114	15,469
Other	221,885	88,145	133,740
Total General Revenues	<u>\$ 5,748,229</u>	<u>\$ 5,208,841</u>	<u>\$ 539,388</u>

The most significant governmental expense for the City was in public safety and sanitation. The public safety (Police & Fire) incurred expenses \$1,854,272. Police accounted for \$1,635,836 in public safety expense and Fire accounted for \$218,436 in public safety expense.

## Enterprise Fund Activities

Revenues of the City's Utility Funds were \$4.13 million for the fiscal year ending September 30, 2014. Operating expenses were \$3.78 million for the year, resulting in net revenues of \$.34 million after depreciation but before transfers out. The most significant expense of the Utility Fund was \$1.075 million to purchase water and \$.879 million in salaries and benefits.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2014, the City of Ingleside had nearly \$53.9 million invested in a broad range of capital assets, including police and fire equipment building, land, park facilities, roads, bridges, vehicles, and water and sewer lines. (See Table 4.) The bulk of the new additions were for the expansion of the infrastructure and utility improvements.

**Table III**  
**Capital Assets before Depreciation**  
**At September 30**

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 3,836,406	\$ 3,836,406	\$ 329,494	\$ 329,494	\$ 4,165,900	\$ 4,165,900
Buildings & Improvements	5,655,302	5,655,301	488,883	488,883	6,144,185	6,144,184
Machinery and Equipment	4,545,802	4,279,949	1,213,374	1,188,374	5,759,176	5,468,323
Infrastructure	6,491,107	6,491,107	-	-	6,491,107	6,491,107
Furniture and Fixtures	1,035,463	1,035,463	-	-	1,035,463	1,035,463
Water and Sewer System		-	30,377,695	27,215,855	30,377,695	27,215,855
Construction in Progress		-	-	1,141,775	-	1,141,775
Total Capital Assets	<u>\$ 21,564,080</u>	<u>\$ 21,298,226</u>	<u>\$ 32,409,446</u>	<u>\$ 30,364,381</u>	<u>\$ 53,973,526</u>	<u>\$ 51,662,607</u>

**Debt**

At year-end, the City of Ingleside had \$4.95 million in General Certifications of Obligation and Revenue Bonds as compared to \$5.7 million at the end of the prior fiscal year. Table 5 below reflects outstanding long-term debt decreased 13.23 percent.

**Table V**  
**Outstanding Long-Term Debt**  
**at September 30**

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Tax Notes	\$ 490,000	\$ 565,000	\$ -	\$ -	\$ 490,000	\$ 565,000
General Certificates of Obligations	1,100,000	1,365,000	-	-	1,100,000	1,365,000
Revenue Bonds	-	-	3,360,000	3,775,000	3,360,000	3,775,000
Total Outstanding Debt	<u>\$ 1,590,000</u>	<u>\$ 1,930,000</u>	<u>\$ 3,360,000</u>	<u>\$ 3,775,000</u>	<u>\$ 4,950,000</u>	<u>\$ 5,705,000</u>

The above outstanding debt represents long term debt. The City Charter authorizes the City of Ingleside to issue bonds, when authorized by the voters or the City Council, for any purpose for which a city may issue bonds under the Constitution and laws of the State of Texas. The Charter precludes the use of bond proceeds for any other purpose other than that for which the bonds were sold. At September 30, 2014, the City did not have any other authorized but not issued bonds.

Prior to the 2007 fiscal year, the City of Ingleside designated combination tax and revenue bond debt to be serviced by the collection of property taxes. In the 2011 fiscal year, the City issued certificate of obligations in the utility fund for infrastructure purposes. In 2013, the City issued various Certificates of Obligations and Refunding Bonds with an interest rate of 1.89% to order to save thousands in interest costs.

The City bond rating was changed/increased from A- to A during the 2010 audit from Standard and Poor's Corporation.

## **THE CITY'S FUNDS**

At the close of the City's fiscal year on September 30, 2014, the governmental funds of the City reported a combined fund balance of \$2,867,158. This ending balance includes a decrease in the City's General Fund Balance of \$28,891 from \$1,659,015 to \$1,630,124.

Other governmental fund balances include:

- Street Maintenance Tax Fund, increased from \$73,157 to \$124,587.
- The Ingleside Development fund balance increased from \$509,766 to \$590,663.
- The Hotel-Motel Tax Fund increased from \$436,948 to \$479,855.
- The Debt Service fund balance increased from \$29,471 to \$31,579.

In the Proprietary Funds, retained earnings changes are:

- The unrestricted Net Position of the Enterprise Funds increased \$4,357,063 to \$5,166,167.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates and fees that will be charged for the business-type activities. The total growth of the City's commercial development and revenues remain on target. Total property tax valuations continue to increase; thus the property tax revenues are still increasing while the tax rate could decrease. Water and sewer utility rates provide adequate revenue to cover the cash expenses of the Utility fund in spite of the reduction of the military.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives from all sources. If you have questions about this report or need additional financial information, contact Jim Gray, City Manager, at the City of Ingleside, P.O. Drawer 400, Ingleside, Texas 78362.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 5,229,409	3,485,348	8,714,757
Investments - Current	-	-	-
Receivables (net of allowance)	659,573	439,602	1,099,175
Prepaid Items	-	17,558	17,558
Due From Other Funds	-	2,228,319	2,228,319
Due From Others	319,941	-	319,941
Inventory	2,346	64,567	66,913
Bond Issue Cost (net)	-	-	-
Restricted Assets:			
Temporarily Restricted:			
Temporarily Restricted Assets	-	513,052	513,052
Capital Assets:			
Land	3,836,406	329,494	4,165,900
Infrastructure and Buildings, net	5,074,603	16,961,385	22,035,988
Machinery and Equipment, net	2,079,329	184,360	2,263,689
Construction in Progress	-	-	-
<b>TOTAL ASSETS:</b>	<b>\$ 17,201,607</b>	<b>24,223,685</b>	<b>41,425,292</b>
<b>LIABILITIES:</b>			
Accounts Payable & Other Current Liab.	\$ 1,103,300	332,988	1,436,288
Due to Other Funds	2,202,769	25,551	2,228,319
Due to Others	-	-	-
Accrued Liabilities	72,364	30,947	103,311
Current Bonds/Loans Payable	350,000	425,000	775,000
Payable from Restricted Assets	-	166,690	166,690
Bonds Payable - Long Term	1,240,000	2,935,000	4,175,000
<b>TOTAL LIABILITIES</b>	<b>\$ 4,968,432</b>	<b>3,916,175</b>	<b>8,884,608</b>
<b>NET POSITION:</b>			
Invested in Capital Assets	\$ 9,400,338	14,628,291	24,028,629
Restricted for Revenue Bond Retirement	-	347,657	347,657
Commitments	576,496	165,395	741,891
Restricted for Capital Project Funds	134,938	-	134,938
Restricted for Special Revenue Funds	494,022	-	494,022
Restricted for Debt Service Funds	31,579	-	31,579
Unrestricted Net Position	1,595,802	5,166,167	6,761,969
<b>TOTAL NET POSITION</b>	<b>\$ 12,233,175</b>	<b>20,307,509</b>	<b>32,540,684</b>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Primary Government:</u>	Program Revenues		
	Expenses	Charges For Services	Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>			
10 General Government	\$ 1,365,152	-	-
21 Public Safety	2,392,379	183,583	-
31 Public Works	1,791,486	1,047,351	-
50 Culture and Recreation	1,087,921	-	-
65 Economic Development and Assistance	1,922,424	-	-
73 Bond Interest	27,010	-	-
75 Bond Costs	-	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,586,372</b>	<b>1,230,934</b>	<b>-</b>
 <b>BUSINESS-TYPE ACTIVITIES:</b>			
701 Utility Fund	\$ 3,782,822	4,127,220	-
Total Business Type Activities:	<b>\$ 3,782,822</b>	<b>4,127,220</b>	<b>-</b>

General Revenues:

Taxes:

Property Taxes, Levied for Debt Service, Penalty, Int.

Sales Taxes

Franchise Taxes

Other Taxes

Licenses and Permits

Grants and Contributions not Restricted

Sundry Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

The notes to the Financial Statements are an integral part of this statement.

## EXHIBIT B-1

Net (Expense) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,365,152)	-	(1,365,152)
(2,208,796)	-	(2,208,796)
(744,135)	-	(744,135)
(1,087,921)	-	(1,087,921)
(1,922,424)	-	(1,922,424)
(27,010)	(110,591)	(137,601)
-	-	-
<u>\$ (7,355,438)</u>	<u>(110,591)</u>	<u>(7,466,029)</u>
-	344,397	344,397
-	<u>233,806</u>	<u>344,397</u>
\$ 3,448,858	-	3,448,858
1,495,179	-	1,495,179
418,199	-	418,199
23,118	-	23,118
279,216	-	279,216
1,764,064	661,577	2,425,641
230,548	-	230,548
522	1,568	2,090
(347,446)	347,446	0
<u>\$ 7,312,258</u>	<u>1,010,592</u>	<u>8,322,850</u>
<u>(43,180)</u>	<u>1,244,398</u>	<u>1,201,219</u>
12,276,354	19,063,111	31,339,465
-	-	-
<u>\$ 12,233,175</u>	<u>20,307,509</u>	<u>32,540,684</u>

CITY OF INGLESIDE, TEXAS  
BALANCE SHEET  
GOVERNMENT FUNDS  
SEPTEMBER 30, 2014

EXHIBIT C-1

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Texpool Accounts	3,967,038	120,124	1,142,247	5,229,409
Receivables and Allowances:				
Accounts				
Assesments, Fees and Other	-	-	568,368	568,368
Hotel-Motel Tax/Other	6	-	42,819	42,825
Inventory	15,945	-	-	15,945
Due From Other Governmental Agencies				
Sales Taxes and Other	267,974	-	36,022	303,996
Ad Valorem Taxes	226,797	41,978	-	268,775
Allowance for Uncollectible Taxes	(185,974)	(34,421)	-	(220,395)
Due From Other Funds	800,468	14,787	89,062	904,317
Prepaid Items	2,346	-	-	2,346
<b>TOTAL ASSETS</b>	<u>5,094,600</u>	<u>142,467</u>	<u>1,878,520</u>	<u>7,115,586</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	360,216	-	128,452	488,668
Other Payables	8,662	-	-	8,662
Due to Other Funds	2,562,474	-	544,612	3,107,086
Unearned Revenues	492,300	103,332	-	595,632
<b>TOTAL LIABILITIES</b>	<u>3,423,653</u>	<u>103,332</u>	<u>673,064</u>	<u>4,200,048</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	40,823	7,556	-	48,379
<b>Total Deferred Inflows of Resources</b>	<u>40,823</u>	<u>7,556</u>	<u>-</u>	<u>48,379</u>
<b>FUND BALANCE</b>				
<b>Nonspendable Fund Balance</b>				
Inventory	15,945	-	-	15,945
Prepaid Items	2,346	-	-	2,346
<b>Restricted Fund Balance</b>				
Public Safety/Works	-	-	134,938	134,938
Tourism and Development	-	-	494,022	494,022
Debt Service	-	31,579	-	31,579
<b>Committed Fund Balance</b>				
Economic Development	-	-	576,496	576,496
Compensated Absences	93,847	-	-	93,847
Unassigned Fund Balance	1,517,987	-	-	1,517,987
<b>TOTAL FUND BALANCE</b>	<u>1,630,124</u>	<u>31,579</u>	<u>1,205,456</u>	<u>2,867,158</u>
<b>TOTAL LIAB. DEF. INFLOWS &amp; FUND BALANCE</b>	<u>5,094,600</u>	<u>142,467</u>	<u>1,878,520</u>	<u>7,115,586</u>

**CITY OF INGLESIDE, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$ 2,867,158
Capital assets are used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including these balances for capital assets (net of depreciation) in the governmental activities is to increase net position. At the beginning of the year, the costs of these assets were: <u>\$ 21,298,227</u> and the accumulated depreciation was: <u>\$ (9,929,925)</u> . In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position -- <u>(2,022,406)</u> .	9,345,896
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the governmental-wide financial statements. The net effect of including the 2014 capital outlays and debt principal payments is to increase net position.	615,558
The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(643,817)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and the recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	48,379
<b>Net position of Governmental Activities</b>	<u>\$ 12,233,175</u>

The accompanying notes are an integral part of this statement.

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT C-3

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	4,016,194	801,977	518,805	5,336,975
Licenses and Permits	279,216	-	-	279,216
Intergovernmental	-	-	1,764,064	1,764,064
Charges for Services	1,047,351	-	-	1,047,351
Fines and Penalties	183,583	-	-	183,583
Interest	-	132	390	522
Other	221,885	-	8,663	230,548
<b>TOTAL REVENUES</b>	<u>5,748,229</u>	<u>802,108</u>	<u>2,291,922</u>	<u>8,842,259</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Administration	1,331,264	-	-	1,331,264
Cultural and Recreational, Tourism/Advertising/Training	688,752	-	145,700	834,452
Public Safety	2,251,301	-	2,200	2,253,501
Economic Development	23,349	-	1,899,075	1,922,424
Public Works	1,389,783	-	401,093	1,790,876
<b>Debt Service</b>				
Principal Retirement	-	285,000	55,000	340,000
Interest and Fiscal Charges	-	21,765	5,245	27,010
<b>TOTAL EXPENDITURES</b>	<u>5,684,450</u>	<u>306,765</u>	<u>2,508,313</u>	<u>8,499,528</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	63,779	495,343	(216,391)	342,731
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	-	-	-
Transfers from Other Funds	825,215	17,011	287,316	1,129,542
Transfer to Other Funds	(917,886)	(510,246)	(48,856)	(1,476,988)
Payment to refunded bond escrow agent	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(92,670)	(493,235)	238,460	(347,446)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	(28,891)	2,108	22,069	(4,715)
<b>FUND BALANCE (Deficit), beginning of year</b>	1,659,015	29,471	1,183,387	2,871,873
Prior Period Adjustment	-	-	-	-
<b>FUND BALANCE, end of year</b>	<u>1,630,124</u>	<u>31,579</u>	<u>1,205,456</u>	<u>2,867,158</u>

**CITY OF INGLESIDE, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (4,715)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2014 capital outlays and debt principal payments is to increase net position.	556,973
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(643,817)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue as revenue adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds from bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions as to increase net position.	48,379
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (43,179)</u></u>

The accompanying notes are an integral part of this statement.

## CITY OF INGLESIDE, TEXAS

EXHIBIT C-5

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

## BUDGET (GAAP) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2014 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014

	2014			Variance With Final Budget Positive/Negative	2013
	BUDGETED AMOUNTS		Actual		Actual
	Original	Final			
REVENUES					
Taxes	3,923,389	3,923,389	4,016,194	92,805	3,864,038
Licenses and Permits	79,350	79,350	279,216	199,866	88,178
Intergovernmental	-	-	-	-	1,000
Charges for Services	937,950	937,950	1,047,351	109,401	999,366
Fines and Penalties	187,500	187,500	183,583	(3,917)	168,114
Other	37,148	37,148	221,885	184,737	88,145
Total Revenues	5,165,337	5,165,337	5,748,229	582,892	5,208,840
EXPENDITURES					
Current					
General Administration	1,668,818	1,669,109	1,331,264	337,845	1,068,099
Public Safety	2,414,283	2,414,283	2,251,301	162,982	2,100,482
Public Works	1,409,547	1,409,547	1,389,783	19,764	1,300,264
Culture and Recreation	702,734	702,734	688,752	13,982	613,892
Economic Development	24,100	24,100	23,349	751	11,595
Total Expenditures	6,219,482	6,219,773	5,684,450	535,323	5,094,331
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,054,145)	(1,054,436)	63,779	1,118,215	114,510
OTHER FINANCING SOURCES (USES)					
Transfers From Other Funds	750,000	750,000	825,215	75,215	500,000
Transfers (To) Other Funds	(5,000)	(5,000)	(917,886)	(912,886)	(317,121)
Transfers From (To) Other Funds	745,000	745,000	(92,670)	(837,670)	182,879
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(309,145)	(309,436)	(28,891)	280,545	297,388
FUND BALANCE, beginning of year	1,659,015	1,659,015	1,659,015	-	1,361,627
Prior Period Adjustment	-	-	-	-	-
FUND BALANCE, end of year	1,349,870	1,349,579	1,630,124	280,545	1,659,015

CITY OF INGLESIDE, TEXAS

Exhibit C-6

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET (GAAP BASIS) AND ACTUAL  
 YEAR ENDED SEPTEMBER 30, 2014  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2013

	2014			Final Budget Variance	2013
	<u>BUDGETED AMOUNTS</u>		<u>Actual</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Ad valorem Taxes	812,579	812,579	790,666	(21,913)	526,442
Ad valorem- Penalty & Interest	6,000	6,000	11,311	5,311	8,795
Total Ad valorem Taxes	818,579	818,579	801,977	(16,602)	535,237
In Lieu Taxes	0	0	0	0	0
Interest	0	0	132	132	127
Total Revenues	818,579	818,579	802,108	(16,471)	535,364
<b>EXPENDITURES</b>					
Debt Service					
Principal Retirement	285,000	285,000	285,000	0	215,000
Interest and Fiscal Charges	28,522	28,522	21,765	6,757	20,741
Total Expenditures	313,522	313,522	306,765	6,757	235,741
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	505,057	505,057	495,343	(9,714)	299,623
<b>OTHER FINANCING SOURCES (USES)</b>					
Other Sources- Bond Proceeds	0	0	0	0	1,635,000
Other Sources- Transfers (Out)	(491,057)	(491,057)	(510,246)	(19,189)	(293,025)
Other Sources- Transfers In	0	0	17,011	17,011	0
Other Uses- Payments to refunded bonds	0	0	0	0	(1,636,000)
Total Other Financing Sources (Uses)	(491,057)	(491,057)	(493,235)	(2,178)	(294,025)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>					
	14,000	14,000	2,108	(11,892)	5,598
FUND BALANCE, beginning of year	29,471	29,471	29,471	0	23,873
FUND BALANCE, end of year	43,471	43,471	31,579	(11,892)	29,471

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2014**

EXHIBIT D-1

	Business-Type Activities Enterprise Fund <hr/> Utility Fund <hr/>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	3,485,348
Receivables and Allowances Accounts	
Water and Wastewater Billings	523,976
Assessments	9,449
Other	157,483
Allowance for Uncollectible Accounts	(251,306)
Due from Other Funds	2,228,319
Bond Issue Cost (Net)	-
Prepaid Items	17,558
Inventory	64,567
Total Current Assets	<u>6,235,394</u>
Non-Current Assets:	
Restricted Assets:	
Cash and Cash Equivalents	
Bond Projects	-
Meter Deposits	165,395
Revenue Bond Reserves/Sinking Fund	347,657
Total Non-Current Assets	<u>513,052</u>
Capital Assets	
Land	329,494
Construction in Progress	-
Buildings	488,884
Water System	9,716,404
Sewer System	20,661,292
Vehicles	968,484
Furniture and Equipment	244,892
Total Capital Assets	32,409,449
Less Accumulated Depreciation	<u>(14,934,210)</u>
Net Capital Assets	<u>17,475,239</u>
TOTAL ASSETS	<u>24,223,685</u>

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2014**

EXHIBIT D-1  
continued

	Business-Type Activities Enterprise Fund
	<u>Utility Fund</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	332,988
Accrued Liabilities	11,464
Compensated Absences	19,483
Due to Other Funds	25,551
Other Payables	-
Capital Leases Payable	-
Current Portion of Revenue Bonds Payable	425,000
Customer Meter Deposits	<u>166,690</u>
Total Current Liabilities	<u>981,175</u>
Liabilities (Payable from Restricted Assets):	
Long-Term Liabilities	
Revenue Bonds Payable	<u>2,935,000</u>
Total Long-Term Liabilities	<u>2,935,000</u>
Total Liabilities	<u>3,916,175</u>
<b>NET POSITION</b>	
Invested in Capital Assets	14,628,291
Restricted for:	
Revenue Bond Retirement	347,657
Commitments	165,395
Unrestricted	<u>5,166,167</u>
Net Position	<u><u>20,307,509</u></u>

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

**CITY OF INGLESIDE, TEXAS**  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT D-2

	Business-Type Activities Enterprise Fund Utility Fund
<b>OPERATING REVENUES</b>	
Water Sales	2,410,953
Sewer Sales	1,481,037
Other Fees and Charges	235,230
Total Operating Revenues	<u>4,127,220</u>
<b>OPERATING EXPENSES</b>	
Personnel Costs	879,186
Contracted Services	277,287
Supplies	209,455
Maintenance	186,399
Self Insurance Claims & Administration	-
Other Operating Expenses	400,079
Water Purchased	1,075,843
Depreciation	738,648
Amortization	15,925
Total Operating Expenses	<u>3,782,822</u>
Net Operating Income	<u>344,397</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Sale of Assets	-
Refunding Bonds Issued	-
Payments to Escrow Agents	-
Grant Income	661,577
Interest Income	1,568
Interest and Fiscal Charges	(110,591)
Net Non-Operating Revenues (Expenses)	<u>552,554</u>
Income Before Transfers	<u>896,952</u>
Transfers in	3,357,087
Transfers (out)	(3,009,641)
Total Transfers in (out)	<u>347,446</u>
Change in Net Assets	<u>1,244,398</u>
Prior Period Adjustment	<u>-</u>
NET POSITION - BEGINNING OF YEAR	<u>19,063,111</u>
NET POSITION - END OF YEAR	<u><u>20,307,509</u></u>

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT D-3

	Business-Type Activities Enterprise Fund Utility Fund
Cash flow from operating activities:	
Cash received from customers	3,879,848
Cash received from other funds for services	-
Cash payments to suppliers for goods and services	(3,677,956)
Cash payments to employees for services	(878,698)
Other adjustments	-
Net cash provided by operating activities	<u>(676,806)</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>347,446</u>
Cash Flows from Capital and Related Financing Activities:	
Net Refunds bonds/costs	-
Grant Proceeds	661,577
Principal Payment on bonds	(415,000)
Interest and Fiscal Charges Paid	(110,591)
Purchase of Capital Assets	(1,857,159)
Prior period adjustment	-
Net Cash (Used) Generated for Capital and Related Financing Activities	<u>(1,721,173)</u>
Cash Flows from Investing Activities- Interest Income	<u>1,568</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,048,964)
Cash and Cash Equivalents at Beginning of Year	6,047,364
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>3,998,401</u></u>
Reconciliation of Operating Income to Net Cash	
Operating Activities	
Operating Income	344,397
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	738,648
Amortization	15,925
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable (Net)	(162,088)
(Increase) Decrease in Due from Other Funds	(78,460)
(Increase) Decrease in Due from Other Governments	-
(Increase) Decrease in Prepaid Items	(10,321)
(Increase) Decrease in Inventory	3,497
Increase (Decrease) in Accounts Payable	147,176
Increase (Decrease) in Accrued Liabilities	(103,445)
Increase (Decrease) in Due to Other Funds	(1,579,589)
Increase (Decrease) in Capital Leases Payable	-
Increase (Decrease) in Compensated Absences	488
Increase (Decrease) in Customer Deposits	6,965
Net Cash Provided by Operating Activities	<u><u>(676,806)</u></u>



## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The City of Ingleside, Texas, (the "City") was incorporated on June 18, 1951 under the provisions of the laws for the State of Texas. The City operates under a charter with a Council-Manager type of government where the Mayor and six Council members are elected on a rotating schedule. Prior to 2010, members were elected at large, after 2010 members are elected under a place format. The City provides the following services: public safety (police and fire), highways and streets, sanitation, waterworks, cultural and recreation, public improvements, planning and zoning, and general and administrative services. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the City operations and so data from these units are combined with data from the City. If applicable, discretely presented units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Blended Component Units

The City of Ingleside Development Corporation (the Corporation) was formed to promote economic development within the City and to administer the distribution of the proceeds of any development bonds issued and certain development sales taxes received on behalf of the City. The City Council appoints a seven-member board of directors of which four are council members. The operational and capital budget must be approved by the City Council. Due to the financial interdependency of the Corporation, it is a blended component unit reported as a special revenue fund. The Corporation does not issue separate financial statements. Additional financial information can be obtained at City Hall.

On April 8, 2009, the City Council adopted Resolution 950 creating the Ingleside Local Development Corporation for the purpose of facilitating the development, assisting and acting on behalf of the City to cause and arrange for the design, development, construction, implementation financing and operation of a master planned community with an architecturally controlled commercial town center on a 1200 acre tract within the City of Ingleside. As proposed, the public improvements within this tract were to be funded through the creation of the Ingleside Tax Increment Reinvestment Zone #1 (TRZ#1). Due to a change in the economic environment, the original development plan did not come to fruition and an alternate development of the property is being implemented. As a result, the TRZ#1 was dissolved during the fiscal year and appropriate zoning for the land formerly in the Zone has been approved by the City Council.

Discretely Presented Component Unit

There are no component units, which require discrete presentation

**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Related and Jointly Governed Organizations

Organizations that are administered by separate boards or commissions provide services within the City. However, the City is not financially accountable for these organizations. Therefore, they are not component units of the City, even if the City Council could appoint a voting majority of the organizations' board. Consequently, financial information for the Coastal Bend Council of Governments and in the Ingleside Chamber of Commerce is not included in these financial statements.

The City complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

B. Government-wide and fund financial statements

The government-wide financial statements (the statement of Net Position and the statement of activities) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental and business-type activities columns, has been removed from these statements. However, any inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets. GASB 63 is effective for the current fiscal year. The City is reflecting the applicable deferred outflows or inflows as required, net assets have been renamed as net position.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

General Fund-

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Utility Fund-

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

The City reports the following fund types:

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenue as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt services expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

D. Encumbrances/Commitments

Encumbrances represent commitments related to unperformed contracts for goods and services. There are no significant encumbrances outstanding at September 30, 2014 which are not reflected.

Committed Fund Balances – Obligations of a fund for a future period(s) have been shown as a commitment of Fund Balance.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

E. Cash and Investments

The City can legally invest in certificates of deposit, obligations of the U.S. Government and its Agencies or instrumentalities, State obligations, local government investment pools and certain money market funds.

The City has implemented GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." As a governmental entity other than an external investment pool, in accordance with GASB 31 the City's investments are stated at market value, except for money market investments with remaining maturity of one year or less when purchased and nonparticipating interest earning investment contracts.

For purposes of the statement of cash flows, the enterprise funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

F. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Inventories

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

H. Inter-fund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Transactions Between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period on capital assets. Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	10-50 Years
Water and Sewer System	20-50 Years
Infrastructure	20-30 Years
Machinery and Equipment	5-10 Years
Improvements	10-20 Years
Vehicles	5-10 Years

K. Compensated Absences

In proprietary fund types, accumulated unpaid compensated absences are accrued when incurred. The accruals are reported as liabilities and expenses for the year incurred. The liability in the governmental fund types is recorded only in the Government-wide Financial Statements. The amount expected to be paid from current resources is not considered to be significant. The City allows employees to accumulate up to a maximum of 960 hours of sick leave. However, sick days do not vest, and accordingly, employees can be paid sick leave only when sick. Since an employee's right to receive compensation for future absences is contingent upon the absences being caused by future illnesses and since amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements. Up to 15 days of accumulated earned vacation will be paid to an employee upon termination.

L. Net Position and Fund Equity, Commitments

In the government-wide financial statements and proprietary funds financial statements, Net Position are reported in three categories: Net Position invested in capital assets, net of related debt; restricted Net Position; and unrestricted Net Position. Net Position invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt.

Committed Fund Equity/Net Position – Obligations of fund equity/Net Position for a future period(s) have been shown as a commitment of Fund Equity/Net Position.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amount reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**II Reconciliation of Government-wide and fund financial statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of Net Position.**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the Net Position for governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land	\$ 3,836,406	\$ -	\$ 3,836,406	
Buildings	5,655,302	(1,668,816)	3,986,486	
Furniture & Fixtures	1,035,463	(351,425)	684,038	
Machinery & Equipment	4,279,949	(2,856,190)	1,423,759	
Construction in Progress	-	-	-	
Infrastructure	6,491,107	(5,053,494)	1,437,613	
Change in Net Position	<u>\$ 21,298,227</u>	<u>\$ (9,929,925)</u>		<u>\$ 11,368,302</u>
Long-term Liabilities at the Beginning of the year				
Bonds and Loans Payable	\$ 1,930,000			
Comp. Absences & Other	92,406			
Change in Net Position	<u>2,022,406</u>			<u>\$ (2,022,406)</u>
Net Adjustment to Net Position				<u><u>\$ 9,345,896</u></u>

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

Exhibit C-4 provides the reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in Net Position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in Net Position. The details of this adjustment are as follows:

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
<u>Current Year Capital Outlay</u>			
Land	\$ -	\$ -	\$ -
Buildings & Improvements	-	-	-
Furniture & Equipment	265,853	265,853	265,853
Infrastructure	-	-	-
Construction in Process	-	-	-
Total Capital Outlay	<u>\$ 265,853</u>	<u>\$ 265,853</u>	<u>\$ 265,853</u>
<u>Debt Principal Payments</u>			
Bond Principal - net	340,000	340,000	340,000
Loan Principal	-	-	-
Capital Lease Payments	-	-	-
Other	9,705	9,705	9,705
Total Principal Payments	<u>349,705</u>	<u>349,705</u>	<u>349,705</u>
 Total Adjustment to Net Position	 <u>\$ 615,558</u>	 <u>\$ 615,558</u>	 <u>\$ 615,558</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Adjustments to Revenue and Unearned Revenue</u>			
Taxes Collected from Prior Year Levies	\$ 76,622	\$ 76,622	\$ 76,622
Uncollected taxes (assumed collectible) from Current Year Levy	(64,325)	(64,325)	(64,325)
Uncollected Taxes (assumed collectible) from Prior Year Levy	(203,434)	(203,434)	(203,434)
Other	-	-	-
Total	<u>\$ (191,137)</u>	<u>\$ (191,137)</u>	<u>\$ (191,137)</u>

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**III Stewardship, Compliance and Accountability**

**I CASH AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

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

**A. Cash Deposits**

At September 30, 2014, the carrying amount of the City's deposits (cash, Tex-Pool, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$9,227,808 and the bank balance was \$9,456,439. The City's cash deposits at September 30, 2014 and during the period ended September 30, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

**B. Investments**

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

Investment Maturities (In Years)

<u>Investment or Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
U.S. Treasury Money Markets	\$ -	.	\$ -	\$ -
Investment Pools:				
Investment in Tex-Pool	7,102,936	7,102,936	-	-
Total Fair Value	<u>\$ 7,102,936</u>	<u>\$ 7,102,936</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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Interest Rate Risk- In accordance with state law and City policy, the City does not purchase any investments with maturities greater than 10 years.

Credit Risk- In accordance with state law and the City's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The City's investments in investment pools were rated AAA.

Concentration of Credit Risk- the City does not place a limit on the amount the City may invest in any one issuer. The City does not have a concentration of credit risk.

Custodial Credit Risk- For an investment, custodial credit risk 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. The City does not have a custodial credit risk.

2. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014, was as follows: (Pages 56 and 57)

**CITY OF INGLESIDE, TEXAS  
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FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 3,836,406	\$ -	\$ -	\$ 3,836,406
Construction in Progress	-	-	-	-
Total Capital assets, not being depreciated	<u>3,836,406</u>	<u>-</u>	<u>-</u>	<u>3,836,406</u>
Capital Asset being depreciated:				
Buildings and improvements	5,655,302			5,655,302
Machinery and equipment	4,279,949	265,853		4,545,802
Furniture and fixtures	1,035,463			1,035,463
Infrastructure	6,491,107			6,491,107
Total capital assets, being depreciated	<u>17,461,821</u>	<u>265,853</u>	<u>-</u>	<u>17,727,674</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,668,817)	(160,324)		(1,829,141)
Machinery and equipment	(2,856,190)	(275,344)	6,759	(3,138,293)
Furniture and fixtures	(351,425)	(18,977)		(370,402)
Infrastructure	(5,053,494)	(189,172)		(5,242,666)
Total accumulated depreciation	<u>(9,929,926)</u>	<u>(643,817)</u>	<u>6,759</u>	<u>(10,580,502)</u>
Total capital assets being depreciated, net	<u>7,531,895</u>	<u>(377,964)</u>	<u>6,759</u>	<u>7,147,172</u>
Governmental activities capital assets, net	<u>\$ 11,368,301</u>	<u>\$ (377,964)</u>	<u>\$ 6,759</u>	<u>\$ 10,983,578</u>
<b>Business-type Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 329,494	\$ -	\$ -	\$ 329,494
Construction in progress	1,141,775	-	1,141,775	-
Total capital assets, not being depreciated	<u>1,471,269</u>	<u>-</u>	<u>1,141,775</u>	<u>329,494</u>
Capital Assets, being depreciated				
Buildings	488,883	-	-	488,883
Water systems	6,675,563	3,040,841	-	9,716,404
Sewer systems	20,540,291	121,000	-	20,661,291
Vehicles	943,483	25,000	-	968,483
Furniture and equipment	244,892	-	-	244,892
Total capital assets, being depreciated	<u>28,893,112</u>	<u>3,186,841</u>	<u>-</u>	<u>32,079,953</u>
Less accumulated depreciation for:				
Buildings	(393,537)	(9,963)	-	(403,500)
Water systems	(3,992,556)	(172,545)	-	(4,165,101)
Sewer systems	(8,814,088)	(522,505)	-	(9,336,593)
Vehicles	(213,720)	(7,429)	-	(221,149)
Furniture and equipment	(781,658)	(26,207)	-	(807,865)
Total accumulated depreciation	<u>(14,195,559)</u>	<u>(738,649)</u>	<u>-</u>	<u>(14,934,208)</u>
Total capital assets, being depreciated, net	<u>14,697,553</u>	<u>2,448,192</u>	<u>-</u>	<u>17,145,745</u>
Business-type activities capital assets, net	<u>\$ 16,168,822</u>	<u>\$ 2,448,192</u>	<u>\$ 1,141,775</u>	<u>\$ 17,475,239</u>

Adjustments have been made for the beginning balances for corrections, grouping.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

Governmental activities:	
General government and administration	\$ 33,888
Cultural and recreational	130,156
Public Safety	253,469
Public Works	48,771
Streets-Infrastructure	177,533
Total depreciation expense-Governmental activities	<u><u>\$ 643,817</u></u>
Business-type activities:	
Water	\$ 194,345
Sewer	544,304
Total depreciation expense-Business-type activities	<u><u>\$ 738,649</u></u>

3. LONG-TERM DEBT

At September 30, 2014, bonds payable consisted of the following individual issues:

	<u>Governmental</u>	<u>Business-type</u>
2012 General Obligation Refunding Bonds, Series 2012, due in annual installments through February 1, 2018, bearing interest rate of 1.890%. (Original Debt \$1,220,000) See Note 1 below	\$ 795,000	\$ -
2012 General Obligation Refunding Bonds, Series 2012, due in annual installments through February 1, 2022, bearing interest rate of 1.890%. (Original Debt \$1,500,000) See Note 1 below	-	1,310,000
2002- A Waterworks and Sewer System Revenue Bonds, Due in annual installments through February 1, 2015, Bearing interest rates of 4.75% to 5.9%. (Original debt \$285,000)	-	30,000
2007 Utility System Combination Tax and Revenue Bonds, due in annual Installments through February 1, 2020, bearing interest Rate of 4.50% (Original debt \$1,670,000)	-	900,000
2011 Utility System Certificate of Obligations, due in annual Installments through February 1, 2024, bearing interest Rate of 3.12% (Original debt \$1,350,000)	-	1,120,000
Total Bonds Payable	<u><u>\$ 795,000</u></u>	<u><u>\$ 3,360,000</u></u>

Continued-



**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

The annual requirements for bonds for years subsequent to September 30, 2014, are as follows:

Year Ending September 30	Governmental Activities General/Certificate Obligations			Business-type Activities Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 350,000	\$ 25,799	\$ 375,799	\$ 425,000	\$ 95,075	\$ 520,075
2016	355,000	19,305	374,305	405,000	81,907	486,907
2017	355,000	12,763	367,763	410,000	69,160	479,160
2018	265,000	7,071	272,071	410,000	56,204	466,204
2019	135,000	3,465	138,465	420,000	42,993	462,993
Thereafter	130,000	1,139	131,139	1,290,000	67,429	1,357,429
<b>Totals</b>	<u><u>\$ 1,590,000</u></u>	<u><u>\$ 69,542</u></u>	<u><u>\$ 1,659,542</u></u>	<u><u>\$ 3,360,000</u></u>	<u><u>\$ 412,768</u></u>	<u><u>\$ 3,772,768</u></u>

**RESTRICTED CASH AND INVESTMENTS- UTILITY FUND**

Revenue Bonds-

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on the pledge of the net revenues of the water and sewer system.

The Revenue Bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts. Management of the City believes that it is in compliance with all significant financial requirements as of September 30, 2014.

The components of restricted cash and investments as of September 30, 2014 are as follows:

Meter Deposit Funds	\$ 165,394
Bond Construction	-
Revenue Bond Payment Reserve	31,779
Interest and Sinking Fund-Bonds	315,879
<b>Total Restricted Cash and Investments</b>	<u><u>\$ 513,052</u></u>

The City is fully funded in the Bond Reserve Fund and is in compliance with its bond ordinance.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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Defeased Bonds Outstanding-

On July 11, 2007, the city issued Refunding Bonds, Series 2007 in the amount of \$1,670,000 to provide resources to purchase U.S. Government State and Local Series Securities that were placed in an irrevocable trust for the purpose of generating resources for portions of future debt service payments of certificate of obligation Series 2000. As a result, the bonds are considered to be defeased and the liability has been removed from the governmental and business type activities columns of the statement of Net Position.

In the fiscal year 2013, the City Refunding several bonds, Texas Waterworks and Sewer System Revenue Bonds, Series 2002 in the principal amount of \$1,460,000, redeemed February 1, 2013, Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 1997, in the amount of \$791,000 to be redeemed on October 16, 2012, Series 1997-A, in the aggregate principal amount of \$390,000 redeemed on October 16, 2012, Series 2002 in the aggregate principal amount of \$400,000 redeemed on October 16, 2012.

**CAPITAL LEASES**

The City did not have any material or significant capital leases during the fiscal year.

	Business-type Activities
Fiscal Year Ended September 30, 2014	
Total	\$ -
Less amount representing interest	-
	<hr style="border: 0.5px solid black;"/>
Present value of future lease payments	-
	<hr style="border: 0.5px solid black;"/>

**4. COMMITMENTS UNDER NONCAPITALIZED LEASES**

Operating Leases:

The City leases equipment. Most of the leases are cancelable.

Minimum lease commitments for the next five years are immaterial.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

5. INTERFUND TRANSACTIONS AND BALANCES

Interfund balances at September 30, 2014 consisted of the following individual fund balances:

	Due From Other Funds	Due To Other Funds
General Fund:		
Special Revenue Fund	\$ 266,135	\$ 4,152
Debt Service Fund	-	14,787
Capital Projects Fund	534,333	484
Enterprise Funds	-	2,543,051
Internal Service Fund	-	-
Total General Fund	800,468	2,562,474
Special Revenue Fund		
General Fund	89,062	544,339
Special Revenue Funds	-	-
Total Special Revenue Fund	89,062	544,339
Capital Projects Fund		
General Fund	-	273
Special Revenue Fund	-	-
Total Capital Projects Fund	-	273
Debt Service Fund		
General Fund	14,787	-
Enterprise Funds	-	-
Total Debt Service Fund	14,787	-
Enterprise Funds		
General Fund	1,846,030	-
Enterprise Funds	382,289	25,550
Total Enterprise Funds	2,228,319	25,550
TOTAL	\$ 3,132,636	\$ 3,132,636

The interfund balances at September 30, 2014 are generally short-term loans to cover temporary cash flows and reimbursements for various funds.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Interfund transfers during the year ended September 30, 2014 were as follows:

Transfer In	General	Debt	Special	Utility	Total
	Fund	Service Fund	Revenue Funds	Fund	
Utility Fund	\$ 66,742	\$ -	\$ -	\$ 900,000	\$ 966,742
General Fund	775,485	-	287,315	-	1,062,800
Special Revenue Fund	-	-	-	1,946,841	1,946,841
Debt Service Fund	-	-	-	510,246	510,246
Total	842,227	-	287,315	3,357,087	4,486,629
Less Transfers	(966,742)	(510,246)	-	(3,009,641)	(4,486,629)
Net Transfers	\$ (124,515)	\$ (510,246)	\$ 287,315	\$ 347,446	\$ -

The Utility Fund transfers to the General Fund were for an allocated amount for administrative service charges, payments in lieu of taxes and the transfer from the Debt Service Fund to the Utility Fund for payments related to the Series 2007, Series 2011 and Series 2012 Combination Revenue Bonds.

**6. DISAGGRAGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2014, were as follows:

	Property	Other	Due From	Other	Total
	Taxes - Net	Governments	Other Funds		Receivables
<b>Governmental Activities:</b>					
General Fund - net	\$ 40,823	\$ -	\$ 800,468	\$ 267,980	\$ 1,109,271
Major Governmental Funds	-	-	14,787	-	14,787
Non-major Governmental Funds	7,556	-	89,062	647,210	743,828
Total - Governmental Activities	\$ 48,379	\$ -	\$ 904,317	\$ 915,190	\$ 1,867,886

Payables at September 30, 2014, were as follows:

	Accounts	Loans, Leases	Salaries	Due to	Due to	Other	Total
		and Bonds Payable- Current Year	and Benefits	Other Funds	Other Governments		
<b>Governmental Activities:</b>							
General Fund	\$ 360,216	\$ 350,000	\$ 8,662	\$ 2,562,474	\$ -	\$ -	\$ 3,281,352
Major Governmental Fund	-	-	-	-	-	-	-
Non-major Governmental Funds	128,452	-	-	544,612	-	-	673,064
Total - Governmental Activities	\$ 488,668	\$ 350,000	\$ 8,662	\$ 3,107,086	\$ -	\$ -	\$ 3,954,416

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

7. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 based on 100% of appraised value of property as listed on the previous January 1. Appraised values are determined by the San Patricio County Appraisal District; approved by the San Patricio County Appraisal Review Board; and certified by the Chief Appraiser. Property taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. The city does not offer a discount or early payment of taxes. The City's taxes are billed and collected by the San Patricio County Tax Office. Ad valorem taxes of \$3,114,160 were assessed on property values totaling \$506,367,556 using a tax rate of \$.6150 (\$.45607 for general operations and \$.15893 for debt service) per \$100 assessed value.

8. PENSION PLAN

Plan Description: The City of Ingleside provides pension benefits for all of its eligible employees (except firefighters and part – time personnel) through a non – traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple – employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

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

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

	Plan Year 2014	Plan Year 2013
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

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

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

1. Annual Required Contribution (ARC)	265,347
2. Interest on Net Pension Obligation	-
3. Adjustment to the ARC	-
4. Annual Pension Cost (APC)	265,347
5. Contributions Made	265,347
6. Increase (Decrease) in net pension obligation	-
7. Net Pension Obligation/(Asset), beginning of year	-
8. Net Pension Obligation/(Asset), end of year	-

Three year Trend Information

Fiscal Year Ending	Annual Pension Cost	Actual Contributions Made	Percentage of APC Contributed	Net Position Obligation/ (Asset)
2012	236,383	236,383	100%	-
2013	238,584	238,584	100%	-
2014	265,347	265,347	100%	-

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

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Union Credit	Projected Union Credit	Entry Age Normal
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
GASB 25 Equivalent Single Amortization Period	25.9 years- closed period	24.9 years - closed period	30 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
<b>Actuarial Assumptions</b>			
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation	3.00%	3.00%	3.00%
Cost-of-living adjustments	2.10%	2.10%	2.10%

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as of Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/2008	2,418,690	3,900,265	62.0%	1,481,575	2,089,488	70.9%
12/31/2009	2,770,226	4,388,305	63.1%	1,618,079	2,561,892	63.2%
12/31/2010	5,083,745	6,376,267	79.7%	1,292,522	2,360,157	54.8%
12/31/2011	5,524,284	6,735,754	82.0%	1,211,470	2,317,972	52.3%
12/31/2012	6,075,468	7,251,015	83.8%	1,175,547	2,479,353	47.4%
12/31/2013	6,719,641	8,101,576	82.9%	1,381,935	2,650,529	52.1%

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

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

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

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

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

9. POST EMPLOYMENT HEALTH CARE BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid in full by the insured for the actual month covered. This program is offered for a period of 18 months after the termination date. There is no associated cost to the City under this program.

City supplemental death to:	Plan Year 2014	Plan Year 2013
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

Contributions

The city contributes to the Supplemental Death Benefits Fund 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 Supplemental Death Benefits Fund program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The city's contribution to the TMRS SDBF for the years ended 2014, 2013 and 2012 were \$6,496, \$5,214, and \$5,165, respectively, which equaled the required contributions each year.

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees and others; and natural disasters. The City's program for managing risks include: 1) participation in a public entity risk pool (Texas Municipal League) to cover liability claims such as workers compensation and general liability claims and to cover property damage claims; 2) purchasing commercial property insurance for protection from damages due to windstorms, hurricanes, hail storms and floods; and 3) providing employees with various safety programs. Except for deductibles, the City has maintained insurance for risk of loss to the public entity risk pool and commercial issuers.

11. COMMITMENTS AND CONTINGENT LIABILITES /SHORT TERM LOANS

There are no significant claims or lawsuits pending against the City.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

12. FUND EQUITY - GASB 54 note

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City of Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or state statute. City Council or a Council official delegated that authority by the City Council.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

#### City Fund Balance Policy

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City has in the past and plans to continue in the future its conservative approach to monitoring expenditures to ensure that fund balances stay strong at the 25% general fund policy level. Good management practices contributed toward the credit rating agencies deciding to reaffirm the City's "A" ratings. As Standard & Poor's stated, "[Our] stable outlook also reflects our expectation that City officials will maintain reserve levels at a strong level.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Fund Balance - GASB 54 Compliance

By a majority vote in a scheduled meeting of the City Council, the Council may commit fund balances and it may modify or rescind these commitments. The City Council may also delegate authority to persons or parties to assign fund balances in specific circumstances. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows.

Fund Balance Classification	Amount
Non-spendable	
Inventories	\$ 15,945
Pre-paids	2,346
 Restricted	
Federal/State Grants	628,958
Retirement of Long Term Debt	31,579
 Committed	
Economic	576,496
Compensated	93,847
 Assigned Fund Balances	
Undesignated/Unassigned	-
Unassigned Fund Balance	1,517,987
Total Fund Balances	\$ 2,867,158

13. Subsequent Events

The City has evaluated subsequent events through February 26, 2015, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INGLESIDE, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

BUDGETARY DATA

Annual budgets are legally adopted by council. The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of a department must be approved by the City Council. Budgeted amounts reported in the 2013-2014 financial statements present the original and final amended budget approved by the Council. All unencumbered budget appropriations except project budgets, lapse at the end of each fiscal year. The following procedures are used by the City in establishing the budgetary date reflected in the financial statements:

1. Prior to first meeting in August, the City Manager is required to submit a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Advertised public hearings are conducted.
3. The budget is required to be approved by September 25<sup>th</sup>.
4. The tax rates are approved after the budget has been approved.
5. The budget may be amended as considered necessary. The budget and tax rates are enacted through the passage of ordinances.

CITY OF INGLESIDE, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 ANALYSIS OF FUNDING PROGRESS

LAST NINE VALUATION DATES

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as of Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	( c )	((b-a)/c)
12/31/2005	2,093,976	2,711,769	617,793	77.2%	2,106,365	29.3%
12/31/2006	2,180,324	2,804,362	624,038	77.7%	1,775,820	35.1%
12/31/2007	2,204,666	3,597,512	1,392,846	61.3%	1,977,161	70.4%
12/31/2008	2,418,690	3,900,265	1,481,575	62.0%	2,089,488	70.9%
12/31/2009	2,770,226	4,388,305	1,618,079	63.1%	2,561,892	63.2%
12/31/2010	5,083,745	6,376,267	1,292,522	79.7%	2,360,157	54.8%
12/31/2011	5,524,284	6,735,754	1,211,470	82.0%	2,317,972	52.3%
12/31/2012	6,075,468	7,251,015	1,175,547	83.8%	2,479,353	47.4%
12/31/2013	6,719,641	8,101,576	1,381,935	82.9%	2,650,529	52.1%



COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES AS SUPPLEMENTARY INFORMATION



GOVERNMENTAL FUNDS



## GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund. The Fund uses the modified accrual basis of accounting.



**CITY OF INGLESIDE, TEXAS**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-1

ASSETS	<u>2014</u>	<u>2013</u>
Cash and Texpool Accounts	3,967,038	2,293,979
Receivables and Allowances:		
Accounts		
Assessments and Fees (net)	-	-
Miscellaneous	6	1
Inventory	15,945	18,291
Due From Other Governmental Agencies		
Sales Taxes	267,974	231,381
Parks and Wildlife	-	-
Ad Valorem Taxes	226,797	260,381
Allowance for Uncollectible	(185,974)	(213,513)
Due from Other Funds	800,468	1,245,433
Prepaid Items	2,346	10,164
<b>TOTAL ASSETS</b>	<u><u>5,094,600</u></u>	<u><u>3,846,118</u></u>
LIABILITIES AND FUND BALANCE		
Accounts Payable/Accrued Expenditures	360,216	337,237
Other Payables	8,662	-
Due to Other Funds	2,562,474	1,660,579
Unearned Revenues	492,300	142,418
<b>TOTAL LIABILITIES</b>	<u><u>3,423,653</u></u>	<u><u>2,140,234</u></u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	40,823	46,869
Total Deferred Inflows of Resources	<u><u>40,823</u></u>	<u><u>46,869</u></u>
FUND BALANCE		
Nonspendable Fund Balance		
Inventory	15,945	18,291
Prepaid Items	2,346	10,164
Committed Fund Balance		
Economic Development	-	-
Compensated Absenses	93,847	85,327
Unassigned Fund Balance	1,517,987	1,545,234
<b>TOTAL FUND BALANCE</b>	<u><u>1,630,124</u></u>	<u><u>1,659,015</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCE</b>	<u><u>5,094,600</u></u>	<u><u>3,846,118</u></u>

**CITY OF INGLESIDE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER SOURCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNT FOR 2013**

Exhibit H-2  
Page 1 of 2

REVENUES	2014			Variance with Final Budget Variance	2013
	BUDGETED AMOUNTS		Actual		Actual
	Original	Final			
Taxes					
Ad valorem- Current	2,068,651	2,068,651	1,876,496	(192,155)	1,906,236
Ad valorem- Delinquent	55,000	55,000	60,888	5,888	42,068
Ad valorem- Penalty & Interest	30,000	30,000	37,772	7,772	34,601
Indust. District- in lieu of taxes	621,867	621,867	623,346	1,479	537,427
City Sales (1%)	850,015	850,015	976,375	126,360	946,213
Beverage Tax	10,000	10,000	21,605	11,605	16,913
Bingo Tax	1,500	1,500	1,514	14	1,596
Franchise/Other	264,356	264,356	394,888	130,532	357,056
In-Lieu of Franchise Tax	22,000	22,000	23,311	1,311	21,929
Total Taxes	<u>3,923,389</u>	<u>3,923,389</u>	<u>4,016,194</u>	<u>92,805</u>	<u>3,864,038</u>
Licenses and Permits					
Dog Licenses	2,500	2,500	1,490	(1,010)	1,922
Dog Donation and Adoption	3,500	3,500	1,830	(1,670)	260
Contractor Licenses	5,000	5,000	8,050	3,050	5,950
Electricians Licenses	0	0	0	0	0
Building Permits	50,000	50,000	212,289	162,289	28,934
Electrical Permits	10,000	10,000	11,950	1,950	16,977
Plumbing Permits	3,000	3,000	8,469	5,469	6,691
Pipeline Permits	0	0	22,168	22,168	0
Other Permits	1,200	1,200	1,215	15	17,441
Mechanical Permits	2,000	2,000	8,590	6,590	6,504
Beer & Wine Permits	2,000	2,000	2,880	880	3,290
Solicitors Permits	150	150	285	135	210
Total Licenses and Permits	<u>79,350</u>	<u>79,350</u>	<u>279,216</u>	<u>199,866</u>	<u>88,178</u>
Intergovernmental					
Grant- Texas Capital Project	0	0	0	0	0
Grant- TIF	0	0	0	0	0
Grant- Texas Parks & Wildlife	0	0	0	0	0
Grants- Other	0	0	0	0	1,000
Total Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>

**CITY OF INGLESIDE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER SOURCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNT FOR 2013**

Exhibit H-2  
Page 2 of 2

REVENUES	2014		Actual	Variance with Final Budget Variance	2013
	BUDGETED AMOUNTS				Actual
	Original	Final			Actual
Charges for Services					
Sanitation	900,000	900,000	947,021	47,021	936,538
Rural Fire Calls	15,000	15,000	15,585	585	16,020
Swimming Pool Charges	6,000	6,000	7,981	1,981	6,184
Skate Park Charges	0	0	605	605	0
Platting Fees	3,000	3,000	1,975	(1,025)	8,574
Rezoning Applications	350	350	1,100	750	600
Driveway Placement Fees	2,000	2,000	16,044	14,044	10,656
Library	8,500	8,500	17,818	9,318	13,310
Tax Certificates	100	100	0	(100)	38
Lot Clearing	3,000	3,000	39,221	36,221	7,446
Subtotal	<u>937,950</u>	<u>937,950</u>	<u>1,047,351</u>	<u>109,401</u>	<u>999,366</u>
Fines and Penalties	<u>187,500</u>	<u>187,500</u>	<u>183,583</u>	<u>(3,917)</u>	<u>201,457</u>
Other					
Rents and Fees- Garden Center	5,000	5,000	5,615	615	5,530
Interest	2,000	2,000	705	(1,295)	2,320
Contributions	0	0	9,226	9,226	9,621
Bldg Lease- Humble Fees	11,200	11,200	17,968	6,768	16,585
Copies	1,000	1,000	329	(671)	1,355
Cash Over/Short	0	0	0	0	5
Wrecker	0	0	0	0	0
Sale of Assets	0	0	0	0	1,142
Sundry	10,000	10,000	177,317	167,317	45,913
Arrest Fees	623	623	701	78	677
Map Sales	25	25	50	25	0
Emergency Beacons	0	0	0	0	0
Police Peace Officers Allocation	0	0	0	0	0
Pound Boarding & Impoundment	5,000	5,000	8,295	3,295	4,875
Police Payphone Commissions	500	500	0	(500)	122
Law Enforcement Education	1,700	1,700	1,680	(20)	0
Live Oak Park Rent	100	100	0	(100)	0
Subtotal	<u>37,148</u>	<u>37,148</u>	<u>221,885</u>	<u>184,737</u>	<u>88,145</u>
Total Revenues	<u>5,165,337</u>	<u>5,165,337</u>	<u>5,748,229</u>	<u>582,892</u>	<u>5,208,840</u>
OTHER SOURCES- Operating Transfers					
Transfers	750,000	750,000	825,215	75,215	500,000
Total Operating Transfers	<u>750,000</u>	<u>750,000</u>	<u>825,215</u>	<u>75,215</u>	<u>500,000</u>
TOTAL REVENUES AND OTHER SOURCES	<u>5,915,337</u>	<u>5,915,337</u>	<u>6,573,444</u>	<u>658,107</u>	<u>5,708,840</u>

**CITY OF INGLESIDE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNT FOR 2013**

	2014			
	BUDGETED AMOUNTS		Personnel Costs	Supplies & Services
	Original	Final		
Current Expenditures				
General Administration				
Mayor and Council	25,425	25,425	0	20,666
City Manager	95,275	95,275	81,302	10,562
City Secretary	112,530	112,530	88,068	23,169
Finance	191,773	192,064	151,364	14,621
Municipal Court	235,901	235,901	143,613	42,468
City Attorney	300,000	300,000	0	123,869
Economic Development	10,000	10,000	0	10,122
Non-Departmental	697,914	697,914	0	568,798
Total General Administration	<u>1,668,818</u>	<u>1,669,109</u>	<u>464,347</u>	<u>814,275</u>
Public Safety				
Police	1,740,676	1,740,676	1,391,373	244,314
Fire	237,253	237,253	79,637	127,799
Inspections	160,298	160,298	129,016	13,146
Code Enforcement	126,243	126,243	54,446	52,373
Crossing Guards	0	0	0	0
Emergency Management	10,048	10,048	0	13,500
Animal Control	139,765	139,765	81,125	52,932
Total Public Safety	<u>2,414,283</u>	<u>2,414,283</u>	<u>1,735,597</u>	<u>504,064</u>
Public Works				
Streets Department	341,501	341,501	168,686	156,082
Vector Control	10,200	10,200	0	2,191
Buildings and Drainage	268,146	268,146	203,272	68,012
Sanitation	775,600	775,600	0	778,314
GIS	14,100	14,100	0	13,226
Total Public Works	<u>1,409,547</u>	<u>1,409,547</u>	<u>371,958</u>	<u>1,017,826</u>
Culture and Recreation				
Library	258,601	258,601	192,668	59,623
Parks and Recreation	429,682	429,682	246,447	178,430
Simmons Park Development	0	0	0	0
Citizens Center	38,551	38,551	19,454	15,479
Total Parks and Recreation	<u>726,834</u>	<u>726,834</u>	<u>458,569</u>	<u>253,532</u>
Transfers Out	5,000	5,000	0	0
Total Current Expenditures	<u><u>6,224,482</u></u>	<u><u>6,224,773</u></u>	<u><u>3,030,471</u></u>	<u><u>2,589,696</u></u>

	2014				Variance with Final Budget Variance	2013
	Debt Service	Capital Outlay	Transfers Out	Total Actual		Total Actual
	0	0	0	20,666	4,759	25,994
	0	0	0	91,864	3,411	90,865
	0	0	0	111,237	1,293	97,497
	0	0	0	165,985	26,079	191,535
	0	0	0	186,081	49,820	163,801
	0	0	0	123,869	176,131	86,205
	0	0	0	10,122	(122)	8,531
	52,643	0	0	621,440	76,474	403,672
	<u>52,643</u>	<u>0</u>	<u>0</u>	<u>1,331,264</u>	<u>337,845</u>	<u>1,068,099</u>
	0	149	0	1,635,836	104,840	1,548,066
	0	11,000	0	218,436	18,817	176,026
	0	0	0	142,162	18,136	146,616
	0	491	0	107,311	18,932	85,550
	0	0	0	0	0	0
	0	0	0	13,500	(3,452)	19,437
	0	0	0	134,056	5,709	124,787
	<u>0</u>	<u>11,640</u>	<u>0</u>	<u>2,251,301</u>	<u>162,982</u>	<u>2,100,482</u>
	0	0	0	324,768	16,733	323,277
	0	0	0	2,191	8,009	2,754
	0	0	0	271,284	(3,138)	227,331
	0	0	0	778,314	(2,714)	743,838
	0	0	0	13,226	874	3,064
	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,389,783</u>	<u>19,764</u>	<u>1,300,264</u>
	0	0	0	252,291	6,310	234,855
	0	0	0	424,877	4,805	363,065
	0	0	0	0	0	0
	0	0	0	34,932	3,619	27,567
	<u>0</u>	<u>0</u>	<u>0</u>	<u>712,101</u>	<u>14,733</u>	<u>625,487</u>
	0	0	917,886	917,886	(912,886)	317,121
	<u>52,643</u>	<u>11,640</u>	<u>917,886</u>	<u>6,602,335</u>	<u>(377,562)</u>	<u>5,411,452</u>



NON-MAJOR GOVERNMENTAL FUNDS

**CITY OF INGLESIDE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

Exhibit H-4

	Special Revenue Funds	Ingleside Development Fund	Ingleside Tax Reinvest. Zone #1 Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Texpool Accounts	577,564	564,683	0	1,142,247
Receivables				
Ad Valorem Taxes	0	0	0	0
Allowance for Uncollectible Taxes	0	0	0	0
Other	534,333	34,035	0	568,368
Hotel-Motel Tax	42,819	0	0	42,819
Due from Other Governments	36,022	0	0	36,022
Due from Other Funds	89,062	0	0	89,062
<b>TOTAL ASSETS</b>	<u>1,279,801</u>	<u>598,719</u>	<u>0</u>	<u>1,878,520</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	128,452	0	0	128,452
Due to Other Funds	536,556	8,056	0	544,612
Unearned Revenue	0	0	0	0
<b>TOTAL LIABILITIES</b>	<u>665,008</u>	<u>8,056</u>	<u>0</u>	<u>673,064</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE</b>				
Restricted:				
Restricted for Public Safety and Works	134,938	0	0	134,938
Restricted for Tourism and Development	479,855	14,167	0	494,022
Restricted for Debt Service	0	0	0	0
Restricted for Debt Service				
Committed Fund Balance				
Economic Development	0	576,496	0	576,496
<b>TOTAL FUND BALANCE</b>	<u>614,793</u>	<u>590,663</u>	<u>0</u>	<u>1,205,456</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCE</b>	<u>1,279,801</u>	<u>598,719</u>	<u>0</u>	<u>1,878,520</u>

**CITY OF INGLESIDE, TEXAS**

Exhibit H-5

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds	Ingleside Development Fund	Ingleside Tax Reinvest. Zone #1 Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	353,634	165,170	0	518,805
Intergovernmental	1,764,064	0	0	1,764,064
Interest	181	174	36	390
Other	8,663	0	0	8,663
<b>TOTAL REVENUES</b>	<b>2,126,542</b>	<b>165,344</b>	<b>36</b>	<b>2,291,922</b>
<b>EXPENDITURES</b>				
Current				
Tourism/Advertising/Training	145,700	0	0	145,700
Police	2,200	0	0	2,200
Development	1,766,348	24,202	108,526	1,899,075
Public Works	401,093	0	0	401,093
Debt Service				
Principal	0	55,000	0	55,000
Interest	0	5,245	0	5,245
<b>TOTAL EXPENDITURES</b>	<b>2,315,340</b>	<b>84,447</b>	<b>108,526</b>	<b>2,508,313</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(188,798)</b>	<b>80,897</b>	<b>(108,490)</b>	<b>(216,391)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	0	0	0	0
Transfers In from Other Funds	287,316	0	0	287,316
Transfer (Out) to Other Funds	0	0	(48,856)	(48,856)
Payments to refunded bond escrow agent	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>287,316</b>	<b>0</b>	<b>(48,856)</b>	<b>238,460</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>98,518</b>	<b>80,897</b>	<b>(157,346)</b>	<b>22,069</b>
FUND BALANCE, beginning of year	516,275	509,766	157,346	1,183,387
FUND BALANCE, end of year	614,793	590,663	0	1,205,456



## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds for specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures to specified purposes. The City maintains the following special revenue funds.

Hotel/Motel Tax Fund- required by Texas to account for occupancy tax collections. This fund is used to account for that portion of collections used for tourism advertising and promotion.

Texas Capital Fund Grant- established to account for grant funds received for Community Development Block Grant- Kiewit and Helix infrastructure.

Asset Seizures and Forfeitures Fund- accounts for drug related asset seizures and allowable expenditures.

Street Maintenance Tax Fund – established to account for sales taxes dedicated for street maintenance.

Other Grant Funds - established to account for SCBA and Home Grants that were acquired by the City during the fiscal year.

**CITY OF INGLESIDE, TEXAS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2014**  
**WITH COMPARATIVE TOTALS FOR 2013**

	Hotel - Tax Fund	Homeland Security/ Other Grant	Asset Seizures & Forfeitures	Home Grant	Street Maint. Tax Fd	General Capital Projects Fund
<b>ASSETS</b>						
Cash and Texpool Accounts	467,736	4,882	12,241	0	92,432	0
Receivables						
Other	0	0	0	0	0	0
Hotel-Motel Tax	42,819	0	0	0	0	0
Due from Other Governments	0	1,987	0	0	34,035	0
Due from Other Funds	0	70,893	0	4,152	2,567	11,450
<b>TOTAL ASSETS</b>	<u>510,555</u>	<u>77,762</u>	<u>12,241</u>	<u>4,152</u>	<u>129,035</u>	<u>11,450</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Accounts Payable	28,750	70,893	8,759	4,152	4,448	11,450
Due to Others	0	0	0	0	0	0
Unearned Revenues	0	0	0	0	0	0
Due to Other Funds	1,950	(0)	0	0	0	(0)
<b>TOTAL LIABILITIES</b>	<u>30,700</u>	<u>70,893</u>	<u>8,759</u>	<u>4,152</u>	<u>4,448</u>	<u>11,450</u>
<b>FUND BALANCE</b>						
Restricted for Public Safety/Works	0	6,869	3,482	0	124,587	0
Restricted for Tourism & Develop.	479,855	0	0	0	0	0
Restricted for Debt Service	0	0	0	0	0	0
<b>TOTAL FUND BALANCE</b>	<u>479,855</u>	<u>6,869</u>	<u>3,482</u>	<u>0</u>	<u>124,587</u>	<u>0</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>510,555</u>	<u>77,762</u>	<u>12,241</u>	<u>4,152</u>	<u>129,035</u>	<u>11,450</u>

Exhibit H-6

Texas Cap. Fd Helix	Highway Planning Grant	Investment Public Works	Total Nonmajor Special Revenue Funds	
			2014	2013
273	0	0	577,564	434,070
0	534,333	0	534,333	0
0	0	0	42,819	60,779
0	0	0	36,022	404,638
0	0	0	89,062	11,269
<u>273</u>	<u>534,333</u>	<u>0</u>	<u>1,279,801</u>	<u>910,757</u>
0	0	0	128,452	253,723
0	0	0	0	0
0	0	0	0	0
273	534,333	0	536,556	140,758
<u>273</u>	<u>534,333</u>	<u>0</u>	<u>665,008</u>	<u>394,481</u>
0	0	0	134,938	74,327
0	0	0	479,855	441,948
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>614,793</u>	<u>516,275</u>
<u>273</u>	<u>534,333</u>	<u>0</u>	<u>1,279,801</u>	<u>910,757</u>

**CITY OF INGLESIDE, TEXAS**  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SEPTEMBER 30, 2014  
WITH COMPARATIVE TOTALS FOR 2013

	Hotel - Motel Tax Fund	Homeland Security/ Other Grant	Asset Seizures & Forfeiture:	Home Grant	Street Maint. Tax Fd	General Capital Projects Fund
<b>REVENUES</b>						
Taxes	188,463	0	0	0	165,171	0
Intergovernmental	0	6,869	0	15,833	0	0
Interest	143	0	1	0	37	0
Other	0	0	4,511	4,152	0	0
<b>TOTAL REVENUES</b>	<b>188,607</b>	<b>6,869</b>	<b>4,512</b>	<b>19,985</b>	<b>165,207</b>	<b>0</b>
<b>EXPENDITURES</b>						
Current						
Tourism/Advertising/Training	145,700	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Police	0	0	2,200	0	0	0
Development/Grant Costs	0	0	0	24,985	0	0
Public Works	0	0	0	0	113,777	287,315
<b>TOTAL EXPENDITURES</b>	<b>145,700</b>	<b>0</b>	<b>2,200</b>	<b>24,985</b>	<b>113,777</b>	<b>287,315</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>42,907</b>	<b>6,869</b>	<b>2,312</b>	<b>(5,000)</b>	<b>51,430</b>	<b>(287,315)</b>
<b>OTHER FINANCE SOURCES (USES)</b>						
Bond Proceeds	0	0	0	0	0	0
Transfer In from Other Funds	0	0	0	0	0	287,315
Transfer (Out) to Other Funds	0	0	0	0	0	0
<b>TOTAL OTHER FINANCE SOURCES(USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>287,315</b>
<b>EXCESS (DEFICIENCY) OF REV. AND OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>42,907</b>	<b>6,869</b>	<b>2,312</b>	<b>(5,000)</b>	<b>51,430</b>	<b>0</b>
<b>FUND BALANCE, beg. of year</b>	<b>436,948</b>	<b>0</b>	<b>1,170</b>	<b>5,000</b>	<b>73,157</b>	<b>0</b>
<b>FUND BALANCE, end of year</b>	<b>479,855</b>	<b>6,869</b>	<b>3,482</b>	<b>0</b>	<b>124,587</b>	<b>0</b>

Exhibit H-7

Texas Cap. Fd Helix	Highway Planning Grant	Investment Public Works	Total Nonmajor Special Revenue Funds	
			2014	2013
0	0	0	353,634	364,763
0	215,621	1,525,741	1,764,064	696,936
0	0	0	181	372
0	0	0	8,663	38,371
<u>0</u>	<u>215,621</u>	<u>1,525,741</u>	<u>2,126,542</u>	<u>1,100,442</u>
0	0	0	145,700	115,000
0	0	0	0	0
0	0	0	2,200	2
0	215,621	1,525,741	1,766,348	697,377
0	0	0	401,093	1,028,800
<u>0</u>	<u>215,621</u>	<u>1,525,741</u>	<u>2,315,340</u>	<u>1,841,178</u>
0	0	0	(188,798)	(740,736)
0	0	0	0	565,000
0	0	0	287,316	301,075
0	0	0	0	0
0	0	0	287,316	866,075
0	0	0	98,518	125,339
0	0	0	516,275	390,936
<u>0</u>	<u>0</u>	<u>0</u>	<u>614,793</u>	<u>516,275</u>

**CITY OF INGLESIDE, TEXAS**  
**HOTEL-MOTEL TAX FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-8

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	467,736	376,114
Hotel-Motel Tax Receivable	42,819	60,779
Due From Other Funds	-	55.65
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<u><u>510,555</u></u>	<u><u>436,948</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable	28,750	-
Due to Other Fund	1,950	-
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<u>30,700</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted for Tourism	479,855	436,948
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>510,555</u></u>	<u><u>436,948</u></u>

**CITY OF INGLESIDE, TEXAS**  
HOTEL-MOTEL TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014  
WITH COMPARATIVE TOTALS FOR 2013

Exhibit H-9

	2014			2013	
	BUDGETED AMOUNTS		Actual	Final Budget Variance	Actual
	Original	Final			
REVENUES					
Occupancy Tax	175,000	175,000	188,463	13,463	207,061
Interest	250	250	143	(107)	310
Total Revenues	<u>175,250</u>	<u>175,250</u>	<u>188,607</u>	<u>13,357</u>	<u>207,371</u>
EXPENDITURES					
Tourism and Development					
Tourism/Chamber Support	6,400	6,400	143,750	(137,350)	115,000
Advertisement- Other	115,000	152,500	1,950	150,550	0
Total Expenditures	<u>121,400</u>	<u>158,900</u>	<u>145,700</u>	<u>13,200</u>	<u>115,000</u>
OTHER FINANCING SOURCES (USES)					
Other Sources- Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>53,850</u>	<u>16,350</u>	<u>42,907</u>	<u>26,557</u>	<u>92,371</u>
FUND BALANCE, beginning of year	<u>436,948</u>	<u>436,948</u>	<u>436,948</u>	<u>0</u>	<u>344,577</u>
FUND BALANCE, end of year	<u><u>490,798</u></u>	<u><u>453,298</u></u>	<u><u>479,855</u></u>	<u><u>26,557</u></u>	<u><u>436,948</u></u>

**CITY OF INGLESIDE, TEXAS**  
**ASSET SEIZURES AND FORFEITURES FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-10

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	12,241	8,694
Due from Other Funds	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>12,241</u></u>	<u><u>8,694</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
Seizures Payable	8,759	7,524
Due to Other Funds	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>8,759</u></u>	<u><u>7,524</u></u>
Restricted for Trust Fund	<u>3,482</u>	<u>1,170</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>12,241</u></u>	<u><u>8,694</u></u>

Adjustments have been made for comparative purposes.

**CITY OF INGLESIDE, TEXAS**  
**ASSET SEIZURES AND FORFEITURES FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

Exhibit H-11

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Asset Seizures and Forfeitures		
Other	4,511	-
Interest	<u>1</u>	<u>3</u>
Total Revenues	<u>4,512</u>	<u>3</u>
<b>EXPENDITURES</b>		
Current		
Police	<u>2,200</u>	<u>2</u>
Total Expenditures	<u>2,200</u>	<u>2</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,312	1
<b>OTHER FINANCING SOURCES (USES)</b>		
Other Sources- Bond Proceeds	0	0
Other Sources- Transfers (Out)	0	0
Other Sources- Transfers In	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	2,312	1
FUND BALANCE, beginning of year	<u>1,170</u>	<u>1,169</u>
FUND BALANCE, end of year	<u><u>3,482</u></u>	<u><u>1,170</u></u>

Adjustments have been made for comparative purposes.

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE HOME GRANT**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-12

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	-	-
Due from Other Governments	-	40
Due from Other Funds	<u>4,152</u>	<u>4,960</u>
<b>TOTAL ASSETS</b>	<u><u>4,152</u></u>	<u><u>5,000</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	4,152	-
Due to Other Funds	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>4,152</u></u>	<u><u>-</u></u>
 <b>FUND BALANCE</b>		
Restricted for Tourism and Development	<u>-</u>	<u>5,000</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>4,152</u></u>	<u><u>5,000</u></u>

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE HOME GRANT**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

Exhibit H-13

	<u>2013</u>	<u>2012</u>
REVENUES		
Intergovernmental	15,833	402,604
Other	<u>4,152</u>	<u>18</u>
Total Revenues	<u>19,985</u>	<u>402,622</u>
EXPENDITURES		
Grant costs	<u>24,985</u>	<u>402,440</u>
Total Expenditures	<u>24,985</u>	<u>402,440</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,000)</u>	<u>182</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>4,818</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,818</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(5,000)</u>	<u>5,000</u>
FUND BALANCE, beginning of year	<u>5,000</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>-</u></u>	<u><u>5,000</u></u>

**CITY OF INGLESIDE, TEXAS**  
**STREET MAINTENANCE TAX FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-14

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	92,432	44,108
Due from Other Governments	34,035	28,685
Due from Other Funds	<u>2,567</u>	<u>364</u>
<b>TOTAL ASSETS</b>	<b><u><u>129,035</u></u></b>	<b><u><u>73,157</u></u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	4,448	-
Due to Other Funds	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u><u>4,448</u></u></b>	<b><u><u>-</u></u></b>
<b>FUND BALANCE</b>		
Restricted	<u>124,587</u>	<u>73,157</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u><u>129,035</u></u></b>	<b><u><u>73,157</u></u></b>

**CITY OF INGLESIDE, TEXAS**  
**STREET MAINTENANCE TAX FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

Exhibit H-15

	<u>2014</u>	<u>2013</u>
REVENUES		
Sales Tax Revenues	165,171	157,702
Interest Income	<u>37</u>	<u>59</u>
Total Revenues	<u>165,207</u>	<u>157,761</u>
EXPENDITURES		
Maintenance Expense	<u>113,777</u>	<u>119,019</u>
Total Expenditures	<u>113,777</u>	<u>119,019</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>51,430</u>	<u>38,743</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>51,430</u>	<u>38,743</u>
FUND BALANCE, beginning of year	<u>73,157</u>	<u>34,414</u>
FUND BALANCE, end of year	<u><u>124,587</u></u>	<u><u>73,157</u></u>

**CITY OF INGLESIDE, TEXAS**  
**TEXAS CAPITAL FUND HELIX**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-16

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	273	273
Accounts Receivable	-	-
Due from Other Funds	-	-
Due from State	-	-
<b>TOTAL ASSETS</b>	<u><u>273</u></u>	<u><u>273</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due to Other Funds	<u>273</u>	<u>273</u>
<b>TOTAL LIABILITIES</b>	<u><u>273</u></u>	<u><u>273</u></u>
<b>FUND BALANCE</b>		
Restricted	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>273</u></u>	<u><u>273</u></u>

**CITY OF INGLESIDE, TEXAS**  
**TEXAS CAPITAL FUND HELIX**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

Exhibit H-17

	<u>2014</u>	<u>2013</u>
REVENUES		
Intergovernmental	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>
EXPENDITURES		
Capital Costs	<u>-</u>	<u>-</u>
Administrative Expense	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>-</u></u>	<u><u>-</u></u>

**CITY OF INGLESIDE, TEXAS**  
**HOMELAND SECURITY/OTHER GRANTS**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-18

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	4,882	4,881
Accounts Receivable	1,987	336,170
Due From Other Funds	<u>70,893</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<u><u>77,762</u></u>	<u><u>341,051</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable	70,893	200,566
Deferred Revenue	0	0
Due to Other Funds	<u>0</u>	<u>140,485</u>
<b>TOTAL LIABILITIES</b>	<u>70,893</u>	<u>341,051</u>
<b>FUND BALANCE</b>	<u>6,869</u>	<u>(0)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>77,762</u></u>	<u><u>341,051</u></u>

**CITY OF INGLESIDE, TEXAS**  
**HOMELAND SECURITY/OTHER GRANTS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

Exhibit H-19

	<u>2014</u>	<u>2013</u>
	<u>Actual</u>	<u>Actual</u>
REVENUES		
Intergovernmental Revenue	<u>6,869</u>	<u>261,248</u>
Total Revenues	<u>6,869</u>	<u>261,248</u>
EXPENDITURES		
Development Costs/Grant Costs	<u>-</u>	<u>261,671</u>
Total Expenditures	<u>-</u>	<u>261,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,869	(423)
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers (Out)	-	-
Other Sources- Transfers In	<u>0</u>	<u>423</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>423</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	6,869	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>6,869</u></u>	<u><u>-</u></u>

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE TAX REINVESTMENT ZONE #1**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-20

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	-	157,346
Due from Other Funds	-	-
Taxes Receivable	-	-
<b>TOTAL ASSETS</b>	<u>-</u>	<u>157,346</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due to Other Funds	-	-
Deferred Revenues	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted	-	157,346
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>-</u>	<u>157,346</u>

The Ingleside Tax Reinvestment Zone #1 was dissolved in the audit period.  
See notes to the financial statements No. 13.

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE TAX REINVESTMENT ZONE #1**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
REVENUES		
Taxes	0	65,765
Interest	<u>36</u>	<u>96</u>
Total Revenues	<u>36</u>	<u>65,861</u>
EXPENDITURES		
Development Costs	<u>108,526</u>	<u>1,305</u>
Total Expenditures	<u>108,526</u>	<u>1,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(108,490)</u>	<u>64,556</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>(48,856)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(48,856)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(157,346)</u>	<u>64,556</u>
FUND BALANCE, beginning of year	<u>157,346</u>	<u>92,790</u>
FUND BALANCE, end of year	<u><u>-</u></u>	<u><u>157,346</u></u>

The Ingleside Tax Reinvestment Zone #1 was dissolved in the audit period.  
 See notes to the financial statements No. 13.

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE GENERAL CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-22

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	-	-
Accounts Receivable	-	-
Due from Other Funds	<u>11,450</u>	<u>6,003</u>
<b>TOTAL ASSETS</b>	<u><u>11,450</u></u>	<u><u>6,003</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	11,450	6,003
Due to Other Funds	<u>(0)</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>11,450</u></u>	<u><u>6,003</u></u>
<b>FUND BALANCE</b>		
Restricted	<u>0</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>11,450</u></u>	<u><u>6,003</u></u>

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE GENERAL CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
REVENUES		
Other	<u>-</u>	<u>38,353</u>
Total Revenues	<u>-</u>	<u>38,353</u>
EXPENDITURES		
Public Works	<u>287,315</u>	<u>909,781</u>
Total Expenditures	<u>287,315</u>	<u>909,781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(287,315)</u>	<u>(871,428)</u>
OTHER FINANCING SOURCES (USES)		
Bonds Proceeds	-	565,000
Other Sources- Transfers In (Out)	<u>287,315</u>	<u>300,652</u>
Total Other Financing Sources (Uses)	<u>287,315</u>	<u>865,652</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>0</u>	<u>(5,776)</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>5,776</u>
FUND BALANCE, end of year	<u><u>0</u></u>	<u><u>-</u></u>

**CITY OF INGLESIDE, TEXAS**  
**HIGHWAY PLANNING & CONSTRUCTION GRANT**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-24

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	-	-
Accounts Receivable	534,333	-
Due from Other Funds	-	-
<b>TOTAL ASSETS</b>	<u><u>534,333</u></u>	<u><u>-</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due to Other Funds	<u>534,333</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>534,333</u></u>	<u><u>-</u></u>
<b>FUND BALANCE</b>		
Restricted	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>534,333</u></u>	<u><u>-</u></u>

**CITY OF INGLESIDE, TEXAS**  
**HIGHWAY PLANNING & CONSTRUCTION GRANT**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

Exhibit H-25

	<u>2014</u>	<u>2013</u>
REVENUES		
Other	<u>215,621</u>	<u>-</u>
Total Revenues	<u>215,621</u>	<u>-</u>
EXPENDITURES		
Grant costs	<u>215,621</u>	<u>-</u>
Total Expenditures	<u>215,621</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>-</u></u>	<u><u>-</u></u>

**CITY OF INGLESIDE, TEXAS**  
**INVESTMENT FOR PUBLIC WORKS & ECONOMIC DEVELOPMENT**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit H-26

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	-	-
Accounts Receivable	-	-
Due from Other Funds	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due to Other Funds	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>FUND BALANCE</b>		
Restricted	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>-</u></u>	<u><u>-</u></u>

**CITY OF INGLESIDE, TEXAS**

Exhibit H-27

INVESTMENT FOR PUBLIC WORKS & ECONOMIC DEVELOPMENT  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 YEAR ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Other	<u>1,525,741</u>	<u>-</u>
Total Revenues	<u>1,525,741</u>	<u>-</u>
EXPENDITURES		
Grant costs	<u>1,525,741</u>	<u>-</u>
Total Expenditures	<u>1,525,741</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>-</u></u>	<u><u>-</u></u>



## DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt bond principal, interest, and related costs. The Debt Service Fund uses the modified accrual basis of accounting, except principal and interest are recognized when due. The Ingleside Development Fund is one of several debt service funds.

The General Debt Service Fund is a major fund and appears in the primary financial statements. The Ingleside Development Fund Debt Service Fund is not a major fund and therefore is reflected on the following pages.

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE DEVELOPMENT FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2014**  
**WITH COMPARATIVE TOTALS FOR 2013**

Exhibit H-28

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	564,683	0
Due From State- Sales Taxes	0	0
Due From Other Funds	<u>34,035</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b><u><u>598,719</u></u></b>	<b><u><u>0</u></u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable	-	-
Due to Other Funds	<u>8,056</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>8,056</u></b>	<b><u>-</u></b>
<b>FUND BALANCE</b>		
Restricted for Debt Service	590,663	0
Restricted for Economic Development	<u>0</u>	<u>0</u>
<b>TOTAL FUND BALANCE</b>	<b><u>590,663</u></b>	<b><u>0</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u><u>598,719</u></u></b>	<b><u><u>0</u></u></b>

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE DEVELOPMENT FUND**  
**SCHEDULES OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE- BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**  
**WITH COMPARATIVE TOTALS FOR 2013**

Exhibit H-29

	2014			Final Budget Variance	2013
	BUDGETED AMOUNTS		Actual		Actual
	Original	Final			
<b>REVENUES</b>					
Sales Tax	141,669	141,669	165,170	23,501	157,702
Interest	429	429	174	(255)	395
<b>Total Revenues</b>	<b>142,098</b>	<b>142,098</b>	<b>165,344</b>	<b>23,246</b>	<b>158,097</b>
<b>EXPENDITURES</b>					
Advertising and Training, Development	22,000	49,667	24,202	25,465	5,144
Debt Service:					
Certificate Principal	55,000	55,000	55,000	0	55,000
Interest on CO's	6,284	6,284	5,245	1,039	5,820
Fiscal Agent Fees	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Expenditures</b>	<b>83,284</b>	<b>110,951</b>	<b>84,447</b>	<b>26,504</b>	<b>65,964</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>58,814</b>	<b>31,147</b>	<b>80,897</b>	<b>49,750</b>	<b>92,133</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Other Sources - Transfers In	0	0	0	0	0
Other Sources - Transfers (Out)	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</b>	<b>58,814</b>	<b>31,147</b>	<b>80,897</b>	<b>49,750</b>	<b>92,133</b>
FUND BALANCE, beginning of year	509,766	509,766	509,766	0	417,633
FUND BALANCE, end of year	<u>568,580</u>	<u>540,913</u>	<u>590,663</u>	<u>49,750</u>	<u>509,766</u>



PROPRIETARY FUNDS



## ENTERPRISE FUND

Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (including depreciation) of providing goods or services to the General public on a continuing basis be financed or recovered primarily through the user charges. The Enterprise Funds use the accrual basis of accounting. The City maintains the following Enterprise Fund:

Utility Fund- established to account for the operations of the City's water and sewer system, inclusive of capital grant projects from the Texas Water Development Board.

CITY OF INGLESIDE, TEXAS  
 COMPARATIVE STATEMENTS OF NET POSITION  
 PROPRIETARY FUNDS - UTILITY FUNDS  
 SEPTEMBER 30, 2014 AND 2013

ASSETS	Utility Fund 50	Utility Water Capital Fd 51	Utility RDA Hookups Fund 53	Impact Fees Fund 54
<b>Current Assets:</b>				
Cash and Cash Equivalents				
Receivables and Allowances	1,411,365	1,894,009	-	179,974
Accounts				
Water and Wastewater Billings	523,976	-	-	-
Assessments	9,449	-	-	-
Other	1,499	155,984	-	-
Allowance for Uncollectible Accounts	(251,306)	-	-	-
Due from Other Funds	1,846,030	378,915	551	2,824
Bond Issue Cost (Net)	-	-	-	-
Prepaid Items	17,558	-	-	-
Inventory	64,567	-	-	-
<b>Total Current Assets</b>	<u>3,623,138</u>	<u>2,428,908</u>	<u>551</u>	<u>182,798</u>
<b>Non-Current Assets:</b>				
<b>Restricted Assets:</b>				
Cash and Cash Equivalents				
Revenue Bond Construction	-	-	-	-
Meter Deposit Funds	165,395	-	-	-
Revenue Bond Reserve	31,779	-	-	-
Sinking Fund- Bonds	315,879	-	-	-
<b>Total Restricted Assets</b>	<u>513,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Capital Assets:</b>				
Land	329,494	-	-	-
Construction in Progress	-	-	-	-
Buildings	488,884	-	-	-
Water System	9,716,404	-	-	-
Sewer System	20,661,292	-	-	-
Vehicles	968,484	-	-	-
Furniture and Equipment	244,892	-	-	-
<b>Total Capital Assets</b>	<u>32,409,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation	(14,934,210)	-	-	-
<b>Net Capital Assets</b>	<u>17,475,239</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>21,611,429</u>	<u>2,428,908</u>	<u>551</u>	<u>182,798</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	223,255	109,732	-	-
Accrued Liabilities	11,464	-	-	-
Compensated Absences	19,483	-	-	-
Due to Other Funds	25,000	-	551	-
Deferred Revenue	-	-	-	-
Current Portion of Revenue Bonds Payable	425,000	-	-	-
Customer Meter Deposits	166,690	-	-	-
<b>Total Current Liabilities</b>	<u>870,893</u>	<u>109,732</u>	<u>551</u>	<u>-</u>
<b>Long-Term Liabilities</b>				
Revenue Bonds Payable	2,935,000	-	-	-
<b>Total Long-Term Liabilities</b>	<u>2,935,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>3,805,893</u>	<u>109,732</u>	<u>551</u>	<u>-</u>
<b>NET POSITION</b>				
Invested in Capital Assets	14,628,291	-	-	-
Restricted for:				
Revenue Bond Retirement	347,657	-	-	-
Commitments	165,395	-	-	-
Unrestricted	2,664,193	2,319,175	-	182,798
<b>Net Position</b>	<u>17,805,536</u>	<u>2,319,175</u>	<u>-</u>	<u>182,798</u>

EXHIBIT I-1

2014 <u>Total</u>	2013 <u>Total</u>
3,485,348	4,224,565
523,976	450,390
9,449	9,449
157,483	45,152
(251,306)	(227,477)
2,228,319	2,149,860
-	203,831
17,558	7,238
64,567	68,064
<u>6,235,394</u>	<u>6,931,071</u>
-	1,333,369
165,395	159,501
31,779	31,768
315,879	298,160
<u>513,052</u>	<u>1,822,798</u>
329,494	329,494
-	1,132,448
488,884	475,080
9,716,404	6,689,367
20,661,292	20,549,619
968,484	931,984
244,892	256,392
<u>32,409,449</u>	<u>30,364,384</u>
(14,934,210)	(14,195,561)
17,475,239	16,168,823
<u>24,223,685</u>	<u>24,922,692</u>
332,988	185,812
11,464	114,909
19,483	18,995
25,551	1,605,139
-	-
425,000	415,000
166,690	159,725
<u>981,175</u>	<u>2,499,580</u>
2,935,000	3,360,000
2,935,000	3,360,000
<u>3,916,175</u>	<u>5,859,580</u>
14,628,291	14,216,620
347,657	329,927
165,395	159,501
5,166,167	4,357,063
<u>20,307,509</u>	<u>19,063,111</u>

CITY OF INGLESIDE, TEXAS

Exhibit I-2

UTILITY FUND

SCHEDULE OF OPERATING REVENUES AND EXPENSES- BY FUND

YEAR ENDED SEPTEMBER 30, 2014

	Utility Fund 50	Utility Capital Fd 51	Utility RDA Hookups Fund 53	Impact Fees Fund 54	2014 Total	2013 Total
<b>OPERATING REVENUES</b>						
Charges for Services						
Water Sales	2,373,719	0	0	0	2,373,719	2,295,766
Sewer Sales	1,453,047	0	0	0	1,453,047	1,443,395
Water Taps/Impact Fees	15,924	0	0	21,310	37,234	33,415
Sewer Taps/Impact Fees	7,500	0	0	20,490	27,990	36,770
Total Charges for Services	<u>3,850,190</u>	<u>0</u>	<u>0</u>	<u>41,800</u>	<u>3,891,990</u>	<u>3,809,346</u>
Other Fees and Charges						
Delinquent Account Penalties	86,777	0	0	0	86,777	86,965
Water Reimbursement	70,485	0	0	0	70,485	61,396
Other	39,786	38,181	0	0	77,967	139,764
Total Other Fees and Charges	<u>197,049</u>	<u>38,181</u>	<u>0</u>	<u>0</u>	<u>235,230</u>	<u>288,125</u>
Total Operating Revenues	<u>4,047,239</u>	<u>38,181</u>	<u>0</u>	<u>41,800</u>	<u>4,127,220</u>	<u>4,097,471</u>
			0	41,854		
<b>OPERATING EXPENSES</b>						
Personnel Costs	879,186	0	0	0	879,186	817,404
Contracted Services	277,287	0	0	0	277,287	379,905
Supplies	209,455	0	0	0	209,455	89,063
Maintenance	186,399	0	0	0	186,399	168,491
Other Operating Expenses	400,079	0	0	0	400,079	139,396
Water Purchased	1,075,843	0	0	0	1,075,843	996,710
Depreciation	738,648	0	0	0	738,648	735,717
Amortization	0	15,925	0	0	15,925	27,936
Total Operating Expenses	<u>3,766,897</u>	<u>15,925</u>	<u>0</u>	<u>0</u>	<u>3,782,822</u>	<u>3,354,622</u>
NET OPERATING INCOME	<u>280,342</u>	<u>22,256</u>	<u>0</u>	<u>41,800</u>	<u>344,397</u>	<u>742,849</u>
<b>NON-OPERATING REV. (EXPENSES)</b>						
Sale of Assets	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-	-
Payments to Escrow Agents	-	-	-	-	-	-
Grant Income	-	661,577	-	-	661,577	485,020
Interest Income	674	841	-	54	1,568	4,534
Interest and Fiscal Charges	(110,591)	-	-	-	(110,591)	(112,589)
Net Non-Operating Rev. (Exp.)	<u>(109,917)</u>	<u>662,418</u>	<u>-</u>	<u>54</u>	<u>552,554</u>	<u>376,965</u>
Income Before Transfers	170,425	684,674	-	41,854	896,952	1,119,814
Transfers in	2,457,087	900,000	-	-	3,357,087	1,243,766
Transfers (out)	(750,000)	(2,259,641)	-	-	(3,009,641)	(1,434,695)
Total Transfer in (out)	<u>1,707,087</u>	<u>(1,359,641)</u>	<u>-</u>	<u>-</u>	<u>347,446</u>	<u>(190,929)</u>
Change in Net Position	<u>1,877,512</u>	<u>(674,967)</u>	<u>-</u>	<u>41,854</u>	<u>1,244,398</u>	<u>928,885</u>
Prior Period Adjustment	-	-	-	-	-	-
NET POSITION BEG. OF YEAR	<u>15,928,024</u>	<u>2,994,143</u>	<u>-</u>	<u>140,944</u>	<u>19,063,111</u>	<u>18,134,226</u>
NET POSITION END OF YEAR	<u>17,805,536</u>	<u>2,319,175</u>	<u>-</u>	<u>182,798</u>	<u>20,307,509</u>	<u>19,063,111</u>

**CITY OF INGLESIDE, TEXAS**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**UTILITY FUND**  
**YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

Exhibit I-3

	<u>2014</u>	<u>2013</u>
Cash flow from operating activities:		
Cash received from customers	3,879,848	3,202,740
Cash payments to suppliers for goods and services	(3,677,956)	(222,743)
Cash payments to employees for services	(878,698)	(815,107)
Net cash provided by operating activities	<u>(676,806)</u>	<u>2,164,890</u>
Cash flows from noncapital financing activities:		
Net transfers to funds	<u>347,446</u>	<u>(190,929)</u>
Net Cash flows from non-capital financing activities	<u>347,446</u>	<u>(190,929)</u>
Cash Flows from Capital and Related Financing Activities:		
Net Refunds bonds/costs	0	0
Grant Proceeds	661,577	485,020
Principal Payment on bonds	(415,000)	(360,000)
Interest and Fiscal Charges Paid	(110,591)	(112,589)
Purchase of Fixed Assets/Bond Costs	(1,857,159)	(1,431,391)
Sale of Assets/Insurance Proceeds	0	0
Net Cash (Used) Generated for Capital and Related Financing Activities	<u>(1,721,173)</u>	<u>(1,418,960)</u>
Cash Flows from Investing Activities- Interest Income	<u>1,568</u>	<u>4,534</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (2,048,964)	 559,535
 Cash and Cash Equivalents at Beginning of Year	 <u>6,047,364</u>	 <u>5,487,829</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>3,998,401</u></u></b>	<b><u><u>6,047,364</u></u></b>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	344,397	742,849
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	738,648	735,717
Amortization	15,925	27,936
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (Net)	(162,088)	51,280
(Increase) Decrease in Due from Other Funds	(78,460)	(952,036)
(Increase) Decrease in Due from Other Governments	0	0
(Increase) Decrease in Prepaid Items	(10,321)	(3,040)
(Increase) Decrease in Inventory	3,497	9,066
Increase (Decrease) in Accounts Payable	147,176	(6,844)
Increase (Decrease) in Accrued Liabilities/Deferred Revenues	(103,445)	16,977
Increase (Decrease) in Due to Other Funds	(1,579,589)	1,532,508
Increase (Decrease) in Capital Leases Payable	0	0
Increase (Decrease) in Compensated Absences	488	2,297
Increase (Decrease) in Customer Deposits	6,965	8,180
Net Cash Provided by Operating Activities	<u>(676,806)</u>	<u>2,164,890</u>

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



CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS

**CITY OF INGLESIDE, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES- BY SOURCE**  
**SEPTEMBER 30, 2014 AND 2013**

Exhibit I-4

	<u>2014</u>	<u>2013</u>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	3,836,406	3,836,406
Buildings and Improvements	5,655,301	5,655,301
Infrastructure	6,491,106	6,491,106
Machinery and Equipment	4,545,803	4,279,950
Furniture and Fixtures	1,035,463	1,035,463
Construction in Progress	<u>0</u>	<u>0</u>
 Total	 <u><u>21,564,079</u></u>	 <u><u>21,298,226</u></u>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL  
ASSETS BY SOURCE**

Current Revenues	10,213,434	9,947,581
General Obligation	5,010,865	5,010,865
Special Assessments	88,954	88,954
Federal Revenue Sharing	75,454	75,454
Federal Grants	397,255	397,255
Other Governmental Agencies	323,754	323,754
Contributions and Other	<u>5,454,363</u>	<u>5,454,363</u>
 Total	 <u><u>21,564,079</u></u>	 <u><u>21,298,226</u></u>

**CITY OF INGLESIDE, TEXAS**

Exhibit I-5

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2014**

Function and Activity	<u>Total</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Cultural and Recreational</u>
Land	3,836,406	1,328,707	40,750	226,420	2,240,529
Buildings and Improvements	5,655,301	221,223	1,402,797	21,477	4,009,804
Machinery and Equipment	4,545,803	210,690	3,713,674	540,053	81,386
Furniture and Fixtures	1,035,463	302,478	64,479	0	668,506
Infrastructure	6,491,106	0	0	6,491,106	0
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Governmental Funds Capital Assets	 <u><u>21,564,079</u></u>	 <u><u>2,063,098</u></u>	 <u><u>5,221,700</u></u>	 <u><u>7,279,056</u></u>	 <u><u>7,000,225</u></u>

**CITY OF INGLESIDE, TEXAS**

Exhibit I-6

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
YEAR ENDED SEPTEMBER 30, 2014**

Function and Activity	<u>Balance October 1</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance September 30</u>
General Government	2,036,540	26,558	0	2,063,098
Public Safety	5,018,610	203,090	0	5,221,700
Public Works	7,242,851	36,205	0	7,279,056
Cultural and Recreational	<u>7,000,225</u>	<u>0</u>	<u>0</u>	<u>7,000,225</u>
Total Governmental Funds Capital Assets	<u>21,298,226</u>	<u>265,853</u>	<u>0</u>	<u>21,564,079</u>

An adjustment was made for a prior year correction in the retirements/adjustments column.

INTERNAL CONTROL AND  
COMPLIANCE SECTION



---

**ERNEST R. GARZA  
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*Certified Public Accountants*

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**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 (for a  
Governmental Entity)***

Independent Auditor's Report

To the Honorable Mayor,  
Members of City Council  
City of Ingleside, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ingleside, Texas, as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 26, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Ingleside, Texas, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ingleside, Texas, internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Ernest R. Garza and Company, P.C. CPA's  
Corpus Christi, Texas

February 26, 2015

A handwritten signature in black ink, appearing to read "Ernest R. Garza and Company, P.C. CPA's". The signature is written in a cursive, flowing style.

CITY OF INGLESIDE, TEXAS  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

None

CITY OF INGLESIDE, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. Summary of the Auditor's Results:**

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness (es) identified?	___ Yes	__X__ No
Significant deficiencies identified not considered being material weaknesses?	___ Yes	__X__ No
Noncompliance material to financial statements noted?	___ Yes	__X__ No
Federal Awards		
Internal Control over major programs:		
Material weakness (es) identified?	___ Yes	__X__ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	__X__ No
Noncompliance material to financial statements noted?	___ Yes	__X__ No

An unqualified opinion was issued regarding compliance and internal controls.  
 An unqualified opinion was issued regarding compliance for the major award programs

The audit disclosed no audit findings that are required to be reported in this schedule under OMB Circular A-133.

Major programs:  
 ARRA - Investments for Public Works and Economic Development 11.300

The threshold used to distinguish between Type A and Type B federal programs was \$300,000.  
 The City was not classified as a low risk auditee in context of OMB Circular A-133.

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

None

**III. Findings and Questioned Costs for Federal Awards**

Program	Finding/Noncompliance	Questioned Cost
None		

CITY OF INGLESIDE, TEXAS  
CORRECTION ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

None





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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor,  
Members of the City Council  
City of Ingleside, Texas

**Report on Compliance for Each Major Federal Program**

We have audited the City of Ingleside, Texas, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The City of Ingleside, Texas, major federal programs for the year ended September 30, 2014. The City of Ingleside, Texas, 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 of Ingleside, Texas, 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; and 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 of Ingleside, Texas, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Ingleside, Texas, compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Ingleside, Texas, 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, 2014.

**Report on Internal Control Over Compliance**

Management of the City of Ingleside, Texas, 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 of Ingleside, Texas, 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 of Ingleside, Texas, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

#### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the City of Ingleside, Texas, as of and for the year ended September 30, 2014, and have issued our report thereon dated February 26, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ernest R. Garza and Company, P.C. CPA's  
Corpus Christi, Texas  
February 26, 2015



**SCHEDULE OF FEDERAL AWARDS**

**CITY OF INGLESIDE, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<b>FEDERAL GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS THROUGH NUMBER</b>	<b>EXPENDITURES INDIRECT REFUNDS</b>	<b>PASS THROUGH AMOUNT SUB RECIPIENTS</b>
<b>U S DEPARTMENT OF COMMERCE</b>				
Direct Grant				
ARRA-Investments for Public Works and Economic Development Facilities Grant				
Period: 08/02/2012 to 08/07/2017	11.300	08-01-04775	\$ 702,341	\$ -
<b>TOTAL U S DEPT. OF COMMERCE</b>			<b>\$ 702,341</b>	<b>\$ -</b>
<b>U S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Through: Texas Department of Housing and Community Affairs				
Home Investment Partnership Program				
Period: 04/02/2012 to 04/01/2014	14.239	548653	\$ 15,833	\$ -
<b>TOTAL U S DEPT. OF HOUSING AND URBAN DEVELOPMENT</b>			<b>\$ 15,833</b>	<b>\$ -</b>
<b>US DEPARTMENT OF JUSTICE</b>				
Direct Grant				
Organized Crime Drug Enforcement Task Forces				
Period: 05/01/2014 to 09/30/2014	16.111	SW-TXS-08995H	\$ 2,950	\$ -
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<b>\$ 2,950</b>	<b>\$ -</b>
<b>US Department of Transportation</b>				
Through: Texas Department of Transportation				
ARRA-Highway Planning & Construction Grant				
Period: 10/05/2011 to Completion	20.205	CSJ#3540-01-001	\$ 215,621	\$ -
<b>TOTAL US GENERAL SERVICES ADMINISTRATION</b>			<b>\$ 215,621</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 936,746</b>	<b>\$ -</b>

**CITY OF INGLESIDE, TEXAS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<b>FEDERAL GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS THROUGH NUMBER</b>	<b>EXPENDITURES INDIRECT REFUNDS</b>	<b>PASS THROUGH AMOUNT SUB RECIPIENTS</b>
TEXAS A & M FOREST SERVICE				
Direct Grant				
Volunteer Fire Department Insurance Program Period: 10/01/2013 to 09/30/2014	N/a	None	\$ 5,775	\$ -
Volunteer Fire Department Assistance Program Period: 10/01/2013 to 09/30/2014	N/a	None	675	-
<b>TOTAL TEXAS A &amp; M FOREST SERVICE</b>			<u>\$ 6,450</u>	<u>\$ -</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u>\$ 6,450</u>	<u>\$ -</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<u><u>\$ 943,196</u></u>	<u><u>\$ -</u></u>

CITY OF INGLESIDE, TEXAS  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2014

1. For all Federal programs, the City uses the fund types specified by the governmental generally accepted accounting principles. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund (Grants in Aid Section).

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

## STATISTICAL SECTION

Financial presentation in the Statistical Section provides data on the financial, physical, and economic characteristics of the City. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the City and its financial affairs.

**CITY OF INGLESIDE, TEXAS**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**LAST NINE YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Fiscal Year	<u>General Government and Administration</u>	<u>Cultural and Recreational</u>	<u>Public Safety</u>	<u>Public Works</u>
2005	509,664	870,894	2,004,020	1,278,901
2006	659,344	1,085,344	1,690,322	1,669,944
2007	616,026	1,548,789	1,424,311	1,636,914
2008	1,043,868	753,099	1,998,965	1,869,976
2009	1,026,572	831,021	2,071,294	2,409,404
2010	1,012,857	821,366	2,291,727	1,896,300
2011	1,074,108	859,277	1,682,808	1,633,584
2012	1,087,412	918,017	1,770,607	1,765,328
2013	1,149,338	1,028,367	1,714,266	2,024,941
2014	1,365,152	1,087,921	2,392,379	1,791,486

Source: Current year government wide financials

Note - the City reclassified information in the 2008 and 2009 year regarding economic development costs.

In 2010, the above does not include transfers out.

Note - The City of Ingleside first applied GASB Statement No. 34 in fiscal year 2004; therefore government-wide financial information for years prior to fiscal year 2004 is not available.

Table 1

<u>Economic Development</u>	<u>Interest and Fiscal Charges</u>	<u>Water and Sewer</u>	<u>Total</u>
-	189,516	3,416,389	8,269,384
0	164,685	4,152,104	9,421,743
0	155,344	4,582,716	9,964,100
381,891	316,568	2,950,044	9,314,411
978,969	285,581	3,930,914	11,533,755
1,362,645	261,584	3,277,800	10,924,279
1,207,187	238,024	3,330,545	10,025,533
725,403	255,793	3,496,089	10,018,649
904,590	149,385	3,354,621	10,325,508
1,922,424	137,601	3,782,822	12,479,785

**CITY OF INGLESIDE, TEXAS**  
**GOVERNMENT-WIDE REVENUES**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Fiscal Year	Program Revenues	
	<u>Fees, Fines, and Charges for Services</u>	<u>Capital Grants and Contributions</u>
2005	4,493,632	2,701,162
2006	3,826,537	2,553,626
2007	4,307,832	3,863,965
2008	4,893,501	1,056,339
2009	5,569,896	2,264,339
2010	4,626,769	1,710,505
2011	5,139,223	966,041
2012	5,423,600	506,961
2013	5,264,950	697,936
2014	5,358,153	1,764,064

Source: Current year government wide financials

Table 2

General Revenue			
Taxes	Investment Earnings	Other	Total
3,278,062	53,993	69,273	10,596,122
3,536,528	46,536	406,539	10,369,766
3,671,663	86,036	44,286	11,973,782
4,143,273	99,311	369,677	10,562,101
4,716,686	36,014	451,815	13,038,750
4,163,658	7,974	462,029	10,970,935
4,384,887	969	410,983	10,902,103
4,807,060	972	178,796	10,917,389
4,967,741	989	214,693	11,146,310
5,385,354	522	509,764	13,017,858

**CITY OF INGLESIDE, TEXAS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Fiscal Year	<u>General Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture and Recreation</u>
2005	510,313	1,800,859	1,202,255	2,209,128
2006	617,789	1,758,060	1,229,083	965,687
2007	822,941	1,745,779	2,032,077	630,261
2008	599,002	1,845,525	1,697,804	782,469
2009	995,837	2,000,115	2,235,933	740,356
2010	991,669	2,008,839	1,952,295	714,335
2011	992,824	1,885,381	1,760,770	619,703
2012	1,001,250	1,965,848	1,889,462	678,987
2013	1,068,099	2,100,484	2,329,063	728,892
2014	1,331,264	2,253,501	1,790,876	834,452

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Series 2007, Series 2011 and Series 2012 is included in the Utility Fund. The Interest and Sinking Fund transferred funds to the Utility Fund for these debt service payments in 2013 and 2014.

Table 3

<u>Economic Development</u>	<u>Debt Service</u>	<u>Total</u>
111,139	735,256	6,568,950
72,544	548,680	5,191,843
84,955	530,344	5,846,357
337,094	583,590	5,845,484
978,720	527,270	7,478,231
1,409,232	517,527	7,593,897
1,038,240	355,106	6,652,024
536,232	347,707	6,419,486
715,419	296,562	7,238,519
1,922,424	367,010	8,499,528

**CITY OF INGLESIDE, TEXAS**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Fiscal Year	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- Governmental</u>
2005	3,295,675	69,877	636,444
2006	3,468,213	56,281	103,801
2007	3,713,809	58,743	849,092
2008	4,199,269	72,303	762,300
2009	4,345,265	53,358	1,672,593
2010	4,211,746	41,350	1,646,970
2011	4,391,193	108,655	966,041
2012	4,884,349	112,644	506,961
2013	4,987,505	88,178	697,936
2014	5,336,975	279,216	1,764,064

(1) Includes General, Special Revenue and Debt Service Funds

Table 4

<u>Charges for Services</u>	<u>Fines and Penalties</u>	<u>Other</u>	<u>Total</u>
692,520	86,381	104,673	4,885,570
692,515	125,643	61,558	4,508,011
748,450	135,926	586,519	6,092,539
903,765	140,452	181,753	6,259,843
978,601	147,677	245,888	7,443,382
969,647	154,405	169,326	7,193,444
947,953	164,609	303,297	6,881,748
972,300	201,457	67,123	6,744,834
999,366	168,114	127,505	7,068,604
1,047,351	183,583	231,070	8,842,259

**CITY OF INGLESIDE, TEXAS**  
**ASSESSED VALUATIONS, TAX LEVIES AND**  
**TAX RATE DISTRIBUTIONS**  
**LAST ELEVEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

**ASSESSED VALUATIONS AND TAX LEVIES**

<u>Tax Roll</u> <u>Year</u>	<u>Assessed</u> <u>Values</u>	<u>Tax Rate</u> <u>Per \$100</u>	<u>Tax</u> <u>Levy</u>	<u>Collection Ratios</u>	
				<u>Current</u>	<u>Total</u>
2004	250,498,262	0.7207	1,805,341	96.46%	99.30%
2005	260,350,166	0.6999	1,822,191	98.57%	99.01%
2006	281,511,742	0.7300	2,055,036	97.46%	98.26%
2007	306,352,157	0.7200	2,205,736	96.54%	98.56%
2008	328,206,278	0.7150	2,342,119	96.70%	98.21%
2009	339,212,820	0.7000	2,375,285	96.53%	98.03%
2010	371,630,537	0.6975	2,592,123	95.74%	95.74%
2011	362,146,858	0.6975	2,526,978	97.14%	97.31%
2012	371,625,078	0.6800	2,531,165	96.59%	98.59%
2013	459,716,712	0.6250	2,873,229	97.61%	100.03%
2014	506,367,556	0.6150	3,114,160		

**TAX RATE DISTRIBUTION**

<u>Tax Roll</u> <u>Year</u>	<u>General</u> <u>Fund</u>	<u>Debt Service</u> <u>Fund</u>	<u>Total</u> <u>Tax Rate</u>
2004	0.60230	0.11840	0.72070
2005	0.60897	0.09093	0.69990
2006	0.56359	0.16641	0.73000
2007	0.56610	0.15390	0.72000
2008	0.57190	0.14310	0.71500
2009	0.56409	0.13591	0.70000
2010	0.57146	0.12604	0.69750
2011	0.56365	0.13385	0.69750
2012	0.53685	0.14316	0.68000
2013	0.44998	0.17502	0.62500
2014	0.45607	0.15893	0.61500

**CITY OF INGLESIDE, TEXAS**  
**ASSESSED AND ESTIMATED MARKET VALUES**  
**OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 6

<u>Tax Roll Year</u>	<u>Net Taxable Values</u>	<u>Estimated Market Values</u>	<u>Ratio of Net Taxable Value to Estimated Market Values</u>
<b>Properties included within City Limits</b>			
2005	260,350,166	282,320,118	92.2%
2006	281,511,742	299,865,410	93.9%
2007	306,352,157	325,451,618	94.1%
2008	328,206,278	345,047,637	95.1%
2009	339,212,820	395,750,552	85.7%
2010	373,954,749	586,254,388	63.8%
2011	362,146,858	520,267,641	69.6%
2012	371,625,078	536,668,704	69.2%
2013	459,716,712	522,757,265	87.9%
2014	506,367,556	576,811,937	87.8%
<b>Properties included within Industrial Districts</b>			
2005	25,156,626	73,426,700	34.3%
2006	28,745,692	68,231,916	42.1%
2007	24,462,131	80,620,204	30.3%
2008	27,901,666	92,736,841	30.1%
2009	46,496,844	126,454,144	36.8%
2010	24,591,809	95,759,532	25.7%
2011	64,595,007	179,326,909	36.0%
2012	81,547,672	241,544,239	33.8%
2013	99,498,673	294,027,843	33.8%
2014	101,822,012	285,868,712	35.6%

Note: Tax Roll Years agree with the City's fiscal year from October, 1 of the Tax Roll Year through September, 30 of the following year.

Estimated actual values prior to 2007 are net of abatements.

Table 7

**CITY OF INGLESIDE, TEXAS**  
**SCHEDULE OF TAXES LEVIED, COLLECTED AND RECEIVABLE**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

<u>Levy Year</u>	<u>Taxes Receivable 10/1/2013</u>	<u>Tax Levy</u>	<u>Net Supplements &amp; Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable 9/30/2014</u>
2004 & Prior	44,128	0	(6,863)	1,382	38,647
2005	11,168	0	(490)	413	10,265
2006	14,522	0	(518)	957	13,047
2007	19,662	0	(570)	3,368	15,724
2008	20,435	0	(571)	3,095	16,769
2009	24,296	0	(784)	3,624	19,888
2010	60,533	0	(782)	8,768	50,983
2011	42,168	0	(817)	12,812	28,539
2012	88,565	0	(890)	42,203	45,472
2013	<u>0</u>	<u>3,165,896</u>	<u>-</u>	<u>3,090,220</u>	<u>75,676</u>
Totals	<u>325,477</u>	<u>3,165,896</u>	<u>(12,285)</u>	<u>3,166,842</u>	<u>315,010</u>



**CITY OF INGLESIDE, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT**  
**TO ASSESSED VALUE AND NET DEBT PER CAPITA**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Net Taxable Assessed Value</u>	<u>Gross Bonded Debt (2)</u>
2005	9,388	260,350,166	4,041,000
2006	9,388	281,511,742	3,661,000
2007	11,232	306,352,157	3,286,000
2008	10,432	328,206,278	2,901,000
2009	10,432	339,212,820	2,501,000
2010	8,992	373,954,749	2,096,000
2011	9,387	362,146,858	1,841,000
2012	9,376	371,625,078	1,581,000
2013	9,492	459,716,712	1,930,000
2014	9,437	506,367,556	1,590,000

(1) The population information was obtained from the U.S. Census Bureau.

(2) Series 2007 and Series 2011, and a portion of Series 2012 is included in the Utility Fund.

Table 8

<u>Less Sinking Funds</u>	<u>Net Bonded Debt (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
99,010	3,941,990	1.51%	420
7,674	3,653,326	1.30%	389
32,713	3,253,287	1.06%	290
42,241	2,858,759	0.80%	236
34,667	2,466,333	0.73%	236
30,782	2,065,218	0.55%	230
53,744	1,787,256	0.49%	190
23,873	1,557,127	0.42%	166
29,471	1,900,529	0.41%	200
590,663	999,337	0.20%	106

Table 9

**CITY OF INGLESIDE, TEXAS**  
**PROPERTY TAX RATES- ALL DIRECT AND OVERLAPPING**  
**GOVERNMENTS (PER \$100 OF ASSESSED VALUE)**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Tax Roll Year	City of Ingleside	San Patricio County		Independent School District	
		County	Drainage District	Ingleside	Aransas Pass
2005	0.7300	0.5399	0.099167	1.5000	1.57680
2006	0.7200	0.5399	0.091480	1.1700	1.44842
2007	0.7200	0.5275	0.081878	1.1700	1.06138
2008	0.7150	0.5275	0.079747	1.1300	1.06138
2009	0.7000	0.5245	0.079280	1.1300	1.07138
2010	0.6975	0.5245	0.076404	1.1560	1.07138
2011	0.6975	0.5818	0.071775	1.1400	1.07138
2012	0.6800	0.5500	0.066905	1.0900	1.07138
2013	0.6250	0.5200	0.060098	1.0800	1.07138
2014	0.6150	0.5100	0.060068	1.0800	1.0714

Note: The information above was obtained from San Patricio County's Website December 2014.

**CITY OF INGLESIDE, TEXAS**  
COMPUTATION OF LEGAL DEBT MARGIN  
SEPTEMBER 30, 2014  
(UNAUDITED)

As a Home Rule Charter City, the amount of debt, which can be issued by the City of Ingleside, Texas is not limited by law.

Under Article XI, Section 5 of the State of Texas Constitution and the City Charter, the maximum tax rate for all purposes is \$2.50 per \$100 of assessed valuation. Within this \$2.50 maximum, there is no legal limit upon the amount of taxes which can be levied for debt service.

Taxable assessed value, 2014 tax roll	\$ 506,367,556
Maximum tax rate per \$100 assessed valuation	x <u>2.50</u>
Maximum available assessed tax revenue for all purposes including debt service	\$ <u>12,659,189</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2014	\$ <u><u>\$367,010</u></u>

**CITY OF INGLESIDE, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 11

<u>Name of Governmental Unit</u>	<u>Net Bonded Debt</u> <u>Outstanding Amount</u>	<u>Applicable</u> <u>to City of Ingleside</u>		
		<u>Percent</u>	<u>Amount</u>	
City of Ingleside	\$999,337	100.00%	\$999,337	
Counties:				
San Patricio County @ 12/31/13	*	\$17,095,000	8.95%	1,530,003
School Districts @ 8/31/13:				
Ingleside I.S.D. 205-903	**	\$7,465,000	21.01%	1,568,397
Aransas Pass I.S.D. 205-901	**	\$1,890,000	1.56%	29,484
Special Districts:				
Water District @ 12/31/2013	****	42,500,000	5.12%	2,176,000
SPC Drainage District	***	-	0	<u>0</u>
<b>Total Direct and Overlapping Debt</b>				<u><u>\$6,303,220</u></u>

7465000

\*NOTE: Information is per San Patricio County Auditor's Office

\*\*NOTE: Information is per each district's audited financial statement for the year ended 8/31/14.

\*\*\*NOTE: Information is per Mike Vanecek (361-364-4268), San Patricio County Drainage District

\*\*\*\*NOTE: Information per Becky Krummow, San Patricio Municipal Water District

Table 12

**CITY OF INGLESIDE, TEXAS****RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL LONG-TERM DEBT TO  
GENERAL GOVERNMENTAL EXPENDITURES OF ALL GENERAL, SPECIAL REVENUE AND  
DEBT SERVICE FUNDS**

LAST 10 YEARS

SEPTEMBER 30, 2014

(UNAUDITED)

Year	<u>Principal</u>	<u>Interest &amp; Other</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
2005	555,000	180,256	735,256	5,191,843	14.16%
2006	380,000	168,680	548,680	5,846,357	9.38%
2007	375,000	155,344	530,344	5,845,484	9.07%
2008	385,000	198,590	583,590	5,845,484	9.98%
2009	400,000	127,271	527,271	7,478,231	7.05%
2010	405,000	120,027	525,027	7,593,897	6.91%
2011	225,000	100,106	355,106	6,652,024	5.34%
2012	260,000	87,707	347,707	6,419,486	5.42%
2013	270,000	26,562	296,562	7,238,519	4.10%
2014	340,000	27,010	367,010	8,499,528	4.32%

(1) The above debt service expenditures include capital lease principal and interest costs.

(2) Series 2007 and Series 2011 and a portion of Series 2012 is included in the Utility Fund. The Interest and Sinking Fund transferred funds to the Utility Fund for these debt service payments in 2013 and in 2014.

**CITY OF INGLESIDE, TEXAS**  
**REVENUE BOND COVERAGE: WATER AND SEWER BONDS**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 13

<u>Year Ended</u>	<u>Operating Income</u>	<u>Operating Expenses*</u>	<u>Net Operating Income(Loss)*</u>	<u>Bond Debt Requirement</u>	<u>Coverage Ratio</u>
9/30/2005	3,620,065	2,586,738	1,033,327	460,002	2.25
9/30/2006	3,320,097	2,740,217	579,880	569,558	1.02
9/30/2007	3,685,244	2,282,482	1,402,762	283,494	4.95
9/30/2008	3,989,736	2,378,445	1,611,291	410,530	3.92
9/30/2009	4,462,150	3,173,752	1,288,398	408,308	3.16
9/30/2010	3,636,311	2,543,939	1,092,372	406,409	2.69
9/30/2011	4,026,661	2,593,579	1,433,082	407,919	0.96
9/30/2012	4,249,843	2,748,030	1,501,813	408,086	3.68
9/30/2013	4,097,471	2,590,968	1,506,502	472,589	3.19
9/30/2014	4,127,220	3,028,249	1,098,971	525,591	2.09

(1) Operating Expenses and Net Operating Income (loss) are exclusive of depreciation expense.

(2) Series 2007 and Series 2011 and a portion of Series 2012 is included in the Utility Fund. The Interest and Sinking Fund transferred funds to the Utility Fund for these debt service payments in 2013 and in 2014.

**CITY OF INGLESIDE, TEXAS**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 14

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Median Household Income</u> (1)	<u>Per Capita Income</u> (2)	<u>Median Age</u> (2)	<u>Average School Enrollment</u> (3)	<u>San Patricio County Unemployment Rate</u> (4)
2005	9,388				2,314	6.30%
2006	9,388				2,285	5.40%
2007	11,232	42,649	17,381	29.1	2,300	4.90%
2008	10,432	46,621	16,050	29.1	2,146	5.00%
2009	10,432	46,621	16,050	29.1	2,000	9.70%
2010	8,992	50,546	19,640	27.9	2,296	8.70%
2011	9,387	54,338	20,842	28	2,216	9.10%
2012	9,376	57,861	20,021	33.0	2,216	6.90%
2013	9,492	62,853	22,773	33.0	2,249	6.90%
2014	9,437	64,459	22,722	32.0	2,174	6.80%

Data Sources \*

- (1) Ingleside City Hall
- (2) Information Unavailable from Any Source
- (3) Ingleside Independent School District
- (4) Texas Workforce Commission

**CITY OF INGLESIDE, TEXAS**  
**PRINCIPAL TAXPAYERS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 15

<u>Principal Taxpayer</u>	<u>Type of Property</u>	2013 <u>Assessed Taxable Valuation</u>	<u>Percent of Total</u>
Occidental Ingleside Energy	Oil and Gas	56,768,020	11.21%
Oxy Ingleside Energy Center	Oil and Gas	19,433,821	3.84%
Flint Hills Resources, CC LLC	Oil and Gas	17,575,530	3.47%
Helix Energy Solution Group	Real Estate	16,262,850	3.21%
Enjet Inc	Oil and Gas	11,141,580	2.20%
Signet Maritime Corporation	Maritime Logistics	6,435,222	1.27%
Dagger Island Partners, Ltd.	Real Estate	6,052,336	1.20%
Corpus Development LP	Real Estate	5,318,639	1.05%
Koch Pipeline Company, LP	Oil and Gas	5,118,500	1.01%
Plains Marketing LP	Oil and Gas	5,006,000	0.99%
Total of Top 10 Taxpayers		149,112,498	29.45%
All Other Taxpayers		357,255,058	70.55%
Total Assessed Valuation		506,367,556	100.00%

**Note:**

The 2013 Tax Roll is for the fiscal year ending September 30, 2014.

**CITY OF INGLESIDE, TEXAS**  
**INSURANCE AND BOND COVERAGE**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

<u>POLICY</u>	<u>COVERAGE</u>	<u>EXPIRATION</u>
Texas Municipal League Intergovernmental Risk Risk Pool # 8939	<p>\$1,000,000 limit, \$0 deductible, General Liability Actual Cash Value or Agreed Scheduled Value</p> <p>\$1,000,000 limit, \$0 deductible, Automobile Liability</p> <p>per schedule, Auto Physical Damage</p> <p>\$5,000,000 limit, \$1,000 deductible, Errors and Omissions</p> <p>\$483,515 limit, \$2,500 deductible, Mobile Equipment</p> <p>\$13,099,437 limit, \$2,500 deductible, Fire Extended Coverage, Vandalism and Malicious Mischief on all City Buildings and Contents</p> <p>Worker's Compensation, limit statutory Includes volunteer firefighters, elected and appointed officials</p> <p>\$100,000 limit, no deductible, Public Employee Dishonesty Blanket Bond</p>	October 1, 2014
TWIA	\$8,678,291 limit, 1% or \$1,000 deductible whichever is greater	May 26, 2014

**CITY OF INGLESIDE, TEXAS**  
**MISCELLANEOUS STATISTICAL DATA**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 17

DATE OF INCORPORATION: June 18, 1951

DATE OF CITY CHARTER ADOPTION: November 6, 1979

FORM OF GOVERNMENT: Council- Manager

Area- Square Miles	14.4	Cultural and Recreation:	
		Parks- Number of Acres	214
		Number of Playgrounds	4
Miles of Streets- Paved	50	Number of Swimming Pools	1
		Number of Community Centers	2
		Number of Senior Citizens Centers	1
Fire Protection:		Number of Public Libraries	1
Number of Stations	1	Number of Youth Centers	1
Number of Employees			
Regular- Full Time	1	Education:	
Regular- Part Time	1	Number of Schools	5
Volunteer	65	Number of School Teachers	142
		Number of Nurses,	
Police Protection:		Counselors, and Librarians	11
Number of Stations	1	Number of Students	2,292
Number of Employees:		Average Daily Attendance	2,174
Full Time	24		
		Municipal Water System:	
Total Employees- Part Time	4	Number of Customers	3,062
		Daily Average Consumption	1.04 MGD
		Storage Capacity	2.25 M Gallons
Total Employees- Full Time	72	Number of Fire Hydrants	289
		Number of Street Lights	282

**CITY OF INGLESIDE, TEXAS**  
**WATER PURCHASES AND SALES**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 18

Fiscal Year Ended	Gallons Purchased	Gallons Sold	Gallons City Usage, Losses, etc	Purchased Not Sold
9/30/05	440,955,000	396,941,800	44,013,200	9.98%
9/30/06	439,013,000	409,581,400	29,431,600	6.70%
9/30/07	398,587,000	366,615,500	31,971,500	8.02%
9/30/08	430,202,000	393,748,000	36,454,000	8.47%
9/30/09	489,460,000	433,253,400	56,206,600	11.48%
9/30/10	366,417,000	313,927,600	52,489,400	14.33%
9/30/11	422,814,000	379,422,600	43,391,400	10.30%
9/30/12	410,820,000	385,834,100	24,985,900	6.10%
9/30/13	379,264,000	343,229,000	36,035,000	9.50%
9/30/14	379,674,000	341,416,500	38,257,500	10.08%

**CITY OF INGLESIDE, TEXAS**  
**NUMBER OF ACTIVE ACCOUNTS AT CLOSE OF YEAR**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 19

<u>Fiscal Year</u> <u>Ended</u>	<u>Water</u> <u>Accounts</u>	<u>Sewer</u> <u>Accounts</u>
9/30/05	2,941	2,588
9/30/06	2,957	2,605
9/30/07	2,951	2,747
9/30/08	3,022	2,885
9/30/09	2,992	2,856
9/30/10	2,945	2,816
9/30/11	3,000	2,882
9/30/12	3,046	2,917
9/30/13	3,046	2,928
9/30/14	3,085	2,949

<u>Top Ten Utility Customers</u>	<u>Total Billed</u>
Kiewitt Offshore Services	\$ 277,261
Ingleside on the Bay	234,015
Oxy Energy Center	139,412
Downtown Ingleside Apts	138,263
Ingleside Independent School District	75,800
City of Aransas Pass	61,396
Ingleside Housing Authority	60,758
Sun Meadow Apartments	60,721
Flint Hills Resources	49,948
Breezeway Apartments	38,571
Total	<u>\$ 1,136,145</u>
Total Water Sales	2,373,719
Total Sewer Sales	<u>\$ 1,453,047</u>
Total Sales	<u>\$ 3,826,766</u>

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2014 (UNAUDITED)

SUMMARY- CITY OF INGLESIDE GENERAL LONG-TERM DEBT SERVICE REQUIREMENTS

Fiscal Year	Bond Due	Interest Payments Due			Total Annual Requirements	Balance Outstanding
		First	Second	Total		
2014						1,590,000
2015	350,000	14,511	11,288	25,799	375,799	1,240,000
2016	355,000	11,288	8,017	19,305	374,305	885,000
2017	355,000	8,017	4,746	12,763	367,763	530,000
2018	265,000	4,745	2,326	7,071	272,071	265,000
2019	135,000	2,326	1,139	3,465	138,465	130,000
2020	130,000	1,139	0	1,139	131,139	0
TOTAL	<u>\$1,590,000</u>	<u>\$42,026</u>	<u>\$27,516</u>	<u>\$69,542</u>	<u>\$1,659,542</u>	

See - Note 13 regarding Series 2012 Refunding Bonds issued October 10, 2012

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2014 (UNAUDITED)

SUMMARY- UTILITY FUND DEBT SERVICE REQUIREMENTS

Fiscal Year	Bonds Due	Interest Payments Due			Total Annual Requirements	Balance Outstanding
		First	Second	Total		
2014						3,360,000
2015	425,000	50,987	44,088	95,075	520,075	2,935,000
2016	405,000	44,088	37,819	81,907	486,907	2,530,000
2017	410,000	37,819	31,341	69,160	479,160	2,120,000
2018	410,000	31,341	24,863	56,204	466,204	1,710,000
2019	420,000	24,863	18,130	42,993	462,993	1,290,000
2020	430,000	18,130	11,141	29,271	459,271	860,000
2021	310,000	11,140	7,503	18,643	328,643	550,000
2022	295,000	7,503	3,978	11,481	306,481	255,000
2023	125,000	3,978	2,028	6,006	131,006	130,000
2024	130,000	2,028	0	2,028	132,028	0
TOTAL	<u>\$3,360,000</u>	<u>\$231,877</u>	<u>\$180,891</u>	<u>\$412,768</u>	<u>\$3,772,768</u>	

See - Note 13 regarding Series 2012 Refunding Bonds issued October 10, 2012

CITY OF INGLESIDE  
 DEBT SERVICE REQUIREMENTS BY YEARS  
 AS OF SEPTEMBER 30, 2014 (UNAUDITED)

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

Fiscal Year	Bonds Due Interest	February 1 Amount	Interest Payments Due		Total	Total Annual Requirements	Balance Outstanding
			Feb-01	Aug-01			
2014							795,000
2015	1.89%	215,000	7,513	5,481	12,994	227,994	580,000
2016	1.89%	220,000	5,481	3,402	8,883	228,883	360,000
2017	1.89%	225,000	3,402	1,276	4,678	229,678	135,000
2018	1.89%	<u>135,000</u>	<u>1,275</u>	<u>0</u>	<u>1,275</u>	<u>136,275</u>	0
TOTAL		<u>\$795,000</u>	<u>\$17,671</u>	<u>\$10,159</u>	<u>\$27,830</u>	<u>\$822,830</u>	

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2014 (UNAUDITED)

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012 - EDC

Fiscal Year	Bonds Due February 1		Interest Payments Due			Total Annual Requirements	Balance Outstanding
	Interest %	Amount	Feb-01	Aug-01	Total		
2014							305,000
2015	1.89%	55,000	2,882	2,363	5,245	60,245	250,000
2016	1.89%	55,000	2,363	1,843	4,206	59,206	195,000
2017	1.89%	50,000	1,843	1,370	3,213	53,213	145,000
2018	1.89%	50,000	1,370	898	2,268	52,268	95,000
2019	1.89%	50,000	898	425	1,323	51,323	45,000
2020	1.89%	45,000	425	0	425	45,425	0
TOTAL		<u>\$305,000</u>	<u>\$9,781</u>	<u>\$6,899</u>	<u>\$16,680</u>	<u>\$321,680</u>	

Issued by the Ingleside Development Corporation.

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2014 (UNAUDITED)

TAX NOTE - SERIES 2013

Fiscal Year	Bonds Due September 1		Interest Payments Due			Total Annual Requirements	Balance Outstanding
	Interest %	Amount	Feb-01	Aug-01	Total		
2014							490,000
2015	1.68%	80,000	4,116	3,444	7,560	87,560	410,000
2016	1.68%	80,000	3,444	2,772	6,216	86,216	330,000
2017	1.68%	80,000	2,772	2,100	4,872	84,872	250,000
2018	1.68%	80,000	2,100	1,428	3,528	83,528	170,000
2019	1.68%	85,000	1,428	714	2,142	87,142	85,000
2020	1.68%	85,000	714	0	714	85,714	0
TOTAL		<u>\$490,000</u>	<u>\$14,574</u>	<u>\$10,458</u>	<u>\$25,032</u>	<u>\$515,032</u>	

CITY OF INGLESIDE  
 DEBT SERVICE REQUIREMENTS BY YEARS  
 AS OF SEPTEMBER 30, 2014 (UNAUDITED)

WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2002-A:

<u>Fiscal Year</u>	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2014						0	30,000
2015	5.90%	<u>30,000</u>	<u>885</u>	<u>0</u>	<u>885</u>	<u>30,885</u>	0
Total		<u><u>30,000</u></u>	<u><u>885</u></u>	<u><u>0</u></u>	<u><u>885</u></u>	<u><u>30,885</u></u>	

CITY OF INGLESIDE  
 DEBT SERVICE REQUIREMENTS BY YEARS  
 AS OF SEPTEMBER 30, 2014 (UNAUDITED)

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012:

Fiscal Year	Bonds Due February 1		Interest Payments Due			Total Annual Requirements	Balance Outstanding
	Interest %	Amount	Feb-01	Aug-01	Total		
2014							1,310,000
2015	1.89%	170,000	12,380	10,773	23,153	193,153	1,140,000
2016	1.89%	165,000	10,773	9,214	19,987	184,987	975,000
2017	1.89%	155,000	9,214	7,749	16,963	171,963	820,000
2018	1.89%	155,000	7,749	6,284	14,033	169,033	665,000
2019	1.89%	150,000	6,284	4,867	11,151	161,151	515,000
2020	1.89%	145,000	4,867	3,497	8,364	153,364	370,000
2021	1.89%	195,000	3,496	1,653	5,149	200,149	175,000
2022	1.89%	175,000	1,653	0	1,653	176,653	0
TOTAL		<u>\$1,310,000</u>	<u>\$56,416</u>	<u>\$44,037</u>	<u>\$100,453</u>	<u>\$1,410,453</u>	

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2014 (UNAUDITED)

UTILITY SYSTEM COMBINATION TAX AND REVENUE BONDS, SERIES 2007:

Fiscal Year	Bonds Due February 1		Interest Payments Due			Total Annual Requirements	Balance Outstanding
	Interest %	Amount	Feb-01	Aug-01	Total		
2014							900,000
2015	4.50%	130,000	20,250	17,325	37,575	167,575	770,000
2016	4.50%	140,000	17,325	14,175	31,500	171,500	630,000
2017	4.50%	150,000	14,175	10,800	24,975	174,975	480,000
2018	4.50%	150,000	10,800	7,425	18,225	168,225	330,000
2019	4.50%	160,000	7,425	3,825	11,250	171,250	170,000
2020	4.50%	170,000	3,825	0	3,825	173,825	0
<b>TOTAL</b>		<u>\$900,000</u>	<u>\$73,800</u>	<u>\$53,550</u>	<u>\$127,350</u>	<u>\$1,027,350</u>	

UTILITY SYSTEM CERTIFICATE OF OBLIGATIONS, SERIES 2011

Fiscal Year	Bonds Due February 1		Interest Payments Due			Total Annual Requirements	Balance Outstanding
	Interest %	Amount	Feb-01	Aug-01	Total		
2014							1,120,000
2015	3.12%	95,000	17,472	15,990	33,462	128,462	1,025,000
2016	3.12%	100,000	15,990	14,430	30,420	130,420	925,000
2017	3.12%	105,000	14,430	12,792	27,222	132,222	820,000
2018	3.12%	105,000	12,792	11,154	23,946	128,946	715,000
2019	3.12%	110,000	11,154	9,438	20,592	130,592	605,000
2020	3.12%	115,000	9,438	7,644	17,082	132,082	490,000
2021	3.12%	115,000	7,644	5,850	13,494	128,494	375,000
2022	3.12%	120,000	5,850	3,978	9,828	129,828	255,000
2023	3.12%	125,000	3,978	2,028	6,006	131,006	130,000
2024	3.12%	130,000	2,028	0	2,028	132,028	0
<b>TOTAL</b>		<u>\$1,120,000</u>	<u>\$100,776</u>	<u>\$83,304</u>	<u>\$184,080</u>	<u>\$1,304,080</u>	