



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2017



CITY OF EL CAMPO, TEXAS



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**CITY OF EL CAMPO, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**Courtney Sladek**  
**Director of Finance**

**Mindi R. Snyder**  
**City Manager**

**Issued by:**  
**Finance Department**

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# CITY OF EL CAMPO, TEXAS

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# **INTRODUCTORY SECTION**

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February 16, 2018

The Honorable Mayor, Members of  
the City Council, and Citizens of  
the City of El Campo, Texas

The Comprehensive Annual Financial Report of the City of El Campo, Texas, hereinafter referred to as the "City", for the fiscal year ended September 30, 2017, is hereby submitted. It is published to provide to the City Council, to representatives of financial institutions, and to our citizens and other interested persons, detailed information concerning the financial condition 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. We believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditors' report.

## **CITY PROFILE**

The City has a home-rule Council-Manager form of government. The elected body is made up of a mayor and six City Council members. The Mayor and City Council members are all elected for staggered two-year terms. The City Manager is appointed by the City Council and is responsible for implementation of City Council policy and all day-to-day operations of the City.

The City Council appoints many residents, who have volunteered their expertise, experience, and time to serve on various boards and commissions. These standing boards and commissions make recommendations relative to special projects.

A full range of municipal services is provided by the City including public safety (police, fire protection, and emergency medical services); water and wastewater services; public improvements; repair and maintenance of infrastructure; recreational and community activities; planning and zoning; and general administrative services. This report includes all funds of the City government. The financial statements of the City Development Corporation of El Campo, Inc. are also reported herein as a discretely presented component unit of the City based upon standards established by the Governmental Accounting Standards Board (see Note 1 to the financial statements).

The Honorable Mayor, Members of  
the City Council, and Citizens of  
the City of El Campo, Texas

## **ECONOMIC CONDITION AND OUTLOOK**

The City is located in the gulf coast region of southeast Texas and is the largest City in Wharton County with an estimated population of 11,602. It is located on U.S. Highway 59 and State Highway 71, approximately 72 miles southwest of Houston. U.S. Highway 59 is one of the major transportation arteries that ties the United States to Mexico and it is currently being studied for conversion to an interstate highway that would link Canada to Mexico.

One of the economy's mainstays is agriculture. Wharton County has consistently ranked as one of the largest rice producing counties in the state and nation. Several major regional agricultural facilities are located in the City, including operations for product storage, milling, transportation, and marketing as well as two farm cooperatives that provide direct sales, service and marketing assistance to area farmers. Oil and gas production is also an important contributor to the local economy and in recent years the aquaculture industry has become an important factor as well.

El Campo population and economy remains fairly stable. This has a direct impact on the resources available to the City to provide services to the community. Indicators of growth include population increases, building activity, unemployment rate, ad valorem tax revenues, and sales tax revenues.

Revenue growth appears equal to the costs of maintaining the current service levels throughout the City; however, the margin is much smaller than in prior years. Staff continues to monitor various indicators of economic and fiscal health of the community. Monitoring is also done in order to better respond to economic conditions that may indicate a weakening in the local economy. Any such weakening could adversely affect the fiscal health of the City. If the economy does have an adverse effect on the City's fiscal health, choices on revenues and expenditures will have to be made to address the impact. This approach is important to ensure that any slowdown in growth, or change in economic conditions does not adversely affect the financial position of the City.

The City must continue to work with its partners, notably the City Development Corporation, Wharton County, the School District and EC Chamber and Non-Profit Organizations to move the community forward and make the Mission Statement a reality for El Campo. We need to collaborate to ensure that we are providing the best services that we can for the entire community and not duplicating efforts but rather assisting each other where we can make a difference for the greater good of the community.

The City still maintains fund balance reserves at levels that allow for capital projects to be addressed. The City Council has continued the policy that excess Fund Balance above 3 months of operations should be designated for capital.

## **MAJOR INITIATIVES**

In developing the FY17-18 budget, we focused on the goals and objectives for the City of El Campo. Department heads were asked to assess the needs, goals and achievements of each Department.

For the past several years, the City has initiated and completed many public improvements and maintained adequate resources to provide a wide variety of services for the citizens. The challenge of maintaining the quality of life in the City continues to be a top priority as well as focusing on our infrastructure needs now and for the future such as planning for the I-69 Corridor improvements.

The City has made a significant investment in the employees and continues to try to motivate them to provide excellent customer service. As our main expenditure, personnel is what drives our service level and the more that we can do to create a unified team, the more that we can do to provide service at the level that our citizens deserve.

The Honorable Mayor, Members of  
the City Council, and Citizens of  
the City of El Campo, Texas

As we have reached the later years in the Comprehensive Plan that was prepared as the 2020 Vision, we will begin to look at updating that for the future course that this community should take. The major concern over the next 3-5 years will be our ability or inability to properly fund upkeep and maintenance of our infrastructure and City facilities at a time when limited funds are available, while trying to fund our basic services.

The progress in the community can be seen with the projects that have been taken on such as the West Loop Park and the West Norris Street rebuild. Extreme conservatism has allowed the City to build reserves to be utilized for one-time purchases and that practice is continued. The economy has continued to be in a slow growth mode and that is reflected. Additionally, we are avoiding short-term thinking.

### **Achievements**

This fiscal year saw a number of City Council priorities nearing completion. For instance,

- The City Comprehensive Plan was updated and adopted.
- The first I69/US loop frontage road project is nearly complete.
- The City continued the sealcoating of existing roads and the rehabilitation of water and wastewater main lines.
- The Tres Palacios Drainage Project continued.
- Plans were completed for the Blue Creek Water Shed and the Town and Country Area.
- The City focused on downtown as a destination that will attract residents and tourists through a partnership with Texas A&M University.
- Land availability was marketed to developers.
- The City partnered with the CDC and a developer to attempt to bring the SW International Gateway Business Park to a 540 acre tract outside the city limits. The extension of water and sewer and creation of 100 + jobs is anticipated.

Implementation of the Comprehensive Plan is slated for the next five years.

### **Goals for fiscal year 2018 and beyond:**

Listed below are goals and short- and long-term objectives. Also included are budget action items that address these goals and objectives.

#### **Infrastructure**

The Council, with input from staff, discussed how the aging infrastructure of the City is a priority. They also discussed the need for additional revenue to keep up with infrastructure needs.

#### **Citywide Revitalization**

The Council, with staff input, discussed how to enforce liens and other fines for code enforcement violations. They identified several properties to focus their efforts: 1. Theater, 2. Finkelstein, 3. Foremost, and as an alternative, the Old School. They also determined the need to understand options for mowing private property, including the potential necessity of working with the Legislature.

#### **Public Safety**

The Council, with staff input, discussed how all the public safety departments – Fire, EMS, and Police – were above standard and exceeding expectations. They also recognized the new public safety building as a great asset to the workforce and community. Additionally, they discussed how an increase in transfers to the local hospital has affected revenue. Their recommendations for this topic included: 1. creating a Council Committee to aide staff in speaking with the Hospital, 2.



The Honorable Mayor, Members of  
the City Council, and Citizens of  
the City of El Campo, Texas

meeting with the Hospital's Operating Board, 3. researching a Formal Cadet Program while working with the 100 Club.

#### **Inter-local Communication**

The Council expressed that relationships with other taxing entities were good. However, they would like to improve their partnership with the El Campo School District. It was expressed that they desired to build upon current efforts to strengthen that relationship for more effective communication between their entities and to the public.

### **FINANCIAL INFORMATION**

The financial statements have been prepared in accordance with GAAP as prescribed by the Governmental Accounting Standards Board.

Internal accounting controls are established by management to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. As well, they are designed to provide reasonable assurance as to the reliability of financial records for preparing financial statements and are employed to help maintain accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived and the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Police Seizure Fund, Utility Fund, and EMS Fund are included in this document in their annual appropriated amounts.

### **INDEPENDENT AUDIT**

This report is prepared in compliance with the legal requirements set forth by Article 3.10 of the Charter of the City of El Campo, Texas, as amended. In addition to fulfilling this legal requirement, this report serves to fully disclose financial data on an annual basis to management, the elected City Council and Mayor, the public, investors, and other interested persons. The firm of Pattillo, Brown and Hill L.L.P., Certified Public Accountants, was engaged by the City to satisfy this requirement.

### **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Campo, Texas, for its comprehensive annual financial report for the year ended September 30, 2016. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

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

The Honorable Mayor, Members of  
the City Council, and Citizens of  
the City of El Campo, Texas

## ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the staff of the Finance Department of the City. We would also like to thank the Mayor and Members of City Council for their interest and support in planning and conducting the financial operations of the City in a progressive and responsible manner.

Respectfully,



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Courtney Sladek, Deputy City Manager



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Mindi Snyder, City Manager



Government Finance Officers Association

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

Presented to

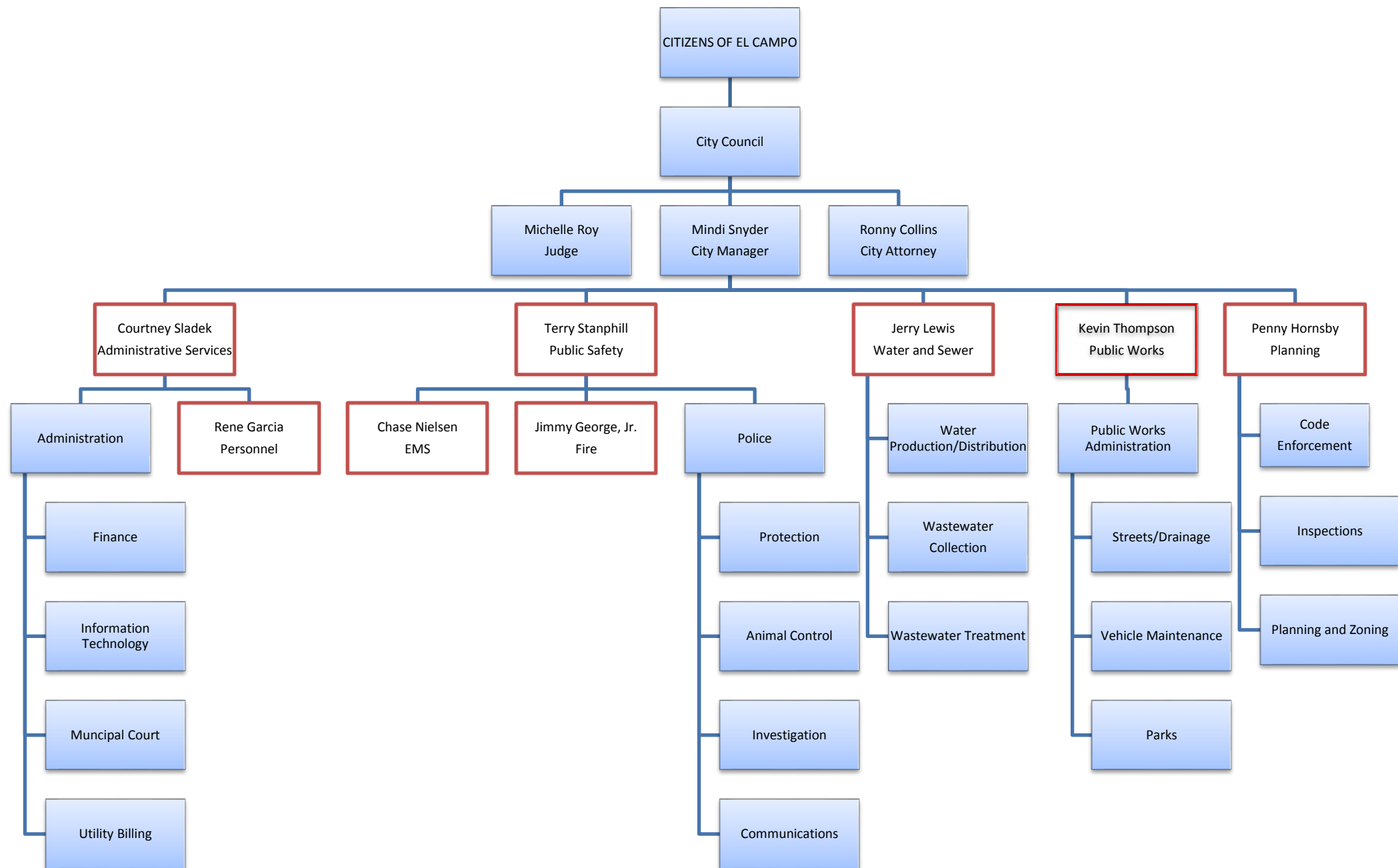
**City of El Campo  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO



**CITY OF EL CAMPO, TEXAS**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**September 30, 2017**

**City Officials**

Randy Collins

Richard Young

Jeff Allgayer

Gloria Harris

John Hancock

Tommy Hitzfeld

Anisa Vasquez

**Elective Position**

Mayor

Mayor Pro-Tem

Council Member

Council Member

Council Member

Council Member

Council Member

**Key Staff**

Mindi R. Snyder

Ronald B. Collins

Courtney Sladek

**Appointive Positions**

City Manager

City Attorney

Director of Finance



## **FINANCIAL SECTION**

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

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
of the City Council  
City of El Campo, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Campo, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Campo, Texas, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund, Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Waco, Texas  
February 16, 2018



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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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# **CITY OF EL CAMPO, TEXAS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2017**

As management of the City of El Campo, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017.

### **FINANCIAL HIGHLIGHTS**

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2017, by \$24,209,721. Of this amount, \$2,597,798 of unrestricted net position is available to meet the City's ongoing obligations to citizens and creditors.
- The total cost of all City activities was \$16,948,821 for the fiscal year. The net expense was (\$7,813,380).
- The City's net expenses for governmental activities were exceeded by general revenues of the governmental activities by \$518,464. This represents a 4% increase in net position from the previous fiscal year as a result of operations.
- The City's change in net position for business-type activities decreased net position by \$249,720.
- At September 30, 2017, the City's governmental funds reported combined ending fund balances of \$2,416,624, a net decrease of \$3,914,986 in comparison with the prior year.
- At September 30, 2017, unassigned fund balance for the General Fund was \$2,850,890 or 37% of total General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 4) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

#### **Government-Wide Financial Statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and interest on long-term debt. The business-type activities of the City include utilities and emergency medical services.

The government-wide financial statements include not only the City itself (known as the primary government) but also the component unit of the City (City Development Corporation of El Campo, Inc.). This component unit is not included as part of the primary government.

### **Fund Financial Statements**

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

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

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

The City maintained ten individual governmental funds during the 2017 fiscal year. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Transportation Reinvestment Zone Fund, Debt Service Fund, 2004 Bonds Fund and Capital Projects Fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.



The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Hotel/Motel Tax Fund, Municipal Court Technology Fund, Police Seizure Fund and enterprise funds. Schedules of revenues, expenditures, and changes in fund balances - budget and actual (GAAP basis) have been provided for each of these funds to demonstrate compliance with the appropriated budgets.

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

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

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund and pension benefits information.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's total net position was \$24,209,721 at the close of fiscal year 2017.

By far, the largest portion of the City's net position (88%) reflects its investment in capital assets (i.e., land, buildings, infrastructure, and machinery and equipment). The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported, 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.

## City of El Campo's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 4,160,390	\$ 8,220,858	\$ 3,629,712	\$ 3,578,219	\$ 7,790,102	\$ 11,799,077
Capital assets	<u>33,911,004</u>	<u>30,410,895</u>	<u>16,484,931</u>	<u>17,342,030</u>	<u>50,395,935</u>	<u>47,752,925</u>
Total assets	<u>38,071,394</u>	<u>38,631,753</u>	<u>20,114,643</u>	<u>20,920,249</u>	<u>58,186,037</u>	<u>59,552,002</u>
Total deferred outflows of resources	<u>1,067,794</u>	<u>1,414,027</u>	<u>402,298</u>	<u>463,814</u>	<u>1,470,092</u>	<u>1,877,841</u>
Current liabilities	676,736	1,380,343	8,863,442	9,489,366	9,540,178	10,869,709
Long-term liabilities	<u>33,932,413</u>	<u>34,679,272</u>	<u>8,317,167</u>	<u>9,020,553</u>	<u>42,249,580</u>	<u>43,699,825</u>
Total liabilities	<u>34,609,149</u>	<u>36,059,615</u>	<u>17,180,609</u>	<u>18,509,919</u>	<u>51,789,758</u>	<u>54,569,534</u>
Total deferred inflows of resources	<u>104,164</u>	<u>94,171</u>	<u>39,245</u>	<u>30,723</u>	<u>143,409</u>	<u>124,894</u>
Net position:						
Net investment in capital assets	11,813,285	11,596,010	9,568,796	9,791,150	21,382,081	21,387,160
Restricted	229,842	329,900	-	-	229,842	329,900
Unrestricted	<u>552,340</u>	<u>151,093</u>	<u>2,045,458</u>	<u>2,072,824</u>	<u>2,597,798</u>	<u>2,223,917</u>
Total net position	<u>\$ 12,595,467</u>	<u>\$ 12,077,003</u>	<u>\$ 11,614,254</u>	<u>\$ 11,863,974</u>	<u>\$ 24,209,721</u>	<u>\$ 23,940,977</u>

An additional portion of the City's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$2,597,798 may be used to meet the City's ongoing obligations to its citizens and creditors.

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

**Governmental activities.** Governmental activities increased the City's net position by \$518,464. Key elements of this increase are as follows:

- Total revenues for governmental activities increased by \$367,760 or 4%. The largest increase was a \$623,391 increase in tax revenue. The City had budgeted for more than \$400,000 increase in property taxes. Sales tax also increased as the City continues to show signs of growth.
- Total expenses decreased \$634,490. The largest decrease was a \$402,511 decrease in public works, which was partially offset by an increase of \$310,714 in public safety due to an increase in depreciation expense due to the purchase of vehicles used in the public safety department.

**Business-type activities.** Business-type activities decreased the City's net position by \$249,720. Key elements of this decrease are as follows:

- Revenues decreased \$295,771. The largest decrease was the result of approximately \$400,000 for a Community Development Block Grant. The grant was completed in the prior fiscal year. There was also a 3% increase in charges for services.
- Expenses increased 20%, mostly in utilities. The largest component of this increase was an approximately \$1.01 million increase in other services and charges. The increase was mainly due to a drainage project.

### City of El Campo's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,091,506	\$ 1,016,415	\$ 7,408,984	\$ 7,217,562	\$ 8,500,490	\$ 8,233,977
Operating grants	111,088	63,437	-	75,000	111,088	138,437
Capital grants	499,613	911,211	24,250	429,677	523,863	1,340,888
General revenues:						
Property taxes	3,981,191	3,640,047	-	-	3,981,191	3,640,047
Sales taxes	3,051,283	2,769,036	-	-	3,051,283	2,769,036
Franchise taxes	701,185	673,722	-	-	701,185	673,722
Other taxes	172,068	162,880	-	-	172,068	162,880
Investment earnings	37,911	50,050	16,870	24,336	54,781	74,386
Miscellaneous	95,196	86,483	26,420	25,720	121,616	112,203
Total revenues	<u>9,741,041</u>	<u>9,373,281</u>	<u>7,476,524</u>	<u>7,772,295</u>	<u>17,217,565</u>	<u>17,145,576</u>
Expenses:						
General government	1,687,369	2,326,025	-	-	1,687,369	2,326,025
Public safety	4,244,016	3,933,302	-	-	4,244,016	3,933,302
Public works	1,732,892	2,135,403	-	-	1,732,892	2,135,403
Parks and recreation	1,084,289	1,031,769	-	-	1,084,289	1,031,769
Interest on long-term debt	749,594	706,151	-	-	749,594	706,151
Utilities	-	-	5,631,087	4,570,795	5,631,087	4,570,795
Emergency medical service	-	-	1,819,574	1,586,963	1,819,574	1,586,963
Total expenses	<u>9,498,160</u>	<u>10,132,650</u>	<u>7,450,661</u>	<u>6,157,758</u>	<u>16,948,821</u>	<u>16,290,408</u>
Change in net position before transfers	242,881	( 759,369)	25,863	1,614,537	268,744	855,168
Transfers	<u>275,583</u>	<u>( 1,106,959)</u>	<u>( 275,583)</u>	<u>1,106,959</u>	<u>-</u>	<u>-</u>
Change in net position	518,464	( 1,866,328)	( 249,720)	2,721,496	268,744	855,168
Net position, beginning	12,077,003	13,943,331	11,863,974	9,460,902	23,940,977	23,404,233
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 318,424)</u>	<u>-</u>	<u>( 318,424)</u>
Net position, beginning, restated	<u>12,077,003</u>	<u>13,943,331</u>	<u>11,863,974</u>	<u>9,142,478</u>	<u>23,940,977</u>	<u>23,085,809</u>
Net position, ending	<u>\$ 12,595,467</u>	<u>\$ 12,077,003</u>	<u>\$ 11,614,254</u>	<u>\$ 11,863,974</u>	<u>\$ 24,209,721</u>	<u>\$ 23,940,977</u>

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

### **Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,416,624, a decrease of \$3,914,986 from the prior year. The decrease primarily occurred in the Capital Projects Fund, which had \$3,994,650 of capital outlays during the year. These outlays were mostly funded by bond issuances in previous years.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$2,850,890. Unassigned fund balance represents 37% of total General Fund expenditures. The fund balance of the City's General Fund increased by \$383,396 during fiscal year 2017. This increase was more than the budgeted decrease by \$481,766.

In the Transportation Reinvestment Zone (TRZ) Fund, the City borrowed \$8,000,000 from the State Infrastructure Bank (SIB) in the prior year. Under the loan agreement, the City borrowed \$8,000,000 from the SIB to finance its portion of the cost of a project to upgrade US Highway 59 to interstate standards by adding frontage roads and improving mainland alignment or grades when necessary. The City also entered into an Advance Funding Agreement with the Texas Department of Transportation (TXDOT), under which the City contributed the \$8,000,000 to TXDOT for its share of the cost of the construction project. The City expects to make payments on the loan from the TRZ revenues.

### **Proprietary Funds**

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

Unrestricted net position of the Utility Fund and the Emergency Medical Services Fund at the end of the current fiscal year amounted to \$1,864,111 and \$181,347, respectively. The decrease in net position for the funds was \$249,720.

Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

- Actual fiscal year expenditures in the General Fund were \$817,281 less than final budgeted amounts.
- Actual revenues were \$123,650 less than budgeted amounts.
- Budgeted appropriations were increased by \$124,690 during the year with budget amendments.
- Budgeted revenues were increased by \$124,690 during the year with budget amendments.
- The net change in fund balance was \$481,766 more than the budgeted amount.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities amounts to \$50,395,935 (net of accumulated depreciation) at the end of the current fiscal year. This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, service delivery system, infrastructure, and construction in progress. The additions to capital assets for governmental activities were \$4,965,809, not including reclassification from construction in progress to buildings and improvements. Additions for buildings and improvements were \$10,043,964 due to the completion of capital projects and were removed from construction in progress and placed in service as buildings and improvements during the current fiscal year as follows:

- West Norris Phase II upgrades the two-lane hot mix roadway to a three-lane concrete thoroughfare with a continuous turn lane, sidewalks and a curb and gutter system from Meadow Lane to the West Loop. Water and sewer line improvements were made in conjunction along with drainage upgrades. This project is funded by the 2015 Certificates of Obligation, Series A.
- A new public safety building on the West Loop — this facility will house police, EMS, fire and emergency management. Funding also includes the demolition of the existing police station, fire and EMS station. This project is funded with the 2015 General Obligation Bonds.

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

### **Long-Term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$27,665,791. There were no significant debt issuances during the fiscal year.

The City maintains a bond rating of "AA-" from Standard & Poor's. As a Home Rule City, the City is not limited by law in the amount of debt it may issue; however, all new local bond issues must be approved by the State Attorney General.

During fiscal year 2017, the City made principal payments on the outstanding capital leases in the amount of \$316,793. The balance on all capital leases at September 30, 2017 was \$832,607.

Additional information on the City's long-term debt can be found on Note III on pages 44-48 in the notes to the financial statements.

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

The following highlights some of the key factors used in the preparation of next year's adopted budget. These include a summary of the City's key economic indicators and the financial forecast.

- Building permits and development – Single family residential construction increased, commercial construction also picked up.
- Unemployment rate – Wharton County has maintained an unemployment rate of 4.4%, which is nearly equal to the national and state unemployment rates.
- Sales tax revenues – The sales tax is the largest revenue source for the City's General Fund, accounting for nearly half of General Fund revenues. This is one reason why a fiscally conservative approach is taken to estimate future sales tax revenues. Sales tax revenues are projected to increase slightly from the FY17 year-end estimate.
- Total utility revenues – Utility revenues continue to increase from year to year. Changes in revenues have been affected by rate changes and weather conditions. There are no proposed rate increases for FY18. Economic and fiscal indicators demonstrate that the local economy has shown moderate and sustained growth.

Revenue growth appears equal to the costs of maintaining the current service levels throughout the City; however the margin is much smaller than in prior years. Staff continues to monitor various indicators of economic and fiscal health of the community. Monitoring is also done in order to better respond to economic conditions that may indicate a weakening in the local economy. Any such weakening could adversely affect the fiscal health of the City. If the economy does have an adverse effect on the City's fiscal health, choices on revenues and expenditures will have to be made to address the impact. This approach is important to ensure that any slowdown in growth, or change in economic conditions, does not adversely affect the financial position of the City.

The fiscal year 2018 will raise more revenue from property taxes the prior year's budget by \$161,067, which is a 4% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$19,616. The tax rate for the 2017 tax roll decreased to \$0.61 per \$100 valuation; \$0.44191 was allocated for maintenance and operations and \$0.17223 was allocated for interest and sinking (debt service).

As a service providing organization, salaries and benefits account for the largest percentage of operating expenses. El Campo is similar to other cities in this respect. Personnel expenditures account for approximately 42% of total City operating and maintenance expenditures. The FY18 budget includes 111 full time equivalent positions. Highlights of the personnel section of the budget:

- 3% merit adjustment, effective October 1, 2017, totaling \$141,698
- Additional personnel includes an Assistant Finance Director and Custodian for the Public Safety Headquarters
- Reclassifications, include the Deputy City Manager position and a Patrol position to IT
- Certification pay adjustments
- A Maintenance Worker position was eliminated in Streets
- An estimated increase in health insurance premiums of 10%, with consultant bidding plan out.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, 315 E. Jackson, El Campo, Texas 77437.

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF EL CAMPO, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CDC of El Campo, Inc.
<b>ASSETS</b>				
Cash	\$ 791,358	\$ 413,600	\$ 1,204,958	\$ 569,426
Investments	2,198,705	1,218,345	3,417,050	1,311,986
Accounts receivable (net)	1,148,538	857,841	2,006,379	110,999
Internal balances	( 1,114,610)	1,114,610	-	-
Due from other governments	996,706	-	996,706	-
Prepaid items	21,253	25,316	46,569	-
Inventory	118,440	-	118,440	-
Advances to other governments	8,000,000	-	8,000,000	-
Capital assets:				
Land and other assets not being depreciated	5,766,430	367,018	6,133,448	429,487
Buildings, infrastructure and equipment (net)	28,144,574	16,117,913	44,262,487	693,760
Total assets	<u>46,071,394</u>	<u>20,114,643</u>	<u>66,186,037</u>	<u>3,115,658</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	1,067,794	402,298	1,470,092	30,462
Deferred charge on refunding	169,592	-	169,592	-
Total deferred outflows of resources	<u>1,237,386</u>	<u>402,298</u>	<u>1,639,684</u>	<u>30,462</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	411,603	307,269	718,872	4,777
Deposits	25,861	194,313	220,174	-
Accrued interest payable	224,926	44,693	269,619	-
Due to other governments	14,346	-	14,346	-
Long-term liabilities due within one year	767,744	928,076	1,695,820	-
Long-term liabilities due in more than one year	33,164,669	7,389,091	40,553,760	93,804
Total liabilities	<u>34,609,149</u>	<u>8,863,442</u>	<u>43,472,591</u>	<u>98,581</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	104,164	39,245	143,409	2,971
Total deferred inflows of resources	<u>104,164</u>	<u>39,245</u>	<u>143,409</u>	<u>2,971</u>
<b>NET POSITION</b>				
Net investment in capital assets	11,813,285	9,568,796	21,382,081	1,123,247
Restricted for:				
Police	87,929	-	87,929	-
Tourism	118,308	-	118,308	-
Municipal court security	23,605	-	23,605	-
Unrestricted	552,340	2,045,458	2,597,798	1,921,321
Total net position	<u>\$ 12,595,467</u>	<u>\$ 11,614,254</u>	<u>\$ 24,209,721</u>	<u>\$ 3,044,568</u>

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

**CITY OF EL CAMPO, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,687,369	\$ 167,571	\$ -	\$ -
Public safety	4,244,016	572,814	111,088	-
Public works	1,732,892	23,394	-	499,613
Parks and recreation	1,084,289	327,727	-	-
Interest on long-term debt	749,594	-	-	-
Total governmental activities	<u>9,498,160</u>	<u>1,091,506</u>	<u>111,088</u>	<u>499,613</u>
Business-type activities:				
Utilities	5,631,087	5,665,994	-	24,250
Emergency medical services	1,819,574	1,742,990	-	-
Total business-type activities	<u>7,450,661</u>	<u>7,408,984</u>	<u>-</u>	<u>24,250</u>
Total primary government	<u>16,948,821</u>	<u>8,500,490</u>	<u>111,088</u>	<u>523,863</u>
Component Unit:				
City Development Corporation of El Campo, Inc.	\$ <u>510,779</u>	\$ <u>42,116</u>	\$ <u>-</u>	\$ <u>-</u>

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$( 1,519,798)		\$( 1,519,798)	\$ -
( 3,560,114)		( 3,560,114)	-
( 1,209,885)		( 1,209,885)	-
( 756,562)		( 756,562)	-
( 749,594)		( 749,594)	-
<u>( 7,795,953)</u>		<u>( 7,795,953)</u>	<u>-</u>
	59,157	59,157	-
	<u>( 76,584)</u>	<u>( 76,584)</u>	<u>-</u>
	<u>( 17,427)</u>	<u>( 17,427)</u>	<u>-</u>
	<u>( 17,427)</u>	<u>( 7,813,380)</u>	<u>-</u>
			<u>( 468,663)</u>
3,981,191	-	3,981,191	-
3,051,283	-	3,051,283	617,851
701,185	-	701,185	-
172,068	-	172,068	-
37,911	16,870	54,781	32,127
95,196	26,420	121,616	1,559
275,583	<u>( 275,583)</u>	<u>-</u>	<u>-</u>
<u>8,314,417</u>	<u>( 232,293)</u>	<u>8,082,124</u>	<u>651,537</u>
518,464	<u>( 249,720)</u>	268,744	182,874
<u>12,077,003</u>	<u>11,863,974</u>	<u>23,940,977</u>	<u>2,861,694</u>
<u>\$ 12,595,467</u>	<u>\$ 11,614,254</u>	<u>\$ 24,209,721</u>	<u>\$ 3,044,568</u>

**CITY OF EL CAMPO, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	General	Transportation Reinvestment Zone	Debt Service
<b>ASSETS</b>			
Cash	\$ 335,048	\$ 98,322	\$ 45,254
Investments	2,113,624	-	58,998
Receivables (net):			
Taxes	726,707	-	75,708
Accounts	263,552	-	-
Special assessments	-	-	-
Due from other funds	192,377	-	-
Due from other governments	-	-	-
Prepaid items	110,779	-	-
Inventory	21,253	-	-
Total assets	<u>\$ 3,763,340</u>	<u>\$ 98,322</u>	<u>\$ 179,960</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</b>			
<b>AND FUND BALANCES</b>			
Accounts payable	\$ 31,636	\$ -	\$ -
Accrued liabilities	258,113	-	-
Deposits	25,861	-	-
Due to other governments	14,346	-	-
Due to other funds	74,364	216,560	-
Total liabilities	<u>404,320</u>	<u>216,560</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	198,980	-	70,787
Unavailable revenue - fines	177,118	-	-
Unavailable revenue - assessments	-	-	-
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	<u>376,098</u>	<u>-</u>	<u>70,787</u>
<b>FUND BALANCES</b>			
Fund balances:			
Nonspendable	132,032	-	-
Restricted	-	-	109,173
Unassigned	2,850,890	( 118,238)	-
Total fund balances	<u>2,982,922</u>	<u>( 118,238)</u>	<u>109,173</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,763,340</u>	<u>\$ 98,322</u>	<u>\$ 179,960</u>

Capital Projects	2004 Bonds Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 56,238	\$ -	\$ 256,496	\$ 791,358
-	-	26,083	2,198,705
-	-	39,974	842,389
-	-	-	263,552
-	-	42,597	42,597
-	-	-	192,377
-	996,706	-	996,706
-	-	-	110,779
-	-	-	21,253
<u>\$ 56,238</u>	<u>\$ 996,706</u>	<u>\$ 365,150</u>	<u>\$ 5,459,716</u>
\$ 83,685	\$ -	\$ 32,278	\$ 147,599
-	-	-	258,113
-	-	-	25,861
-	-	-	14,346
-	802,473	17,588	1,110,985
<u>83,685</u>	<u>802,473</u>	<u>49,866</u>	<u>1,556,904</u>
-	-	-	269,767
-	-	-	177,118
-	-	42,597	42,597
-	996,706	-	996,706
-	996,706	42,597	1,486,188
-	-	-	132,032
-	-	276,946	386,119
( 27,447)	( 802,473)	( 4,259)	1,898,473
( 27,447)	( 802,473)	272,687	2,416,624
<u>\$ 56,238</u>	<u>\$ 996,706</u>	<u>\$ 365,150</u>	<u>\$ 5,459,716</u>

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## CITY OF EL CAMPO, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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

Total fund balances - governmental funds	\$ 2,416,624
Internal service funds are used by management to charge the cost of information technology services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	( 194,232)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,911,004
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	( 21,002,376)
Capital leases	( 251,376)
Premiums on bonds payable	( 1,069,797)
Net pension liability	( 3,288,206)
Accrued interest payable	( 224,926)
Accrued compensated absences	( 320,658)
Deferred outflows and inflows related to pensions are not reported in the funds.	963,630
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,486,188
Deferred outflows related to bond refundings are not reported in the funds.	<u>169,592</u>
Net position of governmental activities	<u>\$ 12,595,467</u>

**CITY OF EL CAMPO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General	Transportation Reinvestment Zone	Debt Service
<b>REVENUES</b>			
Taxes	\$ 6,463,569	\$ 54,607	\$ 1,230,586
Licenses and permits	111,119	-	-
Intergovernmental	221,902	-	-
Charges for services	345,765	-	-
Fines and forfeitures	391,328	-	-
Investment earnings	33,421	-	1,160
Miscellaneous	75,116	-	-
Total revenues	<u>7,642,220</u>	<u>54,607</u>	<u>1,231,746</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,804,154	-	-
Public safety	3,583,656	-	-
Public works	1,259,924	-	-
Parks and recreation	932,092	-	-
Debt service:			
Principal	15,102	-	368,483
Interest and fiscal charges	8,255	-	638,383
Capital outlay	129,246	-	-
Total expenditures	<u>7,732,429</u>	<u>-</u>	<u>1,006,866</u>
Excess (deficiency) of revenue over (under) expenditures	( 90,209)	<u>54,607</u>	<u>224,880</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	53,475	-	-
Transfers in	640,130	-	1,041,801
Transfers out	( 220,000)	-	( 1,250,434)
Total other financing sources (uses)	<u>473,605</u>	<u>-</u>	<u>( 208,633)</u>
Net change in fund balances	383,396	54,607	16,247
Fund balances - beginning	<u>2,599,526</u>	( 172,845)	<u>92,926</u>
Fund balances - ending	<u>\$ 2,982,922</u>	<u>\$( 118,238)</u>	<u>\$ 109,173</u>

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

Capital Projects	2004 Bonds Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 156,877	\$ 7,905,639
-	-	-	111,119
-	-	-	221,902
-	-	17,677	363,442
-	-	-	391,328
2,624	-	706	37,911
-	-	18,854	93,970
<u>2,624</u>	<u>-</u>	<u>194,114</u>	<u>9,125,311</u>
-	-	51,593	1,855,747
-	-	28,693	3,612,349
-	-	-	1,259,924
-	-	-	932,092
-	-	-	383,585
-	-	-	646,638
<u>3,994,650</u>	<u>555,124</u>	<u>-</u>	<u>4,679,020</u>
<u>3,994,650</u>	<u>555,124</u>	<u>80,286</u>	<u>13,369,355</u>
<u>( 3,992,026)</u>	<u>( 555,124)</u>	<u>113,828</u>	<u>( 4,244,044)</u>
-	-	-	53,475
220,000	-	-	1,901,931
<u>( 83,752)</u>	<u>-</u>	<u>( 72,162)</u>	<u>( 1,626,348)</u>
<u>136,248</u>	<u>-</u>	<u>( 72,162)</u>	<u>329,058</u>
<u>( 3,855,778)</u>	<u>( 555,124)</u>	<u>41,666</u>	<u>( 3,914,986)</u>
<u>3,828,331</u>	<u>( 247,349)</u>	<u>231,021</u>	<u>6,331,610</u>
<u><u>\$ ( 27,447)</u></u>	<u><u>\$ ( 802,473)</u></u>	<u><u>\$ 272,687</u></u>	<u><u>\$ 2,416,624</u></u>

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## CITY OF EL CAMPO, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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

Net change in fund balances - total governmental funds	\$( 3,914,986)
The internal service funds are used by the City to charge the costs of information technology services to the individual funds. The net activity of the internal service fund is reported with governmental activities.	( 31,425)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense.	
Capital outlays	4,965,809
Depreciation expense	( 1,458,630)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of capital lease	( 128,318)
Principal repayments	612,440
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	14,456
Amortization of bond premiums and deferred loss on refunding	5,137
Changes in accrued interest payable	20,225
Increase in net pension liability	227,727
Changes in deferred outflows and inflows related to pensions	( 356,226)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	88
Court fines	72,981
Grants	499,613
Capital assets	( 7,070)
Assessments	( 3,357)
Change in Net Position of Governmental Activities	<u>\$ 518,464</u>

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# CITY OF EL CAMPO, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

**SEPTEMBER 30, 2017**

	Business-Type Activities Enterprise funds			Governmental Activities -
	Utility	Emergency Medical Services	Totals	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash	\$ 168,227	\$ 245,373	\$ 413,600	\$ -
Investments	1,217,939	406	1,218,345	-
Accounts receivable (net)	708,731	149,110	857,841	-
Due from other funds	704,317	410,293	1,114,610	-
Prepaid items	14,444	10,872	25,316	7,661
Total current assets	<u>2,813,658</u>	<u>816,054</u>	<u>3,629,712</u>	<u>7,661</u>
Noncurrent assets:				
Capital assets:				
Land	30,498	-	30,498	-
Construction in progress	336,520	-	336,520	-
Machinery and equipment	3,343,181	476,395	3,819,576	5,307
Buildings	2,137,274	-	2,137,274	-
Water works system	16,188,716	-	16,188,716	-
Sewer system	11,240,459	-	11,240,459	-
Accumulated depreciation	( 17,051,571)	( 216,541)	( 17,268,112)	( 5,307)
Total noncurrent assets	<u>16,225,077</u>	<u>259,854</u>	<u>16,484,931</u>	<u>-</u>
Total assets	<u>19,038,735</u>	<u>1,075,908</u>	<u>20,114,643</u>	<u>7,661</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	<u>176,315</u>	<u>225,983</u>	<u>402,298</u>	<u>-</u>
Total deferred outflows of resources	<u>176,315</u>	<u>225,983</u>	<u>402,298</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	178,855	-	178,855	5,891
Accrued liabilities	60,501	67,913	128,414	-
Deposits	194,313	-	194,313	-
Accrued interest payable	44,693	-	44,693	-
Due to other funds	-	-	-	196,002
Noncurrent liabilities due within one year	<u>869,336</u>	<u>58,740</u>	<u>928,076</u>	<u>-</u>
Total current liabilities	<u>1,347,698</u>	<u>126,653</u>	<u>1,474,351</u>	<u>201,893</u>
Noncurrent liabilities:				
Accrued compensated absences	49,756	67,347	117,103	-
Net pension liability	542,951	695,902	1,238,853	-
Capital leases	271,678	26,118	297,796	-
Bonds payable	<u>5,735,339</u>	<u>-</u>	<u>5,735,339</u>	<u>-</u>
Total noncurrent liabilities	<u>6,599,724</u>	<u>789,367</u>	<u>7,389,091</u>	<u>-</u>
Total liabilities	<u>7,947,422</u>	<u>916,020</u>	<u>8,863,442</u>	<u>201,893</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	<u>17,200</u>	<u>22,045</u>	<u>39,245</u>	<u>-</u>
Total deferred inflows of resources	<u>17,200</u>	<u>22,045</u>	<u>39,245</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	9,386,317	182,479	9,568,796	-
Unrestricted	<u>1,864,111</u>	<u>181,347</u>	<u>2,045,458</u>	<u>( 194,232)</u>
Total net position	<u>\$ 11,250,428</u>	<u>\$ 363,826</u>	<u>\$ 11,614,254</u>	<u>\$ ( 194,232)</u>

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

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# CITY OF EL CAMPO, TEXAS

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

### PROPRIETARY FUNDS

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

	Business-Type Activities Enterprise Funds			Governmental Activities -
	Emergency Medical Services			Internal Service Fund
	Utility		Totals	
Operating revenues:				
Charges for services	\$ 5,665,994	\$ 1,742,990	\$ 7,408,984	\$ 235,304
Miscellaneous	11,266	15,154	26,420	-
Total operating revenues	<u>5,677,260</u>	<u>1,758,144</u>	<u>7,435,404</u>	<u>235,304</u>
Operating expenses:				
Personnel	822,745	1,295,252	2,117,997	-
Materials and supplies	60,142	140,625	200,767	1,291
Repairs and maintenance	417,914	95,937	513,851	94,009
Other services and charges	3,145,548	150,399	3,295,947	171,429
Depreciation	881,477	136,185	1,017,662	-
Total operating expenses	<u>5,327,826</u>	<u>1,818,398</u>	<u>7,146,224</u>	<u>266,729</u>
Operating income (loss)	349,434	( 60,254)	289,180	( 31,425)
Nonoperating revenues (expenses):				
Investment earnings	16,089	781	16,870	-
Interest and fiscal charges	( 303,261)	( 1,176)	( 304,437)	-
Total non-operating revenues (expenses)	<u>( 287,172)</u>	<u>( 395)</u>	<u>( 287,567)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	62,262	( 60,649)	1,613	( 31,425)
Capital contributions	24,250	-	24,250	-
Transfers in	1,255,855	-	1,255,855	-
Transfers out	<u>( 1,364,700)</u>	<u>( 166,738)</u>	<u>( 1,531,438)</u>	<u>-</u>
Change in net position	( 22,333)	( 227,387)	( 249,720)	( 31,425)
Net position (deficit), beginning	<u>11,272,761</u>	<u>591,213</u>	<u>11,863,974</u>	<u>( 162,807)</u>
Net position (deficit), ending	<u>\$ 11,250,428</u>	<u>\$ 363,826</u>	<u>\$ 11,614,254</u>	<u>\$ ( 194,232)</u>

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

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**CITY OF EL CAMPO, TEXAS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR END SEPTEMBER 30, 2017**

	Business-Type Activities			Governmental Activities -
	Emergency Medical Services	Total Proprietary Funds		Internal Service Fund
	Utility			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 5,673,727	\$ 1,814,622	\$ 7,488,349	\$ 235,304
Cash paid for goods and services	( 3,596,427)	( 395,936)	( 3,992,363)	( 266,063)
Cash paid to employees for services	( 749,137)	( 1,164,153)	( 1,913,290)	-
Net cash provided (used) by operating activities	<u>1,328,163</u>	<u>254,533</u>	<u>1,582,696</u>	<u>( 30,759)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash paid to other funds	( 1,315,016)	( 166,738)	( 1,481,754)	-
Cash received from other funds	<u>1,206,171</u>	<u>-</u>	<u>1,206,171</u>	<u>30,759</u>
Net cash provided (used) by noncapital financing activities	<u>( 108,845)</u>	<u>( 166,738)</u>	<u>( 275,583)</u>	<u>30,759</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition & construction of capital assets	-	( 93,325)	( 93,325)	-
Capital grants	24,250	-	24,250	-
Principal paid on debt	( 863,060)	-	( 863,060)	-
Interest paid on debt	( 303,261)	( 1,176)	( 304,437)	-
Proceeds from the sale of assets	<u>10,137</u>	<u>-</u>	<u>10,137</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>( 1,131,934)</u>	<u>( 94,501)</u>	<u>( 1,226,435)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	( 79,567)	-	( 79,567)	-
Investment income	<u>16,089</u>	<u>777</u>	<u>16,866</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>( 63,478)</u>	<u>777</u>	<u>( 62,701)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>23,906</u>	<u>( 5,929)</u>	<u>17,977</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>144,321</u>	<u>251,302</u>	<u>395,623</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 168,227</u>	<u>\$ 245,373</u>	<u>\$ 413,600</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	349,434	( 60,254)	289,180	( 31,425)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	881,477	136,185	1,017,662	-
(Increase) decrease in accounts receivable	( 6,391)	56,478	50,087	-
(Increase) decrease in prepaid items	( 2,377)	( 1,655)	( 4,032)	( 3,000)
Increase (decrease) in accounts payable	29,554	( 7,320)	22,234	3,666
Increase (decrease) in accrued liabilities	11,936	30,953	42,889	-
Increase (decrease) in customer deposits	2,858	-	2,858	-
Increase (decrease) in net pension liability	25,358	66,422	91,780	-
Increase (decrease) in deferred inflows	3,337	5,185	8,522	-
(Increase) decrease in deferred outflows	<u>32,977</u>	<u>28,539</u>	<u>61,516</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 1,328,163</u>	<u>\$ 254,533</u>	<u>\$ 1,582,696</u>	<u>\$( 30,759)</u>
<b>Schedule of non-cash capital and related financing activities:</b>				
Purchase of capital assets with capital lease	\$ -	\$ 77,375	\$ 77,375	\$ -

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

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# **CITY OF EL CAMPO, TEXAS**

## **NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Description of Government-wide Financial Statements**

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

#### **B. Reporting Entity**

The City of El Campo, Texas (the "City") was incorporated in 1905 and has adopted a Home Rule Charter. The City now operates under a council-manager form of government. The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the City Council for the administration of all the affairs of the City. The City Manager is responsible for law enforcement, appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The Mayor presides at meetings of the City Council and is allowed to vote on all matters. The City provides the following services: public safety to include police, fire, and emergency medical services, highways and streets, water and wastewater, sanitation, recreation, public improvements, planning and zoning, and general administration.

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

**Discretely Presented Component Unit.** The City Development Corporation of El Campo, Inc. (the “CDC”) was created for the purpose of benefiting and accomplishing public purposes of the City by promoting, encouraging, and enhancing the creation of jobs in the City. This is to be achieved through assistance in the retention of existing businesses and industries and the attraction of new businesses and industries and aid in their development and growth. The CDC was incorporated under the Texas Development Corporation Act of 1979, as amended, and qualifies as a tax-exempt organization under Code Section 501(c)(4) of the Internal Revenue Code. All powers of the CDC are vested in the Board of Directors appointed by the City Council. The City is also able to impose its will on the CDC, including approving its operating budget. A separately issued financial report is available for the CDC. This report may be obtained by contacting the CDC.

### **C. Basis of Presentation – Government-wide Financial Statements**

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

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

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

### **D. Basis of Presentation – Fund Financial Statements**

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

The City reports the following major governmental funds:

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

The Transportation Reinvestment Zone Fund accounts for the City's portion of the cost of a project to upgrade US Highway 59.

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The Capital Projects Fund accounts for the acquisition and construction of certain major capital facilities.

The 2004 Bond Fund accounts for the use of the proceeds from the City's 2004 Certificates of Obligation.

The City reports the following major proprietary funds:

The Utility Fund accounts for the activities of the City related to its sewage treatment plant, water distribution system, and garbage collection.

The Emergency Medical Services Fund accounts for activities of the City related to providing emergency medical services to the residents and visitors of the City. This fund utilizes ambulance revenues, interest and contributions from the Wharton County Emergency Services District #4 to fund this service.

Additionally, the City reports the following fund types:

Special revenue funds account and report specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets, excluding those types of capital-related outflows financed by proprietary funds.

The internal service fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

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

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

## E. Measurement Focus and Basis of Accounting

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

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

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

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

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.



## **F. Budgetary Information**

1. The annual budget must specify appropriations for capital expenditures and for expenditures directed by the City Council for services and for the operation of the City. It must comply with funding requirements of bond covenants. City department directors and officers shall submit budget requests for the next fiscal year to, and as directed by, the City Manager for review and consolidation. The City Manager shall submit a proposed annual budget to the City Council at least 45 days prior to the end of each fiscal year. Before taxes are levied, but after a public hearing or hearings, the City Council shall adopt an annual budget. The budget shall be adopted by a majority of all members of the City Council not later than 15 days prior to the beginning of the fiscal year.
2. At any time during the fiscal year, the City Manager is authorized to transfer unencumbered budgeted amounts between line items within a department; however, any revisions that alter the total budgeted expenditures of any department must be approved by the City Council.
3. Formal budgetary integration is employed as a management control device by expenditure category during the year for the City's General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Police Seizure Fund and proprietary funds.
4. Legally adopted annual budgets for the General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund and Police Seizure Fund are prepared on a basis consistent with generally accepted accounting principles (GAAP) at the departmental level (i.e., administration, municipal court, etc.), the legal level of budgetary control. An annual budget is also adopted for the enterprise funds on a non-GAAP budgetary basis. The legal level of budgetary control for the enterprise funds is at the fund level.
5. Unencumbered budget appropriations lapse at year-end and do not carry forward to future periods.

## **G. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Amounts encumbered for a specific purpose for which amounts have not been previously restricted, committed, or assigned, are reported as committed or assigned fund balance at year-end. There are no outstanding encumbrances at September 30, 2017.

## **H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### **Cash and Cash Equivalents**

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

### **Investments**

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

The City Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the City are in compliance with the City Council's investment policies.

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in certain investment pools. The City's investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Texas Class and Logic have a redemption notice periods of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

### **Inventories and Prepaid Items**

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

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

## **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	5 - 40
Water works	5 - 40
Sewer system	5 - 40
Infrastructure	20 - 40
Machinery and equipment	5 - 15

## **Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred outflows of resources consist of differences between projected and actual investment earnings related to pensions, changes in actuarial assumptions related to pensions, pension contributions made subsequent to the actuarial measurement date and a deferred charge on debt refundings.

## **Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of unavailable revenues under the modified accrual basis of accounting and differences between expected and actual economic experiences related to pensions.

## **Pensions**

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

## **Long-Term Obligations**

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

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

## **Net Position Flow Assumptions**

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

## **Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The General fund is the only fund that reports a positive unassigned fund balance amount.

## **Fund Balance Policies**

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

Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. The City Council has by resolution authorized the City Manager or his/her designee to assign fund balance. The assignments can be made by the City Council of any amount and by the City Manager or his/her designee in an amount not to exceed \$500,000. Unlike commitments, assignments generally only exist temporarily and a formal action by the City Council does not have to occur in order to remove the assignment.

## **I. Revenues and Expenditures/Expenses**

### **Program Revenues**

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

### **Property Taxes**

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

The City provides an exemption from property taxes of \$10,000 of the assessed value of residential homesteads for persons 65 years of age or older. An exemption from \$1,500 to \$3,000 is allowed to disabled veterans on anyone piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

The City, under Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population and by City Home Rule Charter, is limited to levy ad valorem tax at a rate up to \$2.50 per \$100 assessed valuation for general government services. Within the \$2.50 maximum levy, there is no legal limit on the amount of property taxes that can be levied for debt service.

Property taxes are prorated between operations and debt service based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.5918 per \$100 of assessed valuation, which were prorated between operations and debt service in the amounts of \$0.43089 and \$0.19911, respectively. The resulting adjusted total tax levy was \$4,048,721 on the total adjusted taxable valuation of \$671,857,498 for the 2016 tax year.

### **Compensated Absences**

All full-time employees accumulate personal benefits in varying annual amounts up to a maximum allowable accumulation based on years of service. In the event of termination, an employee is reimbursed for all accumulated personal days up to the maximum accrued time. Sick leave benefits are earned by all full-time employees at a rate of 12 days per year and may be accumulated to a maximum of 960 hours. City personnel policies state that unused sick leave benefits will be paid to employees upon termination at a rate of \$5 per hour up to a maximum of 960 hours.

All compensated absences pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Compliance**

For the year ended September 30, 2017, expenditures exceeded appropriations in the following funds:

- General Fund – Parks and Recreation – Aquatic Center by \$894
- General Fund – Debt Service by \$23,357
- General Fund – Capital outlay by \$127,246
- Debt Service Fund – Interest and fiscal fees by \$52,776
- Hotel/Motel Tax Fund – General government by \$13,284
- Police Seizure Fund – Public Safety by \$23,463.

These excess expenditures were funded by greater than anticipated revenues and/or available fund balance.

## B. Deficit Fund Equity

As of September 30, 2017, the following funds had deficit equity balances:

Fund	Deficit Fund Balance/ Net Position
Transportation Reinvestment Zone	\$ 118,238
Capital Projects Fund	27,447
Capital Projects Fund - 2004 Bonds	802,473
Nonmajor Governmental Funds:	
Special Revenue Fund - Municipal Court Technology	4,259
Internal Service Fund:	
Information Technology	194,232

These deficits will be eliminated as resources are obtained (e.g., from future revenues, long-term debt issuances, and transfers in).

## III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash Deposits with Financial Institutions

#### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the City was not exposed to custodial credit risk.

### B. Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of September 30, 2017, the City had the following fair value measurements:

		Fair Value Measurement Using			Weighted
					Average
	9/30/2017	(Level 1)	(Level 2)	(Level 3)	Maturity
					(Days)
<b>Primary government</b>					
<b>Investments measured at net asset value per share:</b>					
Investment pools:					
TexasCLASS	\$ 392,222				78
LOGIC	510,409				76
<b>Investments by fair value level</b>					
Debt securities:					
Municipal bonds	1,985,507	-	1,985,507	-	98
Federal Farm Credit Bonds	528,912	178,243	350,669	-	360
<b>Total investments</b>	<b>\$ 3,417,050</b>	<b>\$ 178,243</b>	<b>\$ 2,336,176</b>	<b>\$ -</b>	

U.S. agency bonds of \$178,243 were valued using a documented trade history in exact security pricing model (Level 1 input). U.S. agency bonds of \$150,687 were valued using a documented trade history in exact security pricing model (Level 2 input). U.S. agency bonds of \$448,870 were valued using an option-adjusted discounted cash flow pricing model (Level 2 input). Municipal bonds of \$1,736,619 were valued using a present value of expected future cash flow pricing model (Level 2 input). During the year ended September 30, 2017, the City did not own any type of securities other than those permitted by statute. Investments for the City are reported at fair value, except for its position in qualifying external investment pools that measure for financial reporting purposes all of their investment at amortized cost. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

### Interest Rate Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments in non-operating funds to less than five years from the time of purchase. The weighted average maturity of investments of the City's operating funds cannot exceed one year from the time of purchase.

### Credit Risk

It is the City's policy to limit its investments to those with ratings of not less than A or its equivalent. The City's investments in the public funds investment pools include those with the LOGIC and TexasCLASS investment pools. These pools operate in full compliance with the Public Funds Investment Act. The LOGIC and TexasCLASS investment pools are rated AAAM by Standard & Poor's.



## Concentration of Credit Risk

The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from concentration of assets in a specific class of investments, specific maturity, or specific user.

## Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held in the name of the City or held on behalf of the City and that all securities are purchased using the delivery versus payment method.

## C. Receivables

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

	Governmental Activities			Business-Type Activities		
	General	Debt Service	Nonmajor Funds	Utility	Emergency Medical Services	Totals
Receivables:						
Accounts	\$ 86,434	\$ -	\$ -	\$ 718,745	\$ 262,727	\$ 1,067,906
Taxes	857,076	122,547	39,974	-	-	897,050
Fines	1,771,177	-	-	-	-	1,771,177
Special assessments	-	-	425,975	-	-	425,975
Allowance for uncollectibles	( 1,724,428)	( 46,839)	( 383,378)	( 10,014)	( 113,617)	( 2,278,276)
Totals	<u>\$ 990,259</u>	<u>\$ 75,708</u>	<u>\$ 82,571</u>	<u>\$ 708,731</u>	<u>\$ 149,110</u>	<u>\$ 1,883,832</u>

## D. Capital Assets

The City's capital asset activity for the year ended, September 30, 2017, was as follows:

	Balances Oct. 1, 2016	Increases	(Decreases)	Balances Sept. 30, 2017
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,117,618	\$ 265,702	\$ -	\$ 1,383,320
Construction in progress	<u>11,055,740</u>	<u>3,371,334</u>	<u>( 10,043,964)</u>	<u>4,383,110</u>
Total capital assets not being depreciated	<u>12,173,358</u>	<u>3,637,036</u>	<u>( 10,043,964)</u>	<u>5,766,430</u>
Capital assets being depreciated:				
Machinery and equipment	5,007,877	1,328,773	( 82,401)	6,254,249
Buildings	11,125,446	10,043,964	-	21,169,410
Infrastructure	<u>26,501,286</u>	<u>-</u>	<u>-</u>	<u>26,501,286</u>
Total capital assets being depreciated	<u>42,634,609</u>	<u>11,372,737</u>	<u>( 82,401)</u>	<u>53,924,945</u>
Less accumulated depreciation for:				
Machinery and equipment	3,473,632	434,422	( 75,331)	3,832,723
Buildings	3,874,034	409,409	-	4,283,443
Infrastructure	<u>17,049,406</u>	<u>614,799</u>	<u>-</u>	<u>17,664,205</u>
Total accumulated depreciation	<u>24,397,072</u>	<u>1,458,630</u>	<u>( 75,331)</u>	<u>25,780,371</u>
Total capital assets being depreciated, net	<u>18,237,537</u>	<u>9,914,107</u>	<u>( 7,070)</u>	<u>28,144,574</u>
Governmental activities capital assets, net	<u>\$ 30,410,895</u>	<u>\$ 13,551,143</u>	<u>\$( 10,051,034)</u>	<u>\$ 33,911,004</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 30,498	\$ -	\$ -	\$ 30,498
Construction in progress	<u>336,520</u>	<u>-</u>	<u>-</u>	<u>336,520</u>
Total capital assets not being depreciated	<u>367,018</u>	<u>-</u>	<u>-</u>	<u>367,018</u>
Capital assets not being depreciated	<u>367,018</u>	<u>-</u>	<u>-</u>	<u>367,018</u>
Capital assets being depreciated:				
Machinery and equipment	3,678,006	170,700	( 29,129)	3,819,577
Buildings	2,137,274	-	-	2,137,274
Water works system	16,188,716	-	-	16,188,716
Sewer system	<u>11,240,459</u>	<u>-</u>	<u>-</u>	<u>11,240,459</u>
Total capital assets being depreciated	<u>33,244,454</u>	<u>170,700</u>	<u>( 29,129)</u>	<u>33,386,025</u>
Less accumulated depreciation for:				
Machinery and equipment	2,952,738	295,864	( 18,993)	3,229,609
Buildings	1,644,217	43,048	-	1,687,265
Water works system	6,498,810	392,950	-	6,891,760
Sewer system	<u>5,173,678</u>	<u>285,800</u>	<u>-</u>	<u>5,459,478</u>
Total accumulated depreciation	<u>16,269,443</u>	<u>1,017,662</u>	<u>( 18,993)</u>	<u>17,268,112</u>
Total capital assets being depreciated, net	<u>16,975,011</u>	<u>( 846,962)</u>	<u>( 10,136)</u>	<u>16,117,913</u>
Business-type activities capital assets, net	<u>\$ 17,342,029</u>	<u>\$( 846,962)</u>	<u>\$( 10,136)</u>	<u>\$ 16,484,931</u>

Depreciation was charged to governmental activities as follows:

General government	\$	26,400
Public safety		548,527
Public works		739,987
Parks and recreation		<u>143,716</u>
Total governmental activities depreciation expense	\$	<u><u>1,458,630</u></u>

Depreciation was charged to business-type activities as follows:

Utilities	\$	881,477
Emergency medical services		<u>136,185</u>
Total business-type activities depreciation expense	\$	<u><u>1,017,662</u></u>

## E. Interfund Receivables, Payables and Transfers

### Interfund Receivables and Payables

At times during the fiscal year the various funds of the City were involved in transactions that created interfund receivable and payable balances. The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivable and payable balances as of September 30, 2017, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 30,759
General Fund	Nonmajor Special Revenue Fund	17,588
General Fund	2004 Bonds Fund	144,030
Utility Fund	2004 Bonds Fund	658,443
Utility Fund	General Fund	45,874
Emergency Medical Services	General Fund	28,490
Emergency Medical Services	Transportation Reinvestment Zone	216,560
Emergency Medical Services	Internal Service Fund	<u>165,243</u>
	Total	<u><u>\$ 1,306,987</u></u>

## Interfund Transfers

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

<b>Transfers Out</b>	<b>Transfers In</b>				<b>Totals</b>
	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Utility</b>	
Utility	\$ 398,417	\$ 966,283	\$ -	\$ -	\$ 1,364,700
Nonmajor Special Revenue	72,162	-	-	-	72,162
Emergency Medical Services	82,537	75,518	-	8,683	166,738
Debt Service	87,014	-	-	1,163,420	1,250,434
General	-	-	220,000	-	220,000
Capital Projects	-	-	-	83,752	83,752
<b>Totals</b>	<b>\$ 640,130</b>	<b>\$ 1,041,801</b>	<b>\$ 220,000</b>	<b>\$ 1,255,855</b>	<b>\$ 3,157,786</b>

During the year, transfers were used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) transfer resources previously reported in the Debt Service Fund to the Utility Fund for debt service principal and interest payments, 3) move unrestricted resources to other funds as a subsidy.

## F. Defined Benefit Pension Plan

### Plan Description

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

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

### Benefits Provided

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

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

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

Employee deposit rate	6%
Matching ratio (City to employee)	1.5 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI

### **Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	57
Active employees	<u>108</u>
Total	<u>233</u>

### **Contributions**

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.48% and 11.42% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$610,767, and were equal to the required contributions.

### **Net Pension Liability**

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

### **Actuarial assumptions:**

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

Inflation	2.5% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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

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

The target allocation and best estimates of arithmetic real rates return for each major assets class in fiscal year 2017 are summarized in the following table:

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

### Discount Rate

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

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/15	\$ 26,588,233	\$ 21,925,227	\$ 4,663,006
Changes for the year:			
Service cost	659,018	-	659,018
Interest	1,776,064	-	1,776,064
Difference between expected and actual experience	( 81,324)	-	( 81,324)
Changes of assumptions	-	-	-
Contributions - employer	-	608,631	( 608,631)
Contributions - employee	-	323,454	( 323,454)
Net investment income	-	1,481,452	( 1,481,452)
Benefit payments, including refunds of employee contributions	( 1,211,352)	( 1,211,352)	-
Administrative expense	-	( 16,734)	16,734
Other changes	-	( 902)	902
Net changes	1,142,406	1,184,549	( 42,143)
Balance at 12/31/16	<u>\$ 27,730,639</u>	<u>\$ 23,109,776</u>	<u>\$ 4,620,863</u>

## Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ <u>8,414,927</u>	\$ <u>4,620,863</u>	\$ <u>1,497,082</u>

## Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the internet at [www.tmrs.org](http://www.tmrs.org).

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

For the year ended September 30, 2017, the City recognized pension expense of \$955,517. At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 146,380
Changes in actuarial assumptions	28,776	-
Difference between projected and actual investment earnings	1,011,241	-
Contributions subsequent to the measurement date	460,537	-
Totals	\$ <u>1,500,554</u>	\$ <u>146,380</u>

\$460,357 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending September 30,	
2018	\$ 306,208
2019	315,597
2020	280,355
2021	(8,523)



## **G. Supplemental Death Benefit Plan**

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

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

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

The City's contributions to the TMRS SDBF for the years ended September 30, 2017, 2016 and 2015 were \$11,427, \$10,585, and \$10,734, respectively, which equaled the required contributions each year.

## **H. Risk Management**

The City is exposed to various risks of loss encompassed in the areas of general liabilities and workers compensation claims. The City has purchased commercial insurance to cover potential losses in those areas. The City has entered into interlocal agreements with the Texas Municipal League Intergovernmental Risk Pool. Through the payment of contributions to the Texas Municipal League Intergovernmental Risk Pool, the City has transferred these risks to the pool. The City has not retained any risks other than the deductibles and is covered up to the limits of coverage after the deductible. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

## I. Long-term Debt

### Changes in Long-Term Liabilities

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

	Balances			Balances		Amounts
	Oct. 1, 2016	Additions	Reductions	Sept. 30, 2017		Due Within One Year
<b>Governmental Activities:</b>						
General obligation bonds	\$ 14,532,428	\$ -	\$ 273,048	\$ 14,259,380	\$	379,893
Certificates of obligation	7,014,586	-	271,590	6,742,996		275,480
State Infrastructure Bank Loan	8,000,000	-	-	8,000,000		-
Premiums	1,090,351	-	20,554	1,069,797		-
Net pension liability	3,515,933	205,322	433,049	3,288,206		-
Capital leases	190,860	128,318	67,802	251,376		80,305
Compensated absences	335,114	274,569	289,025	320,658		32,066
Total governmental activities	<u>\$ 34,679,272</u>	<u>\$ 608,209</u>	<u>\$ 1,355,068</u>	<u>\$ 33,932,413</u>	<u>\$</u>	<u>767,744</u>
<b>Business-type Activities</b>						
General obligation bonds	\$ 1,277,573	\$ -	\$ 141,953	\$ 1,135,620	\$	145,107
Certificates of obligation	5,620,413	-	480,411	5,140,002		486,522
Premiums	108,188	-	16,842	91,346		-
Net pension liability	1,147,073	254,898	163,118	1,238,853		-
Capital leases	727,711	102,511	248,990	581,232		283,436
Compensated absences	139,595	85,920	95,401	130,114		13,011
Total business-type activities	<u>\$ 9,020,553</u>	<u>\$ 443,329</u>	<u>\$ 1,146,715</u>	<u>\$ 8,317,167</u>	<u>\$</u>	<u>928,076</u>

Compensated absences are generally liquidated by the General Fund for governmental activities and by both the Utility Fund and EMS Fund for business-type activities.

### General Obligation Bonds

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

General obligation bonds outstanding as of September 30, 2017, are as follows:

Series	Term	Interest Rate (%)	Original Amount	Debt Outstanding
Refunding 2012A	2/13-2/21	2.00-3.00	\$ 2,540,000	\$ 1,135,620
Refunding 2012B	2/13-2/15	2.00	350,000	664,380
Refunding 2013	2/13-2/27	2.00-2.25	1,345,000	1,050,000
Series 2015	2/16-2/45	3.00-4.00	5,000,000	4,905,000
Series 2016	2/17-2/46	3.00-5.00	7,640,000	7,640,000

Annual debt service requirements to maturity for the general obligation bonds, including interest, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Totals
	Principal	Interest	Principal	Interest	
2018	\$ 379,893	\$ 506,740	\$ 145,107	\$ 30,788	\$ 1,062,528
2019	556,739	489,373	148,262	27,121	1,221,495
2020	580,430	466,957	154,571	22,949	1,224,907
2021	599,121	438,704	160,880	10,315	1,209,020
2022	622,812	418,698	167,189	13,296	1,221,995
2023-2027	3,245,385	1,707,789	359,611	10,978	5,323,763
2028-3032	2,140,000	1,229,075	-	-	3,369,075
2033-thereafter	6,135,000	1,546,950	-	-	7,681,950
Totals	<u>\$ 14,259,380</u>	<u>\$ 6,804,286</u>	<u>\$ 1,135,620</u>	<u>\$ 115,447</u>	<u>\$ 22,314,733</u>

### Combination Tax and Revenue Certificates of Obligation

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

Certificates of obligation outstanding as of September 30, 2017, are as follows:

Series	Term	Interest Rate (%)	Outstanding Amount
Series 2008	8/08-2/29	4.25-6.22	\$ 160,000
Series 2010	3/10-2/30	3.25-4.50	1,295,000
Series 2013	2/13-2/32	2.00-2.75	2,400,000
Series 2013A	10/13-10/33	2.907-4.00	2,229,998
Series 2014A	9/14-9/24	0.25-1.07	263,000
2014 Tax Note	2/15-2/21	0.60-2.25	290,000
Series 2014	9/14-9/39	2.00-4.00	2,625,000
Series 2015A	9/15-9/35	2.00-4.00	2,500,000
Series 2015	2/16-2/25	0.13-1.21	120,000

Annual debt service requirements to maturity for the certificates of obligation, including interest, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Totals
	Principal	Interest	Principal	Interest	
2018	\$ 275,480	\$ 225,532	\$ 486,522	\$ 252,327	\$ 1,239,861
2019	220,848	217,740	331,153	132,161	901,902
2020	294,566	210,518	342,435	125,447	972,966
2021	298,456	203,055	344,546	118,127	964,184
2022	307,713	194,940	275,287	111,032	888,972
2023-2027	1,706,968	815,935	1,584,037	434,240	4,541,180
2028-2032	2,017,811	480,190	1,567,186	153,255	4,218,442
2033-thereafter	<u>1,621,154</u>	<u>156,984</u>	<u>208,836</u>	<u>19,373</u>	<u>2,006,347</u>
Totals	<u>\$ 6,742,996</u>	<u>\$ 2,504,894</u>	<u>\$ 5,140,002</u>	<u>\$ 1,345,962</u>	<u>\$ 15,733,854</u>

### Capital Leases

Capital leases outstanding as of September 30, 2017, are as follows:

Lease purchase agreement on a motorgrader. The original amount of the lease, entered into in 2012, was \$167,470. The lease is payable in monthly installments of \$1,637 and bears interest at 3.25%. \$ 79,279

Lease purchase agreement on a street sweeper. The original amount of the lease, entered into in 2013, was \$210,662. The lease is payable in monthly installments of \$3,168 and bears interest at 2.65%. 58,880

Lease purchase agreement on generators. The original amount of the lease, entered into in 2013, was \$399,753. The lease is payable in monthly installments of \$7,121 and bears interest at 2.65%. 84,239

Lease purchase agreement on a water meter. The original amount of the lease, entered into in 2004, was \$1,784,239. The lease is payable in quarterly installments of \$40,859 and bears interest at 4.25%. 419,618

Lease purchase agreement with Enterprise vehicles F-350, F-250, F-150 & Ford Escape. The original amount of the lease, entered into in 2016, was \$128,318. The lease is payable in monthly installments of \$2,845.71 and bears a 60 month payment plan. 113,216

Lease purchase agreement for 2017 Ford F-350 Ambulance. The original amount of the lease, entered into in 2017, was \$102,511.33. The lease is payable in monthly installments of \$4,385.31 and bears interest at 2.5%. 77,376

\$ 832,608

Annual debt service requirements to maturity for the capital leases, including interest, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Totals
	Principal	Interest	Principal	Interest	
2018	\$ 76,871	\$ 15,817	\$ 283,435	\$ 18,068	\$ 394,191
2019	62,516	14,326	180,448	9,311	266,601
2020	41,132	13,542	117,349	2,473	174,496
2021	41,742	12,976	-	-	54,718
2022	29,115	4,128	-	-	33,243
Totals	<u>\$ 251,376</u>	<u>\$ 60,789</u>	<u>\$ 581,232</u>	<u>\$ 29,852</u>	<u>\$ 923,249</u>

### State Infrastructure Bank Loan

During the prior fiscal year, the City borrowed \$8,000,000 from the State Infrastructure Bank. State Infrastructure Banks (SIB) were authorized in 1995 as a part of the National Highway Designation Act to help accelerate needed mobility improvements through a variety of financial assistance options made to local entities through state transportation departments. The Texas legislature authorized the Texas Department of Transportation to administer its SIB program in 1997.

Under the loan agreement, the City borrowed \$8,000,000 from the SIB to finance its portion of the cost of a project to upgrade US Highway 59 to interstate standards by adding frontage roads and improving mainland alignment or grades when necessary. The City also entered into an Advance Funding Agreement with the Texas Department of Transportation (TXDOT), under which the City contributed the \$8,000,000 to TXDOT for its share of the cost of the construction project.

The SIB Loan is payable over a period of no more than 24 years, with a final maturity date of October 26, 2039. The loan bears interest at a rate of 2.08% and is secured by Transportation Reinvestment Zone (TRZ) revenues and, if necessary, ad valorem taxes. The City expects to make payments on the loan from the TRZ revenues. In addition, the City has entered into a contract with the City Development Corporation of El Campo, Inc. (a discretely presented component unit), under which the CDC has pledged \$500,000 to be available to pay debt service on the SIB loan.

Annual debt service requirements to maturity for the SIB Loan, including interest, are as follows:

Year Ending September 30,	Governmental Activities		Totals
	Principal	Interest	
2018	\$ -	\$ 71,361	\$ 71,361
2019	-	93,895	93,895
2020	-	120,289	120,289
2021	-	155,112	155,112
2022	-	177,702	177,702
2023-2027	223,604	1,410,686	1,634,290
2028-2032	1,778,735	750,871	2,529,606
2033-2037	3,196,005	511,603	3,707,608
2038-2041	2,801,656	122,711	2,924,367
Totals	<u>\$ 8,000,000</u>	<u>\$ 3,414,230</u>	<u>\$ 11,414,230</u>

## J. Commitments and Contingencies

### Grant Programs

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2017, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

### Construction Commitments

As of September 30, 2017, the City had entered into contractual commitments with contractors for various City projects. The commitments with contractors were as follows:

Project	Budget	Spent	Remaining Commitment
Public Safety Building	\$ 11,637,662	\$ 10,267,167	\$ 1,370,495
Tres Palacios	6,018,380	1,533,480	4,484,900
CDBG project - sewer rehab southside	352,000	57,410	294,590

The commitments are being funded by federal grants, bond proceeds, and service revenues.

## Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with three entities as of September 30, 2017:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Developer will construct a cabinet manufacturing facility that will create 75 full time employment positions	50%	\$ 22,828
Developer will repair an existing building and adding new retail space. Upon completion multiple full time employment positions will be available.	100%	2,613

## K. Fund Balances

The composition of governmental fund balances as of September 30, 2017, was as follows:

	General	Transportation Reinvestment	Debt Service	2004 Bonds	Capital Projects	Nonmajor Governmental	Totals
<b>Nonspendable:</b>							
Prepaid items	\$ 110,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,779
Inventory	21,253	-	-	-	-	-	21,253
Subtotal	132,032	-	-	-	-	-	132,032
<b>Restricted for:</b>							
Public safety	-	-	-	-	-	111,534	111,534
Debt service	-	-	109,173	-	-	-	109,173
Tourism	-	-	-	-	-	118,308	118,308
Capital projects	-	-	-	-	-	47,104	47,104
Subtotal	-	-	109,173	-	-	276,946	386,119
<b>Unassigned</b>	2,850,890	( 118,238)	-	( 802,473)	( 27,447)	( 4,259)	1,898,473
<b>Totals</b>	<u>\$ 2,982,922</u>	<u>\$ ( 118,238)</u>	<u>\$ 109,173</u>	<u>\$ ( 802,473)</u>	<u>\$ ( 27,447)</u>	<u>\$ 272,687</u>	<u>\$ 2,416,624</u>

## L. Discretely Presented Component Unit

As described in Note 1, the City Development Corporation of El Campo, Inc. is a discretely presented component unit of the City. It is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

## Organization

The City Development Corporation of El Campo, Inc. ("CDC") was formed as a non-profit corporation governed by the Texas Development Corporation Act of 1979, as amended. The purpose of the CDC was to promote, assist, and enhance economic development in the City. CDC directors are appointed and can be removed by the City Council.

## Investments

As of September 30, 2017, the CDC had the following fair value measurements:

	9/30/2017	Fair Value Measurement Using			Weighted Average Maturity (Days)
		(Level 1)	(Level 2)	(Level 3)	
<b>Investments by fair value level:</b>					
Certificates of deposit	\$ 1,311,986	\$ -	\$ 1,311,986	\$ -	228
<b>Total investments</b>	<u>\$ 1,311,986</u>	<u>\$ -</u>	<u>\$ 1,311,986</u>	<u>\$ -</u>	

## Interest Rate Risk

In accordance with the CDC's investment policy, the CDC manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 60 months or less. The CDC has obtained a waiver from its depository for any early withdrawal penalty, therefore the CDC's certificates of deposits are not exposed to interest rate risk.

## Credit Risk

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

## Concentration of Credit Risk

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

## Custodial Credit Risk – Deposits

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

As of September 30, 2017, the CDC had deposits in financial institutions and the deposits were FDIC insured at each institution up to \$250,000. As of September 30, 2017, all of the CDC's bank balance of \$587,610 was entirely insured by the FDIC or covered by pledged collateral held in the CDC's name.



## Custodial Credit Risk – Investments

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

## Sales Taxes

The CDC receives one-sixth of the sales tax earned by the City and paid monthly to the City by the State of Texas. The CDC's outstanding receivable for sales taxes as of September 30, 2017, was \$110,999.

## Capital Assets

The CDC's capital asset activity for the year ended September 30, 2017, was as follows:

	Balances Oct. 1, 2016	Increases	(Decreases)	Balances Sept. 30, 2017
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 429,487	\$ -	\$ -	\$ 429,487
Construction in Progress	-	-	-	-
Total Capital assets not being depreciated	429,487	-	-	429,487
Capital assets being depreciated:				
Buildings	941,081	-	-	941,081
Office Equipment	16,840	-	-	16,840
Total capital assets being depreciated	957,921	-	-	957,921
Less accumulated depreciation for:				
Buildings	( 225,269)	( 22,052)	-	( 247,321)
Office equipment	( 16,840)	-	-	( 16,840)
Total accumulated depreciation	( 242,109)	( 22,052)	-	( 264,161)
Total capital assets being depreciated, net	715,812	( 22,052)	-	693,760
Governmental activities capital assets, net	<u>\$ 1,145,299</u>	<u>\$ ( 22,052)</u>	<u>\$ -</u>	<u>\$ 1,123,247</u>

## Changes in Long-Term Liabilities

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

	Balances Oct. 1, 2016	Additions	Reductions	Balances Sept. 30, 2017	Amounts Due Within One Year
CDC:					
Net pension liability	\$ -	\$ 106,157	\$ 12,353	\$ 93,804	\$ -
Total CDC	<u>\$ -</u>	<u>\$ 106,157</u>	<u>\$ 12,353</u>	<u>\$ 93,804</u>	<u>\$ -</u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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# CITY OF EL CAMPO, TEXAS

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

### GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,556,500	\$ 6,556,500	\$ 6,463,569	\$ ( 92,931)
Licenses and permits	117,270	117,270	111,119	( 6,151)
Intergovernmental	129,470	241,160	221,902	( 19,258)
Charges for services	303,630	303,630	345,765	42,135
Fines and forfeitures	418,710	418,710	391,328	( 27,382)
Investment earnings	32,500	32,500	33,421	921
Miscellaneous	83,100	96,100	75,116	( 20,984)
Total revenues	<u>7,641,180</u>	<u>7,765,870</u>	<u>7,642,220</u>	<u>( 123,650)</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,299,210	2,408,640	1,804,154	604,486
Public safety	3,804,190	3,804,190	3,583,656	220,534
Public works	1,381,180	1,381,180	1,259,924	121,256
Parks and recreation	938,440	953,700	932,092	21,608
Debt service:				
Principal	-	-	15,102	( 15,102)
Interest and fiscal charges	-	-	8,255	( 8,255)
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>129,246</u>	<u>( 127,246)</u>
Total expenditures	<u>8,425,020</u>	<u>8,549,710</u>	<u>7,732,429</u>	<u>817,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>( 783,840)</u>	<u>( 783,840)</u>	<u>( 90,209)</u>	<u>693,631</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	10,000	10,000	53,475	43,475
Transfers in	675,470	675,470	640,130	( 35,340)
Transfers out	<u>-</u>	<u>-</u>	<u>( 220,000)</u>	<u>( 220,000)</u>
Total other financing sources (uses)	<u>685,470</u>	<u>685,470</u>	<u>473,605</u>	<u>( 211,865)</u>
Net change in fund balance	<u>( 98,370)</u>	<u>( 98,370)</u>	<u>383,396</u>	<u>481,766</u>
Fund balance- beginning	<u>2,599,526</u>	<u>2,599,526</u>	<u>2,599,526</u>	<u>-</u>
Fund balance- ending	<u>\$ 2,501,156</u>	<u>\$ 2,501,156</u>	<u>\$ 2,982,922</u>	<u>\$ 481,766</u>

## **CITY OF EL CAMPO, TEXAS**

### **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – GENERAL FUND BUDGETARY SCHEDULE**

**SEPTEMBER 30, 2017**

#### **Budgetary Basis of Accounting**

Legally adopted annual budgets for the General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund and Police Seizure Fund are prepared on a basis consistent with generally accepted accounting principles (GAAP) at the departmental level (i.e., administration, municipal court, etc.), the legal level of budgetary control. An annual budget is also adopted for the enterprise funds on a non-GAAP budgetary basis. The legal level of budgetary control for the enterprise funds is at the fund level.

#### **Budgetary Information**

The annual budget must specify appropriations for capital expenditures and for expenditures directed by the City Council for services and for the operation of the City. City department directors and officers shall submit budget requests for the next fiscal year to, and as directed by, the City Manager for review and consolidation. The City Manager shall submit a proposed annual budget to the City Council at least 45 days prior to the end of each fiscal year. Before taxes are levied, but after a public hearing or hearings, the City Council shall adopt an annual budget. The budget shall be adopted by a majority of all members of the City Council not later than 15 days prior to the beginning of the fiscal year.

At any time during the fiscal year, the City Manager is authorized to transfer unencumbered budgeted amounts between line items within a department; however, any revisions that alter the total budgeted expenditures of any department must be approved by the City Council.

Formal budgetary integration is employed as a management control device by expenditure category during the year for the City's General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Police Seizure and proprietary funds.

Unencumbered budget appropriations lapse at year-end and do not carry forward to future periods.

# CITY OF EL CAMPO, TEXAS

## TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

### LAST THREE PLAN YEARS

Plan Year Ended December 31	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>			
Service cost	\$ 659,018	\$ 639,319	\$ 574,183
Interest (on the total pension liability)	1,776,064	1,754,661	1,671,854
Difference between expected and actual experience	( 81,324)	( 74,642)	( 117,116)
Change of assumptions	-	50,996	-
Benefit payments, including refunds of employee contributions	( 1,211,352)	( 1,058,047)	( 899,035)
<b>Net change in total pension liability</b>	1,142,406	1,312,287	1,229,886
<b>Total pension liability - beginning</b>	<u>26,588,233</u>	<u>25,275,946</u>	<u>24,046,060</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 27,730,639</u>	<u>\$ 26,588,233</u>	<u>\$ 25,275,946</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 608,631	\$ 621,185	\$ 642,038
Contributions - employee	323,454	316,668	308,429
Net investment income	1,481,452	32,511	1,190,068
Benefit payments, including refunds of employee contributions	( 1,211,352)	( 1,058,047)	( 899,035)
Administrative expense	( 16,734)	( 19,803)	( 12,426)
Other	( 902)	( 978)	( 1,022)
<b>Net change in plan fiduciary net position</b>	1,184,549	( 108,464)	1,228,052
<b>Plan fiduciary net position - beginning</b>	<u>21,925,227</u>	<u>22,033,691</u>	<u>20,805,639</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 23,109,776</u>	<u>\$ 21,925,227</u>	<u>\$ 22,033,691</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 4,620,863</u>	<u>\$ 4,663,006</u>	<u>\$ 3,242,255</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	83%	82%	87%
Covered employee payroll	\$ 5,384,134	\$ 5,279,268	\$ 5,140,488
<b>Net pension liability as a percentage of covered employee payroll</b>	86%	88%	63%

\*GASB 68 requires ten years of data to be provided in this schedule. However, only three years are currently available.

**CITY OF EL CAMPO, TEXAS**

**TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF  
EMPLOYER CONTRIBUTIONS**

**LAST THREE FISCAL YEARS**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially Determined Contributions	\$ 610,767	\$ 627,714	\$ 632,469
Contributions in Relation to the Actuarially Determined Contributions	610,767	627,714	632,469
Contribution Deficiency (Excess)	-	-	-
Covered Employee Payroll	5,441,279	5,495,377	5,294,364
Contributions as a Percentage of Covered Employee Payroll	11%	11%	12%

\*GASB 68 requires ten years of data to be provided in this schedule. However, only three years are currently available.



## CITY OF EL CAMPO, TEXAS

### TEXAS MUNICIPAL RETIREMENT SYSTEM - NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS

**Valuation Date:**

Notes

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

29 Years

Asset Valuation Method

10 Year smoothed market; 15% soft corridor

Inflation

2.5%

Salary Increases

3.5% to 10.5% including inflation

Investment Rate of Return

6.75%

Retirement Age

Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.

Mortality

RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

Notes

There were no benefit changes during the year.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

**Municipal Court Technology and Building Security Funds** – Account for funds received in conjunction with municipal court fines to enhance these specific areas.

**Hotel/Motel Tax Fund** – Accounts for the collection of hotel and motel taxes collected by the City.

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

### **CAPITAL PROJECTS FUNDS**

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

**Street Paving Fund** – Accounts for paving the City's remaining unpaved streets through assessments to adjacent landowners and transfers from the General Fund.

**CITY OF EL CAMPO, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2017**

	Special Revenue Funds		
	Municipal Court Technology	Municipal Court Building Security	Hotel/Motel Tax
<b>ASSETS</b>			
Cash	\$ 7,936	\$ 23,605	\$ 110,612
Investments	-	-	-
Taxes receivable (net)	-	-	39,974
Special assessments receivables (net)	-	-	-
Total assets	<u>\$ 7,936</u>	<u>\$ 23,605</u>	<u>\$ 150,586</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 32,278
Due to other funds	12,195	-	-
Total liabilities	<u>12,195</u>	<u>-</u>	<u>32,278</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - assessments	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	-	23,605	118,308
Unassigned	( 4,259)	-	-
Total fund balances	<u>( 4,259)</u>	<u>23,605</u>	<u>118,308</u>
Total liabilities and fund balances	<u>\$ 7,936</u>	<u>\$ 23,605</u>	<u>\$ 150,586</u>

Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Police Seizure	Street Paving	
\$ 67,239	\$ 47,104	\$ 256,496
26,083	-	26,083
-	-	39,974
-	42,597	42,597
<u>\$ 93,322</u>	<u>\$ 89,701</u>	<u>\$ 365,150</u>
\$ -	\$ -	\$ 32,278
<u>5,393</u>	<u>-</u>	<u>17,588</u>
<u>5,393</u>	<u>-</u>	<u>49,866</u>
-	42,597	42,597
<u>-</u>	<u>42,597</u>	<u>42,597</u>
87,929	47,104	276,946
<u>-</u>	<u>-</u>	<u>( 4,259)</u>
<u>87,929</u>	<u>47,104</u>	<u>272,687</u>
<u>\$ 93,322</u>	<u>\$ 89,701</u>	<u>\$ 365,150</u>

# CITY OF EL CAMPO, TEXAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds		
	Municipal Court Technology	Municipal Court Building Security	Hotel/Motel Tax
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 156,877
Charges for services	7,930	5,825	-
Investment earnings	6	44	152
Miscellaneous	-	-	-
Total revenues	<u>7,936</u>	<u>5,869</u>	<u>157,029</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	51,593
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>51,593</u>
Excess (deficiency) of revenues over (under) expenditures	7,936	5,869	105,436
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	-	( 72,162)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>( 72,162)</u>
Net change in fund balances	7,936	5,869	33,274
Fund balances, beginning of year	( 12,195)	17,736	85,034
Fund balances, end of year	<u>\$( 4,259)</u>	<u>\$ 23,605</u>	<u>\$ 118,308</u>



Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Police Seizure	Street Paving	
\$ -	\$ -	\$ 156,877
-	3,922	17,677
409	95	706
18,854	-	18,854
<u>19,263</u>	<u>4,017</u>	<u>194,114</u>
-	-	51,593
28,693	-	28,693
<u>28,693</u>	<u>-</u>	<u>80,286</u>
( 9,430)	4,017	113,828
-	-	( 72,162)
-	-	( 72,162)
( 9,430)	4,017	41,666
97,359	43,087	231,021
<u>\$ 87,929</u>	<u>\$ 47,104</u>	<u>\$ 272,687</u>

# CITY OF EL CAMPO, TEXAS

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

YEAR ENDED SEPTEMBER 30, 2017

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$ 2,908,470	\$ 2,695,910	\$( 212,560)
Sales	2,925,230	3,051,283	126,053
Franchise	704,800	701,185	( 3,615)
Alcoholic beverage	18,000	15,191	( 2,809)
Licenses and permits	117,270	111,119	( 6,151)
Intergovernmental	241,160	221,902	( 19,258)
Charges for services	303,630	345,765	42,135
Fines and forfeitures	418,710	391,328	( 27,382)
Investment earnings	32,500	33,421	921
Miscellaneous	96,100	75,116	( 20,984)
Total revenues	<u>7,765,870</u>	<u>7,642,220</u>	<u>( 123,650)</u>
<b>EXPENDITURES</b>			
General government:			
Multi-departmental	1,759,100	1,254,771	504,329
Finance	233,510	232,605	905
Personnel	225,240	134,880	90,360
Municipal court	190,790	181,898	8,892
Total general government	<u>2,408,640</u>	<u>1,804,154</u>	<u>604,486</u>
Public safety:			
Police	2,780,630	2,603,847	176,783
Fire	203,000	197,782	5,218
Fire marshal	14,720	8,734	5,986
Inspection	325,400	319,616	5,784
Communications	462,420	438,708	23,712
Emergency management	18,020	14,969	3,051
Total public safety	<u>3,804,190</u>	<u>3,583,656</u>	<u>220,534</u>
Public works:			
Streets	931,010	831,399	99,611
Administration/engineering	335,410	316,053	19,357
Vehicle and facility maintenance	114,760	112,472	2,288
Total public works	<u>1,381,180</u>	<u>1,259,924</u>	<u>121,256</u>

# CITY OF EL CAMPO, TEXAS

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

YEAR ENDED SEPTEMBER 30, 2017

	Final Budget	Actual	Variance from Final
<b>EXPENDITURES (continued)</b>			
Parks and recreation:			
Parks and recreation	\$ 510,240	\$ 501,337	\$ 8,903
Civic center	127,600	114,001	13,599
Aquatic center	<u>315,860</u>	<u>316,754</u>	<u>( 894)</u>
Total parks and recreation	<u>953,700</u>	<u>932,092</u>	<u>21,608</u>
Debt service:			
Principal	-	15,102	( 15,102)
Interest and fiscal charges	<u>-</u>	<u>8,255</u>	<u>( 8,255)</u>
Total debt service	<u>-</u>	<u>23,357</u>	<u>( 23,357)</u>
Capital outlay	<u>2,000</u>	<u>129,246</u>	<u>( 127,246)</u>
Total expenditures	<u>8,549,710</u>	<u>7,732,429</u>	<u>817,281</u>
Excess (deficiency) of revenues over (under) expenditures	( 783,840)	( 90,209)	693,631
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	10,000	53,475	43,475
Transfers in	675,470	640,130	( 35,340)
Transfers out	<u>-</u>	<u>( 220,000)</u>	<u>( 220,000)</u>
Total other financing sources (uses)	<u>685,470</u>	<u>473,605</u>	<u>( 211,865)</u>
Net change in fund balance	( 98,370)	383,396	481,766
Fund balance - beginning	<u>2,599,526</u>	<u>2,599,526</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,501,156</u>	<u>\$ 2,982,922</u>	<u>\$ 481,766</u>

# CITY OF EL CAMPO, TEXAS

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

### DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 1,140,210	\$ 1,230,586	\$ 90,376
Investment earnings	<u>200</u>	<u>1,160</u>	<u>960</u>
Total revenues	<u>1,140,410</u>	<u>1,231,746</u>	<u>91,336</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	400,073	400,073	-
Interest and fiscal fees	<u>554,017</u>	<u>606,793</u>	<u>( 52,776)</u>
Total expenditures	<u>954,090</u>	<u>1,006,866</u>	<u>( 52,776)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>186,320</u>	<u>224,880</u>	<u>38,560</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,120,670	1,041,801	( 78,869)
Transfers out	<u>( 85,450)</u>	<u>( 1,250,434)</u>	<u>( 1,164,984)</u>
Total other financing sources (uses)	<u>1,035,220</u>	<u>( 208,633)</u>	<u>( 1,243,853)</u>
Change in fund balance	1,221,540	16,247	( 1,205,293)
Fund balance- beginning	<u>92,926</u>	<u>92,926</u>	<u>-</u>
Fund balance- ending	<u>\$ 1,314,466</u>	<u>\$ 109,173</u>	<u>\$ ( 1,205,293)</u>

**CITY OF EL CAMPO, TEXAS**

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

**MUNICIPAL COURT TECHNOLOGY FUND**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 7,800	\$ 7,930	\$ 130
Investment earnings	<u>-</u>	<u>6</u>	<u>6</u>
Total revenues	<u>7,800</u>	<u>7,936</u>	<u>136</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	7,800	7,936	136
Fund balance- beginning	<u>( 12,195)</u>	<u>( 12,195)</u>	<u>-</u>
Fund balance- ending	<u><u>\$( 4,395)</u></u>	<u><u>\$( 4,259)</u></u>	<u><u>\$ 136</u></u>

# CITY OF EL CAMPO, TEXAS

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

### HOTEL/MOTEL TAX FUND

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

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes	\$ 160,000	\$ 156,877	\$( 3,123)
Investment earnings	<u>-</u>	<u>152</u>	<u>152</u>
Total revenues	<u>160,000</u>	<u>157,029</u>	<u>( 2,971)</u>
<b>EXPENDITURES</b>			
Current:			
General government	<u>41,280</u>	<u>51,593</u>	<u>( 10,313)</u>
Total expenditures	<u>41,280</u>	<u>51,593</u>	<u>( 10,313)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>118,720</u>	<u>105,436</u>	<u>( 13,284)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>( 118,720)</u>	<u>( 72,162)</u>	<u>46,558</u>
Total other financing sources (uses)	<u>( 118,720)</u>	<u>( 72,162)</u>	<u>46,558</u>
Change in fund balance	-	33,274	33,274
Fund balance- beginning	<u>85,034</u>	<u>85,034</u>	<u>-</u>
Fund balance- ending	<u>\$ 85,034</u>	<u>\$ 118,308</u>	<u>\$ 33,274</u>

**CITY OF EL CAMPO, TEXAS**

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

**POLICE SEIZURE FUND**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Investment earnings	\$ 150	\$ 409	\$ 259
Miscellaneous	<u>4,500</u>	<u>18,854</u>	<u>14,354</u>
Total revenues	<u>4,650</u>	<u>19,263</u>	<u>14,613</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>5,230</u>	<u>28,693</u>	<u>( 23,463)</u>
Total expenditures	<u>5,230</u>	<u>28,693</u>	<u>( 23,463)</u>
Change in fund balance	( 580)	( 9,430)	( 8,850)
Fund balance- beginning	<u>97,359</u>	<u>97,359</u>	<u>-</u>
Fund balance- ending	<u>\$ 96,779</u>	<u>\$ 87,929</u>	<u>\$( 8,850)</u>

# CITY OF EL CAMPO, TEXAS

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET (NON-GAAP BASIS) AND ACTUAL ENTERPRISE FUND - UTILITY FUND

YEAR ENDED SEPTEMBER 30, 2017

	Final Budget	Actual	Variance from Final
<b>OPERATING REVENUES</b>			
Water	\$ 1,723,490	\$ 1,719,991	\$( 3,499)
Sewer	1,930,070	1,885,453	( 44,617)
Sanitation	-	1,914,467	1,914,467
Penalties	88,000	90,911	2,911
Connection and installation fees	47,500	55,172	7,672
Miscellaneous	-	11,266	11,266
Total revenues	<u>3,789,060</u>	<u>5,677,260</u>	<u>1,888,200</u>
<b>OPERATING EXPENSES</b>			
Utility operations:			
Personnel	776,050	822,745	( 46,695)
Material and supplies	89,500	60,142	29,358
Repairs and maintenance	209,050	417,914	( 208,864)
Other services and charges	2,593,545	3,145,548	( 552,003)
Capital outlay	<u>163,400</u>	<u>178,438</u>	<u>( 15,038)</u>
Total operating expenses	<u>3,831,545</u>	<u>4,624,787</u>	<u>( 793,242)</u>
Operating income before nonoperating revenues (expenses) and transfers	<u>( 42,485)</u>	<u>1,052,473</u>	<u>1,094,958</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	7,000	16,089	9,089
Principal retirement	( 867,176)	( 867,176)	-
Interest and fiscal charges	( 327,060)	( 303,261)	23,799
Capital contributions	-	24,250	24,250
Transfers in	-	1,255,855	1,255,855
Transfers out	<u>( 1,697,375)</u>	<u>( 1,364,700)</u>	<u>332,675</u>
Total nonoperating revenues (expenses)	<u>( 2,884,611)</u>	<u>( 1,238,943)</u>	<u>1,645,668</u>
Change in net position - (Non-GAAP Basis)	<u><u>\$( 2,927,096)</u></u>	<u><u>\$( 186,470)</u></u>	<u><u>\$ 2,740,626</u></u>
<b>ADJUSTMENTS</b>			
Principal portion of debt payments		867,176	
Depreciation		( 881,477)	
Capital outlay		<u>178,438</u>	
Change in net position - GAAP basis		( 22,333)	
Net position, beginning of year		<u>11,272,761</u>	
Net position, end of year		<u><u>\$ 11,250,428</u></u>	



# CITY OF EL CAMPO, TEXAS

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET (NON-GAAP BASIS) AND ACTUAL ENTERPRISE FUND - EMERGENCY MEDICAL SERVICES FUND

YEAR ENDED SEPTEMBER 30, 2017

	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Ambulance services	\$ 1,799,030	\$ 1,742,990	\$( 56,040)
Miscellaneous	<u>60,000</u>	<u>15,154</u>	<u>( 44,846)</u>
Total revenues	<u>1,859,030</u>	<u>1,758,144</u>	<u>( 100,886)</u>
<b>OPERATING EXPENSES</b>			
Utility operations:			
Personnel	1,191,380	1,295,252	( 103,872)
Materials and supplies	136,220	140,625	( 4,405)
Repairs and maintenance	196,580	95,937	100,643
Other services and charges	244,220	150,399	93,821
Capital outlay	<u>124,000</u>	<u>84,360</u>	<u>39,640</u>
Total operating expenses	<u>1,892,400</u>	<u>1,766,573</u>	<u>125,827</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	<u>( 33,370)</u>	<u>( 8,429)</u>	<u>( 226,713)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	-	781	781
Interest and fiscal charges	-	( 1,176)	( 1,176)
Transfers out	<u>( 90,630)</u>	<u>( 166,738)</u>	<u>( 76,108)</u>
Total nonoperating revenues (expenses)	<u>( 90,630)</u>	<u>( 167,133)</u>	<u>( 76,503)</u>
Change in net position - (Non-GAAP Basis)	<u><u>\$( 124,000)</u></u>	<u><u>\$( 175,562)</u></u>	<u><u>\$( 51,562)</u></u>
<b>ADJUSTMENTS</b>			
Depreciation		( 136,185)	
Capital outlay		<u>84,360</u>	
Change in net position - GAAP basis		( 227,387)	
Net position, beginning of year		<u>591,213</u>	
Net position, end of year		<u><u>\$ 363,826</u></u>	

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# STATISTICAL SECTION

(Unaudited)

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

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b>	71-80
These schedules contain trend information to help the reader understand how performance and the City's financial well-being have changed over time.	
<b>Revenue Capacity</b>	81-88
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
<b>Debt Capacity</b>	89-92
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	93-96
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities takes place.	
<b>Operating Information</b>	97-100
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

**Sources** - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF EL CAMPO, TEXAS**  
**NET POSITION BY COMPONENT (1)**  
**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 11,802,324	\$ 13,175,250	\$ 12,651,611	\$ 12,096,688
Restricted	239,496	293,532	596,548	394,422
Unrestricted	<u>6,823,104</u>	<u>4,355,197</u>	<u>3,556,474</u>	<u>4,253,875</u>
Total governmental activities net position	<u>\$ 18,864,924</u>	<u>\$ 17,823,979</u>	<u>\$ 16,804,633</u>	<u>\$ 16,744,985</u>
Business-type activities:				
Net investment in capital assets	\$ 7,239,131	\$ 6,040,671	\$ 8,185,040	\$ 8,171,231
Unrestricted	<u>2,910,875</u>	<u>4,287,504</u>	<u>2,381,014</u>	<u>2,801,092</u>
Total business-type activities net position	<u>\$ 10,150,006</u>	<u>\$ 10,328,175</u>	<u>\$ 10,566,054</u>	<u>\$ 10,972,323</u>
Primary government:				
Net investment in capital assets	\$ 19,041,455	\$ 19,215,921	\$ 20,836,651	\$ 20,267,919
Restricted	239,496	293,532	596,584	394,422
Unrestricted	<u>9,733,979</u>	<u>8,642,701</u>	<u>5,937,488</u>	<u>7,054,967</u>
Total primary government net position	<u>\$ 29,014,930</u>	<u>\$ 28,152,154</u>	<u>\$ 27,370,723</u>	<u>\$ 27,717,308</u>

(1) Accrual basis of accounting

TABLE 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 11,780,074	\$ 12,448,707	\$ 9,777,017	\$ 5,094,853	\$ 11,596,010	\$ 11,813,285
250,288	341,963	214,477	7,642,486	329,900	229,842
<u>4,648,129</u>	<u>4,126,213</u>	<u>4,828,765</u>	<u>1,205,992</u>	<u>151,093</u>	<u>552,340</u>
\$ <u>16,678,491</u>	\$ <u>16,916,883</u>	\$ <u>14,820,259</u>	\$ <u>13,943,331</u>	\$ <u>12,077,003</u>	\$ <u>12,595,467</u>
\$ 8,668,743	\$ 8,115,580	\$ 6,461,102	\$ 7,003,324	\$ 9,791,150	\$ 9,568,796
<u>2,410,643</u>	<u>3,020,028</u>	<u>5,738,526</u>	<u>2,457,578</u>	<u>2,072,824</u>	<u>2,045,458</u>
\$ <u>11,079,386</u>	\$ <u>11,135,608</u>	\$ <u>12,199,628</u>	\$ <u>9,460,902</u>	\$ <u>11,863,974</u>	\$ <u>11,614,254</u>
\$ 20,448,817	\$ 20,564,287	\$ 16,238,119	\$ 12,098,177	\$ 21,387,160	\$ 21,382,081
250,288	341,963	214,477	7,642,486	329,900	229,842
<u>7,058,772</u>	<u>7,146,241</u>	<u>10,567,291</u>	<u>3,663,570</u>	<u>2,223,917</u>	<u>2,597,798</u>
\$ <u>27,757,877</u>	\$ <u>28,052,491</u>	\$ <u>27,019,887</u>	\$ <u>23,404,233</u>	\$ <u>23,940,977</u>	\$ <u>24,209,721</u>

# CITY OF EL CAMPO, TEXAS

## CHANGES IN NET POSITION (1)

### LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
<b>Governmental Activities</b>				
Expenses:				
General government	\$ 1,735,303	\$ 1,730,446	\$ 1,700,404	\$ 1,748,982
Public safety	4,036,711	4,197,726	3,331,347	3,181,009
Public works	1,853,152	2,258,781	1,933,738	2,205,043
Parks and recreation	705,118	754,293	745,235	682,760
Interest on long-term debt	146,150	152,972	144,355	136,246
Total expenses	<u>8,476,434</u>	<u>9,094,218</u>	<u>7,855,079</u>	<u>7,954,040</u>
Program revenues:				
Charges for services:				
General government	148,938	130,103	134,468	131,517
Public safety	1,267,229	843,653	670,620	580,613
Public works	32,206	20,308	29,651	55,955
Parks and recreation	186,210	172,042	187,309	231,917
Operating grants and contributions	115,606	200,212	148,542	162,233
Capital grants and contributions	160,359	179,786	-	71,424
Total program revenues	<u>1,910,548</u>	<u>1,546,104</u>	<u>1,170,590</u>	<u>1,233,659</u>
Total governmental activities net program (expense) revenue	<u>\$ ( 6,565,886)</u>	<u>\$ ( 7,548,114)</u>	<u>\$ ( 6,684,489)</u>	<u>\$ ( 6,720,381)</u>
General revenues and other changes in net position				
Taxes:				
Property taxes	\$ 2,350,642	\$ 2,627,352	\$ 2,641,886	\$ 2,811,094
Sales taxes	2,422,347	2,291,988	2,161,373	2,405,245
Franchise taxes	604,010	612,731	603,132	650,585
Other taxes	136,673	127,396	102,424	104,512
Investment earnings	285,267	154,964	57,935	38,222
Miscellaneous	167,151	178,636	295,309	173,116
Transfers	345,100	514,102	( 196,916)	477,959
Total general revenues and other changes in net position	<u>6,311,190</u>	<u>6,507,169</u>	<u>5,665,143</u>	<u>6,660,733</u>
<b>Total governmental activities change in net position</b>	<u>\$ ( 254,696)</u>	<u>\$ ( 1,040,945)</u>	<u>\$ ( 1,019,346)</u>	<u>\$ ( 59,648)</u>

TABLE 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,598,194	\$ 1,409,439	\$ 2,832,544	\$ 3,126,552	\$ 2,326,025	\$ 1,687,369
3,486,798	3,555,073	3,781,836	3,781,285	3,933,302	4,244,016
2,220,393	2,340,330	2,352,547	2,228,376	2,135,403	1,732,892
860,990	880,902	1,218,866	1,152,451	1,031,769	1,084,289
133,211	109,774	123,993	236,628	706,151	749,594
<u>8,299,586</u>	<u>8,295,518</u>	<u>10,309,786</u>	<u>10,525,292</u>	<u>10,132,650</u>	<u>9,498,160</u>
134,253	162,534	149,723	209,755	133,356	167,571
599,335	505,909	475,974	419,142	540,493	572,814
33,332	31,466	113,905	223,309	20,573	23,394
251,355	269,205	429,494	287,174	321,993	327,727
181,085	145,583	-	137,267	63,437	111,088
-	24,969	-	-	911,211	499,613
<u>1,199,360</u>	<u>1,139,666</u>	<u>1,169,096</u>	<u>1,276,647</u>	<u>1,991,063</u>	<u>1,702,207</u>
<u>\$ ( 7,100,226)</u>	<u>\$ ( 7,155,852)</u>	<u>\$ ( 9,140,690)</u>	<u>\$ ( 9,248,645)</u>	<u>\$ ( 8,141,587)</u>	<u>\$ ( 7,795,953)</u>
\$ 2,834,559	\$ 2,832,186	\$ 2,833,021	\$ 3,118,814	\$ 3,640,047	\$ 3,981,191
2,840,198	2,908,788	3,533,651	3,568,802	2,769,036	3,051,283
622,421	602,873	929,726	827,649	673,722	701,185
145,210	159,487	19,840	17,369	162,880	172,068
33,478	10,307	9,620	26,974	50,050	37,911
243,932	250,569	374,195	290,316	86,483	95,196
375,176	630,034	( 962,266)	83,288	( 1,106,959)	275,583
<u>7,094,974</u>	<u>7,394,244</u>	<u>6,737,787</u>	<u>7,933,212</u>	<u>6,275,259</u>	<u>8,314,417</u>
<u>\$ ( 5,252)</u>	<u>\$ 238,392</u>	<u>\$ ( 2,402,903)</u>	<u>\$ ( 1,315,433)</u>	<u>\$ ( 1,866,328)</u>	<u>\$ 518,464</u>

# CITY OF EL CAMPO, TEXAS

## CHANGES IN NET POSITION (1)

### LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
<b>Business-type activities</b>				
Expenses:				
Utilities	\$ 3,862,890	\$ 4,065,879	\$ 4,219,111	\$ 4,269,546
Emergency medical services	-	-	1,050,632	1,037,263
Total expenses	<u>3,862,890</u>	<u>4,065,879</u>	<u>5,269,743</u>	<u>5,306,809</u>
Program revenues:				
Charges for services:				
Utilities	4,312,032	4,350,603	4,337,210	4,996,082
Emergency medical services	-	-	294,344	389,720
Operating grants and contributions	-	-	655,472	796,510
Capital grants and contributions	<u>101,676</u>	<u>336,738</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>4,413,708</u>	<u>4,687,341</u>	<u>5,287,026</u>	<u>6,182,312</u>
Total business-type activities net program (expense) revenue	<u>550,818</u>	<u>621,462</u>	<u>17,283</u>	<u>875,503</u>
General revenues and other changes in net position:				
Investment earnings	99,331	70,809	23,680	8,725
Miscellaneous	-	-	-	-
Transfers	<u>( 345,100)</u>	<u>( 514,102)</u>	<u>196,916</u>	<u>( 477,959)</u>
Total general revenues and other changes in net position	<u>( 245,769)</u>	<u>( 443,293)</u>	<u>220,596</u>	<u>( 469,234)</u>
<b>Total business-type activities change in net position</b>	<u>305,049</u>	<u>178,169</u>	<u>237,879</u>	<u>406,269</u>
<b>Total primary government change in net position</b>	<u>\$ 50,353</u>	<u>\$ ( 862,776)</u>	<u>\$ ( 781,467)</u>	<u>\$ 346,621</u>

(1) Accrual basis of accounting



TABLE 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 4,529,419	\$ 4,586,250	\$ 5,000,348	\$ 5,045,412	\$ 4,570,795	\$ 5,631,087
<u>1,083,813</u>	<u>1,195,259</u>	<u>1,352,446</u>	<u>1,618,966</u>	<u>1,586,963</u>	<u>1,819,574</u>
<u>5,613,232</u>	<u>5,781,509</u>	<u>6,352,794</u>	<u>6,664,378</u>	<u>6,157,758</u>	<u>7,450,661</u>
4,850,584	4,939,016	4,992,362	5,336,727	5,588,319	5,665,994
327,559	565,054	1,367,954	1,613,095	1,629,243	1,742,990
817,196	851,622	-	-	75,000	-
<u>245,868</u>	<u>104,132</u>	<u>-</u>	<u>-</u>	<u>429,677</u>	<u>24,250</u>
<u>6,241,207</u>	<u>6,459,824</u>	<u>6,360,316</u>	<u>6,949,822</u>	<u>7,722,239</u>	<u>7,433,234</u>
<u>627,975</u>	<u>678,315</u>	<u>7,522</u>	<u>285,444</u>	<u>1,564,481</u>	<u>( 17,427)</u>
7,489	7,941	14,327	9,776	24,336	16,870
-	-	79,905	194,381	25,720	26,420
<u>( 375,176)</u>	<u>( 630,034)</u>	<u>962,266</u>	<u>( 83,288)</u>	<u>1,106,959</u>	<u>( 275,583)</u>
<u>( 367,687)</u>	<u>( 622,093)</u>	<u>1,056,498</u>	<u>120,869</u>	<u>1,157,015</u>	<u>( 232,293)</u>
<u>260,288</u>	<u>56,222</u>	<u>1,064,020</u>	<u>406,313</u>	<u>2,721,496</u>	<u>( 249,720)</u>
\$ <u>255,036</u>	\$ <u>294,614</u>	\$ <u>( 1,338,883)</u>	\$ <u>( 909,120)</u>	\$ <u>855,168</u>	\$ <u>268,744</u>

# CITY OF EL CAMPO, TEXAS

## FUND BALANCES, GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
General Fund:				
Nonspendable:				
Prepaid items	\$ -	\$ -	\$ -	\$ 65,249
Inventory	-	-	-	21,928
Unassigned	-	-	-	3,774,325
Reserved:				
Prepaid items	9,626	10,554	10,177	-
Inventory	10,787	16,820	27,831	-
Unreserved	<u>6,033,298</u>	<u>3,810,126</u>	<u>3,309,065</u>	<u>-</u>
Total general fund	<u>\$ 6,053,711</u>	<u>\$ 3,837,500</u>	<u>\$ 3,347,073</u>	<u>\$ 3,861,502</u>
All Other Governmental Funds:				
Nonspendable:				
Noncurrent notes receivable	\$ -	\$ -	\$ -	\$ 52,098
Restricted:				
Debt service	-	-	-	259,416
Municipal court	-	-	-	21,203
State and federal grant programs	-	-	-	457
Public safety	-	-	-	99,564
Capital projects	-	-	-	430,584
Tourism	-	-	-	-
Committed:				
Street paving	-	-	-	9,670
Unassigned	-	-	-	-
Reserved:				
Noncurrent receivables	94,254	81,393	67,103	-
Unreserved, reported in:				
Special revenue funds	26,573	48,449	81,471	-
Debt service fund	216,811	266,302	254,258	-
Capital projects funds	<u>716,994</u>	<u>677,196</u>	<u>628,268</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,054,632</u>	<u>\$ 1,073,340</u>	<u>\$ 1,031,100</u>	<u>\$ 872,992</u>

**Note:** GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, replaced categories that previously had been used to classify fund balance. The City adopted GASB No. 54 in Fiscal year 2011.

TABLE 3

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 63,852	\$ 119,970	\$ 465	\$ 9,554	\$ 99,508	\$ 110,779
65,449	37,566	29,422	21,616	22,906	21,253
4,366,855	3,957,930	4,589,898	3,103,928	2,477,112	2,850,890
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,496,156</u>	<u>\$ 4,115,466</u>	<u>\$ 4,619,785</u>	<u>\$ ( 8,215,359)</u>	<u>\$ 2,599,526</u>	<u>\$ 2,982,922</u>
\$ 35,664	\$ 18,517	\$ -	\$ -	\$ -	\$ -
82,853	143,746	-	60,005	92,926	109,173
7,062	-	-	-	17,736	23,605
-	-	-	-	-	-
142,796	176,884	173,284	204,052	97,359	87,929
312,006	310,848	12,216	7,378,429	3,871,418	47,104
-	-	-	-	85,034	118,308
6,751	19,991	-	( 246,429)	-	-
( 89,318)	( 227,496)	( 163,053)	-	( 432,389)	( 122,497)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 497,814</u>	<u>\$ 442,490</u>	<u>\$ 22,447</u>	<u>\$ 7,396,057</u>	<u>\$ 3,732,084</u>	<u>\$ 263,622</u>

# CITY OF EL CAMPO, TEXAS

## CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
<b>REVENUES</b>				
Taxes	\$ 5,553,867	\$ 5,742,713	\$ 5,530,398	\$ 6,069,161
Licenses and permits	110,520	82,013	98,729	86,460
Intergovernmental	497,283	503,073	218,104	207,131
Charges for services	557,310	494,131	217,408	284,405
Fines and forfeitures	627,661	581,037	655,274	571,100
Investment earnings	285,267	154,370	57,772	37,794
Miscellaneous	159,023	199,637	214,896	186,522
Total revenues	<u>7,790,931</u>	<u>7,756,974</u>	<u>6,992,581</u>	<u>7,442,573</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,641,061	1,672,339	1,611,531	1,648,537
Public safety	3,818,081	4,048,711	3,260,752	3,173,120
Public works	1,443,436	1,461,833	1,540,477	1,729,891
Parks and recreation	652,629	689,063	692,676	669,346
Capital outlay	1,002,344	2,935,358	401,725	65,980
Intergovernmental	-	-	-	-
Debt service:				
Principal retirement	169,842	239,702	163,536	172,872
Interest and fiscal charges	133,531	151,847	141,654	133,641
Bond issuance costs	57,765	-	-	-
Total expenditures	<u>8,918,689</u>	<u>11,198,853</u>	<u>7,812,351</u>	<u>7,593,387</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 1,127,758)</u>	<u>( 3,441,879)</u>	<u>( 819,770)</u>	<u>( 150,814)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Payment to refunded bond escrow agent	-	-	-	-
Debt issuances	1,650,000	-	-	-
Premiums on bonds	-	-	-	-
Sale of capital assets	45,959	49,664	12,729	15,845
Capital leases	65,426	-	-	-
Transfers in	412,212	2,114,539	959,725	544,392
Transfers out	( 67,112)	( 1,600,437)	( 467,713)	( 53,102)
Total other financing sources (uses)	<u>2,106,485</u>	<u>563,766</u>	<u>504,741</u>	<u>507,135</u>
<b>Changes in fund balances</b>	<u>\$ 978,727</u>	<u>\$( 2,878,113)</u>	<u>\$( 315,029)</u>	<u>\$ 356,321</u>
<b>Debt service as a percentage of noncapital expenditures</b>	4%	5%	4%	4%

TABLE 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 6,517,911	\$ 6,546,395	\$ 7,303,676	\$ 7,565,305	\$ 7,234,400	\$ 7,905,639
100,726	125,333	113,905	185,889	104,804	111,119
108,291	121,368	149,723	137,267	584,907	221,902
264,130	291,202	273,494	333,350	364,958	363,442
599,285	505,909	475,974	419,142	452,739	391,328
33,247	10,010	9,620	26,974	50,050	37,911
244,901	269,148	374,195	290,316	109,106	93,970
<u>7,868,491</u>	<u>7,869,365</u>	<u>8,700,587</u>	<u>8,958,243</u>	<u>8,900,964</u>	<u>9,125,311</u>
1,504,136	1,357,424	2,645,161	2,638,897	1,958,258	1,855,747
3,241,872	3,338,576	3,666,552	3,604,982	3,791,479	3,612,349
1,860,922	1,726,136	1,753,565	1,513,478	2,040,282	1,259,924
980,005	805,236	937,459	1,027,723	881,027	932,092
159,875	1,647,627	12,506,721	4,409,510	10,248,253	4,679,020
-	-	-	-	8,000,000	-
185,659	175,597	197,263	371,126	488,685	383,585
109,404	45,350	123,993	250,752	475,018	646,638
<u>33,980</u>	<u>72,713</u>	<u>3,182,728</u>	<u>214,299</u>	<u>260,643</u>	<u>-</u>
<u>8,075,853</u>	<u>9,168,659</u>	<u>25,013,442</u>	<u>14,030,767</u>	<u>28,143,645</u>	<u>13,369,355</u>
( 207,362)	( 1,299,294)	( 16,312,855)	( 5,072,524)	( 19,242,681)	( 4,244,044)
( 32,526)	-	-	-	( 200,426)	-
-	42,189	5,078,533	7,436,290	15,640,000	-
-	-	-	245,084	699,821	-
80,551	32,932	-	245,302	10,700	53,475
167,470	210,662	-	-	-	-
616,050	741,219	-	5,729,718	2,138,684	1,901,931
( 364,250)	( 163,722)	( 1,494,402)	( 5,646,430)	( 3,245,643)	( 1,626,348)
<u>467,295</u>	<u>863,280</u>	<u>3,584,131</u>	<u>8,009,964</u>	<u>15,043,136</u>	<u>329,058</u>
\$ <u>259,933</u>	\$ <u>(436,014)</u>	\$ <u>(12,728,724)</u>	\$ <u>2,937,440</u>	\$ <u>(4,199,545)</u>	\$ <u>(3,914,986)</u>
4%	3%	3%	6%	7%	12%

**CITY OF EL CAMPO, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2008	2007	\$ 368,505,594	\$ 86,210,538	\$ 23,884,110	\$ 63,901,790	\$ 2,314,400
2009	2008	323,722,131	94,366,875	15,724,130	80,504,423	2,372,776
2010	2009	313,579,986	107,166,897	19,811,993	82,931,557	4,694,823
2011	2010	332,985,664	131,323,057	17,581,159	86,173,058	4,950,072
2012	2011	339,317,982	133,722,061	16,361,555	83,283,843	6,733,351
2013	2012	339,656,351	142,088,841	16,542,764	87,609,386	4,778,486
2014	2013	348,994,091	151,116,990	18,417,381	99,641,390	4,586,692
2015	2014	360,142,155	158,635,328	20,120,885	104,453,000	4,086,324
2016	2015	366,600,277	156,410,775	26,528,737	104,176,198	3,424,410
2017	2016	413,172,742	193,858,822	32,949,321	105,019,435	3,054,637

(1) Includes tax-exempt property

NOTE: Property in the City is reassessed annually. The City assesses property at 100% of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Wharton County Appraisal District

TABLE 5

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (1) as a Percentage of Actual Value
\$ 124,259,716	\$ 420,556,716	\$ 0.5598	\$ 420,556,716	100.00%
109,735,389	406,954,946	0.5598	406,954,946	100.00%
108,563,844	419,621,412	0.5444	419,621,412	100.00%
112,395,082	460,617,928	0.5280	460,617,928	100.00%
107,524,105	471,894,687	0.5254	471,894,687	100.00%
114,047,196	476,628,632	0.5073	476,628,632	100.00%
100,904,970	521,851,574	0.4806	521,851,574	100.00%
104,321,253	543,116,439	0.5158	543,116,439	100.00%
99,455,425	557,684,972	0.5918	557,684,972	100.00%
98,091,076	649,963,881	0.6300	649,963,881	100.00%

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TABLE 6

**CITY OF EL CAMPO, TEXAS**  
**WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate		
						Base Rate	Water Usage Rate	Sewer Usage Rate
2007	566,452,000	494,834,000	71,618,000	12.64%	466,698,000	22.30	2.20	2.68
2009	685,027,000	609,054,500	75,972,500	11.09%	350,015,000	22.30	1.49	3.27
2010	556,683,000	488,754,900	67,928,100	12.20%	441,316,000	22.30	1.91	3.80
2011	749,552,000	671,189,100	78,362,900	10.45%	332,235,000	22.30	2.01	4.13
2012	642,247,000	574,495,400	67,751,600	10.55%	378,650,000	22.30	2.01	4.13
2013	647,102,000	586,673,800	60,428,200	9.34%	352,993,000	22.30	2.01	4.13
2014	581,607,000	519,861,910	61,745,090	10.62%	365,139,000	22.30	2.01	4.13
2015	566,310,000	505,776,800	60,533,200	10.69%	399,294,000	24.07	2.16	4.13
2016	558,306,050	506,306,050	52,000,000	9.31%	397,794,000	26.65	2.55	4.13
2017	604,146,000	566,035,000	38,111,000	6.31%	438,423,000	26.65	2.92	4.45

SOURCE City of El Campo

**CITY OF EL CAMPO, TEXAS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**PER \$100 OF ASSESSED VALUE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates		
	Debt Service	General Fund	Total	School District	Junior College	Wharton County/ FMLR
2008	0.0577	0.5020	0.5598	1.1580	0.1349	0.5634
2009	0.0883	0.4715	0.5598	1.1922	0.1380	0.5458
2010	0.0553	0.4891	0.5444	1.1949	0.1445	0.5318
2011	0.0526	0.4753	0.5280	1.1949	0.1445	0.5318
2012	0.0548	0.4706	0.5254	1.1962	0.1382	0.5022
2013	0.0449	0.4624	0.5073	1.1962	0.1382	0.5022
2014	0.0331	0.4475	0.4806	1.1957	0.1342	0.4881
2015	0.0960	0.4146	0.5106	1.1780	0.1266	0.4600
2016	0.1773	0.4145	0.5918	1.1981	0.1303	0.4900
2017	0.1991	0.4309	0.6300	1.1980	0.1371	0.4900

SOURCE Tax department records of the various taxing authorities.

TABLE 7

Overlapping Rates				
Emergency Services District #1	Coastal Bend Groundwater Conservation District	Emergency Services District #4	West Wharton County Hospital District	Total
0.0300	0.0085	-	0.1300	2.5844
0.0300	0.0071	-	0.1399	2.6127
0.0300	0.0073	0.0680	0.1828	2.7036
0.0300	0.0073	0.0680	0.1828	2.6873
0.0300	0.0073	0.0643	0.1833	2.6467
0.0300	0.0073	0.0643	0.1833	2.6286
0.0300	0.0076	0.0618	0.1760	2.5740
0.0300	0.0077	0.0598	0.1613	2.5339
0.0300	0.0085	0.0634	0.1875	2.6995
0.0300	0.0085	0.0676	0.1998	2.7610

TABLE 8

**CITY OF EL CAMPO, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

2017		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores	\$ 11,570,187	1.78%
Four Jones LLC	7,434,316	1.14%
H.E.B.	6,339,164	0.98%
Kansas City Southern Railway	5,460,320	0.84%
American Electric Power	5,252,970	0.81%
Winfield Solutions LLC	4,751,591	0.73%
Express Energy Services	4,187,000	0.64%
Davis Don Motor Co Inc.	3,871,000	0.60%
Pinnacle Agriculture	3,700,340	0.57%
Shoppas Farm Supply	3,583,406	0.55%
	<u>\$ 56,150,294</u>	<u>8.64%</u>
2008		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores	\$ 12,024,451	3.04%
H.E.B.	6,741,804	1.71%
Farmers COOP of EL Campo	4,673,920	1.18%
AEP Texas Central Co	4,149,450	1.00%
Key Energy - Gulf Coast	3,893,690	0.96%
Wincup	3,884,520	0.74%
Davis Net Leasae No. 1	3,231,202	0.69%
Sutherland Lumber Southwest	2,969,595	0.62%
Wilbur Ellis Co.	2,021,591	0.62%
Helena Chemical	2,017,390	0.51%
	<u>\$ 45,607,613</u>	<u>11.54%</u>

SOURCE: Wharton County Tax Assessor/Collector

TABLE 9

**CITY OF EL CAMPO, TEXAS  
TEN LARGEST WATER CUSTOMERS  
CURRENT YEAR AND NINE YEARS AGO**

2017			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Isaacson Municipal Utility District	Municipal District	132,300	2.20%
El Campo Housing Authority	Housing	127,690	2.12%
El Campo Memorial Hospital	Hospital	45,213	0.75%
Oakcrest Apartments	Housing	44,011	0.73%
Roane and Roane Properties	Housing	39,753	0.66%
Country Aire Mobile Home Park	Housing	37,987	0.63%
El Campo Independent School District	School District	36,789	0.61%
Vallejo Properties	Apartments	32,321	0.54%
Zoya Enterprises, LTD	Retail	26,338	0.44%
Seatex LTD	Manufacturing	25,923	0.43%
2008			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
WinCup Holdings, Inc.	Manufacturer	276,858	4.60%
Isaacson Municipal Utility District	Municipal District	140,750	2.34%
El Campo Housing Authority	Housing	119,355	1.98%
PHPM Mission Care Centers	Housing	46,405	0.77%
Country Aire Mobile Home Park	Housing	44,785	0.74%
El Campo Memorial Hospital	Hospital	44,304	0.74%
Roane & Roane Properties	Housing	36,646	0.61%
Jones-Co Properties	Housing	35,955	0.60%
Oak Crest Apartments	Housing	29,550	0.49%
El Campo ISD	School	29,067	0.48%

SOURCE: City of El Campo Utility Billing Office

TABLE 10

**CITY OF EL CAMPO, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$	2,354,108	\$ 2,275,266	96.65%	\$ 78,842	\$ 2,354,108	100.00%
2009		2,664,871	2,565,253	96.26%	61,207	2,565,253	96.26%
2010		2,676,392	2,547,219	95.17%	98,908	2,646,127	98.87%
2011		2,799,518	2,745,509	98.07%	54,009	2,799,518	100.00%
2012		2,826,754	2,777,421	98.25%	49,333	2,826,754	100.00%
2013		2,841,656	2,776,467	97.71%	39,540	2,816,007	99.10%
2014		2,849,544	2,752,813	96.61%	33,208	2,786,021	97.77%
2015		3,054,937	3,050,108	99.84%	24,527	3,054,937	100.00%
2016		3,607,600	3,517,476	97.50%	36,085	3,553,561	98.50%
2017		3,950,416	3,861,171	97.74%	-	3,861,171	97.74%

SOURCE: City of El Campo  
Wharton County Tax Assessor/Collector

TABLE 11

**CITY OF EL CAMPO, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Obligation	General Obligation Bonds	Capital Leases	State Infrastructure Bank Loan	Revenue Bonds	General Obligation Bonds	Capital Leases			
2008	\$ 3,241,060	\$ 86,112	\$ 442,592	\$ -	\$ 5,763,940	\$ 953,888	\$ 1,505,502	\$ 11,993,094	3.81%	\$ 1,010
2009	3,021,644	65,826	282,470	-	5,673,356	729,174	1,404,453	11,176,923	2.99%	894
2010	2,878,808	45,126	153,406	-	7,226,192	499,874	1,299,040	12,102,446	3.00%	968
2011	2,727,878	23,184	47,463	-	8,772,122	256,816	1,189,075	13,016,538	3.99%	1,041
2012	1,410,000	1,071,597	157,917	-	4,915,000	1,818,403	1,074,361	10,447,278	2.53%	836
2013	70,000	2,311,000	340,282	-	7,635,000	1,714,000	1,354,447	13,424,729	3.07%	1,074
2014	5,030,364	1,926,633	298,554	-	8,559,636	1,028,367	284,840	17,128,394	3.91%	1,370
2015	7,320,841	7,012,534	242,086	-	8,511,158	1,467,465	945,805	25,499,889	5.38%	2,040
2016	7,014,586	14,532,428	190,860	8,000,000	5,620,413	1,277,573	727,711	37,363,571	7.77%	2,989
2017	6,742,996	14,259,380	251,376	8,000,000	5,140,002	1,135,620	581,232	36,110,606	7.51%	2,889

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

N/A denotes information is not available.

SOURCE: City of El Campo

TABLE 12

**CITY OF EL CAMPO, TEXAS**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding			Debt Service Monies Available	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
	Certificates of Obligation	General Obligation Bonds	Total				
2008	\$ 3,241,060	\$ 86,112	\$ 3,327,172	\$ 311,065	\$ 3,016,107	100%	\$ 270
2009	3,021,644	65,826	3,087,470	347,995	2,739,475	100%	245
2010	2,878,808	45,126	2,923,934	321,661	2,602,273	100%	224
2011	2,727,878	23,184	2,751,062	311,514	2,439,548	100%	210
2012	1,410,000	1,071,597	2,481,597	118,517	2,363,080	100%	204
2013	70,000	2,311,000	2,381,000	162,243	2,218,757	100%	191
2014	5,030,364	1,926,633	6,956,997	53,639	6,903,358	100%	595
2015	15,831,999	8,479,999	24,311,998	60,005	24,251,993	100%	2,090
2016	12,743,187	16,900,352	29,643,539	-	29,643,539	100%	2,555
2017	11,882,998	15,395,000	27,277,998	-	27,277,998	100%	2,351

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

SOURCE: City of El Campo



TABLE 13

**CITY OF EL CAMPO, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2017**

	<u>Gross Debt Outstanding</u>		<u>Percentage Applicable To City</u>	<u>Amount Applicable To City</u>
	<u>Date</u>	<u>Amount</u>		
Direct Debt:				
City of El Campo (1)	9/30/2017	\$ <u>35,277,998</u>	100.00%	\$ <u>35,277,998</u>
Overlapping Debt:				
Wharton County	12/31/2016	-	26.00%	-
El Campo Independent School District	8/31/2017	<u>30,399,997</u>	42.31%	<u>12,862,239</u>
Total Overlapping Debt		<u>30,399,997</u>		<u>12,862,239</u>
Total		\$ <u><u>65,677,995</u></u>		\$ <u><u>48,140,237</u></u>

NOTE: There is no legal debt limit for the City. Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in a tax levy for general bonded debt of over \$1.00 for cities under 5,000, or \$1.50 for cities over 5,000 population.

(1) Figures do not include accrued compensated absences and/or capital lease obligations

SOURCE: City of El Campo, El Campo Independent School District, Wharton County

TABLE 14

**CITY OF EL CAMPO, TEXAS  
PLEDGED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year	Water and Sewer Revenue Bonds				
	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements	Times Debt Coverage
2008	\$ 4,411,363	\$ 3,002,612	\$ 1,408,751	\$ 411,167	3.43
2009	4,421,412	3,107,355	1,314,057	410,894	3.20
2010	4,360,539	3,196,292	1,164,247	410,894	2.83
2011	5,014,682	3,228,255	1,786,427	390,349	4.58
2012	4,878,603	3,357,623	1,520,980	310,575	4.90
2013	4,957,658	3,591,719	1,365,939	467,450	2.92
2014	5,028,200	3,590,114	1,438,086	507,493	2.83
2015	5,231,870	4,143,637	1,088,233	600,706	1.81
2016	5,611,993	3,456,087	2,155,906	908,546	2.37
2017	5,693,349	4,446,349	1,247,000	923,213	1.35

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

"Gross Revenue" as used herein refers to all operating revenues and all interest income of the Utility Fund. "Direct Operating Expenses" is defined as all operating expenses of the Utility Fund (which does not include capital outlay or interest expense) less depreciation and amortization.

SOURCE: City of El Campo

TABLE 15

**CITY OF EL CAMPO, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Personal Income (000's)</u>	<u>Per Capita Personal Income</u>	<u>(2) School Enrollment</u>	<u>(3) Unemployment Rate</u>
2008	11,187	\$ 314,936	\$ 28,152	3,590	4.8%
2009	12,500	373,263	29,861	3,481	8.1%
2010	12,500	403,113	32,249	3,460	8.2%
2011	11,602	326,620	28,152	3,508	8.6%
2012	11,602	412,521	35,556	3,545	5.7%
2013	11,602	437,976	37,750	3,631	5.30%
2014	11,602	437,976	37,750	3,652	4.30%
2015	11,602	474,162	40,869	3,600	4.70%
2016	11,602	481,019	41,460	3,625	4.60%
2017	11,602	481,019	41,460	3,658	3.50%

SOURCE: (1) Population figures for the years are estimates provided by the City.

(2) El Campo Independent School District

(3) Texas Labor Market

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TABLE 16

**CITY OF EL CAMPO, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND FOUR YEARS AGO**

2017		
Employer	Employees	Percentage of Total Area Employment
El Campo Independent School District	497	11%
Greenleaf Nursery	376	8%
El Campo Memorial Hospital	212	4%
Wal-Mart	192	4%
HEB	180	4%
Prasek's Hillje Smokehouse	160	3%
Leedo Cabinetry	140	3%
City of El Campo	110	2%
Mark's Machine	100	2%
New ICM	95	2%
	<u>2,121</u>	<u>45%</u>
2013		
Employer	Employees	Percentage of Total Area Employment
El Campo Independent School District	497	11%
Greenleaf Nursery	376	8%
El Campo Memorial Hospital	212	4%
Wal-Mart	192	4%
HEB	180	4%
Prasek's Hillje Smokehouse	160	3%
City of El Campo	110	2%
Mark's Machine	99	2%
New ICM	91	2%
Key Energy	70	1%
	<u>1,987</u>	<u>42%</u>

NOTE: Information for nine years ago was not readily available.

Information is based on the City of El Campo, Texas area, which includes Hillje, Texas.

SOURCE: City of El Campo

**CITY OF EL CAMPO, TEXAS**  
**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2008	2009	2010	2011
<b>Function/Program</b>				
General government:				
Administration	5	2	2	2
Finance	-	4	4	4
Personnel	-	-	-	-
Municipal court	4	4	4	4
Inspections	5	5	4	4
Public Safety:				
Police	33	33	33	33
Communications	8	8	7	8
EMS	10	10	10	10
Public Works:				
Administration	3	3	3	3
Streets and drainage	2	2	2	2
Vehicle Maintenance	14	14	14	14
Community and recreational services	1	1	1	1
Parks maintenance	5	5	5	5
Aquatic center	2	2	2	2
Water and Sewer:				
Administration	1	1	1	1
Water production and distribution	6	6	6	6
Wastewater collection	5	5	5	5
Wastewater treatment	2	2	2	2
Total	<u>106.00</u>	<u>107.00</u>	<u>105.00</u>	<u>106.00</u>

NOTE: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).  
Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

TABLE 17

Fiscal Year					
2012	2013	2014	2015	2016	2017
2	2	2	2	2	2
4	4	4	2	2	2
-	-	-	1	1	1
4	4	4	4	5	4
4	4	4	4	5	5
34	35	35	35	35	35
8	8	8	8	8	8
10	11	11	11	14	14
3	4	4	4	3	3
13	13	13	13	12	12
3	2	2	2	2	2
1	1	1	1	1	-
5	5	5	5	5	5
2	2	1	1	1	1
3	3	3	3	4	4
5	5	5	5	5	5
5	5	5	5	5	5
2	2	2	2	2	2
<u>108.00</u>	<u>109.50</u>	<u>108.50</u>	<u>108.00</u>	<u>112.00</u>	<u>110.00</u>

**CITY OF EL CAMPO, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2008	2009	2010	2011
<b>Function/Program</b>				
General government:				
Building permits issued	641	545	508	503
Building inspections conducted	708	588	489	453
Fire inspections conducted	10	26	9	22
Public safety:				
Police:				
Physical arrests	2,035	N/A	N/A	1,756
Traffic violations (includes warnings)	10,588	9,674	N/A	10,517
Fire:				
Total Incidents	331	252	193	343
Streets and highways:				
Street resurfacing (miles)	3.20	4.00	6.50	10.89
Water and wastewater:				
Water:				
Active water connections	4,351	4,013	3,655	4,093
Average daily consumption (in 000's)	1,707	1,876	1,496	2,053
Peak daily consumption (in 000's)	3,303	3,839	2,642	2,837
Wastewater:				
Active sewer connections	3,931	3,919	3,573	3,869
Average daily flow	1,232	958	1,208	885

NOTE: N/A denotes information is not available.

SOURCE: Various City departments



TABLE 18

Fiscal Year					
2012	2013	2014	2015	2016	2017
498	545	539	553	588	526
523	468	485	450	434	278
15	8	13	14	14	8
1,613	1,332	1,322	1,231	1,260	1,260
8,065	6,483	9,555	9,396	9,539	9,539
261	256	201	224	189	189
12.28	7.34	7.34	12.70	13.70	13.70
4,583	4,636	4,739	4,760	4,227	4,802
1,759	1,740	1,594	1,547	1,532	1,647
3,376	3,599	3,266	3,680	2,835	2,876
4,369	4,320	4,288	4,612	4,077	4,344
1,037	996	1,000	1,092	1,092	1,201

**CITY OF EL CAMPO, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2008	2009	2010	2011
<b>Function/Program</b>				
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	5	5	5	5
Fire:				
Fire stations	1	1	1	1
Public Works:				
Streets:				
Streets paved (miles)	75	76.6	76.6	78
Streets unpaved (miles)	6	6	6	5
Parks:				
Acreage	56	56	56	56
Swimming Pools	1	1	1	1
Tennis Courts	8	8	8	8
Community Centers	1	1	1	1
Water and wastewater:				
Water:				
Water mains (miles)	81	81	81	86.5
Wastewater:				
Sanitary sewers (miles)	75	75	75	88
Storm sewers (miles)	15	15	15	15

SOURCE: Various City departments

\*\* Does not include roads maintained by TxDOT or privately owned roads.

TABLE 19

Fiscal Year					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
5	5	5	5	5	5
1	1	1	1	1	1
79.1 **	80.3	80.3	80.3	80.3	80.3
3.9	3.1	3.1	3.52	3.52	3.52
56	63.5	63.5	63.5	63.5	63.5
1	1	1	1	1	1
8	8	8	8	8	8
1	1	1	1	1	1
86.5	86.5	109.9	110.1	113.4	113.4
88	88	86.2	88	88	90.1
15	15	40	15	15	15

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