

City of Rockport, Texas



Comprehensive Annual Financial Report

Year Ended September 30, 2017

CITY OF ROCKPORT, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2017

Prepared by

Sandy Clarkson, Interim Finance Director

CITY of ROCKPORT, TEXAS



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2017

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CITY of ROCKPORT, TEXAS



INTRODUCTORY SECTION

CITY of ROCKPORT, TEXAS





April 10, 2018

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

The Comprehensive Annual Financial Report of the City of Rockport, Texas for the year ended September 30, 2017, is submitted. This report was prepared in accordance with generally accepted accounting principles on a basis consistent with the prior year. The preparation of the annual financial report and all financial information in the report is the responsibility of the City. The scope of the independent auditor's examination is to render an opinion on the financial information in the Annual Financial Report. Complete details concerning the City's fiscal year activities and related costs are presented in the enclosed narratives and financial statements.

This Letter of Transmittal and the Management's Discussion and Analysis are management's opportunity to communicate aspects of the overall financial condition, details of which are frequently obscured or submerged in financial statements, schedules, and/or tables. The attached organizational chart provides a pictograph of the lines of authority and responsibility with the system.

INDEPENDENT AUDIT

The Charter of the City of Rockport requires that the City Council appoint certified public accountants, who will be responsible to the Council, to perform an independent audit of all funds and group of accounts of the City on an annual basis. The firm of Collier, Johnson & Woods, P.C. was selected by the Council to perform this function. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

MANAGEMENT RESPONSIBILITY

The report is published to provide to the City Council, to our citizens, and to representatives of financial institutions and other interested persons, detailed information concerning the financial condition of the City government. To that end, the report has been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The City's accounting system has been designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition, and
- The reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgment by management. All internal control evaluations occur within the above framework.

GOVERNING BODY

The City was incorporated on May 29, 1871 under the laws of the State of Texas and adopted the Council-Manager form of government on April 12, 1983. The City Council is composed of the Mayor and four council members. The City Council and Mayor are responsible for enacting ordinances, resolutions, and regulations governing the City, appointing members of various statutory and advisory boards and the City Manager, City Secretary, City Attorney, Municipal Judge and Alternate Municipal Judge. As chief administrative officer, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the heads of departments of the City Organization.

FINANCIAL ADMINISTRATION

The Department of Finance operates under the direction of the Finance Director, who is appointed by the City Manager; with the consensus of the City Council. Activities of the Department of Finance are control of, custody and disbursement of City funds. Other activities of the department include risk management, payroll, purchasing, computer management and the preparation of the annual budget and interim and annual financial reports.

CITY OF ROCKPORT AND ITS SERVICES

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

The Community Aquatic Park is considered to be a blended component unit of the City. The City acts as the "managing partner" of the County wide governmental "joint venture" consisting of the City of Rockport, Aransas County, and the Town of Fulton. Policy is set by a Swimming Pool Operations committee which consists of a voting member from the city and county, plus a citizen member of the City Parks Board and the Director of Parks and Leisure Services.

The City of Rockport and Aransas County entered into an Interlocal Agreement creating the City/County Communications Center, combining dispatch services. The agreement created a Dispatching Services Board consisting of one representative from each entity and the Dispatch Administrator.

Additional Interlocal Agreements between the City of Rockport and Aransas County help to eliminate the duplication of services and help reduce costs for both entities. These include Animal Control Services, Jail and Detention Services, Road Construction and Maintenance within the city limits of Rockport, Septic System Inspections, Sanitation Services and Tax Collection.

The Aransas County and City of Rockport Public Safety Center completed a joint law enforcement office building housing the Rockport Police Department and the Aransas County Sheriff's Office. This is another example of the City and County joining together to save taxpayers' dollars. Created by an Interlocal Agreement, the venture is a 50/50 split between the City of Rockport and Aransas County for all maintenance and expenses related to the Public Safety Center.

On May 30, 2008, the City purchased Aransas Natural Gas Company, a privately owned natural gas company located in Rockport. The Natural Gas Division provides service to Rockport, the Town of Fulton and Aransas County as far north as Lamar. (See more in the Management, Discussion and Analysis section)

BUDGETING

In accordance with the City Charter, on or before the first regular scheduled meeting in August, the City Manager submits to the City Council a proposed budget and budget message for the fiscal year commencing the following October 1. The proposed budget shall contain the budget message prepared by the City Manager, detailing estimates of all revenue and expenditures, debt requirements, and a draft of the budget ordinance. The City Council shall review the proposed budget and make any appropriate changes prior to publishing the final budget.

The budget message explains the budget in fiscal terms and in terms of the work submitted with the budget. It outlines the proposed financial programs of the City for the ensuing fiscal year, the capital program, and capital projects for the budget year. The budget message will describe the important features of the budget and indicate any major changes from the current year in financial policies, expenditures and revenues including the reasons for such changes.

The budget shall provide a complete financial plan of all City funds and activities and shall be in such form as the City Manager deems desirable or the City Council may require. The detailed line item budget is presented for administrative control. It shall be arranged to depict proposed expenditures and the means of financing them for the upcoming year, along with comparative figures for actual and budget income and expenditure for the preceding fiscal year; budgeted and estimated income and expenditure for the current fiscal year; and actual income and expenditure of the current year projected to year estimates for the current years.

The budget is legally enacted through passage of an ordinance on or before September 27. Please refer to Note I E. in Notes to the Financial Statements for more detail on budgets and budgetary accounting.

GENERAL INFORMATION

The City of Rockport is the county seat for Aransas County and is located 30 miles northeast of Corpus Christi. There are approximately 20.3 square miles of land within the City's corporate boundary.

ECONOMIC TRENDS

Ranked in the *100 Best Small Art Towns of America* and recognized among the top retirement spots in the nation by *America's Best Places to Retire*, Rockport is a wonderful place to live and visit alike. *Gulfscapes Magazine's* "2011 Readers Choice Best Gulf Coast Towns" listed Rockport number four in the top ten. In 2011 Rockport was highlighted as a coastal dream town by *Coastal Living Magazine*. *Better Homes and Gardens* in its April 2007 issue listed Rockport-Fulton the number five destination as a "long weekend hotspot" for spring migration bird watching and more recently number 2 on their rankings of the "Top 10 Artists Colonies." *Texas Meetings and Events* list Rockport-Fulton as a great Gulf Coast getaway for a business meeting, board meeting, etc. In 2013, Rockport was featured as one of the "Best Places to Live and Visit." According to the "Today in America" television show. More recently, in 2014 Rockport was ranked seventh and eighth, respectively, in *Budget Travel's* "America's Coolest Small Towns" listing and *Where to Retire's* "Top 8 Places to Retire." In 2015, CNN listed Rockport number 11 on its list of "America's Best Little Beach Towns" while *USA Today* placed it number five on their "10 Best Coastal Small Towns" and *Texas Highways* put Rockport number six on its recommendation of "Texas Top 40" travel destinations.

Property values in the City of Rockport increased from \$538,391,491 in 2000 to \$1,551,048,561 in 2017. This can be attributed to the annexation of several areas, increased property values and the increase in development within the City.

Permits for single family homes have increased from approximately 58 annually to 1,989 in 2017, largely due to the economic conditions of the country realizing an increase. Rockport is made up largely of second homes, with the slight growth in the market these home starts have increased. The population of Rockport has grown by 44% in the last sixteen (16) years going from 7,385 in the U.S. Census Bureau 2000 Census to 10,645 as of 2017.

Sales tax revenues have increased from \$1,117,080 in 2000 to \$2,459,617 in 2017. This is an 122% increase in sales tax revenues over a seventeen (17) year period. Winter Texans and summer visitors have helped in the increase of sales tax.

The City has taken several steps in recent years to enhance the quality of life for the citizens of Rockport. In the past few years the City has purchased 50 acres of land to keep

as green space and several acres behind the Memorial Park for expansion of that park in the future. The Hike and Bike Trail that was partially funded by a TxDOT grant has been completed and very well utilized for the Tule Park. A grant from Texas Department of Agriculture (Texas Yes) helped complete a beautification project on Austin Street. The project converted the four-lane boulevard to a two-lane street with diagonal parking, which provides greater pedestrian and handicapped street crossing safety. The City purchased approximately 8.856 acres of land located near the intersection of Business Highway 35 North and East Maple Street within the boundaries of the City, most of which is expected to be developed and used for Municipal Park Purposes with the remainder currently expected to be used for Open Space Purposes.

MAJOR INITIATIVES

As a forward-focused city working to improve the quality of life for our citizens and provide opportunities for growth in the business sector, the City of Rockport is always looking to improve infrastructure and reduce our operating costs. These were the impelling causes for two major capital improvement projects that were high on the City's agenda in fiscal year 2017. First, a major rehabilitation of the Waste Water Treatment Plant is needed to provide adequate capacity for the future growth of the City. This \$2.5 million project has progressed through the feasibility and funding stages and will soon go out for bid. Next, a city-wide Energy Enhancement project which will modernize facility, street and sports lighting equipment, and provide automatic read utility meters for both the water and natural gas services is an important initiative for the Council and city staff. This project will not only save on energy and labor costs in the future, it will help to reduce the City's carbon footprint.

On August 25, Hurricane Harvey, a Category 4 hurricane, made direct landfall on the City of Rockport, with the eye passing through the town and tornados skipping through neighborhoods and randomly destroying structures. The devastation to the entire area of the Coastal Bend was dramatic and the impact on our future operations and growth cannot be fully known for some time. However, the citizens and businesses of Rockport have worked very hard to clean up, fix up and rebuild the city.

After a brief delay, both the Waste Water Treatment Plant rehabilitation project the City-wide Energy Enhancement project are underway. The WWTP project should break ground late in 2018 and will be completed within three calendar years. Most of the lighting improvements have been completed on the Energy Enhancement project and installation of the automatic read utility meters will begin this summer. The estimated completion date for this project in early 2019.

BUDGET AS COMPARED TO ACTUAL

Budget as Compared to Actual

The General Fund Revenues and Expenditures are budgeted based on historical information, the current economic climate of the City and inflationary trends. For a detailed comparison of actual General Fund revenues and expenditures with budget amounts, see "Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual in the financial section of this report (Exhibit 5-A).

Budget as compared to actual for other funds are in the financial section of this report (Exhibit 11 - A through E)

FIDUCIARY FUNDS

The City had no fiduciary funds at September 30, 2017.

PROPRIETARY FUNDS

The Proprietary Funds are those funds that are self-supporting. The Proprietary Funds of the City include the Utility Fund, Sanitation Fund, Natural Gas Fund, and Community Aquatic Park Fund. The Utility System Fund operates with revenues generated by the sale of water and wastewater services. The Natural Gas Fund operates with revenues generated by the sale of natural gas. The Sanitation Fund is used to record all revenues and expenditures for the Solid Waste contract. The Community Aquatic Park Fund accounts for all revenues and expenditures for the community aquatic park.

AD VALOREM TAXES

State statutes require the value of the property as of January 1 of each year be used as the basis for calculating ad valorem tax for the ensuing fiscal year. The estimated adjusted taxable value of property in the City at January 1, 2017 was \$1,513,644,681 and was taxed at \$.389283 per one hundred dollars of assessed value resulting in an adjusted tax roll (taxes receivable) of \$5,504,038.

Collections

Current taxes of \$5,442,280 (representing 98.89% of the adjusted tax roll) were collected during fiscal year 2016-2017. The collection rate was comparable to the year

and for the preceding fiscal year. Current tax collections have exceeded 97% in each of the last ten years.

Allocation of Ad Valorem Taxes

The revenue to be received from current tax collections is distributed between the General Fund and the Debt Service Fund according to the rates for allocation set when the budget ordinances are adopted. Allocation of property tax revenues by purpose for fiscal year 2016 and the preceding five years is given in the following table. The amounts in the table are per one hundred dollars of assessed value.

Tax Year:	2011	2012	2013	2014	2015	2016
General Fund	.158338	.172497	.185090	.205279	.219047	.233912
G.O. Debt	<u>.150552</u>	<u>.1533272</u>	<u>.142638</u>	<u>.129900</u>	<u>.145811</u>	<u>.155371</u>
Total	.308890	.325824	.327728	.335179	.364858	.389283

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended September 30, 2016. This is the fourteenth year that the City has applied for and received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized basic financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

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

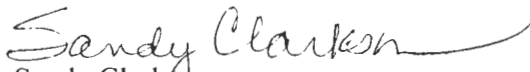
In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget since October 1, 2002. The budget for October 1, 2017 has been submitted for review and notification of an award is awaited. In order to qualify for the Distinguished Budget Presentation Award, the City's budget

document is judged on proficiency in several categories including policy documentation, financial planning and organization.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department, The City Manager, the entire City staff, and the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,


Sandy Clarkson
Interim Director of Finance



Government Finance Officers Association

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

Presented to

**City of Rockport
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

City of Rockport, Texas

List of Principal Officials

September 30, 2017

Elected Officials

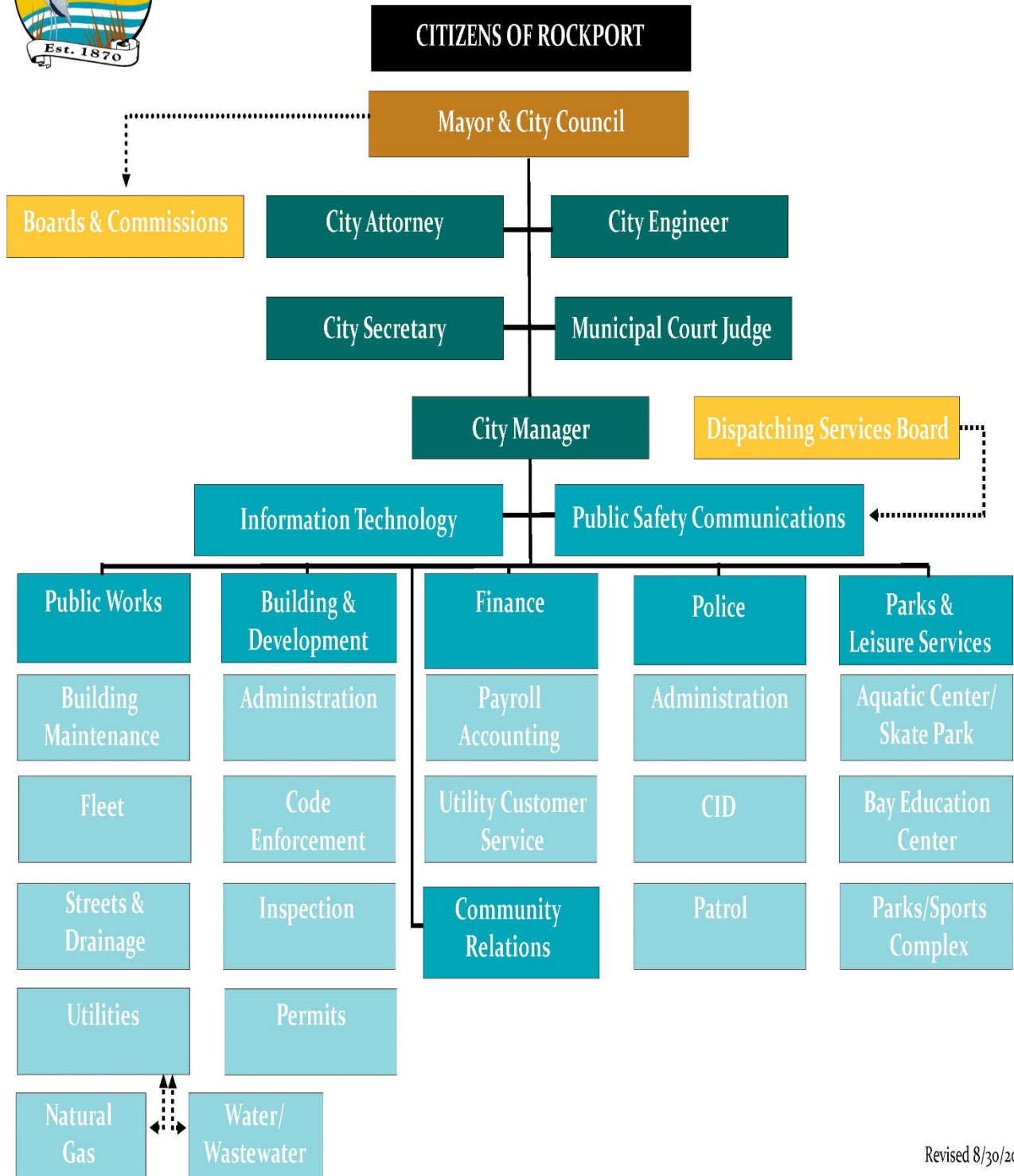
Name	Office
Charles J. Wax	Mayor
Patrick R. (Pat) Rios	Mayor Pro-tem
J. D. Villa	Council Member
James Russel (Rusty) Day, Jr.	Council Member
Barbara Gurtner	Council Member

Appointed Officials

Name	Position
Kevin Carruth	City Manager
Teresa Valdez	City Secretary
Patty Howard	Finance Director
Mike Donoho	Public Works/Building & Development Director
Tim Jayroe	Chief of Police
Rick Martinez	Parks & Leisure Services Director



City of Rockport Organization Chart



FINANCIAL SECTION

CITY of ROCKPORT, TEXAS



INDEPENDENT AUDITOR'S REPORT

April 10, 2018

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockport, 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 and the other required supplementary information on pages 5 through 11 and 61 through 63 be presented to supplement the basic financial statements. Such information, although not a required 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 regarding 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 statements and budgetary comparison schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 95 and 97 is presented for purposes of additional analysis as required by U.S. Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining statements and budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements and schedules, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken 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 April 10, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Collier, Johnson & Woods



MANAGEMENT’S DISCUSSION AND ANALYSIS

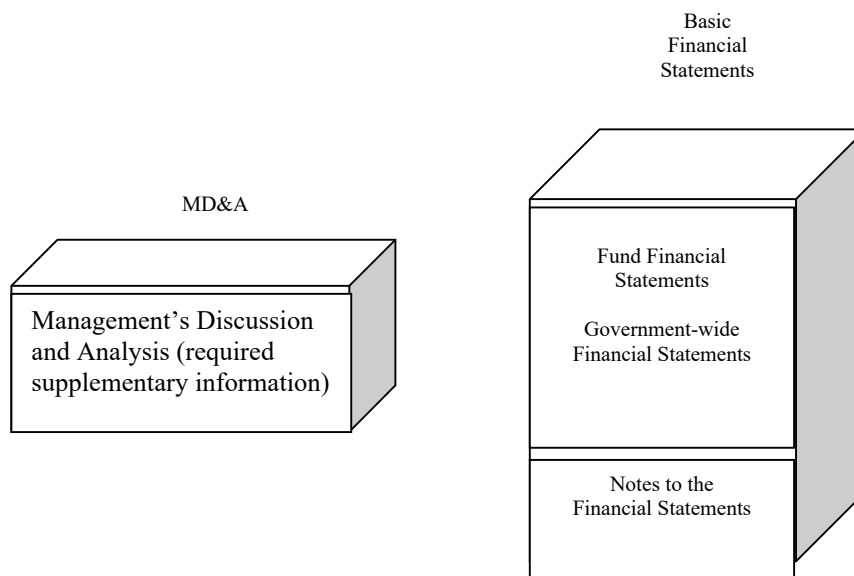
Our discussion and analysis of the City of Rockport’s financial performance provides an overview of the City’s financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the transmittal letter on page i to viii and the City’s financial statements, which begin on page 13.

Financial Highlights

- The assets and deferred outflows of the City of Rockport exceeded its liabilities and deferred inflows at the close of 2017 by \$43,338,186 (net position). Of this amount, \$5,465,214 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.
- The government’s total net position increased by \$515,481 in 2017.
- At the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$10,298,058, a decrease of 15.59% in comparison with the prior year.
- The General fund reported an unassigned fund balance of \$1,677,334 or, 16.33% of total general Fund expenditures.
- The City’s total long-liabilities decreased by \$2,323,380 (5.21%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic is provided to facilitate the reader’s understanding of the format of the Basic Financial Statements and their individual components:



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 four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information which includes this management’s discussion and analysis and multi-year changes in net pension liability, funding progress on the City’s pension plan and retiree health plan. In addition to the

basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

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 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 fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 and administration, public safety, public works, cultural and recreation and tourism. The business-type activities of the City include water and sewer, natural gas, sanitation and the Community Aquatic Center operations. The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements - A fund is a self-balancing set of 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 - 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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Non-financial assets such as governmental land, buildings and equipment, and long-term liabilities such as bonds payable or long-term liabilities that will not be paid with current assets are excluded. 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains 23 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund and the 2005 and 2007 Capital Project Funds. Data from the other 20 funds are combined into a single, aggregated presentation. The basic governmental funds financial statements can be found on pages 16-23.

Proprietary Funds - The City maintains one type 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 Utility System, Natural Gas System, Sanitation and the Community Aquatic Park.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water & Sewer Fund and Natural Gas Fund, since they are considered to be major funds of the City. Data from the other 2 funds are combined into a single, aggregated presentation. The basic proprietary fund financial statements can be found on pages 24-31 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-60.

Other Information – In addition to the basic financial statements and accompanying notes, the basic financial statements contain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension and retiree health benefits to its employees. The required supplementary information can be found on page 61-63.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$43,338,186 as of September 30, 2017.

The largest portion of the City's net position \$36,244,629 (83.63%) reflects its investments in capital assets (e.g., land, building, equipment, improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net positions \$1,628,243 (3.76%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$5,465,214 (12.61%) may be used to meet the government's ongoing obligations to citizens and creditors.

The Table 1 illustrates the comparative detail of changes in net assets of the City.

**TABLE 1
SUMMARY OF NET POSITIONS**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	11,085,601	12,643,702	12,770,306	12,508,128	23,855,907	25,151,830
Capital Assets, Net	30,576,687	30,615,626	35,283,658	34,513,936	65,860,345	65,129,562
Total Assets	41,662,288	43,259,328	48,053,964	47,022,064	89,716,252	90,281,392
Deferred Outflows	2,666,593	2,576,333	1,094,836	1,036,040	3,761,429	3,612,373
Long-Term Liabilities	24,275,929	25,430,306	17,957,218	19,126,221	42,233,147	44,556,527
Other Liabilities	3,207,299	2,730,723	4,504,580	3,497,223	7,711,879	6,227,946
Total Liabilities	27,483,228	28,161,029	22,461,798	22,623,444	49,945,026	50,784,473
Deferred Inflows	106,937	159,727	87,532	126,863	194,469	286,590
Net Position						
Net Invested in Capital						
Assets	17,330,122	16,359,297	18,914,507	16,988,421	36,244,629	33,347,718
Restricted	1,628,343	1,192,945	--	--	1,628,343	1,192,945
Unrestricted	(2,219,749)	(37,337)	7,684,963	8,319,376	5,465,214	8,282,039
Total Net Position	16,738,716	17,514,905	26,599,470	25,307,797	43,338,186	42,822,702

Governmental Activities - Governmental activities include the functions of general government, tourism, cultural and recreations, public safety and public works. Payment of interest on long-term debt is also considered a governmental activity and it is considered a class of activity but not a function of government. These are the basic services and cost centers any city provides to its citizens. In the Water & Sewer, the City has little control over the costs of the two products: water and natural gas delivered to the City's customers. Water is purchased from the San Patricio Municipal Water District, and natural gas is purchased from two sources, South Cross Energy and Gulf Coast Gathering.

Table 2 provides a summary of the City's operations for year ended September 30, 2017 with comparative totals for the year ended September 30, 2016.

TABLE 2
STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Fees, Fines and Charges for Services	741,850	447,890	14,422,436	12,458,426	15,164,286	12,906,316
Operating Grants and Contributions	1,325,411	726,849	37,667	37,000	1,363,078	763,849
Capital Grants and Contributions	50,432	645,940	2,218	78,615	52,650	724,555
General Revenue						
Property Taxes	5,541,427	5,228,422	--	--	5,541,427	5,228,422
Sales Taxes	2,459,617	2,481,777	--	--	2,459,617	2,481,777
Franchise and Other Taxes	1,064,310	1,045,731	--	--	1,064,310	1,045,731
Hotel Occupancy Taxes	866,970	860,124	--	--	866,970	860,124
Investment Earnings	52,998	43,635	9,706	4,285	62,704	47,920
Other Revenues	93,630	79,695	12,618	--	106,248	79,695
Total Revenues	12,196,645	11,560,063	14,484,645	12,578,326	26,681,290	24,138,389
Expenses						
General Government	5,600,349	2,619,205	--	--	2,619,202	2,427,385
Public Safety	4,312,116	4,245,536	--	--	4,245,536	4,147,949
Public Works	1,609,854	1,468,510	--	--	1,468,510	1,399,731
Culture and Recreation	1,102,163	1,228,172	--	--	1,224,221	1,184,129
Tourism	623,225	897,016	--	--	897,016	569,139
Interest and Fees on Debt	733,939	754,966	--	--	754,966	445,314
Water and Sewer	--	--	8,186,640	8,330,913	8,330,913	7,131,852
Natural Gas	--	--	1,617,518	1,525,253	1,525,253	1,833,603
Sanitation	--	--	1,951,334	294	294	--
Community Aquatic Center	--	--	428,671	501,870	501,870	399,748
Total Expenses	13,981,646	11,213,405	12,184,163	10,358,330	21,567,781	19,538,850
Change in Net Position before Transfers	(1,785,001)	346,658	2,300,482	2,219,996	515,481	2,566,654
Transfers	1,008,809	898,181	(1,008,809)	(898,181)	--	--
Change in Net Position	(776,192)	1,244,839	1,291,673	1,321,815	515,481	2,566,654
Beginning Net Position	17,514,908	16,270,066	25,307,797	23,985,982	42,822,705	40,256,048
Total Net Position	16,738,716	17,514,905	26,599,470	25,307,797	43,338,186	42,822,702

As shown in Exhibit 2 of the Basic Financial Statements, the expenses incurred in providing these services are netted against the program revenues received by the City for these services. Because the City is not a for-profit entity, the cost to deliver the services far exceeds the program revenues generated. This deficit of net expenditures, \$11,863,953, is off-set by the general revenues of taxes, investment earnings, miscellaneous income and transfers in totaling \$11,087,761. The overall change in Net Assets resulting from governmental activities at the end of the year was a deficit of \$776,192.

Business-Type Activities. As shown in Table 2 and in the Statement of Activities, program revenues of the City's business-type activities were \$14,484,645 for the fiscal year ended September 30, 2017. Expenses for the City's business-type activities were \$12,184,163, resulting in a change in net position before transfers of \$2,300,482. After transfers out of \$1,008,809 the net change in net position was \$1,291,673.

In the Water & Sewer, the City has little control over the costs of the two products: water and natural gas delivered to the City's customers. Water is purchased from the San Patricio Municipal Water District, and natural gas is purchased from two sources, South Cross Energy and Gulf Coast Gas Gathering.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$10,298,058, a decrease of \$1,893,306 compared to the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,677,334. This fund balance is the amount available without constraints from outside of the City to fund the City's normal operations. In August, Hurricane Harvey made a nearly direct hit on the City. The Harvey related expenditures in 2017 were \$2,687,015 of which \$725,362 were reimbursed by FEMA. The Hurricane Harvey expenditures were not budgeted and contributed to the general fund expenditures being \$1,812,690 over budget. As of year, end the City had not received any settlements from insurance. The City expects to incur additional expenses related to the hurricane damage in the coming year and also anticipates additional reimbursement from FEMA and insurance settlements on the damaged properties of the City.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$65,860,345 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery, equipment, vehicles, infrastructure and construction in progress. Governmental activity capital assets decreased by \$38,939 as a result of \$1,004,253 of additions offset by \$1,043,192 of depreciation. Business-type activity capital assets increased by \$769,722 as a result of \$1,909,476 additions less \$1,139,754 of depreciation.

Major capital asset additions during 2017 include the following:

- North and South Penn Oaks Tanks - \$1,149,179
- Cape Valero Waterline Loop - \$639,122
- Four Public Safety Vehicles – \$188,802
- Four Public Works Vehicles (acquired through capital lease) – \$88,113

Additional information on the City's capital assets can be found in Note 3 of the financial statements.

TABLE 3
CAPITAL ASSETS AT YEAR-END, NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	9,515,223	9,413,782	214,953	214,953	9,730,177	9,628,735
Infrastructure	14,642,774	14,884,724	--	--	14,642,774	14,884,724
Building and Improvements	3,292,067	3,423,725	4,399,231	4,569,343	7,691,298	7,993,068
Improvements other than Bldg	1,303,285	1,173,369	--	--	1,303,285	1,173,369
Machinery and Equipment	1,730,595	1,720,026	234,693	286,944	1,965,288	2,006,970
Water System	--	--	14,568,971	13,152,907	14,568,971	13,152,907
Sewer System	--	--	12,344,524	12,625,358	12,344,524	12,625,358
Natural Gas System	--	--	3,521,286	3,664,431	3,521,286	3,664,431
Construction in Progress	92,743	--	--	--	92,743	--
	<u>30,576,687</u>	<u>30,615,626</u>	<u>35,283,658</u>	<u>34,513,936</u>	<u>65,860,345</u>	<u>65,129,562</u>

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt of \$35,105,000. Of this amount, \$19,405,000 are general obligation bond and \$15,700,000 are certificates of obligation backed by the full faith and credit of the government and \$778,123 in capital leases. Additional information on the City's long-term debt can be found in Note 4 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2017-2018 budget will raise more revenue from property taxes than last year's budget by and amount of \$385,806, which is a 8.20% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$198,402.

This financial report is designed to inform the citizens, taxpayers and customers of the City of Rockport as well as its investors and creditors about the City's finances and to provide accountability for the public support that it receives. If you have any questions about the report or need additional financial information, contact the Finance Director's Office at the City of Rockport, 622 E. Market Street, Rockport, Texas 78382.



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

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents (Note 2)	2,088,227	8,022,094	10,110,321
Investments (Note 2)	1,670,000	980,000	2,650,000
Receivables, Net of Allowance for Uncollectible	1,206,368	1,572,519	2,778,887
Internal Balances	(487,533)	487,533	--
Inventories	27,194	202,412	229,606
Restricted Cash and Investments			
Cash and Cash Equivalents (Note 2)	6,336,345	1,260,748	7,597,093
Investments (Note 2)	245,000	245,000	490,000
Land and Construction in Progress (Note 3)	9,607,966	214,953	9,822,919
Other Capital Assets, Net of Accumulated Depreciation (Note 3)	20,968,721	35,068,705	56,037,426
Total Assets	41,662,288	48,053,964	89,716,252
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Bond Refundings	962,213	310,639	1,272,852
Deferred Outflows Related to Pensions (Note 9)	1,704,380	784,197	2,488,577
Total Deferred Outflows of Resources	2,666,593	1,094,836	3,761,429
LIABILITIES			
Accounts Payable	480,436	1,625,345	2,105,781
Accrued Expenses	612,843	6,368	619,211
Accrued Interest	81,386	75,892	157,278
Deposits	--	1,327,867	1,327,867
Unclaimed Property	29,632	--	29,632
Current Portion of Long-Term Liabilities (Note 4)			
Long-Term Debt	1,852,067	1,406,069	3,258,136
Compensated Absences	150,935	63,039	213,974
Long-Term Liabilities, Excluding Current Portion (Note 4)			
Long-Term Debt (Note 5 and 6)	18,938,056	15,242,323	34,180,379
Compensated Absences	292,992	122,370	415,362
OPEB Obligation (Note 10)	1,341,125	1,013,859	2,354,984
Net Pension Liability (Note 9)	3,703,756	1,578,666	5,282,422
Total Liabilities	27,483,228	22,461,798	49,945,026
DEFERRED INFLOWS			
Deferred Gain on Bond Refunding	--	31,398	31,398
Deferred Inflows Related to Pensions (Note 9)	106,937	56,134	163,071
	106,937	87,532	194,469
NET POSITION			
Invested in Capital Assets, Net of Related Debt	17,313,597	20,420,255	37,733,852
Restricted			
Toursim	1,101,948	--	1,101,948
Public Safety	173,235	--	173,235
Public Access TV	183,247	--	183,247
Security and Technology	8,008	--	8,008
Specified by Donors	11,384	--	11,384
Key Allegro Property Improvements	232	--	232
Child Safety	1,542	--	1,542
Unrestricted	(2,054,477)	6,179,215	4,124,738
TOTAL NET POSITION	16,738,716	26,599,470	43,338,186

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

CITY OF ROCKPORT, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		
		FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities				
General Government	5,600,349	345,555	725,362	--
Public Safety	4,312,116	391,656	557,111	50,245
Public Works	1,609,854	--	--	187
Culture and Recreation	1,102,163	4,639	42,938	--
Tourism	623,225	--	--	--
Interest and Fees on Long-Term Debt	733,939	--	--	--
Total Governmental Activities	13,981,646	741,850	1,325,411	50,432
Business-Type Activities				
Water and Sewer	8,186,640	10,338,747	--	2,218
Natural Gas	1,617,518	1,826,135	--	--
Sanitation	1,951,334	2,048,327	--	--
Community Aquatic Center	428,671	209,227	37,667	--
Total Business-Type Activities	12,184,163	14,422,436	37,667	2,218
Total Government	26,165,809	15,164,286	1,363,078	52,650

General Revenues
 Property Taxes, Levied for General Purposes
 Property Taxes, Levied for Debt Service
 Sales Taxes
 Franchise and Other Taxes
 Hotel Occupancy Taxes
 Unrestricted Investment Earnings
 Other Revenues
Transfers
 Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

NET POSITION AT END OF YEAR

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

Exhibit 2

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
(4,529,432)	--	(4,529,432)
(3,313,104)	--	(3,313,104)
(1,609,667)	--	(1,609,667)
(1,054,586)	--	(1,054,586)
(623,225)	--	(623,225)
(733,939)	--	(733,939)
(11,863,953)	--	(11,863,953)
--	2,154,325	2,154,325
--	208,617	208,617
--	96,993	96,993
--	(181,777)	(181,777)
(11,863,953)	2,278,158	(9,585,795)
3,331,800	--	3,331,800
2,209,627	--	2,209,627
2,459,617	--	2,459,617
1,064,310	--	1,064,310
866,970	--	866,970
52,998	9,706	62,704
93,630	12,618	106,248
1,008,809	(1,008,809)	--
11,087,761	(986,485)	10,101,276
(776,192)	1,291,673	515,481
17,514,908	25,307,797	42,822,705
16,738,716	26,599,470	43,338,186

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

	GENERAL	DEBT SERVICE	2005 CAPITAL PROJECT	2007 CAPITAL PROJECT
ASSETS				
Cash and Cash Equivalents (Note 2)	12,243	299,247	--	--
Investments (Note 2)	1,670,000	--	--	--
Receivables, Net of Allowance for Uncollectible				
Property Taxes	64,163	36,974	--	--
Other Taxes	160,513	--	--	--
Accounts	--	--	--	--
Intergovernmental	725,362	--	--	--
Accrued Interest	--	--	--	--
Restricted Cash and Investments				
Cash and Cash Equivalents	--	--	2,500,793	3,280,034
Investments	--	--	--	245,000
TOTAL ASSETS	2,632,281	336,221	2,500,793	3,525,034
LIABILITIES AND FUND BALANCE				
Accounts Payable	243,959	--	--	16,525
Accrued Expenditures	608,955	--	--	--
Due to Other Funds (Note 7)	8,238	--	--	--
Unearned Revenue	64,163	36,974	--	--
Unclaimed Property	29,632	--	--	--
Total Liabilities	954,947	36,974	--	16,525
Fund Balance (Note 11)				
Restricted	--	--		
Capital Projects	--	--	2,500,793	3,508,509
Toursim	--	--	--	--
Public Safety	--	--	--	--
Public Access TV	--	--	--	--
Security and Technology	--	--	--	--
Specified by Donors	--	--	--	--
Key Allegro Property Improvements	--	--	--	--
Child Safety	--	--	--	--
Committed	--	299,247	--	--
Assigned	--	--	--	--
Unassigned	1,677,334	--	--	--
Total Fund Balance	1,677,334	299,247	2,500,793	3,508,509
TOTAL LIABILITIES AND FUND BALANCE	2,632,281	336,221	2,500,793	3,525,034

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

Exhibit 3-A

<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL GOVERNMENTAL</u>
1,776,737	2,088,227
--	1,670,000
--	101,137
170,661	331,174
18,767	18,767
29,928	755,290
--	--
555,518	6,336,345
--	245,000
<u>2,551,611</u>	<u>11,545,940</u>
191,406	451,890
1,093	610,048
28,170	36,408
18,767	119,904
--	29,632
<u>239,436</u>	<u>1,247,882</u>
555,518	6,564,820
1,101,948	1,101,948
173,235	173,235
183,247	183,247
8,008	8,008
11,384	11,384
232	232
1,542	1,542
--	299,247
277,061	277,061
--	1,677,334
<u>2,312,175</u>	<u>10,298,058</u>
<u>2,551,611</u>	<u>11,545,940</u>

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total Fund Balance - Total Governmental Funds	10,298,058
--	------------

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. The cost of assets in governmental activities and the accumulated depreciation are as follows:

Capital Assets (Excluding Internal Service of \$92,226)	39,024,711	
Accumulated Depreciation (Excluding Internal Service of \$20,305)	(8,521,945)	30,502,766

Ad valorem taxes received after 60 days of year-end are not considered available revenues and are deferred in the governmental funds	119,904
--	---------

Deferred Outflows and Inflows are not reported in governmental funds as follows:

Deferred Loss on Bond Refunding	962,213	
Deferred Outflows Related to Pensions (Excluding Internal Service \$102,852)	1,643,636	
Deferred Inflows Related to Pensions (Excluding Internal Service \$5,804)	(103,168)	2,502,681

Some liabilities are not due and payable in the current period and therefore are not reported in funds. A detail of these liabilities follows:

Long-Term Debt	(20,790,123)	
Net Pension Liability	(3,582,589)	
Accumulated Compensated Absences	(431,169)	
OPEB Obligations	(1,265,069)	
Accrued interest	(81,385)	(26,150,335)

Internal service funds are used by management to charge cost of fleet management to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities of net position.

(534,358)

NET POSITION OF GOVERNMENTAL ACTIVITY

16,738,716

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

CITY OF ROCKPORT, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2017

	GENERAL FUND	DEBT SERVICE	2005 CAPITAL PROJECT	2007 CAPITAL PROJECT
Revenues				
Taxes and Business Fees	6,668,725	2,209,627	--	--
Licenses and Permits	301,191	--	--	--
Intergovernmental	824,515	--	--	--
Fines and Forfeitures	349,933	--	--	--
Charges for Services	56,754	--	--	--
Interest on Investments	40,357	173	1,678	9,155
Other Revenues	78,374	--	--	--
Total Revenues	8,319,849	2,209,800	1,678	9,155
Expenditures				
Current				
General Government	5,353,540	--	--	--
Public Safety	2,804,970	--	--	--
Public Works	990,156	--	--	7,000
Culture and Recreation	877,554	--	--	--
Tourism	--	--	--	--
Debt Service				
Principal Retirement	--	1,695,920	--	--
Interest and Fiscal Charges	--	735,860	--	--
Capital Projects	244,063	--	--	71,613
Total Expenditures	10,270,283	2,431,780	--	78,613
Revenues Over (Under) Expenditures	(1,950,434)	(221,980)	1,678	(69,458)
Other Financing Sources (Uses)				
Capital Leases	--	--	--	--
Transfers In (Note 7)	1,164,658	213,854	--	--
Transfers Out (Note 7)	(1,007,731)	(10,972)	--	(51,870)
Total Other Financing Sources (Uses)	156,927	202,882	--	(51,870)
Net Change in Fund Balance	(1,793,507)	(19,098)	1,678	(121,328)
Fund Balance at Beginning of Year,	3,470,841	318,345	2,499,115	3,629,837
Fund Balance at End of Year	1,677,334	299,247	2,500,793	3,508,509

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

Exhibit 4-A

<u>NONMAJOR</u> <u>GOVERNMENTAL</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u>
1,051,970	9,930,322
--	301,191
551,327	1,375,842
33,873	383,806
100	56,854
1,635	52,998
15,256	93,630
<hr/>	
1,654,161	12,194,643
1,704	5,355,244
1,058,443	3,863,413
--	997,156
100,673	978,227
623,225	623,225
34,828	1,730,748
2,914	738,774
643,786	959,462
2,465,573	15,246,249
<hr/>	
(811,412)	(3,051,606)
78,035	78,035
817,694	2,196,206
(45,368)	(1,115,941)
850,361	1,158,300
<hr/>	
38,949	(1,893,306)
2,273,226	12,191,364
<hr/>	
2,312,175	10,298,058
<hr/> <hr/>	

CITY OF ROCKPORT, TEXAS
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

Net Change in Fund Balances - Total Governmental Funds (1,893,306)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays exceed depreciation as follows:

Capital Outlays (Excluding Internal Service \$44,791)	959,462	
Depreciation (Excluding Internal Service \$7,558)	(1,035,634)	(76,172)

Delinquent property taxes, net of allowance, are not reported in the governmental funds. This is the amount receivable decreased this year	1,026
--	-------

Certain utility bill tax receivables and special assessments that are deferred in governmental funds	977
--	-----

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

Capital Lease	(78,035)	
Principal Retirement	1,730,748	
Accrued Interest on Bonds	7,273	
Amortization of Bond Premiums	214,867	
Amortization of Deferred Charges on Refunding	(217,305)	1,657,548

Expenditures are recognized in the governmental funds when paid or due for items not normally paid with available financial resources. However, the Statement of Activities is presented on an accrual basis and expenses reported when incurred. This amount is the net effect of these differences

Pension Cost, Net	(110,292)	
Compensated Absence Expense	(7,538)	
OPEB Expense	(170,581)	(288,411)

Internal service funds are used by management to charge costs of fleet maintenance to individual funds. The net expenses and transfers to the business-type activities is reported in governmental activities	(177,854)
---	-----------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	(776,192)
---	-----------

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

**CITY OF ROCKPORT, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET			VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues				
Taxes and Business Fees	6,829,434	6,829,434	6,668,725	(160,709)
Licenses and Permits	238,700	238,700	301,191	62,491
Intergovernmental	92,000	92,000	824,515	732,515
Fines and Forfeitures	226,000	226,000	349,933	123,933
Charges for Services	31,000	31,000	56,754	25,754
Interest on Investments	28,000	28,000	40,357	12,357
Other Revenues	30,000	30,000	78,374	48,374
Total Revenues	7,475,134	7,475,134	8,319,849	844,715
Expenditures				
Current				
General Government	2,547,166	2,547,166	5,353,540	(2,806,374)
Public Safety	3,015,435	3,015,435	2,804,970	210,465
Public Works	1,123,967	1,123,967	990,156	133,811
Culture and Recreation	973,903	973,903	877,554	96,349
Capital Projects	279,200	279,200	244,063	35,137
Total Expenditures	7,939,671	7,939,671	10,270,283	(2,330,612)
Revenues Under Expenditures	(464,537)	(464,537)	(1,950,434)	(1,485,897)
Other Financing Sources (Uses)				
Transfers In	1,331,251	1,331,251	1,164,658	(166,593)
Transfers Out	(847,531)	(847,531)	(1,007,731)	(160,200)
Total Other Financing Sources	483,720	483,720	156,927	(326,793)
Net Change in Fund Balance	19,183	19,183	(1,793,507)	(1,812,690)
Fund Balance at Beginning of Year	3,470,841	3,470,841	3,470,841	--
Fund Balance at End of Year	3,490,024	3,490,024	1,677,334	(1,812,690)

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

CITY OF ROCKPORT, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	WATER & SEWER	NATURAL GAS	NONMAJOR ENTERPRISE	TOTAL ENTERPRISE
ASSETS				
Cash and Cash Equivalents (Note 2)	6,751,388	1,147,986	122,720	8,022,094
Investments (Note 2)	735,000	245,000	--	980,000
Receivables, Net of Allowance for Uncollectible				
Accounts	1,172,049	167,781	232,689	1,572,519
Due from Other Funds (Note 7)	487,533	--	--	487,533
Inventories	166,733	35,679	--	202,412
Restricted Cash and Investments				
Cash and Cash Equivalents (Note 2)	--	1,260,748	--	1,260,748
Investments (Note 2)	245,000	--	--	245,000
Total Current Assets	9,557,703	2,857,194	355,409	12,770,306
Land and Construction in Progress (Note 3)	110,653	--	104,300	214,953
Other Capital Assets, Net of Accumulated				
Depreciation (Note 3)	30,604,808	3,521,286	942,611	35,068,705
Net Capital Assets	30,715,461	3,521,286	1,046,911	35,283,658
Total Assets	40,273,164	6,378,480	1,402,320	48,053,964
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Bond Refundings	310,639	--	--	310,639
Deferred Outflows Related to Pensions	613,289	170,908	--	784,197
Total Deferred Outflows of Resources	923,928	170,908	--	1,094,836
LIABILITIES				
Accounts Payable	1,428,247	6,463	190,635	1,625,345
Accrued Expenses	5,624	744	--	6,368
Accrued Interest	62,638	13,254	--	75,892
Due To Other Funds (Note 7)	--	--	--	--
Customers' Deposits	1,327,867	--	--	1,327,867
Current Portion of Long-Term Liabilities (Note 4)				
Long-Term Debt (Notes 5 and 6)	1,256,753	149,316	--	1,406,069
Compensated Absences	53,241	9,798	--	63,039
Total Current Liabilities	4,134,370	179,575	190,635	4,504,580
Long-Term Liabilities, Excluding Current				
Portion (Note 4)				--
Long-Term Debt (Note 5)	12,394,340	2,847,983	--	15,242,323
Compensated Absences	103,351	19,019	--	122,370
OPEB Obligation (Note 10)	751,887	261,972	--	1,013,859
Net Pension Liability (Note 9)	1,235,168	343,498	--	1,578,666
Total Noncurrent Liabilities	14,484,746	3,472,472	--	17,957,218
Total Liabilities	18,619,116	3,652,047	190,635	22,461,798
DEFERRED INFLOWS				
Deferred Gain on Bond Refunding	31,398	--	--	31,398
Deferred Inflows Related to Pensions	44,189	11,945	--	56,134
	75,587	11,945	--	87,532
NET POSITION				
Invested in Capital Assets, Net of Related Debt	17,588,609	1,784,735	1,046,911	20,420,255
Unrestricted	4,913,780	1,100,661	164,774	6,179,215
TOTAL NET POSITION	22,502,389	2,885,396	1,211,685	26,599,470

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

Exhibit 6

INTERNAL SERVICE FLEET
--
--
--
--
27,194
--
--
27,194
--
73,921
73,921
101,115
--
60,744
60,744
28,546
2,795
--
451,125
--
--
4,338
486,804
--
8,421
76,056
121,167
205,644
692,448
--
3,769
3,769
--
(534,358)
(534,358)

CITY OF ROCKPORT, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

	<u>WATER & SEWER</u>	<u>NATURAL GAS</u>	<u>NONMAJOR ENTERPRISE</u>	<u>TOTAL ENTERPRISE</u>
Operating Revenues				
Charges for Services	10,338,747	1,826,135	2,257,554	14,422,436
Operating Expenses				
Personal Services	1,971,760	558,265	224,182	2,754,207
Contractual Services	628,427	61,989	1,984,966	2,675,382
Maintenance	3,718,194	76,503	15,298	3,809,995
Supplies	110,009	657,599	84,767	852,375
Other	268,894	27,936	3,661	300,491
Depreciation	929,478	143,145	67,131	1,139,754
Total Operating Expenses	<u>7,626,762</u>	<u>1,525,437</u>	<u>2,380,005</u>	<u>11,532,204</u>
Operating Income (Loss)	2,711,985	300,698	(122,451)	2,890,232
Nonoperating Revenue (Expenses)				
Interest on Investments	8,551	1,155	--	9,706
Payments From Other Governments	--	--	37,667	37,667
Interest Expense and Fiscal Charges	(505,491)	(81,213)	--	(586,704)
Bond Issuance Cost				
Other Revenues	12,618	--	--	12,618
Net Nonoperating Revenues (Expenses)	<u>(484,322)</u>	<u>(80,058)</u>	<u>37,667</u>	<u>(526,713)</u>
Capital Contributions	<u>2,218</u>	<u>--</u>	<u>--</u>	<u>2,218</u>
Income Before Transfers	2,229,881	220,640	(84,784)	2,365,737
Transfers In (Note 7)	231,542	--	216,793	448,335
Transfers Out (Note 7)	(1,353,701)	(168,700)	--	(1,522,401)
Total Operating Transfers	<u>(1,122,159)</u>	<u>(168,700)</u>	<u>216,793</u>	<u>(1,074,066)</u>
Net Income (Loss)	1,107,722	51,940	132,009	1,291,671
Net Position at Beginning of Year as Restated	<u>21,394,667</u>	<u>2,833,456</u>	<u>1,079,676</u>	<u>25,307,799</u>
NET POSITIONS END OF YEAR	<u><u>22,502,389</u></u>	<u><u>2,885,396</u></u>	<u><u>1,211,685</u></u>	<u><u>26,599,470</u></u>

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

Exhibit 7

INTERNAL SERVICE FLEET
607,008
249,109
50,871
50,256
418,493
2,375
7,558
<u>778,662</u>
(171,654)
--
--
--
<u>--</u>
--
<u>--</u>
(171,654)
--
<u>(6,200)</u>
<u>(6,200)</u>
(177,854)
<u>(356,504)</u>
<u><u>(534,358)</u></u>

**CITY OF ROCKPORT, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

	WATER & SEWER	NATURAL GAS	NONMAJOR ENTERPRISE	TOTAL ENTERPRISE
Cash Flows from Operating Activities				
Receipts from Customers	10,162,278	1,772,307	2,237,571	14,172,156
Receipts from Interfund Services Provided	--	--	--	--
Payments to Suppliers	(4,475,049)	(991,075)	(2,237,945)	(7,704,069)
Payments to Employees	(1,277,049)	(373,702)	(193,202)	(1,843,953)
Net Cash Provided by Operating Activities	4,410,180	407,530	(193,576)	4,624,134
Cash Flows from Noncapital Financing Activities				
Change in Interfund Borrowings	337,361	(504,374)	(77,343)	(244,356)
Transfers In from Other Funds	231,542	--	216,793	448,335
Transfers Out to Other Funds	(1,353,701)	(168,700)	--	(1,522,401)
Net Cash Provided by (Used for) Noncapital Financing Activities	(784,798)	(673,074)	139,450	(1,318,422)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(1,909,476)	--	--	(1,909,476)
Principal Paid on Long-term Debt	(986,653)	(121,576)	--	(1,108,229)
Interest Expense and Fiscal Charges	(532,116)	(107,247)	--	(639,363)
Payments from Other Governments	2,218	--	37,667	39,885
Net Cash Used for Capital and Related Financing Activities	(3,426,027)	(228,823)	37,667	(3,617,183)
Cash Flows from Investing Activities				
Interest on Investments	8,551	1,155	--	9,706
Increase (Decrease) in Cash and Cash Equivalents	207,906	(493,212)	(16,459)	(301,765)
Cash and Cash Equivalents at Beginning of Year Including Restricted Accounts	6,543,482	2,901,946	139,179	9,584,607
Cash and Cash Equivalents at End of Year	6,751,388	2,408,734	122,720	9,282,842

Exhibit 8

**INTERNAL
SERVICE
FLEET**

--

607,008

(532,310)

(160,876)

(86,178)

137,169

--

(6,200)

130,969

(44,791)

--

--

--

(44,791)

--

--

--

--

(Continued)

**CITY OF ROCKPORT, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>WATER & SEWER</u>	<u>NATURAL GAS</u>	<u>NONMAJOR ENTERPRISE</u>	<u>TOTAL ENTERPRISE</u>
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by Operating Activities				
Operating Income (Loss)	2,711,985	300,698	(122,451)	2,890,232
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	929,478	143,145	67,131	1,139,754
Nonoperating Revenues	12,618	--	--	12,618
Changes in Assets, Liabilities and Deferred				
Accounts Receivable	(260,321)	(53,828)	(19,983)	(334,132)
Inventories	7,231	7,314	--	14,545
Deferred Outflows Related to Pension	(98,569)	(28,740)	--	(127,309)
Accounts Payable	894,663	(19,911)	(110,780)	763,972
Accrued Expenses	(43,303)	(13,422)	(7,493)	(64,218)
Customer Deposits	71,234	--	--	71,234
Compensated Absences	5,560	1,086	--	6,646
OPEB Obligation	44,270	31,728	--	75,998
Net Pension Liability	152,252	44,392	--	196,644
Deferred Inflows Related to Pension	(16,918)	(4,932)	--	(21,850)
	<u>4,410,180</u>	<u>407,530</u>	<u>(193,576)</u>	<u>4,624,134</u>
Net Cash Provided (Used) by Operating Activities	<u>4,410,180</u>	<u>407,530</u>	<u>(193,576)</u>	<u>4,624,134</u>

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

Exhibit 8
(Continuation)

**INTERNAL
SERVICE
FLEET**

(171,654)

7,558

--

--

14,255

(11,858)

42,724

(2,318)

--

6,635

12,200

18,315

(2,035)

(86,178)

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rockport, Texas (the City) was incorporated in 1871 under the provisions of the laws for the State of Texas. The City operates under a Home-Rule Charter, which was adopted on April 12, 1983, and provides the following services, as authorized, by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administration services. Other services include utilities. The City operates with a Council-Manager type of government, where the City Council consists of the mayor and four council members. The mayor is elected at large and one council member is elected from each of four wards.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

A. Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Based on this criterion, the City has no component units.

B. Basis of Presentation

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

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

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

C. Fund Financial Statements

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

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

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

2007 Capital Project Fund – The fund is used to account for the proceeds and related expenditures of the 2007 Certificate of Obligation issue.

2015 Capital Project Fund – The fund is used to account for the proceeds and related expenditures of the 2015 Certificate of Obligation issue.

2016 Capital Project Fund – The fund is used to account for the proceeds and related expenditures of the 2016 Certificate of Obligation issue.

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

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

Natural Gas Fund – Natural Gas Fund is used to account for the provision of natural services to the residents of the City. Activities of the fund include administration, operations and maintenance of the gas system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for natural gas debt. All costs are financed through charges to natural gas

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in the summary form as part of the proprietary fund financial statements. The City's internal service funds account for vehicle maintenance services to other departments within the City on a cost-reimbursement basis. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level in the Statement of Net Position. The net activity of these services is offset against the appropriate functional activity in the Statement of Activities. This complies with the City's policy of eliminating internal activity from the government-wide statements.

D. Measurement Focus/Basis of Accounting

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

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

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

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

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

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

E. Budgetary Control

Annual budgets are adopted for General Fund, Utility Surcharge Fund, Hotel/Motel Occupancy Tax Fund, Municipal Court Security & Technology Fund, City/County Dispatch Fund and Debt Service Fund.

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. On or before the first regular scheduled meeting in August of each year, the City Manager submits a proposed budget for the ensuing fiscal year and budget message. The City council reviews the proposed budget and make any appropriate changes prior to publishing the final budget. The Council holds a public hearing on the proposed budget.

At a regular or special meeting, not fewer than seven days after the public hearing, the City Council will adopt the budget by ordinance on one reading. Adopting of the budget shall constitute appropriation of the amounts specified therein as expenditures from the funds indicated and constitutes a levy of property tax therein proposed.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council.

The City prepares all budgets on a "GAAP" basis.

F. Cash and Cash Equivalents

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled cash accounts is available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with maturity of ninety days or less are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

G. Investments

This City's reports money market investments and short-term participating interest-earning investment contracts at amortized cost and reports nonparticipating interest-earning investment contracts using a cost-based measure. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investments.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

H. Property Tax

Property taxes attach, as an enforceable lien, on property as of January 1. The City's property tax is levied each October 1 on the basis of assessed values at the date the enforceable lien attaches. Appraised values are established by the Aransas County Appraisal District, assessed at 100% of appraised value, approved by the Aransas County Appraisal Review Board, and certified by the Chief Appraiser. Responsibility for the billing and collection of the City's taxes is contracted to Aransas County as an efficiency measure.

Taxes are due on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. Taxes become delinquent on February 1 at which time penalty and interest charges are applicable. Property tax revenues are recorded as revenues when they become available.

I. Receivables

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is based on historical experience in collecting tax receivables.

Utility revenue is recorded when earned. Customers are billed monthly.

J. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using either the first-in/first-out method or the average cost method.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Outlays for capital assets are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of the year in which costs are incurred. Other capital assets begin depreciating when the asset is placed in service.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>ASSETS</u>	<u>LIFE IN YEARS</u>
Buildings	20-40
Water and Sewer System	5-50
Infrastructure	50
Machinery and Equipment	5-10
Improvements Other than Buildings	20
Vehicles	3-10

L. Accumulated Unpaid Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accounted for using the termination payment method. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. Expenditures are recorded in the governmental funds as employees resign or retire. Compensated absences liabilities are normally paid from the funds reporting payroll and related expenditures.

M. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance cost, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

N. Pension Plan

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.

O. Fund Equity

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Invested in Capital Assets

This category represents the net carrying value of all capital assets, reduced by the outstanding balances of long-term debt that are attributable to the acquisition, construction or improvement of these assets.

Restricted

The restricted component of net position represents restricted assets reduced by liabilities related to those assets. This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted

This category is the "residual" component of net position. It consists of net position that does not meet the definition of "restricted" or "net invested in capital assets."

In the governmental fund financial statements, the components of fund balances reflect policies and procedures established by actions of the City Council and its designated officials.

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories and prepaid items, long-term advances, long-term receivables, and nonfinancial assets held for resale.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by Council ordinance or resolution no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council and the City Manager, have the authority to assign amounts for a specific purpose. The residual fund balance that is not Restricted or Committed in governmental funds except the General Fund is assigned.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

The *unassigned* fund balance represents the spendable net resources that have not been restricted, committed, or assigned to specific purposes.

P. Deferred Outflows/Inflows of Resources

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

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

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Q. Spending Prioritization in Using Available Resources

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

R. Use of Estimates

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

Note 2 – CASH AND INVESTMENTS

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

At September 30, 2017, the carrying amount of the City's cash deposits was \$12,334,407 and the bank balance was \$12,182,959. The City's bank balances at September 30, 2017 and during the period ended September 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The City also had \$1,801 in cash on hand.

As of September 30, 2017, the City had \$5,371,206 invested in Texpool and the Texas Daily Funds. This investment is included in cash and cash equivalents because of its short-term maturity.

As of September 30, 2017, the City had \$3,140,000 invested in certificates of deposit that are included as investments.

Interest Rate Risk – In accordance with state law and City policy, the City does not purchase any investments with maturities greater than 10 years.

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

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. In addition to other provisions of the PFIA designed to promote liquidity and safety of principal, the (PFIA) requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. All investments noted above have been rated AAA-m by Standard & Poor's and AAA by Moody's.

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

Note 2 – CASH AND INVESTMENTS – (Continuation)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit risk.

Note 3 – CAPITAL ASSETS

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

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	9,413,782	101,441.25	--	9,515,223
Construction in Progress	--	92,743	--	92,743
Total Capital Assets, Not Being Depreciated	9,413,782	194,184	--	9,607,966
Infrastructure	17,032,041	113,577	--	17,145,618
Building and Improvements	5,003,731	--	--	5,003,731
Improvements other than Bldg	1,884,604	238,254	--	2,122,858
Machinery and Equipment	4,780,526	458,238	--	5,238,764
Total Capital Assets, Being Depreciated	28,700,902	810,069	--	29,510,971
Less Accumulated Depreciation				
Infrastructure	2,147,317	355,527	--	2,502,844
Building and Improvements	1,580,006	131,658	--	1,711,664
Improvements other than Bldg	711,235	108,338	--	819,573
Machinery and Equipment	3,060,500	447,669	--	3,508,169
Total Accumulated Depreciation	7,499,058.00	1,043,192	--	8,542,250
Total Capital Assets, Being Depreciated, Net	21,201,844	(233,123)	--	20,968,721
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	30,615,626	(38,939)	--	30,576,687

Note 3 – CAPITAL ASSETS - (Continuation)

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	214,953	--	--	214,953
Total capital Assets, Not Being Depreciated	214,953	--	--	214,953
Building and Improvements	6,207,831	--	--	6,207,831
Water System	21,822,602	1,814,636	--	23,637,238
Sewer System	21,613,943	71,830	--	21,685,773
Natural Gas System	4,294,256	--	--	4,294,256
Machinery and Equipment	2,403,902	23,010	--	2,426,912
Total Capital Assets, Being Depreciated	56,342,534	1,909,476	--	58,252,010
Less Accumulated Depreciation				
Building and Improvements	1,638,488	170,112	--	1,808,600
Water System	8,669,695	398,572	--	9,068,267
Sewer System	8,988,585	352,664	--	9,341,249
Natural Gas System	629,825	143,145	--	772,970
Machinery and Equipment	2,116,958	75,261	--	2,192,219
Total Accumulated Depreciation	22,043,551	1,139,754	--	23,183,305
Total Capital Assets, Being Depreciated, Net	34,298,983	769,722	--	35,068,705
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	34,513,936	769,722	--	35,283,658

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

Depreciation Expense	
Governmental Activities	
General Government	128,689
Public Safety	262,280
Public Works	503,550
Culture and Recreation	148,673
Total Governmental Activities	1,043,192
Business-Type Activities	
Water & Sewer	929,478
Natural Gas	143,145
Aquatic Center	67,131
Total Business-Type Activities	1,139,754

Note 4 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2017:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities					
General Obligations	14,519,608	--	623,872	13,895,736	200,000
Certificates of Obligation	6,107,899	--	987,899	5,120,000	1,364,408
Premium on Bonds	1,252,074	--	214,867	1,037,207	181,886
Capital Leases	778,123	78,035	118,977	737,180	105,773
Total Long-Term Debt	8,138,096	78,035	1,321,744	6,894,387	1,852,067
Compensated Absences	429,754	165,108	150,935	443,927	150,935
Pension Liability	3,228,687	1,132,648	657,579	3,703,756	--
OPEB Obligation	1,108,301	319,033	86,209	1,341,125	--
Total Governmental Activities	27,053,056	802,808	2,707,894	25,147,971	2,003,002
Business-Type Activities					
General Obligations	6,000,392	--	491,128	5,509,264	680,592
Certificates of Obligation	11,197,101	--	617,101	10,580,000	630,000
Premium on Bonds	658,296	--	99,167	559,129	95,477
Total Long-Term Debt	17,855,788	--	1,207,396	16,648,392	1,406,069
Compensated Absences	178,762	69,686	63,039	185,409	63,039
Pension Liability	1,382,022	517,932	321,288	1,578,666	--
OPEB Obligation	987,903	134,976	109,020	1,013,859	--
Total Business-Type Activities	21,942,533	766,637	1,889,664	20,819,505	1,469,108

Note 5 – LONG-TERM DEBT

The following is a summary of bonds payable as of September 30, 2017

	GOVERNMENTAL ACTIVITY	BUSINESS- TYPE ACTIVITY
General Obligation Refunding Bonds, Series 2009 Original Issuance \$3,680,000 Varying interest rates 3% to 4%	183,897	131,103
General Obligation Refunding Bonds, Series 2010 Original Issuance \$2,905,000 Callable February 15, 2020 at par. Varying interest rates 2% to 4%	638,520	636,480
General Obligation Refunding Bonds, Series 2012 Original Issuance \$6,880,000 Callable February 15, 2023 at par. Varying interest rates 1% to 3%	3,231,672	2,363,328
General Obligation Refunding Bonds, Series 2014 Original Issuance \$5,430,000 Callable February 15, 2025 at par. Varying interest rates 2% to 4.25%	4,408,793	906,207
General Obligation Refunding Bonds, Series 2015 Original Issuance \$7,125,000 Callable February 15, 2027 at par. Varying interest rates 2% to 3.75%	5,432,854	1,472,146
Total General Obligations	13,895,736	5,509,264
Combination Tax and Revenue Certificates of Obligation, Series 2009 Original Issuance \$10,355,000 Callable February 15, 2020 at par. Varying interest rates 2% to 3%	--	7,365,000
Combination Tax and Revenue Certificates of Obligation, Series 2014 Original Issuance \$3,610,000 Callable February 15, 2024 at par. Varying interest rates 3% to 4.5%	--	3,215,000
Combination Tax and Revenue Certificates of Obligation, Series 2015 Original Issuance \$1,950,000 Callable February 15, 2025 at par. Varying interest rates 2% to 4%	1,845,000	--
Combination Tax and Revenue Certificates of Obligation, Series 2016 Original Issuance \$3,275,000 Callable February 15, 2026 at par. Varying interest rates 3% to 4%	3,275,000	--
Total Certificates of Obligation	5,120,000	10,580,000
Total Debt	19,015,736	16,089,264

Note 5 – LONG-TERM DEBT – (Continuation)

The annual requirements to amortize all bonded debt from governmental and business-type activities as of September 30, 2017 are as follows:

YEAR ENDED SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	GENERAL OBLIGATION BONDS		CERTIFICATES OF OBLIGATION	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2018	1,364,408	461,418	200,000	166,300
2019	1,349,173	421,560	205,000	159,800
2020	1,318,928	382,963	215,000	153,050
2024	1,359,754	340,692	225,000	145,950
2022	1,295,450	295,548	230,000	138,550
2023-2027	7,208,023	696,035	1,275,000	561,706
2028-2032	--	--	1,515,000	334,519
2033-2036	--	--	1,255,000	76,675
	13,895,736	2,598,216	5,120,000	1,736,550

YEAR ENDED SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES			
	GENERAL OBLIGATION BONDS		CERTIFICATES OF OBLIGATION	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2018	680,592	170,258	630,000	415,552
2019	660,827	150,366	650,000	392,852
2020	631,072	131,613	680,000	369,202
2024	650,246	111,396	700,000	343,852
2022	514,550	91,865	725,000	316,877
2023-2027	7,208,023	196,493	4,110,000	1,113,075
2028-2032	--	--	2,585,000	293,284
2033-2036	--	--	500,000	21,463
	5,509,265	851,991	10,580,000	3,266,157

Note 6 – CAPITAL LEASES

The City has entered into a lease purchase agreement for the Public Safety Center with the County of Aransas, Texas. The City and County jointly paid for the facility to house the law enforcement entities. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. At September 30, 2017, the Center is carried at the cost of \$1,607,000 net of accumulated depreciation of \$522,275. The City acquired four vehicles under a lease purchase agreement that are carried at a cost of \$88,113 net of accumulated depreciation of \$7,341 as of September 30, 2017. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at September 30, 2017:

YEAR ENDED SEPTEMBER 30,	BUILDING	EQUIPMENT	TOTAL
2018	105,867	20,157	126,024
2019	105,461	20,157	125,618
2020	105,722	20,157	125,879
2021	105,242	14,394	119,636
2022	105,641	--	105,641
2023-2027	212,078	--	212,078
	740,011	74,865	814,876
Less Amount Representing Interest	(65,329)	(12,367)	(77,696)
Total Capital Lease	674,682	62,498	737,180

Note 7 – INTERFUND TRANSACTIONS AND BALANCES

Interfund balances at September 30, 2017 consisted of the following individual fund balances:

	INTERFUND	
	<u>RECEIVABLE</u>	<u>PAYABLE</u>
Governmental Funds		
General Fund	--	8,238
Other Nonmajor Governmental Funds	--	28,170
	--	36,408
Business-Type Funds		
Water & Sewer	487,533	--
Internal Service Fund	--	451,125
	487,533	487,533

The interfund balances at September 30, 2017 are for short-term loans to cover temporary cash flows and reimbursements for various funds.

Note 7 – INTERFUND TRANSACTIONS AND BALANCES (Continuation)

Interfund transfers during the year ended September 30, 2017 were as follows:

	TRANSFERS OUT		
	GENERAL	DEBT SERVICE	NONMAJOR GOVERNMENTAL
TRANSFERS IN			
General	--	--	790,938
Debt Service	--	--	--
2005 Capital Projects	--	--	--
Nonmajor Governmental	--	24,811	20,557
Water & Sewer	1,164,658	189,043	--
Natural Gas	--	--	--
Internal Service	--	--	6,200
TRANSFER IN	1,164,658	213,854	817,695
	WATER & SEWER	NONMAJOR ENTERPRISE	TOTAL
General	--	216,793	1,007,731
Debt Service	10,972	--	10,972
2005 Capital Projects	51,870	--	51,870
Nonmajor Governmental	--	--	45,368
Water & Sewer	--	--	1,353,701
Natural Gas	168,700	--	168,700
Internal Service	--	--	6,200
TRANSFER IN	231,542	216,793	2,644,542

The Water & Sewer transfers to the General Fund were for an allocated amount for administrative service charges, and the transfer to Debt Service were payment of Debt Service related to the various bond series. Transfer to Nonmajor Governmental Funds are mainly to cover deficits.

Note 8 – PROPERTY TAXES

The City's taxes are billed and collected by the Aransas County Tax Office. Ad valorem taxes of \$5,109,529 were assessed on property values totaling \$1,190,639,302 using a tax rate of \$0.364858 (\$0.219047 for maintenance and operations and \$0.145811 for debt service) per \$100 assessed value.

Note 9 – DEFINED BENEFIT PENSION PLAN

Plan Description.

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent 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

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The City of Rockport provides retirement and supplemental death benefits to its employees and retirees.

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 actuarially equivalent 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.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

The City granted monetary credit for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee with interest, prior to establishment of the Plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the City Council within the options available in statutes governing TMRS. Plan provisions for the City are as follows:

Employee Deposit Rate	7%
Matching Rate (City to Employee)	2 to 1
Years Required for Vesting	10
Service Retirement Eligibility (Expressed as Age/Years of Service)	20 years at any age, 10 years at age 60 and above

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

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

Retirees or Beneficiaries Currently Receiving Benefits	58
Inactive Employees Entitled to but not Receiving Benefits	57
Active Employees	119
	<u>234</u>

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting 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 of Rockport were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2017, the City made contributions of 15.43% which included .023%, for supplemental death benefits for the calendar year 2016 and 16.07% which included .023% for supplemental death benefits for the calendar year 2017.

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, 2015 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 Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. This experience study 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 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75% effective January 1, 2016. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary 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 real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
Total	100.00%	

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

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 contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	<u>TOTAL PENSION LIABILITY</u>	<u>PLAN FIDUCIARY NET POSITION</u>	<u>NET PENSION LIABILITY</u>
Balance at 12/31/2015	26,125,830	21,515,121	4,610,709
Change for the Year			
Service Cost	982,451	--	982,451
Interest	1,750,739	--	1,750,739
Difference Between Expected and Actual Experience	(14,404)	--	(14,404)
Changes in Assumptions	665,897	--	665,897
Contributions - Employer	--	877,449	(877,449)
Contributions - Employee	--	398,907	(398,907)
Net Investment Income	--	1,453,921	(1,453,921)
Changes in Assumptions	--	(1,331,557)	1,331,557
Benefit Payments, Including Refunds of Employee Contributions	(1,331,557)	--	(1,331,557)
Administrative Expenses	--	(16,421)	16,421
Other Changes	--	(886)	886
Net Changes	<u>2,053,126</u>	<u>1,381,413</u>	<u>671,713</u>
 BALANCE 12/31/2016	 <u>28,178,956</u>	 <u>22,896,534</u>	 <u>5,282,422</u>

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

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%) or 1-percentage-point higher (7.75%) than the current rate:

	1% DECREASE 5.75%	CURRENT SINGLE RATE ASSUMPTION 6.75%	1% INCREASE 7.75%
City's Net Pension Liability	<u>9,166,925</u>	<u>5,282,421</u>	<u>2,097,214</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. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2017, the City recognized pension expense of \$1,339,667. This amount is included as part of Personal Services expenses within the functional program activities.

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 INFLOW OF RESOURCES
Pension Contributions after Measurement Date	938,019	--
Difference in Projected and Actual Earnings on Pension Assets	974,871	--
Difference in Projected and Actual Pension Experience	508,102	163,071
Difference in Actuarial Assumptions Used to Determine Pension Liability	<u>67,585</u>	<u>--</u>
	<u>2,488,577</u>	<u>163,071</u>

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$637,998 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the city's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**MEASUREMENT YEAR
ENDED DECEMBER 31,**

2018	456,163
2019	459,909
2020	437,028
2021	<u>34,387</u>
	<u><u>1,387,487</u></u>

Note 10 – OTHER POSTEMPLOYMENT BENEFITS

Program Description

In addition to the pension benefits described in Note 9, as required by state law and defined by City Policy, the City makes available health care benefits to employees who retire from the City as follows:

- Retirement before 4/24/2001 – City pays 100% of premium.
- Retirement after 4/24/2001 with ten years of service – City pays 50% of the premium. The percentage of premium paid increases annually and at twenty years of service the City pays 100% of the premium.

Early retirement, and duty disabled benefits are the same as above but if retiring after 4/24/2001, at age 65, the retiree must apply for Medicare and the City furnishes a Medicare Supplemental Policy.

After 4/24/2001, eligible employees must enroll for this coverage within thirty days of retirement.

The health care benefit provided by the plan is for the retiree only.

Funding Policy

The City pays for the premiums on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) for the retiree health insurance is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each

Note 10 – OTHER POSTEMPLOYMENT BENEFITS – (Continuation)

year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually, contributed to the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution (ARC)	426,305
Interest on OPEB Obligation	94,329
Adjustment to ARC	<u>(66,625)</u>
Total	454,009
Employer Contribution	<u>(195,230)</u>
Increase in OPEB Obligation	258,779
Net OPEB Obligation, Beginning of Year	<u>2,096,205</u>
NET OPEB OBLIGATION, END OF YEAR	<u>2,354,984</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and 2017 were as follows:

<u>YEAR ENDED SEPTEMBER 30,</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF OPEB COST CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
2016	442,557	42.49%	2,096,205
2017	454,009	43.00%	2,354,984

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$4,646,230, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) for fiscal year 2017 was \$5,056,638, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 91.885%.

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets held in an irrevocable trust is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 10 – OTHER POSTEMPLOYMENT BENEFITS – (Continuation)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the December 31, 2014, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions use a 4.5% discount rate, 3% payroll growth rate, 4% inflation rate and 7.25% initial rate, declining to an ultimate rate of 5.25% after ten years for medical trends. The present value of all benefits expected to be paid to current plan members as of December 31, 2014, is \$7,325,734. The actuarial accrued liability, which is a portion of the \$7,325,734 attributable to service accrued by plan members as of December, 31, 2014, is \$4,646,230. As of December 31, 2014, there is \$0 in valuation assets available to offset the liabilities of the plan.

Note 11 – FUND BALANCES

Fund Balances Consisted of the following as of September 30, 2017:

Restricted:

Capital Projects	
2005 Capital Project	2,500,793
2007 Capital Project	3,508,509
Nonmajor Capital Projects	555,518
Nonmajor Special Revenue Funds	
Tourism	1,101,948
Public Safety	173,235
Public Access TV	183,247
Security and Technology	8,008
Specific Donors	11,384
Key Allegro Property Improvements	232
Child Safety	1,542
Total Restricted	<u>8,044,416</u>

Committed -

Debt Service Fund - Debt Retirement	299,247
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Assigned:

Nonmajor Capital Project Funds - Vehicle Replacement and Capital Improvements	270,713
Nonmajor Special Revenue Funds - Juvenile Case Management	6,348
Total Assigned	<u>277,061</u>

Unassigned

General Fund	<u>1,677,334</u>
Total Fund Balance	<u><u>10,298,058</u></u>

Note 12 – COMMITMENTS AND CONTINGENT LIABILITIES

The City is exposed to various risks of loss related to third party liability claims; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The City obtains general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Note 12 – COMMITMENTS AND CONTINGENT LIABILITIES (Continuation)

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 13- FUTURE FINANCIAL REPORTING REQUIREMENTS

The City has reviewed GASB pronouncements which become effective in future years and notes the following statements are applicable to the City.

Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” – This statement changes the focus of accounting of postemployment benefits other than pensions from how much it costs to adequately fund the benefits over time to a point-in-time liability that is reflected on the employer’s financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

CITY OF ROCKPORT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST THREE YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

	DECEMBER 31,		
	2014	2015	2016
Total Pension Liability			
Service Cost	740,391	876,152	982,451
Interest	1,625,684	1,721,744	1,750,739
Changes of Benefit Terms		--	--
Difference Between Expected and Actual Experience	(29,335)	(291,293)	(14,404)
Change in Assumptions	--	126,355	665,897
Benefit payments, Including Refunds of Employee Contribution	(1,133,860)	(930,802)	(1,331,557)
Net Change in Total Pension Liability	1,202,880	1,502,156	2,053,126
Total Pension Liability - Beginning	23,420,794	24,623,674	26,125,830
Total Pension Liability - Ending	24,623,674	26,125,830	28,178,956
Plan Fiduciary Net Position			
Contributions - Employer	777,084	830,773	877,449
Contributions - Employee	339,762	365,498	398,907
Net Investment Income	1,150,850	31,339	1,453,921
Benefit Payments, Including Refunds of Employee Contributions	(1,133,860)	(930,802)	(1,331,557)
Administrative Expenses	(12,015)	(19,088)	(16,421)
Other	(988)	(943)	(885)
Net Change in Fiduciary Net Position	1,120,833	276,777	1,381,414
Plan Fiduciary Net Position - Beginning	20,117,511	21,238,344	21,515,121
PLAN FIDUCIARY NET POSITION - ENDING	21,238,344	21,515,121	22,896,535
NET PENSION LIABILITY	3,385,330	4,610,709	5,282,421
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.25%	82.35%	81.25%
Covered Employee Payroll	4,853,742	5,221,406	5,698,673
Net Pension Liability as a Percentage of Covered Employee Payroll	69.75%	88.30%	92.70%

**CITY OF ROCKPORT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CITY CONTRIBUTIONS
LAST THREE YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)**

FISCAL YEAR	(1) ACTUARILLY DETERMINED CONTRIBUTION	(2) CONTRIBUTION IN RELATION TO THE ACTUARILLY DETERMINED CONTRIBUTION	(3) CONTRIBUTION EXCESS (DEFICIENCY (2)-(1))	(4) COVERED EMPLOYEE PAYROLL	(5) ACTUARILLY DETERMINED CONTRIBUTIONS AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL (1)/(4)	(6) CONTRIBUTION AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL (2)/(4)
2008	519,669	519,669	--	3,861,196	13.46%	13.46%
2009	566,212	566,212	--	4,043,337	14.00%	14.00%
2010	625,336	625,336	--	4,372,266	14.30%	14.30%
2011	668,220	668,220	--	4,476,021	14.93%	14.93%
2012	719,061	571,988	147,073	4,654,360	15.45%	12.29%
2013	679,157	418,917	260,240	4,369,466	15.54%	9.59%
2014	758,836	758,836	--	4,853,742	15.63%	15.63%
2015	831,456	831,456	--	5,136,730	16.19%	16.19%
2016	877,449	877,449	--	5,698,673	15.40%	15.40%
2017	917,078	917,078	--	5,793,290	15.83%	15.83%

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	25 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	3%
Salary Increases	3.5% to 12% including inflation
Investment Rate of Return	7%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuating pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates by 103% and projected on a fully granular basis with scale BB.

**CITY OF ROCKPORT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH PLAN
SCHEDULE OF FUNDING PROGRESS
LAST TWO THREE YEARS**

FISCAL YEAR	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	FUNDED RATIO	UNFUNDED ACUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2014	--	3,722,663	0%	3,722,663	4,339,243	85.79%
2015	--	4,646,230	0%	4,646,230	4,850,237	95.79%
2016	--	4,646,230	0%	4,646,230	5,136,730	90.45%
2017	--	4,646,230	0%	4,646,230	5,056,638	91.88%

Combining and Individual Financial Statements and Schedules



**CITY OF ROCKPORT, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

ASSETS	SPECIAL REVENUE	CAPITAL PROJECT	TOTAL NONMAJOR GOVERNMENTAL
Cash and Cash Equivalents	1,498,907	277,830	1,776,737
Receivables, Net of Allowance for Uncollectible			
Other Taxes	170,661	--	170,661
Accounts	18,767	--	18,767
Intergovernmental	29,928	--	29,928
Restricted Cash and Investments			
Cash and Cash Equivalents	--	555,518	555,518
TOTAL ASSETS	1,718,263	833,348	2,551,611
LIABILITIES AND FUND BALANCE			
Accounts Payable	184,289	7,117	191,406
Accrued Expenditures	1,093	--	1,093
Due to Other Funds	28,170	--	28,170
Unearned Revenue	18,767	--	18,767
Total Liabilities	232,319	7,117	239,436
Fund Balance			
Restricted			
Capital Projects	--	555,518	555,518
Toursim	1,101,948	--	1,101,948
Public Safety	173,235	--	173,235
Public Access TV	183,247	--	183,247
Security and Technology	8,008	--	8,008
Specified by Donors	11,384	--	11,384
Key Allegro Property Improvements	232	--	232
Child Safety	1,542	--	1,542
Assigned	6,348	270,713	277,061
Total Fund Balance	1,485,944	826,231	2,312,175
TOTAL LIABILITIES AND FUND BALANCE	1,718,263	833,348	2,551,611

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2017

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL</u>
Revenues			
Taxes and Business Fees	1,051,970	--	1,051,970
Intergovernmental	551,140	187	551,327
Fines and Forfeitures	33,873	--	33,873
Charges for Services	100	--	100
Interest on Investments	--	1,635	1,635
Other Revenues	15,256	--	15,256
Total Revenue	<u>1,652,339</u>	<u>1,822</u>	<u>1,654,161</u>
Expenditures			
Current			
General Government	--	1,704	1,704
Public Safety	1,043,971	14,472	1,058,443
Culture and Recreation	92,417	8,256	100,673
Tourism	623,225	--	623,225
Debt Service			
Principal Retirement	19,292	15,536	34,828
Interest and Fiscal Charges	1,254	1,660	2,914
Capital Projects	50,245	593,541	643,786
Total Expenditures	<u>1,830,404</u>	<u>635,169</u>	<u>2,465,573</u>
Revenues Over (Under) Expenditures	(178,065)	(633,347)	(811,412)
Other Financing Sources (Uses)			
Capital Leases	--	78,035	78,035
Transfers In	555,494	262,200	817,694
Transfers Out	(24,811)	(20,557)	(45,368)
Total Other Financing Sources	<u>530,683</u>	<u>319,678</u>	<u>850,361</u>
Net Change in Fund Balance	352,618	(313,669)	38,949
Fund Balance at Beginning of Year	<u>1,133,326</u>	<u>1,139,900</u>	<u>2,273,226</u>
Fund Balance at End of Year	<u><u>1,485,944</u></u>	<u><u>826,231</u></u>	<u><u>2,312,175</u></u>

**CITY OF ROCKPORT, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	UTILITY BILL SURCHARGE	STONEGARDEN GRANT	BAY EDUCATION CENTER	JUVENILE CASE MANAGER
ASSETS				
Cash and Cash Equivalents	257,631	180	34,708	6,348
Receivables, Net of Allowance for Allowance				
Other Taxes	--	--	--	--
Accounts	18,767	--	--	--
Intergovernmental	--	--	--	--
TOTAL ASSETS	276,398	180	34,708	6,348
LIABILITIES AND FUND BALANCE				
Accounts Payable	143,908	180	34,708	--
Accrued Expenditures	--	--	--	--
Due to Other Funds	--	--	--	--
Total Liabilities	162,675	180	34,708	--
Fund Balance				
Restricted			--	
Capital Projects	--	--	--	--
Toursim	--	--	--	--
Public Safety	113,723	--	--	--
Public Access TV	--	--	--	--
Security and Technology	--	--	--	--
Specified by Donors	--	--	--	--
Key Allegro Property Improvements	--	--	--	--
Child Safety	--	--	--	--
Assigned	--	--	--	6,348
Total Fund Balance	113,723	--	--	6,348
TOTAL LIABILITIES AND FUND BALANCE	276,398	180	34,708	6,348

Exhibit 10-A

CONTRIBUTION FUND	CITY/COUNTY DISPATCH SERVICES	PUBLIC ACCESS TV	HOTEL/ MOTEL TAX
11,384	--	183,247	931,322
--	--	--	170,661
--	--	--	--
--	29,928	--	--
11,384	29,928	183,247	1,101,983
--	665	--	35
--	1,093	--	--
--	28,170	--	--
--	29,928	--	35
--	--	--	--
--	--	--	1,101,948
--	--	--	--
--	--	183,247	--
--	--	--	--
11,384	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
11,384	--	183,247	1,101,948
11,384	29,928	183,247	1,101,983

(Continued)

**CITY OF ROCKPORT, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	KEY ALLEGRO PROPERTY IMPROVEMENT DISTRICT	BORDER STAR GRANT	CHILD SAFETY	FORFEITURE
ASSETS				
Cash and Cash Equivalents	232	16,798	1,542	47,507
Receivables, Net of Allowance for Allowance				
Other Taxes	--	--	--	--
Accounts	--	--	--	--
Intergovernmental	--	--	--	--
TOTAL ASSETS	232	16,798	1,542	47,507
LIABILITIES AND FUND BALANCE				
Accounts Payable	--	4,793	--	--
Accrued Expenses	--	--	--	--
Due to Other Funds	--	--	--	--
Unearned Revenue	--	--	--	--
Total Liabilities	--	4,793	--	--
Fund Balance				
Restricted				
Capital Projects	--	--	--	--
Toursim	--	--	--	--
Public Safety	--	12,005	--	47,507
Public Access TV	--	--	--	--
Security and Technology	--	--	--	--
Specified by Donors	--	--	--	--
Key Allegro Property Improvements	232	--	--	--
Child Safety	--	--	1,542	--
Assigned	--	--	--	--
Total Fund Balance	232	12,005	1,542	47,507
TOTAL LIABILITIES AND FUND BALANCE	232	16,798	1,542	47,507

Exhibit 10-A
(Continuation)

MUNICIPAL COURT SECURITY & TECHNOLOGY	TOTAL NONMAJOR SPECIAL REVENUE
8,008	1,498,907
--	170,661
--	18,767
--	29,928
8,008	1,718,263
--	184,289
--	1,093
--	28,170
--	18,767
--	232,319
--	--
--	1,101,948
--	173,235
--	183,247
8,008	8,008
--	11,384
--	232
--	1,542
--	6,348
8,008	1,485,944
8,008	1,718,263

CITY OF ROCKPORT, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2017

	UTILITY BILL SURCHARGE	STONEGARDEN GRANT	BAY EDUCATION CENTER	JUVENILE CASE MANAGER
Revenues				
Taxes and Business Fees	175,624	--	--	--
Licenses and Permits	--	--	--	--
Intergovernmental	--	131,264	--	--
Fines and Forfeitures	--	--	--	6,060
Charges for Services	--	--	100	--
Interest on Investments	--	--	--	--
Other Revenues	--	--	--	--
Total Revenue	175,624	131,264	100	6,060
Expenditures				
Current				
Public Safety	143,908	144,651	--	13,211
Culture and Recreation	--	--	84,053	--
Tourism	--	--	--	--
Debt Service				
Principal Retirement	19,292	--	--	--
Interest and Fiscal Charges	1,254	--	--	--
Capital Projects	--	50,245	--	--
Total Expenditures	164,454	194,896	84,053	13,211
Revenues Over (Under) Expenditures	11,170	(63,632)	(83,953)	(7,151)
Other Financing Sources (Uses)				
Transfers In	--	51,636	83,953	13,499
Transfers Out	--	--	--	--
Total Other Financing Sources (Uses)	--	51,636	83,953	13,499
Net Change in Fund Balance	11,170	(11,996)	--	6,348
Fund Balance at Beginning of Year	102,553	11,996	--	--
Fund Balance at End of Year	113,723	--	--	6,348

Exhibit 10-B

CONTRIBUTION FUND	CITY/COUNTY DISPATCH SERVICES	PUBLIC ACCESS TV	HOTEL/ MOTEL TAX
--	--	22,926	853,420
--	--	--	--
--	369,876	--	--
--	--	--	--
--	--	--	--
--	--	--	--
6,973	345	--	(125)
6,973	370,221	22,926	853,295
--	680,476	--	--
8,364	--	--	--
--	--	--	623,225
--	--	--	--
--	--	--	--
--	--	--	--
8,364	680,476	--	623,225
(1,391)	(310,255)	22,926	230,070
--	406,406	--	--
--	--	--	(24,811)
--	406,406	--	(24,811)
(1,391)	96,151	22,926	205,259
12,775	(96,151)	160,321	896,689
11,384	--	183,247	1,101,948

(Continued)

CITY OF ROCKPORT, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2017

	KEY ALLEGRO PROPERTY IMPROVEMENT DISTRICT	BORDER STAR GRANT	CHILD SAFETY	FORFEITURE
Revenues				
Taxes and Business Fees	--	--	--	--
Intergovernmental	--	50,000	--	--
Fines and Forfeitures	--	--	167	20,290
Charges for Services	--	--	--	--
Other Revenues	--	--	--	8,000
Total Revenue	--	50,000	167	28,290
Expenditures				
Current				
Public Safety	--	48,783	--	8,529
Culture and Recreation	--	--	--	--
Tourism	--	--	--	--
Debt Service				
Principal Retirement	--	--	--	--
Interest and Fiscal Charges	--	--	--	--
Capital Projects	--	--	--	--
Total Expenditures	--	48,783	--	8,529
Revenues Over (Under) Expenditures	--	1,217	167	19,761
Other Financing Sources (Uses)				
Transfers In	--	--	--	--
Transfers Out	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balance	--	1,217	167	19,761
Fund Balance at Beginning of Year	232	10,788	1,375	27,746
Fund Balance at End of Year	232	12,005	1,542	47,507

Exhibit 10-B
(Continuation)

MUNICIPAL COURT SECURITY & TECHNOLOGY	TOTAL NONMAJOR SPECIAL REVENUE
--	1,051,970
--	551,140
7,356	33,873
--	100
63	15,256
<u>7,419</u>	<u>1,652,339</u>
4,413	1,043,971
--	92,417
--	623,225
--	19,292
--	1,254
--	50,245
<u>4,413</u>	<u>1,830,404</u>
3,006	(178,065)
--	555,494
--	(24,811)
<u>--</u>	<u>530,683</u>
3,006	352,618
<u>5,002</u>	<u>1,133,326</u>
<u>8,008</u>	<u>1,485,944</u>

**CITY OF ROCKPORT, TEXAS
UTILITY BILL SURCHARGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET			VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues				
Taxes and Business Fees	167,490	167,490	175,624	8,134
Expenditures				
Current				
Public Safety	123,525	123,525	143,908	(20,383)
Principal Retirement	30,661	30,661	19,292	11,369
Interest and Fiscal Charges	4,859	4,859	1,254	3,605
Total Expenditures	159,045	159,045	164,454	(5,409)
Revenues Over (Under) Expenditures	8,445	8,445	11,170	2,725
Other Financing Sources (Uses)				
Transfers Out	(8,445)	(8,445)	--	8,445
Net Change in Fund Balance	--	--	11,170	11,170
Fund Balance at Beginning of Year	102,553	102,553	102,553	--
Fund Balance at End of Year	102,553	102,553	113,723	11,170

**CITY OF ROCKPORT, TEXAS
CITY/COUNTY DISPATCH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET			VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues				
Intergovernmental	382,390	382,390	369,876	(12,514)
Other Revenues	--	--	345	345
Total Revenues	382,390	382,390	370,221	(12,169)
Expenditures				
Current				
Public Safety	766,111	766,111	680,476	85,635
Revenues Over (Under) Expenditures	(383,721)	(383,721)	(310,255)	73,466
Other Financing Sources (Uses)				
Transfers In	409,307	409,307	406,406	(2,901)
Transfers Out	(25,686)	(25,686)	--	25,686
Total Other Financing Sources (Uses)	383,621	383,621	406,406	22,785
Net Change in Fund Balance	(100)	(100)	96,151	96,251
Fund Balance at Beginning of Year	(96,151)	(96,151)	(96,151)	--
Fund Balance at End of Year	(96,251)	(96,251)	--	96,251

CITY OF ROCKPORT, TEXAS
HOTEL/MOTEL TAX
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
Revenues				
Taxes and Business Fees	875,000	875,000	853,420	(21,580)
Other Revenues	--	--	(125)	(125)
Total Revenues	875,000	875,000	853,295	(21,705)
Expenditures				
Current				
Tourism	751,533	751,533	623,225	128,308
Revenues Over (Under) Expenditures	123,467	123,467	230,070	106,603
Other Financing Sources (Uses)				
Transfers Out	(49,811)	(49,811)	(24,811)	25,000
Net Change in Fund Balance	73,656	73,656	205,259	131,603
Fund Balance at Beginning of Year	896,689	896,689	896,689	--
Fund Balance at End of Year	970,345	970,345	1,101,948	131,603

CITY OF ROCKPORT, TEXAS
MUNICIPAL COURT SECURITY & TECHNOLOGY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
Revenues				
Fines and Forfeitures	12,000	12,000	7,356	(4,644)
Other Revenues	--	--	63	63
Total Revenues	12,000	12,000	7,419	(4,581)
Expenditures				
Current				
Public Safety	6,203	6,203	4,413	1,790
Revenues Over (Under) Expenditures	5,797	5,797	3,006	(2,791)
Net Change in Fund Balance	5,797	5,797	3,006	(2,791)
Fund Balance at Beginning of Year	5,002	5,002	5,002	--
Fund Balance at End of Year	10,799	10,799	8,008	(2,791)

CITY OF ROCKPORT, TEXAS
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
Revenues				
Taxes and Business Fees	2,266,579	2,266,579	2,209,627	(56,952)
Interest on Investments	250	250	173	(77)
Total Revenues	2,266,829	2,266,829	2,209,800	(57,029)
Expenditures				
Debt Service				
Principal Retirement	1,473,436	1,473,436	1,695,920	(222,484)
Interest and Fiscal Charges	765,544	765,544	735,860	29,684
Total Expenditures	2,238,980	2,238,980	2,431,780	(192,800)
Revenues Over (Under) Expenditures	27,849	27,849	(221,980)	(249,829)
Other Financing Sources (Uses)				
Transfers In	--	--	213,854	213,854
Transfers Out	--	--	(10,972)	(10,972)
Total Other Financing Sources (Uses)	--	--	202,882	202,882
Net Change in Fund Balance	27,849	27,849	(19,098)	(46,947)
Fund Balance at Beginning of Year	318,345	318,345	318,345	--
Fund Balance at End of Year	346,194	346,194	299,247	(46,947)

**CITY OF ROCKPORT, TEXAS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	<u>FLAMINGO LUAU ROAD ASSESSMENT</u>	<u>GENERAL CAPITAL IMPROVEMENTS</u>	<u>BAY EDUCATION CENTER CONSTRUCTION</u>	<u>VEHICLE AND EQUIPMENT REPLACEMENT</u>
ASSETS				
Cash and Cash Equivalents	--	165,272	--	112,558
Restricted Cash and Investments				
Cash and Cash Equivalents	--	--	--	--
TOTAL ASSETS	--	165,272	--	112,558
LIABILITIES AND FUND BALANCE				
Accounts Payable	--	--	--	7,117
Total Liabilities	--	--	--	7,117
Fund Balance				
Nonspendable	--	--	--	--
Restricted				
Capital Projects	--	--	--	--
Toursim	--	--	--	--
Public Safety	--	--	--	--
Public Access TV	--	--	--	--
Security and Technology	--	--	--	--
Specified by Donors	--	--	--	--
Key Allegro Property Improvements	--	--	--	--
Child Safety	--	--	--	--
Committed	--	--	--	--
Assigned	--	165,272	--	105,441
Unassigned	--	--	--	--
Total Fund Balance	--	165,272	--	105,441
TOTAL LIABILITIES AND FUND BALANCE	--	165,272	--	112,558

Exhibit 12-A

2015 CAPITAL PROJECTS	2016 CAPITAL PROJECTS	TOAL NONMAJOR CAPITAL PROJECTS
--	--	277,830
237,932	317,586	555,518
237,932	317,586	833,348
--	--	7,117
--	--	7,117
--	--	--
237,932	317,586	555,518
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
--	--	270,713
--	--	--
237,932	317,586	826,231
237,932	317,586	833,348

CITY OF ROCKPORT, TEXAS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2017

	FLAMINGO LUAU ROAD ASSESSMENT	GENERAL CAPITAL IMPROVEMENTS	BAY EDUCATION CENTER CONSTRUCTION	VEHICLE AND EQUIPMENT REPLACEMENT
Revenues				
Intergovernmental	--	187	--	--
Interest on Investments	--	--	--	1,635
Total Revenue	--	187	--	1,635
Total Revenues				
Expenditures				
Current				
General Government	1,704	--	--	--
Public Safety	--	--	--	14,472
Culture and Recreation	--	--	--	--
Debt Service				
Principal Retirement	--	--	--	15,536
Interest and Fiscal Charges	--	--	--	1,660
Capital Projects	--	10,600	--	286,584
Total Expenditures	1,704	10,600	--	318,252
Revenues Over (Under) Expenditures	(1,704)	(10,413)	--	(316,617)
Other Financing Sources (Uses)				
Capital Leases	--	--	--	78,035
Transfers In	--	--	--	262,200
Transfers Out	--	--	(20,557)	--
Total Other Financing Sources (Uses)	--	--	(20,557)	340,235
Net Change in Fund Balance	(1,704)	(10,413)	(20,557)	23,618
Fund Balance at Beginning of Year	1,704	175,685	20,557	81,823
Fund Balance at End of Year	--	165,272	--	105,441

Exhibit 12-B

2015 CAPITAL PROJECTS	2016 CAPITAL PROJECTS	TOAL NONMAJOR CAPITAL PROJECTS
--	--	187
--	--	1,635
--	--	1,822
--	--	1,704
--	--	14,472
8,256	--	8,256
--	--	15,536
--	--	1,660
209,623	86,734	593,541
217,879	86,734	635,169
(217,879)	(86,734)	(633,347)
--	--	78,035
--	--	262,200
--	--	(20,557)
--	--	319,678
(217,879)	(86,734)	(313,669)
455,811	404,320	1,139,900
237,932	317,586	826,231

**CITY OF ROCKPORT, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING SCHEDULE OF NET POSITION
SEPTEMBER 30, 2017**

	<u>SANITATION</u>	<u>COMMUNITY AQUATIC CENTER</u>	<u>TOTAL NONMAJOR ENTERPRISE</u>
ASSETS			
Cash and Cash Equivalents	124,420	(1,700)	122,720
Investments	--	--	--
Receivables, Net of Allowance for			
Property Taxes	--	--	--
Other Taxes	--	--	--
Accounts	232,689	--	232,689
Special Assessments	--	--	--
Intergovernmental	--	--	--
Accrued Interest	--	--	--
Due from Other Funds	--	--	--
Inventories	--	--	--
Prepaid Assets	--	--	--
Restricted Cash and Investments			
Cash and Cash Equivalents	--	--	--
Investments	--	--	--
Total Current Assets	<u>357,109</u>	<u>(1,700)</u>	<u>355,409</u>
Land and Construction in Progress	--	104,300	104,300
Other Capital Assets, Net of Accumulated Depreciation	<u>--</u>	<u>942,611</u>	<u>942,611</u>
Net Capital Assets	<u>--</u>	<u>1,046,911</u>	<u>1,046,911</u>
Total Assets	<u>357,109</u>	<u>1,045,211</u>	<u>1,402,320</u>
LIABILITIES			
Accounts Payable	<u>192,795</u>	<u>(2,160)</u>	<u>190,635</u>
Total Current Liabilities	<u>192,795</u>	<u>(2,160)</u>	<u>190,635</u>
Total Liabilities	<u>192,795</u>	<u>(2,160)</u>	<u>190,635</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	--	1,046,911	1,046,911
Unrestricted	<u>164,314</u>	<u>460</u>	<u>164,774</u>
TOTAL NET POSITION	<u>164,314</u>	<u>1,047,371</u>	<u>1,211,685</u>

CITY OF ROCKPORT, TEXAS
NONMAJOR ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

	<u>SANITATION</u>	<u>COMMUNITY AQUATIC CENTER</u>	<u>TOTAL NONMAJOR ENTERPRISE</u>
Operating Revenues			
Charges for Services	2,048,327	209,227	2,257,554
Operating Expenses			
Personal Services	--	224,182	224,182
Contractual Services	1,951,334	33,632	1,984,966
Maintenance	--	15,298	15,298
Supplies	--	84,767	84,767
Other	--	3,661	3,661
Depreciation	--	67,131	67,131
Total Operating Expenses	<u>1,951,334</u>	<u>428,671</u>	<u>2,380,005</u>
Operating Income (Loss)	96,993	(219,444)	(122,451)
Nonoperating Revenue (Expenses)			
Intergovernmental Revenue	--	37,667	37,667
Income (Loss) Before Transfers	<u>96,993</u>	<u>(181,777)</u>	<u>(84,784)</u>
Transfers In	--	216,793	216,793
Net Income (Loss)	<u>96,993</u>	<u>35,016</u>	<u>132,009</u>
Net Position at Beginning of Year	<u>67,321</u>	<u>1,012,355</u>	<u>1,079,676</u>
NET POSITIONS END OF YEAR	<u><u>164,314</u></u>	<u><u>1,047,371</u></u>	<u><u>1,211,685</u></u>

**CITY OF ROCKPORT, TEXAS
NONMAJOR PROPRIETARY FUNDS
SCHEDULE OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>SANITATION</u>	<u>COMMUNITY AQUATIC CENTER</u>	<u>TOTAL NONMAJOR ENTERPRISE</u>
Cash Flows from Operating Activities			
Receipts from Customers	2,028,344	209,227	2,237,571
Receipts from Interfund Services Provided			--
Payments to Suppliers	(2,048,793)	(189,152)	(2,237,945)
Payments to Employees		(193,202)	(193,202)
Net Cash Provided (Used) by Operating Activities	(20,449)	(173,127)	(193,576)
Cash Flows from Noncapital Financing Activities			
Change in Interfund Borrowings	--	(77,343)	(77,343)
Transfers In from Other Funds	--	216,793	216,793
Net Cash Provided by (Used for) Noncapital Financing Activities	--	139,450	139,450
Cash Flows from Capital and Related Financing Activities			
Payments from Other Governments	--	37,667	37,667
Cash Flows from Investing Activities			
Purchase of Investment Securities			--
Proceeds from Sale and Maturity of Investment Securities			--
Interest on Investments			--
Net Cash Provided by (Used for) Investing Activities	--	--	--
Increase (Decrease) in Cash and Cash Equivalents	(20,449)	3,990	(16,459)
Cash and Cash Equivalents at Beginning of Year Including Restricted Accounts	144,869	(5,690)	139,179
Cash and Cash Equivalents at End of Year	124,420	(1,700)	122,720
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	96,993	(219,444)	(122,451)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	--	67,131	67,131
Changes in Assets, Liabilities and Deferred Accounts Receivable	(19,983)	--	(19,983)
Accounts Payable	(97,459)	(13,321)	(110,780)
Accrued Expenses	--	(7,493)	(7,493)
Net Cash Provided by Operating Activities	(20,449)	(173,127)	(193,576)

Report on Internal Controls Over Financial Reporting and Compliance

CITY of ROCKPORT, TEXAS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS

April 10, 2018

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockport, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 10, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. We consider the deficiency 2017-1 described in the accompanying schedule of findings to be a material weakness.

/

Compliance and Other Matters

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

City's Response to Finding

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Collier, Johnson & Woods

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

April 10, 2018

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

Report on Compliance for Each Major Federal Program

We have audited the City of Rockport' (the City's) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Rockport, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

CITY OF ROCKPORT, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2017

Summary of Audit Results

1. The independent auditor's report expresses an unmodified opinion on the basic financial statements of the City of Rockport, Texas.
2. One material weakness relating to the audit of the financial statements is reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*". No significant deficiencies are reported.
3. No instances of noncompliance material to the financial statements of the City of Rockport, Texas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance".
5. The auditor's report on compliance for the major federal award programs for the City of Rockport, Texas expresses an unmodified opinion on all major programs.
6. There are no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs included:

U.S. Department of Homeland Security – Public Assistance
(Presidentially Declared Disasters) (CFDA 97.067)
8. The dollar threshold for distinguishing Type A and Type B programs was \$750,000.
9. The City of Rockport, Texas qualified as a low-risk auditee.

Findings - Financial Statement Audit

MATERIAL WEAKNESS

2017-1 Bank Reconciliations

Condition: Pooled bank account balances are not being reconciled to the corresponding cash balances in the general ledger. This is a repeat of prior year finding 2016-1.

Criteria: Bank account balances are being reconciled monthly to a cash balance contained in the bank reconciliation module of the Incode software package. The cash balance in the reconciliation module does not equal the cash balance in the general ledger.

Cause: The existing bank reconciliation procedure agrees cash balances the reconciliation schedules rather than the general ledger.

Effect: Since the bank account balances are not reconciled to the general ledger balances, these balances can become materially misstated. The unaudited bank cash balances at September 30, 2017 were overstated by \$56,020.

Recommendation: Bank account balances should be reconciled to the cash balances in the general ledger. The general ledger should be adjusted to the reconciled bank account balances monthly. Correcting entries should be recorded monthly as well. Reconciling items should be investigated and corrected, if necessary.

Views of Responsible Officials and Planned Corrective Actions: Person responsible for bank reconciliations is no longer with the City. New procedures have been implemented to eliminates the problems.

Findings and Questioned Costs – Federal Award Programs Audit

The audit disclosed no findings required to be reported.

Prior Year Findings – Financial Statement Audit

MATERIAL WEAKNESS

2016-1 Bank Reconciliations

Condition: Pooled bank account balances are not being reconciled to the corresponding cash balances in the general ledger.

Recommendation: Bank account balances should be reconciled to the cash balances in the general ledger. The general ledger should be adjusted to the reconciled bank account balances monthly. Correcting entries should be recorded monthly as well. Reconciling items should be investigated and corrected, if necessary.

Current Status: The same condition still exists. See 2017-1 for more information.

CITY OF ROCKPORT, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Disbursements, Expenditures
U.S. Department of Housing and Urban Development				
<u>Passed Through Texas General Land Office</u>				
Community Development Block Grants State's Program	14.228	DRS220250	--	10,788
Total U.S. Department of HUD			--	10,788
U.S. Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			725,363
Homeland Security Grant Program	97.067			50,000
<u>Passed through Aransas County, Texas</u>				
State Homeland Security Program - Operation Stonegarden	97.067	EMW-2014-SS-00	--	131,264
Total CFDA Number 97.067			--	181,264
Total U.S. Department of Homeland Security			--	906,627
General Services Administration				
<u>Passed Through Texas Facilities Commission</u>				
Donation of Federal Surplus Personal Property	39.003		--	209
Total General Service Administration			--	209
Total Expenditures of Federal Awards			-	917,624



CITY OF ROCKPORT, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2017

Note 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Rockport, Texas (City) under programs of the federal government for the year ended September 30, 17. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amount shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY of ROCKPORT, TEXAS



STATISTICAL SECTION

This part of the City of Rockport, Texas'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.

Contents	<u>Page</u>
Financial Trends	102-111
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	113-121
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	122-127
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.	
Demographic and Economic Information	129-133
These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparison over time with other governments.	
Operating Information	136-139
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs	

CITY of ROCKPORT, TEXAS



CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2008	2009	2010	2011	2012	2013
Governmental Activities						
Net Invested in Capital Assets	3,524,435	4,913,873	6,821,463	7,539,674	9,313,304	12,137,914
Restricted	397,985	414,299	247,272	407,389	408,684	451,153
Unrestricted	4,483,176	4,486,555	4,202,634	3,373,599	2,444,508	1,154,271
Total Governmental						
Activities Net Position	8,405,596	9,814,727	11,271,369	11,320,662	12,166,496	13,743,338
Business-type Activities						
Invested in Capital Assets,						
Invested in Capital Assets,	14,887,246	15,244,499	16,563,623	17,287,725	17,967,353	16,147,439
Restricted	197,798	186,750	185,349	184,655	183,991	183,366
Unrestricted	6,135,437	5,598,373	4,708,276	5,245,674	4,377,731	6,761,292
Total Business-type						
Activities Net Position	21,220,481	21,029,622	21,457,248	22,718,054	22,529,075	23,092,097
Primary Government						
Net investment in Capital Assets	18,411,681	20,158,372	23,385,086	24,827,399	27,280,657	28,285,353
Restricted	595,783	601,049	432,621	592,044	592,675	634,519
Unrestricted	10,618,613	10,084,928	8,910,910	8,619,273	6,822,239	7,915,563
Total Primary						
Government Net Position	29,626,077	30,844,349	32,728,617	34,038,716	34,695,571	36,835,435

TABLE 1

September 30,			
2014	2015	2016	2017
13,719,863	15,375,317	16,359,297	17,313,597
591,401	523,884	1,192,945	1,479,596
1,363,328	(88,350)	(37,337)	(2,054,477)
15,674,592	15,810,851	17,514,905	16,738,716
22,172,890	19,971,005	16,988,421	20,420,255
182,073	180,935	--	--
1,816,298	4,156,370	8,319,376	6,179,215
24,171,261	24,308,310	25,307,797	26,599,470
35,892,753	35,346,322	33,347,718	37,733,852
773,474	704,819	1,192,945	1,479,596
3,179,626	4,068,020	8,282,039	4,124,738
39,845,853	40,119,161	42,822,702	43,338,186

CITY OF ROCKPORT, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2008	2009	2010	2011	2012	2013
Expenses						
Governmental Activities:						
General Government	1,055,722	1,279,701	1,536,874	1,646,376	1,615,599	1,534,488
Public Safety	2,722,740	2,987,967	3,107,677	3,439,538	3,531,426	3,390,096
Public Works	1,612,377	1,698,485	1,802,657	1,528,189	1,563,014	1,563,687
Culture and Recreation	456,641	494,513	542,142	734,248	788,105	914,460
Tourism	505,658	522,996	480,483	476,810	464,438	536,505
Interest and Fiscal Charges	1,157,502	1,126,044	1,060,140	999,535	996,263	908,935
Total Governmental:						
Activities Expenses	7,510,640	8,109,706	8,529,973	8,824,696	9,013,974	8,848,171
Business-type Activities:						
Water & Sewer	6,677,635	8,498,469	6,572,267	7,636,247	7,589,175	7,840,317
Natural Gas System*	--	--	1,620,119	1,415,532	1,163,782	1,256,075
Sanitation	--	--	--	--	--	--
Community Aquatic Center	299,539	373,948	307,583	306,478	314,698	333,267
Beach Park	635,462	669,681	650,646	662,288	315,789	--
Total Business-type Activities Expenses	7,612,636	9,542,098	9,150,615	10,020,545	9,383,444	9,429,659
Total Primary Government Expenses	15,123,276	17,651,804	17,680,588	18,845,241	18,397,418	18,277,830
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	15,683	23,970	17,051	17,953	18,267	13,289
Public Safety	487,146	500,843	536,995	507,255	494,629	393,762
Public Works	257,689	138,806	157,742	177,694	182,984	215,265
Culture and Recreation	38,376	--	28,916	948	19,687	--
Operating Grants and Contributions	312,468	304,545	521,842	575,942	455,997	366,214
Capital Grants and Contributions	--	384,894	1,111,885	79,300	634,417	739,309
Total Governmental Activities:						
Activities Program Revenues	1,111,362	1,353,058	2,374,431	1,359,092	1,805,981	1,727,839
Business-type Activities:						
Charges for Services:						
Water & Sewer	7,824,558	9,561,756	7,354,531	8,377,063	8,455,811	8,907,527
Natural Gas System*	--	--	1,965,945	1,725,602	1,449,133	1,740,465
Sanitation	13,967	14,183	17,267	17,039	14,873	16,686
Community Aquatic Center	89,073	97,404	109,049	114,642	138,830	133,706
Beach Park	355,287	404,937	381,096	425,924	128,376	--
Operating Grants and Contributions	129,750	108,750	118,583	183,750	62,000	42,000
Capital Grants and Contributions	322,574	6,081	22,000	267,941	3,500	256,450
Total Business-type Activities:						
Activities Program Revenues	8,735,209	10,193,111	9,968,471	11,111,961	10,252,523	11,096,834
Total Primary Government:						
Program Revenues	9,846,571	11,546,169	12,342,902	12,471,053	12,058,504	12,824,673
Net (Expense)/Revenue						
Governmental Activities	(6,399,278)	(6,756,648)	(6,155,542)	(7,465,604)	(7,207,993)	(7,120,332)
Business-type Activities	1,122,573	651,013	817,856	1,091,416	869,079	1,667,175
Total Primary Government Net Expense	(5,276,705)	(6,105,635)	(5,337,686)	(6,374,188)	(6,338,914)	(5,453,157)

* The City acquired a natural gas system in 2009. For 2009, operations were accounted for in the Water and Sewer Utility Fund. After 2009, the Natural Gas system was accounted for in a separate fund.

Table 2

September 30,			
2014	2015	2016	2017
1,464,770	1,744,282	2,619,202	5,600,349
4,035,843	4,210,447	4,245,536	4,312,116
1,576,188	1,765,828	1,468,510	1,609,854
961,048	1,110,379	1,228,172	1,102,163
640,589	569,140	897,016	623,225
769,851	526,297	754,966	733,939
9,448,289	9,926,373	11,213,402	13,981,646
7,699,148	7,904,121	8,330,913	8,186,640
1,844,475	1,644,781	1,525,253	1,617,518
--	--	294	1,951,334
397,675	399,748	501,870	428,671
--	--	--	--
9,941,298	9,948,650	10,358,330	12,184,163
19,389,587	19,875,023	21,571,732	26,165,809
16,624	34,169	186,238	345,555
727,069	760,746	246,250	391,656
242,798	216,173	--	--
--	--	15,402	4,639
234,191	180,099	726,849	1,325,411
699,802	205,900	645,940	50,432
1,920,484	1,397,087	1,820,679	2,117,693
9,219,874	9,480,727	10,443,336	10,338,747
2,389,044	2,143,239	1,780,909	1,826,135
16,994	19,260	17,867	2,048,327
165,231	180,357	216,314	209,227
--	--	--	--
51,250	51,417	37,000	37,667
--	210,577	78,615	2,218
11,842,393	12,085,577	12,574,041	14,462,321
13,762,877	13,482,664	14,394,720	16,580,014
(7,527,805)	(8,529,286)	(9,392,723)	(11,863,953)
1,901,095	2,136,927	2,215,711	2,278,158
(5,626,710)	(6,392,359)	(7,177,012)	(9,585,795)

CITY OF ROCKPORT, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue						
Governmental Activities	(6,399,278)	(6,756,648)	(6,155,542)	(7,465,604)	(7,207,993)	(7,120,332)
Business-type Activities	1,123,573	651,013	817,856	1,091,416	869,079	1,667,175
Total Primary Government Net Expense	(5,275,705)	(6,105,635)	(5,337,686)	(6,374,188)	(6,338,914)	(5,453,157)
General Revenues and Other Changes in Net Position						
Governmental Activities:						
Taxes:						
Property Taxes	3,471,324	3,876,478	3,996,835	4,024,879	4,159,989	4,379,318
Sales Taxes	1,842,730	1,726,846	1,737,376	1,799,286	1,929,948	2,051,342
Franchise Taxes and other taxes	776,959	836,640	789,168	807,931	795,072	860,734
Occupancy Taxes	540,624	467,038	477,688	647,278	662,330	698,934
Investment Earnings	702,769	297,450	122,596	50,110	31,763	48,287
Miscellaneous	46,437	53,059	53,633	59,003	78,699	54,618
Transfers	560,587	908,268	534,888	26,410	616,350	849,138
Total Governmental Activities	7,941,430	8,165,779	7,712,184	7,414,897	8,274,151	8,942,371
Business-type Activities:						
Investment Earnings	337,278	66,396	72,781	46,943	21,108	16,076
Miscellaneous	--	--	71,877	--	--	--
Gain(Loss) on asset disposition	--	--	--	--	(462,816)	--
Transfers	(560,587)	(908,268)	(534,888)	(26,410)	(616,350)	(849,138)
Total Business-type Activities	(223,309)	(841,872)	(390,230)	20,533	(1,058,058)	(833,062)
Total Primary Government	7,718,121	7,323,907	7,321,954	7,435,430	7,216,093	8,109,309
Change in Net Position						
Governmental Activities	1,542,152	1,409,131	1,556,642	(50,707)	1,066,158	1,822,039
Business-type Activities	900,264	(190,859)	427,626	1,111,949	(188,979)	834,113
Total Primary Government	2,442,416	1,218,272	1,984,268	1,061,242	877,179	2,656,152

TABLE E-3

September 30,			
2014	2015	2016	2017
(7,527,805)	(8,529,286)	(9,392,723)	(11,863,953)
1,901,095	2,136,927	2,215,711	2,278,158
(5,626,710)	(6,392,359)	(7,177,012)	(9,585,795)
4,534,427	4,685,492	5,228,422	5,541,427
2,231,798	2,390,992	2,481,777	2,459,617
803,439	867,893	1,045,731	1,064,310
839,931	876,738	860,124	866,970
42,240	31,568	43,635	52,998
173,247	93,484	79,695	93,630
833,977	949,371	898,181	1,008,809
9,459,059	9,895,538	10,637,565	11,087,761
11,848	9,242	4,285	9,706
--	--	--	12,618
--	--	--	--
(833,977)	(949,371)	(898,181)	(1,008,809)
(822,129)	(940,129)	(893,896)	(986,485)
8,636,930	8,955,409	9,743,669	10,101,276
1,931,254	1,366,252	1,244,842	(776,192)
1,078,966	1,196,798	1,321,815	1,291,673
3,010,220	2,563,050	2,566,657	515,481

CITY OF ROCKPORT, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2008	2009	2010	2011	2012	2013
General Fund						
Nonspendable	92,008	56,886	43,857	56,427	31,221	27,250
Unassigned	4,072,410	4,391,591	4,383,516	3,534,604	3,099,834	2,821,064
Total General Fund	4,164,418	4,448,477	4,427,373	3,591,031	3,131,055	2,848,314
All Other Governmental Funds						
Restricted	17,895,405	11,230,229	9,916,340	9,523,625	9,234,662	9,429,485
Committed	(797,786)	(98,853)	(67,922)	(134,170)	(253,917)	(28,713)
Assigned	--	142,974	235,527	333,670	217,194	372,949
Unassigned	--	--	--	--	--	--
Total All Other Governmental Funds	17,097,619	11,274,350	10,083,945	9,723,125	9,197,939	9,773,721

TABLE 4

September 30,			
2014	2015	2016	2017
58,047	29,078	56,290	--
3,011,065	3,191,300	3,414,549	1,677,334
3,069,112	3,220,378	3,470,839	1,677,334

8,495,513	8,772,017	8,414,801	8,044,416
12,140	36,015	320,049	299,247
428,654	520,002	81,823	277,061
(76,051)	(110,482)	(96,151)	--
8,860,256	9,217,552	8,720,522	8,620,724

CITY OF ROCKPORT, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2008	2009	2010	2011	2012	2013
Revenues						
Taxes	6,759,146	7,014,990	7,160,823	7,440,695	7,718,487	8,174,665
Licenses, Fees and Permits	179,454	127,810	157,742	177,694	182,984	201,950
Intergovernmental	312,468	689,439	1,633,727	655,242	1,090,414	1,113,479
Charges for Services	116,431	19,265	28,916	948	19,687	13,315
Fines	349,821	361,139	393,378	329,567	333,335	215,253
Investment Earnings	702,769	297,450	79,650	42,175	31,763	35,878
Special Assessments	3,489	711	--	--	--	--
Other Revenues	46,437	53,059	53,633	59,003	78,699	54,618
Total Revenues	8,470,015	8,563,863	9,507,869	8,705,324	9,455,369	9,809,158
Expenditures						
General Government	1,045,219	1,137,890	1,158,179	1,274,439	1,345,717	1,289,805
Public Safety	2,534,311	2,684,287	2,914,167	3,234,665	3,287,236	3,144,331
Public Works	1,454,671	1,410,462	1,600,542	1,321,318	1,257,527	1,196,966
Culture and Recreation	408,354	398,058	453,479	631,897	659,021	763,424
Tourism	505,658	522,996	480,483	476,810	464,438	536,505
Capital Outlay	3,340,589	8,084,491	2,765,131	1,019,504	1,905,975	1,406,620
Debt Service						
Interest and Bond Costs	505,322	666,283	864,399	1,018,895	1,095,667	916,926
Principal	1,159,854	1,135,664	1,127,741	1,007,674	987,971	1,212,065
Total Expenditures	10,953,978	16,040,131	11,364,121	9,985,202	11,058,681	10,466,642
Excess of Revenues						
Under Expenditures	(2,483,963)	(7,476,268)	(1,856,252)	(1,279,878)	(1,603,312)	(657,484)
Other Financing Sources (Uses)						
Bonds Issued	--	--	2,258,397	1,524,701	--	4,295,369
Capital Leases	--	--	--	--	--	--
Payments to Escrow Agent	--	--	(2,155,327)	(1,475,220)	--	(4,195,782)
Transfers In	1,089,136	1,796,614	1,609,671	1,566,570	1,596,511	1,687,402
Transfers Out	(528,549)	(896,296)	(1,067,958)	(1,533,335)	(978,361)	(836,464)
Total Other Financing						
Sources (Uses)	560,587	900,318	644,783	82,716	618,150	950,525
Net Change in Fund Balances	(1,923,376)	(6,575,950)	(1,211,469)	(1,197,162)	(985,162)	293,041
Debt Service as a Percentage						
of Non-Capital Expenditures	21.8%	22.6%	23.2%	22.6%	22.8%	23.5%

TABLE 5

September 30,			
2014	2015	2016	2017
8,602,188	9,001,518	9,642,954	9,930,322
218,504	216,173	227,790	301,191
1,312,278	700,062	1,372,789	1,375,842
24,294	78,261	57,440	383,806
254,785	212,983	237,659	56,854
35,291	31,568	43,635	52,998
--	--	--	--
99,294	95,614	79,695	93,630
10,546,634	10,336,179	11,661,962	12,194,643
1,345,263	1,463,333	2,375,604	5,355,244
3,724,061	3,980,680	3,857,783	3,863,413
1,176,409	1,319,048	939,095	997,156
814,379	939,194	1,020,219	978,227
640,589	569,140	897,016	623,225
2,342,359	2,507,809	4,896,242	959,462
775,232	643,057	726,318	1,730,748
1,334,871	1,464,919	1,691,815	738,774
12,153,163	12,887,180	16,404,092	15,246,249
(1,606,529)	(2,551,001)	(4,742,130)	(3,051,606)
5,074,269	8,133,932	3,504,112	--
--	--	--	78,035
(4,962,452)	(6,023,410)	--	--
1,596,487	1,701,867	1,788,699	2,196,206
(794,442)	(752,826)	(798,551)	(1,115,941)
913,862	3,059,563	4,494,260	1,158,300
(692,667)	508,562	(247,870)	(1,893,306)
21.5%	20.3%	21.0%	17.3%

CITY of ROCKPORT, TEXAS



TABLE 6

CITY OF ROCKPORT, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

Fiscal Year	Property Tax	Sales & Use Tax	Franchise Tax	Occupancy Tax	Other Taxes	Total
2008	3,455,073	1,842,730	753,400	540,624	164,319	6,756,146
2009	3,837,024	1,726,846	803,466	467,038	180,616	7,014,990
2010	3,996,528	1,737,375	731,583	477,688	217,649	7,160,823
2011	4,011,625	1,799,286	801,629	647,278	180,877	7,440,695
2012	4,152,465	1,929,948	795,072	662,330	178,672	7,718,487
2013	4,380,000	2,051,342	844,466	698,934	199,923	8,174,665
2014	4,453,504	2,231,798	803,439	839,931	183,580	8,512,252
2015	4,685,492	2,390,992	836,325	876,738	188,945	8,978,492
2016	5,542,453	2,459,617	900,233	853,420	175,624	9,931,347
2017	5,541,426	2,459,617	832,857	866,970	229,452	9,930,322
Percent Change 2008-2017	37.7%	25.1%	9.5%	37.6%	28.4%	32.0%

CITY OF ROCKPORT, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Roll Year	Real Property			Personal Property		Less: Tax Exempt Real Property
		Residential Property	Commercial and Industrial Property	Rural- Underdev. Property	Business	Other	
2008	2007	1,136,460,421	152,848,104	12,948,250	45,556,584	5,743,745	(65,552,301)
2009	2008	1,184,302,272	163,509,633	13,764,610	44,527,321	6,071,625	(50,471,909)
2010	2009	1,208,687,146	169,416,739	12,804,120	44,808,234	5,722,815	(41,194,373)
2011	2010	1,397,619,312	163,711,921	12,819,730	43,894,297	5,006,615	(35,648,632)
2012	2011	1,207,519,961	176,446,050	13,221,090	38,887,032	7,882,595	(35,090,371)
2013	2012	1,209,214,142	175,017,442	13,164,960	40,033,361	8,259,105	(34,395,054)
2014	2013	1,227,156,427	177,726,064	13,413,250	44,619,583	8,310,645	(36,338,354)
2015	2014	1,257,623,793	192,355,262	14,740,765	32,195,433	8,325,446	(36,705,716)
2016	2015	1,274,430,459	196,346,050	14,354,575	36,597,876	7,998,336	(36,705,060)
2017	2016	1,300,510,034	198,029,000	9,253,699	35,716,818	7,539,100	(37,403,970)

Source: Aransas County Appraisal District

* Information is not available

TABLE 7

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1,288,004,803	0.2790	1,288,004,803	100.00%
1,361,703,552	0.2990	1,361,703,552	100.00%
1,400,244,681	0.2987	1,400,244,681	100.00%
1,587,403,243	0.3100	1,587,403,243	100.00%
1,408,866,357	0.3089	1,408,866,357	100.00%
1,411,293,956	0.3258	1,411,293,956	100.00%
1,434,887,615	0.3277	1,434,887,615	100.00%
1,468,534,983	0.3352	1,468,534,983	100.00%
1,493,022,236	0.3649	1,493,022,236	100.00%
1,513,644,681	0.3893	1,513,644,681	100.00%

CITY OF ROCKPORT, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	City Direct Rates			Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Aransas County	Aransas County Navigation District	Aransas County Road/ Flood
2008	0.160500	0.118500	0.279000	0.263200	0.054500	--
2009	0.168300	0.130700	0.299000	0.304900	0.052400	--
2010	0.165100	0.133500	0.298700	0.339700	0.054700	--
2011	0.157300	0.152700	0.310000	0.359800	0.054700	--
2012	0.158300	0.150600	0.308900	0.370300	0.055800	--
2013	0.172500	0.153300	0.325800	0.381100	0.055800	--
2014	0.185100	0.142600	0.327700	0.375300	0.055100	--
2015	0.205300	0.129900	0.335200	0.384700	0.053611	--
2016	0.219047	0.145811	0.364858	0.385462	0.052511	--
2017	0.233570	0.155713	0.389283	0.332567	0.052622	0.072379

Source: Aransas County Tax Assessor

TABLE 8

Aransas County ISD
1.084900
1.084900
1.094900
1.091700
1.132400
1.159400
1.160500
1.156100
1.156000
1.169518

CITY of ROCKPORT, TEXAS



TABLE 9

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

<u>Taxpayer</u>	<u>2017</u>			<u>2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Oaks at Bentwater, LP	9,538,960	1	0.63%	--	--	--
Wal-Mart Real Estate Bus Tr	7,700,000	2	0.51%	8,229,920	1	0.78%
AEP Texas Central Comp	7,187,020	3	0.47%	4,282,750	5	0.40%
H E Butt Grocery	7,156,150	4	0.47%	7,088,149	3	0.67%
Rockport Harborfront, LP	6,793,550	5	0.45%	7,435,705	2	0.70%
Heritage Hotels Rockport LP	5,850,000	6	0.39%	3,496,950	10	0.33%
C H Marina and Drystack LP	5,747,390	7	0.38%	--	--	--
Christopher Crowley	4,764,810	8	0.31%	3,871,489	9	0.37%
Wal-Mart Stores East #440	4,273,270	9	0.28%	6,372,020	4	0.60%
Jennifer Caspary Todd Etux	3,844,700	10	0.25%	--	--	--
EOG Resources, Inc.	--	--	--	4,136,650	6	0.39%
Laguna Partners, Ltd.	--	--	--	3,911,860	7	0.37%
United Building Centers	--	--	--	3,911,473	8	0.37%
Total	<u>62,855,850</u>		<u>4.15%</u>	<u>52,736,966</u>		<u>4.98%</u>

Source: Aransas County Appraisal District

TABLE 10

**CITY OF ROCKPORT, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	3,444,641	3,392,957	98.50%	47,339	3,440,296	99.87%
2009	3,842,178	3,771,806	98.17%	67,137	3,838,943	99.92%
2010	3,947,447	3,866,254	97.94%	73,370	3,939,624	99.80%
2011	3,999,750	3,928,989	98.23%	61,717	3,990,706	99.77%
2012	4,113,275	4,047,717	98.41%	55,153	4,102,870	99.75%
2013	4,334,917	4,274,298	98.60%	49,095	4,323,393	99.73%
2014	4,446,634	4,385,623	98.63%	48,931	4,434,554	99.73%
2015	4,652,135	4,591,402	98.69%	42,361	4,633,763	99.61%
2016	5,109,529	5,049,937	98.83%	34,168	5,084,105	99.50%
2017	5,510,593	5,449,280	98.89%	--	5,449,280	98.89%

Sources: Aransas County Appraisal District and Aransas County Tax Collector

TABLE 11

**CITY OF ROCKPORT, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percent of Personal Income	Per Capita
	General Bonded Debt	Capital Leases	Revenue Bonds	General Bonded Debt			
2008	23,449,572	1,375,000	1,335,000	9,245,429	35,405,001	13.66%	3,756
2009	22,846,289	1,312,000	1,190,000	8,933,712	34,282,001	10.40%	3,495
2010	22,061,354	1,247,000	--	19,978,647	43,287,001	13.13%	4,413
2011	21,311,775	1,180,000	--	18,853,275	41,345,050	12.54%	4,419
2012	20,286,108	1,110,000	--	17,893,954	39,290,062	11.92%	4,199
2013	19,297,219	1,037,000	--	17,893,954	36,265,000	11.00%	3,876
2014	18,166,302	962,000	--	19,532,935	38,661,237	11.73%	4,132
2015	18,938,444	884,000	--	18,321,556	38,144,000	11.57%	4,077
2016	20,627,508	778,123	--	25,716,709	47,122,340	17.69%	5,036
2017	19,015,736	737,180	--	24,608,480	44,361,396	13.91%	4,167

TABLE 12

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Bonded Debt	Debt Service Funds	Net Bonded Debt		
2008	23,449,572	365,215	35,039,786	2.88%	3,718
2009	22,846,289	363,963	33,918,038	2.64%	3,457
2010	22,061,354	293,651	43,580,652	3.30%	4,442
2011	21,311,775	344,532	41,689,582	3.05%	4,455
2012	20,286,108	525,338	39,815,400	2.91%	4,255
2013	19,297,219	451,153	36,716,153	2.68%	3,924
2014	18,166,302	528,104	38,133,133	2.66%	4,075
2015	18,938,444	472,852	37,671,148	2.63%	4,026
2016	20,627,508	318,345	20,309,163	1.31%	4,126
2017	19,015,736	299,247	18,716,489	1.21%	1,758

(1) See the Schedule of Assessed and Estimated Actual Value

(2) Population data can be found in the Schedule of Demographic and Economic Statistics

TABLE 13

**CITY OF ROCKPORT, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Aransas County Independent School District	34,280,778	65.03%	22,292,790
Aransas County	18,794,998	49.99%	9,395,620
Aransas County Navigation District	4,160,000	49.99%	<u>2,079,584</u>
Subtotal, Overlapping Debt			33,767,993
City Direct Debt			<u>19,015,736</u>
Total Direct and Overlapping Debt			<u><u>52,783,729</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City
The percentage of overlapping debt applicable is estimated by the percent of area of each government that
is within the boundaries of the City.

Information obtained from entities audited financial statements and Aransas County Appraisal District.

**CITY OF ROCKPORT, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED**

	September 30,					
	2008	2009	2010	2011	2012	2013
Maximum available tax revenues						
for all purposes						
including debt service	30,402,840	32,136,535	33,040,660	34,193,454	32,699,909	35,273,627
Actual amount expended for						
general obligation debt	1,655,176	1,679,650	1,930,704	1,949,434	2,083,638	2,040,581
Excess	28,747,664	30,456,885	31,109,956	32,244,020	30,616,271	33,233,046

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	1,513,644,681
Maximum tax rate per \$100 assessed valuation	2.50
Maximum available tax revenues for all purposes including debt service	37,841,117
Actual amount expended for general obligation debt service	2,720,000

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

Under Article XI, Section 5 of the State of Texas Constitution applicable to cities of 5,000 population, the maximum tax rate fro all purposed is \$2.50 per \$100 assessed valuation.

TABLE 14

September 30,			
2014	2015	2016	2016
37,699,237	35,872,190	37,325,556	37,841,117
2,061,064	2,107,976	2,314,771	2,720,000
35,638,173	33,764,214	35,010,785	35,121,117

CITY of ROCKPORT, TEXAS



TABLE 15

**CITY OF ROCKPORT, TEXAS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 UNAUDITED**

Fiscal Year	Water and Sewer Revenue Bonds				
	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Services Requirements (2)	Coverage
2008	7,824,558	5,482,597	2,341,961	198,742	11.78
2009	9,561,756	7,257,707	2,304,049	201,372	11.44
2010	9,320,476	6,555,998	2,764,478	--	N/A
2011	10,102,665	7,421,348	2,681,317	--	N/A
2012	9,904,944	7,094,829	2,810,115	--	N/A
2013	8,907,527	6,210,472	2,697,055	--	N/A
2014	9,219,874	6,112,976	3,106,898	--	N/A
2015	11,618,026	6,336,116	5,281,910	--	N/A
2016	12,224,245	8,029,724	4,194,521	--	N/A
2017	12,164,882	8,079,576	4,085,306	--	N/A

(1) Exclusive of depreciation and interest

(2) Includes principal and interest of revenue bonds only

**CITY OF ROCKPORT, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
UNAUDITED**

	December 30,					
	2008	2009	2010	2011	2012	2013
Population (1)	9,425	9,810	9,810	9,357	9,357	9,357
Personal Income (3)	27,504	24,950	24,950	24,950	24,950	24,950
Per Capita Personal Income (in thousands)	259,225	244,760	244,760	233,457	233,457	233,457
Median Age (3)	42.7	42.7	46.0	46.0	49.0	49.0
Education Level in Years of Schooling	--	--	--	--	--	--
School Enrollment (4)	3,241	3,331	2,916	2,848	3,331	3,331
Unemployment (2)	4.8%	6.9%	7.4%	7.4%	7.4%	7.4%

Data Sources:

- (1) City of Rockport
- (2) Texas Workforce Commission
- (3) Rockport-Fulton Chamber of Commerce
- (4) Texas Education Agency

Omitted information is not available.

TABLE 16

December 30,			
2014	2015	2016	2017
9,357	9,357	9,357	10,645
24,950	24,950	28,472	29,952
233,457	233,457	266,413	318,839
49.0	49.0	49.0	49.5
--	--	--	--
3,331	3,331	3,405	2,547
6.2%	5.1%	5.1%	6.9%

CITY of ROCKPORT, TEXAS



TABLE 17

**CITY OF ROCKPORT, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Aransas County ISD	521	1	--	521	1	--
Wal-Mart	250	2	--	250	2	--
Care Regional Medical Center	210	3	--	--	0	--
Wood Group Production Service	181	4	--	--	0	--
H.E.B.	185	5	--	185	3	--
Aransas County	175	6	--	175	4	--
City of Rockport	130	7	--	130	5	--
State of Texas	107	8	--	107	6	--
Gulf Pointe Plaza	93	9	--	93	7	--
Rockport Coastal Care Center	75	10	--	75	8	--
Total	1,927		--	1,536		--

Source: Rockport Fulton Chamber of Commerce

Omitted information is not available

CITY OF ROCKPORT, TEXAS
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>September 30,</u>						
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government							
Municipal Court	5	5	5	5	5	3	3
City Secretary	3	3	3	3	3	3	3
City Manager	1	1	1	1	1	1	1
Information/Technology	1	1	1	1	1	1	1
Finance	2	2	2	2	2	2	2
Police							
Officers	22	22	21	25	27	27	27
Civilians	14	14	14	14	13	13	12
Public Works							
Building and Development	5	5	5	5	5	5	5
Street and Drainage	8	8	9	10	11	7	7
Building Maintenance	1	1	1	1	1	1	1
Fleet	2	2	3	3	2	2	2
Parks and Recreation	27	27	27	27	28	13	13
Utilities:							
Water	15	15	15	15	16	17	17
Wastewater	6	6	7	7	6	6	6
Environmental	--	--	1	1	1	1	1
Natural Gas	7	7	6	6	6	6	6
Customer Service	4	4	4	6	6	6	6
Total	<u>123</u>	<u>123</u>	<u>125</u>	<u>132</u>	<u>134</u>	<u>114</u>	<u>113</u>

Source: City Budget

TABLE 18

September 30,		
2015	2016	2017
3	3	3
3	3	3
1	1	1
2	2	2
2	2	2
28	26	26
15	15	15
6	7	8
7	7	7
1	1	--
2	2	3
12	13	13
18	18	18
10	10	10
2	2	2
8	8	8
5	6	5
125	126	126

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

Function/Program	September 30,					
	2008	2009	2010	2011	2012	2013
General Government						
Building Permits Issued	1,437	1,028	1,095	1,393	1,172	1,208
Building Inspections Conducted	2,424	1,752	1,392	1,533	1,557	1,540
Police						
Physical Arrests	833	833	833	833	833	598
Traffic Violations	3,337	3,337	3,677	4,025	4,025	1,286
Fire	N/A	N/A	N/A	N/A	N/A	N/A
Refuse Collection	N/A	N/A	N/A	N/A	N/A	N/A
Other Public Works						
Street Resurfacing (miles)	3.01	8.30	9.90	8.88	10.00	9.84
Potholes Repaired	N/A	N/A	N/A	N/A	N/A	40
Library	N/A	N/A	N/A	N/A	N/A	N/A
Water						
New Connections	267	143	98	97	150	56
Water Main Breaks	13	17	8	9	7	15
Average Daily Consumption	2,948,000	3,173,000	2,740,000	3,245,000	3,086,000	2,773,000
Peak Daily Consumption	4,634,000	5,088,000	4,307,000	5,994,000	4,980,000	4,486,000
Storage Capacity	7,100,000	7,100,000	7,100,000	8,100,000	8,100,000	8,100,000
Wastewater						
Average Daily Sewage Treatment (millions of gallons)	1.30	1.30	1.36	1.06	1.10	1.19
Transit	N/A	N/A	N/A	N/A	N/A	N/A

TABLE 19

September 30,			
2014	2015	2016	2017
139	1,085	1,238	1,989
1,978	2,097	2,137	2,733
879	1,133	351	687
2,029	1,756	1,598	1,057
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
7.69	9.55	9.10	--
28	32	36	17
N/A	N/A	N/A	N/A
150	410	154	152
10	8	18	16
2,723,000	2,552,000	2,684,000	2,761,000
4,400,000	4,446,000	4,027,000	4,662,000
8,100,000	8,100,000	8,100,000	7,600,000
1.19	1.51	1.44	1.02
N/A	N/A	N/A	N/A

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

Function/Program	September 30,					
	2008	2009	2010	2011	2012	2013
Police						
Stations	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12
Fire Stations	2	2	2	2	2	2
Other Public Works						
Streets (miles)	77	77	77	77	77	87
Parks and Recreation						
Acreage	200	200	200	200	200	150
Parks	10	10	10	10	10	10
Swimming Pools	1	1	1	1	1	1
Community Centers	1	1	1	1	1	--
Water						
Water Mains (miles)	160	163	163	163	163	163
Storage Capacity (thousands of gallons)	7,100	7,100	7,100	7,100	8,100	8,100
Wastewater						
Sanitary Sewers (miles)	64	67	67	67	67	67
Storm Sewers (miles)	31	31	31	31	31	31
Treatment Capacity (thousands of gallons)	2.5	2.5	2.5	2.5	2.5	2.5

Sources: Various city departments

TABLE 20

September 30,			
2014	2015	2016	2017
1	1	1	1
12	12	12	20
2	2	2	2
87	87	87	87
150	150	150	211
10	10	10	15
1	1	1	1
--	--	--	--
163	163	163	191
8,100	8,100	8,100	7,600
67	67	67	78
31	31	31	31
2.5	2.5	2.5	2.5

CITY of ROCKPORT, TEXAS

