

CITY OF LAMPASAS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014



SINGLETON, CLARK
& COMPANY, PC **CERTIFIED PUBLIC ACCOUNTANTS**

CITY OF LAMPASAS, TEXAS
 ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council, and Citizens of
the City of Lampasas, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows hereof 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 section be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

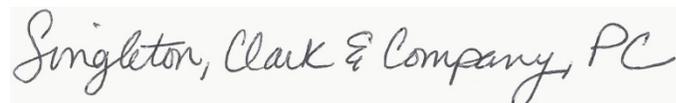
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC
Cedar Park, Texas

January 20, 2015

Management's Discussion and Analysis

As management of the City of Lampasas, Texas ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets of the governmental activities of the City exceeded its liabilities at the close of the most recent fiscal year by \$7,774,104 (*net position*). Of this amount, \$2,986,307 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's overall total net position increased by \$310,835 during the year primarily because of grant funding received from the Texas Department of Transportation for airport capital improvements.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$4,897,654, a decrease of \$622,349 in comparison with the prior year. Approximately 13.3% of this amount, or \$653,146, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$2,485,626, or approximately 32% of total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include a water/wastewater utility operation, electric operation, aviation operation, golf course operation and an economic development operation.

The government-wide financial statements include not only the City of Lampasas, Texas itself (known as the *primary government*), but also a legally separate economic development corporation for which the City financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 11-13 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other twelve governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Proprietary Funds. The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its electric utility operations, water/wastewater utility operations, economic development operations, aviation operations and its golf course operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's functions. The City is not currently utilizing an internal service fund. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements. The City does not currently operate any internal service funds.

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 electric utility, water/wastewater utility, economic development, aviation, and golf course operations of the City. Conversely, when internal service funds are utilized, they are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Lampasas, Texas does not maintain any fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire 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 22-42 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Lampasas's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 43 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

Combining and individual fund statements and schedules can be found on pages 44-50 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$28,694,686 at the close of the most recent fiscal year.

City of Lampasas, Texas's Net Position

	Governmental Activities 2014	Governmental Activities 2013	Change	Business- Type Activities 2014	Business- Type Activities 2013	Change
Current & other assets	\$ 6,474,521	\$ 6,825,532	\$ (351,011)	\$ 10,105,883	\$ 11,682,375	\$ (1,576,492)
Capital assets	8,821,709	8,714,129	107,580	16,533,798	14,654,639	1,879,159
Total assets	15,296,230	15,539,661	(243,431)	26,639,681	26,337,014	302,667
Current liabilities	835,509	614,189.00	221,320	1,551,088	1,707,832	(156,744)
Long-term liabilities	6,686,617	7,018,942	(332,325)	3,893,011	4,151,861	(258,850)
Deferred inflows	-	-	-	275,000	-	275,000
Total liabilities and deferred inflows	7,522,126	7,633,131	(111,005)	5,719,099	5,859,693	(140,594)
Net Position						
Net investment in capital assets	2,418,796	1,950,175	468,621	12,707,391	10,564,759	2,142,632
Restricted	2,369,001	2,914,531	(545,530)	4,490,449	4,486,820	3,629
Unrestricted	2,986,307	3,041,824	(55,517)	3,722,742	5,425,742	(1,703,000)
Total net position	\$ 7,774,104	\$ 7,906,530	\$ (132,426)	\$ 20,920,582	\$ 20,477,321	\$ 443,261

By far, the largest portion of the City's net position (52.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used 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 position (23.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,709,049 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position increased by \$310,835 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$132,426 from the prior fiscal year for an ending balance of \$7,774,104. The decrease in the overall net position of governmental activities is the result of slight variations between actual and budgeted amounts for revenues and expenditures and also depreciation expense recorded on the City's assets.

City of Lampasas, Texas Changes in Net Position

	Governmental Activities 2014	Governmental Activities 2013	Change	Business- Type Activities 2014	Business- Type Activities 2013	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 1,395,338	\$ 2,285,216	\$ (889,878)	\$ 15,160,952	\$ 14,773,779	\$ 387,173
Operating grants & contributions	641,953	502,432	139,521	-	2,473	(2,473)
General Revenues:						
Property taxes	1,410,139	1,381,515	28,624	-	-	-
Other taxes	2,253,323	2,137,732	115,591	-	-	-
Grants and contributions not restricted to specific programs	11,515	23,192	(11,677)	-	-	-
Other	2,181,788	747,393	1,434,395	70,676	191,152	(120,476)
Total revenue	7,894,056	7,077,480	816,576	15,231,628	14,967,404	264,224
Expenses:						
General government	2,223,491	2,022,456	201,035	-	-	-
Public safety	3,186,402	2,955,907	230,495	-	-	-
Highways and streets	699,633	671,618	28,015	-	-	-
Sanitation	1,058,171	1,051,846	6,325	-	-	-
Health and welfare	128,549	118,503	10,046	-	-	-
Culture and recreation	1,008,322	964,600	43,722	-	-	-
Conservation	48,646	44,954	3,692	-	-	-
Interest on long-term debt	268,213	279,734	(11,521)	-	-	-
Electric fund	-	-	-	9,193,037	8,500,187	692,850
Water/Wastewater fund	-	-	-	4,269,573	3,783,437	486,136
Nonmajor enterprise funds	-	-	-	808,386	732,341	76,045
Total expenses	8,621,427	8,109,618	511,809	14,270,996	13,015,965	1,255,031
Increase (decrease) in net position before transfers	(727,371)	(1,032,138)	304,767	960,632	1,951,439	(990,807)
Transfers	594,945	1,538,095	(943,150)	(517,371)	(1,538,095)	1,020,724
Increase (decrease) in net position	(132,426)	505,957	(638,383)	443,261	413,344	29,917
Net position - beginning	7,906,530	7,400,573	505,957	20,477,321	20,063,977	413,344
Net position - ending	\$ 7,774,104	\$ 7,906,530	\$ (132,426)	\$ 20,920,582	\$ 20,477,321	\$ 443,261

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$20,920,582. The total increase in net position for business-type activities (utility and other proprietary funds) was \$443,261 or 2.2% from the prior fiscal year. This growth is mainly attributable to airport capital improvements paid for by the Texas Department of Transportation that were transferred into the Aviation Fund during the year.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2014, the City's governmental funds reported combined fund balances of \$4,897,654, a decrease of \$622,349 in comparison with the prior year. Approximately 13.3% of this amount (\$653,146) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$58,743), 2) legally required to be maintained intact (\$-0-), 3) restricted for particular purposes (\$2,353,285), 4) committed for particular purposes (\$1,783,405), or 5) assigned for particular purposes (\$49,075).

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 \$653,146, while total fund balance decreased to \$2,544,369. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 8.1 percent of total General Fund expenditures, while total fund balance represents approximately 31.7 percent of that same amount.

The fund balance of the City's General Fund decreased by \$75,823 during the current fiscal year. The decrease in the fund balance of the General Fund was attributable primarily to revenues and transfers in being realized at amounts slightly lower than budgeted for the year.

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

Unrestricted net position of the Electric Fund at the end of the year was \$7,242,811 and for the Water/Wastewater Fund was \$10,315,408. The total decrease in net position for both funds was \$12,640 and \$368,119, respectively. The decrease for the Electric Fund reflects only minor variations between actual and budgeted amounts for revenues and expenses. The decrease for the Water/Wastewater Fund is the result of higher than anticipated operating costs during the year.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. Generally, the movement of the appropriations between departments was *not* significant.

Capital Assets and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$25,355,507 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the water treatment plant. The total increase in capital assets for the current fiscal year was approximately 8.5%.

City of Lampasas, Texas Capital Assets

	Governmental Activities 2014	Governmental Activities 2013	Change
Land	\$ 1,105,698	\$ 1,105,698	\$ -
Buildings	10,843,964	10,674,132	169,832
Furniture and Equipment	3,558,822	3,506,066	52,756
Construction in Progress	301,995	82,840	219,155
Total	15,810,479	15,368,736	441,743
Less Accumulated Depreciation	(6,988,770)	(6,654,607)	(334,163)
Capital assets, net of depreciation	\$ 8,821,709	\$ 8,714,129	\$ 107,580

	Business-type Activities 2014	Business-type Activities 2013	Change
Land	\$ 983,063	\$ 607,099	\$ 375,964
Buildings	4,984,424	4,229,909	754,515
Furniture and Equipment	4,808,705	4,319,261	489,444
Construction in Progress	425,353	701,084	(275,731)
Infrastructure	22,177,072	20,717,770	1,459,302
Total	33,378,617	30,575,123	2,803,494
Less Accumulated Depreciation	(16,844,819)	(15,920,484)	(924,335)
Capital assets, net of depreciation	\$ 16,533,798	\$ 14,654,639	\$ 1,879,159

Additional information on the City’s capital assets can be found in Note IV.D on pages 33-34 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$10,229,320. The remainder of the City’s long-term obligations is comprised of compensated absences.

City of Lampasas, Texas Outstanding Debt

	Governmental Activities 2014	Governmental Activities 2013	Change
General Obligation Bonds	\$ 6,402,913	\$ 6,763,954	\$ (361,041)
Compensated Absences	283,704	254,988	28,716
Total	<u>\$ 6,686,617</u>	<u>\$ 7,018,942</u>	<u>\$ (332,325)</u>

	Business-type Activities 2014	Business-type Activities 2013	Change
General Obligation Bonds	\$ 3,826,407	\$ 4,089,880	\$ (263,473)
Compensated Absences	66,603	61,981	4,622
Total	<u>\$ 3,893,010</u>	<u>\$ 4,151,861</u>	<u>\$ (258,851)</u>

The City's total debt decreased by \$591,176 (5.3 percent) during the current fiscal year. The reason for the decrease was regularly scheduled principal reductions on the existing outstanding debt.

Additional information on the City's long-term debt can be found in Note IV.I on pages 38-40 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City and were considered in developing the 2014-2015 fiscal year budget.

- The City anticipates an additional \$31,351 of property tax revenue related to new property added to the tax roll.
- Interest rates are expected to remain at record low levels throughout fiscal year 2014-2015.
- On the expenditure side, increases are expected in health insurance premiums, as well as other employee benefit costs.
- The City continues to purchase a catastrophic liability insurance policy to protect itself from unforeseen losses in excess of \$1 million.

Requests for Information

This financial report is designed to provide a general overview of the City of Lampasas, Texas finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, 312 E. Third Street, Lampasas, Texas, 76550, or by calling (512) 556-3641.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lampasas EDC
ASSETS				
Cash and cash equivalents	\$ 1,895,554	\$ 2,899,268	\$ 4,794,822	\$ 552,630
Investments - current	3,504,492	5,023,791	8,528,283	-
Taxes receivable - delinquent	81,466	-	81,466	-
Allowance for uncollectible taxes	(13,565)	-	(13,565)	-
Accounts receivable, net	947,831	1,189,588	2,137,419	-
Notes receivable, net	-	333,000	333,000	-
Inventories	34,546	555,986	590,532	-
Prepaid items	24,197	104,250	128,447	-
Capital assets, not being depreciated:				
Land	1,105,698	983,061	2,088,759	923,785
Construction in progress	301,995	425,353	727,348	-
Capital assets, being depreciated:				
Buildings and improvements	10,843,964	4,984,424	15,828,388	17,975
Machinery, equipment, and vehicles	3,558,822	4,808,705	8,367,527	-
Infrastructure	-	22,177,073	22,177,073	-
Accumulated depreciation	(6,988,770)	(16,844,818)	(23,833,588)	(5,394)
Total assets	<u>15,296,230</u>	<u>26,639,681</u>	<u>41,935,911</u>	<u>1,488,996</u>
LIABILITIES				
Accounts payable	582,330	986,888	1,569,218	7,542
Accrued salaries and benefits	137,204	31,120	168,324	-
Accrued liabilities	-	18,643	18,643	-
Intergovernmental payable	-	27,070	27,070	-
Accrued interest payable	32,921	15,559	48,480	9,252
Unearned revenue	20,111	-	20,111	-
Other current liabilities	62,943	10,754	73,697	-
Customer deposits	-	461,054	461,054	-
Noncurrent liabilities:				
Due in more than one year	365,000	275,000	640,000	-
Due within one year	6,321,617	3,618,011	9,939,628	465,000
Total liabilities	<u>7,522,126</u>	<u>5,444,099</u>	<u>12,966,225</u>	<u>481,794</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - lease revenue	-	275,000	275,000	-
Total deferred inflows of resources	<u>-</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,418,796	12,707,391	15,126,187	-
Restricted for debt service	186,756	-	186,756	-
Restricted for capital projects	774,455	1,112,572	1,887,027	-
Restricted for endowments	174,558	-	174,558	-
Restricted for system improvements	-	510,000	510,000	-
Restricted for operations & maintenance	-	2,867,877	2,867,877	-
Restricted for other specific purposes	1,233,232	-	1,233,232	-
Unrestricted	2,986,307	3,722,742	6,709,049	1,007,202
Total net position	<u>\$ 7,774,104</u>	<u>\$ 20,920,582</u>	<u>\$ 28,694,686</u>	<u>\$ 1,007,202</u>

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

CITY OF LAMPASAS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ 2,223,491	\$ 10,244	\$ 591,953
Public safety	3,186,402	-	-
Highways and streets	699,633	195,144	-
Sanitation	1,058,171	1,096,536	-
Health and welfare	128,549	17,956	-
Culture and recreation	1,008,322	75,458	50,000
Conservation	48,646	-	-
Economic development and assistance	-	-	-
Interest	268,213	-	-
Total Governmental Activities:	<u>8,621,427</u>	<u>1,395,338</u>	<u>641,953</u>
Business-type activities:			
Electric fund	9,193,037	10,864,582	-
Water/Wastewater fund	4,269,573	3,723,985	-
Nonmajor enterprise funds	808,386	572,385	-
Total Business-Type Activities:	<u>14,270,996</u>	<u>15,160,952</u>	<u>-</u>
Total primary government	<u>\$ 22,892,423</u>	<u>\$ 16,556,290</u>	<u>\$ 641,953</u>
Component units:			
Lampasas economic development corporation	\$ 130,423	\$ -	\$ -
	<u>\$ 130,423</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

- Property taxes
- Sales taxes
- Hotel/motel taxes
- Franchise taxes
- Contributions and donations from private sources
- Intergovernmental revenue
- Special assessments
- Investment earnings
- Gain (loss) on sale of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position -- beginning

Prior period adjustment

Net position -- ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Lampasas EDC
\$ (1,621,294)	\$ -	\$ (1,621,294)	\$ -
(3,186,402)	-	(3,186,402)	-
(504,489)	-	(504,489)	-
38,365	-	38,365	-
(110,593)	-	(110,593)	-
(882,864)	-	(882,864)	-
(48,646)	-	(48,646)	-
-	-	-	-
(268,213)	-	(268,213)	-
<u>(6,584,136)</u>	<u>-</u>	<u>(6,584,136)</u>	<u>-</u>
-	1,671,545	1,671,545	-
-	(545,588)	(545,588)	-
-	(236,001)	(236,001)	-
<u>-</u>	<u>889,956</u>	<u>889,956</u>	<u>-</u>
<u>(6,584,136)</u>	<u>889,956</u>	<u>(5,694,180)</u>	<u>-</u>
			(130,423)
			<u>(130,423)</u>
1,410,139	-	1,410,139	-
1,234,608	-	1,234,608	-
87,550	-	87,550	-
931,165	-	931,165	-
11,515	-	11,515	-
1,352,961	-	1,352,961	-
9,414	-	9,414	-
8,955	24,613	33,568	5,928
202,613	-	202,613	-
607,845	46,063	653,908	247,724
594,945	(517,371)	77,574	(77,574)
<u>6,451,710</u>	<u>(446,695)</u>	<u>6,005,015</u>	<u>176,078</u>
(132,426)	443,261	310,835	45,655
<u>7,906,530</u>	<u>20,477,321</u>	<u>28,383,851</u>	<u>855,740</u>
-	-	-	105,807
<u>\$ 7,774,104</u>	<u>\$ 20,920,582</u>	<u>\$ 28,694,686</u>	<u>\$ 1,007,202</u>

FUND BASIS FINANCIAL STATEMENTS

CITY OF LAMPASAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 642,288	\$ 1,253,266	\$ 1,895,554
Investments - current	2,293,983	1,210,509	3,504,492
Taxes receivable - delinquent	62,976	18,490	81,466
Allowance for uncollectible delinquent taxes	(10,792)	(2,773)	(13,565)
Accounts receivable	202,626	40,172	242,798
Due from other funds	10,681	-	10,681
Inventories	34,546	-	34,546
Prepaid items	24,197	-	24,197
Total assets	<u>\$ 3,260,505</u>	<u>\$ 2,519,664</u>	<u>\$ 5,780,169</u>
LIABILITIES			
Accounts payable	\$ 446,744	\$ 135,586	\$ 582,330
Accrued salaries payable	134,567	2,637	137,204
Due to other funds	-	10,681	10,681
Unearned revenue	20,111	-	20,111
Other current liabilities	61,184	1,759	62,943
Total liabilities	<u>662,606</u>	<u>150,663</u>	<u>813,269</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - property taxes	53,530	15,716	69,246
Total deferred inflows of resources	<u>53,530</u>	<u>15,716</u>	<u>69,246</u>
FUND BALANCES (DEFICITS)			
Nonspendable for:			
Inventories	34,546	-	34,546
Prepays	24,197	-	24,197
Restricted for:			
Debt service	-	171,040	171,040
Capital projects	-	774,455	774,455
Endowments	-	174,558	174,558
Other specific purposes	-	1,233,232	1,233,232
Committed for:			
Working capital	1,783,405	-	1,783,405
Assigned for:			
Comprehensive plan	9,084	-	9,084
580 complex	38,241	-	38,241
Park improvements	1,750	-	1,750
Unassigned	653,146	-	653,146
Total fund balances	<u>2,544,369</u>	<u>2,353,285</u>	<u>4,897,654</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,260,505</u>	<u>\$ 2,519,664</u>	<u>\$ 5,780,169</u>

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

CITY OF LAMPASAS, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014

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

Total fund balances - governmental funds	\$ 4,897,654
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,821,709
Other long-term assets, such as uncollected property taxes, are not available to pay and, therefore, are reported as unavailable revenue in the funds.	69,246
Uncollected municipal court fines are not an available resources and, therefore, are not reported in the funds.	705,033
Long-term liabilities, including bonds payable, are not due and payable in the period and, therefore, are not reported in the funds.	(6,719,538)
Net position of governmental activities	<u>\$ 7,774,104</u>

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

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

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 1,083,317	\$ 322,070	\$ 1,405,387
Sales taxes	1,234,608	-	1,234,608
Hotel/motel taxes	-	87,550	87,550
Franchise taxes	931,165	-	931,165
Licenses and permits	45,981	-	45,981
Intergovernmental revenues	1,287,287	707,627	1,994,914
Charges for services	1,384,537	10,801	1,395,338
Fines	329,222	-	329,222
Special assessments	-	9,414	9,414
Investment earnings	4,097	4,858	8,955
Rents and royalties	8,570	-	8,570
Contributions and donations, private sources	7,920	3,595	11,515
Miscellaneous revenue	113,498	56,246	169,744
Total revenues	6,430,202	1,202,161	7,632,363
EXPENDITURES			
Current:			
General government	1,864,154	189,802	2,053,956
Public safety:			
Police	1,971,225	41,965	2,013,190
Fire	925,373	-	925,373
Highways and streets	644,611	-	644,611
Sanitation	980,334	-	980,334
Health and welfare	119,093	-	119,093
Culture and recreation:			
Swimming pools	142,807	-	142,807
Parks	568,910	9,651	578,561
Libraries	209,170	-	209,170
Conservation	-	45,068	45,068
Debt service:			
Bond principal	-	360,000	360,000
Interest - bonds	-	270,701	270,701
Interest - other debt	-	250	250
Capital outlay	594,816	139,580	734,396
Total expenditures	8,020,493	1,057,017	9,077,510
Excess (deficiency) of revenues over expenditures	(1,590,291)	145,144	(1,445,147)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,403,631	527,440	1,931,071
Transfers out	(117,016)	(1,219,110)	(1,336,126)
Sale of general capital assets	217,094	-	217,094
Insurance recoveries	10,759	-	10,759
Total other financing sources (uses)	1,514,468	(691,670)	822,798
Net change in fund balance	(75,823)	(546,526)	(622,349)
Fund balance - beginning	2,620,192	2,899,811	5,520,003
Fund balance - ending	\$ 2,544,369	\$ 2,353,285	\$ 4,897,654

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

CITY OF LAMPASAS, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Net change in fund balances - total governmental funds	\$ (622,349)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	122,061
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(14,481)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	334,022
Other changes in long term assets, such as property taxes, are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	48,321
	\$ (132,426)

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

CITY OF LAMPASAS, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,104,300	\$ 1,104,300	\$ 1,083,317	\$ (20,983)
Sales taxes	1,184,500	1,184,500	1,234,608	50,108
Franchise taxes	925,000	925,000	931,165	6,165
Licenses and permits	51,100	52,900	45,981	(6,919)
Intergovernmental revenues	1,205,245	1,205,245	1,287,287	82,042
Charges for services	1,392,000	1,393,120	1,384,537	(8,583)
Fines	405,447	407,147	329,222	(77,925)
Investment earnings	6,000	6,000	4,097	(1,903)
Rents and royalties	13,420	13,400	8,570	(4,830)
Contributions and donations, private sources	8,000	8,000	7,920	(80)
Miscellaneous revenue	130,100	210,500	113,498	(97,002)
Total revenues	<u>6,425,112</u>	<u>6,510,112</u>	<u>6,430,202</u>	<u>(79,910)</u>
EXPENDITURES				
Current:				
General government	1,777,691	1,892,786	1,864,154	28,632
Public safety:				
Police	2,014,720	1,997,677	1,971,225	26,452
Fire	949,201	928,401	925,373	3,028
Highways and streets	688,378	652,678	644,611	8,067
Sanitation	990,000	990,000	980,334	9,666
Health and welfare	124,249	124,249	119,093	5,156
Culture and recreation:				
Swimming pools	150,954	150,954	142,807	8,147
Parks	596,200	591,200	568,910	22,290
Libraries	202,410	209,777	209,170	607
Capital outlay	695,000	741,305	594,816	146,489
Total expenditures	<u>8,188,803</u>	<u>8,279,027</u>	<u>8,020,493</u>	<u>258,534</u>
Excess (deficiency) of revenues over expenditures	<u>(1,763,691)</u>	<u>(1,768,915)</u>	<u>(1,590,291)</u>	<u>178,624</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,400	1,500,400	1,403,631	(96,769)
Transfers out	(129,709)	(129,709)	(117,016)	12,693
Sale of general capital assets	100,000	100,000	217,094	117,094
Insurance recoveries	18,000	23,224	10,759	(12,465)
Other Sources	275,000	275,000	-	(275,000)
Total other financing sources (uses)	<u>1,763,691</u>	<u>1,768,915</u>	<u>1,514,468</u>	<u>(254,447)</u>
Net change in fund balances	-	-	(75,823)	(75,823)
Fund balance - beginning	2,620,192	2,620,192	2,620,192	-
Fund balance - ending	<u>\$ 2,620,192</u>	<u>\$ 2,620,192</u>	<u>\$ 2,544,369</u>	<u>\$ (75,823)</u>

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

CITY OF LAMPASAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities			
	Electric Fund	Water/Waste- Water Fund	Total Non-major Funds	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,684,115	\$ 1,047,667	\$ 167,486	\$ 2,899,268
Investments - current	3,635,237	1,349,023	39,531	5,023,791
Accounts receivable, net	958,195	221,659	9,734	1,189,588
Notes receivable, net	-	-	333,000	333,000
Inventories	368,683	145,448	41,855	555,986
Prepaid items	-	104,250	-	104,250
Total current assets	<u>6,646,230</u>	<u>2,868,047</u>	<u>591,606</u>	<u>10,105,883</u>
Noncurrent Assets:				
Land	56,812	69,965	856,284	983,061
Infrastructure	2,555,813	19,621,260	-	22,177,073
Buildings	553,157	839,241	1,652,750	3,045,148
Improvements other than buildings	-	-	1,939,276	1,939,276
Furnishings and equipment	2,591,875	1,984,840	231,990	4,808,705
Accumulated depreciation	(4,042,645)	(11,217,774)	(1,584,399)	(16,844,818)
Construction/development in progress	-	418,780	6,573	425,353
Total noncurrent assets	<u>1,715,012</u>	<u>11,716,312</u>	<u>3,102,474</u>	<u>16,533,798</u>
Total assets	<u>8,361,242</u>	<u>14,584,359</u>	<u>3,694,080</u>	<u>26,639,681</u>
LIABILITIES				
Current liabilities:				
Accounts payable	746,273	218,146	22,469	986,888
Accrued salaries payable	13,846	5,477	11,797	31,120
Accrued liabilities	-	16,717	1,926	18,643
Intergovernmental payable	27,070	-	-	27,070
Accrued interest payable	-	15,559	-	15,559
Other current liabilities	-	10,754	-	10,754
Customer deposits	301,693	159,361	-	461,054
Total current liabilities	<u>1,088,882</u>	<u>426,014</u>	<u>36,192</u>	<u>1,551,088</u>
Noncurrent Liabilities:				
Bonds payable - due in more than one year	-	3,475,000	-	3,475,000
Bonds payable - due within one year	-	275,000	-	275,000
Unamortized premium on bonds	-	76,407	-	76,407
Compensated absences payable	29,549	16,530	20,525	66,604
Total noncurrent liabilities	<u>29,549</u>	<u>3,842,937</u>	<u>20,525</u>	<u>3,893,011</u>
Total liabilities	<u>1,118,431</u>	<u>4,268,951</u>	<u>56,717</u>	<u>5,444,099</u>
DEFERRED INFLOWS				
Deferred inflow - lease revenue	-	-	275,000	275,000
Total deferred inflows	<u>-</u>	<u>-</u>	<u>275,000</u>	<u>275,000</u>
NET POSITION				
Net investment in capital assets	1,715,012	7,889,905	3,102,474	12,707,391
Restricted for construction & equipment	194,000	914,943	3,629	1,112,572
Restricted for system improvements	510,000	-	-	510,000
Restricted for operations & maintenance	2,128,679	739,198	-	2,867,877
Unrestricted	2,695,120	771,362	256,260	3,722,742
Total net position	<u>\$ 7,242,811</u>	<u>\$ 10,315,408</u>	<u>\$ 3,362,363</u>	<u>\$ 20,920,582</u>

CITY OF LAMPASAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities			Total Proprietary Funds
	Electric Fund	Water/Waste- water Fund	Total Non-major Funds	
Operating revenues:				
Charges for services:				
Water sales	\$ -	\$ 3,723,985	\$ -	\$ 3,723,985
Electricity sales	10,864,582	-	-	10,864,582
Other charges for services	-	-	572,385	572,385
Miscellaneous revenue	39,369	-	327	39,696
Total operating revenues	<u>10,903,951</u>	<u>3,723,985</u>	<u>572,712</u>	<u>15,200,648</u>
Operating expenses:				
Personnel services	463,288	546,306	375,133	1,384,727
Purchased professional and technical services	7,181,518	1,349,088	15,778	8,546,384
Purchased property services	96,041	176,622	37,044	309,707
Other purchased services	552,876	29,890	49,355	632,121
Materials and supplies	38,761	129,584	154,650	322,995
Other operating expenses	755,424	1,227,805	33,264	2,016,493
Depreciation	105,129	688,043	143,162	936,334
Total operating expenses	<u>9,193,037</u>	<u>4,147,338</u>	<u>808,386</u>	<u>14,148,761</u>
Operating income (loss)	1,710,914	(423,353)	(235,674)	1,051,887
Nonoperating revenues (expenses)				
Intergovernmental	-	-	6,367	6,367
Investment earnings	10,326	9,488	4,799	24,613
Interest expense	-	(122,235)	-	(122,235)
Total nonoperating revenues (expenses)	<u>10,326</u>	<u>(112,747)</u>	<u>11,166</u>	<u>(91,255)</u>
Income before transfers in (out)	1,721,240	(536,100)	(224,508)	960,632
Transfers in	61,980	395,642	1,056,656	1,514,278
Transfers out	(1,795,860)	(227,661)	(8,128)	(2,031,649)
Change in net position	<u>(12,640)</u>	<u>(368,119)</u>	<u>824,020</u>	<u>443,261</u>
Net position-beginning	7,255,451	10,683,527	2,538,343	20,477,321
Net position-ending	<u>\$ 7,242,811</u>	<u>\$ 10,315,408</u>	<u>\$ 3,362,363</u>	<u>\$ 20,920,582</u>

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

CITY OF LAMPASAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities			
	Electric Fund	Water/Waste- water Fund	Total Non-major Funds	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 10,759,626	\$ 3,729,229	\$ 572,538	\$ 15,061,393
Payments to suppliers and service providers	(8,540,227)	(3,481,833)	(290,180)	(12,312,240)
Payments to employees for salaries and benefits	(458,801)	(549,296)	(374,330)	(1,382,427)
Net cash provided by (used for) operating activities	<u>1,760,598</u>	<u>(301,900)</u>	<u>(91,972)</u>	<u>1,366,726</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(78,516)	(1,589,927)	(438,548)	(2,106,991)
Principal paid on capital debt	-	(3,473)	-	(3,473)
Interest paid on capital debt	-	(122,235)	-	(122,235)
Operating transfers in	(1,745,880)	167,981	300,381	(1,277,518)
Net cash provided by (used for) capital and related financing activities	<u>(1,824,396)</u>	<u>(1,547,654)</u>	<u>(138,167)</u>	<u>(3,510,217)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	306,907	1,551,691	66,976	1,925,574
Interest on investments	10,326	9,488	4,799	24,613
Net cash provided by investing activities	<u>317,233</u>	<u>1,561,179</u>	<u>71,775</u>	<u>1,950,187</u>
Net increase (decrease) in cash and cash equivalents	253,435	(288,375)	(158,364)	(193,304)
Cash and cash equivalents-beginning	1,430,680	1,336,042	325,850	3,092,572
Cash and cash equivalents-ending	<u>\$ 1,684,115</u>	<u>\$ 1,047,667</u>	<u>\$ 167,486</u>	<u>\$ 2,899,268</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:				
Operating income (loss)	\$ 1,710,914	\$ (423,353)	\$ (235,674)	\$ 1,051,887
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	105,129	688,043	143,162	936,334
(Increase) decrease in accounts receivable	(144,326)	5,244	(172)	(139,254)
(Increase) decrease in inventories	(8,233)	(62,403)	4,437	(66,199)
(Increase) decrease in prepaid items	-	(3,919)	-	(3,919)
(Decrease) increase in accounts payable	91,179	(428,327)	(4,221)	(341,369)
(Decrease) increase in accrued liabilities	5,934	(77,185)	496	(70,755)
Total adjustments	<u>49,683</u>	<u>121,453</u>	<u>143,702</u>	<u>314,838</u>
Net cash provided by (used for) operating activities	<u>\$ 1,760,597</u>	<u>\$ (301,900)</u>	<u>\$ (91,972)</u>	<u>\$ 1,366,725</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

I. Summary of significant accounting policies

A. Description of government-wide financial statements

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

B. Reporting entity

The City of Lampasas, Texas (government) is a municipal corporation governed by an elected mayor and six-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely presented component units

The Lampasas Economic Development Corporation (hereafter "Lampasas EDC") was established in 1998, after the citizens of Lampasas voted to pass a .25 cent sales tax dedicated to economic development. Lampasas EDC's primary purpose is to assist in bringing meaningful and rewarding employment opportunities to citizens in the area through funding assistance provided to businesses to relocate or expand in Lampasas. A separate governing board oversees Lampasas EDC, which is appointed by the Lampasas City Council, and consists of individuals from the community and related governmental entities in the area. City of Lampasas employees also manage the operations of Lampasas EDC. Lampasas EDC has been reported as a discretely presented component unit because the governing board is not identical to the governing body of the City and Lampasas EDC does not solely serve the City of Lampasas.

A copy of the Lampasas EDC financial report may be obtained by contacting the City of Lampasas Finance Department. The Lampasas EDC is discretely presented as a component unit within the City of Lampasas' financial statements. It is reported in a separate column to emphasize that it is legally separate from the primary government.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

As discussed earlier, the government has one discretely presented component unit. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The government reports the following major enterprise funds:

The *electric fund* accounts for the electricity services provided to customers and the related costs of operations to provide those services.

The *water/wastewater fund* accounts for water and wastewater services provided to customers and the related costs of operations to provide those services.

Additionally, the government reports the following fund types:

Special revenue funds account for resources restricted, committed, or assigned for specific purposes by the City or outside grantors in order to have more transparent accountability.

The *debt service fund* accounts for resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds.

Capital projects funds account for the proceeds from long term debt financing and revenues and expenditures related to the authorized capital asset acquisitions.

Non-major enterprise funds accounts for services provided to customers and related costs of operations. The City reported three non-major enterprise funds which are the economic development fund, the aviation fund, and the golf course fund.

The *permanent fund* accounts for endowments that are permanently restricted for a specific purpose. The City reports a permanent cemetery fund.

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

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

E. Measurement focus and basis of accounting

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

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

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

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

Proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund, and proprietary funds. The capital projects fund is appropriated on a project-length basis. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

2. Excess of expenditures over appropriations

The City did not experience expenditures in excess of appropriations for the year ended September 30, 2014.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

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

2. Investments

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

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and utility operations repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. For infrastructure assets the same estimated minimum useful life is used (in excess of one year), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	10-40
Machinery and equipment	5-20
Vehicles	5-10
Improvements	10-40
Infrastructure	10-50

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The statement of net position reported one deferred inflow of resources related to a lease revenue agreement. *Unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. *Net position flow assumption*

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

7. *Fund balance flow assumptions*

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

8. *Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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committed. The council has by resolution authorized the City Manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2013, upon which the levy for the 2013-2014 fiscal year was based, was \$353,119,544. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs. The tax rates assessed for the year ended September 30, 2014, to finance General Fund and Debt Service Fund operations were \$.304623 and \$.090595, respectively, for a total tax rate of \$.395218 per \$100 valuation. The total tax levy for the General Fund and Debt Service Fund for the 2013-2014 fiscal year was \$1,395,592. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2014, were 99.2% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes.

3. Compensated absences

Vacation

City policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

CITY OF LAMPASAS, TEXAS
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Sick Leave

Accumulated sick leave lapses when employees leave the employment of the City and, upon separation from service, no monetary obligation exists. However, employees having twenty or more years of service with the City upon separation are eligible to receive a portion of their accumulated sick leave balance based on a separation pay calculation.

Compensatory Time Off

The City grants non-exempt employees compensatory time (comp time) in lieu of compensation for hours worked in excess of 40 hours a week, or other permissible work schedule based on position. Employees may accrue comp time off at one and one-half times the number of overtime hours worked, up to specified limits.

4. Proprietary funds operating and nonoperating revenues and expenses

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

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

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

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this amount are as follows:

Detail of Capital Asset Reconciling Items:

Capital assets not being depreciated:	
Land	\$ 1,105,698
Construction in progress	301,995
Capital assets, being depreciated	
Buildings and improvements	10,843,964
Machinery, equipment, and vehicles	3,558,822
Accumulated depreciation	(6,988,770)
	<hr/>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ 8,821,709
	<hr/> <hr/>

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Detail of Long-Term Debt Reconciling Items:

Bonds payable	\$ (6,380,000)
Plus: Issuance premium	(22,913)
Compensated absences	(283,704)
Accrued interest payable	(32,921)

Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (6,719,538)

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

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

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of this amount are as follows:

Detail of Capital Outlay and Depreciation Expense Items:

Capital outlay	\$ 734,396
Depreciation expense	(612,335)

Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 122,061

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

Detail of Other Various Miscellaneous Transactions Involving Capital Assets:

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

	\$ (14,481)

Net adjustment to increase <i>net changes in governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (14,481)

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
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Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this amount are as shown below:

Detail of Long-Term Debt Revenue/Expense Items:

Principal repayments:	
General obligation debt	\$ 360,000
Premium amortization	1,041
Adjustments to long term debt balances:	
Compensated Absences	(28,716)
Accrued Interest	1,697

Net adjustment to decrease <i>changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 334,022

III. Stewardship, compliance and accountability

A. Violations of legal or contractual provisions

No violations of legal or contractual provisions were noted during the current year.

B. Deficit fund equity

For the year ended September 30, 2014, there were no funds reported with deficit fund equity.

IV. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for credit risk. As of September 30, 2014, the government’s bank balance was \$5,475,321 which was not exposed to custodial credit risk because it was insured or collateralized with securities held by the pledging or financial institution’s trust department or agent, but not in the government’s name.

B. Investments

The TexPool and TexStar Investment Pools (Pools) operate in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note I.G.2, *Investments*, for a discussion of how the shares in the Pool are valued. The Pools have a credit rating of AAAM from Standard & Poor’s Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pools invest in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state. The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

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

Investment Type	Maturity Time in Years			
	Less than 1	1-5	6-10	More Than 10
Texpool Investment Pool	\$ 6,819,480	\$ -	\$ -	\$ -
Texstar Investment Pool	1,708,803	-	-	-
Total Investments	<u>\$ 8,528,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest rate risk. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the government's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2014, the government's investment in the Texpool investment pool was rated AAAM by Standard & Poor's and its investment in the TexStar investment pool was rated AAA by Standard & Poor's.

Concentration of credit risk. The government's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government's total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

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

C. Receivables

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

Governmental Funds:

Receivables	General	Nonmajor	Total
	Fund	Governmental Funds	Governmental Funds
Property taxes	\$ 62,976	\$ 18,490	\$ 81,466
Accounts receivable	202,626	40,172	242,798
Gross receivables	265,602	58,662	324,264
Less: Allowance for uncollectibles	(10,792)	(2,773)	(13,565)
Net receivables	<u>\$ 254,810</u>	<u>\$ 55,889</u>	<u>\$ 310,699</u>

CITY OF LAMPASAS, TEXAS
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Proprietary Funds:

Receivables	Electric Fund	Water/Waste- Water Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Accounts receivable	\$ 988,307	\$ 241,268	\$ 9,734	\$ 1,239,309
Notes receivable	-	-	333,000	333,000
Gross receivables	988,307	241,268	342,734	1,572,309
Less: Allowance for uncollectibles	(30,112)	(19,609)	-	(49,721)
Net receivables	<u>\$ 958,195</u>	<u>\$ 221,659</u>	<u>\$ 342,734</u>	<u>\$ 1,522,588</u>

D. Capital Assets

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

Governmental Activities:

	Balance 10/1/13	Increases	Decreases	Adjustments	Balance 9/30/14
Capital assets, not being depreciated:					
Land	\$ 1,105,698	\$ -	\$ -	\$ -	\$ 1,105,698
Construction-in-progress	82,840	219,155	-	-	301,995
Total capital assets, not being depreciated	<u>1,188,538</u>	<u>219,155</u>	<u>-</u>	<u>-</u>	<u>1,407,693</u>
Capital assets, being depreciated:					
Buildings and improvements	10,674,132	408,259	(238,427)	-	10,843,964
Machinery, equipment, and vehicles	3,506,066	106,982	(54,226)	-	3,558,822
Total capital assets, being depreciated	<u>14,180,198</u>	<u>515,241</u>	<u>(292,653)</u>	<u>-</u>	<u>14,402,786</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,845,189)	(436,538)	223,946	-	(4,057,781)
Machinery, equipment, and vehicles	(2,809,418)	(175,797)	54,226	-	(2,930,989)
Total accumulated depreciation	<u>(6,654,607)</u>	<u>(612,335)</u>	<u>278,172</u>	<u>-</u>	<u>(6,988,770)</u>
Total capital assets being depreciated, net	<u>7,525,591</u>	<u>(97,094)</u>	<u>(14,481)</u>	<u>-</u>	<u>7,414,016</u>
Governmental activities capital assets, net	<u>\$ 8,714,129</u>	<u>\$ 122,061</u>	<u>\$ (14,481)</u>	<u>\$ -</u>	<u>\$ 8,821,709</u>

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

Governmental activities:

General government	\$ 163,082
Public safety	233,317
Highways and streets	51,181
Sanitation	77,837
Health and welfare	9,456
Culture and recreation	77,462
Total depreciation expense - governmental activities	<u>\$ 612,335</u>

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Business-Type Activities:

	Balance 10/1/13	Increases	Decreases	Adjustments	Balance 9/30/14
Capital assets, not being depreciated:					
Land	\$ 607,099	\$ 375,964	\$ -	\$ -	\$ 983,063
Construction-in-progress	701,084	836,947	-	(1,112,678)	425,353
Total capital assets, not being depreciated	1,308,183	1,212,911	-	(1,112,678)	1,408,416
Capital assets, being depreciated:					
Buildings and improvements	4,229,909	754,515	-	-	4,984,424
Machinery, equipment, and vehicles	4,319,261	501,444	(12,000)	-	4,808,705
Infrastructure	20,717,770	346,624	-	1,112,678	22,177,072
Total capital assets, being depreciated	29,266,940	1,602,583	(12,000)	1,112,678	31,970,201
Less accumulated depreciation for:					
Buildings and improvements	(2,203,415)	(162,525)	-	-	(2,365,940)
Machinery, equipment, and vehicles	(3,953,345)	(153,304)	12,000	-	(4,094,649)
Infrastructure	(9,763,724)	(620,506)	-	-	(10,384,230)
Total accumulated depreciation	(15,920,484)	(936,335)	12,000	-	(16,844,819)
Total capital assets being depreciated, net	13,346,456	666,248	-	1,112,678	15,125,382
Business-type activities capital assets, net	\$ 14,654,639	\$ 1,879,159	\$ -	\$ -	\$ 16,533,798

E. Accrued liabilities

Accrued liabilities reported by governmental and proprietary funds at September 30, 2014, were as follows:

Governmental Funds:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Salaries and benefits	\$ 134,567	\$ 2,637	\$ 137,204
Other	61,184	1,759	62,943
Total accrued liabilities	\$ 195,751	\$ 4,396	\$ 200,147

Proprietary Funds:

	Electric Fund	Water/ Wastewater Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Salaries and benefits	\$ 13,846	\$ 5,477	\$ 11,797	\$ 31,120
Accrued liabilities	-	16,717	1,926	18,643
Intergovernmental payable	27,070	-	-	27,070
Accrued interest payable	-	15,559	-	15,559
Other	-	10,754	-	10,754
Total accrued liabilities	\$ 40,916	\$ 48,507	\$ 13,723	\$ 103,146

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

F. Pension obligations

Texas Municipal Retirement System (TMRS)

Plan Description

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

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

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

	Plan Year 2013	Plan Year 2014
Employee Deposit Rate	7%	7%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

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

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

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Annual Required Contribution (ARC)	\$ 696,001
Interest on Net Pension Obligation	5,039
Adjustment to the ARC	<u>(4,531)</u>
Annual Pension Cost (APC)	696,509
Contributions Made	<u>(676,595)</u>
Increase (decrease) in Net Pension Obligation	19,914
Net Pension Obligation/(Asset), Beginning of Year	<u>71,990</u>
Net Pension Obligation/(Asset), End of Year	<u><u>\$ 91,904</u></u>

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2012	\$ 635,357	\$ 590,464	92.9%	\$ 44,894
2013	644,049	616,952	95.8%	71,990
2014	696,509	676,595	97.1%	91,904

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

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
GASB 25 Equivalent Single Amortization Period	26.3 years; closed period	25.3 years; closed period	26.0 years; closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.00%	7.00%	7.00%
Projected Salary Increases*	varies by age and service	varies by age and service	varies by age and service
*Includes Inflation at Cost of Living Adjustments	3.0%	3.0%	3.0%
	2.1%	2.1%	2.1%

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(c)	(d)	(e)	(f)
			(a) / (b)	(b) - (a)		(d) / (e)
12/31/2013	\$ 14,540,905	\$ 18,506,831	78.6%	3,965,926	\$4,217,490	94.0%

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

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

G. Risk management

The government is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

H. Lease obligations

1. Operating lease

The City leases a John Deere mower to provide for operation needs for the Golf Course fund. Total costs for this lease were \$6,916 for the year ended September 30, 2014.

The future minimum lease payments for this lease as of September 30, 2014, were as follows:

Year Ending September 30,	Governmental Activities
2015	\$ 5,187
	\$ 5,187

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

I. Long-Term Liabilities

General Obligation Bonds

The government issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation have been issued for both governmental and business-type activities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the government. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 5 to 25 years.

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

Governmental Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/14
Bonds Payable					
Certificates of Obligation, Series 2007	2007	\$ 6,000,000	4.19%	2031	\$ 4,570,000
Certificates of Obligation, Series 2011	2011	2,010,000	3.0-4.5%	2036	1,810,000
Total Bonds Payable					<u>\$ 6,380,000</u>

Business-type Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/14
General Obligation Bonds:					
Comb. Tax & Rev. Cert. of Oblig., Series 2006	2006	\$ 1,020,000	4.30%	2019	\$ 555,000
General Obligation of Ref. Bonds, Series 2012	2012	3,525,000	2.0-4.0%	2036	3,195,000
Total General Obligation Bonds					<u>\$ 3,750,000</u>

Changes in long-term liabilities

Changes in the government's long-term liabilities for the year ended September 30, 2014 are as shown on the following page:

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Governmental Activities:

Description	Balance 10/1/13	Additions	Deletions	Balance 9/30/14	Due in One Year
Bonds Payable					
Certificates of obligation	\$6,740,000	\$ -	\$ (360,000)	\$6,380,000	\$ 365,000
Premium	23,954	-	(1,041)	22,913	-
Total bonds payable	<u>6,763,954</u>	<u>-</u>	<u>(361,041)</u>	<u>6,402,913</u>	<u>365,000</u>
Compensated absences	254,988	28,716	-	283,704	-
Governmental activities long-term liabilities	<u>\$7,018,942</u>	<u>\$ 28,716</u>	<u>\$ (361,041)</u>	<u>\$6,686,617</u>	<u>\$ 365,000</u>

Business-type Activities:

Description	Balance 10/1/13	Additions	Deletions	Balance 9/30/14	Due in One Year
Bonds Payable					
General obligation bonds	\$4,010,000	\$ -	\$ (260,000)	\$3,750,000	\$ 275,000
Premium	79,880	-	(3,473)	76,407	-
Total bonds payable	<u>4,089,880</u>	<u>-</u>	<u>(263,473)</u>	<u>3,826,407</u>	<u>275,000</u>
Compensated absences	61,981	4,622	-	66,603	-
Governmental activities long-term liabilities	<u>\$4,151,861</u>	<u>\$ 4,622</u>	<u>\$ (263,473)</u>	<u>\$3,893,010</u>	<u>\$ 275,000</u>

The debt service requirements for the government's bonds are as follows:

Governmental Activities:

Year Ended September 30,	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2015	\$ 365,000	\$ 257,644
2016	380,000	244,160
2017	245,000	230,050
2018	245,000	220,835
2019	340,000	211,621
2020-2024	2,065,000	893,262
2025-2029	1,625,000	424,955
2030-2034	900,000	138,294
2035-2039	215,000	14,625
Totals	<u>\$ 6,380,000</u>	<u>\$ 2,635,446</u>

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Business-type Activities:

Year Ended September 30,	Business-Type Activities Bonds Payable	
	Principal	Interest
2015	\$ 275,000	\$ 120,017
2016	285,000	112,486
2017	290,000	104,504
2018	300,000	96,421
2019	225,000	88,886
2020-2024	570,000	377,950
2025-2029	660,000	285,850
2030-2034	785,000	153,100
2035-2039	360,000	14,600
Totals	<u>\$ 3,750,000</u>	<u>\$ 1,353,814</u>

J. Interfund transfers

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

	Transfer in to:					
	Governmental Funds		Enterprise Funds			Total
	General Fund	Nonmajor gov. funds	Electric Fund	Water Waste-Water Fund	Nonmajor prop. funds	
Transfer out from:						
General fund	\$ -	\$ 67,016	\$ -	\$ -	\$ 50,000	\$ 117,016
Nonmajor gov. funds	400	-	61,980	395,642	761,088	1,219,110
Electric Fund	1,400,000	279,635	-	-	116,225	1,795,860
Water/Wastewater Fund	-	227,661	-	-	-	227,661
Nonmajor prop. Funds	-	8,128	-	-	-	8,128
LEDC	3,231	-	-	-	74,344	77,575
Total	<u>\$ 1,403,631</u>	<u>\$ 582,440</u>	<u>\$ 61,980</u>	<u>\$ 395,642</u>	<u>\$ 1,001,657</u>	<u>\$ 3,445,350</u>

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, 2) move general fund resources to provide subsidies to other funds as needs arise, and 3) move resources from the electric fund to the general fund to subsidize governmental activities.

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

K. Discretely presented component unit

Lampasas Economic Development Corporation (LEDC)

Capital assets activity for Lampasas EDC for the year ended September 30, 2014 was as shown on the following page:

	Balance 10/1/13	Increases	Decreases	Adjustments	Balance 9/30/14
Capital assets, not being depreciated:					
Land	\$ 817,978	\$ -	\$ -	\$ 105,807	\$ 923,785
Total capital assets, not being depreciated	817,978	-	-	105,807	923,785
Capital assets, being depreciated:					
Buildings and improvements	17,975	-	-	-	17,975
Total capital assets, being depreciated	17,975	-	-	-	17,975
Less accumulated depreciation for:					
Buildings and improvements	(3,596)	(1,798)	-	-	(5,394)
Total accumulated depreciation	(3,596)	(1,798)	-	-	(5,394)
Total capital assets being depreciated, net	14,379	(1,798)	-	-	12,581
Total component unit capital assets, net	\$ 832,357	\$ (1,798)	\$ -	\$ 105,807	\$ 936,366

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

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/14
General Obligation Bonds:					
Taxable Sales Tax Revenue Bonds, Series 2004	2004	\$ 1,100,000	4.95%	2019	\$ 465,000
Total					\$ 465,000

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

Description	Balance 10/1/13	Additions	Deletions	Balance 9/30/14	Due in One Year
Bonds Payable					
General obligation bonds	\$ 550,000	\$ -	\$ (85,000)	\$ 465,000	\$ 91,000
Total bonds payable	550,000	-	(85,000)	465,000	91,000
Total long-term liabilities	\$ 550,000	\$ -	\$ (85,000)	\$ 465,000	\$ 91,000

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

L. Contingencies

The government had no significant contingencies to disclose as of September 30, 2014.

M. Subsequent events

There were no subsequent events the occurred after year end meeting the requirements for disclosure.

N. Litigation

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

O. Prior period adjustment

During the year, analysis of the City's capital asset listing indicated that an asset was improperly recorded as disposed in a prior year. As a result, the City's net position was understated at the beginning of the year. To correct the beginning of the year effect of this condition, a prior period adjustment increasing beginning net position in the amount of \$105,807 was recorded.

The impact of this prior period adjustment is shown below:

Net Position as Previously Stated at September 30, 2013	\$ 855,740
To restate the value of land improperly recorded as a disposal in a prior year	<u>105,807</u>
Net Position as Restated at September 30, 2013	<u><u>\$ 961,547</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAMPASAS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress – Texas Municipal Retirement System Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(c)	(d)	(e)	(f)
			(a) / (b)	(b) - (a)		(d) / (e)
12/31/2011	\$ 12,059,158	\$ 15,375,880	78.4%	\$3,316,722	\$4,023,044	82.4%
12/31/2012	13,256,367	16,229,475	81.7%	2,973,108	4,044,041	73.5%
12/31/2013	14,540,905	18,506,831	78.6%	3,965,926	4,217,490	94.0%

Nonmajor Governmental Funds

Special Revenue Funds

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

Police Seizures Fund – to account for the receipt and disbursement of funds related to police seizures.

Municipal Court Technology Fund – to account for the special assessment revenue and related disbursements for the improvement of municipal court technology.

Library Board Fund – to account for the application of any gifts and donations received for the benefit of the library.

Court Security Fund – to account for the special assessment revenue and related disbursements for court security improvements.

Hotel/Motel Tax Fund – to account for the receipt and disbursement of funds received by the City from the assessment of hotel and motel occupancy tax.

Employee Benefit Accrual Fund – to account for the resources restricted for the payment of long-term employee benefit obligations.

Animal Shelter Fund – to account for the receipt and disbursement of funds related to the operation of the City's animal shelter.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

Cemetery Fund – to account for the receipt and disbursement of funds received for the benefit of city cemeteries.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of government funds.

Debt Service Fund – to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, and related costs.

Capital Projects Funds

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

Key Avenue Fund – to account for the receipt and disbursement of funds received for special improvements related to Key Avenue.

Airport Hangar Project Fund – to account for the receipt and disbursement of funds received for improvements related to the Airport Hangar improvement project.

Certificates of Obligation, Series 2011 Fund – to account for the acquisition and construction of the government's major capital facilities purchased from the resources obtained from the certificate of obligation bonds issued in prior years.

CITY OF LAMPASAS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds				
	Police Seizures Fund	Municipal Court Technology Fund	Library Board Fund	Court Security Fund	Hotel/Motel Tax Fund
ASSETS					
Cash and cash equivalents	\$ 8,284	\$ 12,266	\$ 4,519	\$ 11,253	\$ 213,936
Investments - current	-	-	-	-	968,182
Taxes receivable - delinquent	-	-	-	-	-
Allowance for uncollectible taxes	-	-	-	-	-
Accounts receivable	-	-	-	-	5,867
Total assets	<u>\$ 8,284</u>	<u>\$ 12,266</u>	<u>\$ 4,519</u>	<u>\$ 11,253</u>	<u>\$ 1,187,985</u>
LIABILITIES					
Accounts payable	\$ 2,437	\$ -	\$ -	\$ -	\$ 19,069
Compensated absences payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Other current liabilities	1,759	-	-	-	-
Total Liabilities	<u>4,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,069</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Endowments	-	-	-	-	-
Other specific purposes	4,088	12,266	4,519	11,253	1,168,916
Total fund balances	<u>4,088</u>	<u>12,266</u>	<u>4,519</u>	<u>11,253</u>	<u>1,168,916</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,284</u>	<u>\$ 12,266</u>	<u>\$ 4,519</u>	<u>\$ 11,253</u>	<u>\$ 1,187,985</u>

		Permanent Fund	Debt Service Fund	Capital Projects Funds			Total Non-Major Governmental Funds
Employee Benefit Accrual Fund	Animal Shelter Fund	Cemetery Fund	Debt Service Fund	Key Avenue Fund	Certificates of Obligation Series 2011	Airport Hangar Fund	
\$ 32,190	\$ -	\$ 73,215	\$ 29,968	\$ 638,696	\$ 226,671	\$ 2,268	\$ 1,253,266
-	-	101,343	140,984	-	-	-	1,210,509
-	-	-	18,490	-	-	-	18,490
-	-	-	(2,773)	-	-	-	(2,773)
-	18,517	-	87	-	15,701	-	40,172
<u>\$ 32,190</u>	<u>\$ 18,517</u>	<u>\$ 174,558</u>	<u>\$ 186,756</u>	<u>\$ 638,696</u>	<u>\$ 242,372</u>	<u>\$ 2,268</u>	<u>\$ 2,519,664</u>
\$ -	\$ 5,199	\$ -	\$ -	\$ 87,423	\$ 21,458	\$ -	\$ 135,586
-	2,637	-	-	-	-	-	2,637
-	10,681	-	-	-	-	-	10,681
-	-	-	-	-	-	-	1,759
-	18,517	-	-	87,423	21,458	-	150,663
-	-	-	15,716	-	-	-	15,716
-	-	-	15,716	-	-	-	15,716
-	-	-	171,040	-	-	-	171,040
-	-	-	-	551,273	220,914	2,268	774,455
-	-	174,558	-	-	-	-	174,558
32,190	-	-	-	-	-	-	1,233,232
<u>32,190</u>	<u>-</u>	<u>174,558</u>	<u>171,040</u>	<u>551,273</u>	<u>220,914</u>	<u>2,268</u>	<u>2,353,285</u>
<u>\$ 32,190</u>	<u>\$ 18,517</u>	<u>\$ 174,558</u>	<u>\$ 186,756</u>	<u>\$ 638,696</u>	<u>\$ 242,372</u>	<u>\$ 2,268</u>	<u>\$ 2,519,664</u>

CITY OF LAMPASAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds				
	Police Seizures Fund	Municipal Court Technology Fund	Library Board Fund	Court Security Fund	Hotel/Motel Tax Fund
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	87,550
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	2,419	5,072	-
Special assessments	-	9,414	-	-	-
Investment earnings	45	52	-	44	1,250
Contributions from private sources	-	-	2,855	-	-
Miscellaneous revenue	46,008	-	-	-	-
Total revenues	<u>46,053</u>	<u>9,466</u>	<u>5,274</u>	<u>5,116</u>	<u>88,800</u>
EXPENDITURES					
Current:					
General government	-	10,402	-	-	-
Public safety:					
Police	41,965	-	-	-	-
Culture and recreation:					
Libraries	-	-	9,651	-	-
Economic development and assistance	-	-	-	-	45,068
Debt service:					
Bond principal	-	-	-	-	-
Interest - bonds	-	-	-	-	-
Interest - other debt	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>41,965</u>	<u>10,402</u>	<u>9,651</u>	<u>-</u>	<u>45,068</u>
Excess (deficiency) of revenues over expenditures	<u>4,088</u>	<u>(936)</u>	<u>(4,377)</u>	<u>5,116</u>	<u>43,732</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,088	(936)	(4,377)	5,116	43,732
Fund balance - beginning	-	13,202	8,896	6,137	1,125,184
Fund balance - ending	<u>\$ 4,088</u>	<u>\$ 12,266</u>	<u>\$ 4,519</u>	<u>\$ 11,253</u>	<u>\$ 1,168,916</u>

		Permanent Funds	Debt Service Funds	Capital Projects Funds			Total Non-Major Governmental Funds
Employee Benefit Accrual Fund	Animal Shelter Fund	Cemetery Fund	Debt Service Fund	Key Avenue Fund	Certificates of Obligation Series 2011	Airport Hangar Fund	
\$ -	\$ -	\$ -	\$ 322,070	\$ -	\$ -	\$ -	\$ 322,070
-	-	-	-	-	-	-	87,550
-	67,016	-	-	55,026	-	585,585	707,627
-	3,310	-	-	-	-	-	10,801
-	-	-	-	-	-	-	9,414
160	-	400	641	866	1,330	70	4,858
-	740	-	-	-	-	-	3,595
-	10,238	-	-	-	-	-	56,246
160	81,304	400	322,711	55,892	1,330	585,655	1,202,161
-	148,320	-	-	-	31,080	-	189,802
-	-	-	-	-	-	-	41,965
-	-	-	-	-	-	-	9,651
-	-	-	-	-	-	-	45,068
-	-	-	360,000	-	-	-	360,000
-	-	-	270,701	-	-	-	270,701
-	-	-	250	-	-	-	250
-	-	-	-	139,580	-	-	139,580
-	148,320	-	630,951	139,580	31,080	-	1,057,017
160	(67,016)	400	(308,240)	(83,688)	(29,750)	585,655	145,144
-	67,016	-	310,424	-	150,000	-	527,440
-	-	(400)	-	(306,827)	(314,257)	(597,626)	(1,219,110)
-	67,016	(400)	310,424	(306,827)	(164,257)	(597,626)	(691,670)
160	-	-	2,184	(390,515)	(194,007)	(11,971)	(546,526)
32,030	-	174,558	168,856	941,788	414,921	14,239	2,899,811
\$ 32,190	\$ -	\$ 174,558	\$ 171,040	\$ 551,273	\$ 220,914	\$ 2,268	\$ 2,353,285

CITY OF LAMPASAS, TEXAS
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	G/F Economic Development Fund	Aviation Fund	Golf Course Fund	
	ASSETS			
Current Assets:				
Cash and cash equivalents	\$ 2,845	\$ 117,293	\$ 47,348	\$ 167,486
Investments - current	2,388	36,846	297	39,531
Accounts receivable, net	-	6,322	3,412	9,734
Notes receivable	333,000	-	-	333,000
Inventories	-	8,863	32,992	41,855
Total current assets	<u>338,233</u>	<u>169,324</u>	<u>84,049</u>	<u>591,606</u>
Noncurrent Assets:				
Land	373,962	141,292	341,030	856,284
Buildings	-	1,287,781	364,969	1,652,750
Improvements other than buildings	-	484,450	1,454,826	1,939,276
Furnishings and equipment	-	58,587	173,403	231,990
Accumulated depreciation	-	(600,683)	(983,716)	(1,584,399)
Construction/development in progress	-	6,573	-	6,573
Total noncurrent assets	<u>373,962</u>	<u>1,378,000</u>	<u>1,350,512</u>	<u>3,102,474</u>
Total assets	<u>712,195</u>	<u>1,547,324</u>	<u>1,434,561</u>	<u>3,694,080</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,308	2,205	18,956	22,469
Accrued wages payable	2,461	-	9,336	11,797
Accrued liabilities	-	-	1,926	1,926
Total current liabilities	<u>3,769</u>	<u>2,205</u>	<u>30,218</u>	<u>36,192</u>
Noncurrent Liabilities:				
Compensated absences payable	-	-	20,525	20,525
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>20,525</u>	<u>20,525</u>
Total liabilities	<u>3,769</u>	<u>2,205</u>	<u>50,743</u>	<u>56,717</u>
DEFERRED INFLOWS				
Deferred inflow - lease revenue	275,000	-	-	275,000
Total deferred inflows	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>275,000</u>
NET POSITION				
Net investment in capital assets	373,962	1,378,000	1,350,512	3,102,474
Restricted for construction & equipment	-	-	3,629	3,629
Unrestricted	59,464	167,119	29,677	256,260
Total net position	<u>\$ 433,426</u>	<u>\$ 1,545,119</u>	<u>\$ 1,383,818</u>	<u>\$ 3,362,363</u>

CITY OF LAMPASAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	G/F Economic Development Fund	Aviation Fund	Golf Course Fund	
Charges for services:				
Other charges for services	\$ -	\$ 105,713	\$ 466,672	\$ 572,385
Miscellaneous revenue	-	-	327	327
Total operating revenues	<u>-</u>	<u>105,713</u>	<u>466,999</u>	<u>572,712</u>
Operating expenses:				
Personnel services	45,121	-	330,012	375,133
Purchased prof. and tech. services	4,666	2,536	8,576	15,778
Purchased property services	-	9,754	27,290	37,044
Other purchased services	-	300	49,055	49,355
Materials and supplies	-	55,036	99,614	154,650
Other operating expenses	-	13,910	19,354	33,264
Depreciation	-	50,233	92,929	143,162
Total operating expenses	<u>49,787</u>	<u>131,769</u>	<u>626,830</u>	<u>808,386</u>
Operating income (loss)	(49,787)	(26,056)	(159,831)	(235,674)
Nonoperating revenues (expenses)				
Intergovernmental	-	6,367	-	6,367
Investment earnings	4,261	529	9	4,799
Total nonoperating revenues (expenses)	<u>4,261</u>	<u>6,896</u>	<u>9</u>	<u>11,166</u>
Income before transfers in (out)	(45,526)	(19,160)	(159,822)	(224,508)
Transfers in	229,344	585,626	241,686	1,056,656
Transfers out	-	(8,128)	-	(8,128)
Change in net position	<u>183,818</u>	<u>558,338</u>	<u>81,864</u>	<u>824,020</u>
Net position-beginning	249,608	986,781	1,301,954	2,538,343
Net position-ending	<u>\$ 433,426</u>	<u>\$ 1,545,119</u>	<u>\$ 1,383,818</u>	<u>\$ 3,362,363</u>

CITY OF LAMPASAS, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	G/F Economic Development Fund	Aviation Fund	Golf Course Fund	
	CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 102,579	\$ 469,959	\$ 572,538
Payments to suppliers and service providers	(3,358)	(76,275)	(210,547)	(290,180)
Payments to employees for salaries and benefits	(42,660)	-	(331,670)	(374,330)
Net cash provided by (used for) operating activities	<u>(46,018)</u>	<u>26,304</u>	<u>(72,258)</u>	<u>(91,972)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(431,962)	(6,586)	-	(438,548)
Operating transfers in	229,344	4,812	66,225	300,381
Net cash provided by (used for) capital and related financing activities	<u>(202,618)</u>	<u>(1,774)</u>	<u>66,225</u>	<u>(138,167)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	66,976	-	-	66,976
Interest on investments	4,261	529	9	4,799
Net cash provided by investing activities	<u>71,237</u>	<u>529</u>	<u>9</u>	<u>71,775</u>
Net increase (decrease) in cash and cash equivalents	(177,399)	25,059	(6,024)	(158,364)
Cash and cash equivalents-beginning	180,244	92,234	53,372	325,850
Cash and cash equivalents-ending	<u>\$ 2,845</u>	<u>\$ 117,293</u>	<u>\$ 47,348</u>	<u>\$ 167,486</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:				
Operating income (loss)	<u>\$ (49,787)</u>	<u>\$ (26,056)</u>	<u>\$ (159,831)</u>	<u>\$ (235,674)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	-	50,233	92,929	143,162
(Increase) decrease in accounts receivable	-	(3,134)	2,962	(172)
(Increase) decrease in inventories	-	6,859	(2,422)	4,437
(Decrease) increase in accounts payable	1,308	(1,598)	(3,931)	(4,221)
(Decrease) increase in accrued liabilities	2,461	-	(1,965)	496
Total adjustments	<u>3,769</u>	<u>52,360</u>	<u>87,573</u>	<u>143,702</u>
Net cash provided by (used for) operating activities	<u>\$ (46,018)</u>	<u>\$ 26,304</u>	<u>\$ (72,258)</u>	<u>\$ (91,972)</u>

OTHER SUPPLEMENTARY INFORMATION SECTION



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

Honorable Mayor, Members of the City Council, and Citizens of
the City of Lampasas, Texas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City of Lampasas, Texas (“the City”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated January 20, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive style and is set against a light gray rectangular background.

Singleton, Clark & Company, PC
Cedar Park, Texas

January 20, 2015



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditors' Report

Honorable Mayor, Members of the City Council, and Citizens of the City of Lampasas, Texas:

Report on Compliance for Each Major Federal Program

We have audited City of Lampasas, Texas's ("the City") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the City as of and for the year ended September 30, 2014, and have issued our report thereon dated January 20, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Singleton, Clark & Company, PC
Cedar Park, Texas

January 20, 2015

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

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-Through Program Texas Department of Transportation:			
Airport Improvement Program - Airport Hangar Project	20.106	12HCLMPAS	\$ 454,457
Airport Improvement Program - Paving Project	20.106	1323LMPAS	131,129
Airport Improvement Program - Ramp Grant	20.106	M1423LMPA	6,367
Total U.S. Department of Transportation			<u>591,953</u>
Total Expenditures of Federal Awards			<u>\$ 591,953</u>

CITY OF LAMPASAS, TEXAS
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

General – The accompanying schedule of expenditures of federal awards presents all federal expenditures of the City of Lampasas, Texas (the “City”).

Basis of Accounting – The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

Relationship to the Basic Financial Statements – Expenditures of federal awards are reported in the City’s basic financial statements primarily in the General Fund but at times a Special Revenue Fund or a Capital Projects Fund is used.

Relationship to Federal Financial Reports – Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs:

Airport Improvement Program	Unmodified
-----------------------------	------------

Any audit findings disclosed that are required to be Reported with section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

CITY OF LAMPASAS, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended September 30, 2014 and 2013.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Section 510(c) of OMB Circular A-133:

No findings or questioned costs required to be reported in accordance with Section 510(c) of OMB Circular A-133 for the years ended September 30, 2014 and 2013.

STATISTICAL SECTION

This part of the Government'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 government's overall financial health.

Contents	Pages
Financial Trends	59-68
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	69-74
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	75-79
These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	

CITY OF LAMPASAS, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

**CITY OF LAMPASAS, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 2,917,000	\$ 2,778,000	\$ 1,093,000	\$ 1,616,000
Restricted	1,024,000	1,199,000	3,560,000	4,185,000
Unrestricted	1,920,000	1,981,000	1,851,000	1,032,000
Total Governmental Activities Net Position	\$ 5,861,000	\$ 5,958,000	\$ 6,504,000	\$ 6,833,000
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 5,722,000	\$ 3,197,000	\$ 5,981,000	\$ 7,347,000
Restricted	4,705,000	4,749,000	5,199,000	5,302,000
Unrestricted	1,083,000	4,546,000	2,805,000	2,604,000
Total Business-type Activities Net Position	\$ 11,510,000	\$ 12,492,000	\$ 13,985,000	\$ 15,253,000
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 8,639,000	\$ 5,975,000	\$ 7,074,000	\$ 8,963,000
Restricted	5,729,000	5,948,000	8,759,000	9,487,000
Unrestricted	3,003,000	6,527,000	4,656,000	3,636,000
Total Primary Government Net Position	\$ 17,371,000	\$ 18,450,000	\$ 20,489,000	\$ 22,086,000

TABLE 1

2009	2010	2011	2012	2013	2014
\$ 747,000	\$ 1,581,000	\$ 436,000	\$ 771,128	\$ 1,950,175	\$ 2,418,796
4,599,000	4,154,000	5,647,000	5,532,880	2,914,531	2,369,001
777,000	1,052,000	1,001,000	1,232,515	3,041,824	2,986,307
<u>\$ 6,123,000</u>	<u>\$ 6,787,000</u>	<u>\$ 7,084,000</u>	<u>\$ 7,536,523</u>	<u>\$ 7,906,530</u>	<u>\$ 7,774,104</u>
\$ 9,812,000	\$ 11,143,000	\$ 10,840,000	\$ 10,572,965	\$ 10,564,759	\$ 12,288,611
5,797,000	5,797,000	5,393,000	5,156,820	4,486,820	4,490,449
2,325,000	2,037,000	3,549,000	4,380,601	5,425,742	4,141,523
<u>\$ 17,934,000</u>	<u>\$ 18,977,000</u>	<u>\$ 19,782,000</u>	<u>\$ 20,110,386</u>	<u>\$ 20,477,321</u>	<u>\$ 20,920,583</u>
\$ 10,559,000	\$ 12,724,000	\$ 11,276,000	\$ 11,344,093	\$ 12,514,934	\$ 14,707,407
10,396,000	9,951,000	11,040,000	10,689,700	7,401,351	6,859,450
3,102,000	3,089,000	4,550,000	5,613,116	8,467,566	7,127,830
<u>\$ 24,057,000</u>	<u>\$ 25,764,000</u>	<u>\$ 26,866,000</u>	<u>\$ 27,646,909</u>	<u>\$ 28,383,851</u>	<u>\$ 28,694,687</u>

CITY OF LAMPASAS, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

**CITY OF LAMPASAS, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental Activities:				
General Government	\$ 1,520,000	\$ 1,688,000	\$ 2,328,000	\$ 2,164,000
Public Safety	1,940,000	2,067,000	2,122,000	2,335,000
Highways and Streets	921,000	760,000	745,000	970,000
Sanitation	-	-	-	-
Health and Welfare	-	-	-	-
Economic Development & Assistance	-	-	-	-
Culture and Recreation	672,000	707,000	864,000	948,000
Interest on Long-Term Debt	-	-	33,000	285,000
Total Gov. Activities Expenses	<u>5,053,000</u>	<u>5,222,000</u>	<u>6,092,000</u>	<u>6,702,000</u>
Business-type Activities				
Water/Wastewater	12,504,000	13,364,000	10,948,000	12,751,000
Electric Fund	-	-	-	-
Other Nonmajor Enterprise Funds	-	-	-	-
Total Business-type Act. Expenses	<u>12,504,000</u>	<u>13,364,000</u>	<u>10,948,000</u>	<u>12,751,000</u>
Total Primary Gov. Expenses	<u>\$17,557,000</u>	<u>\$18,586,000</u>	<u>\$17,040,000</u>	<u>\$19,453,000</u>
Program Revenues				
Governmental Activities:				
General Government:				
Charges for Service	\$ 752,000	\$ 1,247,000	\$ 1,879,000	\$ 2,265,000
Property Taxes	822,000	894,000	989,000	1,084,000
Other Taxes	2,742,000	1,453,000	1,494,000	2,020,000
Operating Grants and Contributions	25,000	24,000	302,000	96,000
Grants and Contributions not	-	-	55,000	63,000
Other	972,000	1,699,000	1,919,000	1,504,000
Total Gov. Activities Program Revenues	<u>5,313,000</u>	<u>5,317,000</u>	<u>6,638,000</u>	<u>7,032,000</u>
Business-type Activities:				
Program Revenue:				
Charges for Services:	12,406,000	14,940,000	12,967,000	14,151,000
Operating Grants & Contributions	-	-	-	-
Other	315,000	(595,000)	791,000	676,000
Total Business-type Act. Prog. Revenues	<u>12,721,000</u>	<u>14,345,000</u>	<u>13,758,000</u>	<u>14,827,000</u>
Total Primary Gov. Prog. Revenues	<u>\$18,034,000</u>	<u>\$19,662,000</u>	<u>\$20,396,000</u>	<u>\$21,859,000</u>
Net (Expense)/Revenue				
Governmental Activities	260,000	95,000	546,000	330,000
Business-type Activities	217,000	981,000	2,810,000	2,076,000
Total Primary Government Net Expense	<u>\$ 477,000</u>	<u>\$ 1,076,000</u>	<u>\$ 3,356,000</u>	<u>\$ 2,406,000</u>

TABLE 2

2009	2010	2011	2012	2013	2014
\$ 2,324,000	\$ 2,664,000	\$ 2,751,000	\$ 2,144,309	\$ 2,022,456	\$ 2,223,490
2,669,000	2,618,000	2,079,000	2,801,991	2,955,907	3,186,403
1,021,000	1,093,000	1,976,000	618,732	671,618	699,633
-	-	-	970,308	1,051,846	1,058,171
-	-	-	114,582	118,503	128,549
-	-	-	53,398	44,954	48,646
1,015,000	966,000	1,008,000	1,084,794	964,600	1,008,322
274,000	262,000	259,000	301,895	279,734	268,213
<u>7,303,000</u>	<u>7,603,000</u>	<u>8,073,000</u>	<u>8,090,009</u>	<u>8,109,618</u>	<u>8,621,427</u>
14,184,000	13,277,000	13,297,000	3,617,208	3,783,437	4,269,573
-	-	-	8,906,129	8,500,187	9,193,037
-	-	-	756,692	732,341	808,386
<u>14,184,000</u>	<u>13,277,000</u>	<u>13,297,000</u>	<u>13,280,029</u>	<u>13,015,965</u>	<u>14,270,996</u>
<u>\$ 21,487,000</u>	<u>\$ 20,880,000</u>	<u>\$ 21,370,000</u>	<u>\$ 21,370,038</u>	<u>\$ 21,125,583</u>	<u>\$ 22,892,423</u>
\$ 2,519,000	\$ 2,796,000	\$ 2,757,000	\$ 3,222,279	\$ 2,285,216	\$ 1,395,338
1,209,000	1,226,000	1,272,000	1,366,801	1,381,515	1,410,139
2,119,000	2,090,000	2,132,000	2,097,573	2,137,732	2,253,323
907,000	1,330,000	204,000	84,047	502,432	641,953
52,000	37,000	134,000	18,478	23,192	11,515
(213,000)	882,000	1,873,000	257,042	747,393	2,181,788
<u>6,593,000</u>	<u>8,361,000</u>	<u>8,372,000</u>	<u>7,046,220</u>	<u>7,077,480</u>	<u>7,894,056</u>
15,006,000	14,859,000	15,627,000	15,059,288	14,773,779	15,160,953
-	-	-	-	2,473	-
894,000	106,000	22,000	44,181	191,152	70,676
<u>15,900,000</u>	<u>14,965,000</u>	<u>15,649,000</u>	<u>15,103,469</u>	<u>14,967,404</u>	<u>15,231,629</u>
<u>\$ 22,493,000</u>	<u>\$ 23,326,000</u>	<u>\$ 24,021,000</u>	<u>\$ 22,149,689</u>	<u>\$ 22,044,884</u>	<u>\$ 23,125,685</u>
(710,000)	758,000	299,000	(1,043,789)	(1,032,138)	(727,371)
1,716,000	1,688,000	2,352,000	1,823,440	1,951,439	960,633
<u>\$ 1,006,000</u>	<u>\$ 2,446,000</u>	<u>\$ 2,651,000</u>	<u>\$ 779,651</u>	<u>\$ 919,301</u>	<u>\$ 233,262</u>

CITY OF LAMPASAS, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

**CITY OF LAMPASAS, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2005	2006	2007	2008
Net (Expense)/Revenue				
Governmental Activities	\$ (4,276,400)	\$ (3,950,247)	\$ (3,912,102)	\$ (4,340,520)
Business-type Activities	(97,725)	1,575,602	2,018,901	1,399,755
Total Primary Government Net Expense	<u>(4,374,125)</u>	<u>(2,374,645)</u>	<u>(1,893,201)</u>	<u>(2,940,765)</u>
Governmental Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes	822,612	893,718	989,191	1,084,192
Sales Taxes	982,682	995,660	1,021,154	1,161,632
Franchise Fees	1,751,355	442,189	458,737	842,124
Hotel/Motel Taxes	-	-	-	-
Penalty and Interest	8,060	15,305	13,976	15,840
Contributions and Donations	-	16,834	54,991	62,641
Miscellaneous Revenue	762,501	349,538	299,297	420,165
Investment Earnings	98,528	150,274	304,347	278,734
Transfers In (Out)	110,410	1,183,933	1,315,904	804,742
Total Governmental Activities	<u>4,536,148</u>	<u>4,047,451</u>	<u>4,457,597</u>	<u>4,670,070</u>
Business-type Activities:				
Miscellaneous Revenue	264,702	313,110	396,176	405,079
Investment Earnings	144,958	276,144	395,647	271,018
Transfers In (Out)	(95,385)	(1,183,933)	(1,315,903)	(778,280)
Total Business-type Activities	<u>314,275</u>	<u>(594,679)</u>	<u>(524,080)</u>	<u>(102,183)</u>
Total Primary Government	<u>4,850,423</u>	<u>3,452,772</u>	<u>3,933,517</u>	<u>4,567,887</u>
Change in Net Position				
Governmental Activities	259,748	97,204	545,495	329,550
Business-type Activities	216,550	980,923	1,494,821	1,297,572
Total Primary Government	<u>\$ 476,298</u>	<u>\$ 1,078,127</u>	<u>\$ 2,040,316</u>	<u>\$ 1,627,122</u>

TABLE 3

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (3,877,337)	\$ (3,476,287)	\$ (5,113,105)	\$ (4,783,683)	\$ (5,321,970)	\$ (6,584,136)
821,902	1,582,369	2,330,265	1,779,259	1,760,287	889,857
(3,055,435)	(1,893,918)	(2,782,840)	(3,004,424)	(3,561,683)	(5,694,279)
1,209,306	1,226,081	1,272,469	1,345,349	1,381,515	1,410,139
1,142,555	1,146,768	1,163,562	1,192,491	1,154,769	1,234,608
957,880	914,549	943,413	905,082	898,937	931,165
-	-	-	-	84,026	87,550
17,887	27,830	24,932	21,452	-	-
52,367	36,636	133,583	18,478	23,192	11,515
543,857	98,054	311,693	239,662	732,562	2,172,833
61,410	16,840	13,961	17,380	14,831	8,955
(818,233)	767,343	1,548,074	1,494,833	1,538,095	594,945
3,167,029	4,234,101	5,411,687	5,234,727	5,827,927	6,451,710
824,818	81,970	-	32,838	166,546	46,063
69,518	23,765	21,816	11,343	24,606	24,613
838,574	(738,653)	(1,548,074)	(1,494,833)	(1,538,095)	(517,371)
1,732,910	(632,918)	(1,526,258)	(1,450,652)	(1,346,943)	(446,695)
4,899,939	3,601,183	3,885,429	3,784,075	4,480,984	6,005,015
(710,308)	757,814	298,582	451,044	505,957	(132,426)
2,554,812	949,451	804,007	328,607	413,344	443,162
\$ 1,844,504	\$ 1,707,265	\$ 1,102,589	\$ 779,651	\$ 919,301	\$ 310,736

CITY OF LAMPASAS, TEXAS
 FUND BALANCE OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

**CITY OF LAMPASAS, TEXAS
 FUND BALANCE OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nonpendable	\$ 33,002	\$ 30,729	\$ 15,474	\$ 18,681
Restricted, Committed, or Assigned	1,151,554	1,162,306	1,482,285	1,578,691
Unassigned	773,640	817,974	258,398	507,769
Total General Fund	\$ 1,958,196	\$ 2,011,009	\$ 1,756,157	\$ 2,105,141
All Other Governmental Funds				
Restricted for:				
Capital Projects Funds	\$ -	\$ -	\$ 6,151,251	\$ 5,028,129
Debt Service Fund	39,396	114,102	162,861	148,373
Endowments	174,558	204,534	174,559	174,559
Other Specific Purpose	745,339	806,768	935,286	1,039,943
Total All Other Governmental Funds	\$ 959,293	\$ 1,125,404	\$ 7,423,957	\$ 6,391,004

TABLE 4

						Fiscal Year					
2009		2010		2011		2012		2013		2014	
\$	15,077	\$	12,026	\$	9,337	\$	15,491	\$	22,923	\$	58,743
	1,808,453		1,763,872		1,794,537		1,833,004		1,832,914		1,832,480
	283,119		565,089		652,384		620,340		764,355		653,146
\$	2,106,649	\$	2,340,987	\$	2,446,921	\$	2,468,835	\$	2,620,192	\$	2,544,369
\$	3,043,255		958,219		923,404		2,247,640		1,370,948	\$	774,455
	148,050		149,983		159,699		164,426		168,856		171,040
	174,558		174,558		174,558		174,558		174,558		174,558
	1,028,771		1,115,263		1,106,426		1,115,260		1,185,449		1,233,232
\$	4,394,634	\$	2,398,023	\$	2,364,087	\$	3,701,884	\$	2,899,811	\$	2,353,285

CITY OF LAMPASAS, TEXAS
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

**CITY OF LAMPASAS, TEXAS
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Ad valorem taxes	\$ 571,120	\$ 913,800	\$ 997,299	\$ 1,096,156
Sales taxes	883,782	995,660	1,021,154	1,161,632
Hotel/Motel taxes	-	-	-	-
Franchise fees	1,751,355	442,189	458,737	842,124
Licenses and permits	38,086	32,365	8,803	26,314
Intergovernmental	-	24,313	330,978	138,991
Service fees	430,559	1,158,740	1,845,865	2,019,152
Fines and penalties	11,470	12,311	14,385	13,614
Special Assessments	186,999	-	-	191,114
Interest income	73,952	150,274	304,347	278,734
Rents and Royalties	34,932	43,936	12,683	15,607
Contributions and Donations	1,647	16,834	25,990	19,769
Miscellaneous income	728,481	343,091	296,135	129,361
Total Revenues	4,712,383	4,133,513	5,316,376	5,932,568
Expenditures				
General Government	506,565	535,632	583,707	594,000
Public Safety Police/Fire	1,874,615	2,017,317	2,060,912	2,246,220
Highway and Streets	956,796	1,036,616	944,240	971,995
Sanitation	-	-	754,956	818,507
Health and Welfare	510,572	116,930	151,732	163,785
Culture and Recreation	1,107,984	693,190	668,011	738,148
Conservation	-	-	-	-
Capital Outlay/Misc	418,857	1,121,452	1,054,307	1,309,426
Debt Service				
Principal	-	183,237	265,763	300,000
Interest and fiscal charges	-	20,599	103,953	279,197
Bond issuance costs	-	-	1,000	-
Total Expenditures	5,375,389	5,724,973	6,588,581	7,421,278
Excess of Revenues				
Over (Under) Expenditures	(663,006)	(1,591,460)	(1,272,205)	(1,488,710)
Other Financing Sources (Uses)				
Transfers In	160,311	1,418,526	3,499,101	2,331,148
Transfers Out	(60,000)	(307,594)	(2,183,197)	(1,552,868)
Issuance of long-term debt	-	-	6,000,000	-
Other resources	63,453	697,714	-	19,457
Sale of capital assets	3,000	1,737	-	7,005
Total Other Financing				
Sources (Uses)	166,764	1,810,383	7,315,904	804,742
Net Change in Fund Balances	\$ (496,242)	\$ 218,923	\$ 6,043,699	\$ (683,968)
Debt Service as a Percentage of Noncapital Expenditures	0.0%	5.7%	8.5%	12.5%

TABLE 5

		Fiscal Year				
2009	2010	2011	2012	2013	2014	
\$ 1,215,138	\$ 1,250,663	\$ 1,289,325	\$ 1,370,826	\$ 1,378,807	\$ 1,405,387	
1,142,555	1,146,768	1,163,562	1,192,491	1,154,769	1,234,608	
-	-	-	-	84,026	87,550	
957,880	914,549	943,413	905,082	898,937	931,165	
29,447	34,457	24,375	28,008	44,153	45,981	
907,471	1,330,451	322,430	84,047	502,432	1,994,914	
2,270,176	2,526,354	2,714,482	2,272,053	2,285,216	1,395,338	
12,015	20,969	21,929	419,173	334,368	329,222	
190,307	191,252	192,363	192,380	204,360	9,414	
61,410	16,840	13,961	17,381	14,831	8,955	
19,942	22,867	26,456	23,234	22,416	8,570	
52,367	19,360	15,202	18,478	23,192	11,515	
489,783	98,054	303,374	254,041	114,582	169,744	
<u>7,348,491</u>	<u>7,572,584</u>	<u>7,030,872</u>	<u>6,777,194</u>	<u>7,062,089</u>	<u>7,632,363</u>	
659,475	818,242	1,254,843	937,126	1,868,743	2,053,956	
2,655,646	2,582,849	2,524,663	2,637,477	2,786,442	2,938,563	
1,199,989	1,103,306	1,077,476	1,061,416	851,924	644,611	
812,258	872,352	892,840	893,502	963,066	980,334	
257,763	104,104	109,455	268,051	108,501	119,093	
824,951	3,022,908	993,284	968,055	879,508	930,538	
-	43,462	45,973	57,219	41,160	45,068	
1,603,708	902,309	1,512,149	980,164	1,146,256	734,396	
316,000	395,709	382,229	333,825	335,000	360,000	
265,330	256,959	241,656	293,359	282,983	270,701	
-	-	-	125	-	250	
<u>8,595,120</u>	<u>10,102,200</u>	<u>9,034,568</u>	<u>8,430,319</u>	<u>9,263,583</u>	<u>9,077,510</u>	
<u>(1,246,629)</u>	<u>(2,529,616)</u>	<u>(2,003,696)</u>	<u>(1,653,125)</u>	<u>(2,201,494)</u>	<u>(1,445,147)</u>	
2,119,258	4,324,266	1,745,203	1,979,951	1,811,287	1,931,071	
(2,957,831)	(3,560,614)	(197,129)	(485,118)	(273,192)	(1,336,126)	
-	-	2,036,036	-	12,683	-	
70,000	-	-	-	-	10,759	
20,340	3,690	2,942	6,645	-	217,094	
<u>(748,233)</u>	<u>767,342</u>	<u>3,587,052</u>	<u>1,501,478</u>	<u>1,550,778</u>	<u>822,798</u>	
<u>\$ (1,994,862)</u>	<u>\$ (1,762,274)</u>	<u>\$ 1,583,356</u>	<u>\$ (151,647)</u>	<u>\$ (650,716)</u>	<u>\$ (622,349)</u>	
10.9%	12.1%	10.9%	11.3%	9.6%	9.5%	

CITY OF LAMPASAS, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

**CITY OF LAMPASAS, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 6

Fiscal Year	Ad Valorem Taxes	Sales Taxes	Franchise Taxes	Total
2005	\$ 571,120	\$ 883,782	\$ 1,751,355	\$ 3,206,257
2006	913,800	995,660	442,189	2,351,649
2007	997,299	1,021,154	458,737	2,477,190
2008	1,096,156	1,161,632	842,124	3,099,912
2009	1,215,138	1,142,555	957,880	3,315,573
2010	1,250,663	1,146,768	914,549	3,311,980
2011	1,289,325	1,163,562	943,413	3,396,300
2012	1,370,826	1,192,491	905,082	3,468,399
2013	1,378,807	1,154,769	898,937	3,432,513
2014	1,405,387	1,234,608	931,165	3,571,160
10-year \$ Change	\$ 834,267	\$ 350,826	\$ (820,190)	\$ 364,903
10-year % Change	168.5%	351.9%	-113.5%	978.7%

Source: Lampasas Central Appraisal District

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

**CITY OF LAMPASAS, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Tax Year	Real Property	Personal Property	Less Exempt Property
2005	2004	\$ 45,018,460	\$ 221,668,880	\$ (43,946,590)
2006	2005	50,059,140	234,116,820	(44,123,430)
2007	2006	49,444,840	232,872,810	(13,977,740)
2008	2007	73,277,100	263,905,000	(38,186,620)
2009	2008	73,656,060	284,963,120	(35,735,980)
2010	2009	78,618,530	288,702,750	(35,913,417)
2011	2010	79,019,370	289,690,060	(35,851,120)
2012	2011	77,443,550	310,439,970	(35,353,687)
2013	2012	78,436,600	301,810,400	(35,164,450)
2014	2013	82,466,610	308,761,460	(37,463,750)

Source: Lampasas Central Appraisal District

TABLE 7

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 222,740,750	\$ 0.3666	\$ 222,740,750	100.00%
240,052,530	0.3743	239,926,260	99.95%
268,339,910	0.3737	266,225,047	99.21%
298,995,480	0.3772	288,116,673	96.36%
322,883,200	0.3900	316,570,041	98.04%
331,407,863	0.3900	318,511,133	96.11%
332,858,310	0.4000	318,522,890	95.69%
352,529,833	0.3952	340,983,388	96.72%
345,082,550	0.3952	344,754,618	99.90%
353,764,320	0.3952	353,119,544	99.82%

CITY OF LAMPASAS, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND TEN YEARS AGO (UNAUDITED)

**CITY OF LAMPASAS, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND TEN YEARS AGO (UNAUDITED)**

Taxpayer	2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Windsor Quality Foods	\$ 25,024,530	1	7.07%
Wal-mart	8,399,350	2	2.37%
Oil States Industries	5,161,590	3	1.46%
Benny Boyd	3,936,660	4	1.11%
4H Development	2,678,930	5	0.76%
Jim Hoffpauir	2,545,370	6	0.72%
Diva and Mansi	2,370,820	7	0.67%
Mickey Phelan BL & LP	2,164,860	8	0.61%
H E Butt Grocery Company	1,944,290	9	0.55%
B Boyd Landco	1,943,490	10	0.55%
Total	\$ 56,169,890		15.88%

(1) Source: Lampasas Central Appraisal District

TABLE 8

Taxpayer	2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Specialty Brands	\$ 22,814,320	1	10.24%
Benny Boyd	3,950,090	2	1.77%
Southwestern Bell Telephone	3,307,330	3	1.48%
Oil States Industries	2,523,920	4	1.13%
Jim Hoffpauir	2,411,200	5	1.08%
Mickey Phelan BL & LP	2,097,630	6	0.94%
Tyson Foods	2,040,790	7	0.92%
Wal-mart	1,965,390	8	0.88%
H E Butt Grocery Company	1,814,050	9	0.81%
First Texas Bank	1,686,130	10	0.76%
Total	<u>\$ 44,610,850</u>		<u>20.03%</u>

CITY OF LAMPASAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

**CITY OF LAMPASAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 9

Fiscal Year Ended September 30	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 ¹
2005	\$ 817,974	\$ 798,015	97.56%	\$ 18,547	\$ 816,562	99.83%
2006	895,915	878,306	98.03%	16,231	894,537	99.85%
2007	990,306	969,190	97.87%	18,916	988,106	99.78%
2008	1,084,783	1,060,748	97.78%	21,630	1,082,378	99.78%
2009	1,213,384	1,180,267	97.27%	31,006	1,211,273	99.83%
2010	1,230,637	1,196,684	97.24%	28,634	1,225,318	99.57%
2011	1,271,572	1,232,818	96.95%	31,654	1,264,472	99.44%
2012	1,347,628	1,318,085	97.81%	15,700	1,333,785	98.97%
2013	1,357,361	1,332,308	98.15%	10,420	1,342,728	98.92%
2014	1,392,610	1,366,605	98.13%	-	1,366,605	98.13%

Source: Lampasas Central Appraisal District

CITY OF LAMPASAS, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)

**CITY OF LAMPASAS, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	General Bonded Debt			Business-type Activities	
	General	Tax	Certificates of	Tax & Revenue	Certificates of
	Obligation	Notes	Obligation	Refunding	Obligations
	Bonds			Bonds	
2005	\$ -	\$ -	\$ 425,000	\$ 3,541,000	\$ 2,125,000
2006	-	620,000	291,000	3,486,000	2,064,000
2007	-	595,000	6,066,000	3,429,000	1,939,000
2008	-	570,000	5,791,000	3,369,000	1,799,000
2009	-	465,000	5,580,000	3,307,000	1,645,000
2010	-	355,000	5,360,000	3,242,000	1,480,000
2011	-	240,000	7,161,036	3,174,000	1,315,000
2012	-	120,000	6,979,995	-	4,348,353
2013	-	-	6,763,954	-	4,089,880
2014	-	-	6,402,913	-	3,826,407

Fiscal Year	Total Primary Government	Total All Government	Population	Per Capita Income (1)	Personal Income
2005	\$ 6,091,000	\$ 6,091,000	6,786	\$ 75	\$ 508,950
2006	6,461,000	6,461,000	6,786	57	386,802
2007	12,029,000	12,029,000	7,465	107	798,755
2008	11,529,000	11,529,000	7,465	869	6,487,085
2009	10,997,000	10,997,000	7,465	832	6,210,880
2010	10,437,000	10,437,000	7,465	790	5,897,350
2011	11,890,036	11,890,036	6,681	833	5,565,273
2012	11,448,348	11,448,348	6,681	1,084	7,242,204
2013	10,853,834	10,853,834	6,695	1,036	6,936,020
2014	10,229,320	10,229,320	6,695	985	6,594,575

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

TABLE 10

Other Governmental Activities Debt			
Certificate of Obligations	General Obligation Bonds	Tax & Revenue Refunding Bonds	
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Percentage of Outstanding Debt			
Percentage of Outstanding Debt to Personal Income	Outstanding Debt Per Capita		
1196.78%	\$ 898		
1670.36%	952		
1505.97%	1,611		
177.72%	1,544		
177.06%	1,473		
176.98%	1,398		
213.65%	1,780		
158.08%	1,714		
156.49%	1,621		
155.12%	1,528		

CITY OF LAMPASAS, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)

**CITY OF LAMPASAS, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 11

Fiscal Year	General Bonded Debt Outstanding				Percentage Actual Taxable Property Value	Per Capita
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Total		
2005	\$ -	\$ -	\$ 425,000	\$ 425,000	0.19%	\$ 63
2006	-	620,000	291,000	291,000	0.12%	43
2007	-	595,000	6,066,000	6,661,000	2.48%	892
2008	-	570,000	5,791,000	6,361,000	2.13%	852
2009	-	465,000	5,580,000	6,045,000	1.87%	810
2010	-	355,000	5,360,000	5,715,000	1.72%	766
2011	-	240,000	7,161,036	7,401,036	2.22%	1,108
2012	-	120,000	6,979,995	7,099,995	2.01%	1,063
2013	-	-	6,763,954	6,763,954	1.96%	1,010
2014	-	-	6,402,913	6,402,913	1.81%	956

CITY OF LAMPASAS, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

**CITY OF LAMPASAS, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)**

	2005	2006	2007	2008
Assessed Valuation	\$222,740,750	\$240,052,530	\$268,339,910	\$298,995,480
Limit on Amount Designated for Debt Service:				
\$1.50 per \$100 assessed valuation	x 1.5	x 1.5	x 1.5	x 1.5
Legal Annual Maximum Debt Payment	\$ 3,341,111	\$ 3,600,788	\$ 4,025,099	\$ 4,484,932
Actual Amount Expended for General Obligation Debt Service During the Fiscal Year	-	203,836	370,716	579,197
Legal Debt Margin for Annual Debt Service Requirements	\$ 3,341,111	\$ 3,396,952	\$ 3,654,383	\$ 3,905,735
Total Net Debt Applicable to the Limit As a percentage of Debt Limit	0.00%	5.66%	9.21%	12.91%

Source: Lampasas Central Appraisal District
Audited Financial Statements of the City of Lampasas

TABLE 12

2009	2010	2011	2012	2013	2014
\$322,883,200	\$331,407,863	\$332,858,310	\$352,529,833	\$345,082,550	\$353,764,320
x 1.5					
\$ 4,843,248	\$ 4,971,118	\$ 4,992,875	\$ 5,287,947	\$ 5,176,238	\$ 5,306,465
581,330	652,668	623,885	627,309	617,983	630,951
\$ 4,261,918	\$ 4,318,450	\$ 4,368,990	\$ 4,660,638	\$ 4,558,255	\$ 4,675,514
12.00%	13.13%	12.50%	11.86%	11.94%	11.89%