

CITY OF LAMPASAS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

CITY OF LAMPASAS, TEXAS
 ANNUAL FINANCIAL REPORT
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TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to the Financial Statements	23
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	48
Schedule of Employer Contributions	49
Notes to the Schedule of Contributions	50
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	54
Combining Statement of Net Position – Nonmajor Proprietary Funds	57
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds	58
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	59

CITY OF LAMPASAS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS
(Continued)

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 <i>Government Auditing Standards</i>	60
Schedule of Findings and Questioned Costs	62

STATISTICAL SECTION

Financial Trends:	
Net Position by Component	64
Expenses, Program Revenues, and Net (Expense)/Revenue	66
General Revenues, and Total Change in Net Position	68
Fund Balances – Governmental Funds	70
Changes in Fund Balances – Governmental Funds	72
Revenue Capacity:	
Tax Revenues by Source, Governmental Funds	74
Assessed Value and Estimated Actual Value of Taxable Property	75
Principal Property Taxpayers	77
Property Tax Levies and Collections	79
Debt Capacity:	
Ratios of Outstanding Debt by Type	80
Ratios of General Bonded Debt Outstanding	82
Legal Debt Margin Information	83

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council, and Citizens of
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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension related schedules following the notes 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 this 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 schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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

February 12, 2016

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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, 2015. 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 \$4,208,445 (*net position*).
- The City's overall total net position increased by \$23,162 as a result of current year activities. However, implementation of a new accounting standard related to pensions and the recording of an estimated liability for other post-employment benefits liabilities to employees and retirees retroactively decreased the beginning of the year net position by \$5,222,131.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$4,842,652, an increase of \$12,495 in comparison with the prior year.
- At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$1,973,499, or approximately 25% of total General Fund regular operating expenditures.

Overview of the Financial Statements

The discussion and analysis provided here is 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 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 12-14 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 fourteen 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 thirteen 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 within the basic financial statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-19 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 20-22 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 currently 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 23-47 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's participation in a pension program for its employees. Required supplementary information can be found on page 48-50 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented immediately following the required supplementary information on pensions.

Combining and individual fund statements and schedules can be found on pages 51-59 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 \$23,495,717 at the close of the most recent fiscal year.

City of Lampasas, Texas's Net Position

	Governmental Activities 2015	Governmental Activities 2014	Change	Business- Type Activities 2015	Business- Type Activities 2014	Change
Current & other assets	\$ 6,803,350	\$ 6,474,521	\$ 328,829	\$ 9,952,666	\$10,105,883	\$ (153,217)
Capital assets	9,217,739	8,821,709	396,030	16,573,468	16,533,798	39,670
Deferred outflows	536,163	-	536,163	155,660	-	155,660
Total assets	16,557,252	15,296,230	1,261,022	26,681,794	26,639,681	42,113
Current liabilities	1,216,746	835,509.00	381,237	2,379,143	1,551,088	828,055
Long-term liabilities	11,132,061	6,686,617	4,445,444	5,015,379	3,893,011	1,122,368
Deferred inflows	-	-	-	-	275,000	(275,000)
Total liabilities and deferred inflows	12,348,807	7,522,126	4,826,681	7,394,522	5,719,099	1,675,423
Net Position						
Net investment in capital assets	3,180,867	2,418,796	762,071	13,025,534	12,707,391	318,143
Restricted	2,833,708	2,369,001	464,707	2,867,877	4,490,449	(1,622,572)
Unrestricted	(1,806,130)	2,986,307	(4,792,437)	3,393,861	3,722,742	(328,881)
Total net position	\$ 4,208,445	\$ 7,774,104	\$ (3,565,659)	\$19,287,272	\$20,920,582	\$ (1,633,310)

By far, the largest portion of the City's net position (69%) 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 (24.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,587,731 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, for the government as a whole. However, the City reported a negative balance in the unrestricted net position for its governmental activities in the amount of \$(1,806,130). This negative net unrestricted net position amount is primarily the result of recording for the first time liabilities related to the City's pension and other post-employment benefits programs.

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$709,805 from the prior fiscal year as a result of current activities. However, beginning net position was reduced with a restatement in the amount of \$(4,275,464) due to the adoption of a new accounting standard related to pensions and the recording of liabilities related to the City's other post-employment benefits. Net position for governmental activities therefore ended at \$4,208,445.

City of Lampasas, Texas Changes in Net Position

	Governmental Activities 2015	Governmental Activities 2014	Change	Business- Type Activities 2015	Business- Type Activities 2014	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 1,548,820	\$ 1,395,338	\$ 153,482	\$ 15,900,317	\$ 15,160,952	\$ 739,365
Operating grants &	344,801	641,953	(297,152)	-	-	-
General Revenues:						
Property taxes	1,453,654	1,410,139	43,515	-	-	-
Other taxes	2,368,805	2,253,323	115,482	-	-	-
Grants and contributions not restricted to specific programs	7,880	11,515	(3,635)	-	-	-
Other	2,392,482	2,181,788	210,694	96,885	70,676	26,209
Total revenue	8,116,442	7,894,056	222,386	15,997,202	15,231,628	765,574
Expenses:						
General government	2,291,288	2,223,491	67,797	-	-	-
Public safety	3,407,906	3,186,402	221,504	-	-	-
Highways and streets	660,402	699,633	(39,231)	-	-	-
Sanitation	1,126,129	1,058,171	67,958	-	-	-
Health and welfare	139,303	128,549	10,754	-	-	-
Culture and recreation	1,133,436	1,008,322	125,114	-	-	-
Conservation	56,512	48,646	7,866	-	-	-
Interest on long-term debt	255,130	268,213	(13,083)	-	-	-
Electric fund	-	-	-	9,649,508	9,193,037	456,471
Water/Wastewater fund	-	-	-	4,443,566	4,269,573	173,993
Nonmajor enterprise funds	-	-	-	927,302	808,386	118,916
Total expenses	9,070,106	8,621,427	448,679	15,020,376	14,270,996	749,380
Increase (decrease) in net position before transfers	(953,664)	(727,371)	(226,293)	976,826	960,632	16,194
Transfers	1,663,469	594,945	1,068,524	(1,663,469)	(517,371)	(1,146,098)
Increase (decrease) in net position	709,805	(132,426)	842,231	(686,643)	443,261	(1,129,904)
Net position - beginning	3,498,640	7,906,530	(4,407,890)	19,973,915	20,477,321	(503,406)
Net position - ending	\$ 4,208,445	\$ 7,774,104	\$ (3,565,659)	\$ 19,287,272	\$ 20,920,582	\$ (1,633,310)

Business-type Activities. For the City's business-type activities, the results for the current fiscal year caused overall net position to decrease by \$686,643. The decrease can be attributed primarily to a transfer out to the governmental funds amounting to \$1,618,533. Net position for business-type activities ended at 19,287,272. In addition, beginning net position was reduced with a restatement in the amount of \$(946,667) primarily due to the adoption of a new accounting standard related to pensions and the recording of liabilities related to the City's other post-employment benefits.

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, 2015, the City's governmental funds reported combined fund balances of \$4,842,652, an increase of \$12,495 in comparison with the prior year. Approximately 2.9% of this amount (\$139,451) 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 (\$51,191), 2) legally required to be maintained intact (\$-0-), 3) restricted for particular purposes (\$2,817,962), 4) committed for particular purposes (\$1,783,405), or 5) assigned for particular purposes (\$50,643).

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 \$139,451, while total fund balance decreased to \$2,024,690. 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 1.6 percent of total General Fund expenditures, while total fund balance represents approximately 22.6 percent of that same amount.

The fund balance of the City's General Fund decreased by \$452,182 during the current fiscal year. The decrease in the fund balance of the General Fund was attributable primarily to revenues 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 \$3,012,547 and for the Water/Wastewater Fund was \$196,927. The total decrease in net position for both funds was \$29,903 and \$494,040, respectively. The decrease for the Electric Fund reflects 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, 2015, amounts to \$25,791,207 (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 1.7%.

City of Lampasas, Texas Capital Assets

	Governmental Activities 2015	Governmental Activities 2014	Change
Land	\$ 1,219,741	\$ 1,105,698	\$ 114,043
Buildings	11,789,701	10,843,964	945,737
Furniture and Equipment	3,772,450	3,558,822	213,628
Construction in Progress	-	301,995	(301,995)
Total	16,781,892	15,810,479	971,413
Less Accumulated Depreciation	(7,564,153)	(6,988,770)	(575,383)
Capital assets, net of depreciation	\$ 9,217,739	\$ 8,821,709	\$ 396,030

	Business-type Activities 2015	Business-type Activities 2014	Change
Land	\$ 983,061	\$ 983,063	\$ (2)
Buildings	4,984,459	4,984,424	35
Furniture and Equipment	4,912,713	4,808,705	104,008
Construction in Progress	351,716	425,353	(73,637)
Infrastructure	23,166,793	22,177,072	989,721
Total	34,398,742	33,378,617	1,020,125
Less Accumulated Depreciation	(17,825,274)	(16,844,819)	(980,455)
Capital assets, net of depreciation	\$ 16,573,468	\$ 16,533,798	\$ 39,670

Additional information on the City’s capital assets can be found in Note IV.D on pages 35-36 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$9,584,806. The remainder of the City’s long-term obligations is comprised of compensated absences, post employment benefits and net pension liabilities.

City of Lampasas, Texas Outstanding Debt

	Governmental Activities 2015	Governmental Activities 2014	Change
General Obligation Bonds	\$ 6,036,872	\$ 6,402,913	\$ (366,041)
Compensated Absences	290,419	283,704	6,715
Post-employment benefits	2,305,191	-	2,305,191
Net pension liability	2,499,579	-	2,499,579
Total	<u>\$ 11,132,061</u>	<u>\$ 6,686,617</u>	<u>\$ 4,445,444</u>

	Business-type Activities 2015	Business-type Activities 2014	Change
General Obligation Bonds	\$ 3,547,934	\$ 3,826,407	\$ (278,473)
Compensated Absences	72,513	66,603	5,910
Post-employment benefits	669,248	-	669,248
Net pension liability	725,684	-	725,684
Total	<u>\$ 5,015,379</u>	<u>\$ 3,893,010</u>	<u>\$ 1,122,369</u>

The City's total debt increased by \$5,567,813 (34.48 percent) during the current fiscal year. The reason for the increase was the initial recording of long term liabilities for post employment benefits and the net pension liability.

Additional information on the City's long-term debt can be found in Note IV.J on pages 42-44 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 2015-2016 fiscal year budget:

- Growth in Sales Tax Revenue and anticipation for continued growth
- The increases in interest rates on the City's investments are steadily showing an increase in interest earned
- City anticipates an additional \$10,655 of property tax revenue related to new property added to the tax roll
- Increases in Health Insurance premiums and other employee benefits are expected
- Continued emphasis on improving infrastructure to be proactive instead of reactive
- Changes in Federal Government – Presidential election
- Annexation of area in Southern part of City
- Continued commercial and residential developments

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF LAMPASAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lampasas EDC
ASSETS				
Cash and cash equivalents	\$ 4,934,025	\$ 4,007,779	\$ 8,941,804	\$ 1,704,847
Investments - current	540,325	2,990,595	3,530,920	-
Taxes receivable - delinquent	82,491	-	82,491	-
Allowance for uncollectible taxes	(13,720)	-	(13,720)	-
Accounts receivable, net	1,209,038	1,243,399	2,452,437	-
Notes receivable, net	-	318,933	318,933	45,000
Due from other funds	-	761,770	761,770	-
Inventories	26,784	524,440	551,224	-
Prepaid items	24,407	105,750	130,157	-
Capital assets, not being depreciated:				
Land	1,219,741	983,061	2,202,802	923,785
Construction in progress	-	351,716	351,716	-
Capital assets, being depreciated:				
Buildings and improvements	11,789,701	4,984,459	16,774,160	17,975
Machinery, equipment, and vehicles	3,772,450	4,912,713	8,685,163	-
Infrastructure	-	23,166,792	23,166,792	-
Accumulated depreciation	(7,564,153)	(17,825,273)	(25,389,426)	(7,192)
Total assets	16,021,089	26,526,134	42,547,223	2,684,415
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan items	536,163	155,660	691,823	-
Total Deferred Outflows of Resources	536,163	155,660	691,823	-
LIABILITIES				
Accounts payable	852,440	1,042,189	1,894,629	3,795
Accrued salaries and benefits	227,156	44,863	272,019	-
Accrued liabilities	-	2,300	2,300	-
Intergovernmental payable	-	28,545	28,545	-
Due to other funds	6,094	755,676	761,770	-
Accrued interest payable	31,198	14,597	45,795	4,448
Unearned revenue	20,111	-	20,111	-
Other current liabilities	79,747	20,674	100,421	-
Customer deposits	-	470,299	470,299	-
Noncurrent liabilities:				
Due within one year	380,000	285,000	665,000	-
Due in more than one year	10,752,061	4,730,379	15,482,440	1,720,705
Total liabilities	12,348,807	7,394,522	19,743,329	1,728,948
NET POSITION				
Net investment in capital assets	3,180,867	13,025,534	16,206,401	-
Restricted for debt service	171,583	-	171,583	-
Restricted for capital projects	1,212,323	-	1,212,323	-
Restricted for endowments	174,558	-	174,558	-
Restricted for system improvements	1,275,244	-	1,275,244	-
Restricted for operations & maintenance	-	2,867,877	2,867,877	-
Unrestricted	(1,806,130)	3,393,861	1,587,731	955,467
Total net position	\$ 4,208,445	\$ 19,287,272	\$ 23,495,717	\$ 955,467

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, 2015

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ 2,291,288	\$ 18,773	\$ 256,057
Public safety	3,407,906	-	88,481
Highways and streets	660,402	279,488	-
Sanitation	1,126,129	1,131,880	-
Health and welfare	139,303	39,674	-
Culture and recreation	1,133,436	79,005	263
Conservation	56,512	-	-
Interest	255,130	-	-
Total Governmental Activities:	<u>9,070,106</u>	<u>1,548,820</u>	<u>344,801</u>
Business-type activities:			
Electric fund	9,649,508	11,590,198	-
Water/Wastewater fund	4,443,566	3,718,464	-
Nonmajor enterprise funds	927,302	591,655	-
Total Business-Type Activities:	<u>15,020,376</u>	<u>15,900,317</u>	<u>-</u>
Total primary government	<u>\$ 24,090,482</u>	<u>\$ 17,449,137</u>	<u>\$ 344,801</u>
Component units:			
Lampasas economic development corporation	\$ 324,211	\$ -	\$ -
	<u>\$ 324,211</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			
Miscellaneous			
Total general revenues			
Gain (loss) on sale of capital assets			
Transfers			
Change in net position			
Net position -- beginning (as restated)			
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 Activites	Total	Lampasas EDC
\$ (2,016,458)	\$ -	\$ (2,016,458)	\$ -
(3,319,425)	-	(3,319,425)	-
(380,914)	-	(380,914)	-
5,751	-	5,751	-
(99,629)	-	(99,629)	-
(1,054,168)	-	(1,054,168)	-
(56,512)	-	(56,512)	-
(255,130)	-	(255,130)	-
<u>(7,176,485)</u>	<u>-</u>	<u>(7,176,485)</u>	<u>-</u>
-	1,940,690	1,940,690	-
-	(725,102)	(725,102)	-
-	(335,647)	(335,647)	-
<u>-</u>	<u>879,941</u>	<u>879,941</u>	<u>-</u>
<u>(7,176,485)</u>	<u>879,941</u>	<u>(6,296,544)</u>	<u>-</u>
			<u>(324,211)</u>
			<u>(324,211)</u>
1,453,654	-	1,453,654	-
1,339,222	-	1,339,222	-
74,297	-	74,297	-
955,286	-	955,286	-
7,880	-	7,880	-
1,659,110	-	1,659,110	-
8,029	-	8,029	-
13,439	28,639	42,078	5,052
822,695	68,246	890,941	267,424
<u>6,333,612</u>	<u>96,885</u>	<u>6,430,497</u>	<u>272,476</u>
(110,791)	-	(110,791)	-
<u>1,663,469</u>	<u>(1,663,469)</u>	<u>-</u>	<u>-</u>
709,805	(686,643)	23,162	(51,735)
<u>3,498,640</u>	<u>19,973,915</u>	<u>23,472,555</u>	<u>1,007,202</u>
<u>\$ 4,208,445</u>	<u>\$ 19,287,272</u>	<u>\$ 23,495,717</u>	<u>\$ 955,467</u>

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FUND BASIS FINANCIAL STATEMENTS

CITY OF LAMPASAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,387,630	\$ 2,546,395	\$ 4,934,025
Investments - current	294,487	245,838	540,325
Taxes receivable - delinquent	63,967	18,524	82,491
Allowance for uncollectible delinquent taxes	(10,941)	(2,779)	(13,720)
Accounts receivable	185,030	318,975	504,005
Due from other funds	10,583	-	10,583
Inventories	26,784	-	26,784
Prepaid items	24,407	-	24,407
Total assets	<u>\$ 2,981,947</u>	<u>\$ 3,126,953</u>	<u>\$ 6,108,900</u>
LIABILITIES			
Accounts payable	\$ 583,070	\$ 269,370	\$ 852,440
Accrued salaries payable	222,016	5,140	227,156
Due to other funds	-	16,677	16,677
Unearned revenue	20,111	-	20,111
Other current liabilities	77,688	2,059	79,747
Total liabilities	<u>902,885</u>	<u>293,246</u>	<u>1,196,131</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	54,372	15,745	70,117
Total deferred inflows of resources	<u>54,372</u>	<u>15,745</u>	<u>70,117</u>
FUND BALANCES (DEFICITS)			
Nonspendable for:			
Inventories	26,784	-	26,784
Prepays	24,407	-	24,407
Restricted for:			
Debt service	-	155,838	155,838
Capital projects	-	1,212,323	1,212,323
Endowments	-	174,558	174,558
Other specific purposes	-	1,275,243	1,275,243
Committed for:			
Working capital	1,783,405	-	1,783,405
Assigned for:			
Comprehensive plan	9,084	-	9,084
580 complex	39,809	-	39,809
Park improvements	1,750	-	1,750
Unassigned	139,451	-	139,451
Total fund balances	<u>2,024,690</u>	<u>2,817,962</u>	<u>4,842,652</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,981,947</u>	<u>\$ 3,126,953</u>	<u>\$ 6,108,900</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, 2015

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

Total fund balances - governmental funds	\$ 4,842,652
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,217,739
Other long-term assets, such as uncollected property taxes, are not available to pay for for current obligations and, therefore, are reported as unavailable revenue in the funds.	70,117
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 current period and, therefore, are not reported in the funds.	(10,627,096)
Net position of governmental activities	<u>\$ 4,208,445</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
SEPTEMBER 30, 2015

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 1,150,797	\$ 301,986	\$ 1,452,783
Sales taxes	1,339,222	-	1,339,222
Hotel/motel taxes	-	74,297	74,297
Franchise taxes	955,286	-	955,286
Licenses and permits	55,735	-	55,735
Intergovernmental revenues	1,249,755	754,156	2,003,911
Charges for services	1,539,551	9,269	1,548,820
Fines	352,910	5,493	358,403
Special assessments	-	8,029	8,029
Investment earnings	5,950	7,489	13,439
Rents and royalties	7,900	-	7,900
Contributions and donations, private sources	6,427	1,453	7,880
Miscellaneous revenue	80,522	307,017	387,539
Total revenues	<u>6,744,055</u>	<u>1,469,189</u>	<u>8,213,244</u>
EXPENDITURES			
Current:			
General government	1,886,821	211,785	2,098,606
Public safety:			
Police	2,115,785	16,393	2,132,178
Fire	1,001,300	-	1,001,300
Highways and streets	609,260	-	609,260
Sanitation	1,045,238	-	1,045,238
Health and welfare	128,207	-	128,207
Culture and recreation:			
Swimming pools	141,631	-	141,631
Parks	688,661	5,556	694,217
Libraries	216,171	-	216,171
Conservation	-	52,453	52,453
Debt service:			
Bond principal	-	365,000	365,000
Interest	-	257,894	257,894
Capital outlay	1,139,048	-	1,139,048
Total expenditures	<u>8,972,122</u>	<u>909,081</u>	<u>9,881,203</u>
Excess (deficiency) of revenues over expenditures	<u>(2,228,067)</u>	<u>560,108</u>	<u>(1,667,959)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,878,514	422,775	2,301,289
Transfers out	(119,614)	(518,206)	(637,820)
Sale of general capital assets	3,867	-	3,867
Insurance recoveries	13,118	-	13,118
Total other financing sources (uses)	<u>1,775,885</u>	<u>(95,431)</u>	<u>1,680,454</u>
Net change in fund balance	(452,182)	464,677	12,495
Fund balance - beginning (as restated)	2,476,872	2,353,285	4,830,157
Fund balance - ending	<u>\$ 2,024,690</u>	<u>\$ 2,817,962</u>	<u>\$ 4,842,652</u>

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, 2015

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

Net change in fund balances - total governmental funds	\$	12,495
<p>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.</p>		
		510,688
<p>Since the value of the net pension liability is not reported in the funds, the related period pension expense is also not reported in the funds.</p>		
		54,620
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.</p>		
		(114,658)
<p>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.</p>		
		245,789
<p>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.</p>		
		871
Change in net position - governmental activities	\$	<u>709,805</u>

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

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CITY OF LAMPASAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,148,851	1,148,851	\$ 1,150,797	\$ 1,946
Sales taxes	1,274,500	1,274,500	1,339,222	64,722
Franchise taxes	924,000	924,000	955,286	31,286
Licenses and permits	74,050	51,839	55,735	3,896
Intergovernmental revenues	1,232,475	1,238,475	1,249,755	11,280
Charges for services	1,503,450	1,483,946	1,539,551	55,605
Fines	417,500	347,355	352,910	5,555
Investment earnings	10,000	10,000	5,950	(4,050)
Rents and royalties	10,150	10,150	7,900	(2,250)
Contributions and donations, private sources	9,060	9,060	6,427	(2,633)
Miscellaneous revenue	688,654	672,204	80,522	(591,682)
Total revenues	<u>7,292,690</u>	<u>7,170,380</u>	<u>6,744,055</u>	<u>(426,325)</u>
EXPENDITURES				
Current:				
General government	1,876,464	1,880,813	1,886,821	(6,008)
Public safety:				
Police	2,089,372	2,089,372	2,115,785	(26,413)
Fire	1,000,296	1,000,296	1,001,300	(1,004)
Highways and streets	604,280	652,780	609,260	43,520
Sanitation	1,020,000	1,085,046	1,045,238	39,808
Health and welfare	123,179	123,179	128,207	(5,028)
Culture and recreation:				
Swimming pools	144,627	144,427	141,631	2,796
Parks	635,671	648,656	688,661	(40,005)
Libraries	212,311	212,081	216,171	(4,090)
Capital outlay	1,120,394	1,309,130	1,139,048	170,082
Total expenditures	<u>8,826,594</u>	<u>9,145,780</u>	<u>8,972,122</u>	<u>173,658</u>
Excess (deficiency) of revenues over expenditures	<u>(1,533,904)</u>	<u>(1,975,400)</u>	<u>(2,228,067)</u>	<u>(252,667)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,649,121	1,643,121	1,878,514	235,393
Transfers out	(134,198)	(134,198)	(119,614)	14,584
Sale of general capital assets	10,000	10,000	3,867	(6,133)
Insurance recoveries	10,000	10,000	13,118	3,118
Total other financing sources (uses)	<u>1,534,923</u>	<u>1,528,923</u>	<u>1,775,885</u>	<u>246,962</u>
Net change in fund balances	1,019	(446,477)	(452,182)	(5,705)
Fund balance - beginning	2,476,872	2,476,872	2,476,872	-
Fund balance - ending	<u>\$ 2,477,891</u>	<u>\$ 2,030,395</u>	<u>\$ 2,024,690</u>	<u>\$ (5,705)</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, 2015

	Business-Type Activities			Total Proprietary Funds
	Electric Fund	Water/Waste- Water Fund	Total Non- Major Funds	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,411,470	\$ 1,408,584	\$ 187,725	\$ 4,007,779
Investments - current	2,136,473	814,570	39,552	2,990,595
Accounts receivable, net	988,367	245,004	10,028	1,243,399
Notes receivable, net	-	-	318,933	318,933
Due from other funds	755,676	-	6,094	761,770
Inventories	339,522	143,388	41,530	524,440
Prepaid items	-	105,750	-	105,750
Total current assets	<u>6,631,508</u>	<u>2,717,296</u>	<u>603,862</u>	<u>9,952,666</u>
Noncurrent Assets:				
Land	56,812	69,965	856,284	983,061
Infrastructure	2,571,284	20,595,508	-	23,166,792
Buildings	553,157	839,241	1,646,656	3,039,054
Improvements other than buildings	-	-	1,945,405	1,945,405
Furnishings and equipment	2,641,618	2,039,105	231,990	4,912,713
Accumulated depreciation	(4,152,981)	(11,928,163)	(1,744,129)	(17,825,273)
Construction/development in progress	-	345,143	6,573	351,716
Total noncurrent assets	<u>1,669,890</u>	<u>11,960,799</u>	<u>2,942,779</u>	<u>16,573,468</u>
Total assets	<u>8,301,398</u>	<u>14,678,095</u>	<u>3,546,641</u>	<u>26,526,134</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan items	51,195	60,188	44,277	155,660
LIABILITIES				
Current liabilities:				
Accounts payable	693,428	325,535	23,226	1,042,189
Accrued salaries payable	20,676	4,835	19,352	44,863
Accrued liabilities	-	-	2,300	2,300
Intergovernmental payable	28,545	-	-	28,545
Due to other funds	-	755,676	-	755,676
Accrued interest payable	-	14,597	-	14,597
Other current liabilities	-	20,674	-	20,674
Customer deposits	308,063	162,236	-	470,299
Total current liabilities	<u>1,050,712</u>	<u>1,283,553</u>	<u>44,878</u>	<u>2,379,143</u>
Noncurrent Liabilities:				
Bonds payable - due in more than one year	-	3,190,000	-	3,190,000
Bonds payable - due within one year	-	285,000	-	285,000
Unamortized premium on bonds	-	72,934	-	72,934
Net pension obligation	238,670	280,598	206,417	725,685
Compensated absences payable	252,095	277,208	212,457	741,760
Total noncurrent liabilities	<u>490,765</u>	<u>4,105,740</u>	<u>418,874</u>	<u>5,015,379</u>
Total liabilities	<u>1,541,477</u>	<u>5,389,293</u>	<u>463,752</u>	<u>7,394,522</u>
NET POSITION				
Net investment in capital assets	1,669,890	8,412,865	2,942,779	13,025,534
Restricted for operations & maintenance	2,128,679	739,198	-	2,867,877
Unrestricted	3,012,547	196,927	184,387	3,393,861
Total net position	<u>\$ 6,811,116</u>	<u>\$ 9,348,990</u>	<u>\$ 3,127,166</u>	<u>\$ 19,287,272</u>

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

CITY OF LAMPASAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities			Total Proprietary Funds
	Electric Fund	Water/Waste- water Fund	Non-major Funds	
Operating revenues:				
Charges for services:				
Water sales	\$ -	\$ 3,718,464	\$ -	\$ 3,718,464
Electricity sales	11,590,198	-	-	11,590,198
Other charges for services	-	-	591,655	591,655
Miscellaneous revenue	12,321	-	49,152	61,473
Total operating revenues	<u>11,602,519</u>	<u>3,718,464</u>	<u>640,807</u>	<u>15,961,790</u>
Operating expenses:				
Personnel services	506,562	621,568	444,243	1,572,373
Purchased professional and technical services	158,166	1,297,413	14,130	1,469,709
Purchased property services	84,943	203,673	41,758	330,374
Other purchased services	557,542	72,058	62,250	691,850
Materials and supplies	7,400,543	182,786	145,913	7,729,242
Other operating expenses	831,416	1,239,698	59,278	2,130,392
Depreciation	110,336	710,389	159,730	980,455
Total operating expenses	<u>9,649,508</u>	<u>4,327,585</u>	<u>927,302</u>	<u>14,904,395</u>
Operating income (loss)	1,953,011	(609,121)	(286,495)	1,057,395
Nonoperating revenues (expenses)				
Intergovernmental	-	-	6,773	6,773
Investment earnings	12,331	7,648	8,660	28,639
Interest expense	-	(115,981)	-	(115,981)
Total nonoperating revenues (expenses)	<u>12,331</u>	<u>(108,333)</u>	<u>15,433</u>	<u>(80,569)</u>
Income before transfers in (out)	1,965,342	(717,454)	(271,062)	976,826
Transfers in	15,470	495,632	116,281	627,383
Transfers out	(2,010,715)	(272,218)	(7,919)	(2,290,852)
Change in net position	<u>(29,903)</u>	<u>(494,040)</u>	<u>(162,700)</u>	<u>(686,643)</u>
Net position-beginning (as restated)	6,841,019	9,843,030	3,289,866	19,973,915
Net position-ending	<u>\$ 6,811,116</u>	<u>\$ 9,348,990</u>	<u>\$ 3,127,166</u>	<u>\$ 19,287,272</u>

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

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CITY OF LAMPASAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities			
	Electric Fund	Water/Waste- water Fund	Total Non-major Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 11,572,347	\$ 3,695,119	\$ 595,577	\$ 15,863,043
Other receipts	-	-	44,937	44,937
Payments to suppliers and service providers	(9,049,924)	(2,884,804)	(322,247)	(12,256,975)
Payments to employees for salaries and benefits	(484,813)	(615,128)	(425,228)	(1,525,169)
Net cash provided by (used for) operating activities	<u>2,037,610</u>	<u>195,187</u>	<u>(106,961)</u>	<u>2,125,836</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	(755,676)	755,676	(6,094)	(6,094)
activities	<u>(755,676)</u>	<u>755,676</u>	<u>(6,094)</u>	<u>(6,094)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(65,214)	(954,876)	(35)	(1,020,125)
Principal paid on capital debt	-	(278,473)	-	(278,473)
Interest paid on capital debt	-	(115,981)	-	(115,981)
Net pension liabilities	45,980	54,057	39,766	139,803
Deferred Outflow of resources	(51,195)	(60,188)	(44,277)	(155,660)
Notes receivable	-	-	14,067	14,067
Operating transfers in/out	(1,995,245)	223,414	108,361	(1,663,470)
Net cash provided by (used for) capital and related financing activities	<u>(2,065,674)</u>	<u>(1,132,047)</u>	<u>117,882</u>	<u>(3,079,839)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	1,498,764	534,453	(21)	2,033,196
Intergovernmental revenue/expense			6,773	
Interest on investments	12,331	7,648	8,660	28,639
Net cash provided by investing activities	<u>1,511,095</u>	<u>542,101</u>	<u>15,412</u>	<u>2,068,608</u>
Net increase (decrease) in cash and cash equivalents	727,355	360,917	20,239	1,108,511
Cash and cash equivalents-beginning	1,684,115	1,047,667	167,486	2,899,268
Cash and cash equivalents-ending	<u>\$ 2,411,470</u>	<u>\$ 1,408,584</u>	<u>\$ 187,725</u>	<u>\$ 4,007,779</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:				
Operating income (loss)	\$ 1,953,011	\$ (609,121)	\$ (286,495)	\$ 1,057,395
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	110,336	710,389	159,730	980,455
(Increase) decrease in accounts receivable	(30,172)	(23,345)	(294)	(53,811)
(Increase) decrease in inventories	29,161	2,060	325	31,546
(Increase) decrease in prepaid items	-	(1,500)	-	(1,500)
(Decrease) increase in accounts payable	(46,475)	110,264	757	64,546
(Decrease) increase in accrued liabilities	8,305	(8,401)	7,929	7,833
(Decrease) increase in compensated absences	13,444	14,841	11,086	39,371
Total adjustments	<u>84,599</u>	<u>804,308</u>	<u>179,533</u>	<u>1,068,440</u>
Net cash provided by (used for) operating activities	<u>\$ 2,037,610</u>	<u>\$ 195,187</u>	<u>\$ (106,962)</u>	<u>\$ 2,125,835</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

Discretely presented component units

The Lampasas Economic Development Corporation (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.

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 City'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, 2015

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 City'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 City reports the following major governmental fund:

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

The City 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 City 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.

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

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, 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 funds 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, 2015

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 the proprietary funds. Capital projects funds are 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 City'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

For the year ended September 30, 2015, expenditures exceeded appropriations in the General Fund in the General Government function by \$6,008, in the Police and Fire lines of the Public Safety function by \$26,413 and \$1,004 respectively, in the Health and Welfare function by \$5,028, and in the Parks and Libraries lines of the Culture and Recreation function by \$40,005 and \$4,090 respectively. Details for these overages are described in the accompanying schedule of findings and questioned costs as Item 2015-001 on Page 62-63.

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

1. Cash and cash equivalents

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

2. Investments

Investments for the City 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

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

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.

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 City 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 City 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:

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

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

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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 City 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 City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. *Fund balance flow assumptions*

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

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 City 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 City’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City 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 City for specific purposes but do not meet the criteria to be classified as 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.

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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, 2014, upon which the levy for the 2014-2015 fiscal year was based, was \$364,615,688. 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, 2015, to finance General Fund and Debt Service Fund operations were \$.313231 and \$.081987, 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 2014-2015 fiscal year was \$1,441,027. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2015, were 98% 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.

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.

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

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	\$ 1,219,741
Capital assets, being depreciated	
Buildings and improvements	11,789,701
Machinery, equipment, and vehicles	3,772,450
Accumulated depreciation	(7,564,153)

Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ 9,217,739

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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	\$ (6,015,000)
Plus: Issuance premium	(21,872)
Compensated absences	(290,419)
Net pension liability, including pension def. inflows & outflows	(1,963,416)
Other postemployment benefit obligations	(2,305,191)
Accrued interest payable	(31,198)

Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (10,627,096)

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	\$ 1,139,048
Depreciation expense	(628,360)

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>	\$ 510,688

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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.	\$ (114,658)
Net adjustment to increase <i>net changes in governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (114,658)</u>

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	\$ 365,000
Premium amortization	1,041
Increase in other post-employments liability	(115,260)
Adjustments to long term debt balances:	
Accrued Interest	1,723
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>	<u>\$ 245,789</u>

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, 2015, there were no funds reported with deficit fund equity.

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

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, 2015, the City’s bank balance was \$9,293,735 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 City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. State statutes authorize the City 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, 2015, 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	\$ 1,821,039	\$ -	\$ -	\$ -
Texstar Investment Pool	1,709,881	-	-	-
Total Investments	\$ 3,530,920	\$ -	\$ -	\$ -

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, 2015, the City’s investment in the Texpool and TexSTAR investment pool was rated AAAM by Standard & Poor’s.

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

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

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 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property taxes	\$ 63,967	\$ 18,524	\$ 82,491
Accounts receivable	185,030	318,975	504,005
Gross receivables	<u>248,997</u>	<u>337,499</u>	<u>586,496</u>
Less: Allowance for uncollectibles	(10,941)	(2,779)	(13,720)
Net receivables	<u><u>\$ 238,056</u></u>	<u><u>\$ 334,720</u></u>	<u><u>\$ 572,776</u></u>

Proprietary Funds:

Receivables	Electric Fund	Water/Waste- Water Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Accounts receivable	\$ 1,018,479	\$ 264,613	\$ 10,028	\$ 1,293,120
Notes receivable	-	-	318,933	318,933
Gross receivables	<u>1,018,479</u>	<u>264,613</u>	<u>328,961</u>	<u>1,612,053</u>
Less: Allowance for uncollectibles	(30,112)	(19,609)	-	(49,721)
Net receivables	<u><u>\$ 988,367</u></u>	<u><u>\$ 245,004</u></u>	<u><u>\$ 328,961</u></u>	<u><u>\$ 1,562,332</u></u>

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

D. Capital Assets

Capital assets activity for the year ended September 30, 2015, was as follows:

Governmental Activities:

	Balance 10/1/14	Increases	Decreases	Adjustments	Balance 9/30/15
Capital assets, not being depreciated:					
Land	\$ 1,105,698	\$ 114,043	\$ -	\$ -	\$ 1,219,741
Construction-in-progress	301,995	-	(114,658)	(187,337)	-
Total capital assets, not being depreciated	<u>1,407,693</u>	<u>114,043</u>	<u>(114,658)</u>	<u>(187,337)</u>	<u>1,219,741</u>
Capital assets, being depreciated:					
Buildings and improvements	10,843,964	758,400	-	187,337	11,789,701
Machinery, equipment, and vehicles	3,558,822	266,605	(52,977)	-	3,772,450
Total capital assets, being depreciated	<u>14,402,786</u>	<u>1,025,005</u>	<u>(52,977)</u>	<u>187,337</u>	<u>15,562,151</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,057,781)	(451,552)	-	-	(4,509,333)
Machinery, equipment, and vehicles	(2,930,989)	(176,808)	52,977	-	(3,054,820)
Total accumulated depreciation	<u>(6,988,770)</u>	<u>(628,360)</u>	<u>52,977</u>	<u>-</u>	<u>(7,564,153)</u>
Total capital assets being depreciated, net	<u>7,414,016</u>	<u>396,645</u>	<u>-</u>	<u>187,337</u>	<u>7,997,998</u>
Governmental activities capital assets, net	<u>\$ 8,821,709</u>	<u>\$ 510,688</u>	<u>\$ (114,658)</u>	<u>\$ -</u>	<u>\$ 9,217,739</u>

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

Governmental activities:

General government	\$ 162,416
Public safety	242,504
Highways and streets	47,151
Sanitation	80,891
Health and welfare	9,922
Culture and recreation	85,476
Total depreciation expense - governmental activities	<u>\$ 628,360</u>

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Business-Type Activities:

	Balance 10/1/14	Increases	Decreases	Adjustments	Balance 9/30/15
Capital assets, not being depreciated:					
Land	\$ 983,063	\$ -	\$ (2)	\$ -	\$ 983,061
Construction-in-progress	425,353	345,142	-	(418,779)	351,716
Total capital assets, not being depreciated	1,408,416	345,142	(2)	(418,779)	1,334,777
Capital assets, being depreciated:					
Buildings and improvements	4,984,424	6,129	(6,094)	-	4,984,459
Machinery, equipment, and vehicles	4,808,705	104,008	-	-	4,912,713
Infrastructure	22,177,072	570,942	-	418,779	23,166,793
Total capital assets, being depreciated	31,970,201	681,079	(6,094)	418,779	33,063,965
Less accumulated depreciation for:					
Buildings and improvements	(2,365,940)	(179,092)	-	-	(2,545,032)
Machinery, equipment, and vehicles	(4,094,649)	(163,706)	-	-	(4,258,355)
Infrastructure	(10,384,230)	(637,657)	-	-	(11,021,887)
Total accumulated depreciation	(16,844,819)	(980,455)	-	-	(17,825,274)
Total capital assets being depreciated, net	15,125,382	(299,376)	(6,094)	418,779	15,238,691
Business-type activities capital assets, net	\$ 16,533,798	\$ 45,766	\$ (6,096)	\$ -	\$ 16,573,468

E. Accrued liabilities

Accrued liabilities reported by governmental and proprietary funds at September 30, 2015, were as follows:

Governmental Funds:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Salaries and benefits	\$ 222,016	\$ 5,140	\$ 227,156
Other	77,688	2,059	79,747
Total accrued liabilities	\$ 299,704	\$ 7,199	\$ 306,903

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Proprietary Funds:

	Electric Fund	Water/ Wastewater Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Salaries and benefits	\$ 20,676	\$ 4,835	\$ 19,352	\$ 44,863
Accrued liabilities	-	-	2,300	2,300
Intergovernmental payable	28,545	-	-	28,545
Accrued interest payable	-	14,597	-	14,597
Other	-	20,674	-	20,674
Total accrued liabilities	<u>\$ 49,221</u>	<u>\$ 40,106</u>	<u>\$ 21,652</u>	<u>\$ 110,979</u>

F. Defined Benefit Pension Plan

Plan Description

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

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

Benefits Provided

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

Plan Provisions

Employee Deposit Rate	7%
Municipal Current Matching Ratio	2-1

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

F. Defined Benefit Pension Plans (continued)

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	56
Active employees	112
	221
	221

Contributions

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 1.82% and 2.44% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$704,715, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	3% per year	
Overall payroll growth	3.5% to 12% per year	
Investment Rate of Return	7%, net of pension plan investment expense, including inflation	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 93.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

F. Defined Benefit Pension Plans (continued)

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

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100%	

Discount Rate

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

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

F. Defined Benefit Pension Plans (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 18,506,831	\$ 15,406,789	\$ 3,100,042
Changes for the year:			
Service cost	677,167	-	677,167
Interest	1,299,682	-	1,299,682
Change of benefit terms	-	-	-
Difference between expected and actual exp.	41,340	-	41,340
Changes of assumptions	-	-	-
Contributions - employer	-	694,494	(694,494)
Contributions - employee	-	326,986	(326,986)
Net investment income	-	881,447	(881,447)
Benefit payments, including refunds of emp. contr.	(557,066)	(557,066)	-
Administrative expense	-	(9,202)	9,202
Other changes	-	(757)	757
Net changes	1,461,123	1,335,902	125,221
Balance at 12/31/2014	\$ 19,967,954	\$ 16,742,691	\$ 3,225,263

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease in Discount Rate (6.0%)	Discount Rate 7.0%	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 6,428,573	\$ 3,225,263	\$ 642,069

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2015 the City recognized pension expense of \$630,309.

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

F. Defined Benefit Pension Plans (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 31,785	\$ -
Difference between projected and actual investment earnings	157,622	-
Contributions subsequent to the measurement date	502,416	-
Total	\$ 691,823	\$ -

Deferred outflows of resources related to pensions in the amount of \$502,416 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended Dec 31:	Pension Expense Amount
2015	\$ 48,962
2016	48,962
2017	48,962
2018	42,520
Total	\$ 189,406

G. Retiree Health Insurance Program

The City sponsors a retiree health insurance program whereby eligible retirees of the City can receive paid health insurance until eligible for Medicare. As of September 30, 2015 an actuarial study had not been prepared to measure the projected future liability to the City for this benefit. However the City has prepared an internal analysis which estimates the liability to be \$2,305,191 for governmental activities and \$669,248 for business-type activities as of September 30, 2015. The City expects to have an official actuarial study conducted during the 2016 fiscal year.

H. Risk management

The City 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.

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

I. Lease obligations

1. Operating lease

The City leased a John Deere mower to provide for operation needs for the Golf Course fund. Total costs for this lease were \$5,187 for the year ended September 30, 2015. The lease expired in June 2015. The City entered into another lease with John Deere for a riding lawn mower for the golf course. The total costs for the new lease were \$2,602 for the year ended September 30, 2015.

The future minimum lease payments for this lease as of September 30, 2015, were as follows:

Year Ending September 30	Lease 1
2016	\$ 7,805
2017	7,805
2018	7,805
2019	5,203
	<u>\$ 28,618</u>

J. Long-Term Liabilities

General Obligation Bonds

The City 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 City. 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, 2015 are as follows:

Governmental Activities:

Type	Sale Date	Original Borrowing	Rates to Maturity	Final Maturity	Outstanding 9/30/15
Bonds Payable					
Certificates of Obligation, Series 2007	2007	\$ 6,000,000	4.19%	2031	\$ 4,285,000
Certificates of Obligation, Series 2011	2011	2,010,000	3.0-4.5%	2036	1,730,000
Total Bonds Payable					<u>\$ 6,015,000</u>

Business-type Activities:

Type	Sale Date	Original Borrowing	Rates to Maturity	Final Maturity	Outstanding 9/30/15
General Obligation Bonds:					
Comb. Tax & Rev. Cert. of Oblig., Series 2006	2006	\$ 1,020,000	4.30%	2019	\$ 455,000
General Obligation of Ref. Bonds, Series 2012	2012	3,525,000	2.0-4.0%	2036	3,020,000
Total General Obligation Bonds					<u>\$ 3,475,000</u>

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Changes in long-term liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2015 are as follows:

Governmental Activities:

Description	Balance 10/1/14	Additions	Deletions	Adjustments	Balance 9/30/15	Due in One Year
Bonds Payable						
Certificates of obligation	\$6,380,000	\$ -	\$(365,000)	\$ -	\$ 6,015,000	\$ 380,000
Premium	22,913	-	(1,041)	-	21,872	-
Total bonds payable	6,402,913	-	(366,041)	-	6,036,872	380,000
Other Long-Term Debt						
Compensated absences	283,704	6,715	-	-	290,419	-
Post-employment benefits	-	115,260	-	2,189,931	2,305,191	-
Net pension liability	-	97,046	-	2,402,533	2,499,579	-
Total Other Long-Term Debt	283,704	219,021	-	4,592,464	5,095,189	-
Governmental activities long-term liabilities	\$6,686,617	\$ 219,021	\$(366,041)	\$4,592,464	\$ 11,132,061	\$ 380,000

Business-type Activities:

Description	Balance 10/1/14	Additions	Deletions	Adjustments	Balance 9/30/15	Due in One Year
Bonds Payable						
Certificates of Obligation	\$3,750,000	\$ -	\$(275,000)	\$ -	\$ 3,475,000	\$ 285,000
Premium	76,407	-	(3,473)	-	72,934	-
Total bonds payable	3,826,407	-	(278,473)	-	3,547,934	285,000
Other Long-Term Debt						
Compensated absences	66,603	5,910	-	-	72,513	-
Post-employment benefits	-	33,461	-	635,787	669,248	-
Net pension liability	-	28,175	-	697,509	725,684	-
Total long-term liabilities	\$3,893,010	\$ 67,546	\$(278,473)	\$1,333,296	\$ 5,015,379	\$ 285,000

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

The debt service requirements for the City's bonds are shown as follows.

Governmental Activities:

Year Ended September 30,	Governmental Activities Bonds Payable	
	Principal	Interest
2016	380,000	244,160
2017	245,000	230,050
2018	245,000	220,835
2019	340,000	211,621
2020	480,000	198,445
2021-2025	1,980,000	811,971
2026-2030	1,530,000	357,898
2031-2035	705,000	100,223
2036-2039	110,000	4,950
Totals	<u>\$ 6,015,000</u>	<u>\$ 2,380,153</u>

Business-type Activities:

Year Ended September 30,	Business-Type Activities Bonds Payable	
	Principal	Interest
2016	285,000	112,487
2017	290,000	104,504
2018	300,000	96,420
2019	225,000	88,886
2020	110,000	81,900
2021-2025	585,000	361,175
2026-2030	680,000	263,625
2031-2035	815,000	121,100
2036-2039	185,000	3,700
Totals	<u>\$ 3,475,000</u>	<u>\$ 1,233,797</u>

CITY OF LAMPASAS, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

K. Interfund transfers

The composition of interfund transfers for the year ended September 30, 2015 is as follows:

	<u>Transfer in to:</u>					<u>Total</u>
	<u>Governmental Funds</u>		<u>Enterprise Funds</u>			
	<u>General Fund</u>	<u>Nonmajor gov. funds</u>	<u>Electric Fund</u>	<u>Water Waste- Water Fund</u>	<u>Nonmajor prop. funds</u>	
Transfer out from:						
General fund	\$ -	\$ 62,646	\$ -	\$ -	\$ 56,968	\$ 119,614
Nonmajor gov. funds	7,104	-	15,470	495,632	-	518,206
Electric Fund	1,820,394	131,008	-	-	59,313	2,010,715
Water/Wastewater Fund	51,016	221,202	-	-	-	272,218
Nonmajor prop. Funds	-	7,919	-	-	-	7,919
Total	<u>\$1,878,514</u>	<u>\$ 422,775</u>	<u>\$ 15,470</u>	<u>\$ 495,632</u>	<u>\$ 116,281</u>	<u>\$2,928,672</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.

L. Discretely presented component unit

Lampasas Economic Development Corporation (LEDC)

Capital assets activity for Lampasas EDC for the year ended September 30, 2015 was as shown on the following page:

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Component Units

	Balance 10/1/14	Increases	Decreases	Adjustments	Balance 9/30/15
Capital assets, not being depreciated:					
Land	\$ 923,785	\$ -	\$ -	\$ -	\$ 923,785
Total capital assets, not being depreciated	923,785	-	-	-	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	(5,394)	(1,798)	-	-	(7,192)
Total accumulated depreciation	(5,394)	(1,798)	-	-	(7,192)
Total capital assets being depreciated, net	12,581	(1,798)	-	-	10,783
Total component unit capital assets, net	\$ 936,366	\$ (1,798)	\$ -	\$ -	\$ 934,568

Details of long-term debt obligations outstanding for Lampasas EDC at September 30, 2015 are as follows:

Type	Sale Date	Original Borrowing	Rates to Maturity	Final Maturity	Outstanding 9/30/15
General Obligation Bonds:					
Taxable Sales Tax Revenue Bonds, Series 2004	2004	\$ 1,100,000	4.95%	2019	\$ 410,395
LEDC note payable 2015	2015	1,345,000	3.35%	2030	1,310,310
Total					<u>\$ 1,720,705</u>

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

Description	Balance 10/1/14	Additions	Deletions	Adjustments	Balance 9/30/15	Due in One Year
Bonds Payable						
General obligation bonds	\$ 465,000	\$ -	\$ (54,605)	\$ -	\$ 410,395	\$ 19,929
LEDC Note payable 2015		1,345,000	(34,690)	-	1,310,310	71,472
Total bonds payable	465,000	1,345,000	(89,295)	-	1,720,705	91,401
Total long-term liabilities	\$ 465,000	\$ 1,345,000	\$ (89,295)	\$ -	\$ 1,720,705	\$ 91,401

CITY OF LAMPASAS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

M. Contingencies

The City had no significant contingencies to disclose as of September 30, 2015.

N. Subsequent events

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

O. Litigation

The City 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.

P. Prior period adjustment

The implementation of GASB Statement no. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement date, represents a change in accounting principle. Net position as of October 1, 2014 has been restated for this change in accounting principle. Also the recording of post employment benefit liabilities has caused the restatement of net position as of October 1, 2014. Further, effect of sanitation billing corrections and removal of deferred inflows related to lease purchase also caused the restatement of net position as of October 1, 2014.

The impact of these prior period adjustments is shown below:

Proprietary Funds:	Electric Fund	Water/WW Fund	G/F Econ. Dev. Fund	Golf Course Fund
Net Position as Previously Stated at September 30, 2014	\$ 7,242,811	\$ 10,315,408	\$ 433,426	\$ 1,383,818
Effect of removal of def. inflow related to lease purchase	-	-	275,000	-
Effect of implementation of pension standard (GASB-68)	(192,690)	(226,541)	(36,455)	(130,196)
Effect of recording of post-employment benefits liabilities	(209,102)	(245,837)	(39,560)	(141,286)
Net Position as Restated at September 30, 2014	<u>\$ 6,841,019</u>	<u>\$ 9,843,030</u>	<u>\$ 632,411</u>	<u>\$ 1,112,336</u>

Governmental & Business-Type Activities:

	Governmental Activities	Business-Type Activities
Net Position as Previously Stated at September 30, 2014	\$ 7,774,104	\$ 20,920,582
Effect of sanitation billing corrections	(67,497)	-
Effect of removal of def. inflow related to lease purchase	-	275,000
Effect of implementation of pension standard (GASB-68)	(2,018,036)	(585,882)
Effect of recording of post-employment benefits liabilities	(2,189,931)	(635,785)
Net Position as Restated at September 30, 2014	<u>\$ 3,498,640</u>	<u>\$ 19,973,915</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LAMPASAS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

A. Total pension liability	
1. Service cost	\$ 677,167
2. Interest (on the Total Pension Liability)	1,299,682
3. Changes of benefit terms	-
4. Difference between expected and actual experience	41,340
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	<u>(557,066)</u>
7. Net change in total pension liability	\$ 1,461,123
8. Total pension liability - beginning	<u>18,506,831</u>
9. Total pension liability - ending	<u><u>\$ 19,967,954</u></u>
B. Plan fiduciary net position	
1. Contributions - employer	\$ 694,494
2. Contributions - employee	326,986
3. Net investment income	881,447
4. Benefit payments, including refunds of employee contributions	(557,066)
5. Administrative expense	(9,202)
6. Other	<u>(757)</u>
7. Net change in plan fiduciary net position	\$ 1,335,902
8. Plan fiduciary net position - beginning	<u>15,406,789</u>
9. Plan fiduciary net position - ending	<u><u>\$ 16,742,691</u></u>
C. Net pension liability [A.9 - B.9]	\$ 3,225,263
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	83.85%
E. Covered-employee payroll	\$ 4,589,171
F. Net position as a percentage of covered employee payroll [C / E]	70.28%

CITY OF LAMPASAS, TEXAS
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>2015</u>
Actuarially Determined Contribution	\$ 704,715
Contributions in relation to the actuarially determined contribution	<u>704,715</u>
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 4,589,171
Contributions as a percentage of covered employee payroll	15.4%

CITY OF LAMPASAS, TEXAS
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.5% to 12.00% including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes Adopted buy-back provision

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Nonmajor Governmental Funds

Special Revenue Funds

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

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 City'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 City 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.

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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 City's major capital facilities purchased from the resources obtained from the certificate of obligation bonds issued in prior years.

CDBG Grant Fund – to account for the receipt and disbursement of funds received for developing a viable community by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low and moderate income persons.

CITY OF LAMPASAS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds			
	Police Seizures Fund	Municipal Court Technology Fund	Library Board Fund	Court Security Fund
ASSETS				
Cash and cash equivalents	\$ 25,002	\$ 12,781	\$ 4,349	\$ 16,803
Investments - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Allowance for uncollectible taxes	-	-	-	-
Accounts receivable	-	-	-	-
Total assets	<u>\$ 25,002</u>	<u>\$ 12,781</u>	<u>\$ 4,349</u>	<u>\$ 16,803</u>
LIABILITIES				
Accounts payable	\$ 1,188	\$ 98	\$ -	\$ -
Compensated absences payable	-	-	-	-
Due to other funds	-	-	-	-
Other current liabilities	2,059	-	-	-
Total Liabilities	<u>3,247</u>	<u>98</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Endowments	-	-	-	-
Other specific purposes	21,755	12,683	4,349	16,803
Total fund balances	<u>21,755</u>	<u>12,683</u>	<u>4,349</u>	<u>16,803</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 25,002</u>	<u>\$ 12,781</u>	<u>\$ 4,349</u>	<u>\$ 16,803</u>

Special Revenue Funds			Permanent Fund	Debt Service Fund	Capital Projects Funds
Hotel/Motel Tax Fund	Employee Benefit Accrual Fund	Animal Shelter Fund	Cemetery Fund	Debt Service Fund	CDBG Grant Fund
\$ 1,193,484	\$ 25,595	\$ -	\$ 73,160	\$ 14,342	\$ 3,000
3,380	-	-	101,398	141,060	-
-	-	-	-	18,524	-
-	-	-	-	(2,779)	-
6,883	-	20,838	-	436	270,504
<u>\$ 1,203,747</u>	<u>\$ 25,595</u>	<u>\$ 20,838</u>	<u>\$ 174,558</u>	<u>\$ 171,583</u>	<u>\$ 273,504</u>
\$ 10,194	\$ -	\$ 4,610	\$ -	\$ -	\$ 237,809
-	-	5,140	-	-	-
-	-	10,583	-	-	-
-	-	-	-	-	-
<u>10,194</u>	<u>-</u>	<u>20,333</u>	<u>-</u>	<u>-</u>	<u>237,809</u>
-	-	-	-	15,745	-
-	-	-	-	15,745	-
-	-	-	-	155,838	-
-	-	-	-	-	35,695
-	-	-	174,558	-	-
1,193,553	25,595	505	-	-	-
<u>1,193,553</u>	<u>25,595</u>	<u>505</u>	<u>174,558</u>	<u>155,838</u>	<u>35,695</u>
<u>\$ 1,203,747</u>	<u>\$ 25,595</u>	<u>\$ 20,838</u>	<u>\$ 174,558</u>	<u>\$ 171,583</u>	<u>\$ 273,504</u>

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	Capital Projects Funds			Total Non-Major Governmental Funds
	Key Avenue Fund	Certificates of Obligation Series 2011	Airport Hangar Fund	
ASSETS				
Cash and cash equivalents	\$ 1,013,647	\$ 155,842	\$ 8,390	\$ 2,546,395
Investments - current	-	-	-	245,838
Taxes receivable - delinquent	-	-	-	18,524
Allowance for uncollectible taxes	-	-	-	(2,779)
Accounts receivable	-	20,314	-	318,975
Total assets	<u>\$ 1,013,647</u>	<u>\$ 176,156</u>	<u>\$ 8,390</u>	<u>\$ 3,126,953</u>
LIABILITIES				
Accounts payable	\$ 15,471	\$ -	\$ -	\$ 269,370
Compensated absences payable	-	-	-	5,140
Due to other funds	-	-	6,094	16,677
Other current liabilities	-	-	-	2,059
Total Liabilities	<u>15,471</u>	<u>-</u>	<u>6,094</u>	<u>293,246</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - property taxes	-	-	-	15,745
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,745</u>
FUND BALANCES (DEFICITS)				
Restricted for:				
Debt service	-	-	-	155,838
Capital projects	998,176	176,156	2,296	1,212,323
Endowments	-	-	-	174,558
Other specific purposes	-	-	-	1,275,243
Total fund balances	<u>998,176</u>	<u>176,156</u>	<u>2,296</u>	<u>2,817,962</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,013,647</u>	<u>\$ 176,156</u>	<u>\$ 8,390</u>	<u>\$ 3,126,953</u>

CITY OF LAMPASAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds			
	Police Seizures Fund	Municipal Court Technology Fund	Library Board Fund	Court Security Fund
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Special assessments	-	8,029	-	-
Investment earnings	43	37	-	57
Contributions from private sources	-	-	1,453	-
Miscellaneous revenue	34,017	-	3,933	-
Total revenues	<u>34,060</u>	<u>8,066</u>	<u>5,386</u>	<u>5,550</u>
EXPENDITURES				
Current:				
General government	-	7,649	-	-
Public safety:				
Police	16,393	-	-	-
Culture and recreation:				
Libraries	-	-	5,556	-
Economic development and assistance	-	-	-	-
Debt service:				
Bond principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>16,393</u>	<u>7,649</u>	<u>5,556</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>17,667</u>	<u>417</u>	<u>(170)</u>	<u>5,550</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	17,667	417	(170)	5,550
Fund balance - beginning	4,088	12,266	4,519	11,253
Fund balance - ending	<u>\$ 21,755</u>	<u>\$ 12,683</u>	<u>\$ 4,349</u>	<u>\$ 16,803</u>

Special Revenue Funds			Permanent Funds	Debt Service Funds	Capital Projects Funds
Hotel/Motel Tax Fund	Employee Benefit Accrual Fund	Animal Shelter Fund	Cemetery Fund	Debt Service Fund	CDBG Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ 301,986	\$ -
74,297	-	-	-	-	-
-	-	83,409	-	-	-
-	-	9,269	-	-	-
-	-	-	-	-	-
2,793	135	-	374	577	-
-	-	-	-	-	-
-	-	13,008	-	-	256,057
<u>77,090</u>	<u>135</u>	<u>105,686</u>	<u>374</u>	<u>302,563</u>	<u>256,057</u>
-	-	167,827	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
52,453	-	-	-	-	-
-	-	-	-	365,000	-
-	-	-	-	257,894	-
<u>52,453</u>	<u>-</u>	<u>167,827</u>	<u>-</u>	<u>622,894</u>	<u>-</u>
<u>24,637</u>	<u>135</u>	<u>(62,141)</u>	<u>374</u>	<u>(320,331)</u>	<u>256,057</u>
-	-	62,646	-	305,129	55,000
-	(6,730)	-	(374)	-	(275,362)
-	(6,730)	62,646	(374)	305,129	(220,362)
24,637	(6,595)	505	-	(15,202)	35,695
1,168,916	32,190	-	174,558	171,040	-
<u>\$ 1,193,553</u>	<u>\$ 25,595</u>	<u>\$ 505</u>	<u>\$ 174,558</u>	<u>\$ 155,838</u>	<u>\$ 35,695</u>

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	Capital Projects Funds			
	Key Avenue Fund	Certificates of Obligation Series 2011	Airport Hangar Fund	Total Non-Major Governmental Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 301,986
Hotel/motel taxes	-	-	-	74,297
Intergovernmental revenues	670,747	-	-	754,156
Charges for services	-	-	-	9,269
Special assessments	-	-	-	8,029
Investment earnings	2,715	730	28	7,489
Contributions from private sources	-	-	-	1,453
Miscellaneous revenue	1	1	-	307,017
Total revenues	<u>673,463</u>	<u>731</u>	<u>28</u>	<u>1,469,189</u>
EXPENDITURES				
Current:				
General government	-	36,309	-	211,785
Public safety:				
Police	-	-	-	16,393
Culture and recreation:				
Libraries	-	-	-	5,556
Economic development and assistance	-	-	-	52,453
Debt service:				
Bond principal	-	-	-	365,000
Interest	-	-	-	257,894
Total expenditures	<u>-</u>	<u>36,309</u>	<u>-</u>	<u>909,081</u>
Excess (deficiency) of revenues over expenditures	<u>673,463</u>	<u>(35,578)</u>	<u>28</u>	<u>560,108</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	422,775
Transfers out	(226,560)	(9,180)	-	(518,206)
Total other financing sources (uses)	<u>(226,560)</u>	<u>(9,180)</u>	<u>-</u>	<u>(95,431)</u>
Net change in fund balance	446,903	(44,758)	28	464,677
Fund balance - beginning	551,273	220,914	2,268	2,353,285
Fund balance - ending	<u>\$ 998,176</u>	<u>\$ 176,156</u>	<u>\$ 2,296</u>	<u>\$ 2,817,962</u>

CITY OF LAMPASAS, TEXAS
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	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	\$ 17,579	\$ 146,797	\$ 23,349	\$ 187,725
Investments - current	2,389	36,866	297	39,552
Accounts receivable, net	-	7,009	3,019	10,028
Notes receivable	318,933	-	-	318,933
Due from other funds	-	6,094	-	6,094
Inventories	-	8,795	32,735	41,530
Total current assets	<u>338,901</u>	<u>205,561</u>	<u>59,400</u>	<u>603,862</u>
Noncurrent Assets:				
Land	373,962	141,292	341,030	856,284
Buildings	-	1,281,687	364,969	1,646,656
Improvements other than buildings	-	484,450	1,460,955	1,945,405
Furnishings and equipment	-	58,587	173,403	231,990
Accumulated depreciation	-	(668,106)	(1,076,023)	(1,744,129)
Construction/development in progress	-	6,573	-	6,573
Total noncurrent assets	<u>373,962</u>	<u>1,304,483</u>	<u>1,264,334</u>	<u>2,942,779</u>
Total assets	<u>712,863</u>	<u>1,510,044</u>	<u>1,323,734</u>	<u>3,546,641</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan items	9,686	-	34,591	44,277
LIABILITIES				
Current liabilities:				
Accounts payable	1,128	9,763	12,335	23,226
Accrued wages payable	4,020	-	15,332	19,352
Accrued liabilities	-	-	2,300	2,300
Total current liabilities	<u>5,148</u>	<u>9,763</u>	<u>29,967</u>	<u>44,878</u>
Noncurrent Liabilities:				
Bonds payable	-	-	-	-
Unamortized premium on bonds	-	-	-	-
Notes payable	-	-	-	-
Capital leases	-	-	-	-
Net pension obligation	45,154	-	161,263	206,417.00
Compensated absences payable	41,642	-	170,815	212,457
Total noncurrent liabilities	<u>86,796</u>	<u>-</u>	<u>332,078</u>	<u>418,874</u>
Total liabilities	<u>91,944</u>	<u>9,763</u>	<u>362,045</u>	<u>463,752</u>
NET POSITION				
Net investment in capital assets	373,962	1,304,483	1,264,334	2,942,779
Unrestricted	256,643	195,798	(268,054)	184,387
Total net position	<u>\$ 630,605</u>	<u>\$ 1,500,281</u>	<u>\$ 996,280</u>	<u>\$ 3,127,166</u>

CITY OF LAMPASAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	G/F Economic Development Fund	Aviation Fund	Golf Course Fund	
	Fund	Fund	Fund	
Charges for services:				
Other charges for services	\$ -	\$ 120,676	\$ 470,979	\$ 591,655
Miscellaneous revenue	44,937	-	4,215	49,152
Total operating revenues	<u>44,937</u>	<u>120,676</u>	<u>475,194</u>	<u>640,807</u>
Operating expenses:				
Personnel services	91,680	-	352,563	444,243
Purchased prof. and tech. services	2,459	3,017	8,654	14,130
Purchased property services	-	12,243	29,515	41,758
Other purchased services	-	250	62,000	62,250
Materials and supplies	-	56,320	89,593	145,913
Other operating expenses	-	25,692	33,586	59,278
Depreciation	-	67,423	92,307	159,730
Total operating expenses	<u>94,139</u>	<u>164,945</u>	<u>668,218</u>	<u>927,302</u>
Operating income (loss)	(49,202)	(44,269)	(193,024)	(286,495)
Nonoperating revenues (expenses)				
Intergovernmental	-	6,773	-	6,773
Investment earnings	8,083	577	-	8,660
Total nonoperating revenues (expenses)	<u>8,083</u>	<u>7,350</u>	<u>-</u>	<u>15,433</u>
Income before transfers in (out)	(41,119)	(36,919)	(193,024)	(271,062)
Transfers in	39,313	-	76,968	116,281
Transfers out	-	(7,919)	-	(7,919)
Change in net position	(1,806)	(44,838)	(116,056)	(162,700)
Net position-beginning (as restated)	632,411	1,545,119	1,112,336	3,289,866
Net position-ending	<u>\$ 630,605</u>	<u>\$ 1,500,281</u>	<u>\$ 996,280</u>	<u>\$ 3,127,166</u>

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CITY OF LAMPASAS, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	G/F Economic Development	Aviation Fund	Golf Course Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		\$ 119,989	\$ 475,587	\$ 595,576
Other receipts	44,937			44,937
Payments to suppliers and service providers	(2,639)	(89,896)	(229,712)	(322,247)
Payments to employees for salaries and benefits	(88,039)	-	(337,189)	(425,228)
Net cash provided by (used for) operating activities	<u>(45,741)</u>	<u>30,093</u>	<u>(91,314)</u>	<u>(106,962)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	(6,094)		(6,094)
Net cash provided by (used for) capital and financing activities	<u>-</u>	<u>(6,094)</u>	<u>-</u>	<u>(6,094)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	6,094	(6,129)	(35)
Notes receivable	14,067	-	-	14,067
Net Pension Liabilities	8,699		31,067	39,766
Deferred Outflow of resources	(9,686)		(34,591)	(44,277)
Operating transfers in/out	39,313	(7,919)	76,968	108,362
Net cash provided by (used for) capital and related financing activities	<u>52,393</u>	<u>(1,825)</u>	<u>67,315</u>	<u>117,883</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	(1)	(20)	-	(21)
Intergovernmental revenue/expense	-	6,773		6,773
Interest on investments	8,083	577	-	8,660
Net cash provided by investing activities	<u>8,082</u>	<u>7,330</u>	<u>-</u>	<u>15,412</u>
Net increase (decrease) in cash and cash equivalents	14,734	29,504	(23,999)	20,239
Cash and cash equivalents-beginning	2,845	117,293	47,348	167,486
Cash and cash equivalents-ending	<u>\$ 17,579</u>	<u>\$ 146,797</u>	<u>\$ 23,349</u>	<u>\$ 187,725</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:				
Operating income (loss)	\$ (49,202)	\$ (44,269)	\$ (193,024)	\$ (286,495)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	-	67,423	92,307	159,730
(Increase) decrease in accounts receivable	-	(687)	393	(294)
(Increase) decrease in inventories	-	68	257	325
(Decrease) increase in accounts payable	(180)	7,558	(6,621)	757
(Decrease) increase in accrued liabilities	1,559	-	15,374	16,933
(Decrease) increase in compensated absences/OPEB	2,082	-		2,082
Total adjustments	<u>3,461</u>	<u>74,362</u>	<u>101,710</u>	<u>179,533</u>
Net cash provided by (used for) operating activities	<u>\$ (45,741)</u>	<u>\$ 30,093</u>	<u>\$ (91,314)</u>	<u>\$ (106,962)</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Honorable Mayor, Members of the City Council, and Citizens of
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, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 12, 2016.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Item 2015-001.

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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

February 12, 2016

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CITY OF LAMPASAS, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Under the guidelines of OMB Circular A-133, a Single Audit was not required due to expenditures of federal awards being less than \$500,000.

SECTION II – FINANCIAL STATEMENT FINDINGS

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

2015-001 Budget Overages

Criteria: Each year the City Council adopts an appropriations budget which limits expenditure amounts within specific line items that can be made by the City departments.

Condition Found: As of year-end, actual expenditures exceeded appropriations in the General Fund in the General Government function by \$6,008, in the Police and Fire lines of the Public Safety function by \$26,413 and \$1,004 respectively, in the Health and Welfare function by \$5,028, and in the Parks and Libraries lines of the Culture and Recreation function by \$40,005 and \$4,090 respectively.

Cause: The City did not amend the budget for expenditure overages at year end for these line items.

Effect: The effect of this condition is a technical noncompliance with the legally adopted appropriations budget as required.

Recommendation: We recommend the City closely monitor expenditures and amend the appropriations budget as required

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CITY OF LAMPASAS, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Corrective Action Plan: The Finance Department will closely monitor expenditures and bring budget amendments to the City Council as needed.

Contact Person: Yvonne Moreno, Finance Director.

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

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, 2015 and 2014.

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STATISTICAL SECTION

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

Contents	Pages
Financial Trends	63-73
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	74-79
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	80-83
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City'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			
	2006	2007	2008	2009
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 2,778,000	\$ 1,093,000	\$ 1,616,000	\$ 747,000
Restricted	1,199,000	3,560,000	4,185,000	4,599,000
Unrestricted	1,981,000	1,851,000	1,032,000	777,000
Total Governmental Activities Net Position	<u>\$ 5,958,000</u>	<u>\$ 6,504,000</u>	<u>\$ 6,833,000</u>	<u>\$ 6,123,000</u>
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 3,197,000	\$ 5,981,000	\$ 7,347,000	\$ 9,812,000
Restricted	4,749,000	5,199,000	5,302,000	5,797,000
Unrestricted	4,546,000	2,805,000	2,604,000	2,325,000
Total Business-type Activities Net Position	<u>\$ 12,492,000</u>	<u>\$ 13,985,000</u>	<u>\$ 15,253,000</u>	<u>\$ 17,934,000</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 5,975,000	\$ 7,074,000	\$ 8,963,000	\$ 10,559,000
Restricted	5,948,000	8,759,000	9,487,000	10,396,000
Unrestricted	6,527,000	4,656,000	3,636,000	3,102,000
Total Primary Government Net Position	<u>\$ 18,450,000</u>	<u>\$ 20,489,000</u>	<u>\$ 22,086,000</u>	<u>\$ 24,057,000</u>

TABLE 1

2010	2011	2012	2013	2014	2015
\$ 1,581,000	\$ 436,000	\$ 771,128	\$ 1,950,175	\$ 2,418,796	\$ 3,180,867
4,154,000	5,647,000	5,532,880	2,914,531	2,369,001	2,833,708
1,052,000	1,001,000	1,232,515	3,041,824	2,986,307	(1,806,130)
<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>	<u>\$ 4,208,445</u>
\$ 11,143,000	\$ 10,840,000	\$ 10,572,965	\$ 10,564,759	\$ 12,288,611	\$ 13,025,534
5,797,000	5,393,000	5,156,820	4,486,820	4,490,449	2,867,877
2,037,000	3,549,000	4,380,601	5,425,742	4,141,523	3,393,861
<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>	<u>\$ 19,287,272</u>
\$ 12,724,000	\$ 11,276,000	\$ 11,344,093	\$ 12,514,934	\$ 14,707,407	\$ 16,206,401
9,951,000	11,040,000	10,689,700	7,401,351	6,859,450	5,701,585
3,089,000	4,550,000	5,613,116	8,467,566	7,127,830	1,587,731
<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>	<u>\$ 23,495,717</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			
	2006	2007	2008	2009
Expenses				
Governmental Activities:				
General Government	\$ 1,688,000	\$ 2,328,000	\$ 2,164,000	\$ 2,324,000
Public Safety	2,067,000	2,122,000	2,335,000	2,669,000
Highways and Streets	760,000	745,000	970,000	1,021,000
Sanitation	-	-	-	-
Health and Welfare	-	-	-	-
Economic Development & Assistance	-	-	-	-
Culture and Recreation	707,000	864,000	948,000	1,015,000
Interest on Long-Term Debt	-	33,000	285,000	274,000
Total Gov. Activities Expenses	<u>5,222,000</u>	<u>6,092,000</u>	<u>6,702,000</u>	<u>7,303,000</u>
Business-type Activities				
Water/Wastewater	13,364,000	10,948,000	12,751,000	14,184,000
Electric Fund	-	-	-	-
Other Nonmajor Enterprise Funds	-	-	-	-
Total Business-type Act. Expenses	<u>13,364,000</u>	<u>10,948,000</u>	<u>12,751,000</u>	<u>14,184,000</u>
Total Primary Gov. Expenses	<u>\$ 18,586,000</u>	<u>\$ 17,040,000</u>	<u>\$ 19,453,000</u>	<u>\$ 21,487,000</u>
Program Revenues				
Governmental Activities:				
General Government:				
Charges for Service	\$ 1,247,000	\$ 1,879,000	\$ 2,265,000	\$ 2,519,000
Operating Grants and Contributions	24,000	302,000	96,000	907,000
Total Gov. Activities Program Revenues	<u>1,271,000</u>	<u>2,181,000</u>	<u>2,361,000</u>	<u>3,426,000</u>
Business-type Activities:				
Program Revenue:				
Charges for Services:	<u>14,940,000</u>	<u>12,967,000</u>	<u>14,151,000</u>	<u>15,006,000</u>
Total Business-type Act. Prog. Revenues	<u>14,940,000</u>	<u>12,967,000</u>	<u>14,151,000</u>	<u>15,006,000</u>
Total Primary Gov. Prog. Revenues	<u>\$ 16,211,000</u>	<u>\$ 15,148,000</u>	<u>\$ 16,512,000</u>	<u>\$ 18,432,000</u>
Net (Expense)/Revenue				
Governmental Activities	(3,951,000)	(3,911,000)	(4,341,000)	(3,877,000)
Business-type Activities	1,576,000	2,019,000	1,400,000	822,000
Total Primary Government Net Expense	<u>\$ (2,375,000)</u>	<u>\$ (1,892,000)</u>	<u>\$ (2,941,000)</u>	<u>\$ (3,055,000)</u>

TABLE 2

2010	2011	2012	2013	2014	2015
\$ 2,664,000	\$ 2,751,000	\$ 2,144,309	\$ 2,022,456	\$ 2,223,490	\$ 2,291,288
2,618,000	2,079,000	2,801,991	2,955,907	3,186,403	3,407,906
1,093,000	1,976,000	618,732	671,618	699,633	660,402
-	-	970,308	1,051,846	1,058,171	1,126,129
-	-	114,582	118,503	128,549	139,303
-	-	53,398	44,954	48,646	56,512
966,000	1,008,000	1,084,794	964,600	1,008,322	1,133,436
262,000	259,000	301,895	279,734	268,213	255,130
<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>	<u>9,070,106</u>
13,277,000	13,297,000	3,617,208	3,783,437	4,269,573	4,443,566
-	-	8,906,129	8,500,187	9,193,037	9,649,508
-	-	756,692	732,341	808,386	927,302
<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>15,020,376</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>	<u>\$ 24,090,482</u>
\$ 2,796,000	\$ 2,757,000	\$ 3,222,279	\$ 2,285,216	\$ 1,395,338	\$ 1,548,820
1,330,000	204,000	84,047	502,432	641,953	344,801
<u>4,126,000</u>	<u>2,961,000</u>	<u>3,306,326</u>	<u>2,787,648</u>	<u>2,037,291</u>	<u>1,893,621</u>
14,859,000	15,627,000	15,059,288	14,773,779	15,160,953	15,900,317
<u>14,859,000</u>	<u>15,627,000</u>	<u>15,059,288</u>	<u>14,773,779</u>	<u>15,160,953</u>	<u>15,900,317</u>
<u>\$ 18,985,000</u>	<u>\$ 18,588,000</u>	<u>\$ 18,365,614</u>	<u>\$ 17,561,427</u>	<u>\$ 17,198,244</u>	<u>\$ 17,793,938</u>
(3,477,000)	(5,112,000)	(4,783,683)	(5,321,970)	(6,584,136)	(7,176,485)
1,582,000	2,330,000	1,779,259	1,757,814	889,957	879,941
<u>\$ (1,895,000)</u>	<u>\$ (2,782,000)</u>	<u>\$ (3,004,424)</u>	<u>\$ (3,564,156)</u>	<u>\$ (5,694,179)</u>	<u>\$ (6,296,544)</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			
	2006	2007	2008	2009
Net (Expense)/Revenue				
Governmental Activities	\$ (3,950,247)	\$ (3,912,102)	\$ (4,340,520)	\$ (3,877,337)
Business-type Activities	1,575,602	2,018,901	1,399,755	821,902
Total Primary Government Net Expense	<u>(2,374,645)</u>	<u>(1,893,201)</u>	<u>(2,940,765)</u>	<u>(3,055,435)</u>
Governmental Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes	893,718	989,191	1,084,192	1,209,306
Sales Taxes	995,660	1,021,154	1,161,632	1,142,555
Franchise Fees	442,189	458,737	842,124	957,880
Hotel/Motel Taxes	-	-	-	-
Penalty and Interest	15,305	13,976	15,840	17,887
Contributions and Donations	16,834	54,991	62,641	52,367
Miscellaneous Revenue	349,538	299,297	420,165	543,857
Investment Earnings	150,274	304,347	278,734	61,410
Gain/loss on sale of capital assets				
Total Governmental Activities	<u>2,863,518</u>	<u>3,141,693</u>	<u>3,865,328</u>	<u>3,985,262</u>
Business-type Activities:				
Miscellaneous Revenue	313,110	396,176	405,079	824,818
Investment Earnings	276,144	395,647	271,018	69,518
Total Business-type Activities	<u>589,254</u>	<u>791,823</u>	<u>676,097</u>	<u>894,336</u>
Total Primary Government	<u>3,452,772</u>	<u>3,933,516</u>	<u>4,541,425</u>	<u>4,879,598</u>
Transfers In (Out)	-	1	26,462	20,341
Change in Net Position				
Governmental Activities	(1,086,729)	(770,409)	(475,192)	107,925
Business-type Activities	2,164,856	2,810,724	2,075,852	1,716,238
Total Primary Government	<u>\$ 1,078,127</u>	<u>\$ 2,040,315</u>	<u>\$ 1,600,660</u>	<u>\$ 1,824,163</u>

TABLE 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (3,476,287)	\$ (5,113,105)	\$ (4,783,683)	\$ (5,321,970)	\$ (6,584,136)	\$ (7,176,485)
1,582,369	2,330,265	1,779,259	1,760,287	889,857	879,941
(1,893,918)	(2,782,840)	(3,004,424)	(3,561,683)	(5,694,279)	(6,296,544)
1,226,081	1,272,469	1,345,349	1,381,515	1,410,139	1,453,654
1,146,768	1,163,562	1,192,491	1,154,769	1,234,608	1,339,222
914,549	943,413	905,082	898,937	931,165	955,286
-	-	-	84,026	87,550	74,297
27,830	24,932	21,452	-	-	-
36,636	133,583	18,478	23,192	11,515	7,880
98,054	311,693	239,662	732,562	2,172,833	2,483,834
16,840	13,961	17,380	14,831	8,955	13,439
					(110,791)
3,466,758	3,863,613	3,739,894	4,289,832	5,856,765	6,216,821
81,970	-	32,838	166,546	46,063	23,310
23,765	21,816	11,343	24,606	24,613	28,639
105,735	21,816	44,181	191,152	70,676	51,949
3,572,493	3,885,429	3,784,075	4,480,984	5,927,441	6,268,770
28,690	-	-	-	77,574	50,936
(9,529)	(1,249,492)	(1,043,789)	(1,032,138)	(727,371)	(959,664)
1,688,104	2,352,081	1,823,440	1,951,439	960,533	931,890
\$ 1,678,575	\$ 1,102,589	\$ 779,651	\$ 919,301	\$ 233,162	\$ 23,162

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			
	2006	2007	2008	2009
General Fund				
NonSpendable	\$ 30,729	\$ 15,474	\$ 18,681	\$ 15,077
Restricted, Committed, or Assigned	1,162,306	1,482,285	1,578,691	1,808,453
Unassigned	817,974	258,398	507,769	283,119
Total General Fund	\$ 2,011,009	\$ 1,756,157	\$ 2,105,141	\$ 2,106,649
All Other Governmental Funds				
Restricted for:				
Capital Projects Funds	\$ -	\$ 6,151,251	\$ 5,028,129	\$ 3,043,255
Debt Service Fund	114,102	162,861	148,373	148,050
Endowments	204,534	174,559	174,559	174,558
Other Specific Purpose	806,768	935,286	1,039,943	1,028,771
Total All Other Governmental Funds	\$ 1,125,404	\$ 7,423,957	\$ 6,391,004	\$ 4,394,634

TABLE 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 12,026	\$ 9,337	\$ 15,491	\$ 22,923	\$ 58,743	\$ 51,191
1,763,872	1,794,537	1,833,004	1,832,914	1,832,480	1,834,048
565,089	652,384	620,340	764,355	653,146	139,451
<u>\$ 2,340,987</u>	<u>\$ 2,446,921</u>	<u>\$ 2,468,835</u>	<u>\$ 2,620,192</u>	<u>\$ 2,544,369</u>	<u>\$ 2,024,690</u>
958,219	923,404	2,247,640	1,370,948	\$ 774,455	\$ 155,838
149,983	159,699	164,426	168,856	171,040	1,212,323
174,558	174,558	174,558	174,558	174,558	174,558
1,115,263	1,106,426	1,115,260	1,185,449	1,233,232	1,275,243
<u>\$ 2,398,023</u>	<u>\$ 2,364,087</u>	<u>\$ 3,701,884</u>	<u>\$ 2,899,811</u>	<u>\$ 2,353,285</u>	<u>\$ 2,817,962</u>

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			
	2006	2007	2008	2009
Revenues				
Ad valorem taxes	\$ 913,800	\$ 997,299	\$ 1,096,156	\$ 1,215,138
Sales taxes	995,660	1,021,154	1,161,632	1,142,555
Hotel/Motel taxes	-	-	-	-
Franchise fees	442,189	458,737	842,124	957,880
Licenses and permits	32,365	8,803	26,314	29,447
Intergovernmental	24,313	330,978	138,991	907,471
Service fees	1,158,740	1,845,865	2,019,152	2,270,176
Fines and penalties	12,311	14,385	13,614	12,015
Special Assessments	-	-	191,114	190,307
Interest income	150,274	304,347	278,734	61,410
Rents and Royalties	43,936	12,683	15,607	19,942
Contributions and Donations	16,834	25,990	19,769	52,367
Miscellaneous income	343,091	296,135	129,361	489,783
Total Revenues	4,133,513	5,316,376	5,932,568	7,348,491
Expenditures				
General Government	535,632	583,707	594,000	659,475
Public Safety Police/Fire	2,017,317	2,060,912	2,246,220	2,655,646
Highway and Streets	1,036,616	944,240	971,995	1,199,989
Sanitation	-	754,956	818,507	812,258
Health and Welfare	116,930	151,732	163,785	257,763
Culture and Recreation	693,190	668,011	738,148	824,951
Conservation	-	-	-	-
Capital Outlay/Misc	1,121,452	1,054,307	1,309,426	1,603,708
Debt Service				
Principal	183,237	265,763	300,000	316,000
Interest and fiscal charges	20,599	103,953	279,197	265,330
Bond issuance costs	-	1,000	-	-
Total Expenditures	5,724,973	6,588,581	7,421,278	8,595,120
Excess of Revenues				
Over (Under) Expenditures	(1,591,460)	(1,272,205)	(1,488,710)	(1,246,629)
Other Financing Sources (Uses)				
Transfers In	1,418,526	3,499,101	2,331,148	2,119,258
Transfers Out	(307,594)	(2,183,197)	(1,552,868)	(2,957,831)
Issuance of long-term debt	-	6,000,000	-	-
Premium or discount on bonds issued	-	-	-	-
Other resources	697,714	-	19,457	70,000
Payment to refunded bond escrow agent	-	-	-	-
Sale of capital assets	1,737	-	7,005	20,340
Total Other Financing	1,810,383	7,315,904	804,742	(748,233)
Sources (Uses)	1,810,383	7,315,904	804,742	(748,233)
Net Change in Fund Balances	\$ 218,923	\$ 6,043,699	\$ (683,968)	\$ (1,994,862)
Debt Service as a Percentage of Noncapital Expenditures	5.7%	8.5%	12.5%	10.9%

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

TABLE 5

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	1,250,663	\$	1,289,325	\$	1,370,826	\$	1,378,807	\$	1,405,387	\$	1,452,783
	1,146,768		1,163,562		1,192,491		1,154,769		1,234,608		1,339,222
	-		-		-		84,026		87,550		74,297
	914,549		943,413		905,082		898,937		931,165		955,286
	34,457		24,375		28,008		44,153		45,981		55,735
	1,330,451		322,430		84,047		502,432		1,994,914		1,997,911
	2,526,354		2,714,482		2,272,053		2,285,216		1,395,338		1,548,820
	20,969		21,929		419,173		334,368		329,222		358,403
	191,252		192,363		192,380		204,360		9,414		8,029
	16,840		13,961		17,381		14,831		8,955		13,439
	22,867		26,456		23,234		22,416		8,570		7,900
	19,360		15,202		18,478		23,192		11,515		7,880
	98,054		303,374		254,041		114,582		169,744		387,539
	<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>		<u>8,207,244</u>
	818,242		1,254,843		937,126		1,868,743		2,053,956		2,098,606
	2,582,849		2,524,663		2,637,477		2,786,442		2,938,563		3,133,478
	1,103,306		1,077,476		1,061,416		851,924		644,611		609,260
	872,352		892,840		893,502		963,066		980,334		1,045,238
	104,104		109,455		268,051		108,501		119,093		128,207
	3,022,908		993,284		968,055		879,508		930,538		1,052,019
	43,462		45,973		57,219		41,160		45,068		52,453
	902,309		1,512,149		980,164		1,146,256		734,396		1,139,048
	395,709		382,229		333,825		335,000		360,000		365,000
	256,959		241,656		293,359		282,983		270,701		257,644
	-		-		125		-		250		250
	<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>9,881,203</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>		<u>(1,673,959)</u>
	4,324,266		1,745,203		1,979,951		1,811,287		1,931,071		2,307,289
	(3,560,614)		(197,129)		(485,118)		(273,192)		(1,336,126)		(637,820)
	-		2,036,036		-		12,683		-		-
	-		-		-		-		10,759		13,118
	-		-		-		-		-		-
	<u>3,690</u>		<u>2,942</u>		<u>6,645</u>		<u>-</u>		<u>217,094</u>		<u>3,867</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>1,686,454</u>
\$	<u>(1,762,274)</u>	\$	<u>1,583,356</u>	\$	<u>(151,647)</u>	\$	<u>(650,716)</u>	\$	<u>(622,349)</u>	\$	<u>12,495</u>
	12.1%		10.9%		11.3%		9.6%		9.5%		9.0%

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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
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
2015	1,452,783	1,339,222	955,286	3,747,291
10-year \$ Change	\$ 538,983	\$ 343,562	\$ 513,097	\$ 1,395,642
10-year % Change	269.5%	389.8%	186.2%	268.5%

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
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)
2015	2014	79,659,155	320,799,539	(37,099,540)

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
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%
363,359,154	0.3952	364,615,688	100.00%

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	2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Windsor Quality Foods	\$ 26,469,190	1	7.48%
Wal-mart	9,269,680	2	2.62%
Oil States Industries	4,811,650	3	1.36%
Benny Boyd Ltd DBA Benny	3,936,660	4	1.11%
Hoffpaur James Lee	2,842,970	5	0.80%
Custom molded products	2,760,050	6	0.78%
Diya and Mansi	2,382,200	7	0.67%
Big Diamond Inc	2,077,820	8	0.59%
B Boyd Landco	1,962,420	9	0.55%
H E Butt Grocery Company	1,908,370	10	0.54%
Total	\$ 58,421,010		16.51%

(1) Source: Lampasas Central Appraisal District

TABLE 8

Taxpayer	2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Walmart Real Estate	\$ 8,367,450	1	3.76%
Specialty Brands, Inc.	6,869,100	2	3.08%
Oil States Industries, Inc.	3,371,160	3	1.51%
Benny Boyd Limited	2,972,490	4	1.33%
Southwestern Bell Telephone Co.	2,924,840	5	1.31%
Hoffpauir Jim, Inc.	1,881,060	6	0.84%
Plaza Development, LLC	1,760,250	7	0.79%
Mickey Phelan BL & LP ETAL	1,741,260	8	0.78%
H E Butt Grocery Company	1,691,440	9	0.76%
First Texas Bank	1,682,610	10	0.76%
Total	<u>\$ 33,261,660</u>		<u>14.93%</u>

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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
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%	9,951	1,376,556	98.85%
2015	1,441,027	1,412,184	98.00%	-	1,412,184	98.00%

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 Obligation Bonds	Tax Notes	Certificates of Obligation	Tax & Revenue Refunding Bonds	Certificates of Obligations
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
2015	-	-	6,036,872	-	3,547,934

Fiscal Year	Total Primary Government	Total All Government	Population	Per Capita Income (1)	Personal Income
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
2015	9,584,806	9,584,806	7,223	1,611	11,636,253

(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
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
82.37%	1,327

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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		
2006	\$ -	\$ 620,000	\$ 291,000	\$ 291,000	0.12%	\$ 22
2007	-	595,000	6,066,000	6,661,000	2.48%	497
2008	-	570,000	5,791,000	6,361,000	2.13%	474
2009	-	465,000	5,580,000	6,045,000	1.87%	451
2010	-	355,000	5,360,000	5,715,000	1.72%	426
2011	-	240,000	7,161,036	7,401,036	2.22%	552
2012	-	120,000	6,979,995	7,099,995	2.01%	529
2013	-	-	6,763,954	6,763,954	1.96%	365
2014	-	-	6,402,913	6,402,913	1.81%	346
2015	-	-	6,036,872	6,036,872	1.66%	326

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)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Valuation	\$240,052,530	\$268,339,910	\$298,995,480	\$322,883,200
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	<u>\$ 3,600,788</u>	<u>\$ 4,025,099</u>	<u>\$ 4,484,932</u>	<u>\$ 4,843,248</u>
Actual Amount Expended for General Obligation Debt Service During the Fiscal Year	<u>370,716</u>	<u>579,197</u>	<u>581,330</u>	<u>652,668</u>
Legal Debt Margin for Annual Debt Service Requirements	<u><u>\$ 3,230,072</u></u>	<u><u>\$ 3,445,902</u></u>	<u><u>\$ 3,903,602</u></u>	<u><u>\$ 4,190,580</u></u>
Total Net Debt Applicable to the Limit As a percentage of Debt Limit	10.30%	14.39%	12.96%	13.48%

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

TABLE 12

2010	2011	2012	2013	2014	2015
\$331,407,863	\$332,858,310	\$352,529,833	\$345,082,550	\$353,764,320	\$364,615,608
x 1.5	1.5				
\$ 4,971,118	\$ 4,992,875	\$ 5,287,947	\$ 5,176,238	\$ 5,306,465	\$ 5,469,234
623,885	627,309	617,983	630,951	622,894	1,016,698
\$ 4,347,233	\$ 4,365,566	\$ 4,669,964	\$ 4,545,287	\$ 4,683,571	\$ 4,452,536
12.55%	12.56%	11.69%	12.19%	11.74%	18.59%