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INTRODUCTORY SECTION
Certificate of Achievement for Excellence in Financial Reporting

Presented to
City of San Marcos
Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO
March 15, 2016

To the Honorable Mayor, Members of the City Council,
And Citizens of the City of San Marcos, Texas:

The Finance Department and City Manager’s office are pleased to submit the Comprehensive Annual Financial Report (the CAFR) of the City of San Marcos, Texas (the City) for the fiscal year ended September 30, 2015. This report is submitted in accordance with Section 3.16 of the City Charter. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited by independent auditors in accordance with generally accepted auditing standards. ABIP, P.C., have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2015. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The CAFR includes all funds of the City. The City provides a full range of services, which include police and fire protection; construction and maintenance of streets and other infrastructure; recreational activities and cultural events. In addition to general government activities, the City also provides electric, water, wastewater, storm water drainage, resource recovery, WIC, transit, and airport services which are included in the reporting entity.

Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a comprehensive framework of internal control that it established for this purpose. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. The disclosures included in this report are intended to provide the reader a good understanding of the City’s financial activities.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor’s reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report.
San Marcos is located on the IH-35 corridor 15 miles south of Austin and 30 miles north of San Antonio. The greater San Marcos region is situated between two of the fastest growing MSAs (Metropolitan Statistical Area) in the United States. The City has a 2010 census population of 44,894 but currently estimated at over 58,000 with a daytime service population of 80,000. The City covers a total of 32.21 square miles within its city limits.

The City operates under a council-manager form of government as provided by its Charter. The Mayor and six City Council members are elected “at large” on a non-partisan ballot. All members of the City Council, except the Mayor, are elected to staggered three-year terms. The Mayor is elected for a two-year term. The City Council appoints the City Manager, City Clerk, City Attorney, and Municipal Court Judge. The City Council also appoints members to certain boards, committees and commissions, as it deems necessary for the operation of the City.

The City Manager is the chief executive officer for the City and has full responsibility for carrying out Council policies and administering City operations, including hiring department Directors and all other City employees. City service departments provide a full range of services including police and fire protection, health and social services, sanitation services, construction and maintenance of highways, streets and infrastructure, planning and zoning, recreational activities and cultural events, and general administrative services.

The City is the home of Texas State University which has over 38,000 enrolled students and is the 4th largest university in the state of Texas and 31st in the United States in comparison to public university size. Academically, it is composed of 10 colleges and about 50 schools and departments across multiple disciplines, including nationally recognized programs in Geography, Criminal Justice and Music and offering 97 bachelor’s, 88 master’s and 12 doctoral degrees. In 2011, Texas State was granted the designation of Emerging Research University with over 400 doctoral students and $33.5 million in research spending. The university became the first in the country to offer a PhD in Materials Science, Engineering, and Commercialization and the City is home to the new Science, Technology and Advanced Research (STAR) Park which opened in 2012. This partnership between Texas State University and the City is made possible through a $1.85 million award from the U.S. Economic Development Administration. This grant funded the construction of a state-of-the-art research and commercialization center that will serve as a technology accelerator for start-up and early-stage businesses with green and bio-technology focus. The second phase of this project is currently under construction due to the enormous success of the first phase.

The San Marcos River originates at San Marcos Springs, where approximately 200 springs emerge from the Edwards Aquifer, to fill Spring Lake. Archaeological research indicates that the area surrounding the springs has been inhabited for some 12,000 years. The springs provide an environment for eight federally listed endangered or threatened species. The river is a constant 72 degrees F and is used year round for recreational activities.

Economic Outlook and Financial Condition

San Marcos has been ranked as the fastest growing city in the U.S. with a population over 50,000 for three years in a row as the Greater San Marcos Region continues to be one of the fastest growing areas in the country. The Texas unemployment rate has been at or below the national rate for 9 consecutive years.

Founded on the banks of the San Marcos River, San Marcos is thought to be among the oldest continually inhabited locations in North America with more parkland per capita than any other city in Central Texas. Other accolades the city has received include:

- Top 4 “Charming” College Town by Better Homes and Gardens Magazine;
- 9th Most Exciting Small City in America by movoto.com;
- One of ten Most Beautiful Cities in the Country by Travel + Leisure Magazine;
- One of the top ten cities in America for raising kids by BusinessWeek; and
- One of the top Cities in America to retire by Forbes.

Tourism, retail and construction activities have continued to show sign of growth and prosperity. The City continues to benefit from other favorable conditions associated with San Marcos, including a stable, diversified economic base and a desirable location for work, destination, and living.
Property Values

The continued low mortgage interest rates and new residential developments within San Marcos continue to bring in residential growth and commercial development. This continuing growth contributed to the increase of taxable value on new improvements of $98 million, on existing properties of $175 million for a total valuation of $3.67 billion for the 2015 tax year. The City expects this trend to continue as a result of the City’s commitment to targeted economic development efforts that focus on industry segments that complement the existing business mix. In late 2015, the on-line retail giant, Amazon, announced the construction of a $191 million facility in San Marcos which will bring 1000 new jobs to the region. Construction is expected to be complete in the summer of 2016.

Retail Sales

The City's largest General Fund revenue source is sales tax generated from a well-balanced variety of business categories including automotive, construction, food stores, hotels/motels, department stores, retail stores, restaurants, utilities and rentals. The City of San Marcos recognized a 8.3% increase in sales tax collections estimated at over $26 million in FY 2015.

The City has seen a steady growth in sales tax revenues in recent years. The City is perhaps best known for its Outlet Malls – Premium and Tanger – which have made San Marcos a popular tourist destination in Texas. The Outlet Malls provide access to hundreds of stores in the 1.2 million square feet complex and attracts shoppers from all over the United States and internationally. The sales from the outlet mall make up 38% of the total sales tax revenue received by the City.

Employment

San Marcos enjoyed a relatively low unemployment rate in 2015 of 3%. This rate was lower than the state rate of 4.2% and the national rate of 5%. As a result of this low rate, San Marcos residents have greater job opportunities locally. Along with Amazon mentioned above, San Marcos recently landed the largest pipe manufacturer in the world and is expected to add over 350 new employees to the San Marcos workforce.

Tourism

Tourism is one of San Marcos' largest industries and contributes significantly to the City's economy. The City offers numerous tourist attractions, including the beautiful San Marcos River and the San Marcos Outlets which is one of Texas' most visited destinations. San Marcos is known as a great destination for outdoor enthusiasts who like to kayak, tube, standup paddle, surf the falls, bird watch or hike and bike in town trails. The City of San Marcos Conference Center hosts more than 112,000 guests per year. The City’s soccer, softball, baseball and tennis facilities host 100,000 youth and adult participants, coaches, family and fans. In addition to traditional sport fans, our well-kept natural area trails and rolling hills draw runners to the variety of races from 5K to half marathons. Hotels and bed and breakfasts in the area provide more than 2,100 guest rooms with an average annual occupancy of 63%. More than 1,200 retail shops and boutiques are located throughout the City and a selection of over 175 restaurants is available. These services and facilities, complemented by the mild winter, have made San Marcos a popular vacation spot for more than 14 million tourists.

Hotel/motel occupancy tax receipts increased 14.78% in FY2015 over the previous year – reflecting consistent growth trend. The current forecast is that tourism will continue to experience positive gains, reflected by continued increases in occupancy, available rooms and room rates. The City expects to add 400 hotel rooms over the next two years with the construction of four planned hotels.
CITY INITIATIVES

In June 2015, the San Marcos City Council held a Visioning Workshop to explore important visioning goals. The following strategic initiatives were developed that became City Management’s guiding principles and direction to the City staff to make the City fully sustainable long into the future:

- Assess, present a plan for, and begin the update of City facilities
- Beautify and Enhance the Quality of Place for San Marcos
- Continue Downtown redevelopment
- Recruit employers that will provide job opportunities for knowledge and skilled manufacturing workers
- Maintain and improve the City’s infrastructure
- Continue to build on positive working relationships between Council and staff to enhance communication, decision making and execution
- Sound Finances

Responsible Finances

Responsible Finances has been a top priority and the main focus for the past several fiscal years. During this time the City has put policies in place to ensure the City continues being financially responsible and sound.

- Creation of Self-Financed Capital Funds through various funding sources to provide a cash funding source for improvements to streets, parks, city facilities, and technology infrastructure.
- Reduction in the General Fund’s reliance on the Enterprise Funds’ franchise fee revenue by lowering the fee from 9% of gross revenues to 7% over a period of four years. This reduction also lessens pressure on the utility rates.
- Transition of Engineering/Capital Improvements Departmental operating expenses from bond proceeds to General Fund appropriations over a six-year period. This department has also moved to using City engineers instead of consultants to manage projects.
- Creation of rate stabilization funds in both the Water/Wastewater and Electric Utility Funds. These funds will help the City alleviate future rate increases that are needed due to fluctuations in seasonal weather patterns.
- Adopted an increase in fees of 1.5% which is the average Consumer Price Index (CPI) for calendar year 2014. Staff has recommended to the City Council that fees be adjusted annually for positive increases in the CPI to ensure fees for services are keeping pace with the cost of providing these services.

Water/Wastewater Rates

A Water / Wastewater rate study has been conducted every year for the last several years including 2015. For the 2016 budget, the Citizens Utility Advisory Board (CUAB) recommends a 5% rate adjustment in water and 1% rate adjustment in wastewater. The CUAB spent several months looking at the updated rate study modeling, The impacts of the newly implemented rate structure and the long range plans on the water/wastewater utility including the effect of the Hays County Public Utility Agency (HCPUA).

The City is continuing to explore future water supplies through the Hays County Public Utility Agency (HCPUA). This is a joint venture between San Marcos, Kyle, Buda, and some regional water corporations to firm up future water supplies through the year 2060. The HCPUA reached a major milestone in developing a sustainable long-term water supply, A small project related to Phase I is scheduled for 2016 to construct a pipeline between San Marcos, Kyle and Buda. The City of San Marcos’ share of the total construction cost related to Phase 1 of the project is approximately $70 Million and is anticipated for the year 2019. The City is still exploring water supply alternatives in hopes that this future expense can be reduced as much as possible.
Long Range Planning

The City’s Comprehensive Master Plan was completed in 2013. The purpose of that plan was to guide the growth and development in appropriate areas of the city and identify land for preservation. The plan is divided into six focus areas which are linked to the Vision Statements for Economic Development; Environment and Resource Protection; Land Use; Neighborhoods and Housing; Parks, Public Spaces and Facilities and Transportation. A Citizens Advisory Subcommittee has been assigned for each topic throughout the process.

Changes presented in this plan ultimately resulted in a necessary revision to the Land Development Code (LDC) in order to ensure development aligns with the intent of the plan. The Code Development Rewrite currently referred to as CODE SMTX has been underway for the past year and is anticipated for completion in the summer of 2016. The City’s Planning and Development Services Team is working with the consultant team of Dover Kohl and a Think Tank group of community volunteers to update the code. A preferred scenario map was created during the design rodeo that illustrates locations where residents of San Marcos wish to see growth and development. The Land Use Intensity Matrix outlines general uses for the various development areas and will be utilized as a guide in updating the LDC.

Congruent to the CODE SMTX project, city staff is currently updating the Transportation Master Plan along with the Drainage Master Plan. These four items will be key elements toward the creation of the City's 10 year Capital Improvements Plan.

FINANCIAL INFORMATION

Financial policies approved by the City Council guide the City’s financial management in planning for the future. Sufficient resources and adequate reserve levels will protect the City in the event of revenue shortfalls or increased expenditure needs. Fiscal integrity is the cornerstone upon which the City plans, monitors, and reports its financial activities. Particular emphasis is placed on maintaining the financial stability of the City. Each fiscal year, the budget is developed with this objective. Goals for financial stability enable the City to manage revenue shortfalls and cash flows to ensure continued operations, and to provide for unforeseen contingencies without impairing the level of quality service needed to respond to the community.

Internal Controls

The Finance Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by GASB and the American Institute of Certified Public Accountants (AICPA). The internal controls structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Financial Rating

The City of San Marcos had its underlying credit rating confirmed from Standard & Poor’s in May 2015. The City’s bond rating for Moody’s Investor Service and Standard & Poor’s is as follows:

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<td>AA</td>
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<td>AA</td>
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<td>Revenue Bonds</td>
<td>A1</td>
<td>AA</td>
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Financial Reporting

The City utilizes a computerized financial accounting system to capture all financial transactions and provide data for the preparation of this CAFR, including the audited financial statements. These statements present information on the financial position of the City and whether resources were adequate to cover the costs of providing services during the reporting period. The City’s award-winning CAFR is distributed to the City Council, executive management, federal and state agencies, bond rating agencies, and financial institutions, as well as others throughout the general public.

Budgeting Process

The annual budget serves as the foundation for the City’s financial planning and control. The City Council formally adopts the budget and legally allocates, or appropriates, available monies for the City’s various funds. Therefore, these funds have appropriated budgets, and budget to actual information is presented. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following October 1st. The budget includes proposed expenditures and the means of financing them. A public hearing is held prior to the budget’s final adoption in order to obtain taxpayer comments. The budget is legally enacted through passage of an ordinance. The ordinance sets the limit for expenditures during the fiscal year.

The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. Expenditure appropriations may be amended during the year. Upon the recommendation of the City Manager, and with the approval of the City Council: (1) transfers may be made from the appropriations for contingencies to departments; (2) transfers from fund balance accounts to departments or capital improvement program accounts; and (3) transfers from capital improvement program accounts to departments. Management control of budgets is further maintained through the use of an encumbrance accounting system. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year’s budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound financial management.

Single Audit

As a recipient of federal, state and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As a part of the City’s single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City’s single audit for the fiscal year ended September 30, 2015, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit of the books, accounts, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with, and the independent auditor’s report by ABIP, PC, Certified Public Accountants, has been included in this report.
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. That report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements. This report will once again be submitted to the GFOA for this annual award.

We are also proud to report that the GFOA has presented the Distinguished Budget Presentation Award to the City of San Marcos for each of the past 31 years.

The City was awarded the Texas Comptroller Leadership Circle Award. This program was launched in December 2009 to recognize local governments across Texas that are striving to meet a high standard for financial transparency online. This award spotlights local governments that are opening their books to the public, providing clear, consistent pictures or spending, and sharing information in a user-friendly format that lets taxpayers easily drill down for more information. The City earned the designation of Gold.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the members of the City Council and the citizens of the City of San Marcos for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

In conclusion, we would like to thank the City’s auditing firm, ABIP, P.C., for their ongoing efforts, not only in the performance of the City’s annual audit, but for their close working relationship in advising the City when questions arise throughout the year. They have been an excellent source of information for preparation of the report.

Respectfully submitted,

//signature on file//  //signature on file//
Jared Miller  Steve Parker
City Manager  Asst. City Manager/CFO
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Independent Auditor’s Report

To Honorable Mayor and
   Members of the City Council
San Marcos, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-
type activities, each major fund and the aggregate remaining fund information of the City of San
Marcos, 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 accounting estimates made by management, as well as evaluating the overall presentation
of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the
respective financial position of the governmental activities, the business-type activities, each major
fund, and the aggregate remaining fund information of the City of San Marcos, Texas 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.
Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance; Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 - 3J, schedule of funding progress, schedule of changes in net pension liability and related ratios, and schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of the City of San Marcos, Texas'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.

Certified Public Accountants
San Antonio, Texas
March 15, 2016
CITY OF SAN MARCOS, TEXAS
Management's Discussion and Analysis (MD & A)

As management of the City of San Marcos, we offer readers of the City of San Marcos’ financial statements this narrative overview and analysis of the financial activities for the City of San Marcos for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-xi of this report.

Financial Highlights

- The assets of the City of San Marcos exceeded its liabilities at the close of the fiscal year ending September 30, 2015, by $249.8 million (net position). Of this amount, $64.1 million (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.

- As of September 30, 2015, the City of San Marcos’ governmental funds reported combined ending fund balances of $51.6 million, an increase of $1.1 million in comparison with the prior fiscal year. Funds were used in the capital projects fund for the 2015 flood disaster repairs; also use of capital project funds in ongoing project construction.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $17.3 million, or 34.5% of total general fund expenditures.

- The City’s total debt increased by $2.3 million during the current fiscal year. The City issued $46.9 million in general obligation refunding bonds and $18.1 in combination tax and revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of San Marcos’ basic financial statements. The City’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. The comprehensive annual financial report (CAFR) also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, using accounting methods similar to a private-sector business.

The statement of net position presents information on all of the City of San Marcos’ assets and liabilities, with the difference between the two 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 of San Marcos is improving or deteriorating.
The statement of activities presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

The statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

In the statement of net position and the statement of activities, the City's operations are divided into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, libraries, planning and development, transportation, parks and recreation, and general administration. Property tax, sales tax and franchise fee revenues finance most of these activities.

- **Business-type Activities** – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's electric, water and wastewater, airport, transit, drainage and waste collection funds are reported here.

The government-wide financial statements can be found on pages 7 - 9 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 of San Marcos, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City’s two kinds of funds – governmental and proprietary – utilize different accounting approaches.

**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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds are more narrow 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. The relationships or differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is detailed in a reconciliation following the fund financial statements.
The City of San Marcos maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Debt Service Fund, all of which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.

The basic governmental fund financial statements can be found on pages 10 – 14 of this report.

Proprietary funds. The City charges customers for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities.

The City of San Marcos maintains six individual enterprise funds: Electric, Water and Wastewater, Airport, Transit, Drainage, and Waste Collection. The fund financial statements 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, Water and Wastewater, and Stormwater Drainage Funds, all of which are considered to be major funds of the City. Data from the other three enterprise funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in the CAFR.

The basic proprietary funds financial statements can be found on pages 15 – 18 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 48 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents the combining statements referred to earlier in connection with nonmajor governmental and enterprise funds, comparative information for the General Fund and budgetary information to demonstrate the City’s budgetary compliance. Combining and individual fund statements and schedules can be found on pages 57 – 96 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City’s combined net position was $249.8 million as of September 30, 2015. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is $146.7 million. This analysis focuses on the net position (Table 1) and changes in net position of the City’s governmental and business-type activities (Table 2).
By far, the largest portion of the City’s net position (69.16%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position $64.1 million may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of San Marcos is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

### TABLE 1
CITY OF SAN MARCOS’ NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>BUSINESS-TYPE ACTIVITIES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Assets</td>
<td>202,974,842</td>
<td>198,473,503</td>
<td>212,369,825</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>264,984,540</td>
<td>265,168,380</td>
<td>320,597,706</td>
</tr>
<tr>
<td><strong>Deferred Outflows</strong></td>
<td>11,839,895</td>
<td>-</td>
<td>6,598,047</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term Liabilities</td>
<td>152,726,219</td>
<td>126,941,945</td>
<td>157,729,681</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>20,322,573</td>
<td>18,374,822</td>
<td>22,639,948</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>173,048,792</td>
<td>145,316,767</td>
<td>180,369,629</td>
</tr>
<tr>
<td><strong>Deferred Inflows</strong></td>
<td>666,973</td>
<td>-</td>
<td>146,408</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>12,689,714</td>
<td>10,636,613</td>
<td>221,981</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>5,834,774</td>
<td>14,521,718</td>
<td>58,292,590</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$ 103,108,670</td>
<td>$ 119,851,613</td>
<td>$ 146,679,716</td>
</tr>
</tbody>
</table>

**Governmental activities.** The City’s governmental revenues increased when compared to the prior year by 4.9% or $3,701,504. This increase is due to several factors including increases in sales tax revenue and building permit revenues.
The most significant governmental expense for the City was in providing for public safety, which incurred expenses of $27.8 million. The public safety expense increase was primarily due to the funding of the third year of the meet and agreement entered into in 2012, routine step and merit increases, and additional staff.

**Business-type activities.** Revenues of the City’s business-type activities were $109.8 million for the fiscal year ending September 30, 2015. Expenses for the City’s business-type activities were $92.7 million for the year, resulting in a net increase in net position of $17.3 million. The net revenues are the result of several factors, including the following:

- The City’s Water and Wastewater System recorded charges for services of $35.2 million, which exceeded expenses of $32.8 million. The most significant expenses of the Water and Wastewater Fund are $8.5 million for contracted services for the operation of the surface water treatment plant, and $3.7 million in salaries and benefits.

- The City’s electric distribution system recorded charges for services of $66.5 million, which exceeded expenses of $53.8 million. The most significant expense of the electric fund was $39.0 million for the purchase of power.

- The increase in net position from business-type activities was primarily due to increased revenue from water, sewer, and electric sales due to the unseasonably hot and dry spring and summer weather and capital contributions of water and sewer infrastructure as new construction activity continues in the City.

Governmental and business-type activities increased the City’s net position (Table 2) by $21.6 million.
# Table 2
**City of San Marcos’ Changes in Net Position**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>15,737,527 $</td>
<td>13,305,723 $</td>
<td>108,210,442 $</td>
<td>93,968,005 $</td>
<td>123,947,969 $</td>
<td>107,273,728 $</td>
</tr>
<tr>
<td>Operating Grants and Contributions</td>
<td>7,515,298</td>
<td>8,738,278</td>
<td>-</td>
<td>-</td>
<td>7,515,298</td>
<td>8,738,278</td>
</tr>
<tr>
<td>Capital Grants and Contributions</td>
<td>680,726</td>
<td>1,054,196</td>
<td>1,400,371</td>
<td>1,117,888</td>
<td>2,081,097</td>
<td>2,172,084</td>
</tr>
<tr>
<td><strong>Business-Type</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes, Levied for General Purposes</td>
<td>17,074,411</td>
<td>17,493,449</td>
<td>-</td>
<td>-</td>
<td>17,074,411</td>
<td>17,493,449</td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>25,876,303</td>
<td>24,020,619</td>
<td>-</td>
<td>-</td>
<td>25,876,303</td>
<td>24,020,619</td>
</tr>
<tr>
<td>Franchise Taxes</td>
<td>8,177,576</td>
<td>6,891,270</td>
<td>-</td>
<td>-</td>
<td>8,177,576</td>
<td>6,891,270</td>
</tr>
<tr>
<td>Hotel/Motel Taxes</td>
<td>3,373,681</td>
<td>2,939,387</td>
<td>-</td>
<td>-</td>
<td>3,373,681</td>
<td>2,939,387</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>129,205</td>
<td>95,989</td>
<td>202,049</td>
<td>187,380</td>
<td>331,254</td>
<td>283,369</td>
</tr>
<tr>
<td>Other</td>
<td>404,366</td>
<td>728,678</td>
<td>-</td>
<td>46,822</td>
<td>404,366</td>
<td>775,500</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>78,969,093</td>
<td>75,267,589</td>
<td>109,812,862</td>
<td>95,320,095</td>
<td>188,781,955</td>
<td>170,587,684</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>26,503,022</td>
<td>26,744,625</td>
<td>-</td>
<td>-</td>
<td>26,503,022</td>
<td>26,744,625</td>
</tr>
<tr>
<td>Public Safety</td>
<td>27,779,641</td>
<td>26,179,672</td>
<td>-</td>
<td>-</td>
<td>27,779,641</td>
<td>26,179,672</td>
</tr>
<tr>
<td>Community Service</td>
<td>14,822,198</td>
<td>14,192,299</td>
<td>-</td>
<td>-</td>
<td>14,822,198</td>
<td>14,192,299</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>5,359,852</td>
<td>5,433,836</td>
<td>-</td>
<td>-</td>
<td>5,359,852</td>
<td>5,433,836</td>
</tr>
<tr>
<td>Electric</td>
<td>-</td>
<td>-</td>
<td>53,751,942</td>
<td>48,780,157</td>
<td>53,751,942</td>
<td>48,780,157</td>
</tr>
<tr>
<td>Water and Sewer</td>
<td>-</td>
<td>-</td>
<td>32,839,079</td>
<td>28,549,309</td>
<td>32,839,079</td>
<td>28,549,309</td>
</tr>
<tr>
<td>Airport</td>
<td>-</td>
<td>-</td>
<td>569,932</td>
<td>647,653</td>
<td>569,932</td>
<td>647,653</td>
</tr>
<tr>
<td>Drainage</td>
<td>-</td>
<td>-</td>
<td>2,549,146</td>
<td>2,398,250</td>
<td>2,549,146</td>
<td>2,398,250</td>
</tr>
<tr>
<td>Transit</td>
<td>-</td>
<td>-</td>
<td>387,448</td>
<td>300,791</td>
<td>387,448</td>
<td>300,791</td>
</tr>
<tr>
<td>Waste Collection</td>
<td>-</td>
<td>-</td>
<td>2,616,527</td>
<td>2,624,743</td>
<td>2,616,527</td>
<td>2,624,743</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>74,464,713</td>
<td>72,550,432</td>
<td>92,714,074</td>
<td>83,300,903</td>
<td>167,178,787</td>
<td>155,851,335</td>
</tr>
<tr>
<td>Increases (Decreases) in Net Position before Transfers</td>
<td>4,504,380</td>
<td>2,717,157</td>
<td>17,098,788</td>
<td>12,019,192</td>
<td>21,603,168</td>
<td>14,736,349</td>
</tr>
<tr>
<td>Transfers</td>
<td>(156,698)</td>
<td>-</td>
<td>156,698</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in Net Position</td>
<td>4,347,682</td>
<td>2,717,157</td>
<td>17,255,486</td>
<td>12,019,192</td>
<td>21,603,168</td>
<td>14,736,349</td>
</tr>
<tr>
<td><strong>Net Position - Beginning, As Restated</strong></td>
<td>98,760,988</td>
<td>117,134,456</td>
<td>129,424,230</td>
<td>128,256,596</td>
<td>228,185,218</td>
<td>245,391,052</td>
</tr>
</tbody>
</table>
As noted earlier, the City of San Marcos uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of San Marcos’ governmental funds reported combined fund balances of $51.6 million, an increase of $1.1 million in comparison with the prior year. Approximately 32.91% of this total amount constitutes unassigned fund balance, which is available for use within the City’s fund designation and fiscal policies. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase prepaid expenses of the prior period, 2) to pay debt service, 3) for capital projects, 4) to generate income to pay for the perpetual care of the municipal cemetery, 5) to be used for general government, or 6) to be used for community services.

The general fund is the main operating fund of the City of San Marcos. At the end of the current fiscal year, unassigned fund balance of the general fund was $17.3 million, while total fund balance reached $17.9 million. 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 fund expenditures. Unassigned fund balance represents 34.5% of total general fund expenditures.

In the general fund, the City budgeted for a fund balance decrease in the current year of $2,996,693. It is one of the City’s financial policies to maintain fund balance in the general fund equal to 90 days’ expenditures or 25%. Use of fund balance of $2,996,693 was budgeted, and $1,978,273 was added to fund balance at year-end. This is primarily attributable to actual expenditures being less than originally budgeted. The debt service fund balance increased by $1,144,561 from 2014 to 2015. The increase was primarily due to cost savings from several debt refundings. Increases in the general fund, and other governmental fund balances offset by the decrease in capital projects funds of $2.3 million due to progress on construction contributed to the net change in fund balances of $1,456,974.

**TABLE 3**

<table>
<thead>
<tr>
<th>GOVERNMENTAL TAX REVENUES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Property</td>
</tr>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>Franchise</td>
</tr>
<tr>
<td>Hotel/Motel</td>
</tr>
<tr>
<td>Mixed Drink</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Other factors concerning the finances of governmental funds have already been addressed in the discussion of the City’s governmental activities in the government-wide financial statements.

**Proprietary funds.** The City of San Marcos’ proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of Water and Wastewater Fund at the end of the year amounted to $34.1 million, and those for the Electric Fund amounted to $21.0 million. Other factors concerning the finances of these two funds have already been discussed in the discussion of the City of San Marcos’ business-type activities in the government-wide financial statements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

For FY2015, actual expenditures on a budgetary basis were $50.2 million compared to the budget amount of $52.8 million. The $2.6 million positive variance was due to savings achieved through salary vacancy savings and conservative spending.

For FY2015, actual revenues on a budgetary basis were $55.9 million as compared to the budget amount of $53.5 million.

The City of San Marcos has a General Fund balance of $17.9 million as of the fiscal year-end, compared to the budgeted fund balance of $13.0 million. The variance in fund balance is primarily due to cost containment measures implemented by management and conservative budgetary practices and increased sales tax revenue.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** At the end of the fiscal year 2015, the City had $415.3 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and wastewater lines (See Table 4). For more detailed information on capital assets, please refer to the accompanying notes pages 33 – 34.

**TABLE 4**

**CITY OF SAN MARCOS’ CAPITAL ASSETS AT YEAR-END**

(Net of Accumulated Depreciation)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$15,960,524</td>
<td>$14,438,124</td>
<td>$3,096,977</td>
<td>$3,096,977</td>
<td>$19,057,501</td>
<td>$17,535,101</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>27,454,723</td>
<td>28,207,067</td>
<td>2,592,031</td>
<td>2,709,599</td>
<td>30,046,754</td>
<td>30,916,666</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvements Other than Buildings</td>
<td>63,345,175</td>
<td>69,365,474</td>
<td>81,786,904</td>
<td>90,612,383</td>
<td>145,132,079</td>
<td>159,977,857</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>6,551,024</td>
<td>7,105,216</td>
<td>3,448,361</td>
<td>2,878,312</td>
<td>9,999,385</td>
<td>9,983,528</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>66,549,998</td>
<td>55,566,786</td>
<td>121,445,552</td>
<td>107,393,561</td>
<td>187,995,550</td>
<td>162,960,347</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>23,113,398</td>
<td>23,790,836</td>
<td>-</td>
<td>-</td>
<td>23,113,398</td>
<td>23,790,836</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CAPITAL ASSETS</td>
<td>$202,974,842</td>
<td>$198,473,503</td>
<td>$212,369,825</td>
<td>$206,690,832</td>
<td>$415,344,667</td>
<td>$405,164,335</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3G
Long-term Debt. At year-end, the City had $276.9 million in general obligation bonds, combination tax and revenue certificates of obligations capital leases, and revenue bonds outstanding as compared to $270.8 million at the end of the prior fiscal year, an increase of 2.8%. For more detailed information on long term debt, please refer to the accompanying notes on pages 35-38.

### TABLE 5
**CITY OF SAN MARCOS’ OUTSTANDING DEBT AT YEAR-END**

<table>
<thead>
<tr>
<th></th>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>BUSINESS-TYPE ACTIVITIES</th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>$83,690,000</td>
<td>$49,940,000</td>
<td></td>
<td>$83,690,000</td>
</tr>
<tr>
<td>Discount on Bonds</td>
<td>(92,080)</td>
<td>(477,366)</td>
<td>(164,129)</td>
<td>(234,415)</td>
</tr>
<tr>
<td>Premium on Bonds</td>
<td>8,159,237</td>
<td>4,845,270</td>
<td>6,622,169</td>
<td>3,799,543</td>
</tr>
<tr>
<td>Deferred Amounts</td>
<td>(7,125,853)</td>
<td>(3,821,649)</td>
<td>(5,563,257)</td>
<td>(4,537,678)</td>
</tr>
<tr>
<td>Certificates of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obligations</td>
<td>35,525,000</td>
<td>70,740,000</td>
<td></td>
<td>35,525,000</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>1,170,282</td>
<td>468,225</td>
<td>1,304,037</td>
<td>359,196</td>
</tr>
<tr>
<td>Revenue Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL DEBT</td>
<td>$121,326,586</td>
<td>$121,694,480</td>
<td></td>
<td>$276,915,406</td>
</tr>
</tbody>
</table>

During this fiscal year, general obligation refunding totaling $46.6 was issued to refund some previous debt issues.

The City has been upgraded to AA rating from Standard & Poor’s Corporation, and its A1 rating from Moody’s Investor Services on its tax supported debt. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net tax-supported debt to assessed value of all taxable property is 2.85%

The City sponsors an employee benefit plan that provides partially self-insured medical and self-insured dental coverage to employees and voluntary coverage to their participating dependents. The plan is designed to provide a specified level of coverage, with excess insurance coverage provided by specific and aggregate reinsurance. The City’s maximum medical claim exposure is limited to $150,000 in claims per covered person and a dental benefit of $1,250 per covered person per year. Aggregate coverage based on a monthly enrollment limits the medical claims exposure. Claim liability was $605,834 at September 30, 2015, compared to $709,853 at September 30, 2014.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

Economic projections remain strong for San Marcos and the region. San Marcos was recognized as the fastest growing city in the Unites States for the third year in a row. Property tax appraisals are up 8 percent for Fiscal Year 2016 and the City is seeing indications of continued new growth for the future. General Fund revenue has increased $20 million over the past 5 years due to strong retail and commercial growth in the City. The increases in permit and development activity, generated by new construction combined with sound financial policies, have put San Marcos in a strong financial position.

The FY2015-16 adopted budget of $187,054,821 is an increase of $14 million or 8.12% from the adopted fiscal year 2015 budget. Increases in recurring expenses are attributable to
numerous issues related to contract obligations in water and electric supply agreements, CPI adjustments to existing contracts, commitments to adopted merit increases increased health insurance costs, and additional adopted personnel as well as debt service increases.

The budget provides for additional positions to support the City’s growth and City Council goals including two new detectives, a police records specialist, three additional part time park rangers, an arborist, as well as key administrative support in fleet, animal services, and parks and recreation. In addition to personnel, the budget provides for appropriations to the Police and Fire meet and confer agreements presented to Council in August.

The adopted property tax rate for 2016 is at 53.02 cents per $100 valuation, the same as the current rate. The taxable property base increased by 8% or $3.67 billion, for 2016 budget. This budget will raise more total property tax revenue than last year’s budget by $1,449,110. The operations and maintenance tax rate will pay operations and maintenance (O&M) costs in the General Fund, producing revenues of $11,894,359. The debt service rate is allocated to repay tax supported debt in the Debt Service Fund. The debt service revenue of $7,549,977 will be used to pay long-term debt.

Sales taxes represent 45.8% of total General Fund revenue projected for fiscal year 2016. Sales tax receipts are the largest single revenue source supporting general governmental services in San Marcos. Consistent retail sales have kept this revenue stream steady for the past several years. Per the budget policy statement that was adopted by City Council, a conservative estimate of 3% was used to estimate the $27,318,627 in 2016.

A Water/Wastewater Rate Study has been conducted every year for the last several years including 2015. For the 2016 budget, the CUAB recommends a 5% rate adjustment in water and a 1% rate adjustment in wastewater. The CUAB spent several months looking at the updated rate study modeling, the impacts of the newly implemented rate structure, and the long range plans on the water/wastewater utility including the effect of the Hays County Public Utility Agency (HCPUA).

Historically, the Electric Utility paid a 9% franchise fee on Gross Electric Revenue to the General Fund. A reduction from 9% to 7% over 4 years began in fiscal year 2012 and is budgeted at 7% for fiscal year 2016. For the 2016 budget, the CUAB recommends no rate adjustment. The CUAB spent several months looking at the updated rate study modeling and the results indicated that no rate adjustment was necessary in fiscal year 2016.

The FY2015-16 adopted budget with a healthy fund balance represents sound fiscal management and measures our capacity to sustain current and future operations. Overall, the budget will bring our fund balances to a total of $48.6 million, or 26% of total expenses. The percentage in 2015 was 29% The change in Fund Balance is primarily due to increased budgeted expenses and use of general fund balance in this budget year. The budget continues our commitment of maintaining appropriate fund balances while meeting City Council priorities.
CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of San Marcos, 630 East Hopkins, San Marcos, Texas 78666.
BASIC FINANCIAL STATEMENTS
## CITY OF SAN MARCOS, TEXAS
### STATEMENT OF NET POSITION
#### SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>BUSINESS-TYPE ACTIVITIES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td>7,382,518 $</td>
<td>11,940,988 $</td>
<td>19,323,506 $</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>43,491,929</td>
<td>79,039,581</td>
<td>122,531,510</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - Net of Allowances for Uncollectibles:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>1,070,627</td>
<td>-</td>
<td>1,070,627</td>
</tr>
<tr>
<td>Accounts</td>
<td>9,235,729</td>
<td>14,706,879</td>
<td>23,942,608</td>
</tr>
<tr>
<td>Other</td>
<td>4,198</td>
<td></td>
<td>4,198</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>1,358,586</td>
<td>-</td>
<td>1,358,586</td>
</tr>
<tr>
<td>Internal Balances</td>
<td>(999,896)</td>
<td>999,896</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>348,056</td>
<td>1,466,566</td>
<td>1,814,622</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>117,951</td>
<td>73,971</td>
<td>191,922</td>
</tr>
<tr>
<td>Capital Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>15,960,524</td>
<td>3,096,977</td>
<td>19,057,501</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>66,549,998</td>
<td>121,445,552</td>
<td>187,995,550</td>
</tr>
<tr>
<td>Buildings</td>
<td>36,554,153</td>
<td>6,369,767</td>
<td>42,923,920</td>
</tr>
<tr>
<td>Improvements Other than Buildings</td>
<td>102,635,403</td>
<td>187,773,724</td>
<td>290,409,127</td>
</tr>
<tr>
<td>Equipment</td>
<td>28,170,911</td>
<td>10,899,523</td>
<td>39,070,434</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>36,286,358</td>
<td>-</td>
<td>36,286,358</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(83,182,505)</td>
<td>(117,215,718)</td>
<td>(200,398,223)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>264,984,540</td>
<td>320,597,706</td>
<td>585,582,246</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Outflows Related to Pension</td>
<td>4,714,042</td>
<td>1,034,790</td>
<td>5,748,832</td>
</tr>
<tr>
<td>Deferred Charge on Bond Refunding</td>
<td>7,125,853</td>
<td>5,563,257</td>
<td>12,689,110</td>
</tr>
<tr>
<td>Total Deferred Outflows of Resources</td>
<td>11,839,895</td>
<td>6,598,047</td>
<td>18,437,942</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>3,655,142</td>
<td>7,390,497</td>
<td>11,045,639</td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td>3,183,084</td>
<td>425,791</td>
<td>3,608,875</td>
</tr>
<tr>
<td>Unearned Revenues</td>
<td>2,741,532</td>
<td>-</td>
<td>2,741,532</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>-</td>
<td>3,790,738</td>
<td>3,790,738</td>
</tr>
<tr>
<td>Accrued Interest Payable</td>
<td>597,753</td>
<td>969,736</td>
<td>1,567,489</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due Within One Year</td>
<td>10,145,062</td>
<td>10,063,186</td>
<td>20,208,248</td>
</tr>
<tr>
<td>Due in More than One Year</td>
<td>125,338,405</td>
<td>151,717,723</td>
<td>277,056,128</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>27,387,814</td>
<td>6,011,958</td>
<td>33,399,772</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>173,048,792</td>
<td>180,369,629</td>
<td>353,418,421</td>
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<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Inflows Related to Pension</td>
<td>666,973</td>
<td>146,408</td>
<td>813,381</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>84,584,182</td>
<td>88,165,145</td>
<td>172,749,327</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Services</td>
<td>2,586,162</td>
<td>-</td>
<td>2,586,162</td>
</tr>
<tr>
<td>Public Safety</td>
<td>477,905</td>
<td>-</td>
<td>477,905</td>
</tr>
<tr>
<td>Debt Service</td>
<td>8,085,061</td>
<td>-</td>
<td>8,085,061</td>
</tr>
<tr>
<td>Tourism Programs</td>
<td>477,357</td>
<td>-</td>
<td>477,357</td>
</tr>
<tr>
<td>Park and Cemetery Trust</td>
<td>1,063,229</td>
<td>-</td>
<td>1,063,229</td>
</tr>
<tr>
<td>Energy Incentive Programs</td>
<td>221,981</td>
<td>-</td>
<td>221,981</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>5,834,774</td>
<td>58,292,590</td>
<td>64,127,364</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>103,108,670</td>
<td>146,679,716</td>
<td>249,788,386</td>
</tr>
</tbody>
</table>

(The Accompanying Notes are an Integral part of these Financial Statements)
CITY OF SAN MARCOS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>FUNCTIONS/PROGRAMS</th>
<th>EXPENSES</th>
<th>CHARGES FOR SERVICES</th>
<th>OPERATING GRANTS AND CONTRIBUTIONS</th>
<th>CAPITAL GRANTS AND CONTRIBUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental Activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>$ 26,503,022</td>
<td>$ 13,209,783</td>
<td>$ 4,027,807</td>
<td>$ 680,726</td>
</tr>
<tr>
<td>Public Safety</td>
<td>27,779,641</td>
<td>1,667,317</td>
<td>1,186,736</td>
<td>-</td>
</tr>
<tr>
<td>Community Service</td>
<td>14,822,198</td>
<td>860,427</td>
<td>2,300,755</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Other Fees</td>
<td>5,359,852</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Governmental Activities</td>
<td>74,464,713</td>
<td>15,737,527</td>
<td>7,515,298</td>
<td>680,726</td>
</tr>
<tr>
<td><strong>Business-Type Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric</td>
<td>53,751,942</td>
<td>66,548,588</td>
<td>-</td>
<td>1,400,371</td>
</tr>
<tr>
<td>Water and Wastewater</td>
<td>32,839,079</td>
<td>35,231,959</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Airport</td>
<td>569,932</td>
<td>296,241</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Drainage</td>
<td>2,549,146</td>
<td>3,163,498</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transit</td>
<td>387,448</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waste Collection</td>
<td>2,616,527</td>
<td>2,970,156</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Business-Type Activities</td>
<td>92,714,074</td>
<td>108,210,442</td>
<td>-</td>
<td>1,400,371</td>
</tr>
<tr>
<td><strong>TOTAL GOVERNMENT</strong></td>
<td>$167,178,787</td>
<td>$123,947,969</td>
<td>$7,515,298</td>
<td>$2,081,097</td>
</tr>
</tbody>
</table>

**General Revenues**

Taxes:
- Property Taxes
- Sales Taxes
- Franchise Taxes
- Hotel/Motel Taxes
- Other Taxes
- Investment Earnings
- Miscellaneous

Transfers
- Total General Revenues and Transfers

Change in Net Position

**NET POSITION - BEGINNING, AS RESTATED (see note 4 L)**

**NET POSITION - ENDING**

(The Accompanying Notes are an Integral part of these Financial Statements)
### NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION

**PRIMARY GOVERNMENT**

<table>
<thead>
<tr>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>BUSINESS- TYPE ACTIVITIES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (8,584,706)</td>
<td>$</td>
<td>$(8,584,706)</td>
</tr>
<tr>
<td>(24,925,588)</td>
<td>-</td>
<td>$(24,925,588)</td>
</tr>
<tr>
<td>(11,661,016)</td>
<td>-</td>
<td>$(11,661,016)</td>
</tr>
<tr>
<td>(5,359,852)</td>
<td>-</td>
<td>$(5,359,852)</td>
</tr>
<tr>
<td><strong>(50,531,162)</strong></td>
<td><strong>-</strong></td>
<td><strong>(50,531,162)</strong></td>
</tr>
<tr>
<td>-</td>
<td>14,197,017</td>
<td>14,197,017</td>
</tr>
<tr>
<td>-</td>
<td>2,392,880</td>
<td>2,392,880</td>
</tr>
<tr>
<td>-</td>
<td>(273,691)</td>
<td>(273,691)</td>
</tr>
<tr>
<td>-</td>
<td>614,352</td>
<td>614,352</td>
</tr>
<tr>
<td>-</td>
<td>(387,448)</td>
<td>(387,448)</td>
</tr>
<tr>
<td><strong>-</strong></td>
<td><strong>353,629</strong></td>
<td><strong>353,629</strong></td>
</tr>
<tr>
<td>-</td>
<td>16,896,739</td>
<td>17,284,187</td>
</tr>
<tr>
<td><strong>(50,531,162)</strong></td>
<td><strong>16,896,739</strong></td>
<td><strong>(33,246,975)</strong></td>
</tr>
</tbody>
</table>

- 17,074,411 - 17,074,411
- 25,876,303 - 25,876,303
- 8,177,576 - 8,177,576
- 3,373,681 - 3,373,681
- 364,092 - 364,092
- 129,205 202,049 331,254
- 40,274 - 40,274
- (156,698) 156,698 -
- 54,878,844 358,747 55,237,591

- 4,347,682 17,255,486 21,603,168
- 98,760,988 129,424,230 228,185,218
- $ 103,108,670 $ 146,679,716 $ 249,788,386

(The Accompanying Notes are an Integral part of these Financial Statements)
CITY OF SAN MARCOS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>GENERAL FUND</th>
<th>CAPITAL PROJECTS FUND</th>
<th>DEBT SERVICE FUND</th>
<th>OTHER GOVERNMENTAL FUNDS</th>
<th>TOTAL GOVERNMENTAL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$2,482,782</td>
<td>$1,547,683</td>
<td>$2,724,309</td>
<td>$6,754,774</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>14,163,241</td>
<td>20,411,316</td>
<td>7,381,697</td>
<td>1,535,675</td>
<td>43,491,929</td>
</tr>
<tr>
<td>Receivables - Net of Allowances for Uncollectibles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes, Net</td>
<td>403,421</td>
<td>410,701</td>
<td>256,505</td>
<td>1,070,627</td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td>4,403,256</td>
<td>1,158,492</td>
<td>780,862</td>
<td>2,822,196</td>
<td>9,164,806</td>
</tr>
<tr>
<td>Loans</td>
<td>0</td>
<td>0</td>
<td>4,198</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>2,429,948</td>
<td>933,046</td>
<td>3,972</td>
<td>1,358,586</td>
<td>1,358,586</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4,198</td>
<td>4,198</td>
</tr>
<tr>
<td>Inventories</td>
<td>348,056</td>
<td>0</td>
<td>0</td>
<td>348,056</td>
<td></td>
</tr>
<tr>
<td>Prepaids</td>
<td>117,951</td>
<td>0</td>
<td>0</td>
<td>117,951</td>
<td></td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$24,348,655</td>
<td>$24,050,537</td>
<td>$8,577,232</td>
<td>$8,701,469</td>
<td>$65,677,893</td>
</tr>
</tbody>
</table>

| LIABILITIES | | | | | |
| Accounts Payable | 1,531,906 | 1,611,702 | 437,144 | 3,580,752 |
| Accrued Liabilities | 2,488,425 | 29,086 | 59,739 | 2,577,250 |
| Unearned Revenue | 1,939,112 | 0 | 802,420 | 2,741,532 |
| Customer Deposits | 0 | 0 | 2,131 | 2,131 |
| Due to Other Funds | 0 | 1,000,261 | 93,862 | 4,366,862 |
| Total Liabilities | 5,959,443 | 2,641,049 | 93,862 | 13,268,527 |

| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Revenue - Property Taxes | 389,725 | 0 | 398,309 | 788,034 |

| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Inventories | 348,056 | 0 | 0 | 348,056 |
| Prepaids | 117,951 | 0 | 0 | 117,951 |
| Restricted for: | | | | | |
| Public Safety | 0 | 0 | 477,905 | 477,905 |
| Community Services | 0 | 0 | 2,586,162 | 2,586,162 |
| Cemetery Memorial | 0 | 0 | 1,063,229 | 1,063,229 |
| Capital Projects | 21,409,488 | 0 | 21,409,488 | |
| Debt Service | 0 | 8,085,061 | 0 | 8,085,061 |
| Assigned | 238,569 | 0 | 0 | 238,569 |
| Unassigned | 17,294,911 | 0 | 0 | 17,294,911 |
| Total Fund Balances | 17,999,487 | 21,409,488 | 8,085,061 | 51,621,332 |

| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| $24,348,655 | $24,050,537 | $8,577,232 | $8,701,469 | $65,677,893 |

(The Accompanying Notes are an Integral part of these Financial Statements)
CITY OF SAN MARCOS, TEXAS
RECONCILIATION OF BALANCE SHEET –
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL FUND BALANCES – TOTAL GOVERNMENTAL FUNDS</td>
<td>$ 51,621,332</td>
</tr>
<tr>
<td>Amounts reported for governmental activities in the statement of net position are different because:</td>
<td></td>
</tr>
<tr>
<td>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.</td>
<td>202,974,842</td>
</tr>
<tr>
<td>Certain other long-term assets are not available to pay for current-period expenditures and, therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.</td>
<td>790,165</td>
</tr>
<tr>
<td>The assets and liabilities of the internal service fund are not included in the fund financial statement, but is included in the governmental activities of the statement of net position.</td>
<td>18,443</td>
</tr>
<tr>
<td>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</td>
<td>(152,296,112)</td>
</tr>
<tr>
<td>NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION</td>
<td>$103,108,670</td>
</tr>
</tbody>
</table>

(The Accompanying Notes are an Integral part of these Financial Statements)
CITY OF SAN MARCOS, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>GENERAL FUND</th>
<th>CAPITAL PROJECTS FUND</th>
<th>DEBT SERVICE FUND</th>
<th>OTHER GOVERNMENTAL FUNDS</th>
<th>TOTAL GOVERNMENTAL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes</strong></td>
<td>44,415,571</td>
<td>-</td>
<td>8,180,541</td>
<td>3,786,873</td>
<td>56,382,985</td>
</tr>
<tr>
<td>** Licenses and Permits**</td>
<td>2,456,668</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,456,668</td>
</tr>
<tr>
<td>** Fees and Penalties**</td>
<td>1,474,477</td>
<td>-</td>
<td>-</td>
<td>139,538</td>
<td>1,614,015</td>
</tr>
<tr>
<td>** Charges for Services**</td>
<td>5,338,366</td>
<td>-</td>
<td>-</td>
<td>242,548</td>
<td>5,580,914</td>
</tr>
<tr>
<td>** Intergovernmental**</td>
<td>490,215</td>
<td>-</td>
<td>3,124,486</td>
<td>7,455,298</td>
<td>11,069,999</td>
</tr>
<tr>
<td>** Interest on Investments**</td>
<td>85,346</td>
<td>8,131</td>
<td>30,571</td>
<td>4,215</td>
<td>128,263</td>
</tr>
<tr>
<td>** Contributions and Donations**</td>
<td>60,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60,000</td>
</tr>
<tr>
<td>** Miscellaneous**</td>
<td>1,606,925</td>
<td>680,163</td>
<td>138,484</td>
<td>85,931</td>
<td>2,511,503</td>
</tr>
<tr>
<td>** Total Revenues**</td>
<td>55,927,568</td>
<td>688,294</td>
<td>11,474,082</td>
<td>11,714,403</td>
<td>79,804,347</td>
</tr>
</tbody>
</table>

### EXPENDITURES

#### Current

<table>
<thead>
<tr>
<th></th>
<th>GENERAL FUND</th>
<th>CAPITAL PROJECTS FUND</th>
<th>DEBT SERVICE FUND</th>
<th>OTHER GOVERNMENTAL FUNDS</th>
<th>TOTAL GOVERNMENTAL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>** General Government**</td>
<td>15,338,671</td>
<td>372,333</td>
<td>-</td>
<td>1,554,114</td>
<td>17,265,118</td>
</tr>
<tr>
<td>** Public Safety**</td>
<td>25,300,121</td>
<td>-</td>
<td>-</td>
<td>1,237,450</td>
<td>26,537,571</td>
</tr>
<tr>
<td>** Community Service**</td>
<td>9,464,194</td>
<td>-</td>
<td>-</td>
<td>4,431,648</td>
<td>13,895,842</td>
</tr>
<tr>
<td>** Capital Outlay**</td>
<td>-</td>
<td>10,991,019</td>
<td>-</td>
<td>2,795,189</td>
<td>13,786,208</td>
</tr>
<tr>
<td>** Debt Service**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>82,512</td>
<td>-</td>
<td>7,370,000</td>
<td>-</td>
<td>7,452,512</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>24,260</td>
<td>-</td>
<td>4,600,112</td>
<td>-</td>
<td>4,624,372</td>
</tr>
<tr>
<td>Bond Issuance Cost</td>
<td>-</td>
<td>73,784</td>
<td>400,191</td>
<td>-</td>
<td>473,975</td>
</tr>
<tr>
<td>** Total Expenditures**</td>
<td>50,209,758</td>
<td>11,437,136</td>
<td>12,370,303</td>
<td>10,018,401</td>
<td>84,035,598</td>
</tr>
</tbody>
</table>

#### Excess (Deficiency) of Revenues Over (Under) Expenditures

<table>
<thead>
<tr>
<th></th>
<th>General FUND</th>
<th>Capital Projects FUND</th>
<th>Debt Service FUND</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>** Excess (Deficiency) of Revenues**</td>
<td>5,717,810</td>
<td>(10,748,842)</td>
<td>(896,221)</td>
<td>1,696,002</td>
<td>(4,231,251)</td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES

<table>
<thead>
<tr>
<th></th>
<th>General FUND</th>
<th>Capital Projects FUND</th>
<th>Debt Service FUND</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>** Transfers In**</td>
<td>34,416</td>
<td>2,216,750</td>
<td>2,675,165</td>
<td>749,974</td>
<td>5,676,305</td>
</tr>
<tr>
<td>** Transfers Out**</td>
<td>(3,773,953)</td>
<td>-</td>
<td>(383,522)</td>
<td>(2,125,528)</td>
<td>(6,283,003)</td>
</tr>
<tr>
<td>** Issuance of Debt**</td>
<td>5,665,000</td>
<td>32,020,000</td>
<td>-</td>
<td>-</td>
<td>37,685,000</td>
</tr>
<tr>
<td>** Payment to Refunded Bond Escrow Agent**</td>
<td>-</td>
<td>-</td>
<td>35,614,546</td>
<td>-</td>
<td>(35,614,546)</td>
</tr>
<tr>
<td>** Premium on Debt Issued**</td>
<td>547,784</td>
<td>-</td>
<td>3,343,685</td>
<td>-</td>
<td>3,891,469</td>
</tr>
<tr>
<td>** Total Other Financing Sources**</td>
<td>(3,739,537)</td>
<td>8,429,534</td>
<td>2,040,782</td>
<td>(1,375,554)</td>
<td>5,355,225</td>
</tr>
<tr>
<td>** Net Change in Fund Balances**</td>
<td>1,978,273</td>
<td>(2,319,308)</td>
<td>1,144,561</td>
<td>320,448</td>
<td>1,123,974</td>
</tr>
</tbody>
</table>

### FUND BALANCES - BEGINNING

<table>
<thead>
<tr>
<th></th>
<th>General FUND</th>
<th>Capital Projects FUND</th>
<th>Debt Service FUND</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>** FUND BALANCES - BEGINNING**</td>
<td>16,021,214</td>
<td>23,728,796</td>
<td>6,940,500</td>
<td>3,806,848</td>
<td>50,497,358</td>
</tr>
</tbody>
</table>

### FUND BALANCES - ENDING

<table>
<thead>
<tr>
<th></th>
<th>General FUND</th>
<th>Capital Projects FUND</th>
<th>Debt Service FUND</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>** FUND BALANCES - ENDING**</td>
<td>$17,999,487</td>
<td>$21,409,488</td>
<td>$8,085,061</td>
<td>$4,127,296</td>
<td>$51,621,332</td>
</tr>
</tbody>
</table>

(The Accompanying Notes are an Integral part of these Financial Statements)
NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS  $ 1,123,974

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense. 3,846,834

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (836,196)

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. 1,538,046

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,450,811)

The change in the liability for net pension liability does not consume a current financial resource and is therefore not reported as an expenditure in the governmental funds. 557,482

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) is reported with governmental activities. (431,647)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES $ 4,347,682
CITY OF SAN MARCOS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET -</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>POSITIVE (NEGATIVE)</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$42,513,848</td>
<td>$42,513,847</td>
<td>$44,415,571</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>2,495,556</td>
<td>2,494,754</td>
<td>2,456,668</td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>1,600,540</td>
<td>1,600,542</td>
<td>1,474,477</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>5,422,910</td>
<td>5,390,114</td>
<td>5,338,366</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>442,330</td>
<td>439,830</td>
<td>490,215</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>61,000</td>
<td>61,000</td>
<td>85,346</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,005,924</td>
<td>1,009,224</td>
<td>1,666,925</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>53,542,108</td>
<td>53,509,311</td>
<td>55,927,568</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>19,552,614</td>
<td>17,235,428</td>
<td>15,338,671</td>
</tr>
<tr>
<td>Public Safety</td>
<td>25,546,063</td>
<td>25,627,729</td>
<td>25,300,121</td>
</tr>
<tr>
<td>Community Service</td>
<td>9,802,919</td>
<td>9,979,430</td>
<td>9,464,194</td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>-</td>
<td>-</td>
<td>82,512</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>24,260</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>54,901,596</td>
<td>52,842,587</td>
<td>50,209,758</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>(1,359,488)</td>
<td>666,724</td>
<td>5,717,810</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>-</td>
<td>34,416</td>
<td>34,416</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(1,804,324)</td>
<td>(3,697,833)</td>
<td>(3,773,953)</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources (Uses)</strong></td>
<td>(1,804,324)</td>
<td>(3,663,417)</td>
<td>(3,739,537)</td>
</tr>
<tr>
<td>Net Change in Fund Balances</td>
<td>(3,163,812)</td>
<td>(2,996,693)</td>
<td>1,978,273</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td>16,021,214</td>
<td>16,021,214</td>
<td>16,021,214</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$12,857,402</td>
<td>$13,024,521</td>
<td>$17,999,487</td>
</tr>
</tbody>
</table>

(The Accompanying Notes are an Integral part of these Financial Statements)
CITY OF SAN MARCOS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS
Cash and Cash Equivalents $ 6,676,801 $ 2,378,191 $ 2,210,115 $ 675,881 $ 11,940,988 $ 627,744
Investments 21,530,999 51,430,939 5,039,535 1,038,108 79,039,581 -
Receivables - Net of Allowances for Uncollectibles 9,355,742 4,483,184 334,824 533,129 14,706,879 70,923
Due from Other Funds 1,000,261 2,768 839 141,580 1,145,448 -
Inventories 996,018 470,548 - - 1,466,566 -
Prepaid Items 30,925 11,190 - - 42,115 -
Total Current Assets 39,590,746 58,776,820 7,585,313 2,420,554 108,373,433 698,667

NONCURRENT ASSETS
Capital Assets:
Land 31,695 2,377,298 34,844 653,140 3,096,977 -
Buildings 472,092 1,557,930 - - 4,339,745 6,369,767
Improvements Other than Buildings 19,112,938 151,773,395 8,545,321 8,342,070 187,773,724 -
Furnishings and Equipment 3,757,091 6,648,484 456,126 37,822 10,899,523 -
Construction in Progress 49,378,198 56,892,964 13,720,401 1,453,989 121,445,552 -
Totals 72,752,014 219,250,071 22,756,692 14,826,766 329,585,543 -
Less:  Accumulated Depreciation (15,828,512) (87,939,313) (3,482,662) (9,965,231) (117,215,718) -
Total Capital Assets - Net of Accumulated Depreciation 56,923,502 131,310,758 19,274,030 4,861,535 212,369,825 -
Total Noncurrent Assets 56,923,502 131,310,758 19,274,030 4,861,535 212,369,825 -

DEFERRED OUTFLOWS OF RESOURCES
Deferred Outflows - Pension 527,743 444,960 41,392 20,695 1,034,790 -
Deferred Charge on Refunding 432,190 4,539,662 591,405 - 5,563,257 -
Total Deferred Outflows of Resources 959,933 4,984,622 632,797 20,695 6,598,047 -

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES 97,474,181 $ 195,072,200 $ 27,492,140 $ 7,302,784 $ 327,341,305 $ 698,667

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES
Accounts Payable $ 4,043,854 $ 2,024,276 757,876 $ 564,491 $ 7,390,497 $ 74,390
Accrued Liabilities 212,194 182,003 17,511 14,083 425,791 -
Due to Other Funds 3,972 - - - 14,560 145,552 -
Claims Payable - - - - - 605,834 -
Customer Deposits 2,782,563 846,019 1,179 160,977 3,790,738 -
Accrued Interest Payable 438,238 433,304 98,194 - 969,736 -
Compensated Absences 148,969 118,138 14,711 - 281,818 -
Current Maturities of Long-term Debt 1,387,922 7,290,977 1,102,469 - 15,781,368 -
Total Current Liabilities 9,013,740 10,898,689 1,991,940 881,131 22,785,500 680,224

NONCURRENT LIABILITIES
Net Pension Liability 3,066,099 2,585,142 240,478 160,977 6,011,958 -
Net OPEB Liability 135,556 119,297 7,121 3,202 265,176 -
Compensated Absences 43,272 34,272 4,294 - 81,838 -
Long- Term Debt 39,541,008 93,209,998 18,619,703 - 151,370,709 -
Total Noncurrent Liabilities 42,785,935 95,948,709 18,871,596 1,004,572 157,729,681 -
Total Liabilities 51,799,675 106,847,398 20,863,536 1,004,572 180,515,181 680,224

DEFERRED INFLOWS OF RESOURCES
Deferred Inflows - Pension 74,668 444,960 41,392 20,695 1,034,790 -

NET POSITION
Net Investment in Capital Assets 24,613,882 54,098,416 4,591,312 4,861,535 88,165,145 -
Restricted - Energy Incentive Programs 84,929 34,272 4,294 - 123,595 -
Unrestricted 20,901,027 33,926,378 2,031,436 1,433,749 82,292,590 18,443
Total Net Position 45,599,938 88,165,462 6,222,248 6,295,284 146,679,716 18,443

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION $ 97,474,181 $ 195,072,200 $ 27,492,140 $ 7,302,784 $ 327,341,305 $ 698,667

(The Accompanying Notes are an Integral part of these Financial Statements)
CITY OF SAN MARCOS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

### OPERATING REVENUES

<table>
<thead>
<tr>
<th>BUSINESS-TYPE ACTIVITIES: ENTERPRISE FUNDS</th>
<th>GOVERNMENTAL ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ELECTRIC</strong></td>
<td>WATER AND WASTEWATER</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>$ 65,416,628</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>30,728</td>
</tr>
<tr>
<td>Employer Contributions</td>
<td>-</td>
</tr>
<tr>
<td>Employee Contributions</td>
<td>-</td>
</tr>
<tr>
<td>Retiree Contributions</td>
<td>-</td>
</tr>
<tr>
<td>Pharmacy Rebates</td>
<td>90,119</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,131,960</td>
</tr>
</tbody>
</table>

**Total Operating Revenues** 66,548,588 35,231,959 3,163,498 3,266,397 108,210,442 6,118,141

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>BUSINESS-TYPE ACTIVITIES: ENTERPRISE FUNDS</th>
<th>GOVERNMENTAL ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ELECTRIC</strong></td>
<td>WATER AND WASTEWATER</td>
</tr>
<tr>
<td>Purchased Power</td>
<td>38,958,899</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>4,252,322</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>1,684,908</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>1,219,895</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>45,785</td>
</tr>
<tr>
<td>Claims</td>
<td></td>
</tr>
<tr>
<td>Other Charges</td>
<td>5,401,107</td>
</tr>
<tr>
<td>Depreciation</td>
<td>618,403</td>
</tr>
</tbody>
</table>

**Total Operating Expenses** 52,181,319 28,927,845 1,872,533 3,573,907 86,555,604 7,000,729

**Operating Income** 14,367,269 6,304,114 620,923 (313,854) 15,698,417 (881,647)

### NONOPERATING REVENUES (EXPENSES)

<table>
<thead>
<tr>
<th>BUSINESS-TYPE ACTIVITIES: ENTERPRISE FUNDS</th>
<th>GOVERNMENTAL ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Earnings (Loss)</td>
<td>85,218</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>(1,570,623)</td>
</tr>
<tr>
<td>Grants</td>
<td></td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues (Expenses)</strong></td>
<td>(1,485,405)</td>
</tr>
<tr>
<td>Income (Loss) before Transfers</td>
<td>12,881,864</td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>1,400,371</td>
</tr>
<tr>
<td>Transfers In</td>
<td>-</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(150,000)</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>14,132,235</td>
</tr>
</tbody>
</table>

**TOTAL NET POSITION - BEGINNING, AS RESTATED** 31,467,603 85,861,778 6,001,825 6,093,024 129,424,230 450,000

**TOTAL NET POSITION - ENDING** $ 45,599,838 $ 88,161,846 $ 6,622,748 $ 6,295,284 $ 146,679,716 $ 18,443

(The Accompanying Notes are an Integral part of these Financial Statements)
CITY OF SAN MARCOS, TEXAS  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>BUSINESS-TYPE ACTIVITIES</th>
<th>ELECTRIC</th>
<th>WATER AND WASTEWATER</th>
<th>STORMWATER</th>
<th>DRAINAGE</th>
<th>FUNDS</th>
<th>TOTALS</th>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Received from Customers</td>
<td>$66,154,225</td>
<td>$34,474,688</td>
<td>$3,183,997</td>
<td>$3,192,566</td>
<td>$107,005,476</td>
<td>$6,067,277</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Paid to Suppliers</td>
<td>(46,232,674)</td>
<td>(6,534,780)</td>
<td>142,083</td>
<td>(3,026,358)</td>
<td>(55,651,729)</td>
<td>(7,077,317)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Paid to Employees</td>
<td>(5,973,291)</td>
<td>(12,229,112)</td>
<td>(1,085,456)</td>
<td>(158,062)</td>
<td>(19,445,921)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>201,051</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash Provided by (Used in) Operating Activities</td>
<td>13,948,260</td>
<td>15,710,796</td>
<td>2,240,624</td>
<td>8,146</td>
<td>31,907,826</td>
<td>(808,989)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES |          |                      |            |          |       |        |                          |         |
| Transfers from Other Funds | - | 286,871 | 20,996 | 595,920 | 903,787 | 450,000 |
| Transfers to Other Funds | (2,375,091) | (6,701,004) | (15,007) | (25,181) | (9,116,283) | - |
| Net Cash Provided by (Used in) Noncapital Financing Activities | (2,375,091) | (6,414,133) | 5,989 | 570,739 | (8,212,496) | 450,000 |

| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES |          |                      |            |          |       |        |                          |         |
| Proceeds from Capital Debt | 3,705,000 | 18,760,000 | 4,805,000 | - | 27,270,000 | - |
| Capital Contributions | 1,400,371 | - | - | - | 1,400,371 | - |
| Principal Paid on Debt | (824,594) | (18,324,782) | (4,510,000) | - | (23,659,376) | - |
| Interest and Fiscal Charges Paid on Debt | (1,183,438) | (7,18,084) | (452,922) | - | (4,354,444) | - |
| Acquisition of Capital Assets | (5,686,625) | (6,562,468) | (3,624,958) | (63,017) | (15,937,068) | - |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | (2,589,286) | (8,845,334) | (3,782,880) | (63,017) | (15,280,517) | - |

| CASH FLOWS FROM INVESTING ACTIVITIES |          |                      |            |          |       |        |                          |         |
| Sale (Purchase) of Investment Securities | (4,329,268) | (9,440,831) | (1,620,711) | (1,046,639) | (16,427,449) | - |
| Interest Received | 121,803 | 116,604 | 6,571 | 2,188 | 247,166 | 941 |
| Net Cash Provided by (Used in) Investing Activities | (4,207,465) | (9,324,227) | (1,614,140) | (1,044,451) | (16,190,283) | 941 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 4,776,418 | (8,872,898) | (3,150,407) | (528,583) | (7,775,470) | (358,048) |
| CASH AND CASH EQUIVALENTS - BEGINNING | 1,900,383 | 11,251,089 | 5,360,522 | 1,204,464 | 19,716,458 | 985,792 |
| CASH AND CASH EQUIVALENTS - ENDING | $6,676,801 | $2,378,191 | $2,210,115 | $675,881 | $11,940,988 | $627,744 |

(The Accompanying Notes are an Integral part of these Financial Statements)
CITY OF SAN MARCOS, TEXAS  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2015  

<table>
<thead>
<tr>
<th>BUSINESS-TYPE ACTIVITIES: ENTERPRISE FUNDS</th>
<th>GOVERNMENTAL ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELECTRIC</td>
<td>WATER AND STORMWATER</td>
</tr>
<tr>
<td>DRAINAGE</td>
<td>OTHER FUNDS</td>
</tr>
<tr>
<td>TOTALS</td>
<td>INTERIOR SERVICE</td>
</tr>
</tbody>
</table>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Operating Income (Loss)</th>
<th>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14,367,269</td>
<td></td>
</tr>
<tr>
<td>$6,304,114</td>
<td></td>
</tr>
<tr>
<td>$1,290,965</td>
<td></td>
</tr>
<tr>
<td>(307,510)</td>
<td></td>
</tr>
<tr>
<td>$21,654,838</td>
<td></td>
</tr>
<tr>
<td>(882,588)</td>
<td></td>
</tr>
</tbody>
</table>

Changes in Assets and Liabilities

<table>
<thead>
<tr>
<th>Decrease (Increase) in Assets</th>
<th>Increase (Decrease) in Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>Accounts Payable</td>
</tr>
<tr>
<td>(714,299)</td>
<td>(569,305)</td>
</tr>
<tr>
<td>(814,637)</td>
<td>1,301,655</td>
</tr>
<tr>
<td>20,499</td>
<td>341,513</td>
</tr>
<tr>
<td>(111,953)</td>
<td>250,317</td>
</tr>
<tr>
<td>(1,620,390)</td>
<td>1,324,180</td>
</tr>
<tr>
<td>(50,864)</td>
<td>27,431</td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>Accrued Liabilities</td>
</tr>
<tr>
<td>-</td>
<td>14,319</td>
</tr>
<tr>
<td>-</td>
<td>18,116</td>
</tr>
<tr>
<td>-</td>
<td>9,743</td>
</tr>
<tr>
<td>-</td>
<td>3,261</td>
</tr>
<tr>
<td>-</td>
<td>45,439</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>Due to Other Funds</td>
</tr>
<tr>
<td>22,216</td>
<td>-</td>
</tr>
<tr>
<td>13,225</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>35,441</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase (Decrease) in Liabilities</th>
<th>Net Pension Liability</th>
<th>OPEB Liability</th>
<th>Compensated Absences</th>
<th>Customer Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>(62,413)</td>
<td>11,810</td>
<td>14,542</td>
<td>319,935</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>(52,621)</td>
<td>9,907</td>
<td>2,825</td>
<td>57,366</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>(4,896)</td>
<td>954</td>
<td>8,366</td>
<td>-</td>
</tr>
<tr>
<td>OPEB Liability</td>
<td>(2,447)</td>
<td>422</td>
<td>-</td>
<td>7,409</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>(122,377)</td>
<td>23,093</td>
<td>-</td>
<td>384,710</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>(2,317,199)</td>
<td>(104,019)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

NET CASH PROVIDED BY (USED IN) OPERATIONS

<table>
<thead>
<tr>
<th>Electric</th>
<th>Water and Stormwater</th>
<th>Drainage</th>
<th>Other Funds</th>
<th>Totals</th>
<th>Interior Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13,948,260</td>
<td>$15,710,796</td>
<td>$2,240,624</td>
<td>$8,146</td>
<td>$31,907,826</td>
<td>$(808,989)</td>
</tr>
</tbody>
</table>

(The Accompanying Notes are an Integral part of these Financial Statements)
NOTES TO BASIC FINANCIAL STATEMENTS
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of San Marcos, Texas (the City) was incorporated July 11, 1877, while the City’s home rule charter was adopted by election in 1967. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, general and administrative, electric, water and wastewater services.

The accompanying financial statements comply with the provisions of the GASB Statement No. 14, 39, and 61, The Financial Reporting Entity, in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization’s governing body and either (1) the City’s ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. There are no component units which satisfy requirements for blending within the City’s financial statements or for discrete presentation.

B. Government-Wide and Fund 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 activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is 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 revenue 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.
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 30 days of the end of the current fiscal period. Property taxes availability period is considered to be 60 days. 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.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- **General Fund** is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Capital Projects Fund** accounts for the acquisition of capital assets or construction of major capital projects not being financed by other funds.
- **Debt Service Fund** accounts for the accumulation of resources for the payment of long-term debt principal, interest, and related costs.

The City reports the following major proprietary funds:

- **Electric Fund** accounts for the activities necessary for the provision of electric services.
- **Water and Wastewater Fund** accounts for the activities necessary for the provision of water and sewer services.
- **Stormwater Drainage Fund** was created to address the need for improvements in drainage channels throughout the City. The fund obtains revenue through the assessment of a monthly drainage utility fee to both residential and commercial customers.

Additionally, the City reports the following fund type:

- **Internal Service Fund** accounts for benefits provided to other departments or agencies of the City on a cost-reimbursement basis.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City’s water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

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 City’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

D. Assets, Liabilities, Fund Balance, and Net Position

Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, certificates of deposit, investment securities with a maturity of three months or less from the date of purchase.

Statutes authorize the City to invest in obligations of U. S. Treasury or its agencies and instrumentalities, obligations of the state or its agencies, other investments guaranteed by the U. S. Treasury or the State of Texas, or investments rated by a national rating company at “A” or better. The City is also authorized to invest in fully collateralized repurchase agreements, local government investment pools, and in certificates of deposit issued by banks domiciled in Texas that are FDIC insured or have securities (of aforementioned quality) pledged to secure these deposits. The investment of idle funds has been restricted to U. S. Government Treasury and agency securities and time deposits with the City’s depository banks.

Investments for the City are reported at fair value. The State Treasurer’s Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 15 percent of outstanding property taxes at September 30, 2015.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Inventories and Prepaid Items

Inventory is valued at cost using the average cost method of accounting. Inventory in the general fund consists of expendable supplies held for consumption. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method). Inventory reported in the general fund is offset by a fund balance reserve which indicates that it does not represent “available spendable resources” even though it is a component of net current assets. Inventory in the water and wastewater and electric funds consists of parts and maintenance items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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 columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

Capital Assets (Continued)

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

<table>
<thead>
<tr>
<th>ASSET</th>
<th>YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>20 - 50 Years</td>
</tr>
<tr>
<td>Improvements Other than Buildings</td>
<td>10 - 40 Years</td>
</tr>
<tr>
<td>Infrastructure (Streets and Drainage)</td>
<td>35 - 125 Years</td>
</tr>
<tr>
<td>Equipment</td>
<td>5 - 10 Years</td>
</tr>
</tbody>
</table>

Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for these amounts is reported in the applicable governmental funds and business-type funds as it is due to the employees at the time of resignation or retirement. The liability is recorded as follows: All employees are entitled to be paid up to 30 days (90 days with 20 years of continuous service) of accumulated vacation; in addition Civil Service-Police are entitled to be paid up to 90 days of sick and Civil Service-Fire are entitled to 90 days of sick at 1,080 hours for 12-hour days.

Long-Term Obligations

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

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

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:
D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

Fund Balance Classification (Continued)

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by court resolution of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- **Assigned**: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.

- **Unassigned**: This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned.

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in order to provide an understanding of the changes in the financial position and operations. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year’s presentation.

Change in Accounting Policy

During fiscal year 2015, the City changed accounting policies related to reporting of net pension liability, deferred outflows of resources, and deferred inflows of resources in a statement of net financial position by adopting GASB Statement No. 68 “Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27.” Accordingly, the effect of the accounting change is reported on the statement of net position, and the statement of activities for the current year.

NOTE 2: 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. One element of that reconciliation explains, “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 $(152,296,112) difference are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Difference (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>$(119,215,000)</td>
</tr>
<tr>
<td>Capital Lease</td>
<td>(1,170,282)</td>
</tr>
<tr>
<td>Discounts on Bonds</td>
<td>92,080</td>
</tr>
<tr>
<td>Premiums on Bonds</td>
<td>(8,159,237)</td>
</tr>
<tr>
<td>Accrued Interest Payable</td>
<td>(597,753)</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>(5,800,476)</td>
</tr>
<tr>
<td>Deferred Loss on Refunding</td>
<td>7,125,853</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>(23,340,745)</td>
</tr>
<tr>
<td>OPEB Net Pension Obligation</td>
<td>(1,230,552)</td>
</tr>
</tbody>
</table>

NET ADJUSTMENT TO REDUCE FUND BALANCE - TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT NET POSITION – GOVERNMENTAL ACTIVITIES

$(152,296,112)
NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental fund and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The detail of this $3,846,834 difference is as follows:

<table>
<thead>
<tr>
<th>Capital Outlay</th>
<th>$13,786,208</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation Expense</td>
<td>(9,939,374)</td>
</tr>
</tbody>
</table>

NET ADJUSTMENT TO INCREASE NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

$ 3,846,834

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.” The detail of this $(836,196) difference is as follows:

<table>
<thead>
<tr>
<th>Capital Contribution</th>
<th>$ 680,726</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>(1,516,922)</td>
</tr>
</tbody>
</table>

NET ADJUSTMENT TO INCREASE NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

$(836,196)

Another element of that reconciliation states, “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government 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.” The details of this $1,538,046 difference are as follows:

Debt Issued or Incurred:
- Issuance of General Obligation Bonds: $37,685,000
- Premium on Bond Issuance: (3,891,469)

Principal Repayments:
- General Obligation Bonds Refunded: 31,780,000
- Capital Lease: 129,969
- Deferred Loss on Refunding: 3,834,546
- General Obligation Debt: 7,370,000

NET ADJUSTMENT TO DECREASE NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

$ 1,538,046
NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this $(1,450,811) difference are as follows:

Compensated Absence/OPEB Net Pension Obligation $ (1,163,085)
Loss on Capital Asset Disposal (26,220)
Accrued Interest 76,621
Amortization of Deferred Charge on Refunding (530,343)
Amortization of Bond Discounts (385,286)
Amortization of Bond Premiums 577,502

NET ADJUSTMENT TO DECREASE NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES $ (1,450,811)

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City Charter prescribes certain requirements for adoption of an annual operating budget by the City Council. The Council must have a public hearing on the budget and may not adopt the budget until 14 days after the hearing. The budget is to be adopted at least 15 days before the beginning of the fiscal year to which it applies.

The amounts of proposed expenditures become appropriated to the objects and purposes named in the budget upon the effective date after adoption. The total estimated expenditures of the general fund shall not exceed the total estimated resources of the fund (prospective income plus cash on hand).

The City budget may be amended and appropriations may be altered in cases of public necessity, as declared by the City Council. The City Manager has the ability to reallocate funds from one line item to another within the various budget categories within departments in the same fund (i.e., personnel services, other charges, contracted services, etc.), but City Council approval is required for budget adjustments between funds.

The budget ordinance states that expenditures should not exceed the budget in the various departments (general government, human resources, finance, etc.) within an individual fund. The City’s appropriation ordinance approves items as detailed in the approved budget. Budgeted amounts reported are based on the budget ordinance originally adopted and as amended by the City Council throughout the year.
NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Formal budgetary accounting is employed for all funds of the City, excluding Grants and Special Entitlements, PARD Recreation Programs, Library Memorial, Parks and Recreation, Capital Projects and the Cemetery Perpetual Permanent Fund. Annual operating budgets are prepared and presented for the general fund, debt service fund, and all other special revenue funds. All annual appropriations lapse at fiscal year-end.

Budgets for the governmental fund types are prepared and adopted on the GAAP basis. Budgets for expenses used for managerial control have been prepared for the enterprise funds on a non-GAAP basis, which excludes depreciation, but includes capital outlay and total debt service.

The City Council made several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations were not considered material.

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

In compliance with the Public Fund Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

1. 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. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2015, the City’s bank balance was fully collateralized with securities held by independent third party financial institutions.
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. **Deposits and Investments (Continued)**

2. **Credit Risk** - It is the City’s policy to limit investments to investment types with an investment quality rating no lower than AAA (regular funds) and A (reserved funds) or an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 360 days for regular funds and 18 months for reserved funds. The City’s investment pool was rated AAAm by Standard & Poor’s Investors Services.

3. **Interest Rate Risk**: In accordance with the City’s investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 360 days or less for regular funds and 18 months for reserved funds, dependent on market conditions.

4. **Concentration of Credit Risk**: The government’s investment policy states the maximum percentage allowed for each different investment instrument that can be used to make up the portfolio.

The City’s cash and investments at September 30, 2015, are shown below:

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>RATING</th>
<th>RATING ORGANIZATION</th>
<th>FAIR VALUE</th>
<th>WEIGHTED AVERAGE MATURITY (DAYS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well Fargo Cash and Cash on Hand</td>
<td>NR</td>
<td>N/A</td>
<td>$13,224,298</td>
<td></td>
</tr>
<tr>
<td>TexStar</td>
<td>AAAm</td>
<td>Standard &amp; Poor’s</td>
<td>1,143,746</td>
<td></td>
</tr>
<tr>
<td>Texas CLASS</td>
<td>AAAm</td>
<td>Standard &amp; Poor’s</td>
<td>44,454,795</td>
<td></td>
</tr>
<tr>
<td>TexaSTEM</td>
<td>AAAm</td>
<td>Standard &amp; Poor’s</td>
<td>6,982,107</td>
<td></td>
</tr>
<tr>
<td>TxPOOL</td>
<td></td>
<td></td>
<td>507,446</td>
<td></td>
</tr>
<tr>
<td>Lonestar</td>
<td>AAAm</td>
<td>Standard &amp; Poor’s</td>
<td>13,924,477</td>
<td></td>
</tr>
<tr>
<td>LOGIC</td>
<td>AAAm</td>
<td>Standard &amp; Poor’s</td>
<td>9,400,462</td>
<td></td>
</tr>
<tr>
<td>Wells Fargo Money Market Mutual Funds</td>
<td>AAAm</td>
<td>Standard &amp; Poor’s</td>
<td>24,369,002</td>
<td></td>
</tr>
<tr>
<td>FHLMC</td>
<td>AA+</td>
<td>Standard &amp; Poor’s</td>
<td>10,111,539</td>
<td>795</td>
</tr>
<tr>
<td>United States Treasuries</td>
<td>AA+</td>
<td>Standard &amp; Poor’s</td>
<td>17,737,144</td>
<td>487</td>
</tr>
</tbody>
</table>

**TOTAL FAIR VALUE**

$141,855,016

Portfolio Weighted Average Maturity (Days) 118
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of year-end for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>GENERAL</th>
<th>CAPITAL PROJECTS</th>
<th>OTHER GOVERNMENTAL</th>
<th>DEBT SERVICE</th>
<th>ELECTRIC</th>
<th>WATER/STORMWATER</th>
<th>NONMAJOR ENTERPRISE</th>
<th>INTERNAL SERVICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>432,768</td>
<td>-</td>
<td>256,505</td>
<td>442,999</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,132,272</td>
</tr>
<tr>
<td>Accounts</td>
<td>4,403,256</td>
<td>1,158,492</td>
<td>2,622,196</td>
<td>780,862</td>
<td>9,924,205</td>
<td>4,796,744</td>
<td>377,657</td>
<td>590,864</td>
<td>26,083,691</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>-</td>
<td>-</td>
<td>1,358,586</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,389,300</td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,198</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,198</td>
</tr>
<tr>
<td>Gross Receivables</td>
<td>4,836,024</td>
<td>1,158,492</td>
<td>4,441,485</td>
<td>1,223,861</td>
<td>9,924,205</td>
<td>4,796,744</td>
<td>377,657</td>
<td>590,864</td>
<td>28,609,461</td>
</tr>
<tr>
<td>Loss: Allowance for Uncollectibles</td>
<td>(29,347)</td>
<td>-</td>
<td>(32,298)</td>
<td>(548,463)</td>
<td>(313,560)</td>
<td>(42,833)</td>
<td>(84,449)</td>
<td>-</td>
<td>(1,074,950)</td>
</tr>
<tr>
<td>NET TOTAL RECEIVABLES</td>
<td>4,806,677</td>
<td>1,158,492</td>
<td>4,441,485</td>
<td>1,191,563</td>
<td>9,355,742</td>
<td>4,483,184</td>
<td>334,824</td>
<td>533,129</td>
<td>27,534,511</td>
</tr>
</tbody>
</table>

Governmental funds report deferred inflows of revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of revenue and unearned revenue reported in the governmental funds were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>DEFERRED INFLOWS</th>
<th>UNEARNED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquent Property Taxes Receivable (General Fund)</td>
<td>$ 389,725</td>
<td>$ 165,680</td>
</tr>
<tr>
<td>Activity Center (General Fund)</td>
<td>-</td>
<td>1,773,432</td>
</tr>
<tr>
<td>Grant Drawdown (General Fund)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Delinquent Property Taxes Receivable (Debt Service)</td>
<td>398,309</td>
<td>-</td>
</tr>
<tr>
<td>Hotel Occupancy (Nonmajor Governmental)</td>
<td>-</td>
<td>802,322</td>
</tr>
<tr>
<td>Grant Drawdowns (Nonmajor Governmental)</td>
<td>-</td>
<td>98</td>
</tr>
<tr>
<td>TOTAL DEFERRED/UNEARNED REVENUE FOR GOVERNMENTAL FUNDS</td>
<td>$ 788,034</td>
<td>$ 2,741,532</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

<table>
<thead>
<tr>
<th></th>
<th>BEGINNING BALANCE</th>
<th>INCREASES</th>
<th>DECREASES</th>
<th>ENDING BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Assets not being Depreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 14,438,124</td>
<td>$ 1,522,400</td>
<td>-</td>
<td>$ 15,960,524</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>55,566,786</td>
<td>11,972,977</td>
<td>(989,765)</td>
<td>66,549,998</td>
</tr>
<tr>
<td>Total Capital Asset not being Depreciated</td>
<td>70,004,910</td>
<td>13,495,377</td>
<td>(989,765)</td>
<td>82,510,522</td>
</tr>
<tr>
<td>Capital Assets being Depreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>36,554,153</td>
<td></td>
<td>-</td>
<td>36,554,153</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>27,370,655</td>
<td>1,023,220</td>
<td>(222,964)</td>
<td>28,170,911</td>
</tr>
<tr>
<td>Improvements other than Buildings</td>
<td>102,378,027</td>
<td>257,376</td>
<td>-</td>
<td>102,635,403</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>35,605,632</td>
<td></td>
<td>-</td>
<td>36,286,358</td>
</tr>
<tr>
<td>Total Capital Asset being Depreciated</td>
<td>201,908,467</td>
<td>1,961,322</td>
<td>(222,964)</td>
<td>203,646,825</td>
</tr>
<tr>
<td>Less Accumulated Depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(8,347,086)</td>
<td>(752,344)</td>
<td>-</td>
<td>(9,099,430)</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>(20,265,439)</td>
<td>(1,551,191)</td>
<td>196,743</td>
<td>(21,619,887)</td>
</tr>
<tr>
<td>Improvements Other than Buildings</td>
<td>(33,012,553)</td>
<td>(6,277,675)</td>
<td>-</td>
<td>(39,290,228)</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>(11,814,796)</td>
<td>(1,358,164)</td>
<td>-</td>
<td>(13,172,960)</td>
</tr>
<tr>
<td>Total Accumulated Depreciation</td>
<td>(73,439,874)</td>
<td>(9,939,374)</td>
<td>196,743</td>
<td>(83,182,505)</td>
</tr>
<tr>
<td>Total Capital Assets being Depreciated - Net</td>
<td>128,468,593</td>
<td>(7,978,052)</td>
<td>(26,221)</td>
<td>120,464,320</td>
</tr>
</tbody>
</table>

**GOVERNMENTAL ACTIVITIES**

CAPITAL ASSETS - NET: $198,473,503 $5,517,325 $(1,015,986) $202,974,842

**Business-Type Activities**

Capital Assets not being Depreciated

<table>
<thead>
<tr>
<th></th>
<th>BEGINNING BALANCE</th>
<th>INCREASES</th>
<th>DECREASES</th>
<th>ENDING BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 3,096,977</td>
<td></td>
<td>-</td>
<td>$ 3,096,977</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>107,393,561</td>
<td>14,915,604</td>
<td>(863,613)</td>
<td>121,445,552</td>
</tr>
<tr>
<td>Total Assets not being Depreciated</td>
<td>110,490,538</td>
<td>14,915,604</td>
<td>(863,613)</td>
<td>124,542,529</td>
</tr>
<tr>
<td>Capital Assets being Depreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>6,369,767</td>
<td></td>
<td>-</td>
<td>6,369,767</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>9,759,585</td>
<td>1,139,938</td>
<td>-</td>
<td>10,899,523</td>
</tr>
<tr>
<td>Improvements other than Buildings</td>
<td>187,028,588</td>
<td>745,136</td>
<td>-</td>
<td>187,773,724</td>
</tr>
<tr>
<td>Total Capital Assets being Depreciated</td>
<td>203,157,940</td>
<td>1,885,074</td>
<td>-</td>
<td>205,043,014</td>
</tr>
<tr>
<td>Less Accumulated Depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(3,660,168)</td>
<td>(117,568)</td>
<td>-</td>
<td>(3,777,736)</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>(6,881,273)</td>
<td>(569,889)</td>
<td>-</td>
<td>(7,451,162)</td>
</tr>
<tr>
<td>Improvements other than Buildings</td>
<td>(96,416,205)</td>
<td>(9,570,615)</td>
<td>-</td>
<td>(105,986,820)</td>
</tr>
<tr>
<td>Total Accumulated Depreciation</td>
<td>(106,957,646)</td>
<td>(10,258,072)</td>
<td>-</td>
<td>(117,215,718)</td>
</tr>
<tr>
<td>Total Capital Assets being Depreciated - Net</td>
<td>96,200,294</td>
<td>(8,372,998)</td>
<td>-</td>
<td>87,827,296</td>
</tr>
</tbody>
</table>

**BUSINESS-TYPE ACTIVITIES**

CAPITAL ASSETS - NET: $206,690,832 $6,542,606 $(863,613) $212,369,825
C. Capital Assets (Continued)

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

**Governmental Activities**

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$7,957,841</td>
</tr>
<tr>
<td>Public Safety</td>
<td>1,117,376</td>
</tr>
<tr>
<td>Community Services</td>
<td>864,157</td>
</tr>
</tbody>
</table>

**Total Depreciation Expense - Governmental Activities**  
$9,939,374

**Business-Type Activities**

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>$618,403</td>
</tr>
<tr>
<td>Water and Wastewater</td>
<td>8,896,400</td>
</tr>
<tr>
<td>Airport</td>
<td>169,789</td>
</tr>
<tr>
<td>Stormwater Drainage</td>
<td>573,480</td>
</tr>
</tbody>
</table>

**Total Depreciation Expense - Business-Type Activities**  
$10,258,072

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2015, is as follows:

**Due to/from Other Funds:**

<table>
<thead>
<tr>
<th>RECEIVABLE FUND</th>
<th>PAYABLE FUND</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>Debt Service</td>
<td>$90,255</td>
</tr>
<tr>
<td>General</td>
<td>Other Governmental</td>
<td>2,339,693</td>
</tr>
<tr>
<td>Debt Service</td>
<td>Water Wastewater Utility</td>
<td>3,972</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>Other Governmental</td>
<td>933,046</td>
</tr>
<tr>
<td>Drainage Utility</td>
<td>Debt Service</td>
<td>839</td>
</tr>
<tr>
<td>Water Wastewater Utility</td>
<td>Debt Service</td>
<td>2,768</td>
</tr>
<tr>
<td>Electric Utility</td>
<td>Capital Project</td>
<td>1,000,261</td>
</tr>
<tr>
<td>Transit</td>
<td>Airport</td>
<td>141,580</td>
</tr>
</tbody>
</table>

$4,512,414

Balances resulted from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers (Continued)

**Interfund Transfers**

<table>
<thead>
<tr>
<th></th>
<th>GENERAL</th>
<th>CAPITAL DEBT</th>
<th>NONMAJOR INTERNAL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transfers Out</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>$ -</td>
<td>$2,216,750</td>
<td>$ 617,137</td>
<td>$ 2,833,887</td>
</tr>
<tr>
<td>Debt Service</td>
<td>-</td>
<td>-</td>
<td>$ 383,522</td>
<td>$ 383,522</td>
</tr>
<tr>
<td>Nonmajor Gov.</td>
<td>-</td>
<td>$ 2,058,028</td>
<td>$ 67,500</td>
<td>$ 2,125,528</td>
</tr>
<tr>
<td>Electric</td>
<td>-</td>
<td>-</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Water &amp; Wastewater</td>
<td>34,416</td>
<td>-</td>
<td>25,000</td>
<td>209,416</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>$ 34,416</td>
<td>$ 2,216,750</td>
<td>$ 2,675,165</td>
<td>$ 6,642,419</td>
</tr>
</tbody>
</table>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Leases

The City has various capital leases for equipment in the capital projects fund and the water/wastewater funds.

Principal and interest requirements to maturity as of September 30, 2015 are as follows:

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>BUSINESS-TYPE ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PRINCIPAL</td>
<td>INTEREST</td>
</tr>
<tr>
<td>2016</td>
<td>$ 133,712</td>
<td>$ 31,879</td>
</tr>
<tr>
<td>2017</td>
<td>137,663</td>
<td>28,017</td>
</tr>
<tr>
<td>2018</td>
<td>141,576</td>
<td>24,104</td>
</tr>
<tr>
<td>2019</td>
<td>145,602</td>
<td>20,079</td>
</tr>
<tr>
<td>2020</td>
<td>149,712</td>
<td>15,969</td>
</tr>
<tr>
<td>2021 - 2025</td>
<td>462,017</td>
<td>21,935</td>
</tr>
<tr>
<td></td>
<td><strong>$1,170,282</strong></td>
<td><strong>$141,983</strong></td>
</tr>
</tbody>
</table>

F. Long-Term Debt

**General Obligation Bonds and Combination Tax and Revenue Bonds**

The government issues general obligation bonds and combination tax and revenue bonds to provide funds for the acquisition and construction of major capital facilities. These debt issues have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. During the year, the City issued $17,645,000 of Combination Tax and Revenue Certificates of Obligation, Series 2015 with a 1.0-5.0% interest rate that mature August 15, 2035.
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Bond Refunding

On December 18, 2014, the City issued $46,900,000 of General Obligation Refunding Bonds, Series 2014. The net proceeds from the issuance of the bonds were used to purchase U.S. Government Securities and those securities were deposited into an irrevocable trust with an escrow agent to provide future debt service payments. A deposit of $52,599,735 was made to an escrow agent to provide the refunding of $5,765,000 of Series 2007A Combination Tax and Revenue Certificates of Obligation, $2,305,000 of Series 2008 General Obligation Bonds, $7,335,000 of Series 2008 Combination Tax and Revenue Certificates of Obligation, $19,950,000 of Series 2008 Pass Through Toll Revenue and Limited Tax Bonds, $575,000 of Series 2007 Waterworks and Wastewater System Revenue Bonds, and $11,215,000 of Series 2008 Waterworks and Wastewater System Revenue Bonds. As of September 30, 2015, the outstanding balance of these defeased bonds is $47,145,000. The refunded bonds are considered legally defeased and the liability for these bonds has been removed. The City refunded these bonds to reduce its total debt service payments by $5,274,968 and to obtain an economic gain of $5,156,193 (present value).

General Obligation Bonds and Combination Tax and Revenue Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the government. Combination tax and revenue bonds constitute direct obligations of the City and are payable from a combination of the levy of ad valorem taxes and a limited pledge of surplus revenues of the City’s water and wastewater system. Both bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. Bonds currently outstanding are as follows:

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>INTEREST RATES</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Activities</td>
<td>3.50 - 4.61%</td>
<td>$ 45,940,000</td>
</tr>
<tr>
<td>Governmental Activities - Refunding</td>
<td>2.00 - 5.375%</td>
<td>73,275,000</td>
</tr>
<tr>
<td>Business-Type Activities</td>
<td>3.50 - 5.00%</td>
<td>86,225,000</td>
</tr>
<tr>
<td>Business-Type Activities - Refunding</td>
<td>2.00 - 5.00%</td>
<td>67,165,000</td>
</tr>
</tbody>
</table>

$ 272,605,000
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

**General Obligation Bonds and Combination Tax and Revenue Bonds (Continued)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

<table>
<thead>
<tr>
<th>YEAR ENDING SEPTEMBER 30,</th>
<th>GOVERNMENTAL ACTIVITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PRINCIPAL</td>
<td>INTEREST</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$ 8,230,000</td>
<td>$ 4,921,914</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>7,690,000</td>
<td>4,671,739</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>7,815,000</td>
<td>4,392,666</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>7,610,000</td>
<td>4,099,235</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>7,890,000</td>
<td>3,811,386</td>
<td></td>
</tr>
<tr>
<td>2021-2025</td>
<td>38,300,000</td>
<td>14,080,510</td>
<td></td>
</tr>
<tr>
<td>2026-2030</td>
<td>33,000,000</td>
<td>5,824,799</td>
<td></td>
</tr>
<tr>
<td>2031-2035</td>
<td>8,680,000</td>
<td>712,750</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 119,215,000</td>
<td>$ 42,514,999</td>
<td></td>
</tr>
</tbody>
</table>

**Revenue Bonds**

Annual debt service requirements to maturity for revenue bonds are as follows:

<table>
<thead>
<tr>
<th>YEAR ENDING SEPTEMBER 30,</th>
<th>BUSINESS-TYPE ACTIVITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PRINCIPAL</td>
<td>INTEREST</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$ 9,220,000</td>
<td>$ 5,703,331</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>9,710,000</td>
<td>5,525,030</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>10,040,000</td>
<td>5,200,057</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>10,330,000</td>
<td>4,895,534</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>10,660,000</td>
<td>4,595,007</td>
<td></td>
</tr>
<tr>
<td>2021-2025</td>
<td>44,510,000</td>
<td>18,239,498</td>
<td></td>
</tr>
<tr>
<td>2026-2030</td>
<td>39,415,000</td>
<td>8,927,067</td>
<td></td>
</tr>
<tr>
<td>2031-2035</td>
<td>18,825,000</td>
<td>2,390,620</td>
<td></td>
</tr>
<tr>
<td>2036</td>
<td>680,000</td>
<td>35,300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 153,390,000</td>
<td>$ 55,511,444</td>
<td></td>
</tr>
</tbody>
</table>

**Defeasance of Bonds**

In prior years, the City placed the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trusts’ assets and liabilities for the defeased bonds are not included in the City’s financial statements. At September 30, 2015, the outstanding balance of the defeased bonds is $47,695,000.
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

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

<table>
<thead>
<tr>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>$120,680,000</td>
<td>$37,685,000</td>
<td>$(39,150,000)</td>
<td>$119,215,000</td>
</tr>
<tr>
<td>Discount on Bonds</td>
<td>(477,366)</td>
<td>-</td>
<td>385,286</td>
<td>(92,080)</td>
</tr>
<tr>
<td>Premium on Bonds</td>
<td>4,845,270</td>
<td>3,891,469</td>
<td>(577,502)</td>
<td>8,159,237</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>1,300,251</td>
<td>-</td>
<td>(129,969)</td>
<td>1,170,282</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>5,104,198</td>
<td>2,852,831</td>
<td>(2,156,553)</td>
<td>5,800,476</td>
</tr>
<tr>
<td>TMRS Net Pension Liability</td>
<td>3,639,628</td>
<td>27,387,814</td>
<td>(3,639,628)</td>
<td>27,387,814</td>
</tr>
<tr>
<td>OPEB Net Pension Obligation</td>
<td>1,125,345</td>
<td>105,207</td>
<td>-</td>
<td>1,230,552</td>
</tr>
<tr>
<td><strong>GOVERNMENTAL ACTIVITY</strong></td>
<td><strong>136,217,326</strong></td>
<td><strong>71,922,321</strong></td>
<td><strong>(45,268,366)</strong></td>
<td><strong>162,871,281</strong></td>
</tr>
</tbody>
</table>

| **Business-Type Activities** | | | | |
| Bonds Payable | | | | |
| Revenue Bonds | $149,670,000 | $27,270,000 | $(23,550,000) | $153,390,000 | $9,220,000 |
| Premium on Bonds | 3,799,543 | 3,333,963 | (511,337) | 6,622,169 | 410,312 |
| Discount on Bonds | (234,415) | - | 70,286 | (164,129) | (11,724) |
| Capital Leases | 1,462,114 | - | (158,077) | 1,304,037 | 162,780 |
| Compensated Absences | 337,923 | 579,400 | (553,667) | 363,656 | 281,818 |
| TMRS Net Pension Liability | 762,506 | 6,011,958 | (762,506) | 6,011,958 | - |
| OPEB Net Pension Obligation | 242,083 | 23,093 | - | 265,176 | - |
| **BUSINESS-TYPE ACTIVITY** | **156,039,754** | **37,218,414** | **(25,465,301)** | **167,792,867** | **10,063,186** |

For governmental activities, TMRS net pension liability, OPEB liability, and compensated absences are, and were in prior years, generally liquidated by the general fund.

G. Other Information

Benefits Management

The City offers a medical and dental plan to eligible employees and qualified dependents. Plan benefits are designed to provide a competitive plan to attract and retain a qualified workforce.

The medical plan is funded by contributions of the City and employees. The City and our employees’ contributions go into a fund which pays claims and associated plan costs such as the plan administrator, network expenses, insurance and programs and services to provide an effective program. Excess insurance is purchased to cover claims in excess of the $150,000 attachment point as well as aggregate insurance. Excess insurance covers medical and pharmacy claims. Features of the medical plan include a preferred provider network, specialty networks and a pharmacy benefit which includes a tiered co-pay structure and various techniques to provide incentives to utilize lower cost drugs, over the counter alternatives and to manage utilization based on therapeutic equivalencies. The stop-loss contract establishes the aggregate attachment point based on census and aggregate factors defined in the contract. Funding levels are based on maximum plan exposure as calculated and recommended by an employee benefits specialty firm. Projected claim costs are based on claims experience, lag studies, industry trends, census, aggregate factors and insurance and other fixed costs. A liability for claims is established based on estimated incurred but not recorded claims outstanding and anticipated associated insurance and administrative costs.
G. Other Information (Continued)

Benefits Management (Continued)

Employees are given premium incentive to participate in annual health risk assessment. This informs employees about the state of their health and provides a roadmap for both employees and the City to develop programs and services to improve our health, mitigating future claims and developing a focus on early detection and prevention. An annual benefit and wellness fair is hosted to increase employee awareness.

The City continues to identify and implement features to look for best cost alternatives and minimize the need for healthcare to provide a sustainable benefit program.

A reconciliation of changes in the aggregate liabilities of the prior and current year is presented below:

<table>
<thead>
<tr>
<th>YEAR ENDED SEPTEMBER 30,</th>
<th>CURRENT YEAR CLAIMS AND LIABILITY</th>
<th>CLAIM PAYMENTS</th>
<th>ENDING LIABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 $1,059,950</td>
<td>$4,539,177</td>
<td>$4,940,977</td>
<td>$658,150</td>
</tr>
<tr>
<td>2014 658,150</td>
<td>4,755,194</td>
<td>4,703,491</td>
<td>709,853</td>
</tr>
<tr>
<td>2015 709,853</td>
<td>5,931,102</td>
<td>6,035,121</td>
<td>605,834</td>
</tr>
</tbody>
</table>

Risk and Safety Management

The City of San Marcos maintains a risk management program to prevent and mitigate financial loss. Components of the program include the identification of exposure to loss and the selection, implementation and monitoring of risk management techniques. Prevention measures include activities such as training, annual review of assets and exposures, driving and drug testing programs, safety awareness events and the "Safety Coach" Safety Leadership Development Program. Post incident measures designed to mitigate losses include incident investigation and management of all claims through final disposition. A cornerstone of our commitment to managing workers compensation claims is a return to work program. In rating a worker's compensation program, an underwriter begins at 100% which represents an average employer. This is 'modified' based on a specific employer's claims history. During this reporting period the City has achieved a .33% premium modifier.

The City participates in the National Safety Council Annual Awards Program which presents awards for occupational safety and health, safe worker and safe drivers. Fifteen departments were recognized for maintaining a perfect record or a reduction in frequency of lost time injuries.

Each October the City provides a Annual Benefits and Safety Expo. This educational event includes over 55 Health and Safety vendors including safety demonstrations. Over 350 employees participated in the Expo.
G. Other Information (Continued)

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

There are currently several claims and lawsuits pending against the City. It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that, if decided against the City, would have a material adverse effect upon the operations of the City or that would exceed the contingency amounts set aside for such purpose.

Commitments

The City purchases electric power at wholesale rates from The Lower Colorado River Authority for its own use to resell to customers of its electric distribution system. The initial term of the purchased-power agreement ends in 2041, with successive renewal periods of 10 years.

Estimated costs to complete construction in progress at year-end totals approximately $17,420,824 for governmental capital assets, $19,209,754 for water and wastewater, $8,187,120 for electric, and $4,448,019 for drainage.

H. Pension Plans

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.
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plans (Continued)

Benefits Provided (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7% and the City matching percent is currently 2 to 1.

Employees Covered by Benefit Terms

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactive employees or beneficiaries currently receiving benefits</td>
<td>231</td>
</tr>
<tr>
<td>Inactive employees entitled to but not yet receiving benefits</td>
<td>216</td>
</tr>
<tr>
<td>Active employees</td>
<td>555</td>
</tr>
<tr>
<td>Total</td>
<td>1,002</td>
</tr>
</tbody>
</table>

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 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.75% and 18.19% for calendar years 2014 and 2015 respectively. The City’s contributions to TMRS for the year ended September 30, 2015 were $6,101,539.

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: 3.0% per year
- Overall Payroll Growth: 3.0% per year
- Investment Rate of Return: 7.0% net of pension plan investment expense, including inflation
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plans (Continued)

Net Pension Liability (Continued)

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%. 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.

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:

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>TARGET ALLOCATION</th>
<th>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity</td>
<td>17.5%</td>
<td>4.80%</td>
</tr>
<tr>
<td>International Equity</td>
<td>17.5%</td>
<td>6.05%</td>
</tr>
<tr>
<td>Core Fixed Income</td>
<td>30.0%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Non-Core Fixed Income</td>
<td>10.0%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Real Return</td>
<td>5.0%</td>
<td>1.75%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>10.0%</td>
<td>5.25%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>5.0%</td>
<td>4.25%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>5.0%</td>
<td>8.50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>--</strong></td>
</tr>
</tbody>
</table>
H. Pension Plans (Continued)

Net Pension Liability (Continued)

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.

Changes in the Net Pension Liability

<table>
<thead>
<tr>
<th></th>
<th>Total Pension Liability (a)</th>
<th>Increase (Decrease)</th>
<th>Net Pension Liability (a) - (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2013</td>
<td>$160,723,959</td>
<td>$127,382,140</td>
<td>$33,341,819</td>
</tr>
<tr>
<td>Changes for the year:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Cost</td>
<td>5,118,797</td>
<td>-</td>
<td>5,118,797</td>
</tr>
<tr>
<td>Interest</td>
<td>11,242,134</td>
<td>-</td>
<td>11,242,134</td>
</tr>
<tr>
<td>Change of Benefit Terms</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Difference Between Expected and Actual Experience</td>
<td>(1,010,160)</td>
<td>-</td>
<td>(1,010,160)</td>
</tr>
<tr>
<td>Changes of Assumptions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - Employer</td>
<td>-</td>
<td>5,799,742</td>
<td>(5,799,742)</td>
</tr>
<tr>
<td>Contributions - Employee</td>
<td>-</td>
<td>2,287,301</td>
<td>(2,287,301)</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>-</td>
<td>7,288,110</td>
<td>(7,288,110)</td>
</tr>
<tr>
<td>Benefit Payments, Including Refunds of Employee Contributions</td>
<td>(5,362,893)</td>
<td>-</td>
<td>(5,362,893)</td>
</tr>
<tr>
<td>Administrative Expense</td>
<td>-</td>
<td>(76,080)</td>
<td>76,080</td>
</tr>
<tr>
<td>Other Changes</td>
<td>-</td>
<td>(6,255)</td>
<td>6,255</td>
</tr>
<tr>
<td>Net Changes</td>
<td>9,987,878</td>
<td>9,929,925</td>
<td>57,953</td>
</tr>
<tr>
<td>Balance at December 31, 2014</td>
<td>$170,711,837</td>
<td>$137,312,065</td>
<td>$33,399,772</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Discount Rate (6.0%)</th>
<th>Discount Rate (7.0%)</th>
<th>Discount Rate (8.0%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$59,768,449</td>
<td>$33,399,772</td>
<td>$11,940,702</td>
</tr>
</tbody>
</table>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.
### H. Pension Plans (Continued)

**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 $5,368,165.

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

<table>
<thead>
<tr>
<th></th>
<th>Deferred Outflows Of Resources</th>
<th>Deferred Inflows Of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference Between Expected and Actual Economic Experience</td>
<td>$ -</td>
<td>$ (813,381)</td>
</tr>
<tr>
<td>Changes in Actuarial Assumptions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Difference Between Projected and Actual Investment Earnings</td>
<td>1,302,912</td>
<td>-</td>
</tr>
<tr>
<td>Contributions Subsequent to the Measurement Date</td>
<td>4,445,920</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 5,748,832</td>
<td>$ (813,381)</td>
</tr>
</tbody>
</table>

The City reported $4,445,920 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ 128,950</td>
</tr>
<tr>
<td>2017</td>
<td>128,950</td>
</tr>
<tr>
<td>2018</td>
<td>128,950</td>
</tr>
<tr>
<td>2019</td>
<td>128,950</td>
</tr>
<tr>
<td>2020</td>
<td>(26,269)</td>
</tr>
<tr>
<td>Thereafter</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 489,531</td>
</tr>
</tbody>
</table>

### I. Other Postemployment Benefits

**Post-Retirement Health Care Benefits**

The City provides certain health care and life insurance benefits through a single employer defined benefit OPEB plan, under City ordinance, for all full time and part-time employees in an eligible class. Retired employees who have satisfied the requirement as defined by the Texas Municipal Retirement System and their dependents that were covered prior to retirement are in the eligible class. The requirement as defined by the Texas Municipal Retirement System is any age with 20 years of service or 5 years of service for age 60 and above. Currently, the City has 521 active employees and 38 retirees and beneficiaries eligible to participate in the plan.
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

Post-Retirement Health Care Benefits (Continued)

Retirees pay premiums for coverage in the OPEB programs. There is not a maximum employer paid premium amount (capped benefit). Active employees do not contribute to the retiree health care plan.

Retirees are eligible for medical, dental, prescription and life insurance benefits until death of employee in service. Once death of employee in service, spouse is eligible for dependents through COBRA only.

Retirees are eligible for benefits immediately upon retirement. If retiree opts out of coverage, retiree is not eligible for re-enrollment.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed 30 years. The City’s annual OPEB cost for the fiscal year ending September 30, 2015 is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Required Contribution (ARC)</td>
<td>$243,903</td>
</tr>
<tr>
<td>Interest on OPEB Obligation</td>
<td>61,534</td>
</tr>
<tr>
<td>Adjustment to ARC</td>
<td>($57,011)</td>
</tr>
<tr>
<td>OPEB Cost (Expense) End of Year</td>
<td>248,426</td>
</tr>
<tr>
<td>Net Estimated Employer Contributions</td>
<td>($120,126)</td>
</tr>
<tr>
<td>Increase in Net OPEB Obligation</td>
<td>128,300</td>
</tr>
<tr>
<td>Net OPEB Obligation, as of Beginning of Year</td>
<td>1,367,428</td>
</tr>
</tbody>
</table>

NET OPEB OBLIGATION, AS OF END OF YEAR $1,495,728

The City’s annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2015 and the preceding two fiscal years were as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Annual OPEB Cost</th>
<th>Employer Contribution</th>
<th>Percentage Contributed</th>
<th>Net OPEB Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2013</td>
<td>$417,266</td>
<td>$52,802</td>
<td>12.7%</td>
<td>$998,571</td>
</tr>
<tr>
<td>9/30/2014</td>
<td>430,928</td>
<td>62,071</td>
<td>14.4%</td>
<td>1,367,428</td>
</tr>
<tr>
<td>9/30/2015</td>
<td>248,426</td>
<td>120,126</td>
<td>48.4%</td>
<td>1,495,728</td>
</tr>
</tbody>
</table>
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

Funding Status

The funded status of the City’s retiree health care plan, under GASB Statement No. 45 as of December 31, 2014 is as follows:

<table>
<thead>
<tr>
<th>ACTUARIAL VALUATION DATE</th>
<th>ACTUARIAL VALUE OF ASSETS (a)</th>
<th>ACTUARIAL ACCRUED LIABILITY (AAL) (b)</th>
<th>UNFUNDED AAL (UAAL) (b-a)</th>
<th>FUNDED RATIO (a/b)</th>
<th>ANNUAL COVERED PAYROLL (c)</th>
<th>RATIO OF UAAI TO ANNUAL COVERED PAYROLL (b-a)/c</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2014</td>
<td>$ -</td>
<td>$2,333,504</td>
<td>$2,333,504</td>
<td>0.0%</td>
<td>$32,674,655</td>
<td>7.14%</td>
</tr>
</tbody>
</table>

Under the reporting parameters, the City’s retiree health care plan is 0.0% funded with an estimated actuarial liability exceeding actuarial assets by $2,333,504 at December 31, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 7.14%

Actuarial Methods and Assumptions

The Projected Unit Credit Cost Method is used to calculate the GASB ARC for the City’s retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City’s employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

**Actuarial Methods and Assumptions**

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>12/31/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Cost Method</td>
<td>Projected Unit Credit Cost Method</td>
</tr>
<tr>
<td>Amortization Method</td>
<td>Level as a Percentage of Employee Payroll</td>
</tr>
<tr>
<td>Amortization Period</td>
<td>30 Years; Open Amortization</td>
</tr>
<tr>
<td>Asset Valuation Method</td>
<td>Market Value</td>
</tr>
<tr>
<td>Actuarial Assumptions:</td>
<td></td>
</tr>
<tr>
<td>Investment Rate of Return</td>
<td>4.5% per annum, net of expenses</td>
</tr>
<tr>
<td>Payroll Growth Rate</td>
<td>3.0% per annum</td>
</tr>
<tr>
<td>Inflation Rate</td>
<td>3.0% per annum</td>
</tr>
<tr>
<td>Medical Trend Rate</td>
<td>Initial Rate of 7.5% declining to an ultimate rate of 4.5% after 15 years</td>
</tr>
</tbody>
</table>
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City’s retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

J. Supplemental Death Benefits Plan (SDBF)

Supplemental Death Benefits Fund

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

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

K. Contributions

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

The City’s contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013, were $53,548, 49,963 and $42,413, respectively, which equaled the required contributions each year.

SCHEDULE OF CONTRIBUTION RATES
(Retiree-only portion of the rate)

<table>
<thead>
<tr>
<th>PLAN/CALENDAR YEAR</th>
<th>ANNUAL REQUIRED CONTRIBUTION (RATE)</th>
<th>ACTUAL CONTRIBUTION MADE (RATE)</th>
<th>PERCENTAGE OF ARC CONTRIBUTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0.02%</td>
<td>0.02%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2011</td>
<td>0.02%</td>
<td>0.02%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2012</td>
<td>0.02%</td>
<td>0.02%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2013</td>
<td>0.02%</td>
<td>0.02%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2014</td>
<td>0.02%</td>
<td>0.02%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2015</td>
<td>0.02%</td>
<td>0.02%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

L. Restatement of Net Position

During the fiscal year the City noted that funds received in prior years classified as revenue should have been recorded as a loan. In addition, the adoption of GASB Statement of #68 required a retroactive adjustment on the statement of activities and the statement of revenues, expenses and changes in fund net position, to recognize the costs associated with bond issuances that were previously amortized using the straight line method over the life of the bonds. The table below reflects the changes that were made.

<table>
<thead>
<tr>
<th></th>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>BUSINESS-TYPE ACTIVITIES</th>
<th>ELECTRIC FUND</th>
<th>WATER FUND</th>
<th>STORMWATER DRAINAGE FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position, beginning, as previously reported</td>
<td>$119,851,613</td>
<td>$135,010,595</td>
<td>$33,830,309</td>
<td>$88,797,872</td>
<td>$6,197,597</td>
</tr>
<tr>
<td>SECO Loan</td>
<td>(832,026)</td>
<td>(1,102,918)</td>
<td>(96,747)</td>
<td>(1,006,171)</td>
<td>-</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>(20,258,599)</td>
<td>(4,483,447)</td>
<td>(2,265,959)</td>
<td>(1,929,923)</td>
<td>(195,772)</td>
</tr>
<tr>
<td>Net Position, beginning, as restated</td>
<td>$98,760,988</td>
<td>$129,424,230</td>
<td>$31,467,603</td>
<td>$85,861,778</td>
<td>$6,001,825</td>
</tr>
</tbody>
</table>

M. Subsequent Event

Subsequent to fiscal yearend, the City issued $19,345,000 General Obligation Refunding Bonds, Series 2016.
REQUIRED SUPPLEMENTARY INFORMATION
### CITY OF SAN MARCOS, TEXAS
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLANS**
**FOR THE EMPLOYEES OF THE CITY OF SAN MARCOS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<table>
<thead>
<tr>
<th>DATE</th>
<th>ACTUARIAL VALUATION</th>
<th>ACTUARIAL VALUE OF ASSETS</th>
<th>ACTUARIAL ACCRUED LIABILITY (AAL)</th>
<th>UNFUNDED (UAAL)</th>
<th>FUNDED RATIO</th>
<th>COVERED PAYROLL</th>
<th>UAAL AS A PERCENTAGE OF COVERED PAYROLL</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2014</td>
<td>$</td>
<td>-</td>
<td>$2,333,504</td>
<td>$2,333,504</td>
<td>0.0%</td>
<td>$32,674,655</td>
<td>7.14%</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>-</td>
<td>4,418,979</td>
<td>4,418,979</td>
<td>0.0%</td>
<td>29,096,429</td>
<td>15.2%</td>
<td></td>
</tr>
<tr>
<td>12/31/2010</td>
<td>-</td>
<td>3,420,429</td>
<td>3,420,429</td>
<td>0.0%</td>
<td>26,691,575</td>
<td>12.8%</td>
<td></td>
</tr>
</tbody>
</table>
## CITY OF SAN MARCOS, TEXAS
### REQUIRED SUPPLEMENTARY INFORMATION
#### TEXAS MUNICIPAL RETIREMENT SYSTEM
#### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
#### SEPTEMBER 30, 2015

### 2015

#### Total Pension Liability

- **Service Cost**: $5,118,797
- **Interest (on the Total Pension Liability)**: $11,242,134
- **Changes of Benefit Terms**: -
- **Difference Between Expected and Actual Experience**: $(1,010,160)
- **Change of Assumptions**: -
- **Benefit Payments, Including Refunds of Employee Contributions**: $(5,362,893)

Net Change in Total Pension Liability: $9,987,878

- **Total Pension Liability - Beginning**: $160,723,959
- **Total Pension Liability - Ending (a)**: $170,711,837

#### Plan Fiduciary Net Position

- **Contributions - Employer**: $5,799,742
- **Contributions - Employee**: $2,287,301
- **Net Investment Income**: $7,288,110
- **Benefit Payments, Including Refunds of Employee Contributions**: $(5,362,893)
- **Administrative Expense**: $(76,080)
- **Other**: $(6,255)

Net Change in Plan Fiduciary Net Position: $9,929,925

- **Plan Fiduciary Net Position - Beginning**: $127,382,140
- **Plan Fiduciary Net Position - Ending (b)**: $137,312,065

Net Pension Liability (a) - (b): $33,399,772

- **Plan Fiduciary Net Position as a Percentage of Total Pension Liability**: 80.43%
- **Covered Employee Payroll**: $32,674,655
- **Net Pension Liability as a Percentage of Total Covered Employee Payroll**: 102.22%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 67. The City will develop the schedule prospectively.
Actuarially Determined Contributions $ 5,799,742

Contributions in Relation to the Actuarially Determined Contributions $ 5,799,742

Contribution Deficiency (Excess) $ -

Covered Employee Payroll $ 32,674,655

Contributions as a Percentage of Covered Employee Payroll 17.75%

Note to Schedule of Contributions

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

Methods and Assumption Used to Determine Contribution Rates:

Actuarial Cost Method
Amortization Method
Remaining Amortization Period
Asset Valuation Method
Inflation
Salary Increases
Investment Rate of Return
Retirement Age

Entry Age Normal
Level Percentage of Payroll, Closed
25 Years
10 Year Smoothed Market, 15% Soft Corridor
3.00%
3.5% to 12.00% Including Inflation
7.00%
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:
There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 67. The City will develop the schedule prospectively.
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
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GENERAL FUND
(This Page is Intentionally Left Blank)
## CITY OF SAN MARCOS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>POSITIVE (NEGATIVE)</td>
</tr>
</tbody>
</table>

### REVENUES

#### Taxes

<table>
<thead>
<tr>
<th>Item</th>
<th>Original</th>
<th>Final</th>
<th>Amount</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ad Valorem Taxes</td>
<td>9,822,875</td>
<td>9,822,875</td>
<td>9,937,101</td>
<td>114,226</td>
</tr>
<tr>
<td>Delinquent Ad Valorem Taxes</td>
<td>130,303</td>
<td>130,303</td>
<td>76,738</td>
<td>(53,565)</td>
</tr>
<tr>
<td>Penalty and Interest on Delinquent Taxes</td>
<td>70,163</td>
<td>70,163</td>
<td>80,422</td>
<td>10,259</td>
</tr>
<tr>
<td>Franchise</td>
<td>7,298,198</td>
<td>7,298,197</td>
<td>8,080,914</td>
<td>782,717</td>
</tr>
<tr>
<td>Sales</td>
<td>24,817,740</td>
<td>24,817,740</td>
<td>25,876,303</td>
<td>1,058,563</td>
</tr>
<tr>
<td>Mixed Drink</td>
<td>374,569</td>
<td>374,569</td>
<td>364,093</td>
<td>(10,476)</td>
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</tbody>
</table>

Total Taxes: 42,513,848

<table>
<thead>
<tr>
<th>Item</th>
<th>Original</th>
<th>Final</th>
<th>Amount</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses and Permits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional and Occupational</td>
<td>59,445</td>
<td>59,445</td>
<td>53,824</td>
<td>(5,621)</td>
</tr>
<tr>
<td>Building</td>
<td>1,376,392</td>
<td>1,376,392</td>
<td>1,252,684</td>
<td>(123,708)</td>
</tr>
<tr>
<td>Development</td>
<td>158,829</td>
<td>158,829</td>
<td>151,550</td>
<td>(7,279)</td>
</tr>
<tr>
<td>Plumbing</td>
<td>62,081</td>
<td>62,081</td>
<td>45,750</td>
<td>(16,331)</td>
</tr>
<tr>
<td>Food</td>
<td>207,428</td>
<td>207,427</td>
<td>190,362</td>
<td>(17,065)</td>
</tr>
<tr>
<td>Cemetery</td>
<td>71,600</td>
<td>70,800</td>
<td>45,152</td>
<td>(25,648)</td>
</tr>
<tr>
<td>Other</td>
<td>559,781</td>
<td>559,780</td>
<td>717,346</td>
<td>157,566</td>
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</table>

Total Licenses and Permits: 2,495,556

<table>
<thead>
<tr>
<th>Item</th>
<th>Original</th>
<th>Final</th>
<th>Amount</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fines and Penalties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking</td>
<td>111,058</td>
<td>111,058</td>
<td>192,882</td>
<td>81,824</td>
</tr>
<tr>
<td>Traffic</td>
<td>434,873</td>
<td>434,873</td>
<td>410,521</td>
<td>(24,352)</td>
</tr>
<tr>
<td>Complaints</td>
<td>312,402</td>
<td>312,402</td>
<td>290,528</td>
<td>(21,874)</td>
</tr>
<tr>
<td>Library</td>
<td>82,913</td>
<td>82,913</td>
<td>63,357</td>
<td>(19,556)</td>
</tr>
<tr>
<td>Other</td>
<td>659,294</td>
<td>659,296</td>
<td>517,189</td>
<td>(142,107)</td>
</tr>
</tbody>
</table>

Total Fines and Penalties: 1,600,540

<table>
<thead>
<tr>
<th>Item</th>
<th>Original</th>
<th>Final</th>
<th>Amount</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vital Statistics</td>
<td>42,323</td>
<td>42,323</td>
<td>40,243</td>
<td>(2,080)</td>
</tr>
<tr>
<td>Pound Charges</td>
<td>91,012</td>
<td>91,012</td>
<td>88,180</td>
<td>(2,832)</td>
</tr>
<tr>
<td>Charges to Other Funds</td>
<td>4,502,868</td>
<td>4,470,071</td>
<td>4,440,598</td>
<td>(29,473)</td>
</tr>
<tr>
<td>Building Rental</td>
<td>153,899</td>
<td>166,720</td>
<td>164,951</td>
<td>(1,769)</td>
</tr>
<tr>
<td>Recreation Program</td>
<td>482,188</td>
<td>452,969</td>
<td>456,137</td>
<td>3,168</td>
</tr>
<tr>
<td>Other Services</td>
<td>150,620</td>
<td>167,019</td>
<td>148,257</td>
<td>(18,762)</td>
</tr>
</tbody>
</table>

Total Charges for Services: 5,422,910

(Continued)
<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>POSITIVE</td>
</tr>
<tr>
<td><strong>REVENUES (CONTINUED)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$442,330</td>
<td>$439,830</td>
<td>$490,215</td>
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<tr>
<td>Investment Earnings</td>
<td>61,000</td>
<td>61,000</td>
<td>85,346</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>81,544</td>
<td>81,544</td>
<td>60,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>924,380</td>
<td>927,680</td>
<td>1,606,925</td>
</tr>
<tr>
<td>Total Other</td>
<td>1,005,924</td>
<td>1,009,224</td>
<td>1,666,925</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**       |                  |                |                                  |          |            |
| Current                |                  |                |                                  |          |            |
| General Government     |                  |                |                                  |          |            |
| Personnel Services     | 2,228,361        | 2,245,457      | 2,192,155                       | 53,302   | 2,229,375   |
| Contracted Services    | 161,840          | 178,448        | 148,908                         | 29,540   | 163,023     |
| Materials and Supplies | 100,800          | 98,126         | 77,698                          | 20,428   | 69,855      |
| Other Charges          | 426,653          | 424,787        | 310,719                         | 114,068  | 285,848     |
| Total General Government | 2,917,654       | 2,946,818      | 2,729,480                       | 217,338  | 2,748,101   |
| Human Resources        |                  |                |                                  |          |            |
| Personnel Services     | 874,870          | 881,834        | 870,689                         | 11,145   | 874,424     |
| Contracted Services    | 110,950          | 100,435        | 70,226                          | 30,209   | 62,989      |
| Materials and Supplies | 20,500           | 24,414         | 22,856                          | 1,558    | 15,202      |
| Other Charges          | 29,725           | 29,362         | 29,313                          | 49       | 22,378      |
| Total Human Resources  | 1,036,045        | 1,036,045      | 993,084                         | 42,961   | 974,993     |
| Finance                |                  |                |                                  |          |            |
| Personnel Services     | 1,343,086        | 1,355,001      | 1,353,598                       | 1,403    | 1,235,522   |
| Contracted Services    | 50,800           | 123,186        | 107,991                         | 15,195   | 66,245      |
| Materials and Supplies | 37,508           | 32,571         | 29,873                          | 2,698    | 42,472      |
| Other Charges          | 36,487           | 31,641         | 31,641                          | -        | 25,474      |
| Total Finance          | 1,467,881        | 1,542,399      | 1,523,103                       | -        | 1,369,713   |

(CONTINUED)
<table>
<thead>
<tr>
<th>EXPENDITURES (CONTINUED)</th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>POSITIVE (NEGATIVE)</td>
</tr>
<tr>
<td>Municipal Court</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>$ 601,785</td>
<td>$ 598,640</td>
<td>$ 577,568</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>59,480</td>
<td>62,625</td>
<td>57,359</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>24,906</td>
<td>24,906</td>
<td>16,062</td>
</tr>
<tr>
<td>Other Charges</td>
<td>16,710</td>
<td>84,270</td>
<td>74,138</td>
</tr>
<tr>
<td>Total Municipal Court</td>
<td>702,881</td>
<td>770,441</td>
<td>725,127</td>
</tr>
<tr>
<td>Technology Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>1,335,889</td>
<td>1,305,876</td>
<td>1,258,737</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>177,020</td>
<td>198,998</td>
<td>186,085</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>34,592</td>
<td>40,341</td>
<td>35,369</td>
</tr>
<tr>
<td>Other Charges</td>
<td>65,274</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Technology Services</td>
<td>1,612,775</td>
<td>1,545,215</td>
<td>1,480,191</td>
</tr>
<tr>
<td>Development Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>1,814,959</td>
<td>1,813,296</td>
<td>1,558,030</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>199,240</td>
<td>203,982</td>
<td>183,084</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>50,418</td>
<td>50,887</td>
<td>38,381</td>
</tr>
<tr>
<td>Other Charges</td>
<td>92,475</td>
<td>88,927</td>
<td>66,959</td>
</tr>
<tr>
<td>Total Development Services</td>
<td>2,157,092</td>
<td>2,157,092</td>
<td>1,846,454</td>
</tr>
<tr>
<td>Capital Improvements</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>930,233</td>
<td>973,978</td>
<td>973,978</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>143,020</td>
<td>139,175</td>
<td>135,675</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>55,484</td>
<td>45,540</td>
<td>45,540</td>
</tr>
<tr>
<td>Other Charges</td>
<td>64,500</td>
<td>44,886</td>
<td>44,886</td>
</tr>
<tr>
<td>Total Capital Improvements</td>
<td>1,193,237</td>
<td>1,203,579</td>
<td>1,200,079</td>
</tr>
<tr>
<td>Fire</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>6,873,579</td>
<td>6,957,818</td>
<td>6,943,739</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>169,254</td>
<td>134,707</td>
<td>128,325</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>339,734</td>
<td>354,889</td>
<td>354,889</td>
</tr>
<tr>
<td>Other Charges</td>
<td>110,741</td>
<td>127,561</td>
<td>127,561</td>
</tr>
<tr>
<td>Total Fire</td>
<td>7,493,308</td>
<td>7,574,975</td>
<td>7,554,514</td>
</tr>
</tbody>
</table>

(CONTINUED)
## CITY OF SAN MARCOS, TEXAS
### REQUIRED SUPPLEMENTARY INFORMATION
#### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
##### GENERAL FUND (CONTINUED)
##### FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>POSITIVE (NEGATIVE)</td>
</tr>
</tbody>
</table>

### EXPENDITURES (CONTINUED)

#### Police

<table>
<thead>
<tr>
<th>Personnel Services</th>
<th>12,691,006</th>
<th>12,756,135</th>
<th>12,575,200</th>
<th>180,935</th>
<th>12,343,498</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted Services</td>
<td>456,348</td>
<td>406,411</td>
<td>379,368</td>
<td>27,043</td>
<td>381,447</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>837,618</td>
<td>818,524</td>
<td>804,752</td>
<td>13,772</td>
<td>810,533</td>
</tr>
<tr>
<td>Other Charges</td>
<td>102,782</td>
<td>106,683</td>
<td>103,621</td>
<td>3,062</td>
<td>81,484</td>
</tr>
<tr>
<td><strong>Total Police</strong></td>
<td>14,087,754</td>
<td>14,087,753</td>
<td>13,862,941</td>
<td>224,812</td>
<td>13,616,962</td>
</tr>
</tbody>
</table>

#### Public Services

<table>
<thead>
<tr>
<th>Personnel Services</th>
<th>2,017,902</th>
<th>2,037,720</th>
<th>1,974,210</th>
<th>63,510</th>
<th>1,752,291</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted Services</td>
<td>192,627</td>
<td>176,803</td>
<td>169,397</td>
<td>7,406</td>
<td>163,527</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>1,569,951</td>
<td>1,576,880</td>
<td>1,573,812</td>
<td>3,068</td>
<td>1,283,670</td>
</tr>
<tr>
<td>Other Charges</td>
<td>184,521</td>
<td>173,598</td>
<td>165,247</td>
<td>8,351</td>
<td>156,200</td>
</tr>
<tr>
<td><strong>Total Public Services</strong></td>
<td>3,965,001</td>
<td>3,965,001</td>
<td>3,882,666</td>
<td>82,335</td>
<td>3,355,688</td>
</tr>
</tbody>
</table>

#### Community Services

##### Neighborhood Services

<table>
<thead>
<tr>
<th>Personnel Services</th>
<th>614,083</th>
<th>613,671</th>
<th>584,479</th>
<th>29,192</th>
<th>510,900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted Services</td>
<td>68,894</td>
<td>76,099</td>
<td>74,606</td>
<td>1,493</td>
<td>79,515</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>62,626</td>
<td>56,547</td>
<td>56,547</td>
<td>-</td>
<td>70,745</td>
</tr>
<tr>
<td>Other Charges</td>
<td>10,586</td>
<td>9,871</td>
<td>9,871</td>
<td>-</td>
<td>9,517</td>
</tr>
<tr>
<td><strong>Total Neighborhood Services</strong></td>
<td>756,189</td>
<td>756,188</td>
<td>725,503</td>
<td>30,685</td>
<td>670,677</td>
</tr>
</tbody>
</table>

#### Library

<table>
<thead>
<tr>
<th>Personnel Services</th>
<th>1,337,076</th>
<th>1,327,557</th>
<th>1,220,206</th>
<th>107,351</th>
<th>1,320,868</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted Services</td>
<td>41,669</td>
<td>50,188</td>
<td>50,130</td>
<td>58</td>
<td>47,182</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>32,580</td>
<td>164,997</td>
<td>164,202</td>
<td>795</td>
<td>30,968</td>
</tr>
<tr>
<td>Other Charges</td>
<td>18,654</td>
<td>17,845</td>
<td>17,845</td>
<td>-</td>
<td>143,968</td>
</tr>
<tr>
<td><strong>Total Library</strong></td>
<td>1,429,979</td>
<td>1,560,587</td>
<td>1,452,383</td>
<td>108,204</td>
<td>1,542,986</td>
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</table>

(Continued)
### CITY OF SAN MARCOS, TEXAS
#### REQUIRED SUPPLEMENTARY INFORMATION
#### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
#### FUND BALANCE - BUDGET AND ACTUAL
#### GENERAL FUND (CONTINUED)
#### FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>POSITIVE (NEGATIVE)</td>
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**EXPENDITURES (CONTINUED)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Personnel Services</th>
<th>Contracted Services</th>
<th>Materials and Supplies</th>
<th>Other Charges</th>
<th>Total</th>
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<tbody>
<tr>
<td>Parks and Recreation</td>
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<tr>
<td>Personnel Services</td>
<td>$3,068,752</td>
<td>$3,141,919</td>
<td>$3,021,458</td>
<td>$120,461</td>
<td>$2,712,794</td>
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<td>Contracted Services</td>
<td>1,302,484</td>
<td>1,206,181</td>
<td>1,111,017</td>
<td>95,164</td>
<td>1,090,363</td>
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<td>Materials and Supplies</td>
<td>547,350</td>
<td>600,839</td>
<td>626,581</td>
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<td>706,799</td>
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<td>Other Charges</td>
<td>34,474</td>
<td>27,795</td>
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<td>Total Parks and Recreation</td>
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<td>4,976,734</td>
<td>4,783,351</td>
<td>193,383</td>
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<table>
<thead>
<tr>
<th>Environmental Health</th>
<th>Personnel Services</th>
<th>Contracted Services</th>
<th>Materials and Supplies</th>
<th>Other Charges</th>
<th>Total</th>
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<tbody>
<tr>
<td>Personnel Services</td>
<td>399,586</td>
<td>409,564</td>
<td>409,564</td>
<td>-</td>
<td>392,284</td>
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<td>Contracted Services</td>
<td>28,170</td>
<td>53,810</td>
<td>44,872</td>
<td>8,938</td>
<td>18,276</td>
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<tr>
<td>Materials and Supplies</td>
<td>20,676</td>
<td>44,430</td>
<td>43,809</td>
<td>621</td>
<td>16,674</td>
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<td>Other Charges</td>
<td>4,685</td>
<td>2,792</td>
<td>2,792</td>
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<td>2,043</td>
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<tr>
<td>Total Environmental Services</td>
<td>453,117</td>
<td>510,596</td>
<td>501,037</td>
<td>9,559</td>
<td>429,277</td>
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<table>
<thead>
<tr>
<th>Animal Services</th>
<th>Personnel Services</th>
<th>Contracted Services</th>
<th>Materials and Supplies</th>
<th>Other Charges</th>
<th>Capital Outlay</th>
<th>Total Animal Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>800,104</td>
<td>800,104</td>
<td>759,456</td>
<td>40,648</td>
<td>-</td>
<td>682,106</td>
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<tr>
<td>Contracted Services</td>
<td>97,159</td>
<td>85,817</td>
<td>60,791</td>
<td>25,026</td>
<td>37</td>
<td>78,969</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>155,830</td>
<td>125,859</td>
<td>84,180</td>
<td>41,679</td>
<td>9,616</td>
<td>123,453</td>
</tr>
<tr>
<td>Other Charges</td>
<td>15,675</td>
<td>10,531</td>
<td>10,494</td>
<td>-</td>
<td>-</td>
<td>9,616</td>
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<tr>
<td>Total Animal Services</td>
<td>1,068,768</td>
<td>1,022,311</td>
<td>914,921</td>
<td>107,390</td>
<td>-</td>
<td>894,144</td>
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<table>
<thead>
<tr>
<th>Fleet Services</th>
<th>Personnel Services</th>
<th>Contracted Services</th>
<th>Materials and Supplies</th>
<th>Other Charges</th>
<th>Capital Outlay</th>
<th>Total Fleet Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>440,822</td>
<td>440,822</td>
<td>393,903</td>
<td>46,919</td>
<td>-</td>
<td>349,530</td>
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<tr>
<td>Contracted Services</td>
<td>11,141</td>
<td>160</td>
<td>-</td>
<td>160</td>
<td>5,167</td>
<td>5,167</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>47,369</td>
<td>47,329</td>
<td>41,925</td>
<td>5,404</td>
<td>35,231</td>
<td>35,231</td>
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<tr>
<td>Other Charges</td>
<td>15,387</td>
<td>15,387</td>
<td>1,855</td>
<td>13,532</td>
<td>1,134</td>
<td>1,134</td>
</tr>
<tr>
<td>Total Fleet Services</td>
<td>514,719</td>
<td>503,698</td>
<td>437,683</td>
<td>66,015</td>
<td>-</td>
<td>391,062</td>
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<table>
<thead>
<tr>
<th>Administration</th>
<th>Personnel Services</th>
<th>Contracted Services</th>
<th>Materials and Supplies</th>
<th>Other Charges</th>
<th>Capital Outlay</th>
<th>Total Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>621,662</td>
<td>648,729</td>
<td>648,729</td>
<td>-</td>
<td>-</td>
<td>641,372</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>900</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>850</td>
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<tr>
<td>Materials and Supplies</td>
<td>1,200</td>
<td>587</td>
<td>587</td>
<td>-</td>
<td>-</td>
<td>516</td>
</tr>
<tr>
<td>Other Charges</td>
<td>3,325</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,007</td>
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<tr>
<td>Total Administration</td>
<td>627,087</td>
<td>649,316</td>
<td>649,316</td>
<td>-</td>
<td>-</td>
<td>643,745</td>
</tr>
</tbody>
</table>

| Total Community Services | 9,802,919 | 9,979,430 | 9,464,194 | 515,236 | 9,111,163 |

(CONTINUED)
### CITY OF SAN MARCOS, TEXAS
### REQUIRED SUPPLEMENTARY INFORMATION
### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
### GENERAL FUND (CONTINUED)
### FOR THE YEAR ENDED SEPTEMBER 30, 2015

#### BUDGETED AMOUNTS | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET - 2014
--- | --- | ---
**ORIGINAL** | **FINAL** | **POSITIVE** | **NEGATIVE** | **ACTUAL**

#### EXPENDITURES (CONTINUED)

**General Services**

Social Services

<table>
<thead>
<tr>
<th>Other Charges</th>
<th>$411,100</th>
<th>$411,100</th>
<th>$411,100</th>
<th>$ -</th>
<th>$410,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Social Services</strong></td>
<td>$411,100</td>
<td>$411,100</td>
<td>$411,100</td>
<td>$ -</td>
<td>$410,000</td>
</tr>
</tbody>
</table>

**Special Services**

Personnel Services | 567,369 | 383,517 | 8,123 | 375,394 | 5,592 |
Contracted Services | 2,461,837 | 2,446,892 | 2,312,013 | 134,879 | 1,986,998 |
Materials and Supplies | 60,100 | 35,100 | 573 | 34,527 | 10,595 |
Other Charges | 1,394,964 | 2,518,065 | 1,978,006 | 540,569 | 1,764,300 |
Economic Development Incentives | 900,000 | - | - | - | - |
Capital Outlay and Maintenance | 2,431,024 | - | - | - | - |

| **Total Special Services** | 7,815,294 | 5,384,084 | 4,298,715 | 1,085,369 | 3,767,485 |

**Total General Services** | 8,226,394 | 5,795,184 | 4,709,815 | 1,085,369 | 4,177,485 |

**Cemetery**

Contracted Services | 236,655 | 236,655 | 128,881 | 107,774 | 135,726 |
Materials and Supplies | 2,000 | 2,000 | 1,484 | 516 | 236 |
Other Charges | - | - | 973 | (973) | - |

| **Total Cemetery** | 238,655 | 238,655 | 131,338 | 107,317 | 135,962 |

**Debt Service**

Principal | - | - | 82,512 | (82,512) | - |
Interest | - | - | 24,260 | (24,260) | - |

| **Total Debt Service** | - | - | 106,772 | (106,772) | - |

**Total Expenditures** | 54,901,596 | 52,842,587 | 50,209,758 | 2,613,533 | 47,409,969 |

**Excess (Deficiency) of Revenues Over (Under) Expenditures** | (1,359,488) | 666,724 | 5,717,810 | 5,031,790 | (2,958,809) |

#### OTHER FINANCING SOURCES (USES)

| Transfers In | - | 34,416 | 34,416 | - | 6,025,591 |
| Transfers Out | (1,804,324) | (3,697,833) | (3,773,953) | (76,120) | (4,051,548) |
| Sale of Capital Assets | - | - | - | - | 30,654 |

**Total Other Financing Sources (Uses)** | (1,804,324) | (3,663,417) | (3,739,537) | (76,120) | 2,004,697 |

**Net Change in Fund Balance** | (3,163,812) | (2,996,693) | 1,978,273 | 4,955,670 | (954,112) |

**FUND BALANCE - BEGINNING** | 16,021,214 | 16,021,214 | 16,021,214 | - | 16,975,326 |

| **FUND BALANCE - ENDING** | $12,857,402 | $13,024,521 | $17,999,487 | $4,974,966 | $16,021,214 |
NONMAJOR SPECIAL REVENUE FUNDS

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

Grants and Special Entitlements

Community Development Block Grant

Public Education

Public Safety Grants

WIC Project

PARD Recreation Programs

Hotel Occupancy

Municipal Court Technology

Seized Assets

Library Memorial

Municipal Court Security Fee

Juvenile Case Manager Fee

PARD Special Contributions

TIRZ #2

TIRZ #3

TIRZ #5

TIRZ Loop 110

TIRZ Lone Star Rain

Municipal Judicial Efficiency

Miscellaneous Grants

TOW Forfeiture

NONMAJOR 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 Perpetual
CITY OF SAN MARCOS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>GRANT AND SPECIAL ENTITLEMENTS</th>
<th>COMMUNITY DEVELOPMENT BLOCK GRANT</th>
<th>PUBLIC EDUCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 249,371</td>
<td>$ 4,961</td>
<td>$ 486,064</td>
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<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - Net of Allowances for Uncollectibles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td>-</td>
<td>61,011</td>
<td>24,012</td>
</tr>
<tr>
<td>Taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>4,198</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Due from Other Funds</td>
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</tr>
<tr>
<td>Due from Other Governments</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 253,569</td>
<td>$ 65,972</td>
<td>$ 510,076</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND FUND BALANCES** |                                   |                                   |                 |
| Liabilities           |                                |                                   |                 |
| Accounts Payable      | $                                | - $ 41,952                        | $ 3,079         |
| Accrued Liabilities   | -                               | 4,520                             | -               |
| Unearned Revenue      | 191,270                         | 7,642                             | -               |
| Customer Deposits     | -                               | -                                 | -               |
| Due to Other Funds    | -                               | -                                 | -               |
| **Total Liabilities** | 191,270                         | 54,114                            | $ 3,079         |

| Fund Balances         |                                |                                   |                 |
| Restricted for        |                                |                                   |                 |
| Public Safety         | -                               | -                                 | -               |
| Community Services    | 62,299                          | 11,858                            | 506,997         |
| Endowment             | -                               | -                                 | -               |
| **Total Fund Balances** | 62,299                         | 11,858                            | 506,997         |

**TOTAL LIABILITIES AND FUND BALANCES** $ 253,569 $ 65,972 $ 510,076
<table>
<thead>
<tr>
<th>PUBLIC SAFETY GRANTS</th>
<th>WC PROJECT</th>
<th>PARD RECREATION PROGRAMS</th>
<th>HOTEL OCCUPANCY</th>
<th>MUNICIPAL COURT TECHNOLOGY</th>
<th>SEIZED ASSETS</th>
<th>LIBRARY MEMORIAL</th>
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</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$ 76,427</td>
<td>$ 919,059</td>
<td>$ 191,082</td>
<td>$ 118,085</td>
<td>$ 54,338</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>$ 1,002,963</td>
<td>$ 355,623</td>
<td>$ 76,427</td>
<td>$ 1,175,564</td>
<td>$ 191,082</td>
<td>$ 118,085</td>
<td>$ 54,338</td>
</tr>
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<tr>
<td>$ 10,202</td>
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<td></td>
</tr>
<tr>
<td>$ 1,002,963</td>
<td>$ 355,623</td>
<td>$ 76,427</td>
<td>$ 1,175,564</td>
<td>$ 191,082</td>
<td>$ 118,085</td>
<td>$ 54,338</td>
</tr>
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</table>

(CONTINUED)
### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Municipal Court Security Fee</th>
<th>Juvenile Case Manager Fee</th>
<th>Pard Special Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$141,788</td>
<td>$18,077</td>
<td>$7,067</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivables - Net of Allowances</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>for Uncollectibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$141,788</strong></td>
<td><strong>$18,077</strong></td>
<td><strong>$7,067</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Description</th>
<th>Municipal Court Security Fee</th>
<th>Juvenile Case Manager Fee</th>
<th>Pard Special Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$ -</td>
<td>$1,329</td>
<td>$ -</td>
</tr>
<tr>
<td>Accrued Liabilities</td>
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<td>-</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>-</strong></td>
<td><strong>1,329</strong></td>
<td></td>
</tr>
</tbody>
</table>

Fund Balances

- Restricted for Public Safety: $141,788, $16,748, $7,067
- Community Services: -
- Endowment: -

**Total Fund Balances**: $141,788, $16,748, $7,067

**TOTAL LIABILITIES AND FUND BALANCES**: $141,788, $18,077, $7,067
### Revenue Table

<table>
<thead>
<tr>
<th>TIRZ #2</th>
<th>TIRZ #3</th>
<th>TIRZ #5</th>
<th>TIRZ Loop 110</th>
<th>TIRZ Lone Star</th>
<th>MUNICIPAL JUDICIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$229,656</td>
<td>$150,000</td>
<td>$287 $34,725</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>129,395</td>
<td>70,657</td>
<td>116,509</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
$129,395|$70,657| $346,165| $150,000      | $287          | $34,725          |

<table>
<thead>
<tr>
<th>TIRZ #2</th>
<th>TIRZ #3</th>
<th>TIRZ #5</th>
<th>TIRZ Loop 110</th>
<th>TIRZ Lone Star</th>
<th>MUNICIPAL JUDICIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$229,656</td>
<td>$150,000</td>
<td>$287 $34,725</td>
</tr>
<tr>
<td></td>
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<tr>
<td>127,264</td>
<td>67,657</td>
<td>-</td>
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</tr>
<tr>
<td>129,395</td>
<td>67,657</td>
<td>-</td>
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<th>TIRZ #3</th>
<th>TIRZ #5</th>
<th>TIRZ Loop 110</th>
<th>TIRZ Lone Star</th>
<th>MUNICIPAL JUDICIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$229,656</td>
<td>$150,000</td>
<td>$287 $34,725</td>
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<td></td>
</tr>
</tbody>
</table>

$129,395|$70,657| $346,165| $150,000      | $287          | $34,725          |

<table>
<thead>
<tr>
<th>TIRZ #2</th>
<th>TIRZ #3</th>
<th>TIRZ #5</th>
<th>TIRZ Loop 110</th>
<th>TIRZ Lone Star</th>
<th>MUNICIPAL JUDICIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$229,656</td>
<td>$150,000</td>
<td>$287 $34,725</td>
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<td></td>
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</table>

$129,395|$70,657| $346,165| $150,000      | $287          | $34,725          |
### CITY OF SAN MARCOS, TEXAS
### COMBINING BALANCE SHEET (CONTINUED)
### NONMAJOR GOVERNMENTAL FUNDS
### SEPTEMBER 30, 2015

#### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Special Revenue</th>
<th>TOW Forfeiture Fund</th>
<th>Cemetery Perpetual</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$1,880</td>
<td>$41,442</td>
<td>$2,724,309</td>
<td>$2,934,500</td>
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<tr>
<td>Investments</td>
<td>521,981</td>
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<td></td>
<td>1,535,675</td>
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<td>Receivables - Net of Allowances</td>
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<td></td>
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<tr>
<td>Accounts</td>
<td>2,412,519</td>
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<td>8,093</td>
<td>2,822,196</td>
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<td>Taxes</td>
<td></td>
<td></td>
<td></td>
<td>256,505</td>
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<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
<td>4,198</td>
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<tr>
<td>Due from Other Funds</td>
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<td></td>
<td></td>
<td>1,358,586</td>
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<tr>
<td>Prepaid Items</td>
<td></td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>2,934,500</strong></td>
<td><strong>1,880</strong></td>
<td><strong>1,063,229</strong></td>
<td><strong>8,701,469</strong></td>
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</table>

#### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Description</th>
<th>Special Revenue</th>
<th>TOW Forfeiture Fund</th>
<th>Cemetery Perpetual</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$174,597</td>
<td>$ -</td>
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<tr>
<td>Accrued Liabilities</td>
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<td>59,739</td>
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<tr>
<td>Deferred Revenue</td>
<td>543,695</td>
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<td>802,420</td>
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<tr>
<td>Customer Deposits</td>
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<tr>
<td>Due to Other Funds</td>
<td>1,879,669</td>
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<tr>
<td>Total Liabilities</td>
<td>2,597,961</td>
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<td></td>
<td>4,574,173</td>
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<table>
<thead>
<tr>
<th>Description</th>
<th>Special Revenue</th>
<th>TOW Forfeiture Fund</th>
<th>Cemetery Perpetual</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td></td>
<td></td>
<td></td>
<td>477,905</td>
</tr>
<tr>
<td>Community Services</td>
<td>336,539</td>
<td>1,880</td>
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<td>2,586,162</td>
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<tr>
<td>Endowment</td>
<td></td>
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<td>1,063,229</td>
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<tr>
<td><strong>Total Fund Balances</strong></td>
<td><strong>336,539</strong></td>
<td><strong>1,880</strong></td>
<td><strong>1,063,229</strong></td>
<td><strong>4,127,296</strong></td>
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</tbody>
</table>

**TOTAL LIABILITIES AND FUND BALANCES**

<table>
<thead>
<tr>
<th>Special Revenue</th>
<th>TOW Forfeiture Fund</th>
<th>Cemetery Perpetual</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$2,934,500</strong></td>
<td><strong>$1,880</strong></td>
<td><strong>$1,063,229</strong></td>
<td><strong>$8,701,469</strong></td>
</tr>
</tbody>
</table>
(This Page is Intentionally Left Blank)
CITY OF SAN MARCOS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

REVENUES
Taxes $ - $ - $ 96,632
Fines and Penalties - - -
Intergovernmental - 584,472 -
Charges for Services - - -
Investment Earnings - - -
Miscellaneous - - -
Total Revenues - 584,472 96,632

EXPENDITURES
Current
General Government - - 10,160
Public Safety - - -
Community Services - 584,472 -
Capital Outlay - - -
Total Expenditures - 584,472 10,160
Excess (Deficiency) of Revenues
Over (Under) Expenditures - - 86,472

OTHER FINANCING SOURCES (USES)
Transfers In - - -
Transfers Out - - -
Total Other Financing Sources (Uses) - - -
Net Change in Fund Balance - - 86,472

FUND BALANCES - BEGINNING

<table>
<thead>
<tr>
<th>Grant and Special Entitlements</th>
<th>Community Development Block Grant</th>
<th>Public Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>62,299</td>
<td>11,858</td>
<td>420,525</td>
</tr>
</tbody>
</table>

FUND BALANCES - ENDING

<table>
<thead>
<tr>
<th>Grant and Special Entitlements</th>
<th>Community Development Block Grant</th>
<th>Public Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 62,299</td>
<td>$ 11,858</td>
<td>$506,997</td>
</tr>
<tr>
<td></td>
<td>PUBLIC SAFETY GRANTS</td>
<td>WMC PROJECT</td>
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<tr>
<td>---------------------</td>
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</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
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<tr>
<td>$</td>
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</tr>
<tr>
<td>1,186,736</td>
<td>1,656,283</td>
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<tr>
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<td>240,668</td>
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<tr>
<td>-</td>
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</tr>
<tr>
<td>4,500</td>
<td>-</td>
<td>12,054</td>
</tr>
<tr>
<td>1,191,236</td>
<td>1,656,283</td>
<td>252,722</td>
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<tr>
<td></td>
<td>1,187,757</td>
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</tr>
<tr>
<td>-</td>
<td>1,656,283</td>
<td>258,998</td>
</tr>
<tr>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>1,187,275</td>
<td>1,656,283</td>
<td>258,998</td>
</tr>
<tr>
<td>3,961</td>
<td>-</td>
<td>(6,276)</td>
</tr>
<tr>
<td></td>
<td>6,241</td>
<td>(6,276)</td>
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<tr>
<td>$</td>
<td>10,202</td>
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(CONTINUED)
CITY OF SAN MARCOS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>MUNICIPAL COURT SECURITY FEE</th>
<th>JUVENILE CASE SECURITY FEE</th>
<th>PARD SPECIAL CONTRIBUTIONS</th>
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</tr>
<tr>
<td>Taxes</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>21,392</td>
<td>39,826</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>798</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>21,392</td>
<td>39,826</td>
<td>798</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Current</td>
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<tr>
<td>General Government</td>
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<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>48,675</td>
<td>-</td>
</tr>
<tr>
<td>Community Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>-</td>
<td>48,675</td>
<td>-</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over (Under) Expenditures</strong></td>
<td>21,392</td>
<td>(8,849)</td>
<td>798</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources and Uses</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balance</strong></td>
<td>21,392</td>
<td>(8,849)</td>
<td>798</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td>120,396</td>
<td>25,597</td>
<td>6,269</td>
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<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$ 141,788</td>
<td>$ 16,748</td>
<td>$ 7,067</td>
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## Revenue

<table>
<thead>
<tr>
<th>TIRZ #2</th>
<th>TIRZ #3</th>
<th>TIRZ #5</th>
<th>TIRZ LOOP 110</th>
<th>TIRZ LONE STAR</th>
<th>MUNICIPAL JUDICIAL</th>
<th>EFFICIENCY</th>
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</thead>
<tbody>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$129,394</td>
<td>$70,657</td>
<td>$116,509</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<td>3,259</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>129,394</td>
<td>70,657</td>
<td>116,509</td>
<td></td>
<td></td>
<td></td>
<td>31,467</td>
</tr>
<tr>
<td>129,394</td>
<td>70,657</td>
<td>116,509</td>
<td></td>
<td></td>
<td></td>
<td>34,726</td>
</tr>
</tbody>
</table>

<p>| | | | | | | |
|          |          |          |               |                |                     |            |</p>
<table>
<thead>
<tr>
<th>410,831</th>
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<th>-</th>
<th>-</th>
<th>-</th>
<th>1,495</th>
<th>-</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
</tr>
<tr>
<td>410,831</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>1,495</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

|          |          |          |               |                |                     |            |
| (281,437)| 70,657   | 116,509  |               |                |                     | 33,231     |
|          |          |          |               |                |                     |            |

| 281,467  | 124,625  | 140,785  | 150,000       | 287            | -                   | -          |
| 281,467  | (195,282)| -        | 140,785       | 150,000        | 287                 | -          |
|          | (70,657) |          |              |                | 287                 | -          |
|          | 30       | -        | 257,294       | 150,000        | 287                 | 33,231     |
|          | (30)     | 3,000    | 88,871        |               |                     | -          |

|          |          |          |               |                |                     |            |
|          |          |          |               |                |                     |            |

|          |          |          |               |                |                     |            |
| $ -      | $3,000   | $346,165 | $150,000      | $287          | $33,231             | -          |
### CITY OF SAN MARCOS, TEXAS
### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
### NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
### FOR THE YEAR ENDED SEPTEMBER 30, 2015

#### REVENUES

<table>
<thead>
<tr>
<th>Source</th>
<th>TOW FORFEITURE FUND</th>
<th>CEMETERY PERPETUAL</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MISCELLANEOUS GRANTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>4,027,807</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>-</td>
<td>1,880</td>
<td>-</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>1,586</td>
<td>-</td>
<td>1,688</td>
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<tr>
<td>Miscellaneous</td>
<td>11,000</td>
<td>-</td>
<td>2,066</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>4,040,393</td>
<td>1,880</td>
<td>3,754</td>
</tr>
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</table>

#### EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>TOW FORFEITURE FUND</th>
<th>CEMETERY PERPETUAL</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>1,131,628</td>
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<tr>
<td>Public Safety</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Community Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>2,788,794</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>3,920,422</td>
<td>-</td>
<td>-</td>
</tr>
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</table>

**Excess (Deficiency) of Revenues Over (Under) Expenditures**

<table>
<thead>
<tr>
<th>Excess (Deficiency)</th>
<th>TOW FORFEITURE FUND</th>
<th>CEMETERY PERPETUAL</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over (Under) Expenditures</td>
<td>119,971</td>
<td>1,880</td>
<td>3,754</td>
</tr>
</tbody>
</table>

#### OTHER FINANCING SOURCES (USES)

<table>
<thead>
<tr>
<th>Source</th>
<th>TOW FORFEITURE FUND</th>
<th>CEMETERY PERPETUAL</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers In</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources and Uses</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Net Change in Fund Balance**

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>TOW FORFEITURE FUND</th>
<th>CEMETERY PERPETUAL</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Change in Fund Balance</td>
<td>119,971</td>
<td>1,880</td>
<td>3,754</td>
</tr>
</tbody>
</table>

#### FUND BALANCES - BEGINNING

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>TOW FORFEITURE FUND</th>
<th>CEMETERY PERPETUAL</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balances - Beginning</td>
<td>216,568</td>
<td>-</td>
<td>1,059,475</td>
</tr>
</tbody>
</table>

**FUND BALANCES - ENDING**

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>TOW FORFEITURE FUND</th>
<th>CEMETERY PERPETUAL</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balances - Ending</td>
<td>$336,539</td>
<td>$1,880</td>
<td>$1,063,229</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th></th>
<th></th>
<th>VARIANCE WITH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>ACTUAL AMOUNTS</td>
<td>POSITIVE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(NEGATIVE)</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$ 8,098,192</td>
<td>$ 8,098,192</td>
<td>$ 8,180,541</td>
<td>$ 82,349</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>3,030,000</td>
<td>3,030,000</td>
<td>3,124,486</td>
<td>94,486</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>26,000</td>
<td>26,000</td>
<td>30,571</td>
<td>4,571</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>115,618</td>
<td>115,618</td>
<td>138,484</td>
<td>22,866</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>11,269,810</td>
<td>11,269,810</td>
<td>11,474,082</td>
<td>204,272</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>7,330,000</td>
<td>7,370,000</td>
<td>7,370,000</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>5,373,742</td>
<td>5,373,744</td>
<td>4,600,112</td>
<td>773,632</td>
</tr>
<tr>
<td>Bond Issuance Cost</td>
<td>-</td>
<td>-</td>
<td>400,191</td>
<td>(400,191)</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>12,703,742</td>
<td>12,743,744</td>
<td>12,370,303</td>
<td>373,441</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>(1,433,932)</td>
<td>(1,473,934)</td>
<td>(896,221)</td>
<td>577,713</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>2,213,614</td>
<td>2,213,614</td>
<td>2,675,165</td>
<td>461,551</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>-</td>
<td>-</td>
<td>(383,522)</td>
<td>(383,522)</td>
</tr>
<tr>
<td>Payment to Refunded Bond Escrow Agent</td>
<td>-</td>
<td>-</td>
<td>(35,614,546)</td>
<td>(35,614,546)</td>
</tr>
<tr>
<td>Premium on Debt Issued</td>
<td>-</td>
<td>-</td>
<td>3,343,685</td>
<td>3,343,685</td>
</tr>
<tr>
<td>Refunding Bonds Issued</td>
<td>-</td>
<td>-</td>
<td>32,020,000</td>
<td>32,020,000</td>
</tr>
<tr>
<td>Total Other Financing Sources (Uses)</td>
<td>2,213,614</td>
<td>2,213,614</td>
<td>2,040,782</td>
<td>(172,832)</td>
</tr>
<tr>
<td>Net Change in Fund Balances</td>
<td>779,682</td>
<td>739,680</td>
<td>1,144,561</td>
<td>(404,881)</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td>6,940,500</td>
<td>6,940,500</td>
<td>6,940,500</td>
<td>-</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$ 7,720,182</td>
<td>$ 7,680,180</td>
<td>$ 8,085,061</td>
<td>$ 404,881</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>BUDGETED AMOUNTS</th>
<th>ORIGINAL</th>
<th>FINAL</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$ 491,929</td>
<td>$ 561,277</td>
<td>$ 584,472</td>
<td>$ 23,195</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Service</td>
<td>491,929</td>
<td>585,363</td>
<td>584,472</td>
<td>891</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>491,929</td>
<td>585,363</td>
<td>584,472</td>
<td>891</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>-</td>
<td>(24,086)</td>
<td>-</td>
<td>24,086</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td>11,858</td>
<td>11,858</td>
<td>11,858</td>
<td>-</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$ 11,858</td>
<td>$ (12,228)</td>
<td>$ 11,858</td>
<td>$ 24,086</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PUBLIC EDUCATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>POSITIVE</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td>(NEGATIVE)</td>
</tr>
<tr>
<td>Taxes</td>
<td>$ 90,000</td>
<td>$ 90,000</td>
<td>$ 96,632</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 6,632</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>200,000</td>
<td>200,000</td>
<td>10,160</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>189,840</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>(110,000)</td>
<td>(110,000)</td>
<td>86,472</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td>420,525</td>
<td>420,525</td>
<td>420,525</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$ 310,525</td>
<td>$ 310,525</td>
<td>$ 506,997</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY GRANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>POSITIVE</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$ 330,188</td>
<td>$ 1,186,736</td>
<td>$ 1,186,736</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td>4,500</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>330,188</td>
<td>1,191,236</td>
<td>1,191,236</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td>331,002</td>
<td>1,187,275</td>
<td>1,187,275</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>(814)</td>
<td>(539)</td>
<td>3,961</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td>6,241</td>
<td>6,241</td>
<td>6,241</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$ 5,427</td>
<td>$ 5,702</td>
<td>$ 10,202</td>
</tr>
</tbody>
</table>
## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

### WIC Project

**For the Year Ended September 30, 2015**

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$1,929,742</td>
<td>$1,656,283</td>
<td>$1,656,283</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Service</td>
<td>$1,929,742</td>
<td>$1,656,283</td>
<td>$1,656,283</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$1,929,742</td>
<td>$1,656,283</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fund Balances - Beginning</strong></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fund Balances - Ending</strong></td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
</tbody>
</table>

**CITY OF SAN MARCOS, TEXAS**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**

**WIC Project**

**For the Year Ended September 30, 2015**
# CITY OF SAN MARCOS, TEXAS
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
### HOTEL OCCUPANCY
#### FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET -</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>ORIGINAL</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$3,170,117</td>
<td>$3,170,118</td>
<td>$3,373,681</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>1,000</td>
<td>1,000</td>
<td>941</td>
</tr>
<tr>
<td>Other</td>
<td>22,500</td>
<td>22,500</td>
<td>3,896</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>3,193,617</td>
<td>3,193,618</td>
<td>3,378,518</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Service</td>
<td>1,944,566</td>
<td>2,281,676</td>
<td>1,931,895</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over (Under) Expenditures</strong></td>
<td>1,249,051</td>
<td>911,942</td>
<td>1,446,623</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td>52,810</td>
<td>52,810</td>
<td>52,810</td>
</tr>
<tr>
<td>Transfers In</td>
<td>(1,439,593)</td>
<td>(1,930,246)</td>
<td>(1,930,246)</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(1,386,783)</td>
<td>(1,877,436)</td>
<td>(1,877,436)</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources (Uses)</strong></td>
<td>(137,732)</td>
<td>(965,494)</td>
<td>(430,813)</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balance</strong></td>
<td>1,436,487</td>
<td>1,436,487</td>
<td>1,436,487</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td>1,436,487</td>
<td>1,436,487</td>
<td>1,436,487</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$1,298,755</td>
<td>$470,993</td>
<td>$1,005,674</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT TECHNOLOGY
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>$ 30,025</td>
<td>$ 30,025</td>
<td>$ 27,169</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td>5,000</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>25,000</td>
<td>25,000</td>
<td>6,395</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>30,000</td>
<td>30,000</td>
<td>6,395</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>25</td>
<td>25</td>
<td>20,774</td>
</tr>
<tr>
<td>FUND BALANCES - BEGINNING</td>
<td>170,308</td>
<td>170,308</td>
<td>170,308</td>
</tr>
<tr>
<td>FUND BALANCES - ENDING</td>
<td>$170,333</td>
<td>$170,333</td>
<td>$191,082</td>
</tr>
<tr>
<td></td>
<td>BUDGETED amounts</td>
<td></td>
<td>ACTUAL amounts</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------</td>
<td>---</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>$5,100</td>
<td>$5,100</td>
<td>$47,892</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td>1,500</td>
<td>13,388</td>
<td>1,500</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>1,500</td>
<td>13,388</td>
<td>1,500</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>3,600</td>
<td>(8,288)</td>
<td>46,392</td>
</tr>
<tr>
<td>FUND BALANCES - BEGINNING</td>
<td>71,693</td>
<td>71,693</td>
<td>71,693</td>
</tr>
<tr>
<td>FUND BALANCES - ENDING</td>
<td>$75,293</td>
<td>$63,405</td>
<td>$118,085</td>
</tr>
</tbody>
</table>
## City of San Marcos, Texas

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

**Municipal Court Security Fee**

**For the Year Ended September 30, 2015**

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>$ 24,012</td>
<td>$ 24,012</td>
<td>$ 21,392</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td>11,842</td>
<td>11,842</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balance</strong></td>
<td>12,170</td>
<td>12,170</td>
<td>21,392</td>
</tr>
<tr>
<td><strong>Fund Balances - Beginning</strong></td>
<td>120,396</td>
<td>120,396</td>
<td>120,396</td>
</tr>
<tr>
<td><strong>Fund Balances - Ending</strong></td>
<td>$132,566</td>
<td>$132,566</td>
<td>$141,788</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
JUVENILE CASE MANAGER FEE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>$43,000</td>
<td>$43,000</td>
<td>$39,826</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Public Safety</td>
<td>50,571</td>
<td>50,571</td>
<td>48,675</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>(7,571)</td>
<td>(7,571)</td>
<td>(8,849)</td>
</tr>
<tr>
<td>FUND BALANCES - BEGINNING</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25,597</td>
<td>25,597</td>
<td>25,597</td>
</tr>
<tr>
<td>FUND BALANCES - ENDING</td>
<td>$18,026</td>
<td>$18,026</td>
<td>$16,748</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIRZ #2
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th></th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$367,487</td>
<td>$118,029</td>
<td>$129,394</td>
<td>$11,365</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>367,487</td>
<td>367,487</td>
<td>410,831</td>
<td>(43,344)</td>
</tr>
<tr>
<td>Excess (Deficiency)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Of Revenues Over</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Under) Expenditures</td>
<td>-</td>
<td>(249,458)</td>
<td>(281,437)</td>
<td>(31,979)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td></td>
<td>249,458</td>
<td>281,467</td>
<td>32,009</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(30)</td>
<td>(30)</td>
<td>(30)</td>
<td>-</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ (30)</td>
<td>$ (30)</td>
<td>$ -</td>
<td>$30</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
TIRZ #3
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$ 224,384</td>
<td>$ 78,579</td>
<td>$ 70,657</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues</td>
<td>224,384</td>
<td>78,579</td>
<td>70,657</td>
</tr>
<tr>
<td>Over (Under) Expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer In</td>
<td>-</td>
<td>145,805</td>
<td>124,625</td>
</tr>
<tr>
<td>Transfer Out</td>
<td>(224,384)</td>
<td>(224,384)</td>
<td>(195,282)</td>
</tr>
<tr>
<td>Total Other Financing Sources (Uses)</td>
<td>(224,384)</td>
<td>(78,579)</td>
<td>(70,657)</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FUND BALANCES - BEGINNING</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>FUND BALANCES - ENDING</td>
<td>$ 3,000</td>
<td>$ 3,000</td>
<td>$ 3,000</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
TIRZ #5  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td>$ 180,000</td>
<td>$ 80,000</td>
<td>$ 116,509</td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>60,876</td>
<td>60,876</td>
<td>-</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>119,124</td>
<td>19,124</td>
<td>116,509</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer In</td>
<td></td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>119,124</td>
<td>119,124</td>
<td>257,294</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td>88,871</td>
<td>88,871</td>
<td>88,871</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$207,995</td>
<td>$207,995</td>
<td>$346,165</td>
</tr>
</tbody>
</table>
### Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

**TIRZ LOOP 110**

**For the Year Ended September 30, 2015**

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Final Budget - Positive Amounts (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$ 25,000</td>
<td>-</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>25,000</td>
<td>25,000</td>
<td>-</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>- (25,000)</td>
<td>-</td>
<td>- 25,000</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer In</td>
<td>-</td>
<td>25,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>-</td>
<td>-</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Fund Balances - Beginning</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund Balances - Ending</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ 150,000</td>
</tr>
<tr>
<td></td>
<td>BUDGETED AMOUNTS</td>
<td>ACTUAL AMOUNTS</td>
<td>VARIANCE WITH FINAL BUDGET -</td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------------</td>
<td>----------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$ 25,000</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>25,000</td>
<td>25,000</td>
<td>-</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>-</td>
<td>(25,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer In</td>
<td>-</td>
<td>25,000</td>
<td>287</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>-</td>
<td>-</td>
<td>287</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ 287</td>
</tr>
</tbody>
</table>
## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### Municipal Judicial Efficiency

For the Year Ended September 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Amounts</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>$ 3,000</td>
<td>$ 3,000</td>
<td>$ 3,259</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>24,000</td>
<td>24,000</td>
<td>31,467</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>27,000</td>
<td>27,000</td>
<td>34,726</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>5,000</td>
<td>5,000</td>
<td>1,495</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>(2,000)</td>
<td>(2,000)</td>
<td>33,231</td>
</tr>
<tr>
<td><strong>Fund Balances - Beginning</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund Balances - Ending</strong></td>
<td>$ (2,000)</td>
<td>$ (2,000)</td>
<td>$ 33,231</td>
</tr>
</tbody>
</table>
CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
MISCELLANEOUS GRANTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  

<table>
<thead>
<tr>
<th></th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$ -</td>
<td>$ 4,027,807</td>
<td>$ 4,027,807</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>-</td>
<td>1,586</td>
<td>1,586</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>11,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Total Revenues</td>
<td></td>
<td>4,040,393</td>
<td>4,040,393</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>-</td>
<td>1,769,688</td>
<td>1,131,628</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>3,178,648</td>
<td>2,788,794</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td></td>
<td>4,948,336</td>
<td>3,920,422</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>-</td>
<td>(907,943)</td>
<td>119,971</td>
</tr>
<tr>
<td>FUND BALANCES - BEGINNING</td>
<td>216,568</td>
<td>216,568</td>
<td>216,568</td>
</tr>
<tr>
<td>FUND BALANCES - ENDING</td>
<td>$ 216,568</td>
<td>$ (691,375)</td>
<td>$ 336,539</td>
</tr>
</tbody>
</table>
**NONMAJOR ENTERPRISE FUNDS**

*Enterprise Funds* are used to account for the acquisition, operations and maintenance of a City’s facilities and services which are entirely or predominantly supported by user charges of those for which the City had decided that periodic determination of the revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations and maintenance. Debt service is also included.

*Airport Fund* – This fund was established to account for all revenues and expenses of every nature derived by the City from its ownership and operation of the airport.

*Transit Fund* – This fund was created to account for all revenues and expenses related to the public transit system within the City.

*Waste Collection Fund* – This fund was created to account for waste collection and disposal services provided to residents of the City.
## CITY OF SAN MARCOS, TEXAS COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2015

### ENTERPRISE

<table>
<thead>
<tr>
<th>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</th>
<th>AIRPORT</th>
<th>TRANSIT</th>
<th>WASTE COLLECTION</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$</td>
<td>-</td>
<td>$ 53,662</td>
<td>$</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>-</td>
<td>1,038,108</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable - Net</td>
<td>90,782</td>
<td>-</td>
<td>442,347</td>
<td>533,129</td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>-</td>
<td>141,580</td>
<td>-</td>
<td>141,580</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>31,856</td>
<td>-</td>
<td>-</td>
<td>31,856</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>122,638</td>
<td>195,242</td>
<td>2,102,674</td>
<td>2,420,554</td>
</tr>
<tr>
<td><strong>NONCURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>653,140</td>
<td>-</td>
<td>-</td>
<td>653,140</td>
</tr>
<tr>
<td>Buildings</td>
<td>4,339,745</td>
<td>-</td>
<td>-</td>
<td>4,339,745</td>
</tr>
<tr>
<td>Improvements Other than Buildings</td>
<td>8,342,070</td>
<td>-</td>
<td>-</td>
<td>8,342,070</td>
</tr>
<tr>
<td>Furnishings and Equipment</td>
<td>19,463</td>
<td>-</td>
<td>18,359</td>
<td>37,822</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>1,453,989</td>
<td>-</td>
<td>-</td>
<td>1,453,989</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>14,808,407</td>
<td>-</td>
<td>18,359</td>
<td>14,826,766</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(9,961,559)</td>
<td>-</td>
<td>(3,672)</td>
<td>(9,965,231)</td>
</tr>
<tr>
<td><strong>Total Capital Assets</strong></td>
<td>4,846,848</td>
<td>-</td>
<td>14,687</td>
<td>4,861,535</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>4,846,848</td>
<td>-</td>
<td>14,687</td>
<td>4,861,535</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Outflows - Pension</td>
<td>-</td>
<td>5,173</td>
<td>15,522</td>
<td>20,695</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td>$ 4,969,486</td>
<td>$ 200,415</td>
<td>$ 2,132,883</td>
<td>$ 7,302,784</td>
</tr>
</tbody>
</table>

### LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

| CURRENT LIABILITIES                       |         |         |                  |       |
| Accounts Payable                         | $ 32,228 | $ 59,186 | 473,077          | $ 564,491|
| Accrued Liabilities                      | -       | 2,012   | 12,071           | 14,083|
| Due to Other Funds                       | 141,580 | -       | -                | 141,580|
| Customer Deposits                        | 6,434   | -       | 154,543          | 160,977|
| **Total Current Liabilities**            | 180,242 | 61,198  | 639,691          | 881,131|
| **NONCURRENT LIABILITIES**               |         |         |                  |       |
| Net Pension Liability                    | -       | 30,060  | 90,179           | 120,239|
| Net OPEB Liability                       | 723     | 458     | 2,021            | 3,202|
| **Total Noncurrent Liabilities**         | 723     | 30,518  | 92,200           | 123,441|

### DEFERRED INFLOWS OF RESOURCES

| Deferred Inflows - Pension               | -       | 732     | 2,196            | 2,928|

### NET POSITION

| Net Investment in Capital Assets         | 4,846,848 | -       | 14,687           | 4,861,535|
| Unrestricted                             | (58,327) | 107,967 | 1,384,109        | 1,433,749|
| **Total Net Position**                   | 4,788,521 | 107,967 | 1,398,796        | 6,295,284|
| **TOTAL LIABILITIES AND NET POSITION**   | $ 4,969,486 | $ 200,415 | $ 2,132,883 | $ 7,302,784 |
### CITY OF SAN MARCOS, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**NONMAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<table>
<thead>
<tr>
<th>ENTERPRISE</th>
<th>AIRPORT</th>
<th>TRANSIT</th>
<th>WASTE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>$ 251,582</td>
<td>$ -</td>
<td>$ 2,966,996</td>
<td>$ 3,218,578</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>44,659</td>
<td>-</td>
<td>-</td>
<td>44,659</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>3,160</td>
<td>3,160</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>296,241</td>
<td>-</td>
<td>2,970,156</td>
<td>3,266,397</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>-</td>
<td>32,256</td>
<td>123,782</td>
<td>156,038</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>371,976</td>
<td>352,596</td>
<td>2,440,259</td>
<td>3,164,831</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>19,376</td>
<td>2,189</td>
<td>10,839</td>
<td>32,404</td>
</tr>
<tr>
<td>Other Charges</td>
<td>12,463</td>
<td>407</td>
<td>37,975</td>
<td>50,845</td>
</tr>
<tr>
<td>Depreciation</td>
<td>166,117</td>
<td>-</td>
<td>3,672</td>
<td>169,789</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>569,932</td>
<td>387,448</td>
<td>2,616,527</td>
<td>3,573,907</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>(273,691)</td>
<td>(387,448)</td>
<td>353,629</td>
<td>(307,510)</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>-</td>
<td>-</td>
<td>(6,344)</td>
<td>(6,344)</td>
</tr>
<tr>
<td>Transfer In</td>
<td>40,000</td>
<td>451,114</td>
<td>25,000</td>
<td>516,114</td>
</tr>
<tr>
<td><strong>Total Non- Operating Revenue (Expenses)</strong></td>
<td>40,000</td>
<td>451,114</td>
<td>18,656</td>
<td>509,770</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>(233,691)</td>
<td>63,666</td>
<td>372,285</td>
<td>202,260</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION - BEGINNING, AS RESTATED</strong></td>
<td>5,022,212</td>
<td>44,301</td>
<td>1,026,511</td>
<td>6,093,024</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION - ENDING</strong></td>
<td>$4,788,521</td>
<td>$107,967</td>
<td>$1,398,796</td>
<td>$6,295,284</td>
</tr>
</tbody>
</table>
# CITY OF SAN MARCOS, TEXAS
## COMBINING STATEMENT OF CASH FLOWS
### NONMAJOR ENTERPRISE FUNDS
## FOR THE YEAR ENDED SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>ENTERPRISE</th>
<th>AIRPORT</th>
<th>TRANSIT</th>
<th>WASTE COLLECTION</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Received from Customers</td>
<td>$282,864</td>
<td>$</td>
<td>$2,909,702</td>
<td>$3,192,566</td>
</tr>
<tr>
<td>Cash Paid to Suppliers for Goods and Services</td>
<td>(439,296)</td>
<td>(318,994)</td>
<td>(2,268,068)</td>
<td>(3,026,358)</td>
</tr>
<tr>
<td>Cash Paid to Employees for Services</td>
<td>(32,773)</td>
<td>(125,289)</td>
<td>(158,062)</td>
<td></td>
</tr>
<tr>
<td>Net Cash Provided by (Used in) Operating Activities</td>
<td>(156,432)</td>
<td>(351,767)</td>
<td>516,345</td>
<td>8,146</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>72,931</td>
<td>(39,986)</td>
<td>(58,126)</td>
<td>(25,181)</td>
</tr>
<tr>
<td>Transfers from Other Funds</td>
<td>96,439</td>
<td>445,415</td>
<td>54,066</td>
<td>595,920</td>
</tr>
<tr>
<td>Net Cash Provided by (Used in) Noncapital Financing Activities</td>
<td>169,370</td>
<td>405,429</td>
<td>(4,060)</td>
<td>570,739</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of Capital Assets</td>
<td>(44,658)</td>
<td>-</td>
<td>(18,359)</td>
<td>(63,017)</td>
</tr>
<tr>
<td>Net Cash Provided by (Used in) Capital and Related Financing Activities</td>
<td>(44,658)</td>
<td>-</td>
<td>(18,359)</td>
<td>(63,017)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale (Purchase) of Investment Securities</td>
<td>-</td>
<td>-</td>
<td>(1,046,639)</td>
<td>(1,046,639)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>-</td>
<td>-</td>
<td>2,188</td>
<td>2,188</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash and Cash Equivalents</td>
<td>(31,720)</td>
<td>53,662</td>
<td>(550,525)</td>
<td>(528,583)</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - BEGINNING</strong></td>
<td>31,720</td>
<td>-</td>
<td>1,172,744</td>
<td>1,204,464</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - ENDING</strong></td>
<td>$</td>
<td>$53,662</td>
<td>$622,219</td>
<td>$675,881</td>
</tr>
</tbody>
</table>

## RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>AIRPORT</th>
<th>TRANSIT</th>
<th>WASTE COLLECTION</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income (Loss)</td>
<td>$(273,691)</td>
<td>$(387,448)</td>
<td>$353,629</td>
<td>$(307,510)</td>
</tr>
<tr>
<td>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>166,117</td>
<td>-</td>
<td>3,672</td>
<td>169,789</td>
</tr>
<tr>
<td>Changes in Assets and Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (Increase) in Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>(44,091)</td>
<td>-</td>
<td>(67,862)</td>
<td>(111,953)</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>30,714</td>
<td>-</td>
<td>-</td>
<td>30,714</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>(31,856)</td>
<td>-</td>
<td>-</td>
<td>(31,856)</td>
</tr>
<tr>
<td>Increase (Decrease) in Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>(3,625)</td>
<td>34,186</td>
<td>219,756</td>
<td>250,317</td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td>-</td>
<td>2,012</td>
<td>1,249</td>
<td>3,261</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>-</td>
<td>-</td>
<td>7,409</td>
<td>7,409</td>
</tr>
<tr>
<td>OPEB Liability</td>
<td>-</td>
<td>94</td>
<td>328</td>
<td>422</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(611)</td>
<td>(1,836)</td>
<td>(2,447)</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** | $156,432 | $(351,767) | $516,345 | $8,146 |
STATISTICAL SECTION
STATISTICAL SECTION

This part of the City of San Marcos, Texas’ comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the City’s overall financial health.

Contents

Financial Trends
These schedules contain trend information to help readers understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain trend information to help the reader assess the City’s most significant local revenue sources. Although electric charges are the City’s most significant local revenue source, information about revenue payers is confidential under Texas statutes. Trend information about electric charges is provided in Table 6. Additionally, information about property tax revenue is provided.

Debt Capacity
These schedules contain trend information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Economic and Demographic Indicators
These schedules contain economic and demographic information to help the reader understand the environment within which the City’s financial activities take place.

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.
### CITY OF SAN MARCOS, TEXAS
#### NET POSITION BY COMPONENT
#### LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th>Table 1</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOVERNMENTAL ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>$50,982,992</td>
<td>$34,026,741</td>
<td>$52,331,211</td>
<td>$69,504,636</td>
<td>$66,361,134</td>
<td>$74,247,634</td>
<td>$82,639,548</td>
<td>$88,391,028</td>
<td>$94,693,282</td>
<td>$84,584,182</td>
</tr>
<tr>
<td>Restricted</td>
<td>$4,096,953</td>
<td>$7,178,953</td>
<td>$13,656,718</td>
<td>$11,771,448</td>
<td>$11,086,463</td>
<td>$9,972,700</td>
<td>$20,848,878</td>
<td>$19,474,094</td>
<td>$10,636,613</td>
<td>$12,689,174</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$14,345,393</td>
<td>$38,922,946</td>
<td>$21,549,724</td>
<td>$19,093,354</td>
<td>$22,795,807</td>
<td>$18,807,912</td>
<td>$8,808,763</td>
<td>$11,236,165</td>
<td>$14,521,718</td>
<td>$5,834,774</td>
</tr>
<tr>
<td><strong>BUSINESS-TYPE ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>221,981</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$65,067,633</td>
<td>$71,918,198</td>
<td>$55,197,775</td>
<td>$45,845,181</td>
<td>$36,486,413</td>
<td>$46,484,731</td>
<td>$50,448,724</td>
<td>$45,632,481</td>
<td>$46,343,182</td>
<td>$58,292,590</td>
</tr>
<tr>
<td><strong>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION</strong></td>
<td>$97,005,361</td>
<td>$109,085,469</td>
<td>$119,147,838</td>
<td>$122,643,341</td>
<td>$120,802,734</td>
<td>$123,222,139</td>
<td>$127,866,680</td>
<td>$130,805,465</td>
<td>$135,010,595</td>
<td>$146,679,716</td>
</tr>
<tr>
<td><strong>PRIMARY GOVERNMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>$4,096,953</td>
<td>$7,178,953</td>
<td>$13,656,718</td>
<td>$11,771,448</td>
<td>$11,086,463</td>
<td>$9,972,700</td>
<td>$20,848,878</td>
<td>$19,474,094</td>
<td>$10,636,613</td>
<td>$12,689,174</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$79,413,026</td>
<td>$110,811,144</td>
<td>$76,747,499</td>
<td>$64,938,535</td>
<td>$59,282,220</td>
<td>$65,292,643</td>
<td>$59,257,487</td>
<td>$56,868,466</td>
<td>$60,864,900</td>
<td>$64,127,364</td>
</tr>
<tr>
<td><strong>TOTAL PRIMARY GOVERNMENT NET POSITION</strong></td>
<td>$166,430,699</td>
<td>$189,184,109</td>
<td>$206,685,491</td>
<td>$223,012,779</td>
<td>$221,046,138</td>
<td>$226,250,385</td>
<td>$240,163,869</td>
<td>$249,906,752</td>
<td>$254,862,208</td>
<td>$249,788,386</td>
</tr>
</tbody>
</table>
## CITY OF SAN MARCOS, TEXAS

### CHANGES IN NET POSITION

#### LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>$9,416,555</td>
<td>$13,769,853</td>
<td>$12,565,540</td>
<td>$11,789,804</td>
<td>$14,811,677</td>
<td>$15,419,706</td>
<td>$17,452,471</td>
<td>$17,295,573</td>
<td>$26,744,625</td>
<td>$26,503,022</td>
</tr>
<tr>
<td>Public Safety</td>
<td>12,896,427</td>
<td>13,537,545</td>
<td>16,406,242</td>
<td>18,223,349</td>
<td>22,337,053</td>
<td>18,040,389</td>
<td>19,367,969</td>
<td>24,117,348</td>
<td>26,179,672</td>
<td>27,779,641</td>
</tr>
<tr>
<td>Community Service</td>
<td>8,032,845</td>
<td>9,077,477</td>
<td>9,114,632</td>
<td>9,120,980</td>
<td>10,463,722</td>
<td>10,092,399</td>
<td>10,399,904</td>
<td>13,360,590</td>
<td>14,192,299</td>
<td>14,822,198</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>1,887,770</td>
<td>2,769,146</td>
<td>4,784,896</td>
<td>7,008,392</td>
<td>6,525,172</td>
<td>6,412,621</td>
<td>6,255,072</td>
<td>5,932,338</td>
<td>5,433,836</td>
<td>5,359,852</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td>32,233,597</td>
<td>39,154,021</td>
<td>42,871,310</td>
<td>46,142,525</td>
<td>54,137,624</td>
<td>49,965,105</td>
<td>53,475,416</td>
<td>60,705,849</td>
<td>72,550,432</td>
<td>74,464,713</td>
</tr>
<tr>
<td><strong>Business-Type Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste Collection</td>
<td>1,410,264</td>
<td>1,503,213</td>
<td>1,703,744</td>
<td>1,228,122</td>
<td>1,463,780</td>
<td>1,773,160</td>
<td>2,110,375</td>
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<td><strong>Governmental Activities</strong></td>
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<td>1,653,099</td>
<td>1,682,378</td>
<td>1,739,043</td>
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<td>653,368</td>
<td>574,537</td>
<td>639,534</td>
<td>769,467</td>
<td>1,029,617</td>
<td>1,026,696</td>
<td>860,427</td>
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<td>Operating Grants and Contributions</td>
<td>2,149,913</td>
<td>6,128,665</td>
<td>3,452,451</td>
<td>9,881,272</td>
<td>3,142,190</td>
<td>2,699,600</td>
<td>3,250,996</td>
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<td>Capital Grants and Contributions</td>
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<td>3,921,386</td>
<td>836,384</td>
<td>2,104,303</td>
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<td><strong>Total Governmental Activities</strong></td>
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<td>7,345,583</td>
<td>15,193,913</td>
<td>17,291,057</td>
<td>23,098,197</td>
<td>23,933,551</td>
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<td>Charges for Services</td>
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<td>48,768,174</td>
<td>48,453,727</td>
<td>41,783,661</td>
<td>48,848,992</td>
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<td>66,548,588</td>
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<td>210,224</td>
<td>203,780</td>
<td>273,788</td>
<td>178,432</td>
<td>256,710</td>
<td>580,554</td>
<td>913,152</td>
<td>292,432</td>
<td>296,241</td>
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<td>1,478,191</td>
<td>1,208,913</td>
<td>2,553,844</td>
<td>2,673,393</td>
<td>2,855,937</td>
<td>3,163,498</td>
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<td>1,599,550</td>
<td>1,909,152</td>
<td>2,988,447</td>
<td>2,516,548</td>
<td>2,628,929</td>
<td>2,970,156</td>
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<td>852,403</td>
<td>1,085,830</td>
<td>1,274,418</td>
<td>1,599,863</td>
<td>1,117,888</td>
<td>1,400,371</td>
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<td><strong>Total Business-Type Activities</strong></td>
<td>75,463,683</td>
<td>72,393,473</td>
<td>82,679,393</td>
<td>80,011,876</td>
<td>78,114,445</td>
<td>80,800,904</td>
<td>86,630,592</td>
<td>86,295,335</td>
<td>95,085,893</td>
<td>109,610,813</td>
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<td><strong>Total Primary Government Program Revenues</strong></td>
<td>81,612,221</td>
<td>85,321,332</td>
<td>90,302,607</td>
<td>95,543,769</td>
<td>87,024,866</td>
<td>88,146,487</td>
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<td>103,586,392</td>
<td>118,184,090</td>
<td>133,544,364</td>
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### TABLE 2
### CITY OF SAN MARCOS, TEXAS

#### CHANGES IN NET POSITION (CONTINUED)

**LAST TEN FISCAL YEARS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Net Expenses</th>
<th>Governmental Revenues</th>
<th>Other Changes in Net Position</th>
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<tbody>
<tr>
<td>2006</td>
<td>$ (26,085,059)</td>
<td>8,500,547</td>
<td>(17,584,512)</td>
<td>37,894,825</td>
<td>21,040,157</td>
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<tr>
<td>2007</td>
<td>$ (26,226,162)</td>
<td>7,376,041</td>
<td>(18,850,121)</td>
<td>36,899,464</td>
<td>22,753,410</td>
</tr>
<tr>
<td>2008</td>
<td>$ (35,248,096)</td>
<td>6,299,001</td>
<td>(28,949,095)</td>
<td>42,687,109</td>
<td>17,072,215</td>
</tr>
<tr>
<td>2009</td>
<td>$ (30,610,632)</td>
<td>6,055,106</td>
<td>(24,555,526)</td>
<td>44,998,006</td>
<td>17,882,877</td>
</tr>
<tr>
<td>2010</td>
<td>$ (45,227,203)</td>
<td>2,372,178</td>
<td>(42,855,025)</td>
<td>44,045,544</td>
<td>21,285,609</td>
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<tr>
<td>2011</td>
<td>$ (42,619,522)</td>
<td>6,303,844</td>
<td>(36,315,678)</td>
<td>47,550,446</td>
<td>17,072,215</td>
</tr>
<tr>
<td>2012</td>
<td>$ (38,281,503)</td>
<td>7,946,411</td>
<td>(30,335,092)</td>
<td>44,248,576</td>
<td>17,882,877</td>
</tr>
<tr>
<td>2013</td>
<td>$ (43,414,792)</td>
<td>8,206,067</td>
<td>(35,208,725)</td>
<td>44,951,608</td>
<td>21,603,168</td>
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<tr>
<td>2014</td>
<td>$ (49,452,235)</td>
<td>11,784,990</td>
<td>(33,634,423)</td>
<td>57,669,237</td>
<td>55,237,591</td>
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<tr>
<td>2015</td>
<td>$ (50,531,162)</td>
<td>16,896,739</td>
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</tbody>
</table>

**GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET POSITION**

#### Governmental Activities

- **Taxes**
  - Property Taxes: $8,912,647, $9,558,703, $11,696,800, $12,401,892, $14,332,003, $14,236,642, $14,448,102, $16,453,797, $17,493,449, $17,074,411
  - Franchise Taxes: $6,999,442, $6,927,867, $7,695,811, $1,281,674, $1,477,463, $1,447,569, $1,436,152, $1,612,147, $6,891,720, $8,177,576
  - Other Taxes: $1,358,869, $1,519,896, $1,698,905, $2,030,247, $2,266,391, $2,381,483, $2,617,041, $313,996, $95,989, $129,205
- **Investment Earnings**: $1,603,021, $2,745,676, $2,590,329, $3,571,867, $587,646, $1,422,726, $1,337,712, $95,989, $129,205
- **Miscellaneous**: $163,646, $508,716, $572,276, $1,963,080, $1,854,367, $753,366, $2,601,079, $313,996, $95,989, $129,205
- **Gain on Sale of Capital Assets**: -$ - -$ - -$ 64,974, $121,129, -$ - -$ - -
- **Transfers**: $2,479,810, $(379,500), $85,853, $1,963,080, $1,854,367, $753,366, $2,601,079, $313,996, $95,989, $129,205

#### Total Governmental Activities: $37,894,825, $36,899,464, $42,687,109, $44,998,006, $45,101,169, $45,404,544, $47,550,446, $50,218,890, $57,435,035, $54,878,844

#### Business-Type Activities

- **Investment Earnings**: $3,182,034, $4,063,644, $2,801,982, $2,098,305, $569,393, $376,915, $303,932, $160,760, $187,380, $202,049
- **Other**: $27,620, $260,923, $618,072, $1,101,946, $1,337,440, $2,029,511, $2,780,304, $46,822, $ -
- **Transfers**: $(2,479,810), $379,500, $(85,853), $(6,119,618), $(6,290,857), $(6,386,106), $(5,428,042), $(156,698), $234,202, $358,747

#### Total Business-Type Activities: $729,844, $4,704,067, $3,334,201, $2,255,603, $4,212,785, $3,884,439, $3,301,870, $5,267,282, $234,202, $358,747

#### Total Primary Government: $38,624,669, $41,603,531, $46,021,310, $42,438,403, $40,888,384, $41,520,105, $44,248,576, $44,951,608, $57,669,237, $55,237,591

**CHANGES IN NET POSITION**

- Governmental Activities: $11,809,766, $10,673,302, $7,439,013, $14,387,374, $(126,034), $2,785,022, $9,268,943, $6,804,098, $2,717,157, $4,347,682
- Business-Type Activities: $9,230,391, $12,080,108, $9,633,202, $3,495,503, $(1,840,607), $2,419,405, $4,644,541, $2,938,785, $6,753,999, $17,255,486

#### TOTAL PRIMARY GOVERNMENT: $21,040,157, $22,753,410, $17,072,215, $17,882,877, $(1,966,641), $5,204,427, $13,913,484, $9,742,883, $9,471,156, $21,603,168

**NOTE:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.
### CITY OF SAN MARCOS, TEXAS

#### FUND BALANCES

**GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**TABLE 3**

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<tbody>
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<td><strong>GENERAL FUND</strong></td>
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<tr>
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<td>12,804,776</td>
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<tr>
<td>Nonspendable</td>
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<td>-</td>
<td>-</td>
<td>214,915</td>
<td>385,498</td>
<td>545,006</td>
<td>507,534</td>
<td>466,007</td>
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<td>980,103</td>
<td>-</td>
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<tr>
<td>Assigned</td>
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<td>-</td>
<td>980,103</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>13,559,284</td>
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<td>15,513,680</td>
<td>17,294,911</td>
<td>-</td>
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<tr>
<td><strong>TOTAL GENERAL FUND</strong></td>
<td>$14,165,505</td>
<td>$14,727,175</td>
<td>$13,606,595</td>
<td>$12,902,270</td>
<td>$13,376,970</td>
<td>$13,803,824</td>
<td>$14,924,885</td>
<td>$16,975,326</td>
<td>$16,021,214</td>
<td>$17,999,487</td>
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</table>

<table>
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</thead>
<tbody>
<tr>
<td><strong>ALL OTHER GOVERNMENTAL FUNDS</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Reserved</td>
<td>$1,155,404</td>
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<td>$1,315,807</td>
<td>$2,365,271</td>
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<td>$-</td>
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<td>Unreserved, Reported In:</td>
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<td>10,985</td>
<td>11,177</td>
<td>122,218</td>
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<td>1,879,330</td>
<td>1,111,235</td>
<td>1,174,555</td>
<td>-</td>
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<td>Capital Project Funds</td>
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<td>76,612,241</td>
<td>74,318,614</td>
<td>55,426,183</td>
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<td>Debt Service Funds</td>
<td>2,232,229</td>
<td>5,764,165</td>
<td>10,494,115</td>
<td>8,544,491</td>
<td>8,879,062</td>
<td>-</td>
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<tr>
<td>Nonspendable</td>
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<td>Unassigned</td>
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<td>(120,908)</td>
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<td><strong>TOTAL ALL OTHER GOVERNMENTAL FUNDS</strong></td>
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<td>$43,459,977</td>
<td>$34,476,144</td>
<td>$33,621,845</td>
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**NOTE:** The City implemented GASB 54 in 2011, which changed the fund balance classifications reported in governmental funds. See the Fund Balance Classification note in the Summary of Significant Accounting Policies in the notes to the financial statements for descriptive information on the new classifications.
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<thead>
<tr>
<th>Year</th>
<th>Taxes</th>
<th>Licenses and Permits</th>
<th>Fees and Penalties</th>
<th>Charges for Services</th>
<th>Intergovernmental</th>
<th>Investment Earnings</th>
<th>Contributions</th>
<th>Other Revenues</th>
<th>Total Revenues</th>
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<tbody>
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<td>2006</td>
<td>$33,532,369</td>
<td>$930,496</td>
<td>$1,404,734</td>
<td>$4,539,296</td>
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<td>$1,603,021</td>
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<td>355,039</td>
<td>$45,307,524</td>
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<td>2007</td>
<td>$35,610,380</td>
<td>$688,943</td>
<td>$1,450,558</td>
<td>$4,673,630</td>
<td>$10,050,033</td>
<td>$2,745,676</td>
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<td>508,716</td>
<td>$55,727,936</td>
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<td>2008</td>
<td>$39,303,487</td>
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<td>$4,168,351</td>
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<td>955,223</td>
<td>$54,277,765</td>
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<tr>
<td>2009</td>
<td>$36,401,012</td>
<td>$847,678</td>
<td>$1,722,705</td>
<td>$4,978,075</td>
<td>$10,925,601</td>
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<td>918,930</td>
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<tr>
<td>2010</td>
<td>$39,858,603</td>
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<td>$1,851,308</td>
<td>$4,954,980</td>
<td>$5,254,713</td>
<td>$587,645</td>
<td>319,093</td>
<td>1,291,858</td>
<td>$52,011,504</td>
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<tr>
<td>2011</td>
<td>$39,630,897</td>
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<td>$1,720,669</td>
<td>$5,021,489</td>
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<th>Public Safety</th>
<th>Community Service</th>
<th>Capital Outlay</th>
<th>Debt Service</th>
<th>Interest</th>
<th>Principal</th>
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<td>-</td>
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<td>-</td>
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Excess (Deficiency) of Revenues Over (Under) Expenditures: 1,663,143 (1,663,143) (1,663,143) (1,663,143) (1,663,143) (1,663,143) (1,663,143) (1,663,143) (1,663,143) (1,663,143)
CITY OF SAN MARCOS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)

<table>
<thead>
<tr>
<th>Table 4 (Continued)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tr>
<td>Bond Issuance Costs</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<td>$</td>
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<tr>
<td>Bond Sales</td>
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<td>34,190,000</td>
<td>62,695,000</td>
<td>22,895,000</td>
<td>8,625,000</td>
<td>11,245,000</td>
<td>5,520,000</td>
<td>8,825,000</td>
<td>26,510,000</td>
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<td>Proceeds from Capital Leases</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>337,327</td>
<td>220,916</td>
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<td>Discount on Debt Issued</td>
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<td>-</td>
<td>-</td>
<td>(522,859.00)</td>
<td>(63,173)</td>
<td>-</td>
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<td>Premium on Debt Issued</td>
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<td>-</td>
<td>(522,859.00)</td>
<td>487,099</td>
<td>-</td>
<td>590,248</td>
<td>576,210</td>
<td>805,797</td>
<td>3,051,492</td>
<td>3,891,469</td>
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<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>71,163</td>
<td>121,129</td>
<td>35,245</td>
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<td>205,838</td>
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<tr>
<td>Payment to Refunded Bond Escrow Agent</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,875,296)</td>
<td>(11,680,362)</td>
<td>(6,016,992)</td>
<td>(5,885,165)</td>
<td>(27,274,606)</td>
<td>(35,614,546)</td>
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<tr>
<td>Transfers In</td>
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<td>5,875,970</td>
<td>4,375,113.00</td>
<td>9,084,781</td>
<td>9,434,616</td>
<td>11,149,525</td>
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<td>Total Other Financing Sources (Uses)</td>
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NET CHANGE IN FUND BALANCES

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<th></th>
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<tbody>
<tr>
<td>$ 10,367,953</td>
<td>$ 26,953,109</td>
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Debt Service as a Percentage of Noncapital Expenditures

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<tbody>
<tr>
<td>14.3%</td>
<td>13.5%</td>
<td>18.4%</td>
<td>23.7%</td>
<td>20.2%</td>
<td>22.8%</td>
<td>23.1%</td>
<td>19.8%</td>
<td>18.2%</td>
<td>17.9%</td>
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<td>FISCAL YEAR</td>
<td>REAL PROPERTY ASSESSED VALUE</td>
<td>REAL PROPERTY ESTIMATED ACTUAL VALUE</td>
<td>PERSONAL PROPERTY ASSESSED VALUE</td>
<td>PERSONAL PROPERTY ESTIMATED ACTUAL VALUE</td>
<td>LESS: TOTAL TAXABLE ASSESSED PROPERTY VALUE</td>
<td>TOTAL DIRECT TAXABLE VALUE</td>
<td>TOTAL TAXABLE VALUE</td>
<td>ESTIMATED TAXABLE VALUE</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------------------</td>
<td>-------------------------------------</td>
<td>----------------------------------</td>
<td>---------------------------------------</td>
<td>---------------------------------------------</td>
<td>--------------------------</td>
<td>----------------------</td>
<td>-----------------------</td>
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<tr>
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<td>$1,939,132,089</td>
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<td>$441,477,940</td>
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<td>1,989,713,898</td>
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<td>2,452,170,753</td>
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<td>548,200,983</td>
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<td>631,435,988</td>
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<td>2,984,210,423</td>
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<td>628,566,205</td>
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</table>

Source: Hays County Appraisal District

Notes: Property in Hays County is reassessed once every three years on average. The County assesses property at approximately 100 percent of actual value for commercial and industrial property and 100 percent for residential property. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per $100 of assessed value.
<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>RESIDENTIAL COST PER KWH</th>
<th>SMALL GEN SERV COST PER KWH</th>
<th>MEDIUM GEN SERV COST PER KWH</th>
<th>LARGE GEN SERV - SECONDARY COST PER KWH</th>
<th>LARGE GEN SERV - PRIMARY COST PER KWH</th>
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<td>$10.92</td>
<td>$49.14</td>
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<td>$764.80</td>
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<tr>
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<td>$9.29</td>
<td>$10.92</td>
<td>$49.14</td>
<td>$218.40</td>
<td>$764.80</td>
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<tr>
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<td>$8.93</td>
<td>$10.50</td>
<td>$47.25</td>
<td>$210.00</td>
<td>$735.00</td>
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<td>$10.50</td>
<td>$47.25</td>
<td>$210.00</td>
<td>$735.00</td>
</tr>
<tr>
<td>2011</td>
<td>$8.93</td>
<td>$10.50</td>
<td>$47.25</td>
<td>$210.00</td>
<td>$735.00</td>
</tr>
<tr>
<td>2010</td>
<td>$8.50</td>
<td>$10.00</td>
<td>$45.00</td>
<td>$200.00</td>
<td>$700.00</td>
</tr>
<tr>
<td>2009</td>
<td>$8.50</td>
<td>$10.00</td>
<td>$45.00</td>
<td>$200.00</td>
<td>$700.00</td>
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<tr>
<td>2008</td>
<td>$8.50</td>
<td>$10.00</td>
<td>$45.00</td>
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<tr>
<td>2007</td>
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<tr>
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<td>$10.00</td>
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<td>$700.00</td>
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CITY OF SAN MARCOS, TEXAS
TOTAL kWh PER YEAR COMPARISON
LAST TEN FISCAL YEARS

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<th>YEAR</th>
<th>COMMERCIAL</th>
<th>RESIDENTIAL</th>
<th>TOTAL USAGE</th>
<th>TOTAL PURCHASED</th>
<th>LOSS %</th>
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<td>496,967,309</td>
<td>524,152,775</td>
<td>5.19%</td>
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<tr>
<td>2007</td>
<td>316,304,431</td>
<td>190,669,778</td>
<td>506,974,209</td>
<td>522,933,027</td>
<td>3.05%</td>
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<tr>
<td>2008</td>
<td>342,204,187</td>
<td>190,040,702</td>
<td>532,244,889</td>
<td>565,300,166</td>
<td>5.85%</td>
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<td>347,308,566</td>
<td>187,785,353</td>
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<td>5.86%</td>
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<tr>
<td>2010</td>
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<td>197,043,431</td>
<td>551,267,572</td>
<td>583,284,525</td>
<td>5.49%</td>
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<tr>
<td>2011</td>
<td>361,778,549</td>
<td>208,257,452</td>
<td>570,036,001</td>
<td>603,401,092</td>
<td>5.53%</td>
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<tr>
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<td>361,131,427</td>
<td>200,312,476</td>
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<td>590,189,715</td>
<td>620,207,502</td>
<td>4.84%</td>
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<td>2015</td>
<td>362,525,494</td>
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<td>5.64%</td>
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<td>CUSTOMER</td>
<td>CONSUMPTION (kWh)</td>
<td>AMOUNT BILLED</td>
<td>% OF TOTAL kWh</td>
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<tr>
<td>Texas State University, COGEN</td>
<td>97,704,274</td>
<td>$ 9,359,410</td>
<td>16.50%</td>
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<tr>
<td>H E Butt Grocery</td>
<td>23,273,110</td>
<td>2,499,294</td>
<td>3.93%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas State University</td>
<td>11,147,427</td>
<td>1,220,121</td>
<td>1.88%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of San Marcos</td>
<td>9,777,685</td>
<td>1,068,343</td>
<td>1.65%</td>
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<td></td>
</tr>
<tr>
<td>SMCISD</td>
<td>9,042,848</td>
<td>999,957</td>
<td>1.53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CTMC</td>
<td>9,450,350</td>
<td>979,825</td>
<td>1.60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hays County Government Center</td>
<td>7,311,256</td>
<td>754,841</td>
<td>1.23%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embassy Suites San Marcos</td>
<td>6,634,475</td>
<td>753,710</td>
<td>1.12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Walmart- Super Store</td>
<td>5,857,053</td>
<td>661,734</td>
<td>0.99%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thermon Manufacturing</td>
<td>5,579,152</td>
<td>572,145</td>
<td>0.94%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: % of consumption based on total kWh of: 592,212,108
CITY OF SAN MARCOS, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>BASIC RATE</th>
<th>SCHOOL DISTRICT</th>
<th>COUNTY</th>
<th>OTHER SPECIAL</th>
<th>TOTAL DIRECT RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>0.4702</td>
<td>1.7000</td>
<td>0.3790</td>
<td>0.0710</td>
<td>2.6202</td>
</tr>
<tr>
<td>2007</td>
<td>0.5302</td>
<td>1.3700</td>
<td>0.3714</td>
<td>0.0860</td>
<td>2.3576</td>
</tr>
<tr>
<td>2008</td>
<td>0.5302</td>
<td>1.3700</td>
<td>0.3749</td>
<td>0.0801</td>
<td>2.3552</td>
</tr>
<tr>
<td>2009</td>
<td>0.5302</td>
<td>1.3700</td>
<td>0.4181</td>
<td>0.0511</td>
<td>2.3694</td>
</tr>
<tr>
<td>2010</td>
<td>0.5302</td>
<td>1.3500</td>
<td>0.4248</td>
<td>0.0444</td>
<td>2.3494</td>
</tr>
<tr>
<td>2011</td>
<td>0.5302</td>
<td>1.3500</td>
<td>0.4248</td>
<td>0.0444</td>
<td>2.3494</td>
</tr>
<tr>
<td>2012</td>
<td>0.5302</td>
<td>1.3500</td>
<td>0.4252</td>
<td>0.0438</td>
<td>2.3492</td>
</tr>
<tr>
<td>2013</td>
<td>0.5302</td>
<td>1.4141</td>
<td>0.4252</td>
<td>0.0438</td>
<td>2.4133</td>
</tr>
<tr>
<td>2014</td>
<td>0.5302</td>
<td>1.4141</td>
<td>0.4252</td>
<td>0.0438</td>
<td>2.4133</td>
</tr>
<tr>
<td>2015</td>
<td>0.5302</td>
<td>1.4141</td>
<td>0.4252</td>
<td>0.0438</td>
<td>2.4133</td>
</tr>
</tbody>
</table>

Information provided by Hays County Tax Office / 393-5545
### CITY OF SAN MARCOS, TEXAS
### PRINCIPAL PROPERTY TAXPAYERS
### CURRENT YEAR AND NINE YEARS AGO

<table>
<thead>
<tr>
<th>TAXPAYER</th>
<th>TAXABLE ASSESSED VALUE</th>
<th>TAXABLE ASSESSED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hays Energy Ltd. Partnership</td>
<td>$198,332,108</td>
<td>5.51%</td>
</tr>
<tr>
<td>HEB Warehouse</td>
<td>113,520,708</td>
<td>3.16%</td>
</tr>
<tr>
<td>San Marcos Factory Stores</td>
<td>59,519,446</td>
<td>1.65%</td>
</tr>
<tr>
<td>Tanger Properties</td>
<td>57,693,771</td>
<td>1.60%</td>
</tr>
<tr>
<td>CFAN</td>
<td>42,898,998</td>
<td>1.19%</td>
</tr>
<tr>
<td>Prime Outlets</td>
<td>41,409,255</td>
<td>1.15%</td>
</tr>
<tr>
<td>San Marcos Properties</td>
<td>38,045,240</td>
<td>1.06%</td>
</tr>
<tr>
<td>Copper Beech Townhomes</td>
<td>34,731,013</td>
<td>0.97%</td>
</tr>
<tr>
<td>CD/ Park 7</td>
<td>33,650,894</td>
<td>0.94%</td>
</tr>
<tr>
<td>Elysian at Purgatory Creek</td>
<td>33,600,000</td>
<td>0.93%</td>
</tr>
</tbody>
</table>

**TOTAL** $653,401,433 18.16%

<table>
<thead>
<tr>
<th>TAXPAYER</th>
<th>TAXABLE ASSESSED VALUE</th>
<th>TAXABLE ASSESSED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEB Distribution</td>
<td>$77,856,950</td>
<td>4.14%</td>
</tr>
<tr>
<td>San Marcos Factory Stores</td>
<td>25,225,345</td>
<td>2.20%</td>
</tr>
<tr>
<td>Tanger Properties</td>
<td>23,880,780</td>
<td>1.40%</td>
</tr>
<tr>
<td>HEB Grocery Store</td>
<td>23,575,977</td>
<td>1.34%</td>
</tr>
<tr>
<td>CFAN</td>
<td>22,453,300</td>
<td>1.33%</td>
</tr>
<tr>
<td>Grande Communications</td>
<td>22,070,390</td>
<td>1.33%</td>
</tr>
<tr>
<td>University Heights</td>
<td>21,767,210</td>
<td>1.08%</td>
</tr>
<tr>
<td>Melrose Zone II Ltd.</td>
<td>18,505,640</td>
<td>1.02%</td>
</tr>
<tr>
<td>Century Telephone</td>
<td>18,179,470</td>
<td>0.88%</td>
</tr>
<tr>
<td>Butler Manufacturing</td>
<td>15,329,040</td>
<td>0.77%</td>
</tr>
</tbody>
</table>

**TOTAL** $268,844,102 15.49%

Information provided by Hays County Tax Office.
### Table 12: Property Tax Levies and Collections Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Taxes Levied for the Fiscal Year</th>
<th>Collected with the Fiscal Year of the Levy</th>
<th>Collections in Subsequent Years</th>
<th>Total Collections to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$8,796,101</td>
<td>$8,620,179</td>
<td>$160,671</td>
<td>$8,780,850</td>
</tr>
<tr>
<td></td>
<td>98.00%</td>
<td>98.59%</td>
<td>98.61%</td>
<td>99.78%</td>
</tr>
<tr>
<td>2007</td>
<td>9,590,359</td>
<td>9,455,292</td>
<td>117,446</td>
<td>9,572,738</td>
</tr>
<tr>
<td></td>
<td>98.59%</td>
<td>98.61%</td>
<td>98.49%</td>
<td>99.82%</td>
</tr>
<tr>
<td>2008</td>
<td>11,451,045</td>
<td>11,291,991</td>
<td>134,259</td>
<td>11,426,250</td>
</tr>
<tr>
<td></td>
<td>98.61%</td>
<td>98.49%</td>
<td>98.63%</td>
<td>99.78%</td>
</tr>
<tr>
<td>2009</td>
<td>12,147,748</td>
<td>11,964,114</td>
<td>162,802</td>
<td>12,126,916</td>
</tr>
<tr>
<td></td>
<td>98.49%</td>
<td>98.63%</td>
<td>98.49%</td>
<td>99.83%</td>
</tr>
<tr>
<td>2010</td>
<td>14,099,916</td>
<td>13,907,121</td>
<td>162,544</td>
<td>14,069,665</td>
</tr>
<tr>
<td></td>
<td>98.63%</td>
<td>98.85%</td>
<td>99.16%</td>
<td>99.79%</td>
</tr>
<tr>
<td>2011</td>
<td>13,970,763</td>
<td>13,809,687</td>
<td>134,881</td>
<td>13,944,568</td>
</tr>
<tr>
<td></td>
<td>98.85%</td>
<td>99.09%</td>
<td>99.16%</td>
<td>99.81%</td>
</tr>
<tr>
<td>2012</td>
<td>14,396,631</td>
<td>14,265,714</td>
<td>89,509</td>
<td>14,355,223</td>
</tr>
<tr>
<td></td>
<td>99.09%</td>
<td>99.09%</td>
<td>99.09%</td>
<td>99.71%</td>
</tr>
<tr>
<td>2013</td>
<td>15,105,625</td>
<td>14,978,410</td>
<td>104,018</td>
<td>15,082,428</td>
</tr>
<tr>
<td></td>
<td>99.16%</td>
<td>99.16%</td>
<td>99.16%</td>
<td>99.85%</td>
</tr>
<tr>
<td></td>
<td>99.52%</td>
<td>99.52%</td>
<td>99.52%</td>
<td>99.82%</td>
</tr>
<tr>
<td>2015</td>
<td>18,034,695</td>
<td>17,926,661</td>
<td>-</td>
<td>17,926,661</td>
</tr>
<tr>
<td></td>
<td>99.40%</td>
<td>99.40%</td>
<td>99.40%</td>
<td>99.40%</td>
</tr>
<tr>
<td>RANK</td>
<td>NAME</td>
<td>REVENUE</td>
<td>GALLONS</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>----------------------------------</td>
<td>----------</td>
<td>---------------</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>City of San Marcos, Texas</td>
<td>$368,683</td>
<td>43,343,912</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>MTC Gary Job Corps</td>
<td>358,286</td>
<td>40,577,440</td>
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</tr>
<tr>
<td>3</td>
<td>Copper Beech Townhomes</td>
<td>244,639</td>
<td>33,794,992</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>University Heights San Marcos</td>
<td>219,812</td>
<td>30,554,342</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>San Marcos CISD</td>
<td>203,934</td>
<td>24,649,649</td>
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<tr>
<td>6</td>
<td>HRA Edge, LLC</td>
<td>200,664</td>
<td>27,828,774</td>
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<tr>
<td>7</td>
<td>San Marcos Factory Shops</td>
<td>189,792</td>
<td>26,341,571</td>
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</tr>
<tr>
<td>8</td>
<td>NRP Contractors, LLC</td>
<td>182,611</td>
<td>25,422,619</td>
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<tr>
<td>9</td>
<td>Hays County Government Center</td>
<td>169,085</td>
<td>22,834,815</td>
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<tr>
<td>10</td>
<td>The Retreat at San Marcos LLC</td>
<td>165,396</td>
<td>23,252,520</td>
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<tr>
<td>FISCAL YEAR</td>
<td>WASTEWATER</td>
<td>WATER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>------------</td>
<td>---------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>7,524</td>
<td>8,995</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>7,657</td>
<td>9,231</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>7,707</td>
<td>9,323</td>
<td></td>
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<tr>
<td>2010</td>
<td>7,949</td>
<td>9,620</td>
<td></td>
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<tr>
<td>2011</td>
<td>8,289</td>
<td>9,918</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>8,392</td>
<td>10,144</td>
<td></td>
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</tr>
<tr>
<td>2013</td>
<td>9,060</td>
<td>11,317</td>
<td></td>
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<tr>
<td>2014</td>
<td>9,382</td>
<td>11,707</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WATER RATES

(All water rates are based per 1,000 gallons)

<table>
<thead>
<tr>
<th>INSIDE-CITY WATER RATES</th>
<th>RATE</th>
<th>OUTSIDE-CITY WATER RATES</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 6,000 Gallons - Minimum</td>
<td>20.01</td>
<td>First 6,000 Gallons - Minimum</td>
<td>25.02</td>
</tr>
<tr>
<td>6,001 - 9,000 Gallons</td>
<td>5.87</td>
<td>6,001 - 9,000 Gallons</td>
<td>7.33</td>
</tr>
<tr>
<td>9,001- 12,000 Gallons</td>
<td>6.71</td>
<td>9,001- 12,000 Gallons</td>
<td>8.38</td>
</tr>
<tr>
<td>12,001- 20,000 Gallons</td>
<td>7.55</td>
<td>12,001- 20,000 Gallons</td>
<td>9.43</td>
</tr>
<tr>
<td>20,001- 50,000 Gallons</td>
<td>8.38</td>
<td>20,001- 50,000 Gallons</td>
<td>10.48</td>
</tr>
<tr>
<td>Over 50,000 Gallons</td>
<td>10.06</td>
<td>Over 50,000 Gallons</td>
<td>12.58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5/8&quot; - 3/4&quot; Water Meter</th>
<th>RATE</th>
<th>5/8&quot; - 3/4&quot; Water Meter</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Charge</td>
<td>20.01</td>
<td>Minimum Charge</td>
<td>25.02</td>
</tr>
<tr>
<td>0 - 6,000 Gallons</td>
<td>3.35</td>
<td>0 - 6,000 Gallons</td>
<td>4.20</td>
</tr>
<tr>
<td>6,001 - 9,000 Gallons</td>
<td>5.87</td>
<td>6,001 - 9,000 Gallons</td>
<td>7.33</td>
</tr>
<tr>
<td>9,001- 12,000 Gallons</td>
<td>6.71</td>
<td>9,001- 12,000 Gallons</td>
<td>8.38</td>
</tr>
<tr>
<td>12,001- 20,000 Gallons</td>
<td>7.55</td>
<td>12,001- 20,000 Gallons</td>
<td>9.43</td>
</tr>
<tr>
<td>20,001- 50,000 Gallons</td>
<td>8.38</td>
<td>20,001- 50,000 Gallons</td>
<td>10.48</td>
</tr>
<tr>
<td>Over 50,000 Gallons</td>
<td>10.06</td>
<td>Over 50,000 Gallons</td>
<td>12.58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1&quot; Water Meter</th>
<th>RATE</th>
<th>1&quot; Water Meter</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Charge</td>
<td>50.02</td>
<td>Minimum Charge</td>
<td>62.52</td>
</tr>
<tr>
<td>0 - 4,000 Gallons</td>
<td>2.16</td>
<td>0 - 4,000 Gallons</td>
<td>2.70</td>
</tr>
<tr>
<td>4,001 - 10,000 Gallons</td>
<td>2.60</td>
<td>4,001 - 10,000 Gallons</td>
<td>3.24</td>
</tr>
<tr>
<td>10,001- 25,000 Gallons</td>
<td>6.49</td>
<td>10,001- 25,000 Gallons</td>
<td>8.11</td>
</tr>
<tr>
<td>Over 25,000 Gallons</td>
<td>7.35</td>
<td>Over 25,000 Gallons</td>
<td>9.19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1 1/2&quot; Water Meter</th>
<th>RATE</th>
<th>1 1/2&quot; Water Meter</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Charge</td>
<td>100.04</td>
<td>Minimum Charge</td>
<td>125.05</td>
</tr>
<tr>
<td>0 - 8,000 Gallons</td>
<td>2.16</td>
<td>0 - 8,000 Gallons</td>
<td>2.70</td>
</tr>
<tr>
<td>8,001 - 10,000 Gallons</td>
<td>2.60</td>
<td>8,001 - 10,000 Gallons</td>
<td>3.24</td>
</tr>
<tr>
<td>10,001- 25,000 Gallons</td>
<td>6.49</td>
<td>10,001- 25,000 Gallons</td>
<td>8.11</td>
</tr>
<tr>
<td>Over 25,000 Gallons</td>
<td>7.35</td>
<td>Over 25,000 Gallons</td>
<td>9.19</td>
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</table>

<table>
<thead>
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<th>2&quot; Water Meter</th>
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<tbody>
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<td>Minimum Charge</td>
<td>160.06</td>
<td>Minimum Charge</td>
<td>200.08</td>
</tr>
<tr>
<td>0 - 13,000 Gallons</td>
<td>2.16</td>
<td>0 - 13,000 Gallons</td>
<td>2.70</td>
</tr>
<tr>
<td>13,001- 25,000 Gallons</td>
<td>6.49</td>
<td>13,001- 25,000 Gallons</td>
<td>8.11</td>
</tr>
<tr>
<td>Over 25,000 Gallons</td>
<td>7.35</td>
<td>Over 25,000 Gallons</td>
<td>9.19</td>
</tr>
</tbody>
</table>

(CONTINUED)
### INSIDE-CITY SEWER RATES

<table>
<thead>
<tr>
<th>Lifeline Rate*</th>
<th>5/8&quot; - 3/4&quot; Water Meter* RATE</th>
<th>1&quot; Water Meter* RATE</th>
<th>1 1/2&quot; Water Meter* RATE</th>
<th>2&quot; Water Meter RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>24.04</td>
<td>First 2,000 Gallons - Minimum</td>
<td>48.01</td>
<td>First 13,000 Gallons - Minimum</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 2,000 Gallons</td>
<td>6.93</td>
<td>Over 13,000 Gallons</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### OUTSIDE-CITY SEWER RATES

<table>
<thead>
<tr>
<th>Lifeline Rate*</th>
<th>5/8&quot; - 3/4&quot; Water Meter* RATE</th>
<th>1&quot; Water Meter* RATE</th>
<th>1 1/2&quot; Water Meter* RATE</th>
<th>2&quot; Water Meter RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>30.55</td>
<td>First 2,000 Gallons - Minimum</td>
<td>60.00</td>
<td>First 13,000 Gallons - Minimum</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 2,000 Gallons</td>
<td>8.65</td>
<td>Over 13,000 Gallons</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Winter Average Residential Sewer Rates for 5/8-3/4", 1", and 1 1/2" water meters. Residential Sewer Rates for 5/8-3/4", 1", and 1 1/2" water meters are based on the average water consumption for the bills dated the previous December, January, and February. Accounts that do not have water usage history for December, January, or February are set at 5,000 gallons. The winter average rate is set for a 12 month period. No additional charge is charged is applied to single-family residential customers for wastewater volumes in excess of 9,000 gallons for 5/8-3/4", 1", and 1 1/2" water meters.
### CITY OF SAN MARCOS, TEXAS
#### RATIOS OF OUTSTANDING DEBT BY TYPE
##### LAST TEN FISCAL YEARS

**TABLE 16**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Obligation of and Limited Revenue Certificates of Capital Revenue Bonds</th>
<th>Water Revenue Obligation</th>
<th>Electric Revenue Leases</th>
<th>Drainage Capital Leases</th>
<th>Total Governmental Income Capital</th>
<th>Percentage</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$1,230,000 $28,115,000 $ - $140,044</td>
<td>$78,595,000</td>
<td>$10,500,000</td>
<td>$6,500,000</td>
<td>$38,490</td>
<td>$136,188,534</td>
<td>4.36%</td>
</tr>
<tr>
<td>2007</td>
<td>$12,925,000 58,485,000 $ - 393,426</td>
<td>$86,125,000</td>
<td>10,430,000</td>
<td>8,025,000</td>
<td>75,804</td>
<td>176,459,230</td>
<td>5.32%</td>
</tr>
<tr>
<td>2008</td>
<td>$15,200,000 114,210,000 $ - 14,059</td>
<td>$96,420,000</td>
<td>9,605,000</td>
<td>12,315,000</td>
<td>-</td>
<td>247,764,059</td>
<td>5.93%</td>
</tr>
<tr>
<td>2009</td>
<td>$19,815,000 58,145,000 $ - -</td>
<td>$102,010,000</td>
<td>8,740,000</td>
<td>16,900,000</td>
<td>-</td>
<td>205,610,000</td>
<td>5.70%</td>
</tr>
<tr>
<td>2010</td>
<td>$17,480,000 64,325,000 $ - -</td>
<td>$106,265,000</td>
<td>9,480,000</td>
<td>19,080,000</td>
<td>-</td>
<td>216,630,000</td>
<td>3.01%</td>
</tr>
<tr>
<td>2011</td>
<td>$15,975,000 60,865,000 34,420,000 321,407</td>
<td>$102,590,000</td>
<td>16,490,000</td>
<td>18,440,000</td>
<td>-</td>
<td>214,460,000</td>
<td>5.10%</td>
</tr>
<tr>
<td>2012</td>
<td>$27,180,000 44,800,000 $ - -</td>
<td>$96,810,000</td>
<td>15,395,000</td>
<td>17,545,000</td>
<td>-</td>
<td>201,730,000</td>
<td>5.75%</td>
</tr>
<tr>
<td>2013</td>
<td>$32,980,000 58,380,000 34,420,000 321,407</td>
<td>$96,265,000</td>
<td>35,845,000</td>
<td>17,675,000</td>
<td>-</td>
<td>275,886,407</td>
<td>3.43%</td>
</tr>
<tr>
<td>2014</td>
<td>$49,940,000 44,110,000 26,630,000 1,300,251</td>
<td>$94,305,000</td>
<td>36,955,000</td>
<td>18,410,000</td>
<td>1,462,114</td>
<td>273,112,365</td>
<td>3.08%</td>
</tr>
<tr>
<td>2015</td>
<td>$84,274,205 37,947,173 5,060,779 1,170,282</td>
<td>$99,284,091</td>
<td>40,841,777</td>
<td>19,722,172</td>
<td>1,304,037</td>
<td>289,604,516</td>
<td>3.07%</td>
</tr>
</tbody>
</table>
(This Page is Intentionally Left Blank)
CITY OF SAN MARCOS, TEXAS  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>GROSS BONDED DEBT</th>
<th>DEBT SERVICE FUND</th>
<th>TOTAL</th>
<th>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</th>
<th>PER CAPITA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$40,415,000</td>
<td>$1,557,638</td>
<td>$38,857,362</td>
<td>2.06%</td>
<td>$776</td>
</tr>
<tr>
<td>2007</td>
<td>48,930,000</td>
<td>5,764,165</td>
<td>43,165,835</td>
<td>2.00%</td>
<td>862</td>
</tr>
<tr>
<td>2008</td>
<td>77,010,000</td>
<td>6,003,239</td>
<td>71,006,761</td>
<td>3.12%</td>
<td>1,411</td>
</tr>
<tr>
<td>2009</td>
<td>77,960,000</td>
<td>7,199,004</td>
<td>70,760,996</td>
<td>3.11%</td>
<td>1,313</td>
</tr>
<tr>
<td>2010</td>
<td>81,805,000</td>
<td>6,428,387</td>
<td>75,376,613</td>
<td>2.87%</td>
<td>1,333</td>
</tr>
<tr>
<td>2011</td>
<td>76,840,000</td>
<td>7,913,022</td>
<td>68,926,978</td>
<td>2.55%</td>
<td>1,476</td>
</tr>
<tr>
<td>2012</td>
<td>71,980,000</td>
<td>10,973,198</td>
<td>61,006,802</td>
<td>2.49%</td>
<td>1,305</td>
</tr>
<tr>
<td>2013</td>
<td>70,580,000</td>
<td>10,404,537</td>
<td>60,175,463</td>
<td>2.45%</td>
<td>1,203</td>
</tr>
<tr>
<td>2014</td>
<td>70,995,000</td>
<td>6,940,500</td>
<td>64,054,500</td>
<td>1.89%</td>
<td>1,185</td>
</tr>
<tr>
<td>2015</td>
<td>71,430,000</td>
<td>8,085,061</td>
<td>63,344,939</td>
<td>1.74%</td>
<td>1,152</td>
</tr>
</tbody>
</table>

NOTE: Gross bonded debt includes only the debt to be repaid with property taxes.
CITY OF SAN MARCOS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2015

TABLE 18

<table>
<thead>
<tr>
<th>GOVERNMENT UNIT</th>
<th>DEBT OUTSTANDING</th>
<th>ESTIMATED PERCENTAGE APPLICABLE</th>
<th>ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Repaid with Property Taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of San Marcos - City Direct Debt</td>
<td>$ 71,430,000</td>
<td>100.000%</td>
<td>$ 71,430,000</td>
</tr>
<tr>
<td>Hays County</td>
<td>364,260,000</td>
<td>100.000%</td>
<td>364,260,000</td>
</tr>
<tr>
<td>Subtotal Overlapping Debt</td>
<td></td>
<td></td>
<td>364,260,000</td>
</tr>
<tr>
<td>TOTAL DIRECT AND OVERLAPPING DEBT</td>
<td></td>
<td></td>
<td>$ 435,690,000</td>
</tr>
</tbody>
</table>

Sources: Information for Hays County provided by Hays County Auditor’s office.

NOTE: Overlapping rates are those of local and county governments that apply to property owners within the City of San Marcos. Not all overlapping rates apply to all City of San Marcos property owners (i.e. the rates for counties apply only to the proportion of the City’s property owners whose property is located within the geographic boundaries of that county.)

Direct debt includes only the debt to be repaid with property taxes.
<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Limit</td>
<td>$203,963,402</td>
<td>$215,975,954</td>
<td>$227,693,485</td>
<td>$227,693,485</td>
</tr>
<tr>
<td>Total Net Debt Applicable to Limit</td>
<td>35,688,262</td>
<td>43,165,835</td>
<td>71,006,761</td>
<td>70,760,996</td>
</tr>
<tr>
<td>LEGAL DEBT MARGIN</td>
<td>$168,275,140</td>
<td>$172,810,119</td>
<td>$156,686,724</td>
<td>$156,932,489</td>
</tr>
<tr>
<td>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</td>
<td>2.13%</td>
<td>1.75%</td>
<td>2.00%</td>
<td>3.12%</td>
</tr>
</tbody>
</table>
TABLE 19

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2014

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value</td>
<td>$3,667,359,174</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Limit (10% of Assessed Value)</td>
<td>$366,735,917</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Applicable to Limit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Bonds (Debt to be Repaid with Property Taxes)</td>
<td>$71,430,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Amount Set Aside for Repayment of General Obligation Debt</td>
<td></td>
<td>$8,085,061</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Net Debt Applicable to Limit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$63,344,939</td>
<td></td>
</tr>
<tr>
<td>LEGAL DEBT MARGIN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$303,390,978</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$259,260,471</td>
<td>$269,982,028</td>
<td>$284,630,559</td>
<td>$309,376,988</td>
<td>$339,404,523</td>
<td>$366,735,917</td>
<td></td>
</tr>
<tr>
<td>73,240,069</td>
<td>76,840,000</td>
<td>71,980,000</td>
<td>70,580,000</td>
<td>70,995,000</td>
<td>71,430,000</td>
<td></td>
</tr>
<tr>
<td>$186,020,402</td>
<td>$193,142,028</td>
<td>$212,650,559</td>
<td>$238,796,988</td>
<td>$268,409,523</td>
<td>$295,305,917</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.11%</td>
<td>2.82%</td>
<td>2.53%</td>
<td>2.28%</td>
<td>2.09%</td>
<td>1.95%</td>
<td></td>
</tr>
</tbody>
</table>
## WATER REVENUE BONDS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gross Revenue</th>
<th>Operating Expenses</th>
<th>Available Revenue</th>
<th>Debt Service</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$26,318,349</td>
<td>$12,782,882</td>
<td>$13,535,467</td>
<td>$3,140,000</td>
<td>2.19</td>
</tr>
<tr>
<td>2007</td>
<td>$24,138,588</td>
<td>17,796,700</td>
<td>$6,341,882</td>
<td>$3,195,000</td>
<td>0.93</td>
</tr>
<tr>
<td>2008</td>
<td>$28,352,029</td>
<td>19,568,829</td>
<td>$8,783,200</td>
<td>$3,620,000</td>
<td>1.25</td>
</tr>
<tr>
<td>2009</td>
<td>$26,279,549</td>
<td>19,637,393</td>
<td>$6,642,156</td>
<td>$4,065,000</td>
<td>0.77</td>
</tr>
<tr>
<td>2010</td>
<td>$25,241,695</td>
<td>14,630,182</td>
<td>$10,611,513</td>
<td>$4,585,000</td>
<td>1.15</td>
</tr>
<tr>
<td>2011</td>
<td>$26,986,572</td>
<td>14,874,577</td>
<td>$12,111,995</td>
<td>$4,895,000</td>
<td>0.77</td>
</tr>
<tr>
<td>2012</td>
<td>$28,139,268</td>
<td>15,342,453</td>
<td>$12,796,815</td>
<td>$5,655,000</td>
<td>1.28</td>
</tr>
<tr>
<td>2013</td>
<td>$29,743,387</td>
<td>15,924,577</td>
<td>$13,811,995</td>
<td>$4,895,000</td>
<td>0.77</td>
</tr>
<tr>
<td>2014</td>
<td>$32,720,309</td>
<td>16,342,453</td>
<td>$16,372,869</td>
<td>$5,655,000</td>
<td>1.28</td>
</tr>
<tr>
<td>2015</td>
<td>$35,231,959</td>
<td>20,031,444</td>
<td>$15,200,515</td>
<td>$6,435,000</td>
<td>1.60</td>
</tr>
</tbody>
</table>

## ELECTRIC

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gross Revenue</th>
<th>Operating Expenses</th>
<th>Available Revenue</th>
<th>Debt Service</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$45,564,818</td>
<td>$43,679,087</td>
<td>$1,885,731</td>
<td>$770,000</td>
<td>1.56</td>
</tr>
<tr>
<td>2007</td>
<td>$45,038,579</td>
<td>40,134,868</td>
<td>$4,903,711</td>
<td>790,000</td>
<td>4.07</td>
</tr>
<tr>
<td>2008</td>
<td>$49,787,885</td>
<td>$48,713,986</td>
<td>$1,073,899</td>
<td>825,000</td>
<td>0.84</td>
</tr>
<tr>
<td>2009</td>
<td>$49,461,030</td>
<td>$45,689,134</td>
<td>$3,771,896</td>
<td>865,000</td>
<td>2.99</td>
</tr>
<tr>
<td>2010</td>
<td>$48,768,174</td>
<td>$44,500,751</td>
<td>$4,267,423</td>
<td>900,000</td>
<td>3.38</td>
</tr>
<tr>
<td>2011</td>
<td>$48,453,727</td>
<td>$42,144,553</td>
<td>$6,309,172</td>
<td>980,000</td>
<td>4.45</td>
</tr>
<tr>
<td>2012</td>
<td>$51,783,661</td>
<td>$44,236,219</td>
<td>$7,547,442</td>
<td>1,035,000</td>
<td>4.73</td>
</tr>
<tr>
<td>2013</td>
<td>$48,848,992</td>
<td>$43,237,059</td>
<td>$5,611,933</td>
<td>1,180,000</td>
<td>3.16</td>
</tr>
<tr>
<td>2014</td>
<td>$55,440,398</td>
<td>$46,886,182</td>
<td>$8,554,216</td>
<td>625,000</td>
<td>4.58</td>
</tr>
<tr>
<td>2015</td>
<td>$66,548,588</td>
<td>$51,562,916</td>
<td>$14,985,672</td>
<td>815,000</td>
<td>6.54</td>
</tr>
</tbody>
</table>

## DRAINAGE

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gross Revenue</th>
<th>Operating Expenses</th>
<th>Available Revenue</th>
<th>Debt Service</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$1,068,207</td>
<td>$338,748</td>
<td>$729,459</td>
<td>$170,000</td>
<td>1.64</td>
</tr>
<tr>
<td>2007</td>
<td>1,424,761</td>
<td>577,461</td>
<td>847,300</td>
<td>175,000</td>
<td>1.92</td>
</tr>
<tr>
<td>2008</td>
<td>1,373,094</td>
<td>811,057</td>
<td>562,037</td>
<td>315,000</td>
<td>0.85</td>
</tr>
<tr>
<td>2009</td>
<td>1,390,465</td>
<td>866,427</td>
<td>524,038</td>
<td>350,000</td>
<td>0.40</td>
</tr>
<tr>
<td>2010</td>
<td>1,478,191</td>
<td>871,308</td>
<td>606,883</td>
<td>595,000</td>
<td>0.44</td>
</tr>
<tr>
<td>2011</td>
<td>2,108,913</td>
<td>771,837</td>
<td>1,337,076</td>
<td>730,000</td>
<td>0.82</td>
</tr>
<tr>
<td>2012</td>
<td>2,553,844</td>
<td>1,113,528</td>
<td>1,440,316</td>
<td>775,000</td>
<td>0.90</td>
</tr>
<tr>
<td>2013</td>
<td>2,673,393</td>
<td>1,059,148</td>
<td>1,614,245</td>
<td>800,000</td>
<td>1.02</td>
</tr>
</tbody>
</table>
The City of San Marcos estimates a higher population than was documented by the 2010 Census. For reporting purposes, we are using 2010 Census numbers.

<table>
<thead>
<tr>
<th>CALENDAR YEAR</th>
<th>POPULATION</th>
<th>PERSONAL INCOME</th>
<th>PER CAPITA PERSONAL INCOME</th>
<th>UNEMPLOYMENT RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>47,069</td>
<td>$ 747,576,687</td>
<td>$ 42,095</td>
<td>4.2%</td>
</tr>
<tr>
<td>2007</td>
<td>50,049</td>
<td>779,770,400</td>
<td>41,960</td>
<td>3.4%</td>
</tr>
<tr>
<td>2008</td>
<td>50,317</td>
<td>802,392,217</td>
<td>44,317</td>
<td>3.4%</td>
</tr>
<tr>
<td>2009</td>
<td>50,913</td>
<td>861,466,554</td>
<td>45,646</td>
<td>4.7%</td>
</tr>
<tr>
<td>2010</td>
<td>53,913</td>
<td>718,793,973</td>
<td>45,259</td>
<td>5.4%</td>
</tr>
<tr>
<td>2011</td>
<td>47,505</td>
<td>762,122,715</td>
<td>16,043</td>
<td>6.0%</td>
</tr>
<tr>
<td>2012</td>
<td>46,750</td>
<td>750,337,500</td>
<td>16,050</td>
<td>4.7%</td>
</tr>
<tr>
<td>2013</td>
<td>50,001</td>
<td>803,016,060</td>
<td>16,060</td>
<td>4.7%</td>
</tr>
<tr>
<td>2014</td>
<td>54,076</td>
<td>879,762,444</td>
<td>16,269</td>
<td>4.7%</td>
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</table>
## CITY OF SAN MARCOS, TEXAS
### PRINCIPAL EMPLOYERS
#### CURRENT AND NINE YEARS AGO

**TABLE 22**

<table>
<thead>
<tr>
<th>Employer</th>
<th>Employees</th>
<th>Percentage of Total City Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas State University</td>
<td>3,201</td>
<td>6.36%</td>
</tr>
<tr>
<td>Premium Outlets San Marcos</td>
<td>1,600</td>
<td>3.18%</td>
</tr>
<tr>
<td>Tanger Factory Outlet Center</td>
<td>1,540</td>
<td>3.06%</td>
</tr>
<tr>
<td>San Marcos CISD</td>
<td>1,200</td>
<td>2.38%</td>
</tr>
<tr>
<td>Hays County</td>
<td>732</td>
<td>1.45%</td>
</tr>
<tr>
<td>Central Texas Medical Center</td>
<td>700</td>
<td>1.39%</td>
</tr>
<tr>
<td>H.E.B. Distribution Center</td>
<td>680</td>
<td>1.35%</td>
</tr>
<tr>
<td>CFAN</td>
<td>650</td>
<td>1.29%</td>
</tr>
<tr>
<td>City of San Marcos</td>
<td>572</td>
<td>1.14%</td>
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<tr>
<td>H.E.B. Retail Stores</td>
<td>510</td>
<td>1.01%</td>
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</tbody>
</table>

**TOTAL** 11,385 22.61%

**TOTAL CITY/COUNTY EMPLOYEES** 50,332

### 2006

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<tr>
<th>Employer</th>
<th>Employees</th>
<th>Percentage of Total City Employment</th>
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<td>Southwest Texas State University</td>
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<tr>
<td>Prime Outlets San Marcos</td>
<td>1,100</td>
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<tr>
<td>Tanger Factory Outlet Center</td>
<td>1,200</td>
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<tr>
<td>San Marcos CISD</td>
<td>950</td>
<td>*</td>
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<tr>
<td>Grande Communications</td>
<td>700</td>
<td>*</td>
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<tr>
<td>Hays County</td>
<td>650</td>
<td>*</td>
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<tr>
<td>Hunter Industry</td>
<td>600</td>
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<tr>
<td>Central Texas Medical Center</td>
<td>580</td>
<td>*</td>
</tr>
<tr>
<td>Gary Job Corps</td>
<td>410</td>
<td>*</td>
</tr>
<tr>
<td>H.E.B. Distribution Center</td>
<td>400</td>
<td>*</td>
</tr>
</tbody>
</table>

**TOTAL** 8,840

Source: Greater San Marcos Partnership (greatersanmarcostx.com and www.census.gov)

* Information not available
### General Government
- Administration: 19.00 (2006-2015)

### Police
- Operations: 74.00 (2006), 81.00 (2007), 86.00 (2008), 88.00 (2009), 85.00 (2010), 85.00 (2011), 87.00 (2012), 91.00 (2013), 145.00 (2014), 149.00 (2015)

### Fire
- Firefighters and Officers: 48.00 (2006), 52.00 (2007), 55.00 (2008), 60.50 (2009), 64.00 (2010), 65.00 (2011), 66.00 (2012), 70.00 (2013), 73.00 (2014), 73.00 (2015)
- Public Services: 32.50 (2006), 32.50 (2007), 32.50 (2008), 35.00 (2009), 35.00 (2010), 35.00 (2011), 30.00 (2012), 28.00 (2013), 33.00 (2014), 37.00 (2015)
- Electric: 49.50 (2006), 50.50 (2007), 50.50 (2008), 49.00 (2009), 49.00 (2010), 49.00 (2011), 52.00 (2012), 56.00 (2013), 61.00 (2014), 60.83 (2015)

### TOTAL
### CITY OF SAN MARCOS, TEXAS
### OPERATING INDICATORS BY FUNCTION/PROGRAM
### LAST TEN FISCAL YEARS

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<tr>
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<td>2,750</td>
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<tr>
<td>Physical Arrests</td>
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<td>9,683</td>
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<td>10,325</td>
<td>7,849</td>
<td>6,615</td>
<td>6,645</td>
<td>6,557</td>
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<td>Emergency Responses</td>
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<td>4,424</td>
<td>4,303</td>
<td>4,601</td>
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<td>190</td>
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<td>210</td>
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<td>149</td>
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<td>Prevention/Safety Education</td>
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<td>Potholes Repaired</td>
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<td>Parks and Recreation</td>
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<tr>
<td>Volumes in Collection</td>
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<td>154,500</td>
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<td>Total Volumes Borrowed</td>
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<td>New Connections</td>
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<td>Average Daily Consumption</td>
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<td>Peak Daily Consumption</td>
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<td>(thousands of gallons)</td>
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<tr>
<td>Wastewater</td>
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<tr>
<td>Average Daily Sewage Treatment</td>
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<tr>
<td>(samples collected/ tested)</td>
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</tr>
</tbody>
</table>

Source: Various City Departments
### CITY OF SAN MARCOS, TEXAS
### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
### LAST TEN FISCAL YEARS

#### TABLE 25

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
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<td>Police</td>
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<td>Patrol Units</td>
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<tr>
<td>Other Public Works</td>
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<tr>
<td>Streets (Miles)</td>
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<td>Baseball/Softball Diamonds</td>
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<tr>
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<td>Storm Sewers (Miles)</td>
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<td>55</td>
<td>61</td>
<td>56</td>
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<tr>
<td>Treatment Capacity (thousands of gallons)</td>
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<td>9 MGD*</td>
<td>9 MGD*</td>
<td>9 MGD*</td>
<td>9 MGD*</td>
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</table>

* MGD - Million Gallons per day
Source: Various City Departments