

City of Buda, Texas

Annual Financial Report

Year Ended September 30, 2015



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City of Buda, Texas

Annual Financial Report

Year Ended September 30, 2015

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FINANCIAL SECTION

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Padgett Stratemann

Independent Auditor's Report

To the City Council and City Manager
City of Buda, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buda, 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. 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matters

As described in Note L to the financial statements, in 2015 the City adopted the new accounting guidance contained in Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment to GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, An Amendment to GASB Statement No. 68*. As described in Note L to the financial statements, the beginning net position has been restated for the adoption of these statements. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis (Unaudited); Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund; and the Schedule of Employer Contributions and Related Notes to the Schedule; and Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited) on pages 7 through 15, and pages 61, 62, and 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Combining Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The Combining Fund Financial Statements 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 Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Padgett, Statemann + Co., L.L.P.

Austin, Texas
March 29, 2016



MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Buda, Texas’ (the “City”) annual financial report presents an overview of the City’s financial activities for the fiscal year ended September 30, 2015. The management’s discussion and analysis should be considered in conjunction with the accompanying financial statements and notes to those financial statements. The management’s discussion and analysis includes comparative data for the prior year. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for local governments, as prescribed by the Governmental Accounting Standards Board (“GASB”). The City has presented its financial statements under the reporting model required by GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, (“GASB Statement No. 34”).

FINANCIAL HIGHLIGHTS

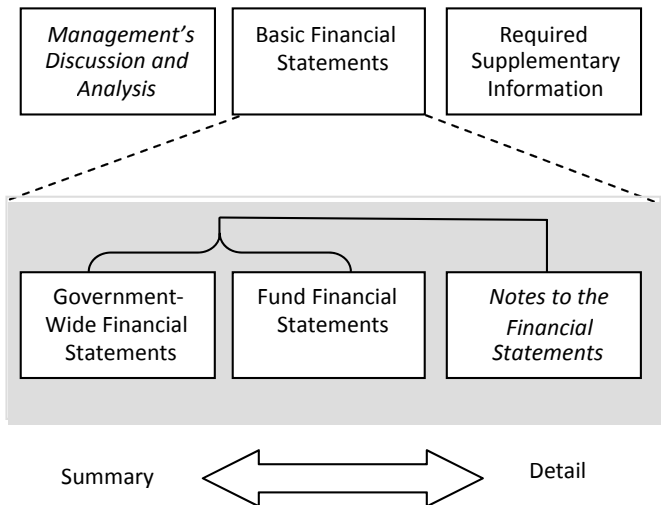
- The City’s total combined net position was \$82,158,354 as of September 30, 2015.
- The City’s governmental and business-type increase in net position was \$25,439 and \$1,467,590 respectively.
- The General Fund reported a fund balance this year of \$3,819,695

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts – *management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide readers with a broad overview of information about the City’s overall financial status, in a manner similar to private-sector businesses.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term*, as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as water and wastewater.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong. The City currently has no fiduciary type funds.

Figure A-1, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2, Major Features of the City’s Government-Wide and Fund Financial Statements

Type of Statements	Fund Statements		
	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire City’s government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary	Instances in which the City is the trustee agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the City’s funds do not currently contain capital assets
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government’s assets and liabilities. All the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the City’s net position and how they have changed. Net position – the difference between the City’s assets and liabilities – is one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City’s tax base.

The government-wide financial statements of the City include the *Governmental Activities*. Most of the City's basic services are included here, such as public safety, public works, parks and recreation, library, and administration. Property and sales taxes and fees and charges for services finance a significant portion of these activities.

In addition, the basic financial statements provide information about the City's legally separate discretely presented component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds* – not the City as a whole. Funds are accounting devices the City uses to keep track of specific sources of funding and spending for particular purposes. The City uses fund accounting to ensure and demonstrate compliance placed on resources.

- Some funds are required by state law and by bond covenants.
- The City establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds:

- *Governmental Funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in the reconciliations between the fund level statements and the government-wide statements that explain the relationship (or differences) between them.
- *Proprietary Funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information.
- *Internal Service Funds* – Account for the financing of goods or services provided by one fund, department, or agency to other funds; departments or agencies of the financial reporting entity; or to other governments, on a cost-reimbursement basis.

Component Units

Component units are legally separate entities from the City, but were organized to benefit the City. There were two component units at September 30, 2015, and additional information is presented in the basic financial statements and the notes to the financial statements.

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position Information

The following table reflects the condensed statements of net position as of September 30, 2015 and 2014:

Condensed Statements of Net Position Information

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 14,190,871	\$ 8,920,893	\$ 12,517,726	\$ 11,899,025	\$ 26,708,597	\$ 20,819,918
Capital assets	59,909,217	56,207,503	34,014,872	29,982,012	93,924,089	86,189,515
Total assets	74,100,088	65,128,396	46,532,598	41,881,037	120,632,686	107,009,433
Deferred outflows of resources	334,417	-	353,343	306,637	687,760	306,637
Total deferred outflows of resources	334,417	-	353,343	306,637	687,760	306,637
Long-term liabilities	20,040,040	12,053,577	13,830,591	11,697,127	33,870,631	23,750,704
Other liabilities	2,876,323	1,050,163	2,415,138	1,207,213	5,291,461	2,257,376
Total liabilities	22,916,363	13,103,740	16,245,729	12,904,340	39,162,092	26,008,080
Deferred inflows of resources	-	20,937	-	-	-	20,937
Total deferred inflows of resources	-	20,937	-	-	-	20,937
Net position:						
Net investment in capital assets	48,708,494	44,356,879	19,816,552	18,620,416	68,525,046	62,977,295
Restricted	1,435,747	4,809,335	4,008,807	2,834,815	5,444,554	7,644,150
Unrestricted	1,373,901	2,837,505	6,814,853	7,828,103	8,188,754	10,665,608
Total net position	\$ 51,518,142	\$ 52,003,719	\$ 30,640,212	\$ 29,283,334	\$ 82,158,354	\$ 81,287,053

Net position consists of three components, net investment in capital assets, restricted net position, and unrestricted net position. The first and largest portion of net position, \$68,525,046 which reflects the City's investment in capital assets, less any related debt used to acquire or construct those assets that are still outstanding. Compared to last year, the City's investment in capital assets net of related debt increased by \$5,547,751. The City uses the capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported 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 second portion consists of restricted net position totaling \$5,444,554 at September 30, 2015, or 6.6% of overall total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased by \$2,199,596 compared to September 30, 2014.

The third portion consists of unrestricted net position totaling \$8,188,754 of total net position. Unrestricted net position may be used to meet the City's ongoing obligation to its citizens and creditors. Unrestricted net position decreased by \$2,476,854 compared to September 30, 2014.

The City's combined net position was \$82,158,354 as of September 30, 2015. Of the approximately \$82,000,000 combined net position, approximately \$51,000,000 was in the governmental activities, and approximately \$31,000,000 was in the business-type activities. The City's total net position increased by \$871,301 when compared to the prior year.

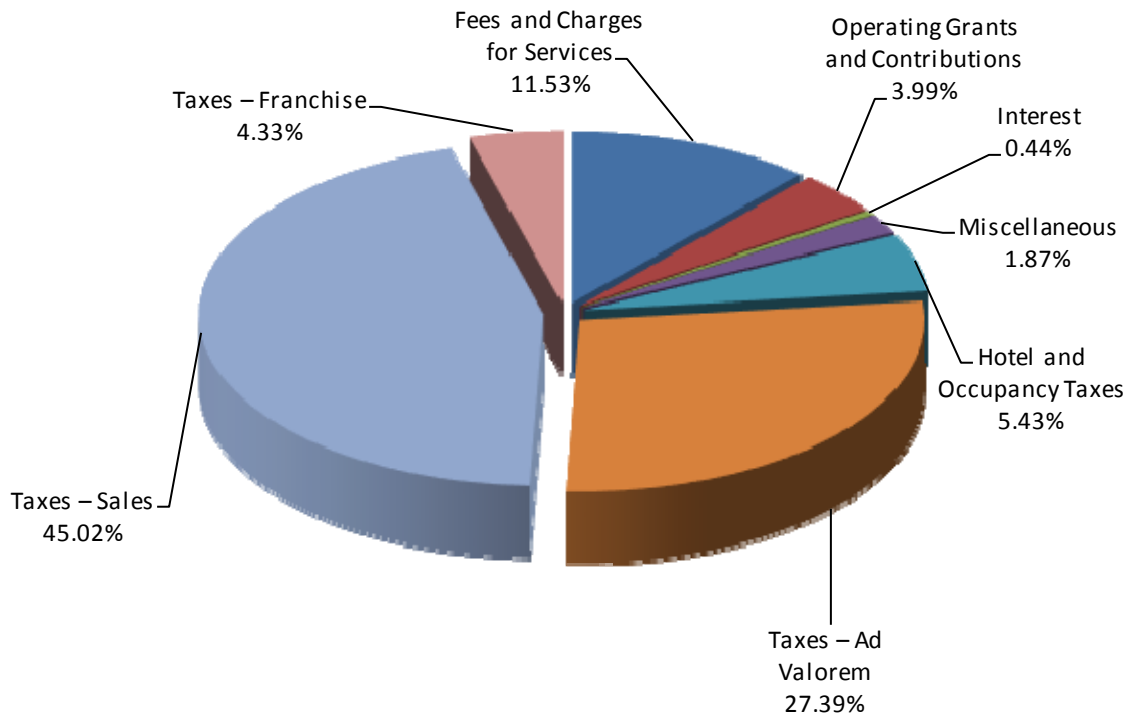
CHANGES IN NET POSITION INFORMATION

Governmental Activities

Revenues – Governmental Activities

A significant portion of the City’s revenue comes from taxes totaling \$9,623,910. Of this total, \$5,272,941 was from sales taxes, which includes the component units Tax Increment Reinvestment Zone Funds (“TIRZ-1”) sales tax payment of \$1,811,608 and is not available for use by general fund operations. Charges for services include items such as building inspections, subdivision plat reviews, site development reviews, subdivision construction fees, as well as sanitation collections. Capital grants and contributions represent developer constructed streets, curbs, and sidewalks which were contributed to the City and contributions of capital assets from the component units.

**Figure A-3
Sources of Revenue for Fiscal Year 2014**



Expenditures – Governmental Activities

Expenditures in governmental activities include depreciation expense, which does not involve a current cash outlay. However, certain cash outlay for capital improvements and the principal portion of debt service are not reported here.

Changes in Net Position Information

Comparison of governmental activities for fiscal years ended 2015 and 2014 is as follows:

	<u>2015</u> <u>Restated</u>	<u>2014</u>
General revenues:		
Ad valorem taxes	\$ 3,208,178	\$ 2,638,261
Sales taxes	5,272,941	4,838,684
Hotel occupancy taxes	635,867	536,271
Franchise taxes	506,924	544,308
Interest	51,335	18,576
Miscellaneous	218,900	610,310
Program revenues:		
Fees and charges for services	1,350,494	1,575,071
Operating grants and contributions	467,130	918,514
Total revenues	<u>11,711,769</u>	<u>11,679,995</u>
Expenses:		
Administration	1,494,921	1,528,142
Finance	468,891	449,803
Streets and infrastructure	509,309	522,335
Engineering and planning	1,161,642	1,293,695
Fleet maintenance	108,262	91,695
Parks and recreation	645,823	851,952
Library	406,742	374,149
Community development	195,323	176,008
Public safety	1,558,722	1,132,843
Municipal court	125,949	96,462
Animal control	77,050	70,560
Information technology	161,684	165,008
Depreciation	2,159,170	2,032,815
Debt service:		
Interest and amortization	691,106	375,276
Total expenditures	<u>9,764,594</u>	<u>9,160,743</u>
Excess (deficiency) of revenues over (under) expenses before transfers	1,947,175	2,519,252
Transfers	(110,128)	1,290,000
TIRZ-1 sales tax payment	<u>(1,811,608)</u>	<u>(1,682,824)</u>
Change in net position	25,439	2,126,428
Net position at beginning of year	51,492,703	49,877,291
Net position at end of year	<u>\$ 51,518,142</u>	<u>\$ 52,003,719</u>

The City's total governmental revenues for the year ended September 30, 2015 increased by \$31,774. The increase in revenues is mainly the result of higher ad valorem and sales tax revenue over fiscal year 2014, as well as an offset by a decrease in operating grants and an increase in current period expenses. The City's total operating expenses had an increase of \$603,851. The increase in operating expenses is the result of an overall increase in public safety, bond issuance cost, related interest on debt, and depreciation expense.

Business-Type Activities

The City's business-type activities include providing water, wastewater, and sanitation services. Revenues derived from these business-type activities were approximately and operating expenses were approximately \$7,300,000.

Comparison of business-type activities for fiscal years ended 2015 and 2014 is as follows:

	<u>2015</u> <u>Restated</u>	<u>2014</u>
Revenues:		
Fees and charges for services	\$ 7,110,189	\$ 6,695,883
Impact fees	1,485,288	1,710,552
Operating grants and contributions	41,529	95,871
Interest	9,805	3,814
Miscellaneous	7,843	3,443
Total revenues	<u>8,654,654</u>	<u>8,509,563</u>
Expenses:		
Water	2,545,244	2,337,768
Wastewater	3,578,449	2,315,932
Sanitation	<u>1,173,499</u>	<u>995,926</u>
Total expenditures	<u>7,297,192</u>	<u>5,649,626</u>
Excess of revenues over expenses before transfers	1,357,462	2,859,937
Transfers	<u>110,128</u>	<u>(1,290,000)</u>
Change in net position	1,467,590	1,569,937
Net position at beginning of year	<u>29,172,622</u>	<u>27,713,397</u>
Net position at end of year	<u>\$ 30,640,212</u>	<u>\$ 29,283,334</u>

The City's total revenues for business-type activities increased by \$145,091 over fiscal year 2014. The fees and charges for services continues to increased due to higher user fees and increased customers for water, wastewater, and sanitation utilities. The user fee increase was offset by a decrease in the impact fees.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City reports the following types of governmental funds: the General Fund, Debt Service Fund, Capital Projects, and Other Nonmajor Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances that are available for spending. Such information is useful in assessing the City's annual financing and budgeting 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 2015 fiscal year, the City's governmental funds reported combined ending fund balance of \$2,460,512 of the fund balance represents unassigned fund balance in the General Fund, which is the primary operating fund of the City.

Revenues from the General Fund totaled approximately \$8,918,315 for 2015, while expenditures were approximately \$9,474,370, leaving a deficit of expenditures over revenues of \$556,055. The Proprietary Funds consist of Water, Wastewater, and Sanitation funds. The operating income (loss) from these funds were \$95,510, \$1,367,308, and \$4,772, respectively.

General Fund Budgetary Highlights

For the year ended September 30, 2015, the City budgeted total expenditures of approximately \$6,800,000. Actual expenditures were (\$2,646,369) in excess of the final budget amounts. The revenues were more than expected with a favorable variance of \$1,344,798 after adjusting for the TIRZ-1 sales tax payment of approximately \$1,800,000, which is attributed to higher than expected sales tax and miscellaneous revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the City had invested approximately \$93,900,000 in a broad range of capital assets, including land, equipment, buildings, and the road network.

City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 8,113,742	\$ 6,400,935	\$ 193,047	\$ 193,047	\$ 8,306,789	\$ 6,593,982
Buildings and improvements	21,331,979	21,241,040	153,995	153,995	21,485,974	21,395,035
Equipment	6,651,610	6,220,833	6,249,387	6,037,126	12,900,997	12,257,959
Infrastructure	47,644,950	44,884,542	33,393,872	32,248,747	81,038,822	77,133,289
Construction in progress	1,912,416	1,046,462	4,908,076	960,906	6,820,492	2,007,368
Less – accumulated depreciation	(25,745,480)	(23,586,309)	(10,883,505)	(9,611,809)	(36,628,985)	(33,198,118)
Total	\$ <u>59,909,217</u>	\$ <u>56,207,503</u>	\$ <u>34,014,872</u>	\$ <u>29,982,012</u>	\$ <u>93,924,089</u>	\$ <u>86,189,515</u>

At September 30, 2015, net capital assets of the governmental activities totaled approximately \$59,900,000. This amount represents a net increase of \$3,701,714. More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long-Term Obligations

At September 30, 2015, the City had approximately \$35,700,000 in long-term and other obligations outstanding as shown below. More detailed information about the City's debt is presented in the notes to the financial statements.

Bond Ratings

The City's bonds presently carry "AA" ratings.

City's Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue bonds	\$ 20,525,000	\$ 11,805,000	\$ 14,445,000	\$ 11,505,000	\$ 34,970,000	\$ 23,310,000
Premium on bond issuance	376,289	-	-	-	376,289	-
Capital leases	-	45,624	31,652	163,233	31,652	208,857
Compensated absences	264,119	202,953	34,431	28,894	298,550	231,847
Total long-term obligations	\$ <u>21,165,408</u>	\$ <u>12,053,577</u>	\$ <u>14,511,083</u>	\$ <u>11,697,127</u>	\$ <u>35,676,491</u>	\$ <u>23,750,704</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Buda's population has grown by over 39% since 2010. Buda is the fastest growing city over 10,000 in the state of Texas since 2010 and the fastest growing city in the Capital Area Metropolitan Organization region since 2011. Buda grew by over 15% from January 1, 2013 to January 1, 2014 within the city limits alone. Statistics show that most Buda residents are young and well-educated, have relatively high incomes, and nearly 80% commute for work.

The City's goals and objectives for the 2015-2016 budget year include sound fiscal administration, excellent quality of life, sensible growth management, strategic human resources, economic stabilization, and acceptable infrastructure.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide the City Council, citizens, customers, bond rating agencies, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact:

Finance Director
City of Buda
P.O. Box 1380
Buda, Texas 78610
(512) 312-0084
www.ci.buda.tx.us

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BASIC FINANCIAL STATEMENTS

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City of Buda, Texas

Statement of Net Position

September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 375,365	\$ 10,207,575	\$ 10,582,940	\$ 1,708,939
Accounts receivable – net of allowances:				
Ad valorem taxes	25,286	-	25,286	-
Sales taxes	579,592	-	579,592	364,616
Customers	-	711,537	711,537	-
Other	308,195	-	308,195	53,404
Due from other governments	-	-	-	15,563
Internal balances	2,410,193	(2,410,193)	-	-
Restricted cash and cash equivalents	10,492,240	4,008,807	14,501,047	768,436
Capital assets:				
Nondepreciable	10,026,158	5,101,123	15,127,281	-
Depreciable – net	49,883,059	28,913,749	78,796,808	6,278
Total assets	74,100,088	46,532,598	120,632,686	2,917,236
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on bond refunding	-	278,332	278,332	-
Deferred outflow related to pension plan	334,417	75,011	409,428	-
Total deferred outflows of resources	334,417	353,343	687,760	-
LIABILITIES				
Accounts payable	216,630	957,086	1,173,716	188,680
Accrued expenses	526,792	26,649	553,441	-
Accrued interest	112,901	72,432	185,333	8,912,845
Due to Cabela's, Inc.	-	-	-	46,452
Due to Dupre Local Government Corporation	-	-	-	40,085
Payable from restricted assets – customer deposits	-	218,259	218,259	-
Unearned revenue – loan forgiveness	-	264,100	264,100	-
Long-term liabilities:				
Due within one year	2,020,000	876,612	2,896,612	175,000
Due in more than one year	19,145,408	13,634,471	32,779,879	32,695,000
Net pension liability	894,632	196,120	1,090,752	-
Total liabilities	22,916,363	16,245,729	39,162,092	42,058,062
NET POSITION (DEFICIT)				
Net investment in capital assets	48,708,494	19,816,552	68,525,046	-
Restricted for:				
Debt service	791,745	-	791,745	768,436
Capital projects and other	644,002	4,008,807	4,652,809	-
Unrestricted net position (deficit)	1,373,901	6,814,853	8,188,754	(39,909,262)
Total net position (deficit)	\$ 51,518,142	\$ 30,640,212	\$ 82,158,354	\$ (39,140,826)

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

City of Buda, Texas

Statement of Activities

Year Ended September 30, 2015

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total Primary Government	Total Component Units
Primary Government								
Governmental Activities								
Administration	\$ (1,494,921)	\$ 240,121	\$ -	\$ -	\$ (1,254,800)	\$ -	\$ (1,254,800)	\$ -
Finance	(468,891)	-	-	-	(468,891)	-	(468,891)	-
Streets and infrastructure	(509,309)	-	-	-	(509,309)	-	(509,309)	-
Engineering and planning	(1,161,642)	798,976	30,000	-	(332,666)	-	(332,666)	-
Fleet maintenance	(108,262)	-	-	-	(108,262)	-	(108,262)	-
Parks and recreation	(645,823)	96,151	426,581	-	(123,091)	-	(123,091)	-
Library	(406,742)	6,177	10,549	-	(390,016)	-	(390,016)	-
Community development	(195,323)	-	-	-	(195,323)	-	(195,323)	-
Public safety	(1,558,722)	4,862	-	-	(1,553,860)	-	(1,553,860)	-
Municipal court	(125,949)	203,472	-	-	77,523	-	77,523	-
Animal control	(77,050)	735	-	-	(76,315)	-	(76,315)	-
Information technology	(161,684)	-	-	-	(161,684)	-	(161,684)	-
Depreciation	(2,159,170)	-	-	-	(2,159,170)	-	(2,159,170)	-
Debt service:								
Interest and amortization	(691,106)	-	-	-	(691,106)	-	(691,106)	-
Total governmental activities	(9,764,594)	1,350,494	467,130	-	(7,946,970)	-	(7,946,970)	-
Business-Type Activities								
Water Fund	(2,545,244)	2,210,870	-	-	-	(334,374)	(334,374)	-
Wastewater Fund	(3,578,449)	3,691,048	41,529	-	-	154,128	154,128	-
Sanitation Fund	(1,173,499)	1,208,271	-	-	-	34,772	34,772	-
Total business-type activities	(7,297,192)	7,110,189	41,529	-	-	(145,474)	(145,474)	-
Total primary government	\$ (17,061,786)	\$ 8,460,683	\$ 508,659	\$ -	(7,946,970)	(145,474)	(8,092,444)	-
Total component units	\$ (2,519,009)	\$ -	\$ -	\$ -	-	-	-	(2,519,009)
General Revenues								
Ad valorem taxes					3,208,178	-	3,208,178	357,486
Sales taxes					5,272,941	-	5,272,941	2,527,224
Hotel occupancy taxes					635,867	-	635,867	128,478
Franchise taxes					506,924	-	506,924	-
Impact fees					-	1,485,288	1,485,288	-
Interest					51,335	9,805	61,140	2,030
Miscellaneous					218,900	7,843	226,743	496,300
Net transfers					(110,128)	110,128	-	-
TIRZ-1 sales tax payment					(1,811,608)	-	(1,811,608)	-
Total general revenues and transfers					7,972,409	1,613,064	9,585,473	3,511,518
Change in net position					25,439	1,467,590	1,493,029	992,509
Net position (deficit) at beginning of year – as restated					51,492,703	29,172,622	80,665,325	(40,133,335)
Net position (deficit) at end of year					\$ 51,518,142	\$ 30,640,212	\$ 82,158,354	\$ (39,140,826)

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

City of Buda, Texas

Balance Sheet – Governmental Funds

September 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ (994,017)	\$ -	\$ -	\$ 1,381,573	\$ 387,556
Accounts receivable – net of allowances:					
Ad valorem taxes	10,592	14,694	-	-	25,286
Sales taxes	579,592	-	-	-	579,592
Customers	-	-	-	-	-
Other	308,195	-	-	-	308,195
Due from other funds	4,520,283	-	-	-	4,520,283
Restricted cash and cash equivalents	-	791,674	9,700,566	-	10,492,240
Total assets	\$ 4,424,645	\$ 806,368	\$ 9,700,566	\$ 1,381,573	\$ 16,313,152
LIABILITIES					
Accounts payable	\$ 75,113	\$ -	\$ 64,358	\$ 77,159	\$ 216,630
Accrued expenses	519,275	-	-	7,517	526,792
Due to other funds	-	-	2,110,090	-	2,110,090
Total liabilities	594,388	-	2,174,448	84,676	2,853,512
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue – ad valorem taxes	10,562	14,623	-	-	25,185
Total deferred inflows of resources	10,562	14,623	-	-	25,185
FUND BALANCES					
Spendable:					
Restricted	1,359,183	791,745	7,526,118	644,002	10,321,048
Assigned	-	-	-	652,895	652,895
Unassigned	2,460,512	-	-	-	2,460,512
Total fund balances	3,819,695	791,745	7,526,118	1,296,897	13,434,455
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,424,645	\$ 806,368	\$ 9,700,566	\$ 1,381,573	\$ 16,313,152

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$ 59,909,217
Bonds payable and other long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable	(20,525,000)
Net pension liability	(894,632)
Accrued compensated absences	(264,119)
Accrued interest payable	(112,901)
Deferred outflows – pension	334,417
Bond premium	(376,289)
Deferred inflows – ad valorem taxes	25,185
Include internal service fund assets and liabilities in the governmental activities.	(12,191)
Net position of governmental activities	\$ 51,518,142

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

City of Buda, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 1,501,183	\$ 1,681,810	\$ -	\$ -	\$ 3,182,993
Sales taxes	5,272,941	-	-	-	5,272,941
Hotel occupancy taxes	-	-	-	635,867	635,867
Franchise taxes	506,924	-	-	-	506,924
Fees and charges for services	1,350,494	-	-	-	1,350,494
Grant and contributions	30,000	-	-	437,130	467,130
Interest	39,190	-	12,145	-	51,335
Miscellaneous	217,583	-	-	1,317	218,900
Total revenues	8,918,315	1,681,810	12,145	1,074,314	11,686,584
EXPENDITURES					
Current:					
Administration	1,384,556	-	-	-	1,384,556
Finance	468,891	-	-	-	468,891
Streets and infrastructure	3,323,876	-	-	-	3,323,876
Engineering and planning	1,191,654	-	-	-	1,191,654
Fleet maintenance	108,262	-	-	-	108,262
Parks and recreation	581,147	-	-	1,066,680	1,647,827
Library	391,303	-	-	15,579	406,882
Community development	195,323	-	-	-	195,323
Public safety	1,456,785	-	-	-	1,456,785
Municipal court	125,949	-	-	-	125,949
Animal control	77,050	-	-	-	77,050
Information technology	167,692	-	-	-	167,692
Debt service:					
Principal	-	710,000	-	-	710,000
Interest and financing	1,882	441,270	213,967	-	657,119
Capital outlay	-	-	2,078,349	-	2,078,349
Total expenditures	9,474,370	1,151,270	2,292,316	1,082,259	14,000,215
Excess of revenues over (under expenditures)	(556,055)	530,540	(2,280,171)	(7,945)	(2,313,631)
OTHER FINANCING SOURCES (USES)					
Proceeds from the issuance of bonds	-	-	9,430,000	-	9,430,000
Premiums from the issuance of bonds	-	-	376,289	-	376,289
Transfers in	509,574	-	-	-	509,574
Transfers out	-	(619,702)	-	-	(619,702)
TIRZ-1 sales tax payment	(1,811,608)	-	-	-	(1,811,608)
Total other financing sources (uses)	(1,302,034)	(619,702)	9,806,289	-	7,884,553
Change in fund balances	(1,858,089)	(89,162)	7,526,118	(7,945)	5,570,922
Fund balances at beginning of year	5,677,784	880,907	-	1,304,842	7,863,533
Fund balances at end year	\$ 3,819,695	\$ 791,745	\$ 7,526,118	\$ 1,296,897	\$ 13,434,455

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

City of Buda, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended September 30, 2015

Change in fund balances – Governmental Funds	\$ 5,570,922
Amounts reported in governmental activities and in the statement activities are different because:	
Transactions related to current year capital outlays, bonds payable and other long-term liabilities, and changes in interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis:	
Capital outlay acquisitions	5,860,885
Issuance of bonds	(9,430,000)
Premium on issuance of bonds	(376,289)
Change in net pension liability	(49,246)
Payments on bonds and capital leases payable	755,624
Changes in compensated absences	(61,166)
Changes in accrued interest payable	(33,987)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(2,159,170)
Other reclassifications are necessary to convert from the modified accrual basis to the full accrual basis of accounting:	
Recognize unearned revenue from the ad valorem tax levy.	25,185
The net loss of the Internal Service Fund is reported in the governmental activities.	<u>(77,319)</u>
Change in net position of governmental activities	\$ <u><u>25,439</u></u>

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

City of Buda, Texas

Statement of Net Position – Proprietary Funds

September 30, 2015

	Business-Type Activities				Governmental Activities – Internal Service Fund
	Water Fund	Wastewater Fund	Sanitation Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,011,854	\$ 6,328,127	\$ (132,406)	\$ 10,207,575	\$ (12,191)
Accounts receivable – net of allowance for uncollectible accounts	238,692	311,636	161,209	711,537	-
Due from other funds	(204,951)	(2,205,242)	-	(2,410,193)	-
Total current assets	<u>4,045,595</u>	<u>4,434,521</u>	<u>28,803</u>	<u>8,508,919</u>	<u>(12,191)</u>
Noncurrent assets:					
Restricted cash and cash equivalents	319,524	3,689,283	-	4,008,807	-
Capital assets:					
Land	159,542	33,505	-	193,047	-
Construction in progress	769,212	4,138,864	-	4,908,076	-
Buildings and improvements	64,268	89,727	-	153,995	-
Equipment	2,245,121	4,004,266	-	6,249,387	-
Infrastructure	9,967,927	23,425,945	-	33,393,872	-
Accumulated depreciation	(4,453,264)	(6,430,241)	-	(10,883,505)	-
Net capital assets	<u>8,752,806</u>	<u>25,262,066</u>	<u>-</u>	<u>34,014,872</u>	<u>-</u>
Total assets	<u>13,117,925</u>	<u>33,385,870</u>	<u>28,803</u>	<u>46,532,598</u>	<u>(12,191)</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on bond refunding	-	278,332	-	278,332	-
Deferred outflow related to pension plan	31,745	43,266	-	75,011	-
Total deferred outflows of resources	<u>31,745</u>	<u>321,598</u>	<u>-</u>	<u>353,343</u>	<u>-</u>
LIABILITIES					
Accounts payable	261,499	507,910	187,677	957,086	-
Accrued expenses	9,894	16,755	-	26,649	-
Accrued interest	-	72,432	-	72,432	-
Unearned revenue	-	264,100	-	264,100	-
Capital leases payable – current portion	15,826	15,826	-	31,652	-
Bonds payable – current portion	57,210	787,750	-	844,960	-
Total current liabilities	<u>344,429</u>	<u>1,664,773</u>	<u>187,677</u>	<u>2,196,879</u>	<u>-</u>
Noncurrent liabilities:					
Compensated absences	18,451	15,980	-	34,431	-
Bonds payable – long-term portion	1,295,540	12,304,500	-	13,600,040	-
Net pension payable	83,001	113,119	-	196,120	-
Payable from restricted assets: Customer deposits payable	212,807	5,452	-	218,259	-
Total liabilities	<u>1,954,228</u>	<u>14,103,824</u>	<u>187,677</u>	<u>16,245,729</u>	<u>-</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	7,384,230	12,432,322	-	19,816,552	-
Restricted net position:					
Capital projects	319,524	3,689,283	-	4,008,807	-
Unrestricted net position (deficit)	3,491,688	3,482,039	(158,874)	6,814,853	(12,191)
Total net position (deficit)	<u>\$ 11,195,442</u>	<u>\$ 19,603,644</u>	<u>\$ (158,874)</u>	<u>\$ 30,640,212</u>	<u>\$ (12,191)</u>

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

City of Buda, Texas

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended September 30, 2015

	Business-Type Activities			Total	Governmental Activities – Internal Service Fund
	Water Fund	Wastewater Fund	Sanitation Fund		
OPERATING REVENUES					
Sales	\$ 2,210,870	\$ 3,691,048	\$ 1,208,271	\$ 7,110,189	\$ -
Fees and charges for services	-	-	-	-	-
Total operating revenues	2,210,870	3,691,048	1,208,271	7,110,189	-
OPERATING EXPENSES					
Personnel	415,534	480,725	-	896,259	77,319
Supplies	136,576	37,726	13,925	188,227	-
Water and wastewater contracts	901,283	689,063	-	1,590,346	-
Other contracted services	390,181	120,431	1,091,771	1,602,383	-
Other operating costs	261,381	865,741	67,803	1,194,925	-
Depreciation and amortization	438,398	833,298	-	1,271,696	-
Total expenses	2,543,353	3,026,984	1,173,499	6,743,836	77,319
Total operating income (loss)	(332,483)	664,064	34,772	366,353	(77,319)
NONOPERATING REVENUES (EXPENSES)					
Interest income	-	9,805	-	9,805	-
Grant and contribution	-	41,529	-	41,529	-
Other income	3,986	3,857	-	7,843	-
Interest expense	(1,891)	(551,465)	-	(553,356)	-
Total nonoperating revenues (expenses)	2,095	(496,274)	-	(494,179)	-
Change in net position before impact fees, and transfers	(330,388)	167,790	34,772	(127,826)	(77,319)
Impact fees	615,117	870,171	-	1,485,288	-
Transfers in	-	619,702	-	619,702	-
Transfers out	(189,219)	(290,355)	(30,000)	(509,574)	-
Total impact fees and transfers	425,898	1,199,518	(30,000)	1,595,416	-
Change in net position (deficit)	95,510	1,367,308	4,772	1,467,590	(77,319)
Total net position (deficit) at beginning of year – as restated	11,099,932	18,236,336	(163,646)	29,172,622	65,128
Total net position (deficit) at end of year	\$ 11,195,442	\$ 19,603,644	\$ (158,874)	\$ 30,640,212	\$ (12,191)

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

City of Buda, Texas

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2015

	Business-Type Activities				Governmental Activities – Internal Service Fund
	Water Fund	Wastewater Fund	Sanitation Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments received from customers	\$ 2,310,715	\$ 3,873,986	\$ 1,274,918	\$ 7,459,619	\$ -
Payments to suppliers for goods and services	(1,501,192)	(1,291,922)	(1,418,778)	(4,211,892)	-
Payments for salaries and benefits	(411,077)	(479,647)	-	(890,724)	(77,319)
Net cash provided by (used in) operating activities	398,446	2,102,417	(143,860)	2,357,003	(77,319)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in (out) to other funds	(189,219)	329,347	(30,000)	110,128	-
Loans (to) from other funds	204,951	2,205,242	41,454	2,451,647	-
Other income	3,986	3,857	-	7,843	-
Net cash provided by noncapital financing activities	19,718	2,538,446	11,454	2,569,618	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(953,431)	(4,379,135)	-	(5,332,566)	-
Grant proceeds	-	41,529	-	41,529	-
Proceeds from debt issuance	-	3,605,000	-	3,605,000	-
Principal paid on debt	(41,500)	(623,500)	-	(665,000)	-
Principal payments on capital lease	(42,356)	(89,225)	-	(131,581)	-
Impact fees	615,117	870,171	-	1,485,288	-
Interest and fiscal charges paid	(1,891)	(523,161)	-	(525,052)	-
Net cash used in capital and related financing activities	(424,061)	(1,098,321)	-	(1,522,382)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	-	9,805	-	9,805	-
Net cash provided by investing activities	-	9,805	-	9,805	-
Net increase (decrease) in cash and cash equivalents	(5,897)	3,552,347	(132,406)	3,414,044	(77,319)
Cash and cash equivalents at beginning of year	4,337,275	6,465,063	-	10,802,338	65,128
Cash and cash equivalents at end of year	\$ 4,331,378	\$ 10,017,410	\$ (132,406)	\$ 14,216,382	\$ (12,191)
Cash and cash equivalents at end of year consist of:					
Cash and cash equivalents	\$ 4,011,854	\$ 6,328,127	\$ (132,406)	\$ 10,207,575	\$ (12,191)
Restricted cash and cash equivalents	319,524	3,689,283	-	4,008,807	-
Cash and cash equivalents at end of year	\$ 4,331,378	\$ 10,017,410	\$ (132,406)	\$ 14,216,382	\$ (12,191)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (332,483)	\$ 664,064	\$ 34,772	\$ 366,353	\$ (77,319)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	438,398	833,298	-	1,271,696	-
Provision for uncollectible accounts	(143,588)	(92,880)	-	(236,468)	-
Changes in assets and liabilities:					
Accounts receivable	260,985	275,883	43,294	580,162	-
Accounts payable	207,473	422,599	(221,926)	408,146	-
Accrued expenses	(19,244)	(1,560)	-	(20,804)	-
Unearned revenue	-	-	-	-	-
Compensated absences	4,459	1,078	-	5,537	-
Customer deposits payable	(17,554)	(65)	-	(17,619)	-
Net cash provided by (used in) operating activities	\$ 398,446	\$ 2,102,417	\$ (143,860)	\$ 2,357,003	\$ (77,319)

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

City of Buda, Texas

Statement of Net Position – Discretely Presented Component Units

September 30, 2015

	<u>Buda 4b Development Corporation</u>	<u>Dupre Local Government Corporation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,708,939	\$ -	\$ 1,708,939
Sales tax receivable	308,362	56,254	364,616
Accounts receivable	-	53,404	53,404
Due from other governments	-	15,563	15,563
Total current assets	<u>2,017,301</u>	<u>125,221</u>	<u>2,142,522</u>
Noncurrent assets:			
Restricted cash and cash equivalents	<u>498,701</u>	<u>269,735</u>	<u>768,436</u>
Capital assets:			
Buildings and improvements	8,400	-	8,400
Equipment	18,257	-	18,257
Accumulated depreciation	(20,379)	-	(20,379)
Net capital assets	<u>6,278</u>	<u>-</u>	<u>6,278</u>
Total assets	<u>2,522,280</u>	<u>394,956</u>	<u>2,917,236</u>
LIABILITIES			
Current liabilities:			
Accounts payable	188,680	-	188,680
Accrued interest payable	26,577	8,886,268	8,912,845
Due to Cabela's, Inc.	-	46,452	46,452
Due to Dupre Local Government Corporation	40,085	-	40,085
Total current liabilities	<u>255,342</u>	<u>8,932,720</u>	<u>9,188,062</u>
Noncurrent liabilities:			
Due within one year	175,000	-	175,000
Due in more than one year	2,125,000	30,570,000	32,695,000
Total liabilities	<u>2,555,342</u>	<u>39,502,720</u>	<u>42,058,062</u>
NET POSITION (DEFICIT)			
Restricted net position	498,701	269,735	768,436
Unrestricted net position (deficit)	(531,763)	(39,377,499)	(39,909,262)
Total net position (deficit)	<u>\$ (33,062)</u>	<u>\$ (39,107,764)</u>	<u>\$ (39,140,826)</u>

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

City of Buda, Texas

Statement of Activities –
Discretely Presented Component Units

Year Ended September 30, 2015

<u>Component Units</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Fees and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Buda 4b Development Corporation</u>	<u>Dupre Local Government Corporation</u>	<u>Total Component Units</u>	
Buda 4b Development Corporation	\$ (790,739)	\$ -	\$ -	\$ -	\$ (790,739)	\$ -	\$ (790,739)	
Dupre Local Government Corporation:								
Interest expense	(1,454,476)	-	-	-	-	(1,454,476)	(1,454,476)	
Cabela’s, Inc. payments	<u>(273,794)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(273,794)</u>	<u>(273,794)</u>	
Total component units	<u>\$ (2,519,009)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(790,739)</u>	<u>(1,728,270)</u>	<u>(2,519,009)</u>	
		General Revenues						
					-	357,486	357,486	
					-	128,478	128,478	
					2,030	-	2,030	
					146,300	350,000	496,300	
					<u>1,811,608</u>	<u>715,616</u>	<u>2,527,224</u>	
					<u>1,959,938</u>	<u>1,551,580</u>	<u>3,511,518</u>	
					Change in net position	1,169,199	(176,690)	992,509
					Net position (deficit) at beginning of year	<u>(1,202,261)</u>	<u>(38,931,074)</u>	<u>(40,133,335)</u>
					Net position (deficit) at end of year	<u>\$ (33,062)</u>	<u>\$ (39,107,764)</u>	<u>\$ (39,140,826)</u>

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

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note A – Summary of Significant Accounting Policies

The financial statements of the City of Buda, Texas (the “City”) have been prepared in accordance with accounting principles applicable to governmental units, which are generally accepted in the United States of America. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies for the City.

Financial Reporting Entity

The City’s basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City’s reporting entity, is set forth in GASB Statement No. 61, *The Financial Reporting Entity, Omnibus, An Amendment to GASB Statements No. 14 and No. 34*. The requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. No changes in the reporting entity, the City of Buda, were identified as a result of the guidance provided in this statement.

The City assessed the following for inclusion of its component units:

- The organization is legally separate (can sue and be sued in its name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization’s board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City
- The exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete.

The City has two component units. Additionally, the City is not a component unit of any other reporting entity.

Buda 4b Development Corporation (“EDC”) is a nonprofit corporation organized under the laws of the state of Texas to provide economic development in and for the benefit of the City. The City appoints the board of directors and approves the annual budget. EDC’s financial statements are presented discretely alongside the financial statements of the City.

Dupre Local Government Corporation (“LGC”) was formed in May 2004. It is a nonprofit corporation organized under the laws of the state of Texas for the benefit of the City. LGC receives sales taxes and property taxes according to the agreement for the Tax Increment Reinvestment Zone-1 (“TIRZ-1”) among the City, Hays County, and Cabela’s, Inc. (“Cabela’s”). The City appoints the board of directors and approves the annual budget. LGC’s financial statements are presented discretely alongside the financial statements of the City.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note A – Summary of Significant Accounting Policies (continued)

Basis of Presentation

Government-Wide Financial Statements

The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The management's discussion and analysis introduces the basic financial statements.

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities include both short-term and long-term assets and liabilities and are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

A reconciliation detailing the change in net position, between the government-wide financial statements and the fund financial statements is presented separately for the governmental funds.

The component unit columns on the government-wide financial statements include the financial data of the City's component units. Component units are presented in a separate column to emphasize they are legally separate from the primary government. Separate financial statements were not issued for the discretely presented component units. Combining financial statements are presented as a part of the basic financial statements.

Fund Financial Statements

The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- **General Fund:** This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.
- **Debt Service Fund:** This fund is used to account for tax revenues and for the payment of principal, interest, and related costs of long-term debt for which property taxes have been dedicated.
- **Capital Project Funds:** This fund is used to account for financial activity related to the City's indebtedness for Capital Projects, and the use of bond proceeds for approved bond funded projects.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note A – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The City reports the following major Proprietary Funds:

- Water Fund: This fund accounts for the activities of the City's water operations.
- Wastewater Fund: This fund accounts for the activities of the City's wastewater operations.
- Sanitation Fund: This fund accounts for the activities of the City's sanitation service operations.

In addition, the City reports the following nonmajor fund types:

- Special Revenue Funds: These funds are used to separately account for funds related to grants and contracts.
- Internal Service Fund: This fund is used to report activity for the financing of goods or services provided to other funds, departments, or agencies of the primary government and its component units. The City uses the fund to account for activity related to helping its employees pay for health deductibles.

Basis of Accounting and Measurement Focus

Government-Wide and Proprietary Fund Financial Statements

These financial statements are reported using the economic resources measurement focus. The government-wide and Proprietary Fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Grant revenues are recognized when reimbursable expenditures are made and all other eligibility requirements imposed by their providers are met. Grant funds received in advance are recorded as unearned revenue until earned and available. Revenues from local sources consist primarily of property and sales taxes. Property and sales tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note A – Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (continued)

Governmental Fund Financial Statements (continued)

generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary Fund Financial Statements

Proprietary Fund financial statements are reported on the accrual basis. Revenues are recognized when earned and their expenses and related liabilities, including claims, judgments, and accrued leave, are recognized when they are incurred. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Proprietary Funds report both operating and nonoperating revenues and expenses in the statement of revenues, expenses, and changes in net position. The City defines operating revenues as those receipts generated by a specific program offering either a good or service. Operating expenses include personal services, contractual services, commodities, other expenses, and depreciation.

Proprietary Fund operating revenues, such as fees and charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Impact Fees

Impact fees are recognized as expenses when eligibility requirements are met. Impact fees are charged to customers to connect to the water or wastewater system and may be used only for additional infrastructure capacity and are recognized as nonoperating revenue upon collection.

Cash and Cash Equivalents

For purposes of the statement of cash flows – proprietary funds, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note A – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The City did not record an allowance for uncollectible taxes as of September 30, 2015.

In 2004, a Development Agreement was entered into among LGC, the City, Hays County, EDC, and Cabela's, related to the construction of a Cabela's retail facility in Buda, Texas. The agreement resulted in the creation of a TIRZ-1, which committed the City and Hays County to remit 100% of property taxes collected within the TIRZ-1 area, as defined by the agreement, to LGC.

Sales Taxes

Revenue from a 1.5% sales tax within the City is considered available when received by the Comptroller of Public Accounts and is accrued on a monthly basis based on information provided by the Comptroller of Public Accounts. The City receives allocations on a monthly basis. The Comptroller for the State of Texas collects and distributes these amounts to the appropriate governmental organization with funding normally occurring within 60 days from the date of the underlying sale. The amount reported is net of a 2% collection and distribution service fee withheld by the state of Texas.

The sales tax collection is allocated to the General Fund and EDC and LGC, the City's component units. Under a Definitive Agreement executed by Hays County, the City, EDC, and LGC, the sales tax must be allocated by the City and Hays County to EDC and LGC.

From the total imposed rate of 1.5% sales tax within the City, the City allocates 0.5% of the revenue to EDC after consideration (removal) for the TIRZ-1 portion and the Buda Annexation portion. The TIRZ-1 portion of the sales tax is also allocated as 0.5% to EDC and 1.0% to the City. Of the 0.5% given to EDC, the agreement states that 85.0% is to be transferred to LGC and 15.0% remains in EDC.

Of the 1% earned by the City, 56% is allocated to LGC and 44% remains in the City. Due to overlapping rates within the City's annexed portion (Park 35 Annex), the sales tax rate is 1% of the allowable sales tax available to the City when it entered the Annex. Therefore, the City and EDC split the earned sales tax within the annexed area.

Under the Definitive Agreement, Hays County is required to remit 1/3 of the earned sales tax within TIRZ-1.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note A – Summary of Significant Accounting Policies (continued)

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	10-40 years
Buildings and improvements	20-40 years
Vehicles	2-15 years
Equipment	3-15 years

Receivable and Payable Balances

The City believes sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. The City records an allowance for accounts older than 90 days. The provision for uncollectible accounts receivable totaled \$176,565 at September 30, 2015 and is reported in the business-type activity funds.

There are no significant receivables which are not scheduled for collection within one year of year-end.

Compensated Absences

On the retirement or death of certain employees, the City pays accrued compensatory time up to 120 hours and vacation leave up to 160 hours in a lump-sum payment to such employee or his/her estate. The accumulated leave at September 30, 2015 totaled \$298,550.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of government-wide statement of net position.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note A – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures/expense during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Texas Municipal Retirement System ("TMRS"), an Agent Plan, and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by the TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

The City has classified as deferred outflows of resources certain items that represent a consumption of resources that applies to a future period and, therefore, will not be recognized as an expense until then. Deferred Inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources Deferred Inflows of Resources, and Net Position*, the City has classified all of the difference between the reacquisition price and the net carrying amount of the defeased debt as a deferred outflow of resources. The deferred outflow of resources is amortized over the term of the defeased bonds and recognized as a component of interest expense annually. The City has also deferred certain pension related items in accordance with applicable pension standards as noted under Note F.

Bond Premiums, Discounts, and Issuance Costs

The City amortizes premiums and discounts over the estimated life of the bonds as an adjustment to capitalized interest using the effective interest method. Bond issuance cost, other than prepaid insurance, is expensed as incurred, in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies the balances of governmental fund types as follows:

Nonspendable: The portion of the fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note A – Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Restricted: The portion of the fund balance that is restricted to specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitution provisions or enabling legislation.

Committed: The portion of the fund balance that can only be used for specific purposes, as defined by formal action (resolution) by the City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned: The portion of the fund balance that is constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned: The portion of the fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

The constraints placed on the fund balances of the General Fund, Debt Service Fund, and the Other Nonmajor Governmental Funds at September 30, 2015 are presented below:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES					
Restricted for:					
Debt service	\$ -	\$ 791,745	\$ -	\$ -	\$ 791,745
Capital projects	1,359,183	-	7,526,118	-	8,885,301
Hotel/motel tax	-	-	-	644,002	644,002
Assigned:					
Parks	-	-	-	623,600	623,600
Library	-	-	-	29,295	29,295
Unassigned	2,460,512	-	-	-	2,460,512
Total fund balances	<u>\$ 3,819,695</u>	<u>\$ 791,745</u>	<u>\$ 7,526,118</u>	<u>\$ 1,296,897</u>	<u>\$ 13,434,455</u>

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note B – Deposits and Investments

The funds of the City, EDC, and LGC are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the agent bank approved pledged securities in an amount sufficient to protect funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

Cash Deposits

Primary Government

At September 30, 2015, the carrying amount of the City’s deposits (cash and interest-bearing savings accounts included in temporary investments) totaled \$25,083,987, and the bank balance totaled \$25,227,697.

The City’s cash deposits as of and for the year ended September 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the agent bank in the City’s name.

Buda 4b Development Corporation

At September 30, 2015, the carrying amount of EDC’s deposits (cash and interest-bearing savings accounts included in temporary investments) totaled \$2,207,640 and the bank balance totaled \$2,216,020.

EDC’s cash deposits as of and for the year ended September 30, 2015 were not entirely covered by FDIC insurance or by pledged collateral held by the agent bank in EDC’s name.

Dupre Local Government Corporation

At September 30, 2015, the carrying amount of LGC’s deposits (cash and interest-bearing savings accounts included in temporary investments) totaled \$269,735 and the bank balance totaled \$331,876.

LGC’s cash deposits as of and for the year ended September 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the agent bank in LGC’s name.

Restricted Cash and Cash Equivalents

Primary Government

The City had cash and cash equivalents restricted for the following purposes at September 30, 2015:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Debt service	\$ 791,674	\$ -
Capital projects and other	<u>9,700,566</u>	<u>4,008,807</u>
Total restricted cash and cash equivalents	<u>\$ 10,492,240</u>	<u>\$ 4,008,807</u>

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note B – Deposits and Investments (continued)

Restricted Cash and Cash Equivalents (continued)

EDC

EDC had cash and cash equivalents restricted for the following purposes at September 30, 2015:

Debt service	\$ 168,968
Mortgage reserves	<u>329,733</u>
Total restricted cash and cash equivalents	<u><u>\$ 498,701</u></u>

LGC

LGC had cash and cash equivalents restricted for the following purposes at September 30, 2015:

Grant Revenue Fund	\$ 89,470
Debt Service – Pledged Revenue Fund	178,306
Contract Funds	<u>1,959</u>
Total restricted cash and cash equivalents	<u><u>\$ 269,735</u></u>

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act (the “Act”), to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity’s funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the United States Treasury, certain United States 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.

City cash is required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks. A pooled cash strategy is utilized which enables the City to have one central depository.

The City did not hold investments at September 30, 2015.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note C – Capital Assets

Primary Government

Governmental Activities

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

	Beginning Balance	Additions	Deletions	Ending Balance
Assets not being depreciated:				
Land	\$ 6,400,935	\$ 1,712,807	\$ -	\$ 8,113,742
Construction in progress	1,046,462	865,954	-	1,912,416
Capital assets not being depreciated	<u>7,447,397</u>	<u>2,578,761</u>	<u>-</u>	<u>10,026,158</u>
Assets being depreciated:				
Buildings and improvements	21,241,040	90,939	-	21,331,979
Equipment	6,220,833	430,777	-	6,651,610
Infrastructure	44,884,542	2,760,408	-	47,644,950
Capital assets being depreciated	<u>72,346,415</u>	<u>3,282,124</u>	<u>-</u>	<u>75,628,539</u>
Less accumulated depreciation:				
Buildings and improvements	(6,731,910)	(663,969)	-	(7,395,879)
Equipment	(5,558,039)	(212,606)	-	(5,770,645)
Infrastructure	(11,296,360)	(1,282,596)	-	(12,578,956)
	<u>(23,586,309)</u>	<u>(2,159,171)</u>	<u>-</u>	<u>(25,745,480)</u>
Assets being depreciated – net	<u>48,760,106</u>	<u>1,122,953</u>	<u>-</u>	<u>49,883,059</u>
Total capital assets – net	<u>\$ 56,207,503</u>	<u>\$ 3,701,714</u>	<u>\$ -</u>	<u>\$ 59,909,217</u>

Depreciation expense in the governmental activities was not allocated to the City's various functions.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note C – Capital Assets (continued)

Primary Government (continued)

Business-Type Activities

Capital asset activity of the business-type activities for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets not being depreciated:				
Land	\$ 193,047	\$ -	\$ -	\$ 193,047
Construction in progress	960,906	3,947,170	-	4,908,076
Capital assets not being depreciated	<u>1,153,953</u>	<u>3,947,170</u>	<u>-</u>	<u>5,101,123</u>
Assets being depreciated:				
Buildings and improvements	153,995	-	-	153,995
Equipment	6,037,126	212,261	-	6,249,387
Infrastructure	32,248,747	1,145,125	-	33,393,872
Capital assets being depreciated	<u>38,439,868</u>	<u>1,357,386</u>	<u>-</u>	<u>39,797,254</u>
Less accumulated depreciation:				
Buildings and improvements	(51,532)	(6,559)	-	(58,091)
Equipment	(3,377,211)	(290,697)	-	(3,667,908)
Infrastructure	(6,183,066)	(974,440)	-	(7,157,506)
	<u>(9,611,809)</u>	<u>(1,271,696)</u>	<u>-</u>	<u>(10,883,505)</u>
Assets being depreciated – net	<u>28,828,059</u>	<u>85,690</u>	<u>-</u>	<u>28,913,749</u>
Total capital assets – net	<u>\$ 29,982,012</u>	<u>\$ 4,032,860</u>	<u>\$ -</u>	<u>\$ 34,014,872</u>

EDC

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets being depreciated:				
Buildings and improvements	\$ 8,400	\$ -	\$ -	\$ 8,400
Equipment	13,036	5,221	-	18,257
Capital assets being depreciated	<u>21,436</u>	<u>5,221</u>	<u>-</u>	<u>26,657</u>
Less accumulated depreciation:				
Buildings and improvements	(8,400)	-	-	(8,400)
Equipment	(10,877)	(1,102)	-	(11,979)
	<u>(19,277)</u>	<u>(1,102)</u>	<u>-</u>	<u>(20,379)</u>
Assets being depreciated – net	<u>2,159</u>	<u>4,119</u>	<u>-</u>	<u>6,278</u>
Total capital assets – net	<u>\$ 2,159</u>	<u>\$ 4,119</u>	<u>\$ -</u>	<u>\$ 6,278</u>

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note C – Capital Assets (continued)

Primary Government (continued)

Business-Type Activities (continued)

LGC

LGC did not carry capital assets for the year ended September 30, 2015.

Note D – Interfund Activity

Interfund Balances

Balances due to and from other funds at September 30, 2015 consisted of the following:

<u>Owed From Fund</u>	<u>Owed To Fund</u>	
	<u>General Fund</u>	<u>Total</u>
Capital Projects Fund	\$ 2,110,090	\$ 2,110,090
Water Fund	204,951	204,951
Wastewater Fund	<u>2,205,342</u>	<u>2,205,342</u>
Total	\$ <u>4,520,383</u>	\$ <u>4,520,383</u>

All interfund balances represent temporary loans between the City's funds. All amounts due are scheduled to be repaid within one year.

Transfers during the year ended September 30, 2015 to cover operational expenditures were as follows:

<u>Transfer In To</u>	<u>Transfer Out From</u>					<u>Total</u>
	<u>General Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Debt Service Fund</u>	<u>Sanitation Fund</u>	
General Fund	\$ -	\$ 189,219	\$ 290,355	\$ -	\$ 30,000	\$ 509,574
Wastewater Fund	-	-	-	619,702	-	619,702
Total	\$ <u>-</u>	\$ <u>189,219</u>	\$ <u>290,355</u>	\$ <u>619,702</u>	\$ <u>30,000</u>	

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations

Long-Term Obligation Activity

Changes in long-term obligations for the year ended September 30, 2015 were as follows:

Primary Government

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 11,805,000	\$ 9,430,000	\$ (710,000)	\$ 20,525,000	\$ 2,020,000
Premium on bond issuance	-	376,289	-	376,289	-
Capital leases	45,624	-	(45,624)	-	-
Compensated absences	202,953	61,166	-	264,119	-
	<u>\$ 12,053,577</u>	<u>\$ 9,867,455</u>	<u>\$ (755,624)</u>	<u>\$ 21,165,408</u>	<u>\$ 2,020,000</u>

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 11,505,000	\$ 3,605,000	\$ (665,000)	\$ 14,445,000	\$ 844,960
Capital leases	163,233	-	(131,581)	31,652	31,652
Compensated absences	28,894	5,537	-	34,431	-
	<u>\$ 11,697,127</u>	<u>\$ 3,610,537</u>	<u>\$ (796,581)</u>	<u>\$ 14,511,083</u>	<u>\$ 876,612</u>

EDC

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 3,015,000	\$ -	\$ (715,000)	\$ 2,300,000	\$ 175,000
Other long-term liabilities	140,000	-	(140,000)	-	-
	<u>\$ 3,155,000</u>	<u>\$ -</u>	<u>\$ (855,000)</u>	<u>\$ 2,300,000</u>	<u>\$ 175,000</u>

LGC

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Contract revenue bonds	\$ 30,920,000	\$ -	\$ (350,000)	\$ 30,570,000	\$ -

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations (continued)

Description of Debt

Primary Government

Governmental Activities

Combination Tax and Limited Revenue Certificates of Obligation, Series 2008

On May 8, 2008, the City issued \$6,120,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2008 for construction and improvement projects including street, sidewalk, and bridge and park improvements. Principal is due annually on February 1. Interest is due semiannually on February 1 and August 1 at a rate of 3.48%. At September 30, 2015, the outstanding balance of the Certificates of Obligation, Series 2008 is \$4,125,000, and the final maturity date of the bonds is February 1, 2028.

General Obligation Refunding Bonds, Series 2008

On May 8, 2008, the City issued \$2,930,000 of General Obligation Refunding Bonds, Series 2008. Proceeds of the General Obligation bonds were used to (1) redeem in full the \$91,000 of outstanding principal on the General Obligation Bonds, Series 1985; (2) redeem in full the \$48,000 of outstanding principal on the General Obligation Bonds, Series 1985-A; (3) advance refund a portion of the Certificates of Obligation Bond, Series 2002 maturing on July 1, 2013 through July 1, 2022, with an aggregate of \$1,645,000 in principal amount; (4) advance refund a portion of the Certificates of Obligation Bond, Series 2004, maturing on July 1, 2010 through July 1, 2024, with an aggregate of \$780,000 in principal amount. Principal is due annually on July 1. Interest is due semiannually on January 1 and July 1 at a rate of 3.39%. At September 30, 2015, the outstanding balance of the General Obligation Refunding Bonds, Series 2008 is \$1,855,000, and the final maturity date of the bonds is July 1, 2024.

Combination Tax and Limited Revenue Certificates of Obligation, Series 2006

On May 16, 2006, the City issued \$2,345,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2006 for construction and improvement projects including streets, sidewalks, bridges, drainage, water, and sewer infrastructure. The proceeds were allocated 76.00% to interest and sinking (governmental activities) and 24.00% to the Wastewater Fund (business-type activities). Principal is due annually on February 1. Interest is due semiannually on February 1 and August 1 at a rate of 4.45%. Principal and interest are also allocated on the percentages above. At September 30, 2015, the outstanding balance of the Certificates of Obligation, Series 2006 for governmental activities is \$1,185,000, and the final maturity date of the bonds is February 1, 2026.

Combination Tax and Limited Revenue Certificates of Obligation, Series 2011

On May 15, 2011, the City issued \$3,275,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2011 for (1) constructing, improving, and extending the City's waterworks and sewer system, including replacing the Garlic Creek force main, the Main Street water lines, and the Downtown clay sewer lines and related costs; (2) constructing and/or improving downtown street lighting and related improvements; (3) improving, remodeling, and equipping the Stagecoach Park house for the City's Parks and Recreation and Tourism Department; and (4) the payment of professional services in connection therewith. The proceeds were allocated 18% to governmental activities and 82% to the business-type activities. Principal is due annually on August 15. Interest is

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations (continued)

Description of Debt (continued)

Primary Government (continued)

Governmental Activities (continued)

Combination Tax and Limited Revenue Certificates of Obligation, Series 2011 (continued)

due semiannually on February 15 and August 15 at a rate of 1.5% to 4.0%, as specified in the Bond Ordinance. The balance of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2011 at September 30, 2015 is \$495,000, and the final maturity on the bonds is August 15, 2030.

Combination Tax and Limited Revenue Certificates of Obligation, Series 2014

On February 1, 2014, the City issued \$4,445,000 in Combination Tax and Limited Revenue Certificates of Obligation, Series 2014. The certificates were issued for the purpose of funding (1) construction; improvement; extending, expanding, upgrading, and/or developing City streets, bridges, sidewalks, intersections, and other traffic improvement projects; and related costs and purchasing of any necessary right-of-way, including street improvements within the Bonita Vista subdivision; (2) constructing, improving, and/or extending the City's waterworks and sewer system, including constructing the Westside Water Well Project, including the acquisition of any necessary easements or land; and (3) the payment of professional services in connection therewith, including legal, fiscal, and engineering fees and the costs of issuance in connection with the certificates. The proceeds were allocated 77.0% to governmental activities and 23.0% to the business-type activities. Principal is due annually on August 15. Interest is due semiannually on February 15 and August 15 at a rate of 1.5% to 4.0%, as specified in the Bond Ordinance. The balance of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2014 at September 30, 2015 is \$3,435,000, and the final maturity on the bonds is August 15, 2034.

General Obligation Bonds, Series 2015

On June 2, 2015, the City issued \$9,430,000 of General Obligation Bonds, Series 2015. The certificates were issued for the purpose of funding (1) constructing, improving, renovating and equipping a municipal facility; (2) constructing, improving, renovating and equipping a public safety facility; (3) constructing, improving, extending, expanding, upgrading and/or developing streets, roads, bridges and intersections; (4) control of flooding, runoff and other drainage projects; and (5) constructing, acquiring, improving, renovating, equipping, and/or developing land, buildings and facilities for City park and recreational purposes; and (6) paying professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Bonds. Principal is due annually on February 15. Interest is due semiannually on February 15 and August 15 at a rate of 3.00% to 3.25%, as specified in the Bond Ordinance. At September 30, 2015, the outstanding balance of the General Obligation Bonds, Series 2015 is \$9,430,000, and the final maturity date of the bonds is August 15, 2025.

Capital Lease – Welch State Bank

On March 2, 2011, the City entered into a lease-purchase agreement with Welch State Bank for street paving equipment for the City. The term of the lease is six years, with annual payments of \$25,138, which includes interest. The lease is paid from the General Fund. As of September 30, 2015, the lease balance is \$0.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations (continued)

Description of Debt (continued)

Primary Government (continued)

Business-Type Activities

Combination Tax and Limited Revenue Certificates of Obligation, Series 2006

On May 16, 2006, the City issued \$2,345,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2006 for construction and improvement projects including streets, sidewalks, bridges, drainage, water, and sewer infrastructure. The proceeds were allocated 76.00% to interest and sinking (governmental activities) and 24.00% to the Wastewater Fund (business-type activities). Principal is due annually on February 1. Interest is due semiannually on February 1 and August 1 at a rate of 4.45%. Principal and interest are also allocated on the percentages above. At September 30, 2015, the outstanding balance of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2006 for business-type activities is \$370,000, and the final maturity date of the bonds is February 1, 2026.

General Obligation Refunding Bonds, Series 2010

On March 18, 2005, the City issued \$7,725,000 of Waterworks and Sewer System Revenue and Refunding Bonds, Series 2005 for (1) water and sewer construction and improvement projects and (2) refunding of the City's Waterworks and Sewer System Junior Lien Revenue Bonds, Series 1981. On July 21, 2010, the City issued \$5,915,000 of General Obligation Refunding Bonds, Series 2010 for the purpose of refunding the \$7,725,000 of Waterworks and Sewer System Revenue and Refunding Bonds, Series 2005. Principal is due annually on July 1. Interest is due semiannually on January 1 and July 1 at a rate of 2%, increasing to 4% over the life of the bonds. The balance of the General Obligation Refunding Bonds, Series 2010 is \$4,305,000 at September 30, 2015.

Combination Tax and Limited Revenue Certificates of Obligation, Series 2010

On May 18, 2010, the City issued \$3,560,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2010 for (1) constructing, improving, and extending the City's wastewater treatment facility and the wastewater collection and effluent system, including the City's wastewater treatment plant and (2) the payment of professional services in connection therewith. Principal is due annually on February 15. Interest is due semiannually on February 15 and August 15 at a rate of 3%, to be adjusted annually to a maximum rate of 4%, as specified in the Bond Ordinance. The balance of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2010 at September 30, 2015 is \$2,875,000, and the final maturity on the bonds is February 15, 2029.

Combination Tax and Limited Revenue Certificates of Obligation, Series 2011

On May 15, 2011, the City issued \$3,275,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2011 for (1) constructing, improving, and extending the City's waterworks and sewer system, including replacing the Garlic Creek force main, the Main Street water lines, and the downtown clay sewer lines and related costs; (2) constructing and/or improving downtown street lighting and related improvements; (3) improving,

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations (continued)

Description of Debt (continued)

Primary Government (continued)

Business-Type Activities (continued)

Remodeling, and equipping the Stagecoach Park house for the City's Parks and Recreation and Tourism Department; and (4) the payment of professional services in connection therewith. The proceeds were allocated 18.0% to governmental activities and 82.0% to the business-type activities. Principal is due annually on August 15. Interest is due semiannually on February 15 and August 15 at a rate of 1.5% to 4.0%, as specified in the Bond Ordinance. The balance of the Combination Tax & Limited Revenue Certificates of Obligation, Series 2011 at September 30, 2015 is \$2,305,000, and the final maturity on the bonds is August 15, 2030.

Combination Tax and Limited Revenue Certificates of Obligation, Series 2014

On February 1, 2014, the City issued \$4,445,000 in Combination Tax and Limited Revenue Certificates of Obligation, Series 2014. The certificates were issued for the purpose of funding (1) construction; improvement; extending, expanding, upgrading, and/or developing City streets, bridges, sidewalks, intersections, and other traffic improvement projects; and related costs and purchasing of any necessary right-of-way, including street improvements within the Bonita Vista subdivision; (2) constructing, improving, and/or extending the City's waterworks and sewer system, including constructing the Westside Water Well Project, including the acquisition of any necessary easements or land; and (3) the payment of professional services in connection therewith, including legal, fiscal, and engineering fees and the costs of issuance in connection with the certificates. The proceeds were allocated 77.0% to governmental activities and 23.0% to the business-type activities. Principal is due annually on August 15. Interest is due semiannually on February 15 and August 15 at a rate of 1.5% to 4.0%, as specified in the Bond Ordinance. The balance of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2014 at September 30, 2015 is \$985,000, and the final maturity on the bonds is August 15, 2034.

Combination Tax and Limited Revenue Certificates of Obligation, Series 2014A

On December 15, 2014, the City issued \$3,605,000 in Combination Tax and Limited Revenue Certificates of Obligation, Series 2014A for the purpose of paying contractual obligations incurred or to be incurred by the City for (1) constructing, improving and/or extending the City's waterworks and sewer system, including constructing the new Garlic Creek lift station, replacing downtown wastewater lines, replacing the Lifschutz wastewater line and water tank repairs at the Garlic Creek booster station and Bonita Vista Well # 3, including the acquisition of any necessary easements or land, and (2) the payment of professional services in connection therewith including legal, fiscal and engineering fees and the costs of issuance in connection with the certificates. Principal is due annually on August 15. Interest is due semiannually on February 15 and August 15 at a rate of 2.9%. The balance of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2014A at September 30, 2015 is \$3,605,000, and the final maturity on the bonds is August 15, 2034.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations (continued)

Description of Debt (continued)

Primary Government (continued)

Business-Type Activities (continued)

Capital Lease – Broadway Bank

On January 6, 2009, the City entered into a lease-purchase agreement with Broadway Bank for water meter equipment for the City, including computer and communications equipment. The term of the lease is 84 months, with monthly payments of \$7,993, which includes interest. As of September 30, 2015, the lease is allocated 50% to the Water Fund and 50% to the Wastewater Fund and has a total outstanding balance of \$31,651.

Capital Lease – Wells Fargo Bank

On November 30, 2010, the City entered into a lease-purchase agreement with Wells Fargo Bank for a Van-Con Truck. The term of the lease is five years, with annual payments of \$48,639, which includes interest. As of September 30, 2015, the lease is recorded in the Wastewater Fund and has an outstanding balance of \$0.

EDC

At September 30, 2015, the EDC had the following long-term bond obligations:

Sales Tax Revenue and Refunding Bonds, Series 2006

On April 12, 2006, EDC issued \$3,500,000 Sales Tax Revenue and Refunding Bonds, Series 2006 for construction and improvement projects related to the Buda Sportsplex Park and to refund the EDC's Sales Tax Revenue Bonds, Series 2003A. Principal is due semiannually on June 1 and December 1. Interest is due semiannually on June 1 and December 1 at a rate of 3.35%. The final maturity of the bonds is December 1, 2025. As of September 30, 2015, the Sales Tax Revenue and Refunding Bonds, Series 2006 outstanding balance is \$2,300,000.

Sales Tax Revenue Bonds, Series 2007

On October 9, 2007, EDC issued \$1,550,000 Sales Tax Revenue Bonds, Series 2007 for construction and improvement projects related to the Buda Sportsplex Park. Principal is due monthly. Interest is due monthly at a rate of 5.25%. The final maturity of the bonds is October 1, 2017. As of September 30, 2015, the Sales Tax Revenue Bonds, Series 2007 outstanding balance is \$0.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations (continued)

Description of Debt (continued)

LGC

At September 30, 2015, LGC had the following long-term bond obligations:

Contract Revenue Bonds, Series 2004

On August 2, 2004, LGC issued \$31,750,100 in Contract Revenue Bonds, Series 2004 for the construction of the public infrastructure and public museum in relation to the construction of a Cabela’s, Inc. retail facility. The final maturity date on the bonds is June 1, 2028. Interest is due semiannually on June 1 and December 1 at a rate of 4.75%. The Contract Revenue Bonds, Series 2004 are a limited obligation of LGC and are payable only from pledged revenues, as defined in the legal documents. The bonds may be redeemed at LGC’s option on any date at the redemption price of par plus accrued interest to date of redemption.

The bonds are also subject to special mandatory redemption in part by lot on June 1 and December 1 in each year at a redemption price of par plus accrued interest to the date of redemption. In the event and to the extent that there is on deposit in the “Debt Service Fund” on May 15 and November 15 of each year immediately preceding a “Special Principal Installment Payment Date” amounts received by LGC will be represented by pledged revenues. If, on June 1, 2028, pledged revenues are not sufficient to pay in full the outstanding principal and interest on the bonds, such remaining unpaid amounts will be forgiven. As of September 30, 2015, pledged revenues have not been sufficient to pay the required principal due on the bonds.

At September 30, 2015 the outstanding principal on the bonds is \$30,570,000 and unpaid accrued interest is \$8,886,268.

Debt Service Requirements

Debt service requirements on the City’s long-term debt at September 30, 2015 is as follows:

Primary Government

Governmental Activities – Bonds

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,020,000	\$ 691,176	\$ 2,711,176
2017	805,000	589,258	1,394,258
2018	875,000	562,410	1,437,410
2019	910,000	534,060	1,444,060
2020	1,220,000	499,880	1,719,880
2021-2025	5,995,000	1,898,644	7,893,644
2026-2030	4,900,000	981,251	5,881,251
2031-2035	3,800,000	317,822	4,117,822
	<u>\$ 20,525,000</u>	<u>\$ 6,074,501</u>	<u>\$ 26,599,501</u>

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations (continued)

Debt Service Requirements (continued)

Primary Government (continued)

Business-Type Activities – Bonds

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 845,000	\$ 475,991	\$ 1,320,991
2017	875,000	447,577	1,322,577
2018	915,000	422,919	1,337,919
2019	945,000	396,823	1,341,823
2020	985,000	368,064	1,353,064
2021-2025	5,455,000	1,333,772	6,788,772
2026-2030	3,250,000	501,018	3,751,018
2031-2035	1,175,000	111,020	1,286,020
	<u>\$ 14,445,000</u>	<u>\$ 4,057,184</u>	<u>\$ 18,502,184</u>

EDC – Bonds

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 175,000	\$ 75,626	\$ 250,626
2017	175,000	69,764	244,764
2018	180,000	63,818	243,818
2019	205,000	57,620	262,620
2020	205,000	50,753	255,753
2021-2025	1,220,000	140,784	1,360,784
2026	140,000	2,345	142,345
	<u>\$ 2,300,000</u>	<u>\$ 460,710</u>	<u>\$ 2,760,710</u>

Capital Leases

Future minimum lease payments for commitments under capitalized lease agreements as of September 30, 2015 are as follows:

<u>Year Ended September 30,</u>	<u>Business-Type Activities</u>
2016	\$ 31,971
Less amounts representing interest	(319)
Principal amounts due	31,652
Current portion	(31,652)
Long-term portion	<u>\$ -</u>

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note E – Long-Term Obligations (continued)

Capital Leases (continued)

At September 30, 2015, the cost of assets acquired under capital leases reported in the governmental activities is \$151,000 with accumulated depreciation of \$37,708, and the cost of assets acquired under capital leases reported in the business-type activities is \$890,000 with accumulated depreciation of \$627,304.

Note F – Pension Plan

Retirement Plan – TMRS

Plan Description

The City participates in a multiple employer plan which is a nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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 that can be obtained at www.tmr.org.

The City provides pension benefits for all of its full-time employees through TMRS, an agent multiple employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS. 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.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note F – Pension Plan (continued)

Retirement Plan – TMRS (continued)

Benefits Provided (continued)

salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. The City may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of a calendar year.

The City has adopted annuity increases at a rate equal to 70% of the increase in the Consumer Price Index – all Urban Consumers between the December preceding the member’s retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The Plan also provide death benefits and disability benefits. Effective January 1, 2002, members are vested after 5 years, unless the City opted to maintain 10-year vesting. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees Covered By Benefit Terms

At December 31, 2014, the following employee were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but no yet receiving benefits	24
Active employees	<u>70</u>
Total	105

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2013, valuation is effective for rates beginning January 2014).

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 10.37% for 2015. The City’s contributions to TMRS for the year ended September 30, 2015, were \$384,655 and were equal to the required contributions.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note F – Pension Plan (continued)

Retirement Plan – TMRS (continued)

Net Pension Liability

The City's net pension liability was measured as of December 31, 2014, and the total pension liability 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:

<i>Inflation</i>	3.0% per year
<i>Salary Increases</i>	3.0% per year
<i>Investment rate of return</i>	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. 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.

Long-Term Expected Rate of Return

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.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note F – Pension Plan (continued)

Retirement Plan – TMRS (continued)

Long-Term Expected Rate of Return (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	<u>5.00%</u>	8.50%
Total	<u>100.00%</u>	

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 Net Pension Liability ("NPL")/(Asset)

The following table below presents the components used to calculate the NPL for the current reporting period.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>NPL/(Asset) (a) – (b)</u>
Changes in NPL/(Asset)			
Balance at December 31, 2014	\$ 4,921,488	\$ 4,067,151	\$ 854,337
Changes for the year:			
Service cost	546,167	-	546,167
Interest	358,890	-	358,890
Change of benefit terms	-	-	-
Difference between expected and actual experience	115,892	-	115,892
Changes of assumptions	-	-	-
Contributions – employer	-	325,571	(325,571)
Contributions – employee	-	228,814	(228,814)
Net investment income	-	232,778	(232,778)
Benefit payments, including refunds of employee contributions	(135,156)	(135,156)	-
Administrative expense	-	(2,429)	2,429
Other changes	-	(200)	200
Balance at December 31, 2015	<u>\$ 5,807,281</u>	<u>\$ 4,716,529</u>	<u>\$ 1,090,752</u>

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note F – Pension Plan Continued

Retirement Plan – TMRS (continued)

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%, 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%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
City’s net pension liability	\$ <u>2,068,486</u>	\$ <u>1,090,752</u>	\$ <u>304,709</u>

Pension Plan Fiduciary Net Position

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

Pension Expense

For the year ended September 30, 2015, the City recognized pension expense of \$423,718, comprised as follows:

Schedule of Pension Expense

1	Total service cost	\$	546,167
2	Interest on the total pension liability		358,890
3	Current-period benefit changes		-
4	Employee contributions (reduction of expense)		(228,814)
5	Projected earnings on plan investments (reduction of expense)		(284,701)
6	Administrative expense		2,429
7	Other changes in fiduciary net position		200
8	Recognition of current year outflow (inflow) of resources – liabilities		19,162
9	Recognition of current year outflow (inflow) of resources – assets		10,385
10	Amortization of current year outflow (inflow) of resources – liabilities		-
11	Amortization of current year outflow (inflow) of resources – assets		-
12	Total pension expense	\$	<u><u>423,718</u></u>

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note F – Pension Plan (continued)

Retirement Plan – TMRS (continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 96,730	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	41,538	-
Contributions subsequent to the measurement date	<u>271,160</u>	<u>-</u>
Total	<u>\$ 409,428</u>	<u>\$ -</u>

The City reported \$271,160 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. Excluding contributions subsequent to the measurement date which are not amortized, the amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2015	\$ 29,547
2016	29,547
2017	29,547
2018	29,545
2019	19,162
Thereafter	<u>920</u>
	<u>\$ 138,268</u>

Supplemental Death Benefits Fund

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

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note F – Pension Plan (continued)

Supplemental Death Benefits Fund (continued)

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 contributions to the TMRS SDBF for the years ended 2015, 2014, and 2013 totaled \$8,417, \$4,925, and \$4,179, respectively, which equaled the required contributions each year.

Note G – Contingencies

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

Note H – Risk Management

The City is exposed to various risks of loss related to torts, theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the state as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will re-insure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of re-insurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year, and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Note I – Deficit Fund Balances

The following deficit fund balances were reported at September 30, 2015:

<u>Deficit Fund Balance/Net Position</u>	<u>Deficit</u>
<u>Discretely Presented Component Unit</u>	
Buda 4b Development Corporation	\$ (33,062)
Dupre Local Government Corporation	(39,107,764)
Total deficit net position balances	\$ <u><u>(39,140,826)</u></u>
<u>Enterprise Funds</u>	
Sanitation	\$ <u><u>(158,874)</u></u>
Internal Service	\$ <u><u>(12,191)</u></u>

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note J – Related Party Transactions

Each year the City pays a portion of its sales tax to EDC in accordance with a Definitive Agreement (in accordance with state laws governing 4b development corporations). The City remitted a total of \$1,811,608 in sales taxes during the fiscal year ended September 30, 2015. The remitted amount represents 0.5% of the total tax rate of 1.5%.

In accordance with a Definitive Agreement, the City and EDC remit a portion of sales tax collections to LGC, earned from businesses operating with the TIRZ-1, in accordance with the Development Agreement entered into among the City, EDC, Hays County, and LGC for the construction of the Cabela's retail facility. The sales tax received by LGC is used to pay principal and interest on LGC's Contract Revenue Bonds, Series 2004. During the year ended September 30, 2015, the City remitted \$345,682 in sales tax to LGC. EDC remitted \$268,081 and Hays County remitted \$101,853 in sales tax to LGC during the year ended September 30, 2015.

The City also pays to LGC a portion of its hotel/motel taxes earned on hotels/motels operating with TIRZ-1. During the year ended September 30, 2015, the City paid \$128,478 in hotel/motel taxes to LGC.

In accordance with the Development Agreement among the City, EDC, and Hays County, and LGC, the City owes LGC \$56,254, EDC owes LGC \$40,805, and LGC is due \$15,563 from Hays County in property taxes earned from property in TIRZ-1 to LGC. The taxes are used to pay principal and interest on LGC's Contract Revenue Bonds, Series 2004. In accordance with the Development Agreement, LGC has service the Contract Revenue Bonds, Series 2004 and has paid Cabela's \$2,878,476 since inception for additional liabilities incurred under the Development Agreement.

The City pays for EDC's employees' payroll and benefit costs, as well as various operating costs of EDC from time to time. During the year, EDC reimbursed the City \$182,396 for operating, payroll, and employee benefit costs paid by the City.

Note K – Cabela's Project

In 2004, a Development Agreement was entered into among LGC, the City, Hays County, EDC, and Cabela's related to the construction of a Cabela's retail facility in Buda, Texas. In addition to the retail facility, the Development Agreement called for the construction and development of public museum facilities and public infrastructure ("public facilities"). LGC issued bonds in 2004 in the total principal amount of \$31,725,000 to pay the projected costs of the public facilities and the cost of the issuance of the bonds. LGC was to finance or reimburse the developer, Cabela's, Inc., for the costs of the public facilities from the proceeds of the bonds. No portion of the costs of the retail facility was financed with the proceeds of the bonds. The bonds constitute valid, legally binding, and enforceable special revenue obligations of LGC. Such bonds shall be payable only from pledged revenue received from tax increments (TIRZ-1 revenues), which are generated in the TIRZ-1 and from certain grant revenues paid by the City, EDC, and Hays County, subject to annual appropriations, pursuant to grant agreements among these entities, and LGC. The holders of the bonds shall never have the right to demand payment out of money raised or to be raised by taxation, other than from the pledged revenues. See Note E for further discussion under Dupre Local Government Corporation.

Upon completion of the construction, the City accepted ownership of the public facilities. The City maintains the public infrastructure and has a management agreement with Cabela's for the management of the public museum facilities and related common areas. The management fees are deferred until such time Cabela's exercises its option to purchase the public museum facilities from the City, which may occur upon the earlier of the (1) 25th anniversary of the completion date or (2) the repayment of all outstanding public facilities bonds.

City of Buda, Texas

Notes to the Financial Statements

Year Ended September 30, 2015

Note L – Pension Restatement

Effective October 1, 2014, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. Upon adoption, net pension liability, deferred inflows and outflows and pension expense will now be reflected on the financial statements in accordance with the guidance provided for within the standards. The implementation resulted in a restatement of the beginning net position in 2015, the year in which the provisions of GASB Statement No. 68 were adopted. The adoption decreased net position by \$702,204 and was offset by deferred outflows of resources of \$191,188 for contributions made subsequent to the measurement date at transition:

	Governmental Activities	Business-Type Activities	Water Fund	Wastewater Fund	Sanitation Fund
Net position at end of year – as previously reported	\$ 52,003,719	\$ 29,283,334	\$ 11,146,787	\$ 18,300,193	\$ (163,646)
Net pension liability	(702,204)	(152,133)	(64,385)	(87,748)	-
Employer contributions	191,188	41,421	17,530	23,891	-
Net position at end of year – as restated	\$ 51,492,703	\$ 29,172,622	\$ 11,099,932	\$ 18,236,336	\$ (163,646)

REQUIRED SUPPLEMENTARY INFORMATION

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City of Buda, Texas

Required Supplementary Information – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

Year Ended September 30, 2015

	Budget Amounts		Actual Budget Basis	Adjustments*	2015 Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Ad valorem taxes	\$ 1,183,480	\$ 1,183,480	\$ 1,501,183	\$ -	\$ 1,501,183	\$ 317,703
Sales taxes	4,530,103	4,530,103	5,272,941	-	5,272,941	742,838
Franchise taxes	430,000	430,000	506,924	-	506,924	76,924
Fees and charges	1,158,866	1,158,866	1,339,148	11,346	1,350,494	180,282
Contributions	30,000	30,000	30,000	-	30,000	-
Interest	-	-	39,190	-	39,190	39,190
Miscellaneous	241,068	241,068	216,910	673	217,583	(24,158)
Total revenues	7,573,517	7,573,517	8,906,296	12,019	8,918,315	1,332,779
EXPENDITURES						
Current:						
Administration	1,478,202	1,478,202	1,384,556	-	1,384,556	(93,646)
Finance	452,195	452,195	468,891	-	468,891	16,696
Streets and infrastructure	749,611	749,611	700,982	2,622,894	3,323,876	(48,629)
Engineering and planning	1,060,377	1,060,377	1,191,654	-	1,191,654	131,277
Fleet maintenance	90,785	90,785	108,262	-	108,262	17,477
Parks and recreation	595,587	595,587	581,147	-	581,147	(14,440)
Library	385,292	385,292	391,303	-	391,303	6,011
Community development	180,618	180,618	195,323	-	195,323	14,705
Public safety	1,460,519	1,460,519	1,456,786	(1)	1,456,785	(3,733)
Municipal court	108,565	108,565	124,749	1,200	125,949	16,184
Animal control	76,515	76,515	77,050	-	77,050	535
Information technology	187,853	187,853	167,692	-	167,692	(20,161)
Total expenditures	6,826,119	6,826,119	6,848,395	2,624,093	9,472,488	22,276
Excess (deficiency) of revenues over (under) expenditures	747,398	747,398	2,057,901	(2,612,074)	(554,173)	1,310,503
OTHER FINANCING SOURCES (USES)						
Transfers in	738,701	738,701	509,574	-	509,574	(229,127)
TIRZ-1 sales tax payment	(1,811,607)	(1,811,607)	(1,811,608)	-	(1,811,608)	(1)
Total other financing sources (uses)	(1,072,906)	(1,072,906)	(1,302,034)	-	(1,302,034)	(229,128)
Net change in fund balance	\$ (325,508)	\$ (325,508)	\$ 755,867	\$ (2,612,074)	\$ (1,856,207)	\$ 1,081,375

*This column represents special revenue fund activity not budgeted as part of the General Fund, but required to be reported as General Fund activity.

City of Buda, Texas

Required Supplementary Information – (Unaudited)
 Schedule of Employer Contributions and Related Notes to the Schedule

Year Ended September 30, 2015

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Actual Contribution Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
2015	\$ 368,785	\$ 368,785	\$ -	\$ 3,584,210	10.29%

Note to Schedule of Contributions

Valuation Date

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15.0% soft corridor
Inflation	3.0%
Salary Increases	3.5% to 12.0% including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information

There were no benefit changes during the year.

GASB Statement No. 68 requires ten fiscal years of data to be provided in this schedule. The City will build this schedule over the next ten-year period.

City of Buda, Texas

Required Supplementary Information – (Unaudited) Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended September 30, 2015

Total pension liability:	
Service cost	\$ 546,167
Interest on total pension liability	358,890
Effect of assumption changes or inputs	115,892
Benefit payments/refunds of contributions	<u>(135,156)</u>
Net change in total pension liability	885,793
Total pension liability at beginning of year	<u>4,921,488</u>
Total pension liability at end of year (a)	5,807,281
Fiduciary net position:	
Employer contributions	325,571
Member contributions	228,814
Investment income net of investment expense	232,778
Benefit payments/refunds of contributions	(135,156)
Administrative expenses	(2,429)
Other	<u>(200)</u>
Net change in fiduciary net position	649,378
Fiduciary net position at beginning of year	4,067,151
Fiduciary net position at end of year (b)	<u>4,716,529</u>
Net pension asset at end of year = (a) - (b)	<u>\$ 1,090,752</u>
Fiduciary net position as a percentage of total pension liability	81.22%
Pensionable covered payroll	\$ 3,268,778
Net pension liability as a percentage of covered payroll	33.37%

GASB Statement No. 68 requires ten fiscal years of data to be provided in this schedule. The City will build this schedule over the next ten-year period.

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SUPPLEMENTAL SECTION

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City of Buda, Texas

Combining Balance Sheet – Other Nonmajor Governmental Funds

September 30, 2015

	<u>Hotel/Motel Tax</u>	<u>Parks Fees</u>	<u>Library Grants</u>	<u>Total Other Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 702,453	\$ 649,775	\$ 29,345	\$ 1,381,573
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 702,453</u>	<u>\$ 649,775</u>	<u>\$ 29,345</u>	<u>\$ 1,381,573</u>
LIABILITIES				
Accounts payable	\$ 50,934	\$ 26,175	\$ 50	\$ 77,159
Accrued expenses	7,517	-	-	7,517
Total liabilities	<u>58,451</u>	<u>26,175</u>	<u>50</u>	<u>84,676</u>
FUND BALANCES				
Spendable:				
Restricted	644,002	-	-	644,002
Assigned	-	623,600	29,295	652,895
	<u>644,002</u>	<u>623,600</u>	<u>29,295</u>	<u>1,296,897</u>
Total liabilities and fund balances	<u>\$ 702,453</u>	<u>\$ 649,775</u>	<u>\$ 29,345</u>	<u>\$ 1,381,573</u>

City of Buda, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Nonmajor Governmental Funds

September 30, 2015

	<u>Hotel/Motel Tax</u>	<u>Parks Fees</u>	<u>Library Grants</u>	<u>Total Other Nonmajor Governmental Funds</u>
REVENUES				
Hotel occupancy taxes	\$ 635,867	\$ -	\$ -	\$ 635,867
Grant and contributions	-	426,581	10,549	437,130
Interest	-	-	-	-
Miscellaneous	1,317	-	-	1,317
Total revenues	<u>637,184</u>	<u>426,581</u>	<u>10,549</u>	<u>1,074,314</u>
EXPENDITURES				
Current:				
Parks and recreation	487,708	578,972	-	1,066,680
Library	-	-	15,579	15,579
Total expenditures	<u>487,708</u>	<u>578,972</u>	<u>15,579</u>	<u>1,082,259</u>
Excess (deficiency) of revenues over (under) expenditures	149,476	(152,391)	(5,030)	(7,945)
Total fund balances at beginning of year	494,526	775,991	34,325	1,304,842
Total fund balances at end of year	<u>\$ 644,002</u>	<u>\$ 623,600</u>	<u>\$ 29,295</u>	<u>\$ 1,296,897</u>