

CITY OF SAN MARCOS, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED  
SEPTEMBER 30, 2013

Issued by the  
City of San Marcos  
Finance Department

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## INTRODUCTORY SECTION

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**CITY OF SAN MARCOS, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2013**

**CITY COUNCIL**

Daniel Guerrero – Mayor

Kim Porterfield – Place 1

Jude Prather – Place 2

John Thomaides – Place 3  
Mayor Pro Tem

Wayne Becak – Place 4  
Deputy Mayor Pro Tem

Ryan Thomason – Place 5

Shane Scott – Place 6

**ADMINISTRATION**

Jared Miller – City Manager  
Collette Jamison – Assistant City Manager  
Steve Parker – Assistant City Manager/CFO

Heather Hurlbert – Director of Finance

Presented by  
The Finance Department



Government Finance Officers Association

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

Presented to

**City of San Marcos  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO



Transmittal Letter

For the Fiscal Year  
Ended  
September 30,  
2013

City of San Marcos  
San Marcos,  
Texas

March 18, 2014

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

The Finance Department and City Manager's office are pleased to submit the Comprehensive Annual Financial Report (the CAFR) of the City of San Marcos, Texas (the City) for the fiscal year ended September 30, 2013. This report is submitted in accordance with Section 3.16 of the City Charter. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited by independent auditors in accordance with generally accepted auditing standards. ABIP, P.C., have issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2013. The independent auditors' report is located at the front of the financial section of this report.

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

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

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

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report.

## CITY OF SAN MARCOS PROFILE

San Marcos is located on the IH-35 corridor 15 miles south of Austin and 30 miles north of San Antonio. The greater San Marcos region is situated between two of the fastest growing MSAs (Metropolitan Statistical Area) in the United States. The City has a 2010 census population of 44,894 with a daytime service population of 66,116. The City covers a total of 32.21 square miles within its city limits.

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

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

The City is the home of Texas State University which has over 34,000 enrolled students and is the 5th largest university in the state of Texas. In 2011, Texas State was granted the designation of Emerging Research University with over 400 doctoral students and \$33.5 million in research spending. The university became the first in the country to offer a PhD in Materials Science, Engineering, and Commercialization and the City is home to the new Science, Technology and Advanced Research (STAR) Park which opened in 2012. This partnership between Texas State University and the City is made possible through a \$1.85 million award from the U.S. Economic Development Administration. This grant funded the construction of a state-of-the-art research and commercialization center that will serve as a technology accelerator for start-up and early-stage businesses with green and bio-technology focus.

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

## ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The City has remained stable and has not felt the impact of the recession and credit crisis to the extent of other parts of Texas and the nation. The Federal Reserve of Dallas in their Regional Economic Update for March 2014 reported:

### Regional Economy Grows at a Modest Pace

"The Texas economy continues to expand at a moderate pace. January payroll job growth strengthened modestly from December and continued to outpace the nation. The unemployment rate declined sharply in January, reaching a five-year low. Despite recent weakness in home sales, the housing market remained robust, with low inventories and continuing house price appreciation. The energy sector also remained strong, and exports jumped in January following a dip in December."

Additionally, in the Comptroller's Weekly Economic Outlook March 2014, the Texas Comptroller of Public Accounts reported:

“Job growth, sales tax collections and building permits all signal that the Texas economy continues to outpace the national economy.

Over the past year, Texas added jobs in all of the 11 major industries, including professional and business services, trade, transportation and utilities, leisure and hospitality, education and health services, construction, mining and logging, government, financial activities, information, other services, and manufacturing.

Pre-recession Texas employment peaked at 10,638,100 in August 2008, a level that was surpassed in November 2011, and by February 2014 Texas added an additional 767,900 jobs. In the U.S. as a whole, only 92 percent of recession-hit jobs were recovered by February 2014.

Texas and the nation returned to economic growth in 2010 and 2011, respectively. In calendar 2012, Texas real gross domestic product grew by 4.8 percent, compared with 2.5 percent for the U.S.”

Tourism, retail and construction activities have continued to show sign of growth and prosperity. The City continues to benefit from other favorable conditions associated with San Marcos, including a stable, diversified economic base and a desirable location for work, destination, and living. In fact, the City of San Marcos, was chosen in 2010 Business Week as one of the top 10 places to raise kids in the United States and currently as one of the fastest growing cities of 50,000 or more according to the US Census.

#### Property Values

Current low mortgage interest rates and new residential developments within San Marcos continue to bring in residential growth and commercial development. This continuing growth contributed to the City adding over \$195 million, or a 6.8% increase, in new valuations to the tax roll in 2013 and of that, \$90 million was new construction within the City. The City expects this trend to continue as a result of the City's commitment to targeted economic development efforts that focus on industry segments that complement the existing business mix.

#### Retail Sales

The City's largest General Fund revenue source is sales tax generated from a well-balanced variety of business categories including automotive, construction, food stores, hotels/motels, department stores, retail stores, restaurants, utilities and rentals. The City of San Marcos recognized a 8.4% increase in sales tax collections in FY 2013. This increase is better than some cities in the region and in line with others. The City has seen a steady growth in sales tax revenues in recent years with the only decrease experienced in 2009, during the worst of the economic crisis. The City is perhaps best known for its Outlet Malls – Premium and Tanger – which have made San Marcos a popular tourist destination in Texas. The Outlet Malls provide access to hundreds of stores in the 1.2 million square feet complex and attracts shoppers from all over the United States and internationally.

#### Employment

San Marcos enjoyed a relatively low unemployment rate in 2013 of 5.3%. This rate was substantially lower than the state rate of 6.3% and the national rate of 7.4%. As a result of this low rate, San Marcos residents have greater job opportunities locally.

## Tourism

Tourism is one of San Marcos' largest industries and contributes significantly to the City's economy. The City offers numerous tourist attractions, including the beautiful San Marcos River and the San Marcos Outlets which is one of Texas' top 10 most visited destinations. San Marcos is becoming known as a great destination for outdoor enthusiasts who like to standup paddle, surf the falls, bird watch or hike in town trails. The City of San Marcos Conference Center hosts 98,000 guests per year. The City's soccer, softball, baseball and tennis facilities host 100,000 youth and adult participants, coaches, family members and fans. In addition to traditional sport fans, our well-kept natural area trails and rolling hills draw runners for 5K, 10-mile and half marathon races. Hotels and bed and breakfasts in the area provide more than 1,770 guest rooms with an average annual occupancy of 65%. More than 1,200 retail shops and boutiques are located throughout the City and a selection of over 165 restaurants is available. These services and facilities, complemented by the mild winter, have made San Marcos a popular vacation spot for more than eleven million tourists.

Hotel/motel occupancy tax receipts increased 11.6% in FY13 over the previous year – reflecting consistent growth trend after anemic post 9/11 levels. The current forecast is that tourism will continue to experience positive gains, reflected by continued increases in occupancy, available rooms and room rates.

## CITY INITIATIVES

In January 2013, the San Marcos City Council held a Visioning Workshop to explore important policy issues facing the City. At that meeting, five primary strategic initiatives were developed that became City Management's guiding principles. These initiatives include:

Economic Vitality and Responsible Finances  
Quality of Life and Place  
Enhance the Image of San Marcos

### Responsible Finances

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

- Creation of Self-Financed Capital Funds through various funding sources to provide a cash funding source for improvements to streets, parks, city facilities, and technology infrastructure.
- Reprioritization of the City's planned capital projects which resulted in the deferral of bond issuance in both FY 2012 and FY 2013. This created more capacity in General Fund Operations and in the FY2014 budget the tax rate was split 50/50 between debt service and operations.
- Creation of Self-Financed Capital Funds through various funding sources to provide a cash funding source for improvements to streets, parks, city facilities, and technology infrastructure. For example, through this process, the City has increased street maintenance from an annual amount of \$300,000 to over \$900,000 over the previous two fiscal years.
- Reduction in the General Fund's reliance on the Enterprise Funds' franchise fee revenue by lowering the fee from 9% of gross revenues to 7% over a period of four years. This reduction also lessens pressure on the utility rates.

- Transition of Engineering/Capital Improvements Departmental operating expenses from bond proceeds to General Fund appropriations over a six-year period. This department has also moved to using City engineers instead of consultants to manage projects.
- Creation of rate stabilization funds in both the Water/Wastewater and Electric Utility Funds. These funds will help the City alleviate future rate increases that are needed due to fluctuations in seasonal weather patterns.
- Completion and implementation of a General Fund Fee study. Many fees had not been changed in over a decade.

### Water/Wastewater Rates

The City of San Marcos completed a Water\Wastewater Rate Study in FY2011 and the results showed that a 3% increase in Water was needed over the next 2 years as well as a 2.5% increase in Wastewater. The rate increase is primarily driven by standard operating cost increases and annual contract obligations. An update of the study in FY2012 supported the need for the second year of the rate increase in FY2013.

The City is continuing to explore future water supplies through the Hays County Public Utility Agency (HCPUA). This is a joint venture between San Marcos, Kyle, Buda, and some regional water corporations to firm up future water supplies through the year 2060. In 2012, the HCPUA reached a major milestone in developing a sustainable long-term water supply, they were granted a permit for over 10,000 acre feet of underground water supply from the Gonzales Underground Water Conservation District. The City of San Marcos' share of the total construction cost related to Phase 1 of the project is \$41.3 Million and is anticipated for the year 2022. The City is still exploring water supply alternatives in hopes that this future expense can be reduced as much as possible.

### Comprehensive Master Plan

The City is involved in a year-long public process to update the Comprehensive Master Plan. The Comprehensive Plan Steering Committee and Citizen's Advisory Committee along with consultants and city staff are finalizing a visionary planning document for the City of San Marcos. The purpose of this plan is to guide the growth and development in appropriate areas of the city and identify land for preservation.

The process for creation of this document has revolved around the public. The visioning process involved web-based crowd sourcing and workshops. Goal setting was the task of the Citizen's Advisory Committee. The preferred scenario that will drive this plan was derived from public input during workshops and the week-long design rodeo. Consultants were utilized for technical analysis; however their direction also came from the input from workshops and the design rodeo.

The plan is divided into six focus areas which are linked to the Vision Statements for Economic Development; Environment and Resource Protection; Land Use; Neighborhoods and Housing; Parks, Public Spaces and Facilities and Transportation. A Citizens Advisory Subcommittee has been assigned for each topic throughout the process.

Changes presented in this plan will ultimately result in a necessary revision to the Land Development Code (LDC) in order to ensure development aligns with the intent of the plan. A preferred scenario map was created during the design rodeo that illustrates locations where residents of San Marcos wish to see growth and development. The Land Use Intensity Matrix outlines general uses for the various development areas and should be utilized as a guide in updating the LDC.

Finally, the plan will recommend changes to current policy and city operations. It is recommended that Land Use Amendments only be considered twice a year and that the plan be utilized for ranking and scoring Capital Improvement Plan (CIP) projects. The CIP projects will further align the community vision and the implementation of the plan. An annual review schedule is also provided to ensure that evaluation of the plan continues.

This plan was developed with passion and clear intentions by the community the next steps of adoption and implementation are critical to create the future of San Marcos. The plan was formally adopted in April 2013.

## FINANCIAL INFORMATION

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

### Internal Controls

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

### Financial Rating

The City of San Marcos had its underlying credit rating confirmed from Standard & Poor's in March 2013. The City's bond rating for Moody's Investor Service and Standard & Poor's is as follows:

	<u>Moody's Investor Service</u>	<u>Standard &amp; Poor's</u>
General Obligation Bonds and Certificates of Obligation	A1	AA-
Revenue Bonds	A1	AA-

### Financial Reporting

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



## Budgeting Process

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

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

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

## Single Audit

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

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended September 30, 2013, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

## OTHER INFORMATION

### Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2012. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. That report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements. This report will once again be submitted to the GFOA for this annual reward.

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

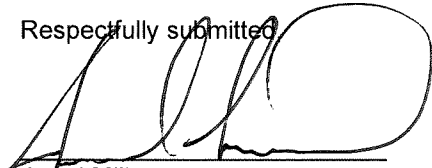
We are also proud to report that the GFOA has presented the Distinguished Budget Presentation Award to the City of San Marcos for each of the past 29 years.

Acknowledgements

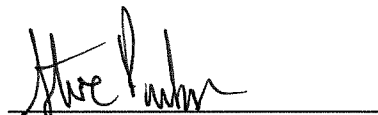
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also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

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

Respectfully submitted

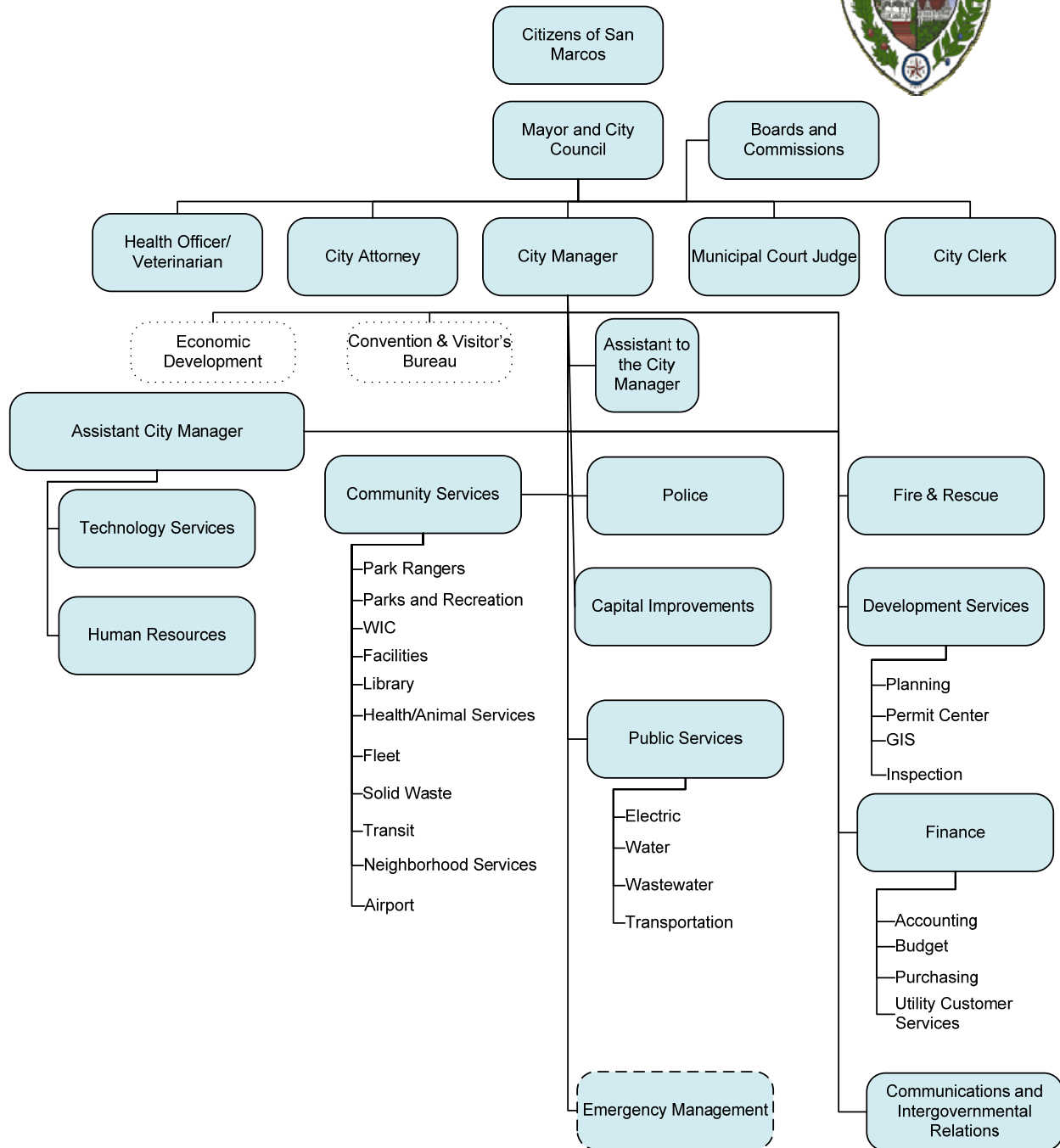


Jared Miller  
City Manager



Steve Parker  
Asst. City Manager/CFO

# City of San Marcos 2012-13 ANNUAL BUDGET ORGANIZATION CHART



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## **FINANCIAL SECTION**



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of San Marcos, Texas (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund of the City of San Marcos, Texas as of September 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 51 and schedules of funding progress as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The combining and individual nonmajor fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of the City of San Marcos, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants

San Antonio, Texas

March 18, 2014

## CITY OF SAN MARCOS, TEXAS

### Management's Discussion and Analysis (MD & A)

As management of the City of San Marcos, we offer readers of the City of San Marcos' financial statements this narrative overview and analysis of the financial activities for the City of San Marcos for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii - x of this report.

#### **Financial Highlights**

- The assets of the City of San Marcos exceeded its liabilities at the close of the fiscal year ending September 30, 2013, by \$249.9 million (net position). Of this amount, \$56.9 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of September 30, 2013, the City of San Marcos' governmental funds reported combined ending fund balances of \$60.4 million, a decrease of \$(4.5) million in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16.4 million, or 38.18% of total general fund expenditures.
- The City's total debt increased by \$17.1 million during the current fiscal year. The City issued \$8.8 million in general obligation bonds and \$40.8 in revenue bonds.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The *statement of net position* presents information on all of the City of San Marcos' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of San Marcos is improving or deteriorating.



The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

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

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

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, libraries, planning and development, transportation, parks and recreation, and general administration. Property tax, sales tax and franchise fee revenues finance most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's electric, water and wastewater, airport, transit, drainage and waste collection funds are reported here.

The government-wide financial statements can be found on pages 8 - 10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of San Marcos, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

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

Because the focus of governmental funds are more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of San Marcos maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Debt Service Fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.

The basic governmental fund financial statements can be found on pages 11 - 15 of this report.

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

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

The basic proprietary funds financial statements can be found on pages 16 - 19 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 48 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report presents the combining statements referred to earlier in connection with nonmajor governmental and enterprise funds, comparative information for the General Fund and budgetary information to demonstrate the City's budgetary compliance. Combining and individual fund statements and schedules can be found on pages 63 - 86 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$249.9 million as of September 30, 2013. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$130.8 million. This analysis focuses on the net position (Table 1) and changes in net position of the City's governmental and business-type activities (Table 2).

By far, the largest portion of the City's net position (69.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position (\$56.9 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**TABLE 1**  
**CITY OF SAN MARCOS' NET POSITION**

	<u>NET POSITION</u>					
	<u>GOVERNMENTAL</u>		<u>BUSINESS-TYPE</u>		<u>TOTAL</u>	
	<u>ACTIVITIES</u>		<u>ACTIVITIES</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 73,994,124	\$ 79,496,759	\$ 99,454,342	\$ 100,063,095	\$ 173,448,466	\$ 179,559,854
Capital Assets	<u>190,739,479</u>	<u>182,327,643</u>	<u>194,296,016</u>	<u>169,561,856</u>	<u>385,035,495</u>	<u>351,889,499</u>
TOTAL ASSETS	<u>264,733,603</u>	<u>261,824,402</u>	<u>293,750,358</u>	<u>269,624,951</u>	<u>558,483,961</u>	<u>531,449,353</u>
Long-Term Liabilities	127,880,791	137,671,110	142,080,666	129,761,798	269,961,457	267,432,908
Other Liabilities	<u>17,751,525</u>	<u>11,856,100</u>	<u>20,864,227</u>	<u>11,996,473</u>	<u>38,615,752</u>	<u>23,852,573</u>
TOTAL LIABILITIES	<u>145,632,316</u>	<u>149,527,210</u>	<u>162,944,893</u>	<u>141,758,271</u>	<u>308,577,209</u>	<u>291,285,481</u>
Net Position						
Net Investment in Capital Assets	88,391,028	82,639,548	85,172,984	77,417,956	173,564,012	160,057,504
Restricted	19,474,094	20,848,878	-	-	19,474,094	20,848,878
Unrestricted	<u>11,236,165</u>	<u>8,808,763</u>	<u>45,632,481</u>	<u>50,448,724</u>	<u>56,868,646</u>	<u>59,257,487</u>
TOTAL NET POSITION	<u>\$ 119,101,287</u>	<u>\$ 112,297,189</u>	<u>\$ 130,805,465</u>	<u>\$ 127,866,680</u>	<u>\$ 249,906,752</u>	<u>\$ 240,163,869</u>

**Governmental activities.** The City's governmental revenues increased when compared to the prior year by 10% or \$5,723,652. This increase is due to several factors including increases in sales tax revenue and building permit revenues.

The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$24.1 million. The public safety expense increase was primarily due to the funding of the third year of the meet and confirm contract entered into in 2010, routine step increases, and additional procedures.

**Business-type activities.** Revenues of the City's business-type activities were \$86.5 million for the fiscal year ending September 30, 2013. Expenses for the City's business-type activities were \$83.5 million for the year, resulting in a net increase in net assets of \$3.0 million. The net revenues are the result of several factors, including the following:

- The City's Water and Wastewater System recorded charges for services of \$28.7 million, which exceeded expenses of \$24.1 million. The most significant expenses of the Water and Wastewater Fund are \$7.5 million for contracted services for the operation of the surface water treatment plant, and \$3.7 million in salaries and benefits.
- The City's electric distribution system recorded charges for services of \$48.1 million, which exceeded expenses \$43.6 million. The most significant expense of the electric fund was \$35.3 million for the purchase of power.
- The increase in net position from business-type activities was primarily due to increased revenue from water, sewer, and electric sales due to the unseasonably hot and dry spring and summer weather and capital contributions of water and sewer infrastructure as new construction activity continues in the City.

Governmental and business-type activities increased the City's net position (Table 2) by \$9.7 million.

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**TABLE 2**  
**CITY OF SAN MARCOS' CHANGES IN NET POSITION**

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 9,493,513	\$ 3,698,461	\$ 84,695,472	\$ 85,356,174	\$ 94,188,985	\$ 89,054,635
Operating Grants and Contributions	6,005,044	3,250,996	-	-	6,005,044	3,250,996
Capital Grants and Contributions	1,792,500	8,244,456	1,599,863	1,274,418	3,392,363	9,518,874
General Revenues						
Property Taxes, Levied for General Purposes	16,453,797	14,448,102	-	-	16,453,797	14,448,102
Sales Taxes	22,852,364	21,079,582	-	-	22,852,364	21,079,582
Franchise Taxes	1,612,147	1,436,152	-	-	1,612,147	1,436,152
Hotel/Motel Taxes	2,805,274	2,510,750	-	-	2,805,274	2,510,750
Investment Earnings	331,996	261,704	160,760	303,932	492,756	565,636
Other	735,270	1,428,050	-	2,780,304	735,270	4,208,354
Total Revenues	<u>62,081,905</u>	<u>56,358,253</u>	<u>86,456,095</u>	<u>89,714,828</u>	<u>148,538,000</u>	<u>146,073,081</u>
<b>EXPENSES</b>						
General Government	17,295,573	17,452,471	-	-	17,295,573	17,452,471
Public Safety	24,117,348	19,367,969	-	-	24,117,348	19,367,969
Community Service	13,360,590	10,399,904	-	-	13,360,590	10,399,904
Interest and Fiscal Charges	5,932,338	6,255,072	-	-	5,932,338	6,255,072
Electric	-	-	44,265,224	45,590,881	44,265,224	45,590,881
Water and Sewer	-	-	28,152,501	27,890,126	28,152,501	27,890,126
Airport	-	-	895,001	601,781	895,001	601,781
Drainage	-	-	2,355,020	2,491,018	2,355,020	2,491,018
Waste Collection	-	-	2,421,522	2,110,375	2,421,522	2,110,375
Total Expenses	<u>60,705,849</u>	<u>53,475,416</u>	<u>78,089,268</u>	<u>78,684,181</u>	<u>138,795,117</u>	<u>132,159,597</u>
Increases in Net Position before Transfers	1,376,056	2,882,837	8,366,827	11,030,647	9,742,883	13,913,484
Transfers	<u>5,428,042</u>	<u>6,386,106</u>	<u>(5,428,042)</u>	<u>(6,386,106)</u>	<u>-</u>	<u>-</u>
Increase in Net Position	6,804,098	9,268,943	2,938,785	4,644,541	9,742,883	13,913,484
<b>NET POSITION - BEGINNING</b>	<u>112,297,189</u>	<u>103,028,246</u>	<u>127,866,680</u>	<u>123,222,139</u>	<u>240,163,869</u>	<u>226,250,385</u>
<b>NET POSITION - ENDING</b>	<u>\$ 119,101,287</u>	<u>\$ 112,297,189</u>	<u>\$ 130,805,465</u>	<u>\$ 127,866,680</u>	<u>\$ 249,906,752</u>	<u>\$ 240,163,869</u>

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City of San Marcos' governmental funds reported combined fund balances of \$60.4 million, a decrease of \$(4.5) million in comparison with the prior year. Approximately 27.4% of this total amount constitutes unassigned fund balance, which is available for use within the City's fund designation and fiscal policies. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase prepaid expenses of the prior period, 2) to pay debt service, 3) for capital projects, 4) to generate income to pay for the perpetual care of the municipal cemetery, 5) to be used for general government, or 6) to be used for community services.

The general fund is the main operating fund of the City of San Marcos. At the end of the current fiscal year, unassigned fund balance of the general fund was \$16.4 million, while total fund balance reached \$17 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38.2% of total general fund expenditures.

In the general fund, the City budgeted for a fund balance decrease in the current year of \$(626,673). It is one of the City's financial policies to maintain fund balance in the general fund equal to 90 days' expenditures. Even though use of fund balance was budgeted, \$2,050,441 was added to fund balance at year-end. This is primarily attributable to sales tax revenue coming in \$1.8 million above budget and actual expenditures being less than originally budgeted. The debt service fund balance decreased by \$79,791 from 2012 to 2013. Increases in the general fund, and other governmental fund balances offset by the decrease in capital projects funds of \$6.8 million due to progress on construction contributed to the net change in fund balances of \$4,504,786.

TABLE 3  
GOVERNMENTAL TAX REVENUES

	<u>2013</u>	<u>2012</u>	<u>INCREASE (DECREASE)</u>
Property	\$15,271,649	\$14,514,084	\$ 757,565
Sales	22,852,364	21,079,582	1,772,782
Franchise	1,703,869	1,282,507	421,362
Hotel/Motel	2,805,274	2,510,750	294,524
Mixed Drink	<u>292,544</u>	<u>243,974</u>	<u>48,570</u>
	<u>\$42,925,700</u>	<u>\$39,630,897</u>	<u>\$3,294,803</u>

Other factors concerning the finances of governmental funds have already been addressed in the discussion of the City's governmental activities in the government-wide financial statements.

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

Unrestricted net position of Water and Wastewater Fund at the end of the year amounted to \$33.5 million, and those for the Electric Fund amounted to \$8.7 million. Other factors concerning the finances of these two funds have already been discussed in the discussion of the City of San Marcos' business-type activities in the government-wide financial statements.

### GENERAL FUND BUDGETARY HIGHLIGHTS

For FY2013, actual expenditures on a budgetary basis were \$43 million compared to the budget amount of \$44 million. The \$1 million positive variance was due to savings achieved through salary vacancy savings and conservative spending.

For FY2013, actual revenues on a budgetary basis were \$42.5 million as compared to the budget amount of \$40.4 million. The majority of the \$2.1 million variance was due to sales tax revenue collections above budgeted amounts.

The City of San Marcos has a General Fund balance of \$17 million as of the fiscal year-end, compared to the budgeted fund balance of \$14.3 million. The variance in fund balance is primarily due to cost containment measures implemented by management and conservative budgetary practices and increased sales tax revenue.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** At the end of the fiscal year 2013, the City had \$385 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and wastewater lines (See Table 4). For more detailed information on capital assets, please refer to the accompanying notes pages 33 - 35.

**TABLE 4**  
**CITY OF SAN MARCOS' CAPITAL ASSETS AT YEAR-END**  
**(Net of Accumulated Depreciation)**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
Land	\$ 14,044,667	\$ 7,286,864	\$ 3,092,657	\$ 1,446,029	\$ 17,137,324	\$ 8,732,893
Buildings	28,960,107	29,705,280	2,830,572	2,951,545	31,790,679	32,656,825
Improvements Other than Buildings	74,838,688	26,538,488	92,646,996	90,333,217	167,485,684	116,871,705
Equipment	5,195,054	4,468,280	2,410,969	2,713,429	7,606,023	7,181,709
Construction in Progress	43,633,388	94,867,389	93,314,822	72,117,636	136,948,210	166,985,025
Infrastructure	24,067,575	19,461,342	-	-	24,067,575	19,461,342
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 190,739,479</b>	<b>\$ 182,327,643</b>	<b>\$ 194,296,016</b>	<b>\$ 169,561,856</b>	<b>\$ 385,035,495</b>	<b>\$ 351,889,499</b>

**Long-term Debt.** At year-end, the City had \$275.6 million in general obligation bonds, combination tax and revenue certificates of obligations and revenue bonds outstanding as compared to \$259.2 million at the end of the prior fiscal year, an increase of 6.3%. For more detailed information on long term debt, please refer to the accompanying notes on pages 37-40.

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 32,980,000	\$ 30,355,000	\$ -	\$ -	\$ 32,980,000	\$ 30,355,000
Discount on Bonds	(515,389)	(553,412)	(250,322)	(266,229)	(765,711)	(819,641)
Premium on Bonds	2,122,283	1,484,522	3,300,564	2,948,532	5,422,847	4,433,054
Deferred Amounts on Refundings	(1,431,750)	(1,336,050)	(4,283,219)	(3,718,378)	(5,714,969)	(5,054,428)
Certificates of Obligations	92,800,000	99,130,000	-	-	92,800,000	99,130,000
Capital Leases	321,407	-	-	33,768	321,407	33,768
Revenue Bonds	-	-	149,785,000	129,750,000	149,785,000	129,750,000
<b>TOTAL DEBT</b>	<b>\$ 126,276,551</b>	<b>\$ 129,080,060</b>	<b>\$ 148,552,023</b>	<b>\$ 128,747,693</b>	<b>\$ 274,828,574</b>	<b>\$ 257,827,753</b>

During this fiscal year, general obligation refunding totaling \$19.3 were issued to refund some previous debt issues.

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

The City sponsors an employee benefit plan that provides partially self-insured medical and self-insured dental coverage to employees and voluntary coverage to their participating dependents. The plan is designed to provide a specified level of coverage, with excess insurance coverage provided by specific and aggregate reinsurance. The City's maximum medical claim exposure is limited to \$150,000 in claims per covered person and a dental benefit of \$1,250 per covered person per year. Aggregate coverage based on a monthly enrollment limits the medical claims exposure. Claim liability was \$658,150 at September 30, 2013, compared to \$1,059,950 at September 30, 2012.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2014 budget, tax rates, and fees that will be charged. In January 2013, the San Marcos City Council held a Visioning Workshop to explore important policy issues facing the City. At that meeting, the previous five primary strategic initiatives were evaluated and City Council developed 3 similar goals that will guide staff during the upcoming years. These initiatives include:



- Economic Vitality and Responsible Finances
- Quality of Life and Place
- Enhance the Image of San Marcos

These strategic initiatives were used as the basis for setting and adopting the operating budget for fiscal year 2014. The total FY2014 combined budget appropriation is \$166.7 million. This represents an increase of \$5.9 million or 3.5% over the FY2013 budget. The increase in the annual budget is attributed to several facts including:

- Addition of one-time capital outlay/equipment purchases.
- Addition of personnel and increased routine maintenance to facilities, IT, and sidewalks in the general fund.
- Increase cost for health insurance coverage.

The general fund's largest single revenue source is sales taxes. The City collects a 1.5-cent sales tax on all taxable goods in the City. Sales tax revenue for FY2014 is budgeted at \$23.2 million.

The property tax rate for FY2014 is \$0.5302 per \$100 valuation. Of this tax rate, 51.32% or \$0.2721 is used for operations and maintenance activities and 48.68% is used for debt service. The operations and maintenance portion of property tax revenue for FY2014 is estimated to be \$8.1 million.

The largest revenue source for the water and wastewater fund is water sales, at \$14.9 million. The base rate for FY2013 is \$20.14 for the first 2,000 gallons for a 5/8" - 3/4" meter in the city limits. This rate increases as the meter size increases and/or if the meter is located outside of the city limits. This rate was increased 3.0% for FY2013 in accordance with the two year ordinance adopted in FY2012. The second largest revenue source for the water and wastewater fund is wastewater charges, at \$13.5 million. The base rate for FY2013 is \$23.56 for the first 2,000 gallons. This rate was increased 2.5% for FY2013 in accordance with the two year ordinance adopted in FY2012.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of San Marcos, 630 East Hopkins, San Marcos, Texas 78666.

## **BASIC FINANCIAL STATEMENTS**

CITY OF SAN MARCOS, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-</u> <u>TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 16,123,288	\$ 26,822,595	\$ 42,945,883
Investments	51,754,932	51,034,712	102,789,644
Receivables - Net of Allowances for Uncollectibles:			
Taxes	3,280,414	-	3,280,414
Accounts	5,753,101	10,144,719	15,897,820
Other	28,403	-	28,403
Due from Other Governments	1,653,709	576,568	2,230,277
Internal Balances	(7,122,737)	7,122,737	-
Inventories	385,114	1,130,750	1,515,864
Prepaid Items	171,069	82,629	253,698
Deferred Charges	1,966,831	2,539,632	4,506,463
Capital Assets			
Land	14,044,667	3,092,657	17,137,324
Construction in Progress	43,633,388	93,314,822	136,948,210
Buildings	36,554,153	6,369,767	42,923,920
Improvements Other than Building	101,550,490	179,817,630	281,368,120
Equipment	23,901,142	8,800,834	32,701,976
Infrastructure	34,551,436	-	34,551,436
Less: Accumulated Depreciation	<u>(63,495,797)</u>	<u>(97,099,694)</u>	<u>(160,595,491)</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 264,733,603</u></b>	<b><u>\$293,750,358</u></b>	<b><u>\$558,483,961</u></b>
<u>LIABILITIES AND NET POSITION</u>			
Accounts Payable	\$ 3,173,990	\$ 8,633,782	\$ 11,807,772
Accrued Liabilities	2,971,925	609,011	3,580,936
Unearned Revenues	3,105,751	-	3,105,751
Customer Deposits	23,224	3,157,835	3,181,059
Accrued Interest Payable	711,943	812,219	1,524,162
Noncurrent Liabilities			
Due Within One Year	7,764,692	7,651,380	15,416,072
Due in More than One Year	<u>127,880,791</u>	<u>142,080,666</u>	<u>269,961,457</u>
Total Liabilities	<u>145,632,316</u>	<u>162,944,893</u>	<u>308,577,209</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	88,391,028	85,172,984	173,564,012
Restricted for:			
Capital Projects	5,702,479	-	5,702,479
Grant Requirements	62,299	-	62,299
Public Safety	382,708	-	382,708
Debt Service	10,404,537	-	10,404,537
Future Convention Center Park and Cemetery Trust	1,873,674	-	1,873,674
Nonexpendable	1,048,397	-	1,048,397
Unrestricted	<u>11,236,165</u>	<u>45,632,481</u>	<u>56,868,646</u>
Total Net Position	<u>119,101,287</u>	<u>130,805,465</u>	<u>249,906,752</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 264,733,603</u></b>	<b><u>\$293,750,358</u></b>	<b><u>\$558,483,961</u></b>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF SAN MARCOS, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<u>Primary Government</u>				
Governmental Activities				
General Government	\$ 17,295,573	\$ 6,724,853	\$ 3,201,888	\$ 1,792,500
Public Safety	24,117,348	1,739,043	469,665	-
Community Service	13,360,590	1,029,617	2,333,491	-
Interest and Other Fees	<u>5,932,338</u>	-	-	-
Total Governmental Activities	<u>60,705,849</u>	<u>9,493,513</u>	<u>6,005,044</u>	<u>1,792,500</u>
Business-Type Activities				
Electric	44,265,224	48,848,992	-	-
Water and Wastewater	28,152,501	29,743,387	-	1,599,863
Airport	895,001	913,152	-	-
Drainage	2,355,020	2,673,393	-	-
Waste Collection	<u>2,421,522</u>	<u>2,516,548</u>	-	-
Total Business-Type Activities	<u>78,089,268</u>	<u>84,695,472</u>	<u>-</u>	<u>1,599,863</u>
TOTAL GOVERNMENT	<u>\$ 138,795,117</u>	<u>\$ 94,188,985</u>	<u>\$ 6,005,044</u>	<u>\$ 3,392,363</u>

General Revenues

Taxes:

Property Taxes  
Sales Taxes  
Franchise Taxes  
Hotel/Motel Taxes  
Other Taxes

Investment Earnings  
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

NET POSITION - BEGINNING

NET POSITION - ENDING

(The Accompanying Notes are an Integral part of these Financial Statements)

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (5,576,332)	\$ -	\$ (5,576,332)
(21,908,640)	-	(21,908,640)
(9,997,482)	-	(9,997,482)
<u>(5,932,338)</u>	<u>-</u>	<u>(5,932,338)</u>
<u>(43,414,792)</u>	<u>-</u>	<u>(43,414,792)</u>
-	4,583,768	4,583,768
-	3,190,749	3,190,749
-	18,151	18,151
-	318,373	318,373
-	95,026	95,026
<u>-</u>	<u>8,206,067</u>	<u>8,206,067</u>
<u>(43,414,792)</u>	<u>8,206,067</u>	<u>(35,208,725)</u>
16,453,797	-	16,453,797
22,852,364	-	22,852,364
1,612,147	-	1,612,147
2,805,274	-	2,805,274
292,544	-	292,544
331,996	160,760	492,756
442,726	-	442,726
<u>5,428,042</u>	<u>(5,428,042)</u>	<u>-</u>
<u>50,218,890</u>	<u>(5,267,282)</u>	<u>44,951,608</u>
6,804,098	2,938,785	9,742,883
<u>112,297,189</u>	<u>127,866,680</u>	<u>240,163,869</u>
<u>\$ 119,101,287</u>	<u>\$ 130,805,465</u>	<u>\$ 249,906,752</u>

(The Accompanying Notes are an Integral part of these Financial Statements)

CITY OF SAN MARCOS, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 496,690	\$ 5,522,115	\$ 7,515,239	\$ 2,064,217	\$ 15,598,261
Investments	16,898,852	22,106,977	8,724,561	4,024,542	51,754,932
Receivables - Net of Allowances for Uncollectibles					
Taxes, Net	2,781,399	-	499,015	728,887	4,009,301
Accounts	1,690,453	4,347	3,030,014	54,770	4,779,584
Loans	-	-	-	28,403	28,403
Due from Other Funds	1,465,351	3,463,082	1,202	468,493	5,398,128
Due from Other Governments	-	-	-	1,653,709	1,653,709
Inventories	385,114	-	-	-	385,114
Prepays	<u>159,892</u>	<u>-</u>	<u>-</u>	<u>11,177</u>	<u>171,069</u>
 TOTAL ASSETS	 <u>\$23,877,751</u>	 <u>\$31,096,521</u>	 <u>\$19,770,031</u>	 <u>\$ 9,034,198</u>	 <u>\$ 83,778,501</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,422,142	\$ 1,358,229	\$ -	\$ 311,622	\$ 3,091,993
Accrued Liabilities	1,869,187	36,647	-	46,341	1,952,175
Deferred Revenue	2,629,718	-	479,813	2,168,684	5,278,215
Customer Deposits	21,093	-	-	2,131	23,224
Due to Other Funds	<u>960,285</u>	<u>71,066</u>	<u>8,885,681</u>	<u>3,080,559</u>	<u>12,997,591</u>
Total Liabilities	<u>6,902,425</u>	<u>1,465,942</u>	<u>9,365,494</u>	<u>5,609,337</u>	<u>23,343,198</u>
<u>FUND BALANCES</u>					
Reserved for:					
Inventories	385,114	-	-	-	385,114
Prepays	159,892	-	-	11,177	171,069
Restricted for:					
Public Safety	-	-	-	382,708	382,708
Community Services	-	-	-	1,873,674	1,873,674
Cemetery Memorial	-	-	-	1,048,397	1,048,397
Capital Projects	-	29,630,579	-	-	29,630,579
Debt Service	-	-	10,404,537	-	10,404,537
Unassigned	<u>16,430,320</u>	<u>-</u>	<u>-</u>	<u>108,905</u>	<u>16,539,225</u>
Total Fund Balances	<u>16,975,326</u>	<u>29,630,579</u>	<u>10,404,537</u>	<u>3,424,861</u>	<u>60,435,303</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$23,877,751</u>	 <u>\$31,096,521</u>	 <u>\$19,770,031</u>	 <u>\$ 9,034,198</u>	 <u>\$ 83,778,501</u>

(The Accompanying Notes are an Integral part of these Financial Statements)

CITY OF SAN MARCOS, TEXAS  
RECONCILIATION OF BALANCE SHEET -  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

<u>TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</u>	\$ 60,435,303
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.	190,739,479
Certain other long-term assets are not available to pay for current-period expenditures and, therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.	2,285,482
The assets and liabilities of the internal service fund are not included in the fund financial statement, but is included in the governmental activities of the statement of net position.	393,218
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(134,752,195)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u><u>\$119,101,287</u></u>

(The Accompanying Notes are an Integral part of these Financial Statements)

CITY OF SAN MARCOS, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>					
Taxes	\$32,235,675	\$ -	\$ 7,481,563	\$ 3,208,463	\$ 42,925,701
Licenses and Permits	2,194,788	-	-	-	2,194,788
Fees and Penalties	1,503,644	-	-	137,776	1,641,420
Charges for Services	5,171,635	-	-	162,035	5,333,670
Intergovernmental	219,382	-	3,030,000	5,753,571	9,002,953
Interest on Investments	64,411	175,733	82,699	9,153	331,996
Contributions and Donations	80,000	-	-	-	80,000
Miscellaneous	999,751	529,071	119,958	52,702	1,701,482
Total Revenues	<u>42,469,286</u>	<u>704,804</u>	<u>10,714,220</u>	<u>9,323,700</u>	<u>63,212,010</u>
<u>EXPENDITURES</u>					
Current					
General Government	12,489,644	1,434,592	-	2,309,768	16,234,004
Public Safety	22,072,121	-	-	564,667	22,636,788
Community Service	8,471,872	-	-	4,035,315	12,507,187
Capital Outlay	4,787	12,193,971	-	892,846	13,091,604
Debt Service					
Principal		15,920	6,875,000	-	6,890,920
Interest and Fiscal Charges		940	5,706,434	-	5,707,374
Bond Issuance Cost	-	-	147,549	-	147,549
Total Expenditures	<u>43,038,424</u>	<u>13,645,423</u>	<u>12,728,983</u>	<u>7,802,596</u>	<u>77,215,426</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(569,138)</u>	<u>(12,940,619)</u>	<u>(2,014,763)</u>	<u>1,521,104</u>	<u>(14,003,416)</u>
<u>OTHER FINANCING SOURCES</u>					
Transfers In	5,690,276	2,064,073	1,785,840	47,325	9,587,514
Transfers Out	(3,222,663)			(1,236,809)	(4,459,472)
Insurance Recoveries	-	135,663	-	-	135,663
Capital Lease	-	337,327	-	-	337,327
Sale of Capital Assets	151,966				151,966
Bond Proceeds		3,505,000	5,320,000		8,825,000
Payment to Refunded Bond Escrow Agent	-		(5,885,165)		(5,885,165)
Premium on Debt Issued	-	91,500	714,297		805,797
Total Other Financing Sources	<u>2,619,579</u>	<u>6,133,563</u>	<u>1,934,972</u>	<u>(1,189,484)</u>	<u>9,498,630</u>
Net Change in Fund Balances	2,050,441	(6,807,056)	(79,791)	331,620	(4,504,786)
<u>FUND BALANCES - BEGINNING</u>	<u>14,924,885</u>	<u>36,437,635</u>	<u>10,484,328</u>	<u>3,093,241</u>	<u>64,940,089</u>
FUND BALANCES - ENDING	<u>\$16,975,326</u>	<u>\$29,630,579</u>	<u>\$10,404,537</u>	<u>\$ 3,424,861</u>	<u>\$ 60,435,303</u>

(The Accompanying Notes are an Integral part of these Financial Statements)



CITY OF SAN MARCOS, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (4,504,786)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital capital outlay exceeded depreciation expense.	8,677,604
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,136,127
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	2,148,204
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(195,540)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) is reported with governmental activities.	<u>(457,511)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,804,098

(The Accompanying Notes are an Integral part of these Financial Statements)

CITY OF SAN MARCOS, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	\$30,583,141	\$30,583,141	\$32,235,675	\$ 1,652,534
Licenses and Permits	1,791,894	1,791,894	2,194,788	402,894
Fines and Penalties	1,749,182	1,749,182	1,503,644	(245,538)
Charges for Services	5,133,442	5,133,442	5,171,635	38,193
Intergovernmental	212,654	212,654	219,382	6,728
Interest on Investments	61,000	61,000	64,411	3,411
Miscellaneous	1,144,043	1,144,043	1,079,751	(64,292)
Total Revenues	<u>40,675,356</u>	<u>40,675,356</u>	<u>42,469,286</u>	<u>1,793,930</u>
<u>EXPENDITURES</u>				
Current				
General Government	14,104,475	13,147,385	12,492,954	654,431
Public Safety	21,632,943	22,147,073	22,072,121	74,952
Community Service	8,473,054	8,671,627	8,473,349	198,278
Total Expenditures	<u>44,210,472</u>	<u>43,966,085</u>	<u>43,038,424</u>	<u>927,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,535,116)</u>	<u>(3,290,729)</u>	<u>(569,138)</u>	<u>2,721,591</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	6,190,037	6,190,037	5,690,276	(499,761)
Transfers Out	(2,903,582)	(3,222,663)	(3,222,663)	-
Sale of Capital Assets	-	-	151,966	151,966
Total Other Financing Sources (Uses)	<u>3,286,455</u>	<u>2,967,374</u>	<u>2,619,579</u>	<u>(347,795)</u>
Net Change in Fund Balances	(248,661)	(323,355)	2,050,441	2,373,796
<u>FUND BALANCES - BEGINNING</u>	<u>14,924,885</u>	<u>14,924,885</u>	<u>14,924,885</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$14,676,224</u>	<u>\$14,601,530</u>	<u>\$16,975,326</u>	<u>\$ 2,373,796</u>

(The Accompanying Notes are an Integral part of these Financial Statements)

**CITY OF SAN MARCOS, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

ASSETS	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	ELECTRIC	WATER AND WASTEWATER	STORMWATER DRAINAGE	OTHER ENTERPRISE	TOTAL	INTERNAL SERVICE
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 8,222,177	\$ 12,767,707	\$ 4,755,024	\$ 1,077,687	\$ 26,822,595	\$ 525,027
Investments	12,215,036	34,989,676	3,830,000	-	51,034,712	-
Receivables - Net of Allowances for Uncollectibles	6,026,885	3,388,634	308,147	421,053	10,144,719	131,612
Due from Other Funds	3,277,037	4,578,189	1,048,704	380,594	9,284,524	476,726
Due from Other Governments	-	-	-	576,568	576,568	-
Inventories	614,233	516,517	-	-	1,130,750	-
Prepaid Items	54,566	28,063	-	-	82,629	-
Total Current Assets	30,409,934	56,268,786	9,941,875	2,455,902	99,076,497	1,133,365
<b>NONCURRENT ASSETS</b>						
Deferred Charges	642,421	1,630,747	266,464	-	2,539,632	-
Capital Assets:						
Land	31,695	2,377,298	34,844	648,820	3,092,657	-
Buildings	472,092	1,557,930	-	4,339,745	6,369,767	-
Improvements Other than Buildings	17,243,204	145,910,978	8,321,377	8,342,071	179,817,630	-
Furnishings and Equipment	2,930,819	5,394,426	456,126	19,463	8,800,834	-
Construction in Progress	38,744,582	45,572,465	7,866,038	1,131,737	93,314,822	-
Totals	59,422,392	200,813,097	16,678,385	14,481,836	291,395,710	-
Less: Accumulated Depreciation	(14,701,136)	(70,521,810)	(2,344,782)	(9,531,966)	(97,099,694)	-
Total Capital Assets - Net of Accumulated Depreciation	44,721,256	130,291,287	14,333,603	4,949,870	194,296,016	-
Total Noncurrent Assets	45,363,677	131,922,034	14,600,067	4,949,870	196,835,648	-
TOTAL ASSETS	\$75,773,611	\$188,190,820	\$24,541,942	\$ 7,405,772	\$295,912,145	\$ 1,133,365
<b>LIABILITIES AND NET POSITION</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 5,206,065	\$ 2,534,741	\$ 436,265	\$ 456,711	\$ 8,633,782	\$ 81,997
Accrued Liabilities	168,686	424,580	4,311	11,434	609,011	-
Due to Other Funds	578,973	1,058,825	172,323	351,666	2,161,787	-
Claims Payable	-	-	-	-	-	658,150
Customer Deposits	2,274,793	739,898	1,179	141,965	3,157,835	-
Accrued Interest Payable	237,528	475,641	99,050	-	812,219	-
Compensated Absences	123,613	118,736	7,727	-	250,076	-
Current Maturities of Long-term Debt	639,294	5,929,916	832,094	-	7,401,304	-
Total Current Liabilities	9,228,952	11,282,337	1,552,949	961,776	23,026,014	740,147
<b>NONCURRENT LIABILITIES</b>						
Compensated Absences	25,870	24,839	1,609	-	52,318	-
Long-Term Debt	35,852,255	89,137,320	17,024,662	14,111	142,028,348	-
Total Noncurrent Liabilities	35,878,125	89,162,159	17,026,271	14,111	142,080,666	-
<b>NET POSITION</b>						
Net Investment in Capital Assets	21,955,600	54,234,172	4,033,342	4,949,870	85,172,984	-
Unrestricted	8,710,934	33,512,152	1,929,380	1,480,015	45,632,481	393,218
Total Net Position	30,666,534	87,746,324	5,962,722	6,429,885	130,805,465	393,218
TOTAL LIABILITIES AND NET POSITION	\$75,773,611	\$188,190,820	\$24,541,942	\$ 7,405,772	\$295,912,145	\$ 1,133,365

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the business-type activities of the statement of net position.

\$ \_\_\_\_\_

TOTAL NET POSITION PER GOVERNMENT-WIDE FINANCIAL STATEMENTS

\$130,805,465

(The Accompanying Notes are an Integral part of these Financial Statements)

**CITY OF SAN MARCOS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				TOTAL	GOVERNMENTAL
	ELECTRIC	WATER AND WASTEWATER	STORMWATER DRAINAGE	OTHER ENTERPRISE		INTERNAL SERVICE
<b>OPERATING REVENUES</b>						
Charges for Services	\$48,068,299	\$28,721,993	\$ 2,627,954	\$ 2,804,188	\$ 82,222,434	\$ -
Intergovernmental	-	-	-	585,578	585,578	-
Employer Contributions	-	-	-	-	-	3,115,915
Employee Contributions	-	-	-	-	-	964,267
Retiree Contributions	-	-	-	-	-	202,317
Pharmacy Rebates	-	-	-	-	-	27,122
Miscellaneous	<u>780,693</u>	<u>1,021,394</u>	<u>45,439</u>	<u>39,934</u>	<u>1,887,460</u>	<u>-</u>
Total Operating Revenues	<u>48,848,992</u>	<u>29,743,387</u>	<u>2,673,393</u>	<u>3,429,700</u>	<u>84,695,472</u>	<u>4,309,621</u>
<b>OPERATING EXPENSES</b>						
Purchased Power	35,271,281	-	-	-	35,271,281	-
Personnel Services	3,869,626	3,681,190	253,051	125,541	7,929,408	-
Contracted Services	1,277,453	7,468,957	644,625	2,865,420	12,256,455	-
Materials and Supplies	957,772	887,207	21,034	64,173	1,930,186	-
Indirect Costs	722,451	3,209,525	132,896	-	4,064,872	-
Claims	-	-	-	-	-	4,539,177
Other Charges	1,138,476	680,653	7,542	5,601	1,832,272	640,598
Depreciation	<u>371,832</u>	<u>8,237,334</u>	<u>514,449</u>	<u>255,788</u>	<u>9,379,403</u>	<u>-</u>
Total Operating Expenses	<u>43,608,891</u>	<u>24,164,866</u>	<u>1,573,597</u>	<u>3,316,523</u>	<u>72,663,877</u>	<u>5,179,775</u>
Operating Income	<u>5,240,101</u>	<u>5,578,521</u>	<u>1,099,796</u>	<u>113,177</u>	<u>12,031,595</u>	<u>(870,154)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Earnings	51,233	96,189	13,338	-	160,760	-
Interest and Fiscal Charges	<u>(545,111)</u>	<u>(3,987,635)</u>	<u>(781,423)</u>	<u>-</u>	<u>(5,314,169)</u>	<u>1,421</u>
Total Nonoperating Revenues (Expenses)	<u>(493,878)</u>	<u>(3,891,446)</u>	<u>(768,085)</u>	<u>-</u>	<u>(5,153,409)</u>	<u>1,421</u>
Income (Loss) before Transfers	4,746,223	1,687,075	331,711	113,177	6,878,186	(868,733)
Capital Contributions	-	1,599,863	-	-	1,599,863	-
Transfers In	-	-	-	487,234	487,234	300,000
Transfers Out	<u>(3,868,253)</u>	<u>(2,047,023)</u>	<u>-</u>	<u>-</u>	<u>(5,915,276)</u>	<u>-</u>
Change in Net Position	877,970	1,239,915	331,711	600,411	3,050,007	(568,733)
<b>TOTAL NET POSITION - BEGINNING</b>	<u>29,788,564</u>	<u>86,506,409</u>	<u>5,631,011</u>	<u>5,829,474</u>	<u>127,755,458</u>	<u>961,951</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$30,666,534</u>	<u>\$87,746,324</u>	<u>\$ 5,962,722</u>	<u>\$ 6,429,885</u>	<u>\$130,805,465</u>	<u>\$ 393,218</u>
Change in Net Position - Per Above					\$ 3,050,007	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with business activities.					(111,222)	
CHANGE IN BUSINESS-TYPE ACTIVITIES IN NET POSITION PER GOVERNMENT-WIDE FINANCIAL STATEMENTS					<u>\$ 2,938,785</u>	

(The Accompanying Notes are an Integral part of these Financial Statements)

**CITY OF SAN MARCOS, TEXAS**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				TOTALS	GOVERNMENTAL
	ELECTRIC	WATER AND WASTEWATER	STORMWATER DRAINAGE	OTHER FUNDS		INTERNAL SERVICE
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash Received from Customers	\$48,611,898	\$29,448,233	\$2,681,870	\$2,830,349	\$83,572,350	\$ 4,178,736
Cash Paid to Suppliers	(37,967,300)	(12,206,735)	(1,026,121)	(2,695,851)	(53,896,007)	(5,528,665)
Cash Paid to Employees	(3,817,565)	(3,388,658)	(252,502)	(121,809)	(7,580,534)	-
Net Cash Provided by (Used in) Operating Activities	<u>6,827,033</u>	<u>13,852,840</u>	<u>1,403,247</u>	<u>12,689</u>	<u>22,095,809</u>	<u>(1,349,929)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>						
Transfers from Other Funds	192,603	782,944	158,235	778,055	1,911,837	300,000
Transfers to Other Funds	(7,045,448)	(6,286,645)	(952,998)	(328,796)	(14,613,887)	(466,934)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(6,852,845)</u>	<u>(5,503,701)</u>	<u>(794,763)</u>	<u>449,259</u>	<u>(12,702,050)</u>	<u>(166,934)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Proceeds from Capital Debt	21,630,000	18,255,000	930,000	-	40,815,000	-
Capital Contributions	-	1,599,863	-	-	1,599,863	-
Principal Paid on Debt	(1,180,000)	(18,800,000)	(800,000)	-	(20,780,000)	-
Interest and Fiscal Charges Paid on Debt	(698,412)	(4,811,847)	(754,160)	-	(6,264,419)	-
Acquisition of Capital Assets	(19,241,358)	(11,844,565)	(2,365,594)	(662,047)	(34,113,564)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>510,230</u>	<u>(15,601,549)</u>	<u>(2,989,754)</u>	<u>(662,047)</u>	<u>(18,743,120)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Sale (Purchase) of Investment Securities	(2,203,139)	(5,836,964)	4,988,347	-	(3,051,756)	-
Interest Received	51,233	96,189	13,338	-	160,760	1,421
Net Cash Provided by (Used in) Investing Activities	<u>(2,151,906)</u>	<u>(5,740,775)</u>	<u>5,001,685</u>	<u>-</u>	<u>(2,890,996)</u>	<u>1,421</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,667,488)	(12,993,185)	2,620,415	(200,099)	(12,240,357)	(1,515,442)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>9,889,665</u>	<u>25,760,892</u>	<u>2,134,609</u>	<u>1,277,786</u>	<u>39,062,952</u>	<u>2,040,469</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 8,222,177</u>	<u>\$12,767,707</u>	<u>\$4,755,024</u>	<u>\$1,077,687</u>	<u>\$26,822,595</u>	<u>\$ 525,027</u>

(The Accompanying Notes are an Integral part of these Financial Statements)

CITY OF SAN MARCOS, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				TOTALS	GOVERNMENTAL ACTIVITIES
	ELECTRIC	WATER AND WASTEWATER	STORMWATER DRAINAGE	OTHER FUNDS		INTERNAL SERVICE
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>						
<u>PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>						
Operating Income (Loss)	\$ 5,240,101	\$ 5,578,521	\$ 1,099,796	\$ 113,177	\$ 12,031,595	\$ (870,154)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities						
Depreciation	371,832	8,237,334	514,449	255,788	9,379,403	-
Changes in Assets and Liabilities						
Decrease (Increase) in Assets						
Accounts Receivable	(235,616)	157,427	8,477	(42,100)	(111,812)	(130,885)
Due from Other Governments	-	-	-	(564,426)	(564,426)	-
Inventories	(12,247)	(20,622)	-	-	(32,869)	-
Prepaid Items	(53,433)	(27,908)	155	-	(81,186)	-
Increase (Decrease) in Liabilities						
Accounts Payable	1,465,813	88,137	(220,179)	239,344	1,573,115	52,910
Accrued Liabilities	(46,908)	233,397	21	1,243	187,753	-
Deferred Revenue	-	(560,146)	-	-	(560,146)	-
Claims Payable	-	-	-	-	-	(401,800)
Net Pension Obligation	-	-	-	2,489	2,489	-
OPEB Liability	89,824	54,242	-	-	144,066	-
Compensated Absences	9,145	4,893	528	-	14,566	-
Customer Deposits	(1,478)	107,565	-	7,174	113,261	-
	<u>\$ 6,827,033</u>	<u>\$ 13,852,840</u>	<u>\$ 1,403,247</u>	<u>\$ 12,689</u>	<u>\$ 22,095,809</u>	<u>\$ (1,349,929)</u>
NET CASH PROVIDED BY (USED IN) OPERATIONS						

(The Accompanying Notes are an Integral part of these Financial Statements)

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 30 days of the end of the current fiscal period. Property taxes availability period is considered to be 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by other funds.

The Debt Service Fund accounts for the accumulation of resources for the payment of long-term debt principal, interest, and related costs.

The City reports the following major proprietary funds:

The Electric Fund accounts for the activities necessary for the provision of electric services.

The Water and Wastewater Fund accounts for the activities necessary for the provision of water and sewer services.

The Stormwater Drainage Fund was created to address the need for improvements in drainage channels throughout the City. The fund obtains revenue through the assessment of a monthly drainage utility fee to both residential and commercial customers.

Additionally, the City reports the following fund type:

Internal Service Fund accounts for benefits provided to other departments or agencies of the City on a cost-reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

D. Assets, Liabilities and Net Position or Equity

**Deposits and Investments**

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

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

Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

**Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 15 percent of outstanding property taxes at September 30, 2013.

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

**Inventories and Prepaid Items**

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

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

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

**Capital Assets (Continued)**

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

<u>ASSET</u>	<u>YEARS</u>
Buildings	20-50 Years
Improvements other than Buildings	10-40 Years
Infrastructure (Streets and Drainage)	35-125 Years
Equipment	5-10 Years

**Compensated Absences**

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

**Long-term Obligations**

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

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

**Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

**Fund Balance Classification (Continued)**

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by court resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned:** This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

**Net Position**

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

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

**Estimates**

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

**Comparative Data/Reclassifications**

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

**Change in Accounting Policy**

During fiscal year 2013 the City adopted the provisions of GASB #63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The statement requires governments to account for deferred outflows of resources, deferred inflows of resources and net position as they relate to derivatives and service concession arrangements. Under the provisions of this statement, governments will also present a Statement of Net Position and changes the caption "Net Assets" to "Net Position". The City has no deferred outflows or inflows of resources, but the statement titles and captions have been changed in conformity with the statement.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(134,752,195) difference are as follows:

General Obligation Bonds	\$(125,780,000)
Capital Lease	(321,407)
Discounts on Bonds	515,389
Premiums on Bonds	(2,122,283)
Accrued Interest Payable	(711,943)
Compensated Absences	(5,182,334)
Deferred Charge for Bond Issuance Costs	1,966,831
Deferred Loss on Refunding	1,431,750
Retainage Payable	(361,600)
TMRS Net Pension Obligation	(3,363,716)
OPEB Net Pension Obligation	<u>(822,882)</u>
NET ADJUSTMENT TO REDUCE FUND BALANCE - TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$(134,752,195)</u>

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental fund and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The detail of this \$8,677,604 difference is as follows:

Capital Outlay	\$15,149,872
Depreciation Expense	<u>(6,472,268)</u>
NET ADJUSTMENT TO INCREASE NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	
	<u>\$ 8,677,604</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.” The detail of this \$1,136,127 difference is as follows:

Property Taxes	\$ 1,090,425
Court Fines	<u>45,702</u>
NET ADJUSTMENT TO INCREASE NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	
	<u>\$ 1,136,127</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$2,148,204 difference are as follows:

Debt Issued or Incurred:	
Issuance of General Obligation Bonds	\$ (8,825,000)
Capital Lease	(337,327)
Premium on Bond Issuance	(805,797)
TMRS Net Pension Obligation	(363,301)
OPEB Net Pension Obligation	(296,456)
Principal Repayments:	
General Obligation Bonds Refunded	5,655,000
Capital Lease	15,920
Deferred Loss on Refunding	230,165
General Obligation Debt	<u>6,875,000</u>
NET ADJUSTMENT TO DECREASE NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	
	<u>\$ 2,148,204</u>



CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(195,540) difference are as follows:

Compensated Absences	\$(118,125)
Accrued Interest	45,318
Amortization of Deferred Charge on Refunding	(134,465)
Amortization of Issuance Costs	(118,281)
Amortization of Bond Discounts	(38,023)
Amortization of Bond Premiums	<u>168,036</u>
NET ADJUSTMENT TO DECREASE NET CHANGES IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES	
IN NET POSITION OF GOVERNMENTAL ACTIVITIES	
	<u>\$(195,540)</u>

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Formal budgetary accounting is employed for all funds of the City, excluding Grants and Special Entitlements, Public Education, PARD Recreation Programs, Library Memorial, Parks and Recreation, TIRZ #5, Capital Projects and the Cemetery Perpetual Permanent Fund. Annual operating budgets are prepared and presented for the general fund, debt service fund, and all other special revenue funds. All annual appropriations lapse at fiscal year-end.

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

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

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

1. Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2013, the City's bank balance was fully collateralized with securities held by independent third party financial institutions.

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

2. Credit Risk – It is the City’s policy to limit investments to investment types with an investment quality rating no lower than AAA (regular funds) and A (reserved funds) or an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 360 days for regular funds and 18 months for reserved funds. The City’s investment pool was rated AAAM by Standard & Poor’s Investors Services.
3. Interest Rate Risk: In accordance with the City’s investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 360 days or less for regular funds and 18 months for reserved funds, dependent on market conditions.
4. Concentration of Credit Risk: The government’s investment policy states the maximum percentage allowed for each different investment instrument that can be used to make up the portfolio.

The City’s cash and investments at September 30, 2013, are shown below:

DESCRIPTION	RATING	RATING ORGANIZATION	FAIR VALUE	WEIGHTED AVERAGE MATURITY (DAYS)
Well Fargo Cash and Cash on Hand	NR	N/A	\$ 8,663,468	-
TexStar	AAAm	Standard & Poor's	32,506,247	-
TexPool	AAAm	Standard & Poor's	507,012	-
TexasTERM	AAAm	Standard & Poor's	410,614	-
Lonestar	AAAm	Standard & Poor's	1,002,017	-
LOGIC	AAAm	Standard & Poor's	5,004,066	-
Wells Fargo Money Market Mutual Funds	AAAm	Standard & Poor's	14,674,500	-
FNMA	AA+	Standard & Poor's	2,001,622	725
FHLB	AA+	Standard & Poor's	17,991,894	632
FHLMC	AA+	Standard & Poor's	10,004,360	534
United States Treasuries	AA+	Standard & Poor's	25,970,188	499
Municipal Bonds	NR	N/A	4,506,120	60
Commercial Paper	A-1+	Standard & Poor's	7,497,553	133
Commercial Paper	A-1	Standard & Poor's	<u>14,995,866</u>	89
TOTAL FAIR VALUE			<u>\$145,735,527</u>	
Portfolio Weighted Average Maturity (Days)				231.42

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

**B. Receivables**

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

	GENERAL	OTHER GOVERNMENTAL	CAPITAL PROJECTS	DEBT SERVICE	ELECTRIC	WATER/ WASTEWATER	STORMWATER DRAINAGE	NONMAJOR ENTERPRISE	INTERNAL SERVICE	TOTAL
Receivables										
Taxes	\$ 2,825,158	\$ 728,887	\$ -	\$ 539,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,094,044
Accounts	1,690,453	54,770	4,347	3,030,014	6,699,072	3,732,912	354,172	517,958	131,612	16,215,310
Due from Governments	-	1,653,709	-	-	-	-	-	576,568	-	2,230,277
Loans	-	28,403	-	-	-	-	-	-	-	28,403
Gross Receivables	4,515,611	2,465,769	4,347	3,570,013	6,699,072	3,732,912	354,172	1,094,526	131,612	22,568,034
Less: Allowance for Uncollectibles	(43,759)	-	-	(40,984)	(672,187)	(344,278)	(46,025)	(96,905)	-	(1,244,138)
<b>NET TOTAL RECEIVABLES</b>	<b>\$ 4,471,852</b>	<b>\$ 2,465,769</b>	<b>\$ 4,347</b>	<b>\$3,529,029</b>	<b>\$6,026,885</b>	<b>\$ 3,388,634</b>	<b>\$ 308,147</b>	<b>\$ 997,621</b>	<b>\$131,612</b>	<b>\$21,323,896</b>

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

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent Property Taxes Receivable (General Fund)	\$ 610,612	\$ -
Activity Center (General Fund)	-	133,855
Grant Drawdown (General Fund)	-	940,779
Developer Fees (General Fund)	-	944,472
Delinquent Property Taxes Receivable (Debt Service)	479,813	-
Hotel Occupancy (Nonmajor Governmental)	-	63
Grant Drawdowns (Nonmajor Governmental)	-	2,168,621
<b>TOTAL DEFERRED/UNEARNED REVENUE FOR GOVERNMENTAL FUNDS</b>	<b>\$ 1,090,425</b>	<b>\$4,187,790</b>

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2013, was as follows:

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 7,286,864	\$ 6,757,803	\$ -	\$ 14,044,667
Construction in Progress	<u>94,867,389</u>	<u>11,802,986</u>	<u>(63,036,987)</u>	<u>43,633,388</u>
Total Capital Asset not being Depreciated	<u>102,154,253</u>	<u>18,560,789</u>	<u>(63,036,987)</u>	<u>57,678,055</u>
Capital Assets being Depreciated				
Buildings	36,544,215	9,938	-	36,554,153
Machinery and Equipment	22,018,760	1,993,347	(110,965)	23,901,142
Improvements other than Buildings	50,088,473	51,462,017	-	101,550,490
Infrastructure	<u>28,656,436</u>	<u>5,895,000</u>	<u>-</u>	<u>34,551,436</u>
Total Capital Asset being Depreciated	<u>137,307,884</u>	<u>59,360,302</u>	<u>(110,965)</u>	<u>196,557,221</u>
Less Accumulated Depreciation:				
Buildings	(6,838,935)	(755,111)	-	(7,594,046)
Machinery and Equipment	(17,550,480)	(1,266,573)	110,965	(18,706,088)
Improvements Other than Buildings	(23,549,985)	(3,161,817)	-	(26,711,802)
Infrastructure	<u>(9,195,094)</u>	<u>(1,288,767)</u>	<u>-</u>	<u>(10,483,861)</u>
Total Accumulated Depreciation	<u>(57,134,494)</u>	<u>(6,472,268)</u>	<u>110,965</u>	<u>(63,495,797)</u>
Total Capital Assets being Depreciated - Net	<u>80,173,390</u>	<u>52,888,034</u>	<u>-</u>	<u>133,061,424</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$182,327,643</u>	 <u>\$71,448,823</u>	 <u>\$(63,036,987)</u>	 <u>\$190,739,479</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 1,446,029	\$ 1,646,628	\$ -	\$ 3,092,657
Construction in Progress	<u>72,117,636</u>	<u>34,012,590</u>	<u>(12,815,404)</u>	<u>93,314,822</u>
Total Assets not being Depreciated	<u>73,563,665</u>	<u>35,659,218</u>	<u>(12,815,404)</u>	<u>96,407,479</u>
Capital Assets being Depreciated				
Buildings	6,369,767	-	-	6,369,767
Machinery and Equipment	8,686,069	153,436	(38,671)	8,800,834
Improvements other than Buildings	<u>168,701,317</u>	<u>11,116,313</u>	<u>-</u>	<u>179,817,630</u>
Total Capital Assets being Depreciated	<u>183,757,153</u>	<u>11,269,749</u>	<u>(38,671)</u>	<u>194,988,231</u>
Less Accumulated Depreciation:				
Buildings	(3,418,222)	(120,973)	-	(3,539,195)
Machinery and Equipment	(5,972,640)	(455,896)	38,671	(6,389,865)
Improvements other than Buildings	<u>(78,368,100)</u>	<u>(8,802,534)</u>	<u>-</u>	<u>(87,170,634)</u>
Total Accumulated Depreciation	<u>(87,758,962)</u>	<u>(9,379,403)</u>	<u>38,671</u>	<u>(97,099,694)</u>
Total Capital Assets being Depreciated - Net	<u>95,998,191</u>	<u>1,890,346</u>	<u>-</u>	<u>97,888,537</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	 <u>\$169,561,856</u>	 <u>\$37,549,564</u>	 <u>\$(12,815,404)</u>	 <u>\$194,296,016</u>

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

<u>Governmental Activities</u>	
General Government	\$ 4,710,365
Public Safety	1,134,970
Community Services	<u>626,933</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 6,472,268</u>
<u>Business-Type Activities</u>	
Electric	\$ 371,832
Water and Wastewater	8,237,334
Airport	255,788
Stormwater Drainage	<u>514,449</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 9,379,403</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2013, is as follows:

**Due to/from Other Funds:**

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
General	Capital Projects	\$ 2,119
	Nonmajor Governmental	471,930
	Debt Service	1,202
	Water and Wastewater	482,630
	Electric	434,887
	Stormwater Drainage	194
	Nonmajor Enterprise	72,389
Capital Projects	General	424,073
	Nonmajor Governmental	2,597,033
	Water and Wastewater	350,512
	Stormwater Drainage	87,936
	Nonmajor Enterprise	3,528
Debt Service	General	1,202
Nonmajor Governmental	General	151,250
	Debt Service	274,081
	Water and Wastewater	22,004
	Nonmajor Governmental	3,948
	Stormwater Drainage	17,210

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers (Continued)

**Due to/from Other Funds (Continued):**

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Electric	Stormwater Drainage	\$ 59,879
	Debt Service	3,202,979
	Capital Projects	14,179
Water and Wastewater	General	50,273
	Capital Projects	44,528
	Debt Service	4,449,586
	Electric	27,657
	Stormwater Drainage	6,145
Stormwater Drainage	General	22
	Capital Projects	6,104
	Debt Service	957,833
	Water and Wastewater	84,745
Nonmajor Enterprise	General	105,000
	Capital Projects	106
	Nonmajor Enterprise	275,488
Internal Service - Insurance	General	228,465
	Capital Projects	4,030
	Nonmajor Governmental	7,648
	Electric	116,429
	Water and Wastewater	118,934
	Stormwater Drainage	959
	Nonmajor Enterprise	261

Balances resulted from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers**

	<u>TRANSFERS IN</u>						<u>TOTAL</u>
	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>NONMAJOR ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	
<u>Transfers Out</u>							
General	\$ -	\$2,064,073	\$ 549,031	\$ 47,325	\$ 462,234	\$ 100,000	\$ 3,222,663
Nonmajor Governmental	-	-	1,236,809	-	-	-	1,236,809
Electric	3,768,253	-	-	-	-	100,000	3,868,253
Water and Wastewater	1,922,023	-	-	-	25,000	100,000	2,047,023
<b>TOTALS</b>	<u>\$5,690,276</u>	<u>\$2,064,073</u>	<u>\$1,785,840</u>	<u>\$ 47,325</u>	<u>\$ 487,234</u>	<u>\$ 300,000</u>	<u>\$10,374,748</u>

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers (Continued)

**Interfund Transfers (Continued)**

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

E. Capital Lease

The City has one capital lease for equipment that they entered into in fiscal year 2013 in the capital projects fund.

Principal and interest requirements to maturity as of September 30, 2013 are as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$ 27,427	\$ 7,253	\$ 34,680
2015	28,048	5,685	33,733
2016	28,682	5,051	33,733
2017	29,331	4,402	33,733
2018	29,994	3,738	33,732
2019 - 2023	<u>143,598</u>	<u>8,198</u>	<u>151,796</u>
	<u>\$ 287,080</u>	<u>\$ 34,327</u>	<u>\$ 321,407</u>

F. Long-Term Debt

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

The government issues general obligation bonds and combination tax and revenue bonds to provide funds for the acquisition and construction of major capital facilities. These debt issues have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. The original amount of general obligation and combination tax and revenue bonds issued in prior years was \$259,235,000. During the year, the City issued \$11,870,000 of Combination Tax and Revenue Certificates of Obligation, Series 2013 with a 2-4% interest rate that mature August 15, 2033 and \$18,510,000 of Electric Utility System Revenue Bonds, Series 2013 with a 2-5% interest rate that mature November 1, 2033.

**Bond Refunding**

On May 21, 2013, the City issued \$7,280,000 of General Obligation Refunding Bonds, Series 2013. The net proceeds from the issuance of the bonds were used to purchase U. S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide future debt service payments. A deposit of \$8,053,384 was made to an escrow account to provide the refunding of \$1,935,000 of Series 2004A Waterworks and Waste Water System Revenue and Improvement Bonds, and \$5,655,000 of Series 2008 Pass Through Toll Revenue and Limited Tax Bonds. As of September 30, 2013, the outstanding balance of these defeased bonds is \$5,655,000. The refunded bonds are considered legally defeased and the liability for these bonds has been removed. The City refunded to reduce its total debt service payments by \$1,020,899 and to obtain an economic gain of \$663,636 (present value).



CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

**Bond Refunding (Continued)**

On May 21, 2013 the City issued \$11,980,000 of General Obligation Refunding Bonds, Series 2013. The net proceeds from the issuance of the bonds were used to purchase U. S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide future debt service payments. A deposit of \$11,801,901 was made to an escrow account to provide the refunding of \$11,040,000 of the Series 2005 Waterworks and Waste Water System Revenue Bonds. As of September 30, 2013, the outstanding balance of these defeased bonds is \$11,040,000. The refunded bonds are considered legally defeased and the liability for these bonds has been removed. The City refunded to reduce its total debt service payments by \$1,060,751 and to obtain an economic gain of \$991,278 (present value).

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

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

<u>PURPOSE</u>	<u>INTEREST RATES</u>	<u>AMOUNT</u>
Governmental Activities	3.50 - 4.61%	\$ 100,480,000
Governmental Activities - Refunding	2.00 - 5.375%	25,300,000
Business-Type Activities	3.50 - 5.00%	82,795,000
Business-Type Activities - Refunding	2.00 - 5.00%	<u>66,990,000</u>
		<u>\$ 275,565,000</u>

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

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 7,000,000	\$ 5,671,088
2015	6,930,000	5,382,896
2016	7,155,000	5,119,217
2017	7,400,000	4,850,982
2018	7,550,000	4,561,226
2019-2023	37,045,000	18,077,665
2024-2028	35,425,000	9,249,657
2029-2033	<u>17,275,000</u>	<u>1,654,092</u>
	<u>\$125,780,000</u>	<u>\$54,566,823</u>

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

**Revenue Bonds**

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

YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES	
	PRINCIPAL	INTEREST
2014	\$ 7,575,000	\$ 5,682,871
2015	8,085,000	5,675,698
2016	8,620,000	5,148,450
2017	9,160,000	4,921,026
2018	9,470,000	4,613,453
2019-2023	42,940,000	18,707,759
2024-2028	40,320,000	10,457,412
2029-2033	19,725,000	3,190,245
2034-2037	3,890,000	253,510
	<u>\$149,785,000</u>	<u>\$58,650,424</u>

**Defeasance of Bonds**

The City placed the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trusts' assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2013, the outstanding balance of the defeased bonds is \$51,490,000.

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2013, was as follows:

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

**Changes in Long-Term Liabilities (Continued)**

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 129,485,000	\$ 8,825,000	\$ (12,530,000)	\$ 125,780,000	\$ 6,945,000
Discount on Bonds	(553,412)	-	38,023	(515,389)	(38,023)
Premium on Bonds	1,484,522	805,797	(168,036)	2,122,283	168,036
Deferred Amount on Refundings	(1,336,050)	(230,165)	134,465	(1,431,750)	(122,351)
Capital Leases	-	337,327	(15,920)	321,407	34,680
Compensated Absences	5,064,209	877,756	(759,631)	5,182,334	777,350
TMRS Net Pension Obligation	3,000,415	363,301	-	3,363,716	-
OPEB Net Pension Obligation	526,426	296,456	-	822,882	-
	<u>\$ 137,671,110</u>	<u>\$ 11,275,472</u>	<u>\$ (13,301,099)</u>	<u>\$ 135,645,483</u>	<u>\$ 7,764,692</u>
<u>GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES</u>					
<u>Business-Type Activities</u>					
<u>Bonds Payable</u>					
Revenue Bonds	\$ 129,750,000	\$ 40,815,000	\$ (20,780,000)	\$ 149,785,000	\$ 7,575,000
Premium on Bonds	2,948,532	743,283	(391,251)	3,300,564	272,491
Deferred Amount on Refundings	(3,718,378)	(995,121)	430,280	(4,283,219)	(430,280)
Discount on Bonds	(266,229)	-	15,907	(250,322)	(15,907)
Capital Leases	33,768	-	(33,768)	-	-
TMRS Net Pension Obligation	618,596	83,344	-	701,940	-
OPEB Net Pension Obligation	107,681	68,008	-	175,689	-
Total Bonds Payable	<u>129,473,970</u>	<u>40,714,514</u>	<u>(20,758,832)</u>	<u>149,429,652</u>	<u>7,401,304</u>
Compensated Absences	<u>287,828</u>	<u>231,311</u>	<u>(216,745)</u>	<u>302,394</u>	<u>250,076</u>
	<u>\$ 129,761,798</u>	<u>\$ 40,945,825</u>	<u>\$ (20,975,577)</u>	<u>\$ 149,732,046</u>	<u>\$ 7,651,380</u>
<u>BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES</u>					

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

G. Other Information

**Benefits Management**

The City sponsors an employee benefit plan that provides partially self-insured medical and self-insured dental coverage to employees and voluntary coverage to their participating dependents. The plan is designed to provide a specified level of coverage, with excess insurance coverage provided in both specific and aggregate reinsurance. The City's maximum medical claim exposure for a specific covered person is limited to \$100,000 in claims. Each covered person is subject to a maximum lifetime benefit reimbursement of \$100,000 for medical and a maximum annual benefit on dental of \$1,250. Aggregate coverage is purchased for the plan in order to limit the total medical claims exposure.

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Information (Continued)

**Benefits Management**

The plan includes a pre-existing clause to deter adverse selection into the plan subject to the provisions of the Health Insurance Portability and Accountability Act of 1996. Features of the medical plan include a preferred provider network, specialty networks and a pharmacy benefit which includes a tiered co-pay structure and various techniques to provide incentives to utilize lower cost drugs, over the counter alternatives and to manage utilization based on therapeutic equivalencies. An annual benefit and wellness fair is hosted to increase employee awareness. The City continues to identify and implement features to contain costs and provide a sustainable benefit program. Examples include specialty networks for lab services and specialized provider networks including pharmacy benefits. The plan is funded by contributions from the City and participating employees based on recommendations of maximum plan exposure as calculated by an employee benefits specialty firm. Projected claim costs are based on claims experience, lag studies, industry trends, census and aggregate factors. A liability for claims is established based on estimated incurred but not recorded claims outstanding and anticipated associated insurance and administrative costs. The stop-loss contract establishes the aggregate attachment point based on census and aggregate factors defined in the contract.

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

<u>YEAR ENDED SEPTEMBER 30,</u>	<u>BEGINNING LIABILITY</u>	<u>CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATE</u>	<u>CLAIM PAYMENTS</u>	<u>ENDING LIABILITY</u>
2011	\$ 993,478	\$ 3,455,750	\$3,551,951	\$ 897,277
2012	897,277	5,222,174	5,059,501	1,059,950
2013	1,059,950	4,539,177	4,940,977	658,150

**Risk and Safety Management**

The City of San Marcos maintains a risk management program to prevent and mitigate financial loss. Components of the program include the identification of exposure to loss and the selection, implementation and monitoring of risk management techniques. Prevention measures include activities such as training, annual review of assets and exposures, driving and drug testing programs, safety awareness events and the "Safety Coach" Safety Leadership Development Program. Post incident measures designed to mitigate losses include incident investigation and management of all claims through final disposition. A cornerstone of our commitment to managing workers compensation claims is a return to work program. In rating a worker's compensation program, an underwriter begins at 100% which represents an average employer. This is 'modified' based on a specific employer's claims history. During this reporting period the City has achieved a .20% premium modifier. Collectively, risk management programs have resulted in direct savings in excess of a million dollars while improving the health, safety, and well-being of City Employees.

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Information (Continued)

**Risk and Safety Management (Continued)**

The City's Safety Program has been recognized by awards from the National Safety Council (NSC). The City participates in the National Safety Council Annual Awards Program which presents awards for occupational safety and health, safe worker and safe drivers. Eighteen departments were recognized for maintaining a perfect record or a reduction in frequency of lost time injuries.

In October the City held the Annual Benefits and Safety Expo. The event includes over 55 Health and Safety vendors including safety demonstrations. Over 350 employees participate in the Expo.

**Contingent Liabilities**

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

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

**Commitments**

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

Estimated costs to complete construction in progress at year-end totals approximately \$23,928,100 for governmental capital assets, \$18,631,233 for water and wastewater, \$13,258,020 for electric, and \$7,539,738 for drainage.

H. Pension Plans – Primary Government

**Defined Benefit Plan – Texas Municipal Retirement System (TMRS)**

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, Post Office Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plans – Primary Government (Continued)

**Defined Benefit Plan – Texas Municipal Retirement System (TMRS) (Continued)**

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

	<u>PLAN YEAR 2011</u>	<u>PLAN YEAR 2012</u>	<u>PLAN YEAR 2013</u>
Deposit Rate	7%	7%	7%
Matching Ratio (City to Employee)	2 to 1	2 to 1	2 to 1
A Member is Vested After	5 Years	5 Years	5 Years
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5; 0/20	60/5; 0/20	60/5; 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increases (to Retirees)	70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

**Contributions**

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

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

Annual Required Contribution (ARC)	\$ 5,608,608
Interest on Net Pension Obligation	253,332
Adjustment to the ARC	<u>(222,571)</u>
Annual Pension Cost	5,639,369
Contributions Made	<u>(5,192,723)</u>
Increase (Decrease) in Net Pension Obligation	446,646
Net Pension Obligation/(Asset), Beginning of Year	<u>3,619,010</u>
 NET PENSION OBLIGATION/(ASSET), END OF YEAR	 <u>\$ 4,065,656</u>

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plans – Primary Government (Continued)

**Contributions (Continued)**

THREE-YEAR TREND INFORMATION

<u>ACCOUNTING YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>ACTUAL CONTRIBUTION MADE</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
9/30/2011	\$5,669,895	\$ 4,586,458	80.89%	\$2,952,616
9/30/2012	5,418,556	4,752,162	87.70%	3,619,010
9/30/2013	5,639,367	5,192,723	92.08%	4,065,656

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

<u>ACTUARIAL VALUATION DATE</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	27.2 Years; Closed Period	26.2 Years; Closed Period	25.2 Years; Closed Period
Amortization Period for New Gains/Losses	30 Years	30 Years	30 Years
Asset Valuation Method	10-Year Smoothed Market	10-Year Smoothed Market	10-Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
*Includes Inflation at Cost-of-Living Adjustments	3.0% 2.1%	3.0% 2.1%	3.0% 2.1%

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plans – Primary Government (Continued)

**Contributions (Continued)**

1. Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>PERCENTAGE FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>	<u>ANNUAL COVERED PAYROLL</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</u>
12/31/2012	\$ 108,603,384	\$ 141,224,081	76.9%	\$ 32,620,697	\$ 29,096,429	112.1%

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

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

I. Other Postemployment Benefits

1. Post-Retirement Health Care Benefits

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

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

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

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



CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

2. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the fiscal year ending September 30, 2013 is as follows:

Annual Required Contribution (ARC)	\$415,169
Interest on OPEB Obligation	28,535
Adjustment to ARC	<u>(26,438)</u>
OPEB Cost (Expense) End of Year	417,266
Net Estimated Employer Contributions	<u>(52,802)</u>
Increase in Net OPEB Obligation	364,464
Net OPEB Obligation, as of Beginning of Year	<u>634,107</u>
 NET OPEB OBLIGATION, AS OF END OF YEAR	 <u>\$998,571</u>

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2013 and the preceding two fiscal years were as follows:

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>EMPLOYER CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
9/30/2011	\$ 329,540	\$ 157,129	43.7%	\$ 608,865
9/30/2012	340,373	315,131	92.6%	634,107
9/30/2013	417,266	52,802	12.7%	998,571

3. Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2012 is as follows:

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS (a)</u>	<u>ACCRUED LIABILITY (AAL) (b)</u>	<u>UNFUNDED AAL (UAAL) (b-a)</u>	<u>FUNDED RATIO (a/b)</u>	<u>ANNUAL COVERED PAYROLL (c)</u>	<u>TO ANNUAL COVERED PAYROLL (b-a)/c</u>
12/31/2012	\$ -	\$4,418,979	\$4,418,979	0.0%	\$29,096,429	15.2%

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

3. Funding Status and Funding Progress (Continued)

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with an estimated actuarial liability exceeding actuarial assets by \$4,418,979 at December 31, 2012. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 15.2%.

4. Actuarial Methods and Assumptions

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

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

**Actuarial Methods and Assumptions**

Actuarial Valuation Date	12/31/2012
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level Percentage of Payroll
Amortization Period	30 Years; Open Amortization
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5%, Net of Expenses
Payroll Growth Rate	3.0% per annum
Inflation Rate	3.0% per annum
Health Care Cost Trend Rate	Initial Rate of 7.5%, declining to an ultimate rate of 4.5% after 9 years

CITY OF SAN MARCOS, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Supplemental Death Benefits Plan (SDBF)

**Supplemental Death Benefits Fund**

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

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

K. Contributions

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

The City's contributions to the TMRS SBDF for the years ended 2013, 2012 and 2011, were \$42,413, 44,833 and \$54,726, respectively, which equaled the required contributions each year.

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

<u>PLAN/ CALENDAR YEAR</u>	<u>ANNUAL REQUIRED CONTRIBUTION (RATE)</u>	<u>ACTUAL CONTRIBUTION MADE (RATE)</u>	<u>PERCENTAGE OF ARC CONTRIBUTED</u>
2009	0.02%	0.02%	100.00%
2010	0.02%	0.02%	100.00%
2011	0.02%	0.02%	100.00%
2012	0.02%	0.02%	100.00%
2013	0.02%	0.02%	100.00%
2014	0.02%	0.02%	100.00%

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF SAN MARCOS, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	ANNUAL COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
12/31/2012	\$108,603,384	\$141,224,081	\$32,620,697	76.9%	\$ 29,096,429	112.1%
12/31/2011	97,843,592	131,900,915	34,057,323	74.2%	28,202,003	120.8%
12/31/2010	88,314,595	122,500,837	34,186,242	72.1%	27,415,320	124.7%

CITY OF SAN MARCOS, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLANS  
FOR THE EMPLOYEES OF THE CITY OF SAN MARCOS, TEXAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12/31/2012	\$ -	\$ 4,418,979	\$ 4,418,979	0.0%	\$ 29,096,429	15.2%
12/31/2010	-	3,420,429	3,420,429	0.0%	26,691,575	12.8%
12/31/2008	-	3,373,453	3,373,453	0.0%	23,938,024	14.1%

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

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**GENERAL FUND**

CITY OF SAN MARCOS, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>	<u>2012 ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<u>REVENUES</u>					
<u>Taxes</u>					
Property Taxes					
Current Ad Valorem Taxes	\$ 7,434,921	\$ 7,434,921	\$ 7,382,129	\$ (52,792)	\$ 5,967,891
Delinquent Ad Valorem Taxes	81,838	81,838	47,825	(34,013)	70,269
Penalty and Interest on Delinquent Taxes	44,067	44,067	48,666	4,599	52,596
Franchise	1,641,344	1,641,344	1,612,147	(29,197)	1,192,178
Sales	21,102,124	21,102,124	22,852,364	1,750,240	21,079,582
Mixed Drink	278,847	278,847	292,544	13,697	243,974
Total Taxes	<u>30,583,141</u>	<u>30,583,141</u>	<u>32,235,675</u>	<u>1,652,534</u>	<u>28,606,490</u>
<u>Licenses and Permits</u>					
Professional and Occupational Building	55,448	55,448	50,160	(5,288)	42,372
Development	1,305,192	1,305,192	1,112,787	(192,405)	408,693
Plumbing	130,750	130,750	153,682	22,932	31,195
Food	43,035	43,035	60,119	17,084	34,455
Cemetery	152,775	152,775	214,382	61,607	160,475
Other	68,600	68,600	65,468	(3,132)	79,955
Total Licenses and Permits	<u>36,094</u>	<u>36,094</u>	<u>538,190</u>	<u>502,096</u>	<u>282,710</u>
Total Licenses and Permits	<u>1,791,894</u>	<u>1,791,894</u>	<u>2,194,788</u>	<u>402,894</u>	<u>1,039,855</u>
<u>Fines and Penalties</u>					
Parking	145,342	145,342	80,759	(64,583)	110,586
Traffic	562,406	562,406	460,590	(101,816)	472,602
Complaints	287,850	287,850	325,209	37,359	320,778
Library	62,020	62,020	63,009	989	57,169
Other	691,564	691,564	574,077	(117,487)	570,173
Total Fines and Penalties	<u>1,749,182</u>	<u>1,749,182</u>	<u>1,503,644</u>	<u>(245,538)</u>	<u>1,531,308</u>
<u>Charges for Services</u>					
Vital Statistics	36,335	36,335	39,822	3,487	38,340
Pound Charges	115,060	115,060	89,634	(25,426)	44,053
Charges to Other Funds	4,350,858	4,350,858	4,347,782	(3,076)	4,382,145
Building Rental	111,603	111,603	163,448	51,845	175,637
Recreation Program	452,857	452,857	428,851	(24,006)	408,089
Other Services	66,729	66,729	102,098	35,369	91,348
Total Charges for Services	<u>5,133,442</u>	<u>5,133,442</u>	<u>5,171,635</u>	<u>38,193</u>	<u>5,139,612</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>	<u>2012 ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<u>REVENUES (CONTINUED)</u>					
Intergovernmental	\$ 212,654	\$ 212,654	\$ 219,382	\$ 6,728	\$ 188,265
Investment Earnings	61,000	61,000	64,411	3,411	48,956
Other					
Donations	83,845	83,845	80,000	(3,845)	80,000
Miscellaneous	1,060,198	1,060,198	999,751	(60,447)	882,903
Total Other	1,144,043	1,144,043	1,079,751	(64,292)	962,903
Total Revenues	40,675,356	40,675,356	42,469,286	1,793,930	37,517,389
<u>EXPENDITURES</u>					
Current					
General Government					
Personal Services	1,809,834	1,868,784	1,833,813	34,971	1,921,974
Contracted Services	176,157	169,332	139,197	30,135	144,978
Materials and Supplies	114,520	73,373	53,621	19,752	75,572
Other Charges	311,553	341,028	306,233	34,795	231,589
Total General Government	2,412,064	2,452,517	2,332,864	119,653	2,374,113
Human Resources					
Personnel Services	862,816	863,916	770,436	93,480	785,539
Contracted Services	136,364	132,628	74,625	58,003	79,094
Materials and Supplies	19,280	21,916	20,257	1,659	21,658
Other Charges	26,452	26,452	16,998	9,454	14,753
Total Human Resources	1,044,912	1,044,912	882,316	162,596	901,044
Finance					
Personnel Services	1,264,051	1,283,310	1,283,310	-	1,095,330
Contracted Services	56,500	53,016	53,016	-	34,235
Materials and Supplies	32,268	30,686	30,686	-	26,017
Other Charges	33,487	29,464	29,464	-	25,682
Total Finance	1,386,306	1,396,476	1,396,476	-	1,181,264

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>	<u>2012</u> <u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<u>EXPENDITURES (CONTINUED)</u>					
Municipal Court					
Personal Services	\$ 610,100	\$ 636,253	\$ 636,253	\$ -	\$ 609,094
Contracted Services	56,950	59,520	59,520	-	45,162
Materials and Supplies	21,269	16,318	16,318	-	17,055
Other Charges	13,865	5,808	5,808	-	5,155
Total Municipal Court	<u>702,184</u>	<u>717,899</u>	<u>717,899</u>	<u>-</u>	<u>676,466</u>
Technology Services					
Personnel Services	924,571	924,571	829,824	94,747	727,803
Contracted Services	177,070	167,669	142,727	24,942	171,769
Materials and Supplies	34,131	43,532	33,658	9,874	39,088
Other Charges	51,423	51,423	45,137	6,286	49,042
Capital Outlay	-	-	3,310	(3,310)	-
Total Technology Services	<u>1,187,195</u>	<u>1,187,195</u>	<u>1,054,656</u>	<u>132,539</u>	<u>987,702</u>
Development Services					
Personnel Services	1,564,068	1,522,783	1,493,179	29,604	1,421,075
Contracted Services	320,692	210,962	205,403	5,559	170,645
Materials and Supplies	43,465	42,330	37,244	5,086	56,251
Other Charges	80,475	67,328	58,690	8,638	45,077
Total Development Services	<u>2,008,700</u>	<u>1,843,403</u>	<u>1,794,516</u>	<u>48,887</u>	<u>1,693,048</u>
Engineering					
Personnel Services	231,410	168,855	123,395	45,460	270,574
Contracted Services	74,782	47,782	46,697	1,085	-
Materials and Supplies	17,227	17,227	11,254	5,973	-
Other Charges	-	-	-	-	-
Total Engineering	<u>323,419</u>	<u>233,864</u>	<u>181,346</u>	<u>52,518</u>	<u>270,574</u>
Fire					
Personnel Services	5,926,366	6,320,156	6,320,156	-	5,746,840
Contracted Services	107,503	80,436	80,436	-	79,024
Materials and Supplies	301,483	344,710	344,710	-	295,028
Other Charges	67,195	65,708	65,708	-	59,049
Total Fire	<u>6,402,547</u>	<u>6,811,010</u>	<u>6,811,010</u>	<u>-</u>	<u>6,179,941</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>	<u>2012</u> <u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<u>EXPENDITURES (CONTINUED)</u>					
Police					
Personnel Services	\$ 11,085,110	\$ 11,325,065	\$11,325,065	\$ -	\$10,914,111
Contracted Services	327,176	209,350	209,350	-	268,363
Materials and Supplies	809,655	786,382	782,982	3,400	766,051
Other Charges	93,394	78,811	78,811	-	80,529
Total Police	<u>12,315,335</u>	<u>12,399,608</u>	<u>12,396,208</u>	<u>3,400</u>	<u>12,029,054</u>
Public Services					
Personnel Services	1,681,953	1,679,903	1,618,534	61,369	1,541,071
Contracted Services	147,207	119,949	117,769	2,180	241,956
Materials and Supplies	945,038	1,002,423	998,524	3,899	776,867
Other Charges	140,863	134,180	130,076	4,104	25,172
Total Public Services	<u>2,915,061</u>	<u>2,936,455</u>	<u>2,864,903</u>	<u>71,552</u>	<u>2,585,066</u>
Community Services					
Neighborhood Services					
Personnel Services	530,126	525,681	525,295	386	574,859
Contracted Services	46,767	56,693	56,693	-	40,451
Materials and Supplies	63,163	63,163	64,649	(1,486)	84,923
Other Charges	10,571	10,306	10,306	-	11,368
Total Neighborhood Services	<u>650,627</u>	<u>655,843</u>	<u>656,943</u>	<u>(1,100)</u>	<u>711,601</u>
Library					
Personnel Services	1,185,248	1,189,540	1,189,540	-	1,128,119
Contracted Services	35,609	35,886	34,658	1,228	33,015
Materials and Supplies	32,580	32,300	31,851	449	34,209
Other Charges	17,283	140,397	140,076	321	139,909
Total Library	<u>1,270,720</u>	<u>1,398,123</u>	<u>1,396,125</u>	<u>1,998</u>	<u>1,335,252</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>	<u>2012</u> <u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<u>EXPENDITURES (CONTINUED)</u>					
<u>Parks and Recreation</u>					
Personnel Services	\$ 2,445,717	\$ 2,567,123	\$ 2,527,564	\$ 39,559	\$ 2,773,026
Contracted Services	1,205,780	1,106,572	1,093,702	12,870	989,488
Materials and Supplies	539,147	585,469	570,995	14,474	561,506
Other Charges	29,284	21,587	19,039	2,548	20,499
Total Parks and Recreation	<u>4,219,928</u>	<u>4,280,751</u>	<u>4,211,300</u>	<u>69,451</u>	<u>4,344,519</u>
<u>Environmental Health</u>					
Personnel Services	380,045	387,454	387,454	-	410,069
Contracted Services	28,180	23,258	21,794	1,464	25,717
Materials and Supplies	20,716	19,729	17,921	1,808	14,635
Other Charges	4,685	3,185	2,485	700	2,799
Total Environmental Services	<u>433,626</u>	<u>433,626</u>	<u>429,654</u>	<u>3,972</u>	<u>453,220</u>
<u>Animal Services</u>					
Personnel Services	674,674	682,546	659,565	22,981	649,986
Contracted Services	90,474	92,339	73,386	18,953	33,264
Materials and Supplies	134,899	133,034	90,295	42,739	81,343
Other Charges	13,178	13,178	4,004	9,174	6,331
Capital Outlay	-	-	1,477	(1,477)	-
Total Animal Services	<u>913,225</u>	<u>921,097</u>	<u>828,727</u>	<u>92,370</u>	<u>770,924</u>
<u>Fleet Services</u>					
Personnel Services	348,921	346,181	337,959	8,222	341,147
Contracted Services	10,927	10,946	6,710	4,236	6,106
Materials and Supplies	37,402	39,291	38,650	641	33,635
Other Charges	6,087	4,178	3,409	769	2,507
Total Fleet Services	<u>403,337</u>	<u>400,596</u>	<u>386,728</u>	<u>13,868</u>	<u>383,395</u>
<u>Administration</u>					
Personnel Services	576,166	576,166	561,565	14,601	-
Contracted Services	900	900	800	100	-
Materials and Supplies	1,200	1,200	927	273	-
Other Charges	3,325	3,325	580	2,745	-
Total Administration	<u>581,591</u>	<u>581,591</u>	<u>563,872</u>	<u>17,719</u>	<u>-</u>
Total Community Services	<u>8,473,054</u>	<u>8,671,627</u>	<u>8,473,349</u>	<u>198,278</u>	<u>7,998,911</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>	<u>2012 ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>			
<u>EXPENDITURES (CONTINUED)</u>					
General Services					
Social Services					
Other Charges	\$ 451,742	\$ 451,742	\$ 400,742	\$ 51,000	\$ 401,142
Total Social Services	<u>451,742</u>	<u>451,742</u>	<u>400,742</u>	<u>51,000</u>	<u>401,142</u>
Special Services					
Personnel Services	634,800	25,315	25,315	-	8,386
Contracted Services	2,168,811	2,087,279	2,030,385	56,894	2,125,384
Materials and Supplies	5,100	7,496	7,496	-	4,110
Other Charges	1,613,621	1,533,666	1,529,487	4,179	1,320,579
Total Special Services	<u>4,422,332</u>	<u>3,653,756</u>	<u>3,592,683</u>	<u>61,073</u>	<u>3,458,459</u>
Total General Services	<u>4,874,074</u>	<u>4,105,498</u>	<u>3,993,425</u>	<u>112,073</u>	<u>3,859,601</u>
Cemetery					
Contracted Services	158,387	158,387	132,645	25,742	122,989
Materials and Supplies	2,040	2,040	1,674	366	1,938
Other Charges	5,194	5,194	5,137	57	-
Total Cemetery	<u>165,621</u>	<u>165,621</u>	<u>139,456</u>	<u>26,165</u>	<u>124,927</u>
Total Expenditures	<u>44,210,472</u>	<u>43,966,085</u>	<u>43,038,424</u>	<u>927,661</u>	<u>40,861,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,535,116)</u>	<u>(3,290,729)</u>	<u>(569,138)</u>	<u>2,721,591</u>	<u>(3,344,322)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	6,190,037	6,190,037	5,690,276	(499,761)	6,454,760
Transfers Out	(2,903,582)	(3,222,663)	(3,222,663)	-	(2,013,105)
Sale of Capital Assets	-	-	151,966	151,966	23,728
Total Other Financing Sources (Uses)	<u>3,286,455</u>	<u>2,967,374</u>	<u>2,619,579</u>	<u>(347,795)</u>	<u>4,465,383</u>
Net Change in Fund Balance	(248,661)	(323,355)	2,050,441	2,373,796	1,121,061
FUND BALANCE - BEGINNING	<u>14,924,885</u>	<u>14,924,885</u>	<u>14,924,885</u>	<u>-</u>	<u>13,803,824</u>
FUND BALANCE - ENDING	<u>\$ 14,676,224</u>	<u>\$ 14,601,530</u>	<u>\$16,975,326</u>	<u>\$ 2,373,796</u>	<u>\$14,924,885</u>

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## **NONMAJOR SPECIAL REVENUE FUNDS**

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

### **Grants and Special Entitlements**

**Community Development Block Grant**

**Public Education**

**Police Grant**

**WIC Project**

**PARC Recreation Programs**

**Hotel Occupancy**

**Municipal Court Technology**

**Seized Assets**

**Library Memorial**

**Municipal Court Security Fee**

**Juvenile Case Manager Fee**

**Parks and Recreation**

**TIRZ #2**

**TIRZ #3**

**TIRZ #5**

**Miscellaneous Grants**

## **NONMAJOR PERMANENT FUNDS**

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

**Cemetery Perpetual**

CITY OF SAN MARCOS, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013

	<u>SPECIAL</u>		
	<u>GRANT AND SPECIAL ENTITLEMENTS</u>	<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>	<u>PUBLIC EDUCATION</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 310,184	\$ 7,688	\$ 311,907
Investments			
Receivables - Net of Allowances for Uncollectibles			
Accounts	-	19,242	22,777
Taxes	-	-	-
Loans	28,403	-	-
Due from Other Funds		3,102	-
Due from Other Governments	-	-	-
Prepaid Items	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 338,587</u>	<u>\$ 30,032</u>	<u>\$ 334,684</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ -	\$ 15,797	\$ -
Accrued Liabilities	-	2,689	-
Deferred Revenue	276,288	10,892	-
Customer Deposits	-	-	-
Due to Other Funds	-	654	-
Total Liabilities	<u>276,288</u>	<u>30,032</u>	<u>\$ -</u>
Fund Balances			
Nonspendable for Prepaid Items	-	-	-
Restricted for			
Public Safety	-	-	-
Community Services	62,299	-	334,684
Endowment	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>62,299</u>	<u>-</u>	<u>334,684</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 338,587</u>	<u>\$ 30,032</u>	<u>\$ 334,684</u>

REVENUE

<u>POLICE GRANT</u>	<u>WIC PROJECT</u>	<u>PARD RECREATION PROGRAMS</u>	<u>HOTEL OCCUPANCY</u>	<u>MUNICIPAL COURT TECHNOLOGY</u>	<u>SEIZED ASSETS</u>	<u>LIBRARY MEMORIAL</u>
\$ 276,023	\$ 140	\$ 33,454	\$ 701,938	\$ 155,537	\$ 81,749	\$ 33,888
-	-	-	-	-	-	-
-	-	-	728,887	-	-	-
-	-	-	-	-	-	-
115	-	23,649	-	-	-	-
188,747	410,407	-	-	-	-	-
-	10,922	-	255	-	-	-
<u>\$ 464,885</u>	<u>\$ 421,469</u>	<u>\$ 57,103</u>	<u>\$ 1,431,080</u>	<u>\$ 155,537</u>	<u>\$ 81,749</u>	<u>\$ 33,888</u>
\$ -	\$ 101,236	\$ 9,640	\$ 30,950	\$ 3,335	\$ -	\$ -
-	37,291	-	4,696	-	-	-
6,608	-	4,087	63	-	-	-
-	-	-	-	-	-	-
454,276	282,942	315	794	-	-	-
<u>460,884</u>	<u>421,469</u>	<u>14,042</u>	<u>36,503</u>	<u>3,335</u>	<u>-</u>	<u>-</u>
-	10,922	-	255	-	-	-
4,001	-	-	-	152,202	81,749	-
-	-	43,061	1,394,322	-	-	33,888
-	-	-	-	-	-	-
-	(10,922)	-	-	-	-	-
<u>4,001</u>	<u>-</u>	<u>43,061</u>	<u>1,394,577</u>	<u>152,202</u>	<u>81,749</u>	<u>33,888</u>
<u>\$ 464,885</u>	<u>\$ 421,469</u>	<u>\$ 57,103</u>	<u>\$ 1,431,080</u>	<u>\$ 155,537</u>	<u>\$ 81,749</u>	<u>\$ 33,888</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
SEPTEMBER 30, 2013

	SPECIAL		
	MUNICIPAL COURT SECURITY FEE	JUVENILE CASE MANAGER FEE	PARKS AND RECREATION
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 128,666	\$ 17,623	\$ 5,420
Investments	-	-	-
Receivables - Net of Allowances for Uncollectibles			
Accounts	-	-	-
Taxes	-	-	-
Loans	-	-	-
Due from Other Funds	129	195	-
Due from Other Governments	-	-	-
Prepaid Items	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 128,795</u>	<u>\$ 17,818</u>	<u>\$ 5,420</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ 3	\$ 5	\$ -
Accrued Liabilities	-	1,665	-
Deferred Revenue	-	-	-
Customer Deposits	-	-	-
Due to Other Funds	-	184	-
Total Liabilities	<u>3</u>	<u>1,854</u>	<u>-</u>
Fund Balances			
Nonspendable for Prepaid Items	-	-	-
Restricted for			
Public Safety	128,792	15,964	-
Community Services	-	-	5,420
Endowment	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>128,792</u>	<u>15,964</u>	<u>5,420</u>
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 128,795</u>	<u>\$ 17,818</u>	<u>\$ 5,420</u>

REVENUE				PERMANENT	
TIRZ #2	TIRZ #3	TIRZ #5	MISCELLANEOUS GRANTS	CEMETERY PERPETUAL	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,064,217
-	-	-	2,019,772	2,004,770	4,024,542
-	-	4,642	14	8,095	54,770
-	-	-	-	-	728,887
-	-	-	-	-	28,403
128,222	264,238	5,795	43,048	-	468,493
-	-	-	1,054,555	-	1,653,709
-	-	-	-	-	11,177
<u>\$ 128,222</u>	<u>\$264,238</u>	<u>\$ 10,437</u>	<u>\$ 3,117,389</u>	<u>\$2,012,865</u>	<u>\$ 9,034,198</u>
\$ -	\$ 11,040	\$ -	\$ 139,616	\$ -	\$ 311,622
-	-	-	-	-	46,341
-	-	-	1,870,746	-	2,168,684
2,131	-	-	-	-	2,131
<u>126,091</u>	<u>250,198</u>	-	<u>1,000,637</u>	<u>964,468</u>	<u>3,080,559</u>
<u>128,222</u>	<u>261,238</u>	-	<u>3,010,999</u>	<u>964,468</u>	<u>5,609,337</u>
-	-	-	-	-	11,177
-	-	-	-	-	382,708
-	-	-	-	-	1,873,674
-	-	-	-	1,048,397	1,048,397
-	3,000	10,437	106,390	-	108,905
-	<u>3,000</u>	<u>10,437</u>	<u>106,390</u>	<u>1,048,397</u>	<u>3,424,861</u>
<u>\$ 128,222</u>	<u>\$264,238</u>	<u>\$ 10,437</u>	<u>\$ 3,117,389</u>	<u>\$2,012,865</u>	<u>\$ 9,034,198</u>

CITY OF SAN MARCOS, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>SPECIAL</u>		
	<u>GRANT AND SPECIAL ENTITLEMENTS</u>	<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>	<u>PUBLIC EDUCATION</u>
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ 91,722
Fines and Penalties	-	-	-
Intergovernmental	-	795,895	-
Charges for Services	-	-	-
Investment Earnings	-	-	-
Miscellaneous	-	-	-
Total Revenues	-	795,895	91,722
<u>EXPENDITURES</u>			
Current			
General Government	-	-	-
Public Safety	-	-	-
Community Service	17,509	795,895	-
Capital Outlay	-	-	-
Total Expenditures	17,509	795,895	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,509)	-	91,722
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(17,509)	-	91,722
<u>FUND BALANCES - BEGINNING</u>	79,808	-	242,962
FUND BALANCES - ENDING	\$ 62,299	\$ -	\$ 334,684

REVENUE

<u>POLICE GRANT</u>	<u>WIC PROJECT</u>	<u>PARD RECREATION PROGRAMS</u>	<u>HOTEL OCCUPANCY</u>	<u>MUNICIPAL COURT TECHNOLOGY</u>	<u>SEIZED ASSETS</u>	<u>LIBRARY MEMORIAL</u>
\$ -	\$ -	\$ -	\$2,805,275	\$ -	\$ -	\$ -
-	-	-	-	31,094	44,650	-
469,665	1,537,596	-	-	-	-	-
-	-	162,035	-	-	-	-
-	-	-	1,047	-	-	-
-	-	<u>16,918</u>	<u>18</u>	-	-	<u>262</u>
<u>469,665</u>	<u>1,537,596</u>	<u>178,953</u>	<u>2,806,340</u>	<u>31,094</u>	<u>44,650</u>	<u>262</u>
-	-	-	-	-	-	-
470,205	-	-	-	3,335	42,418	-
-	1,537,596	160,636	1,523,679	-	-	-
-	-	-	-	-	<u>4,246</u>	-
<u>470,205</u>	<u>1,537,596</u>	<u>160,636</u>	<u>1,523,679</u>	<u>3,335</u>	<u>46,664</u>	-
(540)	-	<u>18,317</u>	<u>1,282,661</u>	<u>27,759</u>	<u>(2,014)</u>	<u>262</u>
-	-	-	47,325	-	-	-
-	-	-	<u>(1,136,517)</u>	-	-	-
-	-	-	<u>(1,089,192)</u>	-	-	-
(540)	-	18,317	193,469	27,759	(2,014)	262
<u>4,541</u>	-	<u>24,744</u>	<u>1,201,108</u>	<u>124,443</u>	<u>83,763</u>	<u>33,626</u>
<u>\$ 4,001</u>	<u>\$ -</u>	<u>\$ 43,061</u>	<u>\$1,394,577</u>	<u>\$ 152,202</u>	<u>\$81,749</u>	<u>\$ 33,888</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL		
	MUNICIPAL COURT SECURITY FEE	JUVENILE CASE MANAGER FEE	PARKS AND RECREATION
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ -
Fines and Penalties	23,699	38,333	
Intergovernmental	-	-	
Charges for Services	-	-	
Investment Earnings	-	-	
Miscellaneous	-	-	807
Total Revenues	23,699	38,333	807
<u>EXPENDITURES</u>			
Current			
General Government	-	-	-
Public Safety	1,912	46,797	-
Community Service	-	-	-
Capital Outlay	-	-	-
Total Expenditures	1,912	46,797	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,787	(8,464)	807
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	-	-	-
Net Change in Fund Balance	21,787	(8,464)	807
<u>FUND BALANCES - BEGINNING</u>	107,005	24,428	4,613
FUND BALANCES - ENDING	\$ 128,792	\$ 15,964	\$ 5,420



REVENUE			PERMANENT		
TIRZ #2	TIRZ #3	TIRZ #5	MISCELLANEOUS GRANTS	CEMETERY PERPETUAL	TOTALS
\$ 186,697	\$ 114,332	\$ 10,437	\$ -	\$ -	\$ 3,208,463
-	-	-	-	-	137,776
-	-	-	2,950,415	-	5,753,571
-	-	-	-	-	162,035
-	-	-	2,115	5,991	9,153
-	-	-	32,091	2,606	52,702
<u>186,697</u>	<u>114,332</u>	<u>10,437</u>	<u>2,984,621</u>	<u>8,597</u>	<u>9,323,700</u>
186,697	11,040	-	2,112,031	-	2,309,768
-	-	-	-	-	564,667
-	-	-	-	-	4,035,315
-	-	-	888,600	-	892,846
<u>186,697</u>	<u>11,040</u>	<u>-</u>	<u>3,000,631</u>	<u>-</u>	<u>7,802,596</u>
-	103,292	10,437	(16,010)	8,597	1,521,104
-	-	-	-	-	47,325
-	(100,292)	-	-	-	(1,236,809)
-	(100,292)	-	-	-	(1,189,484)
-	3,000	10,437	(16,010)	8,597	331,620
-	-	-	122,400	1,039,800	3,093,241
<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 10,437</u>	<u>\$ 106,390</u>	<u>\$ 1,048,397</u>	<u>\$ 3,424,861</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	\$ 7,586,658	\$ 7,586,658	\$ 7,481,563	\$ (105,095)
Intergovernmental	3,030,000	3,030,000	3,030,000	-
Interest on Investments	26,000	26,000	82,699	56,699
Miscellaneous	121,116	121,116	119,958	(1,158)
Total Revenues	<u>10,763,774</u>	<u>10,763,774</u>	<u>10,714,220</u>	<u>(49,554)</u>
<u>EXPENDITURES</u>				
Debt Service				
Principal	6,795,000	6,795,000	6,875,000	(80,000)
Interest and Fiscal Charges	5,868,185	5,868,185	5,706,434	161,751
Bond Issuance Cost	-	-	147,549	(147,549)
Total Expenditures	<u>12,663,185</u>	<u>12,663,185</u>	<u>12,728,983</u>	<u>(65,798)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,899,411)</u>	<u>(1,899,411)</u>	<u>(2,014,763)</u>	<u>(115,352)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	1,937,325	1,935,746	1,785,840	(149,906)
Payment to Refunded Bond Escrow Agent	-	-	(5,885,165)	(5,885,165)
Premium on Debt Issued	-	-	714,297	714,297
Capital Related Debt Issued	-	-	5,320,000	5,320,000
Total Other Financing Sources (Uses)	<u>1,937,325</u>	<u>1,935,746</u>	<u>1,934,972</u>	<u>(774)</u>
Net Change in Fund Balances	37,914	36,335	(79,791)	116,126
<u>FUND BALANCES - BEGINNING</u>	<u>10,484,328</u>	<u>10,484,328</u>	<u>10,484,328</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$10,522,242</u>	<u>\$10,520,663</u>	<u>\$10,404,537</u>	<u>\$ (116,126)</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 572,577	\$ 572,577	\$ 795,895	\$ 223,318
<u>EXPENDITURES</u>				
Current				
Community Service	94,310	139,836	795,895	(656,059)
Capital Outlay	478,267	1,171,757	-	1,171,757
Total Expenditures	<u>572,577</u>	<u>1,311,593</u>	<u>795,895</u>	<u>515,698</u>
Net Change in Fund Balance	-	(739,016)	-	739,016
<u>FUND BALANCES - BEGINNING</u>	-	-	-	-
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$(739,016)</u>	<u>\$ -</u>	<u>\$ 739,016</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
POLICE GRANT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 69,374	\$ 116,059	\$ 469,665	\$ 353,606
<u>EXPENDITURES</u>				
Current				
Public Safety	<u>277,727</u>	<u>359,312</u>	<u>470,205</u>	<u>(110,893)</u>
Net Change in Fund Balance	(208,353)	(243,253)	(540)	242,713
<u>FUND BALANCES - BEGINNING</u>	<u>4,541</u>	<u>4,541</u>	<u>4,541</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (203,812)</u>	<u>\$ (238,712)</u>	<u>\$ 4,001</u>	<u>\$ 242,713</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
WIC PROJECT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Intergovernmental	<u>\$1,945,282</u>	<u>\$1,945,282</u>	<u>\$1,537,596</u>	<u>\$ (407,686)</u>
<u>EXPENDITURES</u>				
Current				
Community Service	<u>1,945,282</u>	<u>1,945,282</u>	<u>1,537,596</u>	<u>407,686</u>
Net Change in Fund Balance	-	-	-	-
<u>FUND BALANCES - BEGINNING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
HOTEL OCCUPANCY  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	\$2,462,905	\$2,462,905	\$2,805,275	\$ 342,370
Interest on Investments	1,000	1,000	1,047	47
Other	-	-	18	18
Total Revenues	<u>2,463,905</u>	<u>2,463,905</u>	<u>2,806,340</u>	<u>342,435</u>
<u>EXPENDITURES</u>				
Current				
Community Service	<u>1,522,275</u>	<u>1,522,275</u>	<u>1,523,679</u>	<u>(1,404)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>941,630</u>	<u>941,630</u>	<u>1,282,661</u>	<u>341,031</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	47,325	47,325	47,325	-
Transfers Out	<u>(1,136,517)</u>	<u>(1,136,517)</u>	<u>(1,136,517)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,089,192)</u>	<u>(1,089,192)</u>	<u>(1,089,192)</u>	<u>-</u>
Net Change in Fund Balance	(147,562)	(147,562)	193,469	341,031
<u>FUND BALANCES - BEGINNING</u>	<u>1,201,108</u>	<u>1,201,108</u>	<u>1,201,108</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$1,053,546</u>	<u>\$1,053,546</u>	<u>\$1,394,577</u>	<u>\$ 341,031</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
MUNICIPAL COURT TECHNOLOGY  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Fines and Penalties	\$ 34,025	\$ 34,025	\$ 31,094	\$ (2,931)
<u>EXPENDITURES</u>				
Current				
Public Safety	5,000	5,000	3,335	1,665
Capital Outlay	<u>25,000</u>	<u>25,000</u>	-	<u>25,000</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>3,335</u>	<u>26,665</u>
Net Change in Fund Balance	4,025	4,025	27,759	23,734
<u>FUND BALANCES - BEGINNING</u>	<u>124,443</u>	<u>124,443</u>	<u>124,443</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 128,468</u>	<u>\$ 128,468</u>	<u>\$ 152,202</u>	<u>\$ 23,734</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
SEIZED ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Fines and Penalties	\$ 5,100	\$ 5,100	\$ 44,650	\$ 39,550
<u>EXPENDITURES</u>				
Current				
Public Safety	1,500	32,887	42,418	(9,531)
Capital Outlay	-	31,672	4,246	27,426
Total Expenditures	1,500	64,559	46,664	17,895
Net Change in Fund Balance	3,600	(59,459)	(2,014)	57,445
<u>FUND BALANCES - BEGINNING</u>	<u>83,763</u>	<u>83,763</u>	<u>83,763</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 87,363</u>	<u>\$ 24,304</u>	<u>\$ 81,749</u>	<u>\$ 57,445</u>



CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
MUNICIPAL COURT SECURITY FEE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Fines and Penalties	\$ 26,012	\$ 26,012	\$ 23,699	\$ (2,313)
<u>EXPENDITURES</u>				
Current				
Public Safety	11,464	11,464	1,912	9,552
Net Change in Fund Balance	14,548	14,548	21,787	7,239
<u>FUND BALANCES - BEGINNING</u>	<u>107,005</u>	<u>107,005</u>	<u>107,005</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 121,553</u>	<u>\$ 121,553</u>	<u>\$ 128,792</u>	<u>\$ 7,239</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
JUVENILE CASE MANAGER FEE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Fines and Penalties	\$ 41,000	\$ 41,000	\$ 38,333	\$ (2,667)
<u>EXPENDITURES</u>				
Current				
Public Safety	47,554	47,554	46,797	757
Net Change in Fund Balance	(6,554)	(6,554)	(8,464)	(1,910)
<u>FUND BALANCES - BEGINNING</u>	<u>24,428</u>	<u>24,428</u>	<u>24,428</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 17,874</u>	<u>\$ 17,874</u>	<u>\$ 15,964</u>	<u>\$ (1,910)</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
TIRZ #2  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	<u>\$ 183,880</u>	<u>\$ 183,880</u>	<u>\$ 186,697</u>	<u>\$ 2,817</u>
<u>EXPENDITURES</u>				
Current				
General Government	<u>183,880</u>	<u>178,292</u>	<u>186,697</u>	<u>(8,405)</u>
Net Change in Fund Balance	-	5,588	-	(5,588)
<u>FUND BALANCES - BEGINNING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 5,588</u>	<u>\$ -</u>	<u>\$ (5,588)</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
TIRZ #3  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	<u>\$ 225,663</u>	<u>\$ 225,663</u>	<u>\$ 114,332</u>	<u>\$ (111,331)</u>
<u>EXPENDITURES</u>				
Current				
General Government	<u>-</u>	<u>-</u>	<u>11,040</u>	<u>(11,040)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	225,663	225,663	103,292	(122,371)
<u>OTHER FINANCIING SOURCES (USES)</u>				
Transfers Out	<u>(250,198)</u>	<u>(250,198)</u>	<u>(100,292)</u>	<u>149,906</u>
Net Change in Fund Balance	(24,535)	(24,535)	3,000	27,535
<u>FUND BALANCES - BEGINNING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (24,535)</u>	<u>\$ (24,535)</u>	<u>\$ 3,000</u>	<u>\$ 27,535</u>

CITY OF SAN MARCOS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
MISCELLANEOUS GRANTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 98,855	\$2,950,415	\$ 2,851,560
Investment Earnings	-	-	2,115	2,115
Miscellaneous	-	-	<u>32,091</u>	<u>32,091</u>
Total Revenues	<u>-</u>	<u>98,855</u>	<u>2,984,621</u>	<u>2,885,766</u>
<u>EXPENDITURES</u>				
Current				
General Government	-	-	2,112,031	(2,112,031)
Capital Outlay	-	<u>7,982,151</u>	<u>888,600</u>	<u>7,093,551</u>
Total Expenditures	<u>-</u>	<u>7,982,151</u>	<u>3,000,631</u>	<u>4,981,520</u>
Net Change in Fund Balance	-	(7,883,296)	(16,010)	7,867,286
<u>FUND BALANCES - BEGINNING</u>	<u>122,400</u>	<u>122,400</u>	<u>122,400</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 122,400</u>	<u>\$(7,760,896)</u>	<u>\$ 106,390</u>	<u>\$ 7,867,286</u>

## **NONMAJOR ENTERPRISE FUNDS**

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

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

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

***Waste Collection Fund*** – This fund was created to account for waste collection and disposal services provided to residents of the City.

CITY OF SAN MARCOS, TEXAS  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
SEPTEMBER 30, 2013

<u>ASSETS</u>	<u>ENTERPRISE</u>			<u>TOTAL</u>
	<u>AIRPORT</u>	<u>TRANSIT</u>	<u>WASTE COLLECTION</u>	
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 77,110	\$ 1,000,577	\$ 1,077,687
Accounts Receivable - Net	51,143	-	369,910	421,053
Due from Other Funds	105,106	-	275,488	380,594
Due from Other Governments	<u>576,568</u>	<u>-</u>	<u>-</u>	<u>576,568</u>
Total Current Assets	<u>732,817</u>	<u>77,110</u>	<u>1,645,975</u>	<u>2,455,902</u>
<u>NONCURRENT ASSETS</u>				
Capital Assets:				
Land	648,820	-	-	648,820
Buildings	4,339,745	-	-	4,339,745
Improvements Other than Buildings	8,342,071	-	-	8,342,071
Furnishings and Equipment	19,463	-	-	19,463
Construction in Progress	<u>1,131,737</u>	<u>-</u>	<u>-</u>	<u>1,131,737</u>
Totals	14,481,836	-	-	14,481,836
Less: Accumulated Depreciation	<u>(9,531,966)</u>	<u>-</u>	<u>-</u>	<u>(9,531,966)</u>
Total Capital Assets	<u>4,949,870</u>	<u>-</u>	<u>-</u>	<u>\$4,949,870</u>
Total Noncurrent Assets	<u>4,949,870</u>	<u>-</u>	<u>-</u>	<u>\$4,949,870</u>
TOTAL ASSETS	<u>\$5,682,687</u>	<u>\$ 77,110</u>	<u>\$1,645,975</u>	<u>\$7,405,772</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 32,980	\$ 147	\$ 423,584	\$ 456,711
Accrued Liabilities	-	1,330	10,104	11,434
Due to Other Funds	351,203	61	402	351,666
Customer Deposits	<u>5,992</u>	<u>-</u>	<u>135,973</u>	<u>141,965</u>
Total Current Liabilities	<u>390,175</u>	<u>1,538</u>	<u>570,063</u>	<u>961,776</u>
<u>NONCURRENT LIABILITIES</u>				
Long-Term Debt	<u>11,622</u>	<u>811</u>	<u>1,678</u>	<u>14,111</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	4,949,870	-	-	4,949,870
Unrestricted	<u>331,020</u>	<u>74,761</u>	<u>1,074,234</u>	<u>1,480,015</u>
Total Net Position	<u>5,280,890</u>	<u>74,761</u>	<u>1,074,234</u>	<u>6,429,885</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$5,682,687</u>	<u>\$ 77,110</u>	<u>\$1,645,975</u>	<u>\$7,405,772</u>

CITY OF SAN MARCOS, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	ENTERPRISE			TOTAL
	AIRPORT	TRANSIT	WASTE COLLECTION	
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 287,640	\$ -	\$ 2,516,548	\$2,804,188
Intergovernmental	585,578	-	-	585,578
Miscellaneous	39,934	-	-	39,934
Total Operating Revenues	<u>913,152</u>	<u>-</u>	<u>2,516,548</u>	<u>3,429,700</u>
<u>OPERATING EXPENSES</u>				
Personnel Services	-	40,378	85,163	125,541
Contracted Services	327,111	211,208	2,327,101	2,865,420
Materials and Supplies	59,711	55	4,407	64,173
Other Charges	-	750	4,851	5,601
Depreciation	255,788	-	-	255,788
Total Operating Expenses	<u>642,610</u>	<u>252,391</u>	<u>2,421,522</u>	<u>3,316,523</u>
Operating Income (Loss)	<u>270,542</u>	<u>(252,391)</u>	<u>95,026</u>	<u>113,177</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Transfer In	<u>135,082</u>	<u>327,152</u>	<u>25,000</u>	<u>487,234</u>
Change in Net Position	405,624	74,761	120,026	600,411
<u>TOTAL NET POSITION - BEGINNING</u>	<u>4,875,266</u>	<u>-</u>	<u>954,208</u>	<u>5,829,474</u>
TOTAL NET POSITION - ENDING	<u>\$5,280,890</u>	<u>\$ 74,761</u>	<u>\$ 1,074,234</u>	<u>\$6,429,885</u>



CITY OF SAN MARCOS, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	ENTERPRISE			TOTAL
	AIRPORT	TRANSIT	WASTE COLLECTION	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers	\$329,421	\$ -	\$ 2,500,928	\$2,830,349
Cash Paid to Suppliers for Goods and Services	(372,987)	(211,866)	(2,110,998)	(2,695,851)
Cash Paid to Employees for Services	-	(38,237)	(83,572)	(121,809)
Net Cash Provided by (Used in) Operating Activities	<u>(43,566)</u>	<u>(250,103)</u>	<u>306,358</u>	<u>12,689</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers to Other Funds	(53,308)	-	(275,488)	(328,796)
Transfers from Other Funds	<u>425,440</u>	<u>327,213</u>	<u>25,402</u>	<u>778,055</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>372,132</u>	<u>327,213</u>	<u>(250,086)</u>	<u>449,259</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of Capital Assets	<u>(662,047)</u>	-	-	<u>(662,047)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(333,481)	77,110	56,272	(200,099)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>333,481</u>	-	<u>944,305</u>	<u>1,277,786</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ -</u>	<u>\$ 77,110</u>	<u>\$ 1,000,577</u>	<u>\$ 1,077,687</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$270,542	(252,391)	\$ 95,026	\$ 113,177
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Depreciation	255,788	-	-	255,788
Changes in Assets and Liabilities				
Decrease (Increase) in Assets				
Accounts Receivable	(20,649)	-	(21,451)	(42,100)
Due from Other Governments	(564,426)	-	-	(564,426)
Increase (Decrease) in Liabilities				
Accounts Payable	13,836	147	225,361	239,344
Accrued Liabilities	-	1,330	(87)	1,243
Customer Deposits	1,343	-	5,831	7,174
Deferred Revenue	-	-	-	-
Net Pension Obligation	-	811	1,678	2,489
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (43,566)</u>	<u>\$ (250,103)</u>	<u>\$ 306,358</u>	<u>\$ 12,689</u>

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## STATISTICAL SECTION

## STATISTICAL SECTION

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

### Contents

### Schedules

#### **Financial Trends**

1 through 4

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

#### **Revenue Capacity**

5 through 15

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

#### **Debt Capacity**

16 through 19

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

#### **Economic and Demographic Indicators**

20 through 22

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

#### **Operating Information**

23 through 25

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF SAN MARCOS, TEXAS  
NET POSITION BY COMPONENT  
LAST NINE FISCAL YEARS

TABLE 1

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>GOVERNMENTAL ACTIVITIES</u>									
Net Investment in Capital Assets	\$44,394,312	\$ 50,982,992	\$ 34,026,741	\$ 52,331,211	\$ 69,504,636	\$ 66,361,134	\$ 74,247,634	\$ 82,639,548	\$ 88,391,028
Restricted	3,295,738	4,096,953	7,178,953	13,656,718	11,771,448	11,086,463	9,972,700	20,848,878	19,474,094
Unrestricted	<u>10,150,795</u>	<u>14,345,393</u>	<u>38,892,946</u>	<u>21,549,724</u>	<u>19,093,354</u>	<u>22,795,807</u>	<u>18,807,912</u>	<u>8,808,763</u>	<u>11,236,165</u>
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$57,840,845</u>	<u>\$ 69,425,338</u>	<u>\$ 80,098,640</u>	<u>\$ 87,537,653</u>	<u>\$100,369,438</u>	<u>\$100,243,404</u>	<u>\$103,028,246</u>	<u>\$112,297,189</u>	<u>\$119,101,287</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>									
Net Investment in Capital Assets	\$27,837,167	\$ 31,937,728	\$ 37,167,271	\$ 63,950,063	\$ 76,798,160	\$ 84,316,321	\$ 76,737,408	\$ 77,417,956	\$ 85,172,984
Restricted	1,776,852	-	-	-	-	-	-	-	-
Unrestricted	<u>57,935,375</u>	<u>65,067,633</u>	<u>71,918,198</u>	<u>55,197,775</u>	<u>45,845,181</u>	<u>36,486,413</u>	<u>46,484,731</u>	<u>50,448,724</u>	<u>45,632,481</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 87,549,394</u>	<u>\$ 97,005,361</u>	<u>\$109,085,469</u>	<u>\$119,147,838</u>	<u>\$122,643,341</u>	<u>\$120,802,734</u>	<u>\$123,222,139</u>	<u>\$127,866,680</u>	<u>\$130,805,465</u>
 <u>PRIMARY GOVERNMENT</u>									
Net Investment in Capital Assets	\$72,231,479	\$ 82,920,720	\$ 71,194,012	\$116,281,274	\$146,302,796	\$150,677,455	\$150,985,042	\$160,057,504	\$173,564,012
Restricted	5,072,590	4,096,953	7,178,953	13,656,718	11,771,448	11,086,463	9,972,700	20,848,878	19,474,094
Unrestricted	<u>68,086,170</u>	<u>79,413,026</u>	<u>110,811,144</u>	<u>76,747,499</u>	<u>64,938,535</u>	<u>59,282,220</u>	<u>65,292,643</u>	<u>59,257,487</u>	<u>56,868,646</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$145,390,239</u>	<u>\$166,430,699</u>	<u>\$189,184,109</u>	<u>\$206,685,491</u>	<u>\$223,012,779</u>	<u>\$221,046,138</u>	<u>\$226,250,385</u>	<u>\$240,163,869</u>	<u>\$249,906,752</u>

**NOTE:**

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF SAN MARCOS, TEXAS  
CHANGES IN NET POSITION  
LAST NINE FISCAL YEARS

TABLE 2

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>EXPENSES</u>									
<u>Governmental Activities</u>									
General Government	\$11,113,362	\$ 9,416,555	\$13,769,853	\$12,565,540	\$ 11,789,804	\$14,811,677	\$ 15,419,706	\$ 17,452,471	\$ 17,295,573
Public Safety	11,873,017	12,896,427	13,537,545	16,406,242	18,223,349	22,337,053	18,040,389	19,367,969	24,117,348
Community Service	7,448,224	8,032,845	9,077,477	9,114,632	9,120,980	10,463,722	10,092,399	10,399,904	13,360,590
Interest and Fiscal Charges	<u>1,816,987</u>	<u>1,887,770</u>	<u>2,769,146</u>	<u>4,784,896</u>	<u>7,008,392</u>	<u>6,525,172</u>	<u>6,412,611</u>	<u>6,255,072</u>	<u>5,932,338</u>
Total Governmental Activities	<u>32,251,590</u>	<u>32,233,597</u>	<u>39,154,021</u>	<u>42,871,310</u>	<u>46,142,525</u>	<u>54,137,624</u>	<u>49,965,105</u>	<u>53,475,416</u>	<u>60,705,849</u>
<u>Business-Type Activities</u>									
Water/Wastewater	17,239,651	19,702,909	21,657,804	23,872,986	24,443,838	25,878,300	26,701,908	27,890,126	28,152,501
Electric	36,201,717	44,786,544	40,539,638	49,224,186	46,068,424	45,746,937	43,413,456	45,590,881	44,265,224
Airport	689,330	689,406	739,316	768,419	733,621	694,070	710,558	601,781	895,001
Drainage	615,424	374,013	577,461	811,057	1,482,765	1,959,180	1,897,978	2,491,018	2,355,020
Waste Collection	<u>1,049,390</u>	<u>1,410,264</u>	<u>1,503,213</u>	<u>1,703,744</u>	<u>1,228,122</u>	<u>1,463,780</u>	<u>1,773,160</u>	<u>2,110,375</u>	<u>2,421,522</u>
Total Business-Type Activities	<u>55,795,512</u>	<u>66,963,136</u>	<u>65,017,432</u>	<u>76,380,392</u>	<u>73,956,770</u>	<u>75,742,267</u>	<u>74,497,060</u>	<u>78,684,181</u>	<u>78,089,268</u>
Total Primary Government Expenses	<u>88,047,102</u>	<u>99,196,733</u>	<u>104,171,453</u>	<u>119,251,702</u>	<u>120,099,295</u>	<u>129,879,891</u>	<u>124,462,165</u>	<u>132,159,597</u>	<u>138,795,117</u>
<u>PROGRAM REVENUES</u>									
<u>Governmental Activities</u>									
<u>Charges for Service</u>									
General Government	1,191,152	1,299,438	901,028	1,252,334	1,076,738	1,010,309	1,283,941	1,246,616	6,724,853
Public Safety	1,295,340	1,339,698	1,401,176	1,455,835	1,716,212	1,807,346	1,653,099	1,682,378	1,739,043
Community Service	787,342	721,441	575,622	626,210	653,368	574,537	639,534	769,467	1,029,617
Operating Grants and Contributions	2,248,473	2,149,913	6,128,665	3,452,451	9,981,272	3,145,119	2,619,600	3,250,996	6,005,044
Capital Grants and Contributions	<u>488,227</u>	<u>638,048</u>	<u>3,921,368</u>	<u>836,384</u>	<u>2,104,303</u>	<u>2,373,110</u>	<u>1,149,409</u>	<u>8,244,456</u>	<u>1,792,500</u>
Total Governmental Activities Program Revenues	<u>6,010,534</u>	<u>6,148,538</u>	<u>12,927,859</u>	<u>7,623,214</u>	<u>15,531,893</u>	<u>8,910,421</u>	<u>7,345,583</u>	<u>15,193,913</u>	<u>17,291,057</u>
<u>Business-Type Activities</u>									
<u>Charges for Service</u>									
Electric	39,412,677	45,564,818	45,038,579	49,787,885	49,461,030	48,768,174	48,453,727	51,783,661	48,848,992
Water and Wastewater	21,415,438	26,318,349	24,138,588	28,352,029	26,279,549	25,241,695	26,986,572	28,139,268	29,743,387
Airport	185,508	209,512	210,224	203,780	273,788	178,432	256,710	580,554	913,152
Drainage	878,012	1,068,407	1,424,761	1,379,198	1,390,465	1,478,191	2,108,913	2,553,844	2,673,393
Waste Collection	1,102,707	1,180,485	1,272,014	1,307,481	1,392,717	1,595,550	1,909,152	2,298,847	2,516,548
Operating Grants and Contributions	21,496	-	-	-	-	-	-	-	-
Capital Grants and Contributions	<u>551,553</u>	<u>1,122,112</u>	<u>309,307</u>	<u>1,649,020</u>	<u>1,214,327</u>	<u>852,403</u>	<u>1,085,830</u>	<u>1,274,418</u>	<u>1,599,863</u>
Total Business-Type Activities Program Revenues	<u>63,567,391</u>	<u>75,463,683</u>	<u>72,393,473</u>	<u>82,679,393</u>	<u>80,011,876</u>	<u>78,114,445</u>	<u>80,800,904</u>	<u>86,630,592</u>	<u>86,295,335</u>
Total Primary Government Program Revenues	<u>69,577,925</u>	<u>81,612,221</u>	<u>85,321,332</u>	<u>90,302,607</u>	<u>95,543,769</u>	<u>87,024,866</u>	<u>88,146,487</u>	<u>101,824,505</u>	<u>103,586,392</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
CHANGES IN NET POSITION (CONTINUED)  
LAST NINE FISCAL YEARS

TABLE 2 (CONTINUED)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Net (Expense) Revenues</u>									
Governmental Activities	\$(26,241,056)	\$(26,085,059)	\$(26,226,162)	\$(35,248,096)	\$(30,610,632)	\$(45,227,203)	\$(42,619,522)	\$(38,281,503)	\$(43,414,792)
Business-Type Activities	<u>7,771,879</u>	<u>8,500,547</u>	<u>7,376,041</u>	<u>6,299,001</u>	<u>6,055,106</u>	<u>2,372,178</u>	<u>6,303,844</u>	<u>7,946,411</u>	<u>8,206,067</u>
Total Primary Government Net Expenses	<u>(18,469,177)</u>	<u>(17,584,512)</u>	<u>(18,850,121)</u>	<u>(28,949,095)</u>	<u>(24,555,526)</u>	<u>(42,855,025)</u>	<u>(36,315,678)</u>	<u>(30,335,092)</u>	<u>(35,208,725)</u>
<u>GOVERNMENTAL REVENUES AND OTHER</u>									
<u>CHANGES IN NET POSITION</u>									
<u>Governmental Activities</u>									
<u>Taxes</u>									
Property Taxes	8,668,066	8,912,647	9,558,703	11,696,800	12,401,892	14,332,003	14,236,642	14,448,102	16,453,797
Franchise Taxes	6,242,627	6,999,442	6,927,867	7,695,811	1,281,674	1,477,463	1,447,569	1,436,152	1,612,147
Sales Taxes	14,062,454	16,377,390	16,018,106	18,347,135	17,989,392	18,398,707	19,854,399	21,079,582	22,852,364
Other Taxes	1,206,769	1,358,869	1,519,896	1,698,905	2,030,247	2,266,391	2,381,483	2,601,079	3,097,818
Investment Earnings	828,558	1,603,021	2,745,676	2,590,329	3,571,867	587,646	319,091	261,704	331,996
Miscellaneous	1,021,738	163,646	508,716	572,276	1,963,080	1,854,367	753,366	1,337,721	442,726
Gain on Sale of Capital Assets	-	-	-	-	-	64,974	121,129	-	-
Transfers	<u>831,723</u>	<u>2,479,810</u>	<u>(379,500)</u>	<u>85,853</u>	<u>5,759,854</u>	<u>6,119,618</u>	<u>6,290,865</u>	<u>6,386,106</u>	<u>5,428,042</u>
Total Governmental Activities	<u>32,861,935</u>	<u>37,894,825</u>	<u>36,899,464</u>	<u>42,687,109</u>	<u>44,998,006</u>	<u>45,101,169</u>	<u>45,404,544</u>	<u>47,550,446</u>	<u>50,218,890</u>
<u>Business-Type Activities</u>									
Investment Earnings	1,856,552	3,182,034	4,063,644	2,801,982	2,098,305	569,393	376,915	303,932	160,760
Other	15,551	27,620	260,923	618,072	1,101,946	1,337,440	2,029,511	2,780,304	-
Transfers	<u>(831,723)</u>	<u>(2,479,810)</u>	<u>379,500</u>	<u>(85,853)</u>	<u>(5,759,854)</u>	<u>(6,119,618)</u>	<u>(6,290,865)</u>	<u>(6,386,106)</u>	<u>(5,428,042)</u>
Total Business-Type Activities	<u>1,040,380</u>	<u>729,844</u>	<u>4,704,067</u>	<u>3,334,201</u>	<u>(2,559,603)</u>	<u>(4,212,785)</u>	<u>(3,884,439)</u>	<u>(3,301,870)</u>	<u>(5,267,282)</u>
Total Primary Government	<u>33,902,315</u>	<u>38,624,669</u>	<u>41,603,531</u>	<u>46,021,310</u>	<u>42,438,403</u>	<u>40,888,384</u>	<u>41,520,105</u>	<u>44,248,576</u>	<u>44,951,608</u>
<u>CHANGES IN NET POSITION</u>									
Governmental Activities	6,620,879	11,809,766	10,673,302	7,439,013	14,387,374	(126,034)	2,785,022	9,268,943	6,804,098
Business-Type Activities	<u>8,812,259</u>	<u>9,230,391</u>	<u>12,080,108</u>	<u>9,633,202</u>	<u>3,495,503</u>	<u>(1,840,607)</u>	<u>2,419,405</u>	<u>4,644,541</u>	<u>2,938,785</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 15,433,138</u>	<u>\$ 21,040,157</u>	<u>\$ 22,753,410</u>	<u>\$ 17,072,215</u>	<u>\$ 17,882,877</u>	<u>\$ (1,966,641)</u>	<u>\$ 5,204,427</u>	<u>\$ 13,913,484</u>	<u>\$ 9,742,883</u>

NOTE: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF SAN MARCOS, TEXAS  
FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

TABLE 3

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>GENERAL FUND</u>										
Reserved	\$ 185,893	\$ 174,017	\$ 153,597	\$ 134,113	\$ 129,929	\$ 97,494	\$ 228,870	\$ -	\$ -	\$ -
Unreserved	9,965,481	9,952,272	14,011,908	14,593,062	13,476,666	12,804,776	13,148,100	-	-	-
Nonspendable	-	-	-	-	-	-	-	214,915	385,498	545,006
Restricted	-	-	-	-	-	-	-	-	980,103	-
Unassigned	-	-	-	-	-	-	-	13,588,909	13,559,284	16,430,320
 TOTAL GENERAL FUND	 <u>\$10,151,374</u>	 <u>\$10,126,289</u>	 <u>\$14,165,505</u>	 <u>\$14,727,175</u>	 <u>\$13,606,595</u>	 <u>\$12,902,270</u>	 <u>\$13,376,970</u>	 <u>\$13,803,824</u>	 <u>\$14,924,885</u>	 <u>\$16,975,326</u>
 <u>ALL OTHER GOVERNMENTAL FUNDS</u>										
Reserved	\$ 845,475	\$ 930,722	\$ 1,155,404	\$ 1,303,282	\$ 1,315,807	\$ 2,365,271	\$ 1,744,662	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Funds	502,826	760,917	844,368	1,087,186	1,879,330	1,111,235	1,174,555	-	-	-
Capital Project Funds	14,784,996	13,108,298	18,428,409	40,897,216	76,612,241	74,318,614	55,426,183	-	-	-
Debt Service Funds	1,206,412	1,531,736	2,232,229	5,764,165	10,494,115	8,544,491	8,879,062	-	-	-
Nonspendable	-	-	-	-	-	-	-	12,527	10,985	11,177
Restricted	-	-	-	-	-	-	-	52,216,441	49,888,108	43,339,895
Unassigned	-	-	-	-	-	-	-	(120,908)	116,111	108,905
 TOTAL ALL OTHER GOVERNMENTAL FUNDS	 <u>\$17,339,709</u>	 <u>\$16,331,673</u>	 <u>\$22,660,410</u>	 <u>\$49,051,849</u>	 <u>\$90,301,493</u>	 <u>\$86,339,611</u>	 <u>\$67,224,462</u>	 <u>\$52,108,060</u>	 <u>\$50,015,204</u>	 <u>\$43,459,977</u>

NOTE: The City implemented GASB 54 in 2011, which changed the fund balance classifications reported in governmental funds. See the Fund Balance Classification note in the Summary of Significant Accounting Policies in the notes to the financial statements for descriptive information on the new classifications.



CITY OF SAN MARCOS, TEXAS  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

TABLE 4

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>REVENUES</u>										
Taxes	\$28,380,291	\$30,109,095	\$33,532,369	\$35,610,380	\$ 39,303,487	\$33,617,042	\$ 36,401,012	\$ 37,858,603	\$39,630,897	\$42,925,701
Licenses and Permits	716,219	854,818	930,496	688,943	813,976	847,678	821,853	994,123	1,039,855	2,194,788
Fees and Penalties	1,099,498	1,331,391	1,404,734	1,450,558	1,504,429	1,722,705	1,851,308	1,720,669	1,738,142	1,641,420
Charges for Services	3,922,202	4,413,393	4,539,296	4,673,630	4,941,970	4,978,075	4,954,980	5,021,489	5,235,552	5,333,670
Intergovernmental	2,728,440	1,989,677	2,942,569	10,050,033	4,168,351	10,925,601	5,254,713	3,354,206	11,443,228	9,002,953
Investment Earnings	474,353	-	1,603,021	2,745,676	2,590,329	2,431,751	587,645	319,093	261,704	331,996
Contributions	-	-	-	-	-	918,930	-	-	30,000	80,000
Other Revenues	917,512	2,109,693	355,039	508,716	955,223	1,579,752	2,139,993	1,291,858	1,427,583	1,701,482
Total Revenues	<u>38,238,515</u>	<u>40,808,067</u>	<u>45,307,524</u>	<u>55,727,936</u>	<u>54,277,765</u>	<u>57,021,534</u>	<u>52,011,504</u>	<u>50,560,041</u>	<u>60,806,961</u>	<u>63,212,010</u>
<u>EXPENDITURES</u>										
General Government	10,564,127	12,971,819	11,095,617	17,011,106	15,663,181	14,983,807	14,548,005	15,750,709	16,595,158	16,234,004
Public Safety	11,224,740	12,057,544	12,558,996	13,355,986	15,833,503	16,962,418	18,997,394	20,291,056	20,527,494	22,636,788
Community Service	6,923,328	6,876,302	7,410,044	8,362,801	8,542,826	8,071,623	9,549,374	9,453,846	9,305,394	12,507,187
Capital Outlay	5,293,105	8,588,886	7,394,546	17,832,454	26,710,357	27,655,480	30,093,216	15,259,308	9,225,694	13,091,604
Debt Service										
Interest	1,741,277	1,813,982	2,061,346	3,273,903	4,907,332	7,414,683	6,450,663	6,504,097	6,152,503	5,854,923
Principal	3,061,337	2,954,906	3,123,832	2,749,077	4,749,496	4,594,059	4,780,000	5,870,000	6,620,000	6,890,920
Total Expenditures	<u>38,807,914</u>	<u>45,263,439</u>	<u>43,644,381</u>	<u>62,585,327</u>	<u>76,406,695</u>	<u>79,682,070</u>	<u>84,418,652</u>	<u>73,129,016</u>	<u>68,426,243</u>	<u>77,215,426</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(569,399)</u>	<u>(4,455,372)</u>	<u>1,663,143</u>	<u>(6,857,391)</u>	<u>(22,128,930)</u>	<u>(22,660,536)</u>	<u>(32,407,148)</u>	<u>(22,568,975)</u>	<u>(7,619,282)</u>	<u>(14,003,416)</u>

CITY OF SAN MARCOS, TEXAS  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS

TABLE 4 (CONTINUED)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>OTHER FINANCING SOURCES (USES)</u>										
Bond Issuance Costs	\$ -	\$ (60,102)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Sales	7,140,604	2,650,000	6,225,000	34,190,000	62,695,000	22,895,000	8,625,000	11,245,000	5,520,000	8,825,000
Proceeds from Capital Leases	-	-	-	-	-	-	-	-	-	337,327
Discount on Debt Issued	-	-	-	-	(522,859.00)	(63,173)	-	-	-	-
Premium on Debt Issued	-	-	-	-	-	487,099	-	590,248	576,210	805,797
Other	-	-	-	-	-	708,611	71,163	121,129	35,245	287,629
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(9,875,296)	-	(11,680,362)	(6,016,992)	(5,885,165)
Transfers In	1,529,879	2,381,096	7,021,831	5,875,970	4,375,113.00	9,084,781	9,434,616	11,149,525	9,807,734	9,587,514
Transfers Out	<u>(1,317,081)</u>	<u>(1,549,373)</u>	<u>(4,542,021)</u>	<u>(6,255,470)</u>	<u>(4,289,260)</u>	<u>(3,687,104)</u>	<u>(4,364,080)</u>	<u>(3,546,113)</u>	<u>(3,274,710)</u>	<u>(4,459,472)</u>
Total Other Financing Sources (Uses)	<u>7,353,402</u>	<u>3,421,621</u>	<u>8,704,810</u>	<u>33,810,500</u>	<u>62,257,994</u>	<u>19,549,918</u>	<u>13,766,699</u>	<u>7,879,427</u>	<u>6,647,487</u>	<u>9,498,630</u>
 NET CHANGE IN FUND BALANCES	 <u>\$ 6,784,003</u>	 <u>\$ (1,033,751)</u>	 <u>\$10,367,953</u>	 <u>\$26,953,109</u>	 <u>\$ 40,129,064</u>	 <u>\$ (3,110,618)</u>	 <u>\$(18,640,449)</u>	 <u>\$(14,689,548)</u>	 <u>\$ (971,795)</u>	 <u>\$ (4,504,786)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 14.3%	 13.0%	 14.3%	 13.5%	 18.4%	 23.7%	 20.2%	 22.8%	 23.1%	 19.8%

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

TABLE 5

<u>FISCAL YEAR</u>	<u>REAL PROPERTY ASSESSED VALUE</u>	<u>REAL PROPERTY ESTIMATED ACTUAL VALUE</u>	<u>PERSONAL PROPERTY ASSESSED VALUE</u>	<u>PERSONAL PROPERTY ESTIMATED ACTUAL VALUE</u>	<u>LESS: TAX-EXEMPT PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TOTAL DIRECT TAX RATE</u>	<u>ESTIMATED ACTUAL TAXABLE VALUE</u>
2004	\$ 1,662,822,489	\$ 1,662,822,489	\$390,220,742	\$390,220,742	\$ -	\$ 2,053,043,231	\$ 0.4710	\$2,053,043,231
2005	1,388,279,224	1,388,279,224	418,678,715	418,678,715	372,839,529	1,434,118,410	0.4702	1,424,118,410
2006	1,939,132,089	1,939,132,089	441,477,940	441,477,940	340,976,008	2,039,634,021	0.4702	2,039,634,021
2007	1,989,713,898	1,989,713,898	440,441,736	440,441,736	263,175,949	2,166,979,685	0.5302	2,166,979,685
2008	2,179,929,050	2,179,929,050	477,501,560	477,501,560	380,495,763	2,276,934,847	0.5302	2,276,934,847
2009	2,508,719,271	2,508,719,271	499,821,131	499,821,131	385,175,216	2,623,365,186	0.5302	2,623,365,185
2010	2,401,078,222	2,401,078,222	538,901,712	538,901,712	435,944,478	2,504,035,456	0.5302	2,504,035,456
2011	2,452,170,753	2,452,170,753	548,200,983	548,200,983	367,414,019	2,452,170,753	0.5302	2,632,957,717
2012	2,456,366,767	2,456,366,767	595,247,414	595,247,414	205,308,589	2,846,305,592	0.5302	2,846,305,592
2013	2,676,859,874	2,676,859,874	631,435,988	631,435,988	214,525,982	3,093,769,880	0.5302	3,093,769,880

Source: Hays County Appraisal District

Notes: Property in Hays County is reassessed once every three years on average. The County assesses property at approximately 100 percent of actual value for commercial and industrial property and 100 percent for residential property. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value.

CITY OF SAN MARCOS, TEXAS  
ELECTRIC UTILITY RATE COMPARISON  
LAST TEN FISCAL YEARS

TABLE 6

FISCAL YEAR	RESIDENTIAL		SMALL GEN SERV		MEDIUM GEN SERV			LARGE GEN SERV - SECONDARY			LARGE GEN SERV - PRIMARY		
	CUSTOMER CHARGE	ENERGY CHARGE PER kwh	CUSTOMER CHARGE	ENERGY CHARGE PER kwh	CUSTOMER CHARGE	ENERGY CHARGE PER kwh	DEMAND PER kw	CUSTOMER CHARGE	ENERGY CHARGE PER kwh	DEMAND PER kw	CUSTOMER CHARGE	ENERGY CHARGE PER kwh	DEMAND PER kw
2013	\$ 8.93	\$ 0.0200	\$ 10.50	\$ 0.0200	\$ 47.25	\$ 0.0098	\$ 3.47	\$ 210.00	\$ 0.0098	\$ 3.31	\$ 735.00	\$ 0.0078	\$ 3.05
2012	8.93	0.0200	10.50	0.0200	47.25	0.0098	3.47	210.00	0.0098	3.31	735.00	0.0078	3.05
2011	8.93	0.0200	10.50	0.0200	47.25	0.0098	3.47	210.00	0.0098	3.31	735.00	0.0078	3.05
2010	8.50	0.0190	10.00	0.0190	45.00	0.0093	3.30	200.00	0.0093	3.15	700.00	0.0074	2.90
2009	8.50	0.0190	10.00	0.0190	45.00	0.0093	3.30	200.00	0.0093	3.15	700.00	0.0074	2.90
2008	8.50	0.0190	10.00	0.0190	45.00	0.0093	3.30	200.00	0.0093	3.15	700.00	0.0074	2.90
2007	8.50	0.0190	10.00	0.0190	45.00	0.0093	3.30	200.00	0.0093	3.15	700.00	0.0074	2.90
2006	8.50	0.0190	10.00	0.0190	45.00	0.0093	3.30	200.00	0.0093	3.15	700.00	0.0074	2.90
2005	8.50	0.0190	10.00	0.0190	45.00	0.0093	3.30	200.00	0.0093	3.15	700.00	0.0074	2.90
2004	6.50	0.0582	8.75	0.0556	45.00	0.0303	8.90	200.00	0.0292	8.60	700.00	0.0286	8.50

CITY OF SAN MARCOS, TEXAS  
TOTAL AVERAGE kWh PER MONTH COMPARISON  
LAST TEN FISCAL YEARS

TABLE 7

<u>YEAR</u>	<u>COMMERCIAL</u>	<u>RESIDENTIAL</u>	<u>TOTAL USAGE</u>
2004	\$ 23,718,467	\$ 14,243,456	\$ 37,961,923
2005	24,023,825	14,849,650	38,873,475
2006	25,993,916	15,420,114	41,414,030
2007	26,358,702	15,889,148	42,247,850
2008	28,517,068	15,836,725	44,353,793
2009	28,942,450	15,648,779	44,591,229
2010	29,518,678	16,420,286	45,938,964
2011	30,148,212	17,354,788	47,503,000
2012	30,094,586	16,692,706	46,787,292
2013	29,427,490	16,787,702	46,215,192

CITY OF SAN MARCOS, TEXAS  
TOTAL kWh PER YEAR COMPARISON  
LAST TEN FISCAL YEARS

TABLE 8

<u>YEAR</u>	<u>COMMERCIAL</u>	<u>RESIDENTIAL</u>	<u>TOTAL USAGE</u>	<u>TOTAL PURCHASED</u>	<u>LOSS %</u>
2004	N/A	N/A	N/A	N/A	N/A
2005	297,082,190	178,405,368	475,487,558	N/A	N/A
2006	311,926,699	185,040,610	496,967,309	524,152,775	5.19%
2007	316,304,431	190,669,778	506,974,209	522,933,027	3.05%
2008	342,204,187	190,040,702	532,244,889	565,300,166	5.85%
2009	347,308,566	187,785,353	535,093,919	568,397,378	5.86%
2010	354,224,141	197,043,431	551,267,572	583,284,525	5.49%
2011	361,778,549	208,257,452	570,036,001	603,401,092	5.53%
2012	361,131,427	200,312,476	561,443,903	602,102,557	6.75%
2013	353,129,880	201,452,419	554,582,299	588,222,155	5.72%

Note: Information prior to 2005 is not available.

CITY OF SAN MARCOS, TEXAS  
TOTAL LARGEST ELECTRIC CUSTOMERS  
SEPTEMBER 30, 2013

TABLE 9

<u>CUSTOMER</u>	<u>CONSUMPTION (kWh)</u>	<u>AMOUNT BILLED</u>	<u>% OF TOTAL kWh</u>
Texas State University, COGEN	97,543,754	\$ 7,114,886	17.59%
H E Butt Grocery	22,256,970	1,809,586	4.01%
Texas State University	13,788,766	1,158,062	2.49%
City of San Marcos	9,648,899	841,669	1.74%
SMCISD	8,725,305	751,908	1.57%
CTMC	9,269,873	721,021	1.67%
Embassy Suites San Marcos	7,033,502	591,421	1.27%
Hays County Government Center	6,839,967	561,819	1.23%
Walmart-Super Store	6,587,625	544,556	1.19%
Thermon Manufacturing	5,110,320	437,650	0.92%

Note: % of consumption based on total kWh of: 554,582,299

CITY OF SAN MARCOS, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

TABLE 10

<u>FISCAL YEAR</u>	<u>BASIC RATE</u>	<u>SCHOOL DISTRICT</u>	<u>COUNTY</u>	<u>OTHER SPECIAL ROAD</u>	<u>TOTAL DIRECT RATE</u>
2004	0.4710	1.6000	0.3920	0.0710	2.5340
2005	0.4710	1.7300	0.3844	0.0710	2.6564
2006	0.4702	1.7000	0.3790	0.0710	2.6202
2007	0.5302	1.3700	0.3714	0.0860	2.3576
2008	0.5302	1.3700	0.3749	0.0801	2.3552
2009	0.5302	1.3700	0.4181	0.0511	2.3694
2010	0.5302	1.3500	0.4248	0.0444	2.3494
2011	0.5302	1.3500	0.4248	0.0444	2.3494
2012	0.5302	1.3500	0.4252	0.0438	2.3492
2013	0.5302	1.4141	0.4252	0.0438	2.4133

Information provided by Hays County Tax Office /393-5545



CITY OF SAN MARCOS, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

TABLE 11

<u>TAXPAYER</u>	<u>2013</u>	
	<u>TAXABLE ASSESSED VALUE</u>	<u>PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE</u>
Hays Energy Ltd. Partnership	\$233,563,007	7.55%
HEB Warehouse	137,648,572	4.45%
Breckenridge Group	54,824,327	1.77%
Copper Beech Townhomes	52,025,870	1.68%
San Marcos Factory Shops	45,342,694	1.47%
Tanger Properties	42,882,408	1.39%
Prime Outlets	35,102,300	1.13%
Purgatory Creek	27,368,730	0.88%
Cabana Beach Apartments	25,743,406	0.83%
JQH - San Marcos Development	<u>24,496,680</u>	<u>0.79%</u>
TOTAL	<u>\$678,997,994</u>	<u>21.94%</u>
<u>TAXPAYER</u>	<u>2004</u>	
	<u>TAXABLE ASSESSED VALUE</u>	<u>PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE</u>
HEB Warehouse	\$ 68,167,030	3.32%
Grande Communications	29,915,430	1.46%
San Marcos Factory Shops	25,351,031	1.23%
Tanger Properties	24,951,072	1.22%
CFAN	24,750,123	1.21%
Century Telephone	19,863,410	0.97%
San Marcos Exchange LP	16,372,450	0.80%
Thermon Mfg Co.	13,300,521	0.65%
Hillside Villas Ltd	11,100,632	0.54%
Lowe's Home Centers	<u>10,850,639</u>	<u>0.53%</u>
TOTAL	<u>\$244,622,338</u>	<u>11.93%</u>

Information provided by Hays County Tax Office.

CITY OF SAN MARCOS, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

TABLE 12

FISCAL YEAR ENDED	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITH THE		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		FISCAL YEAR OF THE LEVY	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2004	\$ 8,198,030	\$ 7,904,217	96.42%	\$ 261,522	\$ 8,165,739	99.61%
2005	8,503,149	8,363,474	98.36%	125,604	8,489,078	99.83%
2006	8,796,101	8,620,179	98.00%	160,552	8,780,731	99.83%
2007	9,590,359	9,455,292	98.59%	117,077	9,572,369	99.81%
2008	11,451,045	11,291,991	98.61%	133,681	11,425,672	99.78%
2009	12,147,748	11,964,114	98.49%	161,450	12,125,564	99.82%
2010	14,099,916	13,907,121	98.63%	160,613	14,067,734	99.77%
2011	13,970,763	13,809,687	98.85%	129,148	13,938,835	99.77%
2012	14,396,631	14,265,714	99.09%	82,405	14,348,119	99.66%
2013	15,105,625	14,978,410	99.16%	-	14,978,410	99.16%

CITY OF SAN MARCOS, TEXAS  
TOP TEN WATER CUSTOMERS  
SEPTEMBER 30, 2013

TABLE 13

<u>RANK</u>	<u>NAME</u>	<u>REVENUE</u>	<u>GALLONS</u>
1	City of San Marcos, Texas	\$ 381,499	52,270,016
2	MTC Gary Job Corps	297,624	36,274,210
3	San Marcos CISD	224,511	32,006,699
4	Copper Beech Townhomes	213,005	31,879,540
5	University Heights San Marcos	195,036	29,405,745
6	San Marcos Factory Shops Saks	189,805	28,569,232
7	HRA Zone, LLC	180,581	27,138,162
8	Texas State University	163,791	21,707,063
9	The Retreat at San Marcos	152,098	23,059,706
10	Embassy Suites San Marcos	142,874	21,538,439

CITY OF SAN MARCOS, TEXAS  
WATER/WASTEWATER CUSTOMER COUNTS  
LAST SEVEN FISCAL YEARS

TABLE 14

<u>FISCAL YEAR</u>	<u>WASTEWATER</u>	<u>WATER</u>
2007	7,524	8,995
2008	7,657	9,231
2009	7,707	9,323
2010	7,949	9,620
2011	8,289	9,918
2012	8,392	10,144
2013	9,060	11,317

CITY OF SAN MARCOS, TEXAS  
WATER AND SEWER RATES  
SEPTEMBER 30, 2013

TABLE 15

**WATER RATES**

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

<u>INSIDE-CITY WATER RATES</u>		<u>OUTSIDE-CITY WATER RATES</u>	
<u>LIFELINE RATE</u>	<u>RATE</u>	<u>LIFELINE RATE</u>	<u>RATE</u>
First 6,000 Gallons - Minimum	18.50	First 6,000 Gallons - Minimum	23.13
6,001 - 9,000 Gallons	5.43	6,001 - 9,000 Gallons	6.78
9,001- 12,000 Gallons	6.20	9,001- 12,000 Gallons	7.75
12,001- 20,000 Gallons	6.98	12,001- 20,000 Gallons	8.72
20,001- 50,000 Gallons	7.75	20,001- 50,000 Gallons	9.69
Over 50,000 Gallons	9.30	Over 50,000 Gallons	11.63
<u>5/8" - 3/4" Water Meter</u>		<u>5/8" - 3/4" Water Meter</u>	
	<u>RATE</u>		<u>RATE</u>
Minimum Charge	18.50	Minimum Charge	23.13
0 - 6,000 Gallons	3.10	0 - 6,000 Gallons	3.88
6,001 - 9,000 Gallons	5.43	6,001 - 9,000 Gallons	6.78
9,001- 12,000 Gallons	6.20	9,001- 12,000 Gallons	7.75
12,001- 20,000 Gallons	6.98	12,001- 20,000 Gallons	8.72
20,001- 50,000 Gallons	7.75	20,001- 50,000 Gallons	9.69
Over 50,000 Gallons	9.30	Over 50,000 Gallons	11.63
<u>1" Water Meter</u>		<u>1" Water Meter</u>	
	<u>RATE</u>		<u>RATE</u>
Minimum Charge	46.25	Minimum Charge	57.81
0 - 4,000 Gallons	2.00	0 - 4,000 Gallons	2.50
4,001 - 10,000 Gallons	2.40	4,001 - 10,000 Gallons	3.00
10,001- 25,000 Gallons	6.00	10,001- 25,000 Gallons	7.50
Over 25,000 Gallons	6.80	Over 25,000 Gallons	8.50
<u>1 1/2" Water Meter</u>		<u>1 1/2" Water Meter</u>	
	<u>RATE</u>		<u>RATE</u>
Minimum Charge	92.50	Minimum Charge	115.63
0 - 8,000 Gallons	2.00	0 - 8,000 Gallons	2.50
8,001 - 10,000 Gallons	2.40	8,001 - 10,000 Gallons	3.00
10,001- 25,000 Gallons	6.00	10,001- 25,000 Gallons	7.50
Over 25,000 Gallons	6.80	Over 25,000 Gallons	8.50
<u>2" Water Meter</u>		<u>2" Water Meter</u>	
	<u>RATE</u>		<u>RATE</u>
Minimum Charge	148.00	Minimum Charge	185.00
0 - 13,000 Gallons	2.00	0 - 13,000 Gallons	2.50
13,001- 25,000 Gallons	6.00	13,001- 25,000 Gallons	7.50
Over 25,000 Gallons	6.80	Over 25,000 Gallons	8.50

CITY OF SAN MARCOS, TEXAS  
WATER AND SEWER RATES (CONTINUED)  
SEPTEMBER 30, 2013

TABLE 15 (CONTINUED)

**SEWER RATES**

(All sewer rates are based per 1,000 gallons of *metered water consumption*)

**COMMERCIAL SEWER**

**INSIDE-CITY SEWER RATES**

5/8" - 3/4" Water Meter	RATE
First 2,000 Gallons - Minimum	23.56
Over 2,000 Gallons	6.79

1" Water Meter	RATE
First 4,000 Gallons - Minimum	47.06
Over 4,000 Gallons	6.79

1 1/2" Water Meter	RATE
First 8,000 Gallons - Minimum	94.10
Over 8,000 Gallons	6.79

2" Water Meter	RATE
First 13,000 Gallons - Minimum	150.59
Over 13,000 Gallons	6.79

**RESIDENTIAL SEWER**

**INSIDE-CITY SEWER RATES**

Lifeline Rate*	
Maximum	23.56

5/8" - 3/4" Water Meter*	RATE
First 2,000 Gallons - Minimum	23.56
Over 2,000 Gallons	6.79
Maximum 9,000 Gallons	

1" Water Meter*	RATE
First 4,000 Gallons - Minimum	58.88
Over 4,000 Gallons	6.79
Maximum 9,000 Gallons	

1 1/2" Water Meter*	RATE
First 8,000 Gallons - Minimum	117.75
Over 8,000 Gallons	6.79
Maximum 9,000 Gallons	

2" Water Meter	RATE
First 13,000 Gallons - Minimum	188.40
Over 13,000 Gallons	6.79

**OUTSIDE-CITY SEWER RATES**

5/8" - 3/4" Water Meter	RATE
First 2,000 Gallons - Minimum	29.46
Over 2,000 Gallons	8.48

1" Water Meter	RATE
First 4,000 Gallons - Minimum	58.82
Over 4,000 Gallons	8.48

1 1/2" Water Meter	RATE
First 8,000 Gallons - Minimum	117.63
Over 8,000 Gallons	8.48

2" Water Meter	RATE
First 13,000 Gallons - Minimum	188.23
Over 13,000 Gallons	8.48

**OUTSIDE-CITY SEWER RATES**

Lifeline Rate*	
Maximum	29.46

5/8" - 3/4" Water Meter*	RATE
First 2,000 Gallons - Minimum	29.46
Over 2,000 Gallons	8.48
Maximum 9,000 Gallons	

1" Water Meter*	RATE
First 4,000 Gallons - Minimum	73.59
Over 4,000 Gallons	8.48
Maximum 9,000 Gallons	

1 1/2" Water Meter*	RATE
First 8,000 Gallons - Minimum	147.19
Over 8,000 Gallons	8.48
Maximum 9,000 Gallons	

2" Water Meter	RATE
First 13,000 Gallons - Minimum	235.50
Over 13,000 Gallons	8.48

(CONTINUED)

CITY OF SAN MARCOS, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

TABLE 16

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES				TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	REVENUE AND LIMITED TAX BONDS	CAPITAL LEASES	WATER REVENUE BONDS	ELECTRIC REVENUE BONDS	DRAINAGE CERTIFICATE OF OBLIGATION	CAPITAL LEASES			
2004	\$16,825,000	\$20,555,000	\$ -	\$1,569,622	\$67,150,000	\$71,435,000	\$ -	\$92,907	\$177,627,529	5.93%	\$3,968
2005	14,835,000	22,385,000	-	464,427	78,595,000	10,500,000	6,670,000	92,907	133,542,334	4.53%	3,035
2006	1,230,000	28,115,000	-	140,044	78,595,000	10,500,000	6,500,000	38,490	136,188,534	4.36%	2,893
2007	12,925,000	58,485,000	-	393,426	86,125,000	10,430,000	8,025,000	75,804	176,459,230	5.32%	3,672
2008	15,200,000	114,210,000	-	14,059	96,420,000	9,605,000	12,315,000	-	247,764,059	5.93%	3,890
2009	19,815,000	58,145,000	-	-	102,010,000	8,740,000	16,900,000	-	205,610,000	5.70%	3,814
2010	17,480,000	64,325,000	-	-	106,265,000	9,480,000	19,080,000	-	216,630,000	0.00%	4,018
2011	15,975,000	60,865,000	-	-	102,590,000	16,490,000	18,440,000	-	214,460,000	5.10%	3,800
2012	27,180,000	44,800,000	-	-	96,810,000	15,395,000	17,545,000	-	201,730,000	5.75%	4,315
2013	32,980,000	58,380,000	34,420,000	321,407	96,265,000	35,845,000	17,675,000	-	275,886,407	3.43%	5,518

CITY OF SAN MARCOS, TEXAS  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

TABLE 17

<u>FISCAL YEAR</u>	<u>GROSS BONDED DEBT</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>	<u>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</u>	<u>PER CAPITA</u>
2004	\$ 37,380,000	\$ 1,109,256	\$36,270,744	1.77%	\$ 810
2005	40,030,000	1,531,736	38,498,264	2.13%	875
2006	40,415,000	1,557,638	38,857,362	2.06%	776
2007	48,930,000	5,764,165	43,165,835	2.00%	862
2008	77,010,000	6,003,239	71,006,761	3.12%	1,411
2009	77,960,000	7,199,004	70,760,996	3.11%	1,313
2010	81,805,000	6,428,387	75,376,613	2.87%	1,333
2011	76,840,000	7,913,022	68,926,978	2.55%	1,476
2012	71,980,000	10,973,198	61,006,802	2.49%	1,305
2013	70,580,000	10,404,537	60,175,463	2.45%	1,203

NOTE: Gross bonded debt includes only the debt to be repaid with property taxes.



CITY OF SAN MARCOS, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2013

TABLE 18

<u>GOVERNMENT UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT</u>
Debt Repaid with Property Taxes			
City of San Marcos - City Direct Debt	\$ 70,580,000	100.000%	<u>\$ 70,580,000</u>
Hays County	276,352,482	100.000%	<u>276,352,482</u>
Subtotal Overlapping Debt			<u>276,352,482</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$346,932,482</u>

Sources: Information for Hays County provided by Hays County Auditor's office

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

Direct debt includes only the debt to be repaid with property taxes.

CITY OF SAN MARCOS, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$205,304,323	\$180,695,794	\$203,963,402	\$215,975,954
Total Net Debt Applicable to Limit	<u>36,270,744</u>	<u>38,498,264</u>	<u>35,688,262</u>	<u>43,165,835</u>
LEGAL DEBT MARGIN	<u>\$169,033,579</u>	<u>\$142,197,530</u>	<u>\$168,275,140</u>	<u>\$172,810,119</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.98%	1.77%	2.13%	1.75%

TABLE 19

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2013

Assessed Value	\$3,093,769,880
Debt Limit (10% of Assessed Value)	309,376,988
Debt Applicable to Limit	
General Obligation Bonds (Debt to be Repaid with Property Taxes)	70,580,000
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>10,404,537</u>
Total Net Debt Applicable to Limit	<u>60,175,463</u>
 LEGAL DEBT MARGIN	 <u>\$ 249,201,525</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$227,693,485	\$227,693,485	\$259,260,471	\$269,982,028	\$284,630,559	\$ 309,376,988
<u>71,006,761</u>	<u>70,760,996</u>	<u>73,240,069</u>	<u>76,840,000</u>	<u>71,980,000</u>	<u>70,580,000</u>
<u>\$156,686,724</u>	<u>\$156,932,489</u>	<u>\$186,020,402</u>	<u>\$193,142,028</u>	<u>\$212,650,559</u>	<u>\$ 238,796,988</u>
2.00%	3.12%	3.11%	2.82%	2.53%	2.28%

CITY OF SAN MARCOS, TEXAS  
PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS

TABLE 20

WATER REVENUE BONDS						
FISCAL YEAR	GROSS REVENUE	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2004	\$19,502,026	\$11,076,196	\$8,425,830	\$2,808,810	\$1,364,756	\$ 2.02
2005	21,415,438	11,677,318	9,738,120	3,507,750	1,578,546	1.91
2006	26,318,349	12,782,882	13,535,467	3,140,000	3,045,435	2.19
2007	24,138,588	17,796,700	6,341,888	3,195,000	3,633,942	0.93
2008	28,352,029	19,568,829	8,783,200	3,620,000	3,383,614	1.25
2009	26,279,549	19,637,393	6,642,156	4,065,000	4,531,610	0.77
2010	25,241,695	14,630,182	10,611,513	4,585,000	4,626,338	1.15
2011	26,986,572	14,874,577	12,111,995	4,895,000	5,034,288	1.22
2012	28,139,268	15,342,453	12,796,815	5,655,000	4,336,835	1.28
2013	29,743,387	15,927,532	13,815,855	5,825,000	3,930,199	1.42

ELECTRIC						
FISCAL YEAR	GROSS REVENUE	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2004	\$33,070,143	\$31,418,256	\$1,651,887	\$ 910,714	\$ 292,778	\$ 1.37
2005	39,412,677	35,068,455	4,344,222	924,231	279,315	3.61
2006	45,564,818	43,679,087	1,885,731	770,000	437,183	1.56
2007	45,038,579	40,134,868	4,903,711	790,000	414,457	4.07
2008	49,787,885	48,713,986	1,073,899	825,000	451,891	0.84
2009	49,461,030	45,689,134	3,771,896	865,000	394,994	2.99
2010	48,768,174	44,500,751	4,267,423	900,000	364,006	3.38
2011	48,453,727	42,144,555	6,309,172	980,000	438,706	4.45
2012	51,783,661	44,236,219	7,547,442	1,035,000	560,859	4.73
2013	48,848,992	43,237,059	5,611,933	1,180,000	596,376	3.16

DRAINAGE						
FISCAL YEAR	GROSS REVENUE	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2005	\$ 878,012	\$ 313,785	\$ 564,227	\$ 70,000	\$ 267,658	\$ 1.67
2006	1,068,207	338,748	729,459	170,000	274,973	1.64
2007	1,424,761	577,461	847,300	175,000	266,998	1.92
2008	1,373,094	811,057	562,037	315,000	349,000	0.85
2009	1,390,465	866,427	524,038	350,000	957,806	0.40
2010	1,478,191	871,308	606,883	595,000	786,466	0.44
2011	2,108,913	771,837	1,337,076	730,000	892,251	0.82
2012	2,553,844	1,113,528	1,440,316	775,000	822,308	0.90
2013	2,673,393	1,059,148	1,614,245	800,000	785,000	1.02

CITY OF SAN MARCOS, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

TABLE 21

<u>CALENDAR YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>UNEMPLOYMENT RATE</u>
2004	44,769	\$ 708,173,860	\$ 24,259	4.7%
2005	43,994	697,326,193	32,604	4.0%
2006	47,069	747,576,687	42,095	4.2%
2007	50,049	779,770,400	41,960	3.4%
2008	50,317	802,392,217	44,317	3.4%
2009	50,913	861,466,554	45,646	4.7%
2010	53,913	718,793,973	45,259	5.4%
2011	47,505	762,122,715	16,043	6.0%
2012	46,750	750,337,500	16,050	4.7%
2013	50,001	803,016,060	16,060	4.7%

The City of San Marcos estimates a higher population than was documented by the 2010 Census. For reporting purposes, we are using 2010 Census numbers.

CITY OF SAN MARCOS, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO

TABLE 22

<u>EMPLOYER</u>	<u>2013</u>	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Texas State University	3,036	4.04%
Prime Outlets San Marcos	2,100	2.79%
Tanger Factory Outlet Center	1,540	2.05%
San Marcos CISD	1,200	1.60%
Hays County	813	1.08%
Hunter Industries	650	0.86%
Central Texas Medical Center	800	1.06%
H.E.B. Distribution Center	650	0.86%
Gary Job Corps	560	0.74%
City of San Marcos	<u>550</u>	<u>0.73%</u>
TOTAL	<u>11,899</u>	<u>15.82%</u>
TOTAL CITY/COUNTY EMPLOYEES	<u>75,200</u>	
<u>EMPLOYER</u>	<u>2004</u>	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Hunter Industry	550	*
Marshall Gas Controls	400	*
Thermon Manufacturing	300	*
Trico Industries	290	*
CFAN	290	*
H.E.B. Distribution Center	270	*
Butler Manufacturing	250	*
Chatleff Controls	240	*
Palm Harbor	220	*
Rohr-San Marcos	<u>210</u>	*
TOTAL	<u>3,020</u>	

Source: Chamber of Commerce website ([sanmarcostexas.com/Area Demographics/Business Resources](http://sanmarcostexas.com/Area%20Demographics/Business%20Resources))

\* Information not available

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

TABLE 23

FUNCTION/PROGRAM	FULLTIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration	19.00	19.00	19.00	19.00	19.00	19.00	19.50	20.38	18.00	20.00
Human Resources	9.00	9.00	9.00	9.00	10.00	9.00	9.00	10.00	11.00	10.00
Finance	28.60	31.64	31.64	32.64	32.64	15.54	15.54	15.54	17.54	18.00
Municipal Court	-	-	-	-	-	9.60	9.98	10.48	10.48	12.00
Technology Services	-	-	-	-	-	10.00	10.00	10.00	11.00	13.00
Development Services	9.50	9.50	9.50	10.00	10.00	10.50	10.50	9.50	23.50	22.00
Permit Center	6.00	6.00	6.00	9.50	9.50	5.50	5.50	10.50	-	-
Neighborhood Services	4.00	4.00	4.00	6.00	6.00	13.00	13.00	6.48	6.48	9.00
Police										
Administration	35.19	38.19	37.90	40.90	40.90	40.52	43.52	43.52	43.52	50.00
Operations	75.00	75.00	75.00	81.00	86.00	88.00	85.00	85.00	87.00	91.00
Fire										
Firefighters and Officers	45.00	48.00	48.00	52.00	55.00	60.50	64.00	65.00	66.00	70.00
Main Street	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	2.00
Public Services	32.00	32.00	32.50	32.50	32.50	35.00	35.00	35.00	30.00	28.00
Capital Improvements	12.48	12.48	11.98	12.98	12.98	9.48	9.48	12.48	18.00	10.00
Parks and Recreation	46.98	45.98	46.98	48.08	49.62	53.14	51.64	52.57	55.73	119.00
Health/Animal Services	11.90	11.90	14.65	17.16	17.67	18.67	18.67	18.67	19.45	22.66
Library	17.19	17.93	17.93	18.77	18.77	18.80	18.80	18.80	19.80	26.00
Water/Wastewater	58.50	41.50	46.00	50.50	54.00	51.50	51.50	51.50	48.50	49.00
Electric	50.00	50.00	50.00	51.00	50.50	49.00	49.00	49.00	52.00	56.00
Airport	1.00	1.00	2.00	2.00	2.00	1.00	1.00	-	-	-
Drainage	-	-	-	-	-	2.00	2.00	2.00	2.00	3.00
Solid Waste	-	-	-	-	-	-	-	-	1.33	2.34
Transit	-	-	-	-	-	-	-	-	0.83	1.33
WIC	<u>20.00</u>	<u>20.00</u>	<u>22.00</u>	<u>23.00</u>	<u>23.00</u>	<u>24.00</u>	<u>26.00</u>	<u>28.00</u>	<u>26.00</u>	<u>23.00</u>
TOTAL	<u>482.82</u>	<u>474.60</u>	<u>485.56</u>	<u>517.51</u>	<u>531.56</u>	<u>545.23</u>	<u>550.11</u>	<u>555.90</u>	<u>569.64</u>	<u>657.33</u>

Source: City Budget Office

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

TABLE 24

FUNCTION/PROGRAM	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building Permits Issued	2,100	2,220	3,426	2,326	2,205	2,200	2,200	2,400	2,600	2,600
Police										
Physical Arrests	2,700	1,450	1,480	1,500	2,126	2,698	2,602	2,647	2,943	2,281
Parking Violations	6,000	5,022	2,500	3,100	5,260	4,484	6,185	5,799	4,883	3,504
Traffic Violations	6,000	9,587	9,500	9,950	9,683	12,486	10,135	10,325	7,849	6,615
Fire										
Emergency Responses	1,596	2,158	2,468	3,700	3,550	3,125	3,000	3,308	2,648	4,424
Fires Extinguished	158	142	175	190	201	145	122	210	210	155
Prevention/Safety Education	11,321	10,396	10,820	12,000	10,000	15,000	15,000	10,000	10,000	10,250
Other Public Works										
Street Resurfacing (Miles)	14	8	8	8	8	8	8	6	13	18
Potholes Repaired	475	486	530	230	220	175	200	223	250	220
Parks and Recreation										
Facility Rental Bookings	1,337	2,956	2,900	1,452	1,400	5,500	5,500	5,500	5,500	5,500
Community Center Admissions	62,214	1,980	2,300	2,900	2,600	2,450	2,500	150,000	150,000	150,000
Library										
Volumes in Collection	128,908	132,435	136,000	142,000	143,000	148,900	149,500	154,500	156,000	157,000
Total Volumes Borrowed	359,000	390,567	398,000	384,200	404,300	449,000	471,800	481,000	486,000	469,000
Water										
New Connections	216	110	150	110	100	100	224	200	300	300
Water Main Breaks	208	7	10	10	10	300	100	200	350	350
Average Daily Consumption (thousands of gallons)	5,571	6,236	6,141	5,810	6,447	6,667	7,091	7,221	6,954	6,792
Peak Daily Consumption (thousands of gallons)	6,933	9,387	10,061	8,916	10,153	10,652	11,383	10,268	10,994	9,298
Wastewater										
Average Daily Sewage Treatment (samples collected/tested)	579	4,960	5,070	5,600	5,600	5,700	5,700	5,700	5,700	5,700

Source: Various City Departments



CITY OF SAN MARCOS, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

TABLE 25

FUNCTION/PROGRAM	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	1	1	1	1	1	1	1	1	1	1
Patrol Units	55	63	63	66	84	118	117	118	118	118
Fire										
Stations	4	4	4	4	4	4	5	5	5	5
Other Public Works										
Streets (Miles)	250	263	277	282	292	309	309	302	302	311
Streetlights	1,535	1,540	1,546	3,500	3,591	3,517	3,518	3,559	3,575	3,575
Traffic Signals	5	5	5	5	49	52	54	48	48	48
Parks and Recreation										
Acreage	120	120	120	120	1,154	1,178	1,699	1,699	1,806	1,826
Playgrounds	15	30	36	36	39	39	50	59	59	60
Baseball/Softball Diamonds	9	9	9	9	9	9	9	9	13	13
Soccer/Football Fields	3	3	3	3	9	9	10	10	10	10
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Fire Hydrants	1,066	1,133	1,324	1,565	1,484	1,727	1,775	1,551	1,611	1,691
Wastewater										
Sanitary Sewers (Miles)	N/A	N/A	N/A	N/A	196	198	205	206	209	215
Storm Sewers (Miles)	N/A	N/A	N/A	N/A	41	43	52	55	55	61
Treatment Capacity (thousands of gallons)	9 MGD*	9 MGD*	9 MGD*	9 MGD*	9 MGD*	9 MGD*	9 MGD*	9 MGD*	9 MGD*	9 MGD*

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