

City of Bastrop, Texas
Comprehensive Annual Financial Report
For the Year Ended September 30, 2011

**Prepared by the
Finance Department**

Karla Stovall, CPM, Chief Financial Officer
Tracy Board, Deputy Chief Financial Officer

<u>City Council</u>	<u>Expiration of Term</u>
Terry Orr, Mayor	May 2012
Joe Beal, Mayor Pro Tempore	May 2012
Julie Hart, Councilmember	May 2012
Ken Kesselus, Councilmember	May 2013
Kay Garcia McAnally, Councilmember	May 2014
W.L. "Bill" Peterson, Councilmember	May 2013

City Manager
Mike Talbot

CITY OF BASTROP, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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INTRODUCTORY SECTION



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February 20, 2012

Honorable Mayor and City Council,
And the Citizens of the City of Bastrop, Texas

The Department of Finance for the City of Bastrop respectfully submits the Comprehensive Annual Financial Report for the fiscal year ended September 30, 2011. Provided herein is a complete set of financial statements in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The purpose of this report is to provide council, management, staff, the public and other interested parties with detailed information regarding the City's financial condition.

This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and completeness and fairness of the presentation in this report, including all disclosures rests with the City. 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. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

To provide a reasonable basis for making the representations management of the City has established a comprehensive internal control framework that is designed both to protect the City assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The City financial records have been audited by Singleton, Clark & Company, PC Certified Public Accountants as required by the City Charter and Financial Management Policies adopted by City Council. This Comprehensive Annual Financial Report has been prepared based upon those audited records. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2011 are free of material misstatement. This independent audit involved examining, on a test-basis, evidence

supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City financial statements for the fiscal year ended September 30, 2011 are fairly presented in conformity with GAAP. The independent auditors report is presented within the financial section of this report. GAAP requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis.

PROFILE OF BASTROP

The City of Bastrop is nestled on the Colorado River and located at the juncture of TX Highways 71, 21 and 95, just 30 minutes from Austin, 90 minutes from San Antonio and less than 2 hours from Houston. Although it has only 7,500 residents, the City serves as the county seat of Bastrop County. The City has developed into a commercial center which daily serves up to an estimated 164,000 business persons, shoppers, and visitors.

Bastrop, Texas is known as the most historic small town in Texas. A frontier settlement founded by Stephen F. Austin in 1832, and incorporated in 1837. The City is the second-oldest incorporated town in Texas and was considered an alternate capital of the republic. The City is situated along El Camino Real National Historic Trail and boasts more than 130 renovated, historic homes and sites, designated on the *National Register of Historic Places* by the Texas Historical Commission.

The City operates under a council-manager form of government. The City Council is comprised of a Mayor and five council members. All members are elected at-large on a staggered and non-partisan basis. They are responsible to enact local legislation, provide policy and annually adopt the operating budget. They appoint the City Manager, City Attorney, Judge of the Municipal Court and members of various boards and commissions. The City Manager under the oversight of the City Council is responsible for the proper administration of the operations of the City.

The City provides a full range of municipal services including general government, public safety, public works, parks and recreation, planning and development, code enforcement, animal services, and water, sewer and electric utilities. Sanitation services are provided by the City but are privately contracted.

The Bastrop Economic Development Corporation (BEDC) is included in the financial statements as a discrete component unit. Its purpose is to aid, promote and further economic development within the City. The BEDC is primarily funded with sales tax revenues and is discussed more fully in the notes to the financial statements.

The annual budget of the City serves as the foundation for its financial plan and control. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter ordinances and state law. The budget process begins each year with a budget message from the City Manager highlighting the objectives to be used in developing departmental budgets. The departmental budgets are then reviewed by the City Manager and a proposed budget is prepared for presentation to the City Council. The City Council reviews the budget in subsequent work sessions and a formal budget is prepared and made available to the public for review. Prior to official adoption of the budget by council, a public hearing on the proposed budget is held to allow for public input.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City continues its retail growth despite the economic recession affecting other areas of the state. Our sound financial position is apparent even with the growth pressures because of our conservative budgeting practices, as evidenced by healthy fund balance numbers. Sales taxes are the City’s largest source of general fund revenues. In fiscal year 2011 Sales Taxes represented 38.19% of the total general fund budgeted revenues. The next largest resource was the City’s Ad Valorem property taxes of 27.79%.

A recent wildfire in September 2011 located within the County of Bastrop and in proximity to the City has placed a minimal impact upon our ad valorem tax base as most of the damage was outside of the city. The wildfire burned 1,645 homes in the county of which 67 were in the city limits. As is common following natural disasters of this scale, it is estimated sales tax receipts will increase over prior year receipts as the community rebuilds.

The City of Bastrop is identified as the county seat for Bastrop County. With this designation comes commercial growth not typically seen for a population of approximately 7,500 residents. The City’s growth continues despite the national economy and wildfire.

The chart below identifies the City’s assessed valuation of property taxes and collected sales tax from fiscal year 2007 through 2011. Existing assessed valuations remained mainly constant or showed a slight increase. The majority of the increase in assessed valuation stemmed from new property added to the tax roll.

Fiscal Year	Ad Valorem Taxes Assessed Valuation	%	Sales Tax Receipts	%
		Change		Change
2007	\$ 447,111,516	12.64%	\$ 2,170,754	7.26%
2008	\$ 483,362,902	8.11%	\$ 2,371,361	9.24%
2009	\$ 548,419,690	13.46%	\$ 2,508,969	5.80%
2010	\$ 567,446,564	3.47%	\$ 2,606,584	3.89%
2011	\$ 607,077,994	7.00%	\$ 2,722,333	4.26%

Long-term Financial Planning

General fund fiscal 2011 budgeted expenditures equal a 25 percent reserved fund balance or 90 days and falls within the financial management policy guidelines set by the City Council in the Financial Management Policies. The City Council plans to continue using this fund balance target to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

The overriding goal of the Financial Management Policies is to enable the City to achieve a long-term stable and positive financial condition while conducting its operations consistent with the Council-Manager form of government established in the City Charter. The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management.

Recognizing that debt is usually a more expensive financing method, alternative financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives that equal or exceed the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for design and construction of capital projects, and small component parts which are attached to major equipment purchases. Debt payments are structured to provide that capital assets funded by debt have a longer life than the debt associated with those assets. Regarding general obligation debt, the City has followed a policy of structuring new debt issue payment schedules to maintain declining debt payment structures to keep tax increases at a minimum.

Relevant Financial Policies

In addition to the general fund balance financial policy mentioned above, the City also strives to maintain a positive unrestricted net assets position in the City's water/wastewater and electric funds to provide sufficient reserves for emergencies and revenue shortfalls. In addition, the minimum working capital shall be 35 percent of annual revenues. The working capital percentages identified within the fiscal 2011 budgeted expenditures, for the water/wastewater and electric funds were 85% and 44.7%, respectively.

Major Initiatives

On June 14, 2011, the City issued General Obligation Refunding Bonds, Series 2011. Proceeds from sale of the bonds were used to refund certain outstanding obligations of the City as identified as (1) General Obligation Bonds, Series 1997, (2) General Obligation Bonds, Series 1999, (3) General Obligation Bonds, Series 2001, (4) General Obligation Bonds, Series 2002; and (5) the payment of costs in issuing bonds.

Awards and Acknowledgements

We believe our report conforms to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate. The preparation of this report could not be accomplished without the dedicated services of the entire staff of the

Finance Department. Acknowledgement is also given to representatives of Singleton, Clark & Company, PC Certified Public Accountants for their dedicated assistance in producing this report.

Special acknowledgement is given to the City Manager, Mayor and the members of the City Council for their leadership and support of sound fiscal management.

Respectfully submitted,

Karla Stovall

Karla Stovall, CPM
Chief Financial Officer



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City of Bastrop, Texas

Principal Officials

September 30, 2011

City Council

Terry Orr, Mayor

Joe Beal, Mayor Pro Tempore

Julie Hart

Ken Kesselus

Kay Garcia McAnally

W.L. "Bill" Peterson

City Manager

Mike Talbot

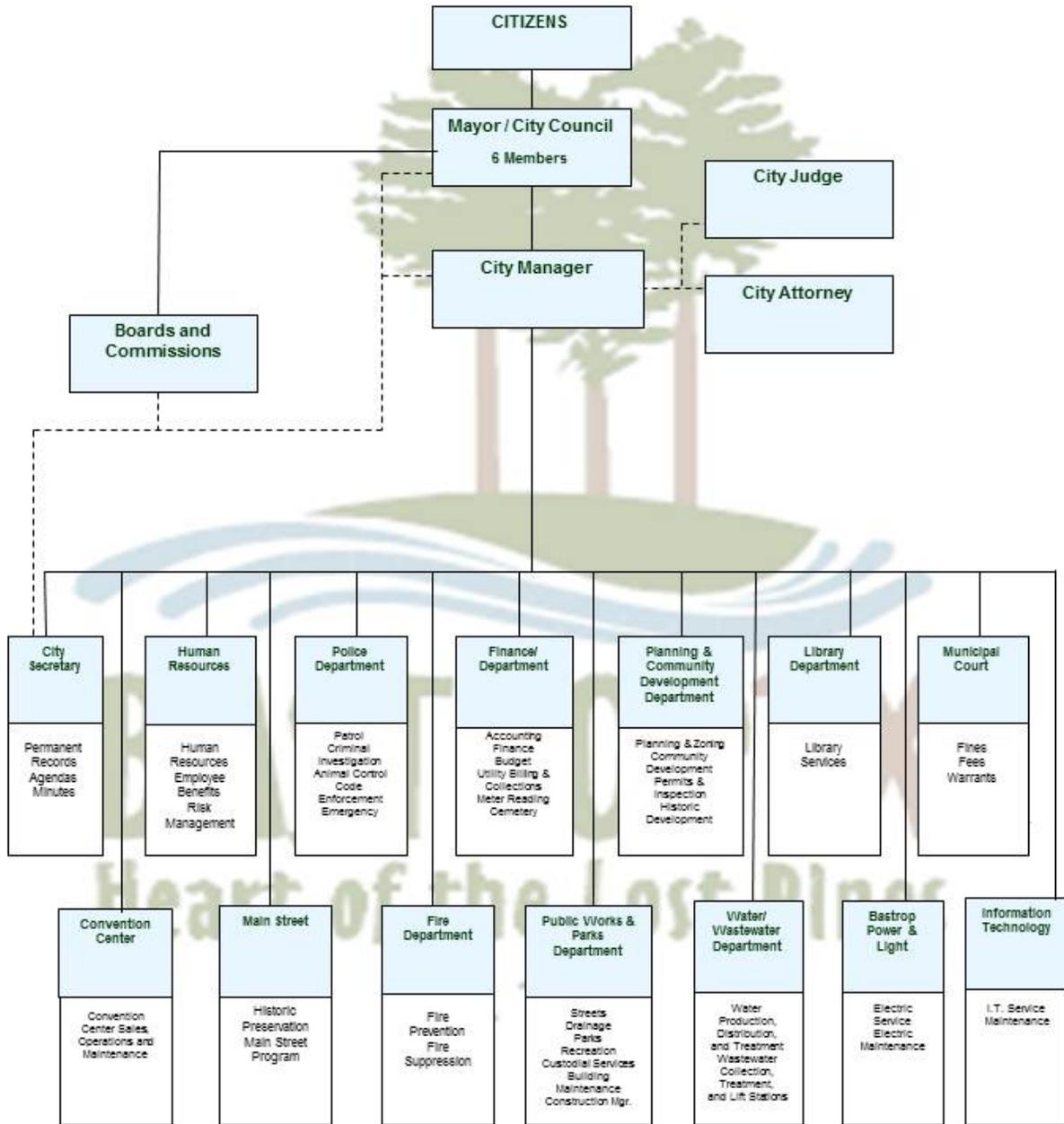
Director of Finance

Karla Stovall, CPM



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City of Bastrop Organizational Chart





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FINANCIAL SECTION



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SINGLETON, CLARK
& COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

930 S. Bell Blvd., Suite 105 Cedar Park, Texas 78613
Phone (512) 310-5600 Fax (512) 310-5689

Independent Auditors' Report

Honorable Mayor and City Council
City of Bastrop, Texas
1311 Chestnut Street
Bastrop, Texas 78602

We have audited the accompanying financial statements of the governmental activities, the proprietary activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City of Bastrop, Texas, (the City) as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administrators. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 proprietary activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City of Bastrop, Texas, as of September 30, 2011, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis section on pages 3-11 of this report is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in black ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

January 27, 2012



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CITY OF BASTROP, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2011

As management of the City of Bastrop, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011. 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 in the first part of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended September 30, 2011, by \$31,262,992 (net assets). Of this amount, \$3,205,577 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1,100,739. The increase is attributable to increases in revenues, particularly in operating grants and contributions, service transfers, ad valorem taxes, and sales taxes, accompanied by only a small reduction in expenditures.
- The City's governmental funds reported combined ending fund balances of \$9,020,032, a reduction of \$3,886,609 in comparison to the previous year.
- Audited results indicate balanced operations and a modest drawdown of reserves for nonrecurring capital expenditures, but continued compliance with the new reserve policy.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report 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 of Bastrop's finances. This is done in a manner similar to a private-sector business.

CITY OF BASTROP, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2011

Two statements, the Condensed Statement of Net Assets and the Changes in Net Assets, are utilized to provide this financial overview. The Condensed Statement of Net Assets presents information on all of the City's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Changes in Net Assets table presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 unused vacation leave). Both of the government-wide statements distinguish between governmental activities and business-type activities.

Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most City services are reported in governmental activities while business-type activities are reported in the Enterprise Fund.

The government-wide statements include not only the City but also a discrete component unit, the Bastrop Economic Development Corporation (BEDC). Although legally separate, BEDC is financially accountable to the City.

Fund financial statements: The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

CITY OF BASTROP, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2011

The City maintains eighteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Hotel/Motel Tax Fund, the General Obligation Debt Service Fund, and the Certificates of Obligation 2010 Fund. Data from the other non-major funds are combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds: Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water/wastewater utility, electric utility, and non-major enterprise fund operations. Proprietary funds financial statements provide the same type of information as the governmental funds financial statements, only in more detail.

Notes to the financial statements: The notes provide additional information that is essential to gain a full understanding of the data provided in the financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of fiscal year 2011, the City's net assets (assets exceeding liabilities) totaled \$31,262,992. This analysis focuses on the Condensed Statement of Net Assets (Table 1) and Changes in Net Assets (Table 2).

Net Assets: The largest portion of the City's net assets, \$22,010,742 or 70.4%, reflects its investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, 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.

An additional portion of the City's net assets, \$6,046,673, or 19.3% represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets of \$3,205,577 or 10.3% may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF BASTROP, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2011

As of September 30, 2011, the City as a whole has positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Table 1

CITY OF BASTROP						
Condensed Statement of Net Assets						
(in thousands)						
	Governmental Activities		Business- type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and other assets	\$ 11,251	\$ 14,356	\$ 6,495	\$ 7,089	\$ 17,746	\$ 21,445
Capital assets	28,903	21,359	18,571	22,117	47,474	43,476
Total assets	<u>\$ 40,154</u>	<u>\$ 35,715</u>	<u>\$ 25,066</u>	<u>\$ 29,206</u>	<u>\$ 65,220</u>	<u>\$ 64,921</u>
LIABILITIES						
Current liabilities	\$ 1,025	\$ 1,694	\$ 489	\$ 384	\$ 1,514	\$ 2,078
Noncurrent liabilities	29,596	29,838	2,847	2,843	32,443	32,681
Total liabilities	<u>30,621</u>	<u>31,532</u>	<u>3,336</u>	<u>3,227</u>	<u>33,957</u>	<u>34,759</u>
NET ASSETS						
Invested in capital assets, net of related debt	5,875	(4,961)	16,135	19,321	22,010	14,360
Restricted	6,047	9,381	-	-	6,047	9,381
Unrestricted	(2,389)	(237)	5,595	6,658	3,206	6,421
Total Net Assets	<u>\$ 9,533</u>	<u>\$ 4,183</u>	<u>\$ 21,730</u>	<u>\$ 25,979</u>	<u>\$ 31,263</u>	<u>\$ 30,162</u>

Changes in Net Assets: The net assets of the City increased by \$1,100,739 for the fiscal year ended September 30, 2011.

Governmental Activities: Governmental activities net assets increased by \$458,783 from current operations. Net assets invested in capital assets, net of related debt increased significantly primarily due to expenditure of debt proceeds for acquisition and construction of capital assets and the reclassification of the City's convention center from proprietary activities to governmental activities. Restricted net assets decreased \$3,334,092 primarily due to a reduction in funds restricted for debt service and expenditure of prior year restricted funds on related capital projects.

CITY OF BASTROP, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2011

Business-type Activities: Net assets from business-type activities increased by \$641,956 from regular operations over the prior year. The reclassification of the net assets of the Bastrop Convention Center in the amount of \$4,890,587 from business-type activities to governmental activities however resulted in an overall decrease in business-type activity net assets for the year of \$4,248,631.

Table 2

	CITY OF BASTROP Changes in Net Assets (in thousands)					
	Governmental Activities		Business- type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUE						
Program revenues:						
Charges for services	\$ 1,659	\$ 1,512	\$ 10,508	\$ 10,038	\$ 12,167	\$ 11,550
Operating grants, contributions	393	250	-	-	393	250
Capital grants, contributions	174	-	-	-	174	-
General revenues:						
Property taxes	3,558	3,363	-	-	3,558	3,363
Sales taxes	5,235	4,779	-	-	5,235	4,779
Franchise taxes	405	375	-	-	405	375
Other taxes, penalties, interest	59	73	-	-	59	73
Grants and contributions not rest.	99	123	-	-	99	123
Investment earnings	32	77	15	22	47	99
Miscellaneous revenue	339	554	-	-	339	554
Total revenue	11,953	11,106	10,523	10,060	22,476	21,166
EXPENSES						
General government	2,959	2,533	-	-	2,959	2,533
Public safety	2,725	2,541	-	-	2,725	2,541
Development services	4,639	4,988	-	-	4,639	4,988
Community services	696	647	-	-	696	647
Water/wastewater	-	-	3,062	2,791	3,062	2,791
Bastrop Power & Light	-	-	5,871	5,728	5,871	5,728
Other non-major proprietary	-	-	19	67	19	67
Interest on debt	1,378	969	-	-	1,378	969
Issuance costs	26	19	-	-	26	19
Total expenses	12,423	11,697	8,952	8,586	21,375	20,283
Change in net assets before transfers	(470)	(591)	1,571	1,474	1,101	883
Transfers	929	(2,401)	(929)	2,401	-	-
Increase in net assets	459	(2,992)	642	3,875	1,101	883
Net assets, beginning	4,183	7,175	25,979	22,104	30,162	29,279
Restatement of net assets	4,891	-	(4,891)	-	-	-
Net assets, ending	\$ 9,533	\$ 4,183	\$ 21,730	\$ 25,979	\$ 31,263	\$ 30,162

CITY OF BASTROP, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2011

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds: As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$9,020,032. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, fund balance was \$2,059,480. The fund balance included unassigned funds of \$1,742,859, or 84.63%, and funds committed for specific purposes of \$298,064 or 14.47% of the total fund balance.

The General Obligation Debt Service Fund had a decrease of \$201,497 in fund balance. These funds are specifically reserved for the payment of debt service. The Hotel/ Motel Tax Fund increased \$140,353 due to sales tax collections exceeding expectations. The Certificates of Obligation 2010 Capital Projects Fund continued planned expenditures on capital projects during the year, drawing down fund balance by \$3,249,084 to \$1,741,683. Other governmental funds' combined fund balances decreased by \$120,418.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets of the Water/ Wastewater Fund at the end of the year amounted to \$1,380,492. Unrestricted net assets of the electric utility, Bastrop Power and Light Fund at the end of the year amounted to \$3,648,423. Non-major Enterprise Funds included \$566,024 of unrestricted net assets.

General Fund Budgetary Highlights: General Fund budgeted revenue in FY2011 of \$7,738,832 represented a 5.40% increase over the previous year. The budget was amended through the year to increase the adopted budget \$450,359 to \$8,189,191. Taxes and penalties comprise the majority of the budgeted General Fund revenues, \$5,110,716 or 62.41%. Intergovernmental Revenue represents \$1,619,360 or 19.78% and Transfers in from Other Funds represent \$728,152 or 8.9% of the total budgeted revenues for FY2011. All three of these categories identify 91.09% of total budgeted revenues.

In FY2011 the adopted General Fund expenditure budget of \$8,199,187 identified an increase of 11.82% over the 2010 budget. Each year the City performs a mid-year review of the budget. If the City Manager determines that funds are available certain amendments are proposed to the City Council for their review and approval. Expenditures were amended throughout the year with the majority occurring during mid-year reviews. These amendments increased General Fund appropriations by \$579,746 to \$8,778,933. The increase was attributable to the many grants the City receives during the year.

CITY OF BASTROP, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2011

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$47,473,291 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current year was 9.19%.

Major capital asset events during the current fiscal year included the following:

- Continued construction, acquiring and equipping City Hall, including constructing, improving and extending utilities and parking facilities totaling \$3.2 million.
- Continued construction, acquiring and equipping the City of Bastrop convention center and exhibit hall including constructing, improving and extending utilities and parking facilities totaling \$6.3 million.
- Continued construction improvements to Chestnut Street, including sidewalk improvements, utility relocation, bench installations, and medallion installations totaling \$1.5 million.
- Improvements and upgrading to the City's electrical system identified as the east feeder, totaling \$1.2 million.

Table 3

CITY OF BASTROP
Summary of Capital Assets
(in thousands)

	Governmental Activities		Business- type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,611	\$ 2,797	\$ 832	\$ 1,613	\$ 4,443	\$ 4,410
Buildings and improvements	3,760	3,816	97	189	3,857	4,005
Machinery and equipment	502	579	398	428	900	1,007
Improvements other than buildings	11,723	11,874	12,964	12,915	24,687	24,789
Construction in progress	9,307	2,293	4,280	6,972	13,587	9,265
Capital assets, net of	<u>\$ 28,903</u>	<u>\$ 21,359</u>	<u>\$ 18,571</u>	<u>\$ 22,117</u>	<u>\$ 47,474</u>	<u>\$ 43,476</u>

CITY OF BASTROP, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2011

DEBT ADMINISTRATION

The City issued during the fiscal year \$4,260,000 in General Obligation Refunding Bonds, Series 2011 for defeasance of portions of the General Obligation Bonds, Series 1997, 1999, 2001, and 2002 totaling \$4,230,000.

Reviews during the fiscal year by Fitch Ratings yielded an AA- rating on the General Obligation Refunding Bonds, Series 2011.

Table 4

	CITY OF BASTROP Summary of Long-Term Debt (in thousands)					
	Governmental Activities		Business- type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 26,943	\$ 28,055	\$ 2,435	\$ 2,576	\$ 29,378	\$ 30,631
Notes payable	972	764	-	-	972	764
Compensated absences	518	464	134	128	652	592
Other post-employment benefits	1,163	555	277	138	1,440	693
Totals	\$ 29,596	\$ 29,838	\$ 2,846	\$ 2,842	\$ 32,442	\$ 32,680

More detailed information regarding capital assets and long-term debt can be found in the notes to the financial statements within this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

As the local and state economy presents a picture of uncertainty, it is these economic indicators that must be taken into consideration in planning for the future, and accordingly for the City to take a conservative approach in the development of the annual operating budget. It is the City's intent to develop a balanced budget that will continue to ensure the same scope and level of City services and functions expected by the citizens of Bastrop.

The General Fund (M&O) tax rate of \$0.32027/\$100 and the Debt Service Fund (I&S) tax rate of \$.26373/\$100 combine to establish the City's overall property tax rate of \$.58400 per \$100. The City's property tax rate increased \$0.03 cents from \$0.554 to \$0.584. The debt service payments for Fiscal Year 2011-2012 are \$1,746,729 (\$0.26373/\$100) or 45.16% of the overall tax rate necessary to generate funds to service the bonded indebtedness of the City of Bastrop. Property taxes of \$2,121,138 (\$0.32027/\$100) support the General Fund operations of the City, which represents 54.84% of the revenue collected from property taxes. Property Tax revenue generates 26% for the General Fund operations in Fiscal Year 2011-2012.

In FY2012, General Fund revenues are budgeted to increase by 3.66% while expenditures will decrease by 3.88% from FY2011 revenues and expenditures. This will provide a 25% estimated fund balance at FY2012 year-end as required by the Financial Management policies adopted by City Council.

CITY OF BASTROP, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2011

Water Wastewater Fund operations for Fiscal Year 2011-2012 has budgeted revenue of \$3,226,700, while expenditures are budgeted at \$3,175,873. The difference will roll into net assets. Revenues can be identified into three categories: Water Sales \$1,850,000 or 57.33% of the total revenue; Wastewater Revenue \$1,130,000 or 35.08% of the total revenue; and other/interest income \$87,400, or 2.70% of the total revenue.

Total budgeted expenditures for the Water Wastewater Fund for Fiscal Year 2011-2012 are \$3,175,873, which is an increase of \$1,176,892 from the projected expenditures of \$4,352,765 for Fiscal Year 2010-2011. Departmental Budgets were lean while still providing normal and expected services.

The Electric Fund, "Bastrop Power and Light" budgeted revenue for Fiscal Year 2011-2012 is \$6,986,660. Electric revenues consist of the sale of electricity to the City's residential, commercial and industrial customers, in addition to penalty and interest charges, electric sales based upon the current rate structure, and miscellaneous charges for electric services.

Total budgeted expenditures for the Electric Fund for the purchase of electricity and provision of electric services to the City's residential, commercial and industrial customers is \$7,052,035.

The long range planning efforts will provide a road map for future revenues and expenditures, ensuring progress toward important long-range goals of the community and maintain the quality of life Bastrop residents have come to expect. The City is committed to the delivery of excellent service today and we are prepared to effectively deliver the same service tomorrow.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, at PO Box 427, Bastrop, Texas 78602.



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GOVERNMENT-WIDE STATEMENTS



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CITY OF BASTROP
STATEMENT OF NET ASSETS
2011

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Bastrop Economic Dev. Corporation
ASSETS				
Cash and Cash Equivalents	\$ 8,739,237	\$ 4,886,695	\$ 13,625,932	\$ 1,650,687
Receivables, net	1,865,402	1,136,305	3,001,707	303,929
Due from Others	27,082	-	27,082	-
Inventories	48,221	341,199	389,420	-
Prepaid Items	18,603	86,633	105,236	577
Net Pension Asset	183,543	44,922	228,465	7,560
Capitalized Debt Issuance Costs	369,400	-	369,400	-
Capital Assets:				
Land	3,611,371	832,112	4,443,483	885,276
Buildings, net	3,760,323	67,415	3,827,738	730,032
Infrastructure, net	11,723,287	12,924,080	24,647,367	1,398,851
Machinery and Equipment, net	501,585	467,149	968,734	2,520
Construction in Progress	9,306,115	4,279,854	13,585,969	2,090,771
Total Assets	<u>\$40,154,169</u>	<u>\$25,066,364</u>	<u>\$65,220,533</u>	<u>\$ 7,070,203</u>
LIABILITIES				
Accounts Payable	\$ 561,337	\$ 194,617	\$ 755,954	\$ 107,889
Wages, Salaries, and Withholdings Payable	173,292	45,868	219,160	6,835
Accrued Interest Payable	192,958	12,587	205,545	7,335
Due to Others	-	235,997	235,997	-
Other Current Liabilities	97,645	160	97,805	31,026
Noncurrent Liabilities:				
Due Within One Year	1,612,592	160,000	1,772,592	225,621
Due in More Than One Year	27,983,664	2,686,824	30,670,488	1,347,312
Total Liabilities	<u>30,621,488</u>	<u>3,336,053</u>	<u>33,957,541</u>	<u>1,726,018</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	5,875,370	16,135,372	22,010,742	3,827,450
Restricted for:				
Cemetery	600,041	-	600,041	-
Debt Service	840,860	-	840,860	-
Economic Development	2,447,870	-	2,447,870	150,000
Public Improvement District	20,027	-	20,027	-
Capital Projects	2,137,875	-	2,137,875	-
Unrestricted Net Assets	(2,389,362)	5,594,939	3,205,577	1,366,735
Total Net Assets	<u>\$ 9,532,681</u>	<u>\$21,730,311</u>	<u>\$31,262,992</u>	<u>\$ 5,344,185</u>

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

CITY OF BASTROP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 2,958,932	\$ 1,145,002	\$ -	\$ -
Public Safety	2,435,231	275,307	107,782	-
Fire Protection	213,404	-	-	-
Public Works	1,997,802	65,615	-	-
Health and Welfare	75,991	-	-	-
Culture and Recreation	695,569	58,666	285,313	173,903
Building & Development	2,641,382	114,789	-	-
Bond Interest	1,377,236	-	-	-
Issuance Costs	26,112	-	-	-
Total Governmental Activities:	12,421,659	1,659,379	393,095	173,903
BUSINESS-TYPE ACTIVITIES:				
Water/Wastewater Fund	3,061,719	3,445,382	-	-
Bastrop Power & Light	5,871,322	6,966,650	-	-
Other Non-Major Proprietary Activities	19,207	96,354	-	-
Total Business-Type Activities:	8,952,248	10,508,386	-	-
TOTAL PRIMARY GOVERNMENT:	21,373,907	12,167,765	393,095	173,903
Component Unit:				
Bastrop Economic Development Corp.	1,176,315	-	-	-
TOTAL COMPONENT UNITS:	\$ 1,176,315	\$ -	\$ -	\$ -

General Revenues:

Taxes:

Property Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Selective Sales and Use Tax

Franchise Taxes

Penalty and Interest

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

Insurance Recovery

Gain on Sale of Assets

Transfers In (Out)

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets -- Beginning

Restatement of Net Assets

Net Assets -- Ending

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Bastrop Economic Dev. Corporation
\$ (1,813,930)	\$ -	\$ (1,813,930)	\$ -
(2,052,142)	-	(2,052,142)	-
(213,404)	-	(213,404)	-
(1,932,187)	-	(1,932,187)	-
(75,991)	-	(75,991)	-
(177,688)	-	(177,688)	-
(2,526,593)	-	(2,526,593)	-
(1,377,236)	-	(1,377,236)	-
(26,112)	-	(26,112)	-
<u>(10,195,283)</u>	<u>-</u>	<u>(10,195,283)</u>	<u>-</u>
-	383,663	383,663	-
-	1,095,328	1,095,328	-
-	77,147	77,147	-
<u>-</u>	<u>1,556,138</u>	<u>1,556,138</u>	<u>-</u>
<u>(10,195,283)</u>	<u>1,556,138</u>	<u>(8,639,145)</u>	<u>-</u>
-	-	-	(1,176,315)
-	-	-	(1,176,315)
1,861,731	-	1,861,731	-
1,695,820	-	1,695,820	-
2,722,333	-	2,722,333	1,360,962
2,512,219	-	2,512,219	-
404,582	-	404,582	-
58,562	-	58,562	-
98,733	-	98,733	-
296,242	-	296,242	60,075
31,640	14,413	46,053	8,269
40,431	-	40,431	-
3,179	-	3,179	-
928,594	(928,594)	-	-
<u>10,654,066</u>	<u>(914,181)</u>	<u>9,739,885</u>	<u>1,429,306</u>
458,783	641,957	1,100,740	252,991
4,183,311	25,978,941	30,162,252	5,091,194
4,890,587	(4,890,587)	-	-
<u>\$ 9,532,681</u>	<u>\$ 21,730,311</u>	<u>\$ 31,262,992</u>	<u>\$ 5,344,185</u>



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FUND BASIS STATEMENTS

CITY OF BASTROP
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General Fund	Hotel/Motel Tax Fund	Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ 2,289,559	\$ 1,634,850	\$ 720,863
Taxes Receivable	102,726	-	126,628
Allowance for Uncollectible Taxes (Credit)	(5,136)	-	(6,331)
Receivables, net	205,765	313,395	-
Due from Others	-	500,000	-
Inventories	48,221	-	-
Prepaid Items	18,557	-	-
Total Assets	<u>\$ 2,659,692</u>	<u>\$ 2,448,245</u>	<u>\$ 841,160</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	334,040	376	300
Salaries, Wages, and Benefits Payable	164,433	-	-
Due to Others	-	-	-
Deferred Revenues	97,589	-	120,297
Other Current Liabilities	4,150	-	-
Total Liabilities	<u>600,212</u>	<u>376</u>	<u>120,597</u>
Fund Balances:			
Nonspendable	18,557	-	-
Restricted For:			
Cemetery	-	-	-
Debt Service	-	-	720,563
Capital Projects	-	-	-
Public Improvement District	-	-	-
Economic Development	-	2,447,869	-
Committed For:			
Specific Purposes	298,064	-	-
Assigned For:			
Specific Purposes	-	-	-
Unassigned Fund Balance	1,742,860	-	-
Total Fund Balances	<u>2,059,481</u>	<u>2,447,869</u>	<u>720,563</u>
Total Liabilities and Fund Balances	<u>\$ 2,659,693</u>	<u>\$ 2,448,245</u>	<u>\$ 841,160</u>

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

Certificates of Oblig. 2010	Other Funds	Total Governmental Funds
\$ 1,867,064	\$ 2,226,899	\$ 8,739,235
-	780	230,134
-	(39)	(11,506)
-	-	519,160
-	-	500,000
-	-	48,221
-	46	18,603
<u>\$ 1,867,064</u>	<u>\$ 2,227,686</u>	<u>\$ 10,043,847</u>
125,381	149,349	609,446
-	8,042	172,475
-	18,299	18,299
-	741	218,627
-	818	4,968
<u>125,381</u>	<u>177,249</u>	<u>1,023,815</u>
-	46	18,603
-	600,041	600,041
-	-	720,563
1,741,683	396,192	2,137,875
-	20,027	20,027
-	-	2,447,869
-	-	298,064
-	1,034,131	1,034,131
-	-	1,742,860
<u>1,741,683</u>	<u>2,050,437</u>	<u>9,020,033</u>
<u>\$ 1,867,064</u>	<u>\$ 2,227,686</u>	<u>\$ 10,043,848</u>



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CITY OF BASTROP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

Total Fund Balances - Governmental Funds	\$ 9,020,033
Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in governmental funds. The net effect of adding beginning of the year amounts of \$30,850,354 for capital assets and \$5,443,830 of related accumulated depreciation was an increase in net assets.	25,406,524
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Assets. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in net assets.	4,224,688
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Assets is a decrease in net assets.	(728,531)
Long-term debt issued by governmental activities is not a current financial liability and therefore not reported in governmental funds. The net effect of recording the beginning of the year value for all long-term debt outstanding is a decrease in net assets.	(29,068,437)
Long-term debt issued is treated as an inflow of financial resources in the fund statements and not reported as a liability. During the year the City issued Series 2011 Refunding Bonds. The net effect of refinancing outstanding bonds and interest due of \$4,362,230 with issued bonds totaling \$4,439,468 resulted in a decrease in net assets.	(77,238)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Assets. The effect of reducing long-term debt for debt payments made during the year is an increase in net assets.	1,525,441
Compensated absences are not recognized in the fund statements until they mature. However, in the government-wide statements they are recorded as a long-term liability. The effect of recording the change in the value of compensated absences for the current year resulted in a decrease in net assets.	(53,340)
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The effect of recognizing uncollected property taxes in the governmental funds of \$127,404 from prior years and \$91,223 from the current year resulted in an increase in net assets.	218,627
Accrued interest related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds. The effect of recording accrued interest to the Statement of Net Assets is a decrease in net assets.	(192,958)
Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. The effect of recording the deferred bond issuance costs to the Statement of Net Assets is an increase in net assets.	237,171
Other Post Employment Benefits (OPEB) costs are recognized as expenditures when paid in the fund statements but when incurred in the government-wide statements. The effect of recording the estimated accrued liability for OPEB is a decrease in net assets.	(1,162,837)
Net pension obligations or assets are not recognized in the fund statements. The effect of recognizing the net pension asset of the City is an increase in net assets.	183,539
Net Assets of Governmental Activities	\$ 9,532,682

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

CITY OF BASTROP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Hotel/Motel Tax Fund	Debt Service Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 1,838,785	\$ -	\$ 1,697,949
General Sales and Use Taxes	2,722,333	-	-
Selective Sales and Use Taxes	33,508	2,214,477	-
Franchise Tax	404,582	-	-
Penalty and Interest on Taxes	34,379	-	21,527
Licenses and Permits	97,305	-	-
Intergovernmental Revenue and Grants	1,642,871	-	-
Charges for Services	55,041	-	-
Fines	346,568	-	-
Investment Earnings	6,722	3,996	3,356
Contributions/Donations Private Sources	15,336	-	-
Other Revenue	167,822	-	95,102
	<u>7,365,252</u>	<u>2,218,473</u>	<u>1,817,934</u>
EXPENDITURES:			
Current:			
General Government	2,611,280	-	-
Public Safety	2,163,362	-	-
Fire Protection	199,460	-	-
Public Works	2,322,699	-	-
Health and Welfare	71,026	-	-
Culture and Recreation	604,885	-	-
Building and Development	495,684	1,098,628	33,654
Debt Service:			
Long-Term Debt Principal	-	-	1,474,243
Long-Term Debt Interest	-	-	1,291,715
Issuance Costs and Fiscal Agent Fees	-	-	137,865
Capital Outlay	-	-	-
	<u>8,468,396</u>	<u>1,098,628</u>	<u>2,937,477</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,103,144)</u>	<u>1,119,845</u>	<u>(1,119,543)</u>
OTHER FINANCING SOURCES (USES):			
Issuance of Refunding Bonds	-	-	4,260,000
Premium on Issuance of Refunding Bonds	-	-	179,469
Payment to Refunding Bonds Escrow Agent	-	-	(4,300,560)
Sale of Real and Personal Property	3,179	-	-
Transfers In	603,572	-	800,863
Insurance Proceeds	40,431	-	-
Transfers Out	-	(979,492)	(21,726)
	<u>647,182</u>	<u>(979,492)</u>	<u>918,046</u>
Total Other Financing Sources (Uses)	<u>647,182</u>	<u>(979,492)</u>	<u>918,046</u>
Net Change in Fund Balances	(455,962)	140,353	(201,497)
Fund Balance - October 1 (Beginning)	2,515,443	2,307,516	922,060
Prior Period Adjustment	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 2,059,481</u>	<u>\$ 2,447,869</u>	<u>\$ 720,563</u>

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

Certificate of Oblig. 2010	Other Funds	Total Governmental Funds
\$ -	\$ 264,234	\$ 3,800,968
-	-	2,722,333
-	-	2,247,985
-	-	404,582
-	2,657	58,563
-	-	97,305
-	49,107	1,691,978
-	35,485	90,526
-	-	346,568
8,110	9,459	31,643
-	83,397	98,733
14,013	19,304	296,241
22,123	463,643	11,887,425
-	-	2,611,280
-	-	2,163,362
-	-	199,460
-	33,177	2,355,876
-	-	71,026
-	4,475	609,360
-	782,914	2,410,880
-	45,000	1,519,243
-	44,381	1,336,096
-	140	138,005
2,920,932	549,623	3,470,555
2,920,932	1,459,710	16,885,143
(2,898,809)	(996,067)	(4,997,718)
-	-	4,260,000
-	-	179,469
-	-	(4,300,560)
-	-	3,179
-	1,253,492	2,657,927
-	-	40,431
(350,274)	(377,841)	(1,729,333)
(350,274)	875,651	1,111,113
(3,249,083)	(120,416)	(3,886,605)
4,990,766	1,327,959	12,063,744
-	842,894	842,894
\$ 1,741,683	\$ 2,050,437	\$ 9,020,033



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CITY OF BASTROP
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Total Net Change in Fund Balances - Governmental Funds	\$ (3,886,605)
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Assets. The effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net assets.	4,224,688
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The effect of recording depreciation expense to the Statement of Net Assets is a decrease in the change in net assets.	(728,531)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Assets. The effect of reducing long-term debt is an increase in the change in net assets.	1,519,351
Long-term debt issued is treated as an inflow of financial resources in the fund statements and not reported as a liability. During the year the City issued Series 2011 Refunding Bonds. The net effect of refinancing outstanding bonds and interest due of \$4,362,230 with issued bonds totaling \$4,439,468 resulted in a decrease in the change net assets.	(77,238)
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The effect of reclassifying both uncollected property taxes as of year end and the current year collection of taxes levied in prior years to reflect recognition in the year levied resulted in an increase in the change in net assets.	20,818
The costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements. The effect of amortizing the deferred bond costs resulted in a decrease in the change in net assets.	(27,016)
Premiums on the issuance of long-term debt are reported as other financing sources in the fund statements but as increases in long-term debt in the government-wide statements and amortized over the life of the issued bonds. The effect of amortizing premiums on long-term debt is an increase in the change in net assets.	6,086
Other Post Employment Benefits (OPEB) costs are recognized as expenditures when paid in the fund statements but when incurred in the government-wide statements. The effect of recording the estimated change in the accrued liability for OPEB is a decrease in the change in net assets.	(607,806)
Net pension obligations or assets are not recognized in the fund statements. The effect of recognizing the change in the net pension asset of the City is an increase in the change in net assets.	38,479
Accrued interest related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds. The effect of recording the change in accrued interest to the Statement of Net Assets is an increase in the change in net assets.	29,898
Compensated absences are not recognized in the fund statements until they mature. However, in the government-wide statements they are recorded as a long-term liability. The effect of recording the change in the value of compensated absences for the current year resulted in a decrease in the change in net assets.	(53,340)
Change in Net Assets of Governmental Activities	\$ 458,784

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



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CITY OF BASTROP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	Amounts (GAAP BASIS)	
REVENUES:				
Taxes:				
Property Taxes	\$ 1,948,479	\$ 1,948,479	\$ 1,838,785	\$ (109,694)
General Sales and Use Taxes	2,678,000	2,678,000	2,722,333	44,333
Selective Sales and Use Tax	31,740	31,740	33,508	1,768
Franchise Tax	381,400	413,384	404,582	(8,802)
Penalty and Interest on Taxes	39,113	39,113	34,379	(4,734)
Licenses and Permits	161,000	161,000	97,305	(63,695)
Intergovernmental Revenue & Grants	1,229,470	1,619,360	1,642,871	23,511
Charges for Services	61,250	61,250	55,041	(6,209)
Fines	358,250	358,250	346,568	(11,682)
Investment Earnings	10,000	10,000	6,722	(3,278)
Contributes/Donations Private Sources	7,000	29,213	15,336	(13,877)
Other Revenue	106,000	108,700	167,822	59,122
Total Revenues	<u>7,011,702</u>	<u>7,458,489</u>	<u>7,365,252</u>	<u>(93,237)</u>
EXPENDITURES:				
Current:				
General Government	2,705,514	2,714,287	2,611,280	103,007
Public Safety	2,188,680	2,260,654	2,163,362	97,292
Fire Protection	164,395	202,720	199,460	3,260
Public Works	2,091,506	2,390,569	2,322,699	67,870
Health and Welfare	75,000	75,000	71,026	3,974
Culture and Recreation	608,853	632,164	604,885	27,279
Building and Development	465,539	503,539	495,684	7,855
Total Expenditures	<u>8,299,487</u>	<u>8,778,933</u>	<u>8,468,396</u>	<u>310,537</u>
Excess (Deficiency) Revenue Over (Under) Expenditures	<u>(1,287,785)</u>	<u>(1,320,444)</u>	<u>(1,103,144)</u>	<u>217,300</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	2,550	2,550	3,179	629
Transfer In	724,580	728,152	603,572	(124,580)
Other Resources	-	-	40,431	40,431
Total Other Financing Sources (Uses)	<u>727,130</u>	<u>730,702</u>	<u>647,182</u>	<u>(83,520)</u>
Net Change in Fund Balances	(560,655)	(589,742)	(455,962)	133,780
Fund Balance - Oct 1 (Beginning)	2,515,443	2,515,443	2,515,443	-
Fund Balance - Sept 30 (Ending)	<u>\$ 1,954,788</u>	<u>\$ 1,925,701</u>	<u>\$ 2,059,481</u>	<u>\$ 133,780</u>

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

CITY OF BASTROP
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water/ Wastewater Fund	Bastrop Power & Light Fund	Nonmajor Enterprise Funds	Total Proprietary Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,226,100	\$ 3,094,571	\$ 566,024	\$ 4,886,695
Accounts Receivable, net	327,919	808,386	-	1,136,305
Inventories	173,607	167,592	-	341,199
Prepaid Items	86,333	300	-	86,633
Net Pension Asset	26,166	18,756	-	44,922
Total Current Assets	<u>1,840,125</u>	<u>4,089,605</u>	<u>566,024</u>	<u>6,495,754</u>
Noncurrent Assets:				
Capital Assets:				
Land	815,164	16,948	-	832,112
Buildings	110,874	73,934	-	184,808
Infrastructure	16,398,949	3,375,452	-	19,774,401
Machinery and Equipment	1,097,276	1,017,195	-	2,114,471
Construction in Progress	3,272,778	1,007,076	-	4,279,854
Accumulated Depreciation	(5,839,395)	(2,775,641)	-	(8,615,036)
Total Noncurrent Assets	<u>15,855,646</u>	<u>2,714,964</u>	<u>-</u>	<u>18,570,610</u>
Total Assets	<u>\$ 17,695,771</u>	<u>\$ 6,804,569</u>	<u>\$ 566,024</u>	<u>\$ 25,066,364</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 143,793	\$ 50,824	\$ -	\$ 194,617
Salaries, Wages, & Benefits Payable	22,749	23,119	-	45,868
Due to Others	56,335	179,662	-	235,997
Accrued Interest Payable	12,587	-	-	12,587
Other Current Liabilities	160	-	-	160
Revenue Bonds Payable - Current	160,000	-	-	160,000
Total Current Liabilities	<u>395,624</u>	<u>253,605</u>	<u>-</u>	<u>649,229</u>
NonCurrent Liabilities:				
Compensated Absences	62,741	71,631	-	134,372
Other Post-employment Benefits	161,268	115,946	-	277,214
Revenue Bonds Payable	2,275,238	-	-	2,275,238
Total Noncurrent Liabilities	<u>2,499,247</u>	<u>187,577</u>	<u>-</u>	<u>2,686,824</u>
Total Liabilities	<u>2,894,871</u>	<u>441,182</u>	<u>-</u>	<u>3,336,053</u>
NET ASSETS				
Investments Capital Assets, Net of Debt	13,420,408	2,714,964	-	16,135,372
Unrestricted Net Assets	1,380,492	3,648,423	566,024	5,594,939
Total Net Assets	<u>\$ 14,800,900</u>	<u>\$ 6,363,387</u>	<u>\$ 566,024</u>	<u>\$ 21,730,311</u>

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

CITY OF BASTROP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water/ Wastewater Fund	Bastrop Power & Light Fund	Nonmajor Enterprise Funds	Total Proprietary Funds
OPERATING REVENUES:				
Charges for Water Services	\$ 3,171,956	\$ -	\$ 47,042	\$ 3,218,998
Charges for Sewerage Service	104,940	-	49,312	154,252
Charges for Electricity Service	-	6,611,230	-	6,611,230
Prop. Fund Charges for Services-Other	1,580	267,606	-	269,186
Fines	41,428	82,112	-	123,540
Other Revenue	125,478	5,702	-	131,180
Total Operating Revenue	<u>3,445,382</u>	<u>6,966,650</u>	<u>96,354</u>	<u>10,508,386</u>
OPERATING EXPENSES:				
Personnel Services - Salaries and Wages	538,607	368,643	-	907,250
Personnel Services - Employee Benefits	300,133	195,485	-	495,618
Purchased Prof. & Technical Services	623,772	24,678	18,228	666,678
Purchased Property Services	476,605	4,474,454	-	4,951,059
Other Operating Expenses	285,020	752,041	979	1,038,040
Supplies	294,072	-	-	294,072
Depreciation	450,989	56,021	-	507,010
Bond Issuance Costs	6,641	-	-	6,641
Total Operating Expenses	<u>2,975,839</u>	<u>5,871,322</u>	<u>19,207</u>	<u>8,866,368</u>
Operating Income (Loss)	<u>469,543</u>	<u>1,095,328</u>	<u>77,147</u>	<u>1,642,018</u>
NON-OPERATING REVENUES (EXPENSES):				
Investment Earnings	4,963	7,976	1,474	14,413
Interest Expense - Non-Operating	(85,880)	-	-	(85,880)
Total Non-Operating Revenues(Expenses)	<u>(80,917)</u>	<u>7,976</u>	<u>1,474</u>	<u>(71,467)</u>
Income Before Transfers	388,626	1,103,304	78,621	1,570,551
Transfers In	1,156,846	350,274	100,000	1,607,120
Transfers Out	(1,684,045)	(681,943)	(169,726)	(2,535,714)
Change in Net Assets	<u>(138,573)</u>	<u>771,635</u>	<u>8,895</u>	<u>641,957</u>
Total Net Assets-Oct (Beginning)	14,939,473	5,591,752	5,447,716	25,978,941
Prior Period Adjustment	-	-	(4,890,587)	(4,890,587)
Total Net Assets-Sept 30 (Ending)	<u>\$ 14,800,900</u>	<u>\$ 6,363,387</u>	<u>\$ 566,024</u>	<u>\$ 21,730,311</u>

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



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CITY OF BASTROP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water/ Wastewater Fund	Bastrop Power & Light Fund	Nonmajor Enterprise Funds	Total Governmental Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 3,400,394	\$ 6,878,140	\$ 96,354	\$ 10,374,888
Cash Payments to Employees for Services	(753,042)	(496,197)	-	(1,249,239)
Cash Payments for Purchased Services	(1,100,377)	(4,499,132)	(18,570)	(5,618,079)
Cash Payments for Suppliers	(227,337)	-	-	(227,337)
Cash Payments for Other Operating Expenses	(291,661)	(778,168)	(979)	(1,070,808)
Net Cash Provided (Used) by Operating Activities	<u>1,027,977</u>	<u>1,104,643</u>	<u>76,805</u>	<u>2,209,425</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Transfers From (To) Other Funds	(527,199)	(331,669)	(69,726)	(928,594)
Payments on Long-Term Debt	(141,172)	-	-	(141,172)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(668,371)</u>	<u>(331,669)</u>	<u>(69,726)</u>	<u>(1,069,766)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	(605,140)	(402,705)	-	(1,007,845)
Interest Expense	(90,695)	-	-	(90,695)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(695,835)</u>	<u>(402,705)</u>	<u>-</u>	<u>(1,098,540)</u>
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	4,963	7,975	1,474	14,412
Net Increase in Cash & Cash Equivalents	(331,266)	378,244	8,553	55,531
Cash & Cash Equivalents - Beginning of Year	1,557,366	2,716,327	1,401,998	5,675,691
Prior Period Adjustment	-	-	(844,527)	(844,527)
Cash & Cash Equivalents - End of Year	<u>\$ 1,226,100</u>	<u>\$ 3,094,571</u>	<u>\$ 566,024</u>	<u>\$ 4,886,695</u>
<u>Reconciliation of Operating Income to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income:	\$ 469,543	\$ 1,095,328	\$ 77,147	\$ 1,642,018
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation	450,989	56,021	-	507,010
Decrease (Increase) in Receivables	(44,988)	(88,510)	-	(133,498)
Decrease (Increase) in Inventories	(33,856)	(26,976)	-	(60,832)
Decrease (Increase) in Prepaid Expenses	1,613	(3,585)	-	(1,972)
Increase (Decrease) in Accounts Payable	98,978	25,100	(342)	123,736
Increase (Decrease) in Salaries and Wages Payable	85,698	67,931	-	153,629
Increase (Decrease) in Other Liabilities	-	(20,666)	-	(20,666)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,027,977</u>	<u>\$ 1,104,643</u>	<u>\$ 76,805</u>	<u>\$ 2,209,425</u>

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



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CITY OF BASTROP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 690,702
Total Assets	<u>\$ 690,702</u>
LIABILITIES	
Accounts Payable	\$ 305,309
Due to Others	385,393
Total Liabilities	<u>\$ 690,702</u>

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



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NOTES TO THE FINANCIAL STATEMENTS



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CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Bastrop, Texas (“the City”) was incorporated under the provisions of the State of Texas. The City operates as a Council-Manager government. With few exceptions, all powers of the City are vested in an elective Council, which enacts legislation, adopts budgets, determines policies, and appoints the City Attorney and the Municipal Court Judge. The Council also appoints the City Manager, who executes the laws and administers the government of the City. The City provides the following services to its citizens: public safety, street maintenance, sanitation services, recreation programs, municipal court, community development, public improvements, water, sewer and electrical services, and general administrative services.

For financial reporting purposes, in conformance with generally accepted accounting principles, the City’s financial statements include all funds, account groups, agencies, boards, commissions and other organizations over which the Council is financially accountable. In addition, component units which may be included are organizations for which the nature and the significance of their operational or financial relationship with the City is such that exclusion would cause the City’s financial statements to be misleading or incomplete.

Based upon the foregoing criteria, the following entities have been included in this report:

The Bastrop Economic Development Corporation (hereafter “Bastrop EDC”) was established in 1995, after the citizens of Bastrop voted to pass a one-half cent sales tax dedicated to economic development. Bastrop EDC’s primary purpose is to assist in bringing meaningful and rewarding employment opportunities to citizens in the area through funding assistance provided to businesses to relocate or expand in Bastrop. A separate governing board oversees Bastrop EDC, which is appointed by the Bastrop City Council, and consists of individuals from the community and related governmental entities in the area. City of Bastrop employees also manage the operations of Bastrop EDC. Bastrop EDC has been reported as a discretely presented component unit because the governing board is not identical to the governing body of the City and Bastrop EDC does not solely serve the City of Bastrop.

The Hunters Crossing Local Government Corporation (hereafter “the Corporation”) was established to administer the service plan of the Hunters Crossing Public Improvement District (hereafter “the PID”). The PID was established on September 11, 2001 by resolution of the Bastrop City Council. That resolution was later amended on November 11, 2003. The purpose for creation of the PID was to provide for the construction of certain public improvements and a mechanism for the payment of the costs of such construction and the costs of operation and maintenance of such improvements through the levy of assessments against owners of respective parcels in the PID. Because the Corporation was created solely to assist the City of Bastrop in its administration of the PID, and the City has complete control over the Corporation, this entity has been reported as a blended component unit of the City.

Bastrop EDC and Hunter’s Crossing Local Government Corporation do not issue separate financial statements. More information on either of these entities can be obtained from the City of Bastrop Finance Department.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. These statements report information on all of the City's governmental and proprietary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, permits, licenses and donations. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. *Fiduciary activities* are not reported in the government-wide financial statements since they do not support the primary government.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers.

The fund statements provide reports on the financial condition and results of operations for three fund categories; governmental funds, proprietary funds, and fiduciary funds. The City considers some governmental funds and proprietary funds major and reports their financial condition and results of operations in a separate column. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's ongoing operations. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Expenditures are recognized in the period incurred, with the exception of unmatured interest and principal on long-term debt, which is recognized when due.

Property and sales tax revenues are recognized when both measurable and available. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING

Basis of Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. They are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The City reports the following major governmental funds:

1. **General Fund** – The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Hotel/Motel Tax Fund** – The City utilizes this fund to account for Hotel/Motel Tax proceeds and expenditures.
3. **Debt Service Fund** - The City accounts for resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds in a debt service fund.
4. **Capital Projects Fund/Certificates of Obligation 2010** – This capital projects fund is used to account for costs related to several building and infrastructure improvements projects of the City.

The City reports the following major enterprise funds:

1. **Water/Wastewater Fund** – The City accounts for water and wastewater services provided to customers in the Water/Wastewater Fund.
2. **Bastrop Power & Light Fund** – The City accounts for electricity services provided to customers in the Electric Fund.

Additionally, the City reports the following non-major fund types:

Governmental Funds:

1. **Special Revenue Funds** – The City accounts for resources restricted to, or committed for, specific purposes by the City or outside grantors in a special revenue fund in order to have more transparent accountability.
2. **Agency Fund** – The City acts in a fiduciary capacity for funds donated to the Bastrop Historical Society and Museum for renovation of the old Bastrop City Hall building.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ACCRUED COMPENSATED ABSENCES

The City has recorded the value of earned but unused compensated absences (vacation and sick time) from its governmental activities and proprietary activities by employees as an accrued liability in the respective Statements of Net Assets. The annual budgets of the operating funds provide funding for these benefits as they become payable and costs are expensed as the liability is liquidated. There was a balance of \$517,581 in accrued compensated absences related to governmental activities and \$134,372 related to proprietary activities at September 30, 2011.

F. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2010, upon which the levy for the 2010-2011 fiscal year was based, was \$607,077,994. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2011, to finance General Fund and Debt Service Fund operations were \$0.2889 and \$.2651, respectively, for a total tax rate of \$.5540 per \$100 valuation. The total tax levy for the General Fund and Debt Service Fund for the 2010-2011 fiscal year was \$3,601,448. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2011, were 99.0% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes.

G. CAPITAL ASSETS

Fixed assets, which include land, buildings and improvements, furniture and equipment, and infrastructure, are reported in the government-wide financial statements. Fixed assets are recorded at cost where historical records are available and at estimated original cost where no historical records exist. Buildings and improvements, infrastructure, and furniture and equipment are capitalized if the individual cost for the item is in excess of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the assets lives are not capitalized.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS (Continued)

Major capital outlay for fixed assets and improvements are capitalized as projects are constructed. For debt-financed fixed assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Fixed assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Contributed capital assets are valued at their estimated fair market value at the date of contribution.

Fixed assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each fixed assets class is as follows:

Building and improvements	25 years
Furniture and fixtures	7-10 years
Computers and equipment	3-5 years
Vehicles	3-5 years
Infrastructure (street, sidewalks, etc.)	10-50 years

H. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

I. INVENTORY AND PREPAID ITEMS

Inventories in all funds are valued at the lower of cost or market. The costs of inventories are recorded as expenditures or expenses when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

J. FUND BALANCE CLASSIFICATION

Only restrictions imposed by external sources are shown as restricted fund balance in the fund basis financial statements and as restricted net assets on the government-wide financial statements. Classification of fund balance restraints imposed by the reporting government itself, whether by administrative policy or legislative action of the reporting government, are shown in aggregate on the governmental fund financial statements as committed fund balance. Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City Council, the government's highest level of decision-making authority. A formal action would also be required to modify or rescind an established commitment. Assigned fund balance amounts are intended to be used by the government for specific purposes but do not meet the criteria to be restricted or committed. Assigned fund balance represents the remaining amount that is not restricted or committed in governmental funds other than the general fund, where it is classified as unassigned. Assigned fund balance is expressed by the direction of the City Council or other individual with the authority to assign amounts to be used for specific purposes. Nonspendable fund balance represents amounts that are nonspendable such as inventories and prepaid expenditures.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGET

During budget preparations each year, department and division leaders of the City submit requests for appropriations to the City Manager so that a budget may be prepared. The budget is prepared by fund, department, and activity, and includes information on the past year, current year budget and requested appropriations for the next fiscal year.

Before August 31, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council. Management may not amend the budget without Council approval. Expenditures may not legally exceed budget appropriations at the department level. Budgets are adopted for the General Fund, Debt Service Fund, and the proprietary funds, and are prepared on a basis consistent with generally accepted accounting principles.

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions, Governing Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2011, the carrying amount of the City's cash and cash equivalents (cash, certificates of deposit, money market, and local government investment pools) was \$15,967,321 and the bank balance was \$16,758,396.

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 risk levels, (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, (9) and 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, (10) and 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 policies.

CITY OF BASTROP, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

All of the City’s investments were invested in the State Treasurer’s local government investment pool (TexPool) at September 30, 2011 and have been included within Cash and Cash Equivalents on the financial statements.

	Fair Value	Weighted Average Maturity Years	Credit Risk
TexPool	\$ 13,498,220	0.00	AAAm
	\$ 13,498,220		
Portfolio weighted average maturity		0.00	

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools”. Money market investments, which are short-term, highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized cost. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pool’s share price.

Policies, Governing Deposits and Investments

In compliance with the Public Funds Investments Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2011 were covered by depository insurance or by pledged collateral held by the City’s agent bank in the City’s name.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, investment policies of the City’s investment pools allow the portfolio’s investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2011 consist of the following:

	Property Taxes (net)	Other Receivables (net)	Due From Others	Total Receivables
Governmental Activities:				
General Fund	\$ 97,590	\$ 205,765	\$ -	\$ 303,355
Hotel/Motel Tax Fund	-	313,395	500,000	813,395
Debt Service Fund	120,297	-	-	120,297
Non-major Governmental Funds	741	-	-	-
Total	<u>\$ 218,628</u>	<u>\$ 519,160</u>	<u>\$ 500,000</u>	<u>\$ 1,237,047</u>
Proprietary Activities:				
Water/Wastewater Fund	\$ -	\$ 327,919	\$ -	\$ 327,919
Bastrop Power & Light Fund	-	808,386	-	808,386
Total	<u>\$ -</u>	<u>\$ 1,136,305</u>	<u>\$ -</u>	<u>\$ 1,136,305</u>

Payables at September 30, 2011 consist of the following:

	Accounts Payable	Salaries, Wages, and Benefits	Due to Others	Accrued Interest Payable	Deferred Revenues	Other Current Liabilities	Total
Governmental Activities:							
General Fund	\$ 334,040	\$ 164,433	\$ -	\$ -	\$ 97,589	\$ 4,150	\$ 600,212
Hotel/Motel Tax Fund	376	-	-	-	-	-	376
Debt Service Fund	300	-	-	-	120,297	-	120,597
Certificates of Obligation-2010	125,381	-	-	-	-	-	125,381
Non-Major Governmental Funds	149,349	8,042	-	-	741	46	158,178
Total Governmental Activities	<u>\$ 609,446</u>	<u>\$ 172,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,627</u>	<u>\$ 4,196</u>	<u>\$ 1,004,744</u>
Proprietary Activities:							
Water/Wastewater Fund	\$ 143,793	\$ 22,749	\$ 56,335	\$ 12,587	\$ -	\$ 160	\$ 235,624
Bastrop Power & Light	50,824	23,119	179,662	-	-	-	253,605
Total Proprietary Activities	<u>\$ 194,617</u>	<u>\$ 45,868</u>	<u>\$ 235,997</u>	<u>\$ 12,587</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 489,229</u>

CITY OF BASTROP, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. DELIQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. COMMITTED FUND BALANCE – GENERAL FUND

The City has recorded fund balance commitments for specific purposes on the Governmental Funds Balance Sheet in the amount of \$298,064 which is detailed as follows:

Purpose	Amount
Streets	\$ 158,800
Municipal Court	66,828
Police Department	18,393
Parks	51,773
Library	2,270
Total Designated Fund Balance	\$ 298,064

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. INTERFUND TRANSFERS

The primary purpose of interfund transfers is to provide funding for operations, debt service, and capital projects. Interfund transfers for the year ended September 30, 2011, are as follows:

	Transfers Out	Transfers In
Governmental Funds		
General Fund		
Bastrop Power & Light	\$ -	\$ 675,000
Total General Fund	-	675,000
Hotel/Motel Tax Fund		
Non-Major Governmental Funds	85,576	-
Non-Major Proprietary Funds	272,465	-
Total Hotel/Motel Tax Fund	358,041	-
Debt Service Fund		
Certificates of Obligation - 2010	-	19,407
Water/Wastewater Fund	38,984	100,140
Non-Major Governmental Funds	42,941	-
Non-Major Proprietary Funds	-	203,936
Total Debt Service Fund	81,925	323,483
Certificates of Obligation - 2010		
Debt Service Fund	19,407	-
Bastrop Power & Light	23,866	-
Non-Major Proprietary Funds	727,027	-
Total Certificates of Obligation - 2010	770,300	-
Non-Major Governmental Funds		
Hotel/Motel Tax Fund	-	85,576
Bastrop Power & Light	-	9,000
Non-Major Governmental Funds	34,514	34,514
Non-Major Proprietary Funds	2,283,883	-
Total Non-Major Governmental Funds	2,318,397	129,090
Total Governmental Funds	\$ 3,528,663	\$ 1,127,573

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. INTERFUND TRANSFERS (Continued)

	Transfers Out	Transfers In
Proprietary Funds		
Water/Wastewater Fund		
Debt Service Fund	\$ 100,140	\$ 38,984
Water/Wastewater Fund	898,602	898,602
Non-Major Proprietary Funds	67,655	181,729
Total Water/Wastewater Fund	1,066,397	1,119,315
Bastrop Power & Light		
General Fund	675,000	-
Certificates of Obligation - 2010	-	23,866
Bastrop Power & Light	500,000	500,000
Non-Major Governmental Funds	9,000	-
Total Bastrop Power & Light Fund	1,184,000	523,866
Non-Major Proprietary Funds		
Hotel/Motel Tax Fund	-	272,465
Debt Service Fund	203,936	42,941
Certificates of Obligation - 2010	-	727,027
Certificates of Obligation - 2008	-	2,283,883
Water/Wastewater Fund	181,729	67,655
Total Non-Major Proprietary Funds	385,665	3,393,971
Total Proprietary Funds	\$ 2,636,062	\$ 5,037,152

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. CAPITAL ASSETS

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,797,468	\$ -	\$ -	\$ 813,903	\$ 3,611,371
Construction in progress	2,292,938	3,867,981	-	3,145,196	9,306,115
Total capital assets, not being depreciated	<u>5,090,406</u>	<u>3,867,981</u>	<u>-</u>	<u>3,959,099</u>	<u>12,917,486</u>
Capital assets, being depreciated:					
Buildings	5,571,354	-	-	121,312	5,692,666
Infrastructure	13,087,109	181,063	-	-	13,268,172
Machinery and equipment	3,021,074	175,644	(200,532)	-	2,996,186
Total capital assets being depreciated	<u>21,679,537</u>	<u>356,707</u>	<u>(200,532)</u>	<u>121,312</u>	<u>21,957,024</u>
Less accumulated depreciation for:					
Buildings	(1,755,661)	(143,961)	-	(32,719)	(1,932,341)
Infrastructure	(1,212,970)	(331,915)	-	-	(1,544,885)
Machinery and equipment	(2,442,480)	(252,655)	200,532	-	(2,494,603)
Total accumulated depreciation	<u>(5,411,111)</u>	<u>(728,531)</u>	<u>200,532</u>	<u>(32,719)</u>	<u>(5,971,829)</u>
Total capital assets, being depreciated, net	<u>16,268,426</u>	<u>(371,824)</u>	<u>-</u>	<u>88,593</u>	<u>15,985,195</u>
Governmental activities capital assets, net	<u>\$21,358,832</u>	<u>\$ 3,496,157</u>	<u>\$ -</u>	<u>\$ 4,047,692</u>	<u>\$ 28,902,681</u>

Note: The adjustments column represents the reclassification of the Bastrop Convention Center to governmental activities from proprietary activities.

Depreciation expense was charged to the governmental activities as follows:

Function	Allocated Depreciation
General Government	\$ 181,191
Public Safety	151,237
Fire Protection	13,944
Public Works	164,595
Health	4,965
Culture and Recreation	41,714
Building and Development	170,785
Total	<u>\$ 728,431</u>

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. CAPITAL ASSETS (Continued)

Capital asset activity for the proprietary activities and component units was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,613,516	\$ 32,500	\$ -	\$ (813,903)	\$ 832,113
Construction in progress	6,972,234	2,666,475	-	(5,358,858)	4,279,851
Total capital assets, not being depreciated	<u>8,585,750</u>	<u>2,698,975</u>	<u>-</u>	<u>(6,172,761)</u>	<u>5,111,964</u>
Capital assets, being depreciated:					
Buildings	306,120	-	-	(121,312)	184,808
Infrastructure	19,290,881	483,522	-	-	19,774,403
Machinery and equipment	2,075,373	39,098	-	-	2,114,471
Total capital assets being depreciated	<u>21,672,374</u>	<u>522,620</u>	<u>-</u>	<u>(121,312)</u>	<u>22,073,682</u>
Less accumulated depreciation for:					
Buildings	(117,481)	(3,059)	-	32,719	(87,821)
Infrastructure	(6,375,942)	(434,558)	-	-	(6,810,500)
Machinery and Equipment	(1,647,322)	(69,393)	-	-	(1,716,715)
Total accumulated depreciation	<u>(8,140,745)</u>	<u>(507,010)</u>	<u>-</u>	<u>32,719</u>	<u>(8,615,036)</u>
Total capital assets, being depreciated, net	<u>13,531,629</u>	<u>15,610</u>	<u>-</u>	<u>(88,593)</u>	<u>13,458,646</u>
Proprietary activities capital assets, net	<u>\$22,117,379</u>	<u>\$ 2,714,585</u>	<u>\$ -</u>	<u>\$(6,261,354)</u>	<u>\$ 18,570,610</u>
Component Units:					
Capital assets, not being depreciated:					
Land	\$ 885,276	\$ -	\$ -	\$ -	\$ 885,276
Construction in progress	1,489,772	600,999	-	-	2,090,771
Total capital assets, not being depreciated	<u>2,375,048</u>	<u>600,999</u>	<u>-</u>	<u>-</u>	<u>2,976,047</u>
Capital assets, being depreciated:					
Buildings	971,665	-	-	-	971,665
Infrastructure	2,253,154	-	-	-	2,253,154
Machinery and equipment	12,081	-	-	-	12,081
Total capital assets being depreciated	<u>3,236,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,236,900</u>
Less accumulated depreciation for:					
Buildings	(222,200)	(19,433)	-	-	(241,633)
Infrastructure	(756,999)	(97,304)	-	-	(854,303)
Machinery and Equipment	(7,975)	(1,586)	-	-	(9,561)
Total accumulated depreciation	<u>(987,174)</u>	<u>(118,323)</u>	<u>-</u>	<u>-</u>	<u>(1,105,497)</u>
Total capital assets, being depreciated, net	<u>2,249,726</u>	<u>(118,323)</u>	<u>-</u>	<u>-</u>	<u>2,131,403</u>
Component unit capital assets, net	<u>\$ 4,624,774</u>	<u>\$ 482,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,107,450</u>

Note: The adjustments column represents the reclassification of the Bastrop Convention Center to governmental activities from proprietary activities.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT

Long-term debt for the governmental activities is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 10/01/10	Additions	Deletions	Amounts Outstanding 09/30/11	Due in One Year
Governmental Activities:							
Bonds Payable							
Gen. Oblig. Bonds, Series 1997	4.50-6.50%	\$ 3,700,000	\$ 715,000	\$ -	\$ (715,000)	\$ -	\$ -
Gen. Oblig. Bonds, Series 1999	4.00-6.00%	950,000	330,000	-	(330,000)	-	-
Gen. Oblig. Bonds, Series 2001	3.50-4.95%	3,000,000	2,105,000	-	(2,105,000)	-	-
Gen. Oblig. Bonds, Series 2002	3.75-4.75%	2,495,000	1,890,000	-	(1,765,000)	125,000	125,000
Gen. Oblig. Bonds, Series 2004	3.50-4.80%	2,685,000	2,190,000	-	(120,000)	2,070,000	120,000
Gen. Oblig. Bonds, Series 2005	3.67%	2,445,000	2,060,000	-	(105,000)	1,955,000	110,000
Gen. Oblig. Bonds, Series 2006	4.24%	345,000	310,000	-	(15,000)	295,000	15,000
Gen. Oblig. Bonds, Series 2006	4.19%	725,000	445,000	-	(20,000)	425,000	20,000
Gen. Oblig. Bonds, Series 2007	4.08%	1,220,000	1,130,000	-	(45,000)	1,085,000	50,000
Gen. Oblig. Bonds, Series 2007	4.04%	2,320,000	2,150,000	-	(90,000)	2,060,000	95,000
Gen. Oblig. Bonds, Series 2008	3.87%	1,195,000	1,150,000	-	(45,000)	1,105,000	45,000
Gen. Oblig. Bonds, Series 2008	4.60%	2,110,000	2,100,000	-	(15,000)	2,085,000	20,000
Premium on Gen. Oblig. Bonds, Series 2008		55,050	49,545	-	(2,752)	46,793	---
Comb. Tax & Rev., Cert. of Oblig., Series 2008A	4.20-5.00%	4,025,000	3,970,000	-	(105,000)	3,865,000	115,000
Prem. Comb. Tax & Rev. Cert. of Oblig., Srs 2008A		66,753	60,077	-	(3,337)	56,740	---
Combination Tax & Rev., Cert. of Oblig., Series 2010	3.50-4.25%	7,400,000	7,400,000	-	(70,000)	7,330,000	80,000
Gen. Oblig. Ref. Bonds, Series 2011	2.0-4.0%	4,260,000	-	4,260,000	-	4,260,000	635,000
Premium on Gen. Oblig. Ref. Bonds, Series 2011		179,468	-	179,468	-	179,468	---
Total Bonds Payable			28,054,622	4,439,468	(5,551,089)	26,943,001	1,430,000
Limited Tax Notes, Series 2006	4.26%	215,000	100,000	-	(30,000)	70,000	35,000
Limited Tax Notes, Series 2008	3.06%	660,000	340,000	-	(80,000)	260,000	85,000
Note Payable - Texas Dept. of Econ. Dev.	0.00%	500,000	214,584	-	(25,000)	189,584	25,000
Limited Tax Notes	4.75%	435,000	65,000	-	(65,000)	-	-
Note Payable - First National Bank	4.75%	183,420	44,575	-	(29,351)	15,224	15,224
Note Payable - Texas Capital Fund	0.00%	447,351	-	447,351	(9,320)	438,031	22,368
Compensated Absences	n/a	n/a	464,241	53,340	-	517,581	---
Other post-employment benefits			555,030	607,805	-	1,162,835	---
Governmental Activities Long-term Liabilities			\$29,838,052	\$ 5,547,964	\$(5,789,760)	\$29,596,256	\$1,612,592

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.



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CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

Long-term debt activity for the proprietary activities is as follows:

<u>Description</u>	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 10/1/2010	Additions	Deletions	Amounts Outstanding 9/30/2011	Due in One Year
Business-Type Activities							
Bonds Payable							
Limited Tax Refunding Bonds, Series 2010	2.0-4.0%	\$ 2,560,000	\$ 2,560,000	\$ -	\$ (140,000)	\$ 2,420,000	\$ 160,000
Premium on Limited Tax Refunding Bonds, Series 2010		16,410	16,410	-	(1,172)	15,238	---
Total Bonds Payable			<u>2,576,410</u>	<u>-</u>	<u>(141,172)</u>	<u>2,435,238</u>	<u>160,000</u>
Compensated absences			127,869	6,503	-	134,372	---
Other post-employment benefits			138,259	138,955	-	277,214	---
Proprietary Activities Long-term Liabilities			<u>\$ 2,842,538</u>	<u>\$ 145,458</u>	<u>\$ (141,172)</u>	<u>\$ 2,846,824</u>	<u>\$ 160,000</u>
Component Unit							
Sales Tax & Revenue Ref. Bonds, Series 2006	4.61%	2,005,000	\$ 1,465,000	\$ -	\$ (185,000)	\$ 1,280,000	\$ 195,000
Total Bonds Payable			<u>1,465,000</u>	<u>-</u>	<u>(185,000)</u>	<u>1,280,000</u>	<u>195,000</u>
Note Payable -City of Bastrop	0.00%	500,000	212,500	-	(25,000)	187,500	25,000
Note Payable - First National Bank	5.39%	98,524	55,973	-	(5,210)	50,763	5,490
Note Payable - First National Bank	5.39%	2,376	1,349	-	(125)	1,224	131
Compensated absences			47,861	-	(41,143)	6,718	---
Other post-employment benefits			23,246	23,482	-	46,728	---
Total Component Unit Long-Term Debt			<u>\$ 1,805,929</u>	<u>\$ 23,482</u>	<u>\$ (256,478)</u>	<u>\$ 1,572,933</u>	<u>\$ 225,621</u>

During the year, the City issued \$4,260,000 of General Obligation Refunding Bonds, Series 2011, for a defeasance of portions of the General Obligation Bonds Series 1997, 1999, 2001, and 2002 totaling \$4,230,000. The refunding was undertaken to obtain a more favorable average interest rate and as a result reduce total future debt service payments. The transaction resulted in a decrease in total future debt service payments of \$337,700 and a net present value savings of \$287,894.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

The following is a summary of the City's governmental activities long-term debt at September 30, 2011:

\$2,495,000 Series 2002 General Obligation Bonds, due in semi-annual installments originally through 2024; interest at 3.75-4.75%. Partially refunded in 2011. Final payment of \$125,000 due in 2012	\$ 125,000
\$2,685,000 Series 2004 General Obligation Bonds, due in semi-annual installments through 2024; interest at 3.50-4.80%	2,070,000
\$2,445,000 Series 2005 General Obligation Bonds, due in semi-annual installments through 2025; interest at 3.67%	1,955,000
\$345,000 Series 2006 General Obligation Bonds, due in semi-annual installments through 2026; interest at 4.24%	295,000
\$725,000 Series 2006 Certificates of Obligation, due in semi-annual installments through 2026; interest at 4.19%	425,000
\$1,220,000 Series 2007 General Obligation Bonds, due in semi-annual installments through 2027; interest at 4.08%	1,085,000
\$2,320,000 Series 2007 Combination Tax and Revenue Certificates of Obligation, due in semi-annual installments through 2027; interest at 4.04%	2,060,000
\$1,195,000 Series 2008 Certificates of Obligation, due in semi-annual installments through 2028; interest at 3.87%	1,105,000
\$2,110,000 Series 2008 General Obligation Bonds, due in semi-annual installments through 2028; interest at 4.60%	2,131,793
\$4,025,000 Series 2008A Combination Tax & Revenue Certificates of Obligation, due in semi-annual installments through 2028; interest at 4.20-5.00%	3,921,740
\$7,400,000 Series 2010 Combination Tax & Revenue Certificates of Obligation, due in semi-annual installments through 2029; interest at 3.50-4.25%	7,330,000
\$4,260,000 Series 2011 General Obligation Refunding Bonds, due in semi-annual installments through 2022; interest at 2.0-4.0%	4,439,468
\$215,000 2006 Limited Tax Notes; due in semi-annual installments through 2026; interest at	70,000
\$660,000 2008 Limited Tax Notes; due in semi-annual installments through 2014; interest at	260,000
\$500,000 Note Payable to Texas Department of Economic Development; due in monthly installments through 2019; interest at 0.00%	189,584
\$183,420 Note Payable to First National Bank; due in monthly installments through 2012; interest at 4.75%	15,224
\$447,351 Note Payable to Texas Capital Fund; due in monthly installments through 2031; interest at 0.00%	438,031
Compensated Absences - To be liquidated through General Fund resources	517,580
Other Post-Employment Benefits - To be liquidated through General Fund resources	1,162,835
	\$ 29,596,255

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

The following is a summary of the City's proprietary and component unit activities long-term debt at September 30, 2011:

Proprietary Activities

\$2,560,000 Series 2010 Limited Tax Refunding Bonds; due in annual installments through 2024, interest at 2.0-4.0%	\$ 2,435,238
Compensated Absences - To be liquidated through Proprietary Fund resources	134,372
Other Post-Employment Benefits - To be liquidated through Proprietary Fund resources	277,214
	\$ 2,846,824

Component Unit Activities

\$2,005,000 Series 2006 Sales Tax & Revenue Refunding Bonds, due in annual installments through 2020, interest at 4.61%	\$ 1,280,000
\$500,000 Note Payable to the City of Bastrop; due in annual installments through 2019; interest at 0.00%	187,500
\$98,524 Note Payable to First National Bank, due in monthly installments through 2019; interest at 5.39%	50,763
\$2,376 Note Payable to First National Bank, due in monthly installments through 2019; interest at 5.39%	1,224
Compensated Absences - To be liquidated through Component Unit resources	6,718
Other Post-Employment Benefit - To be liquidated through Component Unit resources	46,728
	\$ 1,572,933

Future debt service requirements for governmental activities are as follows:

Year Ended September 30,	Bonds Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,430,000	\$ 1,126,525	\$ 2,556,525	\$ 182,591	\$ 10,556	\$ 193,147
2013	1,475,000	989,555	2,464,555	167,367	6,101	173,468
2014	1,445,000	938,438	2,383,438	137,367	2,754	140,121
2015	1,415,000	888,296	2,303,296	47,367	-	47,367
2016	1,465,000	837,392	2,302,392	47,367	-	47,367
2017-2021	8,375,000	3,303,526	11,678,526	176,422	-	176,422
2022-2026	7,850,000	1,602,719	9,452,719	111,838	-	111,838
2027-2029	3,205,000	237,616	3,442,616	102,518	-	102,518
	\$26,660,000	\$ 9,924,067	\$36,584,067	\$ 972,837	\$ 19,411	\$ 992,248



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CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM DEBT (Continued)

Future debt service requirements for proprietary activities are as follows:

Year Ended September 30,	Bonds Payable		
	Principal	Interest	Total
2012	\$ 160,000	\$ 75,943	\$ 235,943
2013	160,000	72,743	232,743
2014	165,000	69,543	234,543
2015	170,000	65,418	235,418
2016	170,000	61,168	231,168
2017-2021	945,000	223,708	1,168,708
2022-2024	650,000	51,813	701,813
	<u>\$ 2,420,000</u>	<u>\$ 620,336</u>	<u>\$ 3,040,336</u>

Future debt service requirements for component units are as follows:

Year Ended September 30,	Bonds Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 195,000	\$ 59,008	\$ 254,008	\$ 30,622	\$ 2,672	\$ 33,294
2013	200,000	50,019	250,019	30,940	2,354	33,294
2014	215,000	40,799	255,799	31,268	2,026	33,294
2015	220,000	30,887	250,887	31,615	1,680	33,295
2016	235,000	20,745	255,745	31,976	1,318	33,294
2017-2020	215,000	25,125	240,125	83,066	1,561	84,627
	<u>\$ 1,280,000</u>	<u>\$ 226,583</u>	<u>\$ 1,506,583</u>	<u>\$ 239,487</u>	<u>\$ 11,611</u>	<u>\$ 251,098</u>

CITY OF BASTROP, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN DESCRIPTION

Plan Description

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

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

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

	Plan Year 2010	Plan Year 2011
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the 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 services contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credit and Annuity Increases.

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

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN DESCRIPTION (Continued)

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

1.	Annual Required Contribution (ARC)	\$ 482,411
2.	Interest on Net Pension Obligation	(14,045)
3.	Adjustment to the ARC	(11,578)
4.	Annual Pension Cost (APC)	456,788
5.	Contributions Made	(505,537)
6.	Increase (decrease) in net pension obligation	(48,749)
7.	Net Pension Obligation/(Asset), beginning of year	(187,276)
8.	Net Pension Obligation/(Asset), end of year	\$ (236,025)

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/(Asset)
2009	\$ 351,915	\$ 438,261	125%	\$ (86,347)
2010	\$ 401,248	\$ 502,177	125%	\$ (187,276)
2011	\$ 456,788	\$ 505,537	111%	\$ (236,025)

The required contribution rates for fiscal year 2011 were determined as part of the December 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010 - prior to restructure	12/31/2010 - restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of payroll	Level % of payroll	Level % of payroll	Level % of payroll
GASB 25 Equivalent Single Amortization period	29.0 years; closed period	28.3 years; closed period	27.1 years; closed period	27.1 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years	30 years
Asset valuation method	Amortized cost	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:				
Investment Rate of Return *	7.5%	7.5%	7.5%	7.0%
Projected salary increases *	varies by age and service	varies by age and service	varies by age and service	varies by age and service
* Includes Inflation at	3.0%	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%	2.1%

CITY OF BASTROP, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN DESCRIPTION (Continued)

In June 2011, the Texas Legislature enacted Senate Bill 350, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual and expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 Comprehensive Annual Financial Report.

The funded status as of December 31, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date		Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
		(a)	(b)	(c)	(d)	(e)	(f)
				(a) / (b)	(b) - (a)		(d) / (e)
12/31/2010	(1)	\$ 5,215,323	\$ 7,231,849	72.1%	\$ 2,016,526	\$ 4,284,550	47.1%
12/31/2010	(2)	\$ 7,149,061	\$ 8,907,934	80.3%	\$ 1,758,873	\$ 4,284,550	41.1%

- (1) Actuarial valuation performed under the original fund structure
 (2) Actuarial valuation performed under the new fund structure

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. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The City provides paid health insurance coverage for all retirees equal to the coverage being provided to current employees. Members are eligible to retire at age 60 with 5 years of service or at any age with 25 years of service.

Funding Policy

The City currently funds the plan on a pay-as-you-go (PAYGO) system whereby annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost

The City's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 thirty years. The City had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2009 as required by GASB Statement No. 45.

The annual OPEB cost for the fiscal year ending September 30, 2011 is as follows:

	2011	2010	2009
Annual required contribution	\$ 872,436	\$ 847,025	N/A
Interest on OPEB obligation	32,244	-	N/A
Actuarial adjustment	(29,874)	-	N/A
Annual OPEB cost	<u>874,806</u>	<u>847,025</u>	<u>N/A</u>
Net estimated employer contributions	(104,564)	(130,490)	N/A
Increase in net OPEB obligation	770,242	716,535	N/A
Net OPEB obligation - as of beginning of the year	716,535	-	N/A
Net OPEB obligation - as of end of the year	<u><u>\$ 1,486,777</u></u>	<u><u>\$ 716,535</u></u>	<u><u>N/A</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2009	N/A	N/A	N/A	N/A
September 30, 2010	\$ 847,025	\$ 130,490	15.4%	\$ 716,535
September 30, 2011	\$ 874,806	\$ 104,564	12.0%	\$ 1,486,777



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CITY OF BASTROP, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of the most recent actuarial valuation dated December 31, 2009 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
	(a)	(b)	(b) - (a)	(a) / (b)
12/31/2009	\$ -	\$ 6,261,851	\$ 6,261,851	0%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$6,261,851 as of December 31, 2009.

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 its 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	
Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Salary growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 9.0% declining to an ultimate rate of 4.50% after 9 years

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

J. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and through the Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool ("Pool") is considered a self-sustaining risk pool that provides coverage for its members. The City's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the City. The Pool's liability is limited to the coverage that the City elects as stated in the Pool's Declarations of Coverage for that fund year. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements. Settled claims have not exceeded insurance coverage limits for the past three years.

K. COMMITMENT AND CONTINGENCIES

A public entity risk pool is a cooperative group of governmental entities joining together to finance an exposure, liability or risk. The City participates in the Texas Municipal League Risk Pool, a risk-sharing pool, for property, liability, and worker's compensation, wherein member cities pool risks and funds and share in the costs of losses. Claims against the City are expected to be paid by that public entity risk pool. Should the City become insolvent, or otherwise unable to pay claims, the City may have to pay the claims. There were no significant reductions in insurance coverage or insurance settlements exceeding insurance coverage during each of the past three years.

CITY OF BASTROP, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

L. PRIOR PERIOD ADJUSTMENT

The City of Bastrop completed construction of the Bastrop Convention Center during fiscal year 2010 and selected a proprietary-type fund to account for operations. Analysis of expected future convention center revenue and related costs has indicated that this activity is better classified as a governmental activity. As a result, a restatement of beginning net assets and fund balance has been recorded as described below:

	Bastrop Convention Ctr. (Governmental)	Bastrop Convention Ctr. (Proprietary)	Governmental Activities	Business-Type Activities
Fund Balance / Net Assets as previously stated at September 30, 2010	\$ -	\$ 4,890,587	\$ 4,183,311	\$ 25,978,942
Reclassification of the Bastrop Convention Center from proprietary activities to governmental activities	842,894	(4,890,587)	4,890,587	(4,890,587)
Fund Balance / Net Assets as restated at September 30, 2010	<u>\$ 842,894</u>	<u>\$ -</u>	<u>\$ 9,073,898</u>	<u>\$ 21,088,355</u>



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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF BASTROP, TEXAS
SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress – Texas Municipal Retirement System Plan

Actuarial Valuation Date		Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
		(a)	(b)	(c)	(d)	(e)	(f)
				(a) / (b)	(a) - (b)		(d) / (e)
12/31/2008		3,817,789	5,728,888	66.6%	1,911,099	3,896,057	49.1%
12/31/2009		4,607,917	6,777,032	68.0%	2,169,115	4,211,922	51.5%
12/31/2010	(1)	5,215,323	7,231,849	72.1%	2,016,526	4,284,550	47.1%
12/31/2010	(2)	7,149,061	8,907,934	80.3%	1,758,873	4,284,550	41.1%

Schedule of Funding Progress – City of Bastrop Retiree Health Care Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
	(a)	(b)	(b) - (a)	(a) / (b)
12/31/2009	\$ -	\$ 6,261,851	\$ 6,261,851	0%



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CITY OF BASTROP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	Amounts (GAAP BASIS)	
REVENUES:				
Taxes:				
Property Taxes	\$ 1,787,819	\$ 1,787,819	\$ 1,697,949	\$ (89,870)
Penalty and Interest on Taxes	35,887	35,887	21,527	(14,360)
Investment Earnings	6,000	6,000	3,356	(2,644)
Other Revenue	-	9,950	95,102	85,152
Total Revenues	<u>1,829,706</u>	<u>1,839,656</u>	<u>1,817,934</u>	<u>(21,722)</u>
EXPENDITURES:				
Current:				
Building and Development	33,655	33,655	33,654	1
Debt Service:				
Long-Term Debt Principal	1,242,364	1,242,364	1,474,243	(231,879)
Long-Term Debt Interest	655,505	665,454	1,291,715	(626,261)
Issuance Costs and Fiscal Agent Fees	3,000	3,000	137,865	(134,865)
Total Expenditures	<u>1,934,524</u>	<u>1,944,473</u>	<u>2,937,477</u>	<u>(993,004)</u>
Excess (Deficiency) Revenue Over (Under) Expenditures	<u>(104,818)</u>	<u>(104,817)</u>	<u>(1,119,543)</u>	<u>(1,014,726)</u>
OTHER FINANCING SOURCES (USES):				
Capital-related Debt Issued (Reg Bonds)	-	-	4,260,000	4,260,000
Premium/Discount on Issuance of Bonds	-	-	179,469	179,469
Refunding of Bonds	-	-	(4,300,560)	(4,300,560)
Transfers In	-	-	800,863	800,863
Transfers Out	-	-	(21,726)	(21,726)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>918,046</u>	<u>918,046</u>
Net Change in Fund Balances	(104,818)	(104,817)	(201,497)	(96,680)
Fund Balance - Oct 1 (Beginning)	922,060	922,060	922,060	-
Fund Balance - Sept 30 (Ending)	<u>\$ 817,242</u>	<u>\$ 817,243</u>	<u>\$ 720,563</u>	<u>\$ (96,680)</u>

Note: The negative budget variances shown above for debt principal and interest expenditures primarily represent portions of general obligation long-term debt payments being made by proprietary funds. The City budgets these principal and interest payments within the respective proprietary funds. For external financial reporting however, these amounts are reclassified as Transfers Out of the proprietary funds and as Transfers In and related principal or interest payments within the Debt Service Fund.



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COMBINING SCHEDULES

CITY OF BASTROP
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

	Bastrop Convention Center	Library Board Fund	Hunter's Crossing PID Fund	Fairview Cemetery Fund	Fairview Cemetery Fund - Perm.
ASSETS					
Cash and Cash Equivalents	\$ 858,861	\$ 10,464	\$ 23,211	\$ 52,934	\$ 547,699
Taxes Receivable	-	-	780	-	-
Allowance for Uncollectible Taxes	-	-	(39)	-	-
Prepaid Items	-	46	-	-	-
Total Assets	<u>\$ 858,861</u>	<u>\$ 10,510</u>	<u>\$ 23,952</u>	<u>\$ 52,934</u>	<u>\$ 547,699</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 14,408	\$ -	\$ 3,184	\$ 226	\$ -
Wages and Salaries Payable	5,300	-	-	366	-
Due to Others	18,299	-	-	-	-
Deferred Revenues	-	-	741	-	-
Other Current Liabilities	818	-	-	-	-
Total Liabilities	<u>38,825</u>	<u>-</u>	<u>3,925</u>	<u>592</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	46	-	-	-
Restricted For:					
Cemetery	-	-	-	52,342	547,699
Public Improvement District	-	-	20,027	-	-
Capital Projects	-	-	-	-	-
Assigned For:					
Specific Purposes	820,036	10,464	-	-	-
Total Fund Balances	<u>820,036</u>	<u>10,510</u>	<u>20,027</u>	<u>52,342</u>	<u>547,699</u>
Total Liabilities & Fund Balances	<u>\$ 858,861</u>	<u>\$ 10,510</u>	<u>\$ 23,952</u>	<u>\$ 52,934</u>	<u>\$ 547,699</u>

Main Street Project Fund	Nonmajor Special Rev Funds	Park/Trail Dedication Fund	Gen. Oblig. Bonds 2005 Fund	Gen. Oblig. Bonds 2007 Fund	Texas Capital 2006 Fund	Bond Project City Hall-2008 Fund	Certificate of Oblig. 2008A
\$ 209,947	\$ 1,703,116	\$ 110,242	\$ 85,975	\$ 189,649	\$ -	\$ 128,126	\$ 9,790
-	780	-	-	-	-	-	-
-	(39)	-	-	-	-	-	-
-	46	-	-	-	-	-	-
<u>\$ 209,947</u>	<u>\$ 1,703,903</u>	<u>\$ 110,242</u>	<u>\$ 85,975</u>	<u>\$ 189,649</u>	<u>\$ -</u>	<u>\$ 128,126</u>	<u>\$ 9,790</u>
\$ 3,940	\$ 21,758	\$ -	\$ -	\$ -	\$ -	\$ 127,590	\$ -
2,376	8,042	-	-	-	-	-	-
-	18,299	-	-	-	-	-	-
-	741	-	-	-	-	-	-
-	818	-	-	-	-	-	-
<u>6,316</u>	<u>49,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,590</u>	<u>-</u>
-	46	-	-	-	-	-	-
-	600,041	-	-	-	-	-	-
-	20,027	-	-	-	-	-	-
-	-	110,242	85,975	189,649	-	536	9,790
<u>203,631</u>	<u>1,034,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>203,631</u>	<u>1,654,245</u>	<u>110,242</u>	<u>85,975</u>	<u>189,649</u>	<u>-</u>	<u>536</u>	<u>9,790</u>
<u>\$ 209,947</u>	<u>\$ 1,703,903</u>	<u>\$ 110,242</u>	<u>\$ 85,975</u>	<u>\$ 189,649</u>	<u>\$ -</u>	<u>\$ 128,126</u>	<u>\$ 9,790</u>

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CITY OF BASTROP
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

	TX CDBG #728031 Fund	HUD Special Project Fund	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 1	\$ 523,783	\$ 2,226,899
Taxes Receivable	-	-	-	780
Allowance for Uncollectible Taxes	-	-	-	(39)
Prepaid Items	-	-	-	46
Total Assets	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 523,783</u>	<u>\$ 2,227,686</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 1	\$ 127,591	\$ 149,349
Wages and Salaries Payable	-	-	-	8,042
Due to Others	-	-	-	18,299
Deferred Revenues	-	-	-	741
Other Current Liabilities	-	-	-	818
Total Liabilities	<u>-</u>	<u>1</u>	<u>127,591</u>	<u>177,249</u>
Fund Balances:				
Nonspendable	-	-	-	46
Restricted For:				
Cemetery	-	-	-	600,041
Public Improvement District	-	-	-	20,027
Capital Projects	-	-	396,192	396,192
Assigned For:				
Specific Purposes	-	-	-	1,034,131
Total Fund Balances	<u>-</u>	<u>-</u>	<u>396,192</u>	<u>2,050,437</u>
Total Liabilities & Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 523,783</u></u>	<u><u>\$ 2,227,686</u></u>

CITY OF BASTROP
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Bastrop Convention Center	Library Board Fund	Hunter's Crossing PID Fund	Fairview Cemetery Fund	Fairview Cemetery Fund - Perm.
REVENUES:					
Taxes:					
Property Tax	\$ -	\$ -	\$ 264,234	\$ -	\$ -
Penalty and Interest on Taxes	-	-	2,657	-	-
Intergovernmental Revenue & Grants	-	-	-	-	-
Charges for Services	19,485	-	-	-	16,000
Investment Earnings	2,343	38	252	3,781	654
Contributions & Donations	-	3,098	-	100	-
Other Revenue	-	-	-	18,899	405
Total Revenues	21,828	3,136	267,143	22,780	17,059
EXPENDITURES:					
Current:					
Public Works	-	-	-	33,177	-
Culture and Recreation	-	4,475	-	-	-
Building and Development	410,388	-	229,985	-	-
Debt Service:					
Long-Term Debt Principal	45,000	-	-	-	-
Long-Term Debt Interest	44,381	-	-	-	-
Debt Fees	140	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	499,909	4,475	229,985	33,177	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(478,081)	(1,339)	37,158	(10,397)	17,059
OTHER FINANCING SOURCES (USES):					
Transfers In	829,492	-	-	9,000	-
Transfers Out (Use)	(374,269)	(3,572)	-	-	-
Total Other Financing Sources (Uses)	455,223	(3,572)	-	9,000	-
Net Change in Fund Balance	(22,858)	(4,911)	37,158	(1,397)	17,059
Fund Balance - October 1 (Beginning)	-	15,421	(17,131)	53,739	530,640
Prior Period Adjustment	842,894	-	-	-	-
Fund Balance - September 30 (Ending)	\$ 820,036	\$ 10,510	\$ 20,027	\$ 52,342	\$ 547,699

Main Street Project Fund	Nonmajor Special Rev. Funds	Park/Trail Dedication Fund	Gen. Oblig. Bonds 2005 Fund	Gen. Oblig. Bonds 2007 Fund	Texas Capital 2006 Fund	Bond Project City Hall-2008 Fund	Certificate of Oblig 2008A
\$ -	\$ 264,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,657	-	-	-	-	-	-
-	-	-	-	-	49,107	-	-
-	35,485	-	-	-	-	-	-
466	7,534	280	242	-	-	778	625
80,199	83,397	-	-	-	-	-	-
-	19,304	-	-	-	-	-	-
80,665	412,611	280	242	-	49,107	778	625
-	33,177	-	-	-	-	-	-
-	4,475	-	-	-	-	-	-
142,541	782,914	-	-	-	-	-	-
-	45,000	-	-	-	-	-	-
-	44,381	-	-	-	-	-	-
-	140	-	-	-	-	-	-
-	-	-	15,812	-	30,753	450,237	52,821
142,541	910,087	-	15,812	-	30,753	450,237	52,821
(61,876)	(497,476)	280	(15,570)	-	18,354	(449,459)	(52,196)
150,000	988,492	-	-	265,000	-	-	-
-	(377,841)	-	-	-	-	-	-
150,000	610,651	-	-	265,000	-	-	-
88,124	113,175	280	(15,570)	265,000	18,354	(449,459)	(52,196)
115,507	698,176	109,962	101,545	(75,351)	(18,354)	449,995	61,986
-	842,894	-	-	-	-	-	-
\$ 203,631	\$ 1,654,245	\$ 110,242	\$ 85,975	\$ 189,649	\$ -	\$ 536	\$ 9,790

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CITY OF BASTROP
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	TX CDBG #728031 Fund	HUD Special Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:				
Taxes:				
Property Tax	\$ -	\$ -	\$ -	\$ 264,234
Penalty and Interest on Taxes	-	-	-	2,657
Intergovernmental Revenue & Grants	-	-	49,107	49,107
Charges for Services	-	-	-	35,485
Investment Earnings	-	-	1,925	9,459
Contributions & Donations	-	-	-	83,397
Other Revenue	-	-	-	19,304
Total Revenues	-	-	51,032	463,643
EXPENDITURES:				
Current:				
Public Works	-	-	-	33,177
Culture and Recreation	-	-	-	4,475
Building and Development	-	-	-	782,914
Debt Service:				
Long-Term Debt Principal	-	-	-	45,000
Long-Term Debt Interest	-	-	-	44,381
Debt Fees	-	-	-	140
Capital Outlay	-	-	549,623	549,623
Total Expenditures	-	-	549,623	1,459,710
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(498,591)	(996,067)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	265,000	1,253,492
Transfers Out (Use)	-	-	-	(377,841)
Total Other Financing Sources (Uses)	-	-	265,000	875,651
Net Change in Fund Balance	-	-	(233,591)	(120,416)
Fund Balance - October 1 (Beginning)	-	-	629,783	1,327,959
Prior Period Adjustment	-	-	-	842,894
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ 396,192	\$ 2,050,437

CITY OF BASTROP
 COMBINING SCHEDULE OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 SEPTEMBER 30, 2011

	Community Impact Fee Fund	Accelerated Recovery Fee Fund	Bastrop Convention Center	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 445,836	\$ 120,188	\$ -	\$ 566,024
Accounts Receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid Items	-	-	-	-
Total Current Assets	<u>445,836</u>	<u>120,188</u>	<u>-</u>	<u>566,024</u>
Noncurrent Assets:				
Capital Assets:				
Land	-	-	-	-
Buildings	-	-	-	-
Construction in Progress	-	-	-	-
Accumulated Depreciation-Buildings	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 445,836</u>	<u>\$ 120,188</u>	<u>\$ -</u>	<u>\$ 566,024</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages, Salaries and Withholdings Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Invested in Capital Assets, Net of Debt	-	-	-	-
Unrestricted Net Assets	445,836	120,188	-	566,024
Total Net Assets	<u>\$ 445,836</u>	<u>\$ 120,188</u>	<u>\$ -</u>	<u>\$ 566,024</u>

CITY OF BASTROP
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 SEPTEMBER 30, 2011

	Community Impact Fee Fund	Accelerated Recovery Fee Fund	Bastrop Convention Center	Total Nonmajor Enterprise Rev Funds
OPERATING REVENUES:				
Charges for Water Service	\$ 30,314	\$ 16,728	\$ -	\$ 47,042
Charges for Sewerage Service	-	49,312	-	49,312
Total Operating Revenues	<u>30,314</u>	<u>66,040</u>	<u>-</u>	<u>96,354</u>
OPERATING EXPENSES:				
Personnel Services - Salaries and Wages	-	-	-	-
Personnel Services - Employee Benefits	-	-	-	-
Purchased Professional & Technical Services	18,228	-	-	18,228
Other Operating Expenses	-	979	-	979
Supplies	-	-	-	-
Depreciation	-	-	-	-
Total Operating Expenses	<u>18,228</u>	<u>979</u>	<u>-</u>	<u>19,207</u>
Operating Income (Loss)	<u>12,086</u>	<u>65,061</u>	<u>-</u>	<u>77,147</u>
NON-OPERATING REVENUE (EXPENSE):				
Investment Earnings	1,128	346	-	1,474
Interest Expense	-	-	-	-
Total Non-operating Revenue (Expense)	<u>1,128</u>	<u>346</u>	<u>-</u>	<u>1,474</u>
Income (Loss) Before Transfers	<u>13,214</u>	<u>65,407</u>	<u>-</u>	<u>78,621</u>
Non-Operating Transfer In	-	100,000	-	100,000
Transfer Out	-	(169,726)	-	(169,726)
Change in Net Assets	13,214	(4,319)	-	8,895
Total Net Assets-Oct 1 (Beginning)	432,622	124,507	4,890,587	5,447,716
Prior Period Adjustment	-	-	(4,890,587)	(4,890,587)
Total Net Assets-Sept 30 (Ending)	<u>\$ 445,836</u>	<u>\$ 120,188</u>	<u>\$ -</u>	<u>\$ 566,024</u>



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CITY OF BASTROP, TEXAS
 COMBINING SCHEDULE OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Community Impact Fee Fund	Accelerated Recovery Fee Fund	Bastrop Convention Center	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 30,314	\$ 66,040	\$ -	\$ 96,354
Cash Payments for Employee Services	-	-	-	-
Cash Payments for Purchased Services	(18,570)	-	-	(18,570)
Cash Payments for Suppliers	-	-	-	-
Cash Payments for Other Operating Expenses	-	(979)	-	(979)
Net Cash Provided (Used) by Operating Activities	<u>11,744</u>	<u>65,061</u>	<u>-</u>	<u>76,805</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Operating Transfer (Out) In	-	(69,726)	-	(69,726)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>(69,726)</u>	<u>-</u>	<u>(69,726)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	-	-	-	-
Interest Expense	-	-	-	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	1,128	346	-	1,474
Net Increase in Cash and Cash Equivalents	12,872	(4,319)	-	8,553
Cash & Cash Equivalents - Beginning of Year	432,964	124,507	844,527	1,401,998
Prior Period Adjustment	-	-	(844,527)	(844,527)
Cash & Cash Equivalents - End of Year	<u>\$ 445,836</u>	<u>\$ 120,188</u>	<u>\$ -</u>	<u>\$ 566,024</u>
<u>Reconciliation of Operating Income to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income:	\$ 12,086	\$ 65,061	\$ -	\$ 77,147
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation	-	-	-	-
Decrease (Increase) in Receivables	-	-	-	-
Decrease (Increase) in Inventories	-	-	-	-
Decrease (Increase) in Prepaid Expenses	-	-	-	-
Increase (Decrease) in Accounts Payable	(342)	-	-	(342)
Increase (Decrease) in Wages Payable	-	-	-	-
Increase (Decrease) in Accrued Interest	-	-	-	-
Increase (Decrease) in Other Liabilities	-	-	-	-
Net Cash Provided (Used) for Operating Activities	<u>\$ 11,744</u>	<u>\$ 65,061</u>	<u>\$ -</u>	<u>\$ 76,805</u>



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STATISTICAL SECTION
(UNAUDITED)



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CITY OF BASTROP, TEXAS

STATISTICAL SECTION (UNAUDITED)

This is part of the City of Bastrop's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Table #'s</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-5
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	6-12
Debt Capacity These tables present 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.	13-16
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	17-18
Operating Information These tables 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.	19-21

**CITY OF BASTROP, TEXAS
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS (UNAUDITED)**

TABLE 1

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 439,746	\$ 1,437,927	\$ 2,155,157	\$ (4,960,857)	\$ 5,875,370
Restricted	4,087,610	2,363,723	986,735	9,380,765	6,046,673
Unrestricted	3,320,445	4,276,758	4,033,594	(236,597)	(2,389,362)
Total Gov. Activities Net Assets	\$ 7,847,801	\$ 8,078,408	\$ 7,175,486	4,183,311	9,532,681
Business-type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 9,586,381	\$ 4,850,207	\$ 16,335,785	\$ 19,320,722	\$ 16,135,372
Restricted	3,476,113	3,476,113	-	-	-
Unrestricted	5,277,302	12,960,782	5,767,731	6,658,219	5,594,939
Total Bus.-Type Act. Net Assets	\$ 18,339,796	\$ 21,287,102	\$ 22,103,516	\$ 25,978,941	\$ 21,730,311
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$ 10,026,127	\$ 6,288,134	\$ 18,490,942	14,359,865	22,010,742
Restricted	7,563,723	5,839,836	986,735	9,380,765	6,046,673
Unrestricted	8,597,747	17,237,540	9,801,325	6,421,622	3,205,577
Total Primary Gov. Net Assets	\$ 26,187,597	\$ 29,365,510	\$ 29,279,002	30,162,252	31,262,992

CITY OF BASTROP, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST FIVE FISCAL YEARS (UNAUDITED)

TABLE 2

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses					
Governmental Activities:					
General Government	\$ 3,970,038	\$ 4,607,153	\$ 5,150,600	\$ 6,394,947	\$ 6,295,882
Public Safety	1,603,169	1,816,490	2,356,890	2,464,313	2,648,635
Public Works	1,329,794	1,411,904	1,567,019	1,773,439	1,997,802
Health	71,027	71,026	79,169	76,812	75,991
Cemetery	-	-	15,816	-	-
Long-Term Debt and Fees	620,935	738,485	810,338	986,607	1,403,348
Depreciation	523,803	480,223	-	-	-
Total Governmental Activities Expenses	8,118,766	9,125,281	9,979,831	11,696,118	12,421,658
Business-type Activities:					
Water/ Wastewater Utility	\$ 2,226,170	\$ 2,443,594	\$ 2,654,152	\$ 2,790,906	\$ 3,061,719
Electric Utility	4,567,889	5,437,279	6,049,776	5,727,753	5,871,322
BEDC	481,314	738,373	144,936	-	1,176,315
Other Nonmajor	25,166	83,312	3,619	67,305	19,207
Total Business-type Activities Expenses	7,300,539	8,702,558	8,852,483	8,585,964	10,128,563
Total Primary Government Expenses	\$ 15,419,305	\$ 17,827,839	\$ 18,832,314	\$ 20,282,082	\$ 22,550,221
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 21,075	\$ 40,943	\$ 1,087,944	\$ 1,255,484	\$ 1,318,457
Public safety	319,321	422,094	295,240	256,551	275,307
Public Works	-	-	-	-	65,615
Health	-	-	27,932	-	-
Operating Grants and Contributions	1,170,248	854,313	91,918	249,725	393,095
Capital Grants and Contributions	-	-	577,643	-	173,903
Total Gov. Activities Program Revenues	1,510,644	1,317,350	2,080,677	1,761,760	2,226,377
Business-type Activities:					
Charges for Services:					
Water/ Wastewater Utility	\$ 2,209,693	\$ 2,764,742	\$ 3,111,828	\$ 3,071,126	\$ 3,445,382
Electric Utility	5,473,645	6,231,334	7,071,534	6,771,854	6,966,650
Other Nonmajor	-	-	295,177	195,354	96,354
Total Bus.-Type Act. Program Revenues	7,683,338	8,996,076	10,478,539	10,038,334	10,508,386
Total Primary Gov. Programs Revenues	9,193,982	10,313,426	12,559,216	11,800,094	12,734,763
Net (Expense)/Revenue:					
Governmental Activities	\$ (6,608,122)	\$ (7,807,931)	\$ (7,899,154)	\$ (9,934,358)	\$ (10,195,281)
Business-type Activities	382,799	293,518	1,626,056	1,452,370	379,823
Total Primary Government Net Expense	\$ (6,225,323)	\$ (7,514,413)	\$ (6,273,098)	\$ (8,481,988)	\$ (9,815,458)



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**CITY OF BASTROP, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
LAST FIVE FISCAL YEARS (UNAUDITED)**

TABLE 3

	Fiscal Year				
	2007	2008	2009	2010	2011
Net (Expense)/Revenue					
Governmental Activities	\$(6,608,122)	\$(7,807,931)	\$(7,899,154)	\$(9,934,358)	\$(10,195,282)
Business-type Activities	382,799	293,518	1,626,056	1,452,370	1,556,138
Total Primary Gov. Net Expense	<u>(6,225,323)</u>	<u>(7,514,413)</u>	<u>(6,273,098)</u>	<u>(8,481,988)</u>	<u>(8,639,144)</u>
Governmental Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes	2,846,719	2,842,170	3,182,745	3,362,419	3,557,551
Sales Taxes	2,170,754	2,371,361	2,508,969	2,606,584	2,722,333
Franchise Taxes	294,684	350,299	365,838	375,077	404,582
Other Taxes	1,837,439	2,119,224	2,202,096	2,172,473	2,512,219
Penalty and Interest	61,700	66,304	63,574	73,518	58,562
Grants/Contr. Not Rest.	-	-	91,076	122,691	98,733
Miscellaneous Revenue	645,063	693,273	135,334	511,770	296,242
Investment Earnings	392,083	266,109	97,964	76,892	31,639
Special Item - Resource	-	-	47,821	37,782	40,431
Special Item (Use)	-	-	4,423	4,065	3,179
Transfers In (Out)	(1,666,810)	(670,202)	(1,431,720)	(2,401,089)	928,594
Total Governmental Activities	<u>6,581,632</u>	<u>8,038,538</u>	<u>7,268,120</u>	<u>6,942,182</u>	<u>10,654,065</u>
Business-type Activities:					
Sales Taxes	1,085,214	1,185,502	-	-	-
Miscellaneous Revenue	298,016	505,558	230,872	-	-
Investment Earnings	369,894	292,526	68,051	21,968	14,412
Transfers In (Out)	1,666,810	670,202	1,251,118	2,401,088	(928,594)
Total Business-type Activities	<u>3,419,934</u>	<u>2,653,788</u>	<u>1,550,041</u>	<u>2,423,056</u>	<u>(914,182)</u>
Total Primary Government	<u>10,001,566</u>	<u>10,692,326</u>	<u>8,818,161</u>	<u>9,365,238</u>	<u>9,739,883</u>
Change in Net Assets					
Governmental Activities	(26,490)	230,607	(631,034)	(2,992,176)	458,783
Business-type Activities	3,802,733	2,947,306	3,176,097	3,875,426	641,956
Total Primary Government	<u>\$ 3,776,243</u>	<u>\$ 3,177,913</u>	<u>\$ 2,545,063</u>	<u>\$ 883,250</u>	<u>\$ 1,100,739</u>

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

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$ -	\$ -	\$ 66,687	\$ 63,959
Unreserved	1,188,925	1,132,060	957,362	1,480,793
Total General Fund	<u>\$ 1,188,925</u>	<u>\$ 1,132,060</u>	<u>\$ 1,024,049</u>	<u>\$ 1,544,752</u>
All Other Governmental Funds				
Reserved	\$ 871,853	\$ 613,186	\$ 190,933	\$ -
Unreserved, Reported in:				
Special Revenue Funds	935,191	804,138	112,220	618,299
Capital Projects Funds	5,184,876	1,778,056	3,382,800	2,346,918
Debt Service Fund				253,019
Total All Other Governmental Funds	<u>\$ 6,991,920</u>	<u>\$ 3,195,380</u>	<u>\$ 3,685,953</u>	<u>\$ 3,218,236</u>

TABLE 4

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 73,028	\$ 76,039	\$ 77,637	\$ -	\$ -	\$ -
1,557,114	2,048,836	2,277,834	2,187,883	2,515,443	2,059,480
<u>\$ 1,630,142</u>	<u>\$ 2,124,875</u>	<u>\$ 2,355,471</u>	<u>\$ 2,187,883</u>	<u>\$ 2,515,443</u>	<u>\$ 2,059,480</u>
\$ -	\$ -	\$ -	\$ 5,604,401	\$ 9,380,765	\$ 5,926,375
1,031,658	1,555,496	3,168,641	2,412,513	167,536	1,034,177
2,369,074	2,613,207	-	-	-	-
469,859	1,006,310	986,734	-	-	-
<u>\$ 3,870,591</u>	<u>\$ 5,175,013</u>	<u>\$ 4,155,375</u>	<u>\$ 8,016,914</u>	<u>\$ 9,548,301</u>	<u>\$ 6,960,552</u>

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

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
Ad valorem taxes	\$ 1,222,299	\$ 1,481,755	\$ 1,646,411	\$ 2,085,093
Sales taxes	1,504,567	1,695,536	1,750,107	1,806,297
Franchise fees	215,270	243,074	246,776	267,733
Other Taxes	167,420	164,146	194,473	216,364
Licenses and permits	156,100	207,748	193,058	244,255
Intergovernmental	730,489	1,149,156	829,881	1,184,579
Service fees	-	-	69,920	102,890
Fines and penalties	184,889	161,652	170,107	190,784
Interest income	157,253	124,357	104,518	150,623
Miscellaneous income	616,902	522,585	1,015,777	516,357
Total Revenues	4,955,189	5,750,009	6,221,028	6,764,975
Expenditures				
General Government	1,145,366	1,081,263	1,661,727	2,060,116
Public Safety	1,341,646	1,338,340	1,164,624	1,324,954
Urban development	320,233	344,600	364,569	71,026
Public Works	799,544	865,111	1,205,653	1,230,479
Community Service	628,422	505,593	-	-
Capital Outlay	919,109	4,729,944	3,169,528	2,126,856
Debt Service				
Principal	727,716	872,372	492,329	596,099
Interest and fiscal charges			417,686	590,773
Bond issuance costs	-	-	151,116	-
Total Expenditures	5,882,036	9,737,223	8,627,232	8,000,303
Excess of Revenues				
Over (Under) Expenditures	(926,847)	(3,987,214)	(2,406,204)	(1,235,328)
Other Financing Sources (Uses)				
Transfers In	731,968	3,485,460	3,781,593	1,045,215
Transfers Out	(315,821)	(3,361,133)	(3,100,029)	(191,901)
Issuance of long-term debt	2,563,343	42,382	2,685,000	435,000
Premium or discount on bonds issued	-	-	-	-
Other resources	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Sale of capital assets	61	1,521	-	-
Total Other Financing Sources (Uses)	2,979,551	168,230	3,366,564	1,288,314
Net Change in Fund Balances	2,052,704	(3,818,984)	960,360	52,986
Debt Service as a Percentage of Noncapital Expenditures	17.2%	21.1%	24.1%	25%

TABLE 5

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 2,313,000	\$ 2,904,316	\$ 2,908,474	\$ 3,326,158	\$ 3,668,631	\$ 3,859,531
2,071,087	2,170,754	2,371,361	2,508,969	2,606,584	2,722,333
295,488	294,684	350,299	365,838	375,077	404,582
654,823	1,837,439	2,119,224	2,202,096	1,970,512	2,247,985
220,954	242,043	235,490	150,664	104,149	97,305
1,163,671	1,230,269	854,313	1,614,689	1,231,197	1,691,978
57,761	21,075	40,943	72,172	70,418	90,526
246,568	319,321	422,094	323,673	324,465	346,568
300,993	392,084	266,109	97,964	76,854	31,640
364,415	371,146	457,763	145,889	667,249	394,975
<u>7,688,760</u>	<u>9,783,131</u>	<u>10,026,070</u>	<u>10,808,112</u>	<u>11,095,136</u>	<u>11,887,423</u>
2,690,940	3,961,515	4,594,555	1,805,523	2,233,336	2,591,833
1,432,584	1,599,829	1,804,708	2,470,393	2,196,265	2,433,848
71,027	71,027	71,027	2,074,168	3,035,287	2,430,328
1,132,222	1,326,446	1,420,520	1,505,497	1,640,182	2,355,876
-	-	-	560,947	555,892	609,360
3,092,448	2,700,721	2,230,134	836,126	2,155,806	3,470,556
738,211	897,461	1,129,328	1,066,729	1,457,967	1,519,243
624,056	585,168	749,638	954,646	913,096	1,336,096
-	-	-	181,008	89,113	138,005
<u>9,781,488</u>	<u>11,142,167</u>	<u>11,999,910</u>	<u>11,455,037</u>	<u>14,276,944</u>	<u>16,885,145</u>
<u>(2,092,728)</u>	<u>(1,359,036)</u>	<u>(1,973,840)</u>	<u>(646,925)</u>	<u>(3,181,808)</u>	<u>(4,997,722)</u>
979,165	2,009,370	1,338,208	1,218,690	1,127,753	2,657,927
(602,688)	(3,676,179)	(2,008,410)	(2,650,410)	(3,528,663)	(1,729,333)
2,453,996	4,825,000	1,855,000	6,135,000	7,400,000	4,260,000
-	-	-	121,803	-	179,469
-	-	-	47,821	37,782	40,431
-	-	-	-	-	(4,300,560)
-	-	-	4,423	4,065	3,179
<u>2,830,473</u>	<u>3,158,191</u>	<u>1,184,798</u>	<u>4,877,327</u>	<u>5,040,937</u>	<u>1,111,113</u>
<u>737,745</u>	<u>1,799,155</u>	<u>(789,042)</u>	<u>4,230,402</u>	<u>1,859,129</u>	<u>(3,886,609)</u>
25.6%	21.3%	23.8%	17.6%	20.8%	21.5%



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

TABLE 6

<u>Fiscal Year</u>	<u>Ad Valorem Taxes</u>	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Total</u>
2002	1,222,299	1,504,567	215,270	2,942,136
2003	1,481,755	1,695,536	243,074	3,420,365
2004	1,646,411	1,750,107	246,776	3,643,294
2005	2,085,093	1,806,297	267,733	4,159,123
2006	2,313,000	2,071,087	295,488	4,679,575
2007	2,904,316	2,170,754	294,684	5,369,754
2008	2,908,474	2,371,361	350,299	5,630,134
2009	3,182,745	2,508,969	365,838	6,057,552
2010	3,326,419	2,606,584	375,077	6,308,080
2011	3,800,968	2,722,333	404,582	6,927,883
Change 2002-2011	\$ 2,578,669	\$ 1,217,766	\$ 189,312	\$ 3,985,747
Percent Change	147.4%	223.6%	213.7%	173.8%

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less Exempt Property</u>	<u>Less Other (1)</u>
2002	2001	309,960,777	44,108,423	(60,030,817)	(16,973,521)
2003	2002	343,949,989	48,049,418	(59,179,425)	(12,263,732)
2004	2003	406,434,378	54,184,997	(66,240,121)	(15,653,045)
2005	2004	433,516,029	55,363,950	(68,452,695)	(15,207,526)
2006	2005	467,903,215	66,190,272	(85,281,715)	(51,859,246)
2007	2006	534,005,461	67,961,872	(95,264,326)	(59,591,491)
2008	2007	574,267,963	74,825,034	(103,636,206)	(62,093,889)
2009	2008	642,672,510	92,109,942	(110,409,715)	(75,953,047)
2010	2009	683,627,607	83,978,203	(117,951,584)	(82,207,662)
2011	2010	749,216,172	82,203,043	(135,123,943)	(89,217,278)

Source: Central Appraisal District of Bastrop County

(1) Other includes Homestead Cap Adjustment, Productivity Loss, Exemptions, 065 Freeze/Transfer and DP Freeze.

TABLE 7

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
277,064,862	0.4307	277,064,862	100.00%
320,556,250	0.4570	320,556,250	100.00%
378,726,209	0.4282	378,726,209	100.00%
405,219,758	0.5011	405,219,758	100.00%
396,952,526	0.5277	396,952,526	100.00%
447,111,516	0.5835	447,111,516	100.00%
483,362,902	0.5350	483,362,902	100.00%
548,419,690	0.5540	548,419,690	100.00%
567,446,564	0.5540	567,446,564	100.00%
607,077,994	0.5540	607,077,994	100.00%

**CITY OF BASTROP, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 8

Fiscal Year	City Direct Rates			Overlapping Rates		Other
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Bastrop Independent School District	Bastrop County/County Road	Hunter's Crossing PID Fixed \$ amount
2002	0.1954	0.2353	0.4307	1.5269	0.5850	\$ -
2003	0.2043	0.2527	0.4570	1.6080	0.6061	\$ -
2004	0.1992	0.2290	0.4282	1.6430	0.6061	\$ -
2005	0.2050	0.2961	0.5011	1.7420	0.6334	\$ 226.00
2006	0.1902	0.3375	0.5277	1.7280	0.6383	\$ 226.00
2007	0.1834	0.4001	0.5835	1.6221	0.6283	\$ 226.00
2008	0.1952	0.3398	0.5350	1.5010	0.6192	\$ 226.00
2009	0.1992	0.3548	0.5540	1.4810	0.6192	\$ 238.00
2010	0.2292	0.3248	0.5540	1.4810	0.6192	\$ 271.00
2011	0.3203	0.2637	0.5840	1.4810	0.6192	\$ 289.52

(1) Source: City of Bastrop Budget

(2) Basis for property tax rate is per \$100 of taxable valuation.

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

TABLE 9

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bastrop Retail Partners	\$ 16,892,157	1	2.78%			
Walmart	12,971,688	2	2.14%	\$ 11,509,315	2	4.15%
The Home Depot	10,579,553	3	1.74%			
METS Properties LP	9,555,000	4	1.57%			
H E Butt Grocery Company	8,830,412	5	1.45%	5,384,312	3	1.94%
Six Walnut Ridge Apartments	8,444,837	6	1.39%			
Covert Chevrolet	8,316,749	7	1.37%	11,875,984	1	4.29%
Lowe's Home Centers Inc	6,800,000	8	1.12%			
First National Bank of Bastrop	6,270,000	9	1.03%	2,092,449	10	0.76%
Soft Hotels LLC	5,422,397	10	0.89%			
Total	\$ 94,082,793		15.50%	\$ 30,862,060		11.14%

(1) Source: Central Appraisal District of Bastrop County

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

TABLE 10

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	1,192,845	1,163,649	97.55%	15,470	1,179,119	98.85%
2003	1,473,961	1,403,218	95.20%	39,555	1,442,773	97.88%
2004	1,576,302	1,558,316	98.86%	16,877	1,575,192	99.93%
2005	2,039,296	1,958,417	96.03%	57,389	2,015,806	98.85%
2006	2,301,006	2,216,887	96.34%	67,585	2,284,473	99.28%
2007	2,819,407	2,749,328	97.51%	47,678	2,797,006	99.21%
2008	2,800,288	2,736,004	97.70%	60,941	2,796,945	99.88%
2009	3,278,876	3,185,516	97.15%	44,138	3,229,654	98.50%
2010	3,404,859	3,327,953	97.74%	-	3,327,953	97.74%
2011	3,609,482	3,517,945	97.46%	-	3,517,945	97.46%

**CITY OF BASTROP, TEXAS
 DIRECT AND OVERLAPPING SALES TAX REVENUE
 LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 11

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Bastrop Economic Development Corporation</u>	<u>Bastrop County</u>
2002	1.50%	0.50%	0.50%
2003	1.50%	0.50%	0.50%
2004	1.50%	0.50%	0.50%
2005	1.50%	0.50%	0.50%
2006	1.50%	0.50%	0.50%
2007	1.50%	0.50%	0.50%
2008	1.50%	0.50%	0.50%
2009	1.50%	0.50%	0.50%
2010	1.50%	0.50%	0.50%
2011	1.50%	0.50%	0.50%

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

Fiscal Year	General Bonded Debt		
	General Obligation Bonds	Tax Notes	Certificates of Obligation
2002	\$ 13,406,393	\$ -	\$ -
2003	\$ 12,633,829	\$ -	\$ -
2004	\$ 16,067,307	\$ -	\$ -
2005	\$ 18,474,826	\$ -	\$ -
2006	\$ 17,294,410	\$ 244,986	\$ -
2007	\$ 18,301,929	\$ 210,028	\$ 4,392,476
2008	\$ 16,921,679	\$ 901,817	\$ 4,167,729
2009	\$ 19,169,975	\$ 631,741	\$ 3,871,132
2010	\$ 17,797,138	\$ 473,072	\$ 1,848,435
2011	\$ 15,710,244	\$ 349,047	\$ 1,939,055

Fiscal Year	Total Primary Government	Total All Government
2002	\$ 13,406,393	\$ 13,406,393
2003	\$ 12,633,829	\$ 12,633,829
2004	\$ 16,067,307	\$ 16,067,307
2005	\$ 18,474,826	\$ 18,495,880
2006	\$ 17,539,396	\$ 20,181,037
2007	\$ 22,904,433	\$ 25,423,644
2008	\$ 23,763,755	\$ 26,026,918
2009	\$ 31,468,306	\$ 36,774,670
2010	\$ 38,576,118	\$ 44,983,475
2011	\$ 35,527,087	\$ 41,407,363

TABLE 12

Business-type Activities		Other Governmental Activities Debt			
Tax & Revenue Refunding Bonds	Certificates of Obligations	Certificate of Obligations	General Obligation Bonds	Tax & Revenue Refunding Bonds	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ 21,054	
\$ -	\$ -	\$ -	\$ -	\$ 2,641,641	
\$ -	\$ -	\$ -	\$ -	\$ 2,519,211	
\$ -	\$ 1,772,530	\$ -	\$ -	\$ 2,263,163	
\$ 604,482	\$ 7,190,976	\$ 758,027	\$ 2,538,615	\$ 2,009,722	
\$ 570,344	\$ 17,887,129	\$ 2,252,990	\$ 2,395,249	\$ 1,759,118	
\$ 529,930	\$ 16,998,811	\$ 2,148,171	\$ 2,225,523	\$ 1,506,582	

Percentage of Outstanding Debt

Population	Per Capita Income	Personal Income	Percentage of Outstanding Debt to Personal Income	Outstanding Debt Per Capita
5,714	\$ 20,422	\$ 116,691,308	0.00%	\$ -
5,901	\$ 20,982	\$ 123,814,782	0.00%	\$ -
6,088	\$ 21,542	\$ 131,147,696	0.00%	\$ -
6,275	\$ 22,102	\$ 138,690,050	0.02%	\$ 3.36
6,462	\$ 22,662	\$ 146,441,844	1.80%	\$ 408.80
6,649	\$ 23,222	\$ 154,403,078	1.63%	\$ 378.89
6,836	\$ 23,782	\$ 162,573,752	1.39%	\$ 331.07
7,023	\$ 24,337	\$ 170,918,751	1.18%	\$ 286.16
7,218	\$ 24,897	\$ 179,706,546	0.98%	\$ 243.71
7,380	\$ 25,644	\$ 189,252,056	0.80%	\$ 204.14

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

TABLE 13

Fiscal Year	General Bonded Debt Outstanding				Percentage Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Total		
2002	13,406,393	\$ -	-	\$ 13,406,393	4.84%	\$ 2,346
2003	12,633,829	\$ -	-	\$ 12,633,829	3.94%	\$ 2,141
2004	16,067,307	\$ -	-	\$ 16,067,307	4.24%	\$ 2,639
2005	18,474,826	\$ -	-	\$ 18,474,826	4.56%	\$ 2,944
2006	17,294,410	\$ 244,986	-	\$ 17,539,396	4.42%	\$ 2,714
2007	18,301,929	\$ 210,028	4,392,476	\$ 22,904,433	5.08%	\$ 3,413
2008	16,921,679	\$ 901,817	4,167,729	\$ 21,991,225	4.55%	\$ 3,217
2009	19,169,975	\$ 631,741	3,871,132	\$ 23,672,848	4.20%	\$ 3,281
2010	17,797,138	\$ 473,072	1,848,435	\$ 20,118,645	3.55%	\$ 2,787
2011	15,710,244	\$ 349,047	1,939,055	\$ 17,998,346	2.91%	\$ 2,392

**CITY OF BASTROP, TEXAS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 (UNAUDITED)**

TABLE 14

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 09/30/2010
Bastrop County	\$ 40,730,000	15.92%	\$ 6,484,216
Bastrop Independent School District	\$ 187,963,435	24.40%	\$ 45,863,078
City of Bastrop	\$ 13,740,147 (1)	100.00%	\$ 13,740,147
Total Direct and Overlapping Tax Supported Debt			\$ 66,087,441
Ratio of Direct and Overlapping Bonded Debt to Taxable Assessed Valuation			10.59%
Per Capita Direct and Overlapping Debt			\$ 9,156

(1) Excludes self-supporting and ad valorem tax debt.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Assessed Valuation	\$277,064,862	\$320,556,250	\$378,726,209	\$405,219,758
Limit on Amount Designated for Debt Service: \$1.50 per \$100				
Times	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
Legal Annual Maximum Debt Payment	<u>\$ 4,155,973</u>	<u>\$ 4,808,344</u>	<u>\$ 5,680,893</u>	<u>\$ 6,078,296</u>
Actual Amount Expended for General Obligation Debt Service During the Fiscal Year	<u>654,360</u>	<u>775,117</u>	<u>798,316</u>	<u>1,161,872</u>
Legal Debt Margin for Annual Debt Service Requirements	<u><u>\$ 3,501,613</u></u>	<u><u>\$ 4,033,227</u></u>	<u><u>\$ 4,882,577</u></u>	<u><u>\$ 4,916,424</u></u>
Total Net Debt Applicable to the Limit As a percentage of Debt Limit	15.75%	16.12%	14.05%	19.12%

Source: Central Appraisal District of Bastrop County
Audited Financial Statements of the City of Bastrop

TABLE 15

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>\$ 396,952,526</u>	<u>\$ 447,111,516</u>	<u>\$ 483,362,902</u>	<u>\$ 548,419,690</u>	<u>\$ 567,446,564</u>	<u>\$ 607,077,994</u>
<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
<u>\$ 5,954,288</u>	<u>\$ 6,706,673</u>	<u>\$ 7,250,444</u>	<u>\$ 8,226,295</u>	<u>\$ 8,511,698</u>	<u>\$ 9,106,170</u>
<u>1,292,267</u>	<u>1,476,257</u>	<u>1,878,966</u>	<u>2,039,796</u>	<u>1,900,868</u>	<u>1,871,190</u>
<u>\$ 4,662,021</u>	<u>\$ 5,230,416</u>	<u>\$ 5,371,478</u>	<u>\$ 6,186,499</u>	<u>\$ 6,610,830</u>	<u>\$ 7,234,980</u>
21.70%	22.01%	25.92%	24.80%	22.33%	20.55%



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**CITY OF BASTROP, TEXAS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 16

<u>Fiscal Year</u>	<u>Gross Revenue (1)</u>	<u>Less: Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements- Principal + Interest</u>	<u>Revenue Bond Coverage</u>
2002	1,593,100	1,188,672	404,428	319,043	1.268
2003	1,637,112	1,353,415	283,697	317,313	0.894
2004	1,940,287	1,663,648	276,639	314,725	0.879
2005	2,259,182	1,527,537	731,645	332,764	2.199
2006	2,502,526	1,563,948	938,578	300,788	3.120
2007	2,288,916	1,810,031	478,885	41,187	11.627
2008	2,842,989	2,027,077	815,912	243,666	3.348
2009	3,236,870	2,033,125	1,203,745	389,082	3.094
2010	3,071,126	2,603,978	467,148	438,917	1.064
2011	3,445,382	2,895,168	550,214	497,170	1.107

(1) Water and Wastewater Fund operating and non-operating revenues.

(2) Water and Wastewater Fund operating expenses, less depreciation expense.

**CITY OF BASTROP, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS (UNAUDITED)**

	2002	2003	2004	2005
Population (1)	5,714	5,901	6,088	6,275
Median Household Income (1)	\$ 42,175	\$ 44,138	\$ 46,101	\$ 48,064
Per Capita Income (1)	\$ 20,422	\$ 20,982	\$ 21,542	\$ 22,102
Median Age	36.3	36.3	36.3	33.4
Education Level in Years of Schooling (at 18 years and over) (2)				
Less than high school graduate	685	674	663	653
High school graduate (or equivalent)	1282	1305	1327	1350
Some college, no degree	1002	1144	1286	1427
Associate degree or higher	141	146	150	155
Bachelor's degree or higher	581	629	677	725
Graduate degree or higher	444	458	472	487
School Enrollment (2)	1,459	1,627	1,795	1,830
Unemployment Rate (3)	6.3%	6.8%	5.3%	4.9%

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

(2) Us Census 2000 information and estimates for 2005-2011,

(3) Unemployment rates from the Texas Workforce Commission website (www.twc.state.tx.us). Bastrop County rate only one available.

TABLE 17

2006	2007	2008	2009	2010	2011
6,462	6,649	6,836	7,023	7,218	7,380
\$ 50,027	\$ 51,990	\$ 53,953	\$ 55,919	\$ 57,882	\$ 59,040
\$ 22,662	\$ 23,222	\$ 23,782	\$ 24,337	\$ 24,897	\$ 25,395
33.4	33.4	33.4	33.4	33.4	33.4
653	653	653	653	653	653
1350	1350	1350	1350	1350	1350
1427	1427	1427	1427	1427	1427
155	155	155	155	155	155
725	725	725	725	725	725
487	487	487	487	487	487
1,865	1,900	1,935	1,965	2,000	2,035
4.4%	4.2%	5.4%	8.1%	7.8%	8.6%



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**CITY OF BASTROP, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

TABLE 18

Employer	2011			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total City Employment
Bastrop ISD	1,230	1	11.90%	1,089	1	10.18%
Hyatt Regency Lost Pines	735	2	7.11%			
Bastrop County	483	3	4.67%	347	3	3.24%
Walmart	400	4	3.87%	405	2	3.79%
MD Anderson	386	5	3.73%	300	4	2.80%
Bastrop FCI	284	6	2.75%	270	5	2.52%
HEB Food Stores	280	7	2.71%	250	6	2.34%
Bluebonnet Electric Co-op	147	8	1.42%			
Agilent Technologies	120	9	1.16%			
City of Bastrop	115	10	1.11%	84	10	0.79%
Covert Chevrolet				93	8	0.87%
Colovista Country Club				92	9	0.86%
Bio-crest/Stratagene				125	7	1.17%
Total	4,180		40.43%	3,055		28.56%

Source: Bastrop County figures from Texas Workforce Solutions (BEDC)

CITY OF BASTROP, TEXAS
FULL-TIME EQUIVALENT EMPLOYERS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of Year End			
	2002	2003	2004	2005
General Government				
City Manager's Office	2.00	2.00	2.00	2.00
City Secretary	1.00	1.00	1.00	1.00
Finance	4.00	4.00	4.00	4.00
Utility Billing	4.00	4.00	4.00	6.00
Human Resources	1.00	1.00	1.00	1.00
Information Technology	0.00	0.00	0.00	0.00
Municipal Court	3.50	3.50	4.00	4.00
Building Maintenance	2.00	2.00	2.00	2.50
Police Department				
Officers	17.00	18.00	18.00	19.00
Civilian	2.50	2.50	2.50	2.50
Code Enforcement	0.00	0.00	0.00	0.00
Animal Control	1.00	1.00	1.00	1.00
Development Services				
Planning	3.00	3.00	3.00	3.00
Building Inspections	1.00	1.00	1.00	1.00
Public Works				
Administration	2.00	2.00	2.00	2.00
Streets	9.00	9.00	10.00	10.00
Other	1.00	1.00	1.00	1.00
Community Services				
Parks Department	4.00	4.00	7.00	8.00
Library	5.75	5.90	6.93	6.93
Proprietary Funds				
Water/ Wastewater	9.00	11.00	13.00	13.00
Electric	8.00	8.00	9.00	9.00
Special Revenue Funds				
Convention Center	0.00	0.00	0.00	0.00
Economic Development Corp.	2.00	2.00	2.00	2.00
Fairview Cemetery	0.00	0.00	0.00	0.00
Main Street	0.00	0.00	0.00	0.00
Total	82.75	85.90	94.43	98.93

TABLE 19

2006	2007	2008	2009	2010	2011
2.00	2.00	2.00	2.00	2.00	2.60
1.00	1.00	1.00	1.00	1.00	1.00
4.00	4.00	4.00	4.00	4.00	4.30
6.00	5.00	7.00	7.00	7.00	7.00
1.00	1.00	1.00	1.00	1.10	1.00
0.00	0.00	0.00	0.00	1.00	1.00
4.00	4.00	4.50	5.50	4.50	5.50
3.00	3.00	3.00	3.00	3.00	4.00
20.00	20.00	20.00	20.00	20.00	20.00
2.50	2.50	2.50	2.50	2.50	2.50
0.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
4.00	4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.20
10.00	10.00	10.00	10.00	10.00	10.00
1.00	0.00	0.00	1.00	0.40	0.00
9.00	9.00	9.00	9.00	9.60	11.00
8.30	8.30	8.30	8.30	8.80	9.80
13.00	12.00	12.00	12.00	12.00	13.00
9.00	8.00	9.00	9.00	9.00	9.00
0.00	0.00	0.00	0.00	0.00	4.00
2.00	2.00	2.00	2.00	2.00	2.00
0.00	0.00	0.00	0.00	0.00	0.50
0.00	1.00	1.00	1.00	1.00	1.00
103.80	101.80	105.30	107.30	107.90	118.40

CITY OF BASTROP, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

Function/Program	2002	2003	2004	2005
General Government				
Building Permits Issued	273	263	224	264
Building Permits Value (thousands)	\$ 18,052,773	\$ 24,746,962	\$ 11,321,612	\$ 33,295,000
Police				
Physical Arrests	831	837	860	798
Violations Issued	4,919	4,791	6,613	6,361
Accident Investigations	425	422	357	367
Fire				
Incident Volume	313	359	374	404
Priority Calls Answered	176	192	199	197
Public Works				
Paved Streets (miles)	48	48	48	49
Open Drainage Ditches (miles)	52	52	52	52
Storm Sewer Lines (miles)	63	63	63	65
Number of Street Signs	1,375	1,375	1,380	1,380
Parks and Recreation				
Pavillion Rentals	30	30	30	86
New Trees Planted	135	135	135	313
Special Events	16	16	16	16
Library				
Volumes in Collection	31,074	32,116	35,198	37,455
Total Circulation	140,119	135,992	132,986	128,211
Story Time & Program Assistance	4,156	6,073	6,078	5,170
Water				
Number of Connections	2,198	2,268	2,464	2,479
Line Leaks and Breaks	132	150	150	150
Wastewater				
Millions of gallons treated	215.1673	230.312	251.151	257.197
Sewer Stops	70	100	96	100

TABLE 20

2006	2007	2008	2009	2010	2011
265	219	207	91	128	101
\$ 23,321,074	\$ 18,507,556	\$ 25,820,447	\$ 22,822,734	\$ 16,408,290	\$ 11,051,550
848	813	700	537	941	829
5,404	4,671	5,963	6,491	3,955	3,643
373	352	271	487	253	304
720	613	843	826	717	980
324	300	450	433	336	430
49	49	49	50	52	53
52	52	52	52	52	50
65	65	65	66	66	67
1,380	1,380	1,380	1,400	1,425	1,425
86	86	86	85	90	95
313	313	313	150	120	75
16	16	16	18	22	22
39,180	43,714	46,451	49,699	50,093	50,211
115,172	156,116	171,360	192,700	205,177	189,060
4,743	7,978	9,989	10,024	10,446	9,446
2,639	2,689	2,689	2,762	2,770	2,825
91	148	148	222	206	210
248.057	243.266	222.171	235.284	210.239	229.61
113	94	94	80	90	92

**CITY OF BASTROP, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)**

Function/Program	2002	2003	2004	2005
Police Stations	1	1	1	1
Fire Stations	1	1	2	2
Bastrop Public Library	1	1	1	1
Other Public Works				
Paved Streets (miles)	48	48	48	49
Open Drainage Ditches (miles)	52	52	52	52
Storm Sewer Lines (miles)	63	63	63	65
Parks and Recreation				
Acreage (maintained)	87	87	89	89
Right of Ways	52	52	52	52
Playgrounds	2	2	3	3
Basketball Courts	3	3	3	3
Water				
Treated Water Produced (millions of gallons)	419.029	445.108	400.119	397.012
Number of service connections	2,198	2,268	2,464	2,479
Wastewater				
Wastewater Treated (millions of gallons)	215.1673	230.312	251.151	257.197
Number of Wastewater Customers	1,933	2,003	2,141	2,247
Number of Lift Stations	11	13	15	15

TABLE 21

2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
49	49	49	50	52	53
52	52	52	52	52	50
65	65	65	66	66	67
89	89	89	120	120	120
52	52	52	52	52	52
3	3	3	4	4	4
3	3	3	4	4	4
459.607	469.258	484.392	495.344	445.269	533.666
2,639	2,689	2,689	2,762	2,770	2,799
248.057	243.266	260.812	246.367	250.92	229.61
2,392	2,409	2,404	2,448	2,452	2,481
15	15	15	18	18	18



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GOVERNMENTAL AUDITING STANDARDS REPORT



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930 S. Bell Blvd., Suite 105 Cedar Park, Texas 78613
phone (512) 310-5600 fax (512) 310-5689

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

Independent Auditors' Report

Honorable Mayor and City Council Members
City of Bastrop, Texas
1311 Chestnut Street
Bastrop, Texas 78602

Honorable Mayor and City Council Members:

We have audited the financial statements of the governmental activities, the proprietary activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City of Bastrop, Texas ("the City") as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 27, 2012.

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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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Compliance and Other Matters

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

This report is intended for the information of the City Council, the audit committee, and the administration, and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in black ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

January 27, 2012