

**TOWN OF PANTEGO, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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



Prepared by:  
Finance Department



**TOWN OF PANTEGO, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2015**

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## **INTRODUCTORY SECTION**

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**1614 S. Bowen Rd.  
Pantego, Texas 76013  
(817) 617-3700  
Fax (817) 617-3726**

February 22, 2016

TO: Honorable Mayor and Town Council Members and  
the Citizens of the Town of Pantego, Texas:

The comprehensive annual financial report of the Town of Pantego for fiscal year ended September 30, 2015 is hereby submitted. State Law requires that all governmental units publish within six months of the close of the each fiscal year financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant. This report is published to satisfy that requirement and to provide the Town Council, staff, our citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the Town government.

Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

State Law requires the Town's basic financial statements to be audited by independent certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are presented fairly, in all material respects, for the fiscal year ended September 30, 2015. This independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. George, Morgan and Sneed, P.C., Certified Public Accountants, performed the required audit and have issued an unmodified ("clean") opinion on the Town of Pantego's financial statements for the year ended September 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

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

## **THE REPORTING ENTITY**

Pantego incorporated in 1952 as a village, but changed to a Type A General Law city in 1967. Pantego is located in Tarrant County and it is entirely surrounded by the cities of Arlington and Dalworthington Gardens. It is located in the middle of the Dallas-Fort Worth Metroplex, a metropolitan area spanning several counties. General Law cities are smaller cities, most of which are less than 5,000 in population. All General Law cities operate according to specific state statutes prescribing their powers and duties. General Law cities are limited to doing what the state authorizes or permits them to do. If state law does not grant General Law cities the express or implied power to initiate a particular action, none may be taken.

The governing body of a municipality operating as a Type A General Law municipality is known as the "City Council" and if the city has not been divided into wards, the governing body always consists of a Mayor and five Council members. Under this form of government, the Mayor and five Council members are elected at large for staggered two-year terms on the second Saturday in May. All members serve without compensation. The Mayor and City Council appoint the City Manager, City Secretary, Town Attorney, and all who serve on the Town's Boards and Commissions. The City Manager in turn appoints the heads of various departments.

In 1980 the Town adopted a Council-Manager form of government. The basic structure of the Council-Manager plan is similar to that of a private corporation, in which the stockholders elect a board of directors which then hires a president to run the company. Under the City Manager plan, the voters elect a City Council which, in turn, hires a City Manager to administer the Town's day-to-day affairs. The Town Council serves as the legislative body; sets policy, approves an annual operating budget, sets the tax rate, and determines the size of the payroll and the extent and cost of municipal services. In short, the Council is the final authority on all of the many policy decisions that determine the scope and functions of the Town government.

The Town provides a full range of services. These include public safety (police and fire), municipal court, public works, community development and general administrative services. In addition, the Town owns and operates a water and sewer distribution system.

The basic financial statements of the Town include all governmental activities, organizations and functions for which the Town is financially accountable. The criteria considered in determining governmental activities to be reported within the Town's basic financial statements are based upon and consistent with those set forth in the Codification of Governmental Accounting and Financial Reporting Standards. Component units are legally separate organizations that a primary government must include as a part of its financial reporting entity. The government-wide financial statements include not only the Town itself (known as the primary government), but also include the Pantego Economic Development

Corporation as a discretely presented component unit. The discretely presented component unit is presented in a separate column in the government-wide financial statements.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

In developing and evaluating the Town's accounting system, consideration is given to the accuracy of internal control over financial reporting. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the control. The evaluation of costs and benefits requires estimates and judgments by management. We believe the Town's current system of internal control over financial reporting adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

In addition to the system of internal controls, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance of legal provisions embodied in the annual appropriation budget adopted by the Town Council. Budgetary controls are exercised at the departmental level. If necessary, the original adopted budget is modified to incorporate into a proposed mid-year budget, which is then used as the working budget for the remainder of the fiscal year.

### **LOCAL ECONOMY**

The Town of Pantego's location between Dallas and Fort Worth is ideal for business and residents. The North Texas region possesses diverse research and educational institutions, logistics, oil and gas, manufacturing and industrial, and a professional services base that has contributed to the relative stability of the unemployment rate. Overall, the North Texas region has fared better than the nation as a whole. Relative low taxes, housing and energy costs make the area attractive to business, with the additional enticement that Texas has no state personal income tax.

As it is widely recognized, revenue sources for municipalities are primarily derived from Ad-Valorem (Property), sales and use taxes. Combined, property and sales tax funded approximately 69.5% of the General Fund maintenance and operation expenditures for Fiscal Year 2015. Sales tax revenue is the largest source of income for the Town of Pantego. Sales taxes exceeded Fiscal Year 2015 budgetary projection by almost 14.1%. The Town of Pantego and the Pantego Economic Development Corporation (PEDC) are committed to the support and growth of the local economy. Rich with an eclectic mix of small businesses and national retailers, the Town and PEDC seek new investments and redevelopment that build on the abundant strengths already present in the community. To assist in this effort, PEDC has established the use of several valuable business assistance tools, such as economic incentives and small business grants.

On July 2014, both PEDC and the Town Council unanimously voted to officially join the Arlington Chamber of Commerce. The Investment in becoming part of the Chamber's President Advisory Council

will provide significant new resources to Pantego's businesses. The Chamber has expanded its marketing and communications tools to further elevate the Pantego business community and deliver unique services for businesses to access new customers, capital and continuing education. The new resources will enhance the Town's proactive visionary attitude toward business development, retention and quality of life and its mission on building an economically sustainable community.

### **LONG-TERM FINANCIAL PLANNING**

Multi-year models projecting revenues and expenditures/expenses beyond the current year have been developed for all of the operational funds of the Town. Assumptions have been developed for future tax rates and charges for services as well as projections for expenditures/expenses. Each possible program addition or change is analyzed in term of impact over a five year window as part of the budget package decision making process. The models also enable the Town to make assumptions about the future debt capacity of the operational funds. The Town has also identified projects based on their critical nature and the timeliness of available financing for these projects. The Town Council continued its strategic planning process to identify goals and objectives for long range planning. Directives from Council are utilized to help guide the budget planning and service/program implementation.

### **BUDGETING PROCESS**

State Law requires that an operating budget be adopted prior to the first day of the fiscal year beginning October 1st. The Town's budget process is a six month cycle, which begins in early April and ends in late September. Departments submit budget proposals by early May and during the months of May and June the City Manager and the Finance department develop the recommended budget based on the directives received by Council.

The Town of Pantego uses a program-base budgeting process. Each budgeting unit/department is given a target "baseline" funding level based upon the previous year's funding level. With a few exceptions, no capital assets, wages and benefits, or one-time packages are included in the baseline funding. Any funding request that represents new expenditures and programs, or that is in excess of baseline funding, must be submitted as a separate request or "package." These packages may be either a new or restoration request of resources, depending upon the budgeting unit's funding target.

The budget revenue projections for the new fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with help from the Finance department. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information. Given revenue projections and baseline funding requirements, budget funding changes are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

Prior to August, the City Manager submits to the Council a proposed budget of expenditures and the means to finance them for the next year. The Council holds workshop meetings and public hearings on the proposed budget to receive citizen feedback and make final determinations about the eventual adopted budget. Prior to September 30, the budget is legally enacted through the favorable passage of an appropriation ordinance. The budget may be amended during the year only after complying with the notice procedure called for adopting of the budget.

The City Manager is authorized to make line-item and departmental budget adjustments during the year in order to avoid over-expenditures of particular line items. Adjustments require no further Council action if the total appropriation for each fund as set forth in the adopted budget is not exceeded. Expenditures in excess of the adopted appropriations for each fund require budget amendments in accordance to Town Policy. Budget maintenance is a year-round activity of divisions/departments and the Finance department. Spending control mechanisms during the year include monthly review of expenditures and financial reports to Town Council. Finally, program goals, objectives and measures are evaluated during the budget implementation to determine effectiveness of program activities and levels of appropriate funding of subsequent years.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Pantego for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. This award recognizes conformance with the highest standards for preparation of state and local government financial reports. A Certificate of Achievement is valid for a period of one year only. This is the first year for which the Town of Pantego received this prestigious award. We believe our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement Program requirements and consequently we will be submitting to the GFOA to determine its eligibility.

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated endeavors of the entire Town staff. We would like to express our sincere appreciation to all employees who contributed to the preparation. We would also like to thank the Mayor, Town Council for their support in planning and conducting the financial operations of the Town in a responsible manner.

Respectfully submitted,



Matthew Fielder  
City Manager



Ariel Carmona, CGFO  
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Pantego  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

**TOWN OF PANTEGO, TEXAS  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2015**

**GOVERNING BODY**

**Elected Officials**

Mayor	Melody Paradise
Council member/Mayor Pro Tem	Russell Brewster
Council member	Fred Adair
Council member	Don Funderlic
Council member	Jane Barrett
Council member	Don Surratt

**ADMINISTRATION**

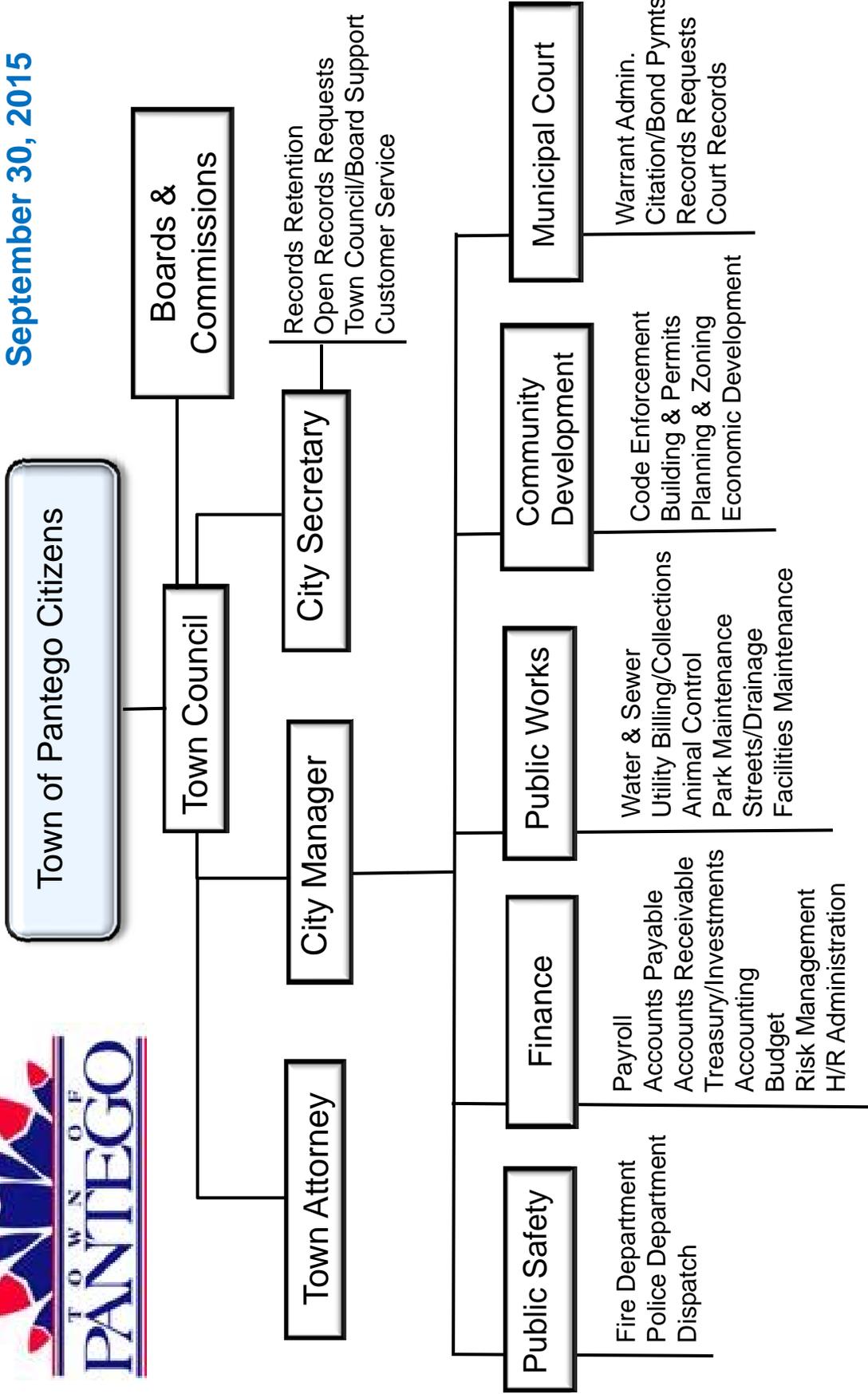
**City Officials**

City Manager	Matthew Fielder
City Secretary	Julie Arrington
Finance Director	Ariel Carmona
Public Works Director	Scott Williams
Community Development Director	Dennis Jobe
Chief of Public Safety	Tom Griffith
Assistant Chief of Police	Barry Reeves
Assistant Fire Chief	Robert Coker
Municipal Court Administrator	Thressa Householder
Legal Counsel	Jim Jeffrey





**Organizational Chart  
September 30, 2015**





## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Town Council  
Town of Pantego, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Pantego, Texas, (the "Town") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and Texas Municipal Retirement System pension information on pages 7 – 18 and pages 69-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

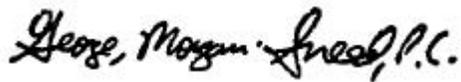
The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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

### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2016, on our consideration of the Town of Pantego, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pantego, Texas' internal control over financial reporting and compliance.



Weatherford, Texas  
February 17, 2016

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**MANAGEMENT'S  
DISCUSSION & ANALYSIS**

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TOWN OF PANTEGO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015  
*(Unaudited)*

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This section of the Town of Pantego (the "Town") annual financial report presents our discussion of the Town's financial performance during the fiscal year ended September 30, 2015. The management's discussion and analysis is supplemental to, and should be considered, along with the Town's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Town of Pantego exceeded its liabilities at the close of the most recent fiscal year by \$10,913,766 (net position) compared to \$11,572,562 for the prior year. Of this amount, \$2,349,851 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$735,196. The Town's governmental activities net position decreased by \$45,596 and the business-type activities net position increased by \$780,792.
- As of the close of the current fiscal year, the Town of Pantego's governmental funds reported combined ending fund balances of \$4,665,617 which is an decrease of \$421,969 from the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$2,115,419, 218 days or 60% of total general fund expenditures.

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

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town'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 supplemental information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** - Government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and

TOWN OF PANTEGO, TEXAS  
Management's Discussion and Analysis

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expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave).

In the Statement of Net Position and the Statement of Activities we divide the Town into two (2) kinds of activities:

- *Governmental Activities*: Most of the Town's basic services are reported here, including the police, fire, street maintenance, municipal court and general administration. Property sales tax, sales tax, charges for services, franchise fees, and fines and forfeitures provide the majority of the funding for these activities.
- *Business-type Activities*: The Town charges a fee to customer to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

The government-wide financial statements include not only the Town itself (known as the primary government), but also a legally separate Economic Development Corporation for which the Town is financially accountable. The Pantego Economic Development Corporation (P.E.D.C.) accounts for the local sales tax used to stimulate the local economy, development, and redevelopment. Financial information for this component unit is reported separately from the financial information presented for the primary government. Additional information on the component unit can be found in Note 1 in the notes to the basic financial statements.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

**Fund Financial Statements** - The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law or bond covenants. The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds* - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near term inflows of spendable resources, as well as on balances of spendable resources 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.

TOWN OF PANTEGO, TEXAS  
Management's Discussion and Analysis

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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, street improvement fund and the Park Row project fund, which are considered major funds.. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts annual appropriated budgets for the general fund, special revenue funds, debt service funds and capital projects funds. A budgetary comparison schedule has been provided for all budgeted funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

*Proprietary Funds* – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Services for which the Town charges customers a fee are generally reported in proprietary funds. The Town uses an enterprise fund, the Water and Sewer Fund to account for its operations. The proprietary fund financial statements provide information on the Town's utility (water and sewer) system, which is considered to be a major fund of the Town. The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

*Fiduciary Funds* – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on Exhibit E-1 of this report.

**Notes to the Basic Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the basic financial statements.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress funding its obligation to provide pension benefits to its employees.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$10,913,766 as of September 30, 2015. Below is a summary of the Town's Statement of Net Position, which has been restated for accounting changes implemented in 2015. Below is a summary of the Town's Statement of Net Position.

**CONDENSED STATEMENT OF NET POSITION  
At September 30, 2015**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 5,355,551	\$ 5,779,720	\$ 1,705,988	\$ 1,761,049	\$ 7,061,539	\$ 7,540,769
Capital assets	5,196,201	5,156,248	1,758,984	898,886	6,955,185	6,055,134
Total assets	10,551,752	10,935,968	3,464,972	2,659,935	14,016,724	13,595,903
Deferred outflow of resources	341,226	-	31,535	-	372,761	-
Long-term liabilities	2,659,535	1,452,355	163,828	-	2,823,363	1,452,355
Other liabilities	176,721	188,315	412,974	382,671	589,695	570,986
Total liabilities	2,836,256	1,640,670	576,802	382,671	3,413,058	2,023,341
Deferred inflow of resources	57,360	-	5,301	-	62,661	-
Net Position:						
Net investment in capital assets	4,411,384	4,109,091	1,758,984	898,886	6,170,368	5,007,977
Restricted	2,393,547	2,601,335	-	-	2,393,547	2,601,335
Unrestricted	1,194,431	2,584,872	1,155,420	1,378,378	2,349,851	3,963,250
Total net position	\$ 7,999,362	\$ 9,295,298	\$ 2,914,404	\$ 2,277,264	\$ 10,913,766	\$ 11,572,562

The largest portion of the Town's net position \$6,170,368 (56.5%) reflects its net investment in capital assets (e.g. land, buildings, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these assets to provide service to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position \$2,393,547 (21.9%) represents resources that are subject to external restriction on how they may have been used. The remaining balance of unrestricted net position \$2,349,851 (21.6%) may be used to meet the government's ongoing obligation to citizens and creditors. At the end of the fiscal year, the Town was able to report positive balances in all three

TOWN OF PANTEGO, TEXAS  
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categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The following table provides a summary of the Town's operations for the year ended September 30, 2015.

**CHANGES IN NET POSITION**  
**At September 30, 2015**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 1,295,013	\$1,347,130	\$ 1,223,699	\$1,177,852	\$ 2,518,712	\$ 2,524,982
Operating grants and contributions	21,850	32,271	-	-	21,850	32,271
Capital grants and contributions	306,234	-	60,097	-	366,331	-
General Revenues:						
Taxes:						
Property taxes	1,035,238	1,026,470	-	-	1,035,238	1,026,470
Sales and use taxes	1,814,089	1,708,772	-	-	1,814,089	1,708,772
Franchise fees	315,694	342,799	-	-	315,694	342,799
Investment earnings	6,036	3,140	1,270	622	7,306	3,762
Other	15,375	24,148	-	-	15,375.00	24,148
Gain on retirement of capital assets	13,212	68,733	-	-	13,212	68,733
Total revenues	4,822,741	4,553,463	1,285,066	1,178,474	6,107,807	5,731,937
Expenses						
General and administrative	554,904	629,296	-	-	554,904	629,296
Public works	672,640	694,444	-	-	672,640	694,444
Community development	112,189	-	-	-	112,189	-
Police	1,243,279	1,176,704	-	-	1,243,279	1,176,704
Fire	1,141,976	1,063,922	-	-	1,141,976	1,063,922
Municipal court	369,205	385,411	-	-	369,205	385,411
Other	138,389	186,349	-	-	138,389	186,349
Interest and fiscal agent charges	30,149	38,628	-	-	30,149	38,628
Water and sewer	-	-	1,109,880	1,067,519	-	1,067,519
Total expenses	4,262,731	4,174,754	1,109,880	1,067,519	4,262,731	5,242,273
Increase (decrease) in net position before transfers	560,010	378,709	175,186	110,955	735,196	489,664
Transfers	(605,606)	557,000	605,606	(557,000)	-	-
Increase (decrease) in net position	(45,596)	935,709	780,792	(446,045)	735,196	489,664
Net position - beginning restated	8,044,958	8,359,589	2,133,612	2,723,309	10,178,570	11,082,898
Net position - ending	\$ 7,999,362	\$9,295,298	\$ 2,914,404	\$2,277,264	\$10,913,766	\$ 11,572,562

**Governmental Activities** – Governmental activities decreased the Town's net position by \$45,596 in the current year compared to a \$935,709 increase in the prior year. Total governmental activities revenues increased by \$269,278 (5.9%) primarily due to sales and use tax and grant revenues. Overall, 2015 fiscal year expenses increased by \$87,977 (2.1%) over the prior fiscal year.

**Business-type Activities** – Business-type activities increased the Town's net position by \$780,792 in the current year compared to a decrease in net position of \$446,045 in the prior year. Total revenues increased by \$106,592 (9.0%). Expenses increased by \$42,361 (3.9%) primarily due to utility maintenance and repairs and increase in wastewater treatment charges.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,665,617. Approximately 45.2% or \$2,111,403 of this total constitutes unassigned fund balance, which is available for spending at the government's discretion. Fund balance of \$32,085 is considered nonspendable because it has been used for prepaid items. A total of \$2,522,129, approximately 54.1%, is restricted, committed and assigned due to external limitations on its use, such as by debt covenants, legal, Town Council restrictions, or intention of grantors, donors, or trustees.

The General fund is the chief operating fund of the Town. At the end of the fiscal year, unassigned fund balance of the General fund was \$2,115,419. It is useful to compare unassigned fund balance to total fund expenditures as a measure of liquidity. Unassigned fund balance represents approximately 60% or 218 days of total general fund expenditures. The ending fund balance in the general fund increased by \$143,395 compared to a \$497,916 increase in the prior year.

The Street Improvement fund was created to account for infrastructure maintenance and improvements funded with a .25% (1/4¢) sales tax. Fund balance of the Street Improvement fund increased by \$207,289 to \$875,997. Sales tax revenue increased \$17,723 (6.3%) from the previous year. Expenditures for street improvements were \$10,614.

The Park Row Project fund was created to help centralize revenues, transfers and expenditures related to the rehabilitation of the Park Row corridor. Fund balance of the Park Row Project fund decreased by \$345,396. The Town received a grant for this project from Tarrant County in the amount of \$260,210 and a \$100,000 transfer in from Water Infrastructure fund. Expenditures during the fiscal year for the Park Row Project totaled \$705,606. The cost of replacing the water line on Park Row was transferred out to the Water and Sewer Fund where it was added as a capital asset.

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*Proprietary Funds* – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer fund, which combined comprises the Water and Sewer Operating, Construction and Water Infrastructure funds, at the end of the fiscal year amounted to \$1,155,420. The Water and Sewer fund is considered a major fund of the Town. Other factors concerning finances of this fund are addressed in the discussion of the Town's business-type activities.

**General Fund Budgetary Highlights** – During the fiscal year the Town amended its budget twice. Overall, General Fund revenues exceed budget projections by \$195,158 and expenditures were \$149,322 less than budgeted. The following schedule presents a summary of General Fund revenues and expenditures for the fiscal year ended September 30, 2015, and the amount and percentage increase and decrease in relation to the prior fiscal year.

**Summary of General Fund Revenues**

Revenues	Fiscal Year	Percent of Total	Increase	Percentage
	2014-2015 Amount		(Decrease) from prior year	Increase / (Decrease)
Property tax	\$ 943,018	23.5%	\$ 61,782	6.6%
Sales tax	1,514,382	37.7%	87,594	5.8%
Franchise tax	318,154	7.9%	(13,311)	-4.2%
Fines and forfeitures	849,336	21.1%	(30,502)	-3.6%
Licenses and permits	100,212	2.5%	22,793	22.7%
Ambulance service	134,355	3.3%	(9,198)	-6.8%
Charges for services	115,389	2.9%	1,286	1.1%
Interest income	4,004	0.1%	1,858	46.4%
Miscellaneous	39,182	1.0%	44	0.1%
<b>Total</b>	<b>\$ 4,018,032</b>	<b>100.0%</b>	<b>\$ 122,346</b>	

Overall, General Fund revenues increased by \$122,346, or 3.1% over the prior fiscal year. Most significantly, property and sales tax revenue and revenue from licenses and permits increased 6.6%, 5.8%, and 22.7% respectively.

**Summary of General Fund Expenditures**

Expenditures	Fiscal Year	Percent of Total	Increase	Percentage
	2014-15 Amount		(Decrease) from prior year	Increase (Decrease)
General and administrative	\$ 525,373	14.8%	\$ (62,375)	-11.9%
Public works	350,408	9.9%	(20,251)	-5.8%
Community development	113,679	3.2%	113,679	100.0%
Police	1,153,686	32.6%	19,407	1.7%
Fire	1,029,402	29.1%	56,451	5.5%
Municipal Court	345,143	9.7%	(16,868)	-4.9%
Other	20,236	0.6%	(166)	-0.8%
Debt service	4,469	0.1%	(7,991)	-178.8%
<b>Total</b>	<b>\$ 3,542,396</b>	<b>100.0%</b>	<b>\$ 81,886</b>	

TOWN OF PANTEGO, TEXAS  
 Management's Discussion and Analysis

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General Fund expenditures increased by \$81,886, or 2.4% over the prior year. Most of this increase comes as a result of salary adjustments in both, Police and Fire departments, and an increase in vehicle equipment repair expense line item for the Fire department. In addition, the Community Development function was separated from the Public Works department in fiscal year 2015.

**CAPITAL ASSETS**

The Town's net investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$6,955,185. Major capital asset purchases and projects completed during the fiscal year included the following:

Governmental activities:

- Bicentennial Park improvement: turf replacement at playground areas \$46,024;
- Public safety: Motorola Radio System \$429,361;
- Fire department: Ambulance remount \$113,825;
- Fire department: Lucas chest compression system \$13,800;
- Fire department: Self-Contained Breathing Apparatus \$70,845.

Business-type activities:

- Park Row water line \$772,911.

**CAPITAL ASSETS  
 (NET OF DEPRECIATION)  
 At Year End**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 211,263	\$ 211,263	\$ 61,971	\$ 61,971	\$ 273,234	\$ 273,234
Construction in progress	21,711	15,001	266,791	7,208	288,502	22,209
Buildings	964,628	1,020,014	-	-	964,628	1,020,014
Improvements	536,249	563,593	1,430,222	829,707	1,966,471	1,393,300
Machinery and equipment	1,418,057	1,056,571	-	-	1,418,057	1,056,571
Infrastructure	2,044,293	2,289,806	-	-	2,044,293	2,289,806
<b>Total</b>	<b>\$ 5,196,201</b>	<b>\$ 5,156,248</b>	<b>\$ 1,758,984</b>	<b>\$ 898,886</b>	<b>\$ 6,955,185</b>	<b>\$ 6,055,134</b>

Additional information on the Town's capital assets can be found in Note 6 in the notes to the basic financial statements.

**LONG TERM DEBT**

At the end of the current fiscal year, the Town had a total of \$784,817 in outstanding bonded debt and capital leases. Of this amount, \$120,000 comprises bonded debt secured by a combination of property taxes and a limited pledge of other revenues. Outstanding capital lease obligations of \$664,817 is related to the purchase of machinery and equipment financed through capital leases.

**OUTSTANDING DEBT  
 At Year End**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ 55,000
Certificate of obligation bonds	120,000	145,000	-	-	120,000	145,000
Capital lease obligations	664,817	847,157	-	-	664,817	847,157
<b>Total</b>	<b>\$ 784,817</b>	<b>\$ 1,047,157</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 784,817</b>	<b>\$ 1,047,157</b>

Additional information on the Town's capital assets can be found in Note 8 in the notes to the basic financial statements.

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

Although the nationwide economic forecast for the future continues to be uncertain, the Town continues to remain in a viable position. Trends in sales tax revenue seem to indicate the local economy may be rebounding. Overall, the Town experienced a 6.1% increase in sales tax revenue compared to the prior fiscal year. The Town's efforts toward economic development, by attracting retail businesses, has been and will continue to remain a major focus for years to come.

The Town's property tax rate remained unchanged at \$0.42 per \$100 taxable value for fiscal year 2015. The Town does, however, expect an overall small increase in property tax revenue in the upcoming fiscal year due to the valuation and additions to the tax base. In Fiscal Year 2016, General Fund revenues are projected to increase 2.9% over Fiscal Year 2015 projected revenues, while expenditures are expected to increase by 3.4% over Fiscal Year 2015 estimated expenditures.

A grant award from Tarrant County in the amount of \$260,210 was awarded toward the completion of the Park Row water line replacement capital project. The repair and upgrade of the Town's streets and roads continues to be a top priority of Council and staff. The most significant activity the Town will undertake in the upcoming year will be the completion of the redevelopment of Park Row and other scheduled street improvements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information may be obtained by contacting the Town of Pantego, Attn: Finance Department, 1614 South Bowen Rd, Pantego, Texas 76013. This information can also be accessed on the Town of Pantego's website at [www.townofpantego.com](http://www.townofpantego.com).



**BASIC FINANCIAL  
STATEMENTS**

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**Town of Pantego, Texas  
Statement of Net Position  
September 30, 2015**

**Exhibit A-1**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pantego Economic Development Corporation
<b>ASSETS:</b>				
Cash and cash equivalent	\$ 4,166,500	\$ 1,292,424	\$ 5,458,924	\$ 524,518
Receivables, net:				
Property tax	50,730	-	50,730	-
Sales tax	328,584	-	328,584	109,529
Franchise tax	170,416	-	170,416	-
Accounts	341,531	276,246	617,777	-
Other	2,800	3,906	6,706	77,656
Accrued interest	2,695	1,035	3,730	-
Due from other governments	260,210	-	260,210	-
Other assets	32,085	-	32,085	-
Inventory	-	14,271	14,271	-
Restricted assets:				
Cash and cash equivalents	-	118,106	118,106	-
Capital assets:				
Non-depreciable	232,974	328,762	561,736	63,961
Depreciable, net of accumulated depreciation	4,963,227	1,430,222	6,393,449	-
Total assets	<u>10,551,752</u>	<u>3,464,972</u>	<u>14,016,724</u>	<u>775,664</u>
Deferred outflow of resources				
Employee pensions	341,226	31,535	372,761	-
<b>LIABILITIES:</b>				
Accounts payable	126,853	294,868	421,721	15,453
Accrued payroll liabilities	40,266	-	40,266	-
Accrued interest payable	9,602	-	9,602	7,276
Customer deposit payable	-	118,106	118,106	-
Noncurrent liabilities:				
Due within one year	301,999	-	301,999	140,000
Due in more than one year	2,357,536	163,828	2,521,364	1,015,000
Total liabilities	<u>2,836,256</u>	<u>576,802</u>	<u>3,413,058</u>	<u>1,177,729</u>
Deferred inflow of resources				
Employee pensions	57,360	5,301	62,661	-
<b>NET POSITION:</b>				
Net investment in capital assets	4,411,384	1,758,984	6,170,368	63,961
Restricted for: (Expendable)				
Debt service	241,397	-	241,397	-
Capital improvements	1,937,601	-	1,937,601	-
Other purposes	214,549	-	214,549	-
Unrestricted	1,194,431	1,155,420	2,349,851	(466,026)
Total net position	<u>\$ 7,999,362</u>	<u>\$ 2,914,404</u>	<u>\$ 10,913,766</u>	<u>\$ (402,065)</u>

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

**Town of Pantego, Texas**  
**Statement of Activities**  
**Year Ended September 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General and administrative	\$ 554,904	\$ 115,389	\$ -	\$ -
Public works	672,640	-	-	260,210
Community development	112,189	100,212	-	-
Police	1,243,279	857,936	-	-
Fire	1,141,976	150,571	-	-
Municipal court	369,205	52,100	-	-
Other	138,389	18,805	21,850	46,024
Interest and fiscal agent charges	30,149	-	-	-
Total governmental activities	<u>4,262,731</u>	<u>1,295,013</u>	<u>21,850</u>	<u>306,234</u>
Business type activities:				
Water and sewer	<u>1,109,880</u>	<u>1,223,699</u>	<u>-</u>	<u>60,097</u>
Total business-type activities	<u>1,109,880</u>	<u>1,223,699</u>	<u>-</u>	<u>60,097</u>
Total primary government	<u>\$ 5,372,611</u>	<u>\$ 2,518,712</u>	<u>\$ 21,850</u>	<u>\$ 366,331</u>
<b>Component Unit:</b>				
Pantego Economic Development Corporation				
General and administrative	\$ 115,494	\$ -	\$ -	\$ -
Other	207,327	-	-	-
Interest and fiscal agent charges	60,378	-	-	-
Total component unit	<u>\$ 383,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Taxes:  
Property tax  
Sales tax  
Franchise tax  
Investment earnings  
Other revenue  
Gain on retirement of capital assets  
Transfers in (out)  
Total general revenues and transfers  
  
Change in net position  
  
Net position - Beginning restated  
  
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Pantego Economic Development Corporation
\$ (439,515)	\$ -	\$ (439,515)	\$ -
(412,430)	-	(412,430)	-
(11,977)	-	(11,977)	-
(385,343)	-	(385,343)	-
(991,405)	-	(991,405)	-
(317,105)	-	(317,105)	-
(51,710)	-	(51,710)	-
(30,149)	-	(30,149)	-
<u>(2,639,634)</u>	<u>-</u>	<u>(2,639,634)</u>	<u>-</u>
-	173,916	173,916	-
-	173,916	173,916	-
<u>\$ (2,639,634)</u>	<u>\$ 173,916</u>	<u>\$ (2,465,718)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (115,494)
-	-	-	(207,327)
-	-	-	(60,378)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (383,199)</u>
\$ 1,035,238	\$ -	\$ 1,035,238	\$ -
1,814,089	-	1,814,089	599,415
315,694	-	315,694	-
6,036	1,270	7,306	2,048
15,375	-	15,375	14,738
13,212	-	13,212	-
(605,606)	605,606	-	-
<u>2,594,037</u>	<u>606,876</u>	<u>3,200,913</u>	<u>616,201</u>
(45,596)	780,792	735,196	233,002
<u>8,044,958</u>	<u>2,133,612</u>	<u>10,178,570</u>	<u>(635,067)</u>
<u>\$ 7,999,362</u>	<u>\$ 2,914,404</u>	<u>\$ 10,913,766</u>	<u>\$ (402,065)</u>

**Town of Pantego, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2015**

**Exhibit C-1**

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Street Improvement Fund</b>	<b>Park Row Project Fund</b>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,996,427	\$ 820,198	\$ 869,989	\$ 479,886	\$ 4,166,500
Receivables, net:					
Property tax	35,058	-	-	15,672	50,730
Sales tax	273,820	54,764	-	-	328,584
Franchise tax	170,416	-	-	-	170,416
Accounts	341,531	-	-	-	341,531
Other	-	-	-	2,800	2,800
Accrued interest	1,039	1,035	-	621	2,695
Due from other funds	6,816	-	-	-	6,816
Due from other governments	-	-	260,210	-	260,210
Other assets	32,085	-	-	-	32,085
	<u>\$ 2,857,192</u>	<u>\$ 875,997</u>	<u>\$ 1,130,199</u>	<u>\$ 498,979</u>	<u>\$ 5,362,367</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 43,594	\$ -	\$ 68,595	\$ 14,664	\$ 126,853
Accrued payroll liabilities	40,266	-	-	-	40,266
Due to other funds	-	-	-	6,816	6,816
	<u>83,860</u>	<u>-</u>	<u>68,595</u>	<u>21,480</u>	<u>173,935</u>
Deferred inflows of resources:					
Deferred revenue	507,143	-	-	15,672	522,815
Fund Balance:					
Nonspendable:					
Prepaid items	\$ 32,085	\$ -	\$ -	\$ -	\$ 32,085
Restricted for:					
Debt service	-	-	-	235,327	235,327
Municipal court	-	-	-	93,294	93,294
Street improvements	-	875,997	-	-	875,997
Park Row project	-	-	1,061,604	-	1,061,604
Animal control services	-	-	-	81,700	81,700
Other purposes	18,685	-	-	20,870	39,555
Committed for:					
Equipment replacement	-	-	-	34,652	34,652
Assigned to:					
Equipment replacement	100,000	-	-	-	100,000
Unassigned	2,115,419	-	-	(4,016)	2,111,403
	<u>2,266,189</u>	<u>875,997</u>	<u>1,061,604</u>	<u>461,827</u>	<u>4,665,617</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,857,192</u>	<u>\$ 875,997</u>	<u>\$ 1,130,199</u>	<u>\$ 498,979</u>	<u>\$ 5,362,367</u>

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

**TOWN OF PANTEGO, TEXAS**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**September 30, 2015**

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**Exhibit C-2**

**Total Fund Balance-Governmental Funds** **\$ 4,665,617**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets was \$17,338,023 and the accumulated depreciation was \$12,141,822. 5,196,201

Property taxes, franchise taxes, ambulance service charges and municipal court fines and fees are not available soon enough to pay for the current period's expenditures and are, therefore, not recognized at the fund level. 522,815

Deferred inflow of resources and deferred outflow of resources related to employee pensions. 283,866

Interest payable not expected to be liquidated with available financial resources and it is not reported as a liability in the fund financial statements. (9,602)

Long-term liabilities, including liabilities for compensated absences, bonds payable, obligations under capital lease and net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds payable	\$120,000	
Obligation under capital leases	664,817	
Compensated absences	102,053	
Net pension liability	1,772,665	
Combined adjustment		(2,659,535)

**Net Position of Governmental Activities** **\$ 7,999,362**

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

**Town of Pantego, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2015**

**Exhibit C-3**

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Street Improvement Fund</b>	<b>Park Row Project Fund</b>		
<b>REVENUES</b>					
Taxes:					
Property	\$ 943,018	\$ -	\$ -	\$ 84,907	\$ 1,027,925
Sales	1,514,382	299,707	-	-	1,814,089
Franchise	318,154	-	-	-	318,154
Fines and forfeitures	849,336	-	-	31,414	880,750
Licenses and permits	100,212	-	-	-	100,212
Ambulance service	134,355	-	-	-	134,355
Intergovernmental	-	-	260,210	-	260,210
Charges for services	115,389	-	-	15,460	130,849
Contributions and donations	-	-	-	21,850	21,850
Investment earnings	4,004	1,271	-	761	6,036
Miscellaneous	39,182	-	-	16,364	55,546
<b>Total revenues</b>	<b>4,018,032</b>	<b>300,978</b>	<b>260,210</b>	<b>170,756</b>	<b>4,749,976</b>
<b>EXPENDITURES</b>					
Current operations:					
General and administrative	525,373	-	-	-	525,373
Public works	350,408	-	-	-	350,408
Community development	113,679	-	-	-	113,679
Police	1,153,686	-	-	10,175	1,163,861
Fire	1,029,402	-	-	9,932	1,039,334
Municipal court	345,143	-	-	19,456	364,599
Other	20,236	3,904	-	76,119	100,259
Capital	-	6,710	-	627,831	634,541
Debt service:					
Principal retirement	4,355	-	-	257,128	261,483
Interest and fiscal agent charges	114	-	-	25,900	26,014
<b>Total expenditures</b>	<b>3,542,396</b>	<b>10,614</b>	<b>-</b>	<b>1,026,541</b>	<b>4,579,551</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>475,636</b>	<b>290,364</b>	<b>260,210</b>	<b>(855,785)</b>	<b>170,425</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	-	13,212	13,212
Transfers in	103,075	-	100,000	435,316	638,391
Transfers out	(435,316)	(83,075)	(705,606)	(20,000)	(1,243,997)
<b>Total other financing sources (uses)</b>	<b>(332,241)</b>	<b>(83,075)</b>	<b>(605,606)</b>	<b>428,528</b>	<b>(592,394)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>143,395</b>	<b>207,289</b>	<b>(345,396)</b>	<b>(427,257)</b>	<b>(421,969)</b>
<b>Fund balance - beginning</b>	<b>2,122,794</b>	<b>668,708</b>	<b>1,407,000</b>	<b>889,084</b>	<b>5,087,586</b>
<b>Fund balance - ending</b>	<b>\$ 2,266,189</b>	<b>\$ 875,997</b>	<b>\$ 1,061,604</b>	<b>\$ 461,827</b>	<b>\$ 4,665,617</b>

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

**TOWN OF PANTEGO, TEXAS**  
**Reconciliation of the Statement of Revenue, Expenditures and Changes**  
**in Fund Balance to the Statement of Activities**  
**For the Year Ended September 30, 2015**

**Exhibit C-4**

<b>Net Change in Fund Balance-Governmental Funds</b>	\$ (421,969)
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$634,541 of capital outlays and \$261,483 of debt principal payments is to increase net position.	896,024
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(640,612)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	13,530
Net pension liability, deferred outflow employee pensions and deferred inflow employee pensions are not reported in the funds. The change in these balances increased net position.	65,555
Current year interest payable and compensated absences of the governmental funds are not due and payable in the current period and, therefore are not reported as liabilities in the funds. Changes in these balances are reported as expenses in the governmental activities of the of the Statement of Activities.	(4,148)
A transfer of capital assets between the component unit and governmental activities is not reported at the fund level	46,024
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (45,596)</u></b>

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

**Town of Pantego, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2015**

**Exhibit D-1**

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,292,424
Receivables, net:	
Accounts	276,246
Other	3,906
Accrued interest	1,035
Inventory	14,271
Restricted assets:	
Cash and cash equivalents	118,106
Total current assets	<u>1,705,988</u>
Non-current assets:	
Capital assets:	
Non-depreciable assets	328,762
Depreciable assets, net	1,430,222
Total noncurrent assets	<u>1,758,984</u>
Total assets	<u>3,464,972</u>
Deferred outflow of resources:	
Employee pensions	<u>31,535</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	294,868
Current liabilities payable from restricted assets:	
Customer deposits	118,106
Total current liabilities	<u>412,974</u>
Noncurrent liabilities:	
Net pension liability	<u>163,828</u>
Total liabilities	<u>576,802</u>
Deferred inflow of resources:	
Employee pensions	<u>5,301</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,758,984
Unrestricted	1,155,420
Total net position	<u>\$ 2,914,404</u>

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

**Town of Pantego, Texas**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2015**

**Exhibit D-2**

	<b><u>Water and Sewer Fund</u></b>
Operating revenues:	
Water sales	\$ 487,797
Sewer charges	369,382
Groundwater conservation fees	11,921
Infrastructure improvement fees	305,215
Late payment charges	16,492
Miscellaneous	32,892
Total operating revenues	<u>1,223,699</u>
Operating expenses:	
Personnel	312,202
Utilities	107,589
Maintenance and repairs	141,010
Franchise fees	49,040
Other	6,068
Sewage treatment - other governments	321,575
Depreciation	172,396
Total operating expenses	<u>1,109,880</u>
Operating income (loss)	<u>113,819</u>
Non-operating revenues (expenses):	
Investment earnings	1,270
Total non-operating revenue	<u>1,270</u>
Income (loss) before contributions and transfers	115,089
Capital contributions and transfers:	
Capital contributions	60,097
Transfers in	1,208,226
Transfers out	<u>(602,620)</u>
Change in Net Position	780,792
Net position - beginning	2,277,264
Prior period adjustment - Pensions	(143,652)
Net position - ending	<u>\$ 2,914,404</u>

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

**Town of Pantego, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2015**

**Exhibit D-3**

	<b>Water and Sewer Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,259,762
Cash paid to suppliers for goods and services	(542,620)
Cash paid to employees for services	(318,260)
Cash paid to other funds for interfund services provided	(25,000)
Net cash provided by operating activities	<u>373,882</u>
<b>Cash flow from noncapital financing activities:</b>	
Transfers to other funds	(100,000)
Net cash used by noncapital financing activities	<u>(100,000)</u>
<b>Cash flow from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(266,791)
Net cash used by capital and related financing activities	<u>(266,791)</u>
<b>Cash flows from investing activities:</b>	
Investment earnings	578
Net cash provided by investing activities	<u>578</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	
Cash and cash equivalents, beginning	1,402,861
Cash and cash equivalents, ending	<u>\$ 1,410,530</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income	\$ 113,819
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	172,396
Decrease in accounts receivable	66,296
Increase in accounts payable	27,642
Increase in employee accrued liabilities	(6,058)
Increase in inventories and supplies	(2,873)
Increase in customer deposits payable	2,660
Net cash provided by operating activities	<u>\$ 373,882</u>
<b>Noncash capital and related financing activities:</b>	
Transfer of capital assets from government	\$ 765,703
Total noncash capital and related financing activities	<u>\$ 765,703</u>
<b>Reconciliation of total cash and cash equivalents:</b>	
Current assets:	
Cash and cash equivalents	\$ 1,292,424
Restricted assets - cash and cash equivalents	118,106
Total cash and cash equivalents	<u>\$ 1,410,530</u>

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

**Town of Pantego, Texas**  
**Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2015**

**Exhibit E-1**

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 163,571</u>
Total assets	<u><u>\$ 163,571</u></u>
Liabilities	
Due to others	<u>\$ 163,571</u>
Total liabilities	<u><u>\$ 163,571</u></u>

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

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**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The Town of Pantego, Texas (the “Town”) was incorporated January 5, 1952, and operates under a Council-Manager form of government providing the following services as a duly incorporated general law city as authorized by the general laws of the State of Texas and subsequent Town ordinances: public safety (police, fire and ambulance), streets and bridges, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town of Pantego, Texas, conform to generally accepted accounting principles issued by the Government Accounting Standards Board, which is the recognized financial accounting setting body of governmental entities. The notes to the financial statements are an integral part of the Town’s financial statements.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the Town and its component units, entities for which the Town is considered financially accountable or other organizations whose nature and significant relationship with the Town are such that exclusion would cause the Town’s financial statements to be misleading or incomplete. The Town is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town.

The financial statements include one discretely presented component unit which has a September 30<sup>th</sup> year-end. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

### Discretely Presented Component Unit

The Pantego Economic Development Corporation (P.E.D.C.) was created under the Development Corporation Act of 1979 and is governed by Section 4B of the Act. The P.E.D.C. is governed by a Board of Directors comprised of members of Town Council and members appointed by the Town Council. Capital improvement projects undertaken by the P.E.D.C. are for the benefit of the Town. The P.E.D.C. may not issue debt without approval of the voters of the Town and the Town Council. The Town must approve changes to the P.E.D.C.’s articles of incorporation, may unilaterally terminate the P.E.D.C. and has residual interest in the net assets of the P.E.D.C. The P.E.D.C. activities are reported herein as the P.E.D.C. Sales Tax Revenue Special Revenue Fund, P.E.D.C. Debt Service Fund, and P.E.D.C. Construction Capital Projects Fund. The P.E.D.C. is reported as a discretely presented component unit in the statement of net positions and statement of activities.

*Flow of Revenue – P.E.D.C.* – Sales tax is the significant source of revenue for P.E.D.C. Sales tax receipts are initially recorded in the P.E.D.C. Sales Tax Revenue fund as sales tax revenue. Transfers are used to transfer cash to the P.E.D.C. Debt Service fund as needed to maintain a required reserve and to make debt service payments as they become due. Transfers are also used to transfer cash in excess of debt service needs to the P.E.D.C. Construction Capital Projects fund.

**1. Summary of Significant Accounting Policies (Continued)**

Governmental accounting standards require reasonable separation between the primary government and its discretely presented component units, both in the financial statements and in the related notes. Because discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

**B. Government-wide and Basic Financial Statements**

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. The focus is on either the Town as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

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

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

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**1. Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property, franchise, sales and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Town reports the following major governmental funds:

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

The **Street Improvement Fund** accounts for .25% (1/4 ¢) sales tax used for infrastructure maintenance and improvement.

The **Park Row Project Fund** was created to account and centralize both revenues, transfers and expenditures of the Park Row Project throughout the duration of the project. The project consists of the rehabilitation of the Park Row corridor which is to include new streets, sidewalks, waterlines, lighting and crosswalks.

The Town reports the following major enterprise funds:

The **Water and Sewer Fund** is used to account for the provision of water and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, capital improvements, billing and collection.

The Town reports the following Fiduciary fund:

The **Agency funds** are used to account for resources that the Town hold on behalf of other entities as their agent. Fiduciary funds are reported using the economic measurement focus.

**1. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

**D. Assets, Liabilities, Deferred Outflows/Inflows, Fund Balance and Net Position**

- 1) Cash and Cash Equivalents – The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased. Amounts invested in Tex-Pool public investment pools are considered cash and cash equivalents. Assets reported as cash and investments are considered cash and cash equivalents for the statement of cash flows.
- 2) Receivables and Payables – Interfund transactions result between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" line of the government wide statement of net position.

**1. Summary of Significant Accounting Policies (Continued)**

3) Unbilled Service – Utility operating revenues (water and sewer) are billed on monthly cycles. The Town records estimated revenues for services delivered during the fiscal year, which will be billed during the next fiscal year. Accounts receivable in the water and sewer fund includes \$110,156 of earned but unbilled revenue.

4) Inventory and prepaid items – Inventories consist of expendable supplies held for consumption. The inventory of supplies are recorded under the purchase method. Under the purchase method the inventory is first recorded as an expense when purchased and then adjusted at the end of the year to reflect the value of inventory to date. Inventories, which are expensed as they are consumed, are stated at the lower of cost or market on a first-in, first-out (FIFO) method.

In the General Fund, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5) Capital assets – Capital assets, which include land, buildings, improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), purchased or acquired, are carried at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

The Town defines capital assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Intangible assets with definite lives are recorded at cost and amortized over the useful lives. Intangible assets with indefinite lives are recorded at cost and no amortization is taken.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	5 – 50 years
Improvements other than buildings	3 – 30 years
Machinery, equipment and furniture	3 – 10 years
Water & sewer system infrastructure	5 – 50 years
Street and storm drainage infrastructure	10 – 40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**1. Summary of Significant Accounting Policies (Continued)**

- 6) Compensated absences – It is the Town’s policy to permit employees to accumulate a limited amount of earned but unused vacation and sick benefits. No sick pay benefits are paid upon separation from service and therefore have been accrued in the financial statements. All vacation pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and/or retirements.
- 7) Long-term Obligations – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed.

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

- 8) Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- 9) Deferred outflows/inflows of resources – Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

*A deferred outflow of resources* is a consumption of a government’s net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The Town has one item that qualifies for reporting in this category:

**1. Summary of Significant Accounting Policies (Continued)**

- Deferred outflow of resources for employee pensions – <sup>outflows</sup> Reported in the government wide financial statement of net position, these deferred ~~inflows~~ resulting primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period. This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability ~~and the results from differences between expected and actuarial experiences~~. The deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

*A deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The Town has two items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable (deferred) revenues – Reported only in the governmental funds balance sheet for unavailable revenues from property taxes, franchise taxes, ambulance services and municipal court fines and forfeitures under the modified accrual basis of accounting. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.
- Deferred inflow of resources for employee pensions – Reported in the government wide financial statements of net position and in the statement of net position for proprietary funds. The employee pension related deferred inflow of resources will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- 10) Fund Balance – Governmental Funds – Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (such as prepaids and inventory) or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments imposed or is imposed by law through constitutional provisions or enabling legislation. Legal enforceability means that the Town can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**1. Summary of Significant Accounting Policies (Continued)**

*Committed* – The committed fund balance classifications includes amounts that can be used only for the specific purposed imposed by formal action (ordinance or resolution) or Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. The Town Council has the authority to assign amounts for specific purposes.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The Town had a deficit balance of \$4,016 in the PantegoFest Fund as of September 30, 2015.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy – It is the goal of the Town that unassigned fund balance of the General Fund should be at least 90 days (24.66%) of General Fund annual expenditures. In order to adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the Town will take action to reduce the fund balance if the unassigned fund balance grows beyond 120 days of expenditures. As of September 30, 2015 the General Fund had 218 days or 60% annual expenditures in the unassigned fund balance.

TOWN OF PANTEGO, TEXAS  
Notes to the Basic Financial Statements

**1. Summary of Significant Accounting Policies (Continued)**

Summary of governmental fund balances as of September 30, 2015 are as follows:

	General Fund	Street Improvement Fund	Park Row Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund balance:</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 32,085	\$ -	\$ -	\$ -	\$ 32,085
<b>Restricted for:</b>					
Debt service	-	-	-	235,327	235,327
Municipal court	-	-	-	93,294	93,294
Street improvements	-	875,997	-	-	875,997
Park Row project	-	-	1,061,604	-	1,061,604
Animal control services	-	-	-	81,700	81,700
PEG Fees	18,685	-	-	-	18,685
Other purposes	-	-	-	20,870	20,870
<b>Committed to:</b>					
Equipment replacement	-	-	-	34,652	34,652
<b>Assigned to:</b>					
Equipment replacement	100,000	-	-	-	100,000
<b>Unassigned:</b>	2,115,419	-	-	(4,016)	2,111,403
Total fund balance	<u>\$ 2,266,189</u>	<u>\$ 875,997</u>	<u>\$ 1,061,604</u>	<u>\$ 461,827</u>	<u>\$ 4,665,617</u>

- 11) Net Position – Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The following is a reconciliation of restricted fund balance reported in governmental fund financial statements to restricted net position of the governmental activities reported in the government-wide financial statements.

Restricted Fund Balance (Exhibit C-1)	\$ 2,387,477
Adjustments:	
Accrued interest payable restricted for debt service	(9,602)
Deferred property tax revenue restricted for debt service	<u>15,672</u>
Total adjustments	<u>6,070</u>
Restricted Net Position (Exhibit A-1)	<u>\$ 2,393,547</u>

**1. Summary of Significant Accounting Policies (Continued)**

*Deficit Net Position* - Net position of the P.E.D.C. component unit are negative \$402,065 because the P.E.D.C. has \$1,155,000 of sale tax revenue bonds outstanding that were used to construct capital assets for the governmental activities. These capital assets were transferred to the governmental activities upon completion. The Town expects subsequent period revenues to eliminate this deficit.

- 12) Management's Use of Estimates – The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.
- 13) Reclassifications – Certain accounts and funds in the prior fiscal year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**E. Accounting Pronouncements**

During fiscal year 2015, the Town of Pantego adopted the following Governmental Accounting Standards Board (GASB) Statements:

Statement No. 68, *Accounting and Financial Reporting for Pension* – an amendment of GASB No. 27. This statement will require government-wide and proprietary fund statements to recognize a liability equal to the net pension liability and that changes in the net pension liability be included in pension expense in the period of the change. This Statement is effective for fiscal years beginning after June 15, 2014.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – An Amendment of GASB Statement No. 68. This Statement addresses issues related to the amount associated with contributions, in any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be implemented with GASB Statement No. 68, effective for the fiscal year ending August 31, 2015.

**1. Summary of Significant Accounting Policies (Continued)**

**E. Accounting Pronouncements (continued)**

The GASB has issued the following statements which will be effective in future years as described below:

Statement No. 72, *Fair Value Measurement and Application* – This Statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance fair value application guidance related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68* - The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

**1. Summary of Significant Accounting Policies (Continued)**

**E. Accounting Pronouncements (continued)**

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

Statement No. 77, *Tax Abatement Disclosures* - The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

## 2. CASH AND CASH EQUIVALENTS

Substantially all operating cash and investments are maintained in consolidated cash and investment accounts. Investment income related to consolidated investments is allocated to the individual funds monthly based on the funds' pro-rata share of total cash and investments. Cash and investments as of September 30, 2015, are classified in the statement of net position as cash and cash equivalents and restricted cash and cash equivalents. Cash and cash equivalents as of September 30, 2015 consist of the following:

Cash on hand	\$	184,201
Certificates of deposit		907,309
TexPool		3,973,332
TexPool Prime		1,200,277
Total cash and cash equivalents	\$	<u>6,265,119</u>

### Deposits

State statutes authorize the Town's cash to be deposited in demand deposits, time deposits, or certificates of deposit, and require that all deposits be fully collateralized or insured. The depository bank places approved pledge securities for safekeeping and trust with the Town's agent bank in an amount sufficient to protect the Town's funds on a day-to-day basis.

***Custodial Credit Risk – Deposits*** - Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy requires that all deposits with financial institutions must be collateralized to the extent not protected by the Federal Deposit Insurance Corporation ("FDIC") insurance. The P.E.D.C. deposits are secured by a separate pledge of securities and FDIC insurance. At September 30, 2015, the Town's deposits and those of the Pantego Economic Development Corporation were covered by FDIC insurance or by collateral held by the bank's agent in the Town's name.

### Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Town to adopt, implement and publicize an investment policy. This 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 and (9) bid solicitation references for certificates of deposit.

**2. Cash and cash equivalents – Investments (continued)**

The Town’s investment policy authorizes the Town to invest in obligations of the United States government and its agencies and instrumentalities, fully insured or collateralized certificates of deposit, repurchase agreements not to exceed 90 days to stated maturity, AAA-rated, SEC registered money market funds, AAA-rated Texas local government investment pools, and other interest bearing accounts at the Town’s depository. During the year ended September 30, 2015, the Town did not own any types of securities other than those permitted by statute.

The Town invests idle fund in the Texas Local Government Investment Pools: TexPool and TexPool Prime. These government investment pools operate in a manner consistent with the SEC’s Rule 2A7 of the Investment Act of 1940. The Pools are required to maintain market value of its underlying investment portfolio within one half of one percent of the value of its shares.

**Interest Rate Risk** – Interest rate risk is the risk that changes in the market place will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In order to limit interest and market rate risk from changes in interest rates, the Town of Pantego's adopted Investment Policy sets the weighted average maturity (WAM) limit to one (1) year for operating funds and two (2) years for non-operating funds.

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating agency. A primary stated objective of the Town of Pantego’s adopted Investment Policy is the safety of principal and avoidance of principal loss. The Town controls risk by limiting its investments to those instruments allowed by its investment policy.

**Concentration Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. It is the policy of the Town of Pantego to diversify its investment portfolios. Whenever practical, assets held in the common investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The Town’s investments at September 30, 2015 included the following:

<u>Investment Type</u>	<u>Investment</u>	<u>Reported Amount</u>	<u>Weighted Average Maturity (Days)</u>	<u>Percent of Total Investments</u>
Local Government Investment Pool	TexPool	\$ 3,973,332	40	76.80%
	TexPool Prime	1,200,277	34	23.20%

## **2. Cash and cash equivalents – Investments (continued)**

***Custodial Credit Risk – Investments*** - In order to control custody and safekeeping risk State law and the Town of Pantego's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Town and held in the Town's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of U.S. Financial Institutions Resource and Recovery Enforcement Act ("FIRREA"). The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

Portfolio disclosure as of September 30, 2015:

- The portfolio contained one (1) fully FDIC insured certificate of deposit;
- The portfolio contained no repurchase agreements;
- All bank demand deposits were fully insured and/or collateralized; and
- All pledge bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

## **3. PROPERTY TAX**

The Town's property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Property taxes attach as an enforceable lien on property as of January 1 and are levied for appropriation for the fiscal year beginning October 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Taxes unpaid as of February 1 are subject to penalty and interest as provided by the Texas Property Tax Code.

Property taxes are accrued based on the period for which they are levied and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year-end are recorded as deferred revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue in the period to which they apply.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental services and debt service for the Town of Pantego for the year ended September 30, 2015 was \$0.4200 per \$100 of assessed valuation.

TOWN OF PANTEGO, TEXAS  
Notes to the Basic Financial Statements

**4. RECEIVABLES AND DEFERRED REVENUES**

All receivables are shown net of allowance for uncollectible accounts. The allowances for uncollectible accounts are based upon historical experience. Property tax and municipal court allowance for uncollectible accounts are equal to approximately 60% and 75% of the outstanding balance at September 30, and the ambulance allowance consists of accounts aged more than 120 days. The allowance for the water and sewer accounts receivable is equal to the accounts receivable that are aged three (3) or more months as of September 30.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Receivables and deferred revenue as of September 30, 2015 for the government's individual major funds, and non-major funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Governmental Activities Total	Component Unit P.E.D.C.
Receivables:					
Property tax	\$ 87,646	\$ -	\$ 39,179	\$ 126,825	\$ -
Sales tax	273,820	54,764	-	328,584	109,529
Franchise tax	170,416	-	-	170,416	-
Accounts	2,047,207	-	-	2,047,207	-
Other	-	-	2,800	2,800	-
Notes receivable	-	-	-	-	77,656
Gross receivables	2,579,089	54,764	41,979	2,675,832	187,185
Less: Allowance for uncollectibles	(1,758,264)	-	(23,507)	(1,781,771)	-
Net total receivables	\$ 820,825	\$ 54,764	\$ 18,472	\$ 894,061	\$ 187,185
Deferred Revenues					
Property tax	\$ 35,058	\$ -	\$ 15,672	\$ 50,730	
Franchise tax	148,614	-	-	148,614	
Ambulance service	56,458	-	-	56,458	
Fines and forfeitures	267,013	-	-	267,013	
Total deferred revenues	\$ 507,143	\$ -	\$ 15,672	\$ 522,815	

	Water and Sewer	Business-Type Activities Total
Receivables:		
Accounts	\$ 144,195	\$ 144,195
Unbilled accounts	146,475	146,475
Other	3,906	3,906
Gross receivables	294,576	294,576
Less: Allowance for uncollectibles	(14,424)	(14,424)
Net total receivables	\$ 280,152	\$ 280,152

**4. Receivables and Deferred Revenue (Continued)**

The Pantego Economic Development Corporation (P.E.D.C.) component unit provides loans towards assisting businesses with improvements to the borrower's property. Notes receivable for the year ended September 30, 2015 are as follows:

\$16,000 loan dated April 23, 2012, at 2% payable in equal monthly installments of \$638.10 over a period of two (2) years beginning April 1, 2013, secured by the furniture, fixtures and equipment of borrower.	\$ 1,242
\$20,000 loan dated July 20, 2012, at 2% payable in equal monthly installments of \$433.90 over five (5) years beginning August 1, 2013, secured by furniture, fixtures and equipment of borrower.	\$ 12,007
\$7,000 loan dated December 11, 2012, at 2% payable in equal monthly Installments of \$297.78 over two (2) years beginning December 1, 2013, secured by the furniture, fixtures and equipment of borrower.	1,481
\$35,000 loan dated October 24, 2013, at 3% payable in equal monthly installments of \$774.70 over four (4) years beginning November 1, 2014, secured by the furniture, fixtures and equipment of the borrower.	28,753
\$8,500 loan dated October 30, 2013, at 3% payable in equal monthly installments of \$247.19 over three (3) years beginning November 1, 2014, secured by the furniture, fixtures and equipment of the borrower.	8,042
\$15,000 loan dated December 13, 2013, at 3% payable in equal monthly installments of \$436.22 over three (3) years beginning December 1, 2014, secured by the furniture, fixtures and equipment of the borrower.	10,968
\$17,000 loan dated March 13, 2014, at 3% payable in equal monthly Installments of \$494.38 over three (3) years beginning March 1, 2015, secured by the furniture, fixtures and equipment Of the borrower.	<u>15,163</u>

Total Notes Receivable \$ 77,656

As of September 30, 2015, \$9,111 of P.E.D.C. loans were past due. Management believes the past due balances are collectible.

**5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

*Interfund Receivable/Payables* – Due from/due to other funds outstanding as of September 30, 2015, is as follows:

Receivable Fund (Due from)	Payable Fund (Due to)	Amount
General Fund	PantegoFest	\$ 6,816

*Inter-fund transfers* are reported in the governmental activities and proprietary fund financial statements. In the government-wide statements, inter-fund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Interfund transfers during the year ended September 30, 2015 were as follows:

Transfers out:	Transfers In:				Total
	General Fund	Park Row Project Fund	Non-major Governmental	Water and Sewer Fund	Transfers From
General Fund	\$ -	\$ -	\$ 435,316	\$ -	\$ (435,316)
Street Improvement	83,075	-	-	-	(83,075)
Non-Major Governmental	20,000	-	-	-	(20,000)
Park Row Project Fund	-	-	-	705,606	(705,606)
Water and Sewer Fund	-	100,000	-	-	(100,000)
<b>Total</b>	<b>\$ 103,075</b>	<b>\$ 100,000</b>	<b>\$ 435,316</b>	<b>\$ 705,606</b>	<b>\$ (1,343,997)</b>

Transfers are primarily used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) reimburse one fund for services provided to another fund, (4) transfer additional funds, (5) contribute toward the cost of capital projects, and (6) other operational purposes.

Transfers as of September 30, 2015 reflect the following interfund transactions:

- Street Improvement to the General Fund for labor cost reimbursement and administrative charges of \$83,075;
- Court Security Fund to the General Fund for labor cost reimbursement to fund part of the salary and benefits of a Marshal for court security function \$20,000;
- Water and Sewer to Park Row Project Fund to fund water line replacement portion of the Park Row project \$100,000;
- General Fund to Equipment Replacement Fund to fund the purchase of capital assets \$435,316;
- Park Row Project Fund to Water and Sewer for completion of the water line replacement project \$705,606.

TOWN OF PANTEGO, TEXAS  
Notes to the Basic Financial Statements

**6. CAPITAL ASSETS**

The following is a summary of changes in the governmental activities capital assets for the fiscal year ended September 30, 2015:

<b><u>Governmental activities:</u></b>	<u>Beginning Balance</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 211,263	\$ -	\$ -	\$ 211,263
Construction in progress	15,001	6,710	-	21,711
Total non-depreciable assets	<u>226,264</u>	<u>6,710</u>	<u>-</u>	<u>232,974</u>
Depreciable assets:				
Buildings	2,085,260	-	-	2,085,260
Improvements other than buildings	2,183,827	46,024	-	2,229,851
Machinery and equipment	3,048,274	627,831	(81,500)	3,594,605
Infrastructure	9,195,333	-	-	9,195,333
Total depreciable assets	<u>16,512,694</u>	<u>673,855</u>	<u>(81,500)</u>	<u>17,105,049</u>
Accumulated depreciation:				
Buildings	(1,065,246)	(55,386)	-	(1,120,632)
Improvements other than buildings	(1,620,234)	(73,368)	-	(1,693,602)
Machinery and equipment	(1,991,703)	(266,345)	81,500	(2,176,548)
Infrastructure	(6,905,527)	(245,513)	-	(7,151,040)
Total accumulated depreciation	<u>(11,582,710)</u>	<u>(640,612)</u>	<u>81,500</u>	<u>(12,141,822)</u>
Total depreciable assets, net	<u>4,929,984</u>	<u>33,243</u>	<u>-</u>	<u>4,963,227</u>
Governmental activities capital assets, net	<u>\$ 5,156,248</u>	<u>\$ 39,953</u>	<u>\$ -</u>	<u>\$ 5,196,201</u>

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

Governmental activities:	
General and administrative	\$ 39,327
Public works	332,660
Police	101,643
Fire	118,286
Municipal court	10,566
Other	38,130
Total depreciation expense - governmental activities	<u>\$ 640,612</u>

TOWN OF PANTEGO, TEXAS  
Notes to the Basic Financial Statements

**6. Capital Assets (Continued)**

The following is a summary of changes in business-type activities capital assets during the fiscal year ended September 30, 2015:

<b><u>Business-type activities:</u></b>	<u>Beginning Balance</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 61,971	\$ -	\$ -	\$ 61,971
Construction in progress	7,208	266,791	(7,208)	266,791
Total non-depreciable assets	<u>69,179</u>	<u>266,791</u>	<u>(7,208)</u>	<u>328,762</u>
Depreciable assets:				
Improvements other than buildings	4,456,214	772,911	-	5,229,125
Total depreciable assets	<u>4,456,214</u>	<u>772,911</u>	<u>-</u>	<u>5,229,125</u>
Accumulated depreciation:				
Improvements other than buildings	(3,626,507)	(172,396)	-	(3,798,903)
Total accumulated depreciation	<u>(3,626,507)</u>	<u>(172,396)</u>	<u>-</u>	<u>(3,798,903)</u>
Total depreciable assets, net	<u>829,707</u>	<u>600,515</u>	<u>-</u>	<u>1,430,222</u>
Business-type activities capital assets, net	<u>\$ 898,886</u>	<u>\$ 867,306</u>	<u>\$ (7,208)</u>	<u>\$ 1,758,984</u>

Depreciation for business-type activities was charged as follows:

Business-type activities:	
Water and sewer	<u>\$ 172,396</u>
Total depreciation expense - business-type activities	<u>\$ 172,396</u>

The Pantego Economic Development Corporation (P.E.D.C.) occasionally funds public infrastructure improvements. When the construction is completed the capital assets are contributed to the governmental or business-type activities. The following is a summary of changes in the component unit capital assets during the fiscal year ended September 30, 2015:

TOWN OF PANTEGO, TEXAS  
Notes to the Basic Financial Statements

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**6. Capital Assets (Continued)**

<u>Component Unit:</u>	<u>Beginning Balance</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Construction in progress	\$ 113,293	\$ 10,765	\$ (60,097)	\$ 63,961
Total non-depreciable assets	<u>113,293</u>	<u>10,765</u>	<u>(60,097)</u>	<u>63,961</u>
Component unit capital assets, net	<u>\$ 113,293</u>	<u>\$ 10,765</u>	<u>\$ (60,097)</u>	<u>\$ 63,961</u>

**7. CAPITAL LEASES**

Capital lease obligation is comprised of a lease, which terms provide for a bargain purchase options at the end of the lease period, or provides the rights of ownership during the economic useful life of the asset. The Town has several capital leases for various equipment. Capital lease obligations as of September 30, 2015, consist of the following:

\$699,898 due in annual installments of \$86,531.44 including interest at 4.6% maturing in July 2019, and secured by a fire truck purchased in 2010 for \$699,898. \$ 309,708

\$66,675 due in semi-annual installments of \$8,710 including interest at 2.52%, maturing in August 2016, secured by public safety vehicles purchased in 2013 for \$66,675. 17,096

\$429,361 due in annual installments of \$91,348.13 including interest at 3.19%, maturing in April 2019, by public safety radio system equipment purchased in 2014 for \$429,361. 338,013

Total \$ 664,817

Capital assets acquired through capital leases are as follows:

Machinery and equipment	\$ 1,195,935
Less: Accumulated depreciation	<u>(311,400)</u>
Total	<u>\$ 884,535</u>

See Note 8 to the basic financial statements for the future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015.

## 8. LONG-TERM DEBT AND OBLIGATIONS

The Town of Pantego and the P.E.D.C. component unit have issued general obligation bonds, certificates of obligation bonds and sales tax revenue bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation refunding bonds and certificates of obligation bonds are paid by the debt service fund, the G.O. Bonds Interest and Sinking Debt Service Fund, and the sales tax revenue bonds are paid by the P.E.D.C. Debt Service Fund.

All taxes levied and collected for and on account of said bonds are pledged to the Debt Service Fund in amounts authorized by the Town Council. The ordinances authorizing the issuance of the General Obligation Refunding Bonds and the Combination Tax and Limited Pledge Revenue Certificates of

Obligation require that the Town's ad valorem tax revenues be enough to generate net revenues sufficient to provide for the payment of the debt service requirements of the bonds issued. At September 30, 2015, this requirement had been met. As of September 30, 2015, the Town had no authorized but unissued bonds.

Long-term debt transactions, including current portion, for the year ended September 30, 2015, are summarized as follows:

	Balance at October 1, 2014			Balance at September 30, 2015		Due within one year
		Increased	Retired			
<b>Governmental activities:</b>						
General obligation bonds	\$ 55,000	\$ -	\$ 55,000	\$ -	\$ -	-
Certificates of obligation	145,000	-	25,000	120,000	30,000	30,000
Capital leases	847,157	-	182,340	664,817	169,946	169,946
Net pension obligation	304,014	-	304,014	-	-	-
Net pension liability	-	1,772,665	-	1,772,665	-	-
Compensated absences	101,185	102,053	101,185	102,053	102,053	102,053
Total governmental activities						
long-term liabilities	\$ 1,452,356	\$ 1,874,718	\$ 667,539	\$ 2,659,535	\$ 301,999	
<b>Business-type activities:</b>						
Net pension liability	\$ -	\$ 163,828	\$ -	\$ 163,828	\$ -	-
Total business-type activities						
long-term liabilities	\$ -	\$ 163,828	\$ -	\$ 163,828	\$ -	-
<b>Component Unit:</b>						
Sales tax revenue bonds	\$ 1,295,000	\$ -	\$ 140,000	\$ 1,155,000	\$ 140,000	140,000
Total component unit						
long-term liabilities	\$ 1,295,000	\$ -	\$ 140,000	\$ 1,155,000	\$ 140,000	140,000

TOWN OF PANTEGO, TEXAS  
Notes to the Basic Financial Statements

**8. Long-Term Debt and Obligations (Continued)**

Bonds payable at September 30, 2015, are comprised of the following individual issues:

	Interest Rate (%)	Maturity Date	Original Issue	Amount Outstanding
<b>Governmental activities:</b>				
Certificates of obligation:				
2004 Tax and Revenue	3.97%	2019	\$ 365,000	\$ 120,000
Total certificates of obligation			<u>365,000</u>	<u>120,000</u>
Total governmental activities			<u>\$ 365,000</u>	<u>\$ 120,000</u>
<b>Component unit:</b>				
Sales tax revenue bonds:				
2010 Refunding Series	4.93%	2022	\$ 1,745,000	\$ 1,155,000
Total sales tax revenue bonds			<u>1,745,000</u>	<u>1,155,000</u>
Total component unit			<u>\$ 1,745,000</u>	<u>\$ 1,155,000</u>

Annual governmental activities debt service requirements to amortize all debt outstanding, except employee benefits, as of September 30, 2015, are as follows:

Years Ending September 30,	Certificates of Obligation	CO Interest	Total Governmental Activities
2016	\$ 30,000	\$ 4,764	\$ 34,764
2017	30,000	3,574	33,574
2018	30,000	2,382	32,382
2019	30,000	1,192	31,192
Total	<u>\$ 120,000</u>	<u>\$ 11,912</u>	<u>\$ 131,912</u>

Future minimum lease payments are as follows:

Years Ending September 30,	Lease Obligations
2016	\$ 195,298
2017	177,880
2018	177,880
2019	177,878
Total	<u>728,936</u>
Less interest portion	<u>(64,119)</u>
Obligation under capital lease	<u>\$ 664,817</u>

**8. Long-Term Debt and Obligations (Continued)**

Annual debt service requirements for the Pantego Economic Development Corporation (P.E.D.C.) component unit to amortize outstanding debt as of September 30, 2015, are as follows:

Years Ending September 30,	Component Unit		Total Component Unit
	Sales Tax Revenue	STR Interest	
2016	\$ 140,000	\$ 54,401	\$ 194,401
2017	145,000	47,141	192,141
2018	160,000	39,521	199,521
2019	165,000	31,399	196,399
2020	175,000	22,955	197,955
2021-2022	370,000	18,820	388,820
Total	\$ 1,155,000	\$ 214,237	\$ 1,369,237

As of September 30, 2015, there are no debt service requirements for debt obligations for the business-type Water and Sewer Fund.

*Arbitrage Payable* – The Tax Reform Act of 1986 requires that the excess interest earned on tax-exempt bond process over interest cost must be remitted to the federal government. The arbitrage liability is payable to the federal government every five years; however, the Town calculates and records its arbitrage liability annually. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund financial statements, as applicable, on the accrual basis of accounting. At September 30, 2015, the Town had no arbitrage liability.

**9. SEWER CONTRACTS**

The Town has contracts with the City of Fort Worth and City of Arlington for the treatment of wastewater. The contracts require the Town to pay varying amounts based on the costs associated with the wastewater treated. Charges for wastewater treatment during fiscal year 2015 were \$230,074 for Fort Worth and \$91,501 for Arlington.

**10. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

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

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

**B. Benefits Provided**

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

	Plan Year 2014	Plan Year 2015
Employee deposit rate	7.00%	7.00%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	50% of CPI Repeating	50% of CPI Repeating

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

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	82
Active employees	<u>42</u>
Total employees covered by benefit terms	164

**10. Defined benefit pension plan (Continued)**

**C. Contributions**

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

Employees for the Town of Pantego were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town of Pantego were 14.44% and 15.56% in 2014 and 2015 calendar years. The Town's contribution to TMRS for the year ended September 30, 2015 were \$338,186, and were equal to the required contributions.

**D. Net Pension Liability**

The Town's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Actuarial determined contributions rates are calculated as of December 31 and become effective in January – 13 months later.

**Actuarial assumptions:**

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Overall payroll growth	3.50% to 12.00% including inflation
Investment Rate of Return	7.0% including inflation
Retirement Age	Experience-based table of rates are specific to the Town's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiply by 103% and projected on a fully generational basis with scale BB.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**10. Defined benefit pension plan (Continued)**

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
Internation Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

**10. Defined benefit pension plan (Continued)**

**Discount Rate**

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

**CHANGES IN THE NET PENSION LIABILITY**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$ 13,567,769	\$ 11,653,375	\$ 1,914,394
Changes for the year:			
Service cost	294,270	-	294,270
Interest (on the Total Pension Liability)	935,669	-	935,669
Change of benefit terms	-	-	-
Difference between expected and actual experience	(103,022)	-	(103,022)
Changes of assumptions	-	-	-
Contributions - employer	-	301,148	(301,148)
Contributions - employee	-	144,634	(144,634)
Net investment income	-	666,569	(666,569)
Benefit payments, including refunds of employee contributions	(696,398)	(696,398)	-
Administrative expense		(6,960)	6,960
Other changes		(572)	572
Net changes	\$ 430,519	\$ 408,421	\$ 22,098
<b>Balance at 12/31/2014</b>	<b>\$ 13,998,288</b>	<b>\$ 12,061,796</b>	<b>\$ 1,936,492</b>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the Town, calculated using the discount rate of 7.0% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.0%) or 1-percent-point higher (8.0%) than the current rate:

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

1% Decrease 6.00%	Current Single Rate Assumption 7%	1% Increase 8.00%
\$4,012,474	\$1,936,492	\$261,661

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

**10. Defined benefit pension plan (Continued)**

**E. Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions**

For the year ended September 30, 2015, the Town recognized pension expense of \$266,573. At September 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 62,661
Changes in assumptions	-	-
Differences between projected and actual investment earnings	119,334	-
Contributions subsequent to the measurement date	<u>253,427</u>	<u>-</u>
Total	<u>\$ 372,761</u>	<u>\$ 62,661</u>

\$253,427 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended September 30,</u>	<u>Net deferred outflows (inflows) of resources</u>
2015	\$ (10,528)
2016	7,533
2017	29,833
2018	29,835
2019	-
Thereafter	-
Total	<u>\$ 56,673</u>

**11. OTHER POST-EMPLOYMENT BENEFITS**

**Supplemental Death Benefit Fund**

Plan Description

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

Benefits

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

Contributions

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

**Schedule of Contribution Rates  
 (Retiree-only portion of the rate)**

Plan Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2013	0.03%	0.03%	100.0%
2014	0.04%	0.04%	100.0%
2015	0.05%	0.05%	100.0%

## 12. COMMITMENTS AND CONTINGENCIES

### Litigation

One lawsuit is pending against the Town and the outcome of this lawsuit is not presently determinable. The Town could potentially have a direct liability for amounts not covered by insurance. The amount of the Town's direct liability cannot be reasonably estimated at this time.

### Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency. These programs are governed by various statutory rules and regulations of grantors. Amount received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. As it pertains to other matters of compliance, in the opinion of the Town's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statement for such contingencies.

### Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Town is a member of the Texas Municipal League and participates in the Intergovernmental Risk Pool. Premiums are paid to the Pool who administers all claims. The Town retains, as a risk, only the deductible amount of each policy. The Town has maintained insurance coverage in all major categories of risk comparable to that of the prior year with not reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

## 13. PRIOR PERIOD ADJUSTMENT

Net position as of October 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beginning Net Position - as presented	\$ 9,295,298	\$ 2,277,264
Restatement due to:		
Net pension liability (measurement as of 12/31/2013)	(1,752,436)	(161,958)
Deferred outflows of resources (contributions made during the fiscal year)	198,082	18,306
Net pension obligation at 9/30/2014	<u>304,014</u>	<u>-</u>
Beginning Net Position - as restated	<u>\$ 8,044,958</u>	<u>\$ 2,133,612</u>

**14. RELATED PARTY TRANSACTIONS**

The Town of Pantego entered into a contract with a P.E.D.C. board member through the issuance of two (2) P.E.D.C. business loans. The business is owned and operated by a member of the P.E.D.C. Board. The total loan amount outstanding, principal and interest as of September 30, 2015 is \$31,702.

**15. SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 17, 2016, which is the date the financial statements were available to be issued.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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**Town of Pantego, Texas**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit F-1**

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Property	\$ 967,000	\$ 967,000	\$ 943,018	\$ (23,982)
Sales	1,312,409	1,327,409	1,514,382	186,973
Franchise	327,000	327,000	318,154	(8,846)
Fines and forfeitures	861,500	836,500	849,336	12,836
Licenses and permits	82,000	82,000	100,212	18,212
Ambulance service	120,000	120,000	134,355	14,355
Investment earnings	5,500	5,500	4,004	(1,496)
Charges for services	115,389	115,389	115,389	-
Miscellaneous	57,075	42,075	39,182	(2,893)
Total revenues	<u>3,847,873</u>	<u>3,822,873</u>	<u>4,018,032</u>	<u>195,159</u>
<b>EXPENDITURES</b>				
Current:				
General and administrative	565,758	565,758	525,373	40,385
Public works	367,081	367,081	350,408	16,673
Community Development	111,581	111,581	113,679	(2,098)
Police	1,274,044	1,234,044	1,153,686	80,358
Fire	1,020,488	1,035,488	1,029,402	6,086
Municipal court	352,441	352,441	345,143	7,298
Other	20,000	20,000	20,236	(236)
Debt service:				
Principal	5,211	5,211	4,355	856
Interest and fiscal agent charges	114	114	114	-
Total expenditures	<u>3,716,718</u>	<u>3,691,718</u>	<u>3,542,396</u>	<u>149,322</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>131,155</u>	<u>131,155</u>	<u>475,636</u>	<u>344,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	103,075	103,075	103,075	-
Transfers out	(225,208)	(435,316)	(435,316)	-
Total other financing sources (uses)	<u>(122,133)</u>	<u>(332,241)</u>	<u>(332,241)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	9,022	(201,086)	143,395	344,481
<b>Fund balance - beginning</b>	<u>2,122,794</u>	<u>2,122,794</u>	<u>2,122,794</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,131,816</u>	<u>\$ 1,921,708</u>	<u>\$ 2,266,189</u>	<u>\$ 344,481</u>

The notes to the required supplementary information are an integral part of this statement.

**Town of Pantego, Texas**  
**Street Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit F-2**

	Street Improvement Construction Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Sales tax	\$ 259,682	\$ 259,682	\$ 299,707	\$ 40,025
Investment earnings	650	650	1,271	621
Total revenues	<u>260,332</u>	<u>260,332</u>	<u>300,978</u>	<u>40,646</u>
<b>EXPENDITURES</b>				
Current:				
Other	-	-	3,904	(3,904)
Capital	446,000	250,000	6,710	243,290
Total expenditures	<u>446,000</u>	<u>250,000</u>	<u>10,614</u>	<u>239,386</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(185,668)</u>	<u>10,332</u>	<u>290,364</u>	<u>280,032</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(83,075)	(83,075)	(83,075)	-
Total other financing sources (uses)	<u>(83,075)</u>	<u>(83,075)</u>	<u>(83,075)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(268,743)	(72,743)	207,289	280,032
<b>Fund balance - beginning</b>	<u>668,708</u>	<u>668,708</u>	<u>668,708</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 399,965</u>	<u>\$ 595,965</u>	<u>\$ 875,997</u>	<u>\$ 280,032</u>

**Town of Pantego, Texas**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Texas Municipal Retirement System**  
**September 30, 2015**

**Exhibit F-3**

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 294,270
Interest (on the Total Pension Liability)	935,669
Changes of benefit terms	-
Difference between expected and actual experience	(103,022)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(696,398)</u>
<b>Net Change in Total Pension Liability</b>	430,519
<b>Total Pension Liability - Beginning</b>	<u>13,567,769</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 13,998,288</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 301,148
Contributions - Employee	144,634
Net Investment Income	666,569
Benefit payments, including refunds of employee contributions	(696,398)
Administrative Expense	(6,960)
Other	<u>(572)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 408,421
<b>Plan Fiduciary Net Position - Beginning</b>	<u>11,653,375</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 12,061,796</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 1,936,492
<b>Plan Fiduciary Net Position as a Percentage of</b>	
<b>Total Pension Liability</b>	86.17%
<b>Covered Employee Payroll</b>	\$ 2,066,197
<b>Net Pension Liability as a Percentage of</b>	
<b>Covered Employee Payroll</b>	93.72%

Note: GASB 68 requires 10 fiscal years of data to be provided in this schedule.  
The Town is required to build this schedule over the next 10-year period.

**Town of Pantego, Texas**  
**Schedule of Contributions**  
**Texas Municipal Retirement System**  
**For the Year Ended September 30, 2015**

**Exhibit F-4**

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 310,220	\$ 338,187
Contributions in relation to the actuarially determined contribution	<u>\$ 310,220</u>	<u>\$ 338,187</u>
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 2,034,826	\$ 2,215,684
Contributions as a percentage of covered employee payroll	15.25%	15.26%

Note: GASB 68 requires 10 fiscal years of data to be provided in this schedule.  
The Town is required to build this schedule over the next 10-year period.

**TOWN OF PANTEGO**  
**Notes to the Required Supplementary Information**  
**For the Year Ended September 30, 2015**

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds. All annual appropriations lapse at year end.

Prior to August 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through a favorable passage of an ordinance.

The appropriated budget is prepared by fund, function and department. The City Manager is authorized to make line item and departmental budget adjustments during the fiscal year in order to avoid over-expenditures of particular line items. Adjustments require no further Council action if the total appropriation for each fund as set forth in the adopted budget is not exceeded.

Excess of Expenditures over Appropriations

For year ended September 30, 2015, expenditures exceeded appropriations in the Community Development department by \$2,098. This over-expenditure was funded by savings in other departments.

Notes to the Schedule of Contributions

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00 including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other information:**

Notes There were no benefit changes during the year.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

**Special Revenue Funds** are used by the Town to account for revenues that are legally restricted expenditures for a particular purpose.

**Municipal Court Building Security Fund** - This fund is used to account for the Town's share of fines to be used to enhance building security for municipal court.

**Municipal Court Technology Fund** - This fund accounts for the Town's share of fines to be used for improvements to municipal court technology.

**Shamburger Fund** - This fund is used to account for the care and feeding of stray animals found and rescued within the Town of Pantego.

**Cartwright Library Fund** - This fund is used for the maintenance and development of the Town's website.

**PantegoFest Fund** - This fund is used to account for revenues, donations and expenditures related to Pantego Fest.

### Debt Service Funds

The **Debt Service Fund** is used to account for the accumulation of resources to be used for the general obligation principal and interest payments, except for those certificates of obligation serviced by the Enterprise Fund.

**G.O. Bonds Interest and Sinking Fund** - This fund is used to account for accumulation of property tax revenue to pay principal and interest due to the Town's outstanding bonds.

### Capital Projects Funds

The Capital Projects Fund accounts for all resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Equipment Replacement Fund** - This fund is used to account for acquisition of equipment for various governmental departments of the Town.

**Town of Pantego, Texas**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2015**

	<b>Special Revenue Funds</b>				
	<b>Municipal Court Building Security</b>	<b>Municipal Court Technology</b>	<b>Shamburger Fund</b>	<b>Cartwright Library Fund</b>	<b>PantegoFest Fund</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 26,909	\$ 66,385	\$ 81,493	\$ 20,870	\$ 14,664
Receivables, net:					
Property tax	-	-	-	-	-
Other	-	-	-	-	2,800
Accrued interest	-	-	207	-	-
Total assets	<u>\$ 26,909</u>	<u>\$ 66,385</u>	<u>\$ 81,700</u>	<u>\$ 20,870</u>	<u>\$ 17,464</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 14,664
Due to other funds	-	-	-	-	6,816
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,480</u>
Deferred inflow of resources:					
Deferred revenue	-	-	-	-	-
Fund Balance					
Restricted for:					
Debt service	-	-	-	-	-
Municipal court	26,909	66,385	-	-	-
Animal control services	-	-	81,700	-	-
Other purpose	-	-	-	20,870	-
Committed for:					
Equipment replacement	-	-	-	-	-
Unassigned	-	-	-	-	(4,016)
Total fund balances	<u>26,909</u>	<u>66,385</u>	<u>81,700</u>	<u>20,870</u>	<u>(4,016)</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 26,909</u>	<u>\$ 66,385</u>	<u>\$ 81,700</u>	<u>\$ 20,870</u>	<u>\$ 17,464</u>

Exhibit G-1

<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Total Other Governmental Funds</u>
<u>G.O. Bonds Interest and Sinking</u>	<u>Equipment Replacement</u>	
\$ 234,913	\$ 34,652	\$ 479,886
15,672	-	15,672
-	-	2,800
414	-	621
<u>\$ 250,999</u>	<u>\$ 34,652</u>	<u>\$ 498,979</u>
\$ -	\$ -	\$ 14,664
-	-	6,816
-	-	21,480
<u>15,672</u>	<u>-</u>	<u>15,672</u>
235,327	-	235,327
-	-	93,294
-	-	81,700
-	-	20,870
-	34,652	34,652
-	-	(4,016)
<u>235,327</u>	<u>34,652</u>	<u>461,827</u>
<u>\$ 250,999</u>	<u>\$ 34,652</u>	<u>\$ 498,979</u>

**Town of Pantego, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2015**

	<b>Special Revenue Funds</b>				
	<b>Municipal Court Building Security</b>	<b>Municipal Court Technology</b>	<b>Shamburger Fund</b>	<b>Cartwright Library</b>	<b>Pantego Fest</b>
<b>REVENUES</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	13,490	17,924	-	-	-
Charges for services	-	-	-	-	15,460
Contributions and donations	-	-	-	-	21,850
Investment earnings	-	-	254	-	-
Miscellaneous	-	16,364	-	-	-
Total revenues	<u>13,490</u>	<u>34,288</u>	<u>254</u>	<u>-</u>	<u>37,310</u>
<b>EXPENDITURES</b>					
Current operations:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Municipal court	2,698	16,758	-	-	-
Other	-	-	1,495	3,473	71,151
Capital	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal agent charges	-	-	-	-	-
Total expenditures	<u>2,698</u>	<u>16,758</u>	<u>1,495</u>	<u>3,473</u>	<u>71,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,792</u>	<u>17,530</u>	<u>(1,241)</u>	<u>(3,473)</u>	<u>(33,841)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(9,208)	17,530	(1,241)	(3,473)	(33,841)
Fund balance - beginning	<u>36,117</u>	<u>48,855</u>	<u>82,941</u>	<u>24,343</u>	<u>29,825</u>
Fund balance - ending	<u>\$ 26,909</u>	<u>\$ 66,385</u>	<u>\$ 81,700</u>	<u>\$ 20,870</u>	<u>\$ (4,016)</u>

Exhibit G-2

<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Total Other Governmental Funds</u>
<u>G.O. Bonds Interest and Sinking</u>	<u>Equipment Replacement</u>	
\$ 84,907	\$ -	\$ 84,907
-	-	31,414
-	-	15,460
-	-	21,850
507	-	761
-	-	16,364
<u>85,414</u>	<u>-</u>	<u>170,756</u>
-	10,175	10,175
-	9,932	9,932
-	-	19,456
-	-	76,119
-	627,831	627,831
80,000	177,128	257,128
7,729	18,171	25,900
<u>87,729</u>	<u>843,237</u>	<u>1,026,541</u>
<u>(2,315)</u>	<u>(843,237)</u>	<u>(855,785)</u>
-	13,212	13,212
-	435,316	435,316
-	-	(20,000)
<u>-</u>	<u>448,528</u>	<u>428,528</u>
(2,315)	(394,709)	(427,257)
<u>237,642</u>	<u>429,361</u>	<u>889,084</u>
<u>\$ 235,327</u>	<u>\$ 34,652</u>	<u>\$ 461,827</u>

**Town of Pantego, Texas**  
**Municipal Court Building Security Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-3**

	Municipal Court Building Security Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 13,490	\$ (1,510)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>13,490</u>	<u>(1,510)</u>
<b>EXPENDITURES</b>				
Current:				
Municipal court	2,773	2,773	2,698	75
Total expenditures	<u>2,773</u>	<u>2,773</u>	<u>2,698</u>	<u>75</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>12,227</u>	<u>12,227</u>	<u>10,792</u>	<u>(1,435)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(7,773)	(7,773)	(9,208)	(1,435)
<b>Fund balance - beginning</b>	<u>36,117</u>	<u>36,117</u>	<u>36,117</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 28,344</u>	<u>\$ 28,344</u>	<u>\$ 26,909</u>	<u>\$ (1,435)</u>

**Town of Pantego, Texas**  
**Municipal Court Technology Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-4**

	Municipal Court Technology			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Fines and forfeitures	\$ 18,000	\$ 18,000	\$ 17,924	\$ (76)
Miscellaneous	14,000	14,000	16,364	2,364
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>34,288</u>	<u>2,288</u>
<b>EXPENDITURES</b>				
Current:				
Municipal court	13,175	13,175	16,758	(3,583)
Total expenditures	<u>13,175</u>	<u>13,175</u>	<u>16,758</u>	<u>(3,583)</u>
<b>NET CHANGE IN FUND BALANCE</b>	18,825	18,825	17,530	(1,295)
<b>Fund balance - beginning</b>	<u>48,855</u>	<u>48,855</u>	<u>48,855</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 67,680</u></u>	<u><u>\$ 67,680</u></u>	<u><u>\$ 66,385</u></u>	<u><u>\$ (1,295)</u></u>

**Town of Pantego, Texas**  
**Shamburger Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-5**

	Shamburger Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 100	\$ 100	\$ 254	\$ 154
Total revenues	<u>100</u>	<u>100</u>	<u>254</u>	<u>154</u>
<b>EXPENDITURES</b>				
Current:				
Other	1,200	1,200	1,495	(295)
Total expenditures	<u>1,200</u>	<u>1,200</u>	<u>1,495</u>	<u>(295)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,100)	(1,100)	(1,241)	(141)
<b>Fund balance - beginning</b>	<u>82,941</u>	<u>82,941</u>	<u>82,941</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 81,841</u>	<u>\$ 81,841</u>	<u>\$ 81,700</u>	<u>\$ (141)</u>

**Town of Pantego, Texas**  
**Cartwright Library Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-6**

	Cartwright Library Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Other	3,500	3,500	3,473	(27)
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>3,473</u>	<u>(27)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,473)</u>	<u>27</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,500)	(3,500)	(3,473)	(27)
<b>Fund balance - beginning</b>	<u>24,343</u>	<u>24,343</u>	<u>24,343</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 20,843</u>	<u>\$ 20,843</u>	<u>\$ 20,870</u>	<u>\$ 27</u>

**Town of Pantego, Texas**  
**PantegoFest Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-7**

	PantegoFest Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ -	\$ 8,000	\$ 15,460	\$ 7,460
Contributions and donations	-	22,000	21,850	(150)
Miscellaneous	-	28,500	-	(28,500)
Total revenues	<u>-</u>	<u>58,500</u>	<u>37,310</u>	<u>(21,190)</u>
<b>EXPENDITURES</b>				
Current:				
Other	-	76,374	71,151	5,223
Total expenditures	<u>-</u>	<u>76,374</u>	<u>71,151</u>	<u>5,223</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(17,874)</u>	<u>(33,841)</u>	<u>(15,967)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(17,874)	(33,841)	(15,967)
<b>Fund balance - beginning</b>	<u>29,825</u>	<u>29,825</u>	<u>29,825</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 29,825</u>	<u>\$ 11,951</u>	<u>\$ (4,016)</u>	<u>\$ (15,967)</u>

Town of Pantego, Texas  
**G.O. Bonds Interest and Sinking - Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-8**

	G.O. Bonds Interest and Sinking Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Property tax	\$ 90,475	\$ 90,475	\$ 84,907	\$ (5,568)
Investment earnings	250	250	507	257
Total revenues	<u>90,725</u>	<u>90,725</u>	<u>85,414</u>	<u>(5,311)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	80,000	80,000	80,000	-
Interest and fiscal agent charges	7,475	7,475	7,729	(254)
Total expenditures	<u>87,475</u>	<u>87,475</u>	<u>87,729</u>	<u>(254)</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,250	3,250	(2,315)	(5,565)
<b>Fund balance - beginning</b>	<u>237,642</u>	<u>237,642</u>	<u>237,642</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 240,892</u>	<u>\$ 240,892</u>	<u>\$ 235,327</u>	<u>\$ (5,565)</u>

**Town of Pantego, Texas**  
**Park Row Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-9**

	Park Row Project Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 260,000	\$ 260,000	\$ 260,210	\$ 210
Total revenues	<u>260,000</u>	<u>260,000</u>	<u>260,210</u>	<u>210</u>
<b>EXPENDITURES</b>				
Capital	1,767,000	917,000	-	917,000
Total expenditures	<u>1,767,000</u>	<u>917,000</u>	<u>-</u>	<u>917,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,507,000)</u>	<u>(657,000)</u>	<u>260,210</u>	<u>917,210</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	100,000	-
Transfers out	-	-	(705,606)	(705,606)
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>(605,606)</u>	<u>(705,606)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,407,000)	(557,000)	(345,396)	211,604
<b>Fund balance - beginning</b>	<u>1,407,000</u>	<u>1,407,000</u>	<u>1,407,000</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ 850,000</u>	<u>\$ 1,061,604</u>	<u>\$ 211,604</u>

**Town of Pantego, Texas**  
**Equipment Replacement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-10**

	Equipment Replacement Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Grant revenue	\$ 73,870	\$ -	\$ -	\$ -
Total revenues	<u>73,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public works	15,000	15,000	-	15,000
Police	16,148	16,148	10,175	5,973
Fire	-	10,000	9,932	68
Capital	98,365	198,870	627,831	(428,961)
Debt service:				
Principal	151,394	177,127	177,128	(1)
Interest and fiscal agent charges	18,171	18,171	18,171	-
Total expenditures	<u>299,078</u>	<u>435,316</u>	<u>843,237</u>	<u>(407,921)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(225,208)</u>	<u>(435,316)</u>	<u>(843,237)</u>	<u>(407,921)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	13,212	13,212
Transfers in	225,208	435,316	435,316	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>225,208</u>	<u>435,316</u>	<u>448,528</u>	<u>13,212</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(394,709)	(394,709)
<b>Fund balance - beginning</b>	<u>429,361</u>	<u>429,361</u>	<u>429,361</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 429,361</u>	<u>\$ 429,361</u>	<u>\$ 34,652</u>	<u>\$ (394,709)</u>

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## **SUPPLEMENTAL SCHEDULES**

The schedules in this section, although not required for fair presentation in conformity with Generally Accepted Accounting Principles (GAAP), present other information deemed useful. The information consists of schedules which aggregate the funds which exist internally in the Town's accounting system into the Water and Sewer Fund.

**Town of Pantego, Texas**  
**Aggregate Statement of Net Position**  
**Water and Sewer Fund**  
**September 30, 2015**

**Exhibit G-11**

	<b>Water &amp; Sewer Operating</b>	<b>Water &amp; Sewer Construction</b>	<b>Water Infrastructure</b>	<b>Total Water and Sewer Fund</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 513,735	\$ 318,766	\$ 459,923	\$ 1,292,424
Receivables, net:				
Accounts	244,606	-	31,640	276,246
Other	3,906	-	-	3,906
Accrued interest	1,035	-	-	1,035
Inventory	14,271	-	-	14,271
Restricted assets:				
Cash and cash equivalents	118,106	-	-	118,106
Total current assets	<u>895,659</u>	<u>318,766</u>	<u>491,563</u>	<u>1,705,988</u>
Non-current assets:				
Capital assets:				
Non-depreciable assets	328,762	-	-	328,762
Depreciable assets, net	1,430,222	-	-	1,430,222
Total noncurrent assets	<u>1,758,984</u>	<u>-</u>	<u>-</u>	<u>1,758,984</u>
Total assets	<u>2,654,643</u>	<u>318,766</u>	<u>491,563</u>	<u>3,464,972</u>
Deferred outflow of resources:				
Employee pensions	<u>31,535</u>	<u>-</u>	<u>-</u>	<u>31,535</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	59,050	120,542	115,276	294,868
Current liabilities payable from restricted assets:				
Customer deposits	118,106	-	-	118,106
Total current liabilities	<u>177,156</u>	<u>120,542</u>	<u>115,276</u>	<u>412,974</u>
Noncurrent liabilities:				
Net pension obligation	<u>163,828</u>	<u>-</u>	<u>-</u>	<u>163,828</u>
Total liabilities	<u>340,984</u>	<u>120,542</u>	<u>115,276</u>	<u>576,802</u>
Deferred inflow of resources:				
Employee pensions	<u>5,301</u>	<u>-</u>	<u>-</u>	<u>5,301</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,758,984	-	-	1,758,984
Unrestricted	580,909	198,224	376,287	1,155,420
Total net position	<u>\$ 2,339,893</u>	<u>\$ 198,224</u>	<u>\$ 376,287</u>	<u>\$ 2,914,404</u>

**Town of Pantego, Texas**  
**Aggregate Schedule of Revenues, Expenses, and Changes in Fund Net Position**  
**Water and Sewer Fund**  
**For the Year Ended September 30, 2015**

**Exhibit G-12**

	<b>Water &amp; Sewer Operating</b>	<b>Water &amp; Sewer Construction</b>	<b>Water Infrastructure</b>	<b>Total Water and Sewer Fund</b>
Operating revenues:				
Water sales	\$ 487,797	\$ -	\$ -	\$ 487,797
Sewer charges	369,382	-	-	369,382
Groundwater conservation fees	11,921	-	-	11,921
Infrastructure improvement fees	-	-	305,215	305,215
Late payment charges	16,492	-	-	16,492
Miscellaneous	32,892	-	-	32,892
Total operating revenues	<u>918,484</u>	<u>-</u>	<u>305,215</u>	<u>1,223,699</u>
Operating expenses:				
Personnel	312,202	-	-	312,202
Utilities	107,589	-	-	107,589
Maintenance and repairs	81,073	19,621	40,316	141,010
Franchise fees	49,040	-	-	49,040
Other	6,068	-	-	6,068
Sewage treatment - other governments	321,575	-	-	321,575
Depreciation	172,396	-	-	172,396
Total operating expenses	<u>1,049,943</u>	<u>19,621</u>	<u>40,316</u>	<u>1,109,880</u>
Operating income (loss)	<u>(131,459)</u>	<u>(19,621)</u>	<u>264,899</u>	<u>113,819</u>
Non-operating revenues (expenses):				
Investment earnings	1,270	-	-	1,270
Total non-operating revenue	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>1,270</u>
Income (loss) before contributions and transfers	(130,189)	(19,621)	264,899	115,089
Capital contributions and transfers:				
Capital contributions	60,097	-	-	60,097
Transfers in	964,860	243,366	-	1,208,226
Transfer out	(243,366)	(124,296)	(234,958)	(602,620)
Change in Net Position	651,402	99,449	29,941	780,792
Net position - beginning	1,832,143	98,775	346,346	2,277,264
Prior period adjustment - Pensions	(143,652)	-	-	(143,652)
Net position - ending	<u>\$ 2,339,893</u>	<u>\$ 198,224</u>	<u>\$ 376,287</u>	<u>\$ 2,914,404</u>

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**PANTEGO ECONOMIC  
DEVELOPMENT CORPORATION FUNDS  
(P.E.D.C.)**

The Pantego Economic Development Corporation (PEDC) is a discretely presented component component unit of the Town, therefore the PEDC's annual financials and annual operating budget are separately presented.

The PEDC was founded in 1993, following an election to assess a 1/2 cent sales and use tax. Funds administered by the PEDC are restricted funds and can only be used for those projects which are either directly or indirectly attributable to economic development within the Town.

The PEDC's financial activities are reported in the following funds:

**P.E.D.C. Sales Tax Revenue Fund** - This fund is used to account for 1/2 cent sales and use tax.

**P.E.D.C. Construction Fund** - This fund is used to account for construction economic development activities financed with debt and residual sales tax revenue.

**P.E.D.C. Debt Service Fund** - This fund is used to account for accumulation of sales tax revenue to pay principal and interest due on P.E.D.C. debt.

**Town of Pantego, Texas**  
**Pantego Economic Development Corporation**  
**Combining Balance Sheet**  
**September 30, 2015**

**Exhibit G-13**

	<b>P.E.D.C. Sales Tax Revenue</b>	<b>P.E.D.C. Debt Service</b>	<b>P.E.D.C. Construction</b>	<b>Total P.E.D.C. Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 201,260	\$ 323,258	\$ 524,518
Receivables, net:				
Sales tax	109,529	-	-	109,529
Notes receivable	-	-	77,656	77,656
	<u>-</u>	<u>-</u>	<u>77,656</u>	<u>77,656</u>
Total assets	<u>\$ 109,529</u>	<u>\$ 201,260</u>	<u>\$ 400,914</u>	<u>\$ 711,703</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 15,453	\$ 15,453
	<u>-</u>	<u>-</u>	<u>15,453</u>	<u>15,453</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>15,453</u>	<u>15,453</u>
<b>FUND BALANCE</b>				
Restricted for:				
Debt service	-	201,260	-	201,260
Economic development	109,529	-	385,461	494,990
	<u>109,529</u>	<u>201,260</u>	<u>385,461</u>	<u>696,250</u>
Total fund balance	<u>109,529</u>	<u>201,260</u>	<u>385,461</u>	<u>696,250</u>
Total liabilities and fund balance	<u>\$ 109,529</u>	<u>\$ 201,260</u>	<u>\$ 400,914</u>	<u>\$ 711,703</u>
Fund Balances				\$ 696,250
Long term liabilities, including \$1,155,000 bonds and tax notes payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the fund financial statements.				(1,155,000)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.				(7,276)
Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds.				63,961
Net Assets of Governmental Activities				<u>\$ (402,065)</u>

**Town of Pantego, Texas**  
**Pantego Economic Development Corporation (P.E.D.C.)**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended September 30, 2015**

**Exhibit G-14**

	<b>P.E.D.C. Sales Tax Revenue</b>	<b>P.E.D.C. Debt Service</b>	<b>P.E.D.C. Construction</b>	<b>Total P.E.D.C. Funds</b>
<b>REVENUES</b>				
Sales tax	\$ 599,415	\$ -	\$ -	\$ 599,415
Investment earnings	-	-	2,048	2,048
Miscellaneous	-	-	14,738	14,738
Total revenues	<u>599,415</u>	<u>-</u>	<u>16,786</u>	<u>616,201</u>
<b>EXPENDITURES</b>				
Current operations:				
General and administrative	-	-	115,494	115,494
Other	-	-	101,206	101,206
Capital	-	-	56,789	56,789
Debt service:				
Principal retirement	-	140,000	-	140,000
Interest and fiscal agent charges	-	61,260	-	61,260
Total expenditures	<u>-</u>	<u>201,260</u>	<u>273,489</u>	<u>474,749</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>599,415</u>	<u>(201,260)</u>	<u>(256,703)</u>	<u>141,452</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	201,260	384,126	585,386
Transfers out	<u>(585,386)</u>	<u>-</u>	<u>-</u>	<u>(585,386)</u>
Total other financing sources (uses)	<u>(585,386)</u>	<u>201,260</u>	<u>384,126</u>	<u>-</u>
Net change in fund balance	14,029	-	127,423	141,452
Fund balance - beginning	<u>95,500</u>	<u>201,260</u>	<u>258,038</u>	<u>554,798</u>
Fund balance - ending	<u>\$ 109,529</u>	<u>\$ 201,260</u>	<u>\$ 385,461</u>	<u>\$ 696,250</u>
Net Change in Fund Balance				\$ 141,452
Current year capital outlay and long-term debt principal payments are expenditures in the fund financial statements but are increases in capital assets and reductions in long-term debt in the government-wide financial statements.				196,789
Current year interest payable of the governmental funds are not due and payable in the current period. Changes in the balance are reported as expenses in the governmental activities of the Statement of Activities.				882
Capital asset contribution between the component unit and the governmental activities is not reported at the fund level.				(46,024)
Capital asset contribution between the component unit and business-type activities is not reported at the fund level.				<u>(60,097)</u>
Change in Net Assets of Governmental Activities				<u>\$ 233,002</u>

**Town of Pantego, Texas**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**P.E.D.C. Sales Tax Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-15**

	P.E.D.C. Sales Tax Revenue Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Sales tax	\$ 519,365	\$ 519,365	\$ 599,415	\$ 80,050
Total revenues	<u>519,365</u>	<u>519,365</u>	<u>599,415</u>	<u>80,050</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>519,365</u>	<u>519,365</u>	<u>599,415</u>	<u>80,050</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(519,365)	(519,365)	(585,386)	(66,021)
Total other financing sources (uses)	<u>(519,365)</u>	<u>(519,365)</u>	<u>(585,386)</u>	<u>(66,021)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	14,029	14,029
<b>Fund balance - beginning</b>	<u>95,500</u>	<u>95,500</u>	<u>95,500</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 95,500</u>	<u>\$ 95,500</u>	<u>\$ 109,529</u>	<u>\$ 14,029</u>

**Town of Pantego, Texas**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**P.E.D.C. Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-16**

	P.E.D.C. Debt Service Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	140,000	140,000	140,000	-
Interest and fiscal agent charges	61,260	61,260	61,260	-
Total expenditures	<u>201,260</u>	<u>201,260</u>	<u>201,260</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(201,260)</u>	<u>(201,260)</u>	<u>(201,260)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	201,260	201,260	201,260	-
Total other financing sources (uses)	<u>201,260</u>	<u>201,260</u>	<u>201,260</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>Fund balance - beginning</b>	<u>201,260</u>	<u>201,260</u>	<u>201,260</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 201,260</u>	<u>\$ 201,260</u>	<u>\$ 201,260</u>	<u>\$ -</u>

**Town of Pantego, Texas**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**P.E.D.C. Construction Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2015**

**Exhibit G-17**

	P.E.D.C. Construction Fund			
	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 500	\$ 500	\$ 2,048	\$ 1,548
Miscellaneous	750	750	14,738	13,988
Total revenues	<u>1,250</u>	<u>1,250</u>	<u>16,786</u>	<u>15,536</u>
<b>EXPENDITURES</b>				
Current:				
General and administrative	117,889	117,889	115,494	2,395
Economic development incentives	130,000	106,304	-	106,304
Other	110,550	121,315	101,206	20,109
Capital	20,000	100,000	56,789	43,211
Total expenditures	<u>378,439</u>	<u>445,508</u>	<u>273,489</u>	<u>172,019</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(377,189)</u>	<u>(444,258)</u>	<u>(256,703)</u>	<u>187,555</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	318,104	318,104	384,126	66,022
Total other financing sources (uses)	<u>318,104</u>	<u>318,104</u>	<u>384,126</u>	<u>66,022</u>
<b>NET CHANGE IN FUND BALANCE</b>	(59,085)	(126,154)	127,423	253,577
<b>Fund balance - beginning</b>	<u>258,038</u>	<u>258,038</u>	<u>258,038</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 198,953</u>	<u>\$ 131,884</u>	<u>\$ 385,461</u>	<u>\$ 253,577</u>



## **STATISTICAL SECTION**

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**TOWN OF PANTEGO, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015  
 STATISTICAL SECTION INDEX  
 (Unaudited)**

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

CONTENTS	TABLES
<p><b>FINANCIAL TRENDS</b>            These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	1-4
<p><b>REVENUE CAPACITY</b>            These schedules contain information to help the reader assess the government's most significant local revenue sources, property and sales tax.</p>	5-10
<p><b>DEBT CAPACITY</b>            These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</p>	11-14
<p><b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>            These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	15-16
<p><b>OPERATING INFORMATION</b>            These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	17-20

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

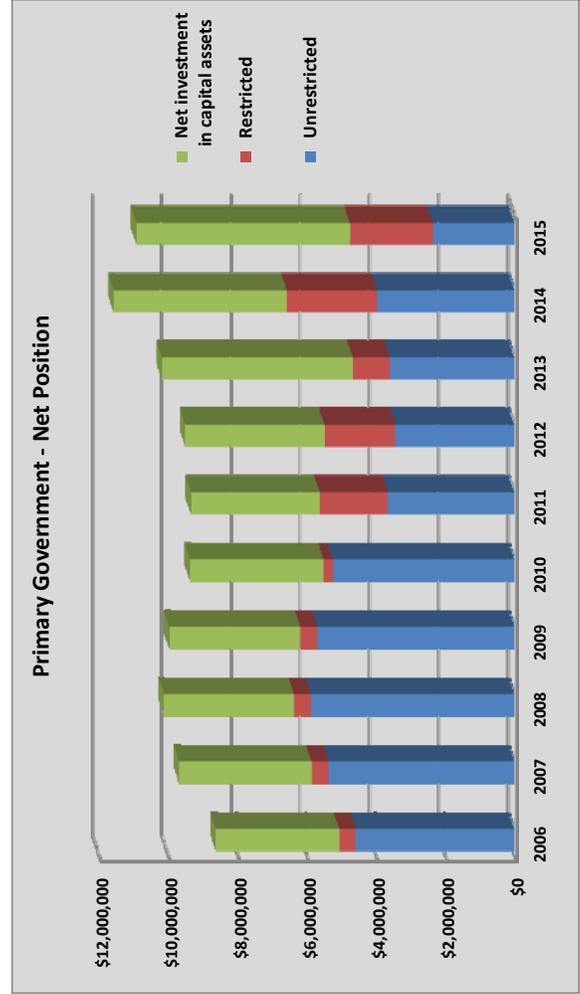
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TABLE 1

**TOWN OF PANTEGO, TEXAS  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years**

(accrual basis of accounting)  
(Unaudited)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 2,394,456	\$ 2,682,609	\$ 2,713,108	\$ 2,771,088	\$ 2,910,100	\$ 2,781,910	\$ 2,874,937	\$ 4,518,024	\$ 4,109,091	\$ 4,411,384
Restricted	479,795	506,169	484,638	487,099	262,987	1,974,246	2,051,618	1,067,357	2,601,335	2,393,547
Unrestricted	4,242,133	4,923,796	5,011,007	4,760,101	4,385,715	2,351,040	2,073,165	1,868,043	2,584,872	1,194,431
Total governmental activities net position	\$ 7,116,384	\$ 8,112,574	\$ 8,208,753	\$ 8,018,288	\$ 7,558,802	\$ 7,107,196	\$ 6,999,720	\$ 7,453,424	\$ 9,295,298	\$ 7,999,362
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 1,171,698	\$ 1,136,795	\$ 1,038,102	\$ 1,013,638	\$ 949,834	\$ 939,879	\$ 1,146,278	\$ 996,800	\$ 898,886	\$ 1,758,984
Unrestricted	330,112	424,400	863,332	930,290	851,758	1,293,767	1,353,752	1,726,509	1,378,378	1,155,420
Total business-type activities net position	\$ 1,501,810	\$ 1,561,195	\$ 1,901,434	\$ 1,943,928	\$ 1,801,592	\$ 2,233,646	\$ 2,500,030	\$ 2,723,309	\$ 2,277,264	\$ 2,914,404
<b>Primary government:</b>										
Net investment in capital assets	\$ 3,566,154	\$ 3,819,404	\$ 3,751,210	\$ 3,784,726	\$ 3,859,934	\$ 3,721,789	\$ 4,021,215	\$ 5,514,824	\$ 5,007,977	\$ 6,170,368
Restricted	479,795	506,169	484,638	487,099	262,987	1,974,246	2,051,618	1,067,357	2,601,335	2,393,547
Unrestricted	4,572,245	5,348,196	5,874,339	5,690,391	5,237,473	3,644,807	3,426,917	3,594,552	3,963,250	2,349,851
Total primary government activities net position	\$ 8,618,194	\$ 9,673,769	\$ 10,110,187	\$ 9,962,216	\$ 9,360,394	\$ 9,340,842	\$ 9,499,750	\$ 10,176,733	\$ 11,572,562	\$ 10,913,766



**NOTE:**

The Town implemented the GASB 34 model of reporting in fiscal year ending September 30, 2005.

The Fiscal Year 2012 governmental activities have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY2013 forward in compliance with GASB 14, 34 and 61.

**TOWN OF PANTEGO, TEXAS**  
**CHANGE IN NET POSITION**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)  
(Unaudited)

	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Expenses</b>					
Governmental activities:					
General and administrative	\$ 710,497	\$ 713,723	\$ 791,534	\$ 874,011	\$ 764,570
Public works	567,858	507,259	484,067	491,704	529,120
Community development	-	-	-	-	-
Police	1,284,654	1,158,739	1,123,143	1,270,901	1,371,184
Fire	1,046,489	1,033,692	1,047,045	1,089,882	1,167,319
Municipal court	185,189	179,855	209,525	240,134	268,789
Other	186,911	155,946	414,938	461,177	438,665
Interest and other fees	192,232	175,803	175,397	186,500	149,005
Total governmental activities expenses	<u>4,173,830</u>	<u>3,925,017</u>	<u>4,245,649</u>	<u>4,614,309</u>	<u>4,688,652</u>
Business-type activities:					
Water and wastewater	811,847	809,546	1,006,654	854,591	1,033,595
Total business-type activities expenses	<u>811,847</u>	<u>809,546</u>	<u>1,006,654</u>	<u>854,591</u>	<u>1,033,595</u>
Total primary government expenses	<u>\$ 4,985,677</u>	<u>\$ 4,734,563</u>	<u>\$ 5,252,303</u>	<u>\$ 5,468,900</u>	<u>\$ 5,722,247</u>
<b>Program Revenues:</b>					
Governmental activities:					
Charges for services	\$ 762,087	\$ 629,909	\$ 706,925	\$ 797,730	\$ 973,378
Operating grants and contributions	-	60,389	8,376	12,681	180,419
Capital grants and contributions	-	282,950	-	-	-
Total governmental activities program revenue:	<u>762,087</u>	<u>973,248</u>	<u>715,301</u>	<u>810,411</u>	<u>1,153,797</u>
Business-type activities					
Charges for services	731,309	784,922	835,380	887,421	891,425
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	36,964	-	-	-
Total business-type activities program revenues	<u>731,309</u>	<u>821,886</u>	<u>835,380</u>	<u>887,421</u>	<u>891,425</u>
Total primary government program revenues	<u>\$ 1,493,396</u>	<u>\$ 1,795,134</u>	<u>\$ 1,550,681</u>	<u>\$ 1,697,832</u>	<u>\$ 2,045,222</u>
Net (expense)/revenue					
Governmental activities	\$ (3,411,743)	\$ (2,951,769)	\$ (3,530,348)	\$ (3,803,898)	\$ (3,534,855)
Business-type activities	(80,538)	12,340	(171,274)	32,830	(142,170)
Total primary government net expense	<u>\$ (3,492,281)</u>	<u>\$ (2,939,429)</u>	<u>\$ (3,701,622)</u>	<u>\$ (3,771,068)</u>	<u>\$ (3,677,025)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property	\$ 921,916	\$ 885,635	\$ 905,863	\$ 953,351	\$ 973,185
Sales and use tax	2,397,302	2,453,639	2,352,541	2,104,317	1,734,889
Franchise	330,602	318,892	315,740	318,034	304,706
Investment earnings	177,281	263,177	168,780	46,024	10,557
Other revenue	170,035	32,109	111,803	76,969	32,266
Gain on retirement of capital assets	-	-	-	-	-
Change in net position of component unit	-	-	-	-	-
Transfers in (out)	(15,839)	(5,493)	(228,200)	18,520	19,766
Total governmental activities	<u>3,981,297</u>	<u>3,947,959</u>	<u>3,626,527</u>	<u>3,517,215</u>	<u>3,075,369</u>
Business-type activities:					
Investment income	31,902	22,951	18,569	5,473	1,432
Miscellaneous	26,340	18,601	264,744	22,711	18,168
Transfers in (out)	15,839	5,493	228,200	(18,520)	(19,766)
Total business-type revenues	<u>74,081</u>	<u>47,045</u>	<u>511,513</u>	<u>9,664</u>	<u>(166)</u>
Total primary government	<u>\$ 4,055,378</u>	<u>\$ 3,995,004</u>	<u>\$ 4,138,040</u>	<u>\$ 3,526,879</u>	<u>\$ 3,075,203</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 569,554	\$ 996,190	\$ 96,179	\$ (286,683)	\$ (459,486)
Business-type activities	(6,457)	59,385	340,239	42,494	(142,336)
Total primary government	<u>\$ 563,097</u>	<u>\$ 1,055,575</u>	<u>\$ 436,418</u>	<u>\$ (244,189)</u>	<u>\$ (601,822)</u>

(Continued)

**Note:** The Fiscal Year 2012 governmental activities have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY 2011 forward in compliance with GASB 14, 34 and 61.

TABLE 2

Fiscal Year				
2011	2012	2013	2014	2015
\$ 661,453	\$ 693,811	\$ 605,615	\$ 629,296	\$ 554,904
513,486	546,033	716,928	694,444	672,640
-	-	-	-	112,189
1,387,954	1,296,885	1,194,325	1,176,704	1,243,279
1,057,114	1,104,320	1,102,614	1,063,922	1,141,976
312,826	326,926	343,778	385,411	369,205
233,610	328,025	154,960	186,349	138,389
144,489	141,009	38,596	38,628	30,149
<u>4,310,932</u>	<u>4,437,009</u>	<u>4,156,816</u>	<u>4,174,754</u>	<u>4,262,731</u>
914,384	890,868	996,184	1,067,519	1,109,880
914,384	890,868	996,184	1,067,519	1,109,880
<u>\$ 5,225,316</u>	<u>\$ 5,327,877</u>	<u>\$ 5,153,000</u>	<u>\$ 5,242,273</u>	<u>\$ 5,372,611</u>
\$ 1,019,524	\$ 998,208	\$ 1,285,417	\$ 1,347,130	\$ 1,295,013
39,813	31,613	58,715	32,271	21,850
-	-	95,862	-	306,234
<u>1,059,337</u>	<u>1,029,821</u>	<u>1,439,994</u>	<u>1,379,401</u>	<u>1,623,097</u>
1,072,886	1,151,062	1,218,637	1,177,852	1,223,699
-	-	-	-	-
-	-	-	-	60,097
<u>1,072,886</u>	<u>1,151,062</u>	<u>1,218,637</u>	<u>1,177,852</u>	<u>1,283,796</u>
<u>\$ 2,132,223</u>	<u>\$ 2,180,883</u>	<u>\$ 2,658,631</u>	<u>\$ 2,557,253</u>	<u>\$ 2,906,893</u>
\$ (3,251,595)	\$ (3,407,188)	\$ (2,716,822)	\$ (2,795,353)	\$ (2,639,634)
158,502	260,194	222,453	110,333	173,916
<u>\$ (3,093,093)</u>	<u>\$ (3,146,994)</u>	<u>\$ (2,494,369)</u>	<u>\$ (2,685,020)</u>	<u>\$ (2,465,718)</u>
\$ 922,272	\$ 993,101	\$ 1,016,196	\$ 1,026,470	\$ 1,035,238
1,761,271	1,749,558	1,640,680	1,708,772	1,814,089
309,633	494,345	301,675	342,799	315,694
6,660	7,373	6,991	3,140	6,036
33,912	60,879	32,431	24,148	15,375
-	-	-	68,733	13,212
-	-	219,803	-	-
(233,759)	(5,544)	-	557,000	(605,606)
<u>2,799,989</u>	<u>3,299,712</u>	<u>3,217,776</u>	<u>3,731,062</u>	<u>2,594,038</u>
200	646	826	622	1,270
39,593	-	-	-	-
233,759	5,544	-	(557,000)	605,606
<u>273,552</u>	<u>6,190</u>	<u>826</u>	<u>(556,378)</u>	<u>606,876</u>
<u>\$ 3,073,541</u>	<u>\$ 3,305,902</u>	<u>\$ 3,218,602</u>	<u>\$ 3,174,684</u>	<u>\$ 3,200,914</u>
\$ (451,606)	\$ (107,476)	\$ 500,954	\$ 935,709	\$ (45,596)
432,054	266,384	223,279	(446,045)	780,792
<u>\$ (19,552)</u>	<u>\$ 158,908</u>	<u>\$ 724,233</u>	<u>\$ 489,664</u>	<u>\$ 735,196</u>

(concluded)

**TOWN OF PANTEGO, TEXAS**

**FUND BALANCES**

**GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

(Unaudited)

	<b>Fiscal Year</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>General Fund</b>						
Unreserved	\$ 1,635,494	\$ 2,023,383	\$ 2,041,816	\$ 2,172,794	\$ 2,057,277	\$ -
Nonspendable	-	-	-	-	-	1,155
Restricted:						
PEG fees	-	-	-	-	-	-
Committed for:						
Debt service	-	-	-	-	-	-
Assigned to:						
Deficit subsequent year budget	-	-	-	-	-	-
Equipment replacement	-	-	-	-	-	-
Unassigned	-	-	-	-	-	1,589,109
<b>Total general fund</b>	<u>\$ 1,635,494</u>	<u>\$ 2,023,383</u>	<u>\$ 2,041,816</u>	<u>\$ 2,172,794</u>	<u>\$ 2,057,277</u>	<u>\$ 1,590,264</u>
<b>All Other Governmental Funds</b>						
Reserved	\$ 486,531	\$ 514,164	\$ 507,277	\$ 503,300	\$ 278,241	\$ -
Unreserved, reported in:						
Special revenue funds	423,182	384,702	363,180	341,644	322,070	-
Capital project funds	1,955,560	2,387,509	2,446,167	2,205,219	1,988,035	-
Restricted for:						
Debt service	-	-	-	-	-	254,460
Municipal court	-	-	-	-	-	69,718
Street improvements	-	-	-	-	-	1,430,384
Animal control services	-	-	-	-	-	105,601
Economic development	-	-	-	-	-	77,415
PantegoFest	-	-	-	-	-	-
Other purposes	-	-	-	-	-	44,098
Committed to:						
Capital projects/equipment	-	-	-	-	-	605,809
Assigned to:						
Capital projects	-	-	-	-	-	172,958
Unassigned	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 2,865,273</u>	<u>\$ 3,286,375</u>	<u>\$ 3,316,624</u>	<u>\$ 3,050,163</u>	<u>\$ 2,588,346</u>	<u>\$ 2,760,443</u>

(Continued)

**Note:** The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2005.

The Town implemented GASB Statement No. 54 in fiscal year 2011.

The Fiscal Year 2012 governmental fund balances have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY 2013 forward in compliance with GASB 14, 34 and 61.

**TABLE 3**

Fiscal Year			
2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -
-	-	16,272	32,085
4,054	5,910	11,533	18,685
-	-	50,100	-
176,763	-	-	-
-	-	-	100,000
1,324,256	1,618,969	2,044,887	2,115,419
<u>\$ 1,505,073</u>	<u>\$ 1,624,879</u>	<u>\$ 2,122,792</u>	<u>\$ 2,266,189</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
254,323	236,159	237,642	235,327
70,785	71,516	84,972	93,294
1,502,483	1,509,455	2,075,709	1,937,601
91,225	84,238	82,941	81,700
74,963	-	-	-
28,666	35,632	29,825	-
30,538	27,651	24,343	20,870
511,445	220,952	429,361	34,652
-	-	-	-
-	-	-	(4,016)
<u>\$ 2,564,428</u>	<u>\$ 2,185,603</u>	<u>\$ 2,964,793</u>	<u>\$ 2,399,428</u>

(concluded)

**TOWN OF PANTEGO, TEXAS**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Revenues</b>					
Property tax	\$ 919,020	\$ 892,963	\$ 916,958	\$ 953,739	\$ 965,637
Sales tax	2,397,302	2,453,639	2,352,541	2,104,317	1,734,889
Franchise tax	330,602	318,892	315,740	318,034	304,706
Court fines, permits and fees	578,352	559,634	510,444	617,082	714,169
Fines and forfeitures	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Ambulance service	112,966	124,824	128,813	136,677	113,291
Charges for service	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Investment earnings	177,280	263,176	168,780	46,024	10,557
Intergovernmental	-	60,389	8,376	12,681	180,419
Miscellaneous	261,017	87,354	156,832	133,669	162,961
Total revenues	<u>4,776,539</u>	<u>4,760,871</u>	<u>4,558,484</u>	<u>4,322,223</u>	<u>4,186,629</u>
<b>Expenditures</b>					
Current operations:					
General and administrative	687,586	689,045	757,290	882,186	690,802
Public works	297,881	247,376	228,971	192,810	218,227
Community development	-	-	-	-	-
Police	1,114,030	1,098,438	1,157,803	1,166,239	1,268,241
Fire	935,852	917,812	963,169	998,976	1,050,314
Municipal court	187,667	176,508	205,026	236,038	255,482
Other	186,911	352,318	482,146	386,933	378,951
Capital outlay	109,624	114,468	202,741	275,927	902,421
Debt service:					
Principal	333,674	214,916	236,237	274,237	513,483
Interest and fiscal agent charges	190,274	173,089	165,569	165,551	266,056
Total expenditures	<u>4,043,499</u>	<u>3,983,970</u>	<u>4,398,952</u>	<u>4,578,897</u>	<u>5,543,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>733,040</u>	<u>776,901</u>	<u>159,532</u>	<u>(256,674)</u>	<u>(1,357,348)</u>
<b>Other financing sources (uses)</b>					
Transfers in	595,069	856,920	965,838	792,866	638,841
Transfers out	(610,908)	(862,413)	(1,194,038)	(774,346)	(619,076)
Proceeds of capital lease	-	37,583	117,350	81,913	-
Proceeds from insurance recovery	-	-	-	20,758	-
Proceeds of bond issuance	-	-	-	-	2,444,898
Payment to refunded bonds agent	-	-	-	-	(1,684,649)
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>(15,839)</u>	<u>32,090</u>	<u>(110,850)</u>	<u>121,191</u>	<u>780,014</u>
Net change in fund balances	<u>\$ 717,201</u>	<u>\$ 808,991</u>	<u>\$ 48,682</u>	<u>\$ (135,483)</u>	<u>\$ (577,334)</u>
Debt service as a percentage of non-capital expenditures (1)					
	13.32%	10.03%	9.58%	10.22%	16.79%

(Continued)

**Note:** The Fiscal Year 2012 changes in fund balance have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY 2013 forward in compliance with GASB 14, 34 and 61.

TABLE 4

Fiscal Year				
2011	2012	2013	2014	2015
\$ 916,772	\$ 991,707	\$ 1,019,023	\$ 1,025,090	\$ 1,027,925
1,761,271	1,749,558	1,640,680	1,708,772	1,814,089
309,633	343,620	312,658	331,465	318,154
748,369	919,785	991,792	-	-
-	-	-	913,788	880,750
-	-	-	77,419	100,212
119,357	123,802	120,927	143,553	134,355
-	-	112,296	126,342	130,849
-	-	-	18,050	21,850
6,660	7,373	6,991	3,140	6,036
39,813	1,885	95,862	-	260,210
135,753	106,110	104,196	69,821	55,546
<u>4,037,628</u>	<u>4,243,840</u>	<u>4,404,425</u>	<u>4,417,440</u>	<u>4,749,976</u>
603,291	641,908	564,540	587,745	525,373
212,208	215,127	385,942	370,659	350,408
-	-	-	-	113,679
1,289,130	1,235,305	1,146,567	1,144,331	1,163,861
962,979	1,029,348	1,026,053.00	978,439	1,039,334
298,261	322,743	345,589	378,979	364,599
188,293	309,378	112,674	146,946	100,259
103,804	324,771	473,361	329,297	634,541
337,444	335,638	226,900	224,030	261,483
141,876	138,073	39,218	35,001	26,014
<u>4,137,286</u>	<u>4,552,291</u>	<u>4,320,844</u>	<u>4,195,428</u>	<u>4,579,551</u>
<u>(99,658)</u>	<u>(308,451)</u>	<u>83,581</u>	<u>222,012</u>	<u>170,425</u>
847,597	802,218	330,221	1,573,048	638,391
(1,081,357)	(807,762)	(330,221)	(1,016,052)	(1,243,997)
34,692	32,737	66,675	429,361	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,810	52	9,423	68,733	13,212
<u>(195,258)</u>	<u>27,245</u>	<u>76,098</u>	<u>1,055,090</u>	<u>(592,394)</u>
\$ (294,916)	\$ (281,206)	\$ 159,679	\$ 1,277,102	\$ (421,969)
11.88%	11.21%	6.92%	6.70%	7.29%
				(concluded)

**TOWN OF PANTEGO, TEXAS  
GOVERNMENTAL FUNDS  
TAX REVENUE BY SOURCE**

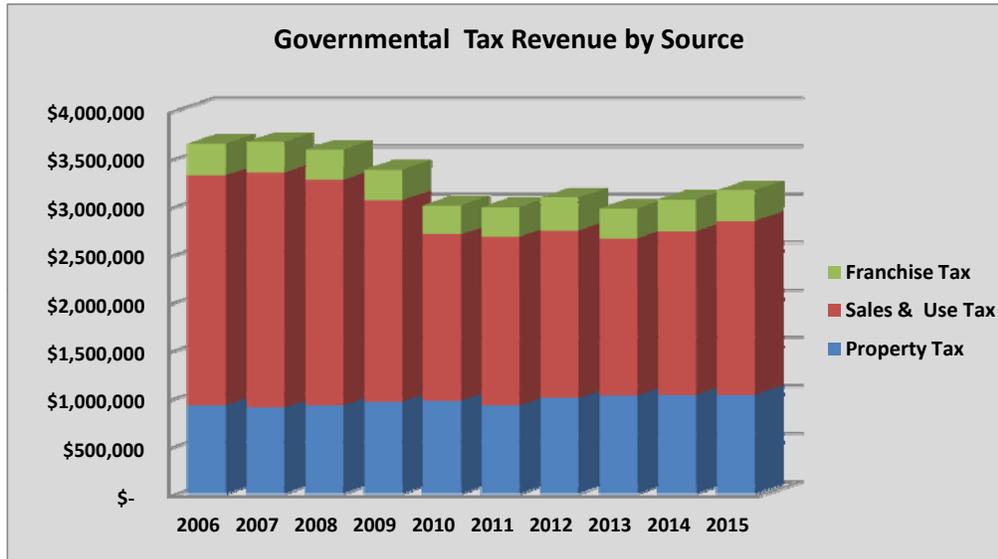
**TABLE 5**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

(Unaudited)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales &amp; Use Tax</b>	<b>Franchise Tax</b>	<b>Total Tax Revenue</b>
2006	\$ 919,020	\$ 2,397,302	\$ 330,602	\$ 3,646,924
2007	892,963	2,453,639	318,892	3,665,494
2008	916,958	2,352,541	315,740	3,585,239
2009	953,739	2,104,317	318,034	3,376,090
2010	965,637	1,734,889	304,706	3,005,232
2011	916,772	1,761,271	309,633	2,987,676
2012	991,707	1,749,558	343,620	3,084,885
2013	1,019,023	1,640,680	312,658	2,972,361
2014	1,025,090	1,708,772	331,465	3,065,327
2015	1,027,925	1,814,089	318,154	3,160,168

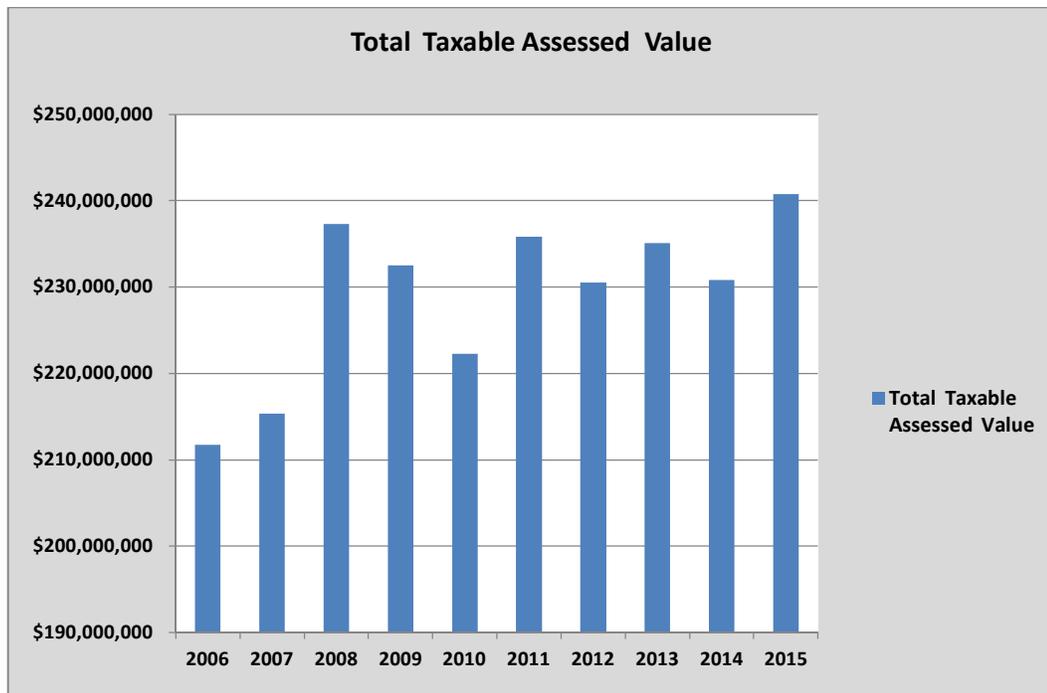


**Note:** The Fiscal Year 2012 changes in fund balance have been reinstated excluding the Pantego Economic Development Corporation (PEDC) which is reported as discretely presented component unit from FY 2013 forward in compliance with GASB 14, 34 and 61.

**TOWN OF PANTEGO, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL**  
**VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 6**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Industrial/Commercial Property</b>	<b>Mineral Reserves</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
2006	\$ 100,192,929	\$ 158,673,633	\$ -	\$ 47,153,693	\$ 211,712,869	\$ 0.398834	\$ 211,712,869	100.0%
2007	104,578,750	160,996,250	-	50,228,446	215,346,554	0.382880	215,346,554	100.0%
2008	94,886,663	151,843,449	-	9,403,326	237,326,786	0.373270	237,326,786	100.0%
2009	97,969,475	164,245,132	-	29,728,052	232,486,555	0.373270	232,486,555	100.0%
2010	99,840,554	157,704,217	-	35,237,846	222,306,925	0.373270	222,306,925	100.0%
2011	93,276,078	152,240,801	1,706,000	11,362,557	235,860,322	0.373270	235,860,322	100.0%
2012	94,073,887	146,999,822	1,059,600	11,600,419	230,532,890	0.410000	230,532,890	100.0%
2013	96,721,534	146,193,612	4,124,310	11,973,713	235,065,743	0.410000	235,065,743	100.0%
2014	96,315,249	146,719,746	1,029,420	13,260,159	230,804,256	0.420000	230,804,256	100.0%
2015	99,233,630	147,686,096	945,070	7,118,107	240,746,689	0.420000	240,746,689	100.0%



**Source:** Tarrant Appraisal District

**Note:** Property in the Town is reassessed each year.

Property is assessed at actual value; therefore, the assessed values are equal to actual value.

**TOWN OF PANTEGO, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
Last Ten Fiscal Years  
(Unaudited)**

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>OVERLAPPING RATES</b>										
Tarrant County	0.272500	0.371500	0.2665000	0.264000	0.264000	0.264000	0.264000	0.264000	0.264000	0.264000
Tarrant County Hospital District	0.235397	0.235397	0.2303970	0.227897	0.227897	0.227890	0.227897	0.227897	0.227897	0.227970
Tarrant County Junior College District	0.139380	0.139380	0.1393800	0.137960	0.137670	0.137640	0.148970	0.148970	0.149500	0.149500
Arlington Independent School District	1.745460	1.610000	1.27800	1.272000	1.272000	1.335000	1.305500	1.301000	1.292170	1.348110
<b>CITY DIRECT RATES</b>										
Operating & Maintenance	0.271541	0.320835	0.315197	0.315050	0.317208	0.317448	0.351044	0.352160	0.361060	0.385320
Interest & Sinking	0.127293	0.062045	0.058073	0.058220	0.056062	0.055822	0.058956	0.057840	0.058940	0.034680
Total Direct Rate	0.398834	0.382880	0.373270	0.373270	0.373270	0.373270	0.410000	0.410000	0.420000	0.420000
<b>Total Direct &amp; Overlapping Rate</b>	2.791571	2.739157	2.287547	2.275127	2.274837	2.337800	2.356367	2.351867	2.353567	2.409580

**Sources:** Tarrant Appraisal District and Town records.

**Note:** All rates per \$100 assessed value.

Totals are not provided for columns since they would be meaningless.  
Some of the jurisdictions are mutually exclusive.

**TOWN OF PANTEGO, TEXAS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current and Nine Years Ago**  
(Unaudited)

**TABLE 8**

Taxpayer	2015			2006		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assesed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assesed Valuation
TSCA-201 Ltd Partnership	\$ 4,856,785	2	2.0 %	\$ 5,905,164	1	2.8 %
Triad Senior Living	7,503,530	1	3.1	5,220,390	2	2.5
Oncor Electric Delivery Co Inc	4,106,934	3	1.7	4,401,845	3	2.1
Arlington Westbury Ltd	-		-	3,227,000	4	1.5
Texas Pneumatic Systems Inc	3,631,574	4	1.5	3,224,359	5	1.5
Commercial Net Lease Realty Lp	-		-	3,183,744	6	1.5
Stagliano, VJ Etux Peggy Etal	3,375,000	5	1.4	3,090,377	7	1.5
Texas Appliance Supply Inc	-		-	3,035,228	8	1.4
Nap/Springman Fund Vii Lp	-		-	2,878,155	9	1.4
Arctic star Fef Mfg Co Inc	-		-	2,852,764	10	1.3
Four Seasons Ltd	3,100,000	6	1.29	-		-
Ean Holdings LLC	2,638,057	7	1.10	-		-
SVS Apartments LLC	2,500,000	8	1.04	-		-
Wal-Mart Stores Texas LLC	2,443,542	9	1.01	-		-
Aldi Texas LLC	2,354,755	10	0.98	-		-
Total	<u>\$ 36,510,177</u>		<u>15.2 %</u>	<u>\$ 37,019,026</u>		<u>17.5 %</u>

**Source:** Tarrant Appraisal District

TABLE 9

TOWN OF PANTEGO, TEXAS  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year Ended 9/30	Actual Levy Year	Taxes Levied for the Fiscal Year	Adjustment to Levy	Adjusted Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy			
2006	2005	\$ 872,334	\$ 8,955	\$ 881,289	\$ 867,052	98.4%	\$ 6,575	\$ 873,627	99.1%
2007	2006	875,013	9,106	884,119	875,965	99.1%	5,405	881,370	99.7%
2008	2007	899,974	11,265	911,238	899,827	98.7%	5,991	905,818	99.4%
2009	2008	910,576	47,064	957,639	931,437	97.3%	20,697	952,134	99.4%
2010	2009	899,027	55,296	954,323	936,382	98.1%	10,649	947,031	99.2%
2011	2010	898,268	5,390	903,658	884,426	97.9%	16,710	901,136	99.7%
2012	2011	988,951	(2,655)	986,296	967,494	98.1%	14,863	982,357	99.6%
2013	2012	1,003,031	(4,396)	998,635	986,987	98.8%	6,859	993,846	99.5%
2014	2013	1,004,406	13,787	1,018,192	1,003,184	98.5%	7,803	1,010,988	99.3%
2015	2014	1,022,254	14,523	1,036,777	1,009,813	97.4%	-	1,009,813	97.4%

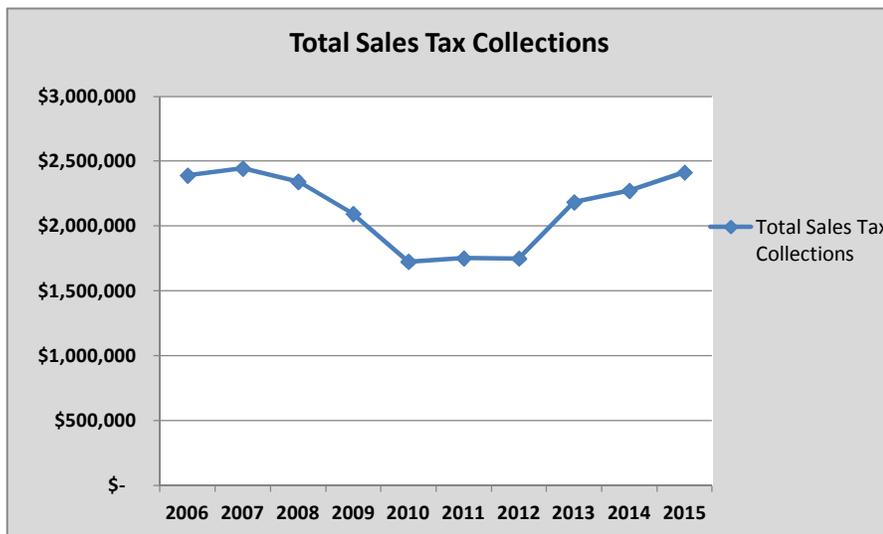
Sources: Tarrant County Tax Assessor Collector and Town records.

Tax Lien and Assessment Date: January 1 each year  
 Taxes due: October 1 of the same year  
 Taxes delinquent: February 1 of the following year

**TOWN OF PANTEGO, TEXAS**  
**SALES TAX COLLECTIONS BY FUND**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 10**

Fiscal Year Ended 9/30	Street		PEDC Sales Tax	Total Primary Government	Component Unit	Total Sales Tax Collections
	General	Improvement			Economic Development	
2006	\$ 1,514,880	\$ 279,548	\$ 596,031	\$ 2,390,459	\$ -	\$ 2,390,459
2007	1,527,940	305,597	611,166	2,444,703	-	2,444,703
2008	1,463,846	292,769	585,539	2,342,154	-	2,342,154
2009	1,308,342	261,994	523,444	2,093,780	-	2,093,780
2010	1,077,662	215,533	431,065	1,724,260	-	1,724,260
2011	1,094,193	218,839	437,677	1,750,709	-	1,750,709
2012	1,097,439	217,373	434,746	1,749,558	-	1,749,558
2013	1,369,008	271,672	-	1,640,680	543,344	2,184,024
2014	1,426,788	281,984	-	1,708,772	563,969	2,272,741
2015	1,514,382	299,707	-	1,814,089	599,415	2,413,504



**Note:** PEDC sales tax from FY 2013 and forward are presented separately from the primary government as a discretely presented component unit in compliance with GASB 14, 34 and 61.

TOWN OF PANTEGO, TEXAS  
 RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	GOVERNMENTAL ACTIVITIES					Component Unit	Total Outstanding Debt	Total Debt Per Capita (5)	Percentage of Personal Income (5)
	General Obligation Bonds	Certificates of Obligation (1)	Sales Tax Revenue Bonds (4)	Capital Leases	Total Primary Government (2)				
2006	\$ 790,000	\$ 325,000	\$ 2,300,000	\$ 24,916	\$ 3,439,916	-	\$ 3,439,916	\$ 1,469	2.1%
2007	710,000	305,000	2,210,000	37,583	3,262,583	-	3,262,583	1,386	2.2%
2008	625,000	285,000	2,120,000	113,695	3,143,695	-	3,143,695	1,329	2.3%
2009	535,000	265,000	2,025,000	126,371	2,951,371	-	2,951,371	1,242	2.5%
2010	445,000	245,000	1,745,000	702,786	3,137,786	-	3,137,786	1,311	2.3%
2011	355,000	220,000	1,645,000	619,951	2,839,951	-	2,839,951	1,169	2.5%
2012	260,000	195,000	1,535,000	547,050	2,537,050	-	2,537,050	1,030	2.8%
2013	160,000	170,000	-	511,825	841,825	1,425,000	2,266,825	914	3.1%
2014	55,000	145,000	-	847,157	1,047,157	1,295,000	2,342,157	943	3.0%
2015	-	120,000	-	664,817	784,817	1,155,000	1,939,817	778	3.7%

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Includes certificate of obligation secured by property tax revenue.

(2) Includes governmental activities and business-type activities debt.

The Town did not have business-type activities debt during the ten fiscal year period reported.

(3) See Table 15 for population and personal income data.

(4) PEDC's sales tax revenue bonds from FY 2013 and forward are presented separately from the primary government as a discretely presented component unit in compliance with GASB 14, 34 and 61.

(5) See Table 15 for population and personal income data.

**TOWN OF PANTEGO, TEXAS**  
**NET GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 12**

Fiscal Year	Governmental Activities			Net General Bonded Debt	Percentage of Actual Taxable Value (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Obligation (3)	Less: Amounts Available in Debt Service Fund			
2006	\$ 790,000	\$ 325,000	\$ 486,531	\$ 628,469	0.30%	\$ 268
2007	710,000	305,000	514,164	500,836	0.23%	213
2008	625,000	285,000	507,277	402,723	0.17%	170
2009	535,000	265,000	503,300	296,700	0.13%	125
2010	445,000	245,000	278,241	411,759	0.19%	172
2011	355,000	220,000	254,460	320,540	0.14%	132
2012	260,000	195,000	254,323	200,677	0.09%	82
2013	160,000	170,000	240,981	89,019	0.04%	36
2014*	55,000	145,000	237,642	(37,642)	-0.02%	(15)
2015	-	120,000	235,327	(115,327)	-0.05%	(46)

**Notes:**

Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See Table 6 for taxable value of property data.

(2) See Table 15 for population and personal income data.

(3) Includes debt secured by a combination tax and revenue pledge.

These bonds are serviced completely by revenue streams other than general property taxes.

(4) PEDC's sales tax revenue bonds from FY 2013 and forward are presented separately from government activities as a discretely presented component unit in compliance with GASB 14, 34 and 61.

\* As of the September 30, 2014, the Town has sufficient reserves in the Debt Service Fund to cover the entire remaining balance due on outstanding general bonded debt.

**TOWN OF PANTEGO, TEXAS**  
**DIRECT AND OVERLAPPING**  
**GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2015**  
(Unaudited)

**TABLE 13**

<u>Governmental Unit</u>	<u>Tax Supported Debt Outstanding (1)</u>	<u>Estimated Percent Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Town of Pantego	\$ 120,000	100%	<u>\$ 120,000</u>
<b>Total direct debt</b>			<u>\$ 120,000</u>
Tarrant County	338,749,000	0.25%	\$ 846,683
Tarrant County Hospital District	47,440,000	0.03%	16,575
(4)Tarrant County Junior College District	-	0.00%	-
Arlington ISD	585,077,828 (3)	2.69%	<u>15,730,660</u>
<b>Total overlapping debt</b>			<u>\$ 16,593,917</u>
<b>Total direct and overlapping debt</b>			<u>\$ 16,713,917</u>
Per capita direct and overlapping debt	Population: 2,494		<u>\$ 6,702</u>

Source: (1) Town records.

(2) Tarrant Appraisal District; estimated percentage is based on formula using assessed net taxable property values.

(3) Per AISD CAFR for fiscal year end June 30, 2015.

(4) There is no bonded debt outstanding for Tarrant County College District, as all bonds payable were paid off in February 2015.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Pantego. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**TOWN OF PANTEGO, TEXAS**  
**PEDC SALES TAX REVENUE**  
**PLEDGED - REVENUE BOND COVERAGE**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 14**

<b>PANTEGO ECONOMIC DEVELOPMENT CORPORATION (PEDC)</b>				
<b>Fiscal Year</b>	<b>Sales Tax Collections</b>	<b>Sales Tax Revenue Bonds</b>		<b>PEDC Bond Coverage (1)</b>
		<b>Debt Service</b>		
		<b>Principal</b>	<b>Interest</b>	
2006	596,031	80,000	135,955	2.76
2007	611,166	90,000	131,193	2.76
2008	585,539	90,000	127,466	2.69
2009	523,444	95,000	122,611	2.41
2010	431,065	95,000	155,547	1.72
2011	437,677	100,000	84,757	2.37
2012	434,746	110,000	79,709	2.29
2013	543,344	110,000	73,985	2.95
2014	563,969	130,000	68,006	2.85
2015	599,415	140,000	61,260	2.98

**Note:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.  
In 2010, PEDC refunded the sales tax revenue bonds.  
(1) Bond covenants require a coverage of no less than 1.25.

**TOWN OF PANTEGO, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 15**

<b>Fiscal Year</b>	<b>Estimated Population (1)</b>	<b>Personal Income (thousands of dollars) (2)</b>	<b>Per Capita Income (1)</b>	<b>Median Age (3)</b>	<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2006	2,342	71,352	30,471	44.9	3,982	4.9%
2007	2,353	71,709	30,471	44.9	3,999	4.4%
2008	2,365	72,068	30,471	44.9	3,978	4.9%
2009	2,377	72,428	30,471	44.9	4,139	7.5%
2010	2,394	72,948	30,471	49.9	4,194	8.2%
2011	2,430	71,000	29,218	45.2	4,176	7.9%
2012	2,462	71,000	28,838	45.2	4,185	6.9%
2013	2,480	71,000	28,629	45.2	4,258	6.3%
2014	2,485	69,851	28,110	42.4	4,219	5.3%
2015	2,494	71,052	28,489	45.6	4,312	4.7%

- Sources:**
- (1) U.S. Census Bureau, 2000 Census: 2005-2009 population growth estimates; 2011-2014 represent 2013 population estimates.
  - (2) 2000 Census: 2005-2009 estimates; 2010 Census: 2011-2013 estimates; Nielsen Company Demographics: 2014 and 2015 estimate.  
Personal Income is derived by multiplying per capita income by the estimated population.
  - (3) 2000 Census: 2005-2009 estimates; 2010 Census: 2011-2013 estimates.  
Nielsen Company Demographics: 2014 and 2015 estimate.
  - (4) Arlington Independent School District (AISD) - Student Demographic Reports.  
Includes enrollment for Hill Elementary, Bailey Junior High and Arlington High School, which are AISD schools zoned for the Town of Pantego.
  - (5) U.S. Department of Labor, Bureau of Labor Statistics - State of Texas Unemployment Statistics report.

**TOWN OF PANTEGO, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**Current and Nine Years Ago**  
(Unaudited)

**TABLE 16**

<b>Employer</b>	<b>2006</b>		<b>2015</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Silverleaf Resort Center	400	1	450	1
Pantego Christian Academy	--	--	153	2
Wal-Mart Neighborhood	125	2	125	3
Anton Cabinetry	100	3	100	4
ESP Services Heating & A/C	90	4	90	5
Texas Pneumatic Systems	50	5	68	6
The Waterford	30	--	30	7
Trojan Electric	20	--	26	8
Artic Star	20	6	20	9
Welden Mechanical Corporation	20	7	20	10
Aldi Grocery Store	--	--	12	11
<b>Total</b>	<b>855</b>		<b>1,094</b>	

**Sources:** Town's Economic Development records.

**Note:** Total employment figures for the Town of Pantego were not available to calculate percentage of total city employment.

**TOWN OF PANTEGO, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES**  
**BY FUNCTION/PROGRAM**

**TABLE 17**

**Last Ten Fiscal Years**  
(Unaudited)

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General and administrative</b>										
City Manager	1	1	1	1	1	1	1	1	1	1
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance Director	1	1	1	1	1	1	1	1	1	1
Accounts Payable/Payroll/HR	1	1	1	1	1	1	1	1	1	1
Utility Billing Coordinator	1	1	1	1	-	-	-	-	-	-
Support Specialist	2	2	2	2	2	2	2	2	2	2
Public Safety Chief	-	-	-	-	-	-	-	1	1	-
Subtotal	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>6</u>
<b>Public Works</b>										
Public Works Director	1	1	1	1	1	1	1	1	1	1
Building Inspector	1	1	1	1	1	1	1	-	-	-
Foreman	1	1	-	-	-	1	1	1	1	2
Crew Leader	1	-	-	-	-	-	-	-	-	-
Public Works Worker	3	4	6	6	6	5	5	4.5	4.5	4
Subtotal	<u>7</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>
<b>Community Development</b>										
Community Development Director	-	-	-	-	-	-	-	1	1	1
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
<b>Police</b>										
Police Chief	1	1	1	1	1	1	1	-	-	-
Public Safety Chief	-	-	-	-	-	-	-	-	-	0.5
Assistant Police Chief	-	-	-	-	-	-	-	1	1	1
Captain	1	1	1	1	-	-	-	-	-	-
Lieutenant	-	-	-	-	-	-	1	-	-	-
Sergeant	1	1	1	1	1	2	1	1	1	1
Detective	1	1	1	1	1	1	1	1	1	1
Corporal	1	2	2	2	2	1	2	2	2	1
Officer	7	6	6	6	7	7	6	6	6	7
School Crossing Guard	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Dispatcher	5	5	5	5	6	6	6	5.5	5.5	5
Subtotal	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>
<b>Fire</b>										
Fire Chief	1	1	1	1	1	1	1	-	-	-
Public Safety Chief	-	-	-	-	-	-	-	-	-	0.5
Assistant Fire Chief	-	-	-	-	-	-	-	1	1	1
Captain	1	1	1	-	-	-	-	-	-	-
Lieutenant	3	3	3	3	3	3	3	3	3	3
Firefighter/Paramedic	6	6	6	6	6	6	6	6	6	6
Subtotal	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10.5</u>
<b>Municipal Court</b>										
Court Administrator	-	-	-	-	1	1	1	1	1	1
Court Clerk	1	1	1	1	-	-	-	-	-	-
Deputy Court Clerk	1	1	-	-	1	1	1	1	1	1
Assistant Court Clerk	1	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Warrant Officer	-	1	1	1	1	1	2	2	2	2
Subtotal	<u>3.0</u>	<u>3.0</u>	<u>2.5</u>	<u>2.5</u>	<u>3.5</u>	<u>3.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
<b>Total</b>	<u>45.5</u>	<u>45.5</u>	<u>46.0</u>	<u>45.0</u>	<u>46.0</u>	<u>46.0</u>	<u>47.0</u>	<u>46.0</u>	<u>46.0</u>	<u>45.5</u>

Source: Town records.

**TOWN OF PANTEGO, TEXAS**  
**SCHEDULE OF INSURANCE POLICIES IN FORCE**  
**AS OF SEPTEMBER 30, 2015**  
(Unaudited)

**TABLE 18**

	<u>AM Best Rating</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Deductibles</u>	<u>Liability Limits</u>
Texas Municipal League Intergovernmental Risk Pool	A++	4039	10/1/14-10/1/15	General Liability	\$ 5,000	\$ 2,000,000
				Real & Personal Property	2,500	8,144,898
				Auto Liability	5,000	2,000,000
				Auto Physical Damage	1,000	Per schedule
				Law Enforcement Liability	5,000	2,000,000
				Errors & Omissions	5,000	1,000,000
				Workers' Compensation	N/A	500,000

Source: TML Intergovernmental Risk Pool  
P.O. Box 149194, Austin, Texas 78714-9194

**TOWN OF PANTEGO, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM**

**TABLE 19**

**Last Ten Fiscal Years**  
(Unaudited)

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Public safety</b>										
<b>Police</b>										
Number of employees	17.5	17.5	17.5	17.5	18.5	18.5	18.5	17.0	17.0	17.0
Part 1 index crimes	204	135	122	151	168	145	157	162	144	117
Total calls	16,732	25,000	25,229	21,020	21,333	22,471	22,611	22,611	24,428	20,786
Crash reports	91	92	78	73	69	81	92	70	62	58
Citations	7,389	4,554	5,015	7,573	8,040	8,040	8,072	8,790	6,796	6,733
Warrants issued/CID	35	19	35	14	19	-	-	-	-	20
Total arrests	533	601	739	943	1,143	1,000	1,137	1,324	976	995
<b>Fire</b>										
Number of employees	11	11	11	10	10	10	10	10	10	10.5
Number of calls for service	1,276	1,253	1,734	1,994	1,280	1,472	1,476	1,521	1,700	1,855
Automatic and mutual aid	708	700	1,181	1,395	718	843	814	994	1,000	1,109
Inspections	*	*	264	688	807	710	367	709	799	711
<b>Municipal Court</b>										
Number of employees	3.0	3.0	2.5	2.5	3.5	3.5	4.5	4.5	4.5	4.5
Citations processed	7,194	7,000	7,194	7,573	9,876	5,736	7,780	9,462	6,591	6,943
Warrants processed	3,330	3,800	3,330	4,233	4,170	5,844	4,623	5,825	8,280	7,952
<b>Public Works</b>										
Number of employees	7.0	7.0	8.0	8.0	8.0	8.0	8.0	6.5	6.5	6.5
<b>(1) Hours worked per function:</b>										
Public works - utility billing	1,529	-	1,868	-	-	-	-	-	-	1,120
Public works - administration	-	719	-	652	467	866	1,171	2,035	1,806	2,990
Parks	-	1,791	-	2,399	2,797	1,881	1,729	1,950	1,616	1,978
Maintenance	-	1,202	-	1,671	1,110	821	805	1,406	1,392	7,070
Streets/Drainage	324	437	838	484	993	773	1,080	1,635	1,711	1,132
Animal control	154	184	224	158	139	109	194	154	214	202
<b>Community Development</b>										
Building Safety Inspections	*	326	507	430	411	413	599	669	559	682
Code Compliance Inspections	*	5	-	-	27	38	127	200	69	66
Commercial Permits Issued	81	93	70	91	88	66	103	112	123	119
Residential Permits Issued	101	116	192	118	86	85	118	129	124	127
Certificates of Occupancy Issued	71	70	77	90	86	90	72	93	93	115
<b>Water and Sewer</b>										
Number of water customers	1,168	1,173	1,174	1,174	1,184	1,192	1,197	1,193	1,187	1,197
Number of sewer connections	1,121	1,126	1,126	1,126	1,129	1,136	1,140	1,144	1,141	1,161.0%
Number of solid waste customers	915	913	913	917	915	919	923	925	923	935%
Number of recycling customers	864	865	865	866	865	867	873	875	872	886%
Yearly water consumption (millions of gallons)	223.8	178.4	195.8	196.4	189.9	244.2	214.1	174.5	267.9	163
Yearly sewer usage (millions of gallons)	*	*	*	*	163.9	184.9	125.8	109.4	114.3	108.02

**Source:** Various Town departmental records.

**Notes:**

(1) Public works functions include parks, street, facilities maintenance, animal control services, water and wastewater operations, including utility billing.

\* Information not available.

**TOWN OF PANTEGO, TEXAS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 20**

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	6	6	6	6	6	6	6	6	6	6
Police admin units	2	2	2	2	2	2	2	2	2	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Ambulance units	2	2	2	2	2	2	2	2	2	2
Fire engine units	2	2	2	2	2	2	2	2	2	2
Hazmat units	1	1	1	1	1	1	1	1	1	1
Fire admin units	3	3	3	3	3	3	3	3	3	3
Streets										
Streets (miles)	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62	17.62
Traffic signals	8	8	8	8	8	8	8	8	8	8
Streetlights	237	237	237	237	237	237	237	237	237	237
Culture and recreation										
Parks	1	1	1	1	1	1	1	1	1	1
Park (acres)	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69	7.69
Playgrounds	3	3	3	3	3	3	3	3	3	3
Basketball courts	2	2	2	2	2	2	2	2	2	2
Park pavillions	3	3	3	3	3	3	3	3	3	3
Water and sewer										
Miles of water main	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Miles of sewer main	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3
Water storage facilities	3	3	3	3	3	3	3	3	3	3
Number of fire hydrants	171	171	171	171	171	171	171	171	171	171

**Source:** Various Town departmental records.

\* Information not available.