Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2014
City of Brownsville, Texas
CITY OF BROWNSVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2014

PREPARED BY:
Department of Finance

City of Brownsville
PO Box 911
Brownsville, Texas 78522
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INTRODUCTORY SECTION
March 23, 2015

Honorable Mayor and City Commissioners
City of Brownsville
Brownsville, Texas

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Brownsville, Texas, for the fiscal year ended September 30, 2014. As required by state law, the CAFR includes financial statements which have been audited by a firm of licensed certified public accountants. The financial statements are presented in conformity with generally accepted accounting principals (GAAP) and audited in accordance with generally accepted auditing standards by the licensed certified public accounting firm of Long Chilton, LLP.

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

The goal of the independent audit, conducted by Long Chilton, LLP, was to provide reasonable assurance that the financial statements of the City of Brownsville for fiscal year ended September 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by
management; and evaluating the overall financial statement presentation. Long Chilton, LLP, concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the city of Brownsville’s financial statements for the fiscal year ended September 30, 2014, are fairly presented in conformity with GAAP. Long Chilton’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. Information related to this single audit, including the schedule of expenditures of federal/state awards, findings and recommendations, and auditor’s reports on the City’s internal control over financial reporting and tests of its compliance with certain provisions of laws, regulations, contracts and grants, are included in the single audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Brownsville’s MD&A can be found immediately following the report of Long, Chilton, LLP.

**Profile of the City of Brownsville**

The City of Brownsville, is the county seat of Cameron County. It is the southernmost city in Texas and the largest city in the lower Rio Grande Valley. In Texas, Brownsville is second only to San Antonio in historical significance. Its location is attractive, since it is the closest to the major tourism and business travel attractions of the area: South Padre Island, Mexico, and the Gladys Porter Zoo, rated as one of the ten best zoos’ in the United States. Brownsville is also one of the top five cities in Texas as a destination location.

The City is located about 17 miles inland from the Gulf of Mexico on the north bank of the Rio Grande River directly across from Matamoros, Mexico, which it joins by three international bridges. The City serves as a trade center for much of the lower Rio Grande Valley. The area of the City is approximately 145 square miles.

According to the U.S. Census Bureau Brownsville’s population for 2000 and 2010 were 139,722 and 175,023, respectively for an increase of 25.27 percent. Brownsville’s population increased approximately 2.5 percent each year since
2000. The City is the sixteenth largest city in the state of Texas. The demographics of Brownsville’s population can be summed up as young and fast growing. The median age is 27 years versus a national average of 36.5 years. 37.1% of all persons in the City are younger than 18 years of age. Only 8.6% are older than 65 years.

The city of Brownsville was named an All-America City by the National Civic League (NCL) on June 15, 2014. The All-America City award recognizes cities that have taken action in making their communities a better place to live. Nine other cities across the United States were also recognized. This was the second time that the city of Brownsville has earned this prestigious award. The city of Brownsville first received this award on June 23, 2001.

Brownsville competed against 25 national finalists at the 65th All-America City Awards in Denver, Colorado. The Brownsville delegation was a collaboration of several government and community organizations including the city of Brownsville, the University of Texas School of Public Health Brownsville Regional Campus, Brownsville Independent School District (BISD), Cameron County, Healthy Communities, United Way, United Brownsville, Brownsville Public Utilities Board, and Brownsville Wellness Coalition among others.

Other cities who were awarded All-America City awards were: Independence, Florida; Brush, Colorado; Montgomery, Alabama; Hampton, Virginia; Chelsea, Massachusetts; San Pablo, California; Cedar Rapids, Iowa; Eau Claire, Wisconsin; and Ft. Lauderdale, Florida.

In September 2014, Space X broke ground at Boca Chica Beach, located about 17 miles east/northeast of Brownsville, to construct a commercial launch site designed for orbital missions. The project has three components that include the vertical rocket launch site, the launch command center and the ground tracking station. The time for the construction project will be 18-24 months. The capital investment is about $85 million. Several entities at the local, state and federal level have committed either funds, services, or tax abatements totaling approximately $37.135 million for this project. These committed funds are listed as follow:

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<tr>
<td>Texas Space Port Trust Fund</td>
<td>$13,000,000</td>
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<td>Greater Brownsville Incentives Corp. (GBIC)</td>
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<tr>
<td>University of Texas System</td>
<td>4,600,000</td>
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<tr>
<td>Texas Emerging Technology Fund</td>
<td>4,400,000</td>
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<td>Texas Enterprise Fund</td>
<td>2,300,000</td>
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<td>* Point Isabel CISD, Chapter 313</td>
<td>1,700,000</td>
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<tr>
<td>Cameron County Tax Abatement</td>
<td>1,600,000</td>
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<td>U.S. Economic Development Administration</td>
<td>1,200,000</td>
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<td>1,000,000</td>
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The Space X Project will have a positive economic impact in Brownsville and other Rio Grande Valley communities, in employment, tourism, and in higher education. The construction of the three components will generate between 200-250 construction jobs. The GBIC’s $5 million contribution will generate about $51 million in annual salaries. It’s anticipated that about 15,000 annual visitors will visit Brownsville and Cameron County to watch a monthly launch. The first launch to be in 2017 or 2018. In order to develop talent, space companies will seek out internship opportunities with institutions of higher education. The Brownsville Independent School District already has created a curriculum for middle school students called the SPACE STEMS program to identify and prepare students for university astrophysics and in turn for space industry in Brownsville.

Brownsville and the Rio Grande Valley has been featured in every aviation magazine because of Space X. Technical and manufacturing jobs will be created from the private launch facility that is expected to send a Falcon rocket aloft monthly.

The City of Brownsville was incorporated on February 7, 1853. A city commission-manager form of government was adopted in January 1, 1916. Policy-making and legislative authority are vested in a governing city commission consisting of a mayor at large, two city commissioners at large and four district city commissioners. City commission members serve four-year staggered terms. The governing city commission is responsible for passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and city attorney. The city manager is responsible for executing the policies and ordinances of the city commission, for overseeing the day-to-day operations of the City, and for appointing the directors of the various departments.

The City provides the full range of municipal services contemplated by statute or charter. This includes public safety (primarily police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, tourism, and general administrative services. Other services include public transportation, utilities, airport and business-industrial parks operations (which includes the City’s foreign trade zone).
A basis for preparing the CAFR for the City was the identification of the reporting entity. Various potential component units were evaluated to determine whether they should be reported in the City’s CAFR. A component unit was considered to be part of the City’s reporting entity when it was concluded that the City was financially accountable for the entity or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City’s financial statements to be misleading or incomplete.

The CAFR includes all the funds of the City and the component unit funds of the Brownsville Public Utilities Board, the Greater Brownsville Incentives Corporation, the Brownsville Community Improvements Corporation, the Paseo de la Resaca Landscaping and Lighting Maintenance District, and the West Morrison Road Public Improvement District. The Housing Authority of the City of Brownsville, Texas, is not considered a component unit of the City and therefore is not included in the City’s CAFR.

The Brownsville Public Utilities Board of the City of Brownsville, Texas (the “BPUB”) is a separate operating authority established by the City’s Charter. The city commission appoints five of the six members governing board and the Mayor of the City serves ex-officio as the sixth member. Each appointed board member serves a four-year term. The BPUB does not have the right to encumber, sell or hypothecate the utilities system. The city commission is also vested with the right to set utility rates, and has the right to share in the surplus, if any, of the BPUB. Further, the BPUB is not required to pay any property taxes or franchise taxes to the City and the City is not required to pay for the utility service furnished to the City from the BPUB. The City’s Charter established this relationship.

The Greater Brownsville Incentives Corporation (GBIC) was established during fiscal year 1992 as a non-profit corporation in accordance with the Texas Development Corporation Act. The city commission appointed the initial board of directors of GBIC and fills any vacancies on the board. The City collects the sales tax specifically authorized for the GBIC and maintains all financial records for GBIC. Certain of the City department heads represent the City as GBIC officers. Furthermore, GBIC’s economic development activities are rendered within the City’s boundaries or outside City limit areas that are served by the BPUB and are for the benefit of City residents.

The Brownsville Community Improvement Corporation (BCIC) was established during fiscal year 2002 and just like the GBIC is also a non-profit corporation in accordance with the Texas Development Corporation Act. The city commission appointed the initial board of directors of BCIC and fills any vacancies on the board. This board consists of the seven members including two or three city commissioners. During a special election held on November 6, 2001, the registered voters of Brownsville adopted Proposition One. Proposition One reduced the 4A sales tax by ¼ cent and concurrently levied or adopted a 4B
sales tax of \( \frac{1}{4} \) cent. The 4A and 4B sales taxes are administered by the GBIC and BCIC boards, respectively. Proposition One passed by a margin of 754 votes, with 2,840 votes “For” and 2,086 votes “Against”. The 4A sales tax reduction of \( \frac{1}{4} \) cent and the 4B sales tax of \( \frac{1}{4} \) cent became effective April 1, 2002. According to state law, the 4B sales tax becomes effective after one full quarter has elapsed after the time of passage or approval by the voters. The first full quarter ended March 31, 2002. April 2002 sales taxes collected by the merchants were forwarded to the State Comptroller’s Office in May 2002, with the distributions by the State Comptroller’s Office to the city of Brownsville on June 12, 2002. The City distributed the first \( \frac{1}{4} \) cent allocation to the 4A and 4B corporations on June 13, 2002, and recorded this sales tax revenue on both the 4A and 4B financial records in May 2002. The City also maintains all financial records for BCIC.

The Paseo De La Resaca Landscaping and Lighting Maintenance District (the “District”) was authorized in conformance with Chapter 372 of the Texas Local Government Code, and by a City of Brownsville resolution adopted on September 24, 1996. The District is overseen by a Service Plan Board established and approved by the city commission. Certain of the City department heads represent the City as the District’s officers. The City also maintains all financial records of the District.

The West Morrison Road Public Improvement District (the “District”) was authorized in conformance with Chapter 372 of the Texas Local Government Code, and the city of Brownsville resolution adopted on March 15, 2011. The District is overseen by a four-member board appointed by the city commission. Two city staff members served on the board. This District was formed to provide an alternate east-west major arterial to the northwest section of the City and to provide relief to FM 3248. This area will spark commercial and residential development in the area.

**Annual Budget Process**

The budget process is designed to identify and plan the functions, activities and accomplishments of the City as well as plan for its financial needs. As required by the Charter of the City, the city manager submits to the city commission the proposed budget for the fiscal year prior to the beginning of the fiscal year. Preparation of the annual budget begins in May and is approved by the city commission in September. Several public hearings are conducted to obtain taxpayer comments. The annual budget is adopted by resolution and the City’s ad valorem tax rate is adopted through a tax ordinance by the city commission prior to the beginning of the fiscal year as required by state law. The city manager, the deputy city manager or the finance director is authorized to transfer budget amounts between departments within any fund; however, the city commission must approve all budget amendments that alter the overall fund total of appropriated expenditure/expenses of any fund.
The capital improvement program (CIP) process follows the operating budget cycle. During the months of October and November, departments submit their updated five-year CIP to the finance department. The finance department compiles all the departments’ five-year CIP updates and records all this information in book form. The city manager then recommends to the city commission those capital expenditures/expenses that should be funded during the first year of the five-year CIP plan. Funding for the proposed capital projects are from general obligation bonds or certificates of obligation.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. All governmental funds are annually appropriated. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report. Prior to year-end, budget to actual reports are prepared on a quarterly and audited basis by the finance department and provided to the city commission and management for review and use in monitoring revenues and expenditures.

Factors Affecting Financial Condition

An understanding of the information presented in the financial statements is enhanced when it is reviewed within the context of the City’s local economy. The following information is provided to highlight a broad range of economic forces which support the City’s operations.

Local Economy

The City’s building permits fell below $200 million during fiscal years 2009, 2010, 2012, and 2014 or $130,091,733, $179,786,281, $159,927,727, $155,726,946, $162,735,535, respectively. Despite the decline from these previous fiscal years, construction activity increased during fiscal year 2011 with $211,127,577 of building permits being issued. Prior to the 2008 recession or prior to fiscal year 2009, construction activity in Brownsville had been very strong. For example, the City recorded $356,002,479 in building permits during fiscal year 2008 or an increase of $129,096,194 or 56.89% over fiscal year 2007. This was the first time in the City’s history that building permits had exceeded the $300 million dollar mark. Annual building permits for the previous years were $226,906,285 for fiscal year 2007; for fiscal year 2006, $237,088,860; and for fiscal year 2005, $280,887,871; Building permits are expected to remain in the upper $100 million during fiscal year 2015. Building permits through February 2015 or through the fifth month of fiscal year 2015 are above the same period as fiscal year 2014 by 3.65%

Chart A-1 on the following page indicates the building permits issued by the City from fiscal years 2005 through 2014.
Chart A-1
Building Permits Issued From Fiscal Years 2005 Through 2014

$280,887,871
$237,088,860
$226,906,285
$356,002,479
$130,091,733
$179,786,281
$211,127,577
$159,927,727
$155,726,946
$162,735,535

Chart A-2
Certified Taxable Property Tax Roll for Fiscal Years 2005-2015

As shown on Chart A-2 above, the City of Brownsville’s taxable ad valorem tax roll continues to increase. For example the 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015 fiscal years’ taxable tax rolls grew by 15.10%, 7.67%, 3.61%, .69%, .54%, .89%, 3.59%, 3.41% and 2.25%, respectively

10
The City’s retail sales tax increased 3.84% during fiscal year 2014, 1.82% during fiscal year 2013, 3.65% during fiscal year 2012 and 4.69% during fiscal year 2011 after experiencing two consecutive years of declines of 5.5% and 3.45% during fiscal years 2009 and 2010, respectively. The recession of 2008 was responsible for the reduction in sales taxes during these two fiscal years. This compares to prior years’ percentage increases of 5.08%, 10.81%, 6.66%, and 6.34% for fiscal years 2005, 2006, 2007, and 2008, respectively. The sales tax receipts or retail sales are expected to improve during fiscal year 2015. For example, during the first four months of fiscal year 2015, sales tax revenues have already increased from last year’s figures for the same period by $739,474 or 8.09%. The City will continue to monitor the monthly sales taxes and will make the necessary expenditure adjustments if necessary in order to maintain healthy reserves in its fund balance.

Retail trade, services and local government were the primary sources of new employment in 2014, combining to create almost all the new jobs. Education & Government agencies still top the list of major employers in Brownsville followed by manufacturing, retail and medical services.

According to the Texas Workforce Commission, Brownsville’s average annual unemployment rate during calendar year 2014 was 9.0%, this compares to 10.5% in 2013; 10.8% in 2012; 12.3% in 2011; 12.0% in 2010, 9.90 %; in 2009, 6.90%; in 2008, 6.9%; in 2007, 6.10%; in 2006, 6.6%; in 2005, 7.60%; and in 2004, 11.22%. The unemployment rate in Brownville is expected to remain in the upper single digits for the coming year. Even the average unemployment rate for 2014 was 9%, the average unemployment rate for the last quarter of 2014 was 8%. Brownsville’s average labor force was 69,505 during 2014, this
compares to 69,570 in 2012. Average unemployment decreased from 7,299 in 2013 to 6,284 in 2014.

**Long-term Financial Planning**

Following is a schedule of the City’s five-year capital improvement project expenditures to be funded by either general obligation (G.O.) bonds, certificates of obligation (C.O.) or tax notes.

<table>
<thead>
<tr>
<th>Capital Improvement Plan (CIP)</th>
<th>Schedule of Future Debt Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure Description</td>
<td>FY 2015</td>
</tr>
<tr>
<td>Street Construction</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Right-of-Way Acquisition, Sidewalks, &amp; Bicycle Trials</td>
<td>-</td>
</tr>
<tr>
<td>Three Gym Roof Replacements</td>
<td>400,000</td>
</tr>
<tr>
<td>Zoo Roof Replacement</td>
<td>125,000</td>
</tr>
<tr>
<td>Landfill Equipment</td>
<td>-</td>
</tr>
<tr>
<td>Police Vehicles</td>
<td>-</td>
</tr>
<tr>
<td>Three Ambulances</td>
<td>240,000</td>
</tr>
<tr>
<td>Local Share Multi-Level Parking</td>
<td>400,000</td>
</tr>
<tr>
<td>Garage for B'ville Metro</td>
<td>-</td>
</tr>
<tr>
<td>Brownsville Metro Buses</td>
<td>400,000</td>
</tr>
<tr>
<td>Airport Terminal Construction</td>
<td>-</td>
</tr>
<tr>
<td>Local Share</td>
<td>-</td>
</tr>
<tr>
<td>Street Construction Equip.</td>
<td>-</td>
</tr>
<tr>
<td>Public Works Equipment</td>
<td>-</td>
</tr>
<tr>
<td>Public Library Renovations</td>
<td>-</td>
</tr>
<tr>
<td>Fire Department Pumper</td>
<td>-</td>
</tr>
<tr>
<td>City Vehicles</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$6,565,000</td>
</tr>
</tbody>
</table>

**Major Initiatives**

During fiscal year 2014, the City spent the following capital expenditures that were financed by debt issuance:

- $1,277,487 in street & drainage construction,
- $44,216 for sidewalks & bike trails,
- $409,842 for machinery & equipment,
- $51,212 for Brownsville Metro maintenance yard building improvement
- $82,754 for the Belden Park improvements,
- $83,184 for shelter domes,
- $2,775,542 for police department communication system,
- $221,130 for local share of Brownsville Metro Multi-level Parking Garage, and
- $10,034 for other capital projects.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city of Brownsville, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the 37th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. We wish to thank our independent certified public accountants, Long Chilton, LLP, whose competent assistance and technical efficiency have enabled the City to obtain the Certificate of Achievement for Excellence in Financial Reporting.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of this department has our sincere appreciation for the contributions made in the preparation of this report.

Credit must also be given to the mayor and city commission for their unfailing support for maintaining the highest standards of professionalism in the management of the city of Brownsville.

Respectfully submitted,

Pete Gonzalez
Deputy City Manager

Lupe Granado
Finance Director
PRINCIPAL CITY OFFICIALS

Mayor
Antonio “Tony” Martinez

City Commissioners
Ricardo Longoria, Jr. – District 1
Jessica Tetreau-Kalifa – District 2
Deborah Portillo – District 3
John Villareal – District 4
Estela Chavez-Vasquez – At Large “A”
Rose M.Z. Gowen, M.D. – At Large “B”

City Manager
Charlie Cabler

Deputy City Manager
Pete Gonzalez

Assistant City Managers
Jeff Johnston
Ruth Osuna

Finance Director
Guadalupe “Lupe” Granado, III

City Attorney
Mark Sossi

City Secretary
Estela Von Hatten
Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to
City of Brownsville
Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2013

Jeffrey P. Ezell
Executive Director/CEO
FINANCIAL SECTION
INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Commissioners
City of Brownsville, Texas

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Brownsville, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Brownsville, Texas, as of September 30, 2014, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2014 the City of Brownsville, Texas adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. As a result of the implementation of Statement No. 65, the City of Brownsville, Texas reported a change in accounting principle to report the effect of no longer deferring and amortizing bond issuance costs. With the implementation of Statement No. 65, the Public Utilities Board, a discretely presented component unit of the City of Brownsville, Texas has elected to report following the accounting guidance for regulated industries, as they have met the criteria of a rate-regulated entity under the regulated operations provision of GASB Statement No. 62. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 25-58 and 136-139 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brownsville, Texas’s basic financial statements. The introductory section, combining and individual non-major fund financial statements, the budget-to-actual schedules, capital assets used in the operation of governmental funds schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of Texas Single Audit Circular, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the schedules of revenues, expenditures, and changes in fund balances – budget and actual, capital assets used in the operation of governmental funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedules of revenues, expenditures, and changes in
fund balances – budget and actual, capital assets used in the operation of governmental funds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, on our consideration of the City of Brownsville, Texas’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brownsville, Texas’s internal control over financial reporting and compliance.

LONG CHILTON, LLP
*Certified Public Accountants*

Brownsville, Texas
March 23, 2015
Management's Discussion & Analysis

This section of the City of Brownsville's (City) annual financial report presents management's discussion and analysis (MD&A) of the City's financial performance during fiscal year ended September 30, 2014. The MD&A should be read in conjunction with the transmittal letter found in the introductory section of this report and the City's financial statements which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2014 by $350,323,884 (net position).
- The fund balance in the General Fund decreased $933,174 or 3.75% under fiscal year 2013. The ending fund balance for fiscal year 2013 and 2014 was $24,860,310 and $23,927,136, respectively. The $23,927,136 fund balance represented 23.65% of $101,188,485 in expenditures and transfers to other funds.
- At the end of fiscal year 2014, the City's governmental funds reported combined fund balances of $46,984,849. $14,896,647 is available for spending at the City's discretion (unassigned fund balance).
- As subsequent events, on December 23, 2014, the City refunded $24,125,000 of general obligation bonds.
- Note 9 of this report describes the long-term debt of the City.

Overview of the Financial Statements

This annual report consists of the MD&A, the basic financial statements, and supplementary information. Exhibit 1 indicates the relationships among the components of this annual report.

The basic financial statements are comprised of three components:

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. These statements are presented for both governmental activities and business-type activities. They are designed to provide readers with a broad overview of the City's finances just like a private sector business. Legally separate component units (the Brownsville Public Utilities Board, the Greater Brownsville Incentives Corporation, the Brownsville Community Improvement Corporation, Paseo De La Resaca Landscaping and Lighting Maintenance District, and the West Morrison Road Public Improvement District) are also shown in these statements.
- The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Later, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities presents information to show how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Both of the government-wide
financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The fund financial statements focus on individual parts of the City, reporting the City’s operations in greater detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- The governmental funds statements show how general government services were financed in the short-term as well as what remains for future spending. The two major governmental funds are the General Fund, and the General Bonded Debt. The basic governmental fund financial statements can be found on pages 64-67 of this report.

- Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like a business: The major proprietary funds are the Airport and Business Industrial Park Fund, Bridge Fund and the Public Transit Fund. The basic proprietary fund statements can be found on pages 68-73 of this report.

- Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. Fiduciary 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 those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements provide essential additional information to provide a clear picture of the particular assets, liabilities, or inherent risks. The notes to the financial statements follow the basic financial statements and can be found on pages 75-134 of this report.

The financial statements are followed by a section of required supplementary information (RSI) that further explains and supports the information in the financial statements. RSI information follows the notes to the financial statements.
Exhibit 1: Required Components of the City’s Comprehensive Annual Financial Report

Exhibit 1 shows how the required parts of this comprehensive annual financial report are arranged and relate to one another. Besides these required elements, a section with combining statements that provides details about the non-major governmental funds and internal service funds is included.

Additional Information Regarding the City’s Fund Financial Statements:

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the City’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.

Major and non-major funds are presented separately in the governmental funds’ balance sheet and in the governmental funds’ statement of revenues, expenditures, and changes in fund balances. The general fund, and the general bonded debt service fund are presented separately along with the aggregated other governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements following the presentation of the major funds. There are 18 non-major

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governmental funds. The City adopts an annual appropriated budget for its general fund, three special revenue funds, two debt service funds and five enterprise funds.

There are two types of proprietary funds used by the City. These are enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, excluding solid waste and landfill which are included in the general fund and the landfill-tipping fee increase fund. The City uses enterprise funds to account for its airport, parking system, public transit, golf course, and bridge services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are an accounting device used to accumulate costs internally among the City’s various functions. The City uses internal service funds to account for health insurance benefits and workers’ compensation insurance.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 75-134 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s general fund budgetary schedule.

Government-wide Financial Analysis

Net position serves over time as a useful indicator of the City’s financial position. At September 30, 2014, net position exceeded liabilities by $350,323,884. These net positions are $268,505,492 for governmental activities and $81,818,392 for business-type activities. 98.26% of the net position is invested in capital assets such as land, infrastructure, buildings, machinery and equipment. The City uses these capital assets to provide services to citizens and therefore these assets are not available for future spending. Although the City’s investment in its capital assets, 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.
Exhibit 2 above indicates that at the end of fiscal year 2014, the City reported positive balances in net position for both its governmental and business activities.

A portion of the City’s net position, $6,301,271, represents resources that are subject to external restrictions on how they may be used. These restricted net position include debt service, and amounts restricted by other funding agencies. Restricted net position decreased $3,258,635 (34.08%) over the prior year.

Generally, all assets generated by governmental activities are either externally restricted or invested in capital assets. Unrestricted governmental activities net position showed a $3,872,498 deficit at the end of this year. This deficit indicates that the City has long-term commitments that exceed its related assets.

The City has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to meet its long-term obligations.
### Exhibit 3

**City of Brownsville, Texas**

**Changes in Net Position**

For Fiscal Years Ending September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Charges for services</td>
<td>$38,893,756</td>
<td>$37,614,478</td>
<td>$7,088,923</td>
<td>$6,499,454</td>
<td>$45,982,679</td>
<td>$44,113,932</td>
</tr>
<tr>
<td>Operating grants &amp;</td>
<td>19,082,648</td>
<td>22,866,459</td>
<td>7,181,568</td>
<td>3,592,131</td>
<td>26,264,216</td>
<td>26,458,590</td>
</tr>
<tr>
<td>Capital grants &amp;</td>
<td>1,932,533</td>
<td>-</td>
<td>4,557,576</td>
<td>2,910,117</td>
<td>6,490,109</td>
<td>2,910,117</td>
</tr>
<tr>
<td>contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>41,291,338</td>
<td>39,529,746</td>
<td></td>
<td></td>
<td>41,291,338</td>
<td>39,529,746</td>
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<tr>
<td>Other taxes</td>
<td>1,897,256</td>
<td>1,710,408</td>
<td></td>
<td></td>
<td>1,897,256</td>
<td>1,710,408</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>66,740</td>
<td>68,510</td>
<td>7,039</td>
<td>5,350</td>
<td>73,779</td>
<td>73,860</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>129,527,707</td>
<td>127,177,177</td>
<td>18,835,106</td>
<td>13,007,052</td>
<td>148,362,813</td>
<td>140,184,229</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>17,415,359</td>
<td>17,823,881</td>
<td></td>
<td></td>
<td>17,415,359</td>
<td>17,823,881</td>
</tr>
<tr>
<td>Public safety</td>
<td>65,542,700</td>
<td>58,689,953</td>
<td></td>
<td></td>
<td>65,542,700</td>
<td>58,689,953</td>
</tr>
<tr>
<td>Public works</td>
<td>23,486,785</td>
<td>29,123,262</td>
<td></td>
<td></td>
<td>23,486,785</td>
<td>29,123,262</td>
</tr>
<tr>
<td>Sanitation</td>
<td>6,044,061</td>
<td>6,181,151</td>
<td></td>
<td></td>
<td>6,044,061</td>
<td>6,181,151</td>
</tr>
<tr>
<td>Public health</td>
<td>2,306,645</td>
<td>1,861,373</td>
<td></td>
<td></td>
<td>2,306,645</td>
<td>1,861,373</td>
</tr>
<tr>
<td>Housing assistance</td>
<td>2,189,864</td>
<td>276,025</td>
<td></td>
<td></td>
<td>2,189,864</td>
<td>276,025</td>
</tr>
<tr>
<td>programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public assistance</td>
<td>1,001,369</td>
<td>919,411</td>
<td></td>
<td></td>
<td>1,001,369</td>
<td>919,411</td>
</tr>
<tr>
<td>Convention &amp; tourism</td>
<td>2,046,072</td>
<td>2,030,507</td>
<td></td>
<td></td>
<td>2,046,072</td>
<td>2,030,507</td>
</tr>
<tr>
<td>Economic development</td>
<td>52,118</td>
<td>53,314</td>
<td></td>
<td></td>
<td>52,118</td>
<td>53,314</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport &amp; business</td>
<td>6,609,491</td>
<td>6,996,023</td>
<td></td>
<td></td>
<td>6,609,491</td>
<td>6,996,023</td>
</tr>
<tr>
<td>industrial park</td>
<td></td>
<td></td>
<td>7,819,938</td>
<td>8,846,720</td>
<td>7,819,938</td>
<td>8,846,720</td>
</tr>
<tr>
<td>Parking revenue</td>
<td></td>
<td></td>
<td>535,442</td>
<td>468,027</td>
<td>535,442</td>
<td>468,027</td>
</tr>
<tr>
<td>Public transit</td>
<td></td>
<td></td>
<td>9,851,603</td>
<td>9,124,371</td>
<td>9,851,603</td>
<td>9,124,371</td>
</tr>
<tr>
<td>Brownsville golf center</td>
<td></td>
<td></td>
<td>999,620</td>
<td>986,080</td>
<td>999,620</td>
<td>986,080</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>139,352,345</td>
<td>138,063,083</td>
<td>19,206,603</td>
<td>17,425,198</td>
<td>158,558,948</td>
<td>155,488,280</td>
</tr>
<tr>
<td><strong>Excess (deficiency) before special items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and transfers</td>
<td>(9,824,638)</td>
<td>(10,885,906)</td>
<td>(371,497)</td>
<td>(4,416,146)</td>
<td>(10,196,135)</td>
<td>(15,304,052)</td>
</tr>
<tr>
<td>Gain on sale of assets</td>
<td>-</td>
<td>18,113</td>
<td></td>
<td></td>
<td>-</td>
<td>18,113</td>
</tr>
<tr>
<td>Proceeds of lawsuit</td>
<td>-</td>
<td>3,060,000</td>
<td></td>
<td></td>
<td>-</td>
<td>3,060,000</td>
</tr>
<tr>
<td>Transfers</td>
<td>(2,886,535)</td>
<td>(3,155,169)</td>
<td>(2,886,535)</td>
<td>(3,155,169)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in net</td>
<td>(12,713,173)</td>
<td>(10,962,962)</td>
<td>2,517,038</td>
<td>(1,262,977)</td>
<td>(10,196,135)</td>
<td>(12,225,939)</td>
</tr>
<tr>
<td>position</td>
<td>268,505,492</td>
<td>269,736,795</td>
<td>81,816,392</td>
<td>79,301,354</td>
<td>350,323,884</td>
<td>349,040,149</td>
</tr>
<tr>
<td>Net position, beginning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>11,479,870</td>
<td>(229,734)</td>
<td></td>
<td></td>
<td>11,479,870</td>
<td>-</td>
</tr>
<tr>
<td>Net position, ending</td>
<td>$268,505,492</td>
<td>$269,736,795</td>
<td>$81,816,392</td>
<td>$79,301,354</td>
<td>$350,323,884</td>
<td>$349,040,149</td>
</tr>
</tbody>
</table>

30
### Exhibit 4
Comparison of Governmental Activities Between Fiscal Year 2014 & 2013

<table>
<thead>
<tr>
<th>% of Fiscal Year's Revenue</th>
<th>% of Fiscal Year's Expense</th>
<th>Over/Under</th>
<th>Percentage Over/Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2014 Totals</td>
<td>Fiscal Year 2013 Totals</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$38,893,756</td>
<td>30.03 %</td>
<td>$37,614,478</td>
</tr>
<tr>
<td>Operating grants &amp;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contributions</td>
<td>19,082,648</td>
<td>14.73</td>
<td>22,866,459</td>
</tr>
<tr>
<td>Capital grants &amp;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contributions</td>
<td>1,932,533</td>
<td>1.49</td>
<td>-</td>
</tr>
<tr>
<td>General revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>41,291,338</td>
<td>31.88</td>
<td>39,529,746</td>
</tr>
<tr>
<td>Sales taxes</td>
<td>26,363,436</td>
<td>20.35</td>
<td>25,387,576</td>
</tr>
<tr>
<td>Other taxes</td>
<td>1,897,256</td>
<td>1.46</td>
<td>1,710,408</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>66,740</td>
<td>0.05</td>
<td>68,510</td>
</tr>
<tr>
<td>Total revenues</td>
<td><strong>129,527,707</strong></td>
<td>100.00</td>
<td><strong>127,177,177</strong></td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>17,415,359</td>
<td>12.50</td>
<td>17,823,881</td>
</tr>
<tr>
<td>Public safety</td>
<td>65,542,700</td>
<td>47.03</td>
<td>58,689,953</td>
</tr>
<tr>
<td>Sanitation</td>
<td>6,044,061</td>
<td>4.34</td>
<td>6,181,151</td>
</tr>
<tr>
<td>Public health</td>
<td>2,306,645</td>
<td>1.66</td>
<td>1,861,373</td>
</tr>
<tr>
<td>Housing assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>programs</td>
<td>2,189,864</td>
<td>1.57</td>
<td>276,025</td>
</tr>
<tr>
<td>Public assistance</td>
<td>1,001,359</td>
<td>0.72</td>
<td>919,411</td>
</tr>
<tr>
<td>Culture &amp; recreation</td>
<td>12,657,881</td>
<td>9.08</td>
<td>14,108,182</td>
</tr>
<tr>
<td>Convention &amp; tourism</td>
<td>2,046,072</td>
<td>1.47</td>
<td>2,030,507</td>
</tr>
<tr>
<td>Economic development</td>
<td>52,118</td>
<td>0.04</td>
<td>53,314</td>
</tr>
<tr>
<td>Interest on long-term</td>
<td>6,609,491</td>
<td>4.74</td>
<td>5,996,023</td>
</tr>
<tr>
<td>Total expenses</td>
<td><strong>139,352,345</strong></td>
<td>100.00</td>
<td><strong>138,063,083</strong></td>
</tr>
<tr>
<td><strong>Excess (deficiency) before</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>special items and transfers</td>
<td>(9,824,638)</td>
<td></td>
<td>(10,885,906)</td>
</tr>
<tr>
<td>Gain on sale of assets</td>
<td>-</td>
<td></td>
<td>18,113</td>
</tr>
<tr>
<td>Proceeds of lawsuit</td>
<td>-</td>
<td></td>
<td>3,060,000</td>
</tr>
<tr>
<td>Transfers</td>
<td>(2,888,535)</td>
<td></td>
<td>(3,155,169)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>net position</td>
<td>(12,713,173)</td>
<td></td>
<td>(10,882,962)</td>
</tr>
<tr>
<td>Net position, beginning</td>
<td><strong>269,738,795</strong></td>
<td></td>
<td><strong>283,931,491</strong></td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>11,479,870</td>
<td>(229,734)</td>
<td>11,709,604</td>
</tr>
<tr>
<td>Net position, ending</td>
<td><strong>$268,505,492</strong></td>
<td></td>
<td><strong>$269,738,795</strong></td>
</tr>
</tbody>
</table>

31
Governmental Activities

Exhibit 4 on page 31 indicates that the top four major revenue sources under the governmental activities accounted for 98.49% of all revenues. Charges for services comprised 30.03% of all revenues; property taxes, 31.88%; grants and contributions, 16.22% and sales taxes, 20.35%. The remaining revenue sources consisted of 1.46% from other taxes and .05% from investment earnings. Overall revenues increased $2,350,530 or 1.85% over last fiscal year. Charges for services increased $1,279,278 or 3.40%, Property taxes increased $1,761,592 or 4.46%, sales taxes increased $975,860 or 3.84%, other taxes increased $186,848 or 10.92%. Investment earnings decreased $1,770 or 2.58% because of the decline in investment interest rates and a reduction of available cash. Grants and contributions decreased $1,851,278 or 8.10%.

The cost of all governmental activities for fiscal year 2014 increased $1,289,263 or .93%; the total increase in expenses is shown on Exhibit 4, page 31. Six expense categories indicated lower amounts over the previous fiscal year: general government, public works, sanitation, culture & recreation, economic development and interest on long-term debt. Exhibit 4, page 31, also shows that the top five major expenses under the governmental activities totaled to 90.21% of all expenses. These top five expense categories were public safety, public works, general government, culture and recreation and interest on long-term debt. Public safety comprised 47.03% of all expenses; public works, 16.85%, general government, 12.50%; culture and recreation, 9.08% and interest on long-term debt, 4.74%. The remaining expense categories consisted of 4.34% from sanitation; convention & tourism, 1.47%; public health, 1.66%; public assistance, 0.72%; housing assistance programs, 1.57%; and economic development, 0.04%.

Graph 1 on the next page presents the cost of each of the City’s major governmental functions, as well as the associated program revenues. As expected in governmental activities the taxpayer provides the majority of support for these services. The total support during fiscal year 2014 was $79,443,408.

Sanitation revenues exceeded expenses by $8,984,925. Public safety generated $13,637,500 in program income to support part of its $65,542,700 expenses. Public works expenses exceeded its program revenue by $14,965,807. General government, public health, housing assistance programs, public assistance, culture & recreation, convention & tourism, and economic development reported expenses exceeding program revenues by $357,946, $1,779,472, $873,523, $180,884, $9,657,820, $2,046,072 and $52,118, respectively. There was no program revenue generated to pay for the $6,609,491 of interest on long-term debt.
Graph 1
Expenses and Program Revenues - Governmental Activities

Graph 2
Revenues by Source - Governmental Activities

Graph 2 below presents the revenues by sources under the governmental activities.
Business-type Activities

Exhibit 5
Comparison of Business Type Activities
Between Fiscal Year 2014 & 2013

<table>
<thead>
<tr>
<th>% of Fiscal Year 2014</th>
<th>% of Fiscal Year 2013</th>
<th>Over (Under) Fiscal Year 2013</th>
<th>Over (Under) Fiscal Year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue or Expense</td>
<td>Revenue or Expense</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>% 2014</td>
<td>2013</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$7,088,923</td>
<td>37.64 %</td>
<td>$6,499,454</td>
</tr>
<tr>
<td>Operating grants &amp; contributions</td>
<td>7,181,568</td>
<td>38.13</td>
<td>3,592,131</td>
</tr>
<tr>
<td>Capital grants &amp; contributions</td>
<td>4,557,576</td>
<td>24.20</td>
<td>2,910,117</td>
</tr>
<tr>
<td>General revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment earnings</td>
<td>7,039</td>
<td>0.03</td>
<td>5,350</td>
</tr>
<tr>
<td>Total revenues</td>
<td>18,835,106</td>
<td>100.00</td>
<td>13,007,052</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport &amp; business industrial park</td>
<td>7,819,838</td>
<td>40.71</td>
<td>6,846,720</td>
</tr>
<tr>
<td>Parking revenue</td>
<td>535,442</td>
<td>2.79</td>
<td>466,027</td>
</tr>
<tr>
<td>Public transit</td>
<td>9,851,603</td>
<td>51.29</td>
<td>9,124,371</td>
</tr>
<tr>
<td>Brownsville golf center</td>
<td>999,620</td>
<td>5.20</td>
<td>986,080</td>
</tr>
<tr>
<td>Total expenses</td>
<td>19,206,603</td>
<td>100.00 %</td>
<td>17,425,198</td>
</tr>
<tr>
<td>Excess (deficiency) before special items and transfer</td>
<td>(371,497)</td>
<td>(4,418,146)</td>
<td>4,046,649</td>
</tr>
<tr>
<td>Transfers</td>
<td>2,888,535</td>
<td>3,155,169</td>
<td>(266,634)</td>
</tr>
<tr>
<td>Increase (decrease) in net position</td>
<td>2,517,038</td>
<td>(1,262,977)</td>
<td>3,780,015</td>
</tr>
<tr>
<td>Net position, beginning</td>
<td>79,301,354</td>
<td>80,564,331</td>
<td>(1,282,977)</td>
</tr>
<tr>
<td>Net position, ending</td>
<td>$81,818,392</td>
<td>$79,301,354</td>
<td>$2,517,038</td>
</tr>
</tbody>
</table>

As shown on Exhibit 5 above, the top three major revenue sources under the business-type activities accounted for 99.97% of all revenues. Charges for services consisted of 37.64%; Capital grants & contributions, 24.20%; and operating grants and contributions, 38.13%. The remaining .03% was from investment earnings.

The cost for all business-type activities for fiscal year 2014 was $19,206,603. Exhibit 5 above also indicates that the expenses under the business-type activities include the public transit, airport & business industrial park, Brownsville Golf Center and parking revenue. The public transit consisted of 51.29% of all expenses; airport & business industrial park, 40.71%; Brownsville Golf Center, 5.20%; and parking revenue, 2.79%.

Graph 3 and Exhibit 6 on the following page present the cost of the City’s expenses and program revenues for the business-type activities.
During fiscal year 2014, the City’s general fund contributed $1,725,000 to the airport, $1,270,754 to the public transit, $300,000 to the convention & tourism fund, $314,000 to the Brownsville Golf Center, $87,958 to the non-bonded debt service fund, $200,000 employee benefit fund, and $99,700 to the capital projects fund. The general fund received cash transfers of $1,400,000 from the bridge fund.
Graph 4 below presents the revenues by source for the business-type activities. The number one revenue source was operating grants and contributions, followed by charges for services, capital grants & contributions and investment earnings.

A comparison of the City’s revenues by source for business-type activities is shown on Exhibit 5, page 34.

Graph 4
Revenue By Source - Business-Type Activities

Financial Analysis of the City’s Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. Unassigned fund balance serves as a useful measure of the City’s net funds available for spending at the end of the fiscal year. As shown on Exhibit 7, page 37, the City’s governmental funds combined ended fund balances were $46,984,848. The combined non-spendable, restricted, committed, and assigned fund balances were $32,088,201 and the unassigned fund balance was $14,896,647, respectively.
Exhibit 7
Govemmental Funds
Fund Balances
Fiscal Year 2014

<table>
<thead>
<tr>
<th>Major Funds:</th>
<th>Nonspendable, Restricted, Committed, and Assigned Fund Balances</th>
<th>Unassigned Fund Balance</th>
<th>Total Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 01 General Fund</td>
<td>$8,149,739 $</td>
<td>$15,777,397</td>
<td>$23,927,136</td>
</tr>
<tr>
<td>Fund 21 General Bonded Debt Service Fund</td>
<td>2,241,479</td>
<td>-</td>
<td>2,241,479</td>
</tr>
<tr>
<td>Total Major Funds</td>
<td>10,391,218</td>
<td>15,777,397</td>
<td>26,168,615</td>
</tr>
</tbody>
</table>

Non-major Funds:

| Fund 11 Convention & Tourism Fund | 748,923 | - | 748,923 |
| Fund 17 Community Development Fund | 448,620 | (448,562) | 58 |
| Fund 171 Community Dev Planning Grants | 26,427 | (26,416) | 11 |
| Fund 20 General Non-bonded Debt Service Fund | 11,818 | - | 11,818 |
| Fund 27 Fire Dept Forfeiture Fund | 1,150 | - | 1,150 |
| Fund 28 BPD Federal Forfeiture Fund | 474,561 | - | 474,561 |
| Fund 29 BPD Forfeiture Fund | 891,784 | - | 891,784 |
| Fund 33 Streetscape Project Fund | 415,149 | - | 415,149 |
| Fund 42 Street Improvement Fund | 34,779 | - | 34,779 |
| Fund 44 Landfill Tipping Fee Increase fund | 562,205 | - | 562,205 |
| Fund 45 Capital Equipment Fund | 550,953 | (405,772) | 145,181 |
| Fund 79 2007 C.O. Fund | 2,096,665 | - | 2,096,665 |
| Fund 81 2007 G.O. Bond Fund | 229,332 | - | 229,332 |
| Fund 82 2008-A C.O. Bond Fund | 1,943,255 | - | 1,943,255 |
| Fund 83 2008 G.O. Bond Fund | 346,308 | - | 346,308 |
| Fund 86 2011 C.O. Fund | 1,472,395 | - | 1,472,395 |
| Fund 87 2012 C.O. Fund | 6,732,433 | - | 6,732,433 |
| Fund 88 2013 C.O. Fund | 4,710,226 | - | 4,710,226 |
| Total Non-major Funds | 21,696,983 | (880,750) | 20,816,233 |

Total Governmental Funds | $32,088,201 | $14,896,647 | $46,984,848 |

Exhibit 7 above shows that $18,531,495 or 57.75% of the non-spendable, restricted, committed and assigned fund balances were in capital or construction bond funds. Also, $2,253,297 or 7.02% of the committed fund balance was in the debt service funds to retire debt. The general fund is the largest operating fund for the City. At the end of the fiscal year, the general fund ended the fiscal year with a fund balance of $23,927,136 of which $8,149,739 was considered non-spendable, restricted, committed and assigned. The $448,562, $26,416, and $405,772 deficits in the Community Development Fund, Community Development Planning Grants, and Capital Equipment Fund, respectively, represent encumbrances that will be funded from grants during fiscal year 2015. The unassigned fund balance of $15,777,397 shown on Exhibits 8A and 8 of pages 38-39 represented 15.59% of expenditures and transfers out.
### Exhibit 8-A
General Fund
Fund Balance Summary

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Reserved Fund Balance</th>
<th>Unreserved Fund Balance</th>
<th>Total Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>943,218</td>
<td>11,825,325</td>
<td>12,768,543</td>
</tr>
<tr>
<td>2005</td>
<td>1,487,258</td>
<td>14,008,495</td>
<td>15,495,753</td>
</tr>
<tr>
<td>2006</td>
<td>1,560,141</td>
<td>16,757,234</td>
<td>18,317,375</td>
</tr>
<tr>
<td>2007</td>
<td>1,328,034</td>
<td>16,281,656</td>
<td>17,609,690</td>
</tr>
<tr>
<td>2008</td>
<td>2,022,004</td>
<td>16,561,312</td>
<td>18,583,316</td>
</tr>
<tr>
<td>2009</td>
<td>1,990,157</td>
<td>15,041,080</td>
<td>17,031,237</td>
</tr>
<tr>
<td>2010</td>
<td>2,326,586</td>
<td>12,752,888</td>
<td>15,079,474</td>
</tr>
<tr>
<td>2011</td>
<td>4,802,199</td>
<td>11,872,871</td>
<td>16,675,070</td>
</tr>
<tr>
<td>2012</td>
<td>6,122,091</td>
<td>14,838,222</td>
<td>20,960,313</td>
</tr>
<tr>
<td>2013</td>
<td>8,086,040</td>
<td>16,774,270</td>
<td>24,860,310</td>
</tr>
<tr>
<td>2014</td>
<td>8,149,739 ¹</td>
<td>15,777,397</td>
<td>23,927,136</td>
</tr>
</tbody>
</table>

¹ Includes the four components of fund balance as required by GASB Statement No. 54. For fiscal year 2014, these fund balances were:

- Nonspendable: 64,979
- Restricted: 1,787,267
- Committed: 3,620,934
- Assigned: 2,676,559
- Total: 8,149,739

Exhibit 8 below and continuing on the next page shows that the City has maintained healthy fund balances in its general fund for several consecutive fiscal years. The City's goal is to maintain a fund balance of at least 15% of its yearly expenditures and transfers out.

### Exhibit 8
General Fund/Fund Balances
Excluding Reserves for Fiscal Year 2014 & Prior

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenues Plus Transfers In</th>
<th>Expenditures Plus Transfers Out</th>
<th>Fund Balance</th>
<th>Percentage of Fund Balance in Relation to Revenues Plus Transfers In</th>
<th>Percentage of Fund Balance in Relation to Expenditures Plus Transfers Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>64,089,404</td>
<td>61,486,731</td>
<td>12,768,543</td>
<td>19.92%</td>
<td>20.77%</td>
</tr>
<tr>
<td>2005</td>
<td>72,382,189</td>
<td>69,654,979</td>
<td>15,495,753</td>
<td>21.41%</td>
<td>22.25%</td>
</tr>
<tr>
<td>2006</td>
<td>77,636,890</td>
<td>74,815,268</td>
<td>18,317,375</td>
<td>23.59%</td>
<td>24.48%</td>
</tr>
<tr>
<td>2007</td>
<td>83,212,640</td>
<td>83,920,325</td>
<td>17,009,090</td>
<td>21.10%</td>
<td>20.98%</td>
</tr>
</tbody>
</table>

(Continued)
### Exhibit 8

**General Fund/Fund Balances**
**Excluding Reserves for Fiscal Year 2014 & Prior - (Continued)**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenues Plus Transfers In</th>
<th>Expenditures Plus Transfers Out</th>
<th>Fund Balance</th>
<th>Percentage of Fund Balance In Relation to Revenues Plus Transfers In</th>
<th>Percentage of Fund Balance In Relation to Expenditures Plus Transfers Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>90,756,856</td>
<td>89,980,371</td>
<td>18,583,316</td>
<td>20.48%</td>
<td>20.65%</td>
</tr>
<tr>
<td>2009</td>
<td>85,244,757</td>
<td>86,796,836</td>
<td>17,031,237</td>
<td>19.98%</td>
<td>19.62%</td>
</tr>
<tr>
<td>2010</td>
<td>90,231,981</td>
<td>90,670,768</td>
<td>15,079,474</td>
<td>17.61%</td>
<td>17.52%</td>
</tr>
<tr>
<td>2011</td>
<td>94,332,312</td>
<td>95,198,736</td>
<td>16,675,070</td>
<td>17.68%</td>
<td>17.52%</td>
</tr>
<tr>
<td>2012</td>
<td>94,543,629</td>
<td>90,678,200</td>
<td>20,960,313</td>
<td>22.17%</td>
<td>23.12%</td>
</tr>
<tr>
<td>2013</td>
<td>98,176,301</td>
<td>93,494,231</td>
<td>24,860,310</td>
<td>25.32%</td>
<td>26.46%</td>
</tr>
<tr>
<td>2014</td>
<td>100,255,311</td>
<td>101,188,485</td>
<td>23,927,136</td>
<td>23.87%</td>
<td>23.65%</td>
</tr>
</tbody>
</table>

1. Includes a prior period adjustment addition of $194,141.
2. Includes a prior period adjustment reduction of $1,512,976.
3. Includes a prior period adjustment addition of $2,462,020.
4. Includes a prior period adjustment addition of $419,814.
5. Includes a prior period adjustment reduction of $330,073.

Exhibit 9 of the following page indicates that the City’s general fund/fund balance decreased $933,174 or 3.75% under fiscal year 2014. Revenues increased $1,965,010 or 2.03% and expenditures increased $7,446,685 or 8.30%. Transfers from other funds increased by $111,000 or 8.61% and transfers to other funds decreased $207,431 or 4.92%. The City’s overall financial position continues to be strong.

Property taxes allocated to the general fund increased $2,121,506 or 8.42% over fiscal year 2013. During fiscal year 2014, the property tax rate remained unchanged from fiscal year 2013. During fiscal year 2014, 66.61% of the City’s ad valorem taxes were distributed to the general fund; the remaining 33.39% was allocated to the general bonded debt service fund. The City’s retail sales taxes increased $975,860 or 3.84%. Non property taxes increased $44,366 or 14.14%. Franchise fees increased $119,385 or 3.07%. Intergovernmental revenues increased by $1,333,403 or 71.12%. Fees and services decreased by $135,395 or 0.79%. Fines & forfeiture collections decreased by $216,344 or 6.69% because of a decrease in citations. Licenses and permits increased $119,489 or 6.56%. Other revenues classified under miscellaneous decreased by $3,264,132 or 48.32% mainly because of a one-time lawsuit windfall of $3,060,000 in fiscal year 2013. Interest income increased $4,282 or 12.28%. The BPUB utility services revenue increased $539,422 or 13.13% because of increase utility usage by the City. The surplus funds from the BPUB increased by $323,171 or 4.47%.
### Exhibit 9
General Fund Statements Of Revenues, Expenditures And Changes In Fund Balance For Fiscal Years Ended

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2014</th>
<th>Fiscal Year 2013</th>
<th>Over (Under) Fiscal Year 2013</th>
<th>% Increase or (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$ 27,313,713</td>
<td>$ 25,192,210</td>
<td>$ 2,121,503</td>
<td>8.42 %</td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>26,363,436</td>
<td>25,387,576</td>
<td>975,860</td>
<td>3.84</td>
</tr>
<tr>
<td>Nonproperty Taxes</td>
<td>358,120</td>
<td>313,754</td>
<td>44,366</td>
<td>14.14</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>4,007,699</td>
<td>3,888,314</td>
<td>119,385</td>
<td>3.07</td>
</tr>
<tr>
<td>Fees and Services</td>
<td>16,922,793</td>
<td>17,058,188</td>
<td>(135,395)</td>
<td>(0.79)</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>3,208,385</td>
<td>1,874,982</td>
<td>1,333,403</td>
<td>71.12</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>3,015,674</td>
<td>3,232,018</td>
<td>(216,344)</td>
<td>(6.69)</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>1,941,809</td>
<td>1,822,320</td>
<td>119,489</td>
<td>6.56</td>
</tr>
<tr>
<td>Interest Income</td>
<td>39,140</td>
<td>34,858</td>
<td>4,282</td>
<td>12.28</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,491,007</td>
<td>6,755,139</td>
<td>(3,264,132)</td>
<td>(48.32)</td>
</tr>
<tr>
<td>Utility Services from BPUB</td>
<td>4,647,888</td>
<td>4,108,466</td>
<td>539,422</td>
<td>13.13</td>
</tr>
<tr>
<td>Surplus Funds from BPUB</td>
<td>7,545,647</td>
<td>7,222,476</td>
<td>323,171</td>
<td>4.47</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 98,855,311</td>
<td>$ 96,890,301</td>
<td>$ 1,965,010</td>
<td>2.03</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>15,016,325</td>
<td>14,822,110</td>
<td>94,215</td>
<td>0.63</td>
</tr>
<tr>
<td>Public Safety</td>
<td>60,268,862</td>
<td>53,591,151</td>
<td>6,677,711</td>
<td>12.46</td>
</tr>
<tr>
<td>Public Works</td>
<td>8,794,789</td>
<td>8,488,215</td>
<td>306,574</td>
<td>3.61</td>
</tr>
<tr>
<td>Sanitation</td>
<td>702,906</td>
<td>780,279</td>
<td>(77,373)</td>
<td>(9.92)</td>
</tr>
<tr>
<td>Public Health</td>
<td>1,606,339</td>
<td>1,432,496</td>
<td>173,843</td>
<td>12.14</td>
</tr>
<tr>
<td>Culture and Recreation</td>
<td>9,064,540</td>
<td>9,055,711</td>
<td>8,829</td>
<td>0.10</td>
</tr>
<tr>
<td>Economic Development</td>
<td>48,925</td>
<td>46,935</td>
<td>1,990</td>
<td>4.24</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>1,678,386</td>
<td>1,417,490</td>
<td>260,896</td>
<td>18.41</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$ 97,181,073</td>
<td>$ 89,734,388</td>
<td>$ 7,446,685</td>
<td>8.30</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over (Under) Expenditures</strong></td>
<td>$ 1,674,238</td>
<td>$ 7,155,913</td>
<td>$ (5,481,675)</td>
<td>(76.60)</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from other Funds</td>
<td>1,400,000</td>
<td>1,289,000</td>
<td>111,000</td>
<td>8.61</td>
</tr>
<tr>
<td>Transfers to other Funds</td>
<td>(4,007,412)</td>
<td>(4,214,843)</td>
<td>207,431</td>
<td>(4.92)</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources</strong></td>
<td>(2,607,412)</td>
<td>(2,925,843)</td>
<td>318,431</td>
<td>(10.88)</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balances</strong></td>
<td>(933,174)</td>
<td>4,230,070</td>
<td>(5,163,244)</td>
<td>(122.06)</td>
</tr>
<tr>
<td><strong>Fund Balance, October 1</strong></td>
<td>24,860,310</td>
<td>20,960,313</td>
<td>3,899,997</td>
<td>18.61</td>
</tr>
<tr>
<td><strong>Prior Period Adjustment</strong></td>
<td>-</td>
<td>(330,073)</td>
<td>330,073</td>
<td>(100.00)</td>
</tr>
<tr>
<td><strong>Fund Balance, September 30</strong></td>
<td>$ 23,927,136</td>
<td>$ 24,860,310</td>
<td>$ (933,174)</td>
<td>(3.75) %</td>
</tr>
</tbody>
</table>

Exhibit 9 above indicates that public safety expenditures increased $6,677,711 or 12.46% mainly because the recording of a $3,219,319 contingent lawsuit liability. General government increased $94,215 or .63%. Public works expenditures increased by $306,574 or 3.61%. Sanitation expenditures decreased by $77,373 or 9.92%. Public
Exhibit 10
General Bonded Debt Service Fund
Comparative Statement of Revenues and Expenditures
and Changes In Fund Balance

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Fiscal Year 2014</th>
<th>Fiscal Year 2013</th>
<th>Over (Under) Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property taxes</td>
<td>$13,879,772</td>
<td>$14,258,374</td>
<td>($378,602)</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>737,281</td>
<td>749,612</td>
<td>(12,331)</td>
</tr>
<tr>
<td>Interest earned</td>
<td>9,162</td>
<td>4,011</td>
<td>5,151</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>14,626,215</td>
<td>15,011,997</td>
<td>(385,782)</td>
</tr>
</tbody>
</table>

| Expenditures                  |                   |                   |                          |
| Debt service                  |                   |                   |                          |
| Bond principal                | 9,960,000         | 8,720,000         | 1,240,000                |
| Bond interest & charges       | 6,037,217         | 6,238,502         | (201,285)                |
| Note Principal                | 727,082           | 277,897           | 449,184                  |
| Note Interest                 | 201,915           | 222,356           | (20,442)                 |
| Issuance Cost                 | 231,293           | 43,853            | 187,441                  |
| Total Expenditures            | 17,157,506        | 15,502,609        | 1,654,898                |

Excess (Deficiency) of Revenues Over (Under) Expenditures
(2,531,291) (490,612) (2,040,679)

Other Finance Sources (Uses)

| Proceeds of refunding bonds   | 13,745,000         | 1,905,000         | 11,840,000               |
| Premium on refunding bonds    | 1,934,764          | -                 | 1,934,764                |
| Transfers in                  | 658,419            | 974,406           | (315,987)                |
| Payment to refunded bond escrow agent | (15,438,412) | (1,872,349) | (13,566,063) |
| Net Other Financing Sources (Uses) | 899,771           | 1,007,057         | (107,286)                |

Net Change in Fund Balances
(1,631,520) 516,445 (2,147,965)

Fund Balance, October 1
3,872,999 3,356,554 516,445

Fund Balance at end of year
$2,241,479 $3,872,999 $(1,631,519)

Exhibit 10 above indicates that the general bonded debt service ended the year with a fund balance of $2,241,479; this amount represented a decrease of $1,631,520 or 42.13% from last fiscal year. All of the fund balance is committed for payment of debt service. The City’s ad valorem tax rate for fiscal year 2014 was 70.0613 cents per $100 valuation. During fiscal year 2014, the City dedicated 23.39 cents or 33.39% of the total ad valorem tax rate for debt services; this compares to 25.13 cents or 35.87% during fiscal year 2013. Debt service expenditures increased $1,654,898 or 10.67% from last fiscal year.
During fiscal year 2014, the City had two major governmental funds compared to three last fiscal year.

The remaining non-major governmental funds were previously shown on Exhibit 7, page 37.

Proprietary Funds

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

A comparison of changes in net position for these funds is shown on Exhibit 3, page 30.

A comparison of revenues and expenses between fiscal year 2014 and fiscal year 2013 for the Airport and Business Industrial Park Fund is shown on Exhibit 11 below.

Exhibit 11

Airport and Business-Industrial Parks Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Actual</th>
<th>FY 2013 Actual</th>
<th>Increase (Decrease) 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$1,023,128</td>
<td>$894,905</td>
<td>$128,223</td>
</tr>
<tr>
<td>Rentals</td>
<td>1,595,006</td>
<td>1,584,170</td>
<td>10,836</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>2,618,134</td>
<td>2,479,075</td>
<td>139,059</td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal services</td>
<td>2,766,664</td>
<td>2,534,647</td>
<td>232,017</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>190,283</td>
<td>153,354</td>
<td>36,929</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>825,051</td>
<td>589,618</td>
<td>235,433</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>636,385</td>
<td>664,273</td>
<td>(27,888)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,751,008</td>
<td>2,904,828</td>
<td>(153,820)</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>7,169,391</td>
<td>6,846,720</td>
<td>322,671</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>(4,551,257)</td>
<td>(4,367,645)</td>
<td>(183,612)</td>
</tr>
<tr>
<td>Non-operating Revenues (Expenses):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>4,092,990</td>
<td>1,002,817</td>
<td>3,090,173</td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>2,074</td>
<td>2,511</td>
<td>(437)</td>
</tr>
<tr>
<td>Gain (loss) on sale of fixed asset</td>
<td>(650,547)</td>
<td>-</td>
<td>(650,547)</td>
</tr>
<tr>
<td>Other</td>
<td>2,277</td>
<td>52,371</td>
<td>(50,094)</td>
</tr>
</tbody>
</table>
| Net Non-operating Revenues (Expenses) | 3,446,794 | 1,057,699      | 2,389,095                | (Continued)
Exhibit 11

Airport and Business-Industrial Parks Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position (Continued)
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Actual</th>
<th>FY 2013 Actual</th>
<th>Increase (Decrease) 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss Before Contributions and Transfers</td>
<td>(1,104,463)</td>
<td>(3,309,946)</td>
<td>2,205,483</td>
</tr>
<tr>
<td>Transfers in</td>
<td>2,825,000</td>
<td>3,286,107</td>
<td>(461,107)</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(121,219)</td>
<td>-</td>
<td>(121,219)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>1,599,318</td>
<td>(23,839)</td>
<td>1,623,157</td>
</tr>
<tr>
<td>Total net position-beginning</td>
<td>43,466,334</td>
<td>43,490,173</td>
<td>(23,839)</td>
</tr>
<tr>
<td>Total net position-ending</td>
<td>$45,065,652</td>
<td>$43,466,334</td>
<td>$1,599,318</td>
</tr>
</tbody>
</table>

As shown on Exhibit 11 above operating revenues increased $139,059 or 5.61% and operating expenses increased $322,671 or 4.71% from the prior year. Non-operating revenues (expenses) increased $2,389,095 or 225.88%. $260,855 of this increase was from federal and state grants. The total net position at the end of fiscal year 2014 were $45,065,652 or an increase of $1,599,318 from fiscal year 2013. The total net cash transfers were $2,703,781 this compares to $3,286,107 in fiscal year 2013. General Fund transfers normally cover the cost of the fire department operations at the airport. $1,725,000 in cash transfers from the General Fund was used to cover the cost of the airport operations including fire department expenses. The airport is currently being served by two airlines: United/Continental Express and American Eagle.

A comparison of revenues and expenses between fiscal years 2014 and 2013 for the Parking Revenue Fund is shown below on Exhibit 12.
Parking Revenue Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Actual</th>
<th>FY 2013 Actual</th>
<th>Increase (Decrease) 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$ 495,702</td>
<td>$ 419,954</td>
<td>$ 75,748</td>
</tr>
<tr>
<td>Rentals</td>
<td>11,625</td>
<td>11,303</td>
<td>322</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>507,527</td>
<td>431,257</td>
<td>76,270</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>413,359</td>
<td>379,818</td>
<td>33,541</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>26,123</td>
<td>22,950</td>
<td>3,173</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>24,330</td>
<td>25,641</td>
<td>(1,311)</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>28,577</td>
<td>22,502</td>
<td>6,075</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,324</td>
<td>17,116</td>
<td>208</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>509,713</td>
<td>468,027</td>
<td>41,686</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>(2,186)</td>
<td>(36,770)</td>
<td>34,584</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>261</td>
<td>736</td>
<td>(475)</td>
</tr>
<tr>
<td>Loss on disposition of assets</td>
<td>(25,729)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>283</td>
<td>325</td>
<td>(42)</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues (Expenses)</strong></td>
<td>(25,185)</td>
<td>1,061</td>
<td>(25,246)</td>
</tr>
<tr>
<td><strong>Income (Loss) Before Operating Transfers</strong></td>
<td>(27,371)</td>
<td>(35,709)</td>
<td>34,067</td>
</tr>
<tr>
<td>Transfers in</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Change in net position</td>
<td>(27,371)</td>
<td>(35,709)</td>
<td>34,067</td>
</tr>
<tr>
<td><strong>Total net position-beginning</strong></td>
<td>787,562</td>
<td>823,271</td>
<td>(35,709)</td>
</tr>
<tr>
<td><strong>Total net position-ending</strong></td>
<td>$ 760,191</td>
<td>$ 787,562</td>
<td>$ (1,642)</td>
</tr>
</tbody>
</table>

As shown on Exhibit 12 above the Parking Revenue Fund generated $76,270 more in operating revenues than the previous fiscal year. Operating expenses increased $41,686.

A comparison of the operating revenues and expenses between fiscal years 2014 and 2013 for the Public Transit Fund are shown on Exhibit 13 on the following page. The Brownsville Metro operations under the Public Transit Fund are funded by an operating assistance grant from the Federal Transportation Administration (FTA), from a Texas Department of Transportation (TXDOT) operating assistance grant, from fare box revenues, other local revenues and a cash subsidy from the City’s General Fund.
Exhibit 13

Public Transit Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Actual</th>
<th>FY 2013 Actual</th>
<th>Increase (Decrease) 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$ 1,585,482</td>
<td>$ 1,621,685</td>
<td>($36,203)</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$ 1,585,482</td>
<td>$ 1,621,685</td>
<td>($36,203)</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>3,475,460</td>
<td>3,436,795</td>
<td>38,665</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>1,204,583</td>
<td>1,044,367</td>
<td>160,216</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>2,073,740</td>
<td>1,791,931</td>
<td>281,809</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>1,589,668</td>
<td>643,717</td>
<td>945,951</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,424,973</td>
<td>2,207,561</td>
<td>(782,588)</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>9,768,424</td>
<td>9,124,371</td>
<td>644,053</td>
</tr>
<tr>
<td><strong>Operating Income (Loss):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>($8,182,942)</td>
<td>($7,502,686)</td>
<td>($680,256)</td>
</tr>
<tr>
<td><strong>Non-operating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>3,088,578</td>
<td>2,589,314</td>
<td>499,264</td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>3,212</td>
<td>1</td>
<td>3,211</td>
</tr>
<tr>
<td>Gain (loss) on sale of fixed asset</td>
<td>(83,179)</td>
<td>-</td>
<td>(83,179)</td>
</tr>
<tr>
<td>Other</td>
<td>124,486</td>
<td>109,262</td>
<td>15,224</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,133,097</td>
<td>2,698,577</td>
<td>434,520</td>
</tr>
<tr>
<td><strong>Loss Before Contributions and Transfers:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>($5,049,845)</td>
<td>($4,804,109)</td>
<td>($245,736)</td>
</tr>
<tr>
<td><strong>Capital contributions:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,557,577</td>
<td>2,910,118</td>
<td>1,647,459</td>
</tr>
<tr>
<td><strong>Transfers in:</strong></td>
<td>1,270,753</td>
<td>881,494</td>
<td>389,259</td>
</tr>
<tr>
<td><strong>Change in net position:</strong></td>
<td>778,485</td>
<td>(1,012,497)</td>
<td>1,790,982</td>
</tr>
<tr>
<td><strong>Total net position - beginning:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>31,204,106</td>
<td>32,216,603</td>
<td>($1,012,497)</td>
</tr>
<tr>
<td><strong>Total net position - ending:</strong></td>
<td>$31,982,591</td>
<td>$31,204,106</td>
<td>$778,485</td>
</tr>
</tbody>
</table>

During fiscal year 2014 the operating revenues for BUS decreased $36,203 or 2.238%. The operating loss was $8,182,942 this compares to the loss of $7,502,686 during fiscal year 2013. The Federal Transportation Administration (FTA) covers half of the loss. The remaining portion of the loss is financed by non-fare box revenues, the state, other outside organizations and the general fund. During fiscal year 2014, the General Fund contributed $1,270,753 in cash transfers.

A comparison of revenues and expenses between fiscal years 2014 and 2013 for the Brownsville Golf Center Fund is shown on Exhibit 14 on the following page.
Exhibit 14

Brownsville Golf Center Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Actual</th>
<th>FY 2013 Actual</th>
<th>Increase/ (Decrease) 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$424,885</td>
<td>$516,702</td>
<td>$(91,817)</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$424,885</td>
<td>$516,702</td>
<td>$(91,817)</td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>375,456</td>
<td>392,926</td>
<td>(17,470)</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>117,063</td>
<td>148,020</td>
<td>(30,957)</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>102,330</td>
<td>106,276</td>
<td>(3,946)</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>74,272</td>
<td>66,124</td>
<td>8,148</td>
</tr>
<tr>
<td>Depreciation</td>
<td>260,461</td>
<td>272,734</td>
<td>(12,273)</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>929,582</td>
<td>986,080</td>
<td>(56,498)</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>(504,697)</td>
<td>(469,378)</td>
<td>(35,319)</td>
</tr>
<tr>
<td>Nonoperating Revenues (Expenses):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>497</td>
<td>1,074</td>
<td>(577)</td>
</tr>
<tr>
<td>Loss on disposition of asset</td>
<td>(70,038)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>135</td>
<td>257</td>
<td>(122)</td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
<td>(69,406)</td>
<td>1,331</td>
<td>(699)</td>
</tr>
<tr>
<td>Loss Before Transfers</td>
<td>(574,103)</td>
<td>(468,047)</td>
<td>(106,056)</td>
</tr>
<tr>
<td>Transfers in</td>
<td>314,000</td>
<td>276,567</td>
<td>37,433</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(260,103)</td>
<td>(191,480)</td>
<td>(68,623)</td>
</tr>
<tr>
<td>Total net position-beginning</td>
<td>3,253,430</td>
<td>3,444,910</td>
<td>(191,480)</td>
</tr>
<tr>
<td>Total net position-ending</td>
<td>$2,993,327</td>
<td>$3,253,430</td>
<td>$(260,103)</td>
</tr>
</tbody>
</table>

Exhibit 14 shows that the operating revenues decreased $91,817 or 17.77%. The operating loss was $504,697 as compared to $469,378 for fiscal year 2013. The General Fund contributed $314,000 in cash transfers.

The Bridge Fund accounts for operating revenues and expenses associated with the operation of the Veterans International Bridge. Under an inter-local agreement between the City and Cameron County (County) the County is the operator of the bridge and the net profits or net losses are shared equally between the City and County at the end of each fiscal year.
Exhibit 15 below shows the income and expenses from the bridge operations during fiscal year 2014.

### Exhibit 15

Bridge Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Actual</th>
<th>FY 2013 Actual</th>
<th>Increase (Decrease) 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$1,825,714</td>
<td>$1,288,520</td>
<td>$537,194</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$1,825,714</td>
<td>$1,288,520</td>
<td>$537,194</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>$1,825,714</td>
<td>$1,288,520</td>
<td>$537,194</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>$995</td>
<td>$1,028</td>
<td>($33)</td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
<td>$995</td>
<td>$1,028</td>
<td>($33)</td>
</tr>
<tr>
<td><strong>Income Before Transfers</strong></td>
<td>$1,826,709</td>
<td>$1,289,548</td>
<td>$537,161</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,400,000)</td>
<td>(1,289,000)</td>
<td>(111,000)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>426,709</td>
<td>548</td>
<td>378,161</td>
</tr>
<tr>
<td><strong>Total net position-beginning</strong></td>
<td>$589,922</td>
<td>$589,374</td>
<td>$548</td>
</tr>
<tr>
<td><strong>Total net position-ending</strong></td>
<td>$1,016,631</td>
<td>$589,922</td>
<td>$426,709</td>
</tr>
</tbody>
</table>

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget are shown on Exhibit 16 on the following page. During fiscal year 2014, the City amended its General Fund revenue budget by $4,410,742 and its expenditure budget by $8,818,623.
## General Fund
### Original and Final Budget

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Over (Under) Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$ 26,016,765</td>
<td>$ 26,016,765</td>
<td></td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>25,540,000</td>
<td>25,812,200</td>
<td>272,200</td>
</tr>
<tr>
<td>Nonproperty Taxes</td>
<td>280,000</td>
<td>340,830</td>
<td>60,830</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>3,730,170</td>
<td>3,890,170</td>
<td>160,000</td>
</tr>
<tr>
<td>Fees and Services</td>
<td>15,222,027</td>
<td>16,554,680</td>
<td>1,332,653</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>1,064,674</td>
<td>4,458,788</td>
<td>3,394,114</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>3,713,580</td>
<td>3,113,580</td>
<td>(600,000)</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>1,997,213</td>
<td>1,897,213</td>
<td>(100,000)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>55,000</td>
<td>55,000</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,443,723</td>
<td>3,035,968</td>
<td>592,245</td>
</tr>
<tr>
<td>Surplus Funds from BPUB</td>
<td>7,720,527</td>
<td>7,720,527</td>
<td></td>
</tr>
<tr>
<td>Utility Services from PUB</td>
<td>4,528,680</td>
<td>4,528,680</td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td><strong>92,312,359</strong></td>
<td><strong>97,424,401</strong></td>
<td><strong>5,112,042</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>16,804,785</td>
<td>16,383,393</td>
<td>(421,392)</td>
</tr>
<tr>
<td>Public Safety</td>
<td>54,911,475</td>
<td>59,797,389</td>
<td>4,886,914</td>
</tr>
<tr>
<td>Public Works</td>
<td>8,952,749</td>
<td>9,445,977</td>
<td>493,228</td>
</tr>
<tr>
<td>Sanitation</td>
<td>742,933</td>
<td>953,636</td>
<td>210,703</td>
</tr>
<tr>
<td>Public Health</td>
<td>1,610,756</td>
<td>1,849,397</td>
<td>236,641</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>2,500</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Culture and Recreation</td>
<td>10,514,535</td>
<td>10,787,978</td>
<td>273,443</td>
</tr>
<tr>
<td>Economic Development</td>
<td>45,000</td>
<td>45,000</td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>1,678,386</td>
<td>1,678,386</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td><strong>93,584,733</strong></td>
<td><strong>100,943,656</strong></td>
<td><strong>7,358,923</strong></td>
</tr>
</tbody>
</table>

| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,272,374) | (3,519,255) | (2,246,881) |

<table>
<thead>
<tr>
<th>Other Financing Sources (Uses)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers From Other Funds</td>
<td>2,301,300</td>
<td>1,600,000</td>
<td>(701,300)</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>(2,613,852)</td>
<td>(4,073,552)</td>
<td>(1,459,700)</td>
</tr>
<tr>
<td>Total Other Financing Sources</td>
<td>(312,552)</td>
<td>(2,473,552)</td>
<td>(2,161,000)</td>
</tr>
<tr>
<td>Net Changes in Fund Balance</td>
<td>(1,584,926)</td>
<td>(5,992,807)</td>
<td>(4,407,881)</td>
</tr>
<tr>
<td>Fund Balance, October 1, 2013</td>
<td>24,860,310</td>
<td>24,860,310</td>
<td></td>
</tr>
<tr>
<td>Fund Balance, September 30, 2014</td>
<td><strong>$ 23,275,384</strong></td>
<td><strong>$ 18,867,503</strong></td>
<td><strong>$ (4,407,881)</strong></td>
</tr>
</tbody>
</table>

As shown on Exhibit 17, page 49-50, actual revenues exceeded the budget by $1,430,910 or ended with a positive variance. The actual expenditures also ended the year with a budget positive variance of $3,762,584. Exhibit 17 on the following pages also indicates that the fund balance decreased by $933,174 over the previous fiscal year. Exhibit 8, page 39, indicates that the fund balance reserves at the end of fiscal year 2014 were 23.87% and 23.65% in relation to revenues plus transfers in and expenditures plus transfers out,
respectively. However, the unassigned fund balance shows a lower percentage reserve of 15.74% and 15.59%, respectively, which are above the 15% fund balance policy.

Exhibit 17
General Fund
Comparison Between Final Amended Budget & Actual Amounts
Fiscal Year 2014

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Final Amended Budget</th>
<th>Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$26,016,765</td>
<td>$27,313,713</td>
<td>$1,296,948</td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>25,812,200</td>
<td>26,363,436</td>
<td>551,236</td>
</tr>
<tr>
<td>Nonproperty Taxes</td>
<td>340,830</td>
<td>358,120</td>
<td>17,290</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>3,890,170</td>
<td>4,007,699</td>
<td>117,529</td>
</tr>
<tr>
<td>Fees and Services</td>
<td>16,554,680</td>
<td>16,922,793</td>
<td>368,113</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>4,458,788</td>
<td>3,208,385</td>
<td>(1,250,403)</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>3,113,580</td>
<td>3,015,674</td>
<td>(97,906)</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>1,897,213</td>
<td>1,941,809</td>
<td>44,596</td>
</tr>
<tr>
<td>Interest Income</td>
<td>55,000</td>
<td>39,140</td>
<td>(15,860)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,035,968</td>
<td>3,491,007</td>
<td>455,039</td>
</tr>
<tr>
<td>Utility Services from BPUB</td>
<td>4,528,680</td>
<td>4,647,888</td>
<td>119,208</td>
</tr>
<tr>
<td>Surplus funds from the BPUB</td>
<td>7,720,527</td>
<td>7,545,647</td>
<td>(174,880)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>97,424,401</td>
<td>98,855,311</td>
<td>1,430,910</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>16,383,393</td>
<td>15,016,325</td>
<td>1,367,068</td>
</tr>
<tr>
<td>Public Safety</td>
<td>59,797,389</td>
<td>60,268,862</td>
<td>(471,473)</td>
</tr>
<tr>
<td>Public Works</td>
<td>9,445,977</td>
<td>8,794,789</td>
<td>651,188</td>
</tr>
<tr>
<td>Sanitation</td>
<td>953,636</td>
<td>702,906</td>
<td>250,730</td>
</tr>
<tr>
<td>Public Health</td>
<td>1,849,397</td>
<td>1,606,339</td>
<td>243,058</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>2,500</td>
<td>-</td>
<td>2,500</td>
</tr>
<tr>
<td>Culture and Recreation</td>
<td>10,787,978</td>
<td>9,064,540</td>
<td>1,723,438</td>
</tr>
<tr>
<td>Economic Development</td>
<td>45,000</td>
<td>48,925</td>
<td>(3,925)</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>1,678,386</td>
<td>1,678,386</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>100,943,656</td>
<td>97,181,073</td>
<td>3,762,584</td>
</tr>
</tbody>
</table>

Excess (Deficiency) of Revenues Over (Under) Expenditures (3,519,255) 1,674,238 5,193,493 (Continued)
Exhibit 17
General Fund
Comparison Between Final Amended Budget & Actual Amounts (Continued)
Fiscal Year 2014

<table>
<thead>
<tr>
<th>Other Financing Sources</th>
<th>Final</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers from other Funds</td>
<td>1,600,000</td>
<td>1,400,000</td>
<td>(200,000)</td>
</tr>
<tr>
<td>Transfers to other Funds</td>
<td>(4,073,552)</td>
<td>(4,007,412)</td>
<td>66,140</td>
</tr>
<tr>
<td>Total Other Financing Sources</td>
<td>(2,473,552)</td>
<td>(2,607,412)</td>
<td>(133,860)</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>(5,992,807)</td>
<td>(933,174)</td>
<td>5,059,633</td>
</tr>
<tr>
<td>Fund Balance, October 1, 2013</td>
<td>24,860,310</td>
<td>24,860,310</td>
<td>-</td>
</tr>
<tr>
<td>Prior Period Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund Balance, September 30, 2014</td>
<td>$18,867,503</td>
<td>$23,927,136</td>
<td>$5,059,633</td>
</tr>
</tbody>
</table>

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as shown on Exhibit 20, page 53, as of September 30, 2014, totals to $483,662,238 (net of depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure.

Under the governmental activities during fiscal year 2014, the City spent or acquired $9,157,706 in capital assets and $3,078,659 in infrastructure assets in the construction of various streets and drainage projects throughout the City. Prior year adjustment reflects the recording of land which was previously unrecorded. Exhibit 18 on this page and on the following page summarizes or identifies these expenditures.

Exhibit 18
Capital Assets
Governmental Activities

Capital Assets:
Land:
- Cueto Parking Lot 155,000
- FM 803 ROW 8,108 163,108
Buildings:
- 609 E 11TH 42,373
- Market Square 39,343
- Gutierrez Building 35,685
- El Tapiz Building 131,830
- 11th Street Building 83,370

(Continued)
Buildings Cont’d:
- Mother Perpetual Parking: 222,500
- Maintenance Yard: 50,899
- Jail Plumbing: 517,330
- Library Dome: 341,168
- Sports Park: 10,382
- Oliveira Park: 110,549
- Portway Acres Park: 67,427
- Monte Bella Park: 60,997
- Washington Park: 139,397

Improvement Other Than Buildings:
- Street Paving: 99,838
- Momingside Park: 34,950

Construction in Progress:
- Community Skate Park: 157,500
- Hike & Bike Trail: 109,200
- Library Dome: 74,472

Machinery & Equipment:
- Police/Fire/EMS/EOC Equipment: 1,976,432
- Communication Equipment: 3,237,620
- Computer Software & Equipment: 157,912
- Grds & Ag Equipment: 463,120
- Construction Equipment: 549,500
- Vehicles: 248,704
- Miscellaneous Equipment: 32,102

Total Capital Assets: 9,157,706

Infrastructure Assets:
- Sidewalks: 44,216
- Streets: 2,745,386
- Drainage: 289,056

Total Infrastructure Assets: 3,078,659

Prior Year Adjustment: 13,253,958

Total Capital & Infrastructure Expenditures: $25,490,323

Under the business-type activities during fiscal year 2014, the City acquired the capital assets that are listed on Exhibit 19 on the following page.
Exhibit 19
Analysis of Capital Expenditures

Business Activities

<table>
<thead>
<tr>
<th>Capital Assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport:</td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td></td>
</tr>
<tr>
<td>Terminal Study &amp; Improvements</td>
<td>$ 213,104</td>
</tr>
<tr>
<td>Dual Custom Hangar</td>
<td>205,459</td>
</tr>
<tr>
<td>Terminal Chiller &amp; HVAC Imp</td>
<td>36,621</td>
</tr>
<tr>
<td>Total Building</td>
<td>455,184</td>
</tr>
<tr>
<td>Improvement Other Than Buildings</td>
<td></td>
</tr>
<tr>
<td>Land Growth &amp; Acquisition Svcs</td>
<td>388,815</td>
</tr>
<tr>
<td>Total Improvements</td>
<td>388,815</td>
</tr>
<tr>
<td>Machinery &amp; Equipment</td>
<td></td>
</tr>
<tr>
<td>Airport Equipment</td>
<td>69,926</td>
</tr>
<tr>
<td>Total Machinery &amp; Equipment</td>
<td>69,926</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Taxway Bravo</td>
<td>4,101,457</td>
</tr>
<tr>
<td>Total Infrastructure</td>
<td>4,101,457</td>
</tr>
<tr>
<td>Total Airport</td>
<td>5,015,382</td>
</tr>
</tbody>
</table>

| Public Transit: |  |
| Land |  |
| Multimodal Terminal Land | 58 |
| Total Land | 58 |
| Improvement Other Than Buildings |  |
| Fencing | 11,932 |
| Pavement | 29,885 |
| Total Improvement Other Than Buildings | 41,817 |
| Machinery & Equipment |  |
| Bus Equipment | 87,216 |
| Transit Vehicles | 1,106,780 |
| Total Machinery & Equipment | 1,193,996 |
| Construction in Progress |  |
| Parking Garage | 1,105,643 |
| Total Construction in Progress | 1,105,643 |
| Infrastructure |  |
| Sidewalks | 67,279 |
| Total Infrastructure | 67,279 |
| Total Public Transit | 2,408,794 |

| Total Capital & Infrastructure Expenses | $ 7,424,176 |

Exhibit 20 of the following page shows the City’s capital assets for fiscal years 2014 and 2013.
Exhibit 20
City of Brownsville’s Capital Assets
(net of depreciation)

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2014</td>
<td>FY 2013</td>
<td>FY 2014</td>
</tr>
<tr>
<td>Land</td>
<td>$181,964,460</td>
<td>$170,739,252</td>
<td>$12,219,089</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>3,104,466</td>
<td>2,771,294</td>
<td>2,070,419</td>
</tr>
<tr>
<td>Buildings</td>
<td>39,193,878</td>
<td>39,620,181</td>
<td>30,809,681</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>13,597,588</td>
<td>14,500,822</td>
<td>7,397,823</td>
</tr>
<tr>
<td>Machinery &amp; Equip.</td>
<td>19,600,618</td>
<td>16,264,312</td>
<td>3,077,302</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>148,044,041</td>
<td>156,865,174</td>
<td>22,582,873</td>
</tr>
</tbody>
</table>

Total $405,505,051 $400,761,035 $78,157,188 $75,933,151 $483,662,237 $476,694,186

Additional information on the City’s capital assets can be found in note 7 on pages 95-99 of this report.

**Long-term debt**

On December 18, 2013, the City refunded $13,745,000 of general obligation bonds, issued $8,505,000 of tax-exempt certificates of obligation, and $1,100,000 of taxable certificates of obligation. As subsequent events, on December 23, 2014, the City refunded $24,125,000 of general obligation bonds.

As shown on Exhibit 21, page 54, the City’s current debt limit is $288,550,795, which is in excess of the City’s outstanding general obligation debt.

Exhibit 22, page 54, shows the City’s long-term liabilities. Note 9 disclose the long-term liabilities of the City.
Assessed Valuation - 2013 Tax Roll for Fiscal Year 2014 $ 5,771,015,896

Debt Limit - Texas Statutes do not prescribe a debt limit; however, by custom a practical economic debt limit of 5% of the assessed valuation is used $ 288,550,795

Total Bonded Debt $ 151,275,000

Deduct amount available in General Debt Service Fund (2,241,479)

Applicable net bonded debt $ 149,033,521

Economic debt margin $ 139,517,274

Exhibit 22 shows the City’s outstanding long-term liabilities as of September 30, 2014.

<table>
<thead>
<tr>
<th>Governmental Activities FY 2014</th>
<th>FY 2013</th>
<th>Business-type Activities FY 2014</th>
<th>FY 2013</th>
<th>Total FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation bonds $ 86,635,000</td>
<td>$ 94,850,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 86,635,000</td>
<td>$ 94,850,000</td>
</tr>
<tr>
<td>Certificates of Obligation 64,640,000</td>
<td>58,610,000</td>
<td>-</td>
<td>-</td>
<td>64,640,000</td>
<td>58,610,000</td>
</tr>
<tr>
<td>Less Deferred Amounts on Refunding (1,409,009)</td>
<td>(1,489,006)</td>
<td>-</td>
<td>-</td>
<td>(1,409,009)</td>
<td>(1,489,006)</td>
</tr>
<tr>
<td>Less Current Maturities (9,970,000)</td>
<td>(10,400,000)</td>
<td>-</td>
<td>-</td>
<td>(9,970,000)</td>
<td>(10,400,000)</td>
</tr>
<tr>
<td>Total Long-Term Bonds Payable 144,251,129</td>
<td>144,370,209</td>
<td>-</td>
<td>-</td>
<td>144,251,129</td>
<td>144,370,209</td>
</tr>
<tr>
<td>Notes Payable 3,290,479</td>
<td>3,505,518</td>
<td>-</td>
<td>-</td>
<td>3,290,479</td>
<td>3,505,518</td>
</tr>
<tr>
<td>Less Current Maturities (407,046)</td>
<td>(360,082)</td>
<td>-</td>
<td>-</td>
<td>(407,046)</td>
<td>(360,082)</td>
</tr>
<tr>
<td>Capital lease obligations -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less Current Maturities -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Lease Payables -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Compensable Absences 10,470,548</td>
<td>9,719,642</td>
<td>752,887</td>
<td>732,146</td>
<td>11,223,435</td>
<td>10,451,788</td>
</tr>
<tr>
<td>Less Current Maturities (4,036,588)</td>
<td>(4,064,855)</td>
<td>(326,197)</td>
<td>(337,879)</td>
<td>(4,364,785)</td>
<td>(4,402,733)</td>
</tr>
<tr>
<td>Total Compensable Absences 6,434,960</td>
<td>5,654,787</td>
<td>424,690</td>
<td>394,268</td>
<td>6,859,650</td>
<td>6,049,055.00</td>
</tr>
<tr>
<td>Estimated Liability for landfill - Closure and Postclosure 10,516,359</td>
<td>10,154,024</td>
<td>-</td>
<td>-</td>
<td>10,516,359</td>
<td>10,154,024</td>
</tr>
<tr>
<td>OPEB Liability 9,311,593</td>
<td>7,587,899</td>
<td>2,027,346</td>
<td>1,483,429</td>
<td>11,338,939</td>
<td>9,071,328</td>
</tr>
<tr>
<td>Total Long-Term Liabilities $ 173,396,474</td>
<td>$ 170,912,355</td>
<td>$ 2,452,036</td>
<td>$ 1,877,697</td>
<td>$ 175,848,510</td>
<td>$ 172,790,052</td>
</tr>
</tbody>
</table>
Bond Ratings

The City maintains the following general obligation (G.O.) bond and certificates of obligation (C.O.) credit ratings:

<table>
<thead>
<tr>
<th></th>
<th>Moody's Investor Service</th>
<th>Standard &amp; Poor's</th>
<th>Fitch Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>Aa3</td>
<td>AA-</td>
<td>AA-</td>
</tr>
<tr>
<td>Certificates of Obligation</td>
<td>Aa3</td>
<td>AA-</td>
<td>AA-</td>
</tr>
</tbody>
</table>

All of the three rating agencies have upgraded the City’s credit rating. On February 13, 1997, Standard & Poor’s upgraded the City’s outstanding G.O. bonds and C.O.s. rating from an “A-” to an “A” on March 26, 2008, from an A to an A+ , and from an A+ to AA- on December 5, 2012. Moody’s Investors Service has upgraded the City’s outstanding debt three times, on May 5, 1998 from a “Baa-1” to an “A3”, on March 20, 2002, from an “A3” to an “A2” and on August 10, 2010 from an “A2” to an “Aa3”. On April 19, 2000, Fitch Ratings upgraded the City’s outstanding debt from an “A” to an “A+” and on August 6, 2010, from an “A+” to an “AA-“.

The last bond ratings issued by Moody’s Investor Service and Standar & Poor were on Decemeber of 2015. Fitch Ratings last bond rating was on November 2014.

Fiscal Year 2015 Adopted Operating Budget

Exhibit 23 on page 56 presents the fiscal year 2015 operating budget.

The General Fund budget for fiscal year 2015 includes $96,187,167 in revenues, plus operating transfers from other funds and $96,187,167 in expenditures, plus operating transfers to other funds. On September 15, 2014, the City Commission adopted a balanced budget. The City’s adopted operating budget is a conservative budget; it is projected that the City will exceed most or all revenue projections, but the City will not overspend its expenditure budget. Historically, the City seldom exceeds its expenditure budget. Sales tax revenues are expected to improve from the previous fiscal year by 2.09%. It is the City’s goal to maintain a fund balance of at least 15% of its total annual expenditures. Exhibit 23, page 56, indicates that the 2015 budget is estimated to have a fund balance reserve of 24.88%.
Exhibit 23  
General Fund  
Fiscal Year 2015 Budget

<table>
<thead>
<tr>
<th>REVENUES:</th>
<th>FY 2014</th>
<th>FY 2015 Original</th>
<th>FY 2015 Budget</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$27,313,713</td>
<td>$26,671,428</td>
<td>27.73%</td>
<td></td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>26,363,436</td>
<td>26,915,000</td>
<td>27.98%</td>
<td></td>
</tr>
<tr>
<td>Non-Property Taxes</td>
<td>368,120</td>
<td>325,000</td>
<td>0.34%</td>
<td></td>
</tr>
<tr>
<td>Fines &amp; Forfeitures</td>
<td>3,015,674</td>
<td>3,410,831</td>
<td>3.55%</td>
<td></td>
</tr>
<tr>
<td>Licenses &amp; Permits</td>
<td>1,941,809</td>
<td>1,996,225</td>
<td>2.08%</td>
<td></td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>4,007,699</td>
<td>3,840,620</td>
<td>3.99%</td>
<td></td>
</tr>
<tr>
<td>Fees &amp; Services</td>
<td>16,922,793</td>
<td>15,249,960</td>
<td>15.85%</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>3,208,385</td>
<td>1,368,357</td>
<td>1.42%</td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>39,140</td>
<td>55,000</td>
<td>0.06%</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,491,007</td>
<td>2,464,314</td>
<td>2.56%</td>
<td></td>
</tr>
<tr>
<td>Utility Services from BPUB</td>
<td>4,647,888</td>
<td>4,523,350</td>
<td>4.70%</td>
<td></td>
</tr>
<tr>
<td>Surplus Funds from BPUB</td>
<td>7,545,647</td>
<td>7,122,082</td>
<td>7.40%</td>
<td></td>
</tr>
<tr>
<td>Operating Transfers From Other Funds</td>
<td>1,400,000</td>
<td>2,245,000</td>
<td>2.33%</td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>100,255,311</td>
<td>96,187,167</td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

| EXPENDITURES:                          |         |                 |                 |                 |
| General Government                     | 15,016,325 | 15,368,573 | 15.98%         |                 |
| Public Safety                          | 60,268,863 | 55,850,378 | 58.06%         |                 |
| Public Works                           | 8,794,789 | 8,735,103 | 9.08%           |                 |
| Sanitation                             | 702,906 | 707,524 | 0.74%           |                 |
| Public Health                          | 1,606,339 | 1,631,017 | 1.70%           |                 |
| Culture & Recreation                   | 9,064,540 | 10,073,623 | 10.47%         |                 |
| Economic Development                   | 48,925 | 45,000 | 0.05%           |                 |
| Capital Outlay                         | 1,678,386 | - | 0.00%           |                 |
| Operating Transfers to Other Funds     | 4,007,412 | 3,775,949 | 3.93%           |                 |
| Total Expenditures                     | 101,188,486 | 96,187,167 | 100.00%        |                 |

Excess (Deficiency) of Revenues Over (Under) Expenditures  
(933,174)  

Fund Balance, October 1  
24,860,310  
23,927,136  

Fund Balance, September 30  
$23,927,136  
23,927,136  

Percentage of Fund Balance Available As Compared to Actual Expenditures  
Plus Transfers Out  
23.65%  
24.88%
Because sales tax revenues make up approximately 27.98% of the City’s general fund revenues, the City has historically been very conservative in its overall revenue and expenditure projections. For example, as shown on Exhibit 17, pages 50-51, the fiscal year 2014 general fund amended budget had an estimated ended fund balance of $18,867,503; its actual ended fund balance was $23,927,136 or $5,059,633 above projections. As a result, and as it is shown on Exhibit 23, page 56, the actual general fund/fund balance ended the year with a 23.65% in reserves.

The City monitors its revenues and expenditures on a monthly basis. Financial reports are presented to the City Commission on a quarterly basis. Whenever revenues fall short of projections, such as sales taxes, the City immediately takes action by placing a hiring freeze and reducing other expenditures such as overtime, travel, etc.

It is expected that the fiscal year 2015 operating budget will end the fiscal year with positive variances in most revenues and expenditures.

Requests for Information

This financial report is to provide the City Commission, citizens, taxpayers, customers, bondholders, creditors, and other governmental sectors with a general overview of the City’s financial condition and to demonstrate the City’s accountability for the funds it receives.

If you have any questions regarding this report or need additional information, please contact:

The City of Brownsville, Texas
Deputy City Manager
Financial Services Division
P.O. Box 911
Brownsville, Texas 78522-0911
Phone Number: (956) 548-6015
Fax Number: (956) 546-1763
E-mail: peteg@cob.us
Web page: http://finance.cob.us/

The City of Brownsville, Texas
Finance Director
Financial Services Division
P.O. Box 911
Brownsville, Texas 78522-0911
Phone Number: (956) 548-6019
Fax Number: (956) 546-1763
E-mail: lupe@cob.us
BASIC FINANCIAL STATEMENTS
CITY OF BROWNSVILLE, TEXAS
Statement of Net Position
September 30, 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>8,686,829</td>
<td>3,059,523</td>
<td>11,746,352</td>
<td>798,366</td>
<td>11,550,966</td>
</tr>
<tr>
<td>Investments</td>
<td>36,466,916</td>
<td>5,168,573</td>
<td>41,635,489</td>
<td>18,077,253</td>
<td>39,630,676</td>
</tr>
</tbody>
</table>

Receivables, net of allowance for uncollectibles:
- Fees and services
  - Accounts
  - Property taxes
  - Intergovernmental
  - Internal balances
  - Accrued interest receivable
  - Note receivable
  - Inventories
  - Prepaids

Restricted assets:
- Cash and cash equivalents
- Investments

Capital assets not being depreciated:
- Buildings and structures
- Improvements other than buildings
- Machinery and equipment
- Infrastructure and Plant

Unamortized regulatory assets

Total Assets

<table>
<thead>
<tr>
<th>DEFERRED OUTFLOWS OF RESOURCES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred charge on refunding</td>
<td>1,409,009</td>
<td></td>
<td>1,409,009</td>
<td></td>
<td>17,228,343</td>
</tr>
<tr>
<td>Total Deferred Outflows of Resources</td>
<td>1,409,009</td>
<td></td>
<td>1,409,009</td>
<td></td>
<td>17,228,343</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>11,317,935</td>
<td>3,117,127</td>
<td>14,435,062</td>
<td>635,718</td>
<td>18,516,083</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>2,902,343</td>
<td>191,399</td>
<td>3,093,742</td>
<td>-</td>
<td>3,226,528</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>781,574</td>
<td>781,574</td>
<td>70,835</td>
<td>1,232,847</td>
<td></td>
</tr>
<tr>
<td>Due to primary government</td>
<td>-</td>
<td>39,077</td>
<td>39,077</td>
<td>-</td>
<td>3,527,889</td>
</tr>
<tr>
<td>Deposits</td>
<td>39,077</td>
<td>39,077</td>
<td>3,527,889</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>4,033,509</td>
<td>263,286</td>
<td>4,296,795</td>
<td>-</td>
<td>52,999</td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>4,036,588</td>
<td>328,197</td>
<td>4,364,785</td>
<td>-</td>
<td>6,015,857</td>
</tr>
</tbody>
</table>
| Noncurrent liabilities:
  - Debt within one year
  - Due in more than one year |
| Total Liabilities | 208,254,477 | 6,391,123 | 214,645,600 | 17,616,226 | 405,095,806 |

<table>
<thead>
<tr>
<th>DEFERRED INFLOWS OF RESOURCES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred fuel recovery costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,311,848</td>
</tr>
<tr>
<td>Total Deferred Inflows of Resources</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,311,848</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>266,076,719</td>
<td>78,157,186</td>
<td>344,233,905</td>
<td>31,630,816</td>
<td>297,471,707</td>
</tr>
</tbody>
</table>
| Restricted for:
  - Debt service
  - Debt reserve
  - Capital projects
  - Repair and replacement
  - Operating reserve
  - Economic development
  - Fuel adjustment subaccount
  - Quality of life project
  - Unrestricted |
| Total Net Position | 298,509,492 | 81,818,352 | 350,323,848 | 52,052,235 | 457,580,350 |

The notes to the financial statements are an integral part of this statement.
**CITY OF BROWNSVILLE, TEXAS**

**Statement of Activities**

For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary government:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governmental activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$17,415,359</td>
<td>$4,125,030</td>
<td>$12,932,383</td>
<td>$661,096</td>
</tr>
<tr>
<td>Public safety</td>
<td>65,542,700</td>
<td>10,118,490</td>
<td>5,257,914</td>
<td>1,271,437</td>
</tr>
<tr>
<td>Public works</td>
<td>23,486,785</td>
<td>7,000,154</td>
<td>249,387</td>
<td></td>
</tr>
<tr>
<td>Sanitation</td>
<td>6,044,061</td>
<td>15,028,986</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public health</td>
<td>2,306,645</td>
<td>407,650</td>
<td>119,523</td>
<td></td>
</tr>
<tr>
<td>Housing assistance programs</td>
<td>2,189,864</td>
<td>-</td>
<td>1,316,341</td>
<td></td>
</tr>
<tr>
<td>Public assistance</td>
<td>1,001,369</td>
<td>-</td>
<td>820,485</td>
<td></td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>12,657,881</td>
<td>2,213,446</td>
<td>786,615</td>
<td></td>
</tr>
<tr>
<td>Convention and tourism</td>
<td>2,046,072</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td>52,118</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>6,609,491</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>139,352,345</td>
<td>38,893,756</td>
<td>19,082,648</td>
<td>1,932,533</td>
</tr>
<tr>
<td><strong>Business-type activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport and Business Industrial Park</td>
<td>7,819,938</td>
<td>2,620,411</td>
<td>4,092,990</td>
<td></td>
</tr>
<tr>
<td>Parking Revenue</td>
<td>535,442</td>
<td>507,810</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Transit</td>
<td>9,851,603</td>
<td>1,709,968</td>
<td>3,088,578</td>
<td>4,557,576</td>
</tr>
<tr>
<td>Brownsville Golf Center</td>
<td>999,620</td>
<td>425,020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bridge Fund</td>
<td>-</td>
<td>1,825,714</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total business-type activities</strong></td>
<td>19,206,603</td>
<td>7,088,923</td>
<td>7,181,568</td>
<td>4,557,576</td>
</tr>
<tr>
<td><strong>Total primary government</strong></td>
<td>$158,558,948</td>
<td>$45,582,679</td>
<td>$26,264,216</td>
<td>$6,490,109</td>
</tr>
<tr>
<td><strong>Component units:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Morrison Public Improvement District</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Greater Brownsville Incentives Corporation</td>
<td>4,053,695</td>
<td>-</td>
<td>-</td>
<td>7,190</td>
</tr>
<tr>
<td>Brownsville Community Improvement Corporation</td>
<td>3,164,516</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Paseo De La Resaca Landscaping and Lighting Maint. Dist.</td>
<td>339,422</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Public Utilities Board</td>
<td>180,928,098</td>
<td>187,221,751</td>
<td>-</td>
<td>18,647,790</td>
</tr>
<tr>
<td><strong>Total component units</strong></td>
<td>$188,485,731</td>
<td>$187,221,751</td>
<td>$ -</td>
<td>$18,647,790</td>
</tr>
</tbody>
</table>

General revenues:
- Property taxes
- Sales taxes
- Mixed drink taxes
- Bingo taxes
- Hotel-Motel taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Transfers
  - Total general revenues and transfers
  - Change in net position
- Net position - beginning
- Prior period adjustment
- Net position - ending

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

62
<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
<th>Governmental Activities</th>
<th>Public Utilities Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (357,946)</td>
<td>$</td>
<td>$ (357,946)</td>
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<td>$</td>
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<tr>
<td>(51,905,200)</td>
<td>-</td>
<td>(51,905,200)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>(14,965,807)</td>
<td>-</td>
<td>(14,965,807)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>8,984,925</td>
<td>-</td>
<td>8,984,925</td>
<td>-</td>
<td>-</td>
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<tr>
<td>(1,779,472)</td>
<td>-</td>
<td>(1,779,472)</td>
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<tr>
<td>(873,523)</td>
<td>-</td>
<td>(873,523)</td>
<td>-</td>
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<tr>
<td>(180,884)</td>
<td>-</td>
<td>(180,884)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(9,857,820)</td>
<td>-</td>
<td>(9,857,820)</td>
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<td>-</td>
</tr>
<tr>
<td>(2,046,072)</td>
<td>-</td>
<td>(2,046,072)</td>
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<tr>
<td>(52,113)</td>
<td>-</td>
<td>(52,113)</td>
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</tr>
<tr>
<td>(6,809,491)</td>
<td>-</td>
<td>(6,809,491)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>(79,443,408)</strong></td>
<td>-</td>
<td>(79,443,408)</td>
<td>-</td>
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</tr>
<tr>
<td>-</td>
<td>(1,106,537)</td>
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<td>(1,106,537)</td>
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<tr>
<td>-</td>
<td>(27,632)</td>
<td>-</td>
<td>(27,632)</td>
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<tr>
<td>-</td>
<td>(495,481)</td>
<td>-</td>
<td>(495,481)</td>
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<tr>
<td>-</td>
<td>(574,600)</td>
<td>-</td>
<td>(574,600)</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>1,825,714</td>
<td>-</td>
<td>1,825,714</td>
<td>-</td>
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<tr>
<td>-</td>
<td>(378,536)</td>
<td>-</td>
<td>(378,536)</td>
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</tr>
<tr>
<td><strong>(79,443,408)</strong></td>
<td>-</td>
<td>(79,821,944)</td>
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<td>-</td>
</tr>
<tr>
<td><strong>$ (79,443,408)</strong></td>
<td>-</td>
<td>-</td>
<td><strong>$ (7,550,443)</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$ 41,291,338</th>
<th>$ 26,363,436</th>
<th>$ 298,757</th>
<th>$ 59,363</th>
<th>$ 1,539,136</th>
<th>$ 66,740</th>
<th>$ 7,039</th>
<th>$ 73,779</th>
<th>$ 16,710</th>
<th>$ 532,650</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2,888,535)</td>
<td>2,895,574</td>
<td>66,625,809</td>
<td>9,288,156</td>
<td>532,650</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(12,713,173)</td>
<td>2,517,038</td>
<td>(10,196,135)</td>
<td>1,737,713</td>
<td>25,474,083</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>269,738,795</td>
<td>79,301,354</td>
<td>349,040,149</td>
<td>50,629,679</td>
<td>432,116,257</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11,479,870</td>
<td>-</td>
<td>11,479,870</td>
<td>(315,157)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>$ 268,505,492</strong></td>
<td>$ 81,818,392</td>
<td>$ 350,323,884</td>
<td>$ 52,052,235</td>
<td>$ 457,590,350</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Balance Sheet
Governmental Funds
September 30, 2014

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>General Bonded Debt Service</th>
<th>General Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,975,356</td>
<td>$3,001,524</td>
<td>$2,895,825</td>
</tr>
<tr>
<td>Investments</td>
<td>14,569,833</td>
<td>2,336,412</td>
<td>18,368,776</td>
</tr>
<tr>
<td>Receivables, net of allowance for uncollectibles:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td>13,670,720</td>
<td>353</td>
<td>1,163,363</td>
</tr>
<tr>
<td>Property taxes</td>
<td>1,811,903</td>
<td>1,988,931</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>456,453</td>
<td>-</td>
<td>1,366,078</td>
</tr>
<tr>
<td>Note receivable</td>
<td>-</td>
<td>-</td>
<td>1,380,000</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>5,504,249</td>
<td>-</td>
<td>351,648</td>
</tr>
<tr>
<td>Internal balances</td>
<td>2,641,175</td>
<td>-</td>
<td>(125,001)</td>
</tr>
<tr>
<td>Inventories</td>
<td>64,979</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>88,936</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$40,783,604</strong></td>
<td><strong>$7,326,320</strong></td>
<td><strong>$25,378,689</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>General Bonded Debt Service</th>
<th>General Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$8,986,298</td>
<td>-</td>
<td>$1,619,516</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,809,387</td>
<td>-</td>
<td>92,956</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>338,375</td>
<td>3,303,473</td>
<td>2,107,504</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>3,291,029</td>
<td>-</td>
<td>742,480</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>15,425,089</strong></td>
<td><strong>3,303,473</strong></td>
<td><strong>4,862,466</strong></td>
</tr>
</tbody>
</table>

**DEFERRED INFLOWS OF RESOURCES**

<table>
<thead>
<tr>
<th></th>
<th>General Bonded Debt Service</th>
<th>General Other Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable Revenue - Property taxes</td>
<td>1,431,379</td>
<td>1,781,368</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td><strong>1,431,379</strong></td>
<td><strong>1,781,368</strong></td>
</tr>
</tbody>
</table>

**FUND BALANCES**

<table>
<thead>
<tr>
<th></th>
<th>General Bonded Debt Service</th>
<th>General Other Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>64,979</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>1,787,267</td>
<td>-</td>
</tr>
<tr>
<td>Committed</td>
<td>3,620,934</td>
<td>2,241,479</td>
</tr>
<tr>
<td>Assigned</td>
<td>2,676,559</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>15,777,397</td>
<td>(880,750)</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td><strong>23,927,136</strong></td>
<td><strong>2,241,479</strong></td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
CITY OF BROWNSVILLE, TEXAS

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
For the Fiscal Year Ended September 30, 2014

Amounts reported for governmental activities in the statement of net position (page 61) are different because:

Total fund balances - governmental funds (page 64) $ 46,984,848

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 405,505,052

Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the balance sheet. 1,366,578

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 3,212,747

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds. (188,563,733)

Change in net position of total net position (page 61) $ 268,505,492

The notes to the financial statements are an integral part of this statement.
## CITY OF BROWNSVILLE, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended September 30, 2014

### REVENUES

<table>
<thead>
<tr>
<th>Category</th>
<th>General</th>
<th>Bonded Debt Service</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property taxes</td>
<td>$27,313,713</td>
<td></td>
<td></td>
<td>$41,913,485</td>
</tr>
<tr>
<td>Nonproperty taxes</td>
<td>26,721,556</td>
<td></td>
<td></td>
<td>28,260,692</td>
</tr>
<tr>
<td>Fees and services</td>
<td>20,530,492</td>
<td></td>
<td></td>
<td>27,782,557</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>3,208,385</td>
<td>737,281</td>
<td></td>
<td>9,532,730</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>3,015,674</td>
<td></td>
<td></td>
<td>3,939,271</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>1,941,809</td>
<td></td>
<td></td>
<td>1,941,809</td>
</tr>
<tr>
<td>Interest income</td>
<td>39,140</td>
<td>9,152</td>
<td></td>
<td>88,740</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,491,007</td>
<td></td>
<td></td>
<td>4,504,832</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$86,861,776</td>
<td>14,626,215</td>
<td></td>
<td>$117,231,966</td>
</tr>
</tbody>
</table>

Utility services from the PUB 4,647,888
Surplus funds from PUB 7,545,647
Total Revenues 98,855,311

### EXPENDITURES

**Current:**
- General government 15,016,325
- Public safety 60,268,863
- Public works 8,734,789
- Sanitation 702,906
- Public health 1,606,339
- Housing assistance programs
- Public assistance
- Culture and recreation 9,084,540
- Convention and tourism
- Economic development 48,925

**Debt Service:**
- Principal 10,687,082
- Interest and fiscal charges 6,243,411
- Bond issuance costs 227,013
- Total Debt Service 1,678,386

**Capital outlay**

**Total Expenditures**
97,181,073 17,157,506 24,293,252 138,631,831

**Excess (Deficiency) of Revenues Over (Under) Expenditures**
1,674,238

### OTHER FINANCING SOURCES (USES)

<table>
<thead>
<tr>
<th>Source</th>
<th>General</th>
<th>Bonded Debt Service</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from debt</td>
<td>-</td>
<td>1,100,000</td>
<td>8,600,000</td>
<td>9,700,000</td>
</tr>
<tr>
<td>Transfers in</td>
<td>1,400,000</td>
<td>658,419</td>
<td>568,234</td>
<td>2,228,653</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(4,007,412)</td>
<td>(1,100,000)</td>
<td>(907,779)</td>
<td>(5,015,288)</td>
</tr>
<tr>
<td>Refunding bonds issued</td>
<td>-</td>
<td>13,745,000</td>
<td>-</td>
<td>13,745,000</td>
</tr>
<tr>
<td>Premium on debt</td>
<td>-</td>
<td>1,934,764</td>
<td>8,276</td>
<td>1,943,040</td>
</tr>
<tr>
<td>Payment to refunded bond escrow agent</td>
<td>- (15,438,412)</td>
<td>-</td>
<td>(15,438,412)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Other Financing Sources (Uses)</strong></td>
<td>(2,607,412)</td>
<td>899,771</td>
<td>8,628,734</td>
<td>6,921,093</td>
</tr>
</tbody>
</table>

Net change in fund balances (933,174) (1,631,520) 279,457 (2,285,237)

Fund balances, beginning 24,860,310 3,872,999 20,815,234 49,270,086
Fund balances, ending $23,927,136 $2,241,479 $20,815,234 $46,984,848

The notes to the financial statements are an integral part of this statement.
CITY OF BROWNSVILLE, TEXAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes and Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended September 30, 2014

Amounts reported for governmental activities in the statement of activities (pages 62-63) are different because:

Net change in fund balances—total governmental funds (page 66) $ (2,285,237)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (8,509,942)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 97,854

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 775,411

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (3,121,469)

Internal service funds are used by management to charge the costs of health insurance premiums to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 330,210

Change in net position of governmental activities (pages 62-63) $ (12,713,173)

The notes to the financial statements are an integral part of this statement.
CITY OF BROWNSVILLE, TEXAS

Statement of Net Position
Proprietary Funds
September 30, 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Airport and Business Industrial Park</td>
<td>Bridge Fund</td>
<td>Public Transit</td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$948,094</td>
<td>$192,771</td>
<td>$1,031,427</td>
</tr>
<tr>
<td>Investments</td>
<td>2,655,493</td>
<td>1,856,575</td>
<td>1,797</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and services</td>
<td>379,903</td>
<td>367,285</td>
<td>2,425,044</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>923,305</td>
<td>-</td>
<td>163,937</td>
</tr>
<tr>
<td>Other</td>
<td>3,669</td>
<td>-</td>
<td>67,605</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>178,269</td>
<td>-</td>
<td>4,609</td>
</tr>
<tr>
<td>Inventories</td>
<td>67,605</td>
<td>-</td>
<td>4,609</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>2,000</td>
<td>-</td>
<td>4,609</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>5,090,733</td>
<td>2,416,631</td>
<td>3,820,400</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>42,572,238</td>
<td>-</td>
<td>32,896,034</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>47,662,971</td>
<td>2,416,631</td>
<td>36,716,434</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,515,717</td>
<td>-</td>
<td>1,575,171</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>94,959</td>
<td>-</td>
<td>79,986</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>1,022</td>
<td>1,400,000</td>
<td>1,393,476</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>-</td>
<td>-</td>
<td>255,076</td>
</tr>
<tr>
<td>Deposits</td>
<td>-</td>
<td>-</td>
<td>39,077</td>
</tr>
<tr>
<td>Accrued vacation and sick leave - current</td>
<td>100,128</td>
<td>-</td>
<td>183,568</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>1,711,826</td>
<td>1,400,000</td>
<td>3,526,354</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>391,762</td>
<td>-</td>
<td>245,972</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>493,731</td>
<td>-</td>
<td>961,517</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>885,493</td>
<td>-</td>
<td>1,207,489</td>
</tr>
</tbody>
</table>

**NET POSITION**

| | | |
| Net investment in capital assets | 42,572,238 | - | 32,896,034 |
| Unrestricted | 2,493,414 | 1,016,631 | (913,443) |
| **Total Net Position** | $45,065,652 | $1,016,631 | $31,982,591 |

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Business-type Activities – Enterprise Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Enterprise Funds</td>
<td>Total Enterprise Funds</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 887,231</td>
<td>$ 3,059,523</td>
</tr>
<tr>
<td>654,708</td>
<td>5,168,573</td>
</tr>
<tr>
<td></td>
<td>$ 814,124</td>
</tr>
<tr>
<td></td>
<td>1,193,895</td>
</tr>
<tr>
<td></td>
<td>205,174</td>
</tr>
<tr>
<td></td>
<td>13,097</td>
</tr>
<tr>
<td></td>
<td>6,609</td>
</tr>
<tr>
<td></td>
<td>1,545,031</td>
</tr>
<tr>
<td></td>
<td>12,872,795</td>
</tr>
<tr>
<td></td>
<td>2,226,290</td>
</tr>
<tr>
<td></td>
<td>2,688,914</td>
</tr>
<tr>
<td></td>
<td>78,157,186</td>
</tr>
<tr>
<td></td>
<td>2,226,290</td>
</tr>
<tr>
<td></td>
<td>4,233,945</td>
</tr>
<tr>
<td></td>
<td>91,029,981</td>
</tr>
<tr>
<td></td>
<td>2,226,290</td>
</tr>
<tr>
<td>26,239</td>
<td>3,117,127</td>
</tr>
<tr>
<td>16,454</td>
<td>191,399</td>
</tr>
<tr>
<td>25,968</td>
<td>2,820,466</td>
</tr>
<tr>
<td>8,210</td>
<td>263,286</td>
</tr>
<tr>
<td></td>
<td>39,077</td>
</tr>
<tr>
<td></td>
<td>44,501</td>
</tr>
<tr>
<td></td>
<td>328,197</td>
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<tr>
<td></td>
<td>121,372</td>
</tr>
<tr>
<td></td>
<td>6,759,552</td>
</tr>
<tr>
<td></td>
<td>831,763</td>
</tr>
<tr>
<td>115,154</td>
<td>752,888</td>
</tr>
<tr>
<td>243,901</td>
<td>1,699,149</td>
</tr>
<tr>
<td></td>
<td>27,949</td>
</tr>
<tr>
<td>359,055</td>
<td>2,452,037</td>
</tr>
<tr>
<td></td>
<td>27,949</td>
</tr>
<tr>
<td>480,427</td>
<td>9,211,589</td>
</tr>
<tr>
<td></td>
<td>659,712</td>
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<td>2,688,914</td>
<td>78,157,186</td>
</tr>
<tr>
<td>1,064,604</td>
<td>3,661,206</td>
</tr>
<tr>
<td></td>
<td>1,366,578</td>
</tr>
<tr>
<td></td>
<td>$ 3,753,518</td>
</tr>
<tr>
<td></td>
<td>$ 81,818,392</td>
</tr>
<tr>
<td></td>
<td>$ 1,366,578</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Business-type Activities – Enterprise Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Operating Revenues:</strong></td>
</tr>
<tr>
<td>Charges for services</td>
</tr>
<tr>
<td>Airpoport and</td>
</tr>
<tr>
<td>Business Industrial Park</td>
</tr>
<tr>
<td>$ 1,023,128</td>
</tr>
<tr>
<td>Rentals</td>
</tr>
<tr>
<td>1,595,006</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
</tr>
<tr>
<td>2,618,134</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
</tr>
<tr>
<td>Personnel services</td>
</tr>
<tr>
<td>2,766,664</td>
</tr>
<tr>
<td>Materials and supplies</td>
</tr>
<tr>
<td>190,283</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
</tr>
<tr>
<td>825,051</td>
</tr>
<tr>
<td>Self-insurance claims</td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td>Contractual and other services</td>
</tr>
<tr>
<td>636,385</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>2,751,008</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
</tr>
<tr>
<td>7,189,391</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td>(4,551,257)</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
</tr>
<tr>
<td>4,092,990</td>
</tr>
<tr>
<td>Investment and interest income</td>
</tr>
<tr>
<td>2,074</td>
</tr>
<tr>
<td>Loss of disposition of asset</td>
</tr>
<tr>
<td>650,547</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>2,277</td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
</tr>
<tr>
<td>3,446,794</td>
</tr>
<tr>
<td><strong>Income (Loss) Before Contributions and Transfers</strong></td>
</tr>
<tr>
<td>(1,104,463)</td>
</tr>
<tr>
<td>1,826,709</td>
</tr>
<tr>
<td>(5,049,845)</td>
</tr>
<tr>
<td><strong>Capital contributions</strong></td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td>4,557,577</td>
</tr>
<tr>
<td><strong>Transfers in</strong></td>
</tr>
<tr>
<td>2,825,000</td>
</tr>
<tr>
<td><strong>Transfers out</strong></td>
</tr>
<tr>
<td>(121,219)</td>
</tr>
<tr>
<td>Change in net position</td>
</tr>
<tr>
<td>1,599,318</td>
</tr>
<tr>
<td>426,709</td>
</tr>
<tr>
<td>778,485</td>
</tr>
<tr>
<td><strong>Total net position - beginning</strong></td>
</tr>
<tr>
<td>43,466,334</td>
</tr>
<tr>
<td>589,922</td>
</tr>
<tr>
<td>31,204,106</td>
</tr>
<tr>
<td><strong>Total net position - ending</strong></td>
</tr>
<tr>
<td>$ 45,065,852</td>
</tr>
<tr>
<td>$ 1,016,631</td>
</tr>
<tr>
<td>$ 31,982,591</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
### Business-type Activities – Enterprise Funds

<table>
<thead>
<tr>
<th>Other Activities</th>
<th>Total Enterprise Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
</tr>
<tr>
<td>$ 920,587</td>
<td>$ 5,354,911</td>
<td>$ 12,087,114</td>
</tr>
<tr>
<td>11,825</td>
<td>1,606,631</td>
<td></td>
</tr>
<tr>
<td><strong>932,412</strong></td>
<td><strong>6,961,742</strong></td>
<td><strong>12,087,114</strong></td>
</tr>
<tr>
<td>788,815</td>
<td>7,030,939</td>
<td></td>
</tr>
<tr>
<td>143,186</td>
<td>1,538,052</td>
<td></td>
</tr>
<tr>
<td>126,660</td>
<td>3,025,451</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>11,958,309</td>
</tr>
<tr>
<td>102,849</td>
<td>2,328,902</td>
<td></td>
</tr>
<tr>
<td>277,785</td>
<td>4,453,766</td>
<td></td>
</tr>
<tr>
<td><strong>1,439,295</strong></td>
<td><strong>18,377,110</strong></td>
<td><strong>11,958,309</strong></td>
</tr>
<tr>
<td>(506,883)</td>
<td>(11,415,368)</td>
<td>128,805</td>
</tr>
<tr>
<td></td>
<td>7,181,568</td>
<td></td>
</tr>
<tr>
<td>756</td>
<td>7,039</td>
<td>1,405</td>
</tr>
<tr>
<td>(95,767)</td>
<td>(829,493)</td>
<td></td>
</tr>
<tr>
<td>418</td>
<td>127,181</td>
<td></td>
</tr>
<tr>
<td><strong>(94,591)</strong></td>
<td><strong>6,486,295</strong></td>
<td><strong>1,405</strong></td>
</tr>
<tr>
<td>(601,474)</td>
<td>(4,929,073)</td>
<td>130,210</td>
</tr>
<tr>
<td></td>
<td>4,557,577</td>
<td></td>
</tr>
<tr>
<td>314,000</td>
<td>4,409,753</td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td>(1,521,219)</td>
<td></td>
</tr>
<tr>
<td><strong>(287,474)</strong></td>
<td><strong>2,517,038</strong></td>
<td><strong>330,210</strong></td>
</tr>
<tr>
<td>4,040,992</td>
<td>79,301,354</td>
<td>1,036,368</td>
</tr>
<tr>
<td><strong>$ 3,753,518</strong></td>
<td><strong>$ 81,818,392</strong></td>
<td><strong>$ 1,366,578</strong></td>
</tr>
</tbody>
</table>
# Statement of Cash Flows

### Proprietary Funds

#### For the Fiscal Year Ended September 30, 2014

## CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Business-type Activities -- Enterprise Funds</th>
<th>Airport and Industrial Park</th>
<th>Bridge Fund</th>
<th>Public Transit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$2,557,469</td>
<td>$1,615,706</td>
<td>$630,217</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(425,967)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(2,639,125)</td>
<td>(3,252,938)</td>
<td></td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>(201,075)</td>
<td>1,111,000</td>
<td>(483,245)</td>
</tr>
<tr>
<td>Claims paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td><strong>(772,598)</strong></td>
<td><strong>2,726,706</strong></td>
<td><strong>(8,649,955)</strong></td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| Transfers from other funds                  | 2,825,000                  |             | 1,270,753     |
| Transfers to other funds                    | (121,219)                  | (1,400,000) |               |
| Operating grants received                   | 3,382,797                  |             | 3,088,578     |
| **Net cash provided (used) by noncapital financing activities** | **6,066,578**             | **(1,400,000)** | **4,359,331** |

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| Capital grants                              | -                          |             | 4,557,577     |
| Purchases of capital assets                 | (5,015,382)                |             | (2,461,912)   |
| **Net cash provided (used) by capital and related financing activities** | **(5,015,382)**            |             | **2,065,665** |

## CASH FLOWS FROM INVESTING ACTIVITIES

| Interest received                           | 2,074                      | 995         | 3,212         |
| **Net cash provided (used) by investing activities** | **2,074**             | **995**     | **3,212**     |

| Net increase (decrease) in cash and cash equivalents | 300,672                  | 1,327,701   | (221,747)     |
| Cash and cash equivalents - beginning         | 3,302,915                  | 721,845     | 1,254,971     |
| Cash and cash equivalents - ending           | $3,603,587                 | $2,049,346  | $1,033,224    |

## Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

| Operating income (loss)                      | $ (4,551,257)              | $1,825,714  | $ (8,182,942) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |
| Depreciation                                 | 2,751,008                  |             | 1,424,973     |
| Changes in assets and liabilities: |
| Receivables - fees and services             | (90,463)                   | (210,008)   |               |
| Receivables - other                         | (202)                      |             |               |
| Due from other funds                        | (179,289)                  |             | (38,141)      |
| Inventories                                 | -                          |             | 81,723        |
| Prepaid expenses                            | -                          |             | (419)         |
| Accounts payable                            | 1,211,620                  |             | 1,228,377     |
| Accrued expenses                            | 10,232                     |             | 18,156        |
| Accrued vacation and sick leave             | 115,897                    |             | 182,655       |
| Due to other funds                          | (92,806)                   | 1,111,000   | (365,104)     |
| Deposits                                    | -                          |             | (5,570)       |
| Unearned revenue                            | 11,842                     |             | 145,656       |
| OPEB liability                              | 11,842                     |             | 21,709        |
| **Net cash provided (used) by operating activities** | **(772,598)**             | **2,726,706** | **(8,649,955)** |

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Business-type Activities - Enterprise Funds</th>
<th>Governmental Activities - Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Enterprise Funds</strong></td>
<td><strong>Total Enterprise Funds</strong></td>
</tr>
<tr>
<td><strong>Funds</strong></td>
<td><strong>Funds</strong></td>
</tr>
<tr>
<td>$ 532,945</td>
<td>$ 5,736,337</td>
</tr>
<tr>
<td>(336,740)</td>
<td>(4,540,596)</td>
</tr>
<tr>
<td>(730,715)</td>
<td>(8,622,778)</td>
</tr>
<tr>
<td>(194,237)</td>
<td>192,443</td>
</tr>
<tr>
<td>-</td>
<td>(12,089,866)</td>
</tr>
<tr>
<td>(348,747)</td>
<td>(5,044,594)</td>
</tr>
<tr>
<td>314,900</td>
<td>4,409,752</td>
</tr>
<tr>
<td>-</td>
<td>(1,521,219)</td>
</tr>
<tr>
<td>-</td>
<td>5,471,375</td>
</tr>
<tr>
<td>314,900</td>
<td>9,359,909</td>
</tr>
<tr>
<td>-</td>
<td>4,557,577</td>
</tr>
<tr>
<td>-</td>
<td>(7,507,294)</td>
</tr>
<tr>
<td>-</td>
<td>(2,949,717)</td>
</tr>
<tr>
<td>758</td>
<td>7,039</td>
</tr>
<tr>
<td>758</td>
<td>7,039</td>
</tr>
<tr>
<td>(33,989)</td>
<td>1,372,637</td>
</tr>
<tr>
<td>1,575,928</td>
<td>6,855,459</td>
</tr>
<tr>
<td>$ 1,541,939</td>
<td>$ 8,228,096</td>
</tr>
<tr>
<td>$ (506,883)</td>
<td>$ (11,415,368)</td>
</tr>
<tr>
<td>277,785</td>
<td>4,453,766</td>
</tr>
<tr>
<td>-</td>
<td>(270,471)</td>
</tr>
<tr>
<td>283</td>
<td>(1,100,850)</td>
</tr>
<tr>
<td>185</td>
<td>(276,225)</td>
</tr>
<tr>
<td>2,141</td>
<td>83,864</td>
</tr>
<tr>
<td>-</td>
<td>(419)</td>
</tr>
<tr>
<td>13,814</td>
<td>2,453,811</td>
</tr>
<tr>
<td>2,250</td>
<td>30,640</td>
</tr>
<tr>
<td>50,587</td>
<td>348,939</td>
</tr>
<tr>
<td>(194,422)</td>
<td>468,668</td>
</tr>
<tr>
<td>-</td>
<td>(5,679)</td>
</tr>
<tr>
<td>250</td>
<td>145,916</td>
</tr>
<tr>
<td>5,263</td>
<td>38,814</td>
</tr>
<tr>
<td>$ (348,747)</td>
<td>$ (5,044,594)</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Statement of Net Position
Fiduciary Funds
September 30, 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,094</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,735</td>
</tr>
<tr>
<td>Total Assets</td>
<td>4,829</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 3,773</td>
</tr>
<tr>
<td>Other</td>
<td>1,056</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>4,829</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Description</th>
<th>Page Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 1 — Summary of Significant Accounting Policies</td>
<td>76-85</td>
</tr>
<tr>
<td>Note 2 — Reconciliation of Government-Wide to Fund Financial Statements</td>
<td>86-88</td>
</tr>
<tr>
<td>Note 3 — Deposits and Investments</td>
<td>89-93</td>
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<tr>
<td>Note 4 — Property Taxes</td>
<td>93</td>
</tr>
<tr>
<td>Note 5 — Receivables</td>
<td>94</td>
</tr>
<tr>
<td>Note 6 — Notes Receivable</td>
<td>94</td>
</tr>
<tr>
<td>Note 7 — Capital Assets</td>
<td>95-99</td>
</tr>
<tr>
<td>Note 8 — Short-term Debt</td>
<td>99</td>
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<tr>
<td>Note 9 — Long-term Debt</td>
<td>100-110</td>
</tr>
<tr>
<td>Note 10 — Texas Municipal Retirement System Plan</td>
<td>110-114</td>
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<tr>
<td>Note 11 — Other Post-Employment Benefits</td>
<td>114-124</td>
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<tr>
<td>Note 12 — Commitments</td>
<td>124</td>
</tr>
<tr>
<td>Note 13 — Contingencies</td>
<td>124-125</td>
</tr>
<tr>
<td>Note 14 — Risk Management</td>
<td>125-127</td>
</tr>
<tr>
<td>Note 15 — Inter-fund Activity</td>
<td>127-128</td>
</tr>
<tr>
<td>Note 16 — Landfill Closure and Post-Closure Care Costs</td>
<td>128-129</td>
</tr>
<tr>
<td>Note 17 — Related Party Transactions</td>
<td>129</td>
</tr>
<tr>
<td>Note 18 — Fund Balance Designations</td>
<td>130-131</td>
</tr>
<tr>
<td>Note 19 — Pending GASB’s</td>
<td>132-133</td>
</tr>
<tr>
<td>Note 20 — Significant Encumbrances</td>
<td>133</td>
</tr>
<tr>
<td>Note 21 — Subsequent Events</td>
<td>133</td>
</tr>
<tr>
<td>Note 22 — Prior Period Adjustments</td>
<td>134</td>
</tr>
</tbody>
</table>
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant of the City's accounting policies are described below.

a. The Reporting Entity

The City of Brownsville was incorporated under the laws of the State of Texas and operates under an elected Mayor - Council form of government. The accompanying financial statements present the City of Brownsville (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Each of the discretely presented component units is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. Each component unit has a September 30 year end.

The Public Utilities Board (PUB) of the City of Brownsville, Texas is a separate operating authority established by the City's Charter. The City Commission appoints five of the six member governing board and the Mayor of the City serves ex-officio as the sixth member. Each appointed board member serves a four year term. The PUB does not have the right to encumber, sell or hypothecate the utilities system. The City Commission is also vested with the right to set utility rates, and has the right to share in the surplus, if any, of the PUB. Further, the PUB is not required to pay any property taxes or franchise taxes to the City and the City is not required to pay for the utility services furnished to the City from the PUB. This relationship was established by the City's charter. The PUB is presented as a proprietary fund type.

The Greater Brownsville Incentives Corporation (GBIC) was established in fiscal year 1992 as a non-profit corporation in accordance with the Texas Development Corporation Act. The City Commission appointed the initial Board of Directors of GBIC and fills any vacancies on the Board. Certain of the City department heads represent the City as GBIC officers. Effective April 1, 2002 the city began collection of a 1/4 cent sales tax specifically authorized for GBIC. The City also maintains all financial records for GBIC. The GBIC is presented as a governmental fund type. Additionally, GBIC's economic development activities are rendered wholly within the City's boundaries and are for the benefit of City residents.

The Brownsville Community Improvement Corporation (BCIC) was established during fiscal year 2002 and just like the GBIC is also a non-profit corporation in accordance with the Texas Development Corporation Act. The City Commission appointed the initial board of directors of BCIC and fills any vacancies on the board. This board consists of seven members including two city commissioners. Certain of the City department heads represent the City as BCIC officers. Effective April 1, 2002 the city began collection of a 1/4 cent sales tax specifically authorized for BCIC. The City also maintains all financial records for BCIC. The BCIC is presented as a governmental fund type.

The Paseo De La Resaca Landscaping and Lighting Maintenance District (PID) was authorized in conformance with Chapter 372 of the Texas Local Government Code, and pursuant to the City Commission of the City of Brownsville Resolution adopted on September 24, 1996. The District is overseen by a Service Plan Board established and approved by the City commission. The City Commission must approve all assessments to be levied by the PID.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

a. The Reporting Entity - Continued

The West Morrison Road Public Improvement District (WMPID) was authorized in conformance with Chapter 372 of the Texas Local Government Code, and pursuant to the City Commission of the City of Brownsville Resolution adopted on March 15, 2011. The WMPID is overseen by a Service and Assessment Plan and was approved by City Commissioners. Two of the four board members are City department heads and represent the City as WMPID officers. The City Commission must approve all assessments to be levied by the WMPID.

The following organization has a very limited positive response to the reporting entity inclusion criteria; therefore, as noted below such is not an includable organization in the City's reporting entity.

The Mayor of the City appoints the governing board of the Housing Authority of the City of Brownsville, Texas. However, the City Commission has no accountability for fiscal matters. Therefore, the Housing Authority is a related organization of the City and is not a component unit and is not a part of the City's reporting entity.

Complete financial statements for the each of the individual component units may be obtained at the entity's administrative offices.

<table>
<thead>
<tr>
<th>Public Utilities Board</th>
<th>Paseo De La Resaca Landscaping and Lighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1425 Robinhood Drive</td>
<td>Maintenance District</td>
</tr>
<tr>
<td>Brownsville, Texas 78520</td>
<td>2335 Hudson Blvd</td>
</tr>
<tr>
<td></td>
<td>Brownsville, Texas 78526</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GBIC</th>
<th>West Morrison Public Improvement District</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001 East Elizabeth St.</td>
<td>1001 East Elizabeth St.</td>
</tr>
<tr>
<td>Brownsville, Texas 78520</td>
<td>Brownsville, Texas 78520</td>
</tr>
</tbody>
</table>

b. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b. Description of Government-wide Financial Statements – Continued

Basis of presentation – Government-wide financial statements – While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Basis of presentation – Fund Financial Statements – The fund financial statements provide information about the government’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The general bonded debt service fund accounts for the debt service on legally restricted general bonded obligation long-term debt of the City.

The City reports the following major proprietary funds:

The airport and business-industrial parks fund accounts for the provision of airport facilities to private passenger and cargo aircraft and for the provision of business and industrial park facilities (including the foreign trade zone) to various businesses.

The public transit fund accounts for the provision of public mass transportation services (bus services) to the residents of the City and surrounding areas.

The bridge fund accounts for debt service expenditures associated with the retirement of revenue bonds shared between Cameron County and the City of Brownsville for the international bridge.

Additionally, the City reports the following fund types:

Internal service funds account for the City’s workers’ compensation self-insurance program and the City’s health self-insurance program.

Agency funds account for employee tax withholdings collected by the City on behalf of other governments.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b. Description of Government-wide Financial Statements – Continued

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

c. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.
c. Measurement Focus and Basis of Accounting — Continued

Property taxes, sales taxes, franchise fees, special assessments, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

d. Cash and Cash Equivalents

The City and its component unit’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition.

e. Investments

Statutes authorize the City and its component units to invest in obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies; obligations of states, agencies, counties, cities and other political subdivisions of any state rated not less than A or its equivalent; certificates of deposit; prime domestic bankers’ acceptances; certain commercial paper, certain mutual funds; and fully collateralized repurchase agreements.

In accordance with GASB Statement No. 31, the City and its component unit’s general policy is to report short-term investments at amortized cost. All other investments are reported at fair value. The term “short-term” refers to investments that have a remaining term to maturity of one year or less at the time of purchase. Fair value determinations are made on a quarterly basis.

f. Inventories

City inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of government fund-type inventories are recorded as expenditures when consumed rather than when purchased. PUB materials and supplies inventories are stated at average cost and PUB fuel and coal inventories are valued at cost using the last-in first-out (LIFO) method.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

g. **Capital Assets**

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

No interest was capitalized by the City and the PUB during the fiscal year ended September 30, 2014.

Land and construction in process are not depreciated. Other capital assets are depreciated using the straight-line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Estimated Useful Lives (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>City</td>
</tr>
<tr>
<td>Buildings</td>
<td>33</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>33</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>12.5</td>
</tr>
<tr>
<td>Equipment</td>
<td>5 to 20</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5</td>
</tr>
<tr>
<td>Electric plant in service</td>
<td>N/A</td>
</tr>
<tr>
<td>Water and wastewater plant in service</td>
<td>N/A</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>30</td>
</tr>
</tbody>
</table>

h. **Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City and the PUB each have one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

h. Deferred Outflow/Inflows of Resources – Continued

The Public Utilities Board has only one type of item which qualifies for reporting in this category. Recoverable fuel costs represent fuel costs incurred by PUB, which have not yet been billed to customers or which have been billed to customers based on estimated fuel costs and have not been incurred. PUB recovers these costs via the fuel adjustment charge assessed with the monthly utility bills. These monies are considered a liability as the amounts deferred are expected to be offset by October fuel charges. This item, deferred credit - fuel recovery, is reported on the statement of financial position as a deferred inflow of resources.

i. Accrued Vacation and Sick Leave

The City and the Public Utilities Board have separate annual vacation and sick leave policies for their employees. Both policies allow for employees to earn and accumulate vested annual vacation and sick leave benefits up to specified limits. All vacation and sick leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

j. Regulatory Basis Assets

The Public Utilities Board has made the election to establish a regulatory asset for the debt issuance costs in accordance with regulated operations under GASB Statement No. 62. The debt issue costs would otherwise have been expenses upon implementation of GASB Statement No. 65.

k. Net Position and Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

l. Fund Balance and Flow Assumption

In the governmental fund financial statements, the components of fund balances reflect policies and procedures established by actions of the City Commission and its designated officials.

The non-spendable fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories and prepaid items, long-term advances, long-term receivables, and nonfinancial assets held for resale.

Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of an endowment.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. **Fund Balance and Flow Assumption** – Continued

   The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation.

   The enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation. The City’s fee revenue generated through enabling legislation includes Municipal and Juvenile Court fees and Vital Records fees.

   The *committed* fund balance includes funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Commitment of fund balance requires formal action by the City’s highest level of decision-making authority which resides with the City Commission. The City Commission has adopted a fund balance authorization policy mandating that committed amounts remain binding unless removed or changed in the same manner employed to previously commit those resources.

   The *assigned* fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Commission, by resolution, delegates the Chief Financial Officer the authority to assign amounts to be used for specific purposes. Unlike commitments, assignments generally only exist temporarily and any constraints imposed on the use of assigned amounts can be removed with no formal Commission action. The residual fund balance that is not Restricted or Committed in governmental funds except the General Fund is assigned.

   The *unassigned* fund balance represents the spendable net resources that have not been restricted, committed, or assigned to specific purposes.

   When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the City considers restricted resources to be spent first. When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the City is to spend in the sequence of committed resources first, assigned second, and unassigned last.

m. **Minimum Fund Balance Policies**

   The City will maintain a minimum unassigned fund balance in its general fund ranging from 15% to 20% of the subsequent year’s expenditures and outgoing transfers. This minimum fund balance is to protect against cash flows shortfalls related to timing of projected revenue receipts and to maintain a budget balance commitment. When fund balance falls below the minimum 12% range, the City will replenish the shortages using strategies and timeframes described below:

   The following budgetary strategies shall be utilized by the city to replenish funding shortfalls:

   1. The City will reduce recurring expenditures to eliminate any deficit or,
m. **Minimum Fund Balance Policies**—Continued

2. The City will increase revenues or pursue other funding sources or,
3. Some combination of the two options just mentioned.

Minimum fund balance shortfalls shall be replenished within the following time periods:

1. Deficiency resulting in a minimum fund balance between 12.5% and 15% shall be replenished over a period not to exceed one year
2. Deficiency resulting in a minimum fund balance between 10% and 12.5% shall be replenished over a period not to exceed three years
3. Deficiency resulting in a minimum fund balance of less than 10% shall be replenished over a period not to exceed five years.

n. **Deferred Compensation Plans**

The City and the Public Utilities Board offer separate deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City and PUB employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The City and PUB approved plan amendments such that plan assets are held in trust, with Bank One Trust Company N.A. as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

The City and PUB do not have legal access to the resources of the deferred compensation plans; as such the plans are not reported in the City’s and PUB’s basic financial statements.

o. **Classification of Revenues and Expenses**

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.

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 City’s enterprise fund and the government’s internal service funds are charges to the various funds for workers’ compensation and health self-insurance programs. 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.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

p. Capital Contributions

Capital contributions are comprised of federal, state, and local grants. The portion of the grants and reimbursements used for capital purposes are reflected as capital contributions in the statement of revenues, expenses and changes in net position. The funds are reimbursable contributions, whereas the City first pays for the project and then the granting agency reimburses the City for its eligible expenditures.

q. Comparative Data/Reclassifications

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

r. Current Year GASB Statement Implementation

In the current fiscal year, the City and the Public Utilities Board implemented the following GASB statements:

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which established accounting and financial reporting standards to reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, which removes from GASB No. 10 certain provisions pertaining to fund-based reporting and modifies specific guidance in GASB Statement No. 62 on accounting for (1) certain types of lease payments, (2) certain elements of purchased loan transactions, and (3) certain fees related to mortgages that are sold.

(The remainder of this page intentionally left blank)
NOTE 2 — RECONCILIATION OF GOVERNMENT-WIDE TO FUND FINANCIAL STATEMENTS

a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance — total governmental funds and net position — governmental activities as reported in the government-wide statements of net position.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this $405,505,051 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$181,964,460</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>$3,104,466</td>
</tr>
<tr>
<td>Buildings</td>
<td>$75,536,807</td>
</tr>
<tr>
<td>Less: Accumulated depreciation-buildings</td>
<td>$(36,342,929)</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>$23,901,867</td>
</tr>
<tr>
<td>Less: Accumulated depreciation - improvements other than buildings</td>
<td>$(12,304,279)</td>
</tr>
<tr>
<td>Machinery, equipment, and vehicles</td>
<td>$64,515,668</td>
</tr>
<tr>
<td>Less: Accumulated depreciation-machinery, equipment, and vehicles</td>
<td>$(44,915,050)</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$456,626,934</td>
</tr>
<tr>
<td>Less: Accumulated depreciation-infrastructure</td>
<td>$(308,582,893)</td>
</tr>
</tbody>
</table>

Net adjustment to increase fund balance - total governmental funds to arrive at net position — governmental activities $405,505,051

The government fund balance sheet includes a reconciliation between fund balance — total governmental funds and net position — governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this $188,563,692 difference are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General obligation and certificate of obligation bonds payable</td>
<td>$151,275,000</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>$781,575</td>
</tr>
<tr>
<td>Notes payable</td>
<td>$3,290,479</td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>$10,442,399</td>
</tr>
<tr>
<td>Landfill closure and postclosure care payable</td>
<td>$10,516,359</td>
</tr>
<tr>
<td>Deferred charge on refunding (to be amortized as interest expense)</td>
<td>$(1,409,909)</td>
</tr>
<tr>
<td>Unamortized premiums (to be amortized as interest expense)</td>
<td>$4,355,138</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>$9,311,392</td>
</tr>
</tbody>
</table>

Net adjustment to reduce fund balance - total governmental funds to arrive at net position — governmental activities $188,563,734
CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements
September 30, 2014

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE TO FUND FINANCIAL STATEMENTS – CONTINUED

b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the governmental-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this $(4,682,044) difference are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital outlay</td>
<td>$12,136,352</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$(16,818,396)</td>
</tr>
</tbody>
</table>

Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities $ (4,682,044)

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.” The details of this $(3,827,895) difference are as follows:

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

$ (3,827,898)

Net adjustment to increase total governmental funds to arrive at changes in net position of governmental activities $ (3,827,898)
Another element of that reconciliation that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of the $(775,411) difference are as follows:

Debt issued or incurred:
- General obligation refunding bonds $13,745,000
- Certificates of obligation bonds 9,605,000
- Notes payable 155,000
- Plus: premium 1,943,040

Principal repayments:
- General obligation bonds (6,840,000)
- Payment to escrow agent for refunding (15,438,412)
- Certificates of obligation bonds (3,120,000)
- Tax notes (455,000)
- Notes payables (370,039)

Net adjustment to decrease changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities $ (775,411)

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $3,121,469 difference are as follows:

Compensated absences $ 737,808
Accrued interest 467,846
Landfill closure and post-closure care 362,335
Net other postemployment benefits obligation 1,900,600
Amortization of:
- Bond premiums/discounts (427,117)
- Deferred charge on refunding 79,997

Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities. $ 3,121,469
NOTE 3 — DEPOSITS AND INVESTMENTS

City of Brownsville

Basis of Investments — The City’s deposits and investments are insured by federal depository insurance and collateralized by financial institutions by governmental securities held in the City’s name. The City’s deposits and investments were fully covered by the Federal Deposit Insurance Corporation. The Investment Policy was last approved by the commission in January 2014.

All deposits with financial institutions were carried at cost. As of September 30, 2014, the City had the following investments:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Weighted Average Maturity</th>
<th>Allocation</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local government investment pools</td>
<td>$28,522,586</td>
<td>1</td>
<td>68.5%</td>
<td>AAAm</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>3,720,988</td>
<td>399</td>
<td>8.9%</td>
<td></td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>9,391,915</td>
<td>1</td>
<td>22.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$41,635,489</strong></td>
<td><strong>100.0%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interest Rate Risk — In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. The weighted average day’s maturity for the operating fund portfolio shall be less than 270 days and the maximum allowable maturity shall be two years. The investment maturity of construction and capital improvement funds shall generally be limited to the anticipated cash flow or the “temporary period,” as defined by law. The maximum maturity for all construction or capital improvement funds shall be five years. As of September 30, 2014, the investment portfolio had maturities that met anticipated cash flow requirements.

Credit Risk — The City identifies and manages credit risks by following the Investment Policy. The Investment Officers implement its investment strategy, establish and monitor compliance with investment policies and procedures, and consistently monitors prudent risk controls. The City will seek to control its risk of loss by monitoring the ratings of portfolio positions to assure compliance with the rating requirements imposed by the Public Funds Investment Act. The City also manages exposure to credit risk by limiting its investments to a rating of “A” or better. As of September 30, 2014, the City held its investments with a rating of “AAA” or above.

Custodial Credit Risk — In accordance with the City’s investment policy, the City shall require monthly reports with market values of pledged securities from all financial institutions with which the City has collateralized deposits. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

Concentration of Credit Risk — In accordance with the Investment Policy, the City manages its credit risk exposure through diversification, and limiting its investments in each government-sponsored security to 75%, except for eligible investment pools.
NOTE 3 — DEPOSITS AND INVESTMENTS — CONTINUED

City of Brownsville - Continued

Local Government Investment Pools

TexPool — The State of Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poor’s. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as the office of the Comptroller of Public Accountants for review. TexPool operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net position and share prices since that amount approximates fair value.

Lone Star Investment Pool — Lone Star Investment Pool is governed by an 11 member board, all of whom are participants in the Pool. The Pool only invests in investments authorized under the Public Funds Investment Act and certain funds within the Pool contain further restrictions on eligible investments. An independent, third-party investment consultant reports directly to the Board of Trustees. The independent consultant, CAPTRUST Financial Advisors reviews the daily operations of the Pool and analyzes all investment transactions for compliance with the Investment Policy. The value of the position in the pool is the same as the value of the pool shares. The Bank of New York Mellon serves as the Pool’s custodian bank. Each fund within the Pool is rated AAA by Standard & Poor’s.

LOGIC — Local Government Investment Cooperative — LOGIC is administered by First Southwest Asset Management, Inc. and JPMorgan Investment Management, Inc., as pool administrator and investment manager, respectively. LOGIC has a conservative investment policy and invests only in authorized investments under the Texas Public Funds, Investment Act. LOGIC is AAA rated by Standard and Poor’s with more than $1 billion in assets. LOGIC operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. As such, LOGIC uses amortized cost to report net position and share prices since that amount approximates fair value.

Texas CLASS — Texas CLASS is administered by Cutwater Investor Services Corp. The custodial bank for Texas CLASS is Wells Fargo, TX. The AAAm rated Fund invests only in securities allowed by the Texas Public Funds Investment Act. The fund has a letter of credit that backs the maintenance of a $1.00 net asset value. Texas CLASS operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. As such, Texas CLASS uses amortized cost to report net position and share prices since that amount approximates fair value.

Public Utilities Board

Basis of Investments — On January 13, 2014, the Public Utilities Board approved a revised Investment Policy which included an “Investment Strategy Statement” that addressed the understanding of investment suitability, the preservation and safety of principal, liquidity, marketability of the investment prior to maturity, diversification, and yield of the investment portfolio. In regards to the safety and risk of investments, the Public
NOTE 3 – DEPOSITS AND INVESTMENTS – CONTINUED

Public Utilities Board - Continued

Utilities Board abided by the Investment Policy that requires all available funds to be invested in conformance with state and federal regulations, applicable bond ordinance requirements, and the Governmental Accounting Standards Board’s (GASB) standards. Each investment transaction shall seek to first and foremost ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.

The Public Utilities Board’s bank deposits and Certificates of Deposit investments were entirely covered by Federal Deposit Insurance Corporation or by collateral held by a third-party safekeeping bank in the Public Utilities Board’s name.

All deposits with financial institutions were carried at cost. As of September 30, 2014, the Public Utilities Board had the following investments:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Weighted Average Maturity (Days)</th>
<th>Allocation</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Mutual Funds</td>
<td>$ 19,600,429</td>
<td>7</td>
<td>13.90%</td>
<td>AAAm</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>18,656,681</td>
<td>36</td>
<td>13.20%</td>
<td>A1P1</td>
</tr>
<tr>
<td>U.S. agencies</td>
<td>38,408,357</td>
<td>49</td>
<td>27.10%</td>
<td>AA</td>
</tr>
<tr>
<td>U.S. Treasury Note</td>
<td>554,629</td>
<td>5</td>
<td>0.40%</td>
<td>AA</td>
</tr>
<tr>
<td>Local government investment pools</td>
<td>64,229,513</td>
<td>22</td>
<td>45.40%</td>
<td>A-1/P-1</td>
</tr>
<tr>
<td></td>
<td>$ 141,449,609</td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

Interest rate risk – In accordance with the Public Utilities Board’s Investment Policy, the weighted average to maturity for the Public Utilities Board’s portfolio limits the maximum allowable maturity to two years by not exceeding the anticipated cash flow requirements. As of September 30, 2014, the investment portfolio had maturities that met anticipated cash flow requirements.

Credit risk – The Public Utilities Board identifies and manages credit risk by following the Investment Policy. The Public Utilities Board implements its investment strategy, establishes and monitors compliance with investment policies and procedures, and consistently monitors prudent risk controls. The Public Utilities Board will seek to control the risk of loss by monitoring the ratings of portfolio positions to assure compliance with the rating requirements imposed by the Public Funds Investment Act. The Public Utilities Board also manages exposure to credit risk by limiting its investments to a rating of “A” or better. As of September 30, 2014, the Public Utilities Board held its investments with a rating of AA or above.

Custodial credit risk – In accordance with the Public Utilities Board’s Investment Policy, the financial institution must collateralize all funds with a minimum of 102% of the market value of the principal portion. The Public Utilities Board seeks to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Investment Policy.
CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements
September 30, 2014

NOTE 3 — DEPOSITS AND INVESTMENTS — CONTINUED

Public Utilities Board — Continued

Custodial credit risk — Continued
The Public Utilities Board signed an agreement with its financial institution pledging funds to 102% minimum of the market value of the principal portion. As of September 30, 2014, the Public Utilities Board invested 24.5% in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation), which hold high ratings by nationally recognized statistical rating organizations. Investments in U.S. Agencies are proven to be the safest investments with minimal risk of loss. All investments are insured, registered, or held by an agent in the PUB's name; therefore, the Public Utilities Board is not exposed to custodial credit risk.

Concentration of credit risk — In accordance with the Investment Policy, the Public Utilities Board manages its credit risk exposure through diversification, and limiting its investments in each government-sponsored security to 75%. As of September 30, 2014, the portfolio was in compliance as noted above.

Local Government Investment Pools

TexPool — The State of Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool, along with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Oversight includes the ability to significantly influence operations, and designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poor’s.

As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as the office of the Comptroller of Public Accounts for review. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net position and share prices since that amount approximates fair value.

TexSTAR — Texas Short Term Asset Reserve Program (TEXSTAR) is a local government investment pool providing short-term liquidity requirements. JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR Board of Directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Company provides the custodial, transfer agency, fund accounting, and depository services for this pool. At year end, TexSTAR was rated AAAm by Standard & Poor’s. The PUB reports its investment in TexSTAR at the fair market value amount provided by TexSTAR, which is the same as the value of the pool share.

TexasTERM/TexasDaily — TexasTERM/TexasDaily is a local government investment pool. Administrative and investment services to the pool are provided by PFM Asset Management LLC, under an agreement with the TexasTERM Advisory Board and act on behalf of the pool participants. At year end, TexasTERM was rated AAAs by Standard & Poor’s. The Public Utilities Board reports its investments in Texas TERM at the fair value amount provided by Texas TERM, which is the same as the value of the pool share.
NOTE 3 — DEPOSITS AND INVESTMENTS — CONTINUED

The City's other component unit's investments are as follows:

Greater Brownsville Incentive Corporation (GBIC) —

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Weighted Average Maturity (Days)</th>
<th>Allocation</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local government investment pools</td>
<td>$ 12,265,415</td>
<td>1</td>
<td>100%</td>
<td>AAAm</td>
</tr>
</tbody>
</table>

Brownsville Community Improvement Corporation (BCIC) —

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Weighted Average Maturity (Days)</th>
<th>Allocation</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local government investment pools</td>
<td>$ 4,939,395</td>
<td>1</td>
<td>100%</td>
<td>AAAm</td>
</tr>
</tbody>
</table>

Paseo De La Resaca Landscaping and Lighting Maintenance District (PID) —

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Weighted Average Maturity (Days)</th>
<th>Allocation</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local government investment pools</td>
<td>$ 872,443</td>
<td>1</td>
<td>100%</td>
<td>AAAm</td>
</tr>
</tbody>
</table>

NOTE 4 — PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 on the basis of assessed values at the date the enforceable lien attaches. Taxes are due on receipt of the tax bill and are delinquent if not paid on February 1 of the year following the year in which imposed, at which time penalties and interest are applicable. Discounts of 3%, 2% and 1% are granted for payments received in October, November and December, respectively.
NOTE 5 – RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general and debt service funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts:

<table>
<thead>
<tr>
<th>Receivables:</th>
<th>General</th>
<th>Debt Service</th>
<th>Nonmajor Other Govtl</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts</td>
<td>$13,670,720</td>
<td>$353</td>
<td>$1,163,363</td>
<td>$14,834,436</td>
</tr>
<tr>
<td>Property taxes</td>
<td>1,213,513</td>
<td>608,310</td>
<td>-</td>
<td>1,821,823</td>
</tr>
<tr>
<td>Property tax interest and penalties</td>
<td>2,095,470</td>
<td>1,622,191</td>
<td>-</td>
<td>3,717,661</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>456,453</td>
<td>-</td>
<td>1,366,078</td>
<td>1,822,531</td>
</tr>
<tr>
<td>Gross receivables</td>
<td>17,436,156</td>
<td>2,230,854</td>
<td>2,529,441</td>
<td>22,196,451</td>
</tr>
<tr>
<td>Less: allowance for uncollectibles</td>
<td>(1,497,080)</td>
<td>(242,470)</td>
<td>-</td>
<td>(1,739,550)</td>
</tr>
<tr>
<td>Net receivables</td>
<td>$15,939,076</td>
<td>$1,988,384</td>
<td>$ 2,529,441</td>
<td>$20,456,901</td>
</tr>
</tbody>
</table>

NOTE 6 – NOTES RECEIVABLE

The City issued $3,005,000 of Combination Tax and Revenue Certificates of Obligation, Series 2003, of which $1,240,000 was used to provide financial assistance to the Paseo De La Resaca Lighting and Landscaping District to construct park improvements. The amount transferred to PID was recorded as a note receivable by the City to account for debt service payments due from the property owners. The bonds are secured by the property financed and are payable solely from the levy and collection of ad valorem taxes assessed to the property owners of PID. Upon repayment of the bonds, ownership of the improvements transfers to PID served by the bond issuance.

As of September 30, 2014, the Combination Tax and Revenue Certificates of Obligation outstanding for PID aggregated $671,388.

The City issued $17,305,000 of Certificates of Obligation, Series 2008A of which $3,000,000 was used to provide financial assistance to the Brownsville Community Improvement Corporation to construct improvements to the Brownsville Sports Park. The amount transferred to the BCIC was recorded as a note receivable by the City to account for debt service payments due from BCIC. The note is secured by 4B sales tax revenue and is payable in 10 years.

At September 30, 2014, the outstanding balance of the note receivable was $1,360,000.
**NOTE 7 — CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

**Primary Government**

<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>10/1/2013</th>
<th>Additions</th>
<th>Deletions</th>
<th>9/30/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$170,739,252</td>
<td>$11,225,208</td>
<td>-</td>
<td>$181,964,460</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>2,771,294</td>
<td>333,172</td>
<td>-</td>
<td>3,104,466</td>
</tr>
<tr>
<td><strong>Total capital assets, not being depreciated</strong></td>
<td>$173,510,546</td>
<td>$11,558,380</td>
<td>-</td>
<td>$185,068,926</td>
</tr>
</tbody>
</table>

| Capital assets, being depreciated: | 74,462,540 | 3,393,598 | (2,319,331) | 75,536,807 |
| Buildlings                | 25,767,079 | 134,788   | -         | 25,901,867 |
| Machinery and equipment   | 58,762,347 | 7,361,401 | (1,608,580) | 64,515,668 |
| Infrastructure            | 453,584,778 | 3,042,156 | - | 456,626,934 |
| **Total capital assets, being depreciated** | $612,577,244 | $13,931,943 | (3,927,911) | $622,581,276 |

| Less accumulated depreciation for: | (34,842,359) | (2,233,383) | 732,813 | (36,342,929) |
| Buildlings                | (11,266,257) | (1,038,022) | - | (12,304,279) |
| Machinery and equipment   | (42,498,534) | (3,280,784) | 864,268 | (44,915,050) |
| Infrastructure            | (296,719,605) | (11,863,288) | - | (308,582,893) |
| **Total accumulated depreciation** | (385,326,755) | (18,415,477) | (1,597,081) | (402,145,151) |

| **Total capital assets, being depreciated, net** | $227,250,489 | (6,483,534) | (995,097) | $213,771,858 |

| Governmental activities capital assets, net | $400,761,035 | $7,074,846 | (995,097) | $405,505,051 |

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

<table>
<thead>
<tr>
<th>Function</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>615,005</td>
</tr>
<tr>
<td>Public safety</td>
<td>2,073,075</td>
</tr>
<tr>
<td>Public works</td>
<td>12,299,540</td>
</tr>
<tr>
<td>Sanitation</td>
<td>813,398</td>
</tr>
<tr>
<td>Public health</td>
<td>136,667</td>
</tr>
<tr>
<td>Public assistance</td>
<td>31,090</td>
</tr>
<tr>
<td>Convention and tourism</td>
<td>21,378</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>2,422,134</td>
</tr>
<tr>
<td>Economic development</td>
<td>3,190</td>
</tr>
<tr>
<td><strong>Total depreciation expense — governmental activities</strong></td>
<td>$18,415,477</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements
September 30, 2014

NOTE 7 – CAPITAL ASSETS – CONTINUED

The business-type capital asset activity for the fiscal year ended September 30, 2014 was as follows:

<table>
<thead>
<tr>
<th>Business-Type Activities:</th>
<th>Beginning Balance 10/1/2013</th>
<th>Additions</th>
<th>Deletions</th>
<th>Ending Balance 9/30/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets, not being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$12,894,704</td>
<td>-</td>
<td>$675,615</td>
<td>$12,219,089</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>964,776</td>
<td>1,105,643</td>
<td>-</td>
<td>2,070,419</td>
</tr>
<tr>
<td>Total capital assets, not being depreciated</td>
<td>13,859,480</td>
<td></td>
<td>($675,615)</td>
<td>14,289,508</td>
</tr>
<tr>
<td>Capital assets, being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>59,834,128</td>
<td>455,184</td>
<td>(824)</td>
<td>60,288,488</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>12,078,718</td>
<td>430,631</td>
<td>-</td>
<td>12,509,349</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>13,023,635</td>
<td>1,263,922</td>
<td>(551,785)</td>
<td>13,735,773</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>44,062,673</td>
<td>4,168,737</td>
<td>-</td>
<td>48,231,410</td>
</tr>
<tr>
<td>Total capital assets, being depreciated</td>
<td>128,999,154</td>
<td>6,318,474</td>
<td>(552,609)</td>
<td>134,765,019</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(27,648,356)</td>
<td>(1,830,616)</td>
<td>163</td>
<td>(29,478,808)</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>(4,623,778)</td>
<td>(487,747)</td>
<td>-</td>
<td>(5,111,525)</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(10,187,527)</td>
<td>(952,689)</td>
<td>481,745</td>
<td>(10,658,471)</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>(24,465,822)</td>
<td>(1,182,715)</td>
<td>-</td>
<td>(25,648,537)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(66,925,483)</td>
<td>(4,453,767)</td>
<td>481,908</td>
<td>(70,897,342)</td>
</tr>
<tr>
<td>Total capital assets, being depreciated, net</td>
<td>62,073,671</td>
<td>1,864,707</td>
<td>(70,000)</td>
<td>63,867,677</td>
</tr>
<tr>
<td>Business-type activities capital assets, net</td>
<td>$75,933,151</td>
<td>$2,970,350</td>
<td>(746,316)</td>
<td>$78,157,185</td>
</tr>
</tbody>
</table>

Depreciation expense was charged to the functions of the business-type activities as follows:

Business-type activities:
- Airport and Business-Industrial Park $2,751,007
- Parking Revenue 17,324
- Public Transit 1,424,974
- Brownsville Golf Center 260,462
- Total depreciation expense – business-type activities $4,453,767
## CITY OF BROWNSVILLE, TEXAS

### Notes to the Financial Statements

**September 30, 2014**

### NOTE 7 – CAPITAL ASSETS – CONTINUED

#### Discretely Presented Component Unit

Changes in the Public Utilities Board’s capital assets for the year ended September 30, 2014 were as follows:

<table>
<thead>
<tr>
<th>Component Unit</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Deletions</th>
<th>Reclassifications</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land</strong></td>
<td>$24,832,801</td>
<td></td>
<td>(1,899)</td>
<td>$370,612</td>
<td>$25,201,514</td>
</tr>
<tr>
<td><strong>Construction in progress</strong></td>
<td>87,516,799</td>
<td>55,542,567</td>
<td></td>
<td>(31,093,216)</td>
<td>111,966,150</td>
</tr>
<tr>
<td><strong>Total capital assets, not being depreciated</strong></td>
<td>112,349,600</td>
<td>55,542,567</td>
<td>(1,899)</td>
<td>(30,722,604)</td>
<td>137,167,664</td>
</tr>
<tr>
<td><strong>Capital assets, being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plant</strong></td>
<td>687,679,925</td>
<td>3,294,639</td>
<td>(4,213,479)</td>
<td>28,391,335</td>
<td>715,152,420</td>
</tr>
<tr>
<td><strong>Buildings and structures</strong></td>
<td>75,008,077</td>
<td>15,436</td>
<td>(340,823)</td>
<td>542,625</td>
<td>75,225,315</td>
</tr>
<tr>
<td><strong>Improvements other than buildings</strong></td>
<td>45,934,598</td>
<td>2,076,498</td>
<td>(26,168)</td>
<td>1,623</td>
<td>45,910,053</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>116,672,668</td>
<td>2,076,498</td>
<td>(1,234,998)</td>
<td>1,787,021</td>
<td>119,398,189</td>
</tr>
<tr>
<td><strong>Total capital assets, being depreciated</strong></td>
<td>925,295,268</td>
<td>5,386,573</td>
<td>(5,815,463)</td>
<td>30,722,604</td>
<td>955,588,977</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plant</strong></td>
<td>(304,772,453)</td>
<td>(18,956,501)</td>
<td>3,544,883</td>
<td>-</td>
<td>(320,184,071)</td>
</tr>
<tr>
<td><strong>Buildings and structures</strong></td>
<td>(33,168,200)</td>
<td>(1,942,992)</td>
<td>214,353</td>
<td>-</td>
<td>(34,896,839)</td>
</tr>
<tr>
<td><strong>Improvements other than buildings</strong></td>
<td>(34,083,974)</td>
<td>(2,026,677)</td>
<td>20,448</td>
<td>-</td>
<td>(36,090,030)</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>(57,338,588)</td>
<td>(5,482,876)</td>
<td>1,007,290</td>
<td>-</td>
<td>(61,814,174)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>(429,363,215)</td>
<td>(28,409,046)</td>
<td>4,786,974</td>
<td>-</td>
<td>(452,985,287)</td>
</tr>
<tr>
<td><strong>Capital assets, net</strong></td>
<td>$608,281,653</td>
<td>$32,520,094</td>
<td>(1,030,393)</td>
<td>-</td>
<td>$639,771,354</td>
</tr>
</tbody>
</table>

#### Other Component Units

The GBIC’s capital asset activity for the fiscal year ended September 30, 2014, was as follows:

<table>
<thead>
<tr>
<th>Component Unit</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Deletions</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets, not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Land</strong></td>
<td>$9,497,531</td>
<td></td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Construction in Progress</strong></td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total capital assets, not being depreciated</strong></td>
<td>$9,497,531</td>
<td>-</td>
<td>-</td>
<td>$9,497,531</td>
</tr>
<tr>
<td><strong>GBIC’s capital assets, net</strong></td>
<td>$9,497,531</td>
<td>-</td>
<td>-</td>
<td>$9,497,531</td>
</tr>
</tbody>
</table>
NOTE 7 - CAPITAL ASSETS - CONTINUED

Other Component Units - Continued

The BCIC’s capital asset activity for the fiscal year ended September 30, 2014, was as follows:

<table>
<thead>
<tr>
<th>Capital assets, not being depreciated:</th>
<th>Beginning Balance 10/1/2013</th>
<th>Additions</th>
<th>Deletions</th>
<th>Ending Balance 9/30/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 2,042,143</td>
<td>$</td>
<td>$</td>
<td>$ 2,042,143</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>2,446,488</td>
<td></td>
<td></td>
<td>2,446,488</td>
</tr>
<tr>
<td>Total capital assets, not being depreciated</td>
<td>4,488,631</td>
<td></td>
<td></td>
<td>4,488,631</td>
</tr>
<tr>
<td>Capital assets, being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>28,534,678</td>
<td></td>
<td></td>
<td>28,534,678</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>3,787,958</td>
<td>72,311</td>
<td></td>
<td>3,860,269</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>804,665</td>
<td></td>
<td></td>
<td>804,665</td>
</tr>
<tr>
<td>Total capital assets, being depreciated</td>
<td>33,127,301</td>
<td>72,311</td>
<td></td>
<td>33,199,612</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>(3,155,660)</td>
<td>(634,476)</td>
<td></td>
<td>(3,790,136)</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>(640,549)</td>
<td>(192,990)</td>
<td></td>
<td>(833,539)</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(331,532)</td>
<td>(67,050)</td>
<td></td>
<td>(398,582)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(4,127,532)</td>
<td>(894,516)</td>
<td></td>
<td>(5,022,048)</td>
</tr>
<tr>
<td>BCIC’s capital assets, net</td>
<td>$ 33,486,400</td>
<td>$ (822,205)</td>
<td>$</td>
<td>$ 32,666,195</td>
</tr>
</tbody>
</table>
### NOTE 7 — CAPITAL ASSETS — CONTINUED

#### Other Component Units — Continued

The PID's capital asset activity for the fiscal year ended September 30, 2014 was as follows:

<table>
<thead>
<tr>
<th>Capital assets, not being depreciated:</th>
<th>Beginning Balance 12/31/2013</th>
<th>Additions</th>
<th>Deletions</th>
<th>Ending Balance 9/30/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total capital assets, not being depreciated</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital assets, being depreciated:</th>
<th>Buildings and structures</th>
<th>Improvements other than buildings</th>
<th>Machinery and equipment</th>
<th>Total capital assets, being depreciated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance 12/31/2013</td>
<td>158,016</td>
<td>3,486,544</td>
<td>133,263</td>
<td>3,777,823</td>
</tr>
<tr>
<td>Additions</td>
<td>16,000</td>
<td>51,282</td>
<td></td>
<td>67,282</td>
</tr>
<tr>
<td>Deletions</td>
<td></td>
<td></td>
<td></td>
<td>184,545</td>
</tr>
<tr>
<td>Ending Balance 9/30/2014</td>
<td>158,016</td>
<td>3,502,544</td>
<td>133,263</td>
<td>3,845,105</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less accumulated depreciation for:</th>
<th>Buildings</th>
<th>Improvements other than buildings</th>
<th>Machinery and equipment</th>
<th>Total accumulated depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(12,885)</td>
<td>(1,052,718)</td>
<td>(38,986)</td>
<td></td>
<td>(1,094,589)</td>
</tr>
<tr>
<td>(3,515)</td>
<td>(174,671)</td>
<td>(16,071)</td>
<td></td>
<td>(194,255)</td>
</tr>
<tr>
<td>(16,398)</td>
<td>(1,227,589)</td>
<td>(45,057)</td>
<td></td>
<td>(1,282,844)</td>
</tr>
</tbody>
</table>

| Total capital assets, being depreciated net | $ 2,583,234 | $ (126,972) | $         | $ 2,556,261 |
| Total capital assets, net | $ 2,583,234 | $ (126,972) | $         | $ 2,556,261 |

### NOTE 8 — SHORT-TERM DEBT

#### Public Utilities Board

Commercial paper balances and activity as of and for the year ended September 30, 2014 are as follows:

<table>
<thead>
<tr>
<th>Beginning Balance 2013</th>
<th>Additions</th>
<th>Deletions</th>
<th>Ending Balance 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial paper</td>
<td>$ 4,000,000</td>
<td>$ 9,000,000</td>
<td>$ 13,000,000</td>
</tr>
</tbody>
</table>

The Public Utilities Board issued $9,000,000 of Commercial Paper during 2014.
NOTE 9 – LONG-TERM DEBT

a. Governmental Activities

Changes in long-term obligations for the fiscal year ended September 30, 2014 are as follows:

<table>
<thead>
<tr>
<th>Bond Category</th>
<th>10/1/2013 Balance</th>
<th>Additions</th>
<th>Deletions</th>
<th>9/30/2014 Balance</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>$94,850,000</td>
<td>$13,745,000</td>
<td>$21,960,000</td>
<td>$86,635,000</td>
<td>$6,340,000</td>
</tr>
<tr>
<td>Certificates of Obligation</td>
<td>58,610,000</td>
<td>9,605,000</td>
<td>3,575,000</td>
<td>64,640,000</td>
<td>3,630,000</td>
</tr>
<tr>
<td>Plus: Premium on Refunding</td>
<td>2,839,215</td>
<td>1,943,040</td>
<td>427,117</td>
<td>4,355,138</td>
<td>-</td>
</tr>
<tr>
<td>Less: Deferred Amounts on Refunding</td>
<td>(1,489,006)</td>
<td>(824,411)</td>
<td>904,408</td>
<td>(1,409,009)</td>
<td>-</td>
</tr>
<tr>
<td>Total Bonds Payable</td>
<td>154,810,209</td>
<td>24,468,629</td>
<td>26,866,525</td>
<td>154,221,129</td>
<td>9,970,000</td>
</tr>
</tbody>
</table>

Accrued Compensable Absences          | 9,719,642         | 4,912,442  | 4,161,547  | 10,470,548        | 4,036,588           |
OPEB Liability                        | 7,410,993         | 3,035,620  | 1,135,020  | 9,311,593         | -                   |
Notes Payable                         | 3,505,518         | 155,000    | 370,039    | 3,290,479         | 407,046             |
Landfill Closure and Post-closure Care| 10,154,024        | 362,335    | -          | 10,516,359        | -                   |
Total Long-term Debt                  | $185,600,386      | $32,934,026 | $32,533,131 | $187,810,108      | $14,413,634         |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments, pension and OPEB liabilities, and compensated absences are generally liquidated by the general fund.

(The remainder of this page intentionally left blank.)
NOTE 9 – LONG-TERM DEBT – CONTINUED

a. Governmental Activities – Continued

Bonded debt outstanding at September 30, 2014 is summarized as follows:

<table>
<thead>
<tr>
<th>Bond Description</th>
<th>Original Amount</th>
<th>Interest Rates</th>
<th>Outstanding Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refunding, Series 2005</td>
<td>$ 20,320,000</td>
<td>3.00% - 5.00%</td>
<td>$ 15,785,000</td>
</tr>
<tr>
<td>Public Improvement &amp; Refunding, Series 2006</td>
<td>9,375,000</td>
<td>3.75% - 4.58%</td>
<td>5,550,000</td>
</tr>
<tr>
<td>Public Improvement &amp; Refunding, Series 2007</td>
<td>7,980,000</td>
<td>4.00% - 4.75%</td>
<td>7,140,000</td>
</tr>
<tr>
<td>Public Improvement &amp; Refunding, Series 2008</td>
<td>12,930,000</td>
<td>4.00% - 5.50%</td>
<td>12,930,000</td>
</tr>
<tr>
<td>Refunding, Series 2010</td>
<td>12,570,000</td>
<td>2.00% - 3.50%</td>
<td>11,155,000</td>
</tr>
<tr>
<td>Refunding, Series 2011</td>
<td>3,745,000</td>
<td>3.00% - 4.00%</td>
<td>3,445,000</td>
</tr>
<tr>
<td>Refunding, Series 2011-A</td>
<td>18,535,000</td>
<td>1.00% - 4.00%</td>
<td>15,825,000</td>
</tr>
<tr>
<td>Refunding, Series 2013</td>
<td>1,905,000</td>
<td>0.55% - 1.85%</td>
<td>1,275,000</td>
</tr>
<tr>
<td>Refunding, Series 2013-A</td>
<td>13,745,000</td>
<td>2.00% - 5.00%</td>
<td>13,530,000</td>
</tr>
<tr>
<td>Certificates of Obligation Bonds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2006</td>
<td>10,545,000</td>
<td>3.75% - 4.58%</td>
<td>7,830,000</td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2007</td>
<td>12,090,000</td>
<td>4.00%</td>
<td>10,385,000</td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2008-A</td>
<td>17,305,000</td>
<td>4.00% - 5.50%</td>
<td>14,545,000</td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2008-B</td>
<td>6,000,000</td>
<td>5.125%</td>
<td>4,210,000</td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2011</td>
<td>5,495,000</td>
<td>2.00% - 4.375%</td>
<td>4,775,000</td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2012-A</td>
<td>11,220,000</td>
<td>2.00% - 4.00%</td>
<td>11,160,000</td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2012-B</td>
<td>1,155,000</td>
<td>0.86% - 4.56%</td>
<td>1,105,000</td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2013-A</td>
<td>8,505,000</td>
<td>1.875% - 4.375%</td>
<td>8,095,000</td>
</tr>
<tr>
<td>Combination Tax and Revenue, Series 2013B AMT</td>
<td>1,100,000</td>
<td>2.00% - 5.00%</td>
<td>995,000</td>
</tr>
<tr>
<td>Tax Notes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Notes, Series 2010</td>
<td>1,220,000</td>
<td>1.70% - 3.55%</td>
<td>875,000</td>
</tr>
<tr>
<td>Tax Notes, Series 2011</td>
<td>375,000</td>
<td>3.35%</td>
<td>285,000</td>
</tr>
<tr>
<td>Tax Notes, Series 2011-A</td>
<td>470,000</td>
<td>3.18%</td>
<td>380,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>151,275,000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus: Unamortized premiums on refunding</td>
<td></td>
<td></td>
<td>4,355,138</td>
</tr>
<tr>
<td>Less: Unamortized deferred charge on refunding</td>
<td></td>
<td></td>
<td>(1,409,009)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>154,221,129</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Current maturities</td>
<td></td>
<td></td>
<td>(9,970,000)</td>
</tr>
<tr>
<td><strong>Total Long-Term Bonded Debt</strong></td>
<td><strong>$ 144,251,129</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All general obligation bonded debt is considered to be a net direct tax supported debt.
NOTE 9 — LONG-TERM DEBT — CONTINUED

a.  Governmental Activities — Continued

On December 18, 2013, the City issued $8,505,000 of Combination Tax & Revenue, Certificates of Obligation, Series 2013A and $1,100,000 of Combination Tax & Airport Revenue, Certificates of Obligation, Taxable Series 2013B (AMT). The purpose of these bonds will be for construction of various capital projects throughout the City and paying issuance costs.

Current Refunding:

On December 18, 2013, the City issued $13,745,000 of General Obligation Refunding Bonds, Series 2013A. The purpose of these bonds provided proceeds for a current refunding of General Obligation Refunding Bonds, Series 2004. The restructing will result in a gross debt service savings of $888,053 and a net present value debt service savings of $1,138,128.

Prior Year Defeasance of Debt:

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the governmental activities column of the statement of net position. As of September 30, 2014, the City had no defeased debt outstanding.

Notes Payable:

On October 10, 2001 the City purchased 274.94 acres of property which is used as the City’s landfill. The purchase price for the property was $5,000,000. The City paid $10,000 and executed a promissory note for the balance of $4,990,000. The note is payable in annual installments of $417,560 over twenty years including interest at 5.5%. The note is secured by a Deed of Trust and Vendor’s Lien and Security Agreement on said property. As of September 30, 2014 the outstanding note payable balance is $2,372,979.

During fiscal year 2012, the City purchased real estate located in the downtown Brownsville area. The purchase was $924,024. The City initiated a note payable with the Greater Brownsville Incentive Corp. (GBIC) for the amount of $924,024, in lieu of the 2% administrative fee revenue the City was receiving for its administrative services. The note is payable over a ten year period in the amount of the administrative fee the City would have otherwise received from GBIC. This is a 0% interest-bearing note. At September 30, 2014 the balance on the note was $772,458.

During fiscal year 2014, the City purchased real estate located in the downtown Brownsville area. The purchase was $155,000. The City initiated a note payable with the property owner for the amount of $155,000. The note is payable over a five year period in payment amounts ranging from $10,000 to $30,000. This is a 0% interest-bearing note. At September 30, 2014 the balance on the note was $145,000.
NOTE 9 — LONG-TERM DEBT — CONTINUED

a. Governmental Activities — Continued

The annual requirements to retire governmental activities long-term debt outstanding at September 30, 2014 is as follows:

<table>
<thead>
<tr>
<th>Year Ending September 30,</th>
<th>Bonded Debt</th>
<th></th>
<th>Notes Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td>Principal</td>
</tr>
<tr>
<td>2015</td>
<td>$9,970,000</td>
<td>$6,074,194</td>
<td>$407,046</td>
</tr>
<tr>
<td>2016</td>
<td>10,445,000</td>
<td>5,706,641</td>
<td>425,834</td>
</tr>
<tr>
<td>2017</td>
<td>11,545,000</td>
<td>5,283,149</td>
<td>445,489</td>
</tr>
<tr>
<td>2018</td>
<td>12,250,000</td>
<td>4,797,031</td>
<td>466,061</td>
</tr>
<tr>
<td>2019</td>
<td>12,610,000</td>
<td>4,264,158</td>
<td>482,600</td>
</tr>
<tr>
<td>2020 to 2023</td>
<td>58,215,000</td>
<td>11,165,355</td>
<td>1,063,449</td>
</tr>
<tr>
<td>2024 to 2028</td>
<td>28,200,000</td>
<td>4,522,555</td>
<td>-</td>
</tr>
<tr>
<td>2029 to 2033</td>
<td>8,040,000</td>
<td>660,608</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$151,275,000</td>
<td>$42,473,690</td>
<td>$3,290,479</td>
</tr>
</tbody>
</table>

b. Business-type Activities

<table>
<thead>
<tr>
<th>Balance Outstanding October 1, 2013</th>
<th>Additions</th>
<th>Deletions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Compensable Absences</td>
<td>$732,146</td>
<td>$303,817</td>
</tr>
<tr>
<td>OPEB Liability</td>
<td>1,660,335</td>
<td>122,424</td>
</tr>
<tr>
<td>Total</td>
<td>$2,392,481</td>
<td>$426,241</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance Outstanding September 30, 2014</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Compensable Absences</td>
<td>$752,887</td>
</tr>
<tr>
<td>OPEB Liability</td>
<td>2,027,346</td>
</tr>
<tr>
<td>Total</td>
<td>$2,780,233</td>
</tr>
</tbody>
</table>
NOTE 9 — LONG-TERM DEBT — CONTINUED

c. **Discretely Presented Component Unit**

*Public Utilities Board*

Revenue bond balances and activity as of and for the year ended September 30, 2014 are as follows:

<table>
<thead>
<tr>
<th>Bond Description</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$163,725,000 utilities system revenue improvement and refunding bonds,</td>
<td>$49,955,000</td>
</tr>
<tr>
<td>Series 2005A; due in annual installments ranging from $880,000 to</td>
<td></td>
</tr>
<tr>
<td>$16,600,000 through 2031 with interest rates ranging from 3.5% to 5.0%</td>
<td></td>
</tr>
<tr>
<td>$56,855,000 utilities system revenue improvement refunding bonds, Series</td>
<td>33,725,000</td>
</tr>
<tr>
<td>2005B; due in annual installments ranging from $3,515,000 to $8,190,000</td>
<td></td>
</tr>
<tr>
<td>through 2019 with interest rates ranging from 4.646% to 5.304%</td>
<td></td>
</tr>
<tr>
<td>$601,000 utilities system junior lien revenue bond Series 2007; due in annual</td>
<td>423,000</td>
</tr>
<tr>
<td>installments ranging from $29,000 to $46,000 through 2026 with interest rates</td>
<td></td>
</tr>
<tr>
<td>ranging from 3.24% to 3.74%</td>
<td></td>
</tr>
<tr>
<td>$77,805,000 utilities system revenue refunding bond, Series 2008, due in</td>
<td>64,350,000</td>
</tr>
<tr>
<td>annual installments ranging from $1,220,000 to $5,065,000 through 2033 with</td>
<td></td>
</tr>
<tr>
<td>interest rates ranging from 4.0% to 5.0%</td>
<td></td>
</tr>
<tr>
<td>$12,305,000 utilities system revenue refunding bonds, Series 2011; due in</td>
<td>6,950,000</td>
</tr>
<tr>
<td>annual installments ranging from $745,000 to $1,235,000 through 2009 with</td>
<td></td>
</tr>
<tr>
<td>interest rates ranging from 2.0% to 4.0%</td>
<td></td>
</tr>
<tr>
<td>$20,690,000 utilities system revenue refunding bonds, Series 2012; due in</td>
<td>19,545,000</td>
</tr>
<tr>
<td>annual installments ranging from $565,000 to $1,210,000 through 2037 with</td>
<td></td>
</tr>
<tr>
<td>interest rates ranging from 1.5% to 4.0%</td>
<td></td>
</tr>
<tr>
<td>$840,000 utilities system revenue refunding bonds, Series 2012; due in annual</td>
<td>780,000</td>
</tr>
<tr>
<td>installments ranging from $30,000 to $60,000 through 2032 with interest rates</td>
<td></td>
</tr>
<tr>
<td>ranging from .27% to 3.49%</td>
<td></td>
</tr>
<tr>
<td>$118,185,000 utilities system revenue refunding bonds, Series 2013A; due in</td>
<td>117,755,000</td>
</tr>
<tr>
<td>annual installments ranging from $430,000 to $11,820,000 through 2031 with</td>
<td></td>
</tr>
<tr>
<td>interest rates ranging from 2.0% to 5.0%</td>
<td></td>
</tr>
<tr>
<td>$9,950,000 water supply contract revenue refunding bonds, series 2006;</td>
<td>9,810,000</td>
</tr>
<tr>
<td>due in remaining annual installments ranging from $10,000 to $1,845,000</td>
<td></td>
</tr>
<tr>
<td>through 2032 with interest rate ranging from 3.7% to 5.50%</td>
<td></td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements
September 30, 2014

NOTE 9 — LONG-TERM DEBT — CONTINUED

c. *Discretely Presented Component Units* — Continued

**Public Utilities Board** - Continued

Revenue Bonds – Continued:

- $9,295,000 revenue bonds, Series 2009A; due in remaining annual installments ranging from $305,000 to $310,000 through 2039 with interest rate at 0%. 7,745,000
- $3,795,000 revenue bonds, Series 2009B; due in remaining annual installments ranging from $125,000 to $270,000 through 2029 with interest ranging from 0.10% to 4.25%. 3,105,000
- $13,530,000 water supply contract revenue refunding bonds, Series 2012 due in remaining annual installments ranging from $700,000 to $1,285,000 through 2027 with interest rate ranging from 3.0% to 5.0%. 12,100,000

Plus:

Unamortized premium 25,469,016

Less:

Unamortized original issuance discount (1,883,014) 349,829,002

Less: current portion (13,306,000) Total long term debt 336,523,002

Principal and interest amounts due for each of the next five years and thereafter to maturity are:

<table>
<thead>
<tr>
<th>Year Ended September 30,</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$13,306,000</td>
<td>$14,776,022</td>
<td>$28,082,022</td>
</tr>
<tr>
<td>2016</td>
<td>13,828,000</td>
<td>14,201,902</td>
<td>28,029,902</td>
</tr>
<tr>
<td>2017</td>
<td>14,394,000</td>
<td>13,575,690</td>
<td>27,969,690</td>
</tr>
<tr>
<td>2018</td>
<td>14,951,000</td>
<td>12,962,424</td>
<td>27,913,424</td>
</tr>
<tr>
<td>2019</td>
<td>15,602,000</td>
<td>12,266,280</td>
<td>27,868,280</td>
</tr>
<tr>
<td>2020 to 2024</td>
<td>89,087,000</td>
<td>49,570,407</td>
<td>138,657,407</td>
</tr>
<tr>
<td>2025 to 2029</td>
<td>104,590,000</td>
<td>26,951,559</td>
<td>131,541,559</td>
</tr>
<tr>
<td>2030 to 2034</td>
<td>55,440,000</td>
<td>5,087,499</td>
<td>60,527,499</td>
</tr>
<tr>
<td>2035 to 2039</td>
<td>5,045,000</td>
<td>256,831</td>
<td>5,301,831</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$326,243,000</td>
<td>$149,648,614</td>
<td>$475,891,614</td>
</tr>
</tbody>
</table>
NOTE 9 — LONG-TERM DEBT — CONTINUED

c. *Discretely Presented Component Units* — Continued

*Public Utilities Board* — Continued

Revenue Bonds — Continued

The Public Utilities Board is required by various debt agreements to comply with various financial statements and other covenants including maintaining required debt service coverage ratios. No non-compliance with covenants was noted which constitutes an “event of default” under these agreements.

On December 7, 2009, the Authority issued $9,295,000 in Water Supply Contract Revenue Bonds, Series 2009A and $3,795,000 in Water Supply Contract Revenue Bonds, Series 2009B through the TWDB Drinking Water State Revolving Fund for the construction of a full scale Micro Filtration Pretreatment System. The Series 2009A bonds were issued at 0.0% interest with annual installments ranging from $305,000 to $310,000 through maturity in 2039. The Series 2009B bonds bear interest at a range from 0.10% to 4.25% with annual installments ranging from $125,000 to $270,000 through maturity in 2029. Funds are held by the TWDB and released through installments as project expenses are incurred. A total of $1,078,695 was released from TWDB to the Authority during FY 2013.


On October 1, 2012, the Public Utilities Board issued $840,000 in Utility System Junior Lien Revenue Bonds, Series 2012. Proceeds from the sale of the Obligations were used for the purpose of funding construction improvements to the wastewater system on the FM 511 — 802 Colonia Project.

On September 25, 2012, the Public Utilities Board issued $20,690,000 in Utility System Revenue Refunding Bonds, Series 2012. The refunding bonds had a closing date of October 18, 2012 and the proceeds plus $5,275,000 in issuer contributions were used to defease $24,450,000 of Commercial Paper notes.

On September 26, 2012, the Authority issued $13,530,000 in Water Supply Contract Revenue Refunding Bonds, Series 2012. The refunding bonds had a closing date of October 18, 2012 and the proceeds plus the bond premium were used to defease $14,990,000 of the Series 2002 Revenue Bonds for the years 2013 through 2027.

On May 1, 2013, the Public Utilities Board issued $118,185,000 in Utilities System Revenue Refunding Bonds, Series 2013. The refunding bond proceeds plus a bond premium of $16,723,650 were used to defease $109,985,000 of the Series 2005A Utilities System Revenue Improvement and Refunding Bonds which are callable on September 1, 2015 and funded $11,818,500 of Public Utilities Board Senior Lien Reserve Fund.
CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements
September 30, 2014

NOTE 9 – LONG-TERM DEBT – CONTINUED

c. Discretely Presented Component Units – Continued

Public Utilities Board – Continued

Current Refunding

The Public Utilities Board issued $20,690,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2012. The proceeds of the refunding bonds plus $5,275,000 in issuer contributions were used for a current refunding of $24,450,000 of Commercial Paper Notes. As a result, the refunded commercial paper notes are considered to be defeased and the liability has been removed from long-term debt. This current refunding was undertaken to convert the Commercial Paper Notes to long-term and did not result in an economic gain or loss.

Advance Refunding

The Public Utilities Board issued $118,185,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2013. The refunding bonds were issued to provide resources to purchase securities on a competitive basis that were placed with an Escrow Agent for the purpose of meeting debt service payments through the September 1, 2015 call date on $109,985,000 of the Series 2005A Utilities System Revenue Improvement and Refunding Bonds including years 2016 through 2031. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. The reacquisition price exceeded the net carrying amount of the old debt by $13,261,302. This amount together with $2,690,348 of unamortized deferred amount from the prior refunding is being netted against the new debt and amortized through the year 2031. The Public Utilities Board completed the advance refunding to reduce its total debt service payments over the next 18 years by $11,225,576 and to obtain an economic gain (difference between the present values of old and new debt service payments) of $8,446,480.

The Authority issued $13,530,000 in aggregate principal amount of Water Supply Contract Revenue Refunding Bonds, Series 2012 for an advance refunding of $14,990,000 of the Series 2002 Revenue Bonds for the years 2013 through 2027. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. The reacquisition price exceeded the net carrying amount of the old debt by $48,131. This amount together with $423,630 of unamortized deferred amount from the prior refunding is being netted against the new debt and amortized through the year 2027. The Authority completed the advance refunding to reduce its total debt service payments over the next 14 years by $2,610,475 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $2,139,931.

Prior Year Defeasance of Debt

In prior years, the Public Utilities Board has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or it matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from long-term debt. As of September 30, 2014, the amount of defeased debt outstanding but removed from long-term debt amounted to $138,885,000.
CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements
September 30, 2014

NOTE 9 — LONG-TERM DEBT — CONTINUED

c.  

Discretely Presented Component Units — Continued

Public Utilities Board — Continued

Remarketing Memorandum

In connection with the Public Utilities Board restructuring of its revenue financing system, the Public Utilities Board approved a Remarketing Memorandum which became effective upon the issuance of the 2005 Bonds. The Remarketing Memorandum modified certain existing covenants of the Utilities System Subordinate Lien Revenue and Refunding Bonds, Series 2002A and 2002B to conform to the terms on which the Series 2005 Bonds were issued.

Brownsville Community Improvement Corporation

Long-term liability activity for the Brownsville Community Improvement Corporation for the fiscal year ended September 30, 2014 was as follows:

<table>
<thead>
<tr>
<th>Bonds payable:</th>
<th>Balance Outstanding 9/30/2014</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance Outstanding 9/30/2014</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$15,590,000</td>
<td>$ -</td>
<td>$1,050,000</td>
<td>$14,540,000</td>
<td>$1,080,000</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>$15,590,000</td>
<td>$ -</td>
<td>$1,050,000</td>
<td>$14,540,000</td>
<td>$1,080,000</td>
</tr>
</tbody>
</table>

Revenue Bonds:

$7,915,000 sales tax revenue bonds, series 2007; due in remaining annual installments ranging from $300,000 to $585,000 through 2027, with interest rates ranging from 4.0% to 4.50%.  

$1,905,000 sales tax revenue bonds, series 2010; due in remaining annual installments ranging from $105,000 to $165,000 through 2025, with an interest rate of 3.99%.  

$7,770,000 sales tax revenue refunding bonds, series 2011; due in remaining annual installments ranging from $45,000 to $830,000 through 2024, with interest rates ranging from 1.0% to 4.0%.

Less: current maturities

$13,460,000
NOTE 9 — LONG-TERM DEBT — CONTINUED

c. Discretely Presented Component Units — Continued

Brownsville Community Improvement Corporation

Revenue bond debt service requirements to maturity are as follows:

<table>
<thead>
<tr>
<th>Year Ending September 30,</th>
<th>BCIC Principal</th>
<th>BCIC Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 1,080,000</td>
<td>$ 532,994</td>
</tr>
<tr>
<td>2016</td>
<td>1,120,000</td>
<td>497,205</td>
</tr>
<tr>
<td>2017</td>
<td>1,155,000</td>
<td>460,267</td>
</tr>
<tr>
<td>2018</td>
<td>1,190,000</td>
<td>423,279</td>
</tr>
<tr>
<td>2019</td>
<td>1,230,000</td>
<td>381,435</td>
</tr>
<tr>
<td>2020 to 2024</td>
<td>6,920,000</td>
<td>1,143,667</td>
</tr>
<tr>
<td>2025 to 2029</td>
<td>1,845,000</td>
<td>118,942</td>
</tr>
<tr>
<td>Total</td>
<td>$ 14,540,000</td>
<td>$ 3,557,787</td>
</tr>
</tbody>
</table>

In April 2008, the City issued $6,000,000 in bonds to finance capital improvements for the Brownsville/South Padre Island International Airport. The bonds are payable solely from the sales tax revenues collected by the Greater Brownsville Incentive Corporation. Total principal and interest remaining on the bonds is $5,255,500 payable through February 2023. For the current year, principal and interest paid and total incremental sales tax revenues were $584,988 and $4,364,181, respectively.

In April 2008, the City issued $3,000,000 in bonds to finance the quality of life projects of the Brownsville Community Improvement Corporation (BCIC). The bonds are payable solely from the sales tax revenues collected by BCIC. Total principal and interest remaining on the bonds is $1,471,400, payable through February 2018. For the current year, principal and interest paid and total incremental sales tax revenues were $370,600 and $4,364,181, respectively.

In March 2004, the City issued $12,000,000 in bonds to finance the quality of life projects of the Brownsville Community Improvement Corp (BCIC). In 2012, the City refunded a portion of this debt. Total principal and interest remaining on the bonds is $8,474,125, payable through February 2024. For the current year, principal and interest paid and total incremental sales tax revenues were $848,150 and $4,364,181, respectively.

In January 2008, the City issued $7,915,000 in bonds to finance the quality of life projects of the Brownsville Community Improvement Corp (BCIC). The bonds are payable solely from the sales tax revenues collected by BCIC. Total principal and interest remaining on the bonds is $7,776,844 payable through February 2027.
NOTE 9 — LONG-TERM DEBT — CONTINUED

c. Discretely Presented Component Units — Continued

For the current year, principal and interest paid and total incremental sales tax revenues were $596,087 and $4,364,181, respectively.

In September 2010, the City issued $1,905,000 in bonds to finance the quality of life projects of Brownsville Community Improvement Corp. (BCIC). The bonds are payable solely from sales tax revenues collected by BCIC. Total principal and interest remaining on the bonds is $1,846,818, payable through February 2025. For the current year, principal and interest paid and total incremental sales tax revenues were $166,745 and $4,364,181.

In May 2003, the City issued $1,240,000 in bonds to finance the park improvements of the Paseo de la Resaca Landscaping and Lightning Maintenance District (PID). The bonds are payable solely from the tax assessments collected by PID. Total principal and interest remaining on the bonds is $883,811, payable through February 2023. For the current year, principal and interest paid and total tax assessments were $91,693 and $401,478, respectively.

NOTE 10 — TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN

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

Plan Description PUB

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the Public Utilities Board financed monetary credits, with interest. At the date the plan began, Public Utilities Board granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Public Utilities Board can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the Public Utilities Board matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.
NOTE 10 — TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN — CONTINUED

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

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>PUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit Rate:</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Matching Ratio (City to Employee):</td>
<td>2-1</td>
<td>1 ½ - 1</td>
</tr>
<tr>
<td>A member is vested after</td>
<td>5 yrs</td>
<td>5 yrs</td>
</tr>
<tr>
<td>Updated Service credit</td>
<td>100% Repeating, Transfer</td>
<td>100% Repeating, Transfer</td>
</tr>
<tr>
<td>Annuity Increases (to retirees)</td>
<td>70% CPI Repeating</td>
<td>70% CPI Repeating</td>
</tr>
</tbody>
</table>

Members can retire at certain ages, based on the years of service with the City and PUB.

The Service Retirement Eligibilities for the City are: 5 yrs/age 60, 20 yrs/any age
The Service Retirement Eligibilities for the PUB are: 5 yrs/age 60, 20 yrs/any age

Contributions

Under the state law governing TMRS, the contribution rate for each entity is determined annually by the actuary, using the Entry Age Normal (EAN) cost method. EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City and PUB contribute to the TMRS Plan at an actuarially determined rate. Both the employees and the City and PUB make contributions monthly. Since each entity needs to know their contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect, (i.e. December 31, 2013 valuation will determine the contribution rate beginning January 2015).

The required contribution rates for fiscal year 2014 were determined as part of the actuarial valuations at December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2014, also follows:
NOTE 10 — TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN — CONTINUED

 Contributions — Continued

City of Brownsville

- Valuation date: 12/31/2013
- Actuarial cost method: Entry Age Normal
- Amortization method: Level Percent of Payroll
- GASB 25 Equivalent Single
  - Amortization Period: 21.0 Years – Closed Period
- Amortization period for new gains/losses: 30 Years
- Asset valuation method: 10 – Year smoothed market
- Actuarial Assumptions:
  - Investment rate of return: 7.0%
  - Projected salary increases: Varies by age and service
  - Includes inflation at: 3.0%
  - Cost-of-living adjustments: 2.1% (70% of CPI)

Public Utilities Board — General System-Wide Actuarial Assumptions

- Valuation dates: 12/31/2013
- Actuarial cost method: Entry Age Normal
- Amortization method: Level Percent of Payroll
- GASB 25 Equivalent Single
  - Amortization Period: 22.0 years – Closed Period
- Amortization period for new gains/losses: 30 years
- Asset valuation method: 10 – Year smoothed market
- Actuarial Assumptions:
  - Investment rate of return: 7.0%
  - Projected salary increases: Varies by age and service
  - Includes inflation at: 3.0%
  - Cost-of-living adjustments: 2.1% (70% of CPI)
### NOTE 10 – TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN – CONTINUED

#### Three Year Trend Information

**City of Brownsville**

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Annual Pension Cost (APC)</th>
<th>Annual Contributions Made</th>
<th>Percentage of APC Contributed</th>
<th>Net Pension Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2012</td>
<td>$10,643,828</td>
<td>$10,643,828</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>9/30/2013</td>
<td>10,202,362</td>
<td>10,202,362</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>9/30/2014</td>
<td>10,202,362</td>
<td>10,202,362</td>
<td>100%</td>
<td>-</td>
</tr>
</tbody>
</table>

**Public Utilities Board**

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Annual Pension Cost (APC)</th>
<th>Annual Contributions Made</th>
<th>Percentage of APC Contributed</th>
<th>Net Pension Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2012</td>
<td>$4,021,605</td>
<td>$4,021,605</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>9/30/2013</td>
<td>3,268,022</td>
<td>3,268,022</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>9/30/2014</td>
<td>3,331,604</td>
<td>3,331,604</td>
<td>100%</td>
<td>-</td>
</tr>
</tbody>
</table>

The funded status as of December 31, 2013, under the two separate actuarial valuations is presented as follows:

**City of Brownsville**

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (a)</th>
<th>Actuarial Accrued Liability (AAL) (b)</th>
<th>Unfunded AAL (UAAL) (b-a)</th>
<th>Funded Payroll Ratio (a/b)</th>
<th>Covered Payroll (c)</th>
<th>UAAL as a Percentage of Covered Payroll ((b-a)/c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2011</td>
<td>191,166,573</td>
<td>243,688,186</td>
<td>52,521,613</td>
<td>78.4%</td>
<td>50,419,819</td>
<td>104.2%</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>208,180,088</td>
<td>255,093,402</td>
<td>46,913,314</td>
<td>81.6%</td>
<td>51,618,916</td>
<td>90.9%</td>
</tr>
<tr>
<td>12/31/2013</td>
<td>228,284,646</td>
<td>291,450,279</td>
<td>63,165,633</td>
<td>78.3%</td>
<td>52,269,751</td>
<td>120.8%</td>
</tr>
</tbody>
</table>

**Public Utilities Board**

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Accrued Liability (AAL) (b)</th>
<th>Unfunded AAL (UAAL) (b-a)</th>
<th>Funded Payroll Ratio (a/b)</th>
<th>Covered Payroll (c)</th>
<th>UAAL as a Percentage of Covered Payroll ((b-a)/c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2011</td>
<td>$91,922,770</td>
<td>$109,043,064</td>
<td>84.3%</td>
<td>$22,336,008</td>
<td>76.6%</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>99,023,313</td>
<td>115,077,743</td>
<td>86.1%</td>
<td>22,276,925</td>
<td>72.0%</td>
</tr>
<tr>
<td>12/31/2013</td>
<td>107,226,560</td>
<td>129,382,480</td>
<td>82.9%</td>
<td>23,249,150</td>
<td>95.3%</td>
</tr>
</tbody>
</table>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
NOTE 10 — TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN — CONTINUED

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

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

NOTE 11 — OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits

In addition to the pension benefits described in Note 10, the City of Brownsville and the Public Utilities Board provide post-retirement health care benefits and supplemental death benefits to its employees. The City provides post-employment benefits for their retired employees through an agent multiple-employer post-employment benefit plan. The PUB provides post-retirement health care benefits for employees retiring and receiving annuities from Texas Municipal Retirement System, through a single-employer plan.

City of Brownsville, Texas

Plan Participants

Any employee of the City of Brownsville who is eligible for retirement under the provisions of the Texas Municipal Retirement System is eligible to continue their health care in retirement.

Retirement Benefit Eligibility

Health Care Benefit Eligibility Conditions

The employee must meet the definition of retiree (see Plan Participants above).

Service retirement eligibility is:

1. 60 years of age with 5 years of service or
2. 20 years of service at any age.

Disability retirement eligibility is:

Must meet TMRS disability retirement eligibility and 1 year of service with the City.
NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

City of Brownsville, Texas – Continued

Health Care Benefit Provided by the Plan:

Non-Collective Bargaining Retiree: 100% paid medical if 55 years of age. Retiree younger than 55 years of age must pay the full premium until age 55 (after that the City picks up the premium until they are Medicare eligible) or half the premium until they are Medicare eligible. Coverage lasts until retiree reaches Medicare eligibility.

Collective Bargaining Retiree: 100% paid medical if 50 years of age. Retiree younger than 50 years of age must pay the full premium until age 50 (after that the City picks up the premium until they are Medicare eligible) or half the premium until they are Medicare eligible. Coverage lasts until retiree reaches Medicare eligibility.

Spouse and dependent: May participate in the medical plan by paying the entire premium as long as the retiree participates and the spouse is under 65. (May continue in these plans for up to 36 months through COBRA)

Retirees retired under 2001 Early Retirement Incentives: The City will pay for health insurance premiums necessary to provide coverage for the retiree and one eligible dependent who is enrolled and on record under the City’s group medical plan on the retiree’s retirement date.

Retirees retired prior to December 1996: Retirees are allowed to stay in the City’s medical insurance plan by contributing 100% of the premium. If the dependent is a child the coverage will continue until the child reaches 23 years of age or is no longer the retiree’s dependent, whichever occurs first. All coverage will lapse at such time as the retiree becomes 65 years of age, dies or elects to receive coverage from another source, whichever occurs first.

Vested Benefit at Termination

Employees terminating before Normal Retirement or Disability Retirement are not eligible for retiree health care.

Death-In-Service Health Benefits

Surviving spouses and dependents of deceased employees may continue in the medical plan for up to 36 months through COBRA.

Funding Policy and Annual OPEB Cost

The City’s annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The most recent OPEB actuarial valuation date for the City is December 31, 2012. The City’s annual OPEB cost for the fiscal year ending September 30, 2013, is as follows:
NOTE 11—OTHER POST-EMPLOYMENT BENEFITS—CONTINUED

City of Brownsville, Texas—Continued

Funding Policy and Annual OPEB Cost—Continued

Annual required contribution $ 3,372,623
Interest on OPEB obligation 408,210
Adjustment to ARC (378,202)
Annual OPEB cost (expense) end of year 3,402,631
Net estimated employer contributions (1,135,020)
Increase in net OPEB obligation 2,267,611

Net OPEB obligation (asset) — beginning of year $ 9,071,327
Net OPEB obligation (asset) — end of year $ 11,338,938

Of the current year obligation, $3,035,620 relates to the governmental funds, and $367,011 relates to the business-type activities.

Funding Status and Funding Progress

The funded status of the City’s retiree health care plan, under GASB Statement No. 45 as of December 31, 2012, can be found immediately following the notes as Required Supplementary Information and discussed below:

<table>
<thead>
<tr>
<th>Actuarial Valuation Date of</th>
<th>Actuarial Value of Assets</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded AAL (UAAL)</th>
<th>Funded Ratio (a/b)</th>
<th>Covered Payroll</th>
<th>UAAL as a Percentage of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>of December 31,</td>
<td>(a)</td>
<td>(b)</td>
<td>(b-a)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>-</td>
<td>28,335,651</td>
<td>28,335,651</td>
<td>0%</td>
<td>52,030,254</td>
<td>54.5%</td>
</tr>
<tr>
<td>2012</td>
<td>-</td>
<td>28,335,651</td>
<td>28,335,651</td>
<td>0%</td>
<td>51,987,378</td>
<td>54.5%</td>
</tr>
<tr>
<td>2013</td>
<td>-</td>
<td>32,826,728</td>
<td>32,826,728</td>
<td>0%</td>
<td>51,619,688</td>
<td>63.6%</td>
</tr>
</tbody>
</table>

Under the reporting parameters, the City’s retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by $32,826,728 at September 30, 2012 and 2013. As of the most recent valuation, the ratio or unfunded actuarial accrued liability to annual covered payroll is 63.6%.

Actuarial Methods and Assumptions

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

Notes to the Financial Statements
September 30, 2014

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS—CONTINUED

City of Brownsville—Continued

Actuarial Methods and Assumptions—Continued

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

Actuarial Methods and Assumptions

<table>
<thead>
<tr>
<th>Method</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation rate</td>
<td>3.0% per annum</td>
</tr>
<tr>
<td>Investment rate of return</td>
<td>4.5% per annum, net of expenses</td>
</tr>
<tr>
<td>Actuarial cost method</td>
<td>Projected Unit Credit Cost Method</td>
</tr>
<tr>
<td>Amortization method</td>
<td>Level as a percentage of employee payroll</td>
</tr>
<tr>
<td>Amortization period</td>
<td>30-year, open amortization</td>
</tr>
<tr>
<td>Payroll Growth</td>
<td>3.0% per annum</td>
</tr>
<tr>
<td>Medical Trend</td>
<td>Initial rate of 7.50% declining to an ultimate rate of 4.75% after 11 years</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Employer Required Annual Contribution</th>
<th>Employer Amount Contributed</th>
<th>Interest on NOO</th>
<th>ARC Adjustment</th>
<th>OPEB Cost</th>
<th>Percentage of OPEB Cost Contributed</th>
<th>Change in NOO</th>
<th>NOO Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2012</td>
<td>2,946,901</td>
<td>1,393,486</td>
<td>261,093</td>
<td>(241,900)</td>
<td>2,966,094</td>
<td>47.0%</td>
<td>1,572,608</td>
<td>7,374,685</td>
</tr>
<tr>
<td>9/30/2013</td>
<td>3,274,391</td>
<td>1,602,144</td>
<td>331,861</td>
<td>(307,466)</td>
<td>3,298,786</td>
<td>48.6%</td>
<td>1,696,642</td>
<td>9,071,327</td>
</tr>
</tbody>
</table>

The discount rate and amortization factor for years ended September 30, 2014, 2013 and 2012 are 4.5% and 23.98540 for each year, respectively.

Management feels that the contributions made during the year to other post-employment benefits will offset any claims paid during the year. Therefore, the entire liability is estimated to be long term and recorded as such.
NOTE 11—OTHER POST-EMPLOYMENT BENEFITS—CONTINUED

City of Brownsville—Continued

Supplemental Death Benefit

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

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

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

<table>
<thead>
<tr>
<th>Plan/Calendar Year</th>
<th>Annual Required Contribution Rate</th>
<th>Actual Contribution Made Rate</th>
<th>Percentage of ARC Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.03%</td>
<td>0.03%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2013</td>
<td>0.04%</td>
<td>0.04%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2014</td>
<td>0.04%</td>
<td>0.04%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Public Utilities Board

Post-Retirement Health Care Benefits

a. Plan Description

The Public Utilities Board provides post-retirement health care benefits for employees retiring and receiving annuities from the Texas Municipal Retirement System who are (1) at least age 60 and have completed 10 consecutive years of active service with the Public Utilities Board immediately prior to retirement, (2) at least age 55 and have completed 25 consecutive years of active service with the Public Utilities Board immediately prior to retirement, or (3) at any age having completed 30 consecutive years of active service with the Public Utilities Board immediately prior to retirement. Prior to age 65, the Public Utilities Board will pay 100% of the cost of the Group Health Insurance Program for the retirees. Spouses and dependents are also eligible for coverage, but the retiree must pay the premiums. No coverage is available after the retiree reaches age 65, including coverage for spouses and dependents.
NOTE 11—OTHER POST-EMPLOYMENT BENEFITS—CONTINUED

Public Utilities Board—Continued

Post-Retirement Health Care Benefits

a. Plan Description

The above eligibility and coverage requirements do not apply to retirees that retired under Retiree Package I (1999) and Retiree Package II (2005). The Retiree Package I plan results from a special offer made in fiscal year 1999 to all employees with 25 years or more of credited service or eligible for retirement under TMRS guidelines who elected to voluntarily resign or retire during the offer period. The plan provides coverage for the employees and the employees’ dependent (spouse) under the Public Utilities Board’s group medical plan until such time as the employee becomes 65 years of age, dies, or elects to receive coverage from another source. Under Retiree Package I, 34 retirees met these eligibility requirements. The Retiree Package II plan provides post-retirement benefits to all employees who retire from the Public Utilities Board after attaining 10 years of service and 60 years of age, 25 years of service and 55 years of age or 30 years of service regardless of age. Under the Retiree Package II plan, retirees may pay to provide spousal and dependent coverage.

Under Retiree Package II, 24 retirees met these eligibility requirements. The Public Utilities Board provides 100% of the cost of retirees to participate in this plan. Expenses for post-retirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported. Expenses related to provision of these post-employment benefits cannot be reasonably estimated.

b. Actuarial Methods and Assumptions

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

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective.

The actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

a) The actuarial cost method is the unit credit method.

b) As of this valuation date, there are no assets, hence no need for an actuarial value of assets.

C) See below for a disclosure of the significance actuarial assumptions.

d) The amortization method is level percent of payroll. The amortization period is 30 years. The period is open.
NOTE 11 — OTHER POST-EMPLOYMENT BENEFITS — CONTINUED

Public Utilities Board — Continued

Post-Retirement Health Care Benefits — Continued

b. Actuarial Methods and Assumptions

Actuarial Assumptions

- Valuation date
  - September 30, 2014
- Discount rate
  - 3.5% per annum
- Payroll growth
  - 2.1% per annum
- Inflation rate
  - 2.5% per annum; 2.4% per annum (2027-2036); 2.3% per annum (2037+)
- Claims costs
  - For self-insured plans, derived from actual plan experience, trended to the valuation date and adjusted for the risk characteristics of the covered group
- Expenses
  - Administration
    - Retirees
      - $19.68 pmpm
    - Spouses
      - $29.52 pmpm
  - Stop Loss Premiums
    - Aggregate
      - Retirees
        - $0.67 pmpm
      - Spouses
        - $1.02 pmpm
    - Specific
      - Retirees
        - $29.78 pmpm
      - Spouses
        - $34.68 pmpm
- Administrative expense trend
  - 2.5% (2014-2026); 2.4% (2027-2036); 2.3% (2037+)
- Stop Loss Premium Trend
  - Medical trend plus 1%
- Pre-retirement Mortality
  - RP-2014 Blue Collar Employee Tables, male and female, with a static projection to 2030 using scale MP-2014
- Post-retirement Mortality
  - RP-2014 Blue Collar Healthy Annuitant tables, male and female, with a static projection of 2030 using scale MP-2014
- Employee turnover
  - 60.3% of the 2003 SoA Pension Turnover Scale. Average rate is 4.8%.
- Employee retirements
  - From the TMRS annual report for entry age 30
NOTE 11—OTHER POST-EMPLOYMENT BENEFITS—CONTINUED

Public Utilities Board—Continued

Post-Retirement Health Care Benefits—Continued

b. Actuarial Methods and Assumptions—Continued

Actuarial Assumptions—Continued

- Employee disablement
  From the TMRS annual report

- Participation by future retirees
  100% of eligible retirees (medical); 35% of eligible retirees (dental)

- Dependent status: current retirees
  Current status is assumed to persist in all future years, except that dependent children are not assumed after the later of age 63 or three years after the valuation date.

- Dependent status: future retirees
  Spouse covered: 50%
  Average children per retiree: 0.1

- Spouse age for future retirees
  Husbands are assumed to be three years older than wives.

- Medical trend
  For 2014 through 2016, L&E best estimate assumptions, developed by observation and extrapolation of plan experience. Thereafter, rates developed using the baseline projection of the SoA Long-Run Medical Cost Trend Model and the following model input variables:

  Rates of Inflation:
  2014 - 2026 2.5%
  2027 - 2036 2.4%
  2037 + 2.3%

  Rate of Growth in Real Income/GDP per capita: 1.5%

  Income Multiplier for Health Spending: 1.3

  Extra Trend due to Technology and other factors: 1.1%

  Health Share of GDP Resistance Point: 23.0%

  Year for Limiting Cost Growth to GDP Growth: 2060

- Dental trend
  70% of Medical trend
NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Public Utilities Board – Continued

b. Actuarial Methods and Assumptions – Continued

Actuarial Assumptions – Continued

The following is the three year trend information under a plan which is not pre-funded:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Discount Rate</th>
<th>Required Contributions (ARC)</th>
<th>ARC Adjustment</th>
<th>Interest</th>
<th>Annual OPEB Cost</th>
<th>Contributions</th>
<th>Net OPEB Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2012</td>
<td>3.5%</td>
<td>$1,053,822</td>
<td>$196,211</td>
<td>$164,522</td>
<td>$1,022,133</td>
<td>$681,218</td>
<td>$340,916</td>
</tr>
<tr>
<td>9/30/2013</td>
<td>3.5%</td>
<td>$1,053,822</td>
<td>$210,442</td>
<td>$176,454</td>
<td>$1,019,834</td>
<td>$213,321</td>
<td>$806,513</td>
</tr>
<tr>
<td>9/30/2014</td>
<td>3.5%</td>
<td>$1,268,389</td>
<td>$244,107</td>
<td>$204,682</td>
<td>$1,228,964</td>
<td>$106,320</td>
<td>$1,122,644</td>
</tr>
</tbody>
</table>

Funded Status and Funding Progress

As of September 30, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $12.2 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $12.2 million. The covered payroll (annual payroll of active employees covered by the plan) was $22.2 million, and the ratio of the UAAL to the covered payroll was 54.9 percent.

The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Management feels that the contributions made during the year to other post-employment benefits will offset any claims paid during the year. Therefore, the entire liability is estimated to be long term and recorded as such. All assumptions for the postretirement benefits valuation as of September 30, 2013 are contained in the Public Utilities Board Actuarial Valuation Report, a copy of which may be obtained by writing to P.O. Box 3270, Brownsville, Texas 78523-3270.

Supplemental Death Benefit Plan

a. Plan Description

The Public Utilities Board also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The Public Utilities Board elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Public Utilities Board may terminate coverage under the discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employees’ annual salary (calculated based on the employees actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an “other postemployment,” or OPEB.
NOTE 11— OTHER POST-EMPLOYMENT BENEFITS — CONTINUED

Public Utilities Board — Continued

b. Contributions

The Public Utilities Board 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 prefund retiree term life insurance during employees' entire careers.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

<table>
<thead>
<tr>
<th>Plan/Calendar Year</th>
<th>Annual Required Contribution (Rate)</th>
<th>Actual Contribution Made (Rate)</th>
<th>Percentage of ARC Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.05%</td>
<td>0.05%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2012</td>
<td>0.05%</td>
<td>0.05%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2013</td>
<td>0.06%</td>
<td>0.06%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

c. Actuarial Cost Method and Assumptions

Actuarial information under this plan is as follows:

- Valuation date: 12/31/2013
- Actuarial cost method: Entry Age Normal
- Amortization method: Level percent of payroll
- Amortization period: 25 years – open period
- Asset valuation method: Fund value
- Assumptions:
  - Investment return: 4.25%
  - Projected salary increases: None
  - Inflation: 3.0%
  - Cost-of-living adjustments: None

Three year trend information follows:

<table>
<thead>
<tr>
<th>Calendar Year Ending</th>
<th>Annual Pension Cost (APC)</th>
<th>Percentage of APC Contributed</th>
<th>Net Pension Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2011</td>
<td>$40,205</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>$40,098</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>12/31/2013</td>
<td>$41,848</td>
<td>100%</td>
<td>-</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements
September 30, 2014

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS—CONTINUED

The Public Utilities Board has the benefit plan administered by TMRS. The PUB has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2013 valuations are contained in the 2013 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153 or may be obtained from the TMRS website at www.TMRS.com.

NOTE 12 - COMMITMENTS

The following is a summary of the significant City capital improvement commitments as of September 30, 2014:

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
<th>To Date</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flood and Drainage Improvements</td>
<td>$3,815,743</td>
<td>$3,507,477</td>
<td>TX Dept of Rural Affairs</td>
</tr>
<tr>
<td>Various Park Projects</td>
<td>772,670</td>
<td>707,414</td>
<td>BCIC</td>
</tr>
<tr>
<td>Sports Park Dome</td>
<td>1,930,622</td>
<td>131,129</td>
<td>FEMA, CDBG</td>
</tr>
<tr>
<td>Southmost Library Dome</td>
<td>2,630,925</td>
<td>230,397</td>
<td>FEMA, CDBG</td>
</tr>
<tr>
<td>Landfill Cell Construction</td>
<td>2,383,805</td>
<td>2,376,518</td>
<td>2007 C.O.</td>
</tr>
<tr>
<td>City Library</td>
<td>1,000,000</td>
<td>40,329</td>
<td>2007 C.O.</td>
</tr>
<tr>
<td>Street Construction</td>
<td>7,005,468</td>
<td>6,939,606</td>
<td>2008 C.O.</td>
</tr>
<tr>
<td>Resaca Dredging</td>
<td>500,000</td>
<td>223,610</td>
<td>2008 C.O.</td>
</tr>
<tr>
<td>Street Construction - Right of Way</td>
<td>3,500,000</td>
<td>3,427,274</td>
<td>2011 C.O.</td>
</tr>
<tr>
<td>Library Roof Improvements</td>
<td>1,300,000</td>
<td>-</td>
<td>2011 C.O.</td>
</tr>
<tr>
<td>Street Construction</td>
<td>5,000,000</td>
<td>2,808,952</td>
<td>2012 C.O.</td>
</tr>
<tr>
<td>Sports Park Dome</td>
<td>2,400,000</td>
<td>115,435</td>
<td>FEMA, 2012 C.O.</td>
</tr>
<tr>
<td>Central Library Dome</td>
<td>5,475,000</td>
<td>332,280</td>
<td>FEMA, 2012 C.O.</td>
</tr>
<tr>
<td>Street Construction</td>
<td>3,000,000</td>
<td>174,135</td>
<td>2013 C.O.</td>
</tr>
</tbody>
</table>

At September 30, 2014 the PUB had committed approximately $36,620,840 for utility plant expansions and improvements. Funding of these amounts will come from available revenues of the Public Utilities Board and restricted funds.

NOTE 13—CONTINGENCIES

The City and PUB are currently involved in various claims and litigation. It is the opinion of management and counsel that potential claims against the City and PUB not covered by insurance resulting from litigation would not materially affect the financial position or operations of the City and PUB.

City of Brownsville

The City participates in a number of federal programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor. The City believes it has substantially complied with applicable laws and regulations and that the results of grantor audits will not have a material effect on the financial position of the City.
NOTE 13 — CONTINGENCIES — CONTINUED

City of Brownsville — Continued

The City has been involved in a contract dispute arising out of the collective bargaining agreement between the City and the Brownsville Fire Fighters’ Association (BFFA). The trial court entered a final judgment against the City in favor of the BFFA in January 2011. The City appealed, and in April 2014, the 13th Court of Appeal rendered a decision adverse to the City. The City appealed to the Texas Supreme Court, and on January 30, 2015, denied the City’s Petition for Review. Although the City recently filed a timely Request for Rehearing, the City’s attorneys feel the likelihood of further relief is remote. The City estimates their liability at approximately $3.2 million.

Therefore, based on the probability the City will not succeed in its Request for Rehearing, and realizing the amount of the contingency can be reasonably estimated, the City has recorded this liability as an additional expenditure of the public safety function of government in the financial statements as of September 30, 2014.

NOTE 14 - RISK MANAGEMENT

City of Brownsville

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except the health and medical insurance program, for which the City retained risk of loss. For insured programs, there have been no significant reductions in insurance coverage.

The City records an estimated liability for workers' compensation and health and medical claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific, incremental claims adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage or subrogation.

The internal service funds discussed below were established by the City to administer the employee workers' compensation and health and medical insurance programs on a cost-reimbursement basis. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Workers’ Compensation Fund

On November 1, 1996, the City converted from a self-funded workers' compensation plan to a fully insured plan. This fund is still reported separately because of prior year's future claims. The City had a workers' compensation self-insurance plan for the purpose of providing medical and indemnity payments as required by law for on-the-job related injuries. The plan was administered by a service agent. The City has a stop loss insurance contract with an insurance carrier covering claims in excess of $250,000 for any one accident or occurrence up to a maximum of $5,000,000 for any one accident or occurrence. An accrual of $250,000 in the workers' compensation fund represents all known claims filed and an estimate of all incurred but not reported claims (IBNR) existing at September 30, 2014. Changes in the balances of claims liabilities during the current and prior year are as follows:
CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements
September 30, 2014

NOTE 14 - RISK MANAGEMENT – CONTINUED

Workers' Compensation Fund – Continued

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid claims, beginning of fiscal year</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Incurred claims (including IBNRs)</td>
<td>60,012</td>
<td>20,997</td>
</tr>
<tr>
<td>Claim payments</td>
<td>(60,012)</td>
<td>(20,997)</td>
</tr>
<tr>
<td>Unpaid claims, end of fiscal year</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
</tbody>
</table>

Employee Benefit Fund

On October 1, 2001, the City elected to convert from a fully insured medical insurance plan to a self-funded insured plan to provide medical coverage to City employees. The plan is administered by a service agent. The City has stop-loss insurance coverage on individual claims in excess of $200,000 up to an unlimited amount per person, and for aggregate claims exceeding approximately $12,984,780. An accrual of $461,053 in the employee benefit fund represents all known claims filed and an estimate of all incurred but not reported claims existing at September 30, 2014. Changes in the balances of claims liabilities during the current and prior year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid claims, beginning of fiscal year</td>
<td>$1,043,936</td>
<td>$1,067,332</td>
</tr>
<tr>
<td>Incurred claims (including IBNRs)</td>
<td>11,898,296</td>
<td>12,568,845</td>
</tr>
<tr>
<td>Claim payments</td>
<td>(12,481,179)</td>
<td>(12,592,241)</td>
</tr>
<tr>
<td>Unpaid claims, end of fiscal year</td>
<td>$461,053</td>
<td>$1,043,936</td>
</tr>
</tbody>
</table>

Public Utilities Board

The Public Utilities Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the entity carries commercial insurance. The Public Utilities Board has established a limited risk management program for employee health and workers' compensation for which the Public Utilities Board has established a limited risk management program for employee health and workers' compensation for which the Public Utilities Board retained risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically. The estimate of the claims liability also includes amounts for claim incremental adjustment expenses. Estimated recoveries from third parties are another component of claims expense. Excess coverage insurance policies cover individual claims in excess of $125,000 and $350,000 for health and workers' compensation, respectively. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Workers' Compensation Program

The Public Utilities Board has a workers' compensation self-insurance plan for the purpose of providing medical and indemnity payments as required by law for on-the-job related injuries. The plan is administered by a service agent. The Public Utilities Board has a stop loss insurance contract with an insurance carrier covering claims in
NOTE 14 - RISK MANAGEMENT – CONTINUED

Public Utilities Board – Continued

Workers' Compensation Program – Continued

excess of $350,000 for any one accident or occurrence. The aggregate annual limit under this policy is $700,000; however, the maximum annual benefit under the insurance is $1,000,000. Management feels that the contributions made during the year for worker's compensation will offset any claims paid during the year. Therefore, the entire liability is estimated to be long term and recorded as such.

Health Insurance Program

The Public Utilities Board has a group health self-insurance plan for the purpose of providing health insurance for the employees and their dependents. The plan is administered by a service agreement. The Public Utilities Board has a stop loss insurance contract with an insurance carrier covering claims in excess of $125,000 for any one claim filed.

The following is a summary of changes in claims liability for the Workers’ Compensation and Health Insurance programs, which is included in accounts payable and accrued liabilities payable from restricted assets, for the year ended September 30, 2014:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance 2013</th>
<th>Claims and Adjustments</th>
<th>Claims Payments</th>
<th>Ending Balance 2014</th>
<th>Amounts Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers' Compensation</td>
<td>$180,011</td>
<td>$194,809</td>
<td>$(259,605)</td>
<td>$115,215</td>
<td>$52,999</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>$96,173</td>
<td>$3,747,876</td>
<td>$(3,728,849)</td>
<td>$115,200</td>
<td>$115,200</td>
</tr>
</tbody>
</table>

NOTE 15 – INTERFUND ACTIVITY

The following is a summary of interfund transfers for the year ended September 30, 2014:

<table>
<thead>
<tr>
<th>Transfer Out:</th>
<th>Transfer In:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Fund</td>
</tr>
<tr>
<td>Governmental Funds:</td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>$</td>
</tr>
<tr>
<td>Debt service fund</td>
<td>-</td>
</tr>
<tr>
<td>Other gov'l funds</td>
<td>-</td>
</tr>
<tr>
<td>Business-type Funds:</td>
<td></td>
</tr>
<tr>
<td>All enterprise funds</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,400,000</td>
</tr>
</tbody>
</table>

127
NOTE 15 — INTERFUND ACTIVITY — CONTINUED

Transfers were used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. Transfers were also made from the general fund to the enterprise funds to subsidize operations of the enterprise funds.

The following is a summary of interfund balances as of September 30, 2014:

<table>
<thead>
<tr>
<th>Receivable Fund:</th>
<th>Payable Fund:</th>
<th>Amount:</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>Capital Projects Fund</td>
<td>$300,238</td>
</tr>
<tr>
<td></td>
<td>Debt Service Fund</td>
<td>3,358,473</td>
</tr>
<tr>
<td></td>
<td>Special Revenue Fund</td>
<td>1,725,896</td>
</tr>
<tr>
<td></td>
<td>Internal Service</td>
<td>119,642</td>
</tr>
<tr>
<td></td>
<td>Enterprise Funds</td>
<td>1,419,444</td>
</tr>
<tr>
<td>Special Revenue Funds</td>
<td>Special Revenue Fund</td>
<td>13,273</td>
</tr>
<tr>
<td></td>
<td>General Fund</td>
<td>338,375</td>
</tr>
<tr>
<td>Proprietary Funds</td>
<td>Enterprise Fund</td>
<td>1,022</td>
</tr>
<tr>
<td></td>
<td>General Fund</td>
<td>178,269</td>
</tr>
<tr>
<td></td>
<td>Capital Projects</td>
<td>125,001</td>
</tr>
<tr>
<td></td>
<td>Special Revenue Fund</td>
<td>13,097</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$7,592,730</strong></td>
</tr>
</tbody>
</table>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

NOTE 16 — LANDFILL CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations require that the City of Brownsville place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as a liability in the governmental activities column of the government-wide statement of net position in each period based on landfill capacity used as of each balance sheet date. The $10,516,359 reported as landfill closure and post-closure care liability at September 30, 2014, represents the cumulative amount reported to date less current annual landfill closure and post-closure expenditures, based on the use of 19.61% percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2014. The City expects to close the landfill in the year 2054. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City will be required to demonstrate financial assurance for closure and post-closure care through the financial test specified in Subchapter K of 31 Texas Administrative Code, 330.285(g). This test consists of a financial component, a public notice component, and a recordkeeping and reporting component. The financial assurance
NOTE 16 — LANDFILL CLOSURE AND POST-CLOSURE CARE COST — CONTINUED

letter from the City to the Texas Commission on Environmental Quality for the current fiscal year has not yet been submitted.

At September 30, 2014, investments of $425,709 are held for the purpose of financing closure and post-closure care. It is anticipated that future inflation costs will be financed in part from earnings on these investments. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in post-closure care requirements (due to changes in technology or applicable laws or regulations, for example) may need to be covered by charges to future landfill users or from future tax revenue.

The City's current annual landfill closure and post-closure care expenses are $616,194.

NOTE 17 - RELATED PARTY TRANSACTIONS

The Public Utilities Board supplies electric, water and wastewater services to the City of Brownsville without charge, in compliance with provisions of the City charter. These services are accounted for in accordance with the Public Utilities Board's municipal rate schedules. For the year ended September 30, 2014, was $4,839,630 in utility services was provided to the City of Brownsville.

The Public Utilities Board also bills and collects the City of Brownsville's fees for garbage collection services, garbage tax, EPA fees, and maintenance services, and receives a 3% administrative fee for these services except garbage tax. During the year ended September 30, 2014, the Public Utilities Board charged the City of Brownsville $740,686 for these collection services.

Transfers to the City of Brownsville from the Public Utilities Board

The issuance of the 2005A and 2005B refunding bonds modified certain existing covenants which included the calculation of the transfers to the City of Brownsville. Beginning fiscal year 2006, the transfers to the City are being made on a quarterly basis calculated at ten percent (10%) of the gross revenues received for the preceding fiscal year quarter, as adjusted in accordance with the following: (1) prior to applying the percentage set forth above to determine the amount to be transferred to the City, the amount of gross revenues for a fiscal year quarter shall be reduced by an amount equal to all costs for the purchase of power and fuel paid or incurred by the Public Utilities Board during such fiscal year quarter as well as funding requirements for the Southmost Regional Water Authority; and (2) the amount of funds to be transferred to the City shall be reduced by any amounts owned by the City to the Public Utilities Board for utility services. Prior to fiscal year 2006 Article VI of the Charter provided for the transfer to the City’s general fund by the Public Utilities Board from “Surplus Funds” available at the close of each fiscal year (after retaining in the Plant Fund an amount deemed by the Public Utilities Board to be sufficient to pay system operation and maintenance expenses for the next 60 days), to the extent available, the greater of $400,000 or 50% of such surplus funds. Surplus funds, as defined in the Charter, are amounts remaining in the Plant Fund at the close of each fiscal year after all Chapter requirements and after all payments have been fully and timely made into funds created by ordinances authorizing outstanding bonds secured by a pledge of the system’s net revenues.

Required payments to the City of Brownsville for the year ended September 30, 2014 totaled $7,613,475, of which $2,362,426 was payable at September 30, 2014.
### CITY OF BROWNSVILLE, TEXAS

**Notes to the Financial Statements**  
September 30, 2014

**NOTE 18 – FUND BALANCE DESIGNATIONS**

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Fund Name</th>
<th>Description of Activity/Project</th>
<th>Restricted</th>
<th>Committed</th>
<th>Unassigned</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL PROJECTS</strong></td>
<td>Streetscape Project Fund</td>
<td>Downtown development</td>
<td>$415,149</td>
<td>-</td>
<td>$ -</td>
<td>$415,149</td>
</tr>
<tr>
<td></td>
<td>Street Improvement Fund</td>
<td>Street improvements</td>
<td>34,779</td>
<td>-</td>
<td>-</td>
<td>34,779</td>
</tr>
<tr>
<td></td>
<td>Capital Projects Fund</td>
<td>Culture and recreation</td>
<td>70,217</td>
<td>74,964</td>
<td>-</td>
<td>145,181</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public safety</td>
<td>-</td>
<td>7,150</td>
<td>(7,150)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Domes</td>
<td>-</td>
<td>398,622</td>
<td>(398,622)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2007 C.O. Fund</td>
<td>Multimodal terminal</td>
<td>237,442</td>
<td>879,687</td>
<td>-</td>
<td>1,117,129</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sanitation</td>
<td>1,031</td>
<td>18,833</td>
<td>-</td>
<td>19,864</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Library</td>
<td>959,672</td>
<td>-</td>
<td>-</td>
<td>959,672</td>
</tr>
<tr>
<td></td>
<td>2007 G.O. Fund</td>
<td>Streets and drainage</td>
<td>229,332</td>
<td>-</td>
<td>-</td>
<td>229,332</td>
</tr>
<tr>
<td></td>
<td>2008 C.O. Fund</td>
<td>Streets and drainage</td>
<td>1,941,476</td>
<td>1,779</td>
<td>-</td>
<td>1,943,255</td>
</tr>
<tr>
<td></td>
<td>2008 G.O. Fund</td>
<td>Streets and drainage</td>
<td>342,648</td>
<td>3,660</td>
<td>-</td>
<td>346,308</td>
</tr>
<tr>
<td></td>
<td>2011 C.O. Fund</td>
<td>Streets and drainage</td>
<td>149,789</td>
<td>22,606</td>
<td>-</td>
<td>172,395</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public Library</td>
<td>1,300,000</td>
<td>-</td>
<td>-</td>
<td>1,300,000</td>
</tr>
<tr>
<td></td>
<td>2012 C.O. Fund</td>
<td>B-Metro yard improvements</td>
<td>547,379</td>
<td>23,854</td>
<td>-</td>
<td>571,233</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Streets and drainage</td>
<td>1,797,638</td>
<td>1,222,485</td>
<td>-</td>
<td>3,020,123</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Domes</td>
<td>2,742,196</td>
<td>398,881</td>
<td>-</td>
<td>3,141,077</td>
</tr>
<tr>
<td></td>
<td>2013 C.O. Fund</td>
<td>Electrical signals</td>
<td>76,000</td>
<td>-</td>
<td>-</td>
<td>76,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public works</td>
<td>2,758,242</td>
<td>225,984</td>
<td>-</td>
<td>2,984,226</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Domes</td>
<td>1,650,000</td>
<td>-</td>
<td>-</td>
<td>1,650,000</td>
</tr>
<tr>
<td><strong>SPECIAL REVENUE</strong></td>
<td>Convention and Tourism Fund</td>
<td>Convention and tourism</td>
<td>726,604</td>
<td>22,319</td>
<td>-</td>
<td>748,923</td>
</tr>
<tr>
<td></td>
<td>Community Development Fund</td>
<td>Housing assistance</td>
<td>-</td>
<td>448,620</td>
<td>(448,562)</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>Community Dev Planning Grants</td>
<td>Flood and drainage facilities</td>
<td>-</td>
<td>26,427</td>
<td>(26,416)</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Public Library</td>
<td>Fire safety</td>
<td>1,150</td>
<td>-</td>
<td>-</td>
<td>1,150</td>
</tr>
<tr>
<td></td>
<td>3 P.D. Federal Forfeiture Fund</td>
<td>Law enforcement</td>
<td>879,860</td>
<td>11,924</td>
<td>-</td>
<td>891,784</td>
</tr>
<tr>
<td></td>
<td>3 P.D. Forfeiture Fund</td>
<td>Law enforcement</td>
<td>427,832</td>
<td>46,729</td>
<td>-</td>
<td>474,561</td>
</tr>
<tr>
<td></td>
<td>Landfill Tipping Fee</td>
<td>Municipal landfill</td>
<td>424,755</td>
<td>137,450</td>
<td>-</td>
<td>562,205</td>
</tr>
<tr>
<td><strong>DEBT SERVICE</strong></td>
<td>Non-Bonded Debt Service</td>
<td>Debt service</td>
<td>-</td>
<td>11,818</td>
<td>-</td>
<td>11,818</td>
</tr>
<tr>
<td></td>
<td>Bonded Debt Service **</td>
<td>Debt service</td>
<td>-</td>
<td>2,241,479</td>
<td>-</td>
<td>2,241,479</td>
</tr>
</tbody>
</table>

Subtotal (this page) 17,637,191 6,301,271 (880,750) 23,057,712

**Reported as a major fund.**
# CITY OF BROWNSVILLE, TEXAS

Notes to the Financial Statements  
September 30, 2014

## NOTE 18 – FUND BALANCE DESIGNATIONS – CONTINUED

<table>
<thead>
<tr>
<th>Department Number</th>
<th>Description of Activity/Project</th>
<th>Non-Spendable</th>
<th>Restricted</th>
<th>Committed</th>
<th>Assigned</th>
<th>Unassigned</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>128</td>
<td>Chiefs Benefit Golf Tournament</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>36,443</td>
<td>-</td>
<td>36,443</td>
</tr>
<tr>
<td>129</td>
<td>State of the City Event</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,250</td>
<td>-</td>
<td>11,250</td>
</tr>
<tr>
<td>130</td>
<td>Gonzalez Park After School Prog</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,182</td>
<td>-</td>
<td>4,182</td>
</tr>
<tr>
<td>131</td>
<td>AEP Settlement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,147,351</td>
<td>-</td>
<td>2,147,351</td>
</tr>
<tr>
<td>132</td>
<td>Oliveira Youth Program</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,285</td>
<td>-</td>
<td>2,285</td>
</tr>
<tr>
<td>133</td>
<td>4th of July Comm Donation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,899</td>
<td>-</td>
<td>4,899</td>
</tr>
<tr>
<td>134</td>
<td>Robert Wood Johnson Foundation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,112</td>
<td>-</td>
<td>25,112</td>
</tr>
<tr>
<td>136</td>
<td>State of the City Event</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,938</td>
<td>-</td>
<td>33,938</td>
</tr>
<tr>
<td>137</td>
<td>State of the City Event</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>170,950</td>
<td>-</td>
<td>170,950</td>
</tr>
<tr>
<td>138</td>
<td>Cameron Works Grant</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,382</td>
<td>-</td>
<td>1,382</td>
</tr>
<tr>
<td>139</td>
<td>Homeless Shelter Donations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>83,250</td>
<td>-</td>
<td>83,250</td>
</tr>
<tr>
<td>140</td>
<td>Stegeman Building Rent</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,000</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td>141</td>
<td>Cueto Building Rent</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100,595</td>
<td>-</td>
<td>100,595</td>
</tr>
<tr>
<td>142</td>
<td>City Managers Youth Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>179,337</td>
<td>-</td>
<td>179,337</td>
</tr>
<tr>
<td>143</td>
<td>Christmas Firefighters</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,985</td>
<td>-</td>
<td>1,985</td>
</tr>
<tr>
<td>144</td>
<td>LRGV Trauma TSA V-Fire/EMS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>240,093</td>
<td>-</td>
<td>240,093</td>
</tr>
<tr>
<td>145</td>
<td>Southmost Veterans Parade</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>53,958</td>
<td>-</td>
<td>53,958</td>
</tr>
<tr>
<td>146</td>
<td>M. Gianfala, Animal Shelter</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>49,174</td>
<td>-</td>
<td>49,174</td>
</tr>
<tr>
<td>147</td>
<td>Teen Court Admin Fee(CityFee)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>530</td>
<td>-</td>
<td>530</td>
</tr>
<tr>
<td>148</td>
<td>Teen Court Surcharges(CityFee)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>530</td>
<td>-</td>
<td>530</td>
</tr>
<tr>
<td>149</td>
<td>Police Officer Recognition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>317</td>
<td>-</td>
<td>317</td>
</tr>
<tr>
<td>150</td>
<td>Document Preservation Fee</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,985</td>
<td>-</td>
<td>1,985</td>
</tr>
<tr>
<td>151</td>
<td>Municipal Court Technology Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>240,093</td>
<td>-</td>
<td>240,093</td>
</tr>
<tr>
<td>152</td>
<td>Municipal Court Building Security</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>61,107</td>
<td>-</td>
<td>61,107</td>
</tr>
<tr>
<td>153</td>
<td>Inventories</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>84,979</td>
<td>-</td>
<td>84,979</td>
</tr>
<tr>
<td>154</td>
<td>Encumbrances</td>
<td>-</td>
<td>1,987,782</td>
<td>-</td>
<td>-</td>
<td>1,987,782</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,777,397</td>
</tr>
</tbody>
</table>

Subtotal - General Fund 64,979 1,787,267 3,820,934 2,676,559 15,777,397 23,927,136

Subtotal - Previous page 17,637,191 6,301,271 - - (880,750) 23,057,712

Total all Governmental Funds $64,979 $19,424,488 $9,922,283 $2,676,559 $14,896,547 $46,984,848
NOTE 19 — PENDING GASBs

As of September 30, 2014, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the City or the PUB. The statements which might impact the entities are as follows:

*Statement No. 68 – Accounting and Financial Reporting for Pensions (amendment of GASB No. 27)* – The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

*Statement No. 67, Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

*Statement No. 69 – Government Combinations and Disposals of Government Operations* – The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.
NOTE 19 — PENDING GASBs — CONTINUED

Statement No. 71 — Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB No. 68) — The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The City of Brownsville and the Public Utilities Board’s management has not yet determined the effect these Statements will have on the entities’ financial statements.

NOTE 20 — SIGNIFICANT ENCUMBRANCES

There were significant encumbrances at year end in the following funds:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Encumbrance Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,967,182</td>
</tr>
<tr>
<td>Special Revenue Fund (CDBG)</td>
<td>448,620</td>
</tr>
<tr>
<td>Enterprise Fund (Public Transit)</td>
<td>5,341,471</td>
</tr>
<tr>
<td>Enterprise Fund (Airport)</td>
<td>6,664,130</td>
</tr>
</tbody>
</table>

NOTE 21 — SUBSEQUENT EVENTS

City of Brownsville

On December 1, 2014, the City of Brownsville issued $24,125,000 in General Obligation Refunding Bonds, Series 2014. Proceeds from the sale of the Certificates of Obligations will be used to pay costs of issuance and to refund certain outstanding obligations of the City in order to achieve debt service savings.

Public Utilities Board

The City Commission adopted a five-year rate proposal in 2012 that includes increases sufficient to meet projected costs and debt coverage requirements. Rates were increased effective April 1, 2013, for the electric utility. Subsequent rate increases went into effect October 1, 2013 and October 1, 2014, for all three utilities.
NOTE 22 — PRIOR PERIOD ADJUSTMENTS

City of Brownsville

Capital assets were added to the general government function in the amount of $13,253,958. The City conducted a search of public records to locate many pieces of land and some buildings that were not already recorded as part of the City’s capital assets. These assets should have been included in prior years. The effect of this transaction increased the capital assets on the Statement of Net Position.

Bond issue costs previously amortized were expensed in the current year. The effect of this transaction in the Statement of Net Position was a reduction of the net position in the amount of $1,774,088.

The net effect of these two transactions reflected in the government-wide Statement of Activities was an increase to net position of $11,479,870.

Public Utilities Board

In fiscal year 2013, the Public Utilities Board inadvertently did not eliminate previously recorded contractor retainage payables after completion and closing of some construction projects. As a result, capital contributions during fiscal year 2013 were understated by $2,114,835. This restatement increased the Public Utilities Board’s net position in fiscal year 2013 by $2,114,835.
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
### CITY OF BROWNSVILLE, TEXAS

#### General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**For the Year Ended September 30, 2014**

#### Budgeted Amounts

<table>
<thead>
<tr>
<th>Taxes:</th>
<th>Original</th>
<th>Adopted</th>
<th>Revised</th>
<th>Final</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>$26,016,765</td>
<td>$26,016,765</td>
<td>$27,313,713</td>
<td>$1,296,948</td>
<td></td>
<td></td>
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<tr>
<td>Sales</td>
<td>25,540,000</td>
<td>25,812,200</td>
<td>26,363,436</td>
<td>551,236</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mixed drink</td>
<td>220,000</td>
<td>280,830</td>
<td>298,757</td>
<td>17,927</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bingo</td>
<td>60,000</td>
<td>60,000</td>
<td>59,363</td>
<td>(637)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>3,713,580</td>
<td>3,113,580</td>
<td>3,015,674</td>
<td>(97,906)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>1,997,213</td>
<td>1,897,213</td>
<td>1,941,809</td>
<td>44,596</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and services</td>
<td>18,952,197</td>
<td>20,444,850</td>
<td>20,930,492</td>
<td>485,642</td>
<td></td>
<td></td>
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<tr>
<td>Intergovernmental</td>
<td>1,064,674</td>
<td>4,458,788</td>
<td>3,208,385</td>
<td>(1,250,403)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,443,723</td>
<td>3,035,968</td>
<td>3,491,007</td>
<td>455,039</td>
<td></td>
<td></td>
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<tr>
<td>Interest Income</td>
<td>55,000</td>
<td>55,000</td>
<td>39,140</td>
<td>(15,860)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility services from the PUB</td>
<td>4,528,680</td>
<td>4,528,680</td>
<td>4,647,888</td>
<td>119,208</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus funds from the PUB</td>
<td>7,720,527</td>
<td>7,720,527</td>
<td>7,545,647</td>
<td>(174,880)</td>
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<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>92,312,359</td>
<td>97,424,401</td>
<td>98,855,311</td>
<td>1,430,910</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>Current: General government:</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Commission District #1</td>
<td>15,180</td>
</tr>
<tr>
<td>City Commission District #2</td>
<td>14,846</td>
</tr>
<tr>
<td>City Commission District #3</td>
<td>15,177</td>
</tr>
<tr>
<td>City Commission District #4</td>
<td>15,177</td>
</tr>
<tr>
<td>City Commission At Large &quot;A&quot;</td>
<td>14,846</td>
</tr>
<tr>
<td>City Commission At Large &quot;B&quot;</td>
<td>15,177</td>
</tr>
<tr>
<td>Mayor</td>
<td>25,996</td>
</tr>
<tr>
<td>Legal</td>
<td>536,079</td>
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<tr>
<td>City Manager</td>
<td>983,172</td>
</tr>
<tr>
<td>Internal Auditor</td>
<td>235,023</td>
</tr>
<tr>
<td>Historic Downtown Heritage</td>
<td>208,168</td>
</tr>
<tr>
<td>Downtown Revitalization Info Center</td>
<td>-</td>
</tr>
<tr>
<td>Grant Writers</td>
<td>303,276</td>
</tr>
<tr>
<td>Municipal Court</td>
<td>2,069,887</td>
</tr>
<tr>
<td>Municipal Court Warrant Officers</td>
<td>334,437</td>
</tr>
<tr>
<td>Finance</td>
<td>3,137,450</td>
</tr>
<tr>
<td>Purchasing</td>
<td>379,021</td>
</tr>
<tr>
<td>EMS - Billing</td>
<td>236,023</td>
</tr>
<tr>
<td>Old Fed. Courthouse - City Hall</td>
<td>478,744</td>
</tr>
<tr>
<td>City Plaza</td>
<td>148,998</td>
</tr>
<tr>
<td>Human Resources</td>
<td>724,252</td>
</tr>
<tr>
<td>Safety/Risk Management</td>
<td>229,431</td>
</tr>
<tr>
<td>MIS</td>
<td>1,265,675</td>
</tr>
<tr>
<td>City Secretary</td>
<td>641,085</td>
</tr>
<tr>
<td>Elections</td>
<td>10,729</td>
</tr>
<tr>
<td>Communications</td>
<td>94,838</td>
</tr>
<tr>
<td>Public Information Services Dept</td>
<td>882,829</td>
</tr>
<tr>
<td>Building Maintenance</td>
<td>528,102</td>
</tr>
<tr>
<td>Cueto Building</td>
<td>1,500</td>
</tr>
<tr>
<td>Buildings Restoration</td>
<td>67,643</td>
</tr>
<tr>
<td>El Tapiz Building</td>
<td>173,750</td>
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<tr>
<td>San Fernando Building</td>
<td>-</td>
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<tr>
<td>General Planning</td>
<td>505,798</td>
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<tr>
<td>Zoning &amp; Subdivision</td>
<td>151,713</td>
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<td>Planning &amp; Zoning Comm</td>
<td>15,200</td>
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<tr>
<td>Employee Training</td>
<td>3,500</td>
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<tr>
<td>Account Analysis Payment</td>
<td>10,000</td>
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<tr>
<td>Book Allowance</td>
<td>500</td>
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<tr>
<td>Levi's Building Storage Rental</td>
<td>241,500</td>
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<tr>
<td>1360 E. Madison Property Rental</td>
<td>-</td>
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<tr>
<td>Brownsville Roads</td>
<td>-</td>
</tr>
<tr>
<td>City Sec. Document Preservation</td>
<td>-</td>
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<tr>
<td>State of the City Event</td>
<td>-</td>
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<tr>
<td>PID Note Short Term -Restrict Acct</td>
<td>-</td>
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<tr>
<td>Cueto Parking Lot (FB01,131)</td>
<td>-</td>
</tr>
<tr>
<td>Christmas-Firefighters</td>
<td>-</td>
</tr>
<tr>
<td>Southwest Veterans Parade</td>
<td>-</td>
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<tr>
<td>Municipal Court Technology Fund</td>
<td>9,788</td>
</tr>
<tr>
<td>Downtown Market Plan</td>
<td>109,830</td>
</tr>
<tr>
<td>Land Use Assumption Project</td>
<td>-</td>
</tr>
<tr>
<td>Property Appraisal AEP Funded</td>
<td>-</td>
</tr>
<tr>
<td>Retail Coach</td>
<td>58,000</td>
</tr>
<tr>
<td>Neutra House Repairs</td>
<td>-</td>
</tr>
<tr>
<td>Cueto Parking Lot Land Purchase</td>
<td>-</td>
</tr>
<tr>
<td>1045 E. Washington Purchase</td>
<td>-</td>
</tr>
<tr>
<td>Budgeted Amounts</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>------------------</td>
</tr>
<tr>
<td></td>
<td>Original</td>
</tr>
<tr>
<td>Compensation Study</td>
<td>42,880</td>
</tr>
<tr>
<td>Veterans Day</td>
<td>2,000</td>
</tr>
<tr>
<td>Charo Days Float</td>
<td>-</td>
</tr>
<tr>
<td>BPD Christmas Comm/Youth Fund</td>
<td>568,000</td>
</tr>
<tr>
<td>Retiree Health Insurance</td>
<td>45,989</td>
</tr>
<tr>
<td>Older American Celebration</td>
<td>3,000</td>
</tr>
<tr>
<td>4th Of July Float</td>
<td>1,000</td>
</tr>
<tr>
<td>4th Of July Committee</td>
<td>30,000</td>
</tr>
<tr>
<td>Local Match-Public Transit Fund</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Amigo</td>
<td>14,000</td>
</tr>
<tr>
<td>United Brownsville</td>
<td>25,000</td>
</tr>
<tr>
<td>County Collection Fee</td>
<td>310,000</td>
</tr>
<tr>
<td>County Appraisal District</td>
<td>390,000</td>
</tr>
<tr>
<td>Medical Insurance City Share</td>
<td>701,300</td>
</tr>
<tr>
<td>Total general government</td>
<td>16,804,785</td>
</tr>
<tr>
<td>Police Administration</td>
<td>3,149,561</td>
</tr>
<tr>
<td>BPD Animal Control</td>
<td>398,119</td>
</tr>
<tr>
<td>BPD Security</td>
<td>3,224</td>
</tr>
<tr>
<td>JAG - Other Agencies</td>
<td>74,130</td>
</tr>
<tr>
<td>S.T.A.T.E. - Bville (Sept)</td>
<td>536,772</td>
</tr>
<tr>
<td>Local Border Security Prog-Fy 13</td>
<td>1,266,643</td>
</tr>
<tr>
<td>Local Border Security Prog-Fy 14</td>
<td>13,156,211</td>
</tr>
<tr>
<td>Westside Community Network Ctr.</td>
<td>621,996</td>
</tr>
<tr>
<td>BPD Chiefs Benefit Golf Tour.</td>
<td>1,000</td>
</tr>
<tr>
<td>BPD Officers Benefit Golf Tour.</td>
<td>30,000</td>
</tr>
<tr>
<td>BPD Security</td>
<td>20,000</td>
</tr>
<tr>
<td>BPD Security</td>
<td>584,564</td>
</tr>
<tr>
<td>BPD Security</td>
<td>73,449</td>
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<tr>
<td>BPD Security</td>
<td>515,996</td>
</tr>
<tr>
<td>BPD Security</td>
<td>3,224</td>
</tr>
<tr>
<td>BPD Security</td>
<td>126,500</td>
</tr>
<tr>
<td>BPD Security</td>
<td>922,204</td>
</tr>
<tr>
<td>BPD Security</td>
<td>30,000</td>
</tr>
<tr>
<td>BPD Security</td>
<td>5,688,958</td>
</tr>
<tr>
<td>BPD Security</td>
<td>1,191,399</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Budgeted Amounts</th>
<th>Final Adopted</th>
<th>Revised</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revised</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Fire Dept. Response Coll. Fee**
- Original: 18,935
- Revised: 977
- Actual: 18,958
- Variance with Final Budget: 17,981

**LEOSE - Police Training**
- Original: 3,812
- Revised: -
- Actual: 3,812
- Variance with Final Budget: 3,812

**CC Serv Agreement P-25 PISC Radio**
- Original: 50,600
- Revised: 101,200
- Actual: 50,600
- Variance with Final Budget: 50,600

**2012 Hmind Sec Grnt SHSP/LETPA**
- Original: 29,295
- Revised: 29,489
- Actual: 29,490
- Variance with Final Budget: 1

**11th Street Building Restoration**
- Original: 31,630
- Revised: 6,386
- Actual: 25,244
- Variance with Final Budget: 1

**LRGV Trauma TSA V-Fire/EMS**
- Original: 6,336
- Revised: 6,336
- Actual: 6,336
- Variance with Final Budget: 6,336

**LEOSE Training-Fire**
- Original: 1,238
- Revised: 1,238
- Actual: 1,238
- Variance with Final Budget: 1,238

**FY 2012 AFG Participation Match**
- Original: 134,669
- Revised: 134,578
- Actual: 91
- Variance with Final Budget: 134,669

**2013 State Hmiand Sec SHSP/LETPA**
- Original: 48,000
- Revised: 48,000
- Actual: 48,000
- Variance with Final Budget: 48,000

**BPD - Children's Bike Rodeo**
- Original: 2,500
- Revised: 2,500
- Actual: 3,115
- Variance with Final Budget: 3,115

**TDSH 2014-045238-Ambulance Remou**
- Original: 80,000
- Revised: 80,000
- Actual: 79,775
- Variance with Final Budget: 79,775

**Legal Ser. Fire Me-Too-Appeal**
- Original: 30,000
- Revised: 30,000
- Actual: 39,447
- Variance with Final Budget: 39,447

**Lawsuit contingency**
- Original: 3,219,319
- Revised: 3,219,319
- Actual: 3,219,319
- Variance with Final Budget: 3,219,319

**EMS Collection Fees**
- Original: 30,000
- Revised: 30,000
- Actual: 3,332
- Variance with Final Budget: 3,332

**Total public safety**
- Original: 54,911,475
- Revised: 59,797,389
- Actual: 60,268,863
- Variance with Final Budget: 471,475

**Public Works**
- Recycling Center: 1,800
- Public Works Administration: 624,522
- Garage: 123,029
- Street Maintenance: 2,379,588
- Streets & Drainage: 1,257,458
- Street Patching PUB: 351,355
- Beautification Mowing: 101,442
- Brownsville Trees ill: 73
- Engineering Administration: 839,791
- Section 112 Highway Planning: 434,195
- Sidewalk Construction Project: 405,052
- Local Match-Public Transit Fund: 175,000
- PB Listers: 10,000
- Lowe's Sales Tax Incentive: 195,000
- MVEC Lighting Projects: 10,000
- Keep Brownsville Beautiful Act: 375
- Beautification: 100,642
- Magic Valley Elec/Street Lts: 280,000
- C P & L Street Lights: 135,000
- Utilities Street Medians-Water: 1,500
- Utilities FM 511 City House: 1,500
- Total public works: 8,952,749

**Sanitation**
- Plastic Bag Fee Expenses: 80,818
- Area Maintenance Operations: 301,015
- El Jardin Garbage Collection Fee: 3,500
- PUB Collection Fees: 352,000
- Olmo Water Sup Garbage Collect: 3,500
- Military Hwy Garbage Coll Fee: 2,100
- Total sanitation: 742,833

**Public Health**
- Public Health Administration: 413,932
- Animal Control: 521,800
- Pest Control: 175,232
- Health Inspections: 283,708
- Transforming Texas Grant: 35,194
- UTHSCSA DSRIP Project: 85,535
- Wellness Program: 85,993
- Biggest Loser: 150
- COB Curbside Recycling Pilot Pro: 12,725
- Animal Shelter - Donations: 20,200
- Health Fair: -
- CycloBla: 29,454
- Cycling - Restricted Account: -
- Stilman Foundation Grant-BGN: -
- Utilities Health Clinic: 50,000
- Total public health: 1,610,756

**Public Assistance**
- Amigos del Valle: 2,500
- Total Public Assistance: 2,500

**Culture & Recreation**
- City Library: 4,001,664
- Library Cafe / Copies: 1,000
- Parks & Recreation Administration: 338,923
- Total: 4,340,587

<table>
<thead>
<tr>
<th>Total</th>
<th>1,849,397</th>
<th>1,806,359</th>
<th>243,058</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>1,610,756</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>3,007,889</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parks</td>
<td>1,003,220</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreation</td>
<td>1,003,220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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## CITY OF BROWNSVILLE, TEXAS

### General Fund

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

For the Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Original</th>
<th>Adopted</th>
<th>Revised</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation</td>
<td>577,967</td>
<td>559,514</td>
<td>479,526</td>
<td>80,288</td>
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<tr>
<td>Parks</td>
<td>2,596,649</td>
<td>2,554,669</td>
<td>2,438,339</td>
<td>16,330</td>
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<tr>
<td>Swimming Pools</td>
<td>572,232</td>
<td>485,485</td>
<td>352,050</td>
<td>133,435</td>
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<tr>
<td>City Cemetery</td>
<td>79,535</td>
<td>60,250</td>
<td>37,253</td>
<td>22,997</td>
</tr>
<tr>
<td>Civic Pavilion</td>
<td>386,864</td>
<td>396,574</td>
<td>327,601</td>
<td>67,973</td>
</tr>
<tr>
<td>Cytosinla Event</td>
<td>-</td>
<td>12,000</td>
<td>29,704</td>
<td>(17,794)</td>
</tr>
<tr>
<td>VIA Network Service 00/01</td>
<td>998</td>
<td>12,382</td>
<td>12,382</td>
<td>1</td>
</tr>
<tr>
<td>Youth Recreation</td>
<td>196,024</td>
<td>197,553</td>
<td>180,409</td>
<td>17,144</td>
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<tr>
<td>Sports Park</td>
<td>843,897</td>
<td>815,881</td>
<td>639,425</td>
<td>176,456</td>
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<tr>
<td>Sports Park Concession</td>
<td>101,208</td>
<td>118,043</td>
<td>98,711</td>
<td>19,332</td>
</tr>
<tr>
<td>Tennis Center Operation</td>
<td>11,000</td>
<td>11,000</td>
<td>11,000</td>
<td>-</td>
</tr>
<tr>
<td>Historic Brownsville Museum A/C</td>
<td>1,530</td>
<td>1,530</td>
<td>1,530</td>
<td>-</td>
</tr>
<tr>
<td>Downtown Jazz Festival</td>
<td>20,000</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
</tr>
<tr>
<td>Zoo Improvements</td>
<td>89,792</td>
<td>89,792</td>
<td>38,727</td>
<td>51,065</td>
</tr>
<tr>
<td>City Manager's Youth Fund</td>
<td>-</td>
<td>65,600</td>
<td>32,400</td>
<td>33,200</td>
</tr>
<tr>
<td>B'ville Border Film Commission</td>
<td>27,000</td>
<td>27,000</td>
<td>10,375</td>
<td>16,625</td>
</tr>
<tr>
<td>Hill &amp; Bike Trail Master Plan</td>
<td>13,504</td>
<td>13,504</td>
<td>13,504</td>
<td>-</td>
</tr>
<tr>
<td>Transportation of Stillman House</td>
<td>-</td>
<td>14,000</td>
<td>14,000</td>
<td>-</td>
</tr>
<tr>
<td>Washington Park Improvements</td>
<td>750</td>
<td>750</td>
<td>-</td>
<td>750</td>
</tr>
<tr>
<td>M. Krishna Bequest-Medical Books</td>
<td>-</td>
<td>15,000</td>
<td>-</td>
<td>15,000</td>
</tr>
<tr>
<td>Parks NFL Flag Football</td>
<td>-</td>
<td>2,280</td>
<td>2,450</td>
<td>(170)</td>
</tr>
<tr>
<td>Oliveira Skate Park (FB01, CM206)</td>
<td>-</td>
<td>14,830</td>
<td>672</td>
<td>14,158</td>
</tr>
<tr>
<td>Portway Acres Park (FC 206)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Parks Master Plan</td>
<td>-</td>
<td>95,000</td>
<td>-</td>
<td>95,000</td>
</tr>
<tr>
<td>Historic Brownsville Museum</td>
<td>-</td>
<td>20,000</td>
<td>20,000</td>
<td>-</td>
</tr>
<tr>
<td>Bro. Historical Assn.</td>
<td>15,000</td>
<td>35,000</td>
<td>35,000</td>
<td>-</td>
</tr>
<tr>
<td>Bville Museum of Fine Arts</td>
<td>-</td>
<td>139,000</td>
<td>139,000</td>
<td>-</td>
</tr>
<tr>
<td>Caf-Event</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>Utilities Historic Bville Museum</td>
<td>12,500</td>
<td>12,500</td>
<td>11,048</td>
<td>1,452</td>
</tr>
<tr>
<td>Utilities Gladys Porter Zoo</td>
<td>420,000</td>
<td>420,000</td>
<td>456,347</td>
<td>(36,347)</td>
</tr>
<tr>
<td>Utilities Community Playhouse</td>
<td>23,000</td>
<td>23,000</td>
<td>22,641</td>
<td>359</td>
</tr>
<tr>
<td>Utilities Stillman House</td>
<td>18,000</td>
<td>18,000</td>
<td>16,190</td>
<td>1,810</td>
</tr>
<tr>
<td>Utilities Little League Parks</td>
<td>70,000</td>
<td>70,000</td>
<td>74,698</td>
<td>(4,698)</td>
</tr>
<tr>
<td>Utilities Brownsville Museum of Fine Arts</td>
<td>33,000</td>
<td>33,000</td>
<td>39,913</td>
<td>(6,913)</td>
</tr>
<tr>
<td>Utilities Tennis Center Complex</td>
<td>23,000</td>
<td>23,000</td>
<td>24,644</td>
<td>(1,644)</td>
</tr>
<tr>
<td>Utilities Parks Sprinkler Meters</td>
<td>19,000</td>
<td>19,000</td>
<td>14,934</td>
<td>4,066</td>
</tr>
<tr>
<td>Utilities Children's Museum</td>
<td>23,000</td>
<td>23,000</td>
<td>29,05</td>
<td>(6,005)</td>
</tr>
<tr>
<td>Utilities Capital Theater</td>
<td>500</td>
<td>500</td>
<td>261</td>
<td>239</td>
</tr>
<tr>
<td>Total culture &amp; recreation</td>
<td>10,514,535</td>
<td>10,787,978</td>
<td>9,064,540</td>
<td>1,723,438</td>
</tr>
</tbody>
</table>

#### Economic Development:

- Tax Increment Relniv. Zone #1 | 45,000 | 45,000 | 48,925 | (3,925) |
- Total economic development | 45,000 | 45,000 | 48,925 | (3,925) |

- Capital outlay | - | 1,678,386 | 1,678,386 | - |
- Total Expenditures | 93,584,733 | 100,943,656 | 97,181,074 | 3,762,583 |

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

| (1,272,374) | (3,519,255) | 1,674,238 | 5,193,493 |

#### OTHER FINANCING SOURCES (USES)

- Transfers in | 2,301,300 | 1,600,000 | 1,400,000 | (200,000) |
- Transfers out | (2,813,852) | (4,073,552) | (4,007,412) | (66,140) |
- Total Other Financing Sources (Uses) | (512,552) | (2,473,552) | (2,607,412) | (266,140) |
- Net change in fund balances | (1,584,926) | (5,992,807) | (933,174) | 5,059,633 |

#### Fund Balances, October 1

| 24,860,310 | 24,860,310 | 24,860,310 | - |

#### Fund Balances, September 30

| 23,275,384 | 18,867,503 | 23,275,384 | 5,059,633 |
CITY OF BROWNSVILLE, TEXAS

Texas Municipal Retirement System
Schedule of Funding Progress

**City of Brownsville**

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (a)</th>
<th>Actuarial Accrued Liability (AAL) (b)</th>
<th>Unfunded AAL (UAAL) (b-a)</th>
<th>Funded Ratio (a/b)</th>
<th>Covered Payroll (c) (b-a)/c</th>
<th>UAAL as a Percentage of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2011</td>
<td>191,166,573</td>
<td>243,688,186</td>
<td>52,521,613</td>
<td>78.4%</td>
<td>50,419,819</td>
<td>104.2%</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>208,180,088</td>
<td>255,093,402</td>
<td>46,913,314</td>
<td>81.6%</td>
<td>51,618,845</td>
<td>90.9%</td>
</tr>
<tr>
<td>12/31/2013</td>
<td>228,284,646</td>
<td>291,450,279</td>
<td>63,165,633</td>
<td>78.3%</td>
<td>52,269,751</td>
<td>120.8%</td>
</tr>
</tbody>
</table>

**Public Utilities Board**

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded AAL (UAAL)</th>
<th>Funded Ratio (a/b)</th>
<th>Covered Payroll (c)</th>
<th>UAAL as a Percentage of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2011</td>
<td>91,922,770</td>
<td>109,043,064</td>
<td>17,120,294</td>
<td>84.3%</td>
<td>22,336,008</td>
<td>76.6%</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>99,023,313</td>
<td>115,077,743</td>
<td>16,049,430</td>
<td>86.1%</td>
<td>22,276,925</td>
<td>72.0%</td>
</tr>
<tr>
<td>12/31/2013</td>
<td>107,226,560</td>
<td>129,382,480</td>
<td>22,155,920</td>
<td>82.9%</td>
<td>23,249,150</td>
<td>95.3%</td>
</tr>
</tbody>
</table>

**Post-Retirement Health Care Benefits**

Schedule of Funding Progress

**City of Brownsville**

<table>
<thead>
<tr>
<th>Actuarial valuation date</th>
<th>Actuarial value of assets</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded AAL (UAAL)</th>
<th>Funded ratio (a/b)</th>
<th>Covered payroll (c)</th>
<th>UAAL as a percentage of covered payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2011</td>
<td>$ -</td>
<td>$ 28,335,651</td>
<td>$ 28,335,651</td>
<td>0.00%</td>
<td>$ 51,987,378</td>
<td>54.5%</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>$ -</td>
<td>$ 32,826,728</td>
<td>$ 32,826,728</td>
<td>0.00%</td>
<td>$ 51,606,229</td>
<td>63.6%</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>$ -</td>
<td>$ 32,826,728</td>
<td>$ 32,826,728</td>
<td>0.00%</td>
<td>$ 51,619,688</td>
<td>63.6%</td>
</tr>
</tbody>
</table>

**Public Utilities Board**

<table>
<thead>
<tr>
<th>Actuarial valuation date</th>
<th>Actuarial value of assets</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded AAL (UAAL)</th>
<th>Funded ratio (a/b)</th>
<th>Covered payroll (c)</th>
<th>UAAL as a percentage of covered payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/1/2009</td>
<td>$ -</td>
<td>$ 9,620,225</td>
<td>$ 9,620,225</td>
<td>0.00%</td>
<td>$ 19,223,064</td>
<td>50.0%</td>
</tr>
<tr>
<td>9/30/2012</td>
<td>$ -</td>
<td>$ 10,003,425</td>
<td>$ 10,003,425</td>
<td>0.00%</td>
<td>$ 20,888,177</td>
<td>47.9%</td>
</tr>
<tr>
<td>9/30/2014</td>
<td>$ -</td>
<td>$ 12,195,117</td>
<td>$ 12,195,117</td>
<td>0.00%</td>
<td>$ 22,199,991</td>
<td>54.9%</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Notes to Required Supplementary Information
September 30, 2014

The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the budgeted governmental funds. An annual appropriated budget is adopted for the general fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. As required by the Charter of the City, the City Manager submits to the City Commission the proposed executive budgets for the fiscal year prior to the beginning of such fiscal year.

2. Public hearings are conducted to obtain taxpayer comments.

3. The original annual appropriated budgets and any revisions of such budgets that affect the overall fund total expenditures are made through appropriated budgeted resolutions by the City Commission. The original annual appropriated budgets are adopted by resolution by the City Commission prior to the beginning of the fiscal year as required by state law. The final annual amended appropriated budgets are used in this report. The overall fund total of actual expenditures can not exceed the overall fund total of appropriated expenditures for such funds. There were no funds which had expenditures/expenses and operating transfers out in excess of appropriations this fiscal year.

4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the overall fund total of appropriated expenditures of any fund must be approved by the City Commission. During the year, several supplementary appropriations were necessary.

5. Appropriations lapse at the end of each fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Convention and Tourism Fund

To account for the promotion of tourism. The primary revenues are provided by the proceeds from the City's hotel/motel occupancy tax. Such occupancy tax is authorized by an Act of the Texas Legislature and approved for levy by the City. The Texas Act provides that the revenues derived from the levy of the tax are to be expended in a manner directly enhancing and promoting tourism and the convention and hotel industry.

Community Development Block Grant

To account for the operations of the Community Development Block Grant (CDBG) Program/Metropolitan Entitlement funds. The entitlement funds are received from the U.S. Department of Housing & Urban Development (HUD).

Fire Department Forfeiture Fund

To account for the forfeiture funds received by the Brownsville Fire Department and the expenditure of such funds.

BPD Federal Forfeiture Fund

To account for the federal forfeiture funds received by the Brownsville Police Department and the expenditure of such funds.

BPD Forfeiture Fund

To account for the forfeiture funds received by the Brownsville Police Department and the expenditure of such funds.

Landfill Tipping Fee Increase Fund

This fund is used to record or restrict the landfill tipping fee increases since November 1994. Landfill fees collected by this fund are restricted for landfill debt service payments or any other expenditure associated with the landfill operations.

Community Planning Grant

To account for planning grants other than Community Development Block Grants.
NONMAJOR GOVERNMENTAL FUNDS – CONTINUED

DEBT SERVICE FUNDS

General Bonded Debt Service Fund

To account for the debt service on legally restricted general bonded obligations long-term debt of the City. This fund is used to account for the accumulation of resources for the payment of principal and interest on the general government long-term debt of the City.

General Non-bonded Debt Service Fund

To account for the debt service of other general governmental non-bonded long-term debt of the City.
NONMAJOR GOVERNMENTAL FUNDS – CONTINUED

CAPITAL PROJECT FUNDS

Streetscape Project Fund

To account for the downtown streetscape project financed by the issuance of a portion of the 1991 General Obligation Public Improvement Bonds.

Street Improvement

To account for the financing and construction of some of the City's streets. Financing is provided by General Fund revenues and private contributions.

Capital Projects

To account for the financing and acquisition of equipment for various City departments. Contractual obligation debt provides the financing.

2007 C.O. Bond Fund

To account for various capital projects financed by the issuance of the 2007 Certificates of Obligations.

2007 G.O. Bond Fund

To account for various capital projects financed by the issuance of the 2007 General Obligation Public Improvement and Refunding Bonds.

2008 C.O. Bond Fund

To account for various capital projects financed by the issuance of the 2008 Certificates of Obligations.

2008 G.O. Bond Fund

To account for various capital projects financed by the issuance of the 2008 General Obligation Public Improvement and Refunding Bonds.

2011 C.O. Bond Fund

To account for various capital projects financed by the issuance of the 2011 Certificates of Obligations.

2012 C.O. Bond Fund

To account for various capital projects financed by the issuance of the 2012 Certificates of Obligations.

2013 C.O. Bond Fund

To account for various capital projects financed by the issuance of the 2013 Certificates of Obligations.
# CITY OF BROWNSVILLE, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Special Revenue</th>
<th>Convention and Tourism</th>
<th>Community Development Block Grants</th>
<th>Fire Dept Forfeiture Fund</th>
<th>B.P.D. Federal Forfeiture Fund</th>
<th>Landfill Tipping Fee Increase</th>
<th>Community Planning Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 552,824</td>
<td>$ 315,892</td>
<td>$ 1,150</td>
<td>$ 71,496</td>
<td>$ 151,828</td>
<td>$ 424,137</td>
</tr>
<tr>
<td>Investments</td>
<td>453,549</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td>143,864</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note receivable</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal balances</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 1,150,237</td>
<td>$ 1,200,717</td>
<td>$ 1,150</td>
<td>$ 892,610</td>
<td>$ 785,452</td>
<td>$ 949,934</td>
</tr>
</tbody>
</table>

| LIABILITIES              |                        |                                   |                           |                               |                               |                          |
| Accounts payable         | $ 81,408               | $ 551,636                         | $ 826                     | $ 310,891                     | $ 319,650                     | $ 19,597                 |
| Accrued expenses         | 9,503                  | 15,034                            | -                         | $ 826                         | $ 310,891                     | $ 319,650                |
| Due to other funds       | 27,695                 | 250,042                           | -                         | -                             |                               |                          |
| Unearned revenue         | 282,708                |                                   | -                         | -                             |                               |                          |
| Total Liabilities        | $ 401,314              | 1,200,659                         | 826                       | 310,891                       | 387,729                       | 1,489,425                |

| FUND BALANCES            |                        |                                   |                           |                               |                               |                          |
| Restricted               | 726,604                |                                   | 1,150                     | 879,860                       | 427,832                       | 424,755                  |
| Committed                | 22,319                 | 448,620                           | -                         | 11,924                        | 46,729                        | 137,450                  |
| Unassigned               |                        | (448,620)                         | -                         | -                             |                               |                          |
| Total Fund Balances      | $ 748,923              | 58                                | 1,150                     | 891,784                       | 474,561                       | 562,205                  |

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

|                        | $ 1,150,237            | $ 1,200,717                       | $ 1,150                   | $ 892,610                     | $ 785,452                     | $ 949,934                | $ 1,489,436             |
| (Continued)            |                        |                                   |                           |                               |                               |                          |
### CITY OF BROWNSVILLE, TEXAS

#### Combining Balance Sheet
**Nonmajor Governmental Funds - Continued**
For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2007</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 6,604</td>
<td>$ 33,470</td>
</tr>
<tr>
<td>Investments</td>
<td>$ 60,214</td>
<td>$ 381,679</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accounts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Note receivable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Internal balances</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 66,818</td>
<td>$ 490,974</td>
</tr>
</tbody>
</table>

| LIABILITIES | | | | | | |
| Accounts payable | $ - | - | - | - | - | - |
| Accrued expenses | - | - | - | - | - | - |
| Due to other funds | 55,000 | - | - | 299,925 | - | - |
| Unearned revenue | - | 75,825 | - | - | - | - |
| Total Liabilities | $ 55,000 | 75,825 | - | 300,575 | - | - |

| FUND BALANCES | | | | | | |
| Restricted | - | 415,149 | 34,779 | - | 1,198,145 | 229,332 |
| Committed | 11,818 | - | - | 480,736 | 898,520 | - |
| Unassigned | - | - | - | (405,772) | - | - |
| Total Fund Balances | $ 11,818 | 415,149 | 34,779 | 145,182 | 2,096,665 | 229,332 |

Total Liabilities, Deferred Inflows of Resources, and Fund Balances:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 66,818</td>
<td>$ 490,974</td>
<td>$ 34,779</td>
</tr>
</tbody>
</table>

(Continued)
### CITY OF BROWNSVILLE, TEXAS

**Combining Balance Sheet**  
Nonmajor Governmental Funds - Continued  
For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2008</th>
<th>2008</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$32,412</td>
<td>$33,924</td>
<td>$60,837</td>
<td>$46,823</td>
<td>$19,787</td>
<td>2,895,826</td>
</tr>
<tr>
<td>Investments</td>
<td>550,843</td>
<td>312,384</td>
<td>1,576,643</td>
<td>6,471,046</td>
<td>4,731,787</td>
<td>18,366,776</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,800</td>
<td>-</td>
<td>1,366,078</td>
</tr>
<tr>
<td>Accounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>356,543</td>
<td>-</td>
<td>1,163,363</td>
</tr>
<tr>
<td>Note receivable</td>
<td>1,360,030</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,360,000</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>351,648</td>
</tr>
<tr>
<td>Internal balances</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(125,001)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,943,255</td>
<td>$346,308</td>
<td>$1,627,480</td>
<td>$6,876,212</td>
<td>$4,751,574</td>
<td>$25,376,690</td>
</tr>
</tbody>
</table>

| LIABILITIES                     |        |        |        |        |        |                            |
| Accounts payable                | $ -    | $ -    | $155,085| $140,129| $39,644| 1,619,516                   |
| Accrued expenses                | -      | -      | -      | 3,337  | 1,704  | 92,956                      |
| Due to other funds              | -      | -      | -      | 313    | -      | 2,107,504                   |
| Unearned revenue                | -      | -      | -      | -      | -      | 742,480                     |
| **Total Liabilities**           | -      | -      | 155,085| 143,779| 41,348 | 4,562,456                   |

| FUND BALANCES                   |        |        |        |        |        |                            |
| Restricted                      | 1,941,476| 342,648| 1,449,789| 5,087,213| 4,408,242| 17,637,191                 |
| Committed                       | 1,779  | 3,660  | 22,606 | 1,645,220| 301,984 | 1,069,792                  |
| Unassigned                      | -      | -      | -      | -      | -      | (860,750)                  |
| **Total Fund Balances**         | 1,943,255| 346,308| 1,472,395| 6,732,433| 4,710,226| 20,816,234                 |

| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $1,943,255| $346,308| $1,627,480| $6,876,212| $4,751,574| $25,376,690 |
CITY OF BROWNSVILLE, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Convention and Tourism</th>
<th>Community Development Block Grants</th>
<th>Fire Dept Forfeiture Fund</th>
<th>B.P.D. Federal Forfeiture Fund</th>
<th>B.P.D. Landfill Tipping Fee Increase</th>
<th>Community Planning Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonproperty taxes</td>
<td>$ 1,539,136</td>
<td>-</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td>Fees and services</td>
<td>378,417</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>4,099,765</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>-</td>
<td>-</td>
<td>284,365</td>
<td>639,212</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Interest income</td>
<td>328</td>
<td>-</td>
<td>1,583</td>
<td>591</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,839</td>
<td>121,484</td>
<td>-</td>
<td>11,572</td>
<td>37,948</td>
<td>-</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>1,919,720</td>
<td>4,221,249</td>
<td>297,520</td>
<td>677,851</td>
<td>6,483,555</td>
<td>463,731</td>
</tr>
</tbody>
</table>

EXPENDITURES

Current:
- General government
- Public safety
- Public works
- Sanitation
- Public health
- Housing assistance programs
- Public assistance
- Culture and recreation
- Convention and tourism

Debt Service:
- Lease Principal
- Bond issuance costs

Capital outlay
- 15,369
- 1,709,341
- 1,675,320
- 74,404
- 59,420

Total Expenditures
- 1,997,920
- 5,271,760
- 2,113,189
- 400,925
- 6,376,833
- 463,720

Excess (Deficiency) of Revenues
- (78,200)
- (1,050,511)
- (1,815,669)
- 276,926
- 106,822
- 11

OTHER FINANCING SOURCES (USES)
- Bonds issued
- Premium on bonds issued
- Transfers in
- Transfers out
- Asset transfer
- Proceeds from notes
- Capital Lease Proceeds

Net Other Financing Sources (Uses)
- 300,000
- (297,776)
- -
- -
- -

Net change in fund balances
- 221,800
- (1,348,287)
- (1,815,669)
- 276,926
- 106,822
- 11

Fund balances, beginning
- 527,123
- 1,348,345
- 1,150
- 2,707,453
- 197,635
- 455,383
- -

Fund balances, ending
- $ 748,923
- $ 58
- $ 1,150
- $ 891,784
- $ 474,561
- $ 562,205
- $ 11

(Continued)
## CITY OF BROWNSVILLE, TEXAS

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Nonmajor Governmental Funds - Continued**

For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Debt Service</th>
<th>Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>2007</td>
</tr>
<tr>
<td>Non-Bonded</td>
<td></td>
</tr>
<tr>
<td>Nonproperty taxes</td>
<td>$ -</td>
</tr>
<tr>
<td>Fees and services</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td>20 358</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>14,706</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>20 15,064</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debt Service</th>
<th>Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Scape</td>
<td>2007</td>
</tr>
<tr>
<td>Street Improvement</td>
<td></td>
</tr>
<tr>
<td>Capital Projects</td>
<td>2007</td>
</tr>
<tr>
<td>C.O. Bond Fund</td>
<td></td>
</tr>
<tr>
<td>G.O. Bond Fund</td>
<td></td>
</tr>
</tbody>
</table>

### REVENUES

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonproperty taxes</td>
<td>$ -</td>
</tr>
<tr>
<td>Fees and services</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td>20 358 10 36</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>14,706 480 72,311</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>20 15,064 490 846,830</td>
</tr>
</tbody>
</table>

### EXPENDITURES

**Current:**

- General government
- Public safety
- Public works
- Sanitation
- Public health
- Housing assistance programs
- Public assistance
- Culture and recreation
- Convention and tourism

### Debt Service:

- Lease Principal
- Bond issuance costs
- Capital outlay
- Total Expenditures
- Excess (Deficiency) of Revenues
- Over (Under) Expenditures

<table>
<thead>
<tr>
<th>Debt Service:</th>
<th>Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Principal</td>
<td>97,958</td>
</tr>
<tr>
<td>Bond issuance costs</td>
<td>-</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>5,320</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>97,958 6,550</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues</td>
<td>-</td>
</tr>
<tr>
<td>Over (Under) Expenditures</td>
<td>(97,938) 8,514 490</td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES)

- Bonds issued
- Premium on bonds issued
- Transfers in
- Transfers out
- Asset transfer
- Proceeds from notes
- Capital Lease Proceeds

<table>
<thead>
<tr>
<th>OTHER FINANCING SOURCES (USES)</th>
<th>Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds issued</td>
<td>-</td>
</tr>
<tr>
<td>Premium on bonds issued</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in</td>
<td>97,958</td>
</tr>
<tr>
<td>Transfers out</td>
<td>-</td>
</tr>
<tr>
<td>Asset transfer</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from notes</td>
<td>-</td>
</tr>
<tr>
<td>Capital Lease Proceeds</td>
<td>-</td>
</tr>
<tr>
<td>Net Other Financing Sources (Uses)</td>
<td>97,958</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net change in fund balances</th>
<th>Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 8,514 490</td>
<td>83,265 (229,022)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund balances, beginning</th>
<th>Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,798 406,635 34,289</td>
<td>61,917 2,325,687</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund balances, ending</th>
<th>Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 11,818 $ 415,149 $ 34,779</td>
<td>$ 145,182 $ 2,096,665 $ 229,332</td>
</tr>
</tbody>
</table>

(Continued)
CITY OF BROWNSVILLE, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds - Continued
For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>2008 Fund</th>
<th>2008 G.O. Bond</th>
<th>2011 C.O. Bond</th>
<th>2012 C.O. Bond</th>
<th>2013 C.O. Bond</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonproperty taxes</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 1,539,136</td>
</tr>
<tr>
<td>Fees and services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,862,085</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>249,096</td>
<td>-</td>
<td>5,587,064</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,821</td>
<td>3,768</td>
<td>923,597</td>
</tr>
<tr>
<td>Interest income</td>
<td>481</td>
<td>306</td>
<td>1,599</td>
<td>6,821</td>
<td>3,768</td>
<td>1,013,675</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>3,585</td>
<td>439,600</td>
<td>-</td>
<td>15,943,975</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>481</td>
<td>306</td>
<td>5,184</td>
<td>695,517</td>
<td>3,788</td>
<td>15,943,975</td>
</tr>
</tbody>
</table>

| EXPENDITURES     |           |                |                |                |                |                                   |
| Current:         |           |                |                |                |                |                                   |
| General government | -        | -              | -              | 313            | -              | 517,881                          |
| Public safety    | -         | -              | -              | -              | -              | 871,425                          |
| Public works     | (65,862)  | -              | 241,571        | 496,004        | 1,705          | 2,857,119                        |
| Sanitation       | -         | -              | -              | -              | -              | 4,266,973                        |
| Public health    | -         | -              | -              | -              | -              | 2,181,269                        |
| Housing assistance programs | - | - | - | - | - | 820,485 |
| Public assistance | - | - | - | - | - | 76,349 |
| Culture and recreation | - | - | - | - | - | 1,982,551 |
| Convention and tourism | - | - | - | - | - | - |
| Debt Service:    |           |                |                |                |                |                                   |
| Lease Principal  | -         | -              | -              | -              | -              | 97,958                           |
| Bond issuance costs | 8,490 | 8,490          | 249,754        | 1,542,868      | 2,947,972      | 10,457,966                       |
| Capital outlay   | -         | -              | -              | -              | -              | 163,276                          |
| Total Expenditures | (65,862 | 8,490         | 491,326        | 2,039,185      | 3,112,953      | 24,293,253                       |
| Excess (Deficiency) of Revenues | 66,343 | (8,184) | (486,141) | (1,343,668) | (3,109,185) | (8,349,278) |
| Over (Under) Expenditures     |           |                |                |                |                |                                   |

| OTHER FINANCING SOURCES (USES) |           |                |                |                |                |                                   |
| Bonds issued | -         | -              | -              | -              | -              | 8,505,000                        |
| Premium on bonds issued | - | - | - | - | - | 8,276 |
| Transfers in | -         | -              | -              | -              | -              | 568,234                          |
| Transfers out | (310,000) | - | - | - | - | (607,776) |
| Asset transfer | - | - | - | - | - | - |
| Proceeds from notes | - | - | - | - | - | - |
| Capital Lease Proceeds | - | - | - | - | - | - |
| Net Other Financing Sources (Uses) | (310,000) | - | - | - | - | - |
| Net change in fund balances | (243,657) | (8,184) | (486,141) | (1,343,668) | 5,404,111 | 279,457 |
| Fund balances, beginning | 2,186,912 | 354,492 | 1,958,536 | 8,076,101 | (693,885) | 20,536,777 |
| Fund balances, ending | $ 1,943,255 | $ 346,308 | $ 1,472,396 | $ 6,732,433 | $ 4,710,226 | $ 20,816,234 |
NONMAJOR ENTERPRISE FUNDS

Parking Revenue Fund
To account for the provision of certain public parking facilities to the residents of the City and surrounding areas.

Brownsville Golf Center
To account for the operation of the golf and recreation facility acquired by the City.
CITY OF BROWNSVILLE, TEXAS
Combining Statement of Net Position
Nonmajor Proprietary Funds
September 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 367,508</td>
<td>$ 519,723</td>
<td>$ 887,231</td>
</tr>
<tr>
<td>Investments</td>
<td>185,483</td>
<td>469,225</td>
<td>654,708</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from other funds</td>
<td>86</td>
<td>-</td>
<td>86</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>3,006</td>
<td>3,006</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>553,077</td>
<td>991,954</td>
<td>1,545,031</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>467,468</td>
<td>2,221,446</td>
<td>2,688,914</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,020,545</td>
<td>3,213,400</td>
<td>4,233,945</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>7,927</td>
<td>18,312</td>
<td>26,239</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>8,415</td>
<td>8,039</td>
<td>16,454</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>16,104</td>
<td>9,864</td>
<td>25,968</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>-</td>
<td>8,210</td>
<td>8,210</td>
</tr>
<tr>
<td>Accrued vacation and sick leave - current</td>
<td>25,032</td>
<td>19,469</td>
<td>44,501</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>57,478</td>
<td>63,894</td>
<td>121,372</td>
</tr>
<tr>
<td>Noncurrent Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>85,195</td>
<td>29,959</td>
<td>115,154</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>117,681</td>
<td>126,220</td>
<td>243,901</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>260,354</td>
<td>220,073</td>
<td>480,427</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>467,468</td>
<td>2,221,446</td>
<td>2,688,914</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>292,723</td>
<td>771,881</td>
<td>1,064,604</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$ 760,191</td>
<td>$ 2,993,327</td>
<td>$ 3,753,518</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Operating Revenues:</th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for services</td>
<td>$495,702</td>
<td>$424,885</td>
<td>$920,587</td>
</tr>
<tr>
<td>Rentals</td>
<td>11,825</td>
<td>-</td>
<td>11,825</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>507,527</strong></td>
<td><strong>424,885</strong></td>
<td><strong>932,412</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel services</td>
<td>413,359</td>
<td>375,456</td>
<td>788,815</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>26,123</td>
<td>117,063</td>
<td>143,186</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>24,330</td>
<td>102,330</td>
<td>126,660</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>28,577</td>
<td>74,272</td>
<td>102,849</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,324</td>
<td>260,461</td>
<td>277,785</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>509,713</strong></td>
<td><strong>929,582</strong></td>
<td><strong>1,439,295</strong></td>
</tr>
</tbody>
</table>

| Operating Income (Loss)                 | (2,186)         | (504,697)               | (506,883)                        |

<table>
<thead>
<tr>
<th>Nonoperating Revenues (Expenses):</th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment and interest income</td>
<td>281</td>
<td>497</td>
<td>758</td>
</tr>
<tr>
<td>Loss on disposition of asset</td>
<td>(25,729)</td>
<td>(70,038)</td>
<td>(95,767)</td>
</tr>
<tr>
<td>Other</td>
<td>283</td>
<td>135</td>
<td>418</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues (Expenses)</strong></td>
<td><strong>(25,185)</strong></td>
<td><strong>(69,406)</strong></td>
<td><strong>(94,591)</strong></td>
</tr>
</tbody>
</table>

| Income (Loss) Before Transfers          | (27,371)        | (574,103)               | (601,474)                        |

| Transfers in                            | -               | 314,000                 | 314,000                          |
| Change in net position                  | (27,371)        | (260,103)               | (287,474)                        |

| Total net position-beginning            | 787,562         | 3,253,430               | 4,040,992                        |
| Total net position-ending               | $760,191        | $2,993,327              | $3,753,518                       |
### CITY OF BROWNSVILLE, TEXAS

**Combining Statement of Cash Flows**

**Nonmajor Proprietary Funds**

**For the Fiscal Year Ended September 30, 2014**

#### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$507,810</td>
<td>$425,135</td>
<td>$932,945</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(72,229)</td>
<td>(284,511)</td>
<td>(356,740)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(379,360)</td>
<td>(351,355)</td>
<td>(730,715)</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>(198,163)</td>
<td>3,826</td>
<td>(194,237)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>(141,942)</td>
<td>(206,805)</td>
<td>(348,747)</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers from other funds</td>
<td>-</td>
<td>314,000</td>
<td>314,000</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by noncapital financing activities</strong></td>
<td>-</td>
<td>314,000</td>
<td>314,000</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>261</td>
<td>497</td>
<td>758</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td>261</td>
<td>497</td>
<td>758</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase (decrease) in cash and cash equivalents</th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>(141,681)</td>
<td>107,692</td>
<td>33,989</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning</td>
<td>694,672</td>
<td>881,256</td>
<td>1,575,928</td>
</tr>
<tr>
<td>Cash and cash equivalents - ending</td>
<td>$552,991</td>
<td>$988,948</td>
<td>$1,541,939</td>
</tr>
</tbody>
</table>

#### Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

<table>
<thead>
<tr>
<th>Operating income (loss)</th>
<th>Parking Revenue</th>
<th>Brownsville Golf Center</th>
<th>Total Nonmajor Proprietary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (2,186)</td>
<td>(504,697)</td>
<td>(506,883)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
</tr>
<tr>
<td>Receivables - other</td>
</tr>
<tr>
<td>Due from other funds</td>
</tr>
<tr>
<td>Inventories</td>
</tr>
<tr>
<td>Accounts payable</td>
</tr>
<tr>
<td>Accrued expenses</td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
</tr>
<tr>
<td>Due to other funds</td>
</tr>
<tr>
<td>Deferred revenue</td>
</tr>
<tr>
<td>OPEB liability</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
</tr>
</tbody>
</table>
INTERNAL SERVICE FUNDS

Workers' Compensation Fund – The fund is used to account for the City’s workers’ compensation self-insurance program.

Employee Benefit Fund – This fund is used to account for the City’s health self-insurance program.

Sick and Annual Leave Fund – This fund is used to account for the City’s sick and annual leave.
CITY OF BROWNSVILLE, TEXAS

Internal Service Funds
Combining Statement of Net Position
September 30, 2014
(With comparative totals for September 30, 2013)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Workers' Compensation</th>
<th>Employee Benefit</th>
<th>Sick and Annual Leave</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 64,908</td>
<td>$ 696,371</td>
<td>$ 52,845</td>
<td>$ 814,124</td>
</tr>
<tr>
<td>Investments</td>
<td>458,589</td>
<td>735,306</td>
<td>-</td>
<td>1,193,895</td>
</tr>
<tr>
<td>Receivables - other</td>
<td>2,000</td>
<td>203,174</td>
<td>-</td>
<td>205,174</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
<td>13,097</td>
<td>13,097</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>525,497</td>
<td>1,634,851</td>
<td>65,942</td>
<td>2,226,290</td>
</tr>
</tbody>
</table>

| LIABILITIES                |                       |                  |                       |         |
| Current Liabilities:       |                       |                  |                       |         |
| Accounts payable           | 251,068               | 461,053          | -                     | 712,121  |
| Accrued vacation and sick leave | -                | -                | 27,949                | 27,949   |
| Due to other funds         | -                     | 119,642          | -                     | 119,642  |
| Total Current Liabilities  | 251,068               | 580,695          | 27,949                | 859,712  |
| Total Liabilities          | 251,068               | 580,695          | 27,949                | 859,712  |

| NET POSITION               |                       |                  |                       |         |
| Unrestricted               | 274,429               | 1,054,156        | 37,993                | 1,366,578 |
| Total Net Position         | $ 274,429             | $ 1,054,156      | $ 37,993              | $ 1,366,578 |

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 64,908</td>
<td>$ 696,371</td>
<td>$ 52,845</td>
<td>$ 814,124</td>
</tr>
<tr>
<td>Investments</td>
<td>458,589</td>
<td>735,306</td>
<td>-</td>
<td>1,193,895</td>
</tr>
<tr>
<td>Receivables - other</td>
<td>2,000</td>
<td>203,174</td>
<td>-</td>
<td>205,174</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
<td>13,097</td>
<td>13,097</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>525,497</td>
<td>1,634,851</td>
<td>65,942</td>
<td>2,226,290</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>251,068</td>
<td>461,053</td>
<td>-</td>
<td>712,121</td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>-</td>
<td>-</td>
<td>27,949</td>
<td>27,949</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>-</td>
<td>119,642</td>
<td>-</td>
<td>119,642</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>251,068</td>
<td>580,695</td>
<td>27,949</td>
<td>859,712</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>251,068</td>
<td>580,695</td>
<td>27,949</td>
<td>859,712</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>274,429</td>
<td>1,054,156</td>
<td>37,993</td>
<td>1,366,578</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$ 274,429</td>
<td>$ 1,054,156</td>
<td>$ 37,993</td>
<td>$ 1,366,578</td>
</tr>
<tr>
<td>Workers' Compensation</td>
<td>Employee Benefit</td>
<td>Sick and Annual Leave</td>
<td>Totals</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------</td>
<td>-----------------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from other funds</td>
<td>$</td>
<td>$ 9,787,738</td>
<td>$</td>
<td>9,787,738</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>$</td>
<td>1,478,856</td>
<td>$</td>
<td>1,478,856</td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>19,909</td>
<td>800,611</td>
<td>$</td>
<td>820,520</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>19,909</td>
<td>12,067,205</td>
<td>$</td>
<td>12,087,114</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-insurance claims</td>
<td>60,012</td>
<td>11,898,297</td>
<td>$</td>
<td>11,958,309</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>60,012</td>
<td>11,898,297</td>
<td>$</td>
<td>11,958,309</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>(40,103)</td>
<td>168,908</td>
<td>$</td>
<td>128,805</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>455</td>
<td>950</td>
<td>$</td>
<td>1,405</td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
<td>455</td>
<td>950</td>
<td>$</td>
<td>1,405</td>
</tr>
<tr>
<td>Income (Loss) Before Transfers</td>
<td>(39,648)</td>
<td>169,858</td>
<td>$</td>
<td>130,210</td>
</tr>
<tr>
<td>Transfers in</td>
<td>$</td>
<td>200,000</td>
<td>$</td>
<td>200,000</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(39,648)</td>
<td>369,858</td>
<td>$</td>
<td>330,210</td>
</tr>
<tr>
<td>Total net position-beginning</td>
<td>314,077</td>
<td>684,298</td>
<td>37,993</td>
<td>1,036,368</td>
</tr>
<tr>
<td>Total net position-ending</td>
<td>$ 274,429</td>
<td>$ 1,054,156</td>
<td>$ 37,993</td>
<td>$ 1,366,578</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2014
(With comparative totals for the fiscal year ended September 30, 2013)

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$19,909</td>
<td>$12,218,288</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>-</td>
<td>(582,883)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>-</td>
<td>13,098</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>-</td>
<td>21,149</td>
</tr>
<tr>
<td>Claims paid</td>
<td>(58,944)</td>
<td>(11,898,297)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>(39,035)</td>
<td>(11,957,241)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers from other funds</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by noncapital financing activities</strong></td>
<td>-</td>
<td>200,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>455</td>
<td>950</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>1,405</td>
<td>3,734</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase (decrease) in cash and cash equivalents</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original balance</td>
<td>562,077</td>
<td>1,472,470</td>
</tr>
<tr>
<td><strong>New balance</strong></td>
<td>$523,497</td>
<td>$1,431,677</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reconciliation of operating income to net cash provided by operating activities:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$128,805</td>
<td>$622,821</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - other</td>
<td>151,083</td>
<td>52,962</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>(13,097)</td>
<td>158,709</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(581,815)</td>
<td>(134,531)</td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>13,098</td>
<td>51,143</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>(17,409)</td>
<td>92,473</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>(39,035)</td>
<td>(319,335)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Totals</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$528,45</td>
<td>$2,008,019</td>
</tr>
<tr>
<td></td>
<td>$2,125,949</td>
<td>$2,125,949</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Totals</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$12,238,197</td>
<td>$11,914,060</td>
</tr>
<tr>
<td></td>
<td>(133,997)</td>
<td>(51,143)</td>
</tr>
<tr>
<td></td>
<td>(30,506)</td>
<td>244,618</td>
</tr>
<tr>
<td></td>
<td>(319,335)</td>
<td>(610,275)</td>
</tr>
</tbody>
</table>
These supplementary statements are included to provide management additional information for financial analysis.
### CITY OF BROWNSVILLE, TEXAS

**General Fund**  
**Comparative Balance Sheets**  
**September 30, 2014 and 2013**

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,975,356</td>
<td>$9,535,504</td>
</tr>
<tr>
<td>Investments</td>
<td>14,569,833</td>
<td>10,257,357</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td>13,670,720</td>
<td>12,176,307</td>
</tr>
<tr>
<td>Property taxes</td>
<td>1,811,903</td>
<td>1,574,495</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>456,453</td>
<td>292,158</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>5,504,249</td>
<td>1,848,270</td>
</tr>
<tr>
<td>Internal balances</td>
<td>2,641,175</td>
<td>2,349,634</td>
</tr>
<tr>
<td>Inventories</td>
<td>64,979</td>
<td>60,871</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>88,936</td>
<td>150,657</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$40,783,604</td>
<td>$38,245,253</td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$8,986,298</td>
<td>$5,519,969</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,809,387</td>
<td>2,650,632</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>338,375</td>
<td>960,121</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>3,291,029</td>
<td>2,934,597</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$15,425,089</td>
<td>$12,065,319</td>
</tr>
</tbody>
</table>

#### DEFERRED INFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable revenue - property taxes</td>
<td>1,431,379</td>
<td>1,319,624</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td>$1,431,379</td>
<td>$1,319,624</td>
</tr>
</tbody>
</table>

#### FUND BALANCES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>64,979</td>
<td>60,871</td>
</tr>
<tr>
<td>Restricted</td>
<td>1,787,267</td>
<td>1,563,635</td>
</tr>
<tr>
<td>Committed</td>
<td>3,620,934</td>
<td>3,302,812</td>
</tr>
<tr>
<td>Assigned</td>
<td>2,676,559</td>
<td>3,158,722</td>
</tr>
<tr>
<td>Unassigned</td>
<td>15,777,397</td>
<td>16,774,270</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>$23,927,136</td>
<td>$24,860,310</td>
</tr>
</tbody>
</table>

**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$40,783,604</td>
<td>$38,245,253</td>
<td></td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

### General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the Years Ended September 30, 2014 and 2013

### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property taxes</td>
<td>$27,313,713</td>
<td>$25,192,210</td>
</tr>
<tr>
<td>Nonproperty taxes</td>
<td>26,721,556</td>
<td>25,701,330</td>
</tr>
<tr>
<td>Fees and services</td>
<td>20,930,492</td>
<td>20,946,502</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>3,208,385</td>
<td>1,874,982</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>3,015,674</td>
<td>3,232,018</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>1,941,809</td>
<td>1,822,320</td>
</tr>
<tr>
<td>Interest income</td>
<td>39,140</td>
<td>34,858</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,491,007</td>
<td>6,755,139</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>86,661,776</strong></td>
<td><strong>85,559,359</strong></td>
</tr>
</tbody>
</table>

Utility services from the PUB 4,647,888 4,108,466
Surplus funds from the PUB 7,545,647 7,222,476

*Total Revenues* 98,855,311 96,890,301

### EXPENDITURES

**Current:**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>15,016,325</td>
<td>14,922,111</td>
</tr>
<tr>
<td>Public safety</td>
<td>60,268,863</td>
<td>53,591,151</td>
</tr>
<tr>
<td>Public works</td>
<td>8,794,789</td>
<td>8,488,215</td>
</tr>
<tr>
<td>Sanitation</td>
<td>702,906</td>
<td>780,279</td>
</tr>
<tr>
<td>Public health</td>
<td>1,606,339</td>
<td>1,432,496</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>9,064,540</td>
<td>9,055,711</td>
</tr>
<tr>
<td>Economic development</td>
<td>48,925</td>
<td>46,935</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>1,678,386</td>
<td>1,417,490</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>97,181,073</strong></td>
<td><strong>89,734,388</strong></td>
</tr>
</tbody>
</table>

Excess (Deficiency) of Revenues Over (Under) Expenditures 1,674,238 7,155,913

### OTHER FINANCING SOURCES (USES)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>1,400,000</td>
<td>1,289,000</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(4,007,412)</td>
<td>(4,214,843)</td>
</tr>
<tr>
<td><strong>Net Other Financing Sources (Uses)</strong></td>
<td>(2,607,412)</td>
<td>(2,925,843)</td>
</tr>
</tbody>
</table>

Net change in fund balances (933,174) 4,230,070

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balances, Beginning</td>
<td>24,860,310</td>
<td>20,960,313</td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>-</td>
<td>(330,073)</td>
</tr>
<tr>
<td><strong>Fund balances, Ending</strong></td>
<td><strong>$23,927,136</strong></td>
<td><strong>$24,860,310</strong></td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Convention and Tourism Special Revenue Fund
Comparative Balance Sheets
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>Assets</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$552,824</td>
<td>$150,698</td>
</tr>
<tr>
<td>Investments</td>
<td>453,549</td>
<td>605,223</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>143,864</td>
<td>204,210</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,150,237</strong></td>
<td><strong>$960,131</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Fund Balances</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$81,408</td>
<td>$82,471</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>9,503</td>
<td>7,530</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>27,695</td>
<td>25,841</td>
</tr>
<tr>
<td>Unearned revenues</td>
<td>282,708</td>
<td>317,166</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>401,314</strong></td>
<td><strong>433,008</strong></td>
</tr>
</tbody>
</table>

| Fund Balances: | | |
| Restricted | 726,604 | 505,698 |
| Committed | 22,319 | 21,425 |
| **Total Fund Balances** | **748,923** | **527,123** |

<table>
<thead>
<tr>
<th>Total Liabilities and Fund Balances</th>
<th>$1,150,237</th>
<th>$960,131</th>
</tr>
</thead>
</table>
CITY OF BROWNSVILLE, TEXAS
Convention and Tourism Special Revenue Fund
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonproperty taxes</td>
<td>$1,539,136</td>
<td>$1,396,654</td>
</tr>
<tr>
<td>Fees and services</td>
<td>378,417</td>
<td>345,809</td>
</tr>
<tr>
<td>Interest income</td>
<td>328</td>
<td>622</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,839</td>
<td>6,238</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,919,720</td>
<td>1,749,323</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**       |            |            |
| Convention and Tourism:|            |            |
| Events Center:         |            |            |
| Personnel services     | $355,378   | $396,368   |
| Material and supplies  | 41,738     | 54,169     |
| Maintenance of buildings| 2,356     | 14,785     |
| Maintenance of equipment| 16,173    | 3,823      |
| Miscellaneous services | 203,908    | 179,319    |
| Capital outlay         | 15,369     |            |
| **General Services:**  | 634,922    | 648,464    |
| Brownsville Convention and Visitors Bureau | 537,998 | 525,000 |
| Gladys Porter Zoo      | 400,000    | 400,000    |
| Historic Brownsville Museum | 45,000 | 45,000 |
| Tennis Center Association | 30,000   | 30,000     |
| Society for the Performing Arts | 50,000 | 50,000 |
| Camille Playhouse      | 25,000     | 25,000     |
| Brownsville Historical Association | 140,000 | 140,000 |
| CAF/Marketing Advertising | 15,000   | 15,000     |
| The Children's Museum of Brownsville | 48,000 | 48,000 |
| Brownsville Museum of Fine Arts | 50,000 | 50,000 |
| Costumes of the Americas | 22,000   | 22,000     |
| **Total Expenditures** | 1,362,998  | 1,350,000  |

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,919,720</td>
<td>(78,200)</td>
<td>(249,141)</td>
</tr>
</tbody>
</table>

**Other Financing Sources (Uses):**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>300,000</td>
<td>357,499</td>
</tr>
<tr>
<td>Net Other Financing Sources (Uses)</td>
<td>300,000</td>
<td>357,499</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in fund balances</td>
<td>221,800</td>
<td>108,358</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balances, beginning</td>
<td>$527,123</td>
<td>$418,765</td>
</tr>
<tr>
<td>Fund balances, ending</td>
<td>$748,923</td>
<td>$527,123</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>----------------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 315,892</td>
<td>$ 1,215,280</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>491,686</td>
<td>312,083</td>
</tr>
<tr>
<td>Other</td>
<td>384,567</td>
<td>473,427</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>8,572</td>
<td>265,301</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 1,200,717</td>
<td>$ 2,266,091</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 551,636</td>
<td>$ 353,717</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>15,034</td>
<td>10,669</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>250,042</td>
<td>79,931</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>816,712</td>
<td>444,317</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Notes</td>
<td>383,947</td>
<td>473,429</td>
</tr>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td>663,811</td>
</tr>
<tr>
<td>Committed</td>
<td>448,620</td>
<td>684,534</td>
</tr>
<tr>
<td>Unassigned</td>
<td>(448,562)</td>
<td></td>
</tr>
<tr>
<td>Total Fund Balances</td>
<td>58</td>
<td>1,348,345</td>
</tr>
<tr>
<td><strong>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</strong></td>
<td>$ 1,200,717</td>
<td>$ 2,266,091</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Community Development Block Grant Fund
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$ 4,099,765</td>
<td>$ 5,505,489</td>
</tr>
<tr>
<td>Interest income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>121,484</td>
<td>87,693</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>4,221,249</td>
<td>5,593,182</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>517,568</td>
<td>532,889</td>
</tr>
<tr>
<td>Public safety</td>
<td>15,148</td>
<td>27,282</td>
</tr>
<tr>
<td>Public works</td>
<td>-</td>
<td>4,004</td>
</tr>
<tr>
<td>Public health</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Housing assistance programs</td>
<td>2,181,269</td>
<td>268,607</td>
</tr>
<tr>
<td>Public assistance</td>
<td>820,485</td>
<td>847,570</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>27,949</td>
<td>355,121</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>1,709,341</td>
<td>2,881,716</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>5,271,760</td>
<td>4,927,189</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over (Under) Expenditures</strong></td>
<td>(1,050,511)</td>
<td>665,993</td>
</tr>
<tr>
<td>Other Financing Sources (Uses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating transfers from other funds</td>
<td>-</td>
<td>(516,247)</td>
</tr>
<tr>
<td>Operating transfers to other funds</td>
<td>(297,776)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Other Financing Sources (Uses)</strong></td>
<td>(297,776)</td>
<td>(516,247)</td>
</tr>
<tr>
<td><strong>Sources Over (Under) Expenditures and Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>(1,348,287)</td>
<td>149,746</td>
</tr>
<tr>
<td><strong>Fund balances, beginning</strong></td>
<td>$1,348,345</td>
<td>$1,198,599</td>
</tr>
<tr>
<td><strong>Fund balances, ending</strong></td>
<td>$58</td>
<td>$1,348,345</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Fire Department Forfeiture Fund
Comparative Balance Sheets
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,150</td>
<td>$ 1,150</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 1,150</td>
<td>$ 1,150</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND FUND BALANCES** |       |       |
| Liabilities:                |       |       |
| Accounts payable            | $      | $      |
| **Total Liabilities**       | $      | $      |
| Fund Balances:              |       |       |
| Restricted                  | 1,150  | 1,150  |
| **Total Fund Balances**     | 1,150  | 1,150  |
| **Total Liabilities and Fund Balances** | $ 1,150 | $ 1,150 |
CITY OF BROWNSVILLE, TEXAS

Fire Department Forfeiture Fund
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>$</td>
<td>$10,101</td>
</tr>
<tr>
<td>Total Revenues</td>
<td></td>
<td>$10,101</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td></td>
<td>$8,951</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td></td>
<td>$8,951</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over (Under) Expenditures</strong></td>
<td></td>
<td>$1,150</td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>-</td>
<td>$1,150</td>
</tr>
<tr>
<td>Fund balances, beginning</td>
<td>$1,150</td>
<td>-</td>
</tr>
<tr>
<td>Fund balances, ending</td>
<td>$1,150</td>
<td>$1,150</td>
</tr>
</tbody>
</table>

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## CITY OF BROWNSVILLE, TEXAS

### B.P.D. Federal Forfeiture Special Revenue Fund

**Comparative Balance Sheets**

**September 30, 2014 and 2013**

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$71,496</td>
<td>$60,762</td>
</tr>
<tr>
<td>Investments</td>
<td>$821,114</td>
<td>$2,293,551</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>$380,154</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$892,610</td>
<td>$2,734,467</td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

**Liabilities:**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$826</td>
<td>$27,014</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$826</td>
<td>$27,014</td>
</tr>
</tbody>
</table>

**Fund Balances:**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>879,860</td>
<td>2,535,575</td>
</tr>
<tr>
<td>Committed</td>
<td>11,924</td>
<td>171,878</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>891,784</td>
<td>2,707,453</td>
</tr>
</tbody>
</table>

**Total Liabilities and Fund Balances**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities and Fund Balances</strong></td>
<td>$892,610</td>
<td>$2,734,467</td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

B.P.D. Federal Forfeiture Special Revenue Fund  
Comparative Statements of Revenues, Expenditures and  
Changes in Fund Balances  
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>$284,385</td>
<td>$858,958</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,563</td>
<td>4,271</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>11,572</td>
<td>29,119</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>297,520</strong></td>
<td><strong>892,348</strong></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>437,869</td>
<td>541,423</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>1,675,320</td>
<td>622,487</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>2,113,189</strong></td>
<td><strong>1,163,910</strong></td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over (Under) Expenditures</strong></td>
<td>(1,815,669)</td>
<td>(271,562)</td>
</tr>
<tr>
<td><strong>Net change in fund balances</strong></td>
<td>(1,815,669)</td>
<td>(271,562)</td>
</tr>
<tr>
<td>Fund balances, beginning</td>
<td>$2,707,453</td>
<td>$2,979,015</td>
</tr>
<tr>
<td>Fund balances, ending</td>
<td>$891,784</td>
<td>$2,707,453</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

B.P.D. Forfeiture Special Revenue Fund
Comparative Balance Sheets
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$151,828</td>
<td>$186,751</td>
</tr>
<tr>
<td>Investments</td>
<td>633,624</td>
<td>260,933</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>3,849</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$785,452</td>
<td>$451,533</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$310,891</td>
<td>$253,898</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$310,891</td>
<td>$253,898</td>
</tr>
<tr>
<td>Fund Balances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>427,832</td>
<td>234,290</td>
</tr>
<tr>
<td>Committed</td>
<td>46,729</td>
<td>47,966</td>
</tr>
<tr>
<td>Total Fund Balances</td>
<td>$474,561</td>
<td>$197,635</td>
</tr>
<tr>
<td>Total Liabilities and Fund Balances</td>
<td>$785,452</td>
<td>$451,533</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

B.P.D. Forfeiture Special Revenue Fund
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>$639,212</td>
<td>$262,761</td>
</tr>
<tr>
<td>Interest income</td>
<td>$691</td>
<td>$638</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$37,948</td>
<td>$45,270</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$677,851</td>
<td>$308,669</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>$326,521</td>
<td>$157,048</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>$74,404</td>
<td>$67,000</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$400,925</td>
<td>$224,048</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over (Under) Expenditures</strong></td>
<td>$276,926</td>
<td>$84,621</td>
</tr>
<tr>
<td><strong>Net change in fund balances</strong></td>
<td>$276,926</td>
<td>$84,621</td>
</tr>
<tr>
<td><strong>Fund balances, beginning</strong></td>
<td>$197,635</td>
<td>$113,014</td>
</tr>
<tr>
<td><strong>Fund balances, ending</strong></td>
<td>$474,561</td>
<td>$197,635</td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

Landfill Tipping Fee Increase Special Revenue Fund
Comparative Balance Sheets
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$424,137</td>
<td>$54,444</td>
</tr>
<tr>
<td>Investments</td>
<td>1,873</td>
<td>1,873</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>185,549</td>
<td>402,823</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>338,375</td>
<td>436,225</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$949,934</td>
<td>$895,365</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$319,650</td>
<td>$387,095</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>63,378</td>
<td>52,887</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>4,701</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>387,729</td>
<td>439,982</td>
</tr>
</tbody>
</table>

| Fund Balances:                               |          |          |
| Restricted                                   | 424,755  | (428,000)|
| Committed                                    | 137,450  | 243,942  |
| Total Fund Balances                          | 562,205  | 455,383  |

<table>
<thead>
<tr>
<th>Total Liabilities and Fund Balances</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$949,934</td>
<td>$895,365</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and services</td>
<td>$6,483,648</td>
<td>$5,967,340</td>
</tr>
<tr>
<td>Interest income</td>
<td>7</td>
<td>431</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>393,600</td>
<td>393,600</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>6,483,655</strong></td>
<td><strong>6,361,371</strong></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public health</td>
<td>91,887</td>
<td>96,507</td>
</tr>
<tr>
<td>Public works</td>
<td>1,959,700</td>
<td>2,023,099</td>
</tr>
<tr>
<td>Sanitation</td>
<td>4,265,826</td>
<td>4,091,945</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>59,420</td>
<td>789,261</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>6,376,833</strong></td>
<td><strong>7,000,812</strong></td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues</strong></td>
<td><strong>106,822</strong></td>
<td><strong>(639,441)</strong></td>
</tr>
<tr>
<td>Fund balances, beginning</td>
<td>455,383</td>
<td>1,094,824</td>
</tr>
<tr>
<td>Fund balances, ending</td>
<td><strong>$662,205</strong></td>
<td><strong>$465,383</strong></td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Community Planning Grants Fund
Comparative Balance Sheets
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$694,820</td>
<td>$1,163,688</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>789,915</td>
<td>325,359</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>4,701</td>
<td>-</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1,489,436</td>
<td>$1,489,047</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$19,597</td>
<td>$16,985</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>1,469,828</td>
<td>1,472,062</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,489,425</td>
<td>1,489,047</td>
</tr>
<tr>
<td>Fund Balances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Committed</td>
<td>26,427</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>(26,416)</td>
<td>-</td>
</tr>
<tr>
<td>Total Fund Balances</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities and Fund Balances</td>
<td>$1,489,436</td>
<td>$1,489,047</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Community Planning Grants Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>463,720</td>
<td>$1,294,297</td>
</tr>
<tr>
<td>Interest income</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>463,731</td>
<td>1,294,297</td>
</tr>
</tbody>
</table>

|                  |           |           |
| **EXPENDITURES** |           |           |
| General government| -        | -         |
| Public safety    | -        | -         |
| Public works     | 1,641    | 1,294,297 |
| Public health    | -        | -         |
| Housing assistance programs | - | - |
| Public assistance| -        | -         |
| Culture and recreation | - | - |
| Convention and tourism | - | - |
| Capital outlay   | 462,079  | -         |
| **Total Expenditures** | 463,720 | 1,294,297 |

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>11</td>
<td>-</td>
</tr>
</tbody>
</table>

Net change in fund balances  
11 - 

Fund balances, beginning  
$ - 
Fund balances, ending  
$ 11 -
## CITY OF BROWNSVILLE, TEXAS

General Bonded Debt Service Fund
Comparative Balance Sheets
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 3,001,524</td>
<td>$ 225,136</td>
</tr>
<tr>
<td>Investments</td>
<td>2,336,412</td>
<td>3,642,709</td>
</tr>
<tr>
<td>Receivables, (net of allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for uncollectibles:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td>353</td>
<td>401</td>
</tr>
<tr>
<td>Property taxes</td>
<td>1,988,031</td>
<td>1,949,580</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 7,326,320</td>
<td>$ 5,817,826</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to other funds</td>
<td>$ 3,303,473</td>
<td>$ 149,557</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>3,303,473</td>
<td>149,557</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>DEFERRED INFLOWS OF RESOURCES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable revenue - property taxes</td>
<td>1,781,368</td>
<td>1,795,270</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUND BALANCES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed</td>
<td>2,241,479</td>
<td>3,872,999</td>
</tr>
<tr>
<td>Total Fund Balances</td>
<td>2,241,479</td>
<td>3,872,999</td>
</tr>
<tr>
<td>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</td>
<td>$ 7,326,320</td>
<td>$ 5,817,826</td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

**General Bonded Debt Service Fund**  
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$13,879,772</td>
<td>$14,258,374</td>
</tr>
<tr>
<td>Interest income</td>
<td>9,162</td>
<td>4,011</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$737,281</td>
<td>749,612</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$14,626,215</td>
<td>$15,011,997</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>10,687,082</td>
<td>8,997,897</td>
</tr>
<tr>
<td>Interest and fiscal charges</td>
<td>6,243,411</td>
<td>6,460,859</td>
</tr>
<tr>
<td>Bond issuance costs</td>
<td>227,013</td>
<td>43,853</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>17,157,506</td>
<td>15,502,609</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues</strong> Over (Under) Expenditures</td>
<td>(2,531,291)</td>
<td>(490,612)</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt proceeds</td>
<td>1,100,000</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in</td>
<td>658,419</td>
<td>974,406</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,100,000)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds of refunding bonds</td>
<td>13,745,000</td>
<td>1,905,000</td>
</tr>
<tr>
<td>Premium on refunding bonds</td>
<td>1,934,764</td>
<td>-</td>
</tr>
<tr>
<td>Payment to refunded bond escrow agent</td>
<td>(15,438,412)</td>
<td>(1,872,349)</td>
</tr>
<tr>
<td>Net Other Financing Sources (Uses)</td>
<td>899,771</td>
<td>1,007,057</td>
</tr>
<tr>
<td><strong>Net change in fund balances</strong></td>
<td>(1,631,520)</td>
<td>516,445</td>
</tr>
<tr>
<td><strong>Fund balances, beginning</strong></td>
<td>3,872,999</td>
<td>3,356,554</td>
</tr>
<tr>
<td><strong>Fund balances, ending</strong></td>
<td>$2,241,479</td>
<td>$3,872,999</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

General Nonbonded Debt Service Fund
Comparative Balance Sheets
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 6,604</td>
<td>$ 6,604</td>
</tr>
<tr>
<td>Investments</td>
<td>60,214</td>
<td>60,194</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 66,818</td>
<td>$ 66,798</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to other funds</td>
<td>$ 55,000</td>
<td>$ 55,000</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>55,000</td>
<td>55,000</td>
</tr>
</tbody>
</table>

| Fund Balances:                |          |          |
| Committed                     | 11,818   | 11,798   |
| Total Fund Balance            | 11,818   | 11,798   |

| Total Liabilities and Fund Balances | $ 66,818 | $ 66,798 |
## CITY OF BROWNSVILLE, TEXAS

General Nonbonded Debt Service Fund  
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$20</td>
<td>$57</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$20</td>
<td>$57</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease/Note Principal</td>
<td>97,958</td>
<td>84,625</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>97,958</td>
<td>84,625</td>
</tr>
<tr>
<td>Excess (Deficiency)</td>
<td>(97,938)</td>
<td>(84,568)</td>
</tr>
<tr>
<td>of Revenues Over</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Under) Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>97,958</td>
<td>84,625</td>
</tr>
<tr>
<td>Net Other Financing Sources (Uses)</td>
<td>97,958</td>
<td>84,625</td>
</tr>
<tr>
<td><strong>Net change in fund balances</strong></td>
<td>20</td>
<td>57</td>
</tr>
<tr>
<td>Fund balances, beginning</td>
<td>$11,798</td>
<td>$11,741</td>
</tr>
<tr>
<td>Fund balances, ending</td>
<td>$11,818</td>
<td>$11,798</td>
</tr>
</tbody>
</table>
SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS

Proprietary Funds

These supplementary statements are included to provide management additional information for financial analysis.
CITY OF BROWNSVILLE, TEXAS

Airport and Business-Industrial Parks Enterprise Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$948,094</td>
<td>$644,494</td>
</tr>
<tr>
<td>Investments</td>
<td>2,655,493</td>
<td>2,658,421</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and services</td>
<td>379,903</td>
<td>319,440</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>923,305</td>
<td>213,112</td>
</tr>
<tr>
<td>Other</td>
<td>3,669</td>
<td>1,190</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>178,269</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>5,090,733</td>
<td>3,838,657</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>42,572,238</td>
<td>40,958,411</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>47,662,971</td>
<td>44,797,068</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,515,717</td>
<td>304,097</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>94,959</td>
<td>84,727</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>1,022</td>
<td>83,828</td>
</tr>
<tr>
<td>Accrued vacation and sick leave - current</td>
<td>100,128</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>1,711,826</td>
<td>472,652</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>391,762</td>
<td>376,193</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>493,731</td>
<td>481,889</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>2,597,319</td>
<td>1,330,734</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>42,572,238</td>
<td>40,958,411</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,493,414</td>
<td>436,625</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$45,065,652</td>
<td>$43,466,334</td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

Airport and Business-Industrial Parks Enterprise Fund

Comparative Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$1,023,128</td>
<td>$894,905</td>
</tr>
<tr>
<td>Rentals</td>
<td>1,595,006</td>
<td>1,584,170</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>2,618,134</td>
<td>2,479,075</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>2,766,664</td>
<td>2,534,647</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>190,283</td>
<td>153,354</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>825,051</td>
<td>589,618</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>636,385</td>
<td>664,273</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,751,008</td>
<td>2,904,828</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>7,169,391</td>
<td>6,846,720</td>
</tr>
<tr>
<td><strong>Operating Loss</strong></td>
<td>(4,551,257)</td>
<td>(4,367,645)</td>
</tr>
<tr>
<td><strong>Non-operating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>4,092,990</td>
<td>1,002,817</td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>2,074</td>
<td>2,511</td>
</tr>
<tr>
<td>Loss on disposition of asset</td>
<td>(650,547)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>2,277</td>
<td>52,371</td>
</tr>
<tr>
<td><strong>Net Non-operating Revenues (Expenses)</strong></td>
<td>3,446,794</td>
<td>1,057,699</td>
</tr>
<tr>
<td><strong>Loss Before Contributions and Transfers</strong></td>
<td>1,104,433</td>
<td>(3,309,946)</td>
</tr>
<tr>
<td>Transfers in</td>
<td>2,825,000</td>
<td>3,286,107</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(121,219)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>1,599,318</td>
<td>(23,839)</td>
</tr>
<tr>
<td><strong>Total net position-beginning</strong></td>
<td>43,466,334</td>
<td>43,490,173</td>
</tr>
<tr>
<td><strong>Total net position-ending</strong></td>
<td>$45,065,652</td>
<td>$43,466,334</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Airport and Business - Industrial Parks Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$2,557,469</td>
<td>$2,633,346</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(429,867)</td>
<td>(1,473,576)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(2,639,125)</td>
<td>(2,413,319)</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>(261,075)</td>
<td>(744,787)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>(772,598)</td>
<td>(1,998,336)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers from other funds</td>
<td>2,825,000</td>
<td>3,286,107</td>
</tr>
<tr>
<td>Transfers to other funds</td>
<td>(121,219)</td>
<td>-</td>
</tr>
<tr>
<td>Operating grants received</td>
<td>3,382,797</td>
<td>974,134</td>
</tr>
<tr>
<td>Net cash provided (used) by noncapital financing activities</td>
<td>6,086,578</td>
<td>4,260,241</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of capital assets</td>
<td>(5,015,382)</td>
<td>(809,691)</td>
</tr>
<tr>
<td>Net cash (used by) capital and related financing activities</td>
<td>(5,015,382)</td>
<td>(809,691)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>2,074</td>
<td>2,511</td>
</tr>
<tr>
<td>Net cash provided (used) by investing activities</td>
<td>2,074</td>
<td>2,511</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>300,672</td>
<td>1,454,725</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning</td>
<td>3,302,915</td>
<td>1,848,190</td>
</tr>
<tr>
<td>Cash and cash equivalents - ending</td>
<td>$3,603,587</td>
<td>$3,302,915</td>
</tr>
</tbody>
</table>

Reconciliation of operating loss to net cash used by operating activities:

<table>
<thead>
<tr>
<th>Operating loss</th>
<th>$4,551,257</th>
<th>$4,367,645</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments to reconcile operating loss to net cash provided (used) by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,751,008</td>
<td>2,904,828</td>
</tr>
</tbody>
</table>

Changes in assets and liabilities:

| Receivables - fees and services | (60,463) | 103,080 |
| Receivables - other             | (202)    | 51,181  |
| Due from other funds            | (178,269)| -       |
| Accounts payable                | 1,211,620| (81,310)|
| Accrued expenses                | 10,232   | 14,979  |
| Accrued vacation and sick leave | 115,697  | 15,579  |
| Due to other funds              | (82,806) | (744,787)|
| OPEB liability                  | 11,842   | 105,749 |
| Net cash provided (used) by operating activities | $772,598 | $(1,998,336) |

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CITY OF BROWNSVILLE, TEXAS

Parking Revenue Enterprise Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$367,508</td>
<td>$340,444</td>
</tr>
<tr>
<td>Investments</td>
<td>185,483</td>
<td>354,228</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>86</td>
<td>271</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>553,077</td>
<td>694,943</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>467,468</td>
<td>510,521</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,020,545</td>
<td>1,205,464</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>7,927</td>
<td>1,126</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>8,415</td>
<td>7,248</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>16,104</td>
<td>214,452</td>
</tr>
<tr>
<td>Accrued vacation and sick leave - current</td>
<td>25,032</td>
<td></td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>57,478</td>
<td>222,826</td>
</tr>
</tbody>
</table>

| Noncurrent Liabilities: |      |      |
| Accrued vacation and sick leave | 85,195 | 80,355 |
| OPEB liability | 117,681 | 114,721 |
| Total Liabilities | 260,354 | 417,902 |

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>467,468</td>
<td>510,521</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>292,723</td>
<td>277,041</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$760,191</td>
<td>$787,562</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Parking Revenue Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$ 495,702</td>
<td>$ 419,954</td>
</tr>
<tr>
<td>Rentals</td>
<td>11,825</td>
<td>11,303</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>507,527</td>
<td>431,257</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>413,359</td>
<td>379,818</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>26,123</td>
<td>22,950</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>24,330</td>
<td>25,641</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>28,577</td>
<td>22,502</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,324</td>
<td>17,116</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>509,713</td>
<td>468,027</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>(2,186)</td>
<td>(36,770)</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>261</td>
<td>736</td>
</tr>
<tr>
<td>Loss on disposition of asset</td>
<td>(25,729)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>283</td>
<td>325</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues (Expenses)</strong></td>
<td>(25,185)</td>
<td>1,061</td>
</tr>
<tr>
<td><strong>Income (Loss) Before Operating Transfers</strong></td>
<td>(27,371)</td>
<td>(35,709)</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>(27,371)</td>
<td>(35,709)</td>
</tr>
<tr>
<td><strong>Total net position-beginning</strong></td>
<td>787,562</td>
<td>823,271</td>
</tr>
<tr>
<td><strong>Total net position-ending</strong></td>
<td>$ 760,191</td>
<td>$ 787,562</td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

Parking Revenue Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>Cash Flows From Operating Activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$507,810</td>
<td>$431,582</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(72,229)</td>
<td>(71,699)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(379,360)</td>
<td>(373,275)</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>(198,163)</td>
<td>(2,781)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>(141,942)</td>
<td>(16,173)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Capital and Related Financing Activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of capital assets</td>
<td></td>
<td>(22,500)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by capital and related financing activities</strong></td>
<td></td>
<td>(22,500)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Investing Activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>261</td>
<td>736</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td>261</td>
<td>736</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase (decrease) in cash and cash equivalents</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents - beginning</td>
<td>694,672</td>
<td>732,609</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - ending</strong></td>
<td>$552,991</td>
<td>$694,672</td>
</tr>
</tbody>
</table>

Reconciliation of operating income to net cash provided by operating activities:

<table>
<thead>
<tr>
<th>Operating income</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$ (2,186)</strong></td>
<td></td>
<td>(36,770)</td>
</tr>
</tbody>
</table>

Adjustments to reconcile operating income to net cash provided by operating activities:

- **Depreciation**
- Changes in assets and liabilities:
  - Receivables - other
  - Due from other funds
  - Accounts payable
  - Accrued expenses
  - Accrued vacation and sick leave
  - Due to other funds
  - OPEB liability

<table>
<thead>
<tr>
<th>Net cash provided (used) by operating activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$ (141,942)</strong></td>
<td></td>
<td>(16,173)</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS  

Public Transit Enterprise Fund  
Comparative Statements of Net Position  
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents $</td>
<td>1,031,427</td>
<td>$ 1,253,174</td>
</tr>
<tr>
<td>Investments</td>
<td>1,797</td>
<td>1,797</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>2,425,044</td>
<td>1,194,421</td>
</tr>
<tr>
<td>Other</td>
<td>163,981</td>
<td>169,187</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>125,937</td>
<td>27,796</td>
</tr>
<tr>
<td>Inventories</td>
<td>67,605</td>
<td>149,328</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>4,609</td>
<td>4,190</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>3,820,400</strong></td>
<td><strong>2,799,893</strong></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>32,896,034</td>
<td>31,912,274</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>36,716,434</strong></td>
<td><strong>34,712,167</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,575,171</td>
<td>346,794</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>79,986</td>
<td>61,828</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>1,393,476</td>
<td>1,758,580</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>255,076</td>
<td>109,410</td>
</tr>
<tr>
<td>Deposits</td>
<td>39,077</td>
<td>44,756</td>
</tr>
<tr>
<td>Accrued vacation and sick leave - current</td>
<td>183,568</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>3,526,354</strong></td>
<td><strong>2,321,368</strong></td>
</tr>
<tr>
<td>Noncurrent Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>245,972</td>
<td>246,885</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>961,517</td>
<td>939,808</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>4,733,843</strong></td>
<td><strong>3,508,061</strong></td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>32,896,034</td>
<td>31,912,274</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(913,443)</td>
<td>(708,168)</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>$ 31,982,591</strong></td>
<td><strong>$ 31,204,106</strong></td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Public Transit Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$1,585,482</td>
<td>$1,621,685</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>1,585,482</td>
<td>1,621,685</td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>3,475,460</td>
<td>3,436,795</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>1,204,583</td>
<td>1,044,367</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>2,073,740</td>
<td>1,791,931</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>1,589,668</td>
<td>643,717</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,424,973</td>
<td>2,207,561</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>9,768,424</td>
<td>9,124,371</td>
</tr>
<tr>
<td>Operating Loss</td>
<td>(8,182,942)</td>
<td>(7,502,686)</td>
</tr>
<tr>
<td>Non-operating Revenues (Expenses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>3,088,578</td>
<td>2,589,314</td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>3,212</td>
<td>1</td>
</tr>
<tr>
<td>Loss on disposition of asset</td>
<td>(83,179)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>124,486</td>
<td>109,262</td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
<td>3,133,097</td>
<td>2,698,577</td>
</tr>
<tr>
<td>Loss Before Contributions and Transfers</td>
<td>(5,049,845)</td>
<td>(4,804,109)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>4,557,577</td>
<td>2,910,118</td>
</tr>
<tr>
<td>Transfers in</td>
<td>1,270,753</td>
<td>881,494</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>778,485</td>
<td>(1,012,497)</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>31,204,106</td>
<td>32,216,803</td>
</tr>
<tr>
<td>Total net position - ending</td>
<td>$31,982,591</td>
<td>$31,204,106</td>
</tr>
</tbody>
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CITY OF BROWNSVILLE, TEXAS

Public Transit Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$630,217</td>
<td>$1,309,342</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(3,563,989)</td>
<td>(3,251,127)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(3,252,938)</td>
<td>(3,195,219)</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>(463,245)</td>
<td>1,388,434</td>
</tr>
<tr>
<td>Net: cash provided (used) by operating activities</td>
<td>(6,649,955)</td>
<td>(3,748,570)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers from other funds</td>
<td>1,270,753</td>
<td>881,494</td>
</tr>
<tr>
<td>Operating grants received</td>
<td>3,088,678</td>
<td>2,589,314</td>
</tr>
<tr>
<td>Net: cash provided (used) by noncapital financing activities</td>
<td>4,359,331</td>
<td>3,470,808</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital contributions</td>
<td>4,557,577</td>
<td>2,910,118</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>(2,491,912)</td>
<td>(1,403,628)</td>
</tr>
<tr>
<td>Net: cash provided (used) by capital and related financing activities</td>
<td>2,065,665</td>
<td>1,506,490</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>3,212</td>
<td>1</td>
</tr>
<tr>
<td>Net: cash provided (used) by investing activities</td>
<td>3,212</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase (decrease) in cash and cash equivalents</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>$8,182,942</td>
<td>$(7,502,686)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to net cash used by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,424,973</td>
<td>2,207,561</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - other</td>
<td>(1,100,931)</td>
<td>(322,001)</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>(98,141)</td>
<td>90,496</td>
</tr>
<tr>
<td>Inventories</td>
<td>81,723</td>
<td>969</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(419)</td>
<td>(245)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,228,377</td>
<td>239,758</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>18,158</td>
<td>12,007</td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>182,655</td>
<td>21,007</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>(365,104)</td>
<td>1,297,938</td>
</tr>
<tr>
<td>Deposits</td>
<td>(5,679)</td>
<td>(11,594)</td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>145,666</td>
<td>9,658</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>21,709</td>
<td>208,562</td>
</tr>
<tr>
<td>Net: cash provided (used) by operating activities</td>
<td>$(6,649,955)</td>
<td>$(3,748,570)</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Brownsville Golf Center Enterprise Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$519,723</td>
<td>$235,524</td>
</tr>
<tr>
<td>Investments</td>
<td>469,225</td>
<td>645,732</td>
</tr>
<tr>
<td>Inventories</td>
<td>3,006</td>
<td>5,147</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>991,954</td>
<td>886,403</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>2,221,446</td>
<td>2,551,945</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3,213,400</td>
<td>3,438,348</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>18,312</td>
<td>11,434</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>8,039</td>
<td>6,956</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>9,864</td>
<td>5,938</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>8,210</td>
<td>7,960</td>
</tr>
<tr>
<td>Accrued vacation and sick leave - current</td>
<td>19,469</td>
<td>-</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>63,894</td>
<td>32,288</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
<td>29,959</td>
<td>28,713</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>126,220</td>
<td>123,917</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>220,073</td>
<td>184,918</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>2,221,446</td>
<td>2,551,945</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>771,881</td>
<td>701,485</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$2,993,327</td>
<td>$3,253,430</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Brownsville Golf Center Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$424,885</td>
<td>$516,702</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>424,885</td>
<td>516,702</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>375,456</td>
<td>392,926</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>117,063</td>
<td>148,020</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>102,330</td>
<td>106,276</td>
</tr>
<tr>
<td>Contractual and other services</td>
<td>74,272</td>
<td>66,124</td>
</tr>
<tr>
<td>Depreciation</td>
<td>260,461</td>
<td>272,734</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>929,582</td>
<td>986,080</td>
</tr>
<tr>
<td><strong>Operating Loss</strong></td>
<td>(504,697)</td>
<td>(469,378)</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>497</td>
<td>1,074</td>
</tr>
<tr>
<td>Loss on disposition of asset</td>
<td>(70,038)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>135</td>
<td>257</td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
<td>(69,406)</td>
<td>1,331</td>
</tr>
<tr>
<td><strong>Loss Before Transfers</strong></td>
<td>(574,103)</td>
<td>(468,047)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>314,000</td>
<td>276,567</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(260,103)</td>
<td>(191,140)</td>
</tr>
<tr>
<td><strong>Total net position-beginning</strong></td>
<td>$3,253,430</td>
<td>$3,444,910</td>
</tr>
<tr>
<td><strong>Total net position-ending</strong></td>
<td>$2,993,327</td>
<td>$3,253,430</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Brownsville Golf Center Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$ 425,135</td>
<td>$ 517,357</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(284,511)</td>
<td>(311,839)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(351,355)</td>
<td>(373,190)</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>3,926</td>
<td>(9,469)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>(206,805)</td>
<td>(177,141)</td>
</tr>
</tbody>
</table>

Cash Flows from Noncapital Financing Activities

| Transfers from other funds           | 314,000   | 276,567   |
| Net cash provided (used) by noncapital financing activities | 314,000   | 276,567   |

Cash Flows from Capital and Related Financing Activities

| Purchases of capital assets          | -         | (22,004)  |
| Net cash provided (used) by capital and related financing activities | -         | (22,004)  |

Cash Flows from Investing Activities

| Interest received                    | 497       | 1,074     |
| Net cash provided (used) by investing activities | 497       | 1,074     |

Net increase in cash and cash equivalents

| 107,692                              | 78,496    |

Cash and cash equivalents - beginning

| 881,256                              | 802,760   |

Cash and cash equivalents - ending

| $ 988,948                            | $ 881,256 |

Reconciliation of operating loss to net cash used by operating activities:

| Operating loss                        | $ (504,697) | $ (469,378) |
| Adjustments to reconcile operating loss to net cash used by operating activities: |
| Depreciation                          | 260,461    | 272,734    |

Changes in assets and liabilities:

| Inventories                           | 2,141      | 6,164      |
| Accounts payable                      | 7,013      | 2,417      |
| Accrued expenses                      | 1,083      | 1,026      |
| Accrued vacation and sick leave       | 20,715     | (4,790)    |
| Due to other funds                    | 3,926      | (9,469)    |
| Deferred revenue                      | 250        | 655        |
| OPEB liability                        | 2,303      | 23,500     |

Net cash provided (used) by operating activities

| $ (206,805)                           | $ (177,141) |
CITY OF BROWNSVILLE, TEXAS

Bridge Enterprise Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$192,771</td>
<td>$57,065</td>
</tr>
<tr>
<td>Investments</td>
<td>1,856,575</td>
<td>664,560</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>367,285</td>
<td>157,277</td>
</tr>
<tr>
<td></td>
<td>2,416,631</td>
<td>878,922</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to other funds</td>
<td>1,400,000</td>
<td>289,000</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>1,400,000</td>
<td>289,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$1,016,631</td>
<td>$589,922</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$1,016,631</td>
<td>$589,922</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$1,825,714</td>
<td>$1,288,520</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$1,825,714</td>
<td>$1,288,520</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual and other services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$1,825,714</td>
<td>$1,288,520</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>995</td>
<td>1,028</td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
<td>995</td>
<td>1,028</td>
</tr>
<tr>
<td><strong>Income Before Transfers</strong></td>
<td>1,826,709</td>
<td>1,289,548</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,400,000)</td>
<td>(1,289,000)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>426,709</td>
<td>548</td>
</tr>
<tr>
<td><strong>Total net position - beginning</strong></td>
<td>589,922</td>
<td>589,374</td>
</tr>
<tr>
<td><strong>Total net position - ending</strong></td>
<td>$1,016,631</td>
<td>$589,922</td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

Bridge Enterprise Fund  
Comparative Statements of Cash Flows  
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$1,615,706</td>
<td>$1,297,186</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>1,111,000</td>
<td>289,000</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td><strong>2,726,706</strong></td>
<td><strong>1,586,186</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers to other funds</td>
<td>(1,400,000)</td>
<td>(1,289,000)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by noncapital financing activities</strong></td>
<td><strong>(1,400,000)</strong></td>
<td><strong>(1,289,000)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>995</td>
<td>1,028</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td><strong>995</strong></td>
<td><strong>1,028</strong></td>
</tr>
</tbody>
</table>

| Net increase (decrease) in cash and cash equivalents | 1,327,701 | 298,214 |
| Cash and cash equivalents - beginning | 721,645    | 423,431  |
| **Cash and cash equivalents - ending** | **$2,049,346** | **$721,645** |

Reconciliation of operating income to net cash provided by operating activities:

| Operating income                     | $1,825,714 | $1,288,520 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Changes in assets and liabilities: | | |
| Receivables - fees and services     | (210,008)  | 8,666     |
| Due to other funds                  | 1,111,000  | 289,000   |
| **Net cash provided (used) by operating activities** | **$2,726,706** | **$1,586,186** |
These supplementary statements are included to provide management additional information for financial analysis.
CITY OF BROWNSVILLE, TEXAS

Workers' Compensation Internal Service Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents $  $64,908</td>
<td>$61,442</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>458,589</td>
<td>500,635</td>
</tr>
<tr>
<td>Receivables - other</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>525,497</td>
<td>564,077</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>251,068</td>
<td>250,000</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>251,068</td>
<td>250,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>274,429</td>
<td>314,077</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$274,429</td>
<td>$314,077</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS  
Workers' Compensation Internal Service Fund  
Comparative Statements of Revenues, Expenses and Changes In Net Position  
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>$19,909</td>
<td>$27,516</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$19,909</td>
<td>$27,516</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-insurance claims</td>
<td>60,012</td>
<td>20,997</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>60,012</td>
<td>20,997</td>
</tr>
<tr>
<td>Operating Income</td>
<td>(40,103)</td>
<td>6,519</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>455</td>
<td>821</td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
<td>455</td>
<td>821</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(39,648)</td>
<td>7,340</td>
</tr>
<tr>
<td>Total net position-beginning</td>
<td>314,077</td>
<td>306,737</td>
</tr>
<tr>
<td>Total net position-ending</td>
<td>$274,429</td>
<td>$314,077</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Workers' Compensation Internal Service Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$19,909</td>
<td>$27,516</td>
</tr>
<tr>
<td>Claims paid</td>
<td>$(58,944)</td>
<td>$(21,531)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>$(39,035)</td>
<td>$5,985</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>455</td>
<td>821</td>
</tr>
<tr>
<td>Net cash provided (used) by investing activities</td>
<td>455</td>
<td>821</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase (decrease) in cash and cash equivalents</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents - beginning</td>
<td>562,077</td>
<td>555,271</td>
</tr>
<tr>
<td>Cash and cash equivalents - ending</td>
<td>$523,497</td>
<td>$562,077</td>
</tr>
</tbody>
</table>

Reconciliation of operating income to net cash provided (used) by operating activities:

<table>
<thead>
<tr>
<th>Operating income</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$(40,103)</td>
<td>$6,519</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Changes in assets and liabilities:

<table>
<thead>
<tr>
<th>Accounts payable</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,068</td>
<td>(534)</td>
</tr>
</tbody>
</table>

Net cash provided (used) by operating activities:

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$(39,035)</td>
<td>$5,985</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS
Employee Benefit Internal Service Fund
Comparative Statements of Net Position
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$696,371</td>
<td>$995,104</td>
</tr>
<tr>
<td>Investments</td>
<td>735,306</td>
<td>477,366</td>
</tr>
<tr>
<td>Receivables - other</td>
<td>203,174</td>
<td>354,257</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>1,634,851</td>
<td>1,826,727</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>461,053</td>
<td>1,043,936</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>119,642</td>
<td>98,493</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>580,695</td>
<td>1,142,429</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>1,054,156</td>
<td>684,298</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$1,054,156</td>
<td>$684,298</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Employee Benefit Internal Service Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from other funds</td>
<td>$9,787,738</td>
<td>$9,181,717</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>1,478,856</td>
<td>1,288,542</td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>800,611</td>
<td>1,469,247</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>12,067,205</td>
<td>11,939,506</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-insurance claims</td>
<td>11,898,297</td>
<td>12,568,846</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>11,898,297</td>
<td>12,568,846</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>168,908</td>
<td>(629,340)</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td>950</td>
<td>2,913</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues (Expenses)</strong></td>
<td>950</td>
<td>2,913</td>
</tr>
<tr>
<td><strong>Income (Loss) Before Transfers</strong></td>
<td>169,858</td>
<td>(626,427)</td>
</tr>
<tr>
<td>Transfers in</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>369,858</td>
<td>(626,427)</td>
</tr>
<tr>
<td><strong>Total net position-beginning</strong></td>
<td>$684,298</td>
<td>1,310,725</td>
</tr>
<tr>
<td><strong>Total net position-ending</strong></td>
<td>$1,054,156</td>
<td>$684,298</td>
</tr>
</tbody>
</table>
CITY OF BROWNSVILLE, TEXAS

Employee Benefit Internal Service Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended September 30, 2014 and 2013

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$12,218,288</td>
<td>$11,886,544</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(582,883)</td>
<td>(133,997)</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>21,149</td>
<td>244,618</td>
</tr>
<tr>
<td>Claims paid</td>
<td>(11,898,297)</td>
<td>(12,568,846)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>(241,743)</td>
<td>(571,681)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers from other funds</td>
<td>200,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by noncapital financing activities</strong></td>
<td>200,000</td>
<td>-</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>950</td>
<td>2,913</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td>950</td>
<td>2,913</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>(40,793)</td>
<td>(568,768)</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning</td>
<td>1,472,470</td>
<td>2,041,238</td>
</tr>
<tr>
<td>Cash and cash equivalents - ending</td>
<td><strong>$1,431,677</strong></td>
<td><strong>$1,472,470</strong></td>
</tr>
</tbody>
</table>

Reconciliation of operating income to net cash provided by operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$168,908</td>
<td>$(629,340)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - other</td>
<td>151,083</td>
<td>(52,962)</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>146,125</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(582,883)</td>
<td>(133,997)</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>21,149</td>
<td>98,493</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>($241,743)</strong></td>
<td>$(571,681)</td>
</tr>
</tbody>
</table>
ASSETS
Current Assets:
- Cash and cash equivalents: $52,845, $91,402
- Due from other funds: $13,097, $-

Total Current Assets: $65,942, $91,402

LIABILITIES
Current Liabilities:
- Accrued vacation and sick leave: 27,949, 14,851
- Due to other funds: -, 38,558

Total Current Liabilities: 27,949, 53,409

NET POSITION
Unrestricted: 37,993, 37,993

Total Net Position: $37,993, $37,993
<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from other funds</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual and other services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonoperating Revenues (Expenses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and interest income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Nonoperating Revenues (Expenses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (Loss) Before Transfers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Operating Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Non Operating Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net position</td>
<td>$37,993</td>
<td>$37,993</td>
</tr>
<tr>
<td>Total net position-beginning</td>
<td>$37,993</td>
<td>$37,993</td>
</tr>
<tr>
<td>Total net position-ending</td>
<td>$37,993</td>
<td>$37,993</td>
</tr>
</tbody>
</table>
# CITY OF BROWNSVILLE, TEXAS

## Sick and Annual Leave Internal Service Fund

**Comparative Statements of Cash Flows**

For the Fiscal Years Ended September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>Cash Flows From Operating Activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to employees</td>
<td>13,098</td>
<td>(51,143)</td>
</tr>
<tr>
<td>Internal activity-payments from/to other funds</td>
<td>(51,655)</td>
<td>6,564</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>(38,557)</td>
<td>(44,579)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Investing Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
</tr>
</tbody>
</table>

Net cash provided (used) by investing activities: -

<table>
<thead>
<tr>
<th>Net increase in cash and cash equivalents</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>(38,557)</td>
<td>(44,579)</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning</td>
<td>91,402</td>
<td>135,981</td>
</tr>
<tr>
<td>Cash and cash equivalents - ending</td>
<td>$ 52,845</td>
<td>$ 91,402</td>
</tr>
</tbody>
</table>

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

<table>
<thead>
<tr>
<th>Operating income (loss)</th>
<th>$</th>
<th>-</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in assets and liabilities:</td>
</tr>
<tr>
<td>Due from other funds</td>
</tr>
<tr>
<td>Accrued vacation and sick leave</td>
</tr>
<tr>
<td>Due to other funds</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
</tr>
</tbody>
</table>
FIDUCIARY FUNDS

Agency Funds

Agency funds are used to account for short-term custodial collections of resources on behalf of another individual, entity or government.

Social Security Fund and Withholding Fund

To account for employee payroll tax withholdings collected by the government on behalf of its employees.
### CITY OF BROWNSVILLE, TEXAS

**Combining Statement of Changes in Assets and Liabilities**

**All Agency Funds**  
**For the Year Ended September 30, 2014**

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Totals - All Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOCIAL SECURITY FUND</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash equivalents</td>
<td>$1,056</td>
<td>$8,135,944</td>
<td>$8,135,944</td>
</tr>
<tr>
<td>Receivables</td>
<td>7,593</td>
<td>-</td>
<td>7,593</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$8,649</td>
<td>$8,135,944</td>
<td>$8,143,537</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$144</td>
<td>$8,136,088</td>
<td>$8,135,944</td>
</tr>
<tr>
<td>Other</td>
<td>8,793</td>
<td>-</td>
<td>7,737</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$8,937</td>
<td>$8,136,088</td>
<td>$8,143,681</td>
</tr>
<tr>
<td><strong>TOTALS - ALL AGENCY FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,094</td>
<td>$14,269,284</td>
<td>$14,269,284</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$(212)</td>
<td>$14,273,269</td>
<td>$14,269,284</td>
</tr>
<tr>
<td>Other</td>
<td>8,899</td>
<td>-</td>
<td>7,843</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$8,687</td>
<td>$14,273,269</td>
<td>$14,277,127</td>
</tr>
</tbody>
</table>
CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
CITY OF BROWNSVILLE, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
September 30, 2014 and 2013

<table>
<thead>
<tr>
<th>Capital Assets</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$181,964,460</td>
<td>$170,739,254</td>
</tr>
<tr>
<td>Buildings</td>
<td>75,536,807</td>
<td>74,462,541</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>25,901,867</td>
<td>25,767,079</td>
</tr>
<tr>
<td>Equipment</td>
<td>64,515,668</td>
<td>58,762,844</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>456,626,934</td>
<td>453,584,778</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>3,104,466</td>
<td>2,771,294</td>
</tr>
<tr>
<td><strong>Total Governmental Funds Capital Assets</strong></td>
<td><strong>$807,650,202</strong></td>
<td><strong>$786,087,790</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investments in Governmental Funds Capital Assets:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td>$182,021,560</td>
<td>$169,444,488</td>
</tr>
<tr>
<td>Special revenue funds</td>
<td>122,048,263</td>
<td>118,842,852</td>
</tr>
<tr>
<td>Capital projects funds</td>
<td>502,697,336</td>
<td>496,917,407</td>
</tr>
<tr>
<td>Donations</td>
<td>883,043</td>
<td>883,043</td>
</tr>
<tr>
<td><strong>Total Investments in Governmental Funds Capital Assets</strong></td>
<td><strong>$807,650,202</strong></td>
<td><strong>$786,087,790</strong></td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule by Function and Activity**

**September 30, 2014**

<table>
<thead>
<tr>
<th>Function and Activity:</th>
<th>Land</th>
<th>Buildings</th>
<th>Improvements Other Than Buildings</th>
<th>Machinery &amp; Equipment</th>
<th>Infrastructure</th>
<th>Construction in Progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>1,316,326</td>
<td>13,140,078</td>
<td>1,091,473</td>
<td>29,081,917</td>
<td>6,557,838</td>
<td>345,831</td>
<td>53,533,463</td>
</tr>
<tr>
<td>Public Works</td>
<td>158,285,747</td>
<td>4,846,851</td>
<td>1,821,245</td>
<td>12,014,636</td>
<td>446,130,068</td>
<td>1,178,320</td>
<td>624,076,867</td>
</tr>
<tr>
<td>Sanitation</td>
<td>1,817,494</td>
<td>1,403,021</td>
<td>5,662,762</td>
<td>9,097,007</td>
<td>18,844</td>
<td>253,678</td>
<td>18,252,806</td>
</tr>
<tr>
<td>Housing Assistance Programs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Health</td>
<td>-</td>
<td>1,383,277</td>
<td>1,568,481</td>
<td>1,079,148</td>
<td>-</td>
<td>-</td>
<td>4,028,906</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>-</td>
<td>195,176</td>
<td>-</td>
<td>935,866</td>
<td>-</td>
<td>-</td>
<td>1,131,042</td>
</tr>
<tr>
<td>Convention &amp; Tourism</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>222,626</td>
<td>-</td>
<td>-</td>
<td>222,626</td>
</tr>
<tr>
<td>Culture and Recreation</td>
<td>5,890,273</td>
<td>45,778,301</td>
<td>14,674,184</td>
<td>3,852,293</td>
<td>1,920,184</td>
<td>1,270,467</td>
<td>73,385,662</td>
</tr>
<tr>
<td>Economic Development</td>
<td>-</td>
<td>63,057</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>63,057</td>
</tr>
<tr>
<td>General Undeveloped Real Estate</td>
<td>845,320</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>845,320</td>
</tr>
<tr>
<td><strong>Total Governmental Funds Capital Assets</strong></td>
<td><strong>$181,984,460</strong></td>
<td><strong>$75,536,807</strong></td>
<td><strong>$25,901,967</strong></td>
<td><strong>$64,515,668</strong></td>
<td><strong>$456,626,934</strong></td>
<td><strong>$3,104,468</strong></td>
<td><strong>$807,650,202</strong></td>
</tr>
</tbody>
</table>
## Schedule of Changes by Function

### September 30, 2014

<table>
<thead>
<tr>
<th>Function and Activity</th>
<th>General Government</th>
<th>Public Safety</th>
<th>Public Works</th>
<th>Sanitation</th>
<th>Public Health</th>
<th>Public Assistance</th>
<th>Convention &amp; Tourism</th>
<th>Culture and Recreation</th>
<th>Economic Development</th>
<th>General Undeveloped Real Estate</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year Adjustments</td>
<td>$19,510,723</td>
<td>$48,235,322</td>
<td>$620,376,125</td>
<td>$17,808,851</td>
<td>$4,148,643</td>
<td>$1,261,198</td>
<td>$207,256</td>
<td>$73,424,256</td>
<td>$63,057</td>
<td>$1,052,328</td>
<td>$786,087,797</td>
</tr>
<tr>
<td>Additions</td>
<td>$5,702,486</td>
<td>$4,110,105</td>
<td>$620,020</td>
<td>$17,808,851</td>
<td>$4,148,643</td>
<td>$1,261,198</td>
<td>$207,256</td>
<td>$73,424,256</td>
<td>$63,057</td>
<td>$1,052,328</td>
<td>$786,087,797</td>
</tr>
<tr>
<td>Internal Transfers</td>
<td>$768,139</td>
<td>$34,307</td>
<td>$299,020</td>
<td>$17,808,851</td>
<td>$4,148,643</td>
<td>$1,261,198</td>
<td>$207,256</td>
<td>$73,424,256</td>
<td>$63,057</td>
<td>$1,052,328</td>
<td>$786,087,797</td>
</tr>
<tr>
<td>Deletions</td>
<td>($1,428,345)</td>
<td>($12,023)</td>
<td>($1,428,345)</td>
<td>($12,023)</td>
<td>($1,428,345)</td>
<td>($12,023)</td>
<td>($1,428,345)</td>
<td>($12,023)</td>
<td>($1,428,345)</td>
<td>($12,023)</td>
<td>($4,283,134)</td>
</tr>
<tr>
<td>Governmental Funds</td>
<td>$32,764,681</td>
<td>$48,235,322</td>
<td>$620,376,125</td>
<td>$17,808,851</td>
<td>$4,148,643</td>
<td>$1,261,198</td>
<td>$207,256</td>
<td>$73,424,256</td>
<td>$63,057</td>
<td>$1,052,328</td>
<td>$32,764,681</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
<td>$786,087,797</td>
</tr>
</tbody>
</table>
COMPONENT UNITS

Discretely presented component units are legally separate organizations that, because of the nature and significance of their relationship with the primary government, are included in the financial reporting entity but shown separately from the primary government's financial activities.

Greater Brownsville Incentives Corporation (GBIC)

The GBIC was established in 1992 as a non-profit corporation in accordance with the Texas Development Corporation Act. The City collects a ¼ cent sales tax for improving and promoting economic and industrial development specifically authorized for the GBIC. The GBIC is presented as a governmental fund type:

Brownsville Community Improvement Corporation (BCIC)

The BCIC was established in 2002 as a non-profit corporation in accordance with the Texas Development Corporation Act. The City collects a ¼ cent sales tax for quality of life projects specifically authorized for the BCIC. The BCIC is presented as a governmental fund type.

Public Utilities Board of the City of Brownsville, Texas (PUB)

The PUB is a separate operating authority established by the City’s Charter. It was formed in 1960 to provide electrical, water, and wastewater services to its customers in the Brownsville area.

The PUB is presented as a business-type activity in the Statement of Net position and the Statement of Activities.

The Paseo De La Resaca Landscaping and Lighting Maintenance District (District)

The Paseo De La Resaca Landscaping and Lighting Maintenance District was authorized in conformance with Chapter 372 of the Texas Local Government Code, and pursuant to the City Commission of the City of Brownsville Resolution adopted on September 24, 1996. The District is overseen by a Service Plan Board established and approved by the City commission. The District is presented as a governmental fund type.

West Morrison Street Public Improvement District (WMPID)

The West Morrison Street Public Improvement District was authorized in conformance with Chapter 372 of the Texas Local Government Code, and pursuant to the City Commission of the City of Brownsville Resolution adopted on March 15, 2011. The WMPID is overseen by a Service Plan Board established and approved by the City commission. The WMPID is presented as a governmental fund type.
### CITY OF BROWNSVILLE, TEXAS

Statement of Net Position - Other Governmental Component Units
For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>West Morrison Public Improvement District</th>
<th>Greater Brownsville Incentives Corporation</th>
<th>Paseo De La Resaca Landscaping &amp; Lighting Maint District</th>
<th>Brownsville Community Improvement Corporation</th>
<th>Total Other Governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 5,027</td>
<td>$ 21,386</td>
<td>$ 89,194</td>
<td>$ 682,759</td>
<td>$ 798,366</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>12,265,415</td>
<td>872,443</td>
<td>4,939,395</td>
<td>18,077,253</td>
</tr>
<tr>
<td>Receivables, (net of allowance for uncollectibles): Accounts</td>
<td>-</td>
<td>2,214,197</td>
<td>553</td>
<td>359,230</td>
<td>2,573,980</td>
</tr>
<tr>
<td>Delinquent property taxes</td>
<td>-</td>
<td>-</td>
<td>16,858</td>
<td>-</td>
<td>16,858</td>
</tr>
<tr>
<td>Capital Assets: Buildings</td>
<td>-</td>
<td>-</td>
<td>141,618</td>
<td>-</td>
<td>24,886,163</td>
</tr>
<tr>
<td>Land</td>
<td>-</td>
<td>9,497,531</td>
<td>-</td>
<td>2,042,143</td>
<td>11,539,574</td>
</tr>
<tr>
<td>Improvement, other than buildings</td>
<td>-</td>
<td>-</td>
<td>2,275,156</td>
<td>-</td>
<td>5,302,095</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>-</td>
<td>-</td>
<td>139,487</td>
<td>-</td>
<td>545,569</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>3,482,015</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,928,503</td>
</tr>
<tr>
<td>Bond issue costs and other assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>3,487,042</td>
<td>23,998,529</td>
<td>3,535,309</td>
<td>38,647,581</td>
<td>69,668,461</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>West Morrison Public Improvement District</th>
<th>Greater Brownsville Incentives Corporation</th>
<th>Paseo De La Resaca Landscaping &amp; Lighting Maint District</th>
<th>Brownsville Community Improvement Corporation</th>
<th>Total Other Governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>-</td>
<td>488,827</td>
<td>1,539</td>
<td>139,127</td>
<td>629,493</td>
</tr>
<tr>
<td>Retainage payable</td>
<td>-</td>
<td>6,225</td>
<td>-</td>
<td>-</td>
<td>6,225</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>-</td>
<td>-</td>
<td>3,061</td>
<td>67,774</td>
<td>70,835</td>
</tr>
<tr>
<td>Noncurrent liabilities: Due within one year</td>
<td>-</td>
<td>-</td>
<td>70,793</td>
<td>1,400,000</td>
<td>1,470,793</td>
</tr>
<tr>
<td>Due in more than one year</td>
<td>-</td>
<td>495,052</td>
<td>675,988</td>
<td>15,445,186</td>
<td>17,618,226</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>-</td>
<td>495,052</td>
<td>675,988</td>
<td>15,445,186</td>
<td>17,618,226</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th>West Morrison Public Improvement District</th>
<th>Greater Brownsville Incentives Corporation</th>
<th>Paseo De La Resaca Landscaping &amp; Lighting Maint District</th>
<th>Brownsville Community Improvement Corporation</th>
<th>Total Other Governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>3,482,015</td>
<td>9,497,531</td>
<td>1,884,873</td>
<td>16,766,197</td>
<td>31,630,616</td>
</tr>
<tr>
<td>Economic development</td>
<td>13,424,793</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,424,793</td>
</tr>
<tr>
<td>Quality of life project</td>
<td>-</td>
<td>-</td>
<td>3,434,196</td>
<td>3,434,196</td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>581,153</td>
<td>460,518</td>
<td>1,541,484</td>
<td>1,541,484</td>
<td></td>
</tr>
<tr>
<td>Debt reserve</td>
<td>-</td>
<td>1,041,671</td>
<td>5,027</td>
<td>5,027</td>
<td></td>
</tr>
<tr>
<td>Capital projects</td>
<td>5,027</td>
<td>-</td>
<td>974,448</td>
<td>-</td>
<td>974,448</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$ 3,487,042</td>
<td>$ 23,503,477</td>
<td>$ 2,859,321</td>
<td>$ 22,202,395</td>
<td>$ 52,052,235</td>
</tr>
</tbody>
</table>
## CITY OF BROWNSVILLE, TEXAS

Statement of Activities - Other Governmental Component Units
For the Fiscal Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Program Revenues</th>
<th>Net (Expense) Revenue and Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expenses</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>West Morrison Public</td>
<td>$</td>
</tr>
<tr>
<td>Improvement District</td>
<td></td>
</tr>
<tr>
<td>General and Administrative</td>
<td></td>
</tr>
<tr>
<td>Total West Morrison Public Improvement District</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Greater Brownsville Incentives Corporation</td>
<td></td>
</tr>
<tr>
<td>Economic development</td>
<td></td>
</tr>
<tr>
<td>Total Greater Brownsville Incentives Corporation</td>
<td>4,053,695</td>
</tr>
<tr>
<td>Paseo De La Resaca Landscaping and Lighting Maint. District</td>
<td></td>
</tr>
<tr>
<td>General and Administrative</td>
<td></td>
</tr>
<tr>
<td>Paseo De La Resaca Landscaping and Lighting Maint. District</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>339,422</td>
</tr>
<tr>
<td>Brownsville Community Improvement Corporation</td>
<td></td>
</tr>
<tr>
<td>Quality of Life Project</td>
<td></td>
</tr>
<tr>
<td>Total Brownsville Community Improvement Corporation</td>
<td>3,164,516</td>
</tr>
<tr>
<td>Total component units</td>
<td>$ 7,557,633</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**General revenues:**

<table>
<thead>
<tr>
<th></th>
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<td>Gain on sale of asset</td>
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<td>4,482,148</td>
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<td>61,084</td>
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<td>7,115,445</td>
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<td>Net position - beginning</td>
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<td>2,798,237</td>
<td>21,199,920</td>
<td>50,829,679</td>
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<td>Net position - ending</td>
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# STATISTICAL SECTION

This part of the City'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.

<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
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</thead>
<tbody>
<tr>
<td>Financial Trends</td>
<td>220-223</td>
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<tr>
<td>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</td>
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<tr>
<td>Revenue Capacity</td>
<td>224-229</td>
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<td>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</td>
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<td>Debt Capacity</td>
<td>230-233</td>
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<td>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</td>
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<tr>
<td>Demographic and Economic Information</td>
<td>234-238</td>
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<td>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</td>
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<tr>
<td>Operating Information</td>
<td>239-244</td>
</tr>
<tr>
<td>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.</td>
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</tbody>
</table>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.
City of Brownsville, Texas  
Net Position by Component  
Last Ten Fiscal Years  
(accural basis of accounting)

<table>
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<tbody>
<tr>
<td><strong>Governmental activities</strong></td>
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<td></td>
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<tr>
<td>Net invested in capital assets</td>
<td>$ 5,368,556</td>
<td>$ 323,150,115</td>
<td>$ 313,584,749</td>
<td>$ 284,178,182</td>
<td>$ 269,474,680</td>
<td>$ 277,010,416</td>
<td>$ 270,304,580</td>
<td>$ 271,532,337</td>
<td>$ 257,618,764</td>
<td>$ 266,076,719</td>
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<tr>
<td>Restricted</td>
<td>18,893,575</td>
<td>17,148,327</td>
<td>5,916,635</td>
<td>5,003,290</td>
<td>5,165,735</td>
<td>4,471,734</td>
<td>5,441,775</td>
<td>7,346,210</td>
<td>9,559,906</td>
<td>6,301,271</td>
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<tr>
<td>Unrestricted</td>
<td>12,235,043</td>
<td>18,701,287</td>
<td>12,013,504</td>
<td>31,353,287</td>
<td>28,326,148</td>
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<td>492,419</td>
<td>2,052,946</td>
<td>2,560,125</td>
<td>(3,872,498)</td>
</tr>
<tr>
<td>Total governmental activities net position</td>
<td>$ 36,497,174</td>
<td>$ 358,999,729</td>
<td>$ 331,514,888</td>
<td>$ 320,534,739</td>
<td>$ 302,986,543</td>
<td>$ 285,906,739</td>
<td>$ 275,338,774</td>
<td>$ 280,931,493</td>
<td>$ 269,738,796</td>
<td>$ 268,605,492</td>
</tr>
</tbody>
</table>

| **Business-type activities** |            |            |            |            |            |            |            |            |            |            |
| Unrestricted             | 5,260,049   | 4,284,077   | 3,378,555   | 2,077,853   | 1,310,376   | 2,164,037   | 1,722,915   | 1,486,764   | 1,775,721   | 3,661,206   |
| Total business-type activities net position | $ 48,482,569 | $ 42,366,348 | $ 47,811,545 | $ 50,357,673 | $ 57,573,541 | $ 68,282,487 | $ 81,383,323 | $ 80,764,331 | $ 79,301,354 | $ 81,818,392 |

| **Primary government** |            |            |            |            |            |            |            |            |            |            |
| Net invested in capital assets | $ 48,591,076 | $ 361,232,386 | $ 358,017,739 | $ 341,458,002 | $ 325,737,825 | $ 343,128,868 | $ 349,364,988 | $ 350,609,604 | $ 335,144,397 | $ 344,233,905 |
| Restricted              | 18,893,575  | 17,148,327  | 5,916,635   | 5,003,290   | 5,165,735   | 4,471,734   | 5,441,775   | 7,346,210   | 9,559,906   | 6,301,271   |
| Unrestricted            | 17,495,992  | 22,985,364  | 15,392,059  | 33,431,120  | 29,636,524  | 6,586,626   | 2,215,334   | 3,539,710   | 4,335,846   | (211,292)   |
| Total primary government net position | $ 84,979,743 | $ 401,368,077 | $ 379,326,433 | $ 379,662,412 | $ 360,560,084 | $ 354,189,226 | $ 357,322,087 | $ 361,495,624 | $ 349,040,149 | $ 350,323,884 |

On February 15, 2006, the City completed the inventory of its infrastructure assets, and as a result, the increase in net assets is shown in fiscal year 2006.
<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<th>2011</th>
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<td>City of Brownsville, Texas</td>
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<td>General Government</td>
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## General Revenues and Other Changes in Net Position
### Last Ten Fiscal Years
#### (accrual basis of accounting)

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<th>2008</th>
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<tr>
<td>Transfers</td>
<td>(963,390)</td>
<td>(770,046)</td>
<td>(797,575)</td>
<td>(1,159,584)</td>
<td>(119,575)</td>
<td>(7,877,588)</td>
<td>(5,604,689)</td>
<td>(373,161)</td>
<td>(3,155,169)</td>
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<td>13,352</td>
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<td>14,015,773</td>
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<td>963,390</td>
<td>770,046</td>
<td>797,531</td>
<td>1,159,584</td>
<td>119,575</td>
<td>7,877,588</td>
<td>3,297,002</td>
<td>373,161</td>
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<tr>
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<td>1,012,539</td>
<td>949,617</td>
<td>1,581,610</td>
<td>1,533,184</td>
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<td>17,270,878</td>
<td>379,283</td>
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<td>61,176,705</td>
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<td>60,312,685</td>
<td>72,717,691</td>
<td>64,830,201</td>
<td>69,779,703</td>
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<td><strong>Change in Net Position</strong></td>
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<td>Governmental Activities</td>
<td>10,785,773</td>
<td>1,213,718</td>
<td>(27,484,841)</td>
<td>(11,107,967)</td>
<td>(17,548,196)</td>
<td>(15,566,828)</td>
<td>(10,054,551)</td>
<td>3,650,875</td>
<td>(10,962,962)</td>
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<td>Business-type Activities</td>
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<td>11,836,328</td>
<td>(1,784,132)</td>
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<td>(1,118,888)</td>
<td>(1,282,977)</td>
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<tr>
<td><strong>Total Primary Government</strong></td>
<td>14,745,113</td>
<td>3,236,413</td>
<td>(22,039,644)</td>
<td>$728,361</td>
<td>$5,157,862</td>
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<td>$2,645,721</td>
<td>$1,368,998</td>
<td>$10,245,939</td>
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### City of Brownsville, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved</td>
<td>1,487,258</td>
<td>1,560,141</td>
<td>1,328,034</td>
<td>2,022,004</td>
<td>1,990,157</td>
<td>2,326,586</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Unreserved</td>
<td>14,008,495</td>
<td>16,757,234</td>
<td>16,281,656</td>
<td>16,561,311</td>
<td>15,041,080</td>
<td>12,752,888</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>59,346</td>
<td>56,005</td>
<td>60,871</td>
<td>64,979</td>
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<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,096,286</td>
<td>1,357,475</td>
<td>1,563,635</td>
<td>1,787,257</td>
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<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,337,196</td>
<td>4,099,518</td>
<td>3,302,812</td>
<td>3,620,934</td>
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<td>Assigned</td>
<td>-</td>
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<td>-</td>
<td>310,371</td>
<td>609,093</td>
<td>3,158,722</td>
<td>2,676,559</td>
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<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,872,871</td>
<td>14,838,222</td>
<td>16,774,270</td>
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<tr>
<td>Total General Fund</td>
<td>15,495,753</td>
<td>18,317,375</td>
<td>17,609,690</td>
<td>18,583,315</td>
<td>17,031,237</td>
<td>15,079,474</td>
<td>16,675,070</td>
<td>20,960,313</td>
<td>24,860,310</td>
<td>23,927,136</td>
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<table>
<thead>
<tr>
<th>All Other governmental funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserved</td>
</tr>
<tr>
<td>Unreserved, reported in:</td>
</tr>
<tr>
<td>Special revenue funds</td>
</tr>
<tr>
<td>Nonspendable</td>
</tr>
<tr>
<td>Restricted</td>
</tr>
<tr>
<td>Capital projects funds</td>
</tr>
<tr>
<td>Committed</td>
</tr>
<tr>
<td>Special revenue funds</td>
</tr>
<tr>
<td>Debt service funds</td>
</tr>
<tr>
<td>Capital projects funds</td>
</tr>
<tr>
<td>Assigned</td>
</tr>
<tr>
<td>Unassigned</td>
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<tr>
<td>Total all other governmental funds</td>
</tr>
<tr>
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</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

(1) The increase to the fund balance in the general fund is explained in the Management’s & Discussion Analysis section of this report.
## City of Brownsville, Texas
### Assessed Value and Actual Value of Taxable Property
#### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year Ended September 30</th>
<th>Personal Property</th>
<th>Real Estate Property</th>
<th>Total Taxable Assessed Value</th>
<th>Total Direct Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>500,750,526</td>
<td>3,365,714,180</td>
<td>3,866,464,706</td>
<td>0.680000</td>
</tr>
<tr>
<td>2006</td>
<td>504,723,211</td>
<td>3,602,729,142</td>
<td>4,107,452,353</td>
<td>0.680000</td>
</tr>
<tr>
<td>2007</td>
<td>555,382,553</td>
<td>4,172,381,409</td>
<td>4,727,763,962</td>
<td>0.650235</td>
</tr>
<tr>
<td>2008</td>
<td>585,495,935</td>
<td>4,460,158,829</td>
<td>5,045,654,764</td>
<td>0.650517</td>
</tr>
<tr>
<td>2009</td>
<td>641,400,508</td>
<td>4,632,605,090</td>
<td>5,274,005,598</td>
<td>0.650517</td>
</tr>
<tr>
<td>2010</td>
<td>761,297,227</td>
<td>4,549,319,060</td>
<td>5,310,616,287</td>
<td>0.654189</td>
</tr>
<tr>
<td>2011</td>
<td>718,603,683</td>
<td>4,620,897,439</td>
<td>5,339,501,122</td>
<td>0.657556</td>
</tr>
<tr>
<td>2012</td>
<td>731,033,150</td>
<td>4,656,049,357</td>
<td>5,387,082,507</td>
<td>0.700613</td>
</tr>
<tr>
<td>2013</td>
<td>730,200,547</td>
<td>4,850,328,124</td>
<td>5,580,528,671</td>
<td>0.700613</td>
</tr>
<tr>
<td>2014</td>
<td>806,784,480</td>
<td>4,964,231,473</td>
<td>5,771,015,953</td>
<td>0.700613</td>
</tr>
</tbody>
</table>

**Source:**

City of Brownsville, Texas
City of Brownsville, Texas  
Direct and Overlapping Government Property Tax Rates  
Last Ten Fiscal Years  
(rate per $100 of assessed valuation)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Basic Rate</th>
<th>General Obligation Debt Service</th>
<th>Total Direct</th>
<th>Brownsville Independent School District</th>
<th>Cameron County</th>
<th>Other Tax Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>0.314757</td>
<td>0.365243</td>
<td>0.680000</td>
<td>1.4856</td>
<td>0.358191</td>
<td>0.242107</td>
</tr>
<tr>
<td>2006</td>
<td>0.340776</td>
<td>0.339224</td>
<td>0.680000</td>
<td>1.4856</td>
<td>0.358191</td>
<td>0.269272</td>
</tr>
<tr>
<td>2007</td>
<td>0.332148</td>
<td>0.318087</td>
<td>0.650235</td>
<td>1.4054</td>
<td>0.348191</td>
<td>0.257529</td>
</tr>
<tr>
<td>2008</td>
<td>0.353925</td>
<td>0.296592</td>
<td>0.650517</td>
<td>1.0923</td>
<td>0.343191</td>
<td>0.263898</td>
</tr>
<tr>
<td>2009</td>
<td>0.355062</td>
<td>0.295455</td>
<td>0.650517</td>
<td>1.0923</td>
<td>0.353191</td>
<td>0.258786</td>
</tr>
<tr>
<td>2010</td>
<td>0.383985</td>
<td>0.270204</td>
<td>0.654189</td>
<td>1.0923</td>
<td>0.363191</td>
<td>0.259377</td>
</tr>
<tr>
<td>2011</td>
<td>0.387301</td>
<td>0.270255</td>
<td>0.657556</td>
<td>1.0923</td>
<td>0.364291</td>
<td>0.259451</td>
</tr>
<tr>
<td>2012</td>
<td>0.449285</td>
<td>0.251328</td>
<td>0.700613</td>
<td>1.0923</td>
<td>0.384291</td>
<td>0.260056</td>
</tr>
<tr>
<td>2013</td>
<td>0.449285</td>
<td>0.251328</td>
<td>0.700613</td>
<td>1.0923</td>
<td>0.384291</td>
<td>0.257335</td>
</tr>
<tr>
<td>2014</td>
<td>0.466677</td>
<td>0.233936</td>
<td>0.700613</td>
<td>1.142155</td>
<td>0.384291</td>
<td>0.255135</td>
</tr>
</tbody>
</table>

(1) City tax is limited under the City Charter to a maximum of $2.50 per $100 assessed valuation. There is no limitation within the $2.50 for debt service.

(2) The City identifies its tax rolls by the calendar year in which its fiscal year begins.

SOURCE:

Cameron County Appraisal District
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Comcast Corporation</td>
<td>$48,784,056</td>
<td>1</td>
<td>60,504,605</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>38,734,331</td>
<td>1</td>
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<tr>
<td>CBU/ Sunrise Commons, LP</td>
<td>40,643,073</td>
<td>2</td>
<td>40,644,968</td>
<td>2</td>
<td>40,670,345</td>
<td>1</td>
<td>28,844,014</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Columbia Valley Healthcare System</td>
<td>28,844,014</td>
<td>3</td>
<td>28,844,014</td>
<td>4</td>
<td>28,844,014</td>
<td>3</td>
<td>28,844,014</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VHS Brownsville Hospital Company</td>
<td>28,578,010</td>
<td>4</td>
<td>29,197,693</td>
<td>3</td>
<td>30,265,723</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Walmart Real Estate Business</td>
<td>20,316,235</td>
<td>5</td>
<td>22,422,227</td>
<td>5</td>
<td>22,496,832</td>
<td>4</td>
<td>22,189,628</td>
<td>3</td>
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<tr>
<td>H.E. Butt Grocery Co.</td>
<td>17,480,435</td>
<td>6</td>
<td>14,921,067</td>
<td>10</td>
<td>13,984,646</td>
<td>9</td>
<td>13,956,438</td>
<td>10</td>
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<td>-</td>
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<tr>
<td>Titan Wheel International, Inc.</td>
<td>17,239,043</td>
<td>7</td>
<td>17,426,671</td>
<td>7</td>
<td>13,928,302</td>
<td>10</td>
<td>14,534,880</td>
<td>8</td>
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<tr>
<td>Walmart Stores, Inc.</td>
<td>16,906,850</td>
<td>8</td>
<td>15,997,895</td>
<td>9</td>
<td>17,433,275</td>
<td>6</td>
<td>17,955,671</td>
<td>6</td>
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<td>-</td>
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<tr>
<td>Kinco Brownsville, LP</td>
<td>16,830,425</td>
<td>9</td>
<td>16,830,425</td>
<td>8</td>
<td>17,798,285</td>
<td>5</td>
<td>18,616,577</td>
<td>5</td>
<td>-</td>
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</tr>
<tr>
<td>Trico Products Corp.</td>
<td>18,251,557</td>
<td>10</td>
<td>22,304,514</td>
<td>6</td>
<td>16,612,380</td>
<td>8</td>
<td>19,249,470</td>
<td>4</td>
<td>15,394,691</td>
<td>7</td>
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<tr>
<td>Rich-Seapak Corp.</td>
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<td>22,304,514</td>
<td>6</td>
<td>16,049,715</td>
<td>7</td>
<td>14,277,286</td>
<td>9</td>
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<td>-</td>
</tr>
<tr>
<td>Clearview Morrison LP</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Valley Baptist Medical Center</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Southwestern Bell Telephone Co.</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Morrison Crossing LTD Kohl's Dept.</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Home Depot USA, Inc.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Texas &amp; Kansas City Cable Partners</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>NAFTA Development Group Ltd.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dillard Texas Operation Ltd.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$249,073,698</strong></td>
<td><strong>4.33%</strong></td>
<td><strong>268,884,089</strong></td>
<td><strong>4.60%</strong></td>
<td><strong>216,081,506</strong></td>
<td><strong>4.02%</strong></td>
<td><strong>203,753,186</strong></td>
<td><strong>3.84%</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
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</table>

Source: Cameron County Appraisal District
## City of Brownsville
### Principal Property Tax Payers
#### Current Year and Nine Years Ago

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>2010 Taxable Assessed Value</th>
<th>2006 Taxable Assessed Value</th>
<th>Rank</th>
<th>2010 Percentage of Total City</th>
<th>2006 Percentage of Total City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comcast Corporation</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBL/ Sunrise Commons, LP</td>
<td>38,859,962</td>
<td>38,904,042</td>
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<td>0.73%</td>
<td>38,922,610</td>
</tr>
<tr>
<td>Columbia Valley Healthcare System</td>
<td>28,844,014</td>
<td>31,061,406</td>
<td>2</td>
<td>0.54%</td>
<td>31,061,406</td>
</tr>
<tr>
<td>VHS Brownsville Hospital Company</td>
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<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Walmart Real Estate Business</td>
<td>22,646,633</td>
<td>14,818,513</td>
<td>9</td>
<td>0.43%</td>
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<td>H.E. Butt Grocery Co.</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Titan Wheel International, Inc.</td>
<td>14,658,621</td>
<td>15,143,056</td>
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<td>0.30%</td>
<td>16,262,394</td>
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<tr>
<td>Walmart Stores, Inc.</td>
<td>17,397,357</td>
<td>17,880,973</td>
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<td>0.33%</td>
<td>15,968,655</td>
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<tr>
<td>Kimco Brownsville, LP</td>
<td>19,274,998</td>
<td>19,810,133</td>
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<td>0.36%</td>
<td>19,412,635</td>
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<tr>
<td>Trico Products Corp.</td>
<td>26,888,878</td>
<td>26,364,128</td>
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<td>0.51%</td>
<td>33,803,335</td>
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<tr>
<td>Rich-SeaPak Corp.</td>
<td>32,571,847</td>
<td>27,873,969</td>
<td>4</td>
<td>0.61%</td>
<td>28,449,952</td>
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<tr>
<td>Clearview Morrison LP</td>
<td>-</td>
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</tr>
<tr>
<td>Valley Baptist Medical Center</td>
<td>16,012,789</td>
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<tr>
<td>Southwestern Bell Telephone Co.</td>
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<td>17,655,830</td>
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<td>-</td>
<td>14,478,270</td>
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<td>0.27%</td>
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<tr>
<td>Walmart Stores Texas LP</td>
<td>-</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Depot USA, Inc.</td>
<td>-</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Texas &amp; Kansas City Cabo Partners</td>
<td>-</td>
<td>-</td>
<td></td>
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</tr>
<tr>
<td>NAFTA Development Group Ltd.</td>
<td>-</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Dillard Texas Operation Ltd.</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>231,274,207</strong></td>
<td><strong>225,705,810</strong></td>
<td></td>
<td>4.37%</td>
<td><strong>230,594,737</strong></td>
</tr>
</tbody>
</table>

**Source:**
Cameron County Appraisal District
<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>2007 Taxable Assessed Value</th>
<th>2007 Percentage of Total City</th>
<th>2008 Taxable Assessed Value</th>
<th>2008 Percentage of Total City</th>
<th>2005 Taxable Assessed Value</th>
<th>2005 Percentage of Total City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comcast Corporation</td>
<td>$  -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CBL &amp; Sunrise Commons, LP</td>
<td>38,922,610</td>
<td>1 0.82%</td>
<td>38,706,222</td>
<td>1 0.94%</td>
<td>36,468,106</td>
<td>1 0.90%</td>
</tr>
<tr>
<td>Columbia Valley Healthcare System</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VHS Brownsville Hospital Company</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Walmart Real Estate Business</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>H.E. Butt Grocery Co.</td>
<td>15,025,577</td>
<td>9 0.32%</td>
<td>14,597,230</td>
<td>6 0.36%</td>
<td>11,684,931</td>
<td>8 0.30%</td>
</tr>
<tr>
<td>Titan Wheel International, Inc.</td>
<td>22,911,627</td>
<td>2 0.48%</td>
<td>23,765,238</td>
<td>2 0.58%</td>
<td>20,200,828</td>
<td>3 0.50%</td>
</tr>
<tr>
<td>Walmart Stores, Inc.</td>
<td>16,606,377</td>
<td>7 0.35%</td>
<td>13,361,324</td>
<td>7 0.33%</td>
<td>15,840,854</td>
<td>5 0.40%</td>
</tr>
<tr>
<td>Kinco Brownsville, LP</td>
<td>18,112,778</td>
<td>5 0.38%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trico Products Corp.</td>
<td>21,071,603</td>
<td>3 0.45%</td>
<td>20,067,817</td>
<td>3 0.49%</td>
<td>19,107,247</td>
<td>4 0.50%</td>
</tr>
<tr>
<td>Rich-Seapak Corp.</td>
<td>15,085,331</td>
<td>8 0.32%</td>
<td>15,676,512</td>
<td>5 0.39%</td>
<td>14,170,354</td>
<td>6 0.40%</td>
</tr>
<tr>
<td>Cleanview Morrison LP</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Valley Baptist Medical Center</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Southwestern Bell Telephone Co.</td>
<td>20,287,940</td>
<td>4 0.43%</td>
<td>19,734,150</td>
<td>4 0.48%</td>
<td>20,286,589</td>
<td>2 0.50%</td>
</tr>
<tr>
<td>Morrison Crossing LTD Kohi's Dept.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Walmart Stores Texas LP</td>
<td>17,314,594</td>
<td>6 0.37%</td>
<td>-</td>
<td>-</td>
<td>10,402,560</td>
<td>10 0.30%</td>
</tr>
<tr>
<td>Home Depot USA, Inc.</td>
<td>11,164,043</td>
<td>10 0.24%</td>
<td>11,423,472</td>
<td>8 0.28%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Texas &amp; Kansas City Cable Partners</td>
<td>-</td>
<td>-</td>
<td>11,266,380</td>
<td>9 0.27%</td>
<td>11,961,040</td>
<td>7 0.30%</td>
</tr>
<tr>
<td>NAFTA Development Group Ltd.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,919,942</td>
<td>9 0.30%</td>
</tr>
<tr>
<td>Dillard Texas Operation Ltd.</td>
<td>-</td>
<td>-</td>
<td>10,049,395</td>
<td>10 0.24%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 196,602,480</td>
<td>4.16%</td>
<td>178,939,788</td>
<td>4.36%</td>
<td>171,482,459</td>
<td>4.40%</td>
</tr>
</tbody>
</table>

Source: Cameron County Appraisal District
**CITY OF BROWNSVILLE, TEXAS**

Property Tax Levies and Collections  
Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Year Ended September 30,</th>
<th>Tax Roll Year</th>
<th>Total Tax Levy</th>
<th>Collected within the Fiscal year of the Levy</th>
<th>Collections in Subsequent Years</th>
<th>Total Collections to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
<td>Percentage of Levy</td>
<td>Amount</td>
</tr>
<tr>
<td>2005</td>
<td>2004</td>
<td>$ 26,386,518</td>
<td>$ 24,491,840</td>
<td>92.82%</td>
<td>$ 1,609,981</td>
</tr>
<tr>
<td>2006</td>
<td>2005</td>
<td>$ 27,930,676</td>
<td>$ 26,059,347</td>
<td>93.30%</td>
<td>$ 1,732,189</td>
</tr>
<tr>
<td>2007</td>
<td>2006</td>
<td>$ 30,741,516</td>
<td>$ 28,467,582</td>
<td>92.60%</td>
<td>$ 1,767,730</td>
</tr>
<tr>
<td>2008</td>
<td>2007</td>
<td>$ 32,822,842</td>
<td>$ 30,820,900</td>
<td>93.90%</td>
<td>$ 1,865,700</td>
</tr>
<tr>
<td>2009</td>
<td>2008</td>
<td>$ 34,306,303</td>
<td>$ 32,356,693</td>
<td>94.31%</td>
<td>$ 1,911,152</td>
</tr>
<tr>
<td>2010</td>
<td>2009</td>
<td>$ 34,741,468</td>
<td>$ 32,839,402</td>
<td>94.53%</td>
<td>$ 1,863,204</td>
</tr>
<tr>
<td>2011</td>
<td>2010</td>
<td>$ 35,110,210</td>
<td>$ 33,034,304</td>
<td>94.09%</td>
<td>$ 1,785,730</td>
</tr>
<tr>
<td>2012</td>
<td>2011</td>
<td>$ 37,742,600</td>
<td>$ 35,802,493</td>
<td>94.86%</td>
<td>$ 1,637,023</td>
</tr>
<tr>
<td>2013</td>
<td>2012</td>
<td>$ 39,097,909</td>
<td>$ 36,985,210</td>
<td>94.60%</td>
<td>$ 1,088,735</td>
</tr>
<tr>
<td>2014</td>
<td>2013</td>
<td>$ 40,432,488</td>
<td>$ 38,650,959</td>
<td>95.59%</td>
<td>-</td>
</tr>
</tbody>
</table>

* Delinquent taxes for fiscal year 2014 won't be collected until fiscal year 2015.

**SOURCE:** Cameron County Tax Office
CITY OF BROWNSVILLE, TEXAS

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Year Ended Sept. 30</th>
<th>Estimated Population</th>
<th>Taxable Assessed Valuation (1)</th>
<th>Gross Bonded Debt (2)</th>
<th>General Bonded Debt Service Fund Available</th>
<th>Net Bonded Debt</th>
<th>Ratio To Assessed Valuation</th>
<th>Net Debt</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>167,493 *</td>
<td>$3,880,370,294</td>
<td>$131,682,352</td>
<td>$2,086,025</td>
<td>$129,596,327</td>
<td>3.34%</td>
<td>$773.74</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>172,437 *</td>
<td>$4,107,452,353</td>
<td>$141,308,886</td>
<td>$2,229,439</td>
<td>$139,079,447</td>
<td>3.39%</td>
<td>$806.55</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>172,437 *</td>
<td>$4,727,754,735</td>
<td>$163,033,138</td>
<td>$3,629,020</td>
<td>$159,404,118</td>
<td>3.37%</td>
<td>$924.42</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>172,806 *</td>
<td>$5,045,654,764</td>
<td>$175,804,712</td>
<td>$3,806,434</td>
<td>$171,998,278</td>
<td>3.41%</td>
<td>$995.33</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>176,859 *</td>
<td>$5,274,005,599</td>
<td>$168,087,857</td>
<td>$4,178,035</td>
<td>$163,909,822</td>
<td>3.11%</td>
<td>$926.78</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>175,023</td>
<td>$5,310,616,287</td>
<td>$160,101,416</td>
<td>$3,546,734</td>
<td>$156,554,682</td>
<td>2.95%</td>
<td>$894.48</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>178,348 *</td>
<td>$5,339,501,122</td>
<td>$158,595,000</td>
<td>$3,025,567</td>
<td>$155,599,433</td>
<td>2.91%</td>
<td>$872.28</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>180,097 *</td>
<td>$5,387,082,507</td>
<td>$149,780,000</td>
<td>$3,366,649</td>
<td>$146,413,351</td>
<td>2.72%</td>
<td>$812.97</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>181,860 *</td>
<td>$5,580,528,671</td>
<td>$153,460,000</td>
<td>$3,884,799</td>
<td>$149,575,201</td>
<td>2.68%</td>
<td>$822.47</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>181,860 *</td>
<td>$5,771,015,953</td>
<td>$151,275,000</td>
<td>$2,241,478</td>
<td>$149,033,522</td>
<td>2.58%</td>
<td>$819.50</td>
<td></td>
</tr>
</tbody>
</table>

*Population Estimates

(1) Assessed value is after exemptions claimed.
(2) Includes General Obligation and Certificates of Obligation Bonds.

SOURCE: City of Brownsville, Texas
CITY OF BROWNSVILLE, TEXAS

Schedule of Direct and Estimated Overlapping Debt
(Net after factoring State Aid on School Districts)
September 30, 2014

<table>
<thead>
<tr>
<th>Political Subdivision</th>
<th>Debt Outstanding</th>
<th>Applicable To City</th>
<th>Estimated Share of Overlapping Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Brownsville</td>
<td>$ 154,565,479</td>
<td>100%</td>
<td>$ 154,565,479</td>
</tr>
<tr>
<td>Brownsville Independent School District (72%)</td>
<td>188,260,000</td>
<td>84%</td>
<td>158,138,400</td>
</tr>
<tr>
<td>Brownsville Navigation District</td>
<td>21,185,150</td>
<td>71%</td>
<td>15,041,456</td>
</tr>
<tr>
<td>Cameron County</td>
<td>87,460,000</td>
<td>34%</td>
<td>29,736,400</td>
</tr>
<tr>
<td>Los Fresnos Independent School District (70%)</td>
<td>35,456,783</td>
<td>34%</td>
<td>12,055,306</td>
</tr>
<tr>
<td>Paseo De La Resaca MUD #1</td>
<td>1,490,000</td>
<td>0.22%</td>
<td>3,278</td>
</tr>
<tr>
<td>Paseo De La Resaca MUD #2</td>
<td>2,275,000</td>
<td>0.41%</td>
<td>9,328</td>
</tr>
<tr>
<td>Paseo De La Resaca MUD #3</td>
<td>2,835,000</td>
<td>0.55%</td>
<td>15,593</td>
</tr>
<tr>
<td>Paseo De La Resaca MUD #3 - Master District</td>
<td>4,405,000</td>
<td>0.55%</td>
<td>24,228</td>
</tr>
<tr>
<td>Point Isabel Independent School District</td>
<td>22,002,084</td>
<td>0.20%</td>
<td>44,004</td>
</tr>
<tr>
<td>Texas Southmost College District</td>
<td>70,285,338</td>
<td>57%</td>
<td>40,062,643</td>
</tr>
<tr>
<td><strong>Sub-total Estimated Overlapping Debt</strong></td>
<td>435,654,355</td>
<td></td>
<td>255,130,635</td>
</tr>
<tr>
<td><strong>Total Net Direct and Estimated Overlapping Debt</strong></td>
<td>$ 590,219,834</td>
<td></td>
<td>$ 409,696,114</td>
</tr>
</tbody>
</table>

SOURCE:

Finance Department of Respective Entities
# City of Brownsville, Texas
## Legal Debt Margin Information,
### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt Limit</th>
<th>Total net debt applicable to limit</th>
<th>Legal debt margin</th>
<th>Total net debt applicable to the limit as a percentage of debt limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$194,018,515</td>
<td>$129,596,327</td>
<td>$64,422,188</td>
<td>66.80%</td>
</tr>
<tr>
<td>2013</td>
<td>$205,372,818</td>
<td>$139,079,447</td>
<td>$68,293,171</td>
<td>67.72%</td>
</tr>
<tr>
<td>2012</td>
<td>$238,388,198</td>
<td>$159,404,118</td>
<td>$78,984,080</td>
<td>67.43%</td>
</tr>
<tr>
<td>2011</td>
<td>$252,282,738</td>
<td>$171,998,278</td>
<td>$90,284,460</td>
<td>68.18%</td>
</tr>
<tr>
<td>2010</td>
<td>$263,700,280</td>
<td>$183,009,822</td>
<td>$108,976,132</td>
<td>62.16%</td>
</tr>
<tr>
<td>2009</td>
<td>$265,530,814</td>
<td>$156,554,882</td>
<td>$111,405,623</td>
<td>58.96%</td>
</tr>
<tr>
<td>2008</td>
<td>$286,975,056</td>
<td>$155,569,433</td>
<td>$122,940,774</td>
<td>58.27%</td>
</tr>
<tr>
<td>2007</td>
<td>$269,354,125</td>
<td>$146,413,351</td>
<td>$129,451,233</td>
<td>54.36%</td>
</tr>
<tr>
<td>2006</td>
<td>$269,026,434</td>
<td>$149,033,521</td>
<td>$139,517,274</td>
<td>53.61%</td>
</tr>
</tbody>
</table>

(1) Texas Statutes do not prescribe a debt limit; however, by custom a practical economic debt limit of 5% of the assessed valuation is used.
City of Brownsville, Texas  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total Primary Government</th>
<th>Percentage of Personal Income</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Obligation Bonds</td>
<td>Notes Payable</td>
<td>Capital Leases</td>
<td>General Obligation Bonds</td>
<td>Notes Payable</td>
</tr>
<tr>
<td>2005</td>
<td>131,682,352</td>
<td>4,368,579</td>
<td>-</td>
<td>-</td>
<td>529,792</td>
</tr>
<tr>
<td>2006</td>
<td>141,308,886</td>
<td>4,191,291</td>
<td>269,843</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2007</td>
<td>154,508,138</td>
<td>4,004,052</td>
<td>212,938</td>
<td>9,605,000</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>175,804,712</td>
<td>3,806,926</td>
<td>215,816</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2009</td>
<td>168,087,857</td>
<td>3,598,747</td>
<td>610,164</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>160,101,416</td>
<td>3,379,118</td>
<td>269,990</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>158,595,000</td>
<td>3,147,410</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>149,780,000</td>
<td>3,772,065</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2013</td>
<td>153,460,000</td>
<td>3,505,518</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2014</td>
<td>151,275,000</td>
<td>3,290,479</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

1 Personal income and population data are listed on the Demographic Statistics table.
City of Brownsville, Texas

Demographic Statistics
Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Population</th>
<th>Personal Income (thousands of dollars)</th>
<th>Per Capita Personal Income</th>
<th>Median Age</th>
<th>Education Level in Years of Formal Schooling</th>
<th>Public School Enrollment</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>167,493 *</td>
<td>1,869,389</td>
<td>11,161</td>
<td>25.4</td>
<td>60% - High School</td>
<td>48,236</td>
<td>7.35%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14.4% - Bachelor's Degree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>172,437 *</td>
<td>1,924,569</td>
<td>11,161</td>
<td>26.7</td>
<td>60% - High School</td>
<td>48,123</td>
<td>6.50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16.2% - Bachelor's Degree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>172,437 *</td>
<td>1,924,569</td>
<td>11,161</td>
<td>26.7</td>
<td>60% - High School</td>
<td>48,799</td>
<td>6.10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16.2% - Bachelor's Degree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>172,806 *</td>
<td>1,928,688</td>
<td>11,161</td>
<td>26.9</td>
<td>57.9% - High School</td>
<td>49,082</td>
<td>6.90%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.2% - Bachelor's Degree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>176,073 *</td>
<td>2,046,496</td>
<td>11,623</td>
<td>27.6</td>
<td>58.5% - High School</td>
<td>49,605</td>
<td>10.90%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.8% - Bachelor's Degree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>175,023</td>
<td>2,089,472</td>
<td>11,824</td>
<td>27.0</td>
<td>59.5% - High School</td>
<td>49,835</td>
<td>11.60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.2% - Bachelor's Degree</td>
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<td>61.8% High School</td>
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<td>15.7% Bachelor's Degree</td>
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<tr>
<td>2013</td>
<td>181,860 *</td>
<td>2,465,294</td>
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<td>18.4% Bachelor's Degree</td>
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</table>

*Population Estimates - U.S. Census Bureau

SOURCES:
City of Brownsville
Brownsville Independent School District
Texas Workforce Commission
U.S. Census Bureau
U.S. Bureau of Economic Analysis

(1) Information is for the City of Brownsville, Texas - U.S. Census data
(2) Information is for the City of Brownsville, Texas
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<td>1.57%</td>
<td>2,343</td>
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<td>1.80%</td>
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<td>1,200</td>
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<td>1,055</td>
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<td>15.56%</td>
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Source:
Brownsville Economic Development Council
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<th>Employer</th>
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<th>2009 Employees</th>
<th>Rank</th>
<th>Percentage of Total City Employment</th>
<th>2008 Employees</th>
<th>Rank</th>
<th>Percentage of Total City Employment</th>
</tr>
</thead>
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<tr>
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<td>7,080</td>
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<td>5.83%</td>
</tr>
<tr>
<td>Caring For You Home Health</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
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<td>2,076</td>
<td>3</td>
<td>1.69%</td>
<td>1,838</td>
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<td>1.51%</td>
<td>1,838</td>
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<td>1.51%</td>
</tr>
<tr>
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<td>1.71%</td>
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<td>3</td>
<td>1.71%</td>
</tr>
<tr>
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<td>1.87%</td>
<td>2,273</td>
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<td>1.87%</td>
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<td>1,169</td>
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<td>0.96%</td>
<td>1,114</td>
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<tr>
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<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>1,174</td>
<td>6</td>
<td>0.95%</td>
<td>1,174</td>
<td>5</td>
<td>0.97%</td>
<td>1,174</td>
<td>5</td>
<td>0.97%</td>
</tr>
<tr>
<td>H.E.B. Food Stores</td>
<td>975</td>
<td>8</td>
<td>0.79%</td>
<td>760</td>
<td>8</td>
<td>0.63%</td>
<td>760</td>
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<td>0.63%</td>
</tr>
<tr>
<td>Valley Regional Medical Center</td>
<td>757</td>
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<td>0.62%</td>
<td>757</td>
<td>9</td>
<td>0.62%</td>
<td>757</td>
<td>9</td>
<td>0.62%</td>
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<tr>
<td>Convergys Corp.</td>
<td>1,000</td>
<td>7</td>
<td>0.81%</td>
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<td>0.66%</td>
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<td>0.66%</td>
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<tr>
<td>Valley Baptist Medical Center</td>
<td>717</td>
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<td>717</td>
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<td>0.59%</td>
<td>717</td>
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<td>0.59%</td>
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<tr>
<td>Trico Technologies</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>National Electric Co.</td>
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<tr>
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<td><strong>15.31%</strong></td>
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Source:

Brownsville Economic Development Council
City of Brownsville  
Principal Employers,  
Current Year and Nine Years Ago

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<th>Employer</th>
<th>2007</th>
<th>Percentage of Total City Employment</th>
<th>2008</th>
<th>Percentage of Total City Employment</th>
<th>2005</th>
<th>Percentage of Total City Employment</th>
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<td>Rank</td>
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<td>Employees</td>
<td>Rank</td>
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<tr>
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<td>7,080</td>
<td>1</td>
<td>5.83%</td>
<td>7,080</td>
<td>1</td>
<td>5.83%</td>
</tr>
<tr>
<td>Caring For You Home Health</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Cameron County</td>
<td>1,838</td>
<td>4</td>
<td>1.51%</td>
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</tr>
<tr>
<td>UT Rio Grande Valley</td>
<td>2,077</td>
<td>3</td>
<td>1.71%</td>
<td>2,077</td>
<td>3</td>
<td>1.71%</td>
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<tr>
<td>Keppel Amfels</td>
<td>2,273</td>
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<td>2,273</td>
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<td>1.87%</td>
</tr>
<tr>
<td>City of Brownsville</td>
<td>1,114</td>
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<td>0.92%</td>
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<td>Abundant Life Home Health</td>
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<td>-</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>1,174</td>
<td>5</td>
<td>0.97%</td>
<td>1,174</td>
<td>4</td>
<td>0.97%</td>
</tr>
<tr>
<td>H.E.B. Food Stores</td>
<td>760</td>
<td>8</td>
<td>0.63%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Valley Regional Medical Center</td>
<td>757</td>
<td>9</td>
<td>0.62%</td>
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<td>7</td>
<td>0.62%</td>
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<tr>
<td>Convergys Corp.</td>
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<td>7</td>
<td>0.66%</td>
<td>1,000</td>
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<td>0.82%</td>
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<tr>
<td>Valley Baptist Medical Center</td>
<td>717</td>
<td>10</td>
<td>0.59%</td>
<td>717</td>
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<td><strong>17,699</strong></td>
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Source:
Brownsville Economic Development Council
### City of Brownsville, Texas

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

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<td>0</td>
<td>0</td>
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</tr>
<tr>
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<td><strong>1,162</strong></td>
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<td><strong>1,169</strong></td>
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<td><strong>1,033</strong></td>
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**Source:**
City of Brownsville, Texas
## City of Brownsville, Texas

### Government-wide Revenues By Function

**Last Ten Fiscal Years**

(accrual basis of accounting)

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<tr>
<th>Fiscal Year</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>General Revenues</th>
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<td>Unrestricted Taxes</td>
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<td>$56,266,378</td>
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<td>$35,018,919</td>
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<td>$36,324,702</td>
<td>$21,411,637</td>
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<td>2010</td>
<td>$38,676,126</td>
<td>$28,364,905</td>
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<td>$59,767,332</td>
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<td>$38,086,372</td>
<td>$26,458,863</td>
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<td>$25,477,178</td>
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<td>$64,703,369</td>
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<td>$37,614,478</td>
<td>$22,856,459</td>
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<td>$66,627,730</td>
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<td>$38,893,756</td>
<td>$19,082,648</td>
<td>$1,932,533</td>
<td>$69,552,030</td>
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### Governmental Activities:

- **2005**: $36,153,036
- **2006**: $35,466,037
- **2007**: $34,036,938
- **2008**: $35,018,919
- **2009**: $36,324,702
- **2010**: $38,676,126
- **2011**: $38,086,372
- **2012**: $40,105,714
- **2013**: $37,614,478
- **2014**: $38,893,756

### Business-Type Activities:

- **2005**: $7,240,124
- **2006**: $7,236,865
- **2007**: $6,940,010
- **2008**: $6,236,071
- **2009**: $5,283,167
- **2010**: $5,516,609
- **2011**: $5,558,653
- **2012**: $6,582,813
- **2013**: $6,498,454
- **2014**: $7,088,923

### Primary Government:

- **2005**: $43,393,160
- **2006**: $42,702,902
- **2007**: $40,976,948
- **2008**: $41,254,990
- **2009**: $41,807,869
- **2010**: $42,192,737
- **2011**: $43,647,025
- **2012**: $46,888,527
- **2013**: $44,113,932
- **2014**: $45,982,679

### Note:

- Totals may not agree due to rounding.
- All amounts are in thousands of dollars.
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<td>97,479</td>
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<td>133,058,399</td>
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<td>Airport and Business Industrial Park</td>
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<td>Revenues</td>
<td>Expenditures</td>
<td>Other Financing Sources</td>
<td>Net Changes in Fund Balances</td>
<td>Fund Bal. At Beginning of Year</td>
<td>Fund Bal. At End of Year</td>
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<td>$27,469,672</td>
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<td>$33,570,621</td>
<td>$34,856,427</td>
<td>$6,401,015</td>
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<td>$33,570,621</td>
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**City of Brownsville, Texas**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

From Fiscal Year 2004 Through Fiscal Year 2014
**City of San Jose, California**

**Governmental Funds**

**Indicates General Fund**

**Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years**

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<td>Licenses and Permits</td>
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<td>$532,922</td>
<td>$532,922</td>
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**Expenditures**

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<tr>
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<td>$1,422,922</td>
<td>$1,522,922</td>
<td>$1,622,922</td>
<td>$1,722,922</td>
<td>$1,822,922</td>
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**Net Change in Fund Balances**

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<td>Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years</td>
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<td>$5,782,818</td>
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<td>15.7%</td>
<td>15.7%</td>
<td>15.7%</td>
<td>15.7%</td>
<td>15.7%</td>
<td>15.7%</td>
<td>15.7%</td>
<td>15.7%</td>
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**Other Financing Sources (OFS)**

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<td>Loss on (sale of) Long Term Obligations</td>
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<td>Gain on (sale of) Long Term Obligations</td>
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<td><strong>Net Change in Fund Balances</strong></td>
<td>$1,282,818</td>
<td>$1,782,818</td>
<td>$2,282,818</td>
<td>$2,782,818</td>
<td>$3,282,818</td>
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<td>$4,782,818</td>
<td>$5,282,818</td>
<td>$5,782,818</td>
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<tr>
<td><strong>Net Change as a Percentage of Revenues</strong></td>
<td>15.7%</td>
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**Net Change as a Percentage of Revenues**

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<tr>
<td><strong>Net Change as a Percentage of Revenues</strong></td>
<td>15.7%</td>
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<td>Physical Arrests</td>
<td>8,067</td>
<td>7,643</td>
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<td>7,520</td>
<td>9,215</td>
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<td>Parking Violations</td>
<td>3,357</td>
<td>3,850</td>
<td>3,878</td>
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<td>6,848</td>
<td>3,561</td>
<td>3,160</td>
<td>2,088</td>
<td>23,836</td>
<td>27,389</td>
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<td>Traffic Violations</td>
<td>58,157</td>
<td>52,053</td>
<td>56,614</td>
<td>40,598</td>
<td>51,020</td>
<td>48,517</td>
<td>35,774</td>
<td>32,530</td>
<td>22,368</td>
<td>27,721</td>
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<tr>
<td>Fire</td>
<td></td>
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<tr>
<td>Emergency Responses</td>
<td>5,021</td>
<td>5,375</td>
<td>6,311</td>
<td>6,673</td>
<td>6,974</td>
<td>6,723</td>
<td>7,094</td>
<td>12,523</td>
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<td>25,002</td>
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<td>Fires Extinguished</td>
<td>893</td>
<td>594</td>
<td>575</td>
<td>997</td>
<td>872</td>
<td>938</td>
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<td>802</td>
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<td>Inspections</td>
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<td>1,928</td>
<td>1,904</td>
<td>1,844</td>
<td>2,000</td>
<td>1,560</td>
<td>808</td>
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<td>1,637</td>
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<tr>
<td>Streets resurfaced</td>
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<td>22</td>
<td>25</td>
<td>17</td>
<td>17</td>
<td>11</td>
<td>19</td>
<td>21</td>
<td>16</td>
<td>10</td>
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<tr>
<td>(miles)</td>
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<tr>
<td>Potholes repaired ¹</td>
<td>2,982</td>
<td>2,994</td>
<td>3,014</td>
<td>2,991</td>
<td>1,374</td>
<td>1,395</td>
<td>901</td>
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<tr>
<td>Asphalt failure repairs (square feet) ¹</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>80,000</td>
<td>392,320</td>
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<td>Volumes in collection</td>
<td>180,340</td>
<td>189,492</td>
<td>182,754</td>
<td>213,770</td>
<td>238,134</td>
<td>277,488</td>
<td>280,820</td>
<td>268,748</td>
<td>277,836</td>
<td>297,553</td>
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<tr>
<td>Total volumes</td>
<td>197,930</td>
<td>202,824</td>
<td>237,289</td>
<td>261,149</td>
<td>327,969</td>
<td>412,135</td>
<td>502,165</td>
<td>540,356</td>
<td>590,723</td>
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<tr>
<td>Total patron visits</td>
<td>419,522</td>
<td>527,627</td>
<td>541,571</td>
<td>550,835</td>
<td>639,609</td>
<td>727,219</td>
<td>800,395</td>
<td>765,888</td>
<td>1,044,512</td>
<td>1,068,661</td>
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<tr>
<td>Total Route Miles</td>
<td>870,425</td>
<td>983,862</td>
<td>1,014,319</td>
<td>998,715</td>
<td>988,196</td>
<td>924,000</td>
<td>1,084,814</td>
<td>1,053,464</td>
<td>1,039,746</td>
<td>782,319</td>
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<td>Passengers</td>
<td>1,678,221</td>
<td>1,877,989</td>
<td>1,792,789</td>
<td>1,779,831</td>
<td>1,649,437</td>
<td>1,481,507</td>
<td>1,685,816</td>
<td>1,835,860</td>
<td>1,805,854</td>
<td>1,660,931</td>
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<tr>
<td>Aviation</td>
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<tr>
<td>Boardings</td>
<td>77,244</td>
<td>91,450</td>
<td>93,862</td>
<td>85,521</td>
<td>80,293</td>
<td>87,804</td>
<td>89,000</td>
<td>91,912</td>
<td>93,383</td>
<td>88,926</td>
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<td>Cargo (tons)</td>
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<td>2,157</td>
<td>2,117</td>
<td>1,908</td>
<td>1,004</td>
<td>1,815</td>
<td>1,024</td>
<td>1,682</td>
<td>881</td>
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¹ Method of tracking streets repairs was switched from potholes repair count to asphalt failure repairs in square feet beginning with fy 2012.
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<tr>
<td>Police</td>
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<td>Streets (miles)</td>
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<tr>
<td>Streets ¹</td>
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<td>Traffic Signals</td>
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<td>195</td>
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<td>Parks</td>
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<td>32</td>
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<td>Acreage (estimated)</td>
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<td>426</td>
<td>426</td>
<td>556</td>
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<td>819</td>
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<td>Playgrounds</td>
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<td>Swimming Pools</td>
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<td>Baseball/softball diamonds</td>
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<td>Soccer/football fields</td>
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<td>41</td>
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<td>Golf Courses</td>
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<td>Community Centers</td>
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<td>Revenue Vehicles</td>
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<td>34</td>
<td>35</td>
<td>35</td>
<td>36</td>
<td>19</td>
</tr>
</tbody>
</table>

¹ Information not indicated for specific years is not available.
SINGLE AUDIT
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of City Commission
City of Brownsville, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Brownsville, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Brownsville, Texas’s basic financial statements and have issued our report thereon dated March 23, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Brownsville, Texas’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Brownsville, Texas’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Brownsville, Texas’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LONG CHILTON, LLP
Certified Public Accountants

Brownsville, Texas
March 23, 2015
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Honorable Mayor and Members of City Commission
City of Brownsville, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Brownsville, Texas’s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the State of Texas Single Audit Circular that could have a direct and material effect on each of the City of Brownsville, Texas’s major federal/state programs for the year ended September 30, 2014. The City of Brownsville, Texas’s major federal/state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal/state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Brownsville, Texas’s major federal/state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of Texas Single Audit Circular. Those standards and OMB Circular A-133 and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal/state program occurred. An audit includes examining, on a test basis, evidence about the City of Brownsville, Texas’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal/state program. However, our audit does not provide a legal determination of the City of Brownsville, Texas’s compliance.
Opinion on Each Major Federal Program

In our opinion, the City of Brownsville, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal/state programs for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of the City of Brownsville, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Brownsville, Texas’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal/state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal/state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Brownsville’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal/state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal/state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

LONG CHILTON, LLP
Certified Public Accountants

Brownsville, Texas
March 23, 2015
CITY OF BROWNSVILLE, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
Year Ended September 30, 2014

<table>
<thead>
<tr>
<th>Source and Title of Grant</th>
<th>Federal CFDA Number</th>
<th>Grant Number</th>
<th>Program Expenditures</th>
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<td>Grants</td>
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<td>Federal Financial Assistance:</td>
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### CITY OF BROWNSVILLE, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS**

Year Ended September 30, 2014

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<th>Grant Number</th>
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## CITY OF BROWNSVILLE, TEXAS
### SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
**Year Ended September 30, 2014**

**Source and Title of Grant**

<table>
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<tr>
<th>CFDA Number</th>
<th>Grant Number</th>
<th>Federal Grant Expenditures</th>
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</tr>
<tr>
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**State Financial Assistance:**

- **Southwest Border Anti-Money Laundering Alliance**
  - F.A.S.T. Task Force - FY 2014 and (Biville Sept 14 only)
  - F.A.S.T. Task Force - Other Agencies
  - **Total Southwest Border Anti-Money Laundering Alliance**

| 2013-0003 | 0 | $433,846 |
| 2013-0003 | 0 | $422,950 |
|           |   | $856,866 |

- **Texas Department of Motor Vehicles:**
  - Texas Auto Burglary & Theft Prevention Authority
  - **Total Texas Department of Motor Vehicles**

| 2014-T01-City of-B0038 | 394,704 | $479,906 |
| 2015-T01-City of-B0021 | 77,870  | $65,300  |
|                         | 472,574 | $545,206 |

- **Texas Department of Transportation - Division of Aviation**
  - **Airport Maintenance**
  - **Total Texas Department of Transportation - Division of Aviation**

| TXDOT CSJ: M1421RNVL | $50,000 | $50,000 |
|                      |        |        |

- **Texas A&M University Kingsville**
  - Low Impact Development Activities
  - **Total Texas A&M University Kingsville**

| 11-0118 | 14,329 | $25,068 |
|         |        |        |

- **Texas State Energy Conservation Office**
  - Renewable Energy Grant - Solar Panels
  - **Total Texas State Energy Conservation Office**

| CM-1366 | 33,230 | $185,230 |
|         |        |        |

- **Texas Ranger Division, Texas Department of Public Safety**
  - Local Border Security Program FY 2013 (LBSF-13-03)
  - Local Border Security Program FY 2014 (LBSF-14-007)
  - **Total Texas Department of Public Safety**

| General Appropriations Act | 0 | $8,830 |
| Rider 41, 82nd Legislature | 0 | $126,500 |
|                          | 0 | $135,330 |

- **Texas Department of State Health Services**
  - EMS - Local Projects

| 2014-045238 | 49,775 | $36,000 |
|            |        |        |

- **Post-through The University of Texas Health Science Center at Houston**
  - Transforming Cameron County Healthy People in a Healthy Community
  - **Total Texas Department of State Health Services**

| 005753B | 0 | $34,254 |
|         | 49,775 | $64,254 |
|         | 639,899 | $1,875,944 |
|         | 5,069,884 | $19,568,775 |

**Total State Awards Expended**

| $5,069,884 | $19,568,775 |

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NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal/State Awards presents the activity of federal/state expenditures of programs of the City of Brownsville, Texas (City), except for programs administered by the Public Utilities Board of the City of Brownsville, Texas. The City of Brownsville reporting entity is defined in Note 1(a) to the City’s basic financial statements.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal/state awards is presented using the modified accrual basis of accounting for federal/state awards reflected in the City's governmental fund types and the accrual basis of accounting for federal/state awards reflected in the City's proprietary fund types.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal/state award expenditures as reported in the accompanying schedule of expenditures of federal/state awards are reflected in the City's financial statements as expenditures with respect to governmental funds and expenses or capital asset additions with respect to proprietary funds.

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal and state financial reports filed with the grantor agencies because of the effect of accruals made in the schedule.
CITY OF BROWNSVILLE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL/STATE AWARDS
Year Ended September 30, 2014

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal/State Awards

Internal control over major programs:

- Material weakness(es) identified? Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes  No

Auditee qualified as low-risk auditee? Yes No

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<th>Type A Program</th>
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<tr>
<td>State</td>
<td>State</td>
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Dollar threshold used to distinguish between Type A and Type B programs

Type A: $530,788
Type B: $300,000

Federal: $100,000
State: $100,000
CITY OF BROWNSVILLE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL/STATE AWARDS – CONTINUED
Year Ended September 30, 2014

I. SUMMARY OF INDEPENDENT AUDITOR’S RESULTS – CONTINUED

Identification of major programs:

**FEDERAL**

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<th>Name of Federal Program or Cluster</th>
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**STATE**

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<td>Southwest Border Anti-Money Laundering Alliance (F.A.S.T.)</td>
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CITY OF BROWNSVILLE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL/STATE AWARDS – CONTINUED
Year Ended September 30, 2014

II. FINANCIAL STATEMENT FINDINGS
None.

III. FEDERAL AWARD FINDINGS
None.
CITY OF BROWNSVILLE, TEXAS

CORRECTIVE ACTION PLAN
Year Ended September 30, 2014

II.  FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS

None.
II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS

Department of Housing and Urban Development

IC 2013-01
Home Investment Partnership Program – CFDA #14.239

Criteria: In accordance with 24 CFR 92.254(a)(5)(ii), recapture provisions must ensure that all or a portion of HOME assistance to a homebuyer is recouped if the housing does not continue to be the principal residence of the family for the duration of the period of affordability.

Condition: The City has insufficient controls in place to monitor the homebuyers that received down-payment assistance to ensure the home is the principal residence for the entire period of affordability. This appears to be an on-going issue, as this comment was noted in prior year audit.

Cause and Effect: If the home is no longer the principal residence of the homebuyers that received funds, the City could potentially owe funds for the recapture of the portion of the period of affordability remaining on the contract.

Perspective Information: The U.S. Department of Housing and Urban Development has conducted audits of the City’s HOME program and is aware of this and other deficiencies. The City is working with HUD and an external consultant to remedy this and other issues. HUD has provided guidance to the City, as well as other tools and resources necessary to address such issues as lack of documentation for the homebuyer assistance program, and the City is currently implementing these.

Recommendation: A complete list of all homebuyers that have received down-payment assistance from the City through the HOME program should be created. All homebuyers that still fall under the period of affordability per the signed contract with the City should be monitored on a regular basis to ensure the home is the principal residence for the homebuyer.

Response: We agree with the recommendation. The City has taken action to address this HUD requirement by reviewing all available files and compiling a list of all homebuyers that have received down-payment assistance from the City through the HOME program. All homebuyers that still fall under the period of availability per the signed contract with the City will be monitored as often as necessary to ensure compliance to grant requirements.

Status: The City has completed a master spreadsheet of all homebuyers that have received down payment assistance through the HOME program. Last year, staff conducted on-site visits to all past recipients identified in the master spreadsheet to ensure homes were still occupied as a principle residence. The City now sends a letter to all recipients and requires two copies of utility bills as proof of residence on an annual basis.
2014 Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2014
City of Brownsville, Texas