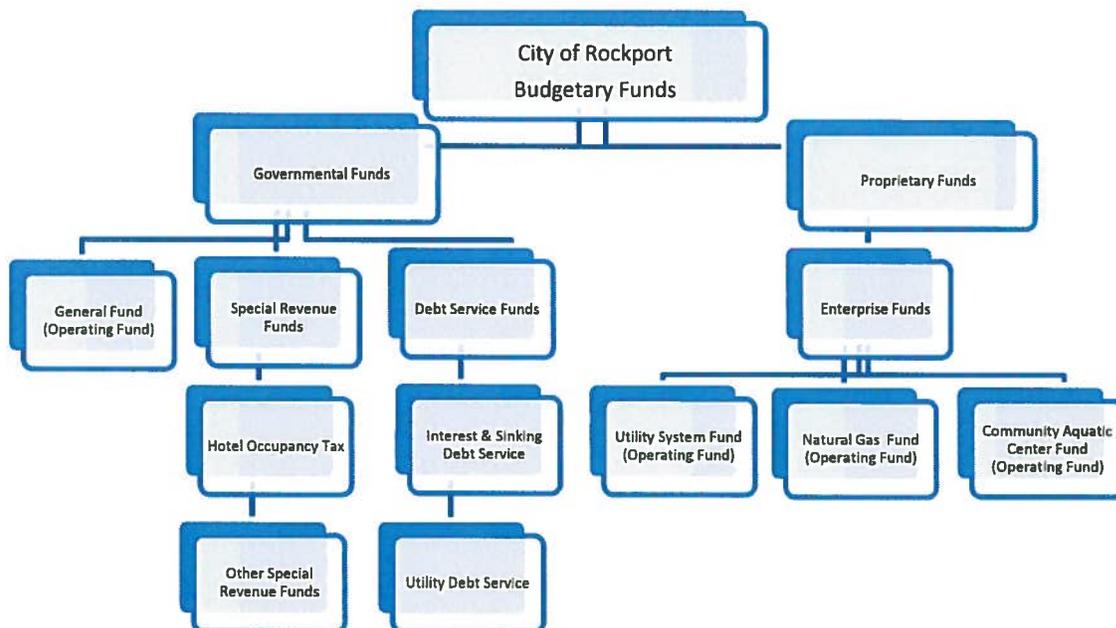


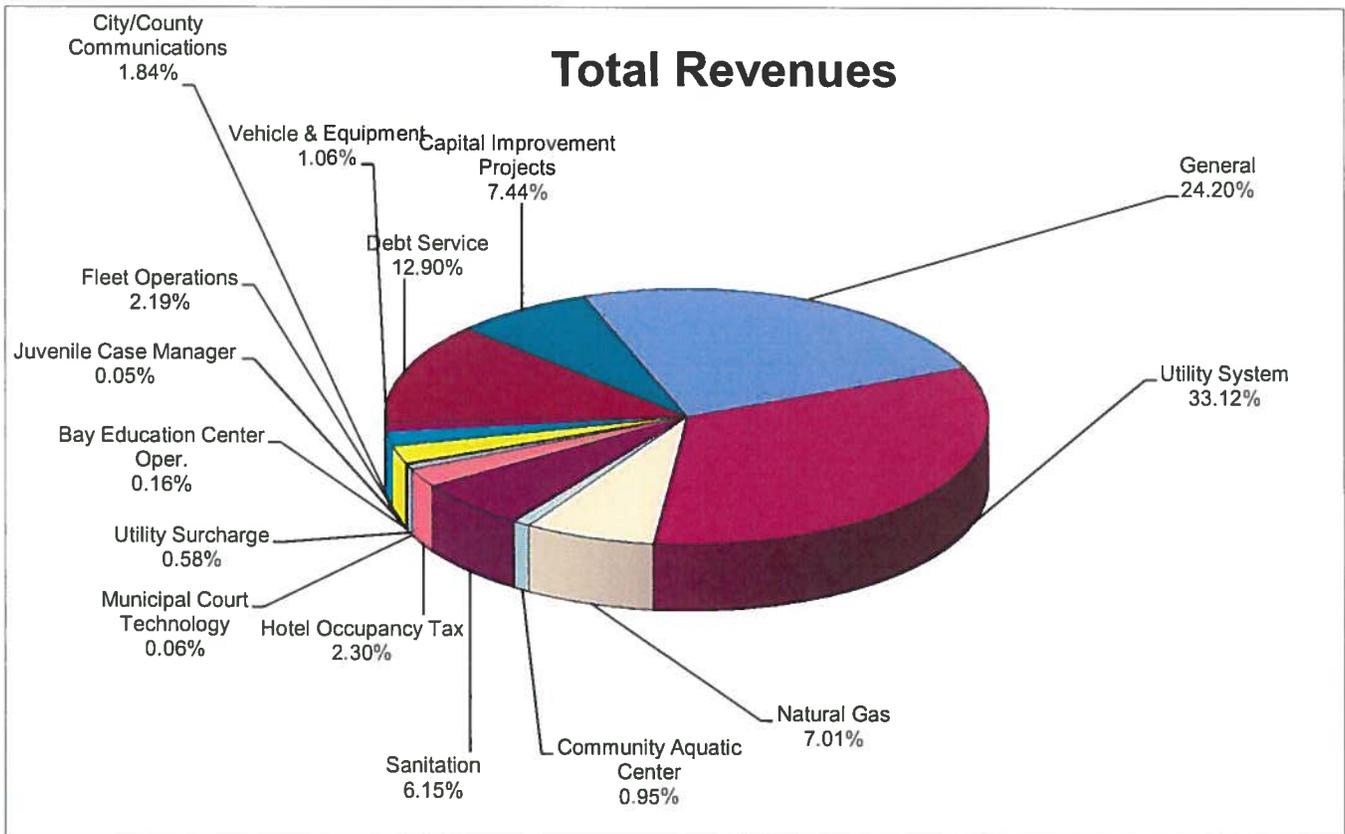
Budgetary Fund Structure

The chart below is intended to serve as a “big picture” overview for the City of Rockport’s Fiscal year 2013-2014 budgeted fund structure. The adopted budget presents four operating funds (General, Utility System, Natural Gas Distribution and Community Aquatic Center), ten special revenue funds (Hotel Occupancy Tax, Forfeiture, Municipal Court Security & Technology, Utility Surcharge, Bay Education Center Operations, Juvenile Case Manager, Fleet Maintenance, City/County Communications Center, Vehicle & Equipment Replacement and Utility Vehicle & equipment Replacement), and two debt service funds (I & S Debt Service and Utility Debt Service). Not all funds of the City are appropriated (i.e., budgeted). Capital projects and most of the City’s special revenue funds are recorded on a project length basis as opposed to annual appropriation. Each fund is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The budgeted funds of the City can be divided into two categories: governmental funds and proprietary funds. Governmental Funds are supported primarily with taxes while proprietary funds are supported by user charges. Operating funds provide for the day to day operations of the City. They account for all routine expenditures and capital outlay items. Debt service funds, also known as interest and sinking funds, are governmental type funds used for the accumulation of resources to pay off long-term debt. Special Revenue funds such as the Hotel Occupancy Tax fund are used to account for the proceeds of specific revenues that are legally restricted to expenditures for specific purposes.



Total Revenue - All Funds
FY 2013-2014

General	\$7,005,204	24.20%
Utility System	\$9,587,244	33.12%
Natural Gas	\$2,028,082	7.01%
Community Aquatic Center	\$274,152	0.95%
Sanitation	\$1,780,222	6.15%
Hotel Occupancy Tax	\$665,000	2.30%
Municipal Court Technology	\$16,000	0.06%
Utility Surcharge	\$167,490	0.58%
Bay Education Center Oper.	\$45,700	0.16%
Juvenile Case Manager	\$15,000	0.05%
Fleet Operations	\$632,500	2.19%
City/County Communications	\$532,856	1.84%
Vehicle & Equipment	\$307,261	1.06%
Debt Service	\$3,735,191	12.90%
Capital Improvement Projects	\$2,153,102	7.44%
	<hr/>	
	\$28,945,004	100.0%



**City of Rockport
Fiscal Year 2013-2014 Budget Summary**

	Beginning Balance	Revenues	Expenditures	Ending Balance
General Fund	3,131,055	7,005,204	6,978,644	3,157,615
Enterprise Funds				
Utility System	3,129,707	9,587,244	9,580,162	3,136,789
Sanitation	0	1,780,222	1,764,180	16,042
Natural Gas Distribution	349,773	2,028,082	2,025,436	352,419
Community Aquatic/Skate Center	0	274,152	274,152	0
Total	3,479,480	13,669,700	13,643,930	3,505,250
Special Revenue Funds				
Municipal Court Technology	87,092	16,000	1,200	101,892
Utility Surcharge	166,886	167,490	167,420	166,956
Bay Education Center Operations	1,705	45,700	45,700	1,705
Municipal Court Juvenile Case Mgr	989	15,000	15,000	989
Fleet Operation & Maintenance	49,503	632,500	655,964	26,039
Hotel Occupancy Tax	437,624	665,000	636,157	466,467
Forfeiture & Seizure	27,902	0	0	27,902
City/County Communications	0	532,856	532,856	0
Total	771,701	2,074,546	2,054,297	791,950
Debt Service Funds				
Interest and Sinking	150,169	1,992,926	1,978,220	164,875
Utility Debt Service	191,178	1,742,265	1,743,161	190,282
Total	341,347	3,735,191	3,721,381	355,157
Vehicle & Equip. Replcmnt Fund				
General	161,496	190,000	65,000	286,496
Utility	549,461	117,261	150,000	516,722
Total	710,957	307,261	215,000	803,218
Capital Improvement Projects				
General CIP	275,794	1,987,102	1,987,102	275,794
Utility CIP	367,889	166,000	0	533,889
Total	643,683	2,153,102	1,987,102	809,683
GRAND TOTAL	9,078,223	28,945,004	28,874,776	9,422,873

Budget Summaries

Changes in Fund Balance

The City of Rockport makes every effort to maintain a 180 day unreserved fund balance in the General Fund and the Utility System Fund. A 180 day unreserved fund balance for the General Fund is \$3,489,322 and for the Utility System Fund is \$4,790,0800. The Utility System Fund balance is only four months at this time due to the purchase of the Aransas Natural Gas Company in May 2008. This purchase was done using Utility System Fund balance and has been set up on a twenty year pay back schedule.

General Fund – The Fund Balance for the General Fund is projected to be increased by \$26,560 or 0.8% in the Fiscal Year 2013-2014. These funds will be used to increase fund balance. The projected ending Fund Balance is \$3,155,249, leaving approximately a five month reserve in the General Fund.

Utility System Fund - The Fund Balance for the Utility System is projected to be increased by approximately \$7,083 or 0.2% in this budget. It is the practice of the City to keep a six month reserve in the Utility Fund, although with the purchase of the Aransas Natural Gas Co. in May 2008, reserves were drawn down as the City Council chose to pay cash for the company rather than finance the purchase. Funds will be transferred from the Natural Gas Fund annually to “pay the Utility System Fund back.” The projected ending Fund Balance is \$3,081,292, leaving approximately four months’ reserves in the Utility System Fund.

Hotel Occupancy Tax Fund - The Fund Balance for the Hotel Occupancy Tax Fund is projected to be increased by \$28,843 or 6.2% in Fiscal Year 2013-2014. This fund does not require a large reserve; however, a contingency of 5% has been included to make sure of availability of funds. Contracts for these funds are contingent on fund availability. The reserves are kept to ensure available funds for advertisements re-establishing Rockport as a destination location in the event of a hurricane or other disaster.

Interest & Sinking Fund - The Fund Balance for the Interest & Sinking Fund is projected to be increased by \$14,706 or 8.9% in Fiscal Year 2013-2014. There is no requirement in the City’s bond covenant to keep a Fund Balance, although a reserve is prudent in case of slow tax collections. Changes in the tax rate calculation for entities with the over 65 and disabled tax freeze have caused reserves in the Interest & Sinking Fund to increase substantially in the last few years, and in anticipation of the increase City Council has proposed using Fund Balance to help keep the I&S portion of the tax rate lower.

Capital Improvements Funds – The Fund Balances for the Capital Improvement Funds are comprised mainly of Capital Impact Fees and Construction Bond Funds. As planned projects are budgeted, designed and contracted, Fund Balances will decrease. A large portion of the projects are funded by the Construction Bonds Funds and will reduce the fund balances by \$3,237,563.