

CITY OF SOMERVILLE, TEXAS

Financial Statements

with

Report of Independent Auditor

For the Year Ended September 30, 2015

CITY OF SOMERVILLE, TEXAS
Financial Statements
For the Year Ended September 30, 2015

TABLE OF CONTENTS

Introductory Section

Title Page	
Table of Contents	

Financial Section	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	14
Proprietary Funds:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Fund Net Position	16
Statement of Cash Flows	17
Notes to the Financial Statements	19

Required supplementary information:

Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios	39
Texas Municipal Retirement System Schedule of Contributions	40

Other supplementary information:

Combining Financial Statements – Non-major Governmental Combining Balance Sheet	41
Combining Statement of Revenue, Expenditures and Changes in Fund Balance	42

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Somerville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Somerville, Texas, (the "City") as of and for the year ended September 30, 2015, 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, each major fund, and the aggregate remaining fund information of the City of Somerville, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is 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 on pages 4 through 9, the Texas Municipal Retirement System ("TMRS") schedule of changes in net pension liability (asset) and related ratios on page 39, and the TMRS schedule of contributions on page 40 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 Somerville, Texas' basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining statements 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 statement 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 1, 2016, on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Somerville, Texas' internal control over financial reporting and compliance.

Brenham, Texas
August 1, 2016

Seidel Smoeder

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Somerville, we offer readers of the City of Somerville's financial statements this narrative overview and analysis of the financial activities of the City of Somerville for the fiscal year ended September 30, 2015. Please read it in conjunction with the independent auditors' report and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Somerville exceeded its liabilities at the close the most recent fiscal year by \$4,377,182, (*net position*). Of this amount \$83,502 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$320,834.
- The City's governmental funds reported ending fund balances of \$505,424 which was an increase of \$166,104 from the prior year.
- The City's proprietary funds reported combined net position of \$4,742,029, which was a decrease of \$14,031 from the prior year.
- The City's long-term liabilities at year-end totaled \$1,255,991, of which \$157,075 represents debt due and payable in the next year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental funds, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For the proprietary fund, the financial statements tell how goods or services of the City were sold to customers and how the sales revenues covered the expenses of the goods or services.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins with the government-wide financial statements. Their primary purpose is to show whether the City is better off as a result of the year's activities. The

Statement of Net Position includes all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we report the activities of the City as follows:

- Governmental activities – Most of the City's basic services are reported here. Property and sales taxes and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to "customers" to help cover all or most of the cost of services it provides for water, sewer, and garbage services.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City establishes funds to help control and manage money for particular purposes. The City's two types of funds, governmental and proprietary, use different accounting approaches.

- Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- Proprietary funds – The City reports the activities for which it charges users in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The City's proprietary fund is included in the business-type activities reported in the government-wide statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Statement of Net Position (Table 1) and Changes in Net Position (Table 2) of the City's governmental and business-type activities.

As seen in Table 1, net position of the City's governmental activities increased by \$335,135 from (\$699,982) as restated in 2014 to (\$364,847) in 2015. The increase in the governmental activities net position was primarily due to higher revenues from traffic fines, sales taxes, and donations, lower legal costs in both administration and code departments, and lower than expected cost for removal of dilapidated houses in the code department. The net position of the business-type activities decreased by \$14,301 from \$4,756,330 as restated in 2014 to \$4,742,029 in 2015. The decrease in business-type net position was primarily due to grant administration costs and depreciation expense, offset by grant receipts.

Table 1

City of Somerville, Texas
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 709,478	\$ 522,187	\$ 768,402	\$ 1,099,255	\$ 1,477,880	\$ 1,621,442
Net pension asset	19,020	18,368	13,870	13,395	32,890	31,763
Capital assets	203,081	163,231	4,053,415	3,733,279	4,256,496	3,896,510
Total Assets	931,579	703,786	4,835,687	4,845,929	5,767,266	5,549,715
Deferred outflows of resources	19,549	12,219	14,256	8,911	33,805	21,130
Current liabilities	220,916	217,887	98,526	91,453	319,442	309,340
Non-current liabilities	1,091,860	1,198,101	7,056	7,056	1,098,916	1,205,157
Total Liabilities	1,312,776	1,415,988	105,582	98,509	1,418,358	1,514,497
Deferred inflows of resources	3,199	-	2,332	-	5,531	-
Net Position:						
Net investment in						
capital assets	155,006	100,046	4,053,415	3,733,279	4,208,421	3,833,325
Restricted	85,259	112,730	-	-	85,259	112,730
Unrestricted	(605,112)	(912,758)	688,614	1,023,051	83,502	110,293
Total Net Position	\$ (364,847)	\$ (699,982)	\$ 4,742,029	\$ 4,756,330	\$ 4,377,182	\$ 4,056,348

As can be seen in Table 2 on the next page, total revenues (excluding transfers) from governmental activities increased by \$116,842 from \$1,104,745 in 2014 to \$1,221,587 in 2015 due to increased traffic fines, donations, ad valorem taxes, and permit fees in 2015 as compared to 2014. Total expenses from governmental activities decreased by \$2,578, primarily due to decreased supplies and interest expenditures as compared to 2014 and no bond issuance cost in 2015, offset by increased administrative and public safety personnel costs.

Total revenues (excluding transfers) from business-type activities decreased by \$195,234 from \$1,098,834 in 2014 to \$903,600 in 2015. Total expenses decreased by \$53,458 from \$932,323 in 2014 to \$878,865 in 2015. The decreased revenue was primarily due to the city collecting less

water and wastewater fees in 2015 due to a 100-year flood resulting in below-normal customer water usage, and approximately \$170,000 less in grant revenues in 2015 as compared to 2014. The decrease in expenditures was mainly due to a \$74,000 water-well expenditure in 2014 that was offset by a \$35,000 insurance reimbursement in 2014.

Table 2

City of Somerville, Texas
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for services	\$ 236,635	\$ 185,359	\$ 877,739	\$ 866,755	\$ 1,114,374	\$ 1,052,114
Operating grants and contributions	50,580	37,184	-	-	50,580	37,184
Capital grants and contributions	-	12,750	25,424	196,580	25,424	209,330
General Revenues						
Property taxes	538,182	517,332	-	-	538,182	517,332
Sales taxes	244,216	221,214	-	-	244,216	221,214
Gross receipts	54,399	52,834	-	-	54,399	52,834
Hotel occupancy	35,196	28,615	-	-	35,196	28,615
Other	4,130	8,885	-	-	4,130	8,885
Transfers in (out)	39,036	(1,377,696)	(39,036)	1,377,696	-	-
Miscellaneous revenues	57,724	39,978	80	35,251	57,804	75,229
Investment earnings	525	594	357	248	882	842
Total Revenues	<u>1,260,623</u>	<u>(272,951)</u>	<u>864,564</u>	<u>2,476,530</u>	<u>2,125,187</u>	<u>2,203,579</u>
Expenses						
General government	407,895	361,070	-	-	407,895	361,070
Public safety	415,541	397,083	-	-	415,541	397,083
Highways and streets	8,276	47,796	-	-	8,276	47,796
Culture and recreation	53,308	66,635	-	-	53,308	66,635
Interest/cost on long-term debt	40,468	55,482	-	-	40,468	55,482
Water and sewer	-	-	878,865	932,323	878,865	932,323
Total Expenses	<u>925,488</u>	<u>928,066</u>	<u>878,865</u>	<u>932,323</u>	<u>1,804,353</u>	<u>1,860,389</u>
Change in Net Position	335,135	(1,201,017)	(14,301)	1,544,207	320,834	343,190
Net Position, Beginning of Year	(730,570)	470,447	4,734,025	3,189,818	4,003,455	3,660,265
Cumulative effect of change in accounting principle	30,588	-	22,305	-	52,893	-
Net Position, Beginning of Year, Restated	(699,982)	(55,098)	4,756,330	3,266,894	4,056,348	3,211,796
Net Position, End of Year	<u>\$ (364,847)</u>	<u>\$ (730,570)</u>	<u>\$ 4,742,029</u>	<u>\$ 4,734,025</u>	<u>\$ 4,377,182</u>	<u>\$ 4,003,455</u>

THE CITY'S FUNDS

As of September 30, 2015, the governmental funds reported a fund balance of \$505,424. This is an increase of \$166,104 from \$339,320 on September 30, 2014.

General Fund Budgetary Highlights

The City's Council annually adopts an operating budget. Total actual revenues were \$82,725 more than budgeted, primarily due to revenues from court costs exceeding budget by \$41,000 and donations exceeding budget by \$24,528. Actual expenditures were under budget by \$67,440, primarily due to general government costing approximately \$70,000 less than budget and street repairs costing approximately \$24,000 less than budget. Capital outlay for the City was approximately \$27,000 over budget, and much of this was offset by donations. In total, the net increase in fund balance was \$142,798 compared to a budgeted deficit of \$3,516 for 2015.

Capital Assets

As of September 30, 2015, the City had \$4,256,496 invested in capital assets.

Table 3
City of Somerville, Texas
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 26,261	\$ 26,261	\$ -	\$ -	\$ 26,261	\$ 26,261
Buildings and improvements	147,008	112,413	17,298	17,298	164,306	129,711
Machinery and equipment	818,492	871,435	687,074	640,049	1,505,566	1,511,484
Software	17,554	17,554	-	-	17,554	17,554
Utility Plants	-	-	6,562,005	6,222,758	6,562,005	6,222,758
Construction in Progress	-	-	132,336	16,810	132,336	16,810
	<u>1,009,315</u>	<u>1,027,663</u>	<u>7,398,713</u>	<u>6,896,915</u>	<u>8,408,028</u>	<u>7,924,578</u>
Accumulated Depreciation	<u>(806,234)</u>	<u>(864,430)</u>	<u>(3,345,298)</u>	<u>(3,163,636)</u>	<u>(4,151,532)</u>	<u>(4,028,066)</u>
Net Capital Assets	<u>\$203,081</u>	<u>\$163,233</u>	<u>\$4,053,415</u>	<u>\$3,733,279</u>	<u>\$4,256,496</u>	<u>\$3,896,512</u>

Debt

At year-end, the City had \$1,239,075 in notes and general obligation bonds payable with \$157,075 of long-term debt due within one year. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

Table 4
City of Somerville Texas
Outstanding Debt at Year-end

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes and capital						
leases payable	\$ 48,075	\$ 63,185	\$ -	\$ -	\$ 48,075	\$ 63,185
Bonds payable	1,191,000	1,293,000	-	-	1,191,000	1,293,000
Total	<u>\$1,239,075</u>	<u>\$ 1,356,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,239,075</u>	<u>\$ 1,356,185</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at the City of Somerville, 150 8th Street, Somerville, TX 77879.

City of Somerville, Texas
Statement of Net Position
September 30, 2015

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Totals
Assets			
Cash and cash equivalents	\$ 350,714	\$ 386,969	\$ 737,683
Receivables (net)	185,458	113,065	298,523
Other assets	8,385	-	8,385
Restricted assets:			
Cash and cash equivalents	149,673	272,047	421,720
Internal balances	3,679	(3,679)	-
Net pension asset	19,020	13,870	32,890
Due from other governments	11,569	-	11,569
Capital assets			
Non-depreciable	26,261	132,336	158,597
Depreciable, net	176,820	3,921,079	4,097,899
Total assets	<u>931,579</u>	<u>4,835,687</u>	<u>5,767,266</u>
Deferred Outflows of Resources			
Deferred amounts related to pensions	19,549	14,256	33,805
Liabilities			
Accounts payable	47,120	33,476	80,596
Accrued liabilities	16,721	12,486	29,207
Customer deposits	-	52,564	52,564
Bond payable, due within one year	109,000	-	109,000
Bond payable, long-term	1,082,000	-	1,082,000
Notes payable, due within one year	48,075	-	48,075
Compensated absences, long-term	9,860	7,056	16,916
Total liabilities	<u>1,312,776</u>	<u>105,582</u>	<u>1,418,358</u>
Deferred inflows of resources			
Deferred amounts related to pensions	3,199	2,332	5,531
Net Position			
Net investment in capital assets	155,006	4,053,415	4,208,421
Restricted for:			
Debt service	36,091	-	36,091
Municipal court	49,168	-	49,168
Unrestricted (deficit)	(605,112)	688,614	83,502
Total net position	<u>\$ (364,847)</u>	<u>\$ 4,742,029</u>	<u>\$ 4,377,182</u>

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

City of Somerville, Texas
Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Capital	Primary Government		
			Grants and Contributions	Grants and Contributions		Governmental Activities	Business-type Activities	Total
Primary government								
Governmental activities								
General government	\$ 407,895	\$ 12,792	33,517	\$ -	\$ -	\$ (361,586)	\$ -	\$ (361,586)
Public safety	415,541	223,843	6,424	-	-	(185,274)	-	(185,274)
Highways and streets	8,276	-	-	-	-	(8,276)	-	(8,276)
Culture and recreation	53,308	-	10,639	-	-	(42,669)	-	(42,669)
Interest and costs on long-term debt	40,468	-	-	-	-	(40,468)	-	(40,468)
Total governmental activities	925,488	236,635	50,580	-	-	(638,273)	-	(638,273)
Business-type activities								
Proprietary fund	878,865	877,739	-	25,424	-	-	24,298	24,298
Total business-type activities	878,865	877,739	-	25,424	-	-	24,298	24,298
Total primary government	1,804,353	1,114,374	50,580	25,424	-	(638,273)	24,298	(613,975)
General revenues								
Taxes								
Property						538,182	-	538,182
Sales						244,216	-	244,216
Gross receipts						54,399	-	54,399
Hotel occupancy						35,196	-	35,196
Other						4,130	-	4,130
Investment income						525	357	882
Other						45,026	80	45,106
Gain on sale of capital assets						12,698	-	12,698
Transfers						39,036	(39,036)	-
Total general revenues and transfers						973,408	(38,599)	934,809
Change in net position						335,135	(14,301)	320,834
Net position, beginning, as previously stated						(730,570)	4,734,025	4,003,455
Cumulative effect of change in accounting principle						30,588	22,305	52,893
Net position, beginning, as restated						(699,982)	4,756,330	4,056,348
Net position, ending						\$ (364,847)	\$ 4,742,029	\$ 4,377,182

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

City of Somerville, Texas
Balance Sheet
Governmental Funds
September 30, 2015

	General	Debt Service	Other Governmental Funds	Total Governmental Fund
Assets				
Cash and cash equivalents	\$ 350,714	\$ -	\$ -	\$ 350,714
Receivables (net of allowances for uncollectibles)				
Property tax	63,699	30,508	-	94,207
Sales tax	45,245	-	-	45,245
Municipal court	46,006	-	-	46,006
Due from other governments	8,074	3,495	-	11,569
Due from other funds	2,978	5,402	393	8,773
Other assets	-	-	8,385	8,385
Cash, restricted	7,332	27,194	115,147	149,673
Total assets	\$ 524,048	\$ 66,599	\$ 123,925	\$ 714,572
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ 47,018	-	\$ 102	\$ 47,120
Accrued liabilities	16,721	-	-	16,721
Due to other funds	2,560	-	2,534	5,094
Total liabilities	66,299	-	2,636	68,935
Deferred inflows of resources:				
Unavailable revenues	109,705	30,508	-	140,213
Total deferred inflows of resources	109,705	30,508	-	140,213
Fund balances:				
Restricted for:				
Debt service	-	36,091	-	36,091
Hotel/Motel occupancy tax	-	-	73,555	73,555
Municipal court	-	-	49,168	49,168
Assigned	7,019	-	-	7,019
Unassigned	341,025	-	(1,434)	339,591
Total fund balances	348,044	36,091	121,289	505,424
Total liabilities, deferred inflows of resources and fund balances	\$ 524,048	\$ 66,599	\$ 123,925	\$ 714,572

Reconciliation of the balance sheet to the statement of net position:

Fund balances of governmental funds \$ 505,424
Amounts reported for governmental activities in the statements of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.

Governmental capital assets	\$ 1,009,315	
Less accumulated depreciation	(806,234)	203,081

Unavailable revenues reported in the governmental funds are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		140,213
---	--	---------

Net pension asset and deferred outflows are not receivable and deferred inflows are not payable in the current period and, therefore, are not reported in the governmental funds.		35,370
---	--	--------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Notes and bonds payable	\$ (1,239,075)	
Compensated absences	(9,860)	(1,248,935)

Net position, governmental activities		<u>\$ (364,847)</u>
---------------------------------------	--	---------------------

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

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

	General	Debt Service	Other Governmental Funds	Total Governmental Fund
Revenues:				
Taxes				
Property	\$ 396,293	\$ 147,475	\$ -	\$ 543,768
Sales	244,216	-	-	244,216
Gross receipts	54,399	-	-	54,399
Hotel/motel occupancy	-	-	35,196	35,196
Other	4,130	-	-	4,130
Licenses and permits	12,792	-	-	12,792
Fines and court costs	195,900	-	10,591	206,491
Investment income	330	49	146	525
Grant revenue	-	-	7,000	7,000
Donations	39,941	-	3,639	43,580
Miscellaneous	-	624	7,165	7,789
Other	37,237	-	-	37,237
Total revenues	985,238	148,148	63,737	1,197,123
Expenditures:				
Current:				
General government	396,318	-	6,567	402,885
Public safety	398,812	-	-	398,812
Highways and streets	4,755	-	-	4,755
Culture and recreation	-	-	51,995	51,995
Debt service:				
Principal	15,110	102,000	-	117,110
Interest	1,234	39,234	-	40,468
Capital outlay:				
General government	27,920	-	-	27,920
Police department	39,540	-	-	39,540
Total expenditures	883,689	141,234	58,562	1,083,485
Excess (deficiency) of revenues over (under)	101,549	6,914	5,175	113,638
Other financing sources:				
Transfers in	45,736	-	15,417	61,153
Transfers out	(17,917)	-	(4,200)	(22,117)
Proceeds from sale of capital assets	13,430	-	-	13,430
Total other financing sources	41,249	-	11,217	52,466
Net change in fund balance	142,798	6,914	16,392	166,104
Fund balance, beginning	205,246	29,177	104,897	339,320
Fund balance, ending	\$ 348,044	\$ 36,091	\$ 121,289	\$ 505,424

Reconciliation of the statement of revenues, expenditures and changes in fund
balances of the governmental funds to the statement of activities:

Net change in fund balances - total governmental funds \$ 166,104

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

Depreciation expense on capital assets is reported in the statement of
activities, but they do not require the use of current financial resources.
Therefore, depreciation expense is not reported as an expenditure in
governmental funds. (26,880)

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, the costs of these assets are depreciated over their
estimated useful lives. 67,460

The repayment of the principal of long-term debt consumes current
financial resources of governmental funds, yet has no effect on net position. 117,110

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. 307

Some revenues in the statement of activities do not provide current financial
resources and, therefore, are not reported as revenues in the fund
statements. 11,034

Change in net position, governmental activities \$ 335,135

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

City of Somerville, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes				
Property	\$ 389,100	\$ 389,100	\$ 396,293	\$ 7,193
Sales	220,000	220,000	244,216	24,216
Gross receipts	63,600	63,600	54,399	(9,201)
Other	9,000	9,000	4,130	(4,870)
Licenses and permits	6,250	6,250	12,792	6,542
Fines and court costs	154,900	154,900	195,900	41,000
Investment income	450	450	330	(120)
Donations	15,413	15,413	39,941	24,528
Other	43,800	43,800	37,237	(6,563)
Total revenues	<u>902,513</u>	<u>902,513</u>	<u>985,238</u>	<u>82,725</u>
Expenditures:				
Current:				
General government	467,010	467,010	396,318	(70,692)
Public safety	398,819	398,819	398,812	(7)
Highways and streets	28,900	28,900	4,755	(24,145)
Debt service:				
Principal	12,700	12,700	15,110	2,410
Interest	3,700	3,700	1,234	(2,466)
Capital outlay	40,000	40,000	67,460	27,460
Total expenditures	<u>951,129</u>	<u>951,129</u>	<u>883,689</u>	<u>(67,440)</u>
Excess (deficiency) of revenues over (under) expenditures	(48,616)	(48,616)	101,549	150,165
Other financing sources (uses):				
Transfers in	33,100	33,100	45,736	12,636
Transfers out	-	-	(17,917)	(17,917)
Proceeds from sale of capital assets	12,000	12,000	13,430	1,430
Total other financing sources and uses	<u>45,100</u>	<u>45,100</u>	<u>41,249</u>	<u>(3,851)</u>
Net change in fund balance	(3,516)	(3,516)	142,798	146,314
Fund balance, beginning	205,246	205,246	205,246	-
Fund balance, ending	<u>\$ 201,730</u>	<u>\$ 201,730</u>	<u>\$ 348,044</u>	<u>\$ 146,314</u>

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

City of Somerville, Texas
Statement of Net Position
Proprietary Fund
September 30, 2015

	Business Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 386,969
Receivables, net of allowance for uncollectibles	113,065
Total current assets	<u>500,034</u>
Restricted assets:	
Cash and cash equivalents	272,047
Total restricted assets	<u>272,047</u>
Noncurrent assets:	
Equipment and furniture	687,074
Water and wastewater distribution	6,562,005
Buildings and improvements	17,298
Construction in progress	132,336
Accumulated depreciation	(3,345,298)
Capital assets (net of accumulated depreciation)	<u>4,053,415</u>
Net pension asset	13,870
Total noncurrent assets	<u>4,067,285</u>
Total assets	<u>\$ 4,839,366</u>
Deferred Outflows of Resources	
Deferred amounts related to pensions	14,256
Liabilities	
Current liabilities:	
Accounts payable	\$ 33,476
Accrued liabilities	12,486
Due to other funds	3,679
Customer deposits	52,564
Total current liabilities	<u>102,205</u>
Noncurrent liabilities:	
Compensated absences, long-term	7,056
Total noncurrent liabilities	<u>7,056</u>
Total liabilities	<u>109,261</u>
Deferred Inflows of Resources	
Deferred amounts related to pensions	2,332
Net position	
Net investment in capital assets	4,053,415
Unassigned	688,614
Total net position	<u>\$ 4,742,029</u>

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

City of Somerville, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
September 30, 2015

	Business Type Activities
Operating revenues:	
Charges for water services	\$ 342,845
Charges for sewer services	274,290
Charges for solid waste services	260,604
Other revenue	80
Total operating revenue	<u>877,819</u>
Operating expenses:	
Salaries and wages	327,722
Purchased professional and technical services	225,937
Purchased property services	41,195
Other operating expenses	54,142
Supplies	48,208
Depreciation	181,661
Total operating expenses	<u>878,865</u>
Operating income (loss)	<u>(1,046)</u>
Nonoperating revenues (expenses)	
Grant proceeds	25,424
Interest income	357
Total nonoperating revenue	<u>25,781</u>
Change in net position before transfers	<u>24,735</u>
Transfers in	2,500
Transfers out	(41,536)
Total transfers	<u>(39,036)</u>
Change in net position	(14,301)
Net position, beginning, as previously stated	4,734,025
Cumulative effect of change in accounting principle	22,305
Net position, beginning, as restated	<u>4,756,330</u>
Net position, ending	<u><u>\$ 4,742,029</u></u>

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

City of Somerville, Texas
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2015

	<u>Business Type Activities</u>
Cash flows from operating activities:	
Cash received from customers	\$ 887,463
Cash payments to suppliers for goods and services	(372,921)
Cash payments to employees for services	(325,348)
Net cash provided by (used in) operating activities	<u>189,194</u>
Cash flows from non-capital financing activities:	
Transfers in	2,500
Transfers out	(41,536)
	<u>(39,036)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(501,797)
Grant proceeds	25,424
Net cash provided (used) by capital and related financing activities	<u>(476,373)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>357</u>
Net increase (decrease) in cash and equivalents	(325,858)
Cash and equivalents, beginning of year	<u>984,874</u>
Cash and equivalents, end of year	<u><u>\$ 659,016</u></u>
Unrestricted cash	\$ 386,969
Restricted cash	<u>272,047</u>
	<u><u>\$ 659,016</u></u>

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

City of Somerville, Texas
Statement of Cash Flows
Proprietary Fund
September 30, 2015

	<u>Business Type Activities</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (1,046)
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation	181,661
Bad debt expense	(721)
Increase (decrease) in cash resulting from changes in assets and liabilities:	
Accounts receivable	5,716
Deferred outflows related to pensions	(5,345)
Accounts payable	(3,439)
Accrued liabilities	5,863
Deferred inflows related to pensions	2,332
Net pension asset	(475)
Customer deposits	4,649
Net cash provided by (used in) operating activities	<u>\$ 189,194</u>

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

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Note 1. Summary of Significant Accounting Policies

The City of Somerville, Texas, is a municipal corporation incorporated under Article XI, Section 4 of the Constitution of the State of Texas. The City provides the following services: public safety (police and fire), public works, community services, water and sewer services, solid waste and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. As defined by GASB 61, component units are legally separate entities that are included in the City's reporting entity because the City is financially accountable or closely related.

B. Basis of Presentation

Government-wide financial statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Fund financial statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those legally or administratively required to be accounted for in other funds.

Debt Service Fund

The Debt Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

Proprietary Fund

Water and Sewer Fund

The Water and Sewer Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Special Revenue Funds

The Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specific purposes.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

D. Budgets

Annual appropriated budgets are adopted for the general and enterprise funds. The budget for the general fund is prepared and adopted on a basis consistent with generally accepted accounting principles, which is the same basis of accounting used for financial reporting in these financial statements. Budgets are adopted by passage of a budget ordinance. All annual budget appropriations lapse at fiscal year-end.

Encumbrance accounting is a system under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The City does not employ encumbrance accounting as it feels its current system is adequate to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

E. Cash and Investments

For the purpose of the Statement of Net Position and the Statement of Cash Flows, "Cash and cash equivalents" consists of cash on hand, amounts in demand deposit accounts and interest-bearing checking accounts, as well as certificates of deposits with maturities of three months or less.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

State statutes authorize the City to invest in time deposits of its designated depositories, U.S. Government Securities, and investment pools managed by the state. Investments are carried at fair value which is based on quoted market prices. Interest income and changes in fair value are reported as investment income.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Any residual balances are classified as “due from other funds” and “due to other funds,” respectively, on the balance sheet and statement of Net Position.

G. Restricted Assets

Amounts in governmental funds which are legally identified for specific purposes either by City ordinance or contractual obligation are reflected as restricted assets. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are used first to fund the expense.

H. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide statements

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Interest incurred during construction is not capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 50 years
Utility lines/water wells	40 years
Infrastructure	40 - 50 years
Machinery and equipment	5 - 10 years

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and the appropriate gain or loss is recognized.

Fund financial statements

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements.

J. Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, notes payable, leases payable, and compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

K. Fund Equity

Government-wide statements

Equity is classified as Net Position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

- b. Restricted Net Position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Classification of fund balances

The *nonspendable* 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 supplies inventories and prepaid items, long-term advances to other funds net of deferred interest revenue, long-term receivable net of deferred interest revenue, nonfinancial assets held for resale, and unrealized change in the fair value of investments.

Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of an endowment.

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 revenue generated through enabling legislation includes certain municipal court fees.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Council actions, no later than the close of the fiscal year. Those constraints 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. Such intent should be expressed by the City Council or its designated officials to assign amounts to be used for specific purposes, but are neither restricted nor committed. Constraints imposed on the use of assigned amounts can be removed with no formal Council actions. The assigned fund balance is only reported in the General Fund.

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

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Spending Prioritization in Using Available Resources

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

L. Interfund Transfers

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions in expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Pensions

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

Note 2. Legal Compliance – Budgets

The City's Mayor has ultimate responsibility for the budget and formulates the budget goals for the City under the direction of the City Council. In compliance with the state's uniform budget law, the Mayor files the proposed budget with the City Secretary and City Council before the 30th day prior to the date the City adopts its tax levy for the fiscal year. The City is required to publish a notice of a public hearing regarding the proposed budget and then hold that public hearing not less than 15 days after the budget is filed with the City Secretary and prior to the date the Council makes the tax levy. Once the hearing is concluded and before adoption of the proposed budget, the Council may make any changes

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

it considers warranted by law or in the best interest of the taxpayers. The annual operating budget is then adopted through passage of an annual budget ordinance. Upon approval by the Council, the annual budget document becomes a matter of public record and is filed with the City Secretary.

The legal level of budgetary control is the fund; therefore, expenditures may not legally exceed budget appropriations at the fund level. To amend the total of a fund or to reclass line items within the fund, a budget amendment approved by the Council is required. The general fund, debt service fund, and the enterprise fund have legally adopted annual budgets. During the year, the City did not amend the budget. General Fund and Debt service fund expenditures/expenses did not exceed appropriations.

Note 3. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Deposits of the City are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust. Deposits were adequately covered at September 30, 2015.

Note 4. Restricted Assets

At September 30, 2015, restrictions on cash and investments were as follows:

	Governmental Fund	Proprietary Fund
<u>Cash and Investments</u>		
Restricted for:		
Senior citizens center	\$ 809	\$ -
Hotel/ Motel occupancy tax	65,170	-
Municipal court	49,168	-
Debt service	27,194	-
Equipment and improvements	7,332	272,047
	<u>\$ 149,673</u>	<u>\$ 272,047</u>

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Note 5. Receivables

Receivables at September 30, 2015, consist of the following:

	Governmental Funds	Proprietary Funds	Total
Receivables:			
Taxes:			
Property	\$ 94,207	\$ -	\$ 94,207
Sales	45,245	-	45,245
Municipal court	46,006	-	46,006
Grant	-	3,166	3,166
Utility revenue	-	110,872	110,872
Less:			
allowance for uncollectibles	-	(973)	(973)
Net total receivables	<u>\$ 185,458</u>	<u>\$ 113,065</u>	<u>\$ 298,523</u>

Property taxes attach as an enforceable lien on property as of February 1. Taxes are levied on October 1 and are payable by January 31, after which time they become delinquent and penalties and interest may be assessed by the City.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Note 6. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 26,261	\$ -	\$ -	\$ 26,261
Total capital assets not being depreciated	26,261	-	-	26,261
Capital assets being depreciated				
Buildings and improvements	112,413	34,595	-	147,008
Software	17,554	-	-	17,554
Machinery and equipment	871,435	32,864	85,807	818,492
Total at historical cost	1,001,402	67,459	85,807	983,054
Less: accumulated depreciation for:				
Buildings and improvements	34,936	5,195	-	40,131
Software	4,826	1,757	-	6,583
Machinery and equipment	824,668	19,928	85,076	759,520
Total accumulated depreciation	864,430	26,880	85,076	806,234
Total capital assets being depreciated, net	136,972	40,579	731	176,820
Governmental activities capital assets, net	\$ 163,233	\$ 40,579	\$ 731	\$ 203,081

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Business-type activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 16,810	\$ 454,773	\$ 339,247	132,336
Total capital assets not being depreciated	16,810	454,773	339,247	132,336
Capital assets being depreciated				
Buildings and improvements	\$ 17,298	\$ -	\$ -	\$ 17,298
Machinery and equipment	640,049	47,025	-	687,074
Water and wastewater distribution	6,222,758	339,247	-	6,562,005
Total at historical cost	6,880,105	386,272	-	7,266,377
Less: accumulated depreciation for:				
Buildings and improvements	17,298	-	-	17,298
Machinery and equipment	239,883	30,693	-	270,576
Water and wastewater distribution	2,906,455	150,969	-	3,057,424
Total accumulated depreciation	3,163,636	181,662	-	3,345,298
Total capital assets being depreciated, net	3,716,469	204,610	-	3,921,079
Business-type activities capital assets, net	\$ 3,733,279	\$ 659,383	\$ 339,247	\$ 4,053,415

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

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

General government	\$ 4,164
Public safety	17,413
Culture and recreation	675
Highway and streets	4,628
	<u>\$ 26,880</u>

Note 7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance.

Note 8. Long-term Liabilities

Long-term liabilities outstanding at September 30, 2015 are comprised of the following:

	Governmental activities	Business-type activities
\$947,000, 2014 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$52,000 to \$78,000 through February 15, 2029; interest rates 0.80% to 3.50%	\$ 895,000	\$ -
\$346,000, 2014 General Obligation Refunding Bonds due in annual installments of \$10,000 to \$60,000 through February 15, 2021; interest rate 2.85%	296,000	-
\$197,202 note payable dated December 16, 2003 due on demand, payable in monthly payments of \$1,362, maturing December 15, 2018; interest rate 3.00%, secured by fire truck	48,075	-
Compensated absences for accrued vacation	9,860	7,056
	<u>\$ 1,248,935</u>	<u>\$ 7,056</u>

Annual debt service requirements to maturity for the outstanding debt, including interest of \$222,221 are as follows:

Fiscal Year Ending September 30	Principal	Interest
2016	\$ 157,075	\$ 31,398
2017	113,000	28,232
2018	115,000	25,773
2019	118,000	23,081
2020	119,000	20,205
2021 - 2024	617,000	93,532
Total	<u>\$ 1,239,075</u>	<u>\$ 222,221</u>

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation	\$ 947,000	\$ -	\$ 52,000	\$ 895,000	\$ 55,000
General obligations	346,000	-	50,000	296,000	54,000
Notes payable	63,185	-	15,110	48,075	48,075
Compensated absences	9,262	598	-	9,860	-
Governmental activities long-term liabilities	<u>\$ 1,365,447</u>	<u>\$ 598</u>	<u>\$ 117,110</u>	<u>\$ 1,248,935</u>	<u>\$ 157,075</u>
Business-type activities					
Compensated absences	7,056	-	-	7,056	-
Business-type activities long-term liabilities	<u>\$ 7,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,056</u>	<u>\$ -</u>

Note 9. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2015, is as follows:

Receivable Fund	Payable Fund	Amount
General	Proprietary	\$ 837
	Non-major special revenue	2,141
		<u>\$ 2,978</u>
Debt Service	General	\$ 2,560
	Proprietary	2,842
		<u>\$ 5,402</u>

The outstanding balances between funds result from management moving money between funds for cash flow management and are expected to be repaid within one year's time.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Note 10. Interfund Transfers

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

Transfers In	Transfers Out		
	General	Non-major Special Revenue	Proprietary
General	\$ -	\$ 4,200	\$ 41,536
Proprietary	2,500	-	-
Non-major Special Revenue	15,417	-	-
Total	<u>\$ 17,917</u>	<u>\$ 4,200</u>	<u>\$ 41,536</u>

Note 11. Pension Plans

A Plan Description

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

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

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Plan provisions for the City were as follows:

	Plan Year	
	2014	2015
Employee Deposit Rate	5%	5%
Matching Ratio (City to Employee)	1.5 to 1	1.5 to 1
A member is vested after	5 years	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI repeating	70% of CPI repeating

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

Employees covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	11
Active employees	17

C. Contributions

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.41% and 5.68% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$30,949, and were equal to the required contributions.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. For cities with fewer than twenty employees, more conservative methods and assumptions are used. First, lower termination rates are used for smaller cities, with maximum multipliers of 75% for employers with less than 6 members, 85% for employers with 6 to 10 members, and 100% for employers with 11 to 15 members.

There is also a load on the life expectancy for employers with less than 15 active members. The life expectancy will be loaded by decreasing the mortality rates by 1% for every active member less than 15. For example, an employer with 5 active members will have the baseline mortality tables multiplied by 90% (10 active members times 1%). The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

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

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Discount Rate

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

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2013	\$ 955,363	\$ 987,126	\$ (31,763)
Changes for the year:			
Service Cost	47,522	-	47,522
Interest	67,553	-	67,553
Change of benefit terms	-	-	-
Difference between expected and actual experience	(7,897)	-	(7,897)
Changes of assumptions	-	-	-
Contributions - employer	-	27,266	(27,266)
Contributions - employee	-	25,200	(25,200)
Net investment income	-	56,476	(56,476)
Benefit payments, including refunds of employee contributions	(28,153)	(28,153)	-
Administrative expense	-	(590)	590
Other charges	-	(48)	48
Net changes	79,025	80,151	(1,126)
Balance at 12/31/2014	<u>\$ 1,034,388</u>	<u>\$ 1,067,277</u>	<u>\$ (32,889)</u>

Sensitivity of the net position liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0%) or 1 percentage-point higher (8.0%) than the current rate.

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
City's net pension liability/(asset)	\$ 108,307	\$ (32,889)	\$ (148,571)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2015, the City recognized pension expense of \$22,680.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

At September 30, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 5,531
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	10,098	-
Contributions subsequent to the measurement date	23,707	-
Total	<u>\$ 33,805</u>	<u>\$ 5,531</u>

\$23,707 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2015	\$ 159
2016	159
2017	1,726
2018	2,523
Total	<u>\$ 4,567</u>

Note 12. Contingent Liabilities

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

Note 13. Deficit Fund Balance

A deficit unassigned fund balance of \$2,576 exists in the Senior Citizens Activity special revenue fund.

City of Somerville, Texas
Notes to Basic Financial Statements
September 30, 2015

Note 14. Commitments

In 2015, the City entered into a 60-month rental agreement for a copier. Rental expense for the copier was \$2,737 in 2015. Future rental expense for the copier is estimated to be \$4,591 annually for the years ending September 30, 2016 through September 30, 2019, and \$1,913 for the year ending September 30, 2020. The rental agreement is classified as an operating lease.

Note 15. Cumulative Effect of Change in Accounting Principle

During the year ending September 30, 2015, the City adopted Governmental Accounting Standard Number 68, Accounting and Financial Reporting for Pensions. The adoption of this statement required the City to report the net pension asset. Net position of the proprietary fund and the business-type activities have been increased by \$22,305 and restated at \$4,756,330 as of September 30, 2014. Net position of the governmental activities have been increased by \$30,588 and restated at (\$699,982) as of September 30, 2014.

Note 16. Subsequent Events

In December, 2015, the City entered into two contracts for the construction of wastewater improvements totaling approximately \$270,000.

In May, 2016, the City sustained damage to roads and facilities due to a weather event. At the date of this report, the City is assessing the financial impact of the damages and the amount that will be covered by insurance and federal program assistance.

REQUIRED SUPPLEMENTARY INFORMATION

City of Somerville
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Last 10 Years
(unaudited)

	<u>2014</u>
Total pension liability	
Service Cost	\$ 47,522
Interest (on the Total Pension Liability)	67,553
Changes of benefit terms	-
Difference between expected and actual experience	(7,897)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(28,153)
Net Change in Total Pension Liability	<u>79,025</u>
Total Pension Liability - Beginning	<u>955,363</u>
Total Pension Liability - Ending (a)	<u><u>\$ 1,034,388</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	27,266
Contributions - Employee	25,200
Net Investment Income	56,476
Benefit payments, including refunds of employee contributions	(28,153)
Administrative expense	(590)
Other	(48)
Net Change in Plan Fiduciary Net Position	<u>80,151</u>
Plan Fiduciary Net Position - Beginning	<u>987,126</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>1,067,277</u></u>
 Net Pension Liability (Asset) - Ending (a) - (b)	(32,889)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.18%
Covered Employee Payroll	504,001
Net Pension Liability as a Percentage of Covered Employee Payroll	-6.53%

Notes to Schedule:

GASB 68 requires 10 fiscal years of data to be provided in this schedule. As GASB 68 has been initially adopted for the 2014 plan year, historical data is not presented.

**City of Somerville
Texas Municipal Retirement System
Schedule of Contributions
Last 10 Fiscal Years
(unaudited)**

	2014
Actuarially Determined Contribution	\$ 28,319
Contributions in relation to the actuarially determined contributions	<u>27,266</u>
Contribution deficiency (excess)	\$ 1,053
Covered employee payroll	\$ 504,001
Contributions as a percentage of covered employee payroll	5.41%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	10 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	There were no benefit changes during the year.
-------	--

GASB 68 requires 10 fiscal years of data to be provided in this schedule. As GASB 68 has been initially adopted for the 2014 plan year, historical data is not presented.

OTHER SUPPLEMENTARY INFORMATION

City of Somerville, Texas
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2015

	Special Revenue					Total Non-major Governmental Funds
Assets	Senior Citizens Center	Hotel/ Motel	Court Technology	Court Security	Senior Citizens Activity	
Cash, restricted	\$ 809	\$ 65,170	\$ 10,884	\$ 38,284	-	\$ 115,147
Other assets	-	8,385	-	-	-	8,385
Due from other funds	393	-	-	-	-	393
Total assets	\$ 1,202	\$ 73,555	\$ 10,884	\$ 38,284	\$ -	\$ 123,925
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 60	-	\$ -	\$ -	\$ 42	\$ 102
Due to other funds	-	-	-	-	2,534	2,534
Total liabilities	60	-	-	-	2,576	2,636
Fund balances:						
Restricted for:						
Hotel/Motel occupancy tax	-	73,555	-	-	-	73,555
Municipal court	-	-	10,884	38,284	-	49,168
Unassigned (deficit)	1,142	-	-	-	(2,576)	(1,434)
Total fund balances	1,142	73,555	10,884	38,284	(2,576)	121,289
Total liabilities and fund balances	\$ 1,202	\$ 73,555	\$ 10,884	\$ 38,284	\$ -	\$ 123,925

City of Somerville, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the fiscal year ended September 30, 2015

	Special Revenue						Total
	Senior Citizens Center	Hotel/ Motel	Court Technology	Court Security	Senior Citizens Activity	Non-major Governmental Funds	
Revenues:							
Hotel/motel occupancy taxes	\$ -	\$ 35,196	\$ -	\$ -	\$ -	\$	35,196
Fines and court costs	-	-	5,299	5,292	-	-	10,591
Investment income	2	83	11	50	-	-	146
Grant revenue	7,000	-	-	-	-	-	7,000
Donations	3,639	-	-	-	-	-	3,639
Miscellaneous	-	-	-	-	7,165	-	7,165
Total revenues	10,641	35,279	5,310	5,342	7,165	-	63,737
Expenditures:							
Current:							
Community services	6,802	20,470	-	-	24,723	-	51,995
General government	-	-	2,010	4,557	-	-	6,567
Total expenditures	6,802	20,470	2,010	4,557	24,723	-	58,562
Excess (deficiency) of revenues over (under) expenditures	3,839	14,809	3,300	785	(17,558)	-	5,175
Other financing sources (uses):							
Transfer in	-	-	-	-	15,417	-	15,417
Transfers out	(4,200)	-	-	-	-	-	(4,200)
Total other financing sources (uses)	(4,200)	-	-	-	15,417	-	11,217
Net change in fund balances	(361)	14,809	3,300	785	(2,141)	-	16,392
Fund balances (deficit) at beginning of year	1,503	58,746	7,584	37,499	(435)	-	104,897
Fund balances (deficit) at end of year	\$ 1,142	\$ 73,555	\$ 10,884	\$ 38,284	\$ (2,576)	\$	\$ 121,289