

CITY OF LULING, TEXAS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
MARCH 31, 2019

CITY OF LULING, TEXAS
Annual Financial Report
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

TABLE OF CONTENTS

FINANCIAL SECTION

1. Independent Auditor's Report
3. Management's Discussion and Analysis

Basic Financial Statements:

Government-wide Financial Statements:

11. Statement of Net Position
12. Statement of Activities

Fund Financial Statements:

13. Balance Sheet - Governmental Funds
14. Reconciliation of the Government Funds
15. Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
16. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
17. Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- General Fund
18. Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Debt Service Fund
19. Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Grant Fund
20. Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Court Security Fund
21. Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Technology Fund
22. Statement of Net Position - Proprietary Funds
24. Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
25. Statement of Cash Flows - Proprietary Funds
27. Statement of Fiduciary Net Position - Fiduciary Funds
28. Notes to the Financial Statements

Required Supplementary Information:

65. Employees Retirement System Information

Agency Funds:

67. Combining Statement of Fiduciary Net Position
68. Combining Statement of Changes in Assets and Liabilities

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Luling, Texas

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 Luling, Texas, as of and for the year ended March 31, 2019, 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. 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 Luling, Texas, as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Grant Fund, Court Security Fund, Technology Fund, and the Debt Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Employee Retirement System Information on pages 3–10 and 65-66 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.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
September 10, 2019

Management's Discussion and Analysis

As management of the City of Luling, Texas, we offer readers of the City of Luling, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Luling, Texas for the fiscal year ended March 31, 2019.

Financial Highlights

- . The assets of the City of Luling, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$20,119,580 (Net Position). Of this amount, \$5,132,027 or 26% (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total Net Position increased by \$1,007,447. This increase was mainly the result of the following: utility capital grant of \$256,489 and an increase in utility charges for services of \$398,566.
- . The City of Luling, Texas' total restricted Net Position at March 31, 2019 is \$791,573 or 4%. The decrease of \$2,464,649 is due mainly to the pay down of the 2009 utility bond.
- . The City of Luling, Texas' total debt decreased by \$3,670,952 (31 percent) during the current fiscal year. The key factor in this decrease was bond payments of \$3,090,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Luling, Texas' basic financial statements. The City of Luling, Texas' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City of Luling, Texas' finances, in a manner similar to a private-sector business.

The statement of Net Position presents information on all of the City of Luling, Texas' assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City of Luling, Texas is improving or deteriorating. The statement of activities presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Luling, Texas 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 governmental activities of the City of Luling, Texas include general administration, public safety, public transportation, health and welfare, and culture and recreation. The business-type activities of the City of Luling, Texas include the Electric, Water and Sewer, and the Garbage functions. The government-wide financial statements include only the City of Luling, Texas itself (known as the primary government). The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial 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 of Luling, Texas, 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 of Luling, Texas can be divided into three categories: governmental funds, fiduciary funds, and proprietary funds.

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

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

The City of Luling, Texas maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the grant fund, the court security fund, and the technology fund all of which are considered to be major funds.

The City of Luling, Texas adopts an annual appropriated budget for its general fund, the debt service fund, the grant fund, the court security fund, and the technology fund. A budgetary comparison statement has been provided for the general fund, the debt service fund, the grant fund, the court security fund, and the technology fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-21 of this report.

Proprietary funds: The City of Luling, Texas maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Luling, Texas uses enterprise funds to account for its Utility activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility fund which is considered to be a major fund of the City of Luling, Texas.

The basic proprietary fund financial statements can be found on pages 22-26 of this report.

Agency Funds: The City of Luling, Texas also has two agency funds presented in this report. Such funds are not included in the government wide statement but are shown separately on pages 27 and pages 67-68.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-64 of this report. Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Luling, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be

found on pages 65-66 of this report. The combining agency funds can be found on pages 67-68. Government-wide Financial Analysis

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City of Luling, Texas, assets exceeded liabilities by \$20,119,580 at the close of the most recent fiscal year.

By far the largest portion of the City of Luling, Texas' Net Position (71 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Luling, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Luling, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF LULING, TEXAS
NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$4,036,623	\$4,131,787	\$2,709,531	\$2,462,496	\$6,746,154	\$6,594,283
Restricted Assets:	442,949	547,439	330,682	2,813,030	773,631	3,360,469
Capital Assets:	4,852,345	4,852,802	16,888,220	16,905,358	21,740,565	21,758,160
Total Assets	9,331,917	9,532,028	19,928,433	22,180,884	29,260,350	31,712,912
Total Deferred Outflows of Resources	383,018	396,505	145,429	170,984	528,447	567,489
Long-term Liabilities	1,555,075	2,040,138	6,609,660	9,795,549	8,164,735	11,835,687
Other Liabilities	349,678	369,615	638,838	822,786	988,516	1,192,401
Total Liabilities	1,904,753	2,409,753	7,248,498	10,618,335	9,153,251	13,028,088
Total Deferred Inflows of Resources	372,470	96,364	143,496	43,816	515,966	140,180
Invested in Capital Assets, Net of Related Debt	4,167,408	4,142,558	10,028,572	7,029,411	14,195,980	11,171,969
Restricted	254,989	387,917	536,584	2,868,305	791,573	3,256,222
Unrestricted	3,015,315	2,891,941	2,116,712	1,792,001	5,132,027	4,683,942
Total Net Position	\$7,437,712	\$7,422,416	\$12,681,868	\$11,689,717	\$20,119,580	\$19,112,133

An additional portion of the City of Luling, Texas' Net Position (71 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position (\$5,132,027) may be used to meet the governments on going obligations to citizens and creditors. At the end of the current fiscal year, the City of Luling, Texas reported a positive balance in the governmental activities and a positive balance in the business-type activities. For the prior fiscal year, the City of Luling, Texas reported positive balances in all three categories of Net Position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's total Net Position increased by \$1,007,447. This increase was mainly the result of the following: utility capital grant of \$256,489 and an increase in utility charges for services of \$398,566.

Governmental activities:

Governmental activities increased the City of Luling, Texas' Net Position by \$15,296, thereby accounting for 2 percent of the total growth in the Net Position of the City of Luling, Texas. This increase was mainly the result of the following: an increase in utility charges for services of \$167,455.

**CITY OF LULING, TEXAS
CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$1,083,538	\$916,083	\$9,105,550	\$8,874,439	\$10,189,088	\$9,790,522
Operating Grants and Contributions	87,324	138,966			87,324	138,966
Capital Grants and Contributions			256,489		256,489	0
General Revenues:						
Maintenance and Operations Taxes	1,306,297	1,205,794			1,306,297	1,205,794
Sales Taxes	908,193	846,644			908,193	846,644
Franchise Taxes	119,445	160,049			119,445	160,049
Licenses and Permits	44,394	64,319			44,394	64,319
Unrestricted Investment Earnings	24,901	14,839	40,239	35,450	65,140	50,289
Miscellaneous	358,860	300,471	52,738	364,175	411,598	664,646
Total Revenue	3,932,952	3,647,165	9,455,016	9,274,064	13,387,968	12,921,229
Expenses:						
General Administration	811,638	862,941			811,638	862,941
Public Safety	3,230,926	3,166,781			3,230,926	3,166,781
Public Transportation	596,843	725,976			596,843	725,976
Health and Welfare	0	5,443			0	5,443
Culture and Recreation	701,195	759,684			701,195	759,684
Public Facilities	13,846	13,994			13,846	13,994
Interest and Fiscal Charges	16,409	21,039	200,153	263,924	216,562	284,963
Utility			6,809,511	6,698,856	6,809,511	6,698,856
Total Expenses	5,370,857	5,555,858	7,009,664	6,962,780	12,380,521	12,518,638
Increase in Net Position before transfers and special items	(1,437,905)	(1,908,693)	2,445,352	2,311,284	1,007,447	402,591
Transfers	1,453,201	1,738,592	(1,453,201)	(1,738,592)	0	0
Increase in Net Position	15,296	(170,101)	992,151	572,692	1,007,447	402,591
Net Position at 03/31/2018 - Restated	7,422,416	7,592,517	11,689,717	11,117,025	19,112,133	18,709,542
Net Position at 03/31/2019	\$7,437,712	\$7,422,416	\$12,681,868	\$11,689,717	\$20,119,580	\$19,112,133

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Government activities:			
General Administration	\$811,638	\$0	\$0
Public Safety	3,230,926	1,083,538	87,324
Public Transportation	596,843		
Health and Welfare	0		
Culture and Recreation	701,195		
Public Facilities	13,846		
Interest and Fiscal Charges	16,409		
Total government activities	\$5,370,857	\$1,083,538	\$87,324

Revenues by source - Governmental Activities

	REVENUES	%
Charges for Services	\$1,083,538	28%
Operating Grants and Contributions	87,324	2%
Maintenance and Operations Taxes	1,306,297	33%
Sales Taxes	908,193	23%
Franchise Taxes	119,445	3%
Licenses and Permits	44,394	1%
Unrestricted Investment Earnings	24,901	1%
Miscellaneous	358,860	9%
	\$3,932,952	100%

Business-type activities:

Business-type activities increased the City of Luling, Texas' Net Position by \$992,151, thereby accounting for 98 percent of the total growth in the Net Position of the City of Luling, Texas. This increase was mainly the result of the following: utility capital grant of \$256,489 and an increase in utility charges for services of \$231,111.

Expenses and Program Revenues - Business Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary government			
Business-type activities:			
Utility	\$7,009,664	\$9,105,550	\$256,489
Total business-type activities	\$7,009,664	\$9,105,550	\$256,489

Revenues by source - Business-type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$9,105,550	96%
Capital Grants and Contributions	256,489	3%
Unrestricted investment earnings	40,239	0%
Miscellaneous	52,738	1%
	<u>\$9,455,016</u>	<u>100%</u>

Financial Analysis of the Government's Funds

As noted earlier, the City of Luling, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

The focus of the City of Luling, Texas' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Luling, Texas' financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Luling, Texas' governmental funds reported combined ending fund balances of \$1,354,589, an increase of \$77,332 in comparison with the prior year. Approximately 78 percent of this total amount \$1,054,376 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or deemed non-spendable.

The general fund is the chief operating fund of the City of Luling, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,054,376, while total fund balance reached \$1,099,600. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19 percent of total general fund expenditures, while total fund balance represents 20 percent of that same amount.

The fund balance of the City of Luling, Texas' general fund increased by \$210,260 during the current fiscal year. Key factor in this increase is as follows:

- . This increase was due primarily to an increase in Charges for Services of \$358,982.

There is no analysis for the debt service fund because the only activity was interest income of \$4,307 and a transfer of \$30,899 to the Utility Fund and \$90,686 in debt service expenditures.

There is no analysis for the grant fund because it exists mainly to administer federal and state grants and the income generally equals the expenditures.

There are no analysis of the court security fund and the technology fund because these funds are restrictive type funds whose monies are earmarked for special purposes (IE court defraying expenditures). These funds are relatively immaterial.

Proprietary funds:

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

Unrestricted Net Position of the Utility fund amounted to \$2,116,712 at year end. The increase in Net Position was \$992,151. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Luling, Texas' business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget in the general fund was a decrease of \$54,797. The main decrease was in Police which decreased by \$193,100 and the main increase was in General Administration which increased by \$107,800.

Capital Asset and Debt Administration

Capital assets:

The City of Luling, Texas' investment in capital assets for its governmental and business-type activities as of March 31, 2019, amounts to \$21,740,565 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City of Luling, Texas' investment in capital assets for the current fiscal year was a 8 percent decrease (a 10 percent decrease for governmental activities and a 1 percent decrease for business-type activities).

CITY OF LULING, TEXAS **CAPITAL ASSETS (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$806,236	\$806,236	\$135,284	\$135,284	\$941,520	\$941,520
Construction in Progress	0	15,635	216,452	330,435	216,452	346,070
Building and improvements	2,051,344	2,038,364	147,530	149,732	2,198,874	2,188,096
Machinery and equipment	397,338	350,721	49,451	61,107	446,789	411,828
Infrastructure	1,597,427	1,641,846			1,597,427	1,641,846
Distribution System			16,339,503	16,228,800	16,339,503	16,228,800
Total	<u>\$4,852,345</u>	<u>\$4,852,802</u>	<u>\$16,888,220</u>	<u>\$16,905,358</u>	<u>\$21,740,565</u>	<u>\$21,758,160</u>

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

The City had a Waste Water System Improvement project and a River Bank Reclamation project for the year ended March 31, 2019.

Additional information on the City of Luling, Texas' capital assets can be found in note IV C on pages 40 and 41 of this report.

Long-term debt:

At the end of the current fiscal year, the City of Luling, Texas had the following bonded debt.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>one year</u>	<u>Due after</u> <u>one year</u>
<u>Governmental activities:</u>						
General Obligation Bonds	\$519,597		\$81,159	\$438,438	\$84,084	\$354,354
	<u>519,597</u>	<u>0</u>	<u>81,159</u>	<u>438,438</u>	<u>84,084</u>	<u>354,354</u>
<u>Business-type activities:</u>						
Revenue Bonds	9,310,403		3,008,841	6,301,562	565,916	5,735,646
	<u>9,310,403</u>	<u>0</u>	<u>3,008,841</u>	<u>6,301,562</u>	<u>565,916</u>	<u>5,735,646</u>
 Grand Total	 <u>\$9,830,000</u>	 <u>\$0</u>	 <u>\$3,090,000</u>	 <u>\$6,740,000</u>	 <u>\$650,000</u>	 <u>\$6,090,000</u>

The City of Luling, Texas' total bonded debt decreased by \$3,090,000 (31 percent) during the current fiscal year. The key factor in this decrease was bond payments of \$3,090,000.

Additional information on the City of Luling, Texas' long-term debt can be found in note IV F on pages 43-45 of this report.

Economic Factors:

On September 4, 2019, the land tax rate has increased 18%, and there is a rollback proposed in the tax base from .56 to .52, however this rollback is set to go before the Luling City Council in September 2019 for discussion and approval. As of the audit report date, the rollback has not been passed.

Requests for Information

This financial report is designed to provide a general overview of the City of Luling, Texas' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Department, 509 E. Crockett, Luling, Texas, 78648.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LULING, TEXAS
STATEMENT OF NET POSITION
MARCH 31, 2019

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$876,813	\$1,130,785	\$2,007,598
Receivables (net of allowance for uncollectibles)	3,114,586	1,573,430	4,688,016
Inventories		5,316	5,316
Prepaid Items	45,224	0	45,224
Restricted Assets:			
Cash and Cash Equivalents	405,572	330,682	736,254
Receivables (net of allowance for uncollectibles)	37,377		37,377
Capital assets not being depreciated:			
Land	806,236	135,284	941,520
Construction in Progress	0	216,452	216,452
Total Capital assets being depreciated, net			
Building and Improvements	2,051,344	147,530	2,198,874
Machinery and Equipment	397,338	49,451	446,789
Infrastructure	1,597,427	16,339,503	17,936,930
Total Assets	\$9,331,917	\$19,928,433	\$29,260,350
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources-Contributions (after 12/31/17)	383,018	145,429	528,447
Total Deferred Outflows of Resources	383,018	145,429	528,447
LIABILITIES:			
Accounts Payable	\$204,093	\$481,110	\$685,203
Security Deposits	82,083		82,083
Consumer Meter Deposit		139,973	139,973
Deferred Income	62,500	0	62,500
Accrued Interest Payable	1,002	17,755	18,757
Noncurrent Liabilities:			
Due within one year	222,343	603,400	825,743
Due in more than one year	1,332,732	6,006,260	7,338,992
Total Liabilities	1,904,753	7,248,498	9,153,251
DEFERRED INFLOWS OF RESOURCES			
Bond Refunding Premium		2,073	2,073
GASB 68			
Difference in projected and actual earnings	52,070	19,770	71,840
Difference in expected and actual experience	320,400	121,653	442,053
Total Deferred Inflows of Resources	372,470	143,496	515,966
NET POSITION			
Invested in Capital Assets, Net of Related Debt	4,167,408	10,028,572	14,195,980
Restricted for:			
Construction	85,520	530,202	615,722
Debt Service	148,311	6,382	154,693
Public Safety	21,158		21,158
Unrestricted	3,015,315	2,116,712	5,132,027
Total Net Position	\$7,437,712	\$12,681,868	\$20,119,580

The accompanying notes are an integral part of this statement.

CITY OF LULING, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in		Net (Expense) Revenue and Changes in Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government							
Government Activities:							
General Administration	\$811,638	\$0	\$0	\$0	(\$811,638)		(\$811,638)
Public Safety	3,230,926	1,083,538	87,324		(2,060,064)		(2,060,064)
Public Transportation	596,843				(596,843)		(596,843)
Culture and Recreation	701,195				(701,195)		(701,195)
Public Facilities	13,846				(13,846)		(13,846)
Interest and Fiscal Charges	16,409				(16,409)		(16,409)
Total Government Activities	<u>5,370,857</u>	<u>1,083,538</u>	<u>87,324</u>	<u>0</u>	<u>(4,199,995)</u>	<u>0</u>	<u>(4,199,995)</u>
Business-Type Activities:							
Utility	7,009,664	9,105,550		256,489		2,352,375	2,352,375
Total Business-Type Activities	<u>7,009,664</u>	<u>9,105,550</u>	<u>0</u>	<u>256,489</u>	<u>0</u>	<u>2,352,375</u>	<u>2,352,375</u>
Total Primary Government	<u>\$12,380,521</u>	<u>\$10,189,088</u>	<u>\$87,324</u>	<u>\$256,489</u>	<u>(4,199,995)</u>	<u>2,352,375</u>	<u>(1,847,620)</u>
General Revenues							
Property Taxes, Levies for General Purposes					1,306,297		1,306,297
Sales Taxes					908,193		908,193
Franchise Taxes					119,445		119,445
License and Permits					44,394		44,394
Unrestricted Investment Earnings					24,901	40,239	65,140
Miscellaneous					358,860	52,738	411,598
Transfers					1,453,201	(1,453,201)	0
Total General Revenues and Transfers					<u>4,215,291</u>	<u>(1,360,224)</u>	<u>2,855,067</u>
Change in Net Position					15,296	992,151	1,007,447
Net Position - Beginning - Restated					7,422,416	11,689,717	19,112,133
Net Position - Ending					<u>\$7,437,712</u>	<u>\$12,681,868</u>	<u>\$20,119,580</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF LULING, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2019

	General Fund	Debt Service Fund	Grants Fund	Court Security Fund	Technology Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$874,664				\$2,149	\$876,813
Receivables (net of allowance for uncollectibles)	577,620					577,620
Prepaid Expenses	45,224					45,224
Restricted Assets:						
Cash and Cash Equivalents	189,918	148,311	48,143	19,200		405,572
Receivables (net of allowance for uncollectibles)			37,377			37,377
Total Assets	\$1,687,426	\$148,311	\$85,520	\$19,200	\$2,149	\$1,942,606
LIABILITIES AND FUND BALANCES:						
Accounts Payable	\$203,902				\$191	\$204,093
Deferred Revenues	62,500					62,500
Security Deposits	82,083					82,083
Total Liabilities	348,485	0	0	0	191	348,676
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	239,341					239,341
Fund Balances:						
Non-Spendable						
Prepaid Expenses	45,224					45,224
Restricted						
Construction			85,520			85,520
Debt Service		148,311				148,311
Public Safety				19,200	1,958	21,158
Unassigned	1,054,376					1,054,376
Total Fund Balance	1,099,600	148,311	85,520	19,200	1,958	1,354,589
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$1,687,426	\$148,311	\$85,520	\$19,200	\$2,149	\$1,942,606

The accompanying notes are an integral part of this statement.

CITY OF LULING, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 MARCH 31, 2019

Total Fund Balances - governmental funds balance sheet

Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	\$1,354,589
Capital assets used in governmental activities are not reported in the funds.	4,852,345
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	239,341
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,536,966
Deferred revenues in the funds are long-term liabilities in the SOA.	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,556,077)
GASB 68	
Contributions (after 12/31/17)	383,018
Difference in expected and actual experience	(52,070)
Difference in projected and actual earnings	(320,400)
Net Position of governmental activities - statement of Net Position	<u>\$7,437,712</u>

The accompanying notes are an integral part of this statement.

CITY OF LULING, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2019

	General Fund	Debt Service Fund	Grant Fund	Court Security Fund	Tech- nology Fund	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$1,302,133					\$1,302,133
Sales	908,193					908,193
Franchise	119,445					119,445
Licenses and Permits	44,394					44,394
Intergovernmental	87,324					87,324
Charges for Services	1,215,635			2,873	4,193	1,222,701
Fines and Forfeitures	122,235					122,235
Interest	17,858	4,307	2,736			24,901
Miscellaneous	358,860					358,860
Total Revenues	<u>4,176,077</u>	<u>4,307</u>	<u>2,736</u>	<u>2,873</u>	<u>4,193</u>	<u>4,190,186</u>
<i>EXPENDITURES</i>						
Current:						
General Administration	839,150		4,800		4,795	848,745
Public Safety	3,354,042			15,857		3,369,899
Public Transportation	598,469					598,469
Culture and Recreation	707,041					707,041
Debt Service						
Principal Retirement	75,484	81,081				156,565
Interest and Fiscal Charges	6,989	9,605				16,594
Total Expenditures	<u>5,581,175</u>	<u>90,686</u>	<u>4,800</u>	<u>15,857</u>	<u>4,795</u>	<u>5,697,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,405,098)</u>	<u>(86,379)</u>	<u>(2,064)</u>	<u>(12,984)</u>	<u>(602)</u>	<u>(1,507,127)</u>
<i>OTHER FINANCING SOURCES (USES):</i>						
Capital Lease Proceeds	131,258					131,258
Operating Transfers In	1,484,100					1,484,100
Operating Transfers Out		(30,899)				(30,899)
Total Other Financing Sources (Uses)	<u>1,615,358</u>	<u>(30,899)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,584,459</u>
Net Changes in Fund Balances	210,260	(117,278)	(2,064)	(12,984)	(602)	77,332
Fund Balances - Beginning	889,340	265,589	87,584	32,184	2,560	1,277,257
Fund Balances - Ending	<u>\$1,099,600</u>	<u>\$148,311</u>	<u>\$85,520</u>	<u>\$19,200</u>	<u>\$1,958</u>	<u>\$1,354,589</u>

The accompanying notes are an integral part of this statement.

CITY OF LULING, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 MARCH 31, 2019

Net Changes in Fund Balances - total governmental funds	\$77,332
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
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 capital outlays exceeded depreciation in the current period.	(457)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(261,398)
GASB 68	
Contributions. This is the change in these amounts this year.	(13,487)
Difference in expected and actual experience. This is the change in these amounts this year.	44,038
Difference in projected and actual earnings. This is the change in these amounts this year.	(320,144)
Capital Lease Issuance Proceeds	(131,258)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	4,164
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	185
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	156,565
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	467,079
(Increase) decrease in Compensated absences from beginning of period to end of period.	(7,323)
Change in Net Position of governmental activities - statement of activities	<u>\$15,296</u>

The accompanying notes are an integral part of this statement.

CITY OF LULING, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$1,190,000	\$1,271,500	\$1,302,133	\$30,633
Sales	880,000	880,000	908,193	28,193
Franchise	138,500	119,300	119,445	145
Licenses and Permits	86,300	48,300	44,394	(3,906)
Intergovernmental	10,600	80,600	87,324	6,724
Charges for Services	1,164,605	1,153,605	1,215,635	62,030
Fines and Forfeitures	178,700	121,300	122,235	935
Interest	6,500	6,500	17,858	11,358
Miscellaneous	266,107	283,807	358,860	75,053
Total Revenues	<u>3,921,312</u>	<u>3,964,912</u>	<u>4,176,077</u>	<u>211,165</u>
EXPENDITURES				
Current:				
General Administration				
Economic Development	68,938	72,558	72,286	272
General Administration	412,066	519,866	403,828	116,038
General Manager	276,729	284,749	288,234	(3,485)
Mapping	68,967	75,267	74,802	465
Public Safety				
Animal Control	129,682	132,632	129,204	3,428
Code Enforcement	104,650	104,650	103,217	1,433
E.M.S.	14,000	34,050	47,384	(13,334)
Emergency Management	12,804	10,504	9,399	1,105
Emergency Medical Services	1,093,637	1,152,937	1,158,083	(5,146)
Fire Department	537,726	495,266	483,440	11,826
Municipal Court	155,383	138,383	137,206	1,177
Police Department	1,377,809	1,184,709	1,154,851	29,858
Public Transportation				
Streets	622,227	601,917	598,469	3,448
Culture and Recreation				
Library	91,635	109,585	103,803	5,782
Parks	478,527	435,692	441,433	(5,741)
Swimming Pool	46,833	47,633	46,012	1,621
Zedler Mill	101,255	114,055	115,793	(1,738)
Debt Service				
Principal Retirement	57,851	75,484	75,484	0
Interest Retirement	6,425	12,410	6,989	5,421
Total Expenditures	<u>5,657,144</u>	<u>5,602,347</u>	<u>5,449,917</u>	<u>152,430</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(1,735,832)	(1,637,435)	(1,273,840)	363,595
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	1,470,300	1,470,300	1,484,100	13,800
Total Other Financing Sources (Uses)	<u>1,470,300</u>	<u>1,470,300</u>	<u>1,484,100</u>	<u>13,800</u>
Net Changes in Fund Balances - Budgetary Basis	<u>(\$265,532)</u>	<u>(\$167,135)</u>	<u>210,260</u>	<u>\$377,395</u>
Reconciliation from cash basis to modified accrual basis:				
Capital Lease Proceeds			131,258	
Capital Lease Purchase - EMS Equipment			(131,258)	
Net Changes in Fund Balances - Modified Accrual Basis			<u>210,260</u>	
Fund Balances - Beginning			889,340	
Fund Balances - Ending			<u>\$1,099,600</u>	

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

CITY OF LULING, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interest	\$2,900	\$2,900	\$4,307	\$1,407
Total Revenues	2,900	2,900	4,307	1,407
EXPENDITURES				
Debt Service				
Principal Retirement	640,000	640,000	81,081	558,919
Interest Retirement	163,286	163,286	9,605	153,681
Total Expenditures	803,286	803,286	90,686	712,600
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(800,386)	(800,386)	(86,379)	714,007
OTHER FINANCING SOURCES (USES):				
Transfers In				0
Transfers Out	802,200	802,200	(30,899)	(833,099)
Total Other Financing Sources (Uses)	802,200	802,200	(30,899)	(833,099)
Net Changes in Fund Balances	1,814	1,814	(117,278)	(119,092)
Fund Balances - Beginning	265,589	265,589	265,589	
Fund Balances - Ending	\$267,403	\$267,403	\$148,311	(\$119,092)

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

CITY OF LULING, TEXAS
 GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$300,000	\$300,000	\$0	(\$300,000)
Interest	900	900	2,736	1,836
Total Revenues	<u>300,900</u>	<u>300,900</u>	<u>2,736</u>	<u>(298,164)</u>
EXPENDITURES				
Current:				
General Administration	379,800	379,800	4,800	375,000
Total Expenditures	<u>379,800</u>	<u>379,800</u>	<u>4,800</u>	<u>375,000</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(78,900)</u>	<u>(78,900)</u>	<u>(2,064)</u>	<u>76,836</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	75,000	75,000	0	(75,000)
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>0</u>	<u>(75,000)</u>
Net Changes in Fund Balances	<u>(3,900)</u>	<u>(3,900)</u>	<u>(2,064)</u>	<u>1,836</u>
Fund Balances - Beginning	87,584	87,584	87,584	
Fund Balances - Ending	<u>\$83,684</u>	<u>\$83,684</u>	<u>\$85,520</u>	<u>\$1,836</u>

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

CITY OF LULING, TEXAS
 COURT SECURITY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$3,600	\$3,600	\$2,873	(\$727)
Total Revenues	3,600	3,600	2,873	(727)
EXPENDITURES				
Current:				
Public Safety				
Court Security	16,940	16,940	15,857	1,083
Total Expenditures	16,940	16,940	15,857	1,083
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(13,340)	(13,340)	(12,984)	356
OTHER FINANCING SOURCES (USES):				
Transfers In				0
Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(13,340)	(13,340)	(12,984)	356
Fund Balances - Beginning	32,184	32,184	32,184	
Fund Balances - Ending	\$18,844	\$18,844	\$19,200	\$356

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

CITY OF LULING, TEXAS
 TECHNOLOGY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$5,500	\$5,500	\$4,193	(\$1,307)
Total Revenues	5,500	5,500	4,193	(1,307)
EXPENDITURES				
Current:				
General Administration				
Technology	5,500	5,500	4,795	705
Total Expenditures	5,500	5,500	4,795	705
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	0	0	(602)	(602)
OTHER FINANCING SOURCES (USES):				
Transfers In				0
Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	0	0	(602)	(602)
Fund Balances - Beginning	2,560	2,560	2,560	
Fund Balances - Ending	\$2,560	\$2,560	\$1,958	(\$602)

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

CITY OF LULING, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS-NET POSITION
MARCH 31, 2019

	BUSINESS TYPE ACTIVITIES		
	- ENTERPRISE FUNDS		
	UTILITY CURRENT YEAR	UTILITY PRIOR YEAR	TOTALS CURRENT YEAR
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$1,130,785	\$816,536	\$1,130,785
Accounts Receivables (net of allowance for uncollectibles)	1,573,430	1,626,306	1,573,430
Inventories	5,316	5,316	5,316
Prepays	0	14,338	0
Total Current Assets	2,709,531	2,462,496	2,709,531
Restricted Assets:			
Cash and Cash Equivalents			
Debt Service	6,382	6,237	6,382
Proceeds from Advanced Refunding Construction	0	2,489,873	0
	324,300	316,920	324,300
Total Restricted Assets	330,682	2,813,030	330,682
Capital Assets			
Land	135,284	135,284	135,284
Construction in Progress	216,452	330,435	216,452
Buildings and Improvements	219,911	216,155	219,911
Machinery and Equipment	1,251,633	1,236,979	1,251,633
Distribution System	24,620,479	24,017,366	24,620,479
Total Capital Assets	26,443,759	25,936,219	26,443,759
Less Accumulated Depreciation	(9,555,539)	(9,030,861)	(9,555,539)
Total Capital Assets (net of accumulated depreciation)	16,888,220	16,905,358	16,888,220
Total Noncurrent Assets	16,888,220	16,905,358	16,888,220
DEFERRED OUTFLOWS OF RESOURCES			
GASB 68			
Deferred Outflow of Resources-Contributions (after 12/31/17)		170,984	0
Deferred Outflow of Resources-Contributions (after 12/31/18)	145,429		145,429
Total Deferred Outflow of Resources	145,429	170,984	145,429
TOTAL ASSETS	\$20,073,862	\$22,351,868	\$20,073,862

(continued)

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	UTILITY CURRENT YEAR	UTILITY PRIOR YEAR	TOTALS CURRENT YEAR
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities			
Current Liabilities (Payable from Current Assets)			
Accounts Payable	\$481,110	\$663,902	\$481,110
Accrued Wages Payable			0
Accrued Interest Payable	17,755	19,631	17,755
Compensated Absences	37,484	37,108	37,484
Bonds - Current	565,916	558,919	565,916
Lease Purchases - Current			0
Total Current Liabilities	<u>1,102,265</u>	<u>1,279,560</u>	<u>1,102,265</u>
Current Liabilities (Payable from Restricted Assets)			
Consumer Meter Deposits	139,973	139,253	139,973
Total Current Liabilities			
Payable from Restricted Assets	<u>139,973</u>	<u>139,253</u>	<u>139,973</u>
Noncurrent Liabilities			
Bonds Payable	5,735,646	8,751,562	5,735,646
Net Pension Liability	270,614	447,960	270,614
Lease Purchases Payable			0
Total Noncurrent Liabilities	<u>6,006,260</u>	<u>9,199,522</u>	<u>6,006,260</u>
Total Liabilities	<u>7,248,498</u>	<u>10,618,335</u>	<u>7,248,498</u>
DEFERRED INFLOWS OF RESOURCES			
Bond Refunding Premium	2,073	2,261	2,073
GASB 68			
Difference in projected and actual earnings on pension plan investments	19,770	41,445	19,770
Difference in expected and actual experience	121,653	110	121,653
Total Deferred Inflow of Resources	<u>143,496</u>	<u>43,816</u>	<u>143,496</u>
Invested in Capital Assets, Net of Related Debt	10,028,572	7,029,411	10,028,572
Restricted - Electric Infrastructure - Non-Expendable	205,902	55,275	205,902
Restricted - Debt Service - Non-Expendable	6,382	6,237	6,382
Restricted - Proceeds from Advanced Refunding - Non-Expendable	0	2,489,873	0
Restricted - Construction Series 2012 - Non-Expendable	324,300	316,920	324,300
Unrestricted	2,116,712	1,792,001	2,116,712
Total Net Position	<u>\$12,681,868</u>	<u>\$11,689,717</u>	<u>\$12,681,868</u>

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

CITY OF LULING, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2019

	BUSINESS TYPE ACTIVITIES		
	- ENTERPRISE FUNDS		
	UTILITY CURRENT YEAR	UTILITY PRIOR YEAR	TOTALS CURRENT YEAR
OPERATING REVENUES:			
Charges for Services - Electricity	\$6,372,302	\$6,099,311	\$6,372,302
Charges for Services - Water	1,046,815	1,055,908	1,046,815
Charges for Services - Sewer	769,319	785,930	769,319
Charges for Services - Garbage	751,167	759,613	751,167
Miscellaneous	165,947	173,677	165,947
Total Operating Revenues	<u>9,105,550</u>	<u>8,874,439</u>	<u>9,105,550</u>
OPERATING EXPENSES:			
Personal Services	1,109,490	1,123,721	1,109,490
Supplies	18,810	18,457	18,810
Other Services and Charges	5,156,533	4,944,021	5,156,533
Depreciation	524,678	612,657	524,678
Total Operating Expenses	<u>6,809,511</u>	<u>6,698,856</u>	<u>6,809,511</u>
Operating Income (Loss)	<u>2,296,039</u>	<u>2,175,583</u>	<u>2,296,039</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	40,239	35,450	40,239
Interest and Fiscal Charges	(200,153)	(263,924)	(200,153)
Total Non-Operating Revenues (Expenses)	<u>(159,914)</u>	<u>(228,474)</u>	<u>(159,914)</u>
Income Before Transfers	2,136,125	1,947,109	2,136,125
Lease Income	49,064	49,064	49,064
Intergovernmental	256,489	249,161	256,489
Miscellaneous	3,674	65,950	3,674
Transfers Out	(1,453,201)	(1,738,592)	(1,453,201)
Change in Net Position	992,151	572,692	992,151
Total Net Position - Beginning	11,689,717	11,117,025	11,689,717
Total Net Position - Ending	<u>\$12,681,868</u>	<u>\$11,689,717</u>	<u>\$12,681,868</u>

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

CITY OF LULING, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2019

	BUSINESS TYPE ACTIVITIES		
	- ENTERPRISE FUNDS		
	UTILITY CURRENT YEAR	UTILITY PRIOR YEAR	TOTALS CURRENT YEAR
Cash Flows from Operating Activities			
Receipts from Customers and Users	9,159,146	8,550,165	9,159,146
Payments to Suppliers	(5,343,797)	(4,689,646)	(5,343,797)
Payments to Employees	(1,162,913)	(1,178,767)	(1,162,913)
Net Cash Provided (Used) By Operating Activities	<u>2,652,436</u>	<u>2,681,752</u>	<u>2,652,436</u>
Cash Flows from Non-Capital and Related Financing Activities			
Transfers Out	(1,453,201)	(1,738,592)	(1,453,201)
Intergovernmental	256,489	249,161	256,489
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>(1,196,712)</u>	<u>(1,489,431)</u>	<u>(1,196,712)</u>
Cash Flows from Capital and Related Financing Activities			
Principal Payment on Revenue Bonds, Notes and Capital Leases	(3,008,919)	(548,841)	(3,008,919)
Proceeds from Advanced Refunding			0
Bond Premium from Refunding Bonds	(188)	(188)	(188)
Purchases of Capital Assets	(507,540)	(506,895)	(507,540)
Interest and Fiscal Charges	(200,153)	(263,924)	(200,153)
Lease Income	49,064	49,064	49,064
Miscellaneous	3,674	65,950	3,674
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(3,664,062)</u>	<u>(1,204,834)</u>	<u>(3,664,062)</u>
Cash Flows from Investing Activities			
Interest Received	40,239	35,450	40,239
Net Cash Provided (Used) by Investment Activities	<u>40,239</u>	<u>35,450</u>	<u>40,239</u>
Net Increase (Decrease) in Cash Equivalents	(2,168,099)	22,937	(2,168,099)
Cash and Cash Equivalents at Beginning of Year	3,629,566	3,606,629	3,629,566
Cash and Cash Equivalents at End of Year	<u>\$1,461,467</u>	<u>\$3,629,566</u>	<u>\$1,461,467</u>
Unrestricted Assets:			
Cash and Cash Equivalents	\$1,130,785	\$816,536	\$1,130,785
Restricted Assets:			
Cash and Cash Equivalents	330,682	2,813,030	330,682
Total	<u>\$1,461,467</u>	<u>\$3,629,566</u>	<u>\$1,461,467</u>

(continued)

(continued)

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	UTILITY CURRENT YEAR	UTILITY PRIOR YEAR	TOTALS CURRENT YEAR
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$2,296,039	\$2,175,583	\$2,296,039
Adjustments to Reconcile to Net Cash Flow			
Non-Cash Items Included in Net Income			
Depreciation	524,678	612,657	524,678
Changes in Current Items			
Decrease (Increase) in Accounts Receivable	52,876	(318,987)	52,876
Decrease (Increase) in Inventory	14,338	(14,338)	14,338
Increase (Decrease) in Accounts Payable	(182,792)	287,170	(182,792)
Increase (Decrease) in Accrued Interest Payable	(1,876)	(1,879)	(1,876)
Increase (Decrease) in Compensated Absences	376	2,747	376
Increase (Decrease) in Consumer Meter Deposits	720	(5,287)	720
GASB 68			
Decrease (Increase) Deferred Outflow of Resources-Contributions	25,555	(61,169)	25,555
Decrease (Increase) Deferred Outflow-Diff. in projected and actual earnings	(21,675)	5,241	(21,675)
Decrease (Increase) Deferred Outflow-Diff. in expected and actual experience	121,543	14	121,543
Increase (Decrease) in Net pension Liability	(177,346)	0	(177,346)
Net Cash Provided (Used)			
By Operating Activities	<u>\$2,652,436</u>	<u>\$2,681,752</u>	<u>\$2,652,436</u>
Noncash Investing, Capital, and Financing Activities:			
Intergovernmental	<u>\$256,489</u>	<u>\$249,161</u>	<u>\$256,489</u>

Note: The above funds are all Enterprise Funds.

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

CITY OF LULING, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2019

ASSETS

Cash and Cash Equivalents	\$173,021
Receivables (net of allowance for uncollectibles)	<u>235</u>
Total Assets	<u><u>\$173,256</u></u>

LIABILITIES

Accounts Payable	\$407
Due to Others	<u>172,849</u>
Total Liabilities	<u><u>\$173,256</u></u>

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

CITY OF LULING, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

I. Summary of significant accounting policies

A. Reporting entity

The City of Luling, Texas, was incorporated by an election. The City operates under a charter, Manager-Council type of government and provides the following services: public safety (fire, ambulance, and law enforcement), public transportation (streets), health, culture, recreation, public facilities, legal, election functions, and general administrative services. The accounting policies of the City of Luling, Texas, (the City) conform to generally accepted accounting principles. The City also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

B. Government-wide and fund financial statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The City’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, charges for services, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

The general fund is the government'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 debt service fund accounts for monies used to pay the revenue bond debt.

The grant fund accounts for grant proceeds to be used for sewer system improvements.

The court security fund accounts for proceeds to be used for court security purposes.

The technology fund accounts for proceeds to be used for court technology purposes.

C. Proprietary fund financial statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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 Utility Fund (Water, Sewer, Garbage, and Electric) are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major proprietary funds:

The utility fund accounts for the activities of the government's electric, water, garbage, and sewer operations.

D. Fiduciary Fund Types

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The City's fiduciary funds include the following: The Trust and Agency fund is accounted for as an agency fund and is used to help defray the costs of the local parks. The Ainsworth Trust fund is accounted for as an agency fund and is used to help defray the costs of the local library.

E. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury. Investments for the government are reported at fair value. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable allowance in excess of 30 days is equal to 5 percent of outstanding trade accounts receivable at March 31, 2019, the trade accounts receivable allowance in excess of 60 days is equal to 10 percent of outstanding trade accounts receivable at March 31, 2019, the trade accounts receivable allowance in excess of 90 days is equal to 25 percent of outstanding trade accounts receivable at March 31, 2019, and the trade accounts receivable allowance in excess of 120 days is equal to 50 percent of outstanding trade accounts receivable at March 31, 2019. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at March 31, 2019, and 10 percent of delinquent outstanding property taxes at March 31, 2019. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the City bills the taxpayers. The City begins to collect the taxes as soon as the taxpayers are billed.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the City bills the taxpayers. The City begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

The restricted assets at March 31, 2019 were 1) special projects - \$189,918, 2) debt service - \$148,311, 3) construction - \$85,520, 4) court security - \$19,200 in the governmental activities; and 1) debt service - \$6,382 and 2) construction - \$324,300 in the business-type activities.

5. 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 government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City had a Waste Water System Improvement project and a River Bank Reclamation project for the year ended March 31, 2019.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings	50
Building improvements	20
Public Domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

6. Compensated absences

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

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Deferred outflows/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 government only has one item that qualifies for reporting in this category. They are amounts deferred under GASB 68.

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 government only has one item that qualifies for reporting in this category. They are amounts deferred under GASB 68.

9. Net position flow assumption

Sometimes the government 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 government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

10. Fund Balances – Governmental Funds

As of March 31, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted— amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned — all other spendable amounts.

As of March 31, 2019, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Expenses	\$45,224
Restricted	
Construction	85,520
Debt Service	148,311
Public Safety	21,158
Unassigned	1,054,376
Total Fund Balance	<u>\$1,354,589</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2012, the City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 20 percent of the subsequent year's budgeted General Fund expenditures.

11. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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 \$1,556,077 difference are as follows:

General Obligation Bonds Payable	\$438,438
Capital Lease Purchases	150,053
Notes Payable	96,446
Net Pension Liability	786,936
Compensated Absences	83,202
Accrued Interest Payable	1,002
	<u>\$1,556,077</u>

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 assets of governmental activities as reported in the government-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 \$4,852,345 difference are as follows:

Capital assets not being depreciated	\$806,236
Capital assets being depreciated	14,138,442
Depreciation expense	(10,092,333)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$4,852,345</u>

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (continued)

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.*)" The details of this \$239,341 difference are as follows:

Property Taxes Receivable	\$255,671
Allowance for Doubtful Accounts	<u>(16,330)</u>
Net	<u><u>\$239,341</u></u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$2,536,966 difference are as follows:

EMS Receivable	\$3,484,976
Fines and Fees receivable	41,225
Allowance for Doubtful Accounts	<u>(989,235)</u>
Net	<u><u>\$2,536,966</u></u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement 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 assets of governmental activities as reported in the government-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 (\$457) difference are as follows:

Capital outlay - additions - not being depreciated	\$0
Capital outlay - additions - being depreciated	295,887
Capital outlay - deletions	(21,775)
Depreciation expense	(274,569)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$457)</u></u>

III. Stewardship, compliance, and accountability

A. Budgetary information

The City Manager has been authorized by the council to prepare the budget. He is assisted by the Finance Director. The budget is adopted on budgetary basis in conformity with generally accepted accounting principles. After the budget is prepared, it is reviewed by the City Council. The budget is adjusted by the City Council if desired. Then a final budget is prepared by the City Manager. A public hearing is held on the budget by the City Council. Department heads may appear. Before determining the final budget, the City Council may increase or decrease the amounts requested by the various departments or citizens. Amounts finally budgeted may not exceed the estimate of revenues and available cash. Appropriations lapse at year end.

When the budget is adopted by the City Council, the City Manager is responsible for monitoring the expenditures of the various departments of the City to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the City Council advised of the conditions of the various funds and accounts. The level of control is the fund. Expenditures can exceed appropriations as long as they do not exceed available revenues and cash balances. The legal level of control (the level on which the City Council must approve over expenditures) is on an object class basis.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (IE. the level at which expenditures may not legally exceed appropriations) is the department level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at March 31, 2019.

B. Excess of expenditures over appropriations

For the year ended March 31, 2019, excess of expenditures over appropriations did not occur in any funds.

C. Deficit fund equity

The City had no deficit fund balances as of March 31, 2019.

IV. Detailed notes on all funds

A. Deposits and investments

Legal and Contractual Provisions Governing Deposits and Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

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

Deposits:

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of March 31, 2019, the government's bank balance of \$7,419 with the International Bank of Commerce was not exposed to custodial credit risk because it was covered by the FDIC. The \$2,701,646 deposited with Citizens State Bank was not exposed to custodial credit risk because it was collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$2,545,014 and the FDIC coverage is \$250,000. The general ledger amount of the above cash is \$2,392,255.

Investments:

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as LOGIC, through which political subdivisions and other entities may invest public funds.

LOGIC uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. LOGIC does not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. LOGIC has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. LOGIC invests in a high quality portfolio of debt securities investments that are legally permissible for local governments in the state.

All funds participate in a pooling of cash and investment income in order to maximize investment opportunities. Each fund may liquidate its equity in the pool on demand.

The City's investments are authorized by City resolutions, bond ordinances, and State statutes. The City is authorized to invest in obligations of the U.S. Government and its agencies or instrumentalities; direct obligations of Texas and its agencies and instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; insured or collateralized certificates of deposit; fully collateralized repurchase agreements; and government pools.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City's investments by fair value level are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level 1 investments (investments valued using prices quoted in active markets for identical securities) or Level 3 investments (investments valued using significant unobservable inputs). As of March 31, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>	<u>Weighted Average</u>
LOGIC Funds	\$ 351,597	Less than 1 year	Less than 1 year

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk. The City's investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The City's investments were rated as follows: LOGIC Funds AAA.

Concentration of Credit Risk. The City places no limit on the amount that may be invested in any one issuer. The City's portfolio is 100 invested in an external investment pool.

B. Receivables

Receivables as of year end for the government's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Grant Fund	Utility	Total
<u>Receivables</u>				
Taxes	\$255,671			\$255,671
Accounts	643,042		1,747,937	2,390,979
EMS	3,484,976			3,484,976
Sales Tax	131,262			131,262
Intergovernmental		37,377	145,345	182,722
Fines	41,225			41,225
Other	207,017		148	207,165
Paving	47,782			47,782
Gross receivables	4,810,975	37,377	1,893,430	6,741,782
Less: Allowance for uncollectibles	1,696,389		320,000	2,016,389
Net total receivables	\$3,114,586	\$37,377	\$1,573,430	\$4,725,393

C. Capital assets

Capital asset activity for the year ended March 31, 2019 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$806,236			\$806,236
Construction in Progress	15,635		15,635	0
Total capital assets not being depreciated:	<u>821,871</u>	<u>0</u>	<u>15,635</u>	<u>806,236</u>

Capital assets being depreciated:				
Building and Improvements	3,740,292	89,558	21,400	3,808,450
Machinery, Equipment and Vehicles	4,524,093	206,329	361,503	4,368,919
Infrastructure	5,961,073			5,961,073
Total capital assets being depreciated:	<u>14,225,458</u>	<u>295,887</u>	<u>382,903</u>	<u>14,138,442</u>

Less: Accumulated Depreciation for:				
Building and Improvements	1,701,928	70,438	15,260	1,757,106
Machinery, Equipment and Vehicles	4,173,372	159,712	361,503	3,971,581
Infrastructure	4,319,227	44,419		4,363,646
Total Accumulated Depreciation	<u>10,194,527</u>	<u>274,569</u>	<u>376,763</u>	<u>10,092,333</u>
Total Capital Assets Depreciated, Net	<u>4,030,931</u>	<u>21,318</u>	<u>6,140</u>	<u>4,046,109</u>
Governmental Activities capital assets, Net	<u>\$4,852,802</u>	<u>\$21,318</u>	<u>\$21,775</u>	<u>\$4,852,345</u>

Business-Type Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$135,284			\$135,284
Construction in Progress	330,435	241,553	355,536	216,452
Total capital assets not being depreciated:	<u>465,719</u>	<u>241,553</u>	<u>355,536</u>	<u>351,736</u>

Capital assets being depreciated:				
Building and Improvements	216,155	3,756		219,911
Machinery, Equipment and Vehicles	1,236,979	14,654		1,251,633
Distribution Systems	24,017,366	603,113		24,620,479
Total capital assets being depreciated:	<u>25,470,500</u>	<u>621,523</u>	<u>0</u>	<u>26,092,023</u>

Less: Accumulated Depreciation for:				
Building and Improvements	66,423	5,958		72,381
Machinery, Equipment and Vehicles	1,175,872	26,310		1,202,182
Distribution Systems	7,788,566	492,410		8,280,976
Total Accumulated Depreciation	<u>9,030,861</u>	<u>524,678</u>	<u>0</u>	<u>9,555,539</u>
Total Capital Assets Depreciated, Net	<u>16,439,639</u>	<u>96,845</u>	<u>0</u>	<u>16,536,484</u>
Business-Type Activities capital assets, Net	<u>\$16,905,358</u>	<u>\$338,398</u>	<u>\$355,536</u>	<u>\$16,888,220</u>

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

Governmental activities	
General Administration	\$6,237
Public Safety	153,355
Public Transportation	23,037
Culture and Recreation	78,094
Public Facilities	13,846
Total depreciation expense - governmental activities	<u>\$274,569</u>
Business-type activities	
Utility	<u>\$524,678</u>
Total depreciation expense - Business-type activities	<u>\$524,678</u>

Construction commitments:

The City had a Waste Water System Improvement project and a River Bank Reclamation project for the year ended March 31, 2019.

D. Interfund receivables, payables, and transfers

The City had no due to/from at March 31, 2019.

The interfund transfers for the year ended March 31, 2019 are as follows:

<u>PRIMARY GOVERNMENT</u>		
<i>INTERGOVERNMENT</i>		
<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>REASON</u>
UTILITY FUND TO GENERAL FUND	\$1,560,000	ADMINISTRATION - ANNUAL TRANSFER
DEBT SERVICE FUND TO UTILITY FUND	<u>(106,799)</u>	DEBT SERVICE - RECURRING
	<u>\$1,453,201</u>	
<i>INTERGOVERNMENT</i>		
<u>FUNDS</u>		
<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>REASON</u>
GENERAL FUND TO DEBT SERVICE FUND	<u>(\$75,900)</u>	DEBT SERVICE - NON-RECURRING
	<u>(\$75,900)</u>	

E. Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$10,320 for the year ended March 31, 2019. The future minimum lease payments for these leases are as follows:

Year Ending Mar. 31	<u>Amount</u>
2020	\$11,100
2021	11,100
2022	10,023
2023	<u>8,945</u>
Total	<u>\$41,168</u>

Rent expenditures were \$6,956 for the year ended March 31, 2019. Sublease rental income was \$0 for the year ended March 31, 2019. Rental income was \$119,178 for the year ended March 31, 2019.

F. Long-term debt

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year	Due after one year
<u>Governmental activities:</u>						
General Obligation Bonds	\$519,597		\$81,159	\$438,438	\$84,084	\$354,354
Capital Leases	81,635	131,257	62,839	150,053	45,550	104,503
Notes Payable	109,090		12,644	96,446	9,507	86,939
Net Pension Payable	1,254,015		467,079	786,936		786,936
Compensated Absences	75,879	83,202	75,879	83,202	83,202	0
	<u>2,040,216</u>	<u>214,459</u>	<u>699,600</u>	<u>1,555,075</u>	<u>222,343</u>	<u>1,332,732</u>
<u>Business-type Activities:</u>						
Revenue Bonds	9,310,403		3,008,841	6,301,562	565,916	5,735,646
Net Pension Payable	447,960		177,346	270,614		270,614
Compensated Absences	37,108	37,484	37,108	37,484	37,484	0
	<u>9,795,471</u>	<u>37,484</u>	<u>3,223,295</u>	<u>6,609,660</u>	<u>603,400</u>	<u>6,006,260</u>
Grand Total	<u>\$11,835,687</u>	<u>\$251,943</u>	<u>\$3,922,895</u>	<u>\$8,164,735</u>	<u>\$825,743</u>	<u>\$7,338,992</u>

Capital Leases

The capital leases consist of the following:

Two Heart Monitors capitalized into the governmental activities at \$64,631. The debt is serviced by the General Fund. The accumulated depreciation of this asset at March 31, 2019 is \$64,631. The balance of the lease at March 31, 2019 is \$1,921.

Police Video Cameras capitalized into the governmental activities at \$102,485. The debt is serviced by the General Fund. The accumulated depreciation of this asset at March 31, 2019 is \$40,994. The balance of the lease at March 31, 2019 is \$34,508.

Refurbished Lifepak (Physio Heart Monitor) capitalized into the governmental activities at \$20,780. The debt is serviced by the General Fund. The accumulated depreciation of this asset at March 31, 2019 is \$4,156. The balance of the lease at March 31, 2019 is \$18,046.

Power Lifts and Stretchers capitalized into the governmental activities at \$120,977. The debt is serviced by the General Fund. The accumulated depreciation of this asset at March 31, 2019 is \$24,196. The balance of the lease at March 31, 2019 is \$95,578.

The security pledged for the above capital lease is the equipment financed.

The following for the above debt is a schedule of the future minimum lease payments and the present value of net minimum lease payments at March 31, 2019.

YEAR	Primary Government				Total
	Governmental				
	Activities				
	HEART MONITORS	POLICE VIDEO CAMERAS	REFURBISHED LIFEPAK	POWER LIFTS & STRETCHERS	
2020	\$2,011	\$35,356	\$4,822	\$25,061	\$67,250
2021			4,822	25,061	29,883
2022			4,822	25,061	29,883
2023			4,822	25,061	29,883
2024			1,215	6,265	7,480
TOTAL MINIMUM LEASE PAYMENTS	2,011	35,356	20,503	106,507	164,377
LESS: AMOUNT REPRESENTING INTEREST	90	848	2,457	10,929	14,324
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$1,921	\$34,508	\$18,046	\$95,578	\$150,053

Notes Payable

The government procured notes payable to the Citizens State Bank in San Antonio, Texas in the amount of \$200,000 for the construction of an EMS Building. The note is to be secured by the building. The note is to be paid in 248 monthly installments with the first nine being interest only and the next 239 in the amount of \$1,405.00 and the final payment in the amount of all principal and interest unpaid at the time. The payments begin on April 1, 2011. This note is a draw note. The total amount drawn on March 31, 2019 is \$195,000. The balance of the lease at March 31, 2019 is \$96,446.

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental activities	Prime - 1.5%	\$96,446

The payments on the draw note vary from year to year so an annual debt service requirement to maturity schedule is not included. This debt is to be serviced by the general fund.

The security pledged for the above notes is the respective land and building financed.

Revenue Bonds

The government issues revenue bonds to provide funds for the acquisition and construction of major capital facilities. Revenue bonds have been issued for business-type activities. The original amount of Revenue bonds issued in prior years was \$13,105,000.

Revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental activities	4.55	\$ 438,438
Business-type activities	2.00% to 4.00%	\$ 255,000 (refunded on August 15, 2018)
Business-type activities	2.00% to 2.375%	\$ 790,000
Business-type activities	4.55	\$ 2,385,000
Business-type activities	4.55	\$ 291,562
Business-type activities	1.74	\$ 2,580,000 (refunding bond)

The security for the above governmental bonds is ad valorem taxes of the City. The security for the above revenue bonds is both the ad valorem taxes and the net utility revenues of the City.

Annual debt service requirements to maturity for the Revenue bonds are as follows:

Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
March 31,				
2020	\$84,084	\$7,452	\$565,916	\$137,500
2021	87,087	5,843	587,913	122,321
2022	87,087	4,206	597,913	109,023
2023	90,090	2,541	604,910	95,492
2024	90,090	847	619,910	81,617
2025-2029	0	0	2,520,000	212,271
2030-2033	0	0	805,000	38,796
TOTALS	<u>\$438,438</u>	<u>\$20,889</u>	<u>\$6,301,562</u>	<u>\$797,020</u>

The debt service fund and the utility fund are used to service the bonds.

The general fund and the utility fund are used to service the compensated absences. The estimated amount due in the 2019-20 year is \$120,686.

The government-wide statement of activities includes \$825,743 as "noncurrent liabilities, due within one year".

The total interest capitalized in the 2018-2019 year was \$-0-.

V. Other information

A. 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. Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

	Year ended <u>03/31/18</u>	Year ended <u>03/31/19</u>
Unpaid claims, beginning of fiscal year	\$ -0-	\$ -0-
Incurred claims (including IBNRs)		
Claim payments	<u>-0-</u>	<u>-0-</u>
Unpaid claims, end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>

General Liability Insurance

The City is insured for general, police officers and automobile liability. Expenditures for self-insured liabilities are accounted for in the General Fund, which will pay any liabilities incurred.

The City has joined together with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 to \$1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool, Austin, Texas.

The City carries commercial fidelity bonds for elected officials and for management.

Property and Casualty Insurance

Property, casualty, mobile equipment, boiler and machinery insurance is provided by TML.

Workers' Compensation Insurance

The City insures against workers' compensation claims through TML.

Group Health and Life Insurance

The City maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

Unemployment Compensation Insurance

The City self-insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges.

B. Related party transaction

There were no related party transactions requiring disclosure.

C. Subsequent events

On May 9, 2019, the Luling City Council voted unanimously in favor of approving the first pay request from Austin Filter Systems in the amount of \$75,411.00 (Request #1) for the Zedler Mill Bank Reclamation -project.

On June 13, 2019, the Luling City Council voted unanimously in favor of approving the second pay request from Austin Filter Systems in the amount of \$312,566.10 (Request #2) for the Zedler Mill Bank Reclamation project.

On August 8, 2019, the Luling City Council voted unanimously in favor of approving the third and fourth pay request from Austin Filter Systems in the amounts of \$452,298.78 (Request #3) and \$328,506.60 (Request #4) for the Zedler Mill Bank Reclamation project. The total of the amount approved by the City Council is \$780,805.38.

On August 8, 2019, the City had been awarded \$250,000.00 for Northside Park from the St. Davis's Foundation.

On August 8, 2019, the City Council unanimously voted in favor of the GBRA work plan and budget for fiscal year ending 08-31-2020. The budget includes \$3,000.00 to clean the Flocculator Basin, \$6,000.00 to replace barbwire fencing, \$5,000.00 to replace a filter backwash vacuum pump and \$215,306.00, which represents the current year cost for the purchase and installation of an emergency generator allocated over a three-year period. The total operating expenditure budget, exclusive of debt service payments, for FY 2020 is \$1,389,810.00.

The City of Luling has been awarded two (2) new grants. One grant is for two (2) new ambulances for a total between \$400,000.00 - \$500,000.00 and one grant is from NRCS to fix the riverbank for a total of \$250,000.00. These grants have just been awarded and the City of Luling has received no funding as of the audit report date.

D. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial. The City is not a defendant in any lawsuit at March 31, 2019.

E. Prior Period Adjustments

The City has determined that certain transactions were recorded incorrectly in a prior year.

The City had a prior period adjustment where by the City included a beginning EMS receivable, thereby increasing beginning net position by \$2,751,543 in the governmental activities. The inclusion was the result of the City taking over the local EMS function.

The City also had a prior period adjustment where by the City adjusted downward the beginning notes payable for the EMS building, thereby increasing beginning net position by \$12,743 in the governmental activities. The inclusion was the result of the drop in the prime rate; the interest paid on the note is prime -1.5%.

The effect of the adjustments is shown as follows:

	Net Position, as Previously Reported	EMS RECEIVABLE RESTATEMENT	NOTES PAYABLE RESTATEMENT	Net Position As Restated
Governmental Activities:				
Net Position	\$4,658,130	\$2,751,543	\$12,743	\$7,422,416
Total Governmental Activities	\$4,658,130	\$2,751,543	\$12,743	\$7,422,416

F. Defined Benefit Pension Plans

EXECUTIVE SUMMARY

as of December 31, 2017

Actuarial Valuation and Measurement Date, December 31,	2016	2017
Membership		
Number of		
- Inactive employees or beneficiaries currently receiving benefits	36	42
- Inactive employees entitled to but not yet receiving benefits	48	57
- Active employees	77	84
- Total	<u>161</u>	<u>183</u>
Covered Payroll	\$3,020,985	\$3,024,903
Net Pension Liability		
Total Pension Liability	\$9,475,176	\$9,915,275
Plan Fiduciary Net Position	<u>7,773,201</u>	<u>8,857,725</u>
Net Pension Liability/(Asset)	\$1,701,975	\$1,057,550
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.04%	89.33%
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	56.34%	34.96%
Development of the Single Discount Rate		
Single Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return	6.75%	6.75%
Long-Term Municipal Bond Rate	3.78%	3.31%
Last year ending December 31 in the 100-year projection period for which projected benefit payments are fully funded	N/A	N/A

SCHEDULE OF PENSION EXPENSE

1. Total Service Cost	\$328,504
2. Interest on the Total Pension Liability	636,169
3. Changes in Current Period Benefits Including Substantively Automatic Status	0
4. Employee Contributions (Reduction of Expense)	(151,245)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(524,691)
6. Administrative Expense	5,583
7. Other Changes in Fiduciary Net Position	283
8. Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(23,325)
9. Recognition of Current Year Outflow (Inflow) of Resources-Assets	(110,513)
10. Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	(34,955)
11. Amortization of Prior Year Outflows (Inflows) of Resources-Assets	96,726
12. Total Pension Expense (Income)	<u>\$222,536</u>

SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE

A.	Recognition Period (or amortization year)	Total (Inflow) or Outflow of Resources	2017 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	4.0800	(\$95,165)	(\$23,325)	(\$71,840)
Change in assumptions [actuarial (gains) or losses]	4.0800	\$0	\$0	\$0
			<u>(\$23,325)</u>	<u>(\$71,840)</u>
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	(\$552,566)	(\$110,513)	(\$442,053)
			<u>(\$110,513)</u>	<u>(\$442,053)</u>
Total:				<u>(\$513,893)</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resources
2018	(\$72,292)
2019	(77,686)
2020	(149,753)
2021	(112,379)
2022	0
Thereafter	0
Total	<u>(\$412,110)</u>

Note to City:

GASB 68 requires 10 fiscal years of data to be provided in the Schedule of Contributions; the City will build this report over the next ID-year period. The data in this schedule is based on the City's fiscal year-end, not the valuation/measurement date as provided in other schedules of this report.

The Actuarially Determined Contribution (ADC) dollar amount can be calculated by multiplying the City's Full Retirement Rate (excludes portion of rate for Supplemental Death Benefits Fund) by the applicable payroll amount (for payroll, cities can use "gross earnings" as noted on line 1 of their TMRS-3 "Summary of Monthly Payroll Report"). The applicable months for the City's fiscal year are summed to determine the total ADC. Actual contribution amounts (employer-portion) remitted to TMRS will equal the "contributions in relation to ADC", with the deficiency/(excess) result then calculated. Covered payroll is the sum of the "gross earnings" for the applicable months of the TMRS-3 reports.

For additional detailed information, please reference the TMRS "GASB 68 Employer Reporting Guide."

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$201,496	\$145,058	\$97,400

SUMMARY OF ACTUARIAL ASSUMPTIONS

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The postretirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. These assumptions apply to both the Pension Trust and the Supplement Death Benefits Fund as applicable.

I. Economic Assumptions

- A. General Inflation — General Inflation is assumed to be 2.50% per year.
- B. Discount/Crediting Rates
 - 1. System-wide Investment Return Assumption: 6.75% per year, compounded annually, composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses. This is the discount rate used to value the liabilities of the individual employers.
 - 2. For the Supplemental Death Benefits Fund, the rate is 4.25% per year, compounded annually, and derived as a blend of 5.00% for the portion of the benefits financed by advance funding contributions and a short-term interest rate for the portion of the benefits financed by current contributions.
 - 3. Assumed discount/crediting rate for Supplemental Disability Benefits Fund and individual employee accounts: an annual rate of 5.00% for (1) accumulating prior service credit and updated service credit after the valuation date, (2) accumulating the employee current service balances, (3) determining the amount of the monthly benefit at future dates of retirement or disability, and (4) calculating the actuarial liability of the system-wide Supplemental Disability Benefits Fund.
- C. Overall Payroll Growth — 3.00% per year, which is used to calculate the contribution rates for the retirement plan of each participating city as a level percentage of payroll. This represents the expected increase in total payroll. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth. However, for cities with a decrease in the number of contributing members from 2005 to 2014, the payroll growth is decreased by half the annual percentage decrease in the count capped at a 1.0% decrease per year and rounded down to the nearest 0.1%.

D. Individual Salary Increases —

Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by the following graduated service-based scale.

<u>Years of Service</u>	<u>Rate (%)</u>
1	10.50%
2	7.50%
3	7.00%
4	6.50%
5	6.00%
6	5.50%
7	5.25%
8-10	4.75%
11	4.50%
12-13	4.25%
14-16	4.00%
17-24	3.75%
25+	3.50%

- E. Annuity Increase - The Consumer Price Index (CPI) is assumed to be 2.50% per year prospectively. For the City of Luling annual annuity increases of 1.86% are assumed when calculating the TPL.

II. Demographic Assumptions

A. Termination Rates

1. For the first 10 years of service, the base table rates vary by gender, entry age, and length of service. For City of Luling the base table is then multiplied by a factor of 80.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire — 63%, 2) Police - 88%, or 3) Other - 108%. A sample of the base rates follows:

Males

Age	Service									
	0	1	2	3	4	5	6	7	8	9
20	0.2920	0.2623	0.2186	0.1932	0.1850	0.1673	0.1529	0.1243	0.1022	0.0816
25	0.2653	0.2269	0.1812	0.1554	0.1429	0.1267	0.1148	0.1006	0.0926	0.0757
30	0.2451	0.2052	0.1610	0.1322	0.1079	0.0998	0.0896	0.0774	0.0744	0.0621
35	0.2505	0.2070	0.1577	0.1265	0.1050	0.0994	0.0848	0.0719	0.0621	0.0567
40	0.2467	0.2060	0.1561	0.1213	0.1046	0.0943	0.0805	0.0710	0.0601	0.0577
45	0.2268	0.1934	0.1556	0.1220	0.1053	0.0926	0.0813	0.0711	0.0605	0.0575
50	0.2078	0.1731	0.1412	0.1149	0.1016	0.0887	0.0807	0.0716	0.0604	0.0578
55	0.2003	0.1668	0.1265	0.1074	0.0861	0.0864	0.0771	0.0682	0.0609	0.0560
60	0.1999	0.1542	0.1231	0.1060	0.0790	0.0868	0.0753	0.0683	0.0571	0.0549
65	0.2000	0.1463	0.1238	0.1063	0.0803	0.0867	0.0757	0.0700	0.0547	0.0551
70	0.2000	0.1477	0.1237	0.1063	0.0802	0.0867	0.0756	0.0697	0.0551	0.0551

Females

Age	Service									
	0	1	2	3	4	5	6	7	8	9
20	0.3030	0.2790	0.2221	0.2098	0.1997	0.2021	0.1536	0.1539	0.1564	0.1574
25	0.2782	0.2409	0.2067	0.1962	0.1710	0.1663	0.1369	0.1352	0.1186	0.1125
30	0.2574	0.2188	0.1949	0.1762	0.1347	0.1348	0.1276	0.1126	0.0973	0.0804
35	0.2424	0.2118	0.1805	0.1438	0.1273	0.1238	0.1112	0.1085	0.1000	0.0769
40	0.2244	0.1993	0.1614	0.1342	0.1295	0.1097	0.1023	0.0924	0.0834	0.0733
45	0.2191	0.1853	0.1427	0.1337	0.1054	0.1017	0.0894	0.0784	0.0705	0.0725
50	0.2201	0.1793	0.1347	0.1229	0.0886	0.0881	0.0823	0.0723	0.0675	0.0617
55	0.2200	0.1738	0.1350	0.1199	0.0834	0.0806	0.0713	0.0705	0.0685	0.0551
60	0.2200	0.1523	0.1350	0.1172	0.0798	0.0843	0.0646	0.0639	0.0429	0.0379
65	0.2200	0.1431	0.1350	0.1150	0.0800	0.0857	0.0667	0.0593	0.0276	0.0280
70	0.2200	0.1447	0.1350	0.1154	0.0800	0.0854	0.0664	0.0601	0.0303	0.0298

2. After 10 years of service, base termination rates vary by gender and by the number of years remaining until first retirement eligibility. For City of Luling the base table is then multiplied by a factor of 80.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire — 52%, 2) Police — 79%, or 3) Other — 115%. A sample of the base rates follows:

Years from Retirement	Male	Female
1	1.72%	2.20%
2	2.29%	2.97%
3	2.71%	3.54%
4	3.06%	4.01%
5	3.35%	4.41%
6	3.61%	4.77%
7	3.85%	5.10%
8	4.07%	5.40%
9	4.28%	5.68%
10	4.47%	5.94%
11	4.65%	6.19%
12	4.82%	6.43%
13	4.98%	6.66%
14	5.14%	6.87%
15	5.29%	7.08%

Termination rates end at first eligibility for retirement

- B. Forfeiture Rates (Withdrawal of Member Deposits from TMRS) for vested members vary by age and employer match, and they are expressed as a percentage of the termination rates shown in (A). The withdrawal rates for cities with a 2-to-1 match are shown below. 4% is added to the rates for 1 ½-to-1 cities, and 8% is added for 1-to-1 cities.

Age	Percent of Terminating Employees Choosing to Take a Refund
25	41.2%
30	41.2%
35	41.2%
40	38.0%
45	32.6%
50	27.1%
55	21.7%

Forfeiture rates end at first eligibility for retirement.

C. Service Retirees and Beneficiary Mortality Rates

For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

D. Disabled Annuitant Mortality Rates

For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled, the rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

E. Pre-Retirement Mortality

For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 54.5% and female rates multiplied by 51.5%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

F. Annuity Purchase Rates

For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) for 2014 are based on the UP-1984 Table with an age setback of two years for retirees and an age setback of eight years for beneficiaries. Beginning in 2027 the APRs will be based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. For members, a unisex blend of 70% of the males table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries. From 2015 through 2026, the fully generational APRs will be phased into.

G. Disability Rates

Age	Males & Females
20	0.000004
25	0.000025
30	0.000099
35	0.000259
40	0.000494
45	0.000804
50	0.001188
55	0.001647
60	0.002180
65	0.002787

H. Service Retirement Rates, applied to both Active and Inactive Members

The base table rates vary by gender, entry age group, and age. For members under age 62, these base rates are then multiplied by 2 factors based on 1) employee contribution rate and employer match and 2) if the city has a recurring COLA.

Age	Males			Females		
	Entry Age Groups			Entry Age Groups		
	Ages 32 & Under	Ages 33 - 47	Ages 48 & Over	Ages 32 & Under	Ages 33 - 47	Ages 48 & Over
40-44	0.06	-	-	0.06	-	-
45-49	0.06	-	-	0.06	-	-
50-52	0.08	-	-	0.08	-	-
53	0.08	0.10	-	0.08	0.10	-
54	0.08	0.10	-	0.11	0.10	-
55-59	0.14	0.10	-	0.11	0.10	-
60	0.20	0.15	0.10	0.14	0.15	0.10
61	0.25	0.30	0.20	0.28	0.26	0.20
62	0.32	0.25	0.12	0.28	0.17	0.12
63	0.32	0.23	0.12	0.28	0.17	0.12
64	0.32	0.35	0.20	0.28	0.22	0.20
65	0.32	0.32	0.20	0.28	0.27	0.20
66-69	0.22	0.22	0.17	0.22	0.22	0.17
70-74	0.20	0.22	0.25	0.22	0.22	0.25
75 and over	1.00	1.00	1.00	1.00	1.00	1.00

Note: For cities without a 20-year/any age retirement provision, the rates for entry ages 32 and under are loaded by 20% for ages below 60.

Plan Design Factors Applied to Base Retirement Rates

Employer Match	Employee Contribution Rate		
	5%	6%	7%
1-1	0.75	0.80	0.84
1.5-1	0.81	0.86	0.92
2-1	0.86	0.93	1.00

Recurring COLA: 100%

No Recurring COLA: 90%

III. Methods and Assumptions

- A. Valuation of Assets — The actuarial value of assets is based on the market value of assets with a ten-year phase-in of actual investment return in excess of (less than) expected investment income. Offsetting unrecognized gains and losses are immediately recognized, with the shortest remaining bases recognized first and the net remaining bases continue to be recognized on their original timeframe. The actuarial value of assets is further adjusted by 33% of any difference between the initial value and a 15% corridor around the market value of assets, if necessary,
- B. Actuarial Cost Method: The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method. The Entry Age Normal Actuarial Cost Method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost 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 normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated. The unfunded actuarial accrued liability is paid off in accordance with a specified amortization procedure outlined in C below.

- C. Amortization Policy: For "underfunded" cities with twenty or more employees, the amortization as of the valuation date is a level percentage of payroll over a closed period using the process of "laddering". Bases that existed prior to this valuation continue to be amortized on their original schedule. Beginning January 1, 2016, all new experience losses are amortized over individual periods of not more than 25 years. Previously, some cities amortized their losses over a 30-year period. New gains (including lump sum contributions) are offset against and amortized over the same period as the current largest outstanding loss base for the specific City which in turn decreases contribution rate volatility.

Once a City reaches an "overfunded" status, all prior non-ad hoc bases are erased and the surplus for overfunded cities is amortized over a 25-year open period.

Ad hoc benefit enhancements are amortized over individual periods using a level dollar policy. The period will be based on the minimum of 15 years or the current life expectancy of the covered group.

For the December 31, 2013 actuarial valuation, there was a one-time change in the amortization policy for underfunded cities implemented in conjunction with the changes to the assumptions and cost method to minimize rate volatility associated with these changes. An initial ARC was developed using the methodology described above. For cities with a decrease in the rate compared to the rate calculated prior to changes, the amortization period for all non-ad hoc bases was shortened enough to keep the rates stable (if possible). Cities with an increase of more than 0.50% were allowed to extend the amortization periods for non-ad hoc bases up to 30 years to keep the full contribution rate from increasing. For cities with an increase of 0.50% or less, the amortization periods for all non-ad hoc bases could be extended to 25 years to keep the rate from increasing. The amortization period calculated in the prior steps was then rounded up to the nearest integer to calculate the final full contribution rate.

For the purpose of determining the annual required contribution associated with the Supplemental Death Trust, the amortization of the UAAL is done using a 25-year open period.

- D. Small City Methodology 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, 100% for employers with 11 to 15 members, and 115% for employers with less than 100 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%).

For underfunded plans, the maximum amortization period for amortizing gains and losses is decreased from current levels by 1 year for each active member less than the 20-member threshold. For example, an employer with 8 active members and a current maximum amortization period of 25 will use $(25 - (20 - 8)) = 13$ -year amortization period for the gain or loss in that year's valuation. Under this policy, the lowest amortization period will be $25 - (20 - 1) = 6$ years. Once the plan is overfunded, the amortization period will revert back to the standard 25 years.

- E. Supplemental Death Benefit – The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees. Due to the significant reserve in the Supplemental Death Trust, the SDB rate for retiree coverage is currently only one-third of the total term cost.

IV. Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): An exponential average of the actual salaries paid during the prior fiscal years, with 33% weight given to the most recent year and 67% weight given to the expected payroll for the previous fiscal year, moved forward with one year's payroll growth rate and adjusted for changes in population.
2. Individual salaries used to project benefits: For members with more than three years of service, actual salaries from the past three fiscal years are used to determine the USC final average salary as of the valuation date. For future salaries, this three-year average is projected forward with two years of salary scale to create the salary for the year following the valuation. This value is then projected with normal salary scales.
3. Timing of benefit payments: Benefit payments are assumed to be made in the middle of the month. Although T MRS benefits are paid at the end of the month, eligibility for that payment is determined at the beginning of the month. A middle of month payment approximates the impact of the combination of eligibility determination and actual payment timing.
4. Percent married: 100% of the employees are assumed to be married.
5. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
6. Optional Forms: Healthy members are assumed to choose a life only benefit when they retire. Disabled members are assumed to select a 50% Joint and Survivor option when they retire.
7. Percent electing annuity on death (when eligible): For vested members not eligible for retirement, 75% of the spouses of male members and 70% of the spouses of female members are assumed to commence an immediate benefit in lieu of a deferred annuity or a refund. Those not electing an immediate benefit are assumed to take a refund. All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity that commences immediately.
8. Partial Lump Sum Utilization: It is assumed that each member at retirement will withdraw 40% of their eligible account balance.

9. Inactive Population: All non-vested members of a city are assumed to take an immediate refund if they are not contributing members in another city. Vested members not contributing in another city are assumed to take a deferred retirement benefit, except for those who have terminated in the past 12 months for whom one year of forfeiture probability is assumed. The forfeiture rates for inactive members of a city who are contributing members in another city are equal to the probability of termination multiplied by the forfeiture rates shown in II(A) and "(B) respectively. These rates are applied each year until retirement eligibility. Once a member is retirement eligible, they are assumed to commence benefits based on the service retirement rates shown in II(H).
10. There will be no recoveries once disabled.
11. No surviving spouse will remarry and there will be no children's benefit.
12. Decrement timing: Decrements of all types are assumed to occur mid-year.
13. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
14. Decrement relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
15. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
16. Benefit Service: All members are assumed to accrue 1 year of eligibility service each year.
17. The decrement rates for service-related decrements are based on total TMRS eligibility service.

V. Participant Data

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birthdate, gender, service with the current city and total vesting service, salary, employee contribution account balances, as well as the data used in the next calculation of the Updated Service Credit (USC). For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, form of payment code, and aggregate increase in the CPI that will be used in the next calculation of the cost of living adjustment.

To the extent possible we have made use of all available data fields in the calculation of the liabilities stated in this report. Actual CPI is used to model the wear-away effect or "catch-up" when a city changes its COLA provisions. Adjustments are made for members who have service both in a city with "20 and out" retirement eligibility and one that hasn't adopted it to calculate the earliest possible retirement date,

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Amortization Schedule

Deferred (Inflows)/Outflows of Resources

	Remaining Recognition period (or amortization years)	Total Remaining (Inflow) or Outflow of Resources	Measurement Year							
			2017	2018	2019	2020	2021	2022	Thereafter	
Due to Liabilities:										
difference in experiences (inflows)/outflows										
	2017	4.0800	(\$95,165)	(\$23,325)	(\$23,325)	(\$23,325)	(\$23,325)	(\$1,865)	\$0	\$0
	2016	3.3900	(137,553)	(40,576)	(40,576)	(40,576)	(15,825)	0	0	0
	2015	1.9600	(20,545)	(10,483)	(10,062)	0	0	0	0	0
		Total		(\$74,384)	(\$73,963)	(\$63,901)	(\$39,150)	(\$1,865)	\$0	\$0

change in assumptions (inflows)/outflows

	2015	1.9600	\$31,562	\$16,104	\$15,458	\$0	\$0	\$0	\$0	\$0
		Total		\$16,104	\$15,458	\$0	\$0	\$0	\$0	\$0

Due to Assets:

excess investment returns (inflows)/outflows

	2017	5.0000	(\$552,566)	(\$110,513)	(\$110,513)	(\$110,513)	(\$110,513)	(\$110,514)	\$0	\$0
	2016	4.0000	(366)	(92)	(92)	(92)	(90)	0	0	0
	2015	3.0000	290,456	96,818	96,818	96,820	0	0	0	0
		Total		(\$13,787)	(\$13,787)	(\$13,785)	(\$110,603)	(\$110,514)	\$0	\$0

REQUIRED SUPPLEMENTARY INFORMATION

A. Total pension liability

	2016	2015	2014
1. Service Cost	\$328,504	\$329,287	\$297,602
2. Interest (on the Total Pension Liability)	636,169	608,242	586,902
3. Changes of benefit terms			0
4. Difference between expected and actual experience	(95,165)	(178,129)	(41,511)
5. Changes of assumptions	0	0	63,770
6. Benefit payments, including refunds of employee contributions	(429,409)	(261,132)	(330,741)
7. Net change in total pension liability	440,099	498,268	576,022
8. Total pension liability -- beginning	9,475,176	8,976,908	8,400,886
9. Total pension liability - ending	9,915,275	9,475,176	8,976,908

B. Plan fiduciary net position

1. Contributions - employer	291,296	257,085	261,262
2. Contributions - employee	151,245	151,049	150,152
3. Net investment income	1,077,257	483,011	10,243
4. Benefit payments, including refunds of employee contributions	(429,409)	(261,132)	(330,741)
5. Administrative Expense	(5,583)	(5,456)	(6,349)
6. Other	(282)	(294)	(132)
7. Net change in plan fiduciary net position	1,084,524	624,263	84,435
8. Plan fiduciary net position - beginning	7,773,201	7,148,938	7,064,503
9. Plan fiduciary net position - ending*	8,857,725	7,773,201	7,148,938

C. Net pension liability (A.9 - B.9)

\$1,057,550	\$1,701,975	\$1,827,970
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D. Plan fiduciary net position as a percentage
of the total pension liability (B.9 / A.9)

89.33%	82.04%	79.64%
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E. Covered-employee payroll (B.9 / A.9)

\$3,024,903	\$3,020,985	\$3,003,048
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F. Net pension liability as a percentage
of covered employee payroll (C/E)

34.96%	56.34%	60.87%
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SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years (will ultimately be displayed)

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Contributions in relation to the actuarially determined contribution	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Contribution deficiency (excess)	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Covered payroll	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx	\$ xxx,xxx
Contributions as a percentage of covered payroll	xx.xx%	xx.xx%	xx.xx%	xx.xx%

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	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
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 generated basis with scale BB

Other Information:

Notes

There were no benefit changes during the year.

AGENCY FUNDS

CITY OF LULING, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 MARCH 31, 2019

	<u>Agency Funds</u>		
	Trust and Agency Fund	Ainsworth Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$63,945	\$109,076	\$173,021
Receivables (net of allowance for uncollectibles)	235	0	235
Total Assets	<u>64,180</u>	<u>109,076</u>	<u>173,256</u>
LIABILITIES:			
Accounts Payable	\$0	\$407	\$407
Due to Others	64,180	108,669	172,849
Total Liabilities	<u>64,180</u>	<u>109,076</u>	<u>173,256</u>

The accompanying notes are an integral part of this statement.

CITY OF LULING, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED MARCH 31, 2019

<u>TRUST AND AGENCY FUND</u>	BALANCE 4/1/2018	ADDITIONS	DEDUCTIONS	BALANCE 3/31/2019
ASSETS				
Cash and Cash Equivalents	\$66,899	\$1,146	\$4,100	\$63,945
Receivables (net of allowance for uncollectibles)	140	235	140	235
Total Assets	<u>\$67,039</u>	<u>\$1,381</u>	<u>\$4,240</u>	<u>\$64,180</u>
LIABILITIES:				
Accounts Payable				0
Due to Others	67,039	1,381	4,240	64,180
Total Liabilities	<u>\$67,039</u>	<u>\$1,381</u>	<u>\$4,240</u>	<u>\$64,180</u>

<u>AINSWORTH TRUST FUND</u>	BALANCE 4/1/2018	ADDITIONS	DEDUCTIONS	BALANCE 3/31/2019
ASSETS				
Cash and Cash Equivalents	\$99,818	\$41,014	\$31,756	\$109,076
Receivables (net of allowance for uncollectibles)				0
Total Assets	<u>\$99,818</u>	<u>\$41,014</u>	<u>\$31,756</u>	<u>\$109,076</u>
LIABILITIES:				
Accounts Payable	\$0	\$407		407
Due to Others	99,818	40,607	31,756	108,669
Total Liabilities	<u>\$99,818</u>	<u>\$41,014</u>	<u>\$31,756</u>	<u>\$109,076</u>

<u>TOTAL</u>	BALANCE 4/1/2018	ADDITIONS	DEDUCTIONS	BALANCE 3/31/2019
ASSETS				
Cash and Cash Equivalents	\$166,717	\$42,160	\$35,856	\$173,021
Receivables (net of allowance for uncollectibles)	140	235	140	235
Total Assets	<u>\$166,857</u>	<u>\$42,395</u>	<u>\$35,996</u>	<u>\$173,256</u>
LIABILITIES:				
Accounts Payable	0	407	0	407
Due to Others	166,857	41,988	35,996	172,849
Total Liabilities	<u>\$166,857</u>	<u>\$42,395</u>	<u>\$35,996</u>	<u>\$173,256</u>

The accompanying notes are an integral part of this statement.