

CITY OF SOMERVILLE, TEXAS

Financial Statements

with

Report of Independent Auditor

For the Year Ended September 30, 2017

CITY OF SOMERVILLE, TEXAS  
Financial Statements  
For the Year Ended September 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Somerville, Texas, (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

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financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Somerville, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the Texas Municipal Retirement System ("TMRS") schedule of changes in net pension liability (asset) and related ratios on page 40, and the TMRS schedule of contributions on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Somerville, Texas' basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 7, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Somerville, Texas' internal control over financial reporting and compliance.

Brenham, Texas  
May 7, 2018

*Seidel Schneider*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Somerville, we offer readers of the City of Somerville's financial statements this narrative overview and analysis of the financial activities of the City of Somerville for the fiscal year ended September 30, 2017. Please read it in conjunction with the independent auditors' report and the City's basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Somerville exceeded its liabilities at the close the most recent fiscal year by \$5,331,805 (*net position*). Of this amount, \$466,625 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$460,821.
- The City's governmental funds reported ending fund balances of \$894,137, which was an increase of \$201,059 from the prior year.
- The City's proprietary funds reported combined net position of \$4,991,488, which was an increase of \$94,727 from the prior year.
- The City's long-term liabilities at year-end totaled \$1,002,030, of which \$129,769 represents debt due and payable in the next year.

### USING THIS ANNUAL REPORT

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

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

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

### Reporting the City as a Whole

#### *The Statement of Net Position and the Statement of Activities*

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

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

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

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

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

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

## **Reporting the City's Most Significant Funds**

### *Fund Financial Statements*

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

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



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As seen in Table 1, net position of the City's governmental activities increased by \$366,094 from (\$25,777) in 2016 to \$340,317 in 2017. The increase in the governmental activities net position was primarily due to higher revenues from grants, property taxes, permit fees, and debt reduction, and lower than budgeted expenditures for general operations. The net position of the business-type activities increased by \$94,727 from \$4,896,761 in 2016 to \$4,991,488 in 2017. The increase in business-type net position was primarily due to an increase of capital assets funded by grant proceeds for water line extensions.

**Table 1**

City of Somerville, Texas  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,146,959	\$ 877,848	\$ 615,034	\$ 748,843	\$ 1,761,993	\$ 1,626,691
Capital assets	283,991	232,766	4,459,995	4,273,291	4,743,986	4,506,057
Total Assets	<u>1,430,950</u>	<u>1,110,614</u>	<u>5,075,029</u>	<u>5,022,134</u>	<u>6,505,979</u>	<u>6,132,748</u>
Deferred outflows of resources	51,174	56,911	32,594	36,382	83,768	93,293
Current liabilities	254,526	186,676	93,437	138,728	347,963	325,404
Non-current liabilities	882,947	998,438	19,894	17,675	902,841	1,016,113
Total Liabilities	<u>1,137,473</u>	<u>1,185,114</u>	<u>113,331</u>	<u>156,403</u>	<u>1,250,804</u>	<u>1,341,517</u>
Deferred infows of resources	4,334	8,189	2,804	5,352	7,138	13,541
Net Position:						
Net investment in						
capital assets	283,991	232,766	4,459,995	4,273,291	4,743,986	4,506,057
Restricted	121,194	99,026	-	-	121,194	99,026
Unrestricted	<u>(64,868)</u>	<u>(357,569)</u>	<u>531,493</u>	<u>623,470</u>	<u>466,625</u>	<u>265,901</u>
Total Net Position	<u>\$ 340,317</u>	<u>\$ (25,777)</u>	<u>\$ 4,991,488</u>	<u>\$ 4,896,761</u>	<u>\$ 5,331,805</u>	<u>\$ 4,870,984</u>

As can be seen in Table 2 on the next page, total revenues (excluding transfers) from governmental activities increased by \$363,095 from \$1,235,288 in 2016 to \$1,598,383 in 2017 primarily due to an increase in ad valorem and sales taxes, permit fees, traffic fines and court fees, and grant revenues compared to 2016. Total expenses from governmental activities increased by \$349,232, primarily due to Code Department cost for removal of dilapidated houses fully funded by grants and for higher administrative and public safety costs related to the flood damage of city-owned buildings.

Total revenues (excluding transfers) from business-type activities decreased by \$63,127 from \$1,159,891 in 2016 to \$1,096,764 in 2017. Total expenses decreased by \$16,283 from \$963,500 in 2016 to \$947,307 in 2017. The decrease in revenue was primarily due to a decrease in capital grants as compared to 2016. The decrease in expenditures was mainly due to a reduction in water well repairs in 2016 that were not incurred in 2017.

**Table 2**

City of Somerville, Texas  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for services	\$ 217,744	\$ 194,925	\$ 893,226	\$ 880,068	\$ 1,110,970	\$ 1,074,993
Operating grants and contributions	390,013	80,285	-	-	390,013	80,285
Capital grants and contributions	-	45,905	201,822	249,575	201,822	295,480
General Revenues						
Property taxes	612,164	545,716	-	-	612,164	545,716
Sales taxes	255,949	246,562	-	-	255,949	246,562
Gross receipts	49,677	50,748	-	-	49,677	50,748
Hotel occupancy	21,994	19,064	-	-	21,994	19,064
Other	2,921	3,132	-	-	2,921	3,132
Transfers in (out)	54,730	41,569	(54,730)	(41,569)	-	-
Miscellaneous revenues	45,928	48,068	488	29,657	46,416	77,725
Investment earnings	1,993	883	1,228	591	3,221	1,474
Total Revenues	<u>1,653,113</u>	<u>1,276,857</u>	<u>1,042,034</u>	<u>1,118,322</u>	<u>2,695,147</u>	<u>2,395,179</u>
Expenses						
General government	723,186	425,660	-	-	723,186	425,660
Public safety	438,490	407,908	-	-	438,490	407,908
Highways and streets	13,827	33,800	-	-	13,827	33,800
Culture and recreation	82,715	39,034	-	-	82,715	39,034
Interest/cost on long-term debt	28,801	31,385	-	-	28,801	31,385
Water, sewer and sanitation	-	-	947,307	963,590	947,307	963,590
Total Expenses	<u>1,287,019</u>	<u>937,787</u>	<u>947,307</u>	<u>963,590</u>	<u>2,234,326</u>	<u>1,901,377</u>
Change in Net Position	366,094	339,070	94,727	154,732	460,821	493,802
Net Position, Beginning of Year	(25,777)	(364,847)	4,896,761	4,742,029	4,870,984	4,377,182
Net Position, End of Year	<u>\$ 340,317</u>	<u>\$ (25,777)</u>	<u>\$ 4,991,488</u>	<u>\$ 4,896,761</u>	<u>\$ 5,331,805</u>	<u>\$ 4,870,984</u>

## THE CITY'S FUNDS

As of September 30, 2017, the governmental funds reported a fund balance of \$894,137. This is an increase of \$201,059 from \$693,078 on September 30, 2016.

### General Fund Budgetary Highlights

The City's Council annually adopts an operating budget. Total actual revenues were \$200,195 more than budgeted, primarily due to grants, permit fees, and property tax and sales tax revenues exceeding the budget. Actual expenditures were under budget by \$95,020, primarily due to the personnel costs, street repairs, and repairs for flood damage that were less than budgeted amounts, offset by the cost for removal of dilapidated houses that was not budgeted. In total, the actual net increase in fund balance was \$191,392 compared to a budgeted deficit of (\$94,892) for 2017.

### Capital Assets

As of September 30, 2017, the City had \$4,743,986 invested in capital assets.

**Table 3**  
City of Somerville, Texas  
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 34,613	\$ 26,261	\$ -	\$ -	\$ 34,613	\$ 26,261
Buildings and improvements	221,239	147,008	17,298	17,298	238,537	164,306
Machinery and equipment	881,733	829,989	687,074	687,074	1,568,807	1,517,063
Software	17,554	17,554	-	-	17,554	17,554
Utility Plants	-	-	7,470,414	6,889,821	7,470,414	6,889,821
Construction in Progress	-	49,015	24,300	214,809	24,300	263,824
	1,155,139	1,069,827	8,199,086	7,809,002	9,354,225	8,878,829
Accumulated Depreciation	(871,148)	(837,061)	(3,739,091)	(3,535,711)	(4,610,239)	(4,372,772)
Net Capital Assets	<u>\$ 283,991</u>	<u>\$ 232,766</u>	<u>\$ 4,459,995</u>	<u>\$ 4,273,291</u>	<u>\$ 4,743,986</u>	<u>\$ 4,506,057</u>

### Debt

At year-end, the City had \$985,895 in notes and general obligation bonds payable with \$129,769 of long-term debt due within one year. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Notes payable	\$ 16,895	\$ 32,658	\$ -	\$ -	\$ 16,895	\$ 32,658
Bonds payable	969,000	1,082,000	-	-	969,000	1,082,000
Total	<u>\$ 985,895</u>	<u>\$ 1,114,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 985,895</u>	<u>\$ 1,114,658</u>

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

**City of Somerville, Texas**  
**Statement of Net Position**  
**September 30, 2017**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 770,151	\$ 456,500	\$ 1,226,651
Receivables (net)	178,302	117,032	295,334
Other assets	5,579	-	5,579
Restricted assets:			
Cash and cash equivalents	190,806	41,502	232,308
Due from other governments	2,121	-	2,121
Capital assets			
Non-depreciable	34,613	24,300	58,913
Depreciable, net	249,378	4,435,695	4,685,073
Total assets	<u>1,430,950</u>	<u>5,075,029</u>	<u>6,505,979</u>
<b>Deferred Outflows of Resources</b>			
Deferred amounts related to pensions	51,174	32,594	83,768
<b>Liabilities</b>			
Accounts payable	41,450	29,043	70,493
Accrued liabilities	3,823	8,800	12,623
Customer deposits	-	55,594	55,594
Unearned revenue	72,390	-	72,390
Bonds and note payable, due within one year	131,883	-	131,883
Bonds and note payable, long-term	854,000	-	854,000
Net pension liability	24,240	13,434	37,674
Compensated absences, due within one year	4,980	-	4,980
Compensated absences, long-term	4,707	6,460	11,167
Total liabilities	<u>1,137,473</u>	<u>113,331</u>	<u>1,250,804</u>
<b>Deferred inflows of resources</b>			
Deferred amounts related to pensions	4,334	2,804	7,138
<b>Net Position</b>			
Net investment in capital assets	283,991	4,459,995	4,743,986
Restricted for:			
Debt service	64,614	-	64,614
Municipal court	56,580	-	56,580
Unrestricted (deficit)	(64,868)	531,493	466,625
Total net position	<u>\$ 340,317</u>	<u>\$ 4,991,488</u>	<u>\$ 5,331,805</u>

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

**City of Somerville, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government		
			Grants and Contributions			Governmental Activities	Business-type Activities	Total
<b>Primary government</b>								
Governmental activities								
General government	\$ 723,186	\$ 36,917	\$ 366,752	\$ -	\$ -	\$ (319,517)	\$ -	\$ (319,517)
Public safety	438,490	180,827	5,090	-	-	(252,573)	-	(252,573)
Highways and streets	13,827	-	-	-	-	(13,827)	-	(13,827)
Culture and recreation	82,715	-	18,171	-	-	(64,544)	-	(64,544)
Interest and costs on long-term debt	28,801	-	-	-	-	(28,801)	-	(28,801)
Total governmental activities	1,287,019	217,744	390,013	-	-	(679,262)	-	(679,262)
<b>Business-type activities</b>								
Proprietary fund	947,307	893,226	-	201,822	-	-	147,741	147,741
Total business-type activities	947,307	893,226	-	201,822	-	-	147,741	147,741
Total primary government	2,234,326	1,110,970	390,013	201,822	201,822	(679,262)	147,741	(531,521)
<b>General revenues</b>								
Taxes								
Property						612,164	-	612,164
Sales						255,949	-	255,949
Gross receipts						49,677	-	49,677
Hotel occupancy						21,994	-	21,994
Other						2,921	-	2,921
Investment income						1,993	1,228	3,221
Other						45,928	488	46,416
Transfers						54,730	(54,730)	-
Total general revenues and transfers						1,045,356	(53,014)	992,342
Change in net position						366,094	94,727	460,821
Net position, beginning						(25,777)	4,896,761	4,870,984
Net position, ending						\$ 340,317	\$ 4,991,488	\$ 5,331,805

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

City of Somerville, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 770,151	\$ -	\$ -	\$ 770,151
Receivables (net of allowances for uncollectibles)				
Property tax	55,325	23,992	-	79,317
Sales tax	43,144	-	-	43,144
Municipal court	55,842	-	-	55,842
Due from other governments	1,556	565	-	2,121
Due from other funds	-	-	2,646	2,646
Other assets	-	-	5,579	5,579
Cash, restricted	-	64,049	126,757	190,806
<b>Total assets</b>	<b>\$ 926,018</b>	<b>\$ 88,606</b>	<b>\$ 134,982</b>	<b>\$ 1,149,606</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 38,841	-	\$ 2,610	\$ 41,451
Accrued liabilities	3,823	-	-	3,823
Unearned revenue	72,390	-	-	72,390
Due to other funds	2,646	-	-	2,646
<b>Total liabilities</b>	<b>117,700</b>	<b>-</b>	<b>2,610</b>	<b>120,310</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	111,167	23,992	-	135,159
<b>Total deferred inflows of resources</b>	<b>111,167</b>	<b>23,992</b>	<b>-</b>	<b>135,159</b>
<b>Fund balances:</b>				
Restricted for:				
Debt service	-	64,614	-	64,614
Hotel/Motel occupancy tax	-	-	74,108	74,108
Municipal court	-	-	56,580	56,580
Somerville Parks Association	-	-	146	146
Unassigned (deficit)	697,151	-	1,538	698,689
<b>Total fund balances</b>	<b>697,151</b>	<b>64,614</b>	<b>132,372</b>	<b>894,137</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 926,018</b>	<b>\$ 88,606</b>	<b>\$ 134,982</b>	<b>\$ 1,149,606</b>

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

Fund balances of governmental funds \$ 894,137  
Amounts reported for governmental activities in the statements of net position are different because:

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

Governmental capital assets	\$ 1,155,139	
Less accumulated depreciation	(871,148)	283,991

Unavailable revenues reported in the governmental funds are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	135,159
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Deferred outflows are not receivable and deferred inflows and net pension liability are not payable in the current period and, therefore, are not reported in the governmental funds.	22,600
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Notes and bonds payable	\$ (985,883)	
Compensated absences	(9,687)	(995,570)

Net position, governmental activities	<u>\$ 340,317</u>
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The notes to the financial statements are an integral part of this statement.

City of Somerville, Texas  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes				
Property	\$ 451,497	\$ 161,564	\$ -	\$ 613,061
Sales	255,949	-	-	255,949
Gross receipts	49,677	-	-	49,677
Hotel/motel occupancy	-	-	21,994	21,994
Other	2,921	-	-	2,921
Licenses and permits	36,917	-	-	36,917
Fines and court costs	179,182	-	9,341	188,523
Investment income	1,529	153	311	1,993
Grant revenue	337,386	-	7,000	344,386
Donations	19,104	-	18,171	37,275
Miscellaneous	-	-	1,196	1,196
Other	44,733	-	-	44,733
Total revenues	<u>1,378,895</u>	<u>161,717</u>	<u>58,013</u>	<u>1,598,625</u>
Expenditures:				
Current:				
General government	715,679	-	2,403	718,082
Public safety	412,184	-	-	412,184
Highways and streets	6,100	-	-	6,100
Culture and recreation	-	-	81,394	81,394
Debt service:				
Principal	15,775	113,000	-	128,775
Interest	569	28,232	-	28,801
Capital outlay:				
General government	-	-	5,395	5,395
Highways and streets	32,621	-	-	32,621
Police department	38,944	-	-	38,944
Total expenditures	<u>1,221,872</u>	<u>141,232</u>	<u>89,192</u>	<u>1,452,296</u>
Excess (deficiency) of revenues over (under)	157,023	20,485	(31,179)	146,329
Other financing sources:				
Transfers in	58,930	-	24,561	83,491
Transfers out	(24,561)	-	(4,200)	(28,761)
Total other financing sources	<u>34,369</u>	<u>-</u>	<u>20,361</u>	<u>54,730</u>
Net change in fund balance	191,392	20,485	(10,818)	201,059
Fund balance, beginning	505,759	44,129	143,190	693,078
Fund balance, ending	<u>\$ 697,151</u>	<u>\$ 64,614</u>	<u>\$ 132,372</u>	<u>\$ 894,137</u>

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

Net change in fund balances - total governmental funds	\$ 201,059
Amounts reported for the governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(34,087)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of these assets are depreciated over their estimated useful lives.	76,960
The repayment of the principal of long-term debt consumes current financial resources of governmental funds, yet has no effect on net position.	128,775
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(6,371)
Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the fund statements.	(242)
Change in net position, governmental activities	<u>\$ 366,094</u>

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



**City of Somerville, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes				
Property	\$ 424,400	\$ 424,400	\$ 451,497	\$ 27,097
Sales	233,000	233,000	255,949	22,949
Gross receipts	68,100	68,100	49,677	(18,423)
Other	3,100	3,100	2,921	(179)
Licenses and permits	26,500	26,500	36,917	10,417
Fines and court costs	168,600	168,600	179,182	10,582
Investment income	100	100	1,529	1,429
Grant revenue	200,000	200,000	337,386	137,386
Donations	18,000	18,000	19,104	1,104
Other	36,900	36,900	44,733	7,833
Total revenues	<u>1,178,700</u>	<u>1,178,700</u>	<u>1,378,895</u>	<u>200,195</u>
Expenditures:				
Current:				
General government	756,880	756,880	715,679	41,201
Public safety	432,012	432,012	412,184	19,828
Highways and streets	80,600	80,600	6,100	74,500
Debt service:				
Principal	17,400	17,400	15,775	1,625
Interest	-	-	569	(569)
Capital outlay				
General government	30,000	30,000	-	30,000
Highways and streets	-	-	32,621	(32,621)
Police department	-	-	38,944	(38,944)
Total expenditures	<u>1,316,892</u>	<u>1,316,892</u>	<u>1,221,872</u>	<u>95,020</u>
Excess (deficiency) of revenues over (under) expenditures	(138,192)	(138,192)	157,023	295,215
Other financing sources (uses):				
Transfers in	32,800	32,800	58,930	26,130
Transfers out	-	-	(24,561)	(24,561)
Proceeds from sale of capital assets	10,500	10,500	-	(10,500)
Total other financing sources and uses	<u>43,300</u>	<u>43,300</u>	<u>34,369</u>	<u>(8,931)</u>
Net change in fund balance	(94,892)	(94,892)	191,392	286,284
Fund balance, beginning	505,759	505,759	505,759	-
Fund balance, ending	<u>\$ 410,867</u>	<u>\$ 410,867</u>	<u>\$ 697,151</u>	<u>\$ 286,284</u>

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

**City of Somerville, Texas**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2017**

	<u>Business Type Activities</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 456,500
Receivables, net of allowance for uncollectibles	117,032
Total current assets	<u>573,532</u>
Restricted assets:	
Cash and cash equivalents	41,502
Total restricted assets	<u>41,502</u>
Noncurrent assets:	
Equipment and furniture	687,074
Water and wastewater distribution	7,470,414
Buildings and improvements	17,298
Construction in progress	24,300
Accumulated depreciation	(3,739,091)
Capital assets (net of accumulated depreciation)	<u>4,459,995</u>
Total noncurrent assets	<u>4,459,995</u>
Total assets	<u>\$ 5,075,029</u>
<b>Deferred Outflows of Resources</b>	
Deferred amounts related to pensions	32,594
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 29,043
Accrued liabilities	8,800
Customer deposits	55,594
Total current liabilities	<u>93,437</u>
Noncurrent liabilities:	
Net pension liability	13,434
Compensated absences, long-term	6,460
Total noncurrent liabilities	<u>19,894</u>
Total liabilities	<u>113,331</u>
<b>Deferred Inflows of Resources</b>	
Deferred amounts related to pensions	2,804
<b>Net position</b>	
Net investment in capital assets	4,459,995
Unassigned	531,493
Total net position	<u>\$ 4,991,488</u>

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

**City of Somerville, Texas**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**September 30, 2017**

	Business Type Activities
Operating revenues:	
Charges for water services	\$ 366,300
Charges for sewer services	267,450
Charges for solid waste services	259,476
Other revenue	488
Total operating revenue	<u>893,714</u>
Operating expenses:	
Salaries and wages	348,288
Purchased professional and technical services	223,872
Purchased property services	28,522
Other operating expenses	50,228
Supplies	93,017
Depreciation	203,380
Total operating expenses	<u>947,307</u>
Operating income (loss)	(53,593)
Nonoperating revenues (expenses)	
Grant proceeds	201,822
Interest income	1,228
Total nonoperating revenue	<u>203,050</u>
Change in net position before transfers	149,457
Transfers out	<u>(54,730)</u>
Change in net position	94,727
Net position, beginning	<u>4,896,761</u>
Net position, ending	<u><u>\$ 4,991,488</u></u>

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

**City of Somerville, Texas**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2017**

	<u>Business Type Activities</u>
Cash flows from operating activities:	
Cash received from customers	\$ 888,164
Cash payments to suppliers for goods and services	(440,162)
Cash payments to employees for services	(345,834)
Net cash provided by (used in) operating activities	<u>102,168</u>
Cash flows from non-capital financing activities:	
Transfers out	(54,730)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(390,084)
Grant proceeds	201,822
Net cash provided (used) by capital and related financing activities	<u>(188,262)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>1,228</u>
Net increase (decrease) in cash and equivalents	(139,596)
Cash and equivalents, beginning of year	<u>637,598</u>
Cash and equivalents, end of year	<u><u>\$ 498,002</u></u>
Unrestricted cash	\$ 456,500
Restricted cash	41,502
	<u><u>\$ 498,002</u></u>

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

City of Somerville, Texas  
Statement of Cash Flows  
Proprietary Fund  
September 30, 2017

	Business Type Activities
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (53,593)
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation	203,380
Bad debt expense	(379)
Increase (decrease) in cash resulting from changes in assets and liabilities:	
Accounts receivable	6,068
Deferred outflows related to pensions	3,788
Accounts payable	(44,523)
Compensated absences	(2,724)
Accrued liabilities	(1,004)
Deferred inflows related to pensions	(2,548)
Net pension liability	4,943
Customer deposits	236
Due to other funds	(11,476)
Net cash provided by (used in) operating activities	<u>\$ 102,168</u>

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 1. Summary of Significant Accounting Policies**

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

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

**A. Financial Reporting Entity**

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

In 2016, Somerville Parks Association, a non-profit organization was formed as a 501(c)(3) organization to support the City of Somerville in implementing and conducting its charitable and educational projects to raise funds for community projects. For financial reporting purposes, Somerville Parks Association is reported as a blended component unit and non-major special revenue fund in the governmental funds.

**B. Basis of Presentation**

*Government-wide financial statements*

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund financial statements*

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

**Debt Service Fund**

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

**Proprietary Fund**

*Water, Sewer and Sanitation Fund*

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Special Revenue Funds**

The Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specific purposes. The City's non-major special revenue funds include Senior Citizens Center, Hotel/Motel, Court Technology, Court Security, and Senior Citizens Activity.

**C. Measurement Focus and Basis of Accounting**

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

**Measurement Focus**

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

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

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



**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Basis of Accounting**

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

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

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

**D. Budgets**

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

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

**E. Cash and Investments**

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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

**F. Short-Term Interfund Receivables/Payables**

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

**G. Restricted Assets**

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

**H. Capital Assets**

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

*Government-wide statements*

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Interest incurred during construction is not capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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

*Fund financial statements*

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

**I. Compensated Absences**

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

**J. Long-term Obligations**

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

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

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

**K. Fund Equity**

*Government-wide statements*

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

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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

*Classification of fund balances*

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include supplies inventories and prepaid items, long-term advances to other funds net of deferred interest revenue, long-term receivable net of deferred interest revenue, nonfinancial assets held for resale, and unrealized change in the fair value of investments.

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

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation. The City’s revenue generated through enabling legislation includes certain municipal court fees.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Council actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the City Council or its designated officials to assign amounts to be used for specific purposes, but are neither restricted nor committed. Constraints imposed on the use of assigned amounts can be removed with no formal Council actions. The assigned fund balance is only reported in the General Fund.

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

*Spending Prioritization in Using Available Resources*

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

**L. Interfund Transfers**

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

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

**M. Pensions**

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

**Note 2. Legal Compliance – Budgets**

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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

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

**Note 3. Deposits and Investments**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Deposits of the City are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust. Deposits were adequately covered at September 30, 2017.

**Note 4. Restricted Assets**

At September 30, 2017, restrictions on cash and investments were as follows:

	Governmental Fund	Proprietary Fund
<u>Cash and Investments</u>		
Restricted for:		
Senior citizens center	\$ 987	\$ -
Senior citizens activity	661	-
Hotel/ Motel occupancy tax	68,529	-
Municipal court	56,580	-
Debt service	64,049	-
Equipment and improvements	-	41,502
	<u>\$ 190,806</u>	<u>\$ 41,502</u>

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 5. Receivables**

Receivables at September 30, 2017, consist of the following:

	Governmental Funds	Proprietary Funds	Total
Receivables:			
Taxes:			
Property	\$ 79,317	\$ -	\$ 79,317
Sales	43,144	-	43,144
Municipal court	55,842	-	55,842
Utility revenue	-	118,005	118,005
Less:			
allowance for uncollectibles	-	(973)	(973)
Net total receivables	<u>\$ 178,303</u>	<u>\$ 117,032</u>	<u>\$ 295,335</u>

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 6. Capital Assets**

Capital asset activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 26,261	\$ 8,352	\$ -	\$ 34,613
Construction in progress	49,015	-	49,015	-
Total capital assets not being depreciated	75,276	8,352	49,015	34,613
Capital assets being depreciated				
Buildings and improvements	147,008	74,231	-	221,239
Software	17,554	-	-	17,554
Machinery and equipment	829,989	51,744	-	881,733
Total at historical cost	994,551	125,975	-	1,120,526
Less: accumulated depreciation for:				
Buildings and improvements	46,396	7,938	-	54,334
Software	8,338	1,756	-	10,094
Machinery and equipment	782,327	24,393	-	806,720
Total accumulated depreciation	837,061	34,087	-	871,148
Total capital assets being depreciated, net	157,490	91,888	-	249,378
Governmental activities capital assets, net	\$ 232,766	\$ 100,240	\$ 49,015	\$ 283,991
<u>Business-type activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 214,809	\$ 24,300	\$ 214,809	\$ 24,300
Total capital assets not being depreciated	214,809	24,300	214,809	24,300
Capital assets being depreciated				
Buildings and improvements	17,298	-	-	17,298
Machinery and equipment	687,074	-	-	687,074
Water and wastewater distribution	6,889,821	580,593	-	7,470,414
Total at historical cost	7,594,193	580,593	-	8,174,786
Less: accumulated depreciation for:				
Buildings and improvements	18,133	-	-	18,133
Machinery and equipment	300,479	29,903	-	330,382
Water and wastewater distribution	3,217,099	173,477	-	3,390,576
Total accumulated depreciation	3,535,711	203,380	-	3,739,091
Total capital assets being depreciated, net	4,058,482	377,213	-	4,435,695
Business-type activities capital assets, net	\$ 4,273,291	\$ 401,513	\$ 214,809	\$ 4,459,995



**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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

General government	\$ 4,563
Public safety	23,235
Culture and recreation	806
Public works	4,117
Highway and streets	1,366
	<u>\$ 34,087</u>

**Note 7. Risk Management**

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

**Note 8. Long-term Liabilities**

Long-term liabilities outstanding at September 30, 2017 are comprised of the following:

	Governmental activities	Business-type activities
\$947,000, 2014 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$52,000 to \$78,000 through February 15, 2029; interest rates 0.80% to 3.50%	\$ 783,000	\$ -
\$346,000, 2014 General Obligation Refunding Bonds due in annual installments of \$10,000 to \$60,000 through February 15, 2021; interest rate 2.85%	186,000	-
\$197,202 note payable dated December 16, 2003 due on demand, payable in monthly payments of \$1,362, maturing December 15, 2018; interest rate 3.00%, secured by fire truck	16,895	-
Compensated absences for accrued vacation	9,687	6,460
	<u>\$ 995,582</u>	<u>\$ 6,460</u>

Annual debt service requirements to maturity for the outstanding debt, including interest of \$162,591 are as follows:

Fiscal Year Ending September 30	Principal	Interest
2018	\$ 115,000	\$ 25,773
2019	118,000	23,081
2020	119,000	20,205
2021	61,000	17,989
2022	63,000	16,428
2023 - 2027	340,000	53,746
2028 - 2029	153,000	5,370
Total	<u>\$ 969,000</u>	<u>\$ 162,591</u>

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation	\$ 840,000	\$ -	\$ 57,000	\$ 783,000	\$ 58,000
General obligations	242,000	-	56,000	186,000	57,000
Notes payable	32,658	-	15,763	16,895	14,769
Compensated absences	13,066	-	3,379	9,687	4,980
Governmental activities long-term liabilities	<u>\$ 1,127,724</u>	<u>\$ -</u>	<u>\$ 132,142</u>	<u>\$ 995,582</u>	<u>\$ 134,749</u>
Business-type activities					
Compensated absences	9,184	-	2,724	6,460	-
Business-type activities long-term liabilities	<u>\$ 9,184</u>	<u>\$ -</u>	<u>\$ 2,724</u>	<u>\$ 6,460</u>	<u>\$ -</u>

**Note 9. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of September 30, 2017, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
<i>General</i>	Other Governmental	\$ 2,646
		<u>\$ 2,646</u>

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

**Note 10. Interfund Transfers**

Interfund transfers during the year ended September 30, 2017, were as follows:

Transfers In	Transfers Out		
	General	Proprietary	Non-major Special Revenue
General	\$ -	\$ 54,730	\$ 4,200
Non-major Special Revenue	24,561	-	-
Total	<u>\$ 24,561</u>	<u>\$ 54,730</u>	<u>\$ 4,200</u>

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 11. Pension Plans**

**A Plan Description**

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

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

**B. Benefits Provided**

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

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

Plan provisions for the City were as follows:

	Plan Year	
	2015	2016
Employee Deposit Rate	5%	5%
Matching Ratio (City to Employee)	1.5 to 1	1.5 to 1
A member is vested after	5 years	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI repeating	70% of CPI repeating

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

The Service Retirement Eligibilities for the City are: 5 years/age 60, 25 years/any age.

*Employees covered by benefit terms.*

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	10
Active employees	16

**C. Contributions**

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.68% and 5.40% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$31,379, and were equal to the required contributions.

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**D. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions:*

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. For cities with fewer than twenty employees, more conservative methods and assumptions are used. First, lower termination rates are used for smaller cities, with maximum multipliers of 75% for employers with less than 6 members, 85% for employers with 6 to 10 members, and 100% for employers with 11 to 15 members 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%). The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2013 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2015	\$ 1,052,367	\$ 1,027,504	\$ 24,863
Changes for the year:			
Service Cost	57,277	-	57,277
Interest	71,304	-	71,304
Change of benefit terms	-	-	-
Difference between expected and actual experience	12,088	-	12,088
Changes of assumptions	-	-	-
Contributions - employer	-	30,794	(30,794)
Contributions - employee	-	28,513	(28,513)
Net investment income	-	69,377	(69,377)
Benefit payments, including refunds of employee contributions	(49,310)	(49,310)	-
Administrative expense	-	(784)	784
Other charges	-	(42)	42
Net changes	91,359	78,548	12,811
Balance at 12/31/2016	<u>\$ 1,143,726</u>	<u>\$ 1,106,052</u>	<u>\$ 37,674</u>

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

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate.

City's net pension liability/(asset)	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
	\$	\$	\$
	195,508	37,674	(91,587)

*Pension Plan Fiduciary Net Position*

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

**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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

For the year ended September 30, 2017, the City recognized pension expense of \$47,691.

At September 30, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 8,501	\$ 7,138
Changes in actuarial assumptions	2,033	-
Difference between projected and actual investment earnings	48,913	-
Contributions subsequent to the measurement date	24,321	-
Total	<u>\$ 83,768</u>	<u>\$ 7,138</u>

\$24,321 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 17,193
2018	19,170
2019	15,950
2020	(4)
2021	-
Thereafter	-
Total	<u>\$ 52,309</u>

**Note 12. Contingent Liabilities**

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



**City of Somerville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

In the course of operations, the City is subject to litigation from time to time. Although the amount of any liability with respect to such litigation cannot be determined, in the opinion of management, such liability will not have a material adverse effect on the City's financial condition.

**Note 13. Commitments**

In 2015, the City entered into a 60-month rental agreement for a copier. Rental expense for the copier was \$4,591 in 2017. Future rental expense for the copier is estimated to be \$4,591 annually for the years ending September 30, 2018 through September 30, 2019, and \$1,913 for the year ending September 30, 2020. The rental agreement is classified as an operating lease.

**Note 13. Related Party Transactions**

In 2017, the City incurred the following related-party expenditures: \$6,056 to a Council member's business, \$13,076 to the Mayor's businesses, and \$14,532 to an employee for various repairs.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Somerville  
Texas Municipal Retirement System**

*Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Last 10 Years  
(unaudited)*

	2016	2015	2014
<b>Total pension liability</b>			
Service Cost	\$ 57,277	\$ 54,444	\$ 47,522
Interest (on the Total Pension Liability)	71,304	70,898	67,553
Changes of benefit terms	-	-	-
Difference between expected and actual experience	12,088	(14,413)	(7,897)
Change of assumptions	-	4,621	-
Benefit payments, including refunds of employee contributions	(49,310)	(97,571)	(28,153)
<b>Net Change in Total Pension Liability</b>	<u>91,359</u>	<u>17,979</u>	<u>79,025</u>
<b>Total Pension Liability - Beginning</b>	<u>1,052,367</u>	<u>1,034,388</u>	<u>955,363</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 1,143,726</u></u>	<u><u>\$ 1,052,367</u></u>	<u><u>\$ 1,034,388</u></u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 30,794	\$ 30,437	\$ 27,266
Contributions - Employee	28,513	26,793	25,200
Net Investment Income	69,377	1,574	56,476
Benefit payments, including refunds of employee contributions	(49,310)	(97,571)	(28,153)
Administrative expense	(784)	(959)	(590)
Other	(42)	(47)	(48)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>78,548</u>	<u>(39,773)</u>	<u>80,151</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,027,504</u>	<u>1,067,277</u>	<u>987,126</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 1,106,052</u></u>	<u><u>\$ 1,027,504</u></u>	<u><u>\$ 1,067,277</u></u>
 <b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u><u>\$ 37,674</u></u>	<u><u>\$ 24,863</u></u>	<u><u>\$ (32,889)</u></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	96.71%	97.64%	103.18%
<b>Covered Employee Payroll</b>	552,866	535,868	504,001
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	6.81%	4.64%	-6.53%

**Notes to Schedule:**

GASB 68 requires 10 fiscal years of data to be provided in this schedule.  
As GASB 68 has been initially adopted for the 2014 plan year, historical data is presented beginning that period.

**City of Somerville**  
**Texas Municipal Retirement System**

*Schedule of Contributions*  
*Last 10 Fiscal Years*  
*(unaudited)*

	2016	2015	2014
Actuarially Determined Contribution	\$ 30,794	\$ 30,437	\$ 28,319
Contributions in relation to the actuarially determined contributions	31,322	32,152	27,266
Contribution deficiency (excess)	\$ (528)	\$ (1,715)	\$ 1,053
Covered employee payroll	\$ 552,866	\$ 535,868	\$ 504,001
Contributions as a percentage of covered employee payroll	5.67%	6.00%	5.41%

**Notes to Schedule of Contributions**

**Valuation Date:**

Notes

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 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' 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 generational basis with scale BB

**Other Information:**

Notes

There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. As GASB 68 has been initially adopted for the 2014 plan year, historical data is not presented. The City will build this report over the next 10-year period.

OTHER SUPPLEMENTARY INFORMATION

City of Somerville, Texas  
Combining Balance Sheet  
Non-major Governmental Funds  
September 30, 2017

	Special Revenue						Total
Assets	Senior Citizens Center	Hotel/ Motel	Court Technology	Court Security	Senior Citizens Activity	Somerville Parks Association	Non-major Governmental Funds
Cash, restricted	\$ 987	\$ 68,529	\$ 10,388	\$ 46,192	\$ 661	\$ -	\$ 126,757
Other assets	-	5,579	-	-	-	-	5,579
Due from other funds	-	-	-	-	-	2,646	2,646
Total assets	\$ 987	\$ 74,108	\$ 10,388	\$ 46,192	\$ 661	\$ 2,646	\$ 134,982
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 68	\$ -	\$ -	\$ -	\$ 42	\$ 2,500	\$ 2,610
Total liabilities	68	-	-	-	42	2,500	2,610
Fund balances:							
Restricted for:							
Hotel/Motel occupancy tax	-	74,108	-	-	-	-	74,108
Municipal court	-	-	10,388	46,192	-	-	56,580
Somerville Parks Association	-	-	-	-	-	146	146
Unassigned (deficit)	919	-	-	-	619	-	1,538
Total fund balances	919	74,108	10,388	46,192	619	146	132,372
Total liabilities and fund balances	\$ 987	\$ 74,108	\$ 10,388	\$ 46,192	\$ 661	\$ 2,646	\$ 134,982

City of Somerville, Texas  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-major Governmental Funds  
For the fiscal year ended September 30, 2017

	Special Revenue						Total
	Senior Citizens Center	Hotel/ Motel	Court Technology	Court Security	Senior Citizens Activity	Somerville Parks Association	Non-major Governmental Funds
Revenues:							
Hotel/motel occupancy taxes	\$ -	\$ 21,994	\$ -	\$ -	\$ -	\$ -	\$ 21,994
Fines and court costs	-	-	4,798	4,543	-	-	9,341
Investment income	2	169	34	106	-	-	311
Grant revenue	7,000	-	-	-	-	-	7,000
Donations	3,733	-	-	-	-	14,438	18,171
Miscellaneous	348	-	-	-	848	-	1,196
Total revenues	11,083	22,163	4,832	4,649	848	14,438	58,013
Expenditures:							
Current:							
Culture and recreation	7,390	26,753	-	-	12,375	34,876	81,394
General government	-	-	2,395	8	-	-	2,403
Capital outlay	-	-	5,395	-	-	-	5,395
Total expenditures	7,390	26,753	7,790	8	12,375	34,876	89,192
Excess (deficiency) of revenues over (under) expenditures	3,693	(4,590)	(2,958)	4,641	(11,527)	(20,438)	(31,179)
Other financing sources (uses):							
Transfer in	-	-	-	-	16,569	7,992	24,561
Transfers out	(4,200)	-	-	-	-	-	(4,200)
Total other financing sources (uses)	(4,200)	-	-	-	16,569	7,992	20,361
Net change in fund balances	(507)	(4,590)	(2,958)	4,641	5,042	(12,446)	(10,818)
Fund balances (deficit) at beginning of year	1,426	78,698	13,346	41,551	(4,423)	12,592	143,190
Fund balances (deficit) at end of year	\$ 919	\$ 74,108	\$ 10,388	\$ 46,192	\$ 619	\$ 146	\$ 132,372