

CITY OF HALLETTSVILLE, TEXAS

ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended  
DECEMBER 31, 2018

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ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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FINANCIAL SECTION

**BEYER & Co.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Hallettsville, 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 Hallettsville, Texas, as of and for the year ended December 31, 2018, 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 Hallettsville, Texas, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Sales Tax Mft. Dev. 4-A, and Sales Tax Mft. Dev. 4-B 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 Employees Retirement System Information on pages 3–11, 61–62 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 Hallettsville, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



BEYER & COMPANY  
Certified Public Accountants  
June 14, 2019

## Management's Discussion and Analysis

### Financial Highlights

- . The assets of the City of Hallettsville, Texas exceeded its liabilities at the close of the most recent fiscal year by \$22,527,098 (net position). Of this amount, \$4,473,771 (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 \$1,293,767. The major reason for the increase was a net profit in the electrical department of \$1,550,407. The net position of the governmental activities increased by \$980,855. The major reason for this increase was a transfer of \$958,322 from the business type activities and careful budget management. The business type activities net position increased by \$312,912. The major reason for this increase was an increase in utility revenues of \$382,147.
- . As of the close of the current fiscal year, the City of Hallettsville, Texas' governmental funds reported combined ending fund balances of \$3,367,099, an increase of \$418,005 in comparison with the prior year. Approximately 27% of this total amount, \$915,800, is available for spending at the government's discretion (unassigned fund balance).
- . At the end of the current fiscal year, unassigned fund balance for the general fund was \$915,800, or 35 percent of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Hallettsville, Texas' basic financial statements. The City of Hallettsville, 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 Hallettsville, Texas' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Hallettsville, 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 Hallettsville, 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 Hallettsville, 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 Hallettsville, Texas include general administration, public safety, public transportation, and culture and recreation. The business-type activities of the City of Hallettsville, Texas include the Utility fund.

The government-wide financial statements include only the City of Hallettsville, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 12-13 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 Hallettsville, 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 Hallettsville, 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 Hallettsville, Texas maintains seven 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 Sales Tax Mft. Dev. 4-A and the Sales Tax Mft. Dev. 4-B fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Hallettsville, Texas adopts an annual appropriated budget for its General Fund, Sales Tax Mft. Dev. 4-A and the Sales Tax Mft. Dev. 4-B fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-20 of this report.

Proprietary funds: The City of Hallettsville, 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 Hallettsville, 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 Hallettsville, Texas.

The basic proprietary fund financial statements can be found on pages 21-25 of this report.

Trust and Agency Funds: The City of Hallettsville, Texas also has two agency funds and one trust fund presented in this report. Such funds are not included in the City wide statement but are shown separately on pages 26-27.

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 28-60 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 Hallettsville, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 61-63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 63-64 of this report. The combining agency fund statements can be found on pages 65-66 of this report.



## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hallettsville, Texas, assets exceeded liabilities by \$22,527,098 at the close of the most recent fiscal year.

By far the largest portion of the City of Hallettsville, 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 Hallettsville, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Hallettsville, 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 HALLETTSVILLE, TEXAS NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$3,934,919	\$3,247,663	\$4,136,206	\$3,616,256	\$8,071,125	\$6,863,919
Restricted Assets:	184,656	274,217	0	0	184,656	274,217
Capital Assets:	8,685,404	8,271,923	7,236,919	7,610,730	15,922,323	15,882,653
<b>Total Assets</b>	<b>12,804,979</b>	<b>11,793,803</b>	<b>11,373,125</b>	<b>11,226,986</b>	<b>24,178,104</b>	<b>23,020,789</b>
<b>Total Deferred Outflows of Resources</b>	<b>163,456</b>	<b>163,519</b>	<b>98,745</b>	<b>100,648</b>	<b>262,201</b>	<b>264,167</b>
Long-Term Liabilities	342,738	668,484	215,827	411,891	558,565	1,080,375
Other Liabilities	228,562	136,906	433,297	549,728	661,859	686,634
<b>Total Liabilities</b>	<b>571,300</b>	<b>805,390</b>	<b>649,124</b>	<b>961,619</b>	<b>1,220,424</b>	<b>1,767,009</b>
<b>Total Deferred Inflows of Resources</b>	<b>538,900</b>	<b>274,552</b>	<b>153,883</b>	<b>10,064</b>	<b>692,783</b>	<b>284,616</b>
Invested in Capital Assets, Net of Related Debt	8,685,404	8,271,923	7,236,919	7,610,730	15,922,323	15,882,653
Restricted	2,084,304	1,569,578	46,700	46,700	2,131,004	1,616,278
Unrestricted	1,088,527	1,035,879	3,385,244	2,698,521	4,473,771	3,734,400
<b>Total Net Position</b>	<b>\$11,858,235</b>	<b>\$10,877,380</b>	<b>\$10,668,863</b>	<b>\$10,355,951</b>	<b>\$22,527,098</b>	<b>\$21,233,331</b>

An additional portion of the City of Hallettsville, Texas' net position (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,473,771) 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 Hallettsville, 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 Hallettsville, 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.

The government's total net position increased by \$1,293,767. The major reason for the increase was a net profit in the electrical department of \$1,550,407. The net position of the governmental activities increased by \$980,855. The major reason for this increase was a transfer of \$958,322 from the business type activities and careful budget management. The business type activities net position increased by \$312,912. The major reason for this increase was an increase in utility revenues of \$382,147.

Governmental activities:

Governmental activities increased the City of Hallettsville, Texas' net position by \$980,855, thereby accounting for 76 percent of the total growth in the net position of the City of Hallettsville, Texas. The major reason for this increase was a transfer of \$958,322 from the business type activities and careful budget management.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$215,298	\$168,960	\$5,881,923	\$5,499,776	\$6,097,221	\$5,668,736
Operating Grants and Contributions	1,294	55,557			1,294	55,557
Capital Grants and Contributions				11,819	0	11,819
General Revenues:						
Maintenance and Operations Taxes	416,727	382,647			416,727	382,647
Sales taxes	1,188,544	1,211,801			1,188,544	1,211,801
Franchise taxes	63,479	58,713			63,479	58,713
Other taxes	83,514	85,716			83,514	85,716
Licenses and permits	16,997	12,910			16,997	12,910
Grants and Contributions not Restricted to Specific Programs	60,719	15,737			60,719	15,737
Unrestricted investment earnings	69,413	34,121	40,875	21,865	110,288	55,986
Miscellaneous	171,753	152,795	34,859	24,209	206,612	177,004
Total Revenue	<u>2,287,738</u>	<u>2,178,957</u>	<u>5,957,657</u>	<u>5,557,669</u>	<u>8,245,395</u>	<u>7,736,626</u>
Expenses:						
General Administration	356,187	430,898			356,187	430,898
Public Facilities	2,546	2,546			2,546	2,546
Public Safety	935,371	1,068,252			935,371	1,068,252
Public Transportation	252,263	344,199			252,263	344,199
Culture and Recreation	718,838	924,219			718,838	924,219
Utility			4,686,423	4,853,060	4,686,423	4,853,060
Total Expenses	<u>2,265,205</u>	<u>2,770,114</u>	<u>4,686,423</u>	<u>4,853,060</u>	<u>6,951,628</u>	<u>7,623,174</u>
Increase in Net Position before transfers and special items	22,533	(591,157)	1,271,234	704,609	1,293,767	113,452
Transfers	<u>958,322</u>	<u>899,512</u>	<u>(958,322)</u>	<u>(899,512)</u>	<u>0</u>	<u>0</u>
Increase in Net Position	980,855	308,355	312,912	(194,903)	1,293,767	113,452
Net Position at 12/31/2017 - Restated	<u>10,877,380</u>	<u>10,569,025</u>	<u>10,355,951</u>	<u>10,550,854</u>	<u>21,233,331</u>	<u>21,119,879</u>
Net Position at 12/31/2018	<u>\$11,858,235</u>	<u>\$10,877,380</u>	<u>\$10,668,863</u>	<u>\$10,355,951</u>	<u>\$22,527,098</u>	<u>\$21,233,331</u>

## Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Government Activities:				
General Administration	\$356,187	\$0	\$0	\$0
Public Facility	2,546			
Public Safety	935,371	136,165		
Public Transportation	252,263			
Culture and Recreation	718,838	79,133	1,294	
Total Government Activities	<u>\$2,265,205</u>	<u>\$215,298</u>	<u>\$1,294</u>	<u>\$0</u>

### Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$215,298	9%
Operating Grants and Contributions	1,294	0%
Maintenance and Operations Taxes	416,727	18%
Sales Taxes	1,188,544	52%
Franchise Taxes	63,479	3%
Other taxes	83,514	4%
License and Permits	16,997	1%
Grants and Contributions not Restricted to Specific Programs	60,719	3%
Unrestricted Investment Earnings	69,413	3%
Miscellaneous	171,753	8%
	<u>\$2,287,738</u>	<u>100%</u>

### Business-type activities:

The business-type activities net position increased by \$312,912. The major reason for this increase was an increase in utility revenues of \$382,147.

## Expenses and Program Revenues - Business Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
<b>Primary Government</b>			
Business-Type Activities:			
Electric	\$2,710,674	\$4,261,081	\$0
Water	630,016	598,082	
Sewer	279,846	389,369	
Public Works	148,129	0	
Solid Waste	576,440	633,391	
Administration	341,318	0	
Total Business-Type Activities	<u>\$4,686,423</u>	<u>\$5,881,923</u>	<u>\$0</u>

### Revenues by Source - Business-Type Activities

	REVENUES	%
Charges for Services	\$5,881,923	98.73%
Capital Grants and Contributions	0	0.00%
Unrestricted Investment Earnings	40,875	0.69%
Miscellaneous	34,859	0.59%
	<u>\$5,957,657</u>	<u>100.00%</u>

## Financial Analysis of the Government's Funds

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

### Governmental funds:

The focus of the City of Hallettsville, 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 Hallettsville, Texas' financing requirements. In particular, unassigned 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 Hallettsville, Texas' governmental funds reported combined ending fund balances of \$3,367,099, an increase of \$418,005 in comparison with the prior year. Approximately 27 percent of this total amount \$915,800 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed.

The general fund is the chief operating fund of the City of Hallettsville, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$915,800, while total fund balance reached was \$1,231,731. 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 35 percent of total general fund expenditures, while total fund balance represents 47 percent of that same amount.

The fund balance of the City of Hallettsville, Texas' general fund decreased by \$80,725 during the current fiscal year. Key factors in this decrease is as follows:

- . This decrease is due mainly to an decrease in transfers in of \$123,168.

At the end of the current fiscal year, restricted fund balance of the Sales Tax Mft. Dev. 4-A was \$1,142,147, while total fund balance reached was \$1,143,064. As a measure of the Sales Tax Mft. Dev. 4-A's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 11843 percent of total Sales Tax Mft. Dev. 4-A expenditures, while total fund balance represents 11843 percent of that same amount.

The fund balance of the City of Hallettsville, Texas' Sales Tax Mft. Dev. 4-A increased by \$298,466 during the current fiscal year. Key factors in this increase are as follows:

- . This increase is due mainly to sales tax revenues of \$302,136.

At the end of the current fiscal year, restricted fund balance of the Sales Tax Mft. Dev. 4-B was \$809,374, while total fund balance reached was \$810,311. As a measure of the Sales Tax Mft. Dev. 4-B's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 1022 percent of total Sales Tax Mft. Dev. 4-B expenditures, while total fund balance represents 1022 percent of that same amount.

The fund balance of the City of Hallettsville, Texas' Sales Tax Mft. Dev. 4-A increased by \$224,851 during the current fiscal year. Key factors in this increase are as follows:

- . This increase is due mainly to sales tax revenues of \$302,136.

Proprietary funds:

The City of Hallettsville, 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 at the end of the year amounted to \$3,385,244. The increase in net position was \$312,912. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Hallettsville, Texas' business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget in the general fund, the Sales Tax Mft. Dev. 4-A fund, and the Sales Tax Mft. Dev. 4-B fund.

## Capital Asset and Debt Administration

### Capital assets:

The City of Hallettsville, Texas' investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$15,922,323 (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 increase in the City of Hallettsville, Texas' investment in capital assets for the current fiscal year was .25 percent (a 5.00 percent increase for governmental activities and a 4.91 percent decrease for business-type activities).

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

- . The City had street, water, and sewer facility projects.

#### **CITY OF HALLETTSVILLE, TEXAS CAPITAL ASSETS (Net of Depreciation)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$2,016,178	\$2,016,178	\$37,611	\$37,611	\$2,053,789	\$2,053,789
Construction in Progress	533,771	80,672	75,630	149,447	609,401	230,119
Building and Improvements	2,703,276	2,778,770	0	0	2,703,276	2,778,770
Machinery and Equipment	212,452	250,943	294,656	356,963	507,108	607,906
Infrastructure	3,219,727	3,145,360			3,219,727	3,145,360
Distribution System			6,829,022	7,066,709	6,829,022	7,066,709
Total	<u>\$8,685,404</u>	<u>\$8,271,923</u>	<u>\$7,236,919</u>	<u>\$7,610,730</u>	<u>\$15,922,323</u>	<u>\$15,882,653</u>

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

### Long-term debt:

The City had no bonded debt.

### Economic Factors:

There are no currently known facts, conditions, or decisions which are expected to have a significant effect on the financial position or results of operations on the City of Hallettsville.

### Requests for Information

This financial report is designed to provide a general overview of the City of Hallettsville, 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, 101 N. Main, Hallettsville, Texas.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF HALLETTSVILLE, TEXAS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$3,506,685	\$3,217,328	\$6,724,013
Receivables (Net of Allowance for Uncollectibles)	356,621	507,897	864,518
Prepaid Expenses	71,613	10,913	82,526
Inventories	0	400,068	400,068
Restricted Assets:			
Cash and Cash Equivalents	184,656		184,656
Capital Assets Not Being Depreciated:			
Land	2,016,178	37,611	2,053,789
Construction in Progress	533,771	75,630	609,401
Total Capital Assets Being Depreciated, Net			
Building and Improvements	2,703,276		2,703,276
Machinery and Equipment	212,452	294,656	507,108
Infrastructure	3,219,727		3,219,727
Distribution System		6,829,022	6,829,022
Total Assets	<u>\$12,804,979</u>	<u>\$11,373,125</u>	<u>\$24,178,104</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
GASB 68			
Deferred Outflow of Resources-Contributions (after 12/31/17)	163,456	98,745	262,201
Total Deferred Outflows of Resources	<u>163,456</u>	<u>98,745</u>	<u>262,201</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$207,719	\$215,164	\$422,883
Accrued Wages	20,107	11,567	31,674
Accrued Closure and Post Closure Care		12,010	12,010
Unearned Revenues	736	0	736
Consumer Meter Deposit		194,556	194,556
Noncurrent Liabilities:			
Due Within One Year	33,686	25,962	59,648
Due in More Than One Year	309,052	189,865	498,917
Total Liabilities	<u>571,300</u>	<u>649,124</u>	<u>1,220,424</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Advanced Tax Collections	284,171	0	284,171
GASB 68			
Difference in expected and actual experience	36,954	22,324	59,278
Difference in projected and actual earnings	217,775	131,559	349,334
Total Deferred Inflows of Resources	<u>538,900</u>	<u>153,883</u>	<u>692,783</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	8,685,404	7,236,919	15,922,323
Restricted			
Community Development	2,022,768	46,700	2,069,468
Municipal Court	61,536		61,536
Unrestricted	1,088,527	3,385,244	4,473,771
Total Net Position	<u>\$11,858,235</u>	<u>\$10,668,863</u>	<u>\$22,527,098</u>

The accompanying notes are an integral part of this statement.

CITY OF HALLETTSVILLE, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

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	
<b>Primary Government</b>							
Government Activities:							
General Administration	\$356,187	\$0	\$0	\$0	(\$356,187)		(\$356,187)
Public Facility	2,546				(2,546)		(2,546)
Public Safety	935,371	136,165	0		(799,206)		(799,206)
Public Transportation	252,263				(252,263)		(252,263)
Culture and Recreation	718,838	79,133	1,294		(638,411)		(638,411)
Total Government Activities	2,265,205	215,298	1,294	0	(2,048,613)	0	(2,048,613)
Business-Type Activities:							
Electric	2,710,674	4,261,081				1,550,407	1,550,407
Water	630,016	598,082		0		(31,934)	(31,934)
Sewer	279,846	389,369				109,523	109,523
Public Works	148,129					(148,129)	(148,129)
Solid Waste	576,440	633,391				56,951	56,951
Administration	341,318					(341,318)	(341,318)
Total Business-Type Activities	4,686,423	5,881,923	0	0		1,195,500	1,195,500
Total Primary Government	\$6,951,628	\$6,097,221	\$1,294	\$0	(2,048,613)	1,195,500	(853,113)
General Revenues							
Property Taxes, Levies for General Purposes					416,727		416,727
Sales Taxes					1,188,544		1,188,544
Franchise Taxes					63,479		63,479
Other Taxes					83,514		83,514
License and Permits					16,997		16,997
Grants and Contributions Not Restricted to Specific Programs					60,719		60,719
Unrestricted Investment Earnings					69,413	40,875	110,288
Miscellaneous					171,753	34,859	206,612
Transfers					958,322	(958,322)	0
Total General Revenues and Transfers					3,029,468	(882,588)	2,146,880
Change in Net Position					980,855	312,912	1,293,767
Net Position - Beginning - Restated					10,877,380	10,355,951	21,233,331
Net Position - Ending					\$11,858,235	\$10,668,863	\$22,527,098

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF HALLETTSVILLE, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	General Fund	Sales Tax Mft. Dev. 4-A	Sales Tax Mft. Dev. 4-B	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$1,479,755	\$1,097,421	\$764,668	\$164,841	\$3,506,685
Receivables (Net of Allowance for Uncollectibles)	240,655	21,962	21,962	17,152	301,731
Due from Other Funds		22,744	22,744	0	45,488
Prepaid Expenses	69,739	937	937	0	71,613
Restricted Assets:					
Cash and Cash Equivalents					
Capital Improvements	184,656				184,656
<b>Total Assets</b>	<b>\$1,974,805</b>	<b>\$1,143,064</b>	<b>\$810,311</b>	<b>\$181,993</b>	<b>\$4,110,173</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Accounts Payable	\$207,719			\$0	\$207,719
Due to Other Funds	45,488			0	45,488
Accrued Wages	20,107				20,107
Compensated Absences	33,686				33,686
<b>Total Liabilities</b>	<b>307,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>307,000</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned Revenues	151,903				151,903
Unavailable Revenue - Advanced Tax Collections	284,171			0	284,171
<b>Total Deferred Inflows of Resources</b>	<b>436,074</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>436,074</b>
<b>Fund Balances:</b>					
Nonspendable					
Prepaid Expenses	69,739	937	937	0	71,613
Restricted					
Community Development		1,142,127	809,374	71,267	2,022,768
Municipal Court	61,536				61,536
Committed					
Community Development	184,656			0	184,656
Public Safety				110,726	110,726
Unassigned	915,800			0	915,800
<b>Total Fund Balance</b>	<b>1,231,731</b>	<b>1,143,064</b>	<b>810,311</b>	<b>181,993</b>	<b>3,367,099</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$1,974,805</b>	<b>\$1,143,064</b>	<b>\$810,311</b>	<b>\$181,993</b>	<b>\$4,110,173</b>

The accompanying notes are an integral part of this statement.

CITY OF HALLETTSVILLE, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 DECEMBER 31, 2018

Total Fund Balances - Governmental Funds Balance Sheet

Amounts reported for governmental activities in the statement of net position ("SNA") are different because:	\$3,367,099
Capital assets used in governmental activities are not reported in the funds.	8,685,404
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	151,167
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	(36,383)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(309,052)
Net Position of Governmental Activities - Statement of Net Position	<u><u>\$11,858,235</u></u>

The accompanying notes are an integral part of this statement.

CITY OF HALLETTSVILLE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018

	General Fund	Sales Tax Mft. Dev. 4-A	Sales Tax Mft. Dev. 4-B	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$400,019	\$0	\$0	\$0	\$400,019
Sales	584,272	302,136	302,136	0	1,188,544
Franchise	63,479				63,479
Other	6,347			77,167	83,514
Licenses and Permits	16,997				16,997
Intergovernmental	62,013			0	62,013
Charges for Services	83,546				83,546
Fines and Forfeitures	120,082				120,082
Interest	34,511	17,382	13,402	4,118	69,413
Miscellaneous	167,628			4,125	171,753
Total Revenues	<u>1,538,894</u>	<u>319,518</u>	<u>315,538</u>	<u>85,410</u>	<u>2,259,360</u>
<b>EXPENDITURES</b>					
Current:					
General Administration	252,402	9,652	79,287	1,862	343,203
Public Safety	1,021,861			275	1,022,136
Public Transportation	771,603				771,603
Culture and Recreation	554,875			107,860	662,735
Total Expenditures	<u>2,600,741</u>	<u>9,652</u>	<u>79,287</u>	<u>109,997</u>	<u>2,799,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,061,847)</u>	<u>309,866</u>	<u>236,251</u>	<u>(24,587)</u>	<u>(540,317)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	981,122				981,122
Operating Transfers Out	0	(11,400)	(11,400)	0	(22,800)
Total Other Financing Sources (Uses)	<u>981,122</u>	<u>(11,400)</u>	<u>(11,400)</u>	<u>0</u>	<u>958,322</u>
Net Changes in Fund Balances	<u>(80,725)</u>	<u>298,466</u>	<u>224,851</u>	<u>(24,587)</u>	<u>418,005</u>
Fund Balances - Beginning - Restated	1,312,456	844,598	585,460	206,580	2,949,094
Fund Balances - Ending	<u>\$1,231,731</u>	<u>\$1,143,064</u>	<u>\$810,311</u>	<u>\$181,993</u>	<u>\$3,367,099</u>

The accompanying notes are an integral part of this statement.

CITY OF HALLETTSVILLE, TEXAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 DECEMBER 31, 2018

Net Changes in Fund Balances - Total Governmental Funds \$418,005

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.	413,481
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.	11,670
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(63)
Deferred Inflow-Difference in expected and actual experience . This is the change in these amounts this year.	(20,857)
Deferred Inflow-Difference in projected and actual earnings. This is the change in these amounts this year.	(217,521)
(Increase) decrease in compensated absences from beginning of period to end of period.	29,263
(Increase) decrease in net pension liability from beginning of period to end of period.	330,169
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	16,708

Change in Net Position of Governmental Activities - Statement of Activities \$980,855

The accompanying notes are an integral part of this statement.

CITY OF HALLETTSVILLE, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$401,417	\$401,417	\$400,019	(\$1,398)
Sales	630,000	630,000	584,272	(45,728)
Franchise	68,655	68,655	63,479	(5,176)
Other	6,500	6,500	6,347	(153)
Licenses and Permits	13,000	13,000	16,997	3,997
Intergovernmental	0	0	62,013	62,013
Charges for Services	56,250	56,250	83,546	27,296
Fines and Forfeitures	152,600	152,600	120,082	(32,518)
Interest	6,500	6,500	34,511	28,011
Miscellaneous	88,865	88,865	167,628	78,763
Total Revenues	<u>1,423,787</u>	<u>1,423,787</u>	<u>1,538,894</u>	<u>115,107</u>
<b>EXPENDITURES</b>				
Current:				
General Administration				
General Administration	236,079	236,079	252,402	(16,323)
Public Safety				
Fire Department	79,055	79,055	76,970	2,085
Fire Marshal	11,961	11,961	11,372	589
Municipal Court	85,903	85,903	85,743	160
Police Department	837,566	837,566	847,776	(10,210)
Public Transportation				
Streets	479,279	479,279	771,603	(292,324)
Culture and Recreation				
Airport	29,615	29,615	45,668	(16,053)
Parks	223,154	223,154	194,587	28,567
Golf	139,170	139,170	130,806	8,364
Library	182,425	182,425	183,814	(1,389)
Total Expenditures	<u>2,304,207</u>	<u>2,304,207</u>	<u>2,600,741</u>	<u>(296,534)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(880,420)</u>	<u>(880,420)</u>	<u>(1,061,847)</u>	<u>(181,427)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	880,422	880,422	981,122	100,700
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>880,422</u>	<u>880,422</u>	<u>981,122</u>	<u>100,700</u>
Net Changes in Fund Balances	<u>2</u>	<u>2</u>	<u>(80,725)</u>	<u>(80,727)</u>
Fund Balances - Beginning - Restated	1,312,456	1,312,456	1,312,456	
Fund Balances - Ending	<u>\$1,312,458</u>	<u>\$1,312,458</u>	<u>\$1,231,731</u>	<u>(\$80,727)</u>

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



CITY OF HALLETTSVILLE, TEXAS  
 SALES TAX MFG. DEV. 4-A  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<i>REVENUES</i>				
Taxes				
Sales	\$315,000	\$315,000	\$302,136	(\$12,864)
Interest	4,500	4,500	17,382	12,882
Miscellaneous	1,201	1,201		(1,201)
Total Revenues	<u>320,701</u>	<u>320,701</u>	<u>319,518</u>	<u>(1,183)</u>
<i>EXPENDITURES</i>				
Current:				
General Administration	163,600	163,600	9,652	153,948
Total Expenditures	<u>163,600</u>	<u>163,600</u>	<u>9,652</u>	<u>153,948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>157,101</u>	<u>157,101</u>	<u>309,866</u>	<u>152,765</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
Operating Transfers Out	(16,400)	(16,400)	(11,400)	5,000
Total Other Financing Sources (Uses)	<u>(16,400)</u>	<u>(16,400)</u>	<u>(11,400)</u>	<u>5,000</u>
Net Changes in Fund Balances	140,701	140,701	298,466	157,765
Fund Balances - Beginning - Restated	844,598	844,598	844,598	
Fund Balances - Ending	<u>\$985,299</u>	<u>\$985,299</u>	<u>\$1,143,064</u>	<u>\$157,765</u>

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

CITY OF HALLETTSVILLE, TEXAS  
 SALES TAX MFG. DEV. 4-B  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<i>REVENUES</i>				
Taxes				
Sales	\$315,000	\$315,000	\$302,136	(\$12,864)
Interest	4,500	4,500	13,402	8,902
Total Revenues	<u>319,500</u>	<u>319,500</u>	<u>315,538</u>	<u>(3,962)</u>
<i>EXPENDITURES</i>				
Current:				
General Administration	325,000	325,000	79,287	245,713
Total Expenditures	<u>325,000</u>	<u>325,000</u>	<u>79,287</u>	<u>245,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,500)</u>	<u>(5,500)</u>	<u>236,251</u>	<u>241,751</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(16,400)	(16,400)	(11,400)	5,000
Total Other Financing Sources (Uses)	<u>(16,400)</u>	<u>(16,400)</u>	<u>(11,400)</u>	<u>5,000</u>
Net Changes in Fund Balances	(21,900)	(21,900)	224,851	246,751
Fund Balances - Beginning - Restated	844,598	844,598	585,460	
Fund Balances - Ending	<u>\$822,698</u>	<u>\$822,698</u>	<u>\$810,311</u>	<u>\$246,751</u>

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

CITY OF HALLETTSVILLE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2018

	Business-Type Activities		
	Enterprise Funds		
	Utility Current Year	Utility Prior Year	Totals Current Year
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$3,217,328	\$2,843,810	\$3,217,328
Accounts Receivables (Net of Allowance for Uncollectibles)	507,897	404,687	507,897
Inventories	400,068	357,972	400,068
Prepaid Expenses	10,913	9,787	10,913
Total Current Assets	<u>4,136,206</u>	<u>3,616,256</u>	<u>4,136,206</u>
Capital Assets			
Land	37,611	37,611	37,611
Construction in Progress	75,630	149,447	75,630
Buildings and Improvements	66,132	66,132	66,132
Machinery and Equipment	2,684,009	2,659,841	2,684,009
Distribution System	19,258,979	19,049,759	19,258,979
Total Capital Assets	<u>22,122,361</u>	<u>21,962,790</u>	<u>22,122,361</u>
Less Accumulated Depreciation	(14,885,442)	(14,352,060)	(14,885,442)
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,236,919</u>	<u>7,610,730</u>	<u>7,236,919</u>
Total Noncurrent Assets	<u>7,236,919</u>	<u>7,610,730</u>	<u>7,236,919</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
GASB 68			
Deferred Outflow of Resources-Contributions (after 12/31/16)		100,648	0
Deferred Outflow of Resources-Contributions (after 12/31/17)	98,745		98,745
Total Deferred Outflow of Resources	<u>98,745</u>	<u>100,648</u>	<u>98,745</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$11,471,870</u></u>	<u><u>\$11,327,634</u></u>	<u><u>\$11,471,870</u></u>

(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	\$215,164	\$353,006	\$215,164
Accrued Wages	11,567	10,401	11,567
Compensated Absences	25,962	22,569	25,962
Total Current Liabilities	<u>252,693</u>	<u>385,976</u>	<u>252,693</u>
Current Liabilities (Payable from Restricted Assets)			
Consumer Meter Deposits	194,556	174,581	194,556
Total Current Liabilities			
Payable from Restricted Assets	<u>194,556</u>	<u>174,581</u>	<u>194,556</u>
Noncurrent Liabilities			
Net Pension Liability	189,865	389,322	189,865
Accrued Closure and Post Closure Care	12,010	11,740	12,010
Total Noncurrent Liabilities	<u>201,875</u>	<u>401,062</u>	<u>201,875</u>
Total Liabilities	<u>649,124</u>	<u>961,619</u>	<u>649,124</u>
DEFERRED INFLOWS OF RESOURCES			
GASB 68			
Difference in expected and actual experience	22,324	9,908	22,324
Difference in projected and actual earnings	131,559	156	131,559
Total Deferred Inflows of Resources	<u>153,883</u>	<u>10,064</u>	<u>153,883</u>
Invested in Capital Assets, Net of Related Debt	7,236,919	7,610,730	7,236,919
Restricted for:			
Community Development - Expendable	46,700	46,700	46,700
Unrestricted	3,385,244	2,698,521	3,385,244
Total Net Position	<u>\$10,668,863</u>	<u>\$10,355,951</u>	<u>\$10,668,863</u>

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

CITY OF HALLETTSVILLE, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-Type Activities		
	Enterprise Funds		
	Utility Current Year	Utility Prior Year	Totals Current Year
<b>OPERATING REVENUES:</b>			
Charges for Services (Water, Sewer, Solid Waste, and Electric)	\$5,881,923	\$5,499,776	\$5,881,923
Miscellaneous	34,859	24,209	34,859
Total Operating Revenues	<u>5,916,782</u>	<u>5,523,985</u>	<u>5,916,782</u>
<b>OPERATING EXPENSES:</b>			
Personal Services	741,655	906,898	741,655
Supplies	20,009	28,160	20,009
Other Services and Charges	3,391,378	3,407,881	3,391,378
Depreciation	533,381	510,121	533,381
Total Operating Expenses	<u>4,686,423</u>	<u>4,853,060</u>	<u>4,686,423</u>
Operating Income (Loss)	<u>1,230,359</u>	<u>670,925</u>	<u>1,230,359</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest Income	40,875	21,865	40,875
Total Non-Operating Revenues (Expenses)	<u>40,875</u>	<u>21,865</u>	<u>40,875</u>
Income Before Transfers	1,271,234	692,790	1,271,234
Federal Grants and Contributions		11,819	0
Transfers Out	<u>(958,322)</u>	<u>(899,512)</u>	<u>(958,322)</u>
Change in Net Position	312,912	(194,903)	312,912
Total Net Position - Beginning	10,355,951	10,550,854	10,355,951
Total Net Position - Ending	<u>\$10,668,863</u>	<u>\$10,355,951</u>	<u>\$10,668,863</u>

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

CITY OF HALLETTSVILLE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-Type Activities		
	Enterprise Funds		
	Utility Current Year	Utility Prior Year	Totals Current Year
Cash Flows from Operating Activities			
Receipts from Customers and Users	5,833,547	5,441,486	5,833,547
Payments to Suppliers	(3,592,181)	(3,165,299)	(3,592,181)
Payments to Employees	(790,831)	(787,979)	(790,831)
Net Cash Provided (Used) by Operating Activities	1,450,535	1,488,208	1,450,535
Cash Flows from Non-Capital and Related Financing Activities			
Transfers Out	(958,322)	(899,512)	(958,322)
Subsidy from Federal Grant	0	11,819	0
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	(958,322)	(887,693)	(958,322)
Cash Flows from Capital and Related Financing Activities			
Principal Payment on Revenue Bonds, Notes and Capital Leases	0	0	0
Purchases of Capital Assets	(159,570)	(322,974)	(159,570)
Net Cash Provided (Used) by Capital and Related Financing Activities	(159,570)	(322,974)	(159,570)
Cash Flows from Investing Activities			
Interest Received	40,875	21,865	40,875
Net Cash Provided (Used) by Investment Activities	40,875	21,865	40,875
Net Increase (Decrease) in Cash Equivalents	373,518	299,406	373,518
Cash and Cash Equivalents at Beginning of Year	2,843,810	2,544,404	2,843,810
Cash and Cash Equivalents at End of Year	\$3,217,328	\$2,843,810	\$3,217,328

(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)	\$1,230,359	\$670,925	\$1,230,359
Adjustments to Reconcile to Net Cash Flow			
Non-Cash Items Included in Net Income			
Depreciation	533,381	510,121	533,381
Changes in Current Items			
Decrease (Increase) in Accounts Receivable	(103,210)	(86,184)	(103,210)
Decrease (Increase) in Due from Other Funds	0	0	0
Decrease (Increase) in Inventory	(42,096)	9,979	(42,096)
Decrease (Increase) in Prepaid Expenses	(1,126)	399	(1,126)
Decrease (Increase) Deferred Outflow of Resources-Contributions	1,903	(4,810)	1,903
Decrease (Increase) Deferred Inflow-Dif. in expected and actual experience	12,416	10,390	12,416
Decrease (Increase) Def. Inflow-Dif. in proj. and actual earnings	131,403	118,837	131,403
Decrease (Increase) Def. Outflow-Actual Experience vs Assumption		7,554	0
Increase (Decrease) in Accounts Payable	(137,842)	259,495	(137,842)
Increase (Decrease) in Accrued Wages	1,166	1,419	1,166
Increase (Decrease) in Compensated Absences	3,393	(1,101)	3,393
Increase (Decrease) in Consumer Meter Deposits	19,975	3,685	19,975
Increase (Decrease) in Accrued Closure and Post Closure Care	270	869	270
Increase (Decrease) in Net pension Liability	(199,457)	(13,370)	(199,457)
Net Cash Provided (Used) by Operating Activities	<u>\$1,450,535</u>	<u>\$1,488,208</u>	<u>\$1,450,535</u>

Noncash Investing, Capital, and Financing Activities: None

Note: The above funds are all enterprise funds.

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

CITY OF HALLETTSVILLE, TEXAS  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Agency Funds	Trust Fund <u>Library</u> Endowment Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$0	\$356,903
Receivables (Net of Allowance for Uncollectibles)		18
Due from Other Funds		
Total Assets	<u>\$0</u>	<u>\$356,921</u>
<b>LIABILITIES</b>		
Accounts Payable	\$0	\$0
Bank Overdraft		
Due to Others	0	0
Total Liabilities	<u>0</u>	<u>0</u>
<b>NET POSITION</b>		
Held in Trust-Unexpendable	0	0
Held in Trust-Library Purposes	0	356,921
Total Net Position	<u>\$0</u>	<u>\$356,921</u>

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



CITY OF HALLETTSVILLE, TEXAS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Trust Fund
	Library Endowment Fund
ADDITIONS	
Contributions:	
Private Donations	\$24,382
Intergovernmental	
Total Contributions	<u>24,382</u>
Investment Earnings:	
Interest Received	5,354
Total Investment Earnings	<u>5,354</u>
Less Investment Expense	<u>0</u>
Net Investment Earnings	<u>5,354</u>
TOTAL ADDITIONS	<u>29,736</u>
DEDUCTIONS	
Culture and Recreation-Library	46,388
Total Deductions	<u>46,388</u>
Change in Net Position	(16,652)
Net Position-Beginning	<u>373,573</u>
Net Position-Ending	<u><u>\$356,921</u></u>

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

CITY OF HALLETTSVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

I. Summary of significant accounting policies

A. Reporting entity

The City of Hallettsville, 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 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 Hallettsville, 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.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

B. Blended Component Units

The Economic Development funds 4A and 4B were created pursuant to IRS Code section 401. The purpose of these two funds is to promote development in the City. The Districts are reported as special revenue funds and are included as blended component units because the City has operational responsibility for them and manages their activities.

C. 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. 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; however, 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.

#### D. Governmental Fund Financial Statements

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, 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 fund: 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 sales tax Mft. Dev. 4-A and sales tax Mft. Dev. 4-B funds are used to collect sales taxes to help with tourism and community development.

#### E. 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 distinguish operating revenues and expenses from nonoperating 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 (Water, Sewer, Electric, and Solid Waste) of the Utility Fund 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 nonoperating 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. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. The government reports the following major proprietary funds: The utility fund accounts for the activities of the government's electric, water, sewer, and solid waste operations.

F. 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 City's library endowment fund is accounted for as a trust fund and is used to help defray the costs of the local public library.

G. Assets, liabilities, and net position 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 and the District 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

Transactions 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists. 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 December 31, 2018, the trade accounts receivable allowance in excess of 60 days is equal to 10 percent of outstanding trade accounts receivable at December 31, 2018, the trade accounts receivable allowance in excess of 90 days is equal to 25 percent of outstanding trade accounts receivable at December 31, 2018, and the trade accounts receivable allowance in excess of 120 days is equal to 50 percent of outstanding trade accounts receivable at December 31, 2018. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at December 31, 2018, and 10 percent of delinquent outstanding property taxes at December 31, 2018.

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 following were restricted assets at December 31, 2018: Capital Improvements - \$184,656.

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 \$1,000 (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.

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

The City had street, water, and sewer facility projects.

Property, plant, and equipment of the primary government are 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 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. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds.

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 position. 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. We have included advanced tax collections and amounts deferred under GASB 68 as deferred inflows in the fund financial statements.

The City reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the City and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements. We have also included advanced tax collections as deferred inflows in the fund financial statements.

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 December 31, 2018, 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.

*Committed* — amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

*Unassigned* — all other spendable amounts.

As of December 31, 2018, fund balances are composed of the following:

Fund Balances:	
Nonspendable	
Prepaid Expenses	\$71,613
Restricted	
Community Development	2,022,768
Municipal Court	61,536
Committed	
Community Development	184,656
Public Safety	110,726
Unassigned	915,800
Total Fund Balance	<u>\$3,367,099</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 2011, 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 25 to 33 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. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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 position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$309,052 difference are as follows:

Net Pension Liability	\$309,052
	<u>\$309,052</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 position 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 \$8,685,404 difference are as follows:

Capital Assets not Being Depreciated	\$2,549,949
Capital Assets Being Depreciated	12,833,189
Accumulated Depreciation	(6,697,734)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$8,685,404</u>



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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectible.)" The details of this \$151,167 difference are as follows:

Property Taxes Receivable	\$155,090
Allowance for Doubtful Accounts	<u>(3,923)</u>
Net	<u>\$151,167</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Municipal fines and fees receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectible.)" Another element of that reconciliation is retirement deferrals. The details of this (\$36,383) difference are as follows:

Fines and Fees Receivable	\$247,884
Allowance for Doubtful Accounts	(192,994)
GASB 68	
Deferred Outflow of Resources-Contributions (after 12/31/17)	163,456
Difference in expected and actual experience	(36,954)
Difference in projected and actual earnings	<u>(217,775)</u>
Net	<u>(\$36,383)</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 position 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 \$413,481 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$606,886
Capital Outlay - Additions - Being Depreciated	202,841
Capital Outlay - Deletions - Transfer from Construction in Progress	(153,787)
Depreciation Expense	(242,459)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$413,481</u>

### III. Stewardship, compliance, and accountability

#### A. Budgetary information

The Mayor has been authorized by the council to prepare the budget. He is assisted by the City Secretary. 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 Mayor. 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 Secretary 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 December 31, 2018.

#### B. Excess of expenditures over appropriations

For the year ended December 31, 2018, excess of expenditures over appropriations occurred in the general fund whereby actual expenditures of \$2,600,471 exceeded budgeted expenditures of \$2,304,207 by \$296,534. This overage was precipitated by the street department which exceeded its budget of \$479,279 by \$292,324.

#### C. Deficit fund equity

The City had no deficit fund balances as of December 31, 2018.

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 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:

- a. **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 City is not exposed to custodial credit risk for its deposits with the city depository (Wells Fargo Bank); and the First National Bank in Shiner, Texas Dow Employees Credit Union, and First State Bank in Yoakum because they are covered by either federal depository insurance (FDIC) or by collateral held by the government's agent in the government's name. The City also had \$689,344 in Peoples State Bank. Except for \$7,010, this amount was secured by the federal depository insurance (FDIC). The total cash at December 31, 2018 is \$1,567,508. The book amount of cash at December 31, 2018 is \$1,231,153. The total collateral held by Wells Fargo was \$404,616.
- b. **Custodial Credit Risk - Investments:** The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of December 31, 2018 the local investment pools Texpool (60% of portfolio) and Lonestar (40% of portfolio) were both rated AAA by Standard and Poor's.
- c. **Interest-rate Risk -** In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

- d. *Concentration of Credit Risk.* The Plan places no limit on the amount the Plan may invest in any one issuer. 60% of the City's investments are in Texpool and 40% are in Lonestar.

The City's investments at December 31, 2018, are shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>	<u>%</u>
TEXPOOL	\$3,431,558	0.08	\$0.60
Lonestar Investments	2,245,958	0.08	\$0.40
Total Fair Value	<u>\$5,677,516</u>		<u>\$1.00</u>
Portfolio Weighted Average Maturity		<u>0.08</u>	

The value of Lonestar investments increased \$46,217 from a value of \$2,199,472 on December 31, 2017 to a balance of \$2,245,958 at December 31, 2018. The value of TEXPOOL increased by \$897,831 from \$2,533,727 to \$3,431,558. The City participates in two Local Government Investment Pools: TexPool and Lonestar. The City invests in TexPool and Lonestar to provide its liquidity needs. They are local Government investment pools established in conformity with the Inter-local Cooperation Act Chapter 791 of the Texas Government Code and the Public Investment Act Chapter 2256 of the Code. TexPool and Lonestar are 2(a) 7 like funds meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. The City considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder short of a significant change in value. The TexPool and Lonestar funds are in the Governmental Activities.

#### B. Receivables

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

	General Fund	Hotel Occupancy Tax	Sales Tax Mft. Dev. 4-A	Sales Tax Mft. Dev. 4-B	Utility Fund	Total
<u>Receivables</u>						
Taxes						
Property	\$155,090					\$155,090
Sales	43,935					43,935
Other		17,152	21,962	21,962		61,076
Accounts	38,761				504,713	543,474
Other	6,793				11,295	18,088
Fines	247,884					247,884
Gross Receivables	492,463	17,152	21,962	21,962	516,008	1,069,547
Less: Allowance for Uncollectibles	196,918				8,111	205,029
Net Total Receivables	<u>\$295,545</u>	<u>\$17,152</u>	<u>\$21,962</u>	<u>\$21,962</u>	<u>\$507,897</u>	<u>\$864,518</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unearned Revenue</u>	<u>Unavailable Revenue</u>
Delinquent Property Taxes Receivable (General Fund)-Net	\$151,167	
Other	736	
Advanced Tax Collections	_____	<u>\$284,171</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$151,903</u>	<u>\$284,171</u>

## C. Capital assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$2,016,178			\$2,016,178
Construction in Progress	80,672	606,886	153,787	533,771
Total capital assets not being depreciated:	2,096,850	606,886	153,787	2,549,949
Capital assets being depreciated:				
Building and Improvements	3,795,244			3,795,244
Machinery, Equipment and Vehicles	1,493,433	49,054	8,462	1,534,025
Infrastructure	7,350,133	153,787		7,503,920
Total capital assets being depreciated:	12,638,810	202,841	8,462	12,833,189
Less: Accumulated Depreciation for:				
Building and Improvements	1,016,474	75,494		1,091,968
Machinery, Equipment and Vehicles	1,242,490	87,545	8,462	1,321,573
Infrastructure	4,204,773	79,420		4,284,193
Total Accumulated Depreciation	6,463,737	242,459	8,462	6,697,734
Total Capital Assets Depreciated, Net	6,175,073	(39,618)	0	6,135,455
Governmental Activities capital assets, Net	\$8,271,923	\$567,268	\$153,787	\$8,685,404
Business-type activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$37,611			\$37,611
Construction in Progress	149,447	135,403	209,220	75,630
Total capital assets not being depreciated:	187,058	135,403	209,220	113,241
Capital assets being depreciated:				
Building and Improvements	66,132			66,132
Machinery, Equipment and Vehicles	2,659,841	24,168		2,684,009
Distribution System	19,049,759	209,220		19,258,979
Total capital assets being depreciated:	21,775,732	233,388	0	22,009,120
Less: Accumulated Depreciation for:				
Building and Improvements	66,132			66,132
Machinery, Equipment and Vehicles	2,302,878	86,475		2,389,353
Distribution System	11,983,050	446,907		12,429,957
Total Accumulated Depreciation	14,352,060	533,382	0	14,885,442
Total Capital Assets Depreciated, Net	7,423,672	(299,994)	0	7,123,678
Business-type activities capital assets, net	\$7,610,730	(\$164,591)	\$209,220	\$7,236,919

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

Governmental Activities	
General Administration	\$22,221
Public Facility	2,546
Public Safety	38,386
Public Transportation	90,621
Culture and Recreation	88,685
Total Depreciation Expense - Governmental Activities	<u>\$242,459</u>

Business-Type Activities	
Electric	\$50,313
Water	361,814
Sewer	100,539
Solid Waste	3,724
Administration	16,992
Total Depreciation Expense - Business-Type Activities	<u>\$533,382</u>

Construction commitments: The City had street, water, and sewer facility projects.

D. Inter-fund receivables, payables, and transfers

Transfer to/from other funds at December 31, 2018 are as follows:

TRANSFER TO	TRANSFER FROM			
	ECONOMIC DEVELOPMENT FUND 4A	ECONOMIC DEVELOPMENT FUND 4B	UTILITY FUND	TOTAL
	GENERAL FUND	\$11,400	\$11,400	\$958,322
TOTALS	<u>\$11,400</u>	<u>\$11,400</u>	<u>\$958,322</u>	<u>\$981,122</u>

The transfers from the economic development funds were for administration and are recurring. The amount from the utility fund was for administration and is recurring.

All amounts below are for administration and are expected to be repaid within the following year.

DUE TO	DUE FROM	
	GENERAL FUNDS	TOTAL
SALES TAX MFG. DEV. 4-A	\$22,744	\$22,744
SALES TAX MFG. DEV. 4-B	22,744	22,744
TOTALS	<u>\$45,488</u>	<u>\$45,488</u>

E. Leases

The City had no Operating Leases for the year ended December 31, 2018.

Rent expenditures were \$1,122 for the year ended December 31, 2018. Sublease rental income was \$0 for the year ended December 31, 2018. Rental income was \$45,295 for the year ended December 31, 2018.

F. Long-term debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
Compensated Absences	\$29,263	\$33,686	\$29,263	\$33,686	\$33,686	\$0
Net Pension Liability	639,221		330,169	309,052		309,052
	<u>668,484</u>	<u>33,686</u>	<u>359,432</u>	<u>342,738</u>	<u>33,686</u>	<u>309,052</u>
<u>Business-Type Activities:</u>						
Compensated Absences	22,569	25,962	22,569	25,962	25,962	0
Net Pension Liability	389,322		199,457	189,865		189,865
	<u>411,891</u>	<u>25,962</u>	<u>222,026</u>	<u>215,827</u>	<u>25,962</u>	<u>189,865</u>
Grand Total	<u>\$1,080,375</u>	<u>\$59,648</u>	<u>\$581,458</u>	<u>\$558,565</u>	<u>\$59,648</u>	<u>\$498,917</u>

The general fund and the utility fund are used to service the compensated absences and net pension liabilities. The estimated amount due in the 2019 year is \$59,648. The government-wide statement of activities includes \$59,648 as "noncurrent liabilities, due within one year". There was no interest expense.

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).

Changes in accrued liabilities for these claims follow:

	Year ended <u>12/31/17</u>	Year ended <u>12/31/18</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**

The Wastewater Treatment Plant Operator is the President of the Hallettsville Golf Association. The Association pays half of fees/etc. in return for City maintaining grounds.

C. Subsequent events

On January 7, 2019, the City purchased a Ford Explorer from Caldwell Country Ford, in the amount of \$44,475.75 for the Police Department.

On January 21, 2019, the City purchased a John Deere Greens Mower from Brookside Equipment, in the amount of \$35,746.74. The City also approved the bid from Techline Construction for Electrical System projects in the amount of \$40,475.00.

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 government is not a defendant in any lawsuits at the end of the year.

E. Prior Period Adjustments

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

Governmental Activities and Funds: In the Government-Wide statements and in the funds, the City recorded prior year sales taxes income by \$34,085. This restatement was the result of sales taxes of \$34,085 not being recorded in the past.

Governmental Activities and Funds: In the Government-Wide statements and in the funds, the City reclassified the Rebate for Erate Book amount of \$5,173 from a deferred revenue account into a revenue account; for the prior year. This restatement was the result of the Rebate for Erate Book amount of \$5,173 not being recorded in income in the prior year.

Governmental Activities and Funds: In the Government-Wide statements and in the funds, the City adjusted the health insurance payable by \$24,672. This restatement was the result of the health insurance payable being overstated by \$24,672 at the end of the prior year.

These restatements had a corresponding effect on the beginning net assets

	<b>Fund Balances, as Previously Reported</b>	<b>Sales Tax Restatement</b>	<b>Rebate for Erate Book Restatement</b>	<b>Health Insurance Restatement</b>	<b>Fund Balances, as Restated</b>
<b>Governmental Funds:</b>					
Fund Balance	\$2,885,164	\$34,085	\$5,173	\$24,672	\$2,949,094
<b>Total Governmental Funds</b>	<b>\$2,885,164</b>	<b>\$34,085</b>	<b>\$5,173</b>	<b>\$24,672</b>	<b>\$2,949,094</b>

	<b>Net Position, as Previously Reported</b>	<b>Sales Tax Restatement</b>	<b>Rebate for Erate Book Restatement</b>	<b>Health Insurance Restatement</b>	<b>Net Position as Restated</b>
<b>Governmental Activities:</b>					
Net Position	\$10,813,450	\$34,085	\$5,173	\$24,672	\$10,877,380
<b>Total Governmental Activities</b>	<b>\$10,813,450</b>	<b>\$34,085</b>	<b>\$5,173</b>	<b>\$24,672</b>	<b>\$10,877,380</b>

## F. Defined Benefit Pension Plans

### EXECUTIVE SUMMARY

as of December 31, 2017

Actuarial Valuation and Measurement Date, December 31,	2016	2017
<b>Membership</b>		
Number of		
- Inactive employees or beneficiaries currently receiving benefits	20	22
- Inactive employees entitled to but not yet receiving benefits	13	15
- Active employees	34	34
- Total	<u>67</u>	<u>71</u>
Covered Payroll	\$1,414,290	\$1,463,395
<b>Net Pension Liability</b>		
Total Pension Liability	\$7,168,614	\$7,432,165
Plan Fiduciary Net Position	<u>6,140,071</u>	<u>6,933,248</u>
Net Pension Liability/(Asset)	\$1,028,543	\$498,917
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.65%	93.29%
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	72.73%	34.09%
<b>Development of the Single Discount Rate</b>		
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	\$175,461
2. Interest on the Total Pension Liability	479,223
3. Changes in Current Period Benefits Including Substantively Automatic Status	0
4. Employee Contributions (Reduction of Expense)	(73,170)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(414,455)
6. Administrative Expense	4,410
7. Other Changes in Fiduciary Net Position	224
8. Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(18,352)
9. Recognition of Current Year Outflow (Inflow) of Resources-Assets	(87,333)
10. Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	(1,709)
11. Amortization of Prior Year Outflows (Inflows) of Resources-Assets	91,870
12. Total Pension Expense (Income)	<u>\$156,169</u>

**SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE**

A.	Recognition Period (or amortization year)	Total (Inflow or Outflow of Resources)	<b>2017 Recognized in current pension expense</b>	Deferred (Inflow)/Outflow in future expense
<b>Due to Liabilities:</b>				
Difference in expected and actual experience [actuarial (gains) or losses]	4.2300	(\$77,630)	(\$18,352)	(\$59,278)
Change in assumptions [actuarial (gains) or losses]	4.2300	\$0	\$0	\$0
			<u>(\$18,352)</u>	<u>(\$59,278)</u>
<b>Due to Assets:</b>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	(\$436,667)	(\$87,333)	(\$349,334)
			<u>(\$87,333)</u>	<u>(\$349,334)</u>
<b>Total:</b>				<u>(\$408,612)</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	(\$15,658)
2019	(32,238)
2020	(110,623)
2021	(91,557)
2022	0
Thereafter	0
Total	<u>(\$250,076)</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 10-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 T MRS-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%
\$1,476,328	\$498,917	(\$313,023)

## 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

### *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. 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 2()14, 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 Hallettsville 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 Hallettsville 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 Hallettsville 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 T MRS) 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 T MRS 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.

- 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.

#### **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	
<b>Due to Liabilities:</b>										
difference in experiences (inflows)/outflows										
	2017	4.2300	(\$77,630)	(\$18,352)	(\$18,352)	(\$18,352)	(\$18,352)	(\$4,222)	\$0	\$0
	2016	3.6000	(29,005)	(8,057)	(8,057)	(8,057)	(4,834)	0	0	0
	2015	2.5400	914	360	360	194	0	0	0	0
	2014	1.6151	566	351	215	0	0	0	0	0
	<b>Total</b>		<b>(\$25,698)</b>	<b>(\$25,834)</b>	<b>(\$26,215)</b>	<b>(\$23,186)</b>	<b>(\$4,222)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
change in assumptions (inflows)/outflows										
	2015	2.5400	\$14,316	\$5,637	\$5,637	\$3,042	\$0	\$0	\$0	\$0
	<b>Total</b>		<b>\$5,637</b>	<b>\$5,637</b>	<b>\$3,042</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Due to Assets:</b>										
excess investment returns (inflows)/outflows										
	2017	5.0000	(\$436,667)	(\$87,333)	(\$87,333)	(\$87,333)	(\$87,333)	(\$87,333)	\$0	\$0
	2016	4.0000	(410)	(102)	(102)	(102)	(104)	0	0	0
	2015	3.0000	235,106	78,368	78,368	78,370	0	0	0	0
	2014	2.0000	27,210	13,604	13,606	0	0	0	0	0
	<b>Total</b>		<b>\$4,537</b>	<b>\$4,539</b>	<b>(\$9,065)</b>	<b>(\$87,437)</b>	<b>(\$87,335)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

REQUIRED SUPPLEMENTARY INFORMATION

A. Total pension liability

	2017	2016	2015
1. Service Cost	\$175,461	\$170,705	\$162,138
2. Interest (on the Total Pension Liability)	479,223	458,080	446,100
3. Changes of benefit terms	0	0	0
4. Difference between expected and actual experience	(77,630)	(37,062)	1,634
5. Changes of assumptions	0	0	25,590
6. Benefit payments, including refunds of employee contributions	(313,503)	248,241	(204,233)
7. Net change in total pension liability	263,551	343,482	431,229
8. Total pension liability -- beginning	7,168,614	6,825,132	6,393,903
9. Total pension liability - ending	7,432,165	7,168,614	6,825,132

B. Plan fiduciary net position

1. Contributions - employer	187,021	170,421	174,091
2. Contributions - employee	73,170	71,614	70,311
3. Net investment income	851,122	389,413	8,438
4. Benefit payments, including refunds of employee contributions	(313,503)	(248,241)	(204,233)
5. Administrative Expense	(4,410)	(4,397)	(5,139)
6. Other	(224)	(237)	(254)
7. Net change in plan fiduciary net position	793,177	378,573	43,214
8. Plan fiduciary net position - beginning	6,140,071	5,761,498	5,718,283
9. Plan fiduciary net position - ending*	6,933,248	6,140,071	5,761,497

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

\$498,917	\$1,028,543	\$1,063,635
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D. Plan fiduciary net position as a percentage  
of the total pension liability (B.9 / A.9)

93.29%	85.65%	84.42%
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E. Covered-employee payroll (B.9 / A.9)

\$1,463,395	\$1,414,290	\$1,406,229
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F. Net pension liability as a percentage  
of covered employee payroll (C/E)

34.09%	72.73%	75.64%
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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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF HALLETTSVILLE, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2018

SPECIAL REVENUE

	FIRE TRUCK FUND	GRANT FUND	HOTEL OCCUPANCY TAX	VOLUNTEER FIREMEN PENSION	TOTAL
<b>ASSETS</b>					
Cash and Cash Equivalents	\$76,899		\$54,115	\$33,827	\$164,841
Receivables (Net of Allowance for Uncollectibles)			17,152		17,152
Prepaid Expenses					0
Due from Other Funds					0
<b>Total Assets</b>	<b>\$76,899</b>	<b>\$0</b>	<b>\$71,267</b>	<b>\$33,827</b>	<b>\$181,993</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable					\$0
Due to Other Funds					0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepaid Expenses					0
<b>Restricted</b>					
Community Development			71,267		71,267
<b>Committed</b>					
Public Safety	76,899			33,827	110,726
Unassigned					0
<b>Total Fund Balances</b>	<b>76,899</b>	<b>0</b>	<b>71,267</b>	<b>33,827</b>	<b>181,993</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$76,899</b>	<b>\$0</b>	<b>\$71,267</b>	<b>\$33,827</b>	<b>\$181,993</b>

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



CITY OF HALLETTSVILLE, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

SPECIAL REVENUE

	FIRE TRUCK FUND	GRANT FUND	HOTEL OCCUPANCY TAX	VOLUNTEER FIREMEN PENSION	TOTAL
<i>REVENUES</i>					
Taxes					
Sales					\$0
Hotel Occupancy			77,167		77,167
Intergovernmental					0
Interest	1,499		1,925	694	4,118
Miscellaneous	4,000			125	4,125
Total Revenues	<u>5,499</u>	<u>0</u>	<u>79,092</u>	<u>819</u>	<u>85,410</u>
<i>EXPENDITURES</i>					
Current:					
General Administration					
Community Development		1,862			1,862
Public Safety					
Fire				275	275
Culture and Recreation					
Tourism			107,860		107,860
Total Expenditures	<u>0</u>	<u>1,862</u>	<u>107,860</u>	<u>275</u>	<u>109,997</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	5,499	(1,862)	(28,768)	544	(24,587)
<i>OTHER FINANCING SOURCES (USES):</i>					
Operating Transfers Out					0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	5,499	(1,862)	(28,768)	544	(24,587)
Fund Balances - Beginning	71,400	1,862	100,035	33,283	206,580
Fund Balances - Ending	<u>\$76,899</u>	<u>\$0</u>	<u>\$71,267</u>	<u>\$33,827</u>	<u>\$181,993</u>

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

CITY OF HALLETTSVILLE, TEXAS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Cafeteria Fund	Electronic Transfer Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$0	\$0	\$0
Total Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>LIABILITIES:</b>			
Accounts Payable			
Due to Others	\$0	\$0	\$0
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF HALLETTSVILLE, TEXAS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>CAFETERIA FUND</u>			
	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
<b>ASSETS</b>				
Cash and Cash Equivalents	\$188		\$188	\$0
Total Assets	\$188	\$0	\$188	\$0

<b>LIABILITIES:</b>				
Accounts Payable				
Due to Others	\$188	\$0	\$188	\$0
Total Liabilities	\$188	\$0	\$188	\$0

	<u>ELECTRONIC TRANSFER FUND</u>			
	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
<b>ASSETS</b>				
Cash and Cash Equivalents	\$412	\$0	\$412	\$0
Total Assets	\$412	\$0	\$412	\$0

<b>LIABILITIES:</b>				
Accounts Payable				
Due to Others	\$412	\$0	\$412	\$0
Total Liabilities	\$412	\$0	\$412	\$0

	<u>TOTAL</u>			
	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
<b>ASSETS</b>				
Cash and Cash Equivalents	\$600	\$0	\$600	\$0
Total Assets	\$600	\$0	\$600	\$0

<b>LIABILITIES:</b>				
Accounts Payable				
Due to Others	\$600	\$0	\$600	\$0
Total Liabilities	\$600	\$0	\$600	\$0