

CITY OF SAN MARCOS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS</u>	\$ 29,867,732
Amounts reported for governmental activities in the statement of activities 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 depreciation expense exceeded capital outlay.	(688,737)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,254,582
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	(27,219,186)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,380,720
The change in the net pension liability, other postemployment benefit liabilities, and the related deferred inflows and outflows does not consume a current financial resource and are therefore not reported as expenditures in the governmental funds.	574,002
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) is reported with governmental activities.	<u>707,968</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,877,081</u>

CITY OF SAN MARCOS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 57,917,926	\$ 57,917,926	\$ 61,134,745	\$ 3,216,819
Licenses and Permits	2,911,423	2,911,423	3,338,087	426,664
Fines and Penalties	1,814,706	1,814,706	1,289,319	(525,387)
Charges for Services	7,181,201	7,181,201	7,042,721	(138,480)
Intergovernmental	453,549	453,549	533,934	80,385
Interest on Investments	134,000	134,000	438,949	304,949
Miscellaneous	987,482	987,482	1,045,793	58,311
Total Revenues	<u>71,400,287</u>	<u>71,400,287</u>	<u>74,823,548</u>	<u>3,423,261</u>
<u>EXPENDITURES</u>				
Current				
General Government	26,315,749	26,700,703	26,244,380	456,323
Public Safety	30,093,422	32,230,128	32,247,436	(17,308)
Community Service	12,498,556	12,244,710	12,045,292	199,418
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>68,907,727</u>	<u>71,175,541</u>	<u>70,537,108</u>	<u>638,433</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>2,492,560</u>	<u>224,746</u>	<u>4,286,440</u>	<u>4,061,694</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	35,000	35,000	44,856	9,856
Transfers Out	(4,456,405)	(3,256,499)	(4,061,405)	(804,906)
Total Other Financing Sources (Uses)	<u>(4,421,405)</u>	<u>(3,221,499)</u>	<u>(4,016,549)</u>	<u>(795,050)</u>
Net Change in Fund Balances	(1,928,845)	(2,996,753)	269,891	3,266,644
<u>FUND BALANCES - BEGINNING</u>	<u>15,893,798</u>	<u>15,893,798</u>	<u>15,893,798</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 13,964,953</u>	<u>\$ 12,897,045</u>	<u>\$ 16,163,689</u>	<u>\$ 3,266,644</u>

CITY OF SAN MARCOS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL
	ELECTRIC	WATER AND WASTEWATER	STORMWATER DRAINAGE	OTHER ENTERPRISE	TOTAL	ACTIVITIES INTERNAL SERVICE
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 2,212,512	\$ 7,014,671	\$ -	\$ 834,318	\$ 10,061,501	\$ 833,026
Investments	47,231,096	81,416,249	23,604,571	996,870	153,248,786	1,487,963
Receivables - Net of Allowances for Uncollectibles	8,191,617	7,296,101	640,771	585,656	16,714,145	-
Due from Other Funds	1,000,261	2,273,163	-	-	3,273,424	-
Inventories	2,344,497	615,246	-	-	2,959,743	-
Prepaid Items	9,176	-	-	-	9,176	-
Total Current Assets	<u>60,989,159</u>	<u>98,615,430</u>	<u>24,245,342</u>	<u>2,416,844</u>	<u>186,266,775</u>	<u>2,320,989</u>
NONCURRENT ASSETS						
Capital Assets						
Land	1,252,765	3,598,369	34,844	653,140	5,539,118	-
Buildings	-	1,557,930	-	4,339,745	5,897,675	-
Improvements Other than Buildings	27,944,792	161,068,559	13,309,207	8,539,322	210,861,880	-
Furnishings and Equipment	5,474,658	7,867,170	1,428,920	99,303	14,870,051	-
Construction in Progress	<u>53,420,348</u>	<u>76,523,094</u>	<u>16,278,919</u>	<u>1,409,330</u>	<u>147,631,691</u>	-
Totals	88,092,563	250,615,122	31,051,890	15,040,840	384,800,415	-
Less Accumulated Depreciation	<u>(19,129,821)</u>	<u>(114,338,288)</u>	<u>(5,956,834)</u>	<u>(10,441,099)</u>	<u>(149,866,042)</u>	-
Total Capital Assets - Net of Accumulated Depreciation	<u>68,962,742</u>	<u>136,276,834</u>	<u>25,095,056</u>	<u>4,599,741</u>	<u>234,934,373</u>	-
Total Noncurrent Assets	<u>68,962,742</u>	<u>136,276,834</u>	<u>25,095,056</u>	<u>4,599,741</u>	<u>234,934,373</u>	-
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pension	616,661	532,048	48,365	12,066	1,209,140	-
Deferred Outflows - OPEB Death Benefit	15,287	12,589	1,199	899	29,974	-
Deferred Outflows - OPEB Health Benefit	57,556	47,399	4,514	3,383	112,852	-
Deferred Charge on Refunding	<u>298,751</u>	<u>3,589,766</u>	<u>690,327</u>	<u>-</u>	<u>4,578,844</u>	-
Total Deferred Outflows of Resources	<u>988,255</u>	<u>4,181,802</u>	<u>744,405</u>	<u>16,348</u>	<u>5,930,810</u>	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 130,940,156</u>	<u>\$ 239,074,066</u>	<u>\$ 50,084,803</u>	<u>\$ 7,032,933</u>	<u>\$ 427,131,958</u>	<u>\$ 2,320,989</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts Payable	\$ 3,431,695	1,964,711	316,670	\$ 466,721	\$ 6,179,797	\$ 158,458
Accrued Liabilities	361,086	110,637	12,661	48,344	532,728	-
Due to Other Funds	-	-	2,273,163	-	2,273,163	-
Claims Payable	-	-	-	-	-	504,573
Customer Deposits	3,021,435	1,527,100	1,179	206,055	4,755,769	-
Accrued Interest Payable	498,356	538,070	195,977	-	1,232,403	-
Compensated Absences	83,546	84,135	13,507	6,519	187,707	-
Current Maturities of Long-term Debt	<u>2,326,144</u>	<u>9,182,409</u>	<u>1,914,386</u>	<u>-</u>	<u>13,422,939</u>	-
Total Current Liabilities	<u>9,722,262</u>	<u>13,407,062</u>	<u>4,727,543</u>	<u>727,639</u>	<u>28,584,506</u>	<u>663,031</u>
NONCURRENT LIABILITIES						
Net Pension Liability	2,930,968	2,487,677	229,880	98,472	5,746,997	-
OPEB Liability - Death Benefit	142,145	117,061	11,149	8,361	278,716	-
OPEB Liability - Health Benefit	345,710	284,702	27,114	20,336	677,862	-
Compensated Absences	150,202	138,597	18,869	2,240	309,908	-
Long-Term Debt	<u>49,355,467</u>	<u>113,391,049</u>	<u>34,563,767</u>	<u>-</u>	<u>197,310,283</u>	-
Total Noncurrent Liabilities	<u>52,924,492</u>	<u>116,419,086</u>	<u>34,850,779</u>	<u>129,409</u>	<u>204,323,766</u>	-
Total Liabilities	<u>62,646,754</u>	<u>129,826,148</u>	<u>39,578,322</u>	<u>857,048</u>	<u>232,908,272</u>	<u>663,031</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pension	<u>490,700</u>	<u>407,107</u>	<u>38,486</u>	<u>25,862</u>	<u>962,155</u>	-
NET POSITION						
Net Investment in Capital Assets	33,626,730	67,742,413	7,146,117	4,599,741	113,115,001	-
Restricted - Energy Incentive Programs	84,929	137,052	-	-	221,981	-
Unrestricted	<u>34,091,043</u>	<u>40,961,346</u>	<u>3,321,878</u>	<u>1,550,282</u>	<u>79,924,549</u>	<u>1,657,958</u>
Total Net Position	<u>67,802,702</u>	<u>108,840,811</u>	<u>10,467,995</u>	<u>6,150,023</u>	<u>193,261,531</u>	<u>1,657,958</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 130,940,156</u>	<u>\$ 239,074,066</u>	<u>\$ 50,084,803</u>	<u>\$ 7,032,933</u>	<u>\$ 427,131,958</u>	<u>\$ 2,320,989</u>

CITY OF SAN MARCOS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	ELECTRIC	WATER AND WASTEWATER	STORMWATER DRAINAGE	OTHER ENTERPRISE	TOTAL	INTERNAL SERVICE
OPERATING REVENUES						
Charges for Services	\$ 59,293,652	\$ 44,994,526	\$ 4,944,619	\$ 4,727,523	\$ 113,960,320	\$ -
Intergovernmental	-	-	-	44,400	44,400	-
Employer Contributions	-	-	-	-	-	6,623,933
Employee Contributions	-	-	-	-	-	1,658,189
Retiree Contributions	-	-	-	-	-	329,439
Pharmacy Rebates	-	-	-	-	-	80,884
Miscellaneous	<u>1,039,085</u>	<u>1,334,654</u>	<u>45,672</u>	<u>35,183</u>	<u>2,454,594</u>	-
Total Operating Revenues	<u>60,332,737</u>	<u>46,329,180</u>	<u>4,990,291</u>	<u>4,807,106</u>	<u>116,459,314</u>	<u>8,692,445</u>
OPERATING EXPENSES						
Purchased Power	36,175,410	-	-	-	36,175,410	-
Personnel Services	5,036,670	4,563,405	647,592	406,442	10,654,109	-
Contracted Services	1,866,791	9,124,105	760,324	4,377,304	16,128,524	-
Materials and Supplies	713,603	1,078,595	104,497	111,190	2,007,885	-
Indirect Costs	2,130,807	4,732,593	264,002	-	7,127,402	-
Claims	-	-	-	-	-	7,041,359
Other Charges	5,516,202	5,368,810	16,273	202,228	11,103,513	952,710
Depreciation	<u>1,487,131</u>	<u>9,246,438</u>	<u>1,083,089</u>	<u>166,069</u>	<u>11,982,727</u>	-
Total Operating Expenses	<u>52,926,614</u>	<u>34,113,946</u>	<u>2,875,777</u>	<u>5,263,233</u>	<u>95,179,570</u>	<u>7,994,069</u>
Operating Income (Loss)	<u>7,406,123</u>	<u>12,215,234</u>	<u>2,114,514</u>	<u>(456,127)</u>	<u>21,279,744</u>	<u>698,376</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income (Loss)	496,081	1,208,685	286,489	(1,746)	1,989,509	9,592
Interest and Fiscal Charges	<u>(1,877,435)</u>	<u>(4,223,389)</u>	<u>(1,191,044)</u>	-	<u>(7,291,868)</u>	-
Total Nonoperating Revenues (Expenses)	<u>(1,381,354)</u>	<u>(3,014,704)</u>	<u>(904,555)</u>	<u>(1,746)</u>	<u>(5,302,359)</u>	<u>9,592</u>
Income (Loss) before Transfers	6,024,769	9,200,530	1,209,959	(457,873)	15,977,385	707,968
Capital Contributions	981,779	-	-	-	981,779	-
Transfers In	-	-	-	662,000	662,000	-
Transfers Out	<u>-</u>	<u>(69,856)</u>	<u>-</u>	<u>-</u>	<u>(69,856)</u>	<u>-</u>
Change in Net Position	<u>7,006,548</u>	<u>9,130,674</u>	<u>1,209,959</u>	<u>204,127</u>	<u>17,551,308</u>	<u>707,968</u>
TOTAL NET POSITION - BEGINNING	61,067,859	99,925,816	9,282,793	5,968,000	176,244,468	949,990
RESTATEMENT OF BEGINNING NET POSITION	<u>(271,705)</u>	<u>(215,679)</u>	<u>(24,757)</u>	<u>(22,104)</u>	<u>(534,245)</u>	<u>-</u>
NET POSITION AT BEGINNING OF YEAR - AS RESTATED	<u>60,796,154</u>	<u>99,710,137</u>	<u>9,258,036</u>	<u>5,945,896</u>	<u>175,710,223</u>	<u>949,990</u>
TOTAL NET POSITION - ENDING	<u>\$ 67,802,702</u>	<u>\$ 108,840,811</u>	<u>\$ 10,467,995</u>	<u>\$ 6,150,023</u>	<u>\$ 193,261,531</u>	<u>\$ 1,657,958</u>

CITY OF SAN MARCOS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	ELECTRIC	WATER AND WASTEWATER	STORMWATER DRAINAGE	OTHER FUNDS	TOTALS	INTERNAL SERVICE
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash Received from Customers	\$ 60,431,944	\$ 44,447,440	\$ 4,865,723	\$ 4,801,488	\$ 114,546,595	\$ 8,646,188
Cash Paid to Suppliers	(46,821,226)	(23,272,704)	(85,945)	(4,286,808)	(74,466,683)	(8,287,087)
Cash Paid to Employees	(5,104,597)	(4,612,232)	(655,471)	(714,792)	(11,087,092)	-
Receipts from Other Funds	-	-	-	-	-	80,884
Net Cash Provided by (Used in) Operating Activities	<u>8,506,121</u>	<u>16,562,504</u>	<u>4,124,307</u>	<u>(200,112)</u>	<u>28,992,820</u>	<u>439,985</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>						
Transfers from Other Funds	-	-	-	662,000	662,000	-
Transfers to Other Funds	-	(69,856)	-	-	(69,856)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>(69,856)</u>	<u>-</u>	<u>662,000</u>	<u>592,144</u>	<u>-</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Proceeds from Capital Debt	3,685,000	7,340,000	9,124,233	-	20,149,233	-
Principal Paid on Debt	(1,925,519)	(8,435,665)	(1,512,918)	-	(11,874,102)	-
Interest and Fiscal Charges Paid on Debt	(1,468,146)	(3,179,076)	(57,145)	-	(4,704,367)	-
Acquisition of Capital Assets	<u>(4,663,142)</u>	<u>(14,537,866)</u>	<u>(2,213,453)</u>	<u>(56,204)</u>	<u>(21,470,665)</u>	<u>-</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(4,371,807)</u>	<u>(18,812,607)</u>	<u>5,340,717</u>	<u>(56,204)</u>	<u>(17,899,901)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Sale (Purchase) of Investment Securities	(5,586,781)	(3,791,482)	(9,751,513)	(998,616)	(19,129,776)	12,037
Interest Received	<u>496,081</u>	<u>1,208,685</u>	<u>286,489</u>	<u>-</u>	<u>992,639</u>	<u>9,592</u>
Net Cash Provided by (Used in) Investing Activities	<u>(5,090,700)</u>	<u>(2,582,797)</u>	<u>(9,465,024)</u>	<u>(998,616)</u>	<u>(18,137,137)</u>	<u>21,629</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(956,386)	(4,902,756)	-	(592,932)	(6,452,074)	461,614
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>3,168,898</u>	<u>11,917,427</u>	<u>-</u>	<u>1,427,250</u>	<u>16,513,575</u>	<u>371,412</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 2,212,512</u>	<u>\$ 7,014,671</u>	<u>\$ -</u>	<u>\$ 834,318</u>	<u>\$ 10,061,501</u>	<u>\$ 833,026</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>						
Operating Income (Loss)	\$ 7,406,123	\$ 12,215,234	\$ 2,114,514	\$ (456,127)	\$ 21,279,744	\$ 698,376
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities						
Depreciation	1,487,131	9,246,438	1,083,089	166,069	11,982,727	-
Changes in Assets and Liabilities						
Decrease (Increase) in Assets						
Accounts Receivable	(26,097)	(2,226,771)	(124,568)	(22,281)	(2,399,717)	34,627
Due from Other Funds	1,179,252	(2,273,163)	-	-	(1,093,911)	-
Inventories	(621,288)	(189,096)	-	-	(810,384)	-
Prepaid Items	14,880	21	-	-	14,901	-
Increase (Decrease) in Liabilities						
Accounts Payable	(991,817)	(516,835)	(38,106)	104,118	(1,442,640)	(948)
Accrued Liabilities	560	10,472	3,346	4,828	19,206	-
Due to Other Funds	-	-	1,093,911	-	1,093,911	-
Claims Payable	-	-	-	-	-	(292,070)
Net Pension Liability	(44,898)	(36,979)	(3,521)	(8,880)	(94,278)	-
OPEB Liability	(19,361)	(15,943)	(1,519)	(1,860)	(38,683)	-
Compensated Absences	(3,668)	4,095	(2,839)	(2,642)	(5,054)	-
Customer Deposits	<u>125,304</u>	<u>345,031</u>	<u>-</u>	<u>16,663</u>	<u>486,998</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATIONS	<u>\$ 8,506,121</u>	<u>\$ 16,562,504</u>	<u>\$ 4,124,307</u>	<u>\$ (200,112)</u>	<u>\$ 28,992,820</u>	<u>\$ 439,985</u>
<u>SCHEDULE OF NONCASH CAPITAL ACTIVITIES</u>						
Actuarially Determined Change in						
Net Pension Liability	\$ 897,087	\$ 738,774	\$ 70,360	\$ 52,769	\$ 1,758,990	\$ -
Other Post-Employment Benefit Liability	68,418	56,343	5,367	4,021	134,149	-
Amortization of Deferred Bond Refunding	48,202	549,116	78,270	1,746	677,334	-
Transfer of Construction in Progress to Depreciable Assets	1,301,879	4,983,105	8,000	-	6,292,984	-
Amortization of Premium/Discount on Bonds	336,825	451,898	983,052	-	1,771,775	-
Contributed Capital	981,779	-	-	-	-	-

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NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of San Marcos, Texas (the City) was incorporated July 11, 1877, while the City's home rule charter was adopted by election in 1967. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, general and administrative, electric, water and wastewater services.

The accompanying financial statements comply with the provisions of the GASB Statement No. 14, 39, and 61, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. There are no component units which satisfy requirements for blending within the City's financial statements or for discrete presentation.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

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

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 30 days of the end of the current fiscal period. Property taxes availability period is considered to be 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City'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 Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by other funds.

The Debt Service Fund accounts for the accumulation of resources for the payment of long-term debt principal, interest, and related costs.

The City reports the following major proprietary funds:

The Electric Fund accounts for the activities necessary for the provision of electric services.

The Water and Wastewater Fund accounts for the activities necessary for the provision of water and sewer services.

The Stormwater Drainage Fund was created to address the need for improvements in drainage channels throughout the City. The fund obtains revenue through the assessment of a monthly drainage utility fee to both residential and commercial customers.

Additionally, the City reports the following fund type:

Internal Service Fund accounts for medical and dental benefits to City employees, participating dependents and eligible retirees on a cost reimbursement basis.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

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 of the City's enterprise funds 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 revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

D. Assets, Liabilities, Fund Balance, and Net Position

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand and certificates of deposit with a maturity of three months or less from the date of purchase.

Statutes authorize the City to invest in obligations of U.S. Treasury or its agencies and instrumentalities, obligations of the state or its agencies, other investments guaranteed by the U.S. Treasury or the State of Texas, or investments rated by a national rating company at "A" or better. Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase agreements involving those same obligations. The City is also authorized to invest in fully collateralized repurchase agreements, and in certificates of deposit issued by banks domiciled in Texas that are FDIC insured or have securities (of aforementioned quality) pledged to secure these deposits. The investment of idle funds has been restricted to U.S. Government Treasury and agency securities and time deposits with the City's depository banks.

Investments for the City are stated at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the 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."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 15 percent of outstanding property taxes at September 30, 2018.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Inventories and Prepaid Items

Inventory is valued at cost using the average cost method of accounting. Inventory in the general fund consists of expendable supplies held for consumption. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method).

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

Inventory reported in the general fund is offset by a fund balance reserve which indicates that it does not represent "available spendable resources" even though it is a component of net current assets. Inventory in the water and wastewater and electric funds consists of parts and maintenance items.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>ASSET</u>	<u>YEARS</u>
Buildings	20 - 50 Years
Improvements Other than Buildings	10 - 40 Years
Infrastructure (Streets and Drainage)	35-125 Years
Equipment	5 - 10 Years

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for these amounts is reported in the applicable governmental funds and business-type funds as it is due to the employees at the time of resignation or retirement. The liability is recorded as follows: All employees are entitled to be paid up to 30 days (90 days with 20 years of continuous service) of accumulated vacation; in addition Civil Service-Police are entitled to be paid up to 90 days of sick and Civil Service-Fire are entitled to 90 days of sick at 1,080 hours for 12-hour days.

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 are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

Long-Term Obligations (Continued)

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.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by court resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned:** This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in order to provide an understanding of the changes in the financial position and operations. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

Pensions

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

Other Postemployment Benefits

During the fiscal year 2018, the City changed accounting policies related to the other postemployment benefit (OPEB) liabilities, deferred outflows of resources, and deferred inflows of resources in the statement of net position by adopting GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. Accordingly, the effect of the accounting change is reported in the statement net position and statement of activities for the current year. The OPEB liabilities have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the OPEB liabilities, deferred outflows of resources, and deferred inflows of resources related to the OPEB liabilities and OPEB expenses.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 2: 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, "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$186,121,410 difference are as follows:

General Obligation Bonds	\$ (143,815,000)
Capital Leases	(1,297,322)
Discounts on Bonds	69,550
Premiums on Bonds	(12,288,506)
Accrued Interest Payable	(787,120)
Compensated Absences	(5,739,739)
Deferred Loss on Refunding	6,499,417
Net Pension Liability, net of related Deferred Inflows and Outflows of Resources	(25,055,613)
OPEB Liabilities, net of related Deferred Inflows and Outflows of Resources	<u>(3,707,077)</u>
NET ADJUSTMENT TO REDUCE FUND BALANCE -	
TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT	
NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (186,121,410)</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 fund and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "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 detail of this \$688,737 difference is as follows:

Capital Outlay	\$ 13,388,623
Depreciation Expense	<u>(14,077,360)</u>
NET ADJUSTMENT TO DECREASE NET CHANGES IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET	
POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (688,737)</u>

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds." The detail of this \$2,254,582 difference is as follows:

Capital Contribution	\$ 2,258,061
Property Taxes	<u>(3,479)</u>
NET ADJUSTMENT TO INCREASE NET CHANGES IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES IN NET	
POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,254,582</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states, "The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this \$27,219,186 difference are as follows:

Debt Issued or Incurred:	
Issuance of General Obligation Bonds	\$ (33,910,000)
Premium on Bond Issuance	(3,847,332)
Principal Repayments:	
Capital Lease	553,146
General Obligation Debt	<u>9,985,000</u>
NET ADJUSTMENT TO INCREASE NET CHANGES IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES	
IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (27,219,186)</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$1,380,720 difference are as follows:

Net Change in Compensated Absences	\$ 1,258,677
Accrued Interest	(184,949)
Amortization of Deferred Charge on Refunding	(636,912)
Amortization of Bond Discounts	(7,510)
Amortization of Bond Premiums	<u>941,304</u>
NET ADJUSTMENT TO DECREASE NET CHANGES IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES	
IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,380,720</u>

Another element of that reconciliation states, "The change in the net pension liability, other postemployment benefit liabilities, and the related deferred inflows and outflows does not consume current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$574,002 difference are as follows:

Net Pension Liability	\$ 8,414,252
Other Postemployment Benefit Liability - Death Benefits	(192,057)
Other Postemployment Benefit Liability - Health Benefits	(246,143)
Deferred Inflows of Resources	(6,738,462)
Deferred Outflows of Resources	<u>(663,588)</u>
NET ADJUSTMENT TO DECREASE NET CHANGES IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS TO ARRIVE AT CHANGES	
IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 574,002</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City Charter prescribes certain requirements for adoption of an annual operating budget by the City Council. The Council must have a public hearing on the budget and may not adopt the budget until 14 days after the hearing. The budget is to be adopted at least 15 days before the beginning of the fiscal year to which it applies.

The amounts of proposed expenditures become appropriated to the objects and purposes named in the budget upon the effective date after adoption. The total estimated expenditures of the general fund shall not exceed the total estimated resources of the fund (prospective income plus cash on hand).

The City budget may be amended and appropriations may be altered in cases of public necessity, as declared by the City Council. The City Manager has the ability to reallocate funds from one line item to another within the various budget categories within departments in the same fund (i.e., personnel services, other charges, contracted services, etc.), but City Council approval is required for budget adjustments between funds.

The budget ordinance states that expenditures should not exceed the budget in the various departments (general government, human resources, finance, etc.) within an individual fund. The City's appropriation ordinance approves items as detailed in the approved budget. Budgeted amounts reported are based on the budget ordinance originally adopted and as amended by the City Council throughout the year.

Formal budgetary accounting is employed for all funds of the City, excluding Public Safety Grants, PARD Recreation Programs, Library Memorial, PARD Special Contributions, Miscellaneous Grants, Tow Forfeiture, Capital Projects and the Cemetery Perpetual Permanent Fund. Annual operating budgets are prepared and presented for the general fund, debt service fund, and all other special revenue funds. All annual appropriations lapse at fiscal year-end.

Budgets for the governmental fund types are prepared and adopted on the GAAP basis. Budgets for expenses used for managerial control have been prepared for the enterprise funds on a non-GAAP basis, which excludes depreciation, but includes capital outlay and total debt service.

The City Council made several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations were not considered material.

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2018, the carrying amount of the City's cash and cash equivalents on the government-wide financial statements is \$14,608,004 which includes \$5,000,785 in an escrow fund, \$9,525 of cash on hand, and deposits of \$9,597,692 with a bank balance of \$10,559,393. All deposits are insured by Federal depository insurance and/or collateralized with securities held by the City's agent in the City's name.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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 investments, (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, and (9) 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, and (10) 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 parties.

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

1. 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. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2018, the City's bank balance was fully collateralized with securities held by independent third party financial institutions.
2. Credit Risk – It is the City's policy to limit investments to investment types with an investment quality rating no lower than AAA (regular funds) and A (reserved funds) or an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 360 days for regular funds and 18 months for reserved funds. The City's investment pool was rated AAAM by Standard & Poor's Investors Services.
3. Interest Rate Risk: In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 360 days or less for regular funds and 18 months for reserved funds, dependent on market conditions. The City's exposure to interest rate risk at September 30, 2018 in the table below is the weighted average days to maturity and is reviewed quarterly.
4. Concentration of Credit Risk: The government's investment policy states the maximum percentage allowed for each different investment instrument that can be used to make up the portfolio. The City's portfolio is 17% invested in municipal bonds, 14% invested in Federal Home Loan Mortgage Corporation, 10% invested in Federal Farm Credit Bank, 4% invested in Federal National Mortgage Association, and 10% invested in Federal Home Loan Bank as of September 30, 2018. The remaining 45% of the City's investments are invested in external investment pools and money market fund, commercial paper, US Treasury Securities, and Farmer MAC.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The City maintains money market mutual funds at Wells Fargo, Blackrock FedFund, and Federated Government Obligations. The money market funds are rated AAAM by Standard & Poors.

Texas Local Government Investment Pool (TexPool) is a public funds investment pool and is rated as AAAM by Standards & Poors under the TexPool Participation Agreement. Administration and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

Local Government Investment Cooperative (LOGIC) operates as a public fund investment pool and is organized as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. The pool is co-administered by Hilltop Securities, Inc. and JP Morgan Investment Management Inc. by providing investment management, custody and fund accounting services. The pool is rated AAAM by Standard and Poor's.

TexasTERM Local Government Investment Pool (Pool), rating of AAAM by Standard and Poor's, is a public funds investment pool established by the TexasTERM Advisory Board pursuant to provisions of the TexasTERM Common Investment Contract that established the Pool and the series known as TexasDAILY. TexasDAILY was organized in conformity with the Interlocal Cooperation Act, Chapter 791 and the Public Funds Investment Act, Chapter 2256, both of the Texas Government Code. An advisory board composed of participants and non-participant members elected by the participant shareholders of TexasTERM is responsible for the overall management of the Pool, including formulation and implementation of its investment and operating policies. In addition, the advisory board members select and oversee the activities of the investment advisor and custodian of TexasTERM and monitor investment performance and the method of valuing the shares. The Pool does not have any limitations or restrictions on withdrawals.

TexPool, Texas Term, Logic and the money market fund uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. Those investments do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals.

TexPool, Texas Term, and Logic are rated AAAM by Standard and Poors. Investments in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool, Texas Term, and Logic invests in a high quality portfolio of debt securities investments that are legally permissible for local governments in the state.

Texas Short Term Asset Reserve Program (TexSTAR) is co-administrated by JP Morgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. through an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JP Morgan Chase Bank or its subsidiary JP Morgan Investor Services Co. provides the custodial, transfer, agency, fund accounting, and depository services for this pool. The pool is rated AAAM by Standard and Poor's. The fair values of the investments in this type have been determined using the NAV per share of the investments.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Texas Cooperative Liquid Assets Securities Systems ("Texas CLASS") is a local government investment pool specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAm by Standard and Poor's and maintains a maturity of 60 days or less. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools. The fund invests in U.S. Treasuries, agencies, state and local governmental obligations, collateralized certificates of deposit, repurchase agreements (REPOs), and highly rated commercial paper. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Lone Star investment pool is a local government investment pool that seeks to provide its participants with the highest possible rate of return for invested funds while preserving the safety of principal, liquidity and yield. Lone Star offers three investment strategies participants can invest in: Government Overnight Fund, Corporate Overnight Fund, and the Corporate Overnight Plus Fund. The City has elected to only invest in the Corporate Overnight Fund during the fiscal year. The pool is rated AAAm by Standard and Poor's and holds a weighted average maturity 60 days or fewer. The pool is administered by First Public, LLC. The fair values of the investments in this type have been determined using the NAV per share of the investments.

The City's investments at September 30, 2018, are shown below:

DESCRIPTION	CARRYING AMOUNT	RATING	RATING ORGANIZATION	WEIGHTED AVERAGE MATURITY (DAYS)
Local Government Investment Pools:				
Texas Term Texas Daily	\$ 3,395,420	AAAm	Standard & Poor	32
TexPool	520,370	AAAm	Standard & Poor	28
LOGIC	58,096,033	AAAm	Standard & Poor	31
TexStar	1,189,541	AAAm	Standard & Poor	32
Lone Star Liquidity Fund	609,152	AAAm	Standard & Poor	28
Texas Class	17,368,826	AAAm	Standard & Poor	22
Money Market Mutual Funds	2,172,285	AAAm	Standard & Poor	14
U.S. Agencies	90,383,275	AA+	Standard & Poor	283
U.S. Treasury Securities	4,767,750	AA+	Standard & Poor	273
Commercial Paper	16,834,971	A-1+	Standard & Poor	134
Municipal Bonds	<u>41,230,474</u>	AA	Standard & Poor	412
TOTAL FAIR VALUE	<u>\$236,568,097</u>			
Portfolio Weighted Average Maturity (Days)				205

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The City's investments for all funds at fiscal year-end are listed below at fair value, net of accruals. The City has the following recurring fair value measurements as of September 30, 2018:

	<u>September 30, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Money Market Mutual Funds				
BlackRock FedFund	\$ 662,993	\$ -	\$ 662,993	\$ -
Federated Government Obligations	406,023	-	406,023	-
Wells Fargo	<u>1,103,269</u>	<u>-</u>	<u>1,103,269</u>	<u>-</u>
Total Money Market Mutual Funds	<u>2,172,285</u>	<u>-</u>	<u>2,172,285</u>	<u>-</u>
Debt Securities				
U.S. Treasury Securities	4,767,750	-	4,767,750	-
Federal Home Loan Mortgage Corporation	32,237,411	-	32,237,411	-
Commercial Paper	16,834,971	-	16,834,971	-
Federal Farm Credit Bank	23,349,812	-	23,349,812	-
Municipal Bonds	41,230,474	-	41,230,474	-
Federal Home Loan Bank	23,126,678	-	23,126,678	-
Federal National Mortgage Association	8,483,379	-	8,483,379	-
Farmer MAC	<u>3,185,995</u>	<u>-</u>	<u>3,185,995</u>	<u>-</u>
Total Debt Securities	<u>153,216,470</u>	<u>-</u>	<u>153,216,470</u>	<u>-</u>
Total Investments Measured by Fair Value Level	<u>155,388,755</u>	<u>\$ -</u>	<u>\$ 153,216,470</u>	<u>\$ -</u>
Investments Measured at Amortized Cost.				
External Investment Pools				
TexPool	520,370			
Logic	58,096,033			
Texas Term Texas Daily	<u>3,395,420</u>			
Total Investments Measured at Amortized Costs	<u>62,011,823</u>			
Investments Measured at Net Asset Value.				
External Investment Pools				
Texas Class	17,368,826			
TexStar	1,189,541			
Lone Star Liquidity Fund	<u>609,152</u>			
Total Investments Measured at Net Asset Value	<u>19,167,519</u>			
Total	<u>\$ 236,568,097</u>			

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

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

	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	OTHER GOVERNMENTAL	ELECTRIC	WATER/ WASTEWATER	STORMWATER DRAINAGE	NONMAJOR ENTERPRISE	TOTAL
Receivables									
Taxes	\$ 341,243	\$ -	\$ 326,281	\$ 349,098	\$ -	\$ -	\$ -	\$ -	\$ 1,016,622
Accounts	3,741,282	3,201,117	1,703,958	1,521,964	9,288,303	7,740,279	708,522	806,035	28,711,460
Due from Other Governments	-	-	-	858,513	-	-	-	-	858,513
Loans	-	-	-	-	-	-	-	-	-
Gross Receivables	4,082,525	3,201,117	2,030,239	2,729,575	9,288,303	7,740,279	708,522	806,035	30,586,595
Less Allowance for Uncollectibles	(31,191)	-	(27,445)	-	(1,096,686)	(444,178)	(67,751)	(220,379)	(1,887,630)
NET TOTAL RECEIVABLES	<u>\$ 4,051,334</u>	<u>\$ 3,201,117</u>	<u>\$ 2,002,794</u>	<u>\$ 2,729,575</u>	<u>\$ 8,191,617</u>	<u>\$ 7,296,101</u>	<u>\$ 640,771</u>	<u>\$ 585,656</u>	<u>\$ 28,698,965</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is 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 inflows of revenue and unearned revenue reported in the governmental funds were as follows:

	DEFERRED INFLOWS	UNEARNED
Delinquent Property Taxes Receivable (General Fund)	\$ 292,133	\$ -
Activity Center (General Fund)	-	145,802
Grant Drawdown (General Fund)	-	1,052,838
Hotel LLC Escrow (General Fund)	-	1,500,000
Delinquent Property Taxes Receivable (Debt Service)	285,787	-
Hotel Occupancy (Nonmajor Governmental)	-	98
Grant Drawdowns (Nonmajor Governmental)	-	466,610
TOTAL DEFERRED/UNEARNED REVENUE FOR GOVERNMENTAL FUNDS	<u>\$ 577,920</u>	<u>\$ 3,165,348</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 17,096,744	\$ 3,486,188	\$ -	\$ 20,582,932
Construction in Progress	<u>29,061,562</u>	<u>12,454,983</u>	<u>(6,330,613)</u>	<u>35,185,932</u>
Total Capital Asset not being Depreciated	<u>46,158,306</u>	<u>15,941,171</u>	<u>(6,330,613)</u>	<u>55,768,864</u>
Capital Assets being Depreciated				
Buildings	36,622,325	-	-	36,622,325
Machinery and Equipment	35,357,742	1,271,119	(699,569)	35,929,292
Improvements other than Buildings	151,965,453	2,535,007	-	154,500,460
Infrastructure	<u>40,486,358</u>	<u>2,230,000</u>	<u>-</u>	<u>42,716,358</u>
Total Capital Asset being Depreciated	<u>264,431,878</u>	<u>6,036,126</u>	<u>(699,569)</u>	<u>269,768,435</u>
Less Accumulated Depreciation				
Buildings	(10,605,594)	(753,707)	-	(11,359,301)
Machinery and Equipment	(25,581,142)	(2,467,893)	699,569	(27,349,466)
Improvements other than Buildings	(71,932,291)	(9,243,109)	-	(81,175,400)
Infrastructure	<u>(16,118,988)</u>	<u>(1,612,651)</u>	<u>-</u>	<u>(17,731,639)</u>
Total Accumulated Depreciation	<u>(124,238,015)</u>	<u>(14,077,360)</u>	<u>699,569</u>	<u>(137,615,806)</u>
Total Capital Assets being Depreciated - Net	<u>140,193,863</u>	<u>(8,041,234)</u>	<u>-</u>	<u>132,152,629</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 186,352,169</u>	<u>\$ 7,899,937</u>	<u>\$ (6,330,613)</u>	<u>\$ 187,921,493</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 3,096,977	\$ 2,442,141	\$ -	\$ 5,539,118
Construction in Progress	<u>132,132,538</u>	<u>21,848,341</u>	<u>(6,349,188)</u>	<u>147,631,691</u>
Total Assets not being Depreciated	<u>135,229,515</u>	<u>24,290,482</u>	<u>(6,349,188)</u>	<u>153,170,809</u>
Capital Assets being Depreciated				
Buildings	5,897,675	-	-	5,897,675
Machinery and Equipment	14,811,343	792,241	(733,533)	14,870,051
Improvements other than Buildings	<u>207,142,969</u>	<u>3,718,911</u>	<u>-</u>	<u>210,861,880</u>
Total Capital Assets being Depreciated	<u>227,851,987</u>	<u>4,511,152</u>	<u>(733,533)</u>	<u>231,629,606</u>
Less Accumulated Depreciation				
Buildings	(3,540,780)	(117,568)	-	(3,658,348)
Machinery and Equipment	(9,137,210)	(1,282,884)	733,533	(9,686,561)
Improvements other than Buildings	<u>(125,938,858)</u>	<u>(10,582,275)</u>	<u>-</u>	<u>(136,521,133)</u>
Total Accumulated Depreciation	<u>(138,616,848)</u>	<u>(11,982,727)</u>	<u>733,533</u>	<u>(149,866,042)</u>
Total Capital Assets being Depreciated - Net	<u>89,235,139</u>	<u>(7,471,575)</u>	<u>-</u>	<u>81,763,564</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 224,464,654</u>	<u>\$ 16,818,907</u>	<u>\$ (6,349,188)</u>	<u>\$ 234,934,373</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities

General Government	\$ 10,635,074
Public Safety	1,700,575
Community Services	<u>1,741,711</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 14,077,360</u>
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Business-Type Activities

Electric	\$ 1,487,131
Water and Wastewater	9,246,438
Stormwater Drainage	1,083,089
Airport	152,650
Resource Recovery	<u>13,419</u>

TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 11,982,727</u>
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D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2018, is as follows:

Due to/from Other Funds:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Capital Project	General Fund	\$ 4,849,664
Capital Project	Debt Service	8,668,542
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,256,144
Electric Utility	Capital Project	1,000,261
Water Wastewater Utility	Drainage Utility	<u>2,273,163</u>
		<u>\$ 18,047,774</u>

Balances resulted from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers

	TRANSFERS IN					TOTAL
	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	NONMAJOR GOVERNMENTAL	NONMAJOR ENTERPRISE	
<u>Transfers Out</u>						
General	\$ -	\$ 2,733,000	\$ 547,924	\$ 143,481	\$ 637,000	\$ 4,061,405
Debt Service	-	-	-	2,306,768	-	2,306,768
Nonmajor Governmental	-	-	1,869,181	-	-	1,869,181
Water and Wastewater	44,856	-	-	-	25,000	69,856
TOTALS	\$ 44,856	\$ 2,733,000	\$ 2,417,105	\$ 2,450,249	\$ 662,000	\$ 8,307,210

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Leases

The City has various capital leases for equipment in the capital projects fund and the water/wastewater funds.

Principal and interest requirements to maturity as of September 30, 2018 are as follows:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2019	\$ 346,843	\$ 28,763	\$ 375,606	\$ 235,330	\$ 29,913	\$ 265,243
2020	273,028	21,517	294,545	241,691	23,552	265,243
2021	280,285	14,689	294,974	248,311	16,932	265,243
2022	208,877	7,952	216,829	239,178	10,168	249,346
2023	156,965	3,026	159,991	191,479	2,835	194,314
2024	31,324	416	31,740	17,345	260	17,605
	<u>\$ 1,297,322</u>	<u>\$ 76,363</u>	<u>\$ 1,373,685</u>	<u>\$ 1,173,334</u>	<u>\$ 83,660</u>	<u>\$ 1,256,994</u>

F. Long-Term Debt

General Obligation Bonds and Combination Tax and Revenue Bonds

The government issues general obligation bonds and combination tax and revenue bonds to provide funds for the acquisition and construction of major capital facilities. These debt issues have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. During the year, the City issued the following:

- Combination Tax and Revenue Certificates of Obligation, Series 2018 of \$29,040,000 with a 3.5 - 5.0% interest rate that mature August 15, 2038.
- General Obligation Bonds, Series 2018 of \$24,885,000 with a 4.0-5.0% interest rate that mature August 15, 2038.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Bond Refunding

On July 20, 2016, Guadalupe-Blanco River Authority (GBRA) authorized the issuance of Contract Revenue Refunding Bonds, Series 2016 (San Marcos Water Treatment Plant Project) in the amount of \$4,850,000. Proceeds from the sale of the bonds were used to refund the City's outstanding Waterworks and Waste Water System Revenue Bonds, Series 2006 and Taxable Series 2006A, in the amount of \$4,910,000. The original proceeds from the Series 2006 and 2006A were used to expand the capacity of the existing water treatment plant located in San Marcos, Texas. The City will make the principal and interest payments to GBRA to fund the Series 2016 bonds. Annual debt service requirements as of September 30, 2017 for this note payable is as follows:

YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES	
	PRINCIPAL	INTEREST
2019	\$ 95,000	\$ 172,882
2020	95,000	170,981
2021	100,000	169,081
2022	95,000	167,081
2023	100,000	164,231
2024-2028	565,000	775,781
2029-2033	1,865,000	626,381
2034-2036	<u>1,845,000</u>	<u>116,563</u>
	<u>\$ 4,760,000</u>	<u>\$ 2,362,981</u>

General Obligation Bonds and Combination Tax and Revenue Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the government. Combination tax and revenue bonds constitute direct obligations of the City and are payable from a combination of the levy of ad valorem taxes and a limited pledge of surplus revenues of the City's water and wastewater system. Both bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. Bonds currently outstanding are as follows:

PURPOSE	INTEREST RATES	AMOUNT
Governmental Activities	3.50 - 4.61%	\$ 71,990,000
Governmental Activities - Refunding	2.00 - 5.375%	71,825,000
Business-Type Activities	3.50 - 5.00%	137,080,000
Business-Type Activities - Refunding	2.00 - 5.00%	<u>56,155,000</u>
		<u>\$ 337,050,000</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

General Obligation Bonds and Combination Tax and Revenue Bonds (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES	
	PRINCIPAL	INTEREST
2019	\$ 8,620,000	\$ 6,219,528
2020	9,010,000	5,823,104
2021	9,120,000	5,447,659
2022	9,500,000	5,050,686
2023	9,770,000	4,652,568
2024-2028	48,150,000	16,491,267
2029-2033	33,210,000	7,027,729
2034-2038	<u>16,435,000</u>	<u>1,825,600</u>
	<u>\$ 143,815,000</u>	<u>\$ 52,538,141</u>

Revenue Bonds

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

YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES	
	PRINCIPAL	INTEREST
2019	\$ 12,180,000	\$ 7,580,799
2020	12,710,000	7,052,747
2021	11,175,000	6,644,199
2022	11,550,000	6,225,546
2023	11,900,000	5,789,462
2024-2028	62,735,000	20,982,285
2029-2033	46,260,000	9,821,884
2034-2038	<u>24,725,000</u>	<u>2,225,773</u>
	<u>\$ 193,235,000</u>	<u>\$ 66,322,695</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 119,890,000	\$ 33,910,000	\$ (9,985,000)	\$ 143,815,000	\$ 8,620,000
Discount on Bonds	(77,060)	-	7,510	(69,550)	(7,510)
Premium on Bonds	9,382,478	3,847,332	(941,304)	12,288,506	941,304
Capital Leases	1,850,468	-	(553,146)	1,297,322	346,843
Compensated Absences	6,998,416	872,737	(2,131,414)	5,739,739	1,482,169
TMRS Net Pension Liability	34,595,010	-	(8,414,252)	26,180,758	-
OPEB Liability - SDBF	-	1,269,708	-	1,269,708	-
OPEB Liability - Health Benefits	1,472,064	1,615,974	-	3,088,038	-
	<u>\$ 174,111,376</u>	<u>\$ 41,515,751</u>	<u>\$ (22,017,606)</u>	<u>\$ 193,609,521</u>	<u>\$ 11,382,806</u>
<u>Business-Type Activities</u>					
Bonds Payable					
Revenue Bonds	\$ 184,775,000	\$ 20,015,000	\$ (11,555,000)	\$ 193,235,000	\$ 12,180,000
Premium on Bonds	9,933,795	2,684,382	(924,332)	11,693,845	924,332
Discount on Bonds	(140,682)	-	11,723	(128,959)	(11,723)
Capital Leases	1,268,203	134,233	(229,102)	1,173,334	235,330
Note Payable	4,850,000	-	(90,000)	4,760,000	95,000
Compensated Absences	508,907	399,595	(410,887)	497,615	187,707
TMRS Net Pension Liability	7,594,027	-	(1,847,030)	5,746,997	-
OPEB Liability - SDBF	-	278,716	-	278,716	-
OPEB Liability - Health Benefits	318,190	359,672	-	677,862	-
	<u>\$ 209,107,440</u>	<u>\$ 23,871,598</u>	<u>\$ (15,044,628)</u>	<u>\$ 217,934,410</u>	<u>\$ 13,610,646</u>
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES					

For governmental activities, TMRS net pension liability, OPEB liability, and compensated absences are generally liquidated by the general fund.

G. Other Information

Benefits Management

The City offers a medical and dental plan to eligible employees and qualified dependents. Plan benefits are designed to provide a competitive plan to attract and retain a qualified workforce.

The medical plan is funded by contributions of the City and employees. The City and our employees' contributions go into a fund which pays claims and associated plan costs such as the plan administration, network expenses, programs and services to provide an effective and comprehensive health plan. Excess insurance (stop-loss) coverage is purchased to cover claims in excess of the \$150,000 attachment point as well as aggregate insurance. Excess insurance covers medical and pharmacy claims. Features of the medical plan include a preferred provider network, specialty networks, and a pharmacy benefit which includes a tiered co-pay structure and various techniques to provide incentives to utilize lower cost drugs, over the counter alternatives, and to manage utilization based on therapeutic equivalencies. The stop-loss contract establishes the aggregate attachment point based on census and aggregate factors defined in the contract. Funding levels are based on maximum plan exposure as calculated and recommended by an employee benefits specialty firm.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Information (Continued)

Benefits Management (Continued)

Projected claim costs are based on claims experience, lag studies, industry trends, census, aggregate factors and other fixed costs. A liability for claims is established based on estimated incurred but not recorded claims outstanding and anticipated insurance and administrative costs.

Employees are given premium incentives to participate in an annual health screening. This screening informs employees about the state of their health and provides an individual roadmap for the employee and aggregate data to the City to assist with program development and services to improve plan participant's health, mitigating future claims, and developing a focus on early detection and prevention. An annual benefit and wellness fair is hosted to increase employee awareness of their health and their benefit offerings.

The City continues to identify and implement features to look for best cost alternatives and minimize the need for healthcare to provide a sustainable benefit program.

A reconciliation of changes in the aggregate liabilities of the two prior years and current year is presented below:

<u>YEAR ENDED SEPTEMBER 30,</u>	<u>BEGINNING LIABILITY</u>	<u>CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATE</u>	<u>CLAIM PAYMENTS</u>	<u>ENDING LIABILITY</u>
2016	\$ 605,834	\$ 5,295,750	\$ 5,263,685	\$ 637,899
2017	637,899	8,941,016	8,782,272	796,643
2018	796,643	7,041,359	7,333,429	504,573

Risk and Safety Management

The City of San Marcos maintains a risk management program to prevent and mitigate financial loss. Components of the program include the identification of exposure to loss and the selection, implementation and monitoring of risk management techniques. Prevention measures include activities such as training, annual review of assets and exposures, driving and drug testing programs, safety awareness events and the "Safety Coach" Safety Leadership Development Program. Post incident measures designed to mitigate losses include incident investigation and management of all claims through final disposition. A cornerstone of our commitment to managing workers compensation claims is a return to work program. In rating a worker's compensation program, an underwriter begins at 100% which represents an average employer. This is 'modified' based on a specific employer's claims history. During this reporting period the City has achieved a .50% premium modifier.

The City participates in the National Safety Council Annual Awards Program which presents awards for occupational safety and health, safe worker and safe drivers. Nineteen departments were recognized for maintaining a perfect record or a reduction in frequency of lost time injuries.

Each October the City provides an Annual Benefits and Safety Expo. This educational event includes approximately 50 Health and Safety vendors including safety demonstrations with over 425 employees participating in the Expo.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Information (Continued)

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.

There are currently several claims and lawsuits pending against the City. It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that, if decided against the City, would have a material adverse effect upon the operations of the City or that would exceed the contingency amounts set aside for such purpose.

Commitments

The City purchases electric power at wholesale rates from The Lower Colorado River Authority for its own use to resell to customers of its electric distribution system. The initial term of the purchased-power agreement ends in 2041, with successive renewal periods of 10 years.

Estimated costs to complete construction in progress at year-end totals approximately \$52,752,587 for governmental capital assets, \$45,689,271 for water and wastewater, \$16,046,848 for electric, and \$17,838,887 for drainage.

H. Defined Benefit Pension Plans

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Defined Benefit Pension Plans (Continued)

Benefits Provided (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	288
Inactive employees entitled to but not yet receiving benefits	259
Active employees	<u>631</u>
Total	1,178

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.50% and 17.45% for calendar years 2017 and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$7,397,137, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2017, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Defined Benefit Pension Plans (Continued)

Net Pension Liability (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males 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 is 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rates (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 (EAN) actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Defined Benefit Pension Plans (Continued)

Net Pension Liability (Continued)

Discount Rate

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 194,767,670	\$ 152,578,633	\$ 42,189,037
Changes for the year:			
Service Cost	6,900,642	-	6,900,642
Interest	13,126,553	-	13,126,553
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	548,309	-	548,309
Changes of Assumptions	-	-	-
Contributions - Employer	-	6,999,120	(6,999,120)
Contributions - Employee	-	2,802,407	(2,802,407)
Net Investment Income	-	21,150,405	(21,150,405)
Benefit Payments, Including Refunds of Employee Contributions	(7,501,093)	(7,501,093)	-
Administrative Expense	-	(109,592)	109,592
Other Changes	-	(5,554)	5,554
Net Changes	<u>13,074,411</u>	<u>23,335,693</u>	<u>(10,261,282)</u>
Balance at December 31, 2017	<u>\$ 207,842,081</u>	<u>\$ 175,914,326</u>	<u>\$ 31,927,755</u>

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

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

<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
\$ 63,198,967	\$ 31,927,755	\$ 6,438,379

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Defined Benefit Pension Plans (Continued)

Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2018, the City recognized pension expense of \$6,912,886.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ 1,034,709	\$ 746,000
Changes in Actuarial Assumptions	6,970	-
Difference Between Projected and Actual Investment Earnings	-	4,599,309
Contributions Subsequent to the Measurement Date	<u>5,675,760</u>	<u>-</u>
Total	<u>\$ 6,717,439</u>	<u>\$ 5,345,309</u>

The City reported \$5,675,760 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ (127,990)
2020	(277,999)
2021	(1,878,188)
2022	(2,033,347)
2023	13,894
Thereafter	<u>-</u>
Total	<u>\$ (4,303,630)</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits

A. Supplemental Death Benefit Fund – Texas Municipal Retirement System

Plan description

The City participates in the defined benefit group-term life insurance plan administered by TMRS known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City may elect, by ordinance, to provide group-term life insurance for active members, including retirees.

Benefits provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary calculated based on the employee's actual earnings, for the 12-month period preceding the month of death. The maximum life insurance benefit is \$150,000. Retired employees are insured for \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the City was 0.16% for both calendar years 2017 and 2018. The City's contributions to TMRS for the year ended September 30, 2018 were \$67,780, and were equal to the required contributions.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	215
Inactive employees entitled to but not yet receiving benefits	92
Active employees	<u>631</u>
	<u>938</u>

OPEB liability

The City's total OPEB liability of \$1,548,424 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

A. Supplemental Death Benefit Fund – Texas Municipal Retirement System (Continued)

OPEB liability (Continued)

Inflation	2.50%
Salary Increases	3.5% to 10.50% Including Inflation
Discount Rate*	3.31%
Administrative Expenses	All Administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in Total OPEB Liability

Balance at December 31, 2016	\$ 1,314,209
Changes for the year:	
Service cost	59,936
Interest on the total OPEB liability	50,582
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	135,684
Benefit payments	(11,987)
Net changes	<u>234,215</u>
Balance at December 31, 2017	<u>\$ 1,548,424</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

A. Supplemental Death Benefit Fund – Texas Municipal Retirement System (Continued)

OPEB liability (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

<u>1% Decrease in</u> <u>Discount Rate (2.31%)</u>	<u>Discount Rate (3.31%)</u>	<u>1% Increase in</u> <u>Discount Rate (4.31%)</u>
\$ 1,903,572	\$ 1,548,424	\$ 1,278,051

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the city recognized OPEB expense of \$131,720.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	114,483	-
Difference Between Projected and Actual Investment Earnings	-	-
Contributions Subsequent to the Measurement Date	52,041	-
Total	<u>\$ 166,524</u>	<u>\$ -</u>

The City reported \$52,041 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2019	\$ 21,201
2020	21,201
2021	21,201
2022	21,201
2023	21,201
Thereafter	8,478
Total	<u>\$ 114,483</u>

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

B. Postemployment Health Care Coverage

Plan Description and Benefits Provided

The City provides medical insurance benefits through the San Marcos Medical Plan, a single employer benefit OPEB plan. This plan provides benefits for full-time and part-time employees in eligible classes. In compliance with Texas Local Government Code Chapter 175, the City of San Marcos provides employees who are eligible for retirement with our elected retirement system, the Texas Municipal Retirement System (TMRS), the right to purchase continued coverage if elected on the date of retirement and maintaining continuous coverage as outlined in the statute and in the City of San Marcos Medical Plan Book. The same level of benefit is provided for eligible retirees as to active employees. Retirees pay the full blended rate for coverage (the employer and employee contribution for active employees).

The Texas Municipal Retirement System provides a variety of retirement options. The City of San Marcos has elected service retirement with 20 years of service at any age or age 60 with at least 5 years of service. Retirees pay contributions for coverage in the OPEB programs.

Retirees are eligible for medical and prescription benefits as provided in the plan document. Upon the death of active employee or a covered retiree, covered dependents are eligible for coverage continuation through COBRA only.

Retirees are eligible for benefits immediately upon service retirement with the Texas Municipal Retirement System; however, this is a one-time election. If retiree opts out of coverage, the retiree is not eligible for re-enrollment at any other time.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Contributions

The City contributes to the blended Medical Plan as approved through the annual approved budget. Retirees also contribute the equivalent of the City's contribution for active employees and the active employee contribution as reflected in the table below. The retiree medical contribution rates as of January 1, 2018 were as follows:

Medical Plan Monthly Rates

Retiree Only	\$ 613.00
Retiree + Spouse	\$1,292.00
Retiree + Child(ren)	\$1,258.50
Retiree + Family	\$1,933.00

Contributions for post-employment benefits were recognized on a pay-as-you-go basis in the past. Contributions paid by retirees during the fiscal year ended September 30, 2018, were \$212,403.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

B. Postemployment Health Care Coverage (Continued)

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	30
Inactive, Nonretired Members	0
Active Members	<u>610</u>
	<u>640</u>

OPEB Liability

The City's total OPEB liability of \$3,765,900 was measured as of December 31, 2017, and was determined by an actuarial valuation as of December 31, 2016.

Actuarial Valuation Information:

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Salary increases	3.00% to 10.50%, including inflation
Discount rate	3.31% as of December 31, 2017
Mortality	For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements
Healthcare Cost Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years
Participants Rates	It was assumed that 30% of employees retiring between the ages of 50 and 64 would choose to receive retiree health care benefits through the City. No employees retiring prior to age 50 for reasons other than disability or after age 65 were assumed to choose to receive health care benefits through the City

The discount rate changed from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

B. Postemployment Health Care Coverage (Continued)

Changes in the Total OPEB Liability

Balance at December 31, 2016	\$ 3,465,726
Changes for the year:	
Service cost	181,195
Interest on the total OPEB liability	130,158
Changes of benefit terms	-
Difference between expected and actual experience	105,312
Change of assumptions	163,733
Benefit payments	<u>(280,224)</u>
Net changes	<u>300,174</u>
Balance at December 31, 2017	<u><u>3,765,900</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates:

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or 1 percentage point higher (4.31%) than the current rate.

<u>1% Decrease in Discount Rate (2.31%)</u>	<u>Discount Rate (3.31%)</u>	<u>1% Increase in Discount Rate (4.31%)</u>
\$ 4,116,572	\$ 3,765,900	\$ 3,446,038

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using the trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

<u>1% Decrease</u>	<u>Current Health Cost Trend Rate Assumption</u>	<u>1% Increase</u>
\$ 3,316,395	\$ 3,765,900	\$ 4,301,592

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources as Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$341,325.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

B. Postemployment Health Care Coverage (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources as Related to OPEB (Continued)

As of September 30, 2018, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ 93,580	\$ -
Changes in Actuarial Assumptions	145,493	-
Difference Between Projected and Actual Investment Earnings	-	-
Contributions Subsequent to the Measurement Date	<u>387,898</u>	<u>-</u>
Total	<u>\$ 626,971</u>	<u>\$ -</u>

The City reported \$387,898 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

2019	\$ 29,972
2020	29,972
2021	29,972
2022	29,972
2023	29,972
Thereafter	<u>89,213</u>
Total	<u>\$ 239,073</u>

J. Tax Abatements and Economic Incentives

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees that are not tied to taxes.

CITY OF SAN MARCOS, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Tax Abatements and Economic Incentives (Continued)

The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has paid the following tax abatements and economic incentives during the current year:

<u>Economic Development</u> <u>380 Agreements</u>	<u>2018 Actual</u>
Amazon.com.kydc,LLC	\$ 831,140
BestBuy.com LLC	4,933,727
Epic piping	63,003
Tanger	<u>289,436</u>
	<u>\$ 6,117,306</u>
 <u>TRZ</u>	
TIRZ #2-Blanco Vista	995,005
TIRZ #3-Conference Center	147,071
TIRZ #4-Kissing Tree	127,313
TIRZ #5-Downtown	370,498
TRZ #1-Loop 110	<u>774,556</u>
	<u>2,414,443</u>
 Total ED payments	 <u><u>\$ 8,531,749</u></u>

K. Restatement of Net Position

The City's implementation of GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", requires a restatement of beginning net position. The restatement has been made to record the City's Total Other Postemployment Benefit Liabilities as of September 30, 2017. The effect of this prior year restatement is as follows:

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-</u> <u>TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<u>NET POSITION - BEGINNING</u>	\$ 85,628,292	\$ 176,244,468	\$ 261,872,760
RESTATEMENT OF BEGINNING NET POSITION	<u>(2,407,951)</u>	<u>(534,245)</u>	<u>(2,942,196)</u>
<u>NET POSITION AT BEGINNING OF YEAR - AS RESTATED</u>	<u>\$ 83,220,341</u>	<u>\$ 175,710,223</u>	<u>\$ 258,930,564</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN MARCOS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY
(OPEB) - RETIREE HEALTH CARE PLAN

FOR THE MEASUREMENT YEAR ENDED DECEMBER 31,

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 181,195
Interest on the Total OPEB Liability	130,158
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	105,312
Change of Assumptions	163,733
Benefit Payments	<u>(280,224)</u>
Net Change in Total OPEB Liability	300,174
Total OPEB Liability - Beginning	<u>3,465,726</u>
Total OPEB Liability - Ending	<u><u>\$ 3,765,900</u></u>
Covered Payroll	<u><u>\$ 39,967,203</u></u>
Total OPEB Liability as a percentage of Covered Payroll	9.42%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 75. The City will develop the schedule prospectively.

CITY OF SAN MARCOS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT YEAR ENDED DECEMBER 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 6,900,642	\$ 6,447,988	\$ 5,741,822	\$ 5,118,797
Interest (on the Total Pension Liability)	13,126,553	12,261,584	11,963,523	11,242,134
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	548,309	968,779	(1,315,300)	(1,010,160)
Change of Assumptions	-	-	17,530	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(7,501,093)</u>	<u>(6,679,553)</u>	<u>(5,350,540)</u>	<u>(5,362,893)</u>
Net Change in Total Pension Liability	13,074,411	12,998,798	11,057,035	9,987,878
Total Pension Liability - Beginning	<u>194,767,670</u>	<u>181,768,872</u>	<u>170,711,837</u>	<u>160,723,959</u>
Total Pension Liability - Ending (a)	<u>\$ 207,842,081</u>	<u>\$ 194,767,670</u>	<u>\$ 181,768,872</u>	<u>\$ 170,711,837</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 6,999,120	\$ 6,544,860	\$ 6,251,205	\$ 5,799,742
Contributions - Employee	2,802,407	2,625,028	2,406,164	2,287,301
Net Investment Income	21,150,405	9,509,452	202,628	7,288,110
Benefit Payments, Including Refunds of Employee Contributions	<u>(7,501,093)</u>	<u>(6,679,553)</u>	<u>(5,350,540)</u>	<u>(5,362,893)</u>
Administrative Expense	<u>(109,592)</u>	<u>(107,384)</u>	<u>(123,411)</u>	<u>(76,080)</u>
Other	<u>(5,554)</u>	<u>(5,786)</u>	<u>(6,095)</u>	<u>(6,255)</u>
Net Change in Plan Fiduciary Net Position	23,335,693	11,886,617	3,379,951	9,929,925
Plan Fiduciary Net Position - Beginning	<u>152,578,633</u>	<u>140,692,016</u>	<u>137,312,065</u>	<u>127,382,140</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 175,914,326</u>	<u>\$ 152,578,633</u>	<u>\$ 140,692,016</u>	<u>\$ 137,312,065</u>
Net Pension Liability (a) - (b)	<u>\$ 31,927,755</u>	<u>\$ 42,189,037</u>	<u>\$ 41,076,856</u>	<u>\$ 33,399,772</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.64%	78.34%	77.40%	80.43%
Covered Payroll	\$ 39,957,397	\$ 37,357,981	\$ 34,361,593	\$ 32,674,655
Net Pension Liability as a Percentage of Total Covered Payroll	79.90%	112.93%	119.54%	102.22%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year of implementation of GASB 68. The City will develop the schedule prospectively.

CITY OF SAN MARCOS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS - PENSION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 7,397,137	\$ 6,875,814	\$ 6,735,430	\$ 6,048,023
Contributions in Relation to the Actuarially Determined Contributions	<u>7,397,137</u>	<u>6,875,814</u>	<u>6,735,430</u>	<u>6,048,023</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 42,362,287</u>	<u>\$ 39,295,602</u>	<u>\$ 38,113,150</u>	<u>\$ 33,467,492</u>
Contributions as a Percentage of Covered Payroll	17.46%	17.50%	17.67%	18.07%

Note to Schedule of Contributions

Valuation Date:

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

Methods and Assumption 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	2.50%
Salary Increases	3.5% to 10.50% 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 generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year of implementation of GASB 68. The City will develop the schedule prospectively.

CITY OF SAN MARCOS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFIT LIABILITY (OPEB)
AND RELATED RATIOS - SUPPLEMENTAL DEATH BENEFIT FUND

FOR THE MEASUREMENT YEAR ENDED DECEMBER 31,

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 59,936
Interest on the Total OPEB Liability	50,582
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Change of Assumptions	135,684
Benefit Payments	<u>(11,987)</u>
Net Change in Total OPEB Liability	234,215
Total OPEB Liability - Beginning	<u>1,314,209</u>
Total OPEB Liability - Ending	<u>\$ 1,548,424</u>
Covered Payroll	<u>\$ 39,957,397</u>
Total OPEB Liability as a percentage of Covered Payroll	3.88%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 75. The City will develop the schedule prospectively.

CITY OF SAN MARCOS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT
BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFIT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	<u>2018</u>
Actuarially Determined Contributions	\$ 67,780
Contributions in Relation to the Actuarially Determined Contributions	<u>67,780</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered Payroll	<u>\$ 42,362,287</u>
Contributions as a percentage of Covered Payroll	0.16%

Note to Schedule of Contributions - SDBF

Inflation	2.50%
Salary Increases	3.5% to 10.50% Including Inflation
Discount Rate*	3.31%
Administrative Expenses	All Administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Other Information:

There were no benefit changes during the year.

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 75. The City will develop the schedule prospectively.

OTHER SUPPLEMENTARY INFORMATION

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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GENERAL FUND

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CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>	<u>2017</u>
				<u>POSITIVE</u>	<u>ACTUAL</u>
				<u>(NEGATIVE)</u>	
<u>REVENUES</u>					
Taxes					
Property Taxes					
Current Ad Valorem Taxes	\$ 15,600,450	\$ 15,600,450	\$ 16,460,781	\$ 860,331	\$ 13,009,079
Delinquent Ad Valorem Taxes	206,945	206,945	54,631	(152,314)	62,960
Penalty and Interest on					
Delinquent Taxes	111,432	111,432	68,853	(42,579)	50,677
Franchise	9,500,464	9,500,464	9,299,589	(200,875)	7,883,459
Sales	32,002,025	32,002,025	34,733,037	2,731,012	27,364,450
Mixed Drink	496,610	496,610	517,854	21,244	460,894
Total Taxes	<u>57,917,926</u>	<u>57,917,926</u>	<u>61,134,745</u>	<u>3,216,819</u>	<u>48,831,519</u>
Licenses and Permits					
Professional and Occupational	64,002	64,002	56,032	(7,970)	61,725
Building	1,383,397	1,383,397	1,637,481	254,084	986,279
Development	214,113	214,113	274,520	60,407	192,583
Plumbing	65,767	65,767	102,763	36,996	70,987
Food	209,144	209,144	208,403	(741)	177,954
Cemetery	55,000	55,000	87,481	32,481	57,927
Other	920,000	920,000	971,407	51,407	810,792
Total Licenses and Permits	<u>2,911,423</u>	<u>2,911,423</u>	<u>3,338,087</u>	<u>426,664</u>	<u>2,358,247</u>
Fines and Penalties					
Parking	157,372	157,372	155,367	(2,005)	135,696
Traffic	632,827	632,827	565,792	(67,035)	608,006
Complaints	259,865	259,865	324,397	64,532	280,360
Library	72,248	72,248	53,419	(18,829)	58,420
Other	692,394	692,394	190,344	(502,050)	242,991
Total Fines and Penalties	<u>1,814,706</u>	<u>1,814,706</u>	<u>1,289,319</u>	<u>(525,387)</u>	<u>1,325,473</u>
Charges for Services					
Vital Statistics	50,423	50,423	44,108	(6,315)	72,243
Pound Charges	125,495	125,495	94,201	(31,294)	102,186
Charges to Other Funds	5,754,115	5,754,115	5,693,020	(61,095)	5,126,933
Building Rental	152,412	152,412	166,454	14,042	147,545
Recreation Program	500,581	500,581	446,470	(54,111)	424,479
Other Services	598,175	598,175	598,468	293	608,218
Total Charges for Services	<u>7,181,201</u>	<u>7,181,201</u>	<u>7,042,721</u>	<u>(138,480)</u>	<u>6,481,604</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2017 ACTUAL
	ORIGINAL	FINAL			
<u>REVENUES (CONTINUED)</u>					
Intergovernmental	\$ 453,549	\$ 453,549	\$ 533,934	\$ 80,385	\$ 512,669
Investment Earnings	134,000	134,000	438,949	304,949	217,834
Other					
Donations	80,000	80,000	85,000	5,000	80,000
Miscellaneous	907,482	907,482	960,793	53,311	932,043
Total Other	987,482	987,482	1,045,793	58,311	1,012,043
Total Revenues	71,400,287	71,400,287	74,823,548	3,423,261	60,739,389
<u>EXPENDITURES</u>					
General Government					
Personnel Services	2,562,484	2,771,953	2,771,953	-	2,537,417
Contracted Services	185,455	176,252	176,002	250	294,423
Materials and Supplies	90,129	72,820	72,820	-	93,234
Other Charges	449,908	400,974	401,693	(719)	351,602
Total General Government	3,287,976	3,421,999	3,422,468	(469)	3,276,676
Human Resources					
Personnel Services	1,041,468	964,062	964,062	-	1,000,956
Contracted Services	139,471	102,820	102,820	-	86,392
Materials and Supplies	12,000	18,627	18,627	-	27,658
Other Charges	45,443	35,951	35,951	-	23,648
Total Human Resources	1,238,382	1,121,460	1,121,460	-	1,138,654
Finance					
Personnel Services	1,754,891	1,724,794	1,724,794	-	1,544,499
Contracted Services	49,537	44,757	44,757	-	38,756
Materials and Supplies	34,119	37,601	37,601	-	34,329
Other Charges	62,680	57,726	57,726	-	46,089
Total Finance	1,901,227	1,864,878	1,864,878	-	1,663,673

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2017 ACTUAL
	ORIGINAL	FINAL			
<u>EXPENDITURES (CONTINUED)</u>					
Municipal Court					
Personnel Services	\$ 615,285	\$ 573,768	\$ 573,768	\$ -	\$ 593,504
Contracted Services	158,292	111,214	111,214	-	112,136
Materials and Supplies	19,277	10,650	10,650	-	13,586
Other Charges	16,710	9,156	9,156	-	5,803
Total Municipal Court	809,564	704,788	704,788	-	725,029
Technology Services					
Personnel Services	1,773,822	1,703,376	1,703,376	-	1,553,927
Contracted Services	211,755	160,910	160,910	-	227,272
Materials and Supplies	42,413	28,478	28,478	-	42,513
Other Charges	113,824	97,240	97,240	-	93,631
Total Technology Services	2,141,814	1,990,004	1,990,004	-	1,917,343
Development Services					
Personnel Services	2,089,642	1,780,039	1,780,039	-	1,824,408
Contracted Services	196,797	195,987	195,987	-	145,487
Materials and Supplies	29,789	42,554	42,554	-	41,294
Other Charges	88,375	72,295	72,295	-	59,993
Total Development Services	2,404,603	2,090,875	2,090,875	-	2,071,182
Engineering Department					
Personnel Services	1,902,177	2,202,710	2,202,710	-	1,907,174
Contracted Services	175,129	147,026	147,026	-	145,769
Materials and Supplies	37,345	46,692	41,275	5,417	39,702
Other Charges	65,770	59,421	59,421	-	58,582
Capital Outlay	-	-	5,417	(5,417)	-
Total Engineering Department	2,180,421	2,455,849	2,455,849	5,417	2,151,227
Fire					
Personnel Services	8,374,825	8,512,452	8,512,452	-	8,063,646
Contracted Services	141,572	92,460	92,460	-	130,916
Materials and Supplies	246,607	508,086	508,086	-	458,733
Other Charges	153,672	155,588	155,588	-	121,278
Total Fire	8,916,676	9,268,586	9,268,586	-	8,774,573

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>	<u>2017</u>
				<u>POSITIVE</u>	<u>ACTUAL</u>
				<u>(NEGATIVE)</u>	
<u>EXPENDITURES (CONTINUED)</u>					
Police					
Personnel Services	\$ 14,517,672	\$ 15,746,025	\$ 15,761,036	\$ (15,011)	\$ 14,678,682
Contracted Services	684,213	852,450	852,450	-	573,773
Materials and Supplies	620,379	798,780	800,100	(1,320)	808,844
Other Charges	102,790	123,048	123,048	-	119,211
Total Police	<u>15,925,054</u>	<u>17,520,303</u>	<u>17,536,634</u>	<u>(16,331)</u>	<u>16,180,510</u>
Public Services					
Personnel Services	2,660,616	2,663,349	2,663,349	-	2,402,408
Contracted Services	414,686	414,979	415,956	(977)	453,846
Materials and Supplies	1,965,556	2,223,654	2,223,654	-	1,611,671
Other Charges	210,834	139,257	139,257	-	260,727
Total Public Services	<u>5,251,692</u>	<u>5,441,239</u>	<u>5,442,216</u>	<u>(977)</u>	<u>4,728,652</u>
Marshal Services					
Personnel Services	617,715	742,510	713,522	28,988	512,122
Contracted Services	81,665	83,427	83,427	-	67,932
Materials and Supplies	62,172	72,009	72,033	(24)	42,384
Other Charges	446,730	697,369	523,406	173,963	9,608
Total Marshal Services	<u>1,208,282</u>	<u>1,595,315</u>	<u>1,392,388</u>	<u>202,927</u>	<u>632,046</u>
Library					
Personnel Services	1,462,135	1,495,477	1,495,477	-	1,420,229
Contracted Services	58,912	52,826	52,826	-	56,257
Materials and Supplies	171,298	176,390	176,390	-	171,465
Other Charges	21,244	21,636	21,636	-	20,702
Total Library	<u>1,713,589</u>	<u>1,746,329</u>	<u>1,746,329</u>	<u>-</u>	<u>1,668,653</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2017 ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES (CONTINUED)					
Parks and Recreation					
Personnel Services	\$ 3,820,195	\$ 3,672,289	\$ 3,672,289	\$ -	\$ 3,466,838
Contracted Services	1,595,094	1,389,703	1,391,753	(2,050)	1,411,091
Materials and Supplies	375,119	613,026	613,240	(214)	710,030
Other Charges	42,085	26,784	26,854	(70)	36,686
Capital Outlay	-	-	-	-	2,944
Total Parks and Recreation	5,832,493	5,701,802	5,704,136	(2,334)	5,627,589
Code Compliance					
Personnel Services	615,375	585,468	585,468	-	541,585
Contracted Services	31,450	22,251	22,251	-	18,312
Materials and Supplies	30,141	15,717	15,717	-	42,862
Other Charges	4,685	2,214	2,214	-	5,912
Total Code Compliance	681,651	625,650	625,650	-	608,671
Animal Services					
Personnel Services	1,016,697	1,029,947	1,029,947	-	1,001,525
Contracted Services	115,486	120,089	121,264	(1,175)	112,922
Materials and Supplies	119,537	150,885	150,885	-	130,789
Other Charges	20,615	11,677	11,677	-	10,524
Total Animal Services	1,272,335	1,312,598	1,313,773	(1,175)	1,255,760
Fleet Services					
Personnel Services	569,078	572,295	572,295	-	522,982
Contracted Services	11,295	6,539	6,539	-	7,577
Materials and Supplies	420,792	41,556	41,556	-	29,203
Other Charges	8,287	7,186	7,186	-	4,163
Total Fleet Services	1,009,452	627,576	627,576	-	563,925
Administration					
Personnel Services	771,229	627,156	627,156	-	720,788
Contracted Services	-	341	341	-	1,111
Materials and Supplies	6,200	3,794	3,794	-	5,157
Other Charges	3,325	4,149	4,149	-	225
Total Administration	780,754	635,440	635,440	-	727,281

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>	<u>2017</u>
				<u>POSITIVE</u>	<u>ACTUAL</u>
				<u>(NEGATIVE)</u>	
<u>EXPENDITURES (CONTINUED)</u>					
Social Services					
Other Charges	\$ 450,000	\$ 450,000	\$ 450,000	\$ -	\$ 450,000
Total Social Services	450,000	450,000	450,000	-	450,000
Special Services					
Personnel Services	647,368	1,083	1,083	-	8,295
Contracted Services	2,786,247	3,331,696	3,331,696	-	2,833,809
Materials and Supplies	30,100	9,390	9,390	-	7,439
Other Charges	8,201,774	8,959,806	8,692,961	266,845	2,547,711
Capital Outlay	-	60,108	(54,423)	114,531	60,108
Total Special Services	11,665,489	12,362,083	11,980,707	381,376	5,457,362
Cemetery					
Contracted Services	234,273	236,767	155,822	80,945	198,457
Materials and Supplies	2,000	2,000	1,617	383	969
Capital Outlay	-	-	5,912	(5,912)	(10,041)
Total Cemetery	236,273	238,767	163,351	75,416	189,385
Debt Service					
Principal	-	-	-	-	87,801
Interest	-	-	-	-	18,971
Total Debt Service	-	-	-	-	106,772
Total Expenditures	68,907,727	71,175,541	70,537,108	643,850	59,914,963
Excess (Deficiency) of					
Revenues Over (Under) Expenditures	2,492,560	224,746	4,286,440	4,067,111	824,426
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	35,000	35,000	44,856	9,856	32,626
Transfers Out	(4,456,405)	(3,256,499)	(4,061,405)	(804,906)	(3,256,499)
Total Other Financing					
Sources (Uses)	(4,421,405)	(3,221,499)	(4,016,549)	(795,050)	(3,223,873)
Net Change in Fund Balance	(1,928,845)	(2,996,753)	269,891	3,272,061	(2,399,447)
<u>FUND BALANCE - BEGINNING</u>	15,893,798	15,893,798	15,893,798	-	18,293,245
FUND BALANCE - ENDING	\$ 13,964,953	\$ 12,897,045	\$ 16,163,689	\$ 3,266,644	\$ 15,893,798

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, special assessments, or major capital projects) that are legally restricted to expenditures for specific purposes.

Community Development Block Grant

Public Education

Public Safety Grants

WIC Project

PARD Recreation Programs

Hotel Occupancy

Municipal Court Technology

Seized Assets

Library Memorial

Municipal Court Security Fee

Juvenile Case Manager Fee

PARD Special Contributions

TIRZ #2

TIRZ #3

TIRZ #4

TIRZ #5

TIRZ Loop 110

TIRZ Lone Star Rail

Municipal Judicial Efficiency

Miscellaneous Grants

TOW Forfeiture

NONMAJOR PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Cemetery Perpetual

CITY OF SAN MARCOS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>SPECIAL</u>	
	<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>	<u>PUBLIC EDUCATION</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ -	\$ 197,531
Investments		
Receivables - Net of Allowances for Uncollectibles		
Accounts	834,402	24,829
Taxes	-	-
Loans	-	-
Due from Other Funds	-	322,889
Due from Other Governments	-	-
Prepaid Items	<u>7,000</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 841,402</u>	 <u>\$ 545,249</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accounts Payable	\$ 246,770	\$ -
Accrued Liabilities	2,823	-
Unearned Revenue	195,247	-
Customer Deposits	-	-
Due to Other Funds	<u>322,889</u>	<u>-</u>
Total Liabilities	<u>767,729</u>	<u>-</u>
 Fund Balances		
Nonspendable	7,000	-
Restricted for		
Public Safety	-	-
Community Services	66,673	545,249
Endowment	<u>-</u>	<u>-</u>
Total Fund Balances	<u>73,673</u>	<u>545,249</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 841,402</u>	 <u>\$ 545,249</u>

REVENUE

PUBLIC SAFETY GRANTS	WIC PROJECT	PARD RECREATION PROGRAMS	HOTEL OCCUPANCY	MUNICIPAL COURT TECHNOLOGY	SEIZED ASSETS	LIBRARY MEMORIAL
\$ -	\$ -	\$ 240,576	\$ 69,294	\$ 178,585	\$ 193,671	\$ 39,388
-	-	7,086	-	-	-	-
-	-	-	349,098	-	-	-
-	-	-	-	-	-	-
-	-	-	482,237	-	-	-
325,786	532,727	-	-	-	-	-
-	6,224	-	3,900	-	-	-
<u>\$ 325,786</u>	<u>\$ 538,951</u>	<u>\$ 247,662</u>	<u>\$ 904,529</u>	<u>\$ 178,585</u>	<u>\$ 193,671</u>	<u>\$ 39,388</u>
\$ 9,595	\$ 37,131	\$ 30	\$ 145,620	\$ -	\$ -	\$ -
-	19,583	-	12,899	-	-	-
26,644	-	50,000	98	-	-	-
-	-	-	-	-	-	-
289,547	482,237	-	-	-	-	-
<u>325,786</u>	<u>538,951</u>	<u>50,030</u>	<u>158,617</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	3,900	-	-	-
-	-	-	-	178,585	193,671	-
-	-	197,632	742,012	-	-	39,388
-	-	-	-	-	-	-
-	-	197,632	745,912	178,585	193,671	39,388
<u>\$ 325,786</u>	<u>\$ 538,951</u>	<u>\$ 247,662</u>	<u>\$ 904,529</u>	<u>\$ 178,585</u>	<u>\$ 193,671</u>	<u>\$ 39,388</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2018

	SPECIAL		
	MUNICIPAL COURT SECURITY FEE	JUVENILE CASE MANAGER FEE	PARD SPECIAL CONTRIBUTIONS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 135,089	\$ 53,380	\$ 9,082
Investments	-	-	-
Receivables - Net of Allowances for Uncollectibles			
Accounts	-	-	-
Taxes	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
Prepaid Items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 135,089</u>	<u>\$ 53,380</u>	<u>\$ 9,082</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ -	\$ 1,464	\$ -
Accrued Liabilities	578	543	-
Deferred Revenue	-	-	-
Customer Deposits	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>578</u>	<u>2,007</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted for			
Public Safety	134,511	51,373	-
Community Services	-	-	9,082
Total Fund Balances	<u>134,511</u>	<u>51,373</u>	<u>9,082</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 135,089</u>	<u>\$ 53,380</u>	<u>\$ 9,082</u>

REVENUE

TIRZ #2	TIRZ #3	TIRZ #4	TIRZ #5	TIRZ LOOP 110	TIRZ LONE STAR RAIL	MUNICIPAL JUDICIAL EFFICIENCY
\$ -	\$ -	\$ 50,925	\$ 1,117,827	\$ 740,797	\$ 3,139	\$ 40,990
-	-	-	-	-	-	-
99,960	66,642	33,120	240,973	-	-	-
-	-	-	-	-	-	-
-	-	-	161,471	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 99,960</u>	<u>\$ 66,642</u>	<u>\$ 84,045</u>	<u>\$ 1,520,271</u>	<u>\$ 740,797</u>	<u>\$ 3,139</u>	<u>\$ 40,990</u>
\$ -	\$ -	\$ -	\$ -	\$ 740,797	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,131	-	-	-	-	-	-
<u>97,829</u>	<u>63,642</u>	-	-	-	-	-
<u>99,960</u>	<u>63,642</u>	-	-	<u>740,797</u>	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,000	84,045	1,520,271	-	3,139	40,990
-	<u>3,000</u>	<u>84,045</u>	<u>1,520,271</u>	-	<u>3,139</u>	<u>40,990</u>
<u>\$ 99,960</u>	<u>\$ 66,642</u>	<u>\$ 84,045</u>	<u>\$ 1,520,271</u>	<u>\$ 740,797</u>	<u>\$ 3,139</u>	<u>\$ 40,990</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>SPECIAL REVENUE</u>		<u>PERMANENT</u>	
	<u>MISCELLANEOUS GRANTS</u>	<u>TOW FORFEITURE FUND</u>	<u>CEMETERY PERPETUAL</u>	<u>TOTALS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 197,145	\$ 9,760	\$ 49,830	\$ 3,327,009
Investments	23,582	-	1,026,800	1,050,382
Receivables - Net of Allowances for Uncollectibles				
Accounts	207,019	-	7,933	1,521,964
Taxes	-	-	-	349,098
Due from Other Funds	289,547	-	-	1,256,144
Due from Other Governments	-	-	-	858,513
Prepaid Items	-	-	-	17,124
	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,124</u>
 TOTAL ASSETS	 <u>\$ 717,293</u>	 <u>\$ 9,760</u>	 <u>\$ 1,084,563</u>	 <u>\$ 8,380,234</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$ 26,268	\$ -	\$ -	\$ 1,207,675
Accrued Liabilities	-	-	-	36,426
Deferred Revenue	194,719	-	-	466,708
Customer Deposits	-	-	-	2,131
Due to Other Funds	-	-	-	1,256,144
Total Liabilities	<u>220,987</u>	<u>-</u>	<u>-</u>	<u>2,969,084</u>
Fund Balances				
Nonspendable	-	-	1,084,563	1,095,463
Restricted for				
Public Safety	-	-	-	558,140
Community Services	496,306	9,760	-	3,757,547
Total Fund Balances	<u>496,306</u>	<u>9,760</u>	<u>1,084,563</u>	<u>5,411,150</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 717,293</u>	 <u>\$ 9,760</u>	 <u>\$ 1,084,563</u>	 <u>\$ 8,380,234</u>

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CITY OF SAN MARCOS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>SPECIAL</u>	
	<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>	<u>PUBLIC EDUCATION</u>
<u>REVENUES</u>		
Taxes	\$ -	\$ 99,518
Fines and Penalties	-	-
Intergovernmental	2,358,439	-
Charges for Services	-	-
Investment Earnings	-	-
Miscellaneous	-	-
Total Revenues	<u>2,358,439</u>	<u>99,518</u>
<u>EXPENDITURES</u>		
Current		
General Government	-	299
Public Safety	-	-
Community Services	2,358,439	-
Capital Outlay	-	71,635
Total Expenditures	<u>2,358,439</u>	<u>71,934</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>-</u>	<u>27,584</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	27,584
<u>FUND BALANCES - BEGINNING</u>	<u>73,673</u>	<u>517,665</u>
FUND BALANCES - ENDING	<u>\$ 73,673</u>	<u>\$ 545,249</u>

REVENUE

PUBLIC SAFETY GRANTS	WIC PROJECT	PARD RECREATION PROGRAMS	HOTEL OCCUPANCY	MUNICIPAL COURT TECHNOLOGY	SEIZED ASSETS	LIBRARY MEMORIAL
\$ -	\$ -	\$ -	\$ 3,720,944	\$ -	\$ -	\$ -
-	-	-	-	25,754	48,433	-
666,838	1,581,731	-	-	-	-	-
-	-	227,453	-	-	-	-
-	-	-	-	-	-	-
<u>26,714</u>	<u>-</u>	<u>68,522</u>	<u>6,501</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<u>693,552</u>	<u>1,581,731</u>	<u>295,975</u>	<u>3,727,445</u>	<u>25,754</u>	<u>48,433</u>	<u>5,000</u>
-	-	-	-	-	-	-
426,768	-	-	-	105	9,582	-
-	1,581,731	206,674	2,289,586	-	-	-
<u>276,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>703,754</u>	<u>1,581,731</u>	<u>206,674</u>	<u>2,289,586</u>	<u>105</u>	<u>9,582</u>	<u>-</u>
<u>(10,202)</u>	<u>-</u>	<u>89,301</u>	<u>1,437,859</u>	<u>25,649</u>	<u>38,851</u>	<u>5,000</u>
-	-	-	143,481	-	-	-
-	-	-	(1,654,631)	-	-	-
-	-	-	(1,511,150)	-	-	-
(10,202)	-	89,301	(73,291)	25,649	38,851	5,000
<u>10,202</u>	<u>-</u>	<u>108,331</u>	<u>819,203</u>	<u>152,936</u>	<u>154,820</u>	<u>34,388</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,632</u>	<u>\$ 745,912</u>	<u>\$ 178,585</u>	<u>\$ 193,671</u>	<u>\$ 39,388</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	SPECIAL		
	MUNICIPAL COURT SECURITY FEE	JUVENILE CASE MANAGER FEE	PARD SPECIAL CONTRIBUTIONS
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ -
Fines and Penalties	18,607	35,872	-
Intergovernmental	-	-	-
Charges for Services	-	-	-
Investment Earnings	-	-	-
Miscellaneous	-	-	492
Total Revenues	<u>18,607</u>	<u>35,872</u>	<u>492</u>
<u>EXPENDITURES</u>			
Current			
General Government	-	-	-
Public Safety	29,400	27,379	-
Community Services	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>29,400</u>	<u>27,379</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,793)</u>	<u>8,493</u>	<u>492</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(10,793)	8,493	492
<u>FUND BALANCES - BEGINNING</u>	<u>145,304</u>	<u>42,880</u>	<u>8,590</u>
FUND BALANCES - ENDING	<u>\$ 134,511</u>	<u>\$ 51,373</u>	<u>\$ 9,082</u>

REVENUE

TIRZ #2	TIRZ #3	TIRZ #4	TIRZ #5	TIRZ LOOP 110	TIRZ LONE STAR RAIL	MUNICIPAL JUDICIAL EFFICIENCY
\$ 99,960	\$ 66,642	\$ 33,120	\$ 240,973	\$ -	\$ -	\$ -
-	-	-	-	-	-	4,348
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>99,960</u>	<u>66,642</u>	<u>33,120</u>	<u>240,973</u>	<u>-</u>	<u>-</u>	<u>4,348</u>
1,098,380	-	-	-	740,797	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,098,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>740,797</u>	<u>-</u>	<u>-</u>
<u>(998,420)</u>	<u>66,642</u>	<u>33,120</u>	<u>240,973</u>	<u>(740,797)</u>	<u>-</u>	<u>4,348</u>
998,420	147,908	50,925	368,718	740,797	-	-
<u>-</u>	<u>(214,550)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>998,420</u>	<u>(66,642)</u>	<u>50,925</u>	<u>368,718</u>	<u>740,797</u>	<u>-</u>	<u>-</u>
-	-	84,045	609,691	-	-	4,348
-	<u>3,000</u>	-	<u>910,580</u>	-	<u>3,139</u>	<u>36,642</u>
<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 84,045</u>	<u>\$ 1,520,271</u>	<u>\$ -</u>	<u>\$ 3,139</u>	<u>\$ 40,990</u>

(CONTINUED)

CITY OF SAN MARCOS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>SPECIAL REVENUE</u>		<u>PERMANENT</u>	
	<u>MISCELLANEOUS</u>	<u>TOW</u>	<u>CEMETERY</u>	
	<u>GRANTS</u>	<u>FORFEITURE</u>	<u>PERPETUAL</u>	<u>TOTALS</u>
		<u>FUND</u>		
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ 4,261,157
Fines and Penalties	-	-	-	133,014
Intergovernmental	546,205	-	-	5,153,213
Charges for Services	-	-	-	227,453
Investment Earnings	-	-	12,742	12,742
Miscellaneous	<u>25,740</u>	<u>-</u>	<u>2,862</u>	<u>135,831</u>
Total Revenues	<u>571,945</u>	<u>-</u>	<u>15,604</u>	<u>9,923,410</u>
<u>EXPENDITURES</u>				
Current				
General Government	625,838	-	-	2,465,314
Public Safety	-	-	-	493,234
Community Services	-	-	-	6,436,430
Capital Outlay	<u>2,768</u>	<u>-</u>	<u>-</u>	<u>351,389</u>
Total Expenditures	<u>628,606</u>	<u>-</u>	<u>-</u>	<u>9,746,367</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(56,661)</u>	<u>-</u>	<u>15,604</u>	<u>177,043</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	-	2,450,249
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,869,181)</u>
Total Other Financing Sources				
and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>581,068</u>
Net Change in Fund Balance	(56,661)	-	15,604	758,111
<u>FUND BALANCES - BEGINNING</u>	<u>552,967</u>	<u>9,760</u>	<u>1,068,959</u>	<u>4,653,039</u>
FUND BALANCES - ENDING	<u>\$ 496,306</u>	<u>\$ 9,760</u>	<u>\$ 1,084,563</u>	<u>\$ 5,411,150</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 11,447,855	\$ 11,447,855	\$ 11,702,730	\$ 254,875
Intergovernmental	3,030,000	3,030,000	3,266,265	236,265
Interest on Investments	90,000	90,000	228,458	138,458
Miscellaneous	102,608	102,608	98,805	(3,803)
Total Revenues	<u>14,670,463</u>	<u>14,670,463</u>	<u>15,296,258</u>	<u>625,795</u>
<u>EXPENDITURES</u>				
Debt Service				
Principal	10,825,000	9,985,000	9,985,000	-
Interest and Fiscal Charges	4,728,739	5,104,317	5,038,778	65,539
Total Expenditures	<u>15,553,739</u>	<u>15,089,317</u>	<u>15,023,778</u>	<u>65,539</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(883,276)</u>	<u>(418,854)</u>	<u>272,480</u>	<u>691,334</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	3,999,256	3,999,256	2,417,105	(1,582,151)
Transfers Out	(1,839,572)	(2,303,994)	(2,306,768)	(2,774)
Total Other Financing Sources (Uses)	<u>2,159,684</u>	<u>1,695,262</u>	<u>110,337</u>	<u>(1,584,925)</u>
Net Change in Fund Balances	1,276,408	1,276,408	382,817	893,591
<u>FUND BALANCES - BEGINNING</u>	<u>8,697,022</u>	<u>8,697,022</u>	<u>8,697,022</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 9,973,430</u>	<u>\$ 9,973,430</u>	<u>\$ 9,079,839</u>	<u>\$ (893,591)</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Intergovernmental	<u>\$ 562,798</u>	<u>\$ 562,798</u>	<u>\$ 2,358,439</u>	<u>\$ 1,795,641</u>
<u>EXPENDITURES</u>				
Current				
Community Service	<u>562,798</u>	<u>576,620</u>	<u>2,358,439</u>	<u>(1,781,819)</u>
Net Change in Fund Balance	-	(13,822)	-	13,822
<u>FUND BALANCES - BEGINNING</u>	<u>73,673</u>	<u>73,673</u>	<u>73,673</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 73,673</u>	<u>\$ 59,851</u>	<u>\$ 73,673</u>	<u>\$ 13,822</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PUBLIC EDUCATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 99,518</u>	<u>\$ (482)</u>
<u>EXPENDITURES</u>				
Current				
General Government	25,000	13,365	299	13,066
Capital Outlay	<u>-</u>	<u>71,635</u>	<u>71,635</u>	<u>-</u>
Total Expenditures	<u>25,000</u>	<u>85,000</u>	<u>71,934</u>	<u>13,066</u>
Net Change in Fund Balance	75,000	86,635	27,584	(59,051)
<u>FUND BALANCES - BEGINNING</u>	<u>517,665</u>	<u>517,665</u>	<u>517,665</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 592,665</u>	<u>\$ 604,300</u>	<u>\$ 545,249</u>	<u>\$ (59,051)</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
WIC PROJECT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Intergovernmental	<u>\$ 1,997,355</u>	<u>\$ 1,997,355</u>	<u>\$ 1,581,731</u>	<u>\$ (415,624)</u>
<u>EXPENDITURES</u>				
Current				
Community Service	<u>1,997,355</u>	<u>1,997,355</u>	<u>1,581,731</u>	<u>415,624</u>
Net Change in Fund Balance	-	-	-	-
<u>FUND BALANCES - BEGINNING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
HOTEL OCCUPANCY
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 3,957,786	\$ 3,947,217	\$ 3,720,944	\$ (226,273)
Interest on Investments	1,000	1,000	-	(1,000)
Other	1,000	1,000	6,501	5,501
Total Revenues	<u>3,959,786</u>	<u>3,949,217</u>	<u>3,727,445</u>	<u>(221,772)</u>
<u>EXPENDITURES</u>				
Current				
Community Service	<u>2,514,290</u>	<u>3,173,402</u>	<u>2,289,586</u>	<u>883,816</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,445,496</u>	<u>775,815</u>	<u>1,437,859</u>	<u>662,044</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	143,481	143,481	143,481	-
Transfers Out	<u>(1,654,631)</u>	<u>(1,654,631)</u>	<u>(1,654,631)</u>	-
Total Other Financing Sources (Uses)	<u>(1,511,150)</u>	<u>(1,511,150)</u>	<u>(1,511,150)</u>	-
Net Change in Fund Balance	(65,654)	(735,335)	(73,291)	662,044
<u>FUND BALANCES - BEGINNING</u>	<u>819,203</u>	<u>819,203</u>	<u>819,203</u>	-
FUND BALANCES - ENDING	<u>\$ 753,549</u>	<u>\$ 83,868</u>	<u>\$ 745,912</u>	<u>\$ 662,044</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT TECHNOLOGY
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Fines and Penalties	<u>\$ 30,025</u>	<u>\$ 30,025</u>	<u>\$ 25,754</u>	<u>\$ (4,271)</u>
<u>EXPENDITURES</u>				
Current				
Public Safety	5,000	5,000	105	4,895
Capital Outlay	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total Expenditures	<u>80,000</u>	<u>80,000</u>	<u>105</u>	<u>79,895</u>
Net Change in Fund Balance	(49,975)	(49,975)	25,649	75,624
<u>FUND BALANCES - BEGINNING</u>	<u>152,936</u>	<u>152,936</u>	<u>152,936</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 102,961</u>	<u>\$ 102,961</u>	<u>\$ 178,585</u>	<u>\$ 75,624</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SEIZED ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Fines and Penalties	\$ 5,100	\$ 5,100	\$ 48,433	\$ 43,333
<u>EXPENDITURES</u>				
Current				
Public Safety	5,000	14,000	9,582	4,418
Net Change in Fund Balance	100	(8,900)	38,851	47,751
<u>FUND BALANCES - BEGINNING</u>	<u>154,820</u>	<u>154,820</u>	<u>154,820</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 154,920</u>	<u>\$ 145,920</u>	<u>\$ 193,671</u>	<u>\$ 47,751</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT SECURITY FEE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Fines and Penalties	\$ 22,012	\$ 22,012	\$ 18,607	\$ (3,405)
<u>EXPENDITURES</u>				
Current				
Public Safety	74,962	74,962	29,400	45,562
Net Change in Fund Balance	(52,950)	(52,950)	(10,793)	42,157
<u>FUND BALANCES - BEGINNING</u>	<u>145,304</u>	<u>145,304</u>	<u>145,304</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 92,354</u>	<u>\$ 92,354</u>	<u>\$ 134,511</u>	<u>\$ 42,157</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
JUVENILE CASE MANAGER FEE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Fines and Penalties	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 35,872</u>	<u>\$ (4,128)</u>
<u>EXPENDITURES</u>				
Current				
Public Safety	<u>31,379</u>	<u>31,379</u>	<u>27,379</u>	<u>4,000</u>
Net Change in Fund Balance	<u>8,621</u>	<u>8,621</u>	<u>8,493</u>	<u>(128)</u>
<u>FUND BALANCES - BEGINNING</u>	<u>42,880</u>	<u>42,880</u>	<u>42,880</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 51,501</u>	<u>\$ 51,501</u>	<u>\$ 51,373</u>	<u>\$ (128)</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIRZ #2
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	<u>\$ 363,339</u>	<u>\$ 363,339</u>	<u>\$ 99,960</u>	<u>\$ (263,379)</u>
<u>EXPENDITURES</u>				
Current				
General Government	<u>1,298,481</u>	<u>1,298,481</u>	<u>1,098,380</u>	<u>200,101</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(935,142)</u>	<u>(935,142)</u>	<u>(998,420)</u>	<u>(63,278)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>935,143</u>	<u>935,143</u>	<u>998,420</u>	<u>63,277</u>
Net Change in Fund Balance	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
<u>FUND BALANCES - BEGINNING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIRZ #3
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 71,942	\$ 71,942	\$ 66,642	\$ (5,300)
<u>EXPENDITURES</u>				
Current				
General Government	-	-	-	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	71,942	71,942	66,642	(5,300)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	147,908	147,908	147,908	-
Transfer Out	(219,850)	(219,850)	(214,550)	5,300
Total Other Financing Sources (Uses)	(71,942)	(71,942)	(66,642)	5,300
Net Change in Fund Balance	-	-	-	-
<u>FUND BALANCES - BEGINNING</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIRZ #4
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 8,689	\$ 8,689	\$ 33,120	\$ 24,431
<u>EXPENDITURES</u>				
Current				
General Government	59,954	59,954	-	59,954
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,265)	(51,265)	33,120	84,385
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	51,265	51,265	50,925	(340)
Net Change in Fund Balance	-	-	84,045	84,045
<u>FUND BALANCES - BEGINNING</u>	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ 84,045	\$ 84,045

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
TIRZ #5
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 174,310	\$ 174,310	\$ 240,973	\$ 66,663
<u>EXPENDITURES</u>				
Current				
General Government	1,346,639	1,346,639	-	1,346,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,172,329)	(1,172,329)	240,973	1,413,302
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	257,574	257,574	368,718	111,144
Net Change in Fund Balance	(914,755)	(914,755)	609,691	1,524,446
<u>FUND BALANCES - BEGINNING</u>	910,580	910,580	910,580	-
FUND BALANCES - ENDING	\$ (4,175)	\$ (4,175)	\$ 1,520,271	\$ 1,524,446

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIRZ LOOP 110
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Current				
General Government	<u>443,682</u>	<u>443,682</u>	<u>740,797</u>	<u>(297,115)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(443,682)	(443,682)	(740,797)	(297,115)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	<u>230,000</u>	<u>230,000</u>	<u>740,797</u>	<u>510,797</u>
Net Change in Fund Balance	-	-	-	213,682
<u>FUND BALANCES - BEGINNING</u>	<u>232,900</u>	<u>232,900</u>	-	-
FUND BALANCES - ENDING	<u>\$ 232,900</u>	<u>\$ 232,900</u>	<u>\$ -</u>	<u>\$ 213,682</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TIRZ LONE STAR RAIL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Current				
General Government	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	4,000	4,000	-	(4,000)
Net Change in Fund Balance	-	-	-	(4,000)
<u>FUND BALANCES - BEGINNING</u>	<u>3,139</u>	<u>3,139</u>	<u>3,139</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,139</u>	<u>\$ 3,139</u>	<u>\$ 3,139</u>	<u>\$ (4,000)</u>

CITY OF SAN MARCOS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL JUDICIAL EFFICIENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Fines and Penalties	\$ 3,000	\$ 3,000	\$ 4,348	\$ 1,348
Miscellaneous	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>(24,000)</u>
Total Revenues	<u>27,000</u>	<u>27,000</u>	<u>4,348</u>	<u>(22,652)</u>
<u>EXPENDITURES</u>				
Current				
General Government	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Net Change in Fund Balance	3,000	3,000	4,348	1,348
<u>FUND BALANCES - BEGINNING</u>	<u>36,642</u>	<u>36,642</u>	<u>36,642</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 39,642</u>	<u>\$ 39,642</u>	<u>\$ 40,990</u>	<u>\$ 1,348</u>

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operations and maintenance of a City's facilities and services which are entirely or predominantly supported by user charges of those for which the City had decided that periodic determination of the revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations and maintenance. Debt service is also included.

Airport Fund – This fund was established to account for all revenues and expenses of every nature derived by the City from its ownership and operation of the airport.

Transit Fund – This fund was created to account for all revenues and expenses related to the public transit system within the City.

Resource Recovery – This fund was created to account for waste collection and disposal services provided to residents of the City.

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CITY OF SAN MARCOS, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	ENTERPRISE			
	AIRPORT	TRANSIT	RESOURCE RECOVERY	TOTAL
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 154,889	\$ 180,304	\$ 499,125	\$ 834,318
Investments	-	-	996,870	996,870
Accounts Receivable - Net	3,601	-	582,055	585,656
Total Current Assets	<u>158,490</u>	<u>180,304</u>	<u>2,078,050</u>	<u>2,416,844</u>
<u>NONCURRENT ASSETS</u>				
Capital Assets:				
Land	653,140	-	-	653,140
Buildings	4,339,745	-	-	4,339,745
Improvements Other than Buildings	8,539,322	-	-	8,539,322
Furnishings and Equipment	19,463	-	79,840	99,303
Construction in Progress	<u>1,409,330</u>	<u>-</u>	<u>-</u>	<u>1,409,330</u>
Totals	14,961,000	-	79,840	15,040,840
Less Accumulated Depreciation	<u>(10,408,573)</u>	<u>-</u>	<u>(32,526)</u>	<u>(10,441,099)</u>
Total Capital Assets	<u>4,552,427</u>	<u>-</u>	<u>47,314</u>	<u>4,599,741</u>
Total Noncurrent Assets	<u>4,552,427</u>	<u>-</u>	<u>47,314</u>	<u>4,599,741</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows - Pension	-	1,786	10,280	12,066
Deferred Outflows - OPEB Death Benefit	-	300	599	899
Deferred Outflows - OPEB Health Benefit	-	<u>1,126</u>	<u>2,257</u>	<u>3,383</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>3,212</u>	<u>13,136</u>	<u>16,348</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,710,917</u>	<u>\$ 183,516</u>	<u>\$ 2,138,500</u>	<u>\$ 7,032,933</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 90,495	\$ 75,000	301,226	\$ 466,721
Accrued Liabilities	-	2,565	45,779	48,344
Compensated Absences	-	1,079	5,440	6,519
Customer Deposits	<u>7,689</u>	<u>-</u>	<u>198,366</u>	<u>206,055</u>
Total Current Liabilities	<u>98,184</u>	<u>78,644</u>	<u>550,811</u>	<u>727,639</u>
<u>NONCURRENT LIABILITIES</u>				
Net Pension Liability	-	20,500	77,972	98,472
OPEB Liability - Death Benefit	-	2,787	5,574	8,361
OPEB Liability - Health Benefit	-	6,778	13,558	20,336
Compensated Absences	<u>-</u>	<u>90</u>	<u>2,150</u>	<u>2,240</u>
Total Noncurrent Liabilities	<u>-</u>	<u>30,155</u>	<u>99,254</u>	<u>129,409</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows - Pension	<u>-</u>	<u>9,919</u>	<u>15,943</u>	<u>25,862</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	4,552,427	-	47,314	4,599,741
Unrestricted	<u>60,306</u>	<u>64,798</u>	<u>1,425,178</u>	<u>1,550,282</u>
Total Net Position	<u>4,612,733</u>	<u>64,798</u>	<u>1,472,492</u>	<u>6,150,023</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,710,917</u>	<u>\$ 183,516</u>	<u>\$ 2,138,500</u>	<u>\$ 7,032,933</u>

CITY OF SAN MARCOS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	ENTERPRISE			
	AIRPORT	TRANSIT	RESOURCE RECOVERY	TOTAL
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 527,792	\$ -	\$ 4,199,731	\$ 4,727,523
Intergovernmental	44,400	-	-	44,400
Miscellaneous	-	-	35,183	35,183
Total Operating Revenues	<u>572,192</u>	<u>-</u>	<u>4,234,914</u>	<u>4,807,106</u>
<u>OPERATING EXPENSES</u>				
Personnel Services	-	123,453	282,989	406,442
Contracted Services	448,933	451,650	3,476,721	4,377,304
Materials and Supplies	83,024	6,618	21,548	111,190
Other Charges	-	2,548	199,680	202,228
Depreciation	152,650	-	13,419	166,069
Total Operating Expenses	<u>684,607</u>	<u>584,269</u>	<u>3,994,357</u>	<u>5,263,233</u>
Operating Income (Loss)	<u>(112,415)</u>	<u>(584,269)</u>	<u>240,557</u>	<u>(456,127)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Investment Income (Loss)	-	-	(1,746)	(1,746)
Transfer In	27,000	610,000	25,000	662,000
Total Non-Operating Revenue (Expenses)	<u>27,000</u>	<u>610,000</u>	<u>23,254</u>	<u>660,254</u>
Change in Net Position	<u>(85,415)</u>	<u>25,731</u>	<u>263,811</u>	<u>204,127</u>
<u>TOTAL NET POSITION - BEGINNING</u>	<u>4,698,148</u>	<u>46,910</u>	<u>1,222,942</u>	<u>5,968,000</u>
RESTATEMENT OF BEGINNING NET POSITION	<u>-</u>	<u>(7,843)</u>	<u>(14,261)</u>	<u>(22,104)</u>
<u>NET POSITION AT BEGINNING OF YEAR - AS RESTATED</u>	<u>4,698,148</u>	<u>39,067</u>	<u>1,208,681</u>	<u>5,945,896</u>
TOTAL NET POSITION - ENDING	<u>\$ 4,612,733</u>	<u>\$ 64,798</u>	<u>\$ 1,472,492</u>	<u>\$ 6,150,023</u>

CITY OF SAN MARCOS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	ENTERPRISE			
	AIRPORT	TRANSIT	RESOURCE RECOVERY	TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers	\$ 582,497	\$ -	\$ 4,218,991	\$ 4,801,488
Cash Paid to Suppliers for Goods and Services	(503,811)	(128,080)	(3,654,917)	(4,286,808)
Cash Paid to Employees for Services	-	(423,771)	(291,021)	(714,792)
Net Cash Provided by (Used in) Operating Activities	<u>78,686</u>	<u>(551,851)</u>	<u>273,053</u>	<u>(200,112)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers from Other Funds	<u>27,000</u>	<u>610,000</u>	<u>25,000</u>	<u>662,000</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>27,000</u>	<u>610,000</u>	<u>25,000</u>	<u>662,000</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of Capital Assets	<u>(56,204)</u>	<u>-</u>	<u>-</u>	<u>(56,204)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(56,204)</u>	<u>-</u>	<u>-</u>	<u>(56,204)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Sale (Purchase) of Investment Securities	<u>-</u>	<u>-</u>	<u>(998,616)</u>	<u>(998,616)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>49,482</u>	<u>58,149</u>	<u>(700,563)</u>	<u>(592,932)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>105,407</u>	<u>122,155</u>	<u>1,199,688</u>	<u>1,427,250</u>
 CASH AND CASH EQUIVALENTS - ENDING	 <u>\$ 154,889</u>	 <u>\$ 180,304</u>	 <u>\$ 499,125</u>	 <u>\$ 834,318</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ (112,415)	\$ (584,269)	\$ 240,557	\$ (456,127)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Depreciation	152,650	-	13,419	166,069
Changes in Assets and Liabilities				
Decrease (Increase) in Assets				
Accounts Receivable	9,935	-	(32,216)	(22,281)
Increase (Decrease) in Liabilities				
Accounts Payable	28,869	37,006	38,243	104,118
Accrued Liabilities	-	39	4,789	4,828
Customer Deposits	370	-	16,293	16,663
Compensated Absences	-	(3,368)	(5,512)	(8,880)
OPEB Liability	(723)	(378)	(759)	(1,860)
Net Pension Liability	<u>-</u>	<u>(881)</u>	<u>(1,761)</u>	<u>(2,642)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 78,686</u>	 <u>\$ (551,851)</u>	 <u>\$ 273,053</u>	 <u>\$ (200,112)</u>
<u>SCHEDULE OF NONCASH CAPITAL ACTIVITIES</u>				
Actuarially Determined Change in				
Net Pension Liability	\$ -	\$ 17,590	\$ 35,179	\$ 52,769
Other Post-Employment Benefit Liability	-	1,339	2,682	4,021
Investment Loss	-	-	1,746	1,746

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of San Marcos, Texas' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the City's overall financial health.

<u>Contents</u>	<u>Schedules</u>
Financial Trends These schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.	1 through 4
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue sources. Although electric charges are the City's most significant local revenue source, information about revenue payers is confidential under Texas statutes. Trend information about electric charges is provided in Table 7. Additionally, information about property tax and sales tax revenue is provided.	5 through 16
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	17 through 20
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	21 through 23
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	24 through 27
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

CITY OF SAN MARCOS, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

TABLE 1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>GOVERNMENTAL ACTIVITIES</u>										
Net Investment in Capital Assets	\$ 69,504,636	\$ 66,361,134	\$ 74,247,634	\$ 82,639,548	\$ 88,391,028	\$ 94,693,282	\$ 84,584,182	\$ 95,798,543	\$ 80,034,686	\$ 89,842,218
Restricted	11,771,448	11,086,463	9,972,700	20,848,878	19,474,094	10,636,613	12,689,714	13,088,699	13,324,854	17,134,285
Unrestricted	<u>19,093,354</u>	<u>22,795,807</u>	<u>18,807,912</u>	<u>8,808,763</u>	<u>11,236,165</u>	<u>14,521,718</u>	<u>5,834,774</u>	<u>(281,055)</u>	<u>(7,731,248)</u>	<u>(16,879,081)</u>
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 100,369,438</u>	<u>\$ 100,243,404</u>	<u>\$ 103,028,246</u>	<u>\$ 112,297,189</u>	<u>\$ 119,101,287</u>	<u>\$ 119,851,613</u>	<u>\$ 103,108,670</u>	<u>\$ 108,606,187</u>	<u>\$ 85,628,292</u>	<u>\$ 90,097,422</u>
<u>BUSINESS TYPE ACTIVITIES</u>										
Net Investment in Capital Assets	\$ 76,798,160	\$ 84,316,321	\$ 76,737,408	\$ 77,417,956	\$ 85,172,984	\$ 88,667,413	\$ 88,165,145	\$ 85,343,273	\$ 92,125,543	\$ 113,115,001
Restricted	-	-	-	-	-	-	221,981	221,981	221,981	221,981
Unrestricted	<u>45,845,181</u>	<u>36,486,413</u>	<u>46,484,731</u>	<u>50,448,724</u>	<u>45,632,481</u>	<u>46,343,182</u>	<u>58,292,590</u>	<u>74,746,389</u>	<u>83,896,944</u>	<u>79,924,549</u>
TOTAL BUSINESS TYPE ACTIVITIES NET POSITION	<u>\$ 122,643,341</u>	<u>\$ 120,802,734</u>	<u>\$ 123,222,139</u>	<u>\$ 127,866,680</u>	<u>\$ 130,805,465</u>	<u>\$ 135,010,595</u>	<u>\$ 146,679,716</u>	<u>\$ 160,311,643</u>	<u>\$ 176,244,468</u>	<u>\$ 193,261,531</u>
<u>PRIMARY GOVERNMENT</u>										
Net Investment in Capital Assets	\$ 146,302,796	\$ 150,677,455	\$ 150,985,042	\$ 160,057,504	\$ 173,564,012	\$ 183,360,695	\$ 172,749,327	\$ 181,141,816	\$ 172,160,229	\$ 202,957,219
Restricted	11,771,448	11,086,463	9,972,700	20,848,878	19,474,094	10,636,613	12,911,695	13,310,680	13,546,835	17,356,266
Unrestricted	<u>64,938,535</u>	<u>59,282,220</u>	<u>65,292,643</u>	<u>59,257,487</u>	<u>56,868,646</u>	<u>60,864,900</u>	<u>64,127,364</u>	<u>74,465,334</u>	<u>76,165,696</u>	<u>63,045,468</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 223,012,779</u>	<u>\$ 221,046,138</u>	<u>\$ 226,250,385</u>	<u>\$ 240,163,869</u>	<u>\$ 249,906,752</u>	<u>\$ 254,862,208</u>	<u>\$ 249,788,386</u>	<u>\$ 268,917,830</u>	<u>\$ 261,872,760</u>	<u>\$ 283,358,953</u>

**CITY OF SAN MARCOS, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

TABLE 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental Activities										
General Government	\$ 11,789,804	\$ 14,811,677	\$ 15,419,706	\$ 17,452,471	\$ 17,295,573	\$ 26,744,625	\$ 26,503,022	\$ 29,623,894	\$ 45,271,507	\$ 39,538,297
Public Safety	18,223,349	22,337,053	18,040,389	19,367,969	24,117,348	26,179,672	27,779,641	30,282,359	33,904,923	33,731,134
Community Service	9,120,980	10,463,722	10,092,399	10,399,904	13,360,590	14,192,299	14,822,198	15,728,115	24,111,594	19,874,494
Interest and Fiscal Charges	7,008,392	6,525,172	6,412,611	6,232,072	5,932,338	5,433,836	5,339,852	4,977,926	4,890,031	5,338,567
Total Governmental Activities	46,142,525	54,137,624	49,965,105	53,475,416	60,705,849	72,550,432	74,464,713	80,612,364	108,178,055	98,482,492
Business-Type Activities										
Water/Wastewater	24,443,838	25,878,300	26,701,908	27,890,126	28,152,501	28,549,309	32,839,079	33,372,074	36,005,404	38,337,335
Electric	46,068,424	45,746,937	43,413,456	45,590,881	44,265,224	48,780,157	53,751,942	47,962,128	52,007,700	54,804,049
Airport	733,621	694,070	710,558	601,781	895,001	647,653	569,932	581,290	636,669	684,607
Drainage	1,482,765	1,959,180	1,897,978	2,491,018	2,355,020	2,398,250	2,549,146	2,885,187	3,262,115	4,066,821
Transit	-	-	-	-	-	300,791	387,448	582,522	603,535	584,269
Resource Recovery	1,228,122	1,463,780	1,773,160	2,110,375	2,421,522	2,624,743	2,616,527	3,920,819	3,860,863	3,994,337
Total Business-Type Activities	73,956,770	75,742,267	74,497,060	78,684,181	78,089,268	83,300,903	92,714,074	89,304,020	96,376,286	102,471,438
Total Primary Government Expenses	120,099,295	129,879,891	124,462,165	132,159,597	138,795,117	155,851,335	167,178,787	169,916,384	204,554,341	200,953,930
PROGRAM REVENUES										
Governmental Activities										
Charges for Services	-	-	-	-	-	-	-	-	-	-
General Government	1,076,738	1,010,309	1,283,941	1,246,616	6,724,853	10,432,734	13,209,783	13,754,748	12,942,500	16,110,526
Public Safety	1,716,212	1,807,346	1,653,099	1,682,378	1,739,043	1,846,295	1,667,317	1,763,014	1,543,969	1,510,540
Community Service	653,368	574,537	639,534	769,467	1,029,617	1,026,696	860,427	1,407,839	1,646,254	1,727,826
Operating Grants and Contributions	9,981,272	3,145,119	2,619,600	3,250,996	6,005,044	8,738,278	7,515,298	5,529,214	4,440,897	5,238,213
Capital Grants and Contributions	2,104,303	2,373,110	1,149,409	8,244,456	1,792,500	1,054,196	680,726	2,177,251	3,448,810	2,956,568
Total Governmental Activities	15,531,893	8,910,421	7,345,583	15,193,913	17,291,057	23,098,197	23,933,551	24,632,066	24,022,430	27,543,673
Business-Type Activities										
Charges for Services	-	-	-	-	-	-	-	-	-	-
Electric	49,461,030	48,768,174	48,453,727	51,783,661	48,848,992	55,440,398	66,548,588	55,932,644	58,234,989	60,332,737
Water and Wastewater	26,279,549	25,241,695	26,986,572	28,139,268	29,743,387	32,720,309	35,231,959	37,421,054	41,211,800	46,329,180
Airport	273,788	178,432	256,710	580,554	913,152	292,432	296,241	440,244	476,342	572,192
Drainage	1,390,465	1,478,191	2,108,913	2,553,844	2,673,393	2,885,937	3,163,498	3,764,990	4,937,409	4,990,291
Resource Recovery	1,392,717	1,595,550	1,909,152	2,298,847	2,516,548	2,628,929	2,970,156	3,609,478	3,930,392	4,234,914
Operating Grants and Contributions	-	-	-	-	-	-	-	-	1,784,902	-
Capital Grants and Contributions	1,214,327	852,403	1,085,830	1,274,418	1,599,863	1,117,888	1,400,371	536,836	253,915	981,779
Total Business-Type Activities	80,011,876	78,114,445	80,800,904	86,630,592	86,295,335	95,085,893	109,610,813	101,705,246	110,829,749	117,441,093
Total Primary Government Program Revenues	95,543,769	87,024,866	88,146,487	101,824,505	103,586,392	118,184,090	133,544,364	126,337,312	134,852,179	144,984,766

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