

TOWN OF RANSOM CANYON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Essentially the same functions are reported in the governmental funds as in the governmental activities section of the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The City maintains a single governmental fund which is considered to be a major fund. Information for the General Fund is presented in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance.
- **Proprietary funds** – Services for which the City charges customers a fee generally are reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both short-term and long-term financial information. The City's proprietary fund is an enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail, such as cash flows.

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- The City maintains a single enterprise fund. The City uses enterprise funds to account for its water and sewer services and sanitation (solid waste disposal) services. The fund provides the same type of information as the government-wide statements, only in more detail. It is also considered to be a major fund of the City.
- Fiduciary funds – The City is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. The City excludes these activities from the government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide disclosures and additional information that is essential to a full understanding of the financial information presented in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information regarding the City's budgetary comparative information for the general fund and information about the City's net pension liability and pension contributions. This information follows the notes to the financial statements.

THE CITY AS A WHOLE – Government-wide Financial Analysis

The City's combined net position was \$3.979 million as of September 30, 2018. Analyzing the net position and net expenses of the governmental and business-type activities separately, the business-type activities net position is \$2.849 million. This analysis focuses on the net position (table 1) and changes in general revenues (table 2) and significant expense of the City's governmental and business-type activities.

A significant portion of the City's net position (approximately 80.8%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. The following table provides a summary of the City's net position for the years ended September 30, 2017 and 2018.

TOWN OF RANSOM CANYON, TEXAS
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Table 1
Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Current and other assets	\$ 311,966.07	\$ 108,574.41	\$ 1,306,640.92	\$ 1,389,111.89	\$ 1,618,606.99	\$ 1,497,686.30
Capital assets	<u>1,571,193.24</u>	<u>1,547,028.47</u>	<u>2,085,686.43</u>	<u>1,963,623.59</u>	<u>3,656,879.67</u>	<u>3,510,652.06</u>
Total assets	1,883,159.31	1,655,602.88	3,392,327.35	3,352,735.48	5,275,486.66	5,008,338.36
Deferred outflows of resources	94,474.60	27,006.64	27,405.81	10,672.32	121,880.41	37,678.96
Current liabilities	220,952.46	23,012.61	191,072.23	189,774.31	412,024.69	212,786.92
Long-term liabilities	<u>602,714.80</u>	<u>530,238.09</u>	<u>435,321.81</u>	<u>324,302.54</u>	<u>1,038,036.61</u>	<u>854,540.63</u>
Total liabilities	823,667.26	553,250.70	626,394.04	514,076.85	1,450,061.30	1,067,327.55
Net position						
Net investment in capital assets	1,571,193.24	1,547,028.47	1,700,686.43	1,668,623.59	3,271,879.67	3,215,652.06
Restricted			85,727.43	309,111.35	85,727.43	309,111.35
Unrestricted	<u>(417,226.59)</u>	<u>(417,669.65)</u>	<u>1,006,925.26</u>	<u>871,596.01</u>	<u>589,698.67</u>	<u>453,926.36</u>
Total net position	<u>\$ 1,153,966.65</u>	<u>\$ 1,129,358.82</u>	<u>\$ 2,793,339.12</u>	<u>\$ 2,849,330.95</u>	<u>\$ 3,947,305.77</u>	<u>\$ 3,978,689.77</u>

Governmental Activities

The City's governmental activities revenues were up by \$41,393 or approximately 5.0% from the prior fiscal year. The increase was due primarily to property taxes, insurance claims and the sale of old equipment. Governmental expenditures were up by \$31,839 or 2.8% over the previous year. The most significant governmental expenses for the City are government administration and public safety which includes police and fire department.

Table 2
Governmental Activity Revenues

	<u>2017</u>	<u>2018</u>
Property taxes (including penalty and interest)	\$ 728,443.00	\$ 738,231.62
Permits	10,482.50	6,719.95
Municipal court revenue	1,967.10	613.10
Franchise fees	26,327.27	31,569.51
Library revenue	7,990.00	7,470.00
R V storage revenue	17,088.34	16,593.51
Interest revenue	2,519.67	3,542.35
Tax certificates	564.00	299.00
Sales tax revenue	10,679.09	12,486.83
Grant revenue	10,000.00	10,300.00
Other revenues	<u>15,643.95</u>	<u>45,272.25</u>
	<u>\$ 831,704.92</u>	<u>\$ 873,098.12</u>

TOWN OF RANSOM CANYON, TEXAS
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Business-type Activities

Total revenues of the City's business-type activities were \$1,197,402 for the year ended September 30, 2018. Expenses for the City's business-type activities were \$866,410 for the year, resulting in an income before transfers of \$330,992.

Charges for services were up \$15,237 or 1.3% over the previous year. Water purchases from the City of Lubbock were up \$21,246 from the previous year. Water revenues and water purchases were up for the year with approximately \$3.25 million more gallons consumed in 2018.

Table 3 Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 10,482.50	\$ 6,719.95	\$ 1,065,806.75	\$ 1,071,660.46	\$ 1,076,289.25	\$ 1,078,380.41
Grants and contributions:						
Operating	17,990.00	17,770.00			17,990.00	17,770.00
Capital					-	-
General revenues:						
Property taxes	728,443.00	738,231.62	102,719.61	101,405.84	831,162.61	839,637.46
Franchise fees	26,327.27	31,569.51			26,327.27	31,569.51
Other	48,462.15	78,807.04	13,638.43	24,335.68	62,100.58	103,142.72
Total Revenues	831,704.92	873,098.12	1,182,164.79	1,197,401.98	2,013,869.71	2,070,500.10
Expenses:						
General government	359,313.12	392,566.54			359,313.12	392,566.54
Operations	167,359.72	173,608.05			167,359.72	173,608.05
City Court	3,395.67	3,946.52			3,395.67	3,946.52
Public safety	399,388.10	371,002.51			399,388.10	371,002.51
Public works	176,844.69	191,261.84			176,844.69	191,261.84
Library	29,932.42	36,946.45			29,932.42	36,946.45
Emergency operation center	4,632.83	3,374.04			4,632.83	3,374.04
Water purchases			358,700.26	379,946.61	358,700.26	379,946.61
Water, sewer and sanitation			460,133.00	474,650.63	460,133.00	474,650.63
Interest			14,539.92	11,812.91	14,539.92	11,812.91
Total Expenses	1,140,866.55	1,172,705.95	833,373.18	866,410.15	1,974,239.73	2,039,116.10
Change in net position						
before transfers	(309,161.63)	(299,607.83)	348,791.61	330,991.83	39,629.98	31,384.00
Transfers	325,000.00	275,000.00	(325,000.00)	(275,000.00)	-	-
Change in net position	15,838.37	(24,607.83)	23,791.61	55,991.83	39,629.98	31,384.00
Net position, October 1 unadjusted	1,156,338.42	1,153,966.65	2,773,681.18	2,793,339.12	3,930,019.60	3,947,305.77
Implementation of GASB No. 75	(18,210.14)	-	(4,133.67)	-	(22,343.81)	-
Net position, October 1 adjusted	1,138,128.28	1,153,966.65	2,769,547.51	2,793,339.12	3,907,675.79	3,947,305.77
Net position, September 30	\$ 1,153,966.65	\$ 1,129,358.82	\$ 2,793,339.12	\$ 2,849,330.95	\$ 3,947,305.77	\$ 3,978,689.77

**TOWN OF RANSOM CANYON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2018 fiscal year, the City had \$3.511 million invested in a broad range of fixed assets, including buildings, streets, water and sewer lines and equipment, vehicles, police and fire department equipment.

**Table 4
Capital Assets (Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Land	\$ 46,230.00	\$ 46,230.00	\$	\$	\$ 46,230.00	\$ 46,230.00
Buildings	494,216.81	487,111.12	306,800.47	318,427.54	801,017.28	805,538.66
Street and infrastructure Improvements	675,526.01	698,631.21			675,526.01	698,631.21
	191,077.92	154,619.93			191,077.92	154,619.93
Vehicles and equipment	164,142.50	160,436.21	23,039.33	23,039.33	187,181.83	183,475.54
Water and sewer system			1,755,846.63	1,622,156.72	1,755,846.63	1,622,156.72
Totals	\$ 1,571,193.24	\$ 1,547,028.47	\$ 2,085,686.43	\$ 1,963,623.59	\$ 3,656,879.67	\$ 3,510,652.06

Debt

At year-end, the City had \$295,000 in debt outstanding as compared to \$385,000 at the end of the prior fiscal year a decrease of approximately 23.4%. The City retired \$90,000 in bonds. Table 5 indicates the outstanding debt at September 30, 2017 and 2018.

**Table 5
Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
General Obligation Refunding Bonds Series 2010	\$ -	\$ -	\$ 385,000.00	\$ 295,000.00	\$ 385,000.00	\$ 295,000.00

General Fund Budgetary Highlights

The City's original budget was adopted prior to the beginning of the fiscal year and was amended during the year. For the year ended September 30, 2018 governmental revenues came in over the budgeted amount by \$93,308 while expenditures were \$86,390 under the budgeted amount.

**TOWN OF RANSOM CANYON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2018-2019 budget, tax rate, and fees that will be charged for the business-type activities. Stable property valuations for the 2018-2019 fiscal year coupled with a small amount of growth within the City will help accomplish one of its top short-term goals, building cash for future capital improvement projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Elena Quintanilla, at the Town of Ransom Canyon, 24 Lee Kitchens Drive, Ransom Canyon, Texas 79366.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash in bank	\$ 96,709.41	\$ 979,067.05	\$ 1,075,776.46
Receivables			
Taxes	3,467.53		3,467.53
Other governments	1,229.56		1,229.56
Franchise fees	7,167.91		7,167.91
Customer accounts, net		100,933.49	100,933.49
Restricted Assets			
Cash and cash in bank		309,111.35	309,111.35
Capital Assets, nondepreciable			
Land	46,230.00		46,230.00
Capital Assets, (net of accumulated depreciation)			
Buildings	487,111.12	310,466.85	797,577.97
Streets and infrastructure	698,631.21		698,631.21
Improvements	154,619.93		154,619.93
Vehicles, equipment and machinery	160,436.21	20,735.40	181,171.61
Water and sewer system		1,632,421.34	1,632,421.34
Total Assets	1,655,602.88	3,352,735.48	5,008,338.36
Deferred Outflows of Resources			
Deferred amount on refunding		4,397.98	4,397.98
Deferred pension contribution	24,722.86	5,755.93	30,478.79
Deferred OPEB	2,283.78	518.41	2,802.19
	27,006.64	10,672.32	37,678.96

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Liabilities	Activities	Activities	
Accounts payable	17,040.54	56,936.34	73,976.88
Accrued compensation payable	5,972.07	1,180.66	7,152.73
Utility deposits		35,540.00	35,540.00
Payable from restricted assets			
Accrued interest payable		1,117.31	1,117.31
Non-current Liabilities			
Net pension liability	509,259.25	119,540.38	628,799.63
OPEB liability	20,978.84	4,762.16	25,741.00
Due within one year:			
General obligation refunding bonds payable		95,000.00	95,000.00
Due in more than one year:			
General obligation refunding bonds payable		200,000.00	200,000.00
Total Liabilities	<u>553,250.70</u>	<u>514,076.85</u>	<u>1,067,327.55</u>
Net Position			
Net investment in capital assets	1,547,028.47	1,668,623.59	3,215,652.06
Restricted for debt service		309,111.35	309,111.35
Unrestricted	(417,669.65)	871,596.01	453,926.36
Total Net Position	<u>\$ 1,129,358.82</u>	<u>\$ 2,849,330.95</u>	<u>\$ 3,978,689.77</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 392,566.54	\$ 6,719.95	\$	\$	\$ (385,846.59)	\$	\$ (385,846.59)
Operations	173,608.05				(173,608.05)		(173,608.05)
City court	3,946.52				(3,946.52)		(3,946.52)
Public safety - police department	297,812.98				(297,812.98)		(297,812.98)
Public safety - fire department	73,189.53		10,300.00		(62,889.53)		(62,889.53)
Public works - street department	191,261.84				(191,261.84)		(191,261.84)
Library	36,946.45		7,470.00		(29,476.45)		(29,476.45)
Emergency operations	3,374.04				(3,374.04)		(3,374.04)
Total Governmental Activities	1,172,705.95	6,719.95	17,770.00	-	(1,148,216.00)	-	(1,148,216.00)
Business-type Activities:							
Water and sewer fund	866,410.15	1,071,660.46				205,250.31	205,250.31
Total Business-type Activities	866,410.15	1,071,660.46	-	-	-	205,250.31	205,250.31
Total Primary Government	\$ 2,039,116.10	\$ 1,078,380.41	\$ 17,770.00	\$ -	(1,148,216.00)	205,250.31	(942,965.69)
Property taxes					738,231.62	101,405.84	839,637.46
Franchise fees					31,569.51		31,569.51
Sales tax revenue					12,486.83		12,486.83
Interest revenue					3,542.35	24,335.68	27,878.03
Transfers					275,000.00	(275,000.00)	-
RV storage revenue					16,593.51		16,593.51
Tax certificates					299.00		299.00
Other					45,885.35		45,885.35
Total general revenues and transfers					1,123,608.17	(149,258.48)	974,349.69
Change in net position					(24,607.83)	55,991.83	31,384.00
Net position, October 1 unadjusted					1,172,176.79	2,797,472.79	3,969,649.58
Implementation of GASB No. 75					(18,210.14)	(4,133.67)	(22,343.81)
Net position, October 1 adjusted					1,153,966.65	2,793,339.12	3,947,305.77
Net position, September 30					\$ 1,129,358.82	\$ 2,849,330.95	\$ 3,978,689.77

The accompanying notes are an integral part of these financial statements.

**TOWN OF RANSOM CANYON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2018**

	<u>General</u>	<u>Total Governmental Funds</u>
Assets		
Cash and cash in bank	\$ 96,709.41	\$ 96,709.41
Receivables (net of allowance for uncollectibles)		
Taxes	3,467.53	3,467.53
Franchise fees	7,167.91	7,167.91
Other governments	1,229.56	1,229.56
Total Assets	<u>\$ 108,574.41</u>	<u>\$ 108,574.41</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 17,040.54	\$ 17,040.54
Total Liabilities	17,040.54	17,040.54
Deferred Inflows of Resources		
Unavailable revenue - property taxes	3,467.53	3,467.53
Total Deferred Inflows of Resources	3,467.53	3,467.53
Fund Balance		
Unassigned	88,066.34	88,066.34
Total Fund Balance	<u>88,066.34</u>	<u>88,066.34</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 108,574.41</u>	<u>\$ 108,574.41</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF RANSOM CANYON, TEXAS
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2018**

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

Total fund balance per balance sheet	\$ 88,066.34
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Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	46,230.00	
Buildings	634,277.45	
Streets and infrastructure	2,993,998.78	
Improvements	744,884.34	
Vehicles, equipment and machinery	1,145,260.76	
Accumulated depreciation	<u>(4,017,622.86)</u>	
		1,547,028.47

Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds and recognized as revenue in the statement of activities.

Deferred property taxes	3,467.53
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Deferred outflows related to pensions are not financial resources and therefore are not reported in governmental funds	24,722.86
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Deferred outflows related to other post employment benefits are not financial resources and therefore are not reported in governmental funds	2,283.78
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Long-term liabilities of governmental funds are not due and payable in the current period and therefore, are not reported in the funds. These consist of:

Accrued compensation	(5,972.07)	
Net pension liability	(509,259.25)	
OPEB liability	<u>(20,978.84)</u>	

Net position of governmental activities	<u>\$ 1,129,358.82</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>General</u>	Total Governmental <u>Funds</u>
Revenues		
Property taxes	\$ 736,445.98	\$ 736,445.98
Penalties and interest	3,350.92	3,350.92
Permits	6,719.95	6,719.95
Franchise fees	31,569.51	31,569.51
Library revenue	7,470.00	7,470.00
R V storage revenue	16,593.51	16,593.51
Municipal court revenue	613.10	613.10
Tax certificates	299.00	299.00
Interest revenue	3,542.35	3,542.35
Sales tax revenue	12,486.83	12,486.83
Grant revenue	10,300.00	10,300.00
Miscellaneous	<u>44,917.05</u>	<u>44,917.05</u>
Total Revenues	874,308.20	874,308.20
Expenditures		
Current:		
General government	370,779.20	370,779.20
Operations	173,269.01	173,269.01
City court	3,946.52	3,946.52
Public safety - police department	270,578.45	270,578.45
Public safety - fire department	54,262.29	54,262.29
Public works - street department	86,490.87	86,490.87
Library	36,216.60	36,216.60
Emergency operations	1,471.90	1,471.90
Capital outlay	<u>155,350.17</u>	<u>155,350.17</u>
Total Expenditures	1,152,365.01	1,152,365.01
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	(278,056.81)	(278,056.81)
Other Financing Sources (Uses)		
Transfers in	<u>275,000.00</u>	<u>275,000.00</u>
Total Other Financing Sources and Uses	<u>275,000.00</u>	<u>275,000.00</u>
Net Change in Fund Balance	(3,056.81)	(3,056.81)
Fund Balance, October 1	<u>91,123.15</u>	<u>91,123.15</u>
Fund Balance, September 30	<u>\$ 88,066.34</u>	<u>\$ 88,066.34</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

Net change in fund balance -- total governmental funds		\$ (3,056.81)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	155,350.17	
Depreciation expense	<u>(179,514.94)</u>	
		(24,164.77)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(1,565.28)
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.		
Accrued compensation		(829.72)
Pension expense		<u>5,008.75</u>
Change in net position of governmental activities		\$ <u>(24,607.83)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2018

Assets	<u>Enterprise</u>	<u>Total</u>
Current Assets		
Cash and cash in bank	\$ 979,067.05	\$ 979,067.05
Receivables (net of allowance for uncollectibles)		
Customer accounts	<u>100,933.49</u>	<u>100,933.49</u>
Total Current Assets	1,080,000.54	1,080,000.54
Non-current Assets		
Restricted Assets		
Cash and cash in bank	<u>309,111.35</u>	<u>309,111.35</u>
Total Restricted Assets	309,111.35	309,111.35
Capital Assets		
Water and sewer system	4,710,858.85	4,710,858.85
Buildings	318,427.54	318,427.54
Furniture	23,039.33	23,039.33
Accumulated depreciation	<u>(3,088,702.13)</u>	<u>(3,088,702.13)</u>
Total Capital Assets	<u>1,963,623.59</u>	<u>1,963,623.59</u>
Total Non-current Assets	<u>2,272,734.94</u>	<u>2,272,734.94</u>
Total Assets	<u>3,352,735.48</u>	<u>3,352,735.48</u>
Deferred Outflows of Resources		
Deferred interest on refunding	4,397.98	4,397.98
Deferred pension contribution	5,755.93	5,755.93
Deferred OBEB	<u>518.41</u>	<u>518.41</u>
Total Deferred Outflows of Resources	<u>\$ 10,672.32</u>	<u>\$ 10,672.32</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2018

	<u>Enterprise</u>	<u>Total</u>
Liabilities		
Current Liabilities (payable from current assets)		
Accounts payable	\$ 56,936.34	\$ 56,936.34
Accrued compensation payable	1,180.66	1,180.66
Utility deposits	<u>35,540.00</u>	<u>35,540.00</u>
Total Current Liabilities (payable from current assets)	93,657.00	93,657.00
Current Liabilities (payable from restricted assets)		
Accrued interest payable	1,117.31	1,117.31
General obligation refunding bonds payable, current	<u>95,000.00</u>	<u>95,000.00</u>
Total Current Liabilities (payable from restricted assets)	96,117.31	96,117.31
Non-current Liabilities		
Net pension liability	119,540.38	119,540.38
OPEB liability	4,762.16	4,762.16
General obligation refunding bonds payable, non-current	<u>200,000.00</u>	<u>200,000.00</u>
Total Non-current Liabilities	<u>324,302.54</u>	<u>324,302.54</u>
Total Liabilities	514,076.85	514,076.85
Net Position		
Net investment in capital assets	1,668,623.59	1,668,623.59
Restricted for debt service	309,111.35	309,111.35
Unrestricted	<u>871,596.01</u>	<u>871,596.01</u>
Total Net Position	<u>\$ 2,849,330.95</u>	<u>\$ 2,849,330.95</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, 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	Total
Revenues		
Water	\$ 656,769.70	\$ 656,769.70
Sewer	148,658.48	148,658.48
Sanitation	149,690.99	149,690.99
Mosquito spraying	5,932.09	5,932.09
Penalty revenue	6,340.60	6,340.60
Tap connect fees	3,200.00	3,200.00
Turn on revenue	1,750.00	1,750.00
Sewer revenue - Buffalo Lake	99,237.91	99,237.91
Miscellaneous revenue	80.69	80.69
Total Operating Revenues	1,071,660.46	1,071,660.46
Operating Expenses		
Water purchases	379,946.61	379,946.61
Payroll	139,901.17	139,901.17
Utilities	37,148.31	37,148.31
Chemicals	4,000.00	4,000.00
Supplies, repairs and maintenance	29,737.72	29,737.72
Fees, permits, inspections	3,471.75	3,471.75
Depreciation	133,689.91	133,689.91
Lab charges	6,149.04	6,149.04
Mosquito spraying expense	4,446.89	4,446.89
Insurance	1,377.00	1,377.00
Solid waste collection contract	114,728.84	114,728.84
Total Operating Expenses	854,597.24	854,597.24
Operating Income	217,063.22	217,063.22
Non-operating Revenue (Expense)		
Interest income	24,335.68	24,335.68
Tax receipts	101,405.84	101,405.84
Interest expense	(11,812.91)	(11,812.91)
Total Non-operating Revenue (Expense)	113,928.61	113,928.61
Income Before Operating Transfers	330,991.83	330,991.83
Operating transfers out	(275,000.00)	(275,000.00)
Change in Net Position	55,991.83	55,991.83
Total Net Position, October 1 unadjusted	2,797,472.79	2,797,472.79
Implementation of GASB No. 75	(4,133.67)	(4,133.67)
Total Net Position, October 1 adjusted	2,793,339.12	2,793,339.12
Total Net Position, September 30	\$ 2,849,330.95	\$ 2,849,330.95

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities	
	<u>Enterprise Funds</u>	<u>Total</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,080,226.50	\$ 1,080,226.50
Cash payments to suppliers	(590,493.86)	(590,493.86)
Cash payments to employees	(139,858.08)	(139,858.08)
Net Cash Provided by Operating Activities	349,874.56	349,874.56
Cash Flows From Non-capital Financing Activities		
Operating transfers out	(275,000.00)	(275,000.00)
Net Cash Provided By (Used For) Non-capital Financing Activities	(275,000.00)	(275,000.00)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(11,627.07)	(11,627.07)
Tax receipts	101,405.84	101,405.84
Repayment of long-term debt	(90,000.00)	(90,000.00)
Interest payment long-term debt	(10,302.00)	(10,302.00)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(10,523.23)	(10,523.23)
Cash Flows From Investing Activities		
Interest received	24,335.68	24,335.68
Net Cash Provided By Investing Activities	24,335.68	24,335.68
Net Increase (Decrease) in Cash and Cash Equivalents	88,687.01	88,687.01
Cash and cash equivalents, October 1	1,199,491.39	1,199,491.39
Cash and cash equivalents, September 30	<u>\$ 1,288,178.40</u>	<u>\$ 1,288,178.40</u>
Cash and cash in bank	\$ 979,067.05	\$ 979,067.05
Restricted cash and cash in bank	309,111.35	309,111.35
Total cash and cash equivalents	<u>\$ 1,288,178.40</u>	<u>\$ 1,288,178.40</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Business-type Activities</u>	
	<u>Enterprise Funds</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating income	\$ 217,063.22	\$ 217,063.22
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	133,689.91	133,689.91
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	6,216.04	6,216.04
(Increase) decrease in deferred outflows - pension	15,554.92	15,554.92
(Increase) decrease in deferred outflows - OPEB	(673.22)	(673.22)
Increase (decrease) in accounts payable	(9,487.70)	(9,487.70)
Increase (decrease) in accrued compensation	1,180.66	1,180.66
Increase (decrease) in net pension liability	(16,802.57)	(16,802.57)
Increase (decrease) in OPEB liability	783.30	783.30
Increase (decrease) in utility deposits	2,350.00	2,350.00
Net cash provided by operating activities	<u>\$ 349,874.56</u>	<u>\$ 349,874.56</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2018**

	Assets	<u>Pension Trust Fund</u>
Current Assets		
Equity in investments		\$ 77,011.98
Total Assets		<u>\$ 77,011.98</u>
Net Position		
Held in trust for pension benefits		<u>\$ 77,011.98</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Pension Trust Fund</u>
Additions	
Contributions	\$ -
Net increase in fair value of investments	<u>9,307.64</u>
Total additions	9,307.64
Deductions	
Benefits	<u>-</u>
Total deductions	-
Change in net position	9,307.64
Net position held in trust for pension benefits, October 1	<u>67,704.34</u>
Net position held in trust for pension benefits, September 30	<u>\$ 77,011.98</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

1. Summary of Significant Accounting Policies

The Town of Ransom Canyon, Texas (the City) operates under a mayor – council (5 council members) form of government and provides the following services: Public Safety (Police and Fire protection), Streets, Sanitation, Public Improvements (Water and Sewer Systems), Library, Planning and Zoning, and General Administrative Services. Volunteers staff the fire and ambulance services.

The financial statements of the City have been prepared to conform with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental units. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

Financial information of the City is presented as follows:

- *Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- *Basic Financial Statements:* Government-wide financial statements consist of a statement of net position and a statement of activities to display information about the City as a whole.

These statements report all of the non-fiduciary activities of the government. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges from services and are usually intended by management to be financially self-sustaining.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

- *Fund Financial Statements* consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental and enterprise funds.

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units, if applicable. The City's financial statements include the accounts of all City operations. Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organizations to provide specific financial benefits to, or impose specific financial burdens on, the City.

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statement of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the Town of Ransom Canyon has no component units.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) 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 non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements. The previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model as defined by GASB Statement No. 34 the focus is either the City as a whole or major individual funds (within the fund financial statements).

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental fund is the general fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements, if applicable.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories.

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are 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 as soon as all eligibility requirements have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. 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 the liability has matured and payment is due.

Ad valorem and franchise tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirement of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customer for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major funds are used by the City:

I. Governmental Funds:

The following is a description of the Governmental Funds of the City:

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

- a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, General Administration, etc.) and is the primary operating unit of the City.
- b. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds, when applicable.

2. Proprietary Funds:

The following is a description of the major Proprietary Funds of the City:

- a. The enterprise fund accounts for the operation of the City's water and sewer utility and solid waste pickup. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

Additionally, the City reports the following fund types:

- Fiduciary Trust Fund – Account for the resources legally held in trust or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes a pension trust fund and an agency fund to account for resources held in a purely custodial capacity for individuals or organizations outside the City.

D. Encumbrances

The City does not use an encumbrance system of accounting.

E. Cash, Cash Equivalents and Investments

The City maintains a pooled cash account that is shared by the General Fund and Enterprise Fund. Each fund's portion of this pooled cash is allocated through its cash and cash in bank account on the balance sheet or statement of net position. The funds pool their operating cash for the purpose of cash management and to increase income through combined investment activities. In addition, non-pooled cash is separately held and reflected in each fund's balance sheet when applicable.

The cash and cash equivalents reflected in the statement of cash flows for the Proprietary Funds are made up of cash on hand, cash in the City's depository bank, and certificates of deposit. Investments are considered to be cash equivalents if they are highly liquid with maturities of three months or less. Cash deposits and investments are reported at carrying amount (cost), which equals fair value, in accordance with GASB Statement No. 31. At year end September 30, 2018 the City had no investments. The Texas Public Funds Investment Act governs items such as investment strategies and policies, training for investment officers, reporting requirements, and types of investments allowed. See Note 2.

F. Prepaid Items

Prepaid balances, when applicable, are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

G. Inventories

Inventories in Governmental and Proprietary Funds consist of expendable supplies. These amounts are not significant and thus no provision has been made for these amounts in the financial statements. Inventory items are expensed when purchased.

H. Interfund Receivables and Payables

Interfund receivables and payables are eliminated at the end of the fiscal year by reclassifying them as operating transfers if management does not expect the receiving fund to be able to repay the payable within a reasonable time. Interfund transfers are made to cover expenditures in funds with inadequate cash balances to cover the expenses. These transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

I. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are carried at estimated fair market value on the date donated. Public domain (infrastructure) fixed assets consisting of roads, streets and sidewalks have been recorded at estimated historical cost. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

Assets capitalized have an original cost of \$2,500 or more and a life expectancy of over three years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and land improvements	10 – 40 years
Streets	30 years
Water and sewer system	0 – 40 years
Machinery and equipment	5 – 10 years

J. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The City's policy allows full time, permanent employees to accumulate a limited amount of earned but unused vacation leave. Full time, permanent employees are allowed to accrue up to twenty days of sick leave. It is the City's policy to not pay employees for unused sick leave upon separation of service from the City. For the year ended September 30, 2018 compensated absences relating to vacation and comp time amounted to \$7,152.73.

K. Restricted Assets

Certain resources of the enterprise fund have been set aside for construction and repayment of debt and are classified as restricted on the balance sheet or statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances. The City records these reserves to indicate that a portion of cash and fund equity is legally segregated for a specific future use. At September 30, 2018 the proprietary funds had \$309,111.35 reserved for debt service. When an expense is incurred for which both restricted and unrestricted net position are available it is the City's policy to first apply restricted resources to the expense.

L. Reclassifications

Certain reclassifications have been made to fiscal year 2017 amounts to conform to the fiscal year 2018 presentation.

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

M. Bond Issuance and Deferred Debt Expense

Bond and certificate of obligation issuance costs are expensed in the period incurred. The difference between the reacquisition price and the net carrying value of proprietary refunded debt is capitalized and amortized over the terms of the respective bonds and certificates of obligation using the straight-line method.

N. Capitalized Interest

In conformity with Financial Accounting Standards No. 34, "Capitalization of Interest Cost," the City capitalized interest costs for business-type activities only, net of related interest earned, from the date of borrowing until the projects acquired with those funds are ready for their intended use. For the fiscal year ended September 30, 2018 there were no capitalized interest costs.

O. Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has three items which qualify for reporting in this category, contributions made to the pension plan and other post-employment benefits in the 2018 calendar year and an unamortized interest amount which resulted from a bond refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has no items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available.

Q. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Fund balances are classified as follows:

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council, through City Ordinance, has expressly delegated to the City Administrator the authority to assign funds for particular purposes or through adoption or amendment of the budget as intended for a specific purpose.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund.

Flow Assumptions – When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance as needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduces this category.

Restricted net position - This category represents external restrictions imposed either: 1) by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents the net position of the City which are not restricted for any project or other purpose.

Flow Assumptions – The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

R. 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

TOWN OF RANSOM CANYON, TEXAS

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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.

S. Other Post-Employment Benefits

The City provides a supplemental death benefit for retirees that is considered an other post-employment benefit (OPEB) covered by GASB No. 75. This plan benefit is administered by TMRS. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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. There are no investments related to this plan benefit.

2. Deposits and Investments

The City's cash and investments can be subject to five types of risk which are examined in more detail as follows:

CUSTODIAL CREDIT RISK OF BANK DEPOSITS – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions and investments be fully collateralized by U.S. Government obligations or obligations of the State of Texas and its agencies that have a market value of not less than the deposit amounts. The City's deposits were fully insured or collateralized as required by state statutes at September 30, 2018. At year-end, the carrying amount of the City's deposits was \$1,384,737.81 and the respective bank balances totaled \$1,493,683.16. The City had no investments at September 30, 2018 however from time to time the City may investment in certificates of deposit. The City's deposits were covered by Federal Depository Insurance in the amount of \$250,000. The remainder was covered by collateral with a par value of \$2,090,000 and a market value of \$2,164,022 at September 30, 2018 held by the bank's agent and pledged to the Town of Ransom Canyon in accordance with State law.

CUSTODIAL CREDIT RISK OF INVESTMENTS – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This type of credit risk is inapplicable to the City's investments because the only investments are certificates of deposit as described above.

INTEREST RATE RISK – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This type of risk is also inapplicable to the City because the only investments are certificates of deposit whose value is not dependent upon the rate of interest.

CREDIT RISK – Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The City's investment policy minimizes credit risk by limiting investments to the safest types of securities.

CONCENTRATION OF CREDIT RISK – Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. This type of risk is also inapplicable to the City because the only investments are certificates of deposit.

FOREIGN CURRENCY RISK – Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or a deposit. The City's policy is not to invest in foreign currencies which rules out any exposure to foreign currency risk.

Investments - Texas statutes authorize the types of investments allowable by the City. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, fully

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collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the State of Texas. The City is also authorized to invest in direct obligations of the State of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, reverse repurchase agreements, prime domestic bankers' acceptances, money market funds, and government pools.

The City from time to time invests in certificates of deposit however at September 30, 2018 the City had no investments in certificates of deposit. The City pools cash resources of its various funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements.

3. Debt and Interest Expense

At September 30, 2018 debt outstanding consisted of the following individual issues:

Series 2010 General Obligation Refunding Bonds issued at an interest rate of 3.03%. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2018 was \$295,000 of which \$95,000 is due within one year.

For the year ended September 30, 2018 the City paid interest in the amount of \$10,302.00 with the accrual basis interest expense being \$11,812.91.

General Obligation Refunding Bonds

The General Obligation Refunding Bonds are direct obligations issued on a pledge of the general taxing power and the revenues of the Enterprise Fund for the payment of the debt obligations of the City. These Bonds require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year certificates of obligation are outstanding) funds to pay interest and principal at maturity for any amounts not paid from the revenues of the Enterprise Fund. These Bonds are secured both by a pledge of ad valorem taxes levied on all taxable property within the City and by a lien on and pledge of revenues to be generated by the Enterprise Fund.

Changes in Outstanding Debt

Transactions for the year ended September 30, 2018 are summarized as follows:

	Balance 10/1/2017	Additions	Retirements	Balance 9/30/2018	Amount Due Within One Year
<u>Business-type Activities</u>					
General Obligation Refunding Bonds	\$ 385,000.00	\$ -	\$ (90,000.00)	\$ 295,000.00	\$ 95,000.00
Total Business-type Activities	<u>\$ 385,000.00</u>	<u>\$ -</u>	<u>\$ (90,000.00)</u>	<u>\$ 295,000.00</u>	<u>\$ 95,000.00</u>

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities of the City's debt for the years subsequent to September 30, 2018 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 95,000.00	\$ 7,499.25	\$ 102,499.25
2020	100,000.00	4,545.00	104,545.00
2021	100,000.00	1,515.00	101,515.00
	<u>\$ 295,000.00</u>	<u>\$ 13,559.25</u>	<u>\$ 308,559.25</u>

TOWN OF RANSOM CANYON, TEXAS

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4. Deferred Compensation Plan

At one time the City offered its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permitted City employees to defer a portion of their salary until future years. The City placed the deferred compensation plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This plan is no longer offered by the City. The City has no administrative involvement and does not perform the investing function for the plan. At September 30, 2018 the value of the investments in the plan was \$77,011.98 as presented by the plan administrator.

5. Interfund Transfers

The purpose of these interfund transfers is to fund routine government operations. Interfund transfers during the year ended September 30, 2018 were as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 275,000.00	\$
Enterprise Fund		275,000.00
	<u>\$ 275,000.00</u>	<u>\$ 275,000.00</u>

6. Accounts Receivable and Due From Other Governments

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at September 30, 2018 are as follows:

	<u>Accounts Receivable</u>	<u>Allowance For Uncollectible</u>	<u>Total</u>
Governmental activities:			
General Fund:			
Property taxes	\$ 3,467.53	\$ -	\$ 3,467.53
Franchise fees	7,167.91		7,167.91
Other governments	1,229.56	-	1,229.56
Total Governmental activities	11,865.00	-	11,865.00
Business-type activities:			
Water, sewer and sanitation customers	118,056.23	(17,122.74)	100,933.49
Total Business-type activities	118,056.23	(17,122.74)	100,933.49
Total accounts receivable	<u>\$ 129,921.23</u>	<u>\$ (17,122.74)</u>	<u>\$ 112,798.49</u>

7. Leases and Lease Purchase Agreements

The City currently leases office equipment under certain operating type leases. These leases are annual leases and expire after 12 months. Rental payments under these operating leases totaled \$5,908.27 for the year ended September 30, 2018.

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September 30, 2018

8. Contingent Liabilities

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be significant.

From time to time the City is party to various legal proceedings which normally occur in governmental operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of City management, after consultation with legal counsel, these legal proceedings are not likely to have a significant adverse impact on the affected funds of the City.

9. Defined Benefit Pension Plans

Plan Description

The Town of Ransom Canyon 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 publically available comprehensive annual financial report (CAFR) that can obtained at www.tmrs.com.

All eligible employees (full-time and employees who work in excess of 1,000 hours per year) 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 governing state statutes governing TMRS.

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

	<u>Plan Year 2017</u>	<u>Plan Year 2018</u>
Employee deposit rate	6.0%	6.0%
Matching ratio (City to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	0% of CPI	0% of CPI

TOWN OF RANSOM CANYON, TEXAS

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Employees covered by benefit terms

At the December 31, 2016 and 2017 valuation and measurement dates, the following employees were covered by the benefit terms:

	<u>12/31/2016</u>	<u>12/31/2017</u>
Inactive employees or beneficiaries currently receiving benefits	2	3
Inactive employees entitled to but not yet receiving benefits	2	1
Active employees	<u>11</u>	<u>11</u>
Total	15	15

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 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 Town of Ransom Canyon were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the Town of Ransom Canyon were 15.54% (includes 0.21% for the supplemental death benefit) and 15.89% (includes 0.22% for the supplemental death benefit) in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$85,974.05 (includes \$1,182.73 for the supplemental death benefit) 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 valuations was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%.

For Cities with fewer than twenty employees, more conservative methods and assumptions are used. First, lower termination rates are used for smaller cities, with maximum multipliers of 75% for employers with less than 6 members, 85% for employers with 6 to 10 members, 100% for employers with 11 to 15 members, and 115% for employers with less than 100 members. There is also a load on the life expectancy for employers with less than 15 active members. The life expectancy will be loaded by decreasing the mortality rates by 1% for every active member less than 15. For example, an employer with 5 active members will have the baseline mortality tables multiplied by 90% (10 active members times 1%). For

TOWN OF RANSOM CANYON, TEXAS

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

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 male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate 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 Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the system adopted the Entry Age Normal (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 the 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	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	<u>5.00%</u>	7.50%
Total	100.00%	

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

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS September 30, 2018

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.

Change in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/16	\$ 1,780,734	\$ 1,059,203	\$ 721,531
Changes for the year:			
Service cost	61,357		61,357
Interest	121,065		121,065
Change of benefit terms			
Difference between expected and actual experience	(12,487)		(12,487)
Changes of assumptions			-
Contributions - employer		83,684	(83,684)
Contributions - employee		32,753	(32,753)
Net investment income		147,029	(147,029)
Benefit payments, including refunds of employee contributions	(35,722)	(35,722)	-
Administrative expense		(761)	761
Other changes		(38)	38
Net changes	134,213	226,945	(92,732)
Balance at 12/31/17	\$ 1,914,947	\$ 1,286,148	\$ 628,799

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

The following presents the net position 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:

	1% Decrease in Discount Rate (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 872,996	\$ 628,799	\$ 423,162

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 \$78,050.

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

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS **September 30, 2018**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ (26,746.00)	\$ -
Changes in actuarial assumptions	30,708.00	
Difference between projected and actual investment earnings	(35,677.00)	
Contributions subsequent to the measurement date December 31, 2017	62,193.79	-
Total	\$ 30,478.79	\$ -

\$62,193.79 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2018	\$ (925.00)
2019	(2,774.00)
2020	(14,272.00)
2021	(14,238.00)
2022	949.00
Thereafter	(455.00)
Total	\$ (31,715.00)

10. Supplemental Death Benefit Plan

Plan Description

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected by ordinance to provide group-term life insurance coverage to both current and retired employees. Although it has no plans to do so, the City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit", or OPEB.

The following summarizes the SDBF coverage provided by the City for the prior two years:

	<u>Plan Year 2017</u>	<u>Plan Year 2018</u>
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit", or OPEB. 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).

Employees covered by benefit terms

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

	<u>2017</u>
Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>11</u>
Total	15

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.

Contributions are made monthly to the SDBF based on the covered payroll of the City. The contributions to the TMRS SDBF during the years ended September 30, 2018, 2017 and 2016 were \$1,182.73, \$1,129.16 and \$1,010.56, respectively, which equaled the required contributions for each period. The rate was 0.21% for October through December 2017 and 0.22% for January through September 2018 of the covered payroll for the period covered by this report. The City has two retirees since adoption of the plan; any contributions made for retirees which would be considered an other post-employment benefit are insignificant.

Schedule of Contribution Rates (RETIREE - only portion of the rate)

Plan Year	Annual Required Contribution	Actual Contribution Made	Percentage of ARC Contributed
<u>Ending</u>	<u>Rate</u>	<u>Rate</u>	
2015	0.01%	0.01%	100%
2016	0.01%	0.01%	100%
2017	0.01%	0.01%	100%

Other Post-Employment Benefit (OPEB) Liability

The City's OPEB Liability was determined by an actuarial valuation as of that date.

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Summary of Actuarial Assumptions:

Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.31%
Retirees' share of benefit-related costs	\$ 0
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 males 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

Total OPEB Liability - beginning of year	\$	21,507
Changes for the year:		
Service cost		1,201
Interest on Total OPEB Liability		835
Change of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions or other inputs		2,253
Benefit payments		(55)
Net changes		4,234
Total OPEB Liability - end of year	\$	25,741

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB liability	\$ 31,458	\$ 25,741	\$ 21,254

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

OPEB Expense:	
Service cost	\$ 1,201
Interest on Total OPEB Liability	835
Change of benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	-
Changes in assumptions or other inputs	324
Total OPEB expense	\$ 2,360

Deferred (inflows)/Outflows of Resources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes in assumptions and other inputs Contributions subsequent to the measurement date December 31, 2017	-	1,929.00
Total	\$ -	\$ 873.19
		\$ 2,802.19

\$873.19 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended Dec 31:	
2018	\$ 324.00
2019	324.00
2020	324.00
2021	324.00
2022	324.00
Thereafter	309.00
Total	\$ 1,929.00

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a public entity risk pool managed by the Texas Municipal League whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks. The Intergovernmental Risk Pool (the Pool) allows the City to manage risk by purchasing property, liability, and workers compensation insurance through the Texas Municipal League. The Pool provides property, liability and workers' compensation coverage for certain governmental entities of the State of Texas. Member entities include municipalities, housing authorities, councils of governments, hospital districts, water districts and tax appraisal districts. The Pool consists of five separate funds: the Workers' Compensation Fund, the Liability Fund, the Property Fund, the Reinsurance Fund and the Stability Fund. The financial results of these coverages are accounted for in separate funds by the Pool.

TOWN OF RANSOM CANYON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS September 30, 2018

The Texas Workers' Compensation Fund Joint Insurance Fund (the Workers' Compensation Fund) provides coverage that conforms to the workers' compensation law of Texas. As part of the coverage, the Pool provides risk management services with emphasis on loss control.

The City purchased \$1,000,000 liability coverage and approximately \$3,263,249 property coverage. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three preceding years.

The premiums paid for Workers' Compensation Coverage are based on estimated payroll amounts and are subject to fluctuations based upon an audit of payroll costs by the insurer. Any increase or decrease is not expected to be material to the financial statements.

12. Property Tax

Property taxes are levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by law. In Texas, central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. The Lubbock Central Appraisal District establishes appraised values at 100% of estimated fair market value and collects property taxes for the City. The 2017 certified tax roll for the City was \$137,160,636.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31. Tax liens are automatic on January 1 of each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1). The 2017 tax rate was \$0.612933 per \$100 valuation. The tax rate was allocated \$0.538812 for maintenance and operations and \$0.074121 for principal and interest on debt. Current tax collections for the year ended September 30, 2018 were 99.76% of the tax levy.

In the governmental fund financial statements, property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue.

13. Individual Fund Disclosures

The water and sewer system of the City services approximately 576 properties. During the year ended September 30, 2018 the City sold approximately 70,118,000 gallons of water.

The City provides solid waste pickup and mosquito spraying services for its citizens with revenues and expenses recorded in the enterprise fund. The City contracts with a private company for waste collection and disposal. This waste is disposed of at the City of Lubbock's regional landfill or a landfill owned by a private company where the City is charged a fee based on weight to dispose of its waste. These fees will cover the City's share of any post-closure expenses and thus no provision is made in the financial statements for future costs associated with the landfill. Mosquito spraying is done on an as needed basis. Citizens are charged a monthly fee to cover the costs of these services.

TOWN OF RANSOM CANYON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

14. Capital Assets

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

	Balance 10/1/2017	Transfers and Additions	Transfers and Retirements	Balance 9/30/2018
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 46,230.00	\$ -	\$ -	\$ 46,230.00
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	46,230.00	-	-	46,230.00
Capital assets, being depreciated				
Buildings	622,650.38	11,627.07		634,277.45
Streets and infrastructure	2,908,921.20	85,077.58		2,993,998.78
Improvements	744,884.34			744,884.34
Vehicles	747,341.77	38,980.00	(56,907.00)	729,414.77
Equipment	419,780.47	19,665.52	(23,600.00)	415,845.99
Total capital assets, being depreciated	5,443,578.16	155,350.17	(80,507.00)	5,518,421.33
Less accumulated depreciation for:				
Buildings	128,433.57	18,732.76		147,166.33
Streets and infrastructure	2,233,395.19	61,972.38		2,295,367.57
Improvements	553,806.42	36,457.99		590,264.41
Vehicles	631,401.97	49,562.18	(56,907.00)	624,057.15
Equipment	371,577.77	12,789.63	(23,600.00)	360,767.40
Total accumulated depreciation	3,918,614.92	179,514.94	(80,507.00)	4,017,622.86
Total capital assets being depreciated, net	1,524,963.24	(24,164.77)	-	1,500,798.47
Governmental activities capital assets, net	\$ 1,571,193.24	\$ (24,164.77)	\$ -	\$ 1,547,028.47
Business-type activities:				
Capital assets, being depreciated				
Water and sewer system	\$ 4,715,358.85	\$ -	\$ (4,500.00)	\$ 4,710,858.85
Buildings	306,800.47	11,627.07		318,427.54
Furniture	23,039.33			23,039.33
Total capital assets, being depreciated	5,045,198.65	11,627.07	(4,500.00)	5,052,325.72
Less accumulated depreciation for:				
Water and sewer system	2,959,512.22	123,425.29	(4,500.00)	3,078,437.51
Buildings	-	7,960.69		7,960.69
Furniture	-	2,303.93		2,303.93
Total accumulated depreciation	2,959,512.22	133,689.91	(4,500.00)	3,088,702.13
Business-type activities capital assets, net	\$ 2,085,686.43	\$ (122,062.84)	\$ -	\$ 1,963,623.59

TOWN OF RANSOM CANYON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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

Governmental activities:

General government	\$ 23,742.88
Public safety - police department	29,687.89
Public safety - fire department	18,927.24
Public works - street department	104,524.94
Emergency operations	1,902.14
Library	729.85

Total depreciation expense -- governmental activities	<u>\$ 179,514.94</u>
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Business-type activities:

Water and sewer system	\$ 133,689.91
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Total depreciation expense -- business-type activities	<u>\$ 133,689.91</u>
--	----------------------

15. Debt Refunding

The City issued the Series 2010 General Obligation Refunding Bonds on November 18, 2010 for \$980,000. The proceeds were used to retire the Series 2001 Certificates of Obligation and to pay for the issuance costs of the Series 2010 General Obligation Refunding Bonds. These refunding bonds were issued to reduce the total debt service over the next 10 years by approximately \$70,000. This results in a net present value benefit (difference between the present value of the debt service payment on the old and the new debt) of \$57,106.66.

16. Budget

The City's budget contained expenditures in excess of revenues for the year ended September 30, 2018. The excess expenditures are covered by drawing on reserves and transfers from the enterprise fund. The City Council also approved any expenditures in excess of budgeted amounts for each account on the books.

17. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2018 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2018. Management has performed their analysis through November 26, 2018, the date the financial statements were available for issuance.

18. New Accounting Principle and Restatement of Prior Year Net Position

Effective October 1, 2017, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB Statement No. 75)*. The statement is effective for fiscal years beginning after June 15, 2017. The statement covers death benefits with coverage for retirees and requires reporting of the long term obligation and the deferred outflows/inflows of resources related to this benefit. Due to the adoption of GASB No. 75 the beginning net position has been restated as follows:

	Governmental Activities	Business-type Activities	Total
Beginning Net Position	\$ 1,172,176.79	\$ 2,797,472.79	\$ 3,969,649.58
Adjustment to record total OPEB liability	(18,210.14)	(4,133.67)	(22,343.81)
Beginning Net Position - restated	<u>\$ 1,153,966.65</u>	<u>\$ 2,793,339.12</u>	<u>\$ 3,947,305.77</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF RANSOM CANYON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts		Variance With Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
Revenues					
Property taxes	\$ 700,000.00	\$ 700,000.00	\$ 736,445.98		\$ 36,445.98
Penalties and interest	3,000.00	3,000.00	3,350.92		350.92
Permits	5,500.00	5,500.00	6,719.95		1,219.95
Franchise fees	23,700.00	23,700.00	31,569.51		7,869.51
Library revenue	8,000.00	8,000.00	7,470.00		(530.00)
R V storage revenue	13,000.00	13,000.00	16,593.51		3,593.51
Municipal court revenue	500.00	500.00	613.10		113.10
Tax certificates	100.00	100.00	299.00		199.00
Interest revenue	2,500.00	2,500.00	3,542.35		1,042.35
Sales tax revenue	9,000.00	9,000.00	12,486.83		3,486.83
Grant revenue	10,000.00	10,000.00	10,300.00		300.00
Miscellaneous	5,700.00	5,700.00	44,917.05		39,217.05
Total Revenues	781,000.00	781,000.00	874,308.20	-	93,308.20
Expenditures					
Current:					
General government	379,291.00	383,441.26	370,779.20		12,662.06
Operations	186,889.00	186,889.00	173,269.01		13,619.99
City court	5,600.00	5,600.00	3,946.52		1,653.48
Public safety - police department	290,285.00	290,285.00	270,578.45		19,706.55
Public safety - fire department	55,897.00	60,940.68	54,262.29		6,678.39
Public works - street department	100,317.00	100,317.00	86,490.87		13,826.13
Library	33,426.00	33,573.09	36,216.60		(2,643.51)
Emergency operations	3,000.00	3,000.00	1,471.90		1,528.10
Capital outlay	163,000.00	174,708.99	155,350.17		19,358.82
Total Expenditures	1,217,705.00	1,238,755.02	1,152,365.01	-	86,390.01
Excess (Deficiency) of Revenues Over (Under) Expenditures	(436,705.00)	(457,755.02)	(278,056.81)	-	179,698.21
Other Financing Sources (Uses)					
Transfers in	104,877.00	104,877.00	275,000.00	-	170,123.00
Total Other Financing Sources and Uses	104,877.00	104,877.00	275,000.00	-	170,123.00
Net Change in Fund Balance	(331,828.00)	(352,878.02)	(3,056.81)	-	349,821.21
Fund Balance, October 1	91,123.15	91,123.15	91,123.15		91,123.15
Fund Balance, September 30	\$ (240,704.85)	\$ (261,754.87)	\$ 88,066.34	\$ -	\$ 349,821.21

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
(unaudited)

	Calendar Year			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 51,485	\$ 52,228	\$ 58,412	\$ 61,357
Interest (on the Total Pension Liability)	95,992	104,470	110,872	121,065
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(4,679)	(32,917)	10,383	(12,487)
Change of assumptions	-	47,799	-	-
Benefit payments, including refunds of employee contributions	(19,564)	(24,547)	(24,547)	(35,722)
Net Change in Total Pension Liability	123,234	147,033	155,120	134,213
Total Pension Liability - Beginning	1,355,347	1,478,581	1,625,614	1,780,734
Total Pension Liability - Ending (a)	\$ 1,478,581	\$ 1,625,614	\$ 1,780,734	\$ 1,914,947
 Plan Fiduciary Net Position				
Contributions - employer	\$ 64,870	\$ 71,479	\$ 75,041	\$ 83,684
Contributions - employee	28,981	29,703	31,264	32,753
Net investment income	41,427	1,239	62,002	147,029
Benefit payments, including refunds of employee contributions	(19,564)	(24,547)	(24,547)	(35,722)
Administrative expense	(432)	(754)	(699)	(761)
Other	(36)	(37)	(38)	(39)
Net Change in Plan Fiduciary Net Position	115,246	77,083	143,023	226,944
Plan Fiduciary Net Position - Beginning	723,851	839,097	916,180	1,059,203
Plan Fiduciary Net Position - Ending (b)	\$ 839,097	\$ 916,180	\$ 1,059,203	\$ 1,286,147
 Net Pension Liability - Ending (a) -(b)	\$ 639,484	\$ 709,434	\$ 721,531	\$ 628,800
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	56.75%	56.36%	59.48%	67.16%
 Covered Employee Payroll	\$ 483,020	\$ 495,055	\$ 521,071	\$ 545,883
 Net Pension Liability as a Percentage of Covered Employee Payroll	132.39%	143.30%	138.47%	115.19%

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
Schedule of Pension Contributions
(unaudited)

	Fiscal Year End			
	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>
Actuarially Determined Contribution	\$ 70,339.27	\$ 73,802.64	\$ 82,136.04	\$ 84,791.32
Contributions in relation to the actuarially determined contribution	<u>70,339.27</u>	<u>73,802.64</u>	<u>82,136.04</u>	<u>84,791.32</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 490,102.60	\$ 512,101.94	\$ 544,652.06	\$ 544,305.84
Contributions as a percentage of covered employee payroll	14.35%	14.41%	15.08%	15.58%

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
Schedule of Changes in OPEB Liability and Related Ratios
(unaudited)

	Calendar Year <u>2017</u>
Total OPEB Liability	
Service cost	\$ 1,201
Interest (on the Total Pension Liability)	835
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	2,253
Benefit payments, including refunds of employee contributions	<u>(55)</u>
Net Change in Total OPEB Liability	4,234
Total OPEB Liability - Beginning	<u>21,507</u>
Total OPEB Liability - Ending	<u>\$ 25,741</u>
 Covered Employee Payroll	 \$ 545,883
 Net OPEB Liability as a Percentage of Covered Employee Payroll	 4.72%

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS
Schedule of OPEB Contributions
(unaudited)

	FYE <u>9/30/2018</u>
Actuarially Determined Contribution	\$ 1,182.73
Contributions in relation to the actuarially determined contribution	<u>1,182.73</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 544,305.84
Contributions as a percentage of covered employee payroll	0.22%

The accompanying notes are an integral part of these financial statements.

TOWN OF RANSOM CANYON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2017

Budgetary Control - Policy and Practice

The City operates on a twelve-month fiscal year which begins on October 1. The City Administrator prepares the budget under the supervision of the Mayor and the City Council. The Mayor is the budget officer and submits a budget of estimated revenues and expenditures to the City Council. Upon receipt of the budget estimates the City Council holds a budget workshop and a public budget hearing. Prior to October 1, the budget is legally enacted through approval by the City Council. Once approved, the Council may amend the legally adopted budget by a majority vote when unexpected modifications are required in estimated revenues and appropriations. In addition to the legally adopted budget the Council approves payment of expenditures at each monthly Council meeting. Unused appropriations for all annually budgeted funds lapse at the end of the fiscal year. Budgets are prepared on the modified accrual basis and include debt principal retirements and capital outlays as expenses. Additionally, the Enterprise Fund does not include depreciation as a budgetary expense.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures of governmental funds and proprietary funds are also budgeted on a detailed line item basis. Management may at its discretion transfer appropriations between line item amounts so long as the total budgeted appropriation is not changed. The total budget constitutes the legal level of control. Expenditures may not exceed appropriations at the total levels. Budget revisions at this level are subject to final review by the City Council.

The City prepares its budget on a government wide basis; that is the funds are not separated and budgeted individually. The budget for the year ended September 30, 2018 provided for expenditures that exceeded revenues by \$278,057.

The Budgetary Comparison Schedule, included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

TOWN OF RANSOM CANYON, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017

Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% 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:

Notes There were no benefit changes during the year.

DISCUSSION ITEM: #5

Online Bill Pay

Online Utility Bill Pay Options

Initial Cost To Set Up (One Time)

Tyler Annual Fee \$480.00

Tyler Service Fee \$800.00

Total Costs \$1,280.00

Annual Recurring Costs

Tyler Annual Fee \$480.00

Other Fees and Costs

- On every online bill pay or phone transaction that will occur, there is automatic \$1.25 municipal online fee that goes to Tyler Technology that is paid by the resident.
- The City currently charges individuals who pay with their credit card a 3% processing fee charge.
- There is a 3rd Party, ETS that charges the city currently to process credit card payments.

Staff Recommendations

- 1) Everyone who pays the City with a credit card will pay 3%, even if they have credit card drafts.
- 2) City employees will no longer take credit card payments over the phone like we have in the past. (Only about 5 or 6 individuals do this on a monthly basis)
- 3) Everyone who utilizes the new bill pay online system or the automated phone system will be charged 3%, plus the \$1.25 fee that goes to Tyler Technology.
- 4) If residents currently pay their bill through a bank draft where they have provided us a voided check, they will not be affected.
- 5) If a resident logs in and pays through the automated system online or via phone with bank account information, they will be charged the 3% fee, plus the \$1.25 fee that goes to Tyler Technology.

Examples of what a payment would look like with the online utility system or automated phone system for the resident:

A resident pays \$250.00 in utilities, they would pay the following:

Utility Bill	\$250.00
City Processing Fee	\$ 8.75
(3%)	
Tyler Technology Fee	\$ <u>1.25</u>
	\$ 258.75

Additional costs for convenience to pay online or phone are \$8.75.

Enhance Efficiency and Customer Service with Interactive Voice Response

Brief Description:

Is your utility billing office being inundated with calls from customers needing to check the status of their account or make a payment? With Incode® Utility Billing Interactive Voice Response (IVR), customers have the ability to conduct their business by phone, bringing new meaning to customer service while simultaneously increasing staff efficiency.

Benefits of Utility Billing IVR:

- Reduce lobby lines and customer wait times
- Increase access to customer information
- Boost staff efficiency by decreasing customer service calls
- Improve customer response times and increase collections
- Access up-to-date account information through integration with Incode Cashiering or Cash Collections

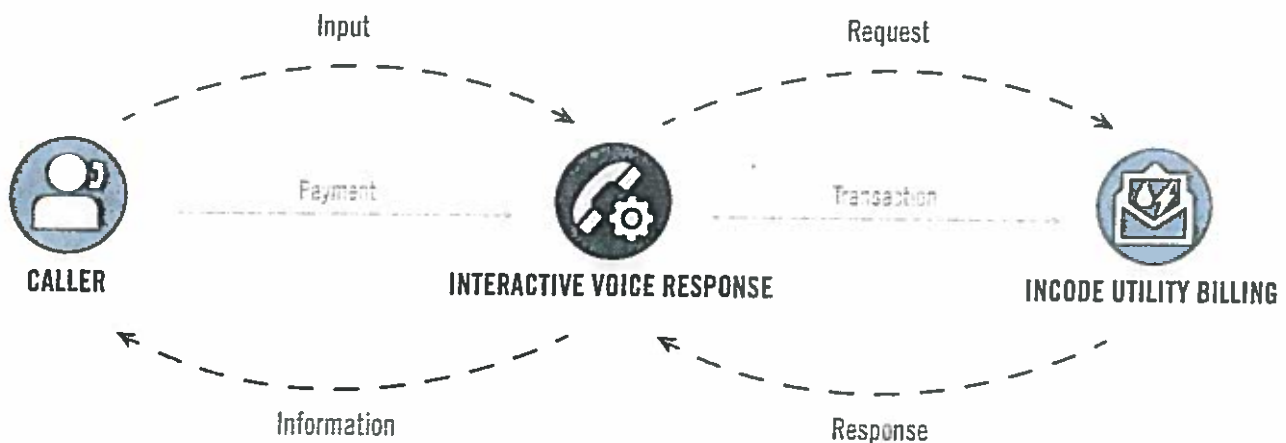
How it Works:

1. The utility billing customer calls a dedicated phone number and is prompted to enter their account information using their phone's keypad, including account number and address.
2. Account information including balance and due date is given and the customer is prompted to make a payment.
3. The customer is prompted to enter credit card information and receives a confirmation number.
4. Payment transaction results are pushed in real time to Incode Cashiering or Cash Collections.

Note: IVR is available only to users of Incode and Incode 10 Utility Billing.

Interested in learning more?

Email IncodeSales@tylertech.com or call 800.646.2633.





incode
a tyler erp solution

Incode Notify for Utilities

Do you have more productive ways of using your time than calling and leaving messages? Tyler's Incode Notify for Utilities relieves you of the duty of contacting utility customers regarding matters such as billing delinquencies, cut-off notices and more by allowing users the capability to create and send customized phone messages in an audited environment—even during the past due and penalty process phases.

After a call is made, Incode Notify for Utilities posts back to the host server confirming delivery. For example, during a call campaign the result of each call will be recorded back to the system indicating whether the call was answered, the line was busy or if the call was picked up by an answering machine or voicemail. This helps you ensure all citizens are notified appropriately and enables you to easily set up follow-up campaigns as needed.

Incode Notify for Utilities gives you the ability to:

- Send courtesy messages, penalty notifications or 24-hour utility service cut-off notification at any point during the past due and penalty processes
- Replace mailings with personalized phone messages
- Set up multiple phone messages
- Control time range for calls to be made
- Control notification exclusion based on specific message codes (calls successful, delivered to voice mail, etc.)
- See comprehensive, campaign-based or account level notification results

Standard Incode Notify for Utilities features include:

Phone Campaigns

- User-defined messages with embedded application data field values
- Independent interactive and voicemail messages
- Bilingual option (English/Spanish/both)
- Right party contact confirmation
- Schedulable time frames
- Input modes (touch tone/voice recognition)
- Wait on hold for right party
- User-defined retry for missed calls
- Inbound campaigns with real-time lookups

Empowering people who serve the public®



For more information, visit
www.tyler-tech.com

or email
info@tyler-tech.com



Incode Online Utility Account Management

Tyler's Incode online utility billing application boosts efficiency in your organization while improving customer services by placing the power of account management in the hands of your customers. Real-time account data provides customers with instant access to accurate billing and account information that's automatically integrated with your Incode Utility CIS Software.

Customers can access and pay their bill online 24 hours a day, 365 days a year, resulting in reduced waiting lines and increased customer satisfaction. Your agency will benefit from increased collection rates, minimal payment paperwork and improved productivity.

Agency Benefits

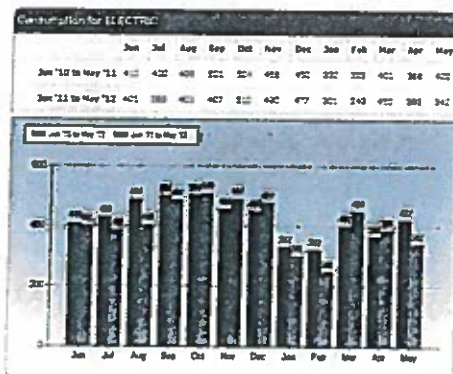
- Real-time integration offers automatic, live updates to accounts, with no 3rd party interference.
- Online accessibility leads to increased collection rates and decreased office foot traffic
- Eliminate data entry duplication and errors
- Minimize need for paper statements
- History site displays graphs of payments and payees for your site from the past 12 months
- Customized portal offers extensive customization of your site, including coloring, background, links and images
- Security control available with the addition of application-specific roles

IT Friendly

- Provides Secure Socket Layer (SSL)
- Web site is hosted by Tyler Technologies
- Uses ASP.NET

Citizen Benefits

- Pay bills by credit card or e-check
- Reduced waiting lines
- Application is optimized for mobile devices to offer quick and easy account access for payments on the go
- View last payment date, payment amount and bill due date
- View real-time balances
- View graphs detailing consumption history



Incode Online Utility Account Management Key Features:

- Automatic, live updates to all utility accounts
- Eliminate data entry errors
- Minimize need for paper statements
- Customers have instant access to accurate billing and account information
- Customers can pay bills online by credit card or e-check 24 hours a day, 365 days a year
- Online accessibility leads to increased collection rates and decreased foot traffic
- Data is automatically integrated with Incode Utility CIS software
- IT friendly application provides a Secure Socket Layer, is hosted by Tyler Technologies and uses ASP.NET

Check out our demo site - <https://demo.municipalonlinepayments.com/tylerdemo>

Empowering people who serve the public®



For more information, visit
www.tyler-tech.com

or email
info@tyler-tech.com

DISCUSSION ITEM: #6

**Ordinance Regarding
Substandard Buildings**

ORDINANCE NO. 121118
ARTICLE 3.05 SUBSTANDARD BUILDING ORDINANCE

AN ORDINANCE OF THE TOWN OF RANSOM CANYON, TEXAS (CITY) ENACTING REGULATIONS WITH RESPECT TO SUBSTANDARD, UNSECURED OR DANGEROUS BUILDINGS OR STRUCTURES, SPECIFYING THE REMEDIES AVAILABLE TO THE CITY TO OBTAIN COMPLIANCE WITH THOSE REGULATIONS, AUTHORIZING THE CITY TO TAKE CERTAIN ACTIONS TO RECOVER ITS EXPENSES IN DOING SO, ENACTING CIVIL PENALTIES AND CRIMINAL SANCTIONS AND PENALTIES FOR VIOLATION OF THE REGULATIONS, REPEALING ORDINANCE NO. 51 AND REPLACING IT WITH THIS ORDINANCE, PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the City Council of the Town of Ransom Canyon, Texas (City Council), a Type A General Law Municipal Corporation, and the Texas Local Government Code Sec. 51.072 recognize the City to adopt an ordinance consistent with state law that is necessary for the government, interest, welfare, or good order of the municipality; and

WHEREAS, the City Council has determined that the health, safety, and welfare of its citizens and the City require the adoption of rules and procedures which will regulate certain substandard, unsecured, or dangerous buildings or structures; and

WHEREAS, the City is authorized to enact and enforce such regulations pursuant to Subchapter A of Chapter 214 of the Texas Local Government Code and Subchapter B of Chapter 54 of the Texas Local Government Code; and

WHEREAS, this Ordinance was adopted at a meeting of the City Council of the Town of Ransom Canyon, Texas; (i) at which a quorum of the members of the City Council were present, (ii) which was open to the public, as required by Chapter 551 of the Texas Government Code (the Open Meetings Act), and (iii) which was preceded with the notice required by the Texas Open Meetings Act.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the Town of Ransom Canyon, Texas, that the following regulations and provisions be adopted:

SECTION 1. Enactment of Substandard Building Regulations. That a new article 3.05 be enacted and added to the City's code or ordinances to read as follows:

Sec. 3.05.001 Purpose and Scope.

- (a) This Ordinance shall be known as the Substandard Building Ordinance.
- (b) This Ordinance covers the responsibilities of owners of property subject to this Ordinance and the City's authority to direct the securement, occupancy,

repair, removal, and demolition of such properties; establishes standards to hear and determine cases concerning alleged violations; prescribes procedures for notice to owners, hearings, appeals and other procedural requirements, and establishes civil and criminal penalties for violations of the Ordinance.

- (c) This Ordinance is hereby declared to be remedial and is intended to promote the beneficial interests and purposes hereof, which are to promote public health, safety, and welfare insofar as they are affected by the continued occupancy and maintenance of buildings, structures, and premises.
- (d) This Ordinance shall apply to all existing residential and nonresidential properties, and it is intended to enforce applicable codes and ordinances and established minimum standards for the continued use and occupancy of all properties, regardless of when they were constructed or when their occupancy began, including, without limitation: the minimum requirements and standards for light, ventilation, heating, sanitation, protection from the elements, life safety, safety from fire and other hazards, and for safe and sanitary maintenance.
- (e) All property covered by this Ordinance, both existing and new, and all parts thereof, shall be maintained in a safe and sanitary condition. All devices or safeguards that are required by this Ordinance or other applicable ordinances in a property when erected, altered, or repaired shall be maintained in good working order. The owners shall be responsible for the maintenance of properties and compliance with all other requirements of this Ordinance.
- (f) Existing properties that do not comply with the applicable provisions of this Ordinance shall only be altered, repaired, removed or demolished in a way that provides a minimum level of health and safety as required herein.

Sec. 3.05.002 Definitions. The following words, terms and phrases, when used in this Ordinance, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Abate means to eliminate a noncompliance or cure a violation as directed or permitted by the City, including by securement, removal, vacation, or demolition.

Alter or *alteration* means any change or modification in construction or occupancy.

Building means any structure used, or intended for, supporting or sheltering any use or occupancy and shall include: (i) any structure classified as a "building" pursuant

to Section 202 of the International Building Code, adopted by article 3.05.003 of this code, and (ii) a dwelling.

Building Codes means the technical building codes adopted pursuant to article 3.05.003 of this code. *Applicable building codes* shall mean any and all building codes that are applicable to the particular condition or component of a structure or building which is being addressed.

Building Official means the person charged with the administration and enforcement of this Ordinance, and any duly authorized representative.

Condemn means to adjudge as unfit for occupancy.

Dilapidated means the state of a building or structure that has deteriorated or is in disrepair.

Dwelling means a building designed or intended for human habitation and shall include those structures that are classified as a "dwelling" under Section 202 of the International Building Code and all structures described in, and referred to, in Section 310.1 of the International Building Code.

Occupant means any person living or sleeping in a building or having possession of a space within a building.

Owner means the holder of the title to a property, as it may appear in the real property records of Lubbock County or the records of the Lubbock Central Appraisal District. It shall also mean any person who, alone or jointly or severally with others, shall have charge, care or control of the property, including, without limitation, as executor, administrator, trustee, guardian of the estate of the owner, mortgagee, lien holder, and any other person in control of the property, or any of their duly authorized agents.

Premises means a lot, plot or parcel of land, including the buildings or structures thereon.

Property means and includes buildings, structures, and premises.

Repair means the permitted, lawful replacement of existing work with the same kind of material used in the existing work, or permitted substitute, but not additional work beyond that. The term "repair" or "repairs" shall not apply to any change of construction.

Required means required by some provision of this Ordinance or other applicable law.

Residential building means a building designed, used or intended to be used for human habitation, and includes dwellings or dwelling units.

Structure means that which is built or constructed, an edifice or building of any kind, or any piece of work artificially built up or composed of parts joined together in some definite manner, or any part of the aforementioned, and shall include any fence, shed, or awning.

Vacant means a property which is lacking habitual presence of human beings or at which all business operations or residential occupancy has ceased.

Sec. 3.05.003 Buildings and Structures Regulated. The following buildings or structures, regardless of their date of construction, are subject to the regulations in this Ordinance and may be referred to by the titles set for in subdivisions (1) (2) and (3) below:

- (1) **Substandard Building or Structure.** Any building or structure that is dilapidated, substandard, or unfit for human habitation or use and a hazard to public health, safety, and welfare. A building or structure is presumed to be a substandard building or structure if it does not meet the following minimum standards:
 - A. A dwelling must have an adequate water closet, lavatory, bathtub or shower, kitchen sink, hot and cold running water to plumbing fixtures in accordance with all applicable building codes.
 - B. A dwelling must have adequate heating facilities and ventilating equipment.
 - C. A dwelling must have lighting that is properly installed and that is operating in accordance with all applicable building codes.
 - D. All electrical wiring in any building or structure must be installed and operating in accordance with all applicable building codes.
 - E. A dwelling must not have dampness in any portion used, or constructed for use, as a human habitation.
 - F. Properties must be free of hazardous or unsanitary items or conditions including any accumulation of weeds, vegetation, junk, dead organic matter, debris, garbage, offal, stagnant water or conditions likely to harbor or promote the breeding or infestation of insects, snakes, vermin, or rodents.
 - G. Buildings and structures and components thereof must be maintained in accordance with all applicable building codes, including, without limitation, the following codes: The International Building Code, the International Residential Code, the ICC Electrical Code, Administrative Use of the National Electrical Code, the International Fire Code, the International Plumbing Code, the International Mechanical Code, the International Fuel Gas Code and the International Property Maintenance Code.
 - H. Dwellings must be properly connected to the City's sanitary sewer system.

- I. A building or structure with a water closet, lavatory, bathtub, shower, clothes washer, or dishwasher must be properly connected to the City's sanitary sewer system.
- J. A property must not have garbage, rubbish or other unsightly material in or around its location.
- K. A building must have a foundation which is adequate to support the building and loads imposed on the foundation in a safe manner.
- L. A building must have flooring and floor supports of sufficient size, structure, and condition to carry loads imposed in a safe manner.
- M. The walls, partitions or other vertical support members of a building or structure must be adequate to carry the imposed loads in a safe manner and support the roof of the building or structure, and must not be split, must not lean, must not list, or must not buckle.
- N. The ceilings, roofs, and ceiling and roof supports of a building or structure must be of sufficient size, structure, and condition to carry imposed loads in a safe manner and must not sag, split, or buckle.
- O. Chimneys and ventilation systems for fireplaces and stoves must be of sufficient size, structure, and condition to effectively remove smoke and other gases created from combustion in the fireplace or stove in a safe manner and must be sufficiently insulated so that they do not create a risk or hazard of fire to adjacent structures within the building in which they are installed.
- P. Chimneys and ventilation systems for fireplaces and stoves must have sufficient strength, structure, and condition to carry the structural loads imposed on them in a safe manner.
- Q. All plumbing in any building or structure shall be installed in a condition that complies with the International Plumbing Code.
- R. All mechanical systems in a building or structure shall be installed in a condition that complies with the International Mechanical Code.

- S. All buildings shall have effective waterproofing on exterior walls, roofs, foundations, or floors. The following are examples of ineffective waterproofing: deteriorated, crumbling or loose plaster on exterior walls or foundations, broken or missing exterior windows or doors, lack of paint on exterior walls, broken, rotted, split or buckled exterior wall coverings or roof coverings.
 - T. All properties shall be free of combustible waste or vegetation or from any substance which could be an accelerant to a fire or likely to cause an explosion unless the substance which could accelerate a fire or cause an explosion is properly stored in accordance with applicable law.
 - U. All buildings must have adequate exits as required by applicable building codes.
 - V. When any portion of a building is used as a living or sleeping quarters or a place where food is cooked for human consumption, such building shall comply with the building codes applicable to dwellings with respect to its plumbing, electrical, and heating systems.
 - W. A building that is damaged by fire, windstorm, hail, or any act of nature, or acts of vandalism shall be immediately secured to avoid it being an unsecured building or structure or a dangerous building or structure, and work to bring the building or structure into compliance with the regulations of this Ordinance must be commenced within 30 days unless a longer time period is permitted by the city administrator or code enforcement officer.
- (2) Unsecured Building or Structure. Any building or structure that, regardless of its structural condition, is unoccupied by its owners, lessees, or other invitees and is unsecured from unauthorized entry to the extent that it could be entered or used by vagrants or other uninvited persons as a place of harborage or could be entered or used by children.
- (3) Dangerous Building or Structure. Any building or structure that is boarded up, fenced, or otherwise secured in any manner if:
- A. the building or structure constitutes a danger to the public even though secured from entry; or
 - B. the means used to secure the building or structure are inadequate to prevent unauthorized entry or use of the building

Sec. 3.05.004 Offenses: Penalty.

- (a) Maintaining a Nuisance. A substandard building or structure, an unsecured building or structure, or a dangerous building or structure, as defined by article 3.05.003 is hereby declared a nuisance. It shall be unlawful for the owner of a building or a structure to allow it to exist in a condition in which it is a substandard building or structure, an unsecured building or structure, or a dangerous building or structure, as defined above.
- (b) Failure to Comply with City Council Order. It shall be unlawful for any person to fail to timely comply with an order of the City Council entered pursuant to the regulations in this ordinance to requiring the vacation, relocation of occupants, securing, repair, removal or demolition of a substandard building or structure, an unsecured building or structure, or a dangerous building or structure as defined by article 3.05.003
- (c) Penalty. Any person, firm or corporation who shall fail to comply with any of the provisions of article 3.05.003 of this ordinance commits an offense and shall, upon conviction thereof, be punished by a fine in accordance with the general penalty provision found in section 1.01.009 of the general penalty for violations of code; continuing violations.

Sec. 3.05.005 City Authority to Require Remediation. The City may require the vacation, relocation of occupants, securing, repair, removal or demolition of a substandard building or structure, an unsecured building or structure, or a dangerous building or structure as defined by article 3.05.003 by the procedures specified in this ordinance.

Sec. 3.05.006 Complaint and Notice.

- (a) Complaint. The city administrator or the code enforcement officer of the City shall prepare a written complaint with respect to any building or structure that is a substandard building or structure, an unsecured building or structure, or a dangerous building or structure, as defined by article 3.05.003 of this ordinance. The complaint shall contain the following:
 - (1) Identification of the building or structure (which shall not require a legal description of the property);
 - (2) A description of the manner in which the building or structure is a substandard building or structure, an unsecured building or structure, or a dangerous building or structure, as defined by article 3.05.003 of this ordinance.

- (3) The name, office address and phone number of the city administrator or code enforcement officer that can be contacted during regular office hours to discuss the complaint;
- (4) Direction to the owner, lienholder or mortgagee that they must by either: (i) remedy the violations in the complaint by a date certain or (ii) present the city administrator or code enforcement officer with a detailed plan stating the manner in which each violation will be remedied and the time by which all work necessary to remedy the violations will be completed, which plan shall be presented to the city administrator or code enforcement officer by a date certain specified in the complaint;
- (5) A statement that a public hearing will be held on the complaint before the City Council if the owner fails to comply with subsection (4) preceding by the deadlines stated therein or if the owner or lienholder or mortgagee desires to contest the allegations in the complaint;
- (6) The date, time and place of the public hearing before the City Council; and
- (7) The following statement:

“The owner, lienholder or mortgagee of this property will be required to submit at the public hearing proof of the scope of any work that may be required to comply with the City of Ransom Canyon’s code of ordinances and the time it will take to reasonably perform the work.”

- (b) Notice of the Complaint and Hearing. The complaint shall be mailed to the owner and any lienholder or mortgagee of the building or structure. The following procedures shall govern the mailing of such notice.

- (1) Determining Identity and Address of Owner, Lienholder, or Mortgagee.
 - (A) the real property records of Lubbock County, Texas;
 - (B) the records of the Lubbock Central Appraisal District;
 - (C) the records of the Secretary of State of the State of Texas;
 - (D) the assumed name records of Lubbock County, Texas;

- (E) the tax records of the Town of Ransom Canyon, Texas; and
- (F) the utility records of the Town of Ransom Canyon, Texas.

(2) Method of Mailing. The complaint and notice of hearing shall be mailed to the owner and any lienholder, or mortgagee of the building or structure by certified mail with return receipt requested, delivered by the United States Postal Service using signature confirmation service or by personal delivery to the owner, lienholder, or mortgagee of the building or structure. If a notice or complaint is mailed in accordance with this subsection to a property owner, lienholder, mortgagee, or registered agent and the United States Postal Service returns the notice as "refused" or "unclaimed," the validity of the notice is not affected, and the notice is considered delivered.

Sec. 3.05.007. Public Hearing; Procedure.

- (a) Hearing Before City Council. The public hearing on the complaint shall be conducted by the City Council.
- (b) Evidence; Burden of Proof. At the public hearing on a complaint the City Council shall consider any verbal or written evidence presented by the City Administrator or code enforcement officer and by the owner, lienholder, or mortgagee. The presentation of evidence shall be subject to any procedural rules applicable to public hearings or proceedings before the City Council. In the public hearing the owner, lienholder, or mortgagee has the burden of proof to demonstrate the scope of any work that may be required to comply with the Ordinance and the time it will take to reasonably perform the work.

Sec. 3.05.008. Action by City Council Following Public Hearing. After the public hearing if the City Council determines that the building or structure that is the subject of the hearing is a substandard building or structure, an unsecured building or structure, or a dangerous building or structure, as defined in by article 3.05.003 of this ordinance, the City Council may order that the building or structure be vacated, secured, repaired, removed, or demolished by the owner within a reasonable time and may order that any occupants of a building be relocated within a reasonable time. The order of the City Council shall be reduced to writing and shall be signed by the mayor or the mayor pro tem and the city secretary.

Sec. 3.05.009. Time Periods for Remediation. If the City Council orders the owner to remediate violations respect to a building or structure, the remediation work shall be conducted within the following time periods:

- (1) 30 Days. Except as provided in subsections (2) and (3) below the owner shall secure the building or structure or repair, remove, or demolish the building

or structure within 30 days from the date of the public hearing, unless the nature of the violation shall require a more immediate securing of the condition.

- (2) More Than 30 Days; Conditions. If the City Council finds that the work required to remedy all violations cannot be accomplished within 30 days from the date of the public hearing, the City Council may allow the owner, lienholder, or mortgagee of the building or structure more than 30 days to repair, remove, or demolish the building or structure if the following conditions are satisfied:

(A) The City Council establishes a specific time schedule for the commencement and performance of the work; and

(B) Requires the owner, lienholder or mortgagee of the building or structure to secure the property in a reasonable manner from unauthorized entry while the work is being performed in a manner approved by the City Administrator or code enforcement officer.

- (3) More Than 90 Days; Additional Conditions. The City Council may not allow the owner, lienholder or mortgagee of the building or structure more than 90 days to repair, remove, or demolish the building or structure unless the owner, lienholder or mortgagee:

(A) submits a detailed plan and time schedule for the work at the hearing; and

(B) establishes at the hearing that the work cannot reasonably be completed within 90 days because of the scope and complexity of the work; and

(C) is required by the City Council's order to regularly submit progress reports to the City Administrator or code enforcement office to demonstrate compliance with the time schedules established for commencement and performance of the work.

- (4) Bond as Additional Condition in Certain Circumstances. If the City Council allows the owner, lienholder or mortgagee of a building or structure more than 90 days to complete the required repairs, removal or demolition of a building or structure and if the owner, lienholder, or mortgagee owns property, including structures or improvements on property, within the boundaries of the City that exceeds \$100,000 in total value, the City may

require the owner, lienholder, or mortgagee to post a cash or surety bond in an amount adequate to cover the cost of repairing, removing, or demolishing a building or structure under this article. In lieu of a bond, the City may require the owner, lienholder, or mortgagee to provide a letter of credit from a financial institution or a guaranty from a third party approved by the City. The bond must be posted, or the letter of credit or third-party guaranty provided, not later than the 30th day after the date the City issues the order.

Sec. 3.05.010. Notice of City Council's Order. Notice of the City Council's order shall be given as follows:

- (1) It shall be promptly mailed to the owner and any lienholder or mortgagee of the building or structure by certified mail with return receipt requested, delivered by the United States Postal Service using signature confirmation service or by personal delivery to the owner, lienholder or mortgagee of the building or structure.
- (2) A copy of the order shall be filed with the City Secretary within 10 days after the date the order is issued.
- (3) A notice shall be published in a newspaper of general circulation in the City within 10 days after the date the order is issued. The published notice shall state the street address or legal description of the property, the date of the public hearing, a brief statement of the results of the order and instructions on where a complete copy of the order may be obtained.

Sec. 3.05.011. Remediation by the City; Civil Penalty.

- (a) Securing the Building or Structure. If the building or structure is not vacated, secured, repaired, removed, or demolished, or the occupants are not relocated within the allotted time in the City Council's order, the City may vacate, secure, remove, or demolish the building or relocate the occupants at its own expense.
- (b) Repairing the Certain Buildings. If the building is a residential building with 10 or fewer dwelling units and is not repaired within the allotted time in the City Council's order, the City may repair the building and assess the expenses on the land on which the building or structure stands or to which it is attached. The City may repair the building only to the extent necessary to bring it into compliance with the minimum standards set forth in this article. The repairs may not improve the building to the extent that the building exceeds those minimum housing standards.

(c) **Civil Penalty.** If the building or structure is not vacated, secured, repaired, removed, or demolished, or the occupants are not relocated within the allotted time in the City Council's order, the City may assess a civil penalty against the property owner for failure to repair, remove, or demolish the building or structure and may provide for that assessment, the mode and manner of giving notice, and the means of recovering the assessment. The civil penalty shall only be imposed if the owner does not complete the action required by the City Council's order within the time period specified in such order. Any civil penalty shall be specified in the City Council's order but shall not exceed \$1,000 a day for each violation or, if the owner shows that the property is the owner's lawful homestead, in an amount not to exceed \$10 a day for each violation, if the City Council finds:

- (1) that the property owner was notified of the requirements of this article and the owner's need to comply with the requirements; and
- (2) after notification, the property owner committed an act in violation of this article 3 or failed to take an action necessary for compliance with this article.

Sec. 3.05.012. Lien for City's Expenses and Civil Penalty. The City may impose a lien against the land on which a building or structure stands or stood, unless it is a homestead as protected by the Texas Constitution, to secure the payment of any repair, removal, or demolition expenses incurred by the City pursuant to Section ____ or any civil penalty assessed by the City pursuant to Section _____. The lien is extinguished if the property owner or another person having an interest in the legal title to the property reimburses the municipality for the expenses.

- (1) **Contents of Lien Notice.** The lien notice must contain the name and address of the owner if that information can be determined with a reasonable effort, a legal description of the real property on which the building or structure was located, the amount of expenses incurred by the City, and the balance due.
- (2) **Lien Attachment and Priority.** The lien arises and attaches to the property at the time the notice of the lien is recorded and indexed in the office of the County Clerk of Lubbock County, Texas. If notice has been given to the owner and any lienholder or mortgagee prior to the public hearings so that such persons or firms have the opportunity to relocate the tenants of the building or to repair, remove, or demolish the building or structure, the lien is a privileged lien subordinate only to tax liens but shall be inferior to any previously recorded bona fide

mortgage lien attached to the real property if the mortgage lien was filed for record in the office of the County Clerk of Lubbock County, Texas, before the date the civil penalty is assessed or the repair, removal, or demolition is begun by the municipality. The City's lien is superior to all other previously recorded judgment liens.

- (3) Interest. Any civil penalty or other assessment imposed shall accrue interest at the rate of 10 percent a year from the date of the assessment until paid in full.

Sec. 3.05.013. Additional Authority to Secure Certain Buildings or Structures.

- (a) Authority to Secure. The City may secure a substandard building or structure, an unsecured building or structure, or a dangerous building or structure, as defined by Section ____ and the building or structure is unoccupied or is occupied only by persons who do not have a right of possession to the building or structure.
- (b) Notice to Owner. Before the 11th day after the date the building or structure is secured, the City will give notice to the owner by:
- (1) personally serving the owner with written notice;
 - (2) depositing the notice in the United States mail addressed to the owner at the owner's post office address.
 - (3) publishing the notice at least twice within a 10-day period in a newspaper of general circulation in Lubbock County, Texas if personal service cannot be obtained and the owner's post office address is unknown; or
 - (4) posting the notice on or near the front door of the building or structure if personal service cannot be obtained and the owner's post office address is unknown.
- (c) Contents of Notice. The notice will contain:

- (1) an identification, which is not required to be a legal description, of the building or structure and the property on which it is located;
 - (2) a description of the violation of the City standards that are present at the building or structure;
 - (3) a statement that the City will secure or has secured, as the case may be, the building or structure; and
 - (4) an explanation of the owner's right to request a hearing before the City Council about any matter relating to the municipality's securing of the building or structure.
- (d) Hearing. The City will conduct a hearing at which the owner may testify or present witnesses or written information about any matter relating to the City's securing of the building or structure if, within 30 days after the date the City secures the building or structure, the owner files with the City Secretary a written request for the hearing. The City shall conduct the hearing within 20 days after the date the request is filed.
- (e) Assessment of Expenses as Lien. The City shall have the same authority to assess expenses under this section as it has to assess expenses under Section _____. A lien is created under this section in the same manner that a lien is created under Section ____ and is subject to the same conditions as a lien created under that section.
- (f) Authority to Secure is Cumulative. The authority granted to the City by this section is in addition to the City's authority to require remediation by the owner, lienholder or mortgagee pursuant to other provisions of article _____ or its authority to impose civil penalties or criminal sanctions.

Sec. 3.05.014. Property Bid Off to the City. The provisions of this article 3.05 shall be applicable to all property that has been bid off to the city under TEX TAX CODE 34.01(j) so that the city, subject to the limitations set forth in this article 3.05 and in applicable law, shall have the authority to require the vacation or relocation of occupants and the securing, repair, removal, and demolition of buildings or structures located on such property and may assess a lien for its expenses in doing so.

Sec. 3.05.015. Judicial Enforcement. In addition to the remedies which the City has pursuant to other provisions of this article 3.05, the City may bring a civil action pursuant to Subchapter B of Chapter 54 of the Texas Local Government Code with respect to violations of this article 3.05. In any such civil action the City may ask for injunctive relief, the assessment of a civil penalty, an order compelling the repair or demolition of a building or structure, the recovery of its costs in enforcing the provisions of this article 3.05 and in bringing any such civil action, and any other relief that it may be entitled to request under applicable law.

SECTION 2. Repeal of Prior Regulation. Secs. 3.05.001-3.05.014 of the City 's code of ordinances is repealed and replaced with Secs 3.05.001-3.05.015.

SECTION 3. Severability. If any clause, section, or other part of application of this Ordinance shall be held by any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part or application shall be considered as eliminated and so not affecting the remaining portions or applications remaining in full force and effect.

SECTION 4. Effective Date. The ordinance shall become effective ten (10) days after its publication in *The Slatonite*.

PASSED AND APPROVED ON _____

Jana Trew, Mayor

ATTEST:

Elena Quintanilla, City Secretary

STAFF REPORTS

WATER METER AUDIT INFORMATION
TOWN OF RANSOM CANYON

NOVEMBER 2018

LUBBOCK MASTER METER READ
MONTHLY BILLING CYCLE
4,505,000 4,295,000

LUBBOCK BILLED USAGE
RANSOM CANYON BILLED USAGE
CITY UNBILLED USAGE
FIRE DEPARTMENT UNBILLED USAGE
LINE FLUSHING UNBILLED USAGE

POTENTIAL WATER LOSS
311,700

ACTUAL AND OPPORTUNITY COST OF WATER LOSS

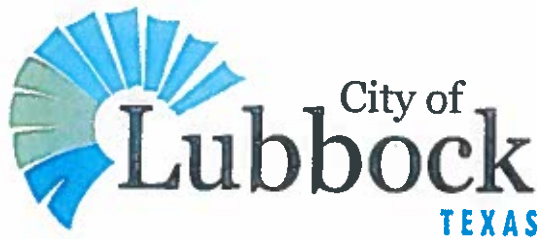
	LBB METER MONTHLY	LBB METER BILL CYCLE	LBB BILLED USAGE	RC BILLED USAGE	TOTAL UNBILLED USAGE	WATER LOSS	ACTUAL LOSS	OPPORTUNITY LOSS
January	5,638,000	5,469,000	5,522,000	3,549,000	198,000	1,775,000	7,224.25	\$ 12,584.75
February	4,898,000	5,654,000	5,593,000	4,236,000	112,900	1,244,100	5,063.49	\$ 8,820.67
March	6,835,000	6,185,000	6,079,000	5,179,000	157,500	742,500	3,021.98	\$ 5,264.33
April	7,696,000	7,897,000	7,918,000	5,605,000	61,700	2,251,300	9,162.79	\$ 15,961.72
May	10,197,000	8,602,000	8,597,000	8,479,000	238,000	-120,000	(488.40)	\$ (850.80)
June	9,707,000	9,889,000	9,869,000	7,352,000	69,000	2,448,000	9,963.36	\$ 17,356.32
July	11,168,000	9,672,000	9,606,000	8,526,000	205,750	874,250	3,558.20	\$ 6,198.43
August	10,185,000	10,994,000	11,045,000	8,595,000	116,500	2,333,500	9,497.35	\$ 16,544.52
Sept	7,419,000	9,307,000	9,403,000	6,301,000	76,500	3,025,500	12,313.79	\$ 21,450.80
October	4,856,000	5,323,000	5,351,000	3,791,000	32,000	1,528,000	6,218.96	\$ 10,833.52
November	4,505,000	4,295,000	4,300,000	3,975,000	13,300	311,700	1,268.62	\$ 2,209.95
December						0	-	\$ -
TOTAL	83,104,000	83,287,000	83,283,000	65,588,000	1,281,150	16,413,850	\$ 66,804.37	\$ 116,374.20

Opportunity Loss:

Jan 2014 - dollars based on \$5.95/1,000 gallons.
Feb 2014 - dollars based on \$6.41/1,000 gallons
Jan 2015 - dollars based on \$6.75/1,000 gallons
Jan 2016 - dollars based on \$7.09/1,000 gallons
Jan 2017 - dollars based on 7.09/1,000 gallons

Actual Loss:

Jan 2014 - dollars based on \$3.49/1,000 gallons
Jan 2015 - dollars based on \$3.68/1,000 gallons
Jan 2016 - dollars based on \$3.86/1,000 gallons
Jan 2017 - dollars based on \$4.07/1,000 gallons
Jan 2018 - dollars based on \$4.07/1,000 gallons



RECEIVED
OCT 22 2018

October 10, 2018

Town of Ransom Canyon
Mrs. Elena Quintanilla, City Administrator
24 Lee Kitchens
Ransom Canyon, Texas 79366-2200

**Re: Town of Ransom Canyon Water Rates – Fiscal Year 2018-2019
City of Lubbock – Wholesale Water Sales Contract**

Dear Mrs. Quintanilla:

On September 13, 2018, the City of Lubbock adopted the new budget for Fiscal Year 2018-2019. This letter provides official notice that there were **no changes** made to the water rates. Therefore, the current rates will remain in effect for the Town of Ransom Canyon in accordance with the water supply contract between the City of Lubbock and the Town of Ransom Canyon. As a result, the Town of Ransom Canyon's water rates will remain as follows:

Type Rate	Current Rate
Monthly Base Charge	
8 inch Meter	\$778.74
Volume Charge	
Per 1000 kgals	
Block 1	\$3.864
Block 2	\$5.276
Block 3	\$6.323

Please contact me at (806) 775-2585 if you have questions or need additional information.

Sincerely,


Aubrey A. Spear, P.E.
Director of Water Utilities

cc: Wood Franklin, P.E., Director of Public Works, City of Lubbock
Jamie Cook, Billing Supervisor, Lubbock Power & Light