

CITY OF HILL COUNTRY VILLAGE, TEXAS

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2015

ANNUAL FINANCIAL REPORT  
of the  
CITY OF HILL COUNTRY VILLAGE, TEXAS  
YEAR ENDED SEPTEMBER 30, 2015

OFFICIALS:

MAYOR

GABRIEL DURAND-HOLLIS

CITY COUNCIL MEMBERS

MAYOR PRO TEMPORE/PLACE 1

CARL REGISTER

PLACE 2

JANE CRONK

PLACE 3

ELIZABETH WORLEY

PLACE 4

GEORGE F. EVANS

PLACE 5

BRETT ROWE

## C O N T E N T S

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	4
STATEMENT OF ACTIVITIES	5
BALANCE SHEET – GOVERNMENTAL FUNDS	6
RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION	7
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	8
RECONCILIATION OF CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION – GOVERNMENTAL ACTIVITIES	9
NOTES TO BASIC FINANCIAL STATEMENTS	10
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	27
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GRANT SPECIAL REVENUE FUND	29
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – ROAD MAINTENANCE SPECIAL REVENUE FUND	30
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – LAST 10 YEARS	31
SCHEDULE OF CONTRIBUTIONS – LAST 10 FISCAL YEARS	32
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	33

## C O N T E N T S

	<u>PAGE NUMBER</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS	35
COMBINING BALANCE SHEET	36
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	37
SECURITY SPECIAL REVENUE FUND – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	38
TECHNOLOGY SPECIAL REVENUE FUND – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	39
VENUE TAX SPECIAL REVENUE FUND – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	40
JUDICIAL EFFICIENCY SPECIAL REVENUE FUND – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	41
DEBT SERVICE FUND – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	42
VEHICLE REPLACEMENT FUND – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	43
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	44
ECONOMIC DEVELOPMENT CORPORATION – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	45
ADDITIONAL INFORMATION	
COMPARATIVE BALANCE SHEET – ALL FUNDS	47
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – ALL FUNDS	48
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL – ALL FUNDS	49



## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of Hill Country Village, Texas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hill Country Village, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hill Country Village, Texas, as of September 30, 2015 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note 1.L to the financial statements, in 2015, the City of Hill Country Village, Texas adopted new accounting guidance, GASB Statement No. 68, Accounting and Reporting for Pensions. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 3 through 3G, pages 27 through 33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Hill Country Village, Texas's basic financial statements. The combining and individual non-major fund financial statements and schedules and additional information are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

ABIP, PC

Certified Public Accountants  
San Antonio, Texas

January 21, 2016

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2015**

This section of the City of Hill Country Village, Texas, (City) annual audit is a discussion and analysis of the City's financial activities for the fiscal year ending September 30, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the accompanying basic financial statements.

This discussion and analysis is designed to:

- assist the reader in focusing on significant financial issues,
- provide an overview of the City's financial activity,
- identify changes in the City's financial position (its ability to address the next and subsequent year challenges),
- identify any material deviations from the financial plan (approved budget), and
- identify individual fund issues or concerns.

**FINANCIAL HIGHLIGHTS**

- The City's net position is \$3,867,864 for the fiscal year reported. This compares to the previous year's net position of \$3,657,629.
  1. Net Investment in Capital Assets of \$1,891,146 are capital assets net of related debt and include all property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase or construction of these assets.
  2. Net position of \$52,359 is restricted by constraints imposed by internal and external sources such as grantors, laws, and regulations.
  3. Unrestricted net position of \$1,924,359 represents the portion available to maintain the City's ongoing obligations to citizens and creditors.
- Governmental Accounting Standards Board Statement (GASB) No. 68, Accounting and Financial Reporting for Pensions, went into effect for the 2014-2015 fiscal year. The major effects of the implementation were as follows:
  1. An increase of Government-wide net position of \$82,582 as a prior period restatement, reflecting the effect of the new standard to the City's September 30, 2014 net position;
  2. An increase to noncurrent assets of \$131,015;
  3. An increase to deferred outflow of resources of \$36,358;
  4. An increase to deferred inflows of resources of \$66,401;
  5. An increase to government-wide expenses of \$9,176.

More information regarding the change to pension reporting can be found in Note 7 to the financial statements.

- The City's governmental funds reported combined ending fund balances of \$1,829,108, a decrease of \$990,123 over the September 30, 2014 fund balance of \$2,819,231.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,171,986 or 83% of the total general fund expenditures.
- The City's total debt decreased by \$136,000 or 16.04% due to this year's payments.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts:

- Management's discussion and analysis (this section),
- The basic financial statements,
- Required supplementary information, and
- Additional section that presents combining statements for non-major governmental funds.

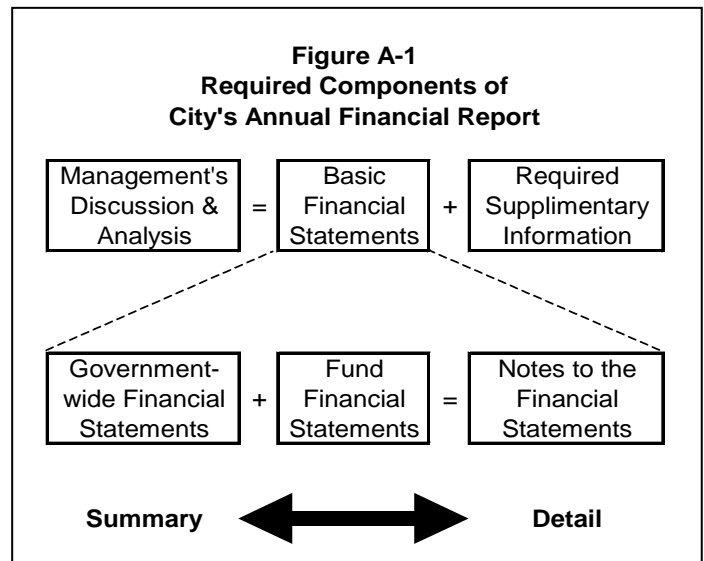
The basic financial statements, as represented by figure A-1 below, include two types of statements that present different views of the City, government-wide financial statements and fund financial statements.

### Government-Wide Financial Statements

These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these two government-wide statements is the **statement of net position**. This is the city-wide statement of financial position presenting information that includes all of the government's assets and liabilities, with the difference between the two reported as net position.

The second government-wide statement is the **statement of activities**, which reports how the City's net position changed during the current fiscal year. All of the current year's revenue and expenses are accounted for in this statement regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.



Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from the City's component unit. The governmental activities of the City of Hill Country Village include public safety, public works and general and administrative services. The government-wide financial statements can be found on pages 4 and 5 of this report.

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hill Country Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Hill Country Village are considered governmental funds.



Governmental funds are reported in the fund financial statements and contain essentially the same functions as governmental activities in the government-wide financial statements. These statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the schedules immediately following the governmental funds statements that explain the relationship or differences between them. The basic governmental fund financial statements can be found on pages 6 through 9 of this report.

### **Notes to the Financial Statements**

The accompanying notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 through 25 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules for the general fund, grant fund and the road maintenance fund as required supplementary information. These schedules demonstrate compliance with the City's adopted and final amended budgets, and can be found on pages 27 through 30 of this report.

Combining statements of the City's non-major governmental funds and their related schedules of budgetary activity are presented immediately following the required supplementary information. Combining and individual fund statements and budget schedules can be found on pages 38 through 45 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position at fiscal year-end is \$3,867,864. This is a \$210,235 increase over last year's net position of \$3,657,629. The following table provides a summary of the City's net position at September 30:

**Table 1 – Summary of Net Position**

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014		
<b>ASSETS</b>								
Current and								
Other Assets	\$ 2,053,367	\$ 2,983,874	\$120,483	\$ 83,525	\$ 2,173,850	\$ 3,067,399	\$ (893,549)	(29.13) %
Noncurrent Assets	<u>2,734,161</u>	<u>1,645,159</u>	<u>-</u>	<u>-</u>	<u>2,734,161</u>	<u>1,645,159</u>	<u>1,089,002</u>	66.19
TOTAL ASSETS	<u>4,787,528</u>	<u>4,629,033</u>	<u>120,483</u>	<u>83,525</u>	<u>4,908,011</u>	<u>4,712,558</u>	<u>195,453</u>	4.15
Deferred Outflows of								
Resources - TMRS	<u>36,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,358</u>	<u>-</u>	<u>36,358</u>	0.00
<b>LIABILITIES</b>								
Current Liabilities	272,471	213,820	-	-	272,471	213,820	58,651	27.43
Noncurrent Liabilities	<u>617,150</u>	<u>757,584</u>	<u>-</u>	<u>-</u>	<u>617,150</u>	<u>757,584</u>	<u>(140,434)</u>	(18.54)
TOTAL LIABILITIES	<u>889,621</u>	<u>971,404</u>	<u>-</u>	<u>-</u>	<u>889,621</u>	<u>971,404</u>	<u>(81,783)</u>	(8.42)
Deferred Inflows of								
Resources - TMRS	<u>66,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,401</u>	<u>-</u>	<u>66,401</u>	0.00
<b>NET POSITION</b>								
Net Investment in								
Capital Assets	1,891,146	797,159	-	-	1,891,146	797,159	1,093,987	137.24
Restricted	52,359	45,357	-	-	52,359	45,357	7,002	15.44
Unassigned	<u>1,924,359</u>	<u>2,815,113</u>	<u>120,483</u>	<u>83,525</u>	<u>2,044,842</u>	<u>2,898,638</u>	<u>(853,796)</u>	(29.46)
TOTAL NET POSITION	<u>\$ 3,867,864</u>	<u>\$ 3,657,629</u>	<u>\$120,483</u>	<u>\$ 83,525</u>	<u>\$ 3,988,347</u>	<u>\$ 3,741,154</u>	<u>\$ 247,193</u>	6.61 %

At the end of the current fiscal year, the City of Hill Country Village is able to report positive balances in net position for the government activities and for its component unit (Hill Country Village Economic Development Corporation) activities. The City's change in net position improved during FY 2014-2015 along with the implementation of GASB 68, the City's overall net position improved during the FY 2014-2015.

A large portion of the City's net position is restricted as to the purpose they can be used for or are invested in capital assets (land, buildings, streets, and equipment). 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 the capital assets themselves cannot be used to liquidate these liabilities.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. There are four basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

1. Net results of activities will impact (increase/decrease) current assets and unrestricted net position.
2. Spending of non-borrowed current assets on new capital will reduce current assets, increase capital assets, reduce unrestricted net position, and increase net investment in capital assets.
3. Principal payment on debt will reduce current assets, reduce long-term debt, reduce unrestricted net position, and increase net investment in capital assets.
4. Reduction of capital assets through depreciation will reduce capital assets and net investment in capital assets.

The City had an increase in governmental revenues of \$31,623, or 1.76% while expenses decreased a total of \$23,052 or (1.37%). The following provides a summary of the City's changes in net position for the year ended September 30:

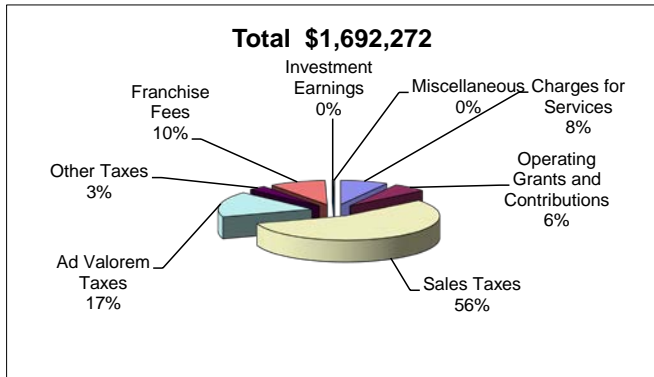
**Table 2 – Summary of Changes In Net Position**

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014		
<b>REVENUES</b>								
Program Revenues								
Charges for Services	\$ 138,879	\$ 126,452	\$ -	\$ -	\$ 138,879	\$ 126,452	\$ 12,427	9.83%
Operating Grants and Contributions	100,494	167,883	-	-	100,494	167,883	(67,389)	(40.14)
Taxes								
Sales	943,222	879,111	134,746	125,587	1,077,968	1,004,698	73,270	7.29
Ad Valorem	288,412	274,408	-	-	288,412	274,408	14,004	5.10
Venue Tax	39,542	37,318	-	-	39,542	37,318	2,224	5.96
Liquor Tax	11,556	13,024	-	-	11,556	13,024	(1,468)	(11.27)
Franchise Fees	164,174	167,368	-	-	164,174	167,368	(3,194)	(1.91)
Investment Earnings	2,517	1,984	11	11	2,528	1,995	533	26.72
Miscellaneous	3,476	2,260	-	-	3,476	2,260	1,216	53.81
Total Revenues	<u>1,692,272</u>	<u>1,669,808</u>	<u>134,757</u>	<u>125,598</u>	<u>1,827,029</u>	<u>1,795,406</u>	<u>31,623</u>	1.76
<b>EXPENSES</b>								
General Government	357,199	336,689	-	-	357,199	336,689	20,510	6.09
Fire Department Services	265,000	265,000	-	-	265,000	265,000	-	0.00
Public Works	109,218	106,366	-	-	109,218	106,366	2,852	2.68
Police Department	825,422	783,837	-	-	825,422	783,837	41,585	5.31
Interest and Other Fees	7,780	28,251	-	-	7,780	28,251	(20,471)	(72.46)
Component Unit	-	-	97,799	165,327	97,799	165,327	(67,528)	(40.85)
Total Expenses	<u>1,564,619</u>	<u>1,520,143</u>	<u>97,799</u>	<u>165,327</u>	<u>1,662,418</u>	<u>1,685,470</u>	<u>(23,052)</u>	(1.37)
Change in Net Position	127,653	149,665	36,958	(39,729)	164,611	109,936	54,675	49.73
<b>BEGINNING NET POSITION</b>	<u>3,657,629</u>	<u>3,507,964</u>	<u>83,525</u>	<u>123,254</u>	<u>3,741,154</u>	<u>3,631,218</u>	<u>109,936</u>	3.03
RESTATEMENT OF NET POSITION	<u>82,582</u>	-	-	-	<u>82,582</u>	-	<u>82,582</u>	0.00
<b>BEGINNING NET POSITION, AS RESTATED</b>	<u>3,740,211</u>	<u>3,507,964</u>	<u>83,525</u>	<u>123,254</u>	<u>3,823,736</u>	<u>3,631,218</u>	<u>192,518</u>	5.30
ENDING NET POSITION	<u>\$ 3,867,864</u>	<u>\$ 3,657,629</u>	<u>\$ 120,483</u>	<u>\$ 83,525</u>	<u>\$ 3,988,347</u>	<u>\$ 3,741,154</u>	<u>\$ 247,193</u>	6.61%

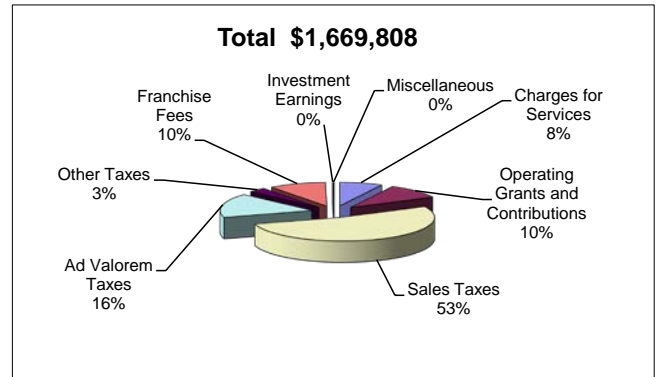
Graphic presentations of selected data from the summary table above follow to assist in the analysis of the City's activities for fiscal years 2015 and 2014.

### Governmental Revenues

2015



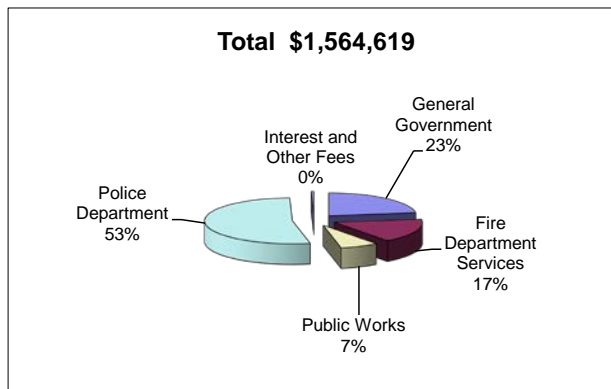
2014



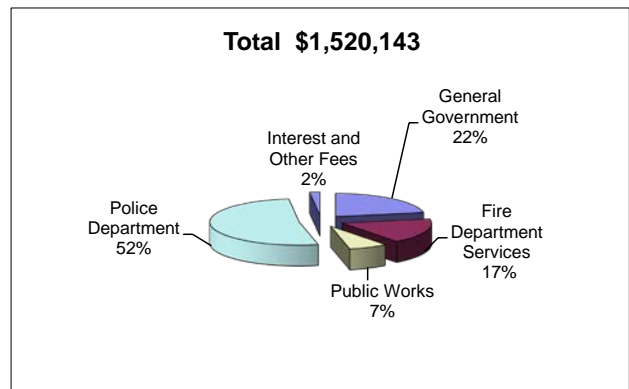
As shown in the summary data on the previous page, the City is heavily reliant on various taxes and franchise fees to support governmental operations. Taxes accounted for 76% and 72% of the City's total governmental revenues in fiscal years 2015 and 2014, respectively. The majority of franchise fees are received from CPS Energy, Time Warner Cable, and AT&T.

### Governmental Functional Expenses

2015



2014



The largest portion of the City's expenses continues to be for public safety.

### FUND FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2015, the City's governmental funds reported combined fund balances of \$1,829,108. Of this year-end total, approximately \$1,171,986 is unassigned, indicating availability for continuing city service requirements. Restricted fund balance is \$52,359 and is restricted for a special revenue funds such as court security and court technology and for the use of Public Education Grant receipts. Committed fund balances include: \$563,237 for the replacement of capital assets and \$69,030 committed to the replacement of vehicles.

The total ending fund balance of governmental funds shows an decrease of \$990,123 over last year's combined fund balance of \$2,819,231. This decrease is primarily the result of the events and programs described within the analysis of the City's governmental activities.

### Major Governmental Funds

The general fund is the City's primary operating fund. This fund is primarily funded through sales tax and ad valorem (property) tax. Other notable revenue sources include user fees (permit fees, court fees, sewer use fees, and franchise fees) and interest income. The general fund supports police, fire, ambulance, municipal court, finance, administrative support for the City Council and its boards and commissions, as well as building and health inspections.

The grant fund accounts for the proceeds from various grant programs the City has applied for to be used strictly for purposes outlined in the grants.

The road maintenance fund is funded solely by sales taxes which are then used to repair and reconstruct existing roads within the City's limits.

The capital projects accounts for proceeds from investment interest along with transfers from the other funds to be used for the acquisition and construction of major capital facilities.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The City of Hill Country Village's investment in capital assets for its governmental type activities as of September 30, 2015, totaled \$2,603,146, net of accumulated depreciation. Investments in capital assets include land, buildings, construction in progress, machinery and equipment, streets and signs, and automobiles.

**Table 3—Capital Assets, Net of Accumulated Depreciation**

	FISCAL YEAR		AMOUNT CHANGE	% CHANGE
	2014-2015	2013-2014		
Land	\$ 829,875	\$ 829,875	\$ -	0.00%
Construction in Progress	1,072,085	128,915	943,170	87.98
Streets	456,536	536,378	(79,842)	(17.49)
Signs	11,465	13,226	(1,761)	(15.36)
Buildings	55,138	60,652	(5,514)	(10.00)
Automobiles	133,834	62,071	71,763	53.62
Machinery and Equipment	44,213	14,042	30,171	68.24
<b>TOTALS</b>	<b>\$ 2,603,146</b>	<b>\$ 1,645,159</b>	<b>\$ 957,987</b>	<b>36.80%</b>

During the fiscal 2014-2015 the City's capital asset carrying value increased a net amount of \$957,987. This amount includes depreciation expense of \$126,828, construction costs for the 2014-2015 drainage project of \$943,170, four (4) new police vehicles of \$109,165, and equipment of \$32,480. See Note 4 for more information.

## Long-Term Debt

The City of Hill Country Village issues bonds to fund needed capital improvement projects such as road construction and rehabilitation projects. These projects are budgeted in the capital projects fund. The budgeted amounts in the debt service fund reflect the actual principal and interest payments on all outstanding debt. The outstanding principal and interest payments are scheduled to be paid out between 2016 and 2020. See Note 6 for more information.

**Table 4—Long-Term Debt Outstanding**

	FISCAL YEAR		AMOUNT CHANGE	% CHANGE
	2014-2015	2013-2014		
General Obligation Bonds - Principal	\$ 712,000	\$ 848,000	\$ (136,000)	(16.04)%
General Obligation Bonds - Interest	<u>22,010</u>	<u>30,051</u>	<u>(8,041)</u>	<u>(26.76)</u>
TOTALS	<u>\$ 734,010</u>	<u>\$ 878,051</u>	<u>\$ (144,041)</u>	<u>(16.40)%</u>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As in years past, the City has set money aside in the vehicle replacement fund for the future purchase of police vehicles. In fiscal year 2006-07, the City also began to allocate funds for the future purchase of vehicles in the Public Works Department.

### REQUESTS FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact City Officials at the City Offices located at 116 Aspen Lane, San Antonio, Texas 78232, (210) 494-3671.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT	TOTAL REPORTING ENTITY
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 1,874,027	\$ 109,975	\$ 1,984,002
Receivables			
Taxes, Net	2,665	-	2,665
Accounts and Other	176,675	10,508	187,183
Total Current Assets	2,053,367	120,483	2,173,850
<u>NONCURRENT ASSETS</u>			
Capital Assets			
Land	829,875	-	829,875
Construction in Progress	1,072,085	-	1,072,085
Streets	1,596,847	-	1,596,847
Signs	35,224	-	35,224
Improvements Other than Buildings	32,617	-	32,617
Buildings	220,553	-	220,553
Furniture and Fixtures	3,234	-	3,234
Automobiles	324,800	-	324,800
Software	35,449	-	35,449
Machinery and Equipment	94,869	-	94,869
Accumulated Depreciation	(1,642,407)	-	(1,642,407)
Net Pension Asset - TMRS	131,015	-	131,015
Total Noncurrent Assets	2,734,161	-	2,603,146
TOTAL ASSETS	4,787,528	120,483	4,776,996
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources - TMRS	36,358	-	36,358
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	80,393	-	80,393
Accrued Salaries and Benefits	35,149	-	35,149
Compensated Absences	15,050	-	15,050
Current Portion of Long-Term Debt	140,000	-	140,000
Accrued Interest Payable	1,879	-	1,879
Total Current Liabilities	272,471	-	272,471
<u>NONCURRENT LIABILITIES</u>			
Compensated Absences	45,150	-	45,150
Long-Term Debt	572,000	-	572,000
Total Noncurrent Liabilities	617,150	-	617,150
Total Liabilities	889,621	-	889,621
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources - TMRS	66,401	-	66,401
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,891,146	-	1,891,146
Restricted for:			
Public Education Grants	13,475	-	13,475
Special Revenue	38,884	-	38,884
Unassigned	1,924,359	120,483	2,044,842
Total Net Position	\$ 3,867,864	\$ 120,483	\$ 3,988,347

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF HILL COUNTRY VILLAGE, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT	COMPONENT UNIT- EDC	TOTAL REPORTING ENTITY
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES		
<u>Primary Government</u>							
General Government	\$ 357,199	\$ 138,879	\$ 100,494	\$ -	\$ (117,826)	\$ -	\$ (117,826)
Fire Department Services	265,000	-	-	-	(265,000)	-	(265,000)
Public Works	109,218	-	-	-	(109,218)	-	(109,218)
Police Department	825,422	-	-	-	(825,422)	-	(825,422)
Interest and Other Fees	7,780	-	-	-	(7,780)	-	(7,780)
Total Primary Government	<u>\$ 1,564,619</u>	<u>\$ 138,879</u>	<u>\$ 100,494</u>	<u>\$ -</u>	<u>(1,325,246)</u>	<u>-</u>	<u>(1,325,246)</u>
Component Unit	<u>\$ 97,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(97,799)</u>	<u>(97,799)</u>
<u>General Revenues</u>							
Taxes							
Sales					943,222	134,746	1,077,968
Ad Valorem					288,412	-	288,412
Venue Tax					39,542	-	39,542
Liquor Tax					11,556	-	11,556
Franchise Fees					164,174	-	164,174
Investment Earnings					2,517	11	2,528
Miscellaneous					3,476	-	3,476
Total General Revenues					<u>1,452,899</u>	<u>134,757</u>	<u>1,587,656</u>
Change in Net Position					127,653	36,958	164,611
NET POSITION - BEGINNING					<u>3,657,629</u>	<u>83,525</u>	<u>3,741,154</u>
RESTATEMENT OF NET POSITION					<u>82,582</u>	<u>-</u>	<u>82,582</u>
NET POSITION - BEGINNING, AS RESTATED					<u>3,740,211</u>	<u>83,525</u>	<u>3,823,736</u>
NET POSITION - ENDING					<u>\$ 3,867,864</u>	<u>\$ 120,483</u>	<u>\$ 3,988,347</u>



CITY OF HILL COUNTRY VILLAGE, TEXAS  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	GRANT FUND	ROAD MAINTENANCE	CAPITAL PROJECTS FUND		
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 1,205,849	\$ 4,965	\$ 519,029	\$ 33,700	\$ 110,484	\$ 1,874,027
Receivables						
Taxes, Net	2,665	-	-	-	-	2,665
Accounts and Other	176,675	-	-	-	-	176,675
Due from Other Funds	-	-	10,508	-	-	10,508
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 1,385,189</u>	<u>\$ 4,965</u>	<u>\$ 529,537</u>	<u>\$ 33,700</u>	<u>\$ 110,484</u>	<u>\$ 2,063,875</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 45,354	\$ 32,480	\$ -	\$ -	\$ 2,559	\$ 80,393
Accrued Salaries and Benefits	35,149	-	-	-	-	35,149
Compensated Absences	60,200	-	-	-	-	60,200
Due to Other Funds	10,508	-	-	-	-	10,508
Total Liabilities	<u>151,211</u>	<u>32,480</u>	<u>-</u>	<u>-</u>	<u>2,559</u>	<u>186,250</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unearned Revenue - Taxes	2,665	-	-	-	-	2,665
Unearned Revenue - Warrants	45,852	-	-	-	-	45,852
Total Deferred Inflows of Resources	<u>48,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,517</u>
<u>FUND BALANCES</u>						
Restricted for:						
Public Education Grants	13,475	-	-	-	-	13,475
Special Revenue	-	-	-	-	38,884	38,884
Committed for:						
Capital Projects	-	-	529,537	33,700	-	563,237
Vehicle Replacement	-	-	-	-	69,030	69,030
Unassigned:						
General Fund	1,171,986	-	-	-	-	1,171,986
Grants Fund	-	(27,515)	-	-	-	(27,515)
Debt Service	-	-	-	-	11	11
Total Fund Balances	<u>1,185,461</u>	<u>(27,515)</u>	<u>529,537</u>	<u>33,700</u>	<u>107,925</u>	<u>1,829,108</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 1,385,189</u>	<u>\$ 4,965</u>	<u>\$ 529,537</u>	<u>\$ 33,700</u>	<u>\$ 110,484</u>	<u>\$ 2,063,875</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
RECONCILIATION OF BALANCE SHEET  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,829,108

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 2,603,146

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds. 48,517

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds Payable	\$ (712,000)	
Accrued Interest Payable	<u>(1,879)</u>	<u>(713,879)</u>

Recognition of the City's net pension asset required by GASB 68 and the changes in deferred outflows and inflows of resources related to the TMRS pension liability:

Net Pension Asset	131,015	
Deferred Inflow of Resources - TMRS	(66,401)	
Deferred Outflows of Resources - TMRS	<u>36,358</u>	<u>100,972</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 3,867,864

CITY OF HILL COUNTRY VILLAGE, TEXAS  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	GRANT FUND	ROAD MAINTENANCE	CAPITAL PROJECTS FUND		
<u>REVENUE</u>						
Taxes						
Sales Taxes	\$ 808,476	\$ -	\$ 134,746	-	\$ -	\$ 943,222
Ad Valorem Taxes	287,904	-	-	-	-	287,904
Venue Tax	-	-	-	-	39,542	39,542
Liquor Tax	11,556	-	-	-	-	11,556
Franchise Fees	164,174	-	-	-	-	164,174
Municipal Court Revenues	40,312	-	-	-	2,560	42,872
Sewer Service Revenues	41,529	-	-	-	-	41,529
Licenses and Permits	49,848	-	-	-	-	49,848
Grants and Contributions	10,000	2,694	-	-	87,800	100,494
Interest	1,262	5	1,077	27	146	2,517
Other	3,476	-	-	-	-	3,476
Total Revenue	<u>1,418,537</u>	<u>2,699</u>	<u>135,823</u>	<u>27</u>	<u>130,048</u>	<u>1,687,134</u>
<u>EXPENDITURES</u>						
Current						
General and Administrative	308,088	1,444	-	-	-	309,532
Fire Department Services	235,000	-	-	-	30,000	265,000
Public Works	70,745	-	-	-	-	70,745
Police Department	797,293	1,066	-	-	4,765	803,124
Capital Outlay	-	32,480	-	943,170	109,165	1,084,815
Debt Service						
Principal	-	-	-	-	136,000	136,000
Interest	-	-	-	-	8,041	8,041
Total Expenditures	<u>1,411,126</u>	<u>34,990</u>	<u>-</u>	<u>943,170</u>	<u>287,971</u>	<u>2,677,257</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>7,411</u>	<u>(32,291)</u>	<u>135,823</u>	<u>(943,143)</u>	<u>(157,923)</u>	<u>(990,123)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	-	-	-	949,872	91,741	1,041,613
Transfers Out	(91,741)	-	(949,872)	-	-	(1,041,613)
Total Other Financing Sources (Uses)	<u>(91,741)</u>	<u>-</u>	<u>(949,872)</u>	<u>949,872</u>	<u>91,741</u>	<u>-</u>
Net Change in Fund Balances	(84,330)	(32,291)	(814,049)	6,729	(66,182)	(990,123)
<u>FUND BALANCES – BEGINNING</u>	<u>1,269,791</u>	<u>4,776</u>	<u>1,343,586</u>	<u>26,971</u>	<u>174,107</u>	<u>2,819,231</u>
FUND BALANCES – ENDING	<u>\$ 1,185,461</u>	<u>\$ (27,515)</u>	<u>\$ 529,537</u>	<u>\$ 33,700</u>	<u>\$ 107,925</u>	<u>\$ 1,829,108</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
RECONCILIATION OF CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO  
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES  
SEPTEMBER 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (990,123)

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

Governmental funds report capital outlays as expenditures (\$1,084,815). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$126,828). This is the amount by which capital outlays exceeded depreciation expense in the current period. 957,987

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds. 5,138

The change in net pension liability and deferred inflows and outflows related to the City's TMRS pension liability. 18,390

Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities. 136,000

Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities. (accrued interest) 261

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 127,653

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Hill Country Village is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its discretely presented component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Discretely presented component unit** - The component unit column in the government-wide financial statements includes the financial data of the non-major component unit of the City of Hill Country Village, Texas. The component unit is presented as a governmental fund type. Following is a summary of the component unit:

1. Economic Development Corporation - The Corporation was organized for the purpose of promoting economic development in order to eliminate unemployment and underemployment and to promote and encourage employment and public welfare of, for, and on behalf of the City. The board of directors consists of five (5) members appointed by the city council.

Complete financial statements of the component unit may be obtained at City Hall located at 116 Aspen Lane, San Antonio, Texas 78232.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund 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 collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

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

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The grant fund accounts for the proceeds from various grant programs the City has applied for to be used strictly for purposes outlined in the grants.

The road maintenance fund is funded solely by sales taxes which are then used to repair and reconstruct existing roads within the City's limits.

The capital projects accounts for proceeds from investment interest along with transfers from the other funds to be used for the acquisition and construction of major capital facilities.

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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts reported as program revenues include 1) charges to customers or applications for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and deposits in local government investment pools.

The City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date. In addition, the City is authorized to invest in local government investment pools. The investment pools operate in accordance with appropriate state laws and regulations and have regulatory oversight from the Texas Public Funds Investment Act Sec. 2256.0016. The fair value of the City's position in each pool is the same as the fair value of the pool shares.

E. Receivables and Payables

Activities between the funds that are representative of interfund loans outstanding at the end of the fiscal year are referred to as due to/from other funds.

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based upon experience and historical trends.

Property taxes for the City are levied each October 1 on the taxable value as of the preceding January 1, the date a lien attaches, for all taxable real and personal property located in the City. Taxes are due by January 31 following the October 1 assessment date and become delinquent on February 1, at which time they begin accruing penalty and interest. The enforceable legal claim date for property taxes is the assessment date; therefore, the City did not record a receivable for accrual of future taxes at year end.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (Continued)

Taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Tax revenues are recognized as they become available. Accordingly, an amount equal to taxes not yet available has been reported as deferred inflows of resources at the governmental fund level.

F. Capital Assets

Capital assets, which include land, buildings and improvements, machinery, equipment, vehicles, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets are valued at their estimated fair market value at the date of donation.

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

Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction will not be capitalized in the governmental activities on the government-wide financial statements.

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and Improvements	20 - 50
Machinery, Equipment, and Vehicles	2 - 20
Infrastructure	15 - 30

G. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off, holiday, and compensatory time benefits. Paid time off, holiday, and compensatory time are accrued when incurred in the government-wide and reported in governmental funds.



CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

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/deduction from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 has two items which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, unavailable revenues, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and municipal court warrants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as a liability.

J. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance

The City has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenditures) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the City Council to the City Administrator.

L. GASB Implementation

During fiscal year 2015, the City changed accounting policies related to reporting of net pension liability, deferred outflows of resources, and deferred inflows of resources in a statement of net financial position by adopting GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27." Accordingly, the effect of the accounting change is reported on the statement of net position, and the statement of activities for the current year.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2015, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
TexPool Investment Pool	\$ 160,637	-
Texas CLASS Investment Pool	<u>1,391,425</u>	-
TOTAL	<u>\$ 1,552,062</u>	-
Portfolio Weighted Average Maturity	-	

**Credit Risk** is the risk that an insurer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The City's formal policy on managing credit risk and state law limits investments in pooled investments to a rating of no lower than AAA by at least one nationally recognized rating service. The City investments in Texpool and Texas CLASS are rated AAAM by Standard & Poor's.

**Custodial Credit Risk** for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be 102 percent (102%) secured by collateral less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The City Council approves and designates a list of authorized depository institutions based on audited financial statements, proof of National Association of Security Dealers certification, and depository agreements provided by the financial institution.

During the year, the City's carrying amount of bank balance was \$431,941 and the bank balance was \$429,429.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy provides that investments are matched with anticipated cash flows. The policy also states that the City will generally not directly invest in securities with maturities more than one year from the date of purchase, although the City Administrator may elect to invest no more than 50% of excess funds in investments with maturities from 1 to 3 years.

NOTE 3: RECEIVABLES

The following is a summary of the gross taxes receivable and the allowances for uncollectible taxes:

	<u>TAXES</u>	<u>ALLOWANCE FOR UNCOLLECTIBLE TAXES</u>	<u>NET TAXES</u>
Taxes			
General Fund	<u>\$ 3,057</u>	<u>\$ 392</u>	<u>\$ 2,665</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 3: RECEIVABLES (CONTINUED)

Other receivables as of year-end for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>GENERAL</u>
Sales Taxes	\$ 87,655
Franchise Fees	43,093
Municipal Court Warrants	91,705
Other	<u>75</u>
Gross Receivables	222,528
Less: Allowance	<u>(45,853)</u>
NET TOTAL RECEIVABLES	<u><u>\$ 176,675</u></u>

NOTE 4: CAPITAL ASSETS

	<u>BEGINNING BALANCE</u>	<u>INCREASE DECREASE</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities</u>			
Capital Assets, not being Depreciated			
Land	\$ 829,875	\$ -	\$ 829,875
Construction in Progress - Drainage	<u>128,915</u>	<u>943,170</u>	<u>1,072,085</u>
Total Capital Assets, not being Depreciated	<u>958,790</u>	<u>943,170</u>	<u>1,901,960</u>
Capital Assets, being Depreciated			
Streets	1,596,847	-	1,596,847
Signs	35,224	-	35,224
Improvements Other than Buildings	32,617	-	32,617
Buildings	220,553	-	220,553
Furniture and Fixtures	3,449	-	3,234
Automobiles	215,635	109,165	324,800
Software	35,449	-	35,449
Machinery and Equipment	<u>67,556</u>	<u>32,480</u>	<u>94,869</u>
Total Capital Assets, being Depreciated	<u>2,207,330</u>	<u>141,645</u>	<u>2,343,593</u>
Less: Accumulated Depreciation for			
Streets	1,060,469	\$ 79,842	1,140,311
Signs	21,998	1,761	23,759
Improvements Other than Buildings	32,617	-	32,617
Buildings	159,901	5,514	165,415
Furniture and Fixtures	3,449	-	3,234
Automobiles	153,564	37,402	190,966
Software	35,449	-	35,449
Machinery and Equipment	<u>53,514</u>	<u>2,309</u>	<u>50,656</u>
Total Accumulated Depreciation	<u>1,520,961</u>	<u>126,828</u>	<u>1,642,407</u>
Total Capital Assets, being Depreciated - Net	<u>686,369</u>	<u>14,817</u>	<u>701,186</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	<u><u>\$ 1,645,159</u></u>	<u><u>\$ 957,987</u></u>	<u><u>\$ 2,603,146</u></u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General and Administrative	\$ 50,771
Public Works	39,431
Police Department	<u>36,626</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 126,828</u>

NOTE 5: INTERFUND BALANCES AND TRANSFERS

In the fund financial statements, interfund balances are the result of normal transactions and will be liquidated in the subsequent fiscal year.

The composition of interfund balances as of September 30, 2015, is as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Road Maintenance Fund	General Fund	<u>\$ 10,508</u>

The composition of interfund transfers during the year ended September 30, 2015 are as follows:

<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>	<u>AMOUNT</u>
Capital Projects Fund	Road Maintenance Fund	\$ 949,872
Vehicle Replacement Fund	General Fund	35,500
Debt Service Fund	General Fund	<u>56,241</u>
 TOTAL		 <u>\$ 1,041,613</u>

NOTE 6: LONG-TERM DEBT

The City had the following changes in long-term debt outstanding for the year ended September 30, 2015:

	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2014</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2015</u>	<u>AMOUNTS DUE IN ONE YEAR</u>
Governmental Activities							
General Obligation Refunding Bonds, Series 2014	\$ 868,000	0.5-1.5%	\$ 848,000	\$ -	\$ 136,000	\$ 712,000	\$ 140,000
 Total Governmental Activities			<u>\$ 848,000</u>	<u>\$ -</u>	<u>\$ 136,000</u>	<u>\$ 712,000</u>	<u>\$ 140,000</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 6: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2015, are as follows:

<u>FISCAL YEAR ENDING</u> <u>SEPTEMBER 30,</u>	<u>GOVERNMENTAL ACTIVITIES</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ 140,000	\$ 7,123	\$ 147,123
2017	139,000	6,097	145,097
2018	142,000	4,767	146,767
2019	146,000	3,008	149,008
2020	<u>145,000</u>	<u>1,015</u>	<u>146,015</u>
	<u>\$ 712,000</u>	<u>\$ 22,010</u>	<u>\$ 734,010</u>

**Redemption**

Bonded debt of the City consists of one (1) series of general obligation bonds. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the City. The bonds stated to mature on and after January 1, 2015, are subject to redemption prior to stated maturity, at the option of the City, on January 1, 2014, or any date thereafter, in whole, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest to the date of redemption.

NOTE 7: RETIREMENT PLAN

**A. Plan Description**

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

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

**B. Benefits Provided**

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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 7: RETIREMENT PLAN (CONTINUED)

**B. Benefits Provided (Continued)**

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty-five (25) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 5%, and the City matching percent is currently 2 to 1.

**Employees Covered by Benefit Terms**

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>14</u>
	<u>32</u>

**C. Contributions**

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 3.31% and 4.03% for calendar years 2014 and 2015 respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$27,566, and were equal to the required contributions.

**D. Net Pension Asset**

The City's Net Pension Asset was measured as of December 31, 2014, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 7: RETIREMENT PLAN (CONTINUED)

**D. Net Pension Asset (Continued)**

**Actuarial assumptions:**

The Total Pension Asset in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, 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%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 7: RETIREMENT PLAN (CONTINUED)

**D. Net Pension Asset (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the Total Pension Asset was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Asset.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 7: RETIREMENT PLAN (CONTINUED)

**D. Net Pension Asset (Continued)**

**Changes in the Net Pension Liability (Asset)**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2013	\$ 1,417,769	\$ 1,483,759	\$ (65,990)
Changes for the year:			
Service Cost	60,464	-	60,464
Interest	99,920	-	99,920
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(84,828)	-	(84,828)
Changes of Assumptions	-	-	-
Contributions - Employer	-	21,938	(21,938)
Contributions - Employee	-	34,716	(34,716)
Net Investment Income	-	84,886	(84,886)
Benefit Payments, Including Refunds of Employee Contributions	(41,157)	(41,157)	-
Administrative Expense	-	(886)	886
Other Changes	-	(73)	73
Net Changes	<u>34,399</u>	<u>99,424</u>	<u>(65,025)</u>
Balance at December 31, 2014	<u>\$ 1,452,168</u>	<u>\$ 1,583,183</u>	<u>\$ (131,015)</u>

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate**

The following presents the net pension asset of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's Net Pension (Asset) Liability	\$ 113,617	\$ (131,015)	\$ (328,679)

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2015, the City recognized pension expense of \$9,176.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 7: RETIREMENT PLAN (CONTINUED)

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

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ -	\$ (66,401)
Changes in Actuarial Assumptions	-	-
Difference Between Projected and Actual Investment Earnings	15,182	-
Contributions Subsequent to the Measurement Date	<u>21,176</u>	<u>-</u>
Total	<u>\$ 36,358</u>	<u>\$ (66,401)</u>

The City reported \$21,176 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 asset for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ (14,632)
2017	(14,632)
2018	(14,632)
2019	(7,323)
2020	-
Thereafter	<u>-</u>
Total	<u>\$ (51,219)</u>

NOTE 8: 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; and natural disasters. The City contracts with the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: general liability, automobile liability and physical damage, worker's compensation, real and personal property, and errors and omissions liability. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the pool will be self-sustaining through member premiums and will be adjusted annually through an experience modifier.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE 8: RISK MANAGEMENT (CONTINUED)

There were no reductions in insurance coverage from the prior year. Settled claims have not exceeded coverage for each of the past three (3) years.

The pooling agreement requires the pool to be self-sustaining. It is not possible to estimate the amount of any losses for which the City might be liable. The Texas Municipal League Intergovernmental Risk Pool has published its own financial report for the year ended September 30, 2015, which can be obtained from the Texas Municipal League.

NOTE 9: FUND BALANCE DEFICIT

At September 30, 2015, the City experienced a fund balance deficit in the grants fund of \$(27,515). The City expects to receive a reimbursement for police equipment purchases under the grant. The general fund will transfer funds to the grants fund if reimbursement is not received.

NOTE 10: PRIOR PERIOD ADJUSTMENT

During fiscal year 2015, the City adopted GASB Statement No. 68, Accounting and Reporting for Pensions. With the adoption of this standard, the City must assume their Net Pension Asset related to TMRS. Adoption of GASB No. 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$82,582. The restated net position for the Governmental Activities is \$3,867,864.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF HILL COUNTRY VILLAGE, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Sales Tax	\$ 760,000	\$ 760,000	\$ 808,476	\$ 48,476
Ad Valorem Tax	289,136	289,136	287,904	(1,232)
Liquor Tax	12,000	12,000	11,556	(444)
Interest Income	2,200	2,200	1,262	(938)
Franchise Fees	172,627	172,627	164,174	(8,453)
Municipal Court Revenue	40,000	40,000	40,312	312
Sewer Use Fees	55,000	55,000	41,529	(13,471)
Permits	41,000	41,000	49,848	8,848
Miscellaneous Income	8,080	8,080	3,476	(4,604)
Contribution – Economic Development Corporation	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Revenue	<u>1,390,043</u>	<u>1,390,043</u>	<u>1,418,537</u>	<u>28,494</u>
<u>EXPENDITURES</u>				
General and Administrative				
Personnel Services	144,680	144,682	145,904	(1,222)
Travel, Training, and Professional Dues	1,770	1,770	1,038	732
Operational Costs	120,080	120,080	151,508	(31,428)
Supplies and Materials	<u>5,825</u>	<u>5,825</u>	<u>6,532</u>	<u>(707)</u>
Total General and Administrative	<u>272,355</u>	<u>272,357</u>	<u>304,982</u>	<u>(32,625)</u>
Fire Department Services	<u>235,000</u>	<u>235,000</u>	<u>235,000</u>	<u>-</u>
Police				
Personnel Services	685,037	685,037	692,487	(7,450)
Travel, Training, and Professional Dues	4,465	4,465	3,383	1,082
Operational Costs	26,362	26,362	27,495	(1,133)
Supplies and Materials	<u>56,100</u>	<u>56,100</u>	<u>60,108</u>	<u>(4,008)</u>
Total Police	<u>771,964</u>	<u>771,964</u>	<u>783,473</u>	<u>(11,509)</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>EXPENDITURES (CONTINUED)</u>				
Public Works				
Personnel Services	\$ 48,479	\$ 48,479	\$ 48,479	\$ -
Operational Costs	10,725	10,725	10,082	643
Supplies and Materials	10,500	10,500	12,184	(1,684)
Total Public Works	<u>69,704</u>	<u>69,704</u>	<u>70,745</u>	<u>(1,041)</u>
Total Expenditures	<u>1,349,023</u>	<u>1,349,025</u>	<u>1,394,200</u>	<u>(45,175)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	41,020	41,018	24,337	(16,681)
<u>OTHER FINANCING SOURCES (USES)</u>				
Merit Pool	(20,000)	(20,000)	(16,926)	3,074
Transfer Out				
Debt Service	-	-	(56,241)	(56,241)
Vehicle Replacement Fund	(35,500)	(35,500)	(35,500)	-
Total Other Financing Sources (Uses)	<u>(55,500)</u>	<u>(55,500)</u>	<u>(108,667)</u>	<u>(53,167)</u>
Net Change in Fund Balance	<u>\$ (14,480)</u>	<u>\$ (14,482)</u>	(84,330)	<u>\$ (69,848)</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>1,269,791</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 1,185,461</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
GRANT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Grant Income	\$ 2,900	\$ 2,900	\$ 2,694	\$ (206)
Interest Income	<u>10</u>	<u>10</u>	<u>5</u>	<u>(5)</u>
Total Revenue	<u>2,910</u>	<u>2,910</u>	<u>2,699</u>	<u>(211)</u>
<u>EXPENDITURES</u>				
Travel, Training and Professional Dues	-	-	1,066	(1,066)
Supplies and Materials	1,200	1,200	1,444	(244)
Capital Outlay	<u>-</u>	<u>-</u>	<u>32,480</u>	<u>(32,480)</u>
Total Expenditures	<u>1,200</u>	<u>1,200</u>	<u>34,990</u>	<u>(33,790)</u>
Net Change in Fund Balance	<u>\$ 1,710</u>	<u>\$ 1,710</u>	(32,291)	<u>\$ (34,001)</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>4,776</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ (27,515)</u>	



CITY OF HILL COUNTRY VILLAGE, TEXAS  
 ROAD MAINTENANCE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Sales Taxes	\$ 126,855	\$ 126,855	\$ 134,746	\$ 7,891
Interest Income	<u>1,400</u>	<u>1,400</u>	<u>1,077</u>	<u>(323)</u>
Total Revenue	<u>128,255</u>	<u>128,255</u>	<u>135,823</u>	<u>7,568</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer Out - Capital Projects Fund	<u>-</u>	<u>-</u>	<u>(949,872)</u>	<u>(949,872)</u>
Net Change in Fund Balance	<u>\$ 128,255</u>	<u>\$ 128,255</u>	(814,049)	<u>\$ (942,304)</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>1,343,586</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 529,537</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
\*LAST 10 FISCAL YEARS

	2014
<b>Total Pension Liability (Asset)</b>	
Service Cost	\$ 60,464
Interest on the Total Pension Liability (Asset)	99,920
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(84,828)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(41,157)
Net Change in Total Pension Liability (Asset)	34,399
Total Pension Liability - Beginning	1,417,769
Total Pension Liability - Ending (a)	\$ 1,452,168
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 21,938
Contributions - Employee	34,716
Net Investment Income	84,886
Benefit Payments, Including Refunds of Employee Contributions	(41,157)
Administrative Expense	(886)
Other	(73)
Net Change in Plan Fiduciary Net Position	99,424
Plan Fiduciary Net Position - Beginning	1,483,759
Plan Fiduciary Net Position - Ending (b)	\$ 1,583,183
Net Pension Liability (Asset) (a) - (b)	\$ (131,015)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	109.02%
Covered Employee Payroll	694,325
Net Pension Liability (Asset) as a Percentage of Total Covered Employee Payroll	18.87%

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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
\*LAST 10 FISCAL YEARS

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 21,836	\$ 27,566
Contributions in Relation to the Actuarially Determined Contributions	<u>21,836</u>	<u>27,566</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	<u>\$ 687,891</u>	<u>\$ 718,523</u>
Contributions as a Percentage of Covered Employee Payroll	3.17%	3.84%

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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2015

NOTE 1: BUDGETARY INFORMATION

The budgets for the general fund, grant fund, and road maintenance fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year-end.

The original budgets for the general fund, grant fund, and road maintenance fund are adopted by the city council by September 30. Budgetary preparation and control is exercised at the department level. The city administrator is authorized to transfer budget amounts between line items within a department; however, any transfer or supplemental appropriation that amends the total expenditures of a department or total budget requires city council approval. Both the original and final budgets are included.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	3.00%
Salary Increases	3.5% to 12.00% Including Inflation
Investment Rate of Return	7.00%
Retirement Age	
Mortality	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009. RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

There were no benefit changes during the year.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

Non-major governmental funds (special revenue funds and capital projects fund) are used to account for the proceeds of specific revenue sources that are legally restricted to expend for specified purposes and to provide funds for capital asset purchases, respectively.

Security Fund – Accounts for specific proceeds from municipal court revenue and is to be used for security upgrades benefiting the City's court system.

Technology Fund – Accounts for specific proceeds from municipal court revenue and is to be used for technological upgrades benefiting the City's court system.

Venue Tax Fund – Accounts for proceeds from the City's venue (motor vehicle rental) tax and is to be used for assisting the general fund in purchasing fire department services from a neighboring city.

Judicial Efficiency Fund – Accounts for specific proceeds from municipal court revenue and is to be used for upgrades benefiting the City's court system.

Debt Service Fund – Accounts for payments for principal and interest and other fees supporting payment of the City's bond. Revenues for this fund come through a transfer from the Economic Development Corporation, which is funded by sales taxes, and the general fund.

Vehicle Replacement Fund – Accounts for proceeds from investment interest along with transfers from the general fund to be used to replace certain capital assets such as vehicles and computers.

CITY OF HILL COUNTRY VILLAGE, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	<u>SPECIAL REVENUE FUNDS</u>					<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>SECURITY FUND</u>	<u>TECHNOLOGY FUND</u>	<u>VENUE TAX FUND</u>	<u>JUDICIAL EFFICIENCY FUND</u>	<u>DEBT SERVICE</u>	<u>VEHICLE REPLACEMENT FUND</u>	
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 1,629	\$ 1,053	\$ 36,174	\$ 28	\$ 11	\$ 71,589	\$ 110,484
Accounts Receivable	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,629</u></b>	<b><u>\$ 1,053</u></b>	<b><u>\$ 36,174</u></b>	<b><u>\$ 28</u></b>	<b><u>\$ 11</u></b>	<b><u>\$ 71,589</u></b>	<b><u>\$ 110,484</u></b>
<u>LIABILITIES</u>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,559	\$ 2,559
<u>FUND BALANCES</u>							
Nonspendable - Prepaids	-	-	-	-	-	-	-
Restricted for:							
Court Security	1,629	-	-	-	-	-	1,629
Court Technology	-	1,053	-	-	-	-	1,053
Venue	-	-	36,174	-	-	-	36,174
Grants	-	-	-	-	-	-	-
Judicial Efficiency	-	-	-	28	-	-	28
Committed for:							
Vehicle Replacement	-	-	-	-	-	69,030	69,030
Unassigned	-	-	-	-	11	-	11
<b>TOTAL FUND BALANCES</b>	<b><u>1,629</u></b>	<b><u>1,053</u></b>	<b><u>36,174</u></b>	<b><u>28</u></b>	<b><u>11</u></b>	<b><u>69,030</u></b>	<b><u>107,925</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,629</u></b>	<b><u>\$ 1,053</u></b>	<b><u>\$ 36,174</u></b>	<b><u>\$ 28</u></b>	<b><u>\$ 11</u></b>	<b><u>71,589</u></b>	<b><u>\$ 110,484</u></b>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

	<u>SPECIAL REVENUE FUNDS</u>					<u>CAPITAL PROJECTS FUND</u>	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	<u>SECURITY FUND</u>	<u>TECHNOLOGY FUND</u>	<u>VENUE TAX FUND</u>	<u>JUDICIAL EFFICIENCY FUND</u>	<u>DEBT SERVICE</u>	<u>VEHICLE REPLACEMENT FUND</u>	
<u>REVENUE</u>							
Taxes	\$ -	\$ -	\$ 39,542	\$ -	\$ -	\$ -	\$ 39,542
Municipal Court Revenue	1,071	1,427	-	62	-	-	2,560
Grants	-	-	-	-	-	-	-
Interest	1	-	12	-	1	132	146
Grants and Contributions	-	-	-	-	87,800	-	87,800
Total Revenue	<u>1,072</u>	<u>1,427</u>	<u>39,554</u>	<u>62</u>	<u>87,801</u>	<u>132</u>	<u>130,048</u>
<u>EXPENDITURES</u>							
Fire Department Services	-	-	30,000	-	-	-	30,000
Supplies and Materials	-	-	-	-	-	-	-
Police Department	959	1,340	-	98	-	2,368	4,765
Capital Outlay	-	-	-	-	-	109,165	109,165
Debt Service							
Principal	-	-	-	-	136,000	-	136,000
Interest	-	-	-	-	8,041	-	8,041
Total Expenditures	<u>959</u>	<u>1,340</u>	<u>30,000</u>	<u>98</u>	<u>144,041</u>	<u>111,533</u>	<u>287,971</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	113	87	9,554	(36)	(56,240)	(111,401)	(157,923)
<u>OTHER FINANCING SOURCES</u>							
Transfers In	-	-	-	-	56,241	35,500	91,741
Net Change in Fund Balances	113	87	9,554	(36)	1	(75,901)	(66,182)
<u>FUND BALANCES - BEGINNING</u>	<u>1,516</u>	<u>966</u>	<u>26,620</u>	<u>64</u>	<u>10</u>	<u>144,931</u>	<u>174,107</u>
FUND BALANCES - ENDING	<u>\$ 1,629</u>	<u>\$ 1,053</u>	<u>\$ 36,174</u>	<u>\$ 28</u>	<u>\$ 11</u>	<u>\$ 69,030</u>	<u>\$ 107,925</u>



CITY OF HILL COUNTRY VILLAGE, TEXAS  
SECURITY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
<u>REVENUE</u>				
Municipal Court Revenue	\$ 1,600	\$ 1,600	\$ 1,071	\$ (529)
Interest Income	<u>5</u>	<u>5</u>	<u>1</u>	<u>(4)</u>
Total Revenue	<u>1,605</u>	<u>1,605</u>	<u>1,072</u>	<u>(533)</u>
<u>EXPENDITURES</u>				
Operational Costs	<u>925</u>	<u>925</u>	<u>959</u>	<u>(34)</u>
Net Change in Fund Balance	<u>\$ 680</u>	<u>\$ 680</u>	113	<u>\$ (567)</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>1,516</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 1,629</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
TECHNOLOGY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Municipal Court Revenue	\$ 2,100	\$ 2,100	\$ 1,427	\$ (673)
Interest Income	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total Revenue	<u>2,101</u>	<u>2,101</u>	<u>1,427</u>	<u>(674)</u>
<u>EXPENDITURES</u>				
Operational Costs	<u>1,341</u>	<u>1,341</u>	<u>1,340</u>	<u>1</u>
Net Change in Fund Balance	<u>\$ 760</u>	<u>\$ 760</u>	87	<u>\$ (673)</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>966</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 1,053</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
VENUE TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Motor Vehicle Rental – Venue Tax	\$ 36,480	\$ 36,480	\$ 39,542	\$ 3,062
Interest Income	<u>50</u>	<u>50</u>	<u>12</u>	<u>(38)</u>
Total Revenue	<u>36,530</u>	<u>36,530</u>	<u>39,554</u>	<u>3,024</u>
<u>EXPENDITURES</u>				
Fire Department Services	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 6,530</u>	<u>\$ 6,530</u>	9,554	<u>\$ 3,024</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>26,620</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 36,174</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
JUDICIAL EFFICIENCY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<u>REVENUE</u>				
Municipal Court Revenue	\$ 56	\$ 56	\$ 62	\$ 6
Total Revenue	<u>56</u>	<u>56</u>	<u>62</u>	<u>6</u>
<u>EXPENDITURES</u>				
Travel, Training and Professional Dues	-	-	98	(98)
Net Change in Fund Balance	<u>\$ 56</u>	<u>\$ 56</u>	(36)	<u>\$ (92)</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>64</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 28</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Interest Income	\$ 1	\$ 1	\$ 1	\$ -
Contribution from Economic Development Corporation	<u>144,041</u>	<u>144,041</u>	<u>87,800</u>	<u>(56,241)</u>
Total Revenue	<u>144,042</u>	<u>144,042</u>	<u>87,801</u>	<u>(56,241)</u>
<u>EXPENDITURES</u>				
Debt Service Fees	-	-	-	-
Bond Issue Costs	-	-	-	-
Interest Expense	8,041	8,041	8,041	-
Principal Payment	<u>136,000</u>	<u>136,000</u>	<u>136,000</u>	<u>-</u>
Total Expenditures	<u>144,041</u>	<u>144,041</u>	<u>144,041</u>	<u>-</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	1	1	(56,240)	(56,241)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In - General Fund	<u>-</u>	<u>-</u>	<u>56,241</u>	<u>56,241</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	1	<u>\$ -</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>10</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 11</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
VEHICLE REPLACEMENT FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Interest Income	\$ 325	\$ 325	\$ 132	\$ (193)
<u>EXPENDITURES</u>				
Capital Outlay	87,000	87,000	109,165	(22,165)
Operational Costs	<u>-</u>	<u>-</u>	<u>2,368</u>	<u>(2,368)</u>
Total Expenditures	<u>87,000</u>	<u>87,000</u>	<u>111,533</u>	<u>(24,533)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,675)	(86,675)	(111,401)	(24,726)
<u>OTHER SOURCES</u>				
Transfer In	<u>35,500</u>	<u>35,500</u>	<u>35,500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (51,175)</u>	<u>\$ (51,175)</u>	(75,901)	<u>\$ (24,726)</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>144,931</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 69,030</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Interest Income	\$ 50	\$ 50	\$ 27	\$ (23)
<u>EXPENDITURES</u>				
Capital Outlay	-	-	943,170	(943,170)
Total Expenditures	-	-	943,170	(943,170)
Excess (Deficiency) of Revenue Over (Under) Expenditures	50	50	(943,143)	(943,193)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In - Road Maintenance Fund	-	-	949,872	949,872
Net Change in Fund Balance	<u>\$ 50</u>	<u>\$ 50</u>	6,729	<u>\$ 6,679</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>26,971</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 33,700</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
ECONOMIC DEVELOPMENT CORPORATION  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Sales Tax	\$ 126,855	\$ 126,855	\$ 134,746	\$ 7,891
Interest Income	<u>160</u>	<u>160</u>	<u>11</u>	<u>(149)</u>
Total Revenue	<u>127,015</u>	<u>127,015</u>	<u>134,757</u>	<u>7,742</u>
<u>EXPENDITURES</u>				
Operational Costs	70	70	-	70
Contribution to General Fund	10,000	10,000	10,000	-
Contribution to Debt Service Fund	<u>144,041</u>	<u>144,041</u>	<u>87,799</u>	<u>56,242</u>
Total Expenditures	<u>154,111</u>	<u>154,111</u>	<u>97,799</u>	<u>56,312</u>
Net Change in Fund Balance	<u>\$ (27,096)</u>	<u>\$ (27,096)</u>	36,958	<u>\$ 64,054</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>83,525</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 120,483</u>	



**ADDITIONAL INFORMATION**  
**(All Governmental Funds Combined with EDC)**

CITY OF HILL COUNTRY VILLAGE, TEXAS  
BALANCE SHEET - ALL FUNDS  
SEPTEMBER 30, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u> <u>ACTUAL</u>	<u>2014</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>ASSETS</u>			
Cash	\$ 1,984,002	\$ 2,877,879	\$ (893,877)
Receivables			
Taxes	2,665	2,157	508
Accounts and Other	187,183	186,023	1,160
Prepaid Expenses	-	1,340	(1,340)
Due from Other Funds	<u>10,508</u>	<u>10,788</u>	<u>(280)</u>
 TOTAL ASSETS	 <u>\$ 2,184,358</u>	 <u>\$ 3,078,187</u>	 <u>\$ (893,829)</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 80,393	\$ 31,861	\$ 48,532
Accrued Salaries and Benefits	35,149	28,625	6,524
Compensated Absences	60,200	60,779	(579)
Due to Other Funds	<u>10,508</u>	<u>10,788</u>	<u>(280)</u>
Total Liabilities	<u>186,250</u>	<u>132,053</u>	<u>54,197</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Revenue - Taxes	2,665	2,157	508
Unearned Revenue - Warrants	<u>45,852</u>	<u>41,221</u>	<u>4,631</u>
Total Deferred Inflows of Resources	<u>48,517</u>	<u>43,378</u>	<u>5,139</u>
<u>FUND BALANCES</u>			
Nonspendable - Prepaids	-	1,340	(1,340)
Restricted	52,359	45,357	7,002
Committed for Capital	632,267	1,515,488	(883,221)
Unassigned	<u>1,264,965</u>	<u>1,340,571</u>	<u>(75,606)</u>
Total Fund Balances	<u>1,949,591</u>	<u>2,902,756</u>	<u>(953,165)</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 2,184,358</u>	 <u>\$ 3,078,187</u>	 <u>\$ (893,829)</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
ALL FUNDS  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
PRIOR YEAR AND CURRENT YEAR  
YEAR ENDED SEPTEMBER 30, 2015

	<u>2015</u> <u>ACTUAL</u>	<u>2014</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>REVENUE</u>			
Taxes	\$ 1,416,970	\$ 1,330,012	\$ 86,958
Franchise Fees	164,174	167,368	(3,194)
Interest Income	2,528	1,996	532
Municipal Court	42,872	37,636	5,236
Other	<u>195,347</u>	<u>277,047</u>	<u>(81,700)</u>
Total Revenue	<u>1,821,891</u>	<u>1,814,059</u>	<u>7,832</u>
<u>EXPENDITURES</u>			
Personnel Services	903,796	858,761	45,035
Travel, Training and Professional Dues	5,585	2,800	2,785
Operational Costs	291,551	301,241	(9,690)
Supplies and Materials	80,268	63,171	17,097
Capital Expenditures and Projects	1,084,815	79,342	1,005,473
Fire Department Services	265,000	265,000	-
Debt Service			
Principal	136,000	135,000	1,000
Interest	8,041	39,134	(31,093)
Bond Issue Costs	<u>-</u>	<u>12,208</u>	<u>(12,208)</u>
Total Expenditures	<u>2,775,056</u>	<u>1,756,657</u>	<u>1,018,399</u>
Net Change in Fund Balances	(953,165)	57,402	(1,010,567)
<u>OTHER FINANCING SOURCES (USES)</u>			
Bond Proceeds	-	868,000	(868,000)
Payment to Escrow Agent	-	(845,000)	845,000
Transfer In	1,041,613	34,270	1,007,343
Transfer Out	<u>(1,041,613)</u>	<u>(34,270)</u>	<u>(1,007,343)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>23,000</u>	<u>(23,000)</u>
<u>BEGINNING FUND BALANCES</u>	<u>2,902,756</u>	<u>2,822,354</u>	<u>80,402</u>
ENDING FUND BALANCES	<u>\$ 1,949,591</u>	<u>\$ 2,902,756</u>	<u>\$ (953,165)</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
ALL FUNDS  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes	\$ 1,416,970	\$ 1,351,326	\$ 65,644
Franchise Fees	164,174	172,627	(8,453)
Interest Income	2,528	4,202	(1,674)
Municipal Court	42,872	43,756	(884)
Other	<u>195,347</u>	<u>261,021</u>	<u>(65,674)</u>
Total Revenue	<u>1,821,891</u>	<u>1,832,932</u>	<u>(11,041)</u>
<u>EXPENDITURES</u>			
Personnel Services	884,364	878,198	(6,166)
Travel, Training and Professional Dues	5,585	6,235	650
Operational Costs	291,551	313,544	21,993
Supplies and Materials	80,268	73,625	(6,643)
Capital Expenditures and Projects	1,084,815	87,000	(997,815)
Fire Department Services	265,000	265,000	-
Merit Pool	19,432	20,000	568
Debt Service			
Principal	136,000	136,000	-
Interest	8,041	8,041	-
Bond Issue Costs	-	-	-
Total Expenditures	<u>2,775,056</u>	<u>1,787,643</u>	<u>(987,413)</u>
Net Change in Fund Balance	(953,165)	45,289	(998,454)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In	1,041,613	35,500	(1,006,113)
Transfer Out	<u>(1,041,613)</u>	<u>(35,500)</u>	<u>1,006,113</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<u>BEGINNING FUND BALANCE</u>	<u>2,902,756</u>	<u>2,902,756</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,949,591</u>	<u>\$ 2,948,045</u>	<u>\$ 998,454</u>