

CITY OF HILL COUNTRY VILLAGE, TEXAS

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2010

ANNUAL FINANCIAL REPORT
of the
CITY OF HILL COUNTRY VILLAGE, TEXAS
YEAR ENDED SEPTEMBER 30, 2010

OFFICIALS:

MAYOR

KIRK W. FRANCIS

CITY COUNCIL MEMBERS

MAYOR PRO TEMPORE/PLACE 1

CARL REGISTER

PLACE 2

GABRIEL DURAND-HOLLIS

PLACE 3

ELIZABETH WORLEY

PLACE 4

GEORGE F. EVANS

PLACE 5

MARGARET MAYBERRY

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L.C.

CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS AMERICAN INSTITUTE OF
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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, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Hill Country Village, Texas', management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2010, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 3f and pages 22 through 26 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.

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

Thompson, Williams, Biediger, Hester & Young, L.C.

Certified Public Accountants

San Antonio, Texas

January 20, 2011

CITY OF HILL COUNTRY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

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, 2010. 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 assets exceed its liabilities by \$3,108,657 (net assets) for the fiscal year reported. This compares to the previous year when assets exceed liabilities by \$2,900,116.
 1. Net assets of \$635,822 are capital assets net of related debt and include all property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of these assets.
 2. Net assets of \$49,006 are restricted by constraints imposed by internal and external sources such as grantors, laws, and regulations.
 3. Unrestricted net assets of \$2,423,829 represents the portion available to maintain the City's ongoing obligations to citizens and creditors.
- The City's governmental funds reported combined ending fund balances of \$2,436,263, an increase of \$151,550 over the September 30, 2009 fund balance of \$2,284,713.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$1,446,723 or 118% of the total general fund expenditures.
- The City's total debt decreased by \$90,000 or 6.6% due to this year's payments. No debt was issued during the fiscal year.

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 nonmajor governmental funds.

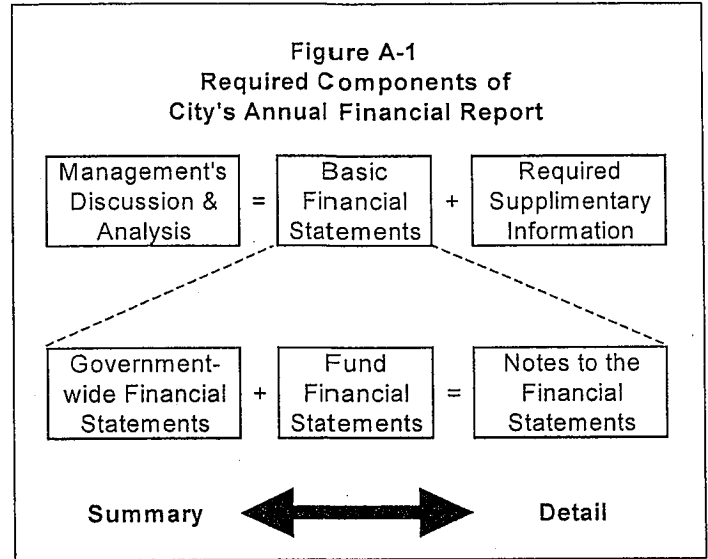
The basic financial statements, as represented by figure A-1 on the following page, include two types of statements that present different views of the City, government-wide financial statements and fund financial statements.

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 assets**. 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 assets.

The second government-wide statement is the **statement of activities**, which reports how the City's net assets 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 government 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 20 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, debt service 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 22 through 26 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 28 through 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets at fiscal year end are \$3,375,618. This is a \$155,342 increase over last year's net assets of \$3,220,276. The following table provides a summary of the City's net assets at September 30:

Table 1 - Summary of Net Assets

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09		
ASSETS								
Current and Other Assets	\$ 2,603,413	\$ 2,498,443	\$ 266,961	\$ 320,160	\$ 2,870,374	\$ 2,818,603	\$ 51,771	1.84%
Capital Assets	<u>1,910,822</u>	<u>1,945,026</u>	-	-	<u>1,910,822</u>	<u>1,945,026</u>	<u>(34,204)</u>	(1.76)
TOTAL ASSETS	<u>4,514,235</u>	<u>4,443,469</u>	<u>266,961</u>	<u>320,160</u>	<u>4,781,196</u>	<u>4,763,629</u>	<u>17,567</u>	0.37
LIABILITIES								
Current Liabilities	187,025	209,666	-	-	187,025	209,666	(22,641)	(10.80)
Noncurrent Liabilities	<u>1,218,553</u>	<u>1,333,687</u>	-	-	<u>1,218,553</u>	<u>1,333,687</u>	<u>(115,134)</u>	(8.63)
TOTAL LIABILITIES	<u>1,405,578</u>	<u>1,543,353</u>	-	-	<u>1,405,578</u>	<u>1,543,353</u>	<u>(137,775)</u>	(8.93)
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	635,822	580,026	-	-	635,822	580,026	55,796	9.62
Restricted	49,006	81,343	-	-	49,006	81,343	(32,337)	(39.75)
Unrestricted	<u>2,423,829</u>	<u>2,238,747</u>	<u>266,961</u>	<u>320,160</u>	<u>2,690,790</u>	<u>2,558,907</u>	<u>131,883</u>	5.15
TOTAL NET ASSETS	<u>\$ 3,108,657</u>	<u>\$ 2,900,116</u>	<u>\$ 266,961</u>	<u>\$ 320,160</u>	<u>\$ 3,375,618</u>	<u>\$ 3,220,276</u>	<u>\$ 155,342</u>	4.82%

At the end of the current fiscal year, the City of Hill Country Village is able to report positive balances in net assets for the government activities and for its component unit (Hill Country Village Economic Development Corporation) activities. The City's overall financial position improved during FY 2009-10.

A large portion of the City's net assets are 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 assets 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 Assets summary presentation as reflected below:

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

The City had a decrease in governmental revenues of \$123,004, or (6.4)%, while expenses decreased a total of \$136,334, or (7.7)%. The following provides a summary of the City's changes in net assets for the year ended September 30:

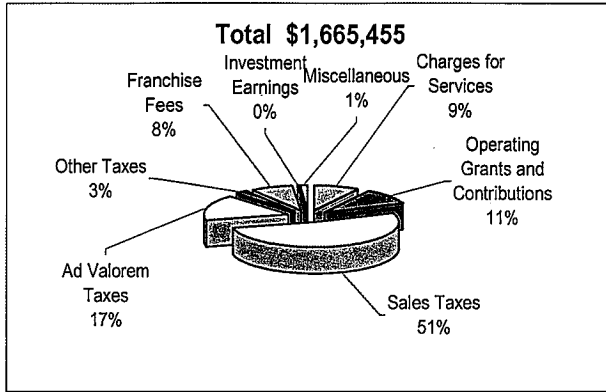
Table 2 - Summary of Changes In Net Assets

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09		
REVENUES								
Program Revenues								
Charges for Services	\$ 143,442	\$ 187,798	\$ -	\$ -	\$ 143,442	\$ 187,798	\$ (44,356)	(23.62)%
Operating Grants and Contributions	175,488	166,603	-	-	175,488	166,603	8,885	5.33
Taxes								
Sales	866,677	946,932	123,811	135,276	990,488	1,082,208	(91,720)	(8.48)
Ad Valorem	277,202	266,241	-	-	277,202	266,241	10,961	4.12
Venue Tax	31,079	36,475	-	-	31,079	36,475	(5,396)	(14.79)
Liquor Tax	11,902	17,031	-	-	11,902	17,031	(5,129)	(30.12)
Franchise Fees	130,665	125,303	-	-	130,665	125,303	5,362	4.28
Investment Earnings	5,355	16,813	452	2,333	5,807	19,146	(13,339)	(69.67)
Miscellaneous	23,645	11,917	-	-	23,645	11,917	11,728	98.41
Total Revenues	<u>1,665,455</u>	<u>1,775,113</u>	<u>124,263</u>	<u>137,609</u>	<u>1,789,718</u>	<u>1,912,722</u>	<u>(123,004)</u>	<u>(6.43)</u>
EXPENSES								
General Government	307,734	342,551	-	-	307,734	342,551	(34,817)	(10.16)
Fire Department Services	305,297	338,558	-	-	305,297	338,558	(33,261)	(9.82)
Public Works	110,179	141,124	-	-	110,179	141,124	(30,945)	(21.93)
Police Department	662,949	697,588	-	-	662,949	697,588	(34,639)	(4.97)
Interest and Other Fees	70,755	76,799	-	-	70,755	76,799	(6,044)	(7.87)
Component Unit	-	-	177,462	174,090	177,462	174,090	3,372	1.94
Total Expenses	<u>1,456,914</u>	<u>1,596,620</u>	<u>177,462</u>	<u>174,090</u>	<u>1,634,376</u>	<u>1,770,710</u>	<u>(136,334)</u>	<u>(7.70)</u>
Change in Net Assets	208,541	178,493	(53,199)	(36,481)	155,342	142,012	13,330	9.39
BEGINNING NET ASSETS	<u>2,900,116</u>	<u>2,721,623</u>	<u>320,160</u>	<u>356,641</u>	<u>3,220,276</u>	<u>3,078,264</u>	<u>142,012</u>	<u>4.61</u>
ENDING NET ASSETS	<u>\$3,108,657</u>	<u>\$2,900,116</u>	<u>\$266,961</u>	<u>\$320,160</u>	<u>\$3,375,618</u>	<u>\$3,220,276</u>	<u>\$155,342</u>	<u>4.82%</u>

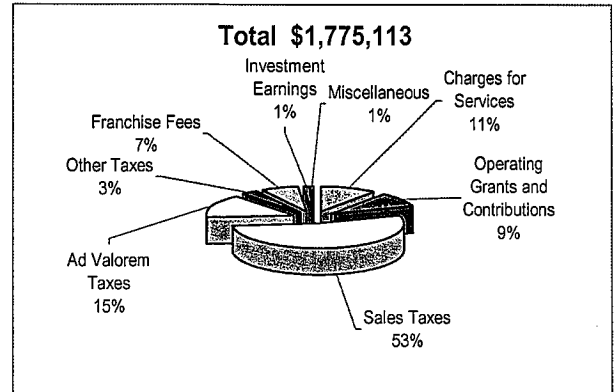
Graphic presentations of selected data from the summary table above follow to assist in the analysis of the City's activities for fiscal years 2010 and 2009.

Governmental Revenues

2010



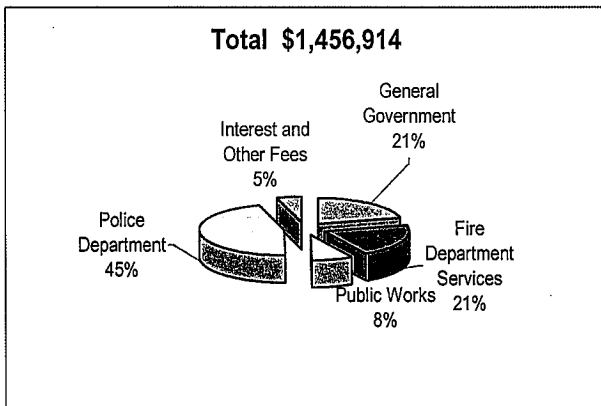
2009



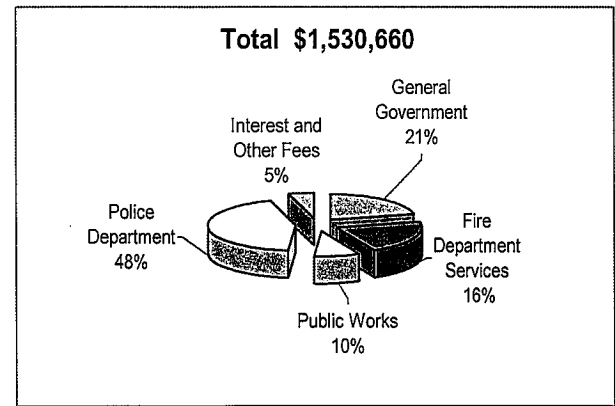
As shown in the summary data on the previous page, the City is heavily reliant on various taxes and franchise fees to support governmental operations. Taxes accounted for 71% of the City's total governmental revenues in fiscal years 2010 and 2009. The majority of franchise fees are received from CPS Energy, Time Warner Cable, and AT&T.

Governmental Functional Expenses

2010



2009



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

FUND FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2010, the City's governmental funds reported combined fund balances of \$2,436,263. Of this year-end total approximately \$1,446,731 is unreserved, indicating availability for continuing city service requirements. Reserved fund balances include: \$940,526 committed to the replacement of capital assets, and the remaining balance of \$49,006 is committed to the individual purposes of the various special revenue funds such as court technology and court security.

The total ending fund balance of governmental funds shows an increase of \$151,550 over last year's combined fund balance of \$2,284,713. This increase 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 debt service fund accounts for payments for principal and interest and other fees supporting payment of the City's one bond. Revenues for this fund come from a transfer from the Economic Development Corporation which is funded by sales tax.

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.

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, 2010, totaled \$1,888,182, net of accumulated depreciation. Investments in capital assets include land, buildings and system improvements, machinery and equipment, streets improvements, and storm water infrastructure.

Table 3—Capital Assets, Net of Accumulated Depreciation

	FISCAL YEAR		AMOUNT CHANGE	%
	2009-10	2008-09		
Land	\$ 829,875	\$ 829,875	\$ -	0.0%
Streets	855,747	935,589	(79,842)	(8.5)
Signs	20,271	22,032	(1,761)	(8.0)
Improvements Other than Buildings	815	4,660	(3,845)	(82.5)
Buildings	82,707	88,221	(5,514)	(6.3)
Furniture and Fixtures	-	272	(272)	(100.0)
Automobiles	110,348	50,502	59,846	118.5
Machinery and Equipment	11,059	13,875	(2,816)	(20.3)
TOTALS	\$1,910,822	\$1,945,026	\$ (34,204)	(1.8)%

During the fiscal 2009-10 the City's capital asset carrying value decreased a net amount of \$34,204. This amount includes depreciation expense \$106,045 and a purchase of a police vehicle and other assets in the amount of \$60,521. 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 2011 and 2020. See Note 6 for more information.

Table 4—Long-Term Debt Outstanding

	FISCAL YEAR		AMOUNT CHANGE	% CHANGE
	2009-10	2008-09		
General Obligation Bonds - Principal	\$1,275,000	\$1,365,000	\$ (90,000)	(6.6)%
General Obligation Bonds - Interest	<u>372,560</u>	<u>444,765</u>	<u>(72,205)</u>	(16.2)
TOTALS	<u>\$1,647,560</u>	<u>\$1,809,765</u>	<u>\$(162,205)</u>	(9.0)%

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 ASSETS
SEPTEMBER 30, 2010

	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT	TOTAL REPORTING ENTITY
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 2,430,132	\$ 257,633	\$ 2,687,765
Receivables			
Taxes, Net	1,274	-	1,274
Accounts and Other	172,007	9,328	181,335
Total Current Assets	2,603,413	266,961	2,870,374
<u>NONCURRENT ASSETS</u>			
Capital Assets			
Land	829,875	-	829,875
Streets	1,596,847	-	1,596,847
Signs	35,224	-	35,224
Improvements Other than Buildings	33,567	-	33,567
Buildings	220,553	-	220,553
Furniture and Fixtures	6,613	-	6,613
Automobiles	244,097	-	244,097
Software	35,449	-	35,449
Machinery and Equipment	87,037	-	87,037
Accumulated Depreciation	(1,178,440)	-	(1,178,440)
Total Noncurrent Assets	1,910,822	-	1,910,822
TOTAL ASSETS	4,514,235	266,961	4,781,196
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	40,575	-	40,575
Accrued Salaries and Benefits	15,331	-	15,331
Compensated Absences	14,518	-	14,518
Current Portion of Long-Term Debt	100,000	-	100,000
Accrued Interest Payable	16,601	-	16,601
Total Current Liabilities	187,025	-	187,025
<u>NONCURRENT LIABILITIES</u>			
Compensated Absences	43,553	-	43,553
Long-Term Debt	1,175,000	-	1,175,000
Total Noncurrent Liabilities	1,218,553	-	1,218,553
TOTAL LIABILITIES	1,405,578	-	1,405,578
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	635,822	-	635,822
Restricted for Special Revenue	49,006	-	49,006
Unreserved	2,423,829	266,961	2,690,790
TOTAL NET ASSETS	\$ 3,108,657	\$ 266,961	\$ 3,375,618

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE)</u> <u>REVENUE AND</u> <u>CHANGES IN NET</u> <u>ASSETS PRIMARY</u> <u>GOVERNMENT</u>	<u>COMPONENT</u> <u>UNIT- EDC</u>
		<u>CHARGES</u> <u>FOR</u> <u>SERVICES</u>	<u>OPERATING</u> <u>GRANTS AND</u> <u>CONTRIBUTIONS</u>	<u>CAPITAL</u> <u>GRANTS AND</u> <u>CONTRIBUTIONS</u>	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	
<u>Primary Government</u>						
General Government	\$ 307,734	\$ 143,442	\$ 175,488	\$ -	\$ 11,196	
Fire Department Services	305,297	-	-	-	(305,297)	
Public Works	110,179	-	-	-	(110,179)	
Police Department	662,949	-	-	-	(662,949)	
Interest and Other Fees	70,755	-	-	-	(70,755)	
Total Primary Government	<u>\$1,456,914</u>	<u>\$143,442</u>	<u>\$ 175,488</u>	<u>\$ -</u>	<u>(1,137,984)</u>	
<u>Component Unit</u>	<u>\$ 177,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$(177,462)</u>
 <u>General Revenues</u>						
Taxes						
Sales					866,677	123,811
Ad Valorem					277,202	-
Venue Tax					31,079	-
Liquor Tax					11,902	-
Franchise Fees					130,665	-
Investment Earnings					5,355	452
Miscellaneous					<u>23,645</u>	<u>-</u>
Total General Revenues					<u>1,346,525</u>	<u>124,263</u>
Change in Net Assets					208,541	(53,199)
<u>NET ASSETS - BEGINNING</u>					<u>2,900,116</u>	<u>320,160</u>
 NET ASSETS - ENDING					<u>\$ 3,108,657</u>	<u>\$ 266,961</u>

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	VEHICLE REPLACEMENT FUND	ROAD MAINTENANCE		
<u>ASSETS</u>						
Cash and Cash Equivalents	\$1,448,974	\$ 8	\$ 86,427	\$ 817,919	\$ 76,804	\$ 2,430,132
Receivables						
Taxes, Net	1,274	-	-	-	-	1,274
Accounts and Other	172,007	-	-	-	-	172,007
Due from Other Funds	-	-	-	9,328	-	9,328
 TOTAL ASSETS	 <u>\$1,622,255</u>	 <u>\$ 8</u>	 <u>\$ 86,427</u>	 <u>\$ 827,247</u>	 <u>\$ 76,804</u>	 <u>\$ 2,612,741</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 39,629	\$ -	\$ -	\$ -	\$ 946	\$ 40,575
Accrued Salaries and Benefits	15,331	-	-	-	-	15,331
Compensated Absences	58,071	-	-	-	-	58,071
Deferred Revenue	53,173	-	-	-	-	53,173
Due to Other Funds	9,328	-	-	-	-	9,328
Total Liabilities	<u>175,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>946</u>	<u>176,478</u>
<u>FUND BALANCES</u>						
Reserved for Special Revenue	-	-	-	-	49,006	49,006
Unreserved - Designated for Capital Improvement	-	-	86,427	827,247	26,852	940,526
Unreserved - Reported in General Fund	1,446,723	-	-	-	-	1,446,723
Debt Service	-	8	-	-	-	8
Total Fund Balances	<u>1,446,723</u>	<u>8</u>	<u>86,427</u>	<u>827,247</u>	<u>75,858</u>	<u>2,436,263</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$1,622,255</u>	 <u>\$ 8</u>	 <u>\$ 86,427</u>	 <u>\$ 827,247</u>	 <u>\$ 76,804</u>	 <u>\$ 2,612,741</u>

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$2,436,263

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 1,910,822

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 53,173

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	\$(1,275,000)	
Accrued Interest Payable	<u>(16,601)</u>	<u>(1,291,601)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$3,108,657

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	VEHICLE REPLACEMENT FUND	ROAD MAINTENANCE		
<u>REVENUE</u>						
Taxes						
Sales Taxes	\$ 742,866	\$ -	\$ -	\$ 123,811	\$ -	\$ 866,677
Ad Valorem Taxes	278,517	-	-	-	-	278,517
Venue Tax	-	-	-	-	31,079	31,079
Liquor Tax	11,902	-	-	-	-	11,902
Franchise Fees	130,665	-	-	-	-	130,665
Municipal Court Revenues	34,544	-	-	-	2,575	37,119
Sewer Service Revenues	51,686	-	-	-	-	51,686
Licenses and Permits	53,577	-	-	-	-	53,577
Grants and Contributions	10,000	162,930	-	-	2,558	175,488
Interest	3,150	-	190	1,784	231	5,355
Other	5,145	-	18,500	-	-	23,645
Total Revenue	<u>1,322,052</u>	<u>162,930</u>	<u>18,690</u>	<u>125,595</u>	<u>36,443</u>	<u>1,665,710</u>
<u>EXPENDITURES</u>						
Current						
General and Administrative	267,587	725	16	-	-	268,328
Fire Department Services	243,984	-	-	-	61,313	305,297
Public Works	65,989	-	-	-	-	65,989
Police Department	646,034	-	-	-	5,786	651,820
Capital Outlay	950	-	57,946	-	1,625	60,521
Debt Service						
Principal	-	90,000	-	-	-	90,000
Interest	-	72,205	-	-	-	72,205
Total Expenditures	<u>1,224,544</u>	<u>162,930</u>	<u>57,962</u>	<u>-</u>	<u>68,724</u>	<u>1,514,160</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>97,508</u>	<u>-</u>	<u>(39,272)</u>	<u>125,595</u>	<u>(32,281)</u>	<u>151,550</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	-	-	35,500	-	-	35,500
Transfers Out	<u>(35,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,500)</u>
Total Other Financing Sources (Uses)	<u>(35,500)</u>	<u>-</u>	<u>35,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	62,008	-	(3,772)	125,595	(32,281)	151,550
<u>FUND BALANCES - BEGINNING</u>	<u>1,384,715</u>	<u>8</u>	<u>90,199</u>	<u>701,652</u>	<u>108,139</u>	<u>2,284,713</u>
FUND BALANCES - ENDING	<u>\$ 1,446,723</u>	<u>\$ 8</u>	<u>\$ 86,427</u>	<u>\$ 827,247</u>	<u>\$ 75,858</u>	<u>\$ 2,436,263</u>

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
RECONCILIATION OF CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 151,550

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

Governmental funds report capital outlays as expenditures (\$60,521).
However, in the statement of activities the cost of those assets is
allocated over their estimated useful lives and reported as
depreciation expense (\$106,045). This is the amount by which
depreciation expense exceeded capital outlays in the current period. (45,524)

Revenues in the statement of activities that do not provide current
financial resources and are not reported as revenues in the funds. 11,065

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) 1,450

Bond proceeds provide current financial resources to governmental funds.
Repayment of bond principal is an expenditure in the governmental
funds but the repayment reduces long-term liabilities in the statement
of net assets. 90,000

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 208,541

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 nonmajor 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 seven (7) 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 assets 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 are 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, 2010

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 debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The road maintenance fund accounts for proceeds from the City's sales tax and is to be used for reconstruction and repair of existing roads within the City's limits.

The vehicle replacement fund accounts for transfers from the general fund to be used to replace capital items such as vehicles and computers.

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, 2010

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

Activity 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, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (Continued)

Accordingly, no current taxes receivable are reported. 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 revenue 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 vacation and compensatory time benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. Vacation 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, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Long-Term Obligations

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

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2010, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
TexPool Investment Pool	\$ 592,907	-
MBIA Municipal Investors	<u>1,758,625</u>	-
TOTAL	<u>\$2,351,532</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 MBIA are rated AAA by Standard & Poor's.

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposit 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 \$336,033 and the bank balance was \$326,909.

CITY OF HILL COUNTRY VILLAGE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2010

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

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:

	TAXES	ALLOWANCE FOR UNCOLLECTIBLE TAXES	NET TAXES
Taxes			
General Fund	<u>\$1,341</u>	<u>\$ 67</u>	<u>\$ 1,274</u>

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

	GENERAL
Sales Taxes	\$ 77,774
Franchise Fees	33,811
Sewer Use Fees	2,598
Municipal Court Warrants	103,800
Other	<u>5,924</u>
Gross Receivables	223,907
Less: Allowance	<u>(51,900)</u>
NET TOTAL RECEIVABLES	<u>\$ 172,007</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2010

NOTE 4: CAPITAL ASSETS

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities</u>				
Capital Assets, not being Depreciated				
Land	\$ 829,875	\$ -	\$ -	\$ 829,875
Capital Assets, being Depreciated				
Streets	1,596,847	-	-	1,596,847
Signs	35,224	-	-	35,224
Improvements Other than Buildings	32,617	950	-	33,567
Buildings	220,553	-	-	220,553
Furniture and Fixtures	6,613	-	-	6,613
Automobiles	254,068	57,946	(67,917)	244,097
Software	35,449	-	-	35,449
Machinery and Equipment	85,412	1,625	-	87,037
Total Capital Assets, being Depreciated	<u>2,266,783</u>	<u>60,521</u>	<u>(67,917)</u>	<u>2,259,387</u>
Less: Accumulated Depreciation for				
Streets	661,258	79,843	-	741,101
Signs	13,192	1,761	-	14,953
Improvements Other than Buildings	27,957	4,795	-	32,752
Buildings	132,332	5,514	-	137,846
Furniture and Fixtures	6,341	272	-	6,613
Automobiles	203,566	9,419	(79,237)	133,748
Software	35,449	-	-	35,449
Machinery and Equipment	71,537	4,441	-	75,978
Total Accumulated Depreciation	<u>1,151,632</u>	<u>106,045</u>	<u>(79,237)</u>	<u>1,178,440</u>
Total Capital Assets, being Depreciated - Net	<u>1,115,151</u>	<u>(45,524)</u>	<u>11,320</u>	<u>1,080,947</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$1,945,026</u>	 <u>\$ (45,524)</u>	 <u>\$11,320</u>	 <u>\$1,910,822</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2010

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General and Administrative	\$ 50,726
Public Works	44,190
Police Department	<u>11,129</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$106,045</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, 2010, is as follows:

INTERFUND BALANCES

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Road Maintenance	General Fund	<u>\$9,328</u>

Interfund transfers consisted of the general fund transferring \$35,500 into the vehicle replacement fund.

NOTE 6: LONG-TERM DEBT

The City had the following changes in long-term debt outstanding for the year ended September 30, 2010:

	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2009</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2010</u>	<u>AMOUNTS DUE IN ONE YEAR</u>
Governmental Activities General Obligation Bonds 2000 Series	<u>\$2,000,000</u>	5-7%	<u>\$1,365,000</u>	<u>\$ -</u>	<u>\$90,000</u>	<u>\$1,275,000</u>	<u>\$100,000</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2010

NOTE 6: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2010, 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>
2011	\$ 100,000	\$ 66,405	\$ 166,405
2012	105,000	60,920	165,920
2013	110,000	55,088	165,088
2014	115,000	48,899	163,899
2015	120,000	42,347	162,347
2016-2020	<u>725,000</u>	<u>98,901</u>	<u>823,901</u>
	<u>\$ 1,275,000</u>	<u>\$ 372,560</u>	<u>\$ 1,647,560</u>

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, 2011, are subject to redemption, at the option of the City, in whole or in part, on January 1, 2010, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption.

NOTE 7: RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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.

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2010

NOTE 7: RETIREMENT PLAN (CONTINUED)

Contributions

Under the state law governing TMRS, the City's contribution rate is annually determined by the actuary using the projected unit credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2009 valuation is effective for rates beginning January 2011).

For 2010, the City's annual pension cost of \$29,473 was equal to the City's required and actual contributions. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases varies by age and service, (c) 3.0% inflation component, and (d) 0.0% cost of living adjustments. The actuarial value of TMRS assets was determined based on 10-year Smoothed Market.

Schedule of Actuarial Liabilities and Funding Progress

<u>ACTUARIAL VALUATION DATE</u>	<u>DECEMBER 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial Valuation of Assets	\$894,885	\$802,280	\$700,101
Actuarial Accrued Liability	967,898	874,473	814,780
Percentage Funded	92.5%	91.7%	85.9%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	73,013	72,193	114,679
Annual Covered Payroll	617,856	610,895	562,862
UAAL as a Percentage of Covered Payroll	11.7%	11.8%	20.4%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Net Pension Cost:			
Annual Required Contribution (ARC)	29,473	38,513	52,407
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Contribution Made	29,473	38,513	52,407
Increase in Net Pension Obligation	-	-	-
 NET PENSION OBLIGATION AT THE END OF THE PERIOD	 \$ -	 \$ -	 \$ -

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2010

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.

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, 2010, which can be obtained from the Texas Municipal League.

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, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUE</u>				
Sales Tax	\$ 800,000	\$ 800,000	\$ 742,866	\$(57,134)
Ad Valorem Tax	279,505	279,505	278,517	(988)
Liquor Tax	12,000	12,000	11,902	(98)
Interest Income	11,000	11,000	3,150	(7,850)
Franchise Fees	104,104	104,104	130,665	26,561
Municipal Court Revenue	42,000	42,000	34,544	(7,456)
Sewer Use Fees	65,000	65,000	51,686	(13,314)
Permits	60,000	60,000	53,577	(6,423)
Miscellaneous Income	1,780	1,780	5,145	3,365
Contribution - Economic Development Corporation	10,000	10,000	10,000	-
Total Revenue	<u>1,385,389</u>	<u>1,385,389</u>	<u>1,322,052</u>	<u>(63,337)</u>
<u>EXPENDITURES</u>				
General and Administrative				
Personnel Services	130,151	130,151	133,932	(3,781)
Travel, Training, and Professional Dues	970	970	159	811
Operational Costs	127,498	127,498	123,306	4,192
Supplies and Materials	9,475	9,475	10,190	(715)
Total General and Administrative	<u>268,094</u>	<u>268,094</u>	<u>267,587</u>	<u>507</u>
Fire Department Services	<u>257,770</u>	<u>257,770</u>	<u>243,984</u>	<u>13,786</u>
Police				
Personnel Services	594,024	594,024	578,334	15,690
Travel, Training, and Professional Dues	900	900	1,111	(211)
Operational Costs	38,674	38,674	25,698	12,976
Supplies and Materials	38,700	38,700	40,891	(2,191)
Total Police	<u>672,298</u>	<u>672,298</u>	<u>646,034</u>	<u>26,264</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
GENERAL FUND (CONTINUED)
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>EXPENDITURES (CONTINUED)</u>				
Public Works				
Personnel Services	\$ 41,236	\$ 41,236	\$ 42,349	\$ (1,113)
Travel, Training, and Professional Dues	360	360	-	360
Operational Costs	10,716	10,716	10,975	(259)
Supplies and Materials	16,285	16,285	12,665	3,620
Capital Outlay	-	-	950	(950)
Total Public Works	<u>68,597</u>	<u>68,597</u>	<u>66,939</u>	<u>1,658</u>
Total Expenditures	<u>1,266,759</u>	<u>1,266,759</u>	<u>1,224,544</u>	<u>42,215</u>
Excess of Revenue Over Expenditures	118,630	118,630	97,508	(21,122)
<u>OTHER FINANCING SOURCE (USE)</u>				
Merit Pool	(20,000)	(20,000)	-	20,000
Transfer to Vehicle Replacement Fund	<u>(35,500)</u>	<u>(35,500)</u>	<u>(35,500)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 63,130</u>	<u>\$ 63,130</u>	62,008	<u>\$ (1,122)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>1,384,715</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$1,446,723</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
VEHICLE REPLACEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

	<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>				
Interest Income	\$ 650	\$ 650	\$ 190	\$ (460)
Other Income	-	-	18,500	18,500
Total Revenue	<u>650</u>	<u>650</u>	<u>18,690</u>	<u>18,040</u>
<u>EXPENDITURES</u>				
Capital Outlay	87,000	87,000	57,946	29,054
Operational Costs	-	-	16	(16)
Total Expenditures	<u>87,000</u>	<u>87,000</u>	<u>57,962</u>	<u>29,038</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,350)	(86,350)	(39,272)	47,078
<u>OTHER SOURCES (USES)</u>				
Transfer In	<u>35,500</u>	<u>35,500</u>	<u>35,500</u>	-
Net Change in Fund Balance	<u>\$(50,850)</u>	<u>\$(50,850)</u>	(3,772)	<u>\$ 47,078</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>90,199</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$ 86,427</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, 2010

	<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	\$136,000	\$136,000	\$123,811	\$ (12,189)
Interest Income	<u>5,440</u>	<u>5,440</u>	<u>1,784</u>	<u>(3,656)</u>
Total Revenue	<u>\$141,440</u>	<u>\$141,440</u>	125,595	<u>\$ (15,845)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>701,652</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$827,247</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2010

NOTE 1: BUDGETARY INFORMATION

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year end.

The original budget for the general fund is 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.

**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.

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.

Capital Projects Fund - Accounts for proceeds from investment interest along with transfers from the general fund to be used for the acquisition and construction of major capital facilities.

CITY OF HILL COUNTRY VILLAGE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	<u>SPECIAL REVENUE FUNDS</u>				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	SECURITY FUND	TECHNOLOGY FUND	VENUE TAX FUND	GRANT FUND		
<u>ASSETS</u>						
Cash and Cash Equivalents	<u>\$ 3,795</u>	<u>\$ 1,980</u>	<u>\$ 35,715</u>	<u>\$ 8,462</u>	<u>\$ 26,852</u>	<u>\$ 76,804</u>
<u>LIABILITIES</u>						
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946</u>	<u>\$ -</u>	<u>\$ 946</u>
<u>FUND BALANCES</u>						
Reserved for						
Venue	-	-	35,715	-	-	35,715
Technology	-	1,980	-	-	-	1,980
Security	3,795	-	-	-	-	3,795
Grants	-	-	-	7,516	-	7,516
Unreserved - Designated for						
Capital Improvements	-	-	-	-	26,852	26,852
Total Fund Balances	<u>3,795</u>	<u>1,980</u>	<u>35,715</u>	<u>7,516</u>	<u>26,852</u>	<u>75,858</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 3,795</u>	 <u>\$ 1,980</u>	 <u>\$ 35,715</u>	 <u>\$ 8,462</u>	 <u>\$ 26,852</u>	 <u>\$ 76,804</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	<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>GRANT FUND</u>		
<u>REVENUE</u>						
Taxes	\$ -	\$ -	\$ 31,079	\$ -	\$ -	\$ 31,079
Municipal Court Revenue	1,102	1,473	-	-	-	2,575
Grants	-	-	-	2,558	-	2,558
Interest	<u>3</u>	<u>-</u>	<u>98</u>	<u>74</u>	<u>56</u>	<u>231</u>
Total Revenue	<u>1,105</u>	<u>1,473</u>	<u>31,177</u>	<u>2,632</u>	<u>56</u>	<u>36,443</u>
<u>EXPENDITURES</u>						
Fire Department Services	-	-	60,000	1,313	-	61,313
Police Department	659	1,259	-	3,868	-	5,786
Capital Outlay	<u>-</u>	<u>1,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,625</u>
Total Expenditures	<u>659</u>	<u>2,884</u>	<u>60,000</u>	<u>5,181</u>	<u>-</u>	<u>68,724</u>
Net Change in Fund Balances (Deficit)	446	(1,411)	(28,823)	(2,549)	56	(32,281)
<u>FUND BALANCES - BEGINNING</u>	<u>3,349</u>	<u>3,391</u>	<u>64,538</u>	<u>10,065</u>	<u>26,796</u>	<u>108,139</u>
FUND BALANCES - ENDING	<u>\$ 3,795</u>	<u>\$ 1,980</u>	<u>\$ 35,715</u>	<u>\$ 7,516</u>	<u>\$ 26,852</u>	<u>\$ 75,858</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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Municipal Court Revenue	\$ 1,600	\$ 1,600	\$ 1,102	\$ (498)
Interest Income	<u>200</u>	<u>200</u>	<u>3</u>	<u>(197)</u>
Total Revenue	<u>1,800</u>	<u>1,800</u>	<u>1,105</u>	<u>(695)</u>
<u>EXPENDITURES</u>				
Travel and Training	100	100	-	100
Operational Costs	<u>650</u>	<u>650</u>	<u>659</u>	<u>(9)</u>
Total Expenditures	<u>750</u>	<u>750</u>	<u>659</u>	<u>91</u>
Net Change in Fund Balance	<u>\$ 1,050</u>	<u>\$ 1,050</u>	446	<u>\$ (604)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>3,349</u>	
<u>FUND BALANCE AT SEPTEMBER 30, 2010</u>			<u>\$ 3,795</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, 2010

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>REVENUE</u>				
Municipal Court Revenue	\$ 2,100	\$ 2,100	\$ 1,473	\$ (627)
Interest Income	<u>1</u>	<u>1</u>	-	<u>(1)</u>
Total Revenue	<u>2,101</u>	<u>2,101</u>	<u>1,473</u>	<u>(628)</u>
<u>EXPENDITURES</u>				
Capital Outlay	-	-	1,625	(1,625)
Operational Costs	<u>2,158</u>	<u>2,158</u>	<u>1,259</u>	<u>899</u>
Total Expenditures			2,884	(726)
Net Change in Fund Balance (Deficit)	<u>\$ (57)</u>	<u>\$ (57)</u>	(1,411)	<u>\$ (1,354)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>3,391</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$ 1,980</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
VENUE SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

	<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	\$ 38,400	\$ 38,400	\$ 31,079	\$ (7,321)
Interest Income	<u>182</u>	<u>182</u>	<u>98</u>	<u>(84)</u>
Total Revenue	<u>38,582</u>	<u>38,582</u>	<u>31,177</u>	<u>(7,405)</u>
<u>EXPENDITURES</u>				
Fire Department Services	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$(21,418)</u>	<u>\$(21,418)</u>	(28,823)	<u>\$ (7,405)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>64,538</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$35,715</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

	<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>162,930</u>	<u>162,930</u>	<u>162,930</u>	<u>-</u>
Total Revenue	<u>162,931</u>	<u>162,931</u>	<u>162,930</u>	<u>(1)</u>
<u>EXPENDITURES</u>				
Debt Service Fees	725	725	725	-
Interest Expense	72,205	72,205	72,205	-
Principal Payment	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Total Expenditures	<u>162,930</u>	<u>162,930</u>	<u>162,930</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	-	<u>\$ (1)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>8</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$ 8</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, 2010

	<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	\$ 2,500	\$ 2,500	\$ 2,558	\$ 58
Interest Income	<u>400</u>	<u>400</u>	<u>74</u>	<u>(326)</u>
Total Revenue	<u>2,900</u>	<u>2,900</u>	<u>2,632</u>	<u>(268)</u>
<u>EXPENDITURES</u>				
Travel, Training and Professional Dues	1,200	1,200	3,868	(2,668)
Supplies and Materials	<u>1,200</u>	<u>1,200</u>	<u>1,313</u>	<u>(113)</u>
Total Expenditures	<u>2,400</u>	<u>2,400</u>	<u>5,181</u>	<u>(2,781)</u>
Net Change in Fund Balance (Deficit)	<u>\$ 500</u>	<u>\$ 500</u>	(2,549)	<u>\$ (3,049)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>10,065</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$ 7,516</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
CAPITAL PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

	<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	\$ 250	\$ 250	\$ 56	\$ (194)
<u>EXPENDITURES</u>				
Capital Outlay	-	-	-	-
Net Change in Fund Balance	<u>\$ 250</u>	<u>\$ 250</u>	56	<u>\$ (194)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>26,796</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$ 26,852</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, 2010

	<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	\$ 136,000	\$ 136,000	\$ 123,811	\$ (12,189)
Interest Income	<u>5,454</u>	<u>5,454</u>	<u>452</u>	<u>(5,002)</u>
Total Revenue	<u>141,454</u>	<u>141,454</u>	<u>124,263</u>	<u>(17,191)</u>
<u>EXPENDITURES</u>				
Operational Costs	70	70	4,532	(4,462)
Contribution to General Fund	10,000	10,000	10,000	-
Contribution to Debt Service Fund	<u>162,930</u>	<u>162,930</u>	<u>162,930</u>	<u>-</u>
Total Expenditures	<u>173,000</u>	<u>173,000</u>	<u>177,462</u>	<u>(4,462)</u>
Net Change in Fund Balance (Deficit)	<u>\$ (31,546)</u>	<u>\$ (31,546)</u>	(53,199)	<u>\$ (21,653)</u>
<u>FUND BALANCE AT OCTOBER 1, 2009</u>			<u>320,160</u>	
FUND BALANCE AT SEPTEMBER 30, 2010			<u>\$ 266,961</u>	

ADDITIONAL INFORMATION
(All Governmental Funds Combined with EDC)

CITY OF HILL COUNTRY VILLAGE, TEXAS
BALANCE SHEET - ALL FUNDS
SEPTEMBER 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u> <u>ACTUAL</u>	<u>2009</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>ASSETS</u>			
Cash	\$2,687,766	\$2,637,660	\$ 50,106
Receivables			
Taxes	1,274	2,588	(1,314)
Accounts and Other	<u>181,335</u>	<u>178,355</u>	<u>2,980</u>
 TOTAL ASSETS	 <u>\$2,870,375</u>	 <u>\$2,818,603</u>	 <u>\$ 51,772</u>
 <u>LIABILITIES</u>			
Accounts Payable	\$ 40,574	\$ 68,382	\$ (27,808)
Accrued Salaries	15,331	13,670	1,661
Compensated Absences	73,360	78,250	(4,890)
Deferred Revenue	<u>53,173</u>	<u>53,428</u>	<u>(255)</u>
Total Liabilities	<u>182,438</u>	<u>213,730</u>	<u>(31,292)</u>
 <u>FUND BALANCES</u>			
Reserved for Special Revenue	49,006	81,343	(32,337)
Unreserved, Designated	940,526	818,647	121,879
Unreserved, Undesignated	<u>1,698,405</u>	<u>1,704,883</u>	<u>(6,478)</u>
Total Fund Balances	<u>2,687,937</u>	<u>2,604,873</u>	<u>83,064</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$2,870,375</u>	 <u>\$2,818,603</u>	 <u>\$ 51,772</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
ALL FUNDS
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
PRIOR YEAR AND CURRENT YEAR
YEAR ENDED SEPTEMBER 30, 2010

	<u>2010</u> <u>ACTUAL</u>	<u>2009</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>REVENUE</u>			
Taxes	\$1,311,986	\$1,399,200	\$ (87,214)
Franchise Fees	130,665	125,303	5,362
Interest Income	5,807	19,146	(13,339)
Municipal Court	37,119	48,913	(11,794)
Other	<u>304,396</u>	<u>143,350</u>	<u>161,046</u>
Total Revenue	<u>1,789,973</u>	<u>1,735,912</u>	<u>54,061</u>
<u>EXPENDITURES</u>			
Personnel Services	754,615	766,213	(11,598)
Travel, Training and Professional Dues	5,138	1,717	3,421
Operational Costs	340,100	211,179	128,921
Supplies and Materials	65,059	62,012	3,047
Capital Expenditures and Projects	60,521	28,973	31,548
Fire Department Services	303,984	338,558	(34,574)
Debt Service			
Principal	90,000	85,000	5,000
Interest	<u>72,205</u>	<u>78,330</u>	<u>(6,125)</u>
Total Expenditures	<u>1,691,622</u>	<u>1,571,982</u>	<u>119,640</u>
Net Change in Fund Balances	98,351	163,930	(65,579)
<u>BEGINNING FUND BALANCES</u>	<u>2,604,873</u>	<u>2,440,943</u>	<u>163,930</u>
 ENDING FUND BALANCES	 <u>\$2,703,224</u>	 <u>\$2,604,873</u>	 <u>\$ 98,351</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
 ALL FUNDS
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2010

	ACTUAL	BUDGET	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes	\$1,311,986	\$1,401,905	\$ (89,919)
Franchise Fees	130,665	104,104	26,561
Interest Income	5,807	23,578	(17,771)
Municipal Court	37,119	45,700	(8,581)
Other	304,396	129,280	175,116
Total Revenue	<u>1,789,973</u>	<u>1,704,567</u>	<u>85,406</u>
<u>EXPENDITURES</u>			
Personnel Services	754,615	765,411	10,796
Travel, Training and Professional Dues	5,138	2,630	(2,508)
Operational Costs	340,100	440,421	100,321
Supplies and Materials	65,059	65,660	601
Capital Expenditures and Projects	60,521	87,000	26,479
Fire Department Services	303,984	317,770	13,786
Merit Pool	-	20,000	20,000
Debt Service			
Principal	90,000	90,000	-
Interest	72,205	72,205	-
Total Expenditures	<u>1,691,622</u>	<u>1,861,097</u>	<u>169,475</u>
Net Change in Fund Balance	98,351	(156,530)	<u>\$ 254,881</u>
<u>BEGINNING FUND BALANCE</u>	<u>2,604,873</u>	<u>2,440,943</u>	
ENDING FUND BALANCE	<u>\$2,703,224</u>	<u>\$2,284,413</u>	