

CITY OF HILL COUNTRY VILLAGE, TEXAS

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2011

ANNUAL FINANCIAL REPORT
of the
CITY OF HILL COUNTRY VILLAGE, TEXAS
YEAR ENDED SEPTEMBER 30, 2011

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

JAMES ALLEN

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L.C.

CERTIFIED PUBLIC ACCOUNTANTS
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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, 2011, 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, 2011 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 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 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, Ludwig, Tosta & Young, L.L.C.
Certified Public Accountants

San Antonio, Texas

January 19, 2012

CITY OF HILL COUNTRY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011

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, 2011. 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 \$3,241,361 (net assets) for the fiscal year reported. This compares to the previous year when assets exceed liabilities by \$3,108,657.
 1. Net assets of \$647,314 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 assets of \$20,823 are restricted by constraints imposed by internal and external sources such as grantors, laws, and regulations.
 3. Unrestricted net assets of \$2,573,224 represent 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 \$2,552,831, an increase of \$116,568 over the September 30, 2010 fund balance of \$2,436,263.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,423,986 or 106% of the total general fund expenditures.
- The City's total debt decreased by \$100,000 or 7.84% 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.

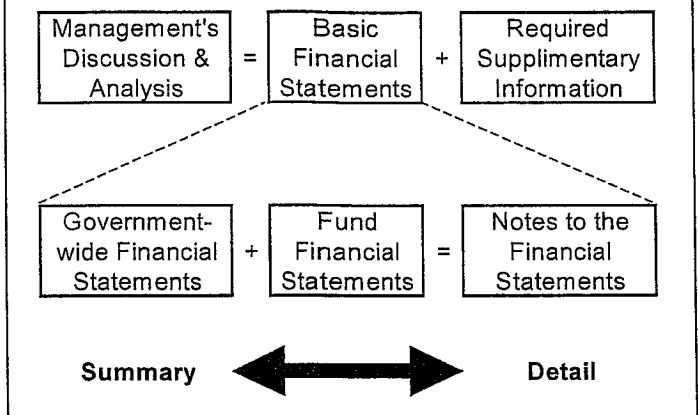
Government-Wide Financial Statements

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.

Figure A-1
Required Components of
City's Annual Financial Report



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 nonmajor 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 29 through 38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets at fiscal year end are \$3,461,865. This is an \$86,247 increase over last year's net assets of \$3,375,618. 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
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	
ASSETS							
Current and Other Assets	\$ 2,716,832	\$2,603,413	\$220,504	\$266,961	\$2,937,336	\$2,870,374	\$ 66,962
Capital Assets	<u>1,822,314</u>	<u>1,910,822</u>	-	-	<u>1,822,314</u>	<u>1,910,822</u>	<u>(88,508)</u>
TOTAL ASSETS	<u>4,539,146</u>	<u>4,514,235</u>	<u>220,504</u>	<u>266,961</u>	<u>4,759,650</u>	<u>4,781,196</u>	<u>(21,546)</u>
LIABILITIES							
Current Liabilities	185,001	187,025	-	-	185,001	187,025	(2,024)
Noncurrent Liabilities	<u>1,112,784</u>	<u>1,218,553</u>	-	-	<u>1,112,784</u>	<u>1,218,553</u>	<u>(105,769)</u>
TOTAL LIABILITIES	<u>1,297,785</u>	<u>1,405,578</u>	-	-	<u>1,297,785</u>	<u>1,405,578</u>	<u>(107,793)</u>
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	647,314	635,822	-	-	647,314	635,822	11,492
Restricted	20,823	49,006	-	-	20,823	49,006	(28,183)
Unrestricted	<u>2,573,224</u>	<u>2,423,829</u>	<u>220,504</u>	<u>266,961</u>	<u>2,793,728</u>	<u>2,690,790</u>	<u>102,938</u>
TOTAL NET ASSETS	<u>\$ 3,241,361</u>	<u>\$3,108,657</u>	<u>\$220,504</u>	<u>\$266,961</u>	<u>\$3,461,865</u>	<u>\$3,375,618</u>	<u>\$ 86,247</u>

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 2010-11.

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 an increase in governmental revenues of \$62,813, or 3.51% while expenses increased a total of \$131,908, or 8.07%. The following provides a summary of the City's changes in net assets for the year ended September 30:

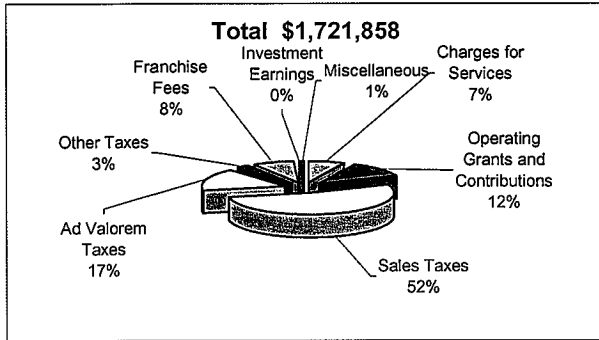
Table 2 - Summary of Changes In Net Assets

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2010-2011	2009-2010	2010-2011	2009-10	2010-2011	2009-10		
REVENUES								
Program Revenues								
Charges for Services	\$ 121,949	\$ 143,442	\$ -	\$ -	\$ 121,949	\$ 143,442	\$ (21,493)	(14.98)%
Operating Grants and Contributions	201,641	175,488	-	-	201,641	175,488	26,153	14.90
Taxes								
Sales	913,061	866,677	130,437	123,811	1,043,498	990,488	53,010	5.35
Ad Valorem	286,777	277,202	-	-	286,777	277,202	9,575	3.45
Venue Tax	34,405	31,079	-	-	34,405	31,079	3,326	10.70
Liquor Tax	11,643	11,902	-	-	11,643	11,902	(259)	(2.18)
Franchise Fees	136,611	130,665	-	-	136,611	130,665	5,946	4.55
Investment Earnings	3,902	5,355	236	452	4,138	5,807	(1,669)	(28.74)
Miscellaneous	11,869	23,645	-	-	11,869	23,645	(11,776)	(49.80)
Total Revenues	<u>1,721,858</u>	<u>1,665,455</u>	<u>130,673</u>	<u>124,263</u>	<u>1,852,531</u>	<u>1,789,718</u>	<u>62,813</u>	<u>3.51</u>
EXPENSES								
General Government	341,718	307,734	-	-	341,718	307,734	33,984	11.04
Fire Department Services	341,142	305,297	-	-	341,142	305,297	35,845	11.74
Public Works	109,013	110,179	-	-	109,013	110,179	(1,166)	(1.06)
Police Department	731,538	662,949	-	-	731,538	662,949	68,589	10.35
Interest and Other Fees	65,743	70,755	-	-	65,743	70,755	(5,012)	(7.08)
Component Unit	-	-	177,130	177,462	177,130	177,462	(332)	(0.19)
Total Expenses	<u>1,589,154</u>	<u>1,456,914</u>	<u>177,130</u>	<u>177,462</u>	<u>1,766,284</u>	<u>1,634,376</u>	<u>131,908</u>	<u>8.07</u>
Change in Net Assets	132,704	208,541	(46,457)	(53,199)	86,247	155,342	(69,095)	(50.15)
BEGINNING 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>
ENDING NET ASSETS	<u>\$3,241,361</u>	<u>\$3,108,657</u>	<u>\$220,504</u>	<u>\$266,961</u>	<u>\$3,461,865</u>	<u>\$3,375,618</u>	<u>\$ 86,247</u>	<u>2.29%</u>

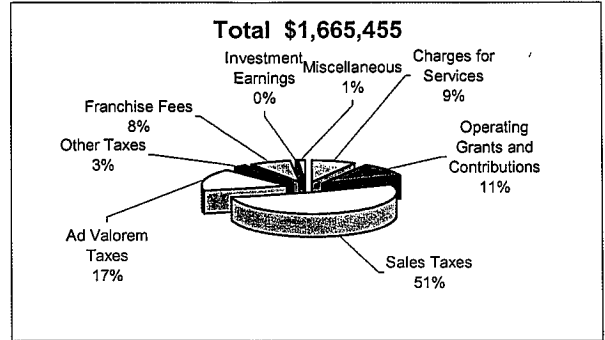
Graphic presentations of selected data from the summary table above follow to assist in the analysis of the City's activities for fiscal years 2011 and 2010.

Governmental Revenues

2011



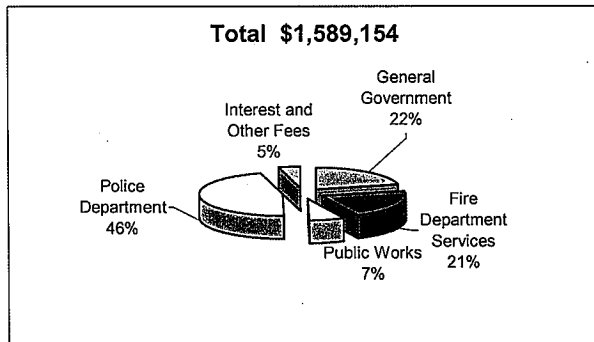
2010



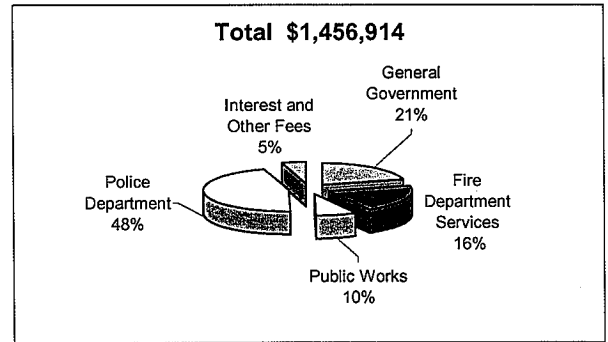
As shown in the summary data on the previous page, the City is heavily reliant on various taxes and franchise fees to support governmental operations. Taxes accounted for 72% and 71% of the City's total governmental revenues in fiscal years 2011 and 2010, respectively. The majority of franchise fees are received from CPS Energy, Time Warner Cable, and AT&T.

Governmental Functional Expenses

2011



2010



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

FUND FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2011, the City's governmental funds reported combined fund balances of \$2,552,831. Of this year-end total approximately \$1,423,994 is unassigned, indicating availability for continuing city service requirements. Restricted fund balance is \$20,823 and is restricted to the individual purposes of the various special revenue

funds such as court technology and court security. Committed fund balances include: \$985,963 for the replacement of capital assets and \$122,051 committed to the replacement of vehicles.

The total ending fund balance of governmental funds shows an increase of \$116,568 over last year's combined fund balance of \$2,436,263. 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, 2011, totaled \$1,822,314, 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	%
	2010-2011	2009-2010	CHANGE	CHANGE
Land	\$ 829,875	\$ 829,875	\$ -	0.00%
Streets	775,905	855,747	(79,842)	(9.33)
Signs	18,510	20,271	(1,761)	(8.69)
Improvements Other than Buildings	679	815	(136)	(16.69)
Buildings	77,192	82,707	(5,515)	(6.67)
Automobiles	93,002	110,348	(17,346)	(15.72)
Machinery and Equipment	27,151	11,059	16,092	145.51
TOTALS	\$1,822,314	\$1,910,822	\$ (88,508)	(4.63)%

During the fiscal 2010-2011 the City's capital asset carrying value decreased a net amount of \$88,508. This amount includes depreciation expense \$110,508 and a purchase of three air conditioning units in the amount of \$22,000. 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 2012 and 2020. See Note 6 for more information.

Table 4—Long-Term Debt Outstanding

	FISCAL YEAR		AMOUNT	%
	<u>2010-2011</u>	<u>2019-2010</u>	<u>CHANGE</u>	<u>CHANGE</u>
General Obligation Bonds - Principal	\$1,175,000	\$1,275,000	\$(100,000)	(7.84)%
General Obligation Bonds - Interest	<u>306,155</u>	<u>372,560</u>	<u>(66,405)</u>	(17.8)
TOTALS	<u>\$1,481,155</u>	<u>\$1,647,560</u>	<u>\$(166,405)</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, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>COMPONENT UNIT</u>	<u>TOTAL REPORTING ENTITY</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 2,540,595	\$ 211,226	\$2,751,821
Receivables			
Taxes, Net	2,379	-	2,379
Accounts and Other	173,858	9,278	183,136
Total Current Assets	<u>2,716,832</u>	<u>220,504</u>	<u>2,937,336</u>
<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	109,037	-	109,037
Accumulated Depreciation	<u>(1,288,948)</u>	<u>-</u>	<u>(1,288,948)</u>
Total Noncurrent Assets	<u>1,822,314</u>	<u>-</u>	<u>1,822,314</u>
TOTAL ASSETS	<u>4,539,146</u>	<u>220,504</u>	<u>4,759,650</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	30,781	-	30,781
Accrued Salaries and Benefits	19,020	-	19,020
Compensated Absences	14,261	-	14,261
Current Portion of Long-Term Debt	105,000	-	105,000
Accrued Interest Payable	15,939	-	15,939
Total Current Liabilities	<u>185,001</u>	<u>-</u>	<u>185,001</u>
<u>NONCURRENT LIABILITIES</u>			
Compensated Absences	42,784	-	42,784
Long-Term Debt	1,070,000	-	1,070,000
Total Noncurrent Liabilities	<u>1,112,784</u>	<u>-</u>	<u>1,112,784</u>
TOTAL LIABILITIES	<u>1,297,785</u>	<u>-</u>	<u>1,297,785</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	647,314	-	647,314
Restricted for Special Revenue	20,823	-	20,823
Unreserved	<u>2,573,224</u>	<u>220,504</u>	<u>2,793,728</u>
TOTAL NET ASSETS	<u>\$ 3,241,361</u>	<u>\$ 220,504</u>	<u>\$3,461,865</u>

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011

<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	\$ 341,718	\$ 121,949	\$ 201,641	\$ -	\$ (18,128)	
Fire Department Services	341,142	-	-	-	(341,142)	
Public Works	109,013	-	-	-	(109,013)	
Police Department	731,538	-	-	-	(731,538)	
Interest and Other Fees	<u>65,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,743)</u>	
Total Primary						
Government	<u>\$1,589,154</u>	<u>\$121,949</u>	<u>\$ 201,641</u>	<u>\$ -</u>	<u>(1,265,564)</u>	
<u>Component Unit</u>	<u>\$ 177,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$(177,130)</u>
 <u>General Revenues</u>						
Taxes						
Sales					913,061	130,437
Ad Valorem					286,777	-
Venue Tax					34,405	-
Liquor Tax					11,643	-
Franchise Fees					136,611	-
Investment Earnings					3,902	236
Miscellaneous					<u>11,869</u>	<u>-</u>
Total General Revenues					<u>1,398,268</u>	<u>130,673</u>
Change in Net Assets					132,704	(46,457)
<u>NET ASSETS - BEGINNING</u>					<u>3,108,657</u>	<u>266,961</u>
<u>NET ASSETS - ENDING</u>					<u>\$ 3,241,361</u>	<u>\$ 220,504</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	<u>MAJOR FUNDS</u>			<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>ROAD MAINTENANCE</u>		
<u>ASSETS</u>					
Cash and Cash Equivalents	\$1,421,028	\$ 8	\$ 949,795	\$ 169,764	\$ 2,540,595
Receivables					
Taxes, Net	2,379	-	-	-	2,379
Accounts and Other	173,858	-	-	-	173,858
Due from Other Funds	-	-	9,278	-	9,278
	<u>-\$1,597,265</u>	<u>\$ 8</u>	<u>\$ 959,073</u>	<u>\$ 169,764</u>	<u>\$ 2,726,110</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 30,781	\$ -	\$ -	\$ -	\$ 30,781
Accrued Salaries and Benefits	19,020	-	-	-	19,020
Compensated Absences	57,045	-	-	-	57,045
Deferred Revenue	57,155	-	-	-	57,155
Due to Other Funds	9,278	-	-	-	9,278
Total Liabilities	<u>173,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,279</u>
<u>FUND BALANCES</u>					
Restricted for Special Revenue	-	-	-	20,823	20,823
Committed for:					
Capital Projects	-	-	959,073	26,890	985,963
Vehicle Replacement	-	-	-	122,051	122,051
Unassigned:					
General Fund	1,423,986	-	-	-	1,423,986
Debt Service	-	8	-	-	8
Total Fund Balances	<u>1,423,986</u>	<u>8</u>	<u>959,073</u>	<u>169,764</u>	<u>2,552,831</u>
	<u>\$1,597,265</u>	<u>\$ 8</u>	<u>\$ 959,073</u>	<u>\$ 169,764</u>	<u>\$ 2,726,110</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>					

CITY OF HILL COUNTRY VILLAGE, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$2,552,831
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		1,822,314
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		57,155
<p>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:</p>		
Bonds Payable	\$(1,175,000)	
Accrued Interest Payable	<u>(15,939)</u>	<u>(1,190,939)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		<u>\$3,241,361</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	<u>MAJOR FUNDS</u>			<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>ROAD MAINTENANCE</u>		
<u>REVENUE</u>					
Taxes					
Sales Taxes	\$ 782,624	\$ -	\$ 130,437	\$ -	\$ 913,061
Ad Valorem Taxes	285,672	-	-	-	285,672
Venue Tax	-	-	-	34,405	34,405
Liquor Tax	11,643	-	-	-	11,643
Franchise Fees	136,611	-	-	-	136,611
Municipal Court Revenues	31,389	-	-	2,252	33,641
Sewer Service Revenues	55,543	-	-	-	55,543
Licenses and Permits	29,888	-	-	-	29,888
Grants and Contributions	10,000	167,130	-	24,511	201,641
Interest	2,240	-	1,389	273	3,902
Other	<u>11,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,869</u>
Total Revenue	<u>1,357,479</u>	<u>167,130</u>	<u>131,826</u>	<u>61,441</u>	<u>1,717,876</u>
<u>EXPENDITURES</u>					
Current					
General and Administrative	285,171	725	-	3,902	289,798
Fire Department Services	281,142	-	-	60,000	341,142
Public Works	65,968	-	-	-	65,968
Police Department	712,435	-	-	3,560	715,995
Capital Outlay	-	-	-	22,000	22,000
Debt Service					
Principal	-	100,000	-	-	100,000
Interest	<u>-</u>	<u>66,405</u>	<u>-</u>	<u>-</u>	<u>66,405</u>
Total Expenditures	<u>1,344,716</u>	<u>167,130</u>	<u>-</u>	<u>89,462</u>	<u>1,601,308</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>12,763</u>	<u>-</u>	<u>131,826</u>	<u>(28,021)</u>	<u>116,568</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>(35,500)</u>
Total Other Financing Sources (Uses)	<u>(35,500)</u>	<u>-</u>	<u>-</u>	<u>35,500</u>	<u>-</u>
Net Change in Fund Balances	(22,737)	-	131,826	7,479	116,568
<u>FUND BALANCES - BEGINNING</u>	<u>1,446,723</u>	<u>8</u>	<u>827,247</u>	<u>162,285</u>	<u>2,436,263</u>
FUND BALANCES - ENDING	<u>\$1,423,986</u>	<u>\$ 8</u>	<u>\$ 959,073</u>	<u>\$ 169,764</u>	<u>\$ 2,552,831</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, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 116,568
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures (\$22,000). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$110,508). This is the amount by which depreciation expense exceeded capital outlays in the current period.	(88,508)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	3,982
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)	662
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.	<u>100,000</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 132,704</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 six (6) 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 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, 2011

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.

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, 2011

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, 2011

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, 2011

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 Balance

Beginning with fiscal year 2011, the City 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 prepaids) 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.

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2011, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
TexPool Investment Pool	\$ 523,603	-
MBIA Municipal Investors	<u>1,761,874</u>	-
TOTAL	<u>\$2,285,477</u>	-
Portfolio Weighted Average Maturity	-	

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

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 \$466,144 and the bank balance was \$460,078.

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	\$ 2,824	\$ 445	\$ 2,379

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

NOTE 3: RECEIVABLES (CONTINUED)

	<u>GENERAL</u>
Sales Taxes	\$ 76,321
Franchise Fees	33,531
Sewer Use Fees	4,703
Municipal Court Warrants	109,554
Other	<u>4,526</u>
Gross Receivables	228,635
Less: Allowance	<u>(54,777)</u>
 NET TOTAL RECEIVABLES	 <u>\$ 173,858</u>

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	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	<u>87,037</u>	<u>22,000</u>	<u>-</u>	<u>109,037</u>
Total Capital Assets, being Depreciated	<u>2,259,387</u>	<u>22,000</u>	<u>-</u>	<u>2,281,387</u>
Less: Accumulated Depreciation for				
Streets	741,100	79,842	-	820,942
Signs	14,953	1,761	-	16,714
Improvements Other than Buildings	32,752	136	-	32,888
Buildings	137,847	5,514	-	143,361
Furniture and Fixtures	6,613	-	-	6,613
Automobiles	133,748	17,347	-	151,095
Software	35,449	-	-	35,449
Machinery and Equipment	<u>75,978</u>	<u>5,908</u>	<u>-</u>	<u>81,886</u>
Total Accumulated Depreciation	<u>1,178,440</u>	<u>110,508</u>	<u>-</u>	<u>1,288,948</u>
Total Capital Assets, being Depreciated - Net	<u>1,080,947</u>	<u>(88,508)</u>	<u>-</u>	<u>992,439</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$1,910,822</u>	 <u>\$(88,508)</u>	 <u>\$ -</u>	 <u>\$1,822,314</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General and Administrative	\$ 51,920
Public Works	43,045
Police Department	<u>15,543</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$110,508</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, 2011, is as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Road Maintenance	General Fund	<u>\$9,278</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, 2011:

	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2010</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2011</u>	<u>AMOUNTS DUE IN ONE YEAR</u>
Governmental Activities							
General Obligation Bonds							
2000 Series	<u>\$2,000,000</u>	5-7%	<u>\$1,275,000</u>	<u>\$ -</u>	<u>\$100,000</u>	<u>\$1,175,000</u>	<u>\$105,000</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

NOTE 6: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2011, 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>
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	130,000	35,315	165,315
2017-2020	<u>595,000</u>	<u>63,586</u>	<u>658,586</u>
	<u>\$ 1,175,000</u>	<u>\$ 306,155</u>	<u>\$ 1,481,155</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, 2011

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, 2010 valuation is effective for rates beginning January 2012).

For 2011, the City's annual pension cost of \$30,548 was equal to the City's required and actual contributions. The actuarial assumptions included (a) 7.0% 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>2010</u>	<u>2009</u>	<u>2008</u>
Actuarial Valuation of Assets	\$1,062,600	\$894,885	\$802,280
Actuarial Accrued Liability	1,059,532	967,898	874,473
Percentage Funded	100.3%	92.5%	91.7%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	(3,068)	73,013	72,193
Annual Covered Payroll	625,748	617,856	610,895
UAAL as a Percentage of Covered Payroll	(0.49)%	11.8%	11.8%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Net Pension Cost:			
Annual Required Contribution (ARC)	30,548	29,473	38,513
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Contribution Made	30,548	29,473	38,513
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, 2011

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, 2011, 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, 2011

	<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	\$ 727,934	\$ 727,934	\$ 782,624	\$ 54,690
Ad Valorem Tax	286,753	286,753	285,672	(1,081)
Liquor Tax	11,000	11,000	11,643	643
Interest Income	4,000	4,000	2,240	(1,760)
Franchise Fees	119,800	119,800	136,611	16,811
Municipal Court Revenue	41,000	41,000	31,389	(9,611)
Sewer Use Fees	62,500	62,500	55,543	(6,957)
Permits	66,000	66,000	29,888	(36,112)
Miscellaneous Income	2,600	2,600	11,869	9,269
Contribution - Economic Development Corporation	10,000	10,000	10,000	-
Total Revenue	<u>1,331,587</u>	<u>1,331,587</u>	<u>1,357,479</u>	<u>25,892</u>
<u>EXPENDITURES</u>				
General and Administrative				
Personnel Services	135,206	135,206	141,559	(6,353)
Travel, Training, and Professional Dues	970	970	1,766	(796)
Operational Costs	113,181	113,181	131,036	(17,855)
Supplies and Materials	<u>9,300</u>	<u>9,300</u>	<u>10,810</u>	<u>(1,510)</u>
Total General and Administrative	<u>258,657</u>	<u>258,657</u>	<u>285,171</u>	<u>(26,514)</u>
Fire Department Services	<u>281,130</u>	<u>281,130</u>	<u>281,142</u>	<u>(12)</u>
Police				
Personnel Services	615,193	615,193	617,172	(1,979)
Travel, Training, and Professional Dues	1,025	1,025	940	85
Operational Costs	25,491	25,491	25,233	258
Supplies and Materials	<u>44,600</u>	<u>44,600</u>	<u>69,090</u>	<u>(24,490)</u>
Total Police	<u>686,309</u>	<u>686,309</u>	<u>712,435</u>	<u>(26,126)</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, 2011

	<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	\$ 43,032	\$ 43,032	\$ 44,579	\$ (1,547)
Operational Costs	10,800	10,800	11,060	(260)
Supplies and Materials	<u>13,385</u>	<u>13,385</u>	<u>10,329</u>	<u>3,056</u>
Total Public Works	<u>67,217</u>	<u>67,217</u>	<u>65,968</u>	<u>1,249</u>
 Total Expenditures	 <u>1,293,313</u>	 <u>1,293,313</u>	 <u>1,344,716</u>	 <u>(51,403)</u>
Excess of Revenue Over Expenditures	38,274	38,274	12,763	(25,511)
<u>OTHER FINANCING SOURCE (USES)</u>				
Merit Pool	(2,774)	(2,774)	-	2,774
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>\$ -</u>	 <u>\$ -</u>	 <u>(22,737)</u>	 <u>\$(22,737)</u>
 <u>FUND BALANCE AT OCTOBER 1, 2010</u>			 <u>1,446,723</u>	
 FUND BALANCE AT SEPTEMBER 30, 2011			 <u>\$1,423,986</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, 2011

	<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>167,130</u>	<u>167,130</u>	<u>167,130</u>	<u>-</u>
Total Revenue	<u>167,131</u>	<u>167,131</u>	<u>167,130</u>	<u>(1)</u>
<u>EXPENDITURES</u>				
Debt Service Fees	725	725	725	-
Interest Expense	66,405	66,405	66,405	-
Principal Payment	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Expenditures	<u>167,130</u>	<u>167,130</u>	<u>167,130</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	-	<u>\$ (1)</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>8</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$ 8</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, 2011

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Sales Taxes	\$ 136,000	\$ 136,000	\$130,437	\$ (5,563)
Interest Income	<u>5,440</u>	<u>5,440</u>	<u>1,389</u>	<u>(4,051)</u>
Total Revenue	<u>\$ 141,440</u>	<u>\$ 141,440</u>	131,826	<u>\$ (9,614)</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>827,247</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$959,073</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011

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.

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

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.

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, 2011

	<u>SPECIAL REVENUE FUNDS</u>					<u>CAPITAL PROJECT FUNDS</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>JUDICIAL EFFICIENCY FUND</u>	<u>VEHICLE REPLACEMENT FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
<u>ASSETS</u>								
Cash and Cash Equivalents	<u>\$ 4,051</u>	<u>\$ 1,944</u>	<u>\$ 10,177</u>	<u>\$ 4,611</u>	<u>\$ 40</u>	<u>\$ 122,051</u>	<u>\$ 26,890</u>	<u>\$ 169,764</u>
<u>FUND BALANCES</u>								
Restricted for:								
Court Security	\$ 4,051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,051
Court Technology	-	1,944	-	-	-	-	-	1,944
Venue	-	-	10,177	-	-	-	-	10,177
Grants	-	-	-	4,611	-	-	-	4,611
Judicial Efficiency	-	-	-	-	40	-	-	40
Committed for:								
Vehicle Replacement	-	-	-	-	-	122,051	-	122,051
Capital Projects	-	-	-	-	-	-	26,890	26,890
Total Fund Balances	<u>\$ 4,051</u>	<u>\$ 1,944</u>	<u>\$ 10,177</u>	<u>\$ 4,611</u>	<u>\$ 40</u>	<u>\$ 122,051</u>	<u>\$ 26,890</u>	<u>\$ 169,764</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	SECURITY FUND	TECHNOLOGY FUND	VENUE TAX FUND	GRANT FUND	JUDICIAL EFFICIENCY FUND	VEHICLE REPLACEMENT FUND		CAPITAL PROJECTS FUND
REVENUE								
Taxes	\$ -	\$ -	\$ 34,405	\$ -	\$ -	\$ -	\$ -	\$ 34,405
Municipal Court Revenue	948	1,264	-	-	40	-	-	2,252
Grants	-	-	-	24,511	-	-	-	24,511
Interest	3	-	57	51	-	124	38	273
Total Revenue	<u>951</u>	<u>1,264</u>	<u>34,462</u>	<u>24,562</u>	<u>40</u>	<u>124</u>	<u>38</u>	<u>61,441</u>
EXPENDITURES								
Fire Department Services	-	-	60,000	-	-	-	-	60,000
Supplies and Materials	-	-	-	3,902	-	-	-	3,902
Police Department	695	1,300	-	1,565	-	-	-	3,560
Capital Outlay	-	-	-	22,000	-	-	-	22,000
Total Expenditures	<u>695</u>	<u>1,300</u>	<u>60,000</u>	<u>27,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,462</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	256	(36)	(25,538)	(2,905)	40	124	38	(28,021)
OTHER FINANCING SOURCES								
Transfers In	-	-	-	-	-	35,500	-	35,500
Net Change in Fund Balances	256	(36)	(25,538)	(2,905)	40	35,624	38	7,479
FUND BALANCES - BEGINNING	<u>3,795</u>	<u>1,980</u>	<u>35,715</u>	<u>7,516</u>	<u>-</u>	<u>86,427</u>	<u>26,852</u>	<u>162,285</u>
FUND BALANCES - ENDING	<u>\$ 4,051</u>	<u>\$ 1,944</u>	<u>\$ 10,177</u>	<u>\$ 4,611</u>	<u>\$ 40</u>	<u>\$ 122,051</u>	<u>\$ 26,890</u>	<u>\$ 169,764</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, 2011

	<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	\$ 948	\$ (652)
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>951</u>	<u>(849)</u>
<u>EXPENDITURES</u>				
Travel and Training	100	100	-	100
Operational Costs	<u>650</u>	<u>650</u>	<u>695</u>	<u>(45)</u>
Total Expenditures	<u>750</u>	<u>750</u>	<u>695</u>	<u>55</u>
Net Change in Fund Balance	<u>\$ 1,050</u>	<u>\$ 1,050</u>	256	<u>\$ (794)</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>3,795</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$ 4,051</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, 2011

	<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	\$ 2,100	\$ 2,100	\$ 1,264	\$ (836)
Interest Income	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total Revenue	<u>2,101</u>	<u>2,101</u>	<u>1,264</u>	<u>(837)</u>
<u>EXPENDITURES</u>				
Operational Costs	<u>1,300</u>	<u>1,300</u>	<u>1,300</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 801</u>	<u>\$ 801</u>	(36)	<u>\$ (837)</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>1,980</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$ 1,944</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, 2011

	<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	\$ 34,405	\$ (2,075)
Interest Income	<u>182</u>	<u>182</u>	<u>57</u>	<u>(125)</u>
Total Revenue	<u>36,662</u>	<u>36,662</u>	<u>34,462</u>	<u>(2,200)</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>\$(23,338)</u>	<u>\$(23,338)</u>	<u>(25,538)</u>	<u>\$(2,200)</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>35,715</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$10,177</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, 2011

	<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>				
Grant Income	\$ 2,500	\$ 2,500	\$ 24,511	\$ 22,011
Interest Income	<u>400</u>	<u>400</u>	<u>51</u>	<u>(349)</u>
Total Revenue	<u>2,900</u>	<u>2,900</u>	<u>24,562</u>	<u>21,662</u>
<u>EXPENDITURES</u>				
Travel, Training and Professional Dues	1,200	1,200	1,565	(365)
Supplies and Materials	1,200	1,200	3,902	(2,702)
Capital Outlay	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>(22,000)</u>
Total Expenditures	<u>2,400</u>	<u>2,400</u>	<u>27,467.</u>	<u>(25,067)</u>
Net Change in Fund Balance	<u>\$ 500</u>	<u>\$ 500</u>	(2,905)	<u>\$ (3,405)</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>7,516</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$ 4,611</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, 2011

	<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	\$ 650	\$ 650	\$ 124	\$ (526)
<u>EXPENDITURES</u>				
Capital Outlay	87,000	87,000	-	87,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,350)	(86,350)	124	86,474
<u>OTHER SOURCES</u>				
Transfer In	35,500	35,500	35,500	-
Net Change in Fund Balance	<u>\$(50,850)</u>	<u>\$(50,850)</u>	35,624	<u>\$ 86,474</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>86,427</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$122,051</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, 2011

	<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	\$ 38	\$ (212)
<u>EXPENDITURES</u>				
Capital Outlay	-	-	-	-
Net Change in Fund Balance	<u>\$ 250</u>	<u>\$ 250</u>	38	<u>\$ (212)</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>26,852</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$ 26,890</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, 2011

	<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	\$ 120,000	\$ 120,000	\$ 130,437	\$ 10,437
Interest Income	<u>2,510</u>	<u>2,510</u>	<u>236</u>	<u>(2,274)</u>
Total Revenue	<u>122,510</u>	<u>122,510</u>	<u>130,673</u>	<u>8,163</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>167,130</u>	<u>167,130</u>	<u>167,130</u>	<u>-</u>
Total Expenditures	<u>177,200</u>	<u>177,200</u>	<u>177,130</u>	<u>70</u>
Net Change in Fund Balance	<u>\$ (54,690)</u>	<u>\$ (54,690)</u>	(46,457)	<u>\$ 8,233</u>
<u>FUND BALANCE AT OCTOBER 1, 2010</u>			<u>266,961</u>	
FUND BALANCE AT SEPTEMBER 30, 2011			<u>\$ 220,504</u>	

ADDITIONAL INFORMATION
(All Governmental Funds Combined with EDC)

CITY OF HILL COUNTRY VILLAGE, TEXAS
BALANCE SHEET - ALL FUNDS
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR 2010)

	<u>2011</u> <u>ACTUAL</u>	<u>2010</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>ASSETS</u>			
Cash	\$2,751,821	\$2,687,766	\$ 64,055
Receivables			
Taxes	2,379	1,274	1,105
Accounts and Other	<u>183,136</u>	<u>181,335</u>	<u>1,801</u>
TOTAL ASSETS	<u>\$2,937,336</u>	<u>\$2,870,375</u>	<u>\$ 66,961</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 30,781	\$ 40,574	\$ (9,793)
Accrued Salaries	19,020	15,331	3,689
Compensated Absences	57,045	73,360	(16,315)
Deferred Revenue	<u>57,155</u>	<u>53,173</u>	<u>3,982</u>
Total Liabilities	<u>164,001</u>	<u>182,438</u>	<u>(18,437)</u>
<u>FUND BALANCES</u>			
Restricted for Special Revenue	20,823	49,006	(28,183)
Committed for Capital	1,108,014	940,526	45,437
Unassigned	<u>1,644,498</u>	<u>1,698,405</u>	<u>(62,719)</u>
Total Fund Balances	<u>2,773,335</u>	<u>2,687,937</u>	<u>85,398</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$2,937,336</u>	<u>\$2,870,375</u>	<u>\$ 66,961</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, 2011

	<u>2011</u> <u>ACTUAL</u>	<u>2010</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>REVENUE</u>			
Taxes	\$1,375,218	\$1,311,986	\$ 63,232
Franchise Fees	136,611	130,665	5,946
Interest Income	4,138	5,807	(1,669)
Municipal Court	33,641	37,119	(3,478)
Other	<u>298,941</u>	<u>304,396</u>	<u>(5,455)</u>
Total Revenue	<u>1,848,549</u>	<u>1,789,973</u>	<u>58,576</u>
<u>EXPENDITURES</u>			
Personnel Services	803,310	754,615	48,695
Travel, Training and Professional Dues	4,271	5,138	(867)
Operational Costs	347,179	340,100	7,079
Supplies and Materials	94,131	65,059	29,072
Capital Expenditures and Projects	22,000	60,521	(38,521)
Fire Department Services	341,142	303,984	37,158
Debt Service			
Principal	100,000	90,000	10,000
Interest	<u>66,405</u>	<u>72,205</u>	<u>(5,800)</u>
Total Expenditures	<u>1,778,438</u>	<u>1,691,622</u>	<u>86,816</u>
Net Change in Fund Balances	70,111	98,351	(28,240)
<u>BEGINNING FUND BALANCES</u>	<u>2,703,224</u>	<u>2,604,873</u>	<u>98,351</u>
ENDING FUND BALANCES	<u>\$2,773,335</u>	<u>\$2,703,224</u>	<u>\$ 70,111</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
ALL FUNDS
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes	\$1,375,218	\$1,318,167	\$ 57,051
Franchise Fees	136,611	119,800	16,811
Interest Income	4,138	13,634	(9,496)
Municipal Court	33,641	44,700	(11,059)
Other	<u>298,941</u>	<u>310,730</u>	<u>(11,789)</u>
Total Revenue	<u>1,848,549</u>	<u>1,807,031</u>	<u>41,518</u>
<u>EXPENDITURES</u>			
Personnel Services	803,310	793,431	(9,879)
Travel, Training and Professional Dues	4,271	3,295	(976)
Operational Costs	347,179	329,347	(17,832)
Supplies and Materials	94,131	68,485	(25,646)
Capital Expenditures and Projects	22,000	87,000	65,000
Fire Department Services	341,142	341,130	(12)
Merit Pool	-	2,774	2,774
Debt Service			
Principal	100,000	100,000	-
Interest	<u>66,405</u>	<u>66,405</u>	<u>-</u>
Total Expenditures	<u>1,778,438</u>	<u>1,791,867</u>	<u>13,429</u>
Net Change in Fund Balance	70,111	(15,209)	<u>\$ 46,091</u>
<u>BEGINNING FUND BALANCE</u>	<u>2,703,224</u>	<u>2,703,224</u>	
ENDING FUND BALANCE	<u>\$2,773,335</u>	<u>\$2,688,015</u>	