

CITY OF HILL COUNTRY VILLAGE, TEXAS

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2012

ANNUAL FINANCIAL REPORT
of the
CITY OF HILL COUNTRY VILLAGE, TEXAS
YEAR ENDED SEPTEMBER 30, 2012

OFFICIALS:

MAYOR

GABRIEL DURAND-HOLLIS

CITY COUNCIL MEMBERS

MAYOR PRO TEMPORE/PLACE 1

CARL REGISTER

PLACE 2

JANE CRONK

PLACE 3

ELIZABETH WORLEY

PLACE 4

GEORGE F. EVANS

PLACE 5

JAMES ALLEN

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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, 2012, 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 amount 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, 2012 and the respective changes in financial position, 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 as a whole. The additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Alonzo, Bacarisse, Irvine & Palmer, P.C.

Certified Public Accountants

San Antonio, Texas

January 17, 2013

CITY OF HILL COUNTRY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

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, 2012. 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 \$3,392,925 (net assets) for the fiscal year reported. This compares to the previous year when assets exceed liabilities by \$3,241,361.
 1. Net assets of \$700,336 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 \$21,698 are restricted by constraints imposed by internal and external sources such as grantors, laws, and regulations.
 3. Unrestricted net assets of \$2,670,891 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 \$2,647,964, an increase of \$95,133 over the September 30, 2011 fund balance of \$2,552,831.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,422,070 or 109% of the total general fund expenditures.
- The City's total debt decreased by \$105,000 or 8.94% 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.

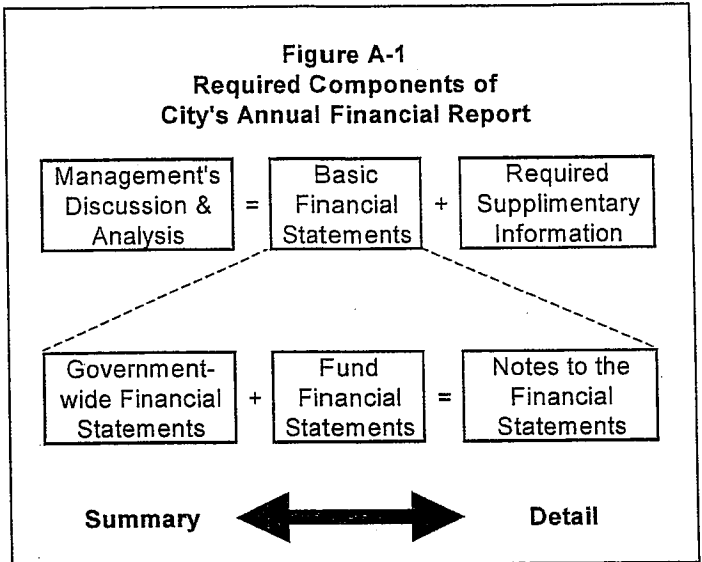
The basic financial statements, as represented by figure A-1 on the following page, include two types of statements that present different views of the City, government-wide financial statements and fund financial statements.

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 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 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets at fiscal year end are \$3,565,569. This is an \$103,704 increase over last year's net assets of \$3,461,865. 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
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	
ASSETS							
Current and Other Assets	\$ 2,819,375	\$ 2,716,832	\$ 172,644	\$ 220,504	\$ 2,992,019	\$ 2,937,336	\$ 54,683
Capital Assets	<u>1,770,336</u>	<u>1,822,314</u>	-	-	<u>1,770,336</u>	<u>1,822,314</u>	<u>(51,978)</u>
TOTAL ASSETS	<u>4,589,711</u>	<u>4,539,146</u>	<u>172,644</u>	<u>220,504</u>	<u>4,762,355</u>	<u>4,759,650</u>	<u>2,705</u>
LIABILITIES							
Current Liabilities	192,976	185,001	-	-	192,976	185,001	7,975
Noncurrent Liabilities	<u>1,003,810</u>	<u>1,112,784</u>	-	-	<u>1,003,810</u>	<u>1,112,784</u>	<u>(108,974)</u>
TOTAL LIABILITIES	<u>1,196,786</u>	<u>1,297,785</u>	-	-	<u>1,196,786</u>	<u>1,297,785</u>	<u>(100,999)</u>
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	700,336	647,314	-	-	700,336	647,314	53,022
Restricted	21,698	20,823	-	-	21,698	20,823	875
Unassigned	<u>2,670,891</u>	<u>2,573,224</u>	<u>172,644</u>	<u>220,504</u>	<u>2,843,535</u>	<u>2,793,728</u>	<u>49,807</u>
TOTAL NET ASSETS	<u>\$ 3,392,925</u>	<u>\$ 3,241,361</u>	<u>\$ 172,644</u>	<u>\$ 220,504</u>	<u>\$ 3,565,569</u>	<u>\$ 3,461,865</u>	<u>\$ 103,704</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 2011-2012.

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 \$54,939, or 2.97% while expenses decreased a total of \$72,396, or 4.1%. The following provides a summary of the City's changes in net assets for the year ended September 30:

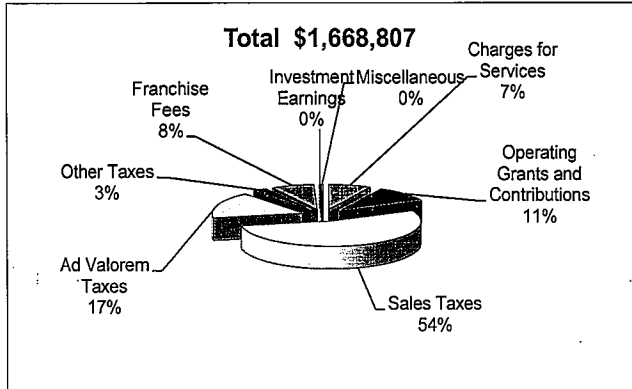
Table 2 - Summary of Changes In Net Assets

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011		
REVENUES								
Program Revenues								
Charges for Services	\$ 125,051	\$ 121,949	\$ -	\$ -	\$ 125,051	\$ 121,949	\$ 3,102	2.54%
Operating Grants and Contributions	177,766	201,641	-	-	177,766	201,641	(23,875)	(11.84)
Taxes								
Sales	900,481	913,061	128,640	130,437	1,029,121	1,043,498	(14,377)	(1.38)
Ad Valorem	283,401	286,777	-	-	283,401	286,777	(3,376)	(1.18)
Venue Tax	32,291	34,405	-	-	32,291	34,405	(2,114)	(6.15)
Liquor Tax	12,214	11,643	-	-	12,214	11,643	571	4.90
Franchise Fees	127,841	136,611	-	-	127,841	136,611	(8,770)	(6.42)
Investment Earnings	4,331	3,902	145	236	4,476	4,138	338	8.14
Miscellaneous	5,431	11,869	-	-	5,431	11,869	(6,438)	(54.24)
Total Revenues	<u>1,668,807</u>	<u>1,721,858</u>	<u>128,785</u>	<u>130,673</u>	<u>1,797,592</u>	<u>1,852,531</u>	<u>(54,939)</u>	<u>(2.97)</u>
EXPENSES								
General Government	327,910	341,718	-	-	327,910	341,718	(13,808)	(4.04)
Fire Department Services	255,000	341,142	-	-	255,000	341,142	(86,142)	(25.25)
Public Works	106,408	109,013	-	-	106,408	109,013	(2,605)	(2.39)
Police Department	768,423	731,538	-	-	768,423	731,538	36,885	5.04
Interest and Other Fees	59,502	65,743	-	-	59,502	65,743	(6,241)	(9.49)
Component Unit	-	-	176,645	177,130	176,645	177,130	(485)	(0.27)
Total Expenses	<u>1,517,243</u>	<u>1,589,154</u>	<u>176,645</u>	<u>177,130</u>	<u>1,693,888</u>	<u>1,766,284</u>	<u>(72,396)</u>	<u>(4.1)</u>
Change in Net Assets	151,564	132,704	(47,860)	(46,457)	103,704	86,247	17,457	20.24
BEGINNING 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>2.55</u>
ENDING NET ASSETS	<u>\$3,392,925</u>	<u>\$3,241,361</u>	<u>\$172,644</u>	<u>\$220,504</u>	<u>\$3,565,569</u>	<u>\$3,461,865</u>	<u>\$103,704</u>	<u>3.00%</u>

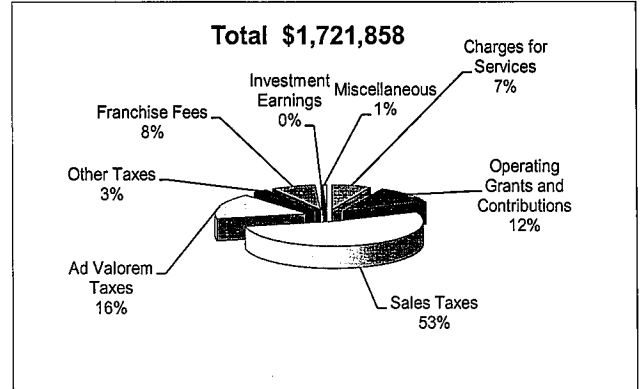
Graphic presentations of selected data from the summary table above follow to assist in the analysis of the City's activities for fiscal years 2012 and 2011.

Governmental Revenues

2012



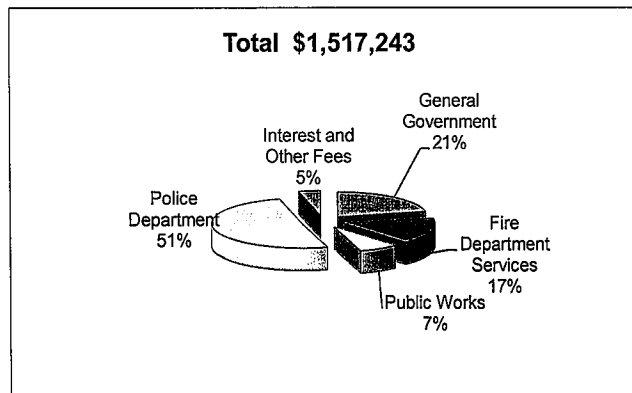
2011



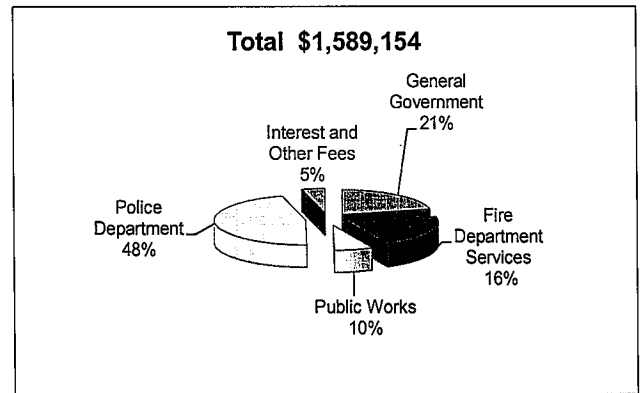
As shown in the summary data on the previous page, the City is heavily reliant on various taxes and franchise fees to support governmental operations. Taxes accounted for 71% and 72% of the City's total governmental revenues in fiscal years 2012 and 2011, respectively. The majority of franchise fees are received from CPS Energy, Time Warner Cable, and AT&T.

Governmental Functional Expenses

2012



2011



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

FUND FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2012, the City's governmental funds reported combined fund balances of \$2,647,964. Of this year-end total approximately \$1,422,070 is unassigned, indicating availability for continuing city service requirements. Restricted fund balance is \$21,698 and is restricted to the individual purposes of the various special revenue

funds such as court technology and court security. Committed fund balances include: \$1,116,332 for the replacement of capital assets and \$87,856 committed to the replacement of vehicles.

The total ending fund balance of governmental funds shows an increase of \$95,133 over last year's combined fund balance of \$2,552,831. 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, 2012, totaled \$1,770,336, 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	% CHANGE
	2011-2012	2010-2011		
Land	\$ 829,875	\$ 829,875	\$ -	0.00%
Streets	696,062	775,905	(79,843)	(11.47)
Signs	16,748	18,510	(1,762)	(10.52)
Improvements Other than Buildings	-	679	(679)	-
Buildings	71,680	77,192	(5,512)	(7.69)
Automobiles	132,579	93,002	39,577	29.85
Machinery and Equipment	23,392	27,151	(3,759)	(16.07)
TOTALS	\$1,770,336	\$1,822,314	\$ (51,978)	(2.94)%

During the fiscal 2011-2012 the City's capital asset carrying value decreased a net amount of \$51,978. This amount includes depreciation expense \$114,056, the purchase of five police vehicles in the amount of \$127,922 as well as the disposal of various assets in the amount of \$65,844, net of accumulated depreciation. 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 2013 and 2020. See Note 6 for more information.

Table 4—Long-Term Debt Outstanding

	FISCAL YEAR		AMOUNT CHANGE	% CHANGE
	2011-2012	2010-2011		
General Obligation Bonds - Principal	\$1,070,000	\$1,175,000	\$(105,000)	(9.81)%
General Obligation Bonds - Interest	<u>245,235</u>	<u>306,115</u>	<u>(60,880)</u>	(24.83)
TOTALS	<u>\$1,315,235</u>	<u>\$1,481,115</u>	<u>\$(165,880)</u>	(12.61)%

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, 2012

	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT	TOTAL REPORTING ENTITY
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 2,641,261	\$ 162,613	\$2,803,874
Receivables			
Taxes, Net	1,027	-	1,027
Accounts and Other	177,087	10,031	187,118
Total Current Assets	2,819,375	172,644	2,992,019
<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	32,617	-	32,617
Buildings	220,553	-	220,553
Furniture and Fixtures	6,613	-	6,613
Automobiles	220,391	-	220,391
Software	35,449	-	35,449
Machinery and Equipment	92,726	-	92,726
Accumulated Depreciation	(1,299,959)	-	(1,299,959)
Total Noncurrent Assets	1,770,336	-	1,770,336
TOTAL ASSETS	4,589,711	172,644	4,762,355
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	34,215	-	34,215
Accrued Salaries and Benefits	19,637	-	19,637
Compensated Absences	14,603	-	14,603
Current Portion of Long-Term Debt	110,000	-	110,000
Accrued Interest Payable	14,521	-	14,521
Total Current Liabilities	192,976	-	192,976
<u>NONCURRENT LIABILITIES</u>			
Compensated Absences	43,810	-	43,810
Long-Term Debt	960,000	-	960,000
Total Noncurrent Liabilities	1,003,810	-	1,003,810
TOTAL LIABILITIES	1,196,786	-	1,196,786
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	700,336	-	700,336
Restricted for Special Revenue	21,698	-	21,698
Unassigned	2,670,891	172,644	2,843,535
TOTAL NET ASSETS	3,392,925	172,644	3,565,569
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,589,711	\$ 172,644	\$4,762,355

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012

<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	\$ 327,910	\$ 125,051	\$ 177,766	\$ -	\$ (25,093)	
Fire Department Services	255,000	-	-	-	(255,000)	
Public Works	106,408	-	-	-	(106,408)	
Police Department	768,423	-	-	-	(768,423)	
Interest and Other Fees	<u>59,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,502)</u>	
Total Primary Government	<u>\$ 1,517,243</u>	<u>\$ 125,051</u>	<u>\$ 177,766</u>	<u>\$ -</u>	<u>(1,214,426)</u>	
<u>Component Unit</u>	<u>\$ 176,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$(176,645)</u>
 <u>General Revenues</u>						
Taxes						
Sales					900,481	128,640
Ad Valorem					283,401	-
Venue Tax					32,291	-
Liquor Tax					12,214	-
Franchise Fees					127,841	-
Investment Earnings					4,331	145
Miscellaneous					<u>5,431</u>	<u>-</u>
Total General Revenues					<u>1,365,990</u>	<u>128,785</u>
Change in Net Assets					151,564	(47,860)
<u>NET ASSETS - BEGINNING</u>					<u>3,241,361</u>	<u>220,504</u>
NET ASSETS - ENDING					<u>\$ 3,392,925</u>	<u>\$ 172,644</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<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	\$1,425,398	\$ 8	\$1,079,374	\$ 136,481	\$ 2,641,261
Receivables					
Taxes, Net	1,027	-	-	-	1,027
Accounts and Other	177,087	-	-	-	177,087
Due from Other Funds	-	-	10,031	-	10,031
	<u>\$1,603,512</u>	<u>\$ 8</u>	<u>\$1,089,405</u>	<u>\$ 136,481</u>	<u>\$ 2,829,406</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 34,215	\$ -	\$ -	\$ -	\$ 34,215
Accrued Salaries and Benefits	19,637	-	-	-	19,637
Compensated Absences	58,413	-	-	-	58,413
Deferred Revenue	59,146	-	-	-	59,146
Due to Other Funds	10,031	-	-	-	10,031
Total Liabilities	<u>181,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,442</u>
<u>FUND BALANCES</u>					
Restricted for Special Revenue	-	-	-	21,698	21,698
Committed for:					
Capital Projects	-	-	1,089,405	26,927	1,116,332
Vehicle Replacement	-	-	-	87,856	87,856
Unassigned:					
General Fund	1,422,070	-	-	-	1,422,070
Debt Service	-	8	-	-	8
Total Fund Balances	<u>1,422,070</u>	<u>8</u>	<u>1,089,405</u>	<u>136,481</u>	<u>2,647,964</u>
	<u>\$1,603,512</u>	<u>\$ 8</u>	<u>\$1,089,405</u>	<u>\$ 136,481</u>	<u>\$ 2,829,406</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, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$2,647,964
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		1,770,336
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		59,146
<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	\$(1,070,000)	
Accrued Interest Payable	<u>(14,521)</u>	<u>(1,084,521)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		<u>\$3,392,925</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<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	\$ 771,841	\$ -	\$ 128,640	\$ -	\$ 900,481
Ad Valorem Taxes	282,049	-	-	-	282,049
Venue Tax	-	-	-	32,291	32,291
Liquor Tax	12,214	-	-	-	12,214
Franchise Fees	127,841	-	-	-	127,841
Municipal Court Revenues	36,867	-	-	2,437	39,304
Sewer Service Revenues	56,904	-	-	-	56,904
Licenses and Permits	28,204	-	-	-	28,204
Grants and Contributions	10,000	166,645	-	1,121	177,766
Interest	2,343	-	1,692	296	4,331
Other	6,110	-	-	58,500	64,610
Total Revenue	<u>1,334,373</u>	<u>166,645</u>	<u>130,332</u>	<u>94,645</u>	<u>1,725,995</u>
<u>EXPENDITURES</u>					
Current					
General and Administrative	267,758	725	-	-	268,483
Fire Department Services	225,000	-	-	30,000	255,000
Public Works	66,977	-	-	-	66,977
Police Department	741,054	-	-	5,506	746,560
Capital Outlay	-	-	-	127,922	127,922
Debt Service					
Principal	-	105,000	-	-	105,000
Interest	-	60,920	-	-	60,920
Total Expenditures	<u>1,300,789</u>	<u>166,645</u>	<u>-</u>	<u>163,428</u>	<u>1,630,862</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>33,584</u>	<u>-</u>	<u>130,332</u>	<u>(68,783)</u>	<u>95,133</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	35,500	35,500
Transfers Out	(35,500)	-	-	-	(35,500)
Total Other Financing Sources (Uses)	<u>(35,500)</u>	<u>-</u>	<u>-</u>	<u>35,500</u>	<u>-</u>
Net Change in Fund Balances	(1,916)	-	130,332	(33,283)	95,133
<u>FUND BALANCES - BEGINNING</u>	<u>1,423,986</u>	<u>8</u>	<u>959,073</u>	<u>169,764</u>	<u>2,552,831</u>
<u>FUND BALANCES - ENDING</u>	<u>\$1,422,070</u>	<u>\$ 8</u>	<u>\$1,089,405</u>	<u>\$ 136,481</u>	<u>\$ 2,647,964</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, 2012

Net Change in Fund Balances - Total Governmental Funds	\$ 95,133
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures (\$127,922). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$114,056) as well as the disposals of assets with remaining costs of (\$65,844). This is the amount by which depreciation expense exceeded capital outlays in the current period.	(51,978)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	1,991
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)	1,418
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>105,000</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 151,564</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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 five (5) members appointed by the city council.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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, 2012

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, 2012

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, 2012

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, 2012

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, 2012, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
TexPool Investment Pool	\$ 476,550	-
MBIA Municipal Investors	<u>1,614,035</u>	-
TOTAL	<u>\$2,090,585</u>	-
Portfolio Weighted Average Maturity	-	

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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 \$713,289 and the bank balance was \$711,209.

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

NOTE 3: RECEIVABLES

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

	<u>TAXES</u>	<u>ALLOWANCE FOR UNCOLLECTIBLE TAXES</u>	<u>NET TAXES</u>
Taxes			
General Fund	<u>\$1,516</u>	<u>\$ 489</u>	<u>\$ 1,027</u>

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, 2012

NOTE 3: RECEIVABLES (CONTINUED)

	GENERAL
Sales Taxes	\$ 83,074
Franchise Fees	29,113
Sewer Use Fees	4,686
Municipal Court Warrants	116,236
Other	2,096
Gross Receivables	235,205
Less: Allowance	(58,118)
NET TOTAL RECEIVABLES	\$ 177,087

NOTE 4: CAPITAL ASSETS

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
<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	-	950	32,617
Buildings	220,553	-	-	220,553
Furniture and Fixtures	6,613	-	-	6,613
Automobiles	244,098	127,922	151,629	220,391
Software	35,449	-	-	35,449
Machinery and Equipment	109,037	-	16,311	92,726
Total Capital Assets, being Depreciated	2,281,388	127,922	168,890	2,240,420
Less: Accumulated Depreciation for				
Streets	820,943	79,842	-	900,785
Signs	16,715	1,761	-	18,476
Improvements Other than Buildings	32,889	-	272	32,617
Buildings	143,359	5,514	-	148,873
Furniture and Fixtures	6,613	-	-	6,613
Automobiles	151,095	23,180	86,463	87,812
Software	35,449	-	-	35,449
Machinery and Equipment	81,886	3,759	16,311	69,334
Total Accumulated Depreciation	1,288,949	114,056	103,046	1,299,959
Total Capital Assets, being Depreciated - Net	992,439	13,866	65,844	940,461
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	\$1,822,314	\$ 13,866	\$ 65,844	\$1,770,336

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General and Administrative	\$ 52,762
Public Works	39,431
Police Department	<u>21,863</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 114,056</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, 2012, is as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Road Maintenance	General Fund	<u>\$10,031</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, 2012:

	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2011</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2012</u>	<u>AMOUNTS DUE IN ONE YEAR</u>
Governmental Activities							
General Obligation Bonds							
2000 Series	<u>\$2,000,000</u>	5-7%	<u>\$1,175,000</u>	<u>\$ -</u>	<u>\$105,000</u>	<u>\$1,070,000</u>	<u>\$110,000</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE 6: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2012, 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>
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	135,000	27,825	162,825
2018-2020	<u>460,000</u>	<u>35,761</u>	<u>495,761</u>
	<u>\$ 1,070,000</u>	<u>\$ 245,235</u>	<u>\$ 1,315,235</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, 2012

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, 2011 valuation is effective for rates beginning January 2012).

For 2012, the City's annual pension cost of \$20,593 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>2011</u>	<u>2010</u>	<u>2009</u>
Actuarial Valuation of Assets	\$1,176,169	\$1,062,600	\$894,885
Actuarial Accrued Liability	1,193,458	1,059,532	967,898
Percentage Funded	98.6%	100.3%	92.5%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	17,289	(3,068)	73,013
Annual Covered Payroll	655,511	625,748	617,856
UAAL as a Percentage of Covered Payroll	2.6%	(0.49)%	11.8%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Net Pension Cost:			
Annual Required Contribution (ARC)	20,593	30,548	29,473
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Contribution Made	20,593	30,548	29,473
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, 2012

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, 2012, 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, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>				
Sales Tax	\$ 800,000	\$ 800,000	\$ 771,841	\$(28,159)
Ad Valorem Tax	280,676	280,676	282,049	1,373
Liquor Tax	11,500	11,500	12,214	714
Interest Income	3,200	3,200	2,343	(857)
Franchise Fees	125,700	125,700	127,841	2,141
Municipal Court Revenue	32,000	32,000	36,867	4,867
Sewer Use Fees	57,000	57,000	56,904	(96)
Permits	40,000	40,000	28,204	(11,796)
Miscellaneous Income	2,430	2,430	6,110	3,680
Contribution - Economic Development Corporation	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Revenue	<u>1,362,506</u>	<u>1,362,506</u>	<u>1,334,373</u>	<u>(28,133)</u>
<u>EXPENDITURES</u>				
General and Administrative				
Personnel Services	134,715	134,715	142,733	(8,018)
Travel, Training, and Professional Dues	670	670	815	(145)
Operational Costs	124,976	124,976	115,711	9,265
Supplies and Materials	7,485	7,485	4,529	2,956
Bad Debt Expense	<u>-</u>	<u>-</u>	<u>3,970</u>	<u>(3,970)</u>
Total General and Administrative	<u>267,846</u>	<u>267,846</u>	<u>267,758</u>	<u>88</u>
Fire Department Services	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>
Police				
Personnel Services	609,671	609,671	637,991	(28,320)
Travel, Training, and Professional Dues	7,275	7,275	7,667	(392)
Operational Costs	26,292	26,292	24,024	2,268
Supplies and Materials	<u>64,750</u>	<u>70,750</u>	<u>71,372</u>	<u>(622)</u>
Total Police	<u>707,988</u>	<u>713,988</u>	<u>741,054</u>	<u>(27,066)</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, 2012

	<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	\$ 43,196	\$ 43,196	\$ 45,839	\$ (2,643)
Operational Costs	11,250	11,250	9,538	1,712
Supplies and Materials	9,785	9,785	11,600	(1,815)
Total Public Works	<u>64,231</u>	<u>64,231</u>	<u>66,977</u>	<u>(2,746)</u>
 Total Expenditures	 <u>1,265,065</u>	 <u>1,271,065</u>	 <u>1,300,789</u>	 <u>(29,724)</u>
Excess of Revenue Over Expenditures	97,441	91,441	33,584	(57,857)
<u>OTHER FINANCING SOURCE (USES)</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>\$ 41,941</u>	 <u>\$ 35,941</u>	 (1,916)	 <u>\$(37,857)</u>
 <u>FUND BALANCE AT OCTOBER 1, 2011</u>			 <u>1,423,986</u>	
 FUND BALANCE AT SEPTEMBER 30, 2012			 <u>\$1,422,070</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, 2012

	<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>166,645</u>	<u>166,645</u>	<u>166,645</u>	<u>-</u>
Total Revenue	<u>166,646</u>	<u>166,646</u>	<u>166,645</u>	<u>(1)</u>
<u>EXPENDITURES</u>				
Debt Service Fees	725	725	725	-
Interest Expense	60,920	60,920	60,920	-
Principal Payment	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Total Expenditures	<u>166,645</u>	<u>166,645</u>	<u>166,645</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	-	<u>\$ (1)</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>8</u>	
FUND BALANCE AT SEPTEMBER 30, 2012			<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, 2012

	<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	\$ 130,000	\$ 130,000	\$ 128,640	\$ (1,360)
Interest Income	<u>1,400</u>	<u>1,400</u>	<u>1,692</u>	<u>292</u>
Total Revenue	<u>\$ 131,400</u>	<u>\$ 131,400</u>	130,332	<u>\$ (1,068)</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>959,073</u>	
FUND BALANCE AT SEPTEMBER 30, 2012			<u>\$1,089,405</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012

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, 2012

	<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>\$ 1,427</u>	<u>\$ 1,967</u>	<u>\$ 12,470</u>	<u>\$ 5,740</u>	<u>\$ 94</u>	<u>\$ 87,856</u>	<u>\$ 26,927</u>	<u>\$ 136,481</u>
<u>FUND BALANCES</u>								
Restricted for:								
Court Security	\$ 1,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,427
Court Technology	-	1,967	-	-	-	-	-	1,967
Venue	-	-	12,470	-	-	-	-	12,470
Grants	-	-	-	5,740	-	-	-	5,740
Judicial Efficiency	-	-	-	-	94	-	-	94
Committed for:								
Vehicle Replacement	-	-	-	-	-	87,856	-	87,856
Capital Projects	-	-	-	-	-	-	26,927	26,927
 TOTAL FUND BALANCES	 <u>\$ 1,427</u>	 <u>\$ 1,967</u>	 <u>\$ 12,470</u>	 <u>\$ 5,740</u>	 <u>\$ 94</u>	 <u>\$ 87,856</u>	 <u>\$ 26,927</u>	 <u>\$ 136,481</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	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
<u>REVENUE</u>								
Taxes	\$ -	\$ -	\$ 32,291	\$ -	\$ -	\$ -	\$ -	\$ 32,291
Municipal Court Revenue	1,023	1,360	-	-	54	-	-	2,437
Grants	-	-	-	1,121	-	-	-	1,121
Interest	2	1	2	8	-	246	37	296
Sale of Asset	-	-	-	-	-	58,500	-	58,500
Total Revenue	<u>1,025</u>	<u>1,361</u>	<u>32,293</u>	<u>1,129</u>	<u>54</u>	<u>58,746</u>	<u>37</u>	<u>94,645</u>
<u>EXPENDITURES</u>								
Fire Department Services	-	-	30,000	-	-	-	-	30,000
Supplies and Materials	-	-	-	-	-	-	-	-
Police Department	3,649	1,338	-	-	-	519	-	5,506
Capital Outlay	-	-	-	-	-	127,922	-	127,922
Total Expenditures	<u>3,649</u>	<u>1,338</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>128,441</u>	<u>-</u>	<u>163,428</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(2,624)	23	2,293	1,129	54	(69,695)	37	(68,783)
<u>OTHER FINANCING SOURCES</u>								
Transfers In	-	-	-	-	-	35,500	-	35,500
Net Change in Fund Balances	(2,624)	23	2,293	1,129	54	(34,195)	37	(33,283)
<u>FUND BALANCES - BEGINNING</u>	<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>
FUND BALANCES - ENDING	\$ 1,427	\$ 1,967	\$ 12,470	\$ 5,740	\$ 94	\$ 87,856	\$ 26,927	\$ 136,481

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, 2012

	<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	\$ 1,023	\$ (577)
Interest Income	<u>200</u>	<u>200</u>	<u>2</u>	<u>(198)</u>
Total Revenue	<u>1,800</u>	<u>1,800</u>	<u>1,025</u>	<u>(775)</u>
<u>EXPENDITURES</u>				
Travel and Training	100	100	-	100
Operational Costs	<u>650</u>	<u>650</u>	<u>3,649</u>	<u>(2,999)</u>
Total Expenditures	<u>750</u>	<u>750</u>	<u>3,649</u>	<u>(2,899)</u>
Net Change in Fund Balance	<u>\$ 1,050</u>	<u>\$ 1,050</u>	(2,624)	<u>\$ (3,674)</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>4,051</u>	
<u>FUND BALANCE AT SEPTEMBER 30, 2012</u>			<u>\$ 1,427</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, 2012

	<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	\$1,360	\$ (740)
Interest Income	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total Revenue	<u>2,101</u>	<u>2,101</u>	<u>1,361</u>	<u>(740)</u>
<u>EXPENDITURES</u>				
Operational Costs	<u>1,341</u>	<u>1,341</u>	<u>1,338</u>	<u>3</u>
Net Change in Fund Balance	<u>\$ 760</u>	<u>\$ 760</u>	23	<u>\$ (737)</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>1,944</u>	
FUND BALANCE AT SEPTEMBER 30, 2012			<u>\$1,967</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, 2012

	<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	\$ 32,291	\$ (4,189)
Interest Income	<u>182</u>	<u>182</u>	<u>2</u>	<u>(180)</u>
Total Revenue	<u>36,662</u>	<u>36,662</u>	<u>32,293</u>	<u>(4,369)</u>
<u>EXPENDITURES</u>				
Fire Department Services	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 6,662</u>	<u>\$ 6,662</u>	2,293	<u>\$ (4,369)</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>10,177</u>	
FUND BALANCE AT SEPTEMBER 30, 2012			<u>\$12,470</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, 2012

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>REVENUE</u>				
Grant Income	\$2,500	\$2,500	\$ 1,121	\$ (1,379)
Interest Income	<u>400</u>	<u>400</u>	<u>8</u>	<u>(392)</u>
Total Revenue	<u>2,900</u>	<u>2,900</u>	<u>1,129</u>	<u>(1,771)</u>
<u>EXPENDITURES</u>				
Travel, Training and Professional Dues	1,200	1,200	-	1,200
Supplies and Materials	1,200	1,200	-	1,200
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,400</u>	<u>2,400</u>	<u>-</u>	<u>2,400</u>
Net Change in Fund Balance	<u>\$ 500</u>	<u>\$ 500</u>	1,129	<u>\$ 629</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>4,611</u>	
FUND BALANCE AT SEPTEMBER 30, 2012			<u>\$ 5,740</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, 2012

	<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	\$ 246	\$ (404)
Other Income	<u>-</u>	<u>-</u>	<u>58,500</u>	<u>58,500</u>
Total Revenue	<u>650</u>	<u>650</u>	<u>58,746</u>	<u>58,096</u>
<u>EXPENDITURES</u>				
Capital Outlay	87,000	87,000	127,922	(40,922)
Operational Costs	<u>-</u>	<u>-</u>	<u>519</u>	<u>(519)</u>
Total Expenditures	<u>87,000</u>	<u>87,000</u>	<u>128,441</u>	<u>(41,441)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,350)	(86,350)	(69,695)	16,655
<u>OTHER SOURCES</u>				
Transfer In	<u>35,500</u>	<u>35,500</u>	<u>35,500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$(50,850)</u>	<u>\$(50,850)</u>	(34,195)	<u>\$ 16,655</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>122,051</u>	
FUND BALANCE AT SEPTEMBER 30, 2012			<u>\$ 87,856</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, 2012

	<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	\$ 37	\$ (213)
<u>EXPENDITURES</u>				
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 250</u>	<u>\$ 250</u>	37	<u>\$ (213)</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>26,890</u>	
FUND BALANCE AT SEPTEMBER 30, 2012			<u>\$ 26,927</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, 2012

	<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	\$ 128,640	\$ 8,640
Interest Income	<u>510</u>	<u>510</u>	<u>145</u>	<u>(365)</u>
Total Revenue	<u>120,510</u>	<u>120,510</u>	<u>128,785</u>	<u>8,275</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>166,405</u>	<u>166,405</u>	<u>166,645</u>	<u>(240)</u>
Total Expenditures	<u>176,475</u>	<u>176,475</u>	<u>176,645</u>	<u>(170)</u>
Net Change in Fund Balance	<u>\$ (55,965)</u>	<u>\$ (55,965)</u>	(47,860)	<u>\$ 8,105</u>
<u>FUND BALANCE AT OCTOBER 1, 2011</u>			<u>220,504</u>	
FUND BALANCE AT SEPTEMBER 30, 2012			<u>\$ 172,644</u>	

ADDITIONAL INFORMATION
(All Governmental Funds Combined with EDC)

CITY OF HILL COUNTRY VILLAGE, TEXAS
BALANCE SHEET - ALL FUNDS
SEPTEMBER 30, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	<u>2012</u> <u>ACTUAL</u>	<u>2011</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>ASSETS</u>			
Cash	\$2,803,874	\$2,751,821	\$ 52,053
Receivables			
Taxes	1,027	2,379	(1,352)
Accounts and Other	<u>187,118</u>	<u>183,136</u>	<u>3,982</u>
 TOTAL ASSETS	 <u>\$2,992,019</u>	 <u>\$2,937,336</u>	 <u>\$ 54,683</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 34,215	\$ 30,781	\$ 3,434
Accrued Salaries	19,637	19,020	617
Compensated Absences	58,413	57,045	1,368
Deferred Revenue	<u>59,146</u>	<u>57,155</u>	<u>1,991</u>
Total Liabilities	<u>171,411</u>	<u>164,001</u>	<u>7,410</u>
<u>FUND BALANCES</u>			
Restricted for Special Revenue	21,698	20,823	875
Committed for Capital	1,204,188	1,108,014	96,174
Unassigned	<u>1,594,722</u>	<u>1,644,498</u>	<u>(49,776)</u>
Total Fund Balances	<u>2,820,608</u>	<u>2,773,335</u>	<u>47,273</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$2,992,019</u>	 <u>\$2,937,336</u>	 <u>\$ 54,683</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, 2012

	<u>2012</u> <u>ACTUAL</u>	<u>2011</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>REVENUE</u>			
Taxes	\$1,355,675	\$1,375,218	\$ (19,543)
Franchise Fees	127,841	136,611	(8,770)
Interest Income	4,476	4,138	338
Municipal Court	39,304	33,641	5,663
Other	<u>327,484</u>	<u>298,941</u>	<u>28,543</u>
Total Revenue	<u>1,854,780</u>	<u>1,848,549</u>	<u>6,231</u>
<u>EXPENDITURES</u>			
Personnel Services	826,563	803,310	23,253
Travel, Training and Professional Dues	8,482	4,271	4,211
Operational Costs	332,149	347,179	(15,030)
Supplies and Materials	87,501	94,131	(6,630)
Capital Expenditures and Projects	127,922	22,000	105,922
Fire Department Services	255,000	341,142	(86,142)
Bad Debt Expense	3,970	-	3,970
Debt Service			
Principal	105,000	100,000	5,000
Interest	<u>60,920</u>	<u>66,405</u>	<u>(5,485)</u>
Total Expenditures	<u>1,807,507</u>	<u>1,778,438</u>	<u>29,069</u>
Net Change in Fund Balances	47,273	70,111	(22,838)
<u>BEGINNING FUND BALANCES</u>	<u>2,773,335</u>	<u>2,703,224</u>	<u>70,111</u>
ENDING FUND BALANCES	<u>\$2,820,608</u>	<u>\$2,773,335</u>	<u>\$ 47,273</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, 2012

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes	\$1,355,675	\$1,378,656	\$ (22,981)
Franchise Fees	127,841	125,700	2,141
Interest Income	4,476	6,794	(2,318)
Municipal Court	39,304	35,700	3,604
Other	<u>327,484</u>	<u>278,575</u>	<u>48,909</u>
Total Revenue	<u>1,854,780</u>	<u>1,825,425</u>	<u>29,355</u>
<u>EXPENDITURES</u>			
Personnel Services	826,563	787,582	(38,981)
Travel, Training and Professional Dues	8,482	9,245	763
Operational Costs	332,149	341,709	9,560
Supplies and Materials	87,501	89,220	1,719
Capital Expenditures and Projects	127,922	87,000	(40,922)
Fire Department Services	255,000	255,000	-
Bad Debt Expense	3,970	-	(3,970)
Merit Pool	-	20,000	20,000
Debt Service			
Principal	105,000	105,000	-
Interest	<u>60,920</u>	<u>60,920</u>	<u>-</u>
Total Expenditures	<u>1,807,507</u>	<u>1,755,676</u>	<u>(51,831)</u>
Net Change in Fund Balance	47,273	69,749	<u>\$ (22,476)</u>
<u>BEGINNING FUND BALANCE</u>	<u>2,773,335</u>	<u>2,773,335</u>	
ENDING FUND BALANCE	<u>\$2,820,608</u>	<u>\$2,843,084</u>	