

CITY OF HILL COUNTRY VILLAGE, TEXAS

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2014

ANNUAL FINANCIAL REPORT  
of the  
CITY OF HILL COUNTRY VILLAGE, TEXAS  
YEAR ENDED SEPTEMBER 30, 2014

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

## C O N T E N T S

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	4
STATEMENT OF ACTIVITIES	5
BALANCE SHEET – GOVERNMENTAL FUNDS	6
RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION	7
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	8
RECONCILIATION OF CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION – GOVERNMENTAL ACTIVITIES	9
NOTES TO BASIC FINANCIAL STATEMENTS	10
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	21
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND	23
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – ROAD MAINTENANCE SPECIAL REVENUE FUND	24
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	25
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS	
COMBINING BALANCE SHEET	26
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	27

## C O N T E N T S

	<u>PAGE NUMBER</u>
SECURITY SPECIAL REVENUE FUND - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL	28
TECHNOLOGY SPECIAL REVENUE FUND - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL	29
VENUE TAX SPECIAL REVENUE FUND - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL	30
GRANT SPECIAL REVENUE FUND - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL	31
JUDICIAL EFFICIENCY SPECIAL REVENUE FUND - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL	32
VEHICLE REPLACEMENT FUND - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL	33
CAPITAL PROJECTS FUND - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL	34
ECONOMIC DEVELOPMENT CORPORATION - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL	35
ADDITIONAL INFORMATION	
COMPARATIVE BALANCE SHEET - ALL FUNDS	36
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL FUNDS	37
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - ALL FUNDS	38



## 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, 2014, and related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hill Country Village, Texas, as of September 30, 2014 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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 21 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

ABIP, PC

Certified Public Accountants

San Antonio, Texas

January 15, 2015

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2014**

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, 2014. 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 \$3,657,629 (net position) for the fiscal year reported. This compares to the previous year when assets exceed liabilities by \$3,507,964.
  1. Net Investment in Capital Assets of \$797,159 are capital assets net of related debt and include all property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase or construction of these assets.
  2. Net position of \$45,357 is restricted by constraints imposed by internal and external sources such as grantors, laws, and regulations.
  3. Unrestricted net position of \$2,815,113 represents the portion available to maintain the City's ongoing obligations to citizens and creditors.
- The City's governmental funds reported combined ending fund balances of \$2,819,231, an increase of \$120,131 over the September 30, 2013 fund balance of \$2,699,100.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,257,036 or 92% of the total general fund expenditures.
- The City's total debt decreased by \$112,000 or 11.67% due to this year's payments. The City refunded the General Obligation Bonds, 2000 series (\$845,000) during the fiscal year. See Note 6 for more information.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts:

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

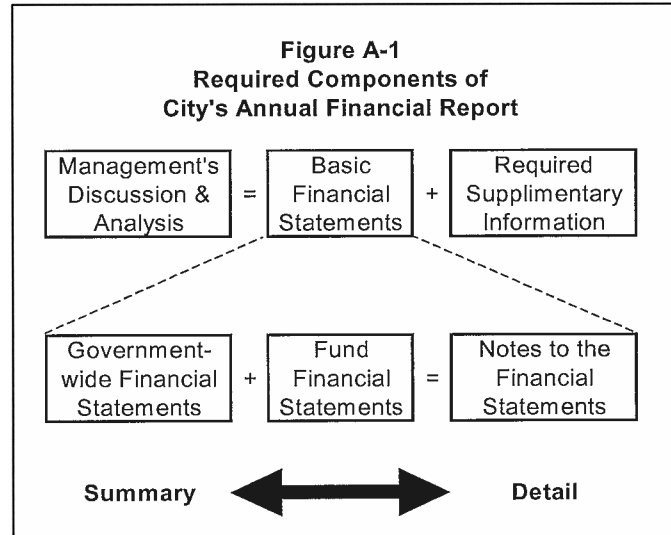
The basic financial statements, as represented by figure A-1 on the following page, include two types of statements that present different views of the City, government-wide financial statements and fund financial statements.

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

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



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

## Fund Financial Statements

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

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



## Notes to the Financial Statements

The accompanying notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 through 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 21 through 25 of this report.

Combining statements of the City's non-major governmental funds and their related schedules of budgetary activity are presented immediately following the required supplementary information. Combining and individual fund statements and budget schedules can be found on pages 26 through 35 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position at fiscal year-end is \$3,741,154. This is a \$109,936 increase over last year's net position of \$3,631,218. The following table provides a summary of the City's net position at September 30:

**Table 1 – Summary of Net Position**

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013		
<b>ASSETS</b>								
Current and Other Assets	\$ 2,983,874	\$ 2,893,209	\$ 83,525	\$ 123,254	\$ 3,067,399	\$ 3,016,463	\$ 50,936	1.69%
Capital Assets	<u>1,645,159</u>	<u>1,719,854</u>	<u>-</u>	<u>-</u>	<u>1,645,159</u>	<u>1,719,854</u>	<u>(74,695)</u>	(4.34)
<b>TOTAL ASSETS</b>	<b><u>\$ 4,629,033</u></b>	<b><u>\$ 4,613,063</u></b>	<b><u>\$ 83,525</u></b>	<b><u>\$ 123,254</u></b>	<b><u>\$ 4,712,558</u></b>	<b><u>\$ 4,736,317</u></b>	<b><u>\$ (23,759)</u></b>	<b>(0.50)</b>
<b>LIABILITIES</b>								
Current Liabilities	\$ 213,820	\$ 215,725	\$ -	\$ -	\$ 213,820	\$ 215,725	\$ (1,905)	(0.88)
Noncurrent Liabilities	<u>757,584</u>	<u>889,374</u>	<u>-</u>	<u>-</u>	<u>757,584</u>	<u>889,374</u>	<u>(131,790)</u>	(14.82)
<b>TOTAL LIABILITIES</b>	<b><u>\$ 971,404</u></b>	<b><u>\$ 1,105,099</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 971,404</u></b>	<b><u>\$ 1,105,099</u></b>	<b><u>\$ (133,695)</u></b>	<b>(12.10)</b>
<b>NET POSITION</b>								
Net Investment in Capital Assets	\$ 797,159	\$ 759,854	\$ -	\$ -	\$ 797,159	\$ 759,854	\$ 37,305	4.91
Restricted	45,357	38,324	-	-	45,357	38,324	7,033	18.35
Unassigned	<u>2,815,113</u>	<u>2,709,786</u>	<u>83,525</u>	<u>123,254</u>	<u>2,898,638</u>	<u>2,833,040</u>	<u>65,598</u>	2.32
<b>TOTAL NET POSITION</b>	<b><u>\$ 3,657,629</u></b>	<b><u>\$ 3,507,964</u></b>	<b><u>\$ 83,525</u></b>	<b><u>\$ 123,254</u></b>	<b><u>\$ 3,741,154</u></b>	<b><u>\$ 3,631,218</u></b>	<b><u>\$ 109,936</u></b>	<b>3.03%</b>

At the end of the current fiscal year, the City of Hill Country Village is able to report positive balances in net position for the government activities and for its component unit (Hill Country Village Economic Development Corporation) activities. The City's overall financial position improved during FY 2013-2014.

A large portion of the City's net position is restricted as to the purpose they can be used for or are invested in capital assets (land, buildings, streets, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

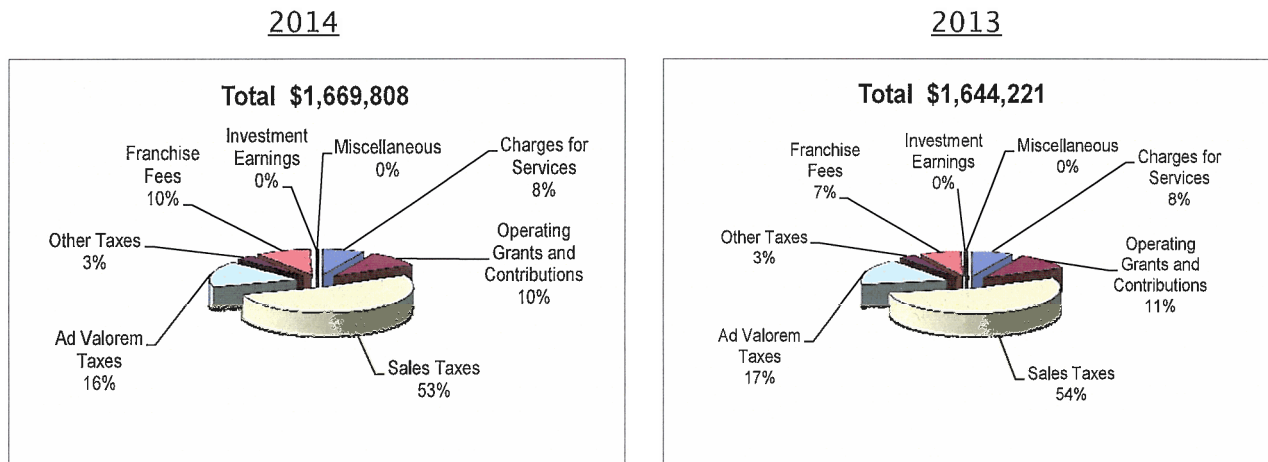
The City had a increase in governmental revenues of \$24,762, or 1.40% while expenses decreased a total of \$19,525, or 1.15%. The following provides a summary of the City's changes in net position for the year ended September 30:

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

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013		
<b>REVENUES</b>								
Program Revenues								
Charges for Services	\$ 126,452	\$ 124,551	\$ -	\$ -	\$ 126,452	\$ 124,551	\$ 1,901	1.53%
Operating Grants and Contributions	167,883	176,975	-	-	167,883	176,975	(9,092)	(5.14)
Taxes								
Sales	879,111	884,456	125,587	126,351	1,004,698	1,010,807	(6,109)	(0.60)
Ad Valorem	274,408	278,494	-	-	274,408	278,494	(4,086)	(1.47)
Venue Tax	37,318	36,822	-	-	37,318	36,822	496	1.35
Liquor Tax	13,024	13,015	-	-	13,024	13,015	9	0.07
Franchise Fees	167,368	123,436	-	-	167,368	123,436	43,932	35.59
Investment Earnings	1,984	3,292	11	72	1,995	3,364	(1,369)	(40.70)
Miscellaneous	2,260	3,180	-	-	2,260	3,180	(920)	(28.93)
Total Revenues	<u>1,669,808</u>	<u>1,644,221</u>	<u>125,598</u>	<u>126,423</u>	<u>1,795,406</u>	<u>1,770,644</u>	<u>24,762</u>	1.40
<b>EXPENSES</b>								
General Government	336,689	321,839	-	-	336,689	321,839	14,850	4.61
Fire Department Services	265,000	265,000	-	-	265,000	265,000	-	0.00
Public Works	106,366	103,299	-	-	106,366	103,299	3,067	2.92
Police Department	783,837	785,455	-	-	783,837	785,455	(1,618)	(0.21)
Interest and Other Fees	28,251	53,589	-	-	28,251	53,589	(25,338)	(47.28)
Component Unit	-	-	165,327	175,813	165,327	175,813	(10,486)	(5.96)
Total Expenses	<u>1,520,143</u>	<u>1,529,182</u>	<u>165,327</u>	<u>175,813</u>	<u>1,685,470</u>	<u>1,704,995</u>	<u>(19,525)</u>	(1.15)
Change in Net Position	149,665	115,039	(39,729)	(49,390)	109,936	65,649	44,287	67.46
<b>BEGINNING NET POSITION</b>	<u>3,507,964</u>	<u>3,392,925</u>	<u>123,254</u>	<u>172,644</u>	<u>3,631,218</u>	<u>3,565,569</u>	<u>65,649</u>	1.84
<b>ENDING NET POSITION</b>	<u>\$ 3,657,629</u>	<u>\$ 3,507,964</u>	<u>\$ 83,525</u>	<u>\$ 123,254</u>	<u>\$ 3,741,154</u>	<u>\$ 3,631,218</u>	<u>\$ 109,936</u>	3.03%

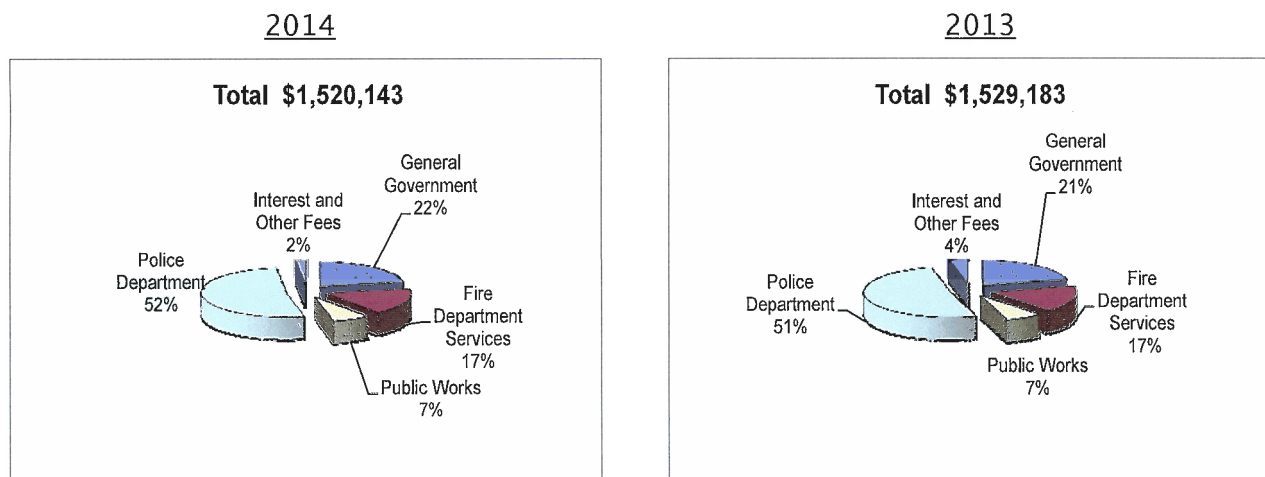
Graphic presentations of selected data from the summary table above follow to assist in the analysis of the City's activities for fiscal years 2014 and 2013.

### Governmental Revenues



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 74% of the City's total governmental revenues in fiscal years 2014 and 2013, respectively. The majority of franchise fees are received from CPS Energy, Time Warner Cable, and AT&T.

### Governmental Functional Expenses



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

### FUND FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2014, the City's governmental funds reported combined fund balances of \$2,819,231. Of this year-end total, approximately \$1,257,046 is unassigned, indicating availability for continuing city service requirements. Nonspendable fund balance is \$1,340 and are not in a spendable form (prepaid expenditures). Restricted fund balance is \$45,357 and is restricted for a special revenue funds such as court security and court technology and for the use of Public Education Grant receipts. Committed fund balances include: \$1,370,557 for the replacement of capital assets and \$144,931 committed to the replacement of vehicles.

The total ending fund balance of governmental funds shows an increase of \$120,131 over last year's combined fund balance of \$2,699,100. 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 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, 2014, totaled \$1,645,159, net of accumulated depreciation. Investments in capital assets include land, buildings, construction in progress, machinery and equipment, streets and signs, and automobiles.

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

	FISCAL YEAR		AMOUNT CHANGE	% CHANGE
	2013-2014	2012-2013		
Land	\$ 829,875	\$ 829,875	\$ -	0.00%
Construction in Progress	128,915	78,764	50,151	38.90
Streets	536,378	616,220	(79,842)	(14.89)
Signs	13,226	14,987	(1,761)	(13.31)
Buildings	60,652	66,166	(5,514)	(9.09)
Automobiles	62,071	97,199	(35,128)	(56.59)
Machinery and Equipment	14,042	16,643	(2,601)	(18.52)
<b>TOTALS</b>	<b>\$ 1,645,159</b>	<b>\$ 1,719,854</b>	<b>\$ (74,695)</b>	<b>(4.54)%</b>

During the fiscal 2013-2014 the City's capital asset carrying value decreased a net amount of \$74,695. This amount includes depreciation expense of \$124,846 and engineering fees for the 2013-2014 drainage project of \$50,151. 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 2014 and 2020. See Note 6 for more information.

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

	FISCAL YEAR		AMOUNT CHANGE	% CHANGE
	2013-2014	2012-2013		
General Obligation Bonds – Principal	\$ 848,000	\$ 960,000	\$ (112,000)	(11.67)%
General Obligation Bonds – Interest	<u>30,051</u>	<u>190,147</u>	<u>(160,096)</u>	<u>(84.20)</u>
TOTALS	<u>\$ 878,051</u>	<u>\$ 1,150,147</u>	<u>\$ (272,096)</u>	<u>(23.66)%</u>

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

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

### REQUESTS FOR INFORMATION

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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>COMPONENT UNIT</u>	<u>TOTAL REPORTING ENTITY</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 2,804,768	\$ 73,111	\$ 2,877,879
Receivables			
Taxes, Net	2,157	-	2,157
Accounts and Other	175,609	10,414	186,023
Prepaid Expenses	<u>1,340</u>	<u>-</u>	<u>1,340</u>
Total Current Assets	<u>2,983,874</u>	<u>83,525</u>	<u>3,067,399</u>
<u>NONCURRENT ASSETS</u>			
Capital Assets			
Land	829,875	-	829,875
Construction in Progress	128,915	-	128,915
Streets	1,596,847	-	1,596,847
Signs	35,224	-	35,224
Improvements Other than Buildings	32,617	-	32,617
Buildings	220,553	-	220,553
Furniture and Fixtures	3,449	-	3,449
Automobiles	215,635	-	215,635
Software	35,449	-	35,449
Machinery and Equipment	67,556	-	67,556
Accumulated Depreciation	<u>(1,520,961)</u>	<u>-</u>	<u>(1,520,961)</u>
Total Noncurrent Assets	<u>1,645,159</u>	<u>-</u>	<u>1,645,159</u>
 TOTAL ASSETS	 <u>\$ 4,629,033</u>	 <u>\$ 83,525</u>	 <u>\$ 4,712,558</u>
<u>LIABILITIES AND NET POSITION</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 31,862	\$ -	\$ 31,862
Accrued Salaries and Benefits	28,623	-	28,623
Compensated Absences	15,195	-	15,195
Current Portion of Long-Term Debt	136,000	-	136,000
Accrued Interest Payable	<u>2,140</u>	<u>-</u>	<u>2,140</u>
Total Current Liabilities	<u>213,820</u>	<u>-</u>	<u>213,820</u>
<u>NONCURRENT LIABILITIES</u>			
Compensated Absences	45,584	-	45,584
Long-Term Debt	<u>712,000</u>	<u>-</u>	<u>712,000</u>
Total Noncurrent Liabilities	<u>757,584</u>	<u>-</u>	<u>757,584</u>
 Total Liabilities	 <u>971,404</u>	 <u>-</u>	 <u>971,404</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	797,159	-	797,159
Restricted for:			
Public Education Grants	12,755	-	12,755
Special Revenue	32,602	-	32,602
Unassigned	<u>2,815,113</u>	<u>83,525</u>	<u>2,898,638</u>
Total Net Position	<u>3,657,629</u>	<u>83,525</u>	<u>3,741,154</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 4,629,033</u>	 <u>\$ 83,525</u>	 <u>\$ 4,712,558</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, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT	COMPONENT UNIT- EDC
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS		
<u>Primary Government</u>						
General Government	\$ 336,689	\$ 126,452	\$ 167,883	\$ -	\$ (42,354)	
Fire Department Services	265,000	-	-	-	(265,000)	
Public Works	106,366	-	-	-	(106,366)	
Police Department	783,837	-	-	-	(783,837)	
Interest and Other Fees	28,251	-	-	-	(28,251)	
Total Primary Government	<u>\$ 1,520,143</u>	<u>\$ 126,452</u>	<u>\$ 167,883</u>	<u>\$ -</u>	<u>(1,225,808)</u>	
Component Unit	<u>\$ 165,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (165,327)</u>
<u>General Revenues</u>						
Taxes						
Sales					879,111	125,587
Ad Valorem					274,408	-
Venue Tax					37,318	-
Liquor Tax					13,024	-
Franchise Fees					167,368	-
Investment Earnings					1,984	11
Miscellaneous					2,260	-
Total General Revenues					<u>1,375,473</u>	<u>125,598</u>
Change in Net Position					149,665	(39,729)
NET POSITION - BEGINNING					<u>3,507,964</u>	<u>123,254</u>
NET POSITION - ENDING					<u>\$ 3,657,629</u>	<u>\$ 83,525</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	<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	\$ 1,270,779	\$ 10	\$ 1,333,172	\$ 200,807	\$ 2,804,768
Receivables					
Taxes, Net	2,157	-	-	-	2,157
Accounts and Other	171,912	-	-	3,697	175,609
Prepaid Expense	-	-	-	1,340	1,340
Due from Other Funds	-	-	10,414	374	10,788
	<u>-</u>	<u>-</u>	<u>10,414</u>	<u>374</u>	<u>10,788</u>
TOTAL ASSETS	<u>\$ 1,444,848</u>	<u>\$ 10</u>	<u>\$ 1,343,586</u>	<u>\$ 206,218</u>	<u>\$ 2,994,662</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 31,861	\$ -	\$ -	\$ -	\$ 31,861
Accrued Salaries and Benefits	28,625	-	-	-	28,625
Compensated Absences	60,779	-	-	-	60,779
Deferred Revenue	41,221	-	-	-	41,221
Due to Other Funds	10,414	-	-	374	10,788
Total Liabilities	<u>172,900</u>	<u>-</u>	<u>-</u>	<u>374</u>	<u>173,274</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenue - Taxes	<u>2,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,157</u>
<u>FUND BALANCES</u>					
Nonspendable - Prepays	-	-	-	1,340	1,340
Restricted for:					
Public Education Grants	12,755	-	-	-	12,755
Special Revenue	-	-	-	32,602	32,602
Committed for:					
Capital Projects	-	-	1,343,586	26,971	1,370,557
Vehicle Replacement	-	-	-	144,931	144,931
Unassigned:					
General Fund	1,257,036	-	-	-	1,257,036
Debt Service	-	10	-	-	10
Total Fund Balances	<u>1,269,791</u>	<u>10</u>	<u>1,343,586</u>	<u>205,844</u>	<u>2,819,231</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 1,444,848</u>	<u>\$ 10</u>	<u>\$ 1,343,586</u>	<u>\$ 206,218</u>	<u>\$ 2,994,662</u>

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



CITY OF HILL COUNTRY VILLAGE, TEXAS  
RECONCILIATION OF BALANCE SHEET  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS \$ 2,819,231

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 1,645,159

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 43,379

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

Bonds Payable	\$ (848,000)	
Accrued Interest Payable	<u>(2,140)</u>	<u>(850,140)</u>

TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES \$ 3,657,629

CITY OF HILL COUNTRY VILLAGE, TEXAS  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ 753,524	\$ -	\$ 125,587	\$ -	\$ 879,111
Ad Valorem Taxes	274,972	-	-	-	274,972
Venue Tax	-	-	-	37,318	37,318
Liquor Tax	13,024	-	-	-	13,024
Franchise Fees	167,368	-	-	-	167,368
Municipal Court Revenues	35,459	-	-	2,177	37,636
Sewer Service Revenues	53,215	-	-	-	53,215
Licenses and Permits	53,689	-	-	-	53,689
Grants and Contributions	10,000	155,297	-	2,586	167,883
Interest	957	1	905	122	1,985
Other	2,260	-	-	-	2,260
Total Revenue	<u>1,364,468</u>	<u>155,298</u>	<u>126,492</u>	<u>42,203</u>	<u>1,688,461</u>
<u>EXPENDITURES</u>					
Current					
General and Administrative	270,777	12,933	-	1,914	285,624
Fire Department Services	235,000	-	-	30,000	265,000
Public Works	66,936	-	-	-	66,936
Police Department	746,480	-	-	3,005	749,485
Capital Outlay	50,151	-	-	-	50,151
Debt Service					
Principal	-	135,000	-	-	135,000
Interest	-	39,134	-	-	39,134
Total Expenditures	<u>1,369,344</u>	<u>187,067</u>	<u>-</u>	<u>34,919</u>	<u>1,591,330</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(4,876)</u>	<u>(31,769)</u>	<u>126,492</u>	<u>7,284</u>	<u>97,131</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Bond Proceeds	-	868,000	-	-	868,000
Payment to Escrow Agent	-	(845,000)	-	-	(845,000)
Transfers In	-	8,770	-	25,500	34,270
Transfers Out	(34,270)	-	-	-	(34,270)
Total Other Financing Sources (Uses)	<u>(34,270)</u>	<u>31,770</u>	<u>-</u>	<u>25,500</u>	<u>23,000</u>
Net Change in Fund Balances	(39,146)	1	126,492	32,784	120,131
<u>FUND BALANCES - BEGINNING</u>	<u>1,308,937</u>	<u>9</u>	<u>1,217,094</u>	<u>173,060</u>	<u>2,699,100</u>
<u>FUND BALANCES - ENDING</u>	<u>\$ 1,269,791</u>	<u>\$ 10</u>	<u>\$ 1,343,586</u>	<u>\$ 205,844</u>	<u>\$ 2,819,231</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 POSITION - GOVERNMENTAL ACTIVITIES  
SEPTEMBER 30, 2014

Net Change in Fund Balances – Total Governmental Funds		\$ 120,131
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures (\$50,151). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$124,846). This is the amount by which depreciation expense exceeded capital outlays in the current period.		(74,695)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.		(18,655)
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)		10,884
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 position.		
Bond Proceeds	\$ (868,000)	
Bond Principal Repayment	135,000	
Payment to Escrow Agent	<u>845,000</u>	<u>112,000</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 149,665</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

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, 2014

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, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (Continued)

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

F. Capital Assets

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

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

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

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

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

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

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

G. Compensated Absences

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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

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

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

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

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

J. GASB Implementation

During the year, the City adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65).

GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes as outflows of resources or inflows of resources, certain items that were previously recorded as assets and liabilities.



CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2014, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
TexPool Investment Pool	\$ 291,773	-
Texas CLASS Investment Pool	<u>1,589,371</u>	-
TOTAL	<u>\$ 1,881,144</u>	-
Portfolio Weighted Average Maturity	-	

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

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

During the year, the City's carrying amount of bank balance was \$996,735 and the bank balance was \$997,222.

**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>\$ 2,472</u>	<u>\$ 315</u>	<u>\$ 2,157</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

NOTE 3: RECEIVABLES (CONTINUED)

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

	<u>GENERAL</u>	<u>VENUE TAX</u>	<u>TOTAL</u>
Sales Taxes	\$ 86,720	\$ -	\$ 86,720
Franchise Fees	43,970	-	43,970
Municipal Court Warrants	82,445	-	82,445
Other	<u>-</u>	<u>3,697</u>	<u>3,697</u>
Gross Receivables	213,135	3,697	216,832
Less: Allowance	<u>(41,223)</u>	<u>-</u>	<u>(41,223)</u>
 NET TOTAL RECEIVABLES	 <u>\$ 171,912</u>	 <u>\$ 3,697</u>	 <u>\$ 175,609</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
Construction in Progress – Drainage	<u>78,764</u>	<u>50,151</u>	<u>-</u>	<u>128,915</u>
Total Capital Assets, not being Depreciated	<u>908,639</u>	<u>50,151</u>	<u>-</u>	<u>958,790</u>
Capital Assets, being Depreciated				
Streets	1,596,847	-	-	1,596,847
Signs	35,224	-	-	35,224
Improvements Other than Buildings	32,617	-	-	32,617
Buildings	220,553	-	-	220,553
Furniture and Fixtures	3,449	-	-	3,449
Automobiles	215,635	-	-	215,635
Software	35,449	-	-	35,449
Machinery and Equipment	<u>68,226</u>	<u>-</u>	<u>670</u>	<u>67,556</u>
Total Capital Assets, being Depreciated	<u>2,208,000</u>	<u>-</u>	<u>670</u>	<u>2,207,330</u>
Less: Accumulated Depreciation for				
Streets	980,627	79,842	-	1,060,469
Signs	20,237	1,761	-	21,998
Improvements Other than Buildings	32,617	-	-	32,617
Buildings	154,387	5,514	-	159,901
Furniture and Fixtures	3,449	-	-	3,449
Automobiles	118,436	35,128	-	153,564
Software	35,449	-	-	35,449
Machinery and Equipment	<u>51,583</u>	<u>2,601</u>	<u>670</u>	<u>53,514</u>
Total Accumulated Depreciation	<u>1,396,785</u>	<u>124,846</u>	<u>670</u>	<u>1,520,961</u>
Total Capital Assets, being Depreciated – Net	<u>811,215</u>	<u>(124,846)</u>	<u>-</u>	<u>686,369</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS – NET	 <u>\$ 1,719,854</u>	 <u>\$ (74,695)</u>	 <u>\$ -</u>	 <u>\$ 1,645,159</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General and Administrative	\$ 51,064
Public Works	39,430
Police Department	<u>34,352</u>
 TOTAL DEPRECIATION EXPENSE – GOVERNMENTAL ACTIVITIES	 <u>\$ 124,846</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, 2014, is as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Road Maintenance	General Fund	\$ 10,414
Court Security	Court Technology	<u>374</u>
TOTAL		<u>\$ 10,788</u>

Interfund transfers consisted of the general fund transferring \$25,500 and \$8,770 into the vehicle replacement fund and debt service funds, respectively.

NOTE 6: LONG-TERM DEBT

The City had the following changes in long-term debt outstanding for the year ended September 30, 2014:

	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2013</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2014</u>	<u>AMOUNTS DUE IN ONE YEAR</u>
Governmental Activities							
General Obligation Bonds 2000 Series	\$ 2,000,000	5-7%	\$ 960,000	\$ -	\$ 960,000	\$ -	\$ -
General Obligation Refunding Bonds, Series 2014	868,000	0.5-1.5%	<u>-</u>	<u>868,000</u>	<u>20,000</u>	<u>848,000</u>	<u>136,000</u>
Total Governmental Activities			<u>\$ 960,000</u>	<u>\$ 868,000</u>	<u>\$ 980,000</u>	<u>\$ 848,000</u>	<u>\$ 136,000</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

NOTE 6: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2014, 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>
2015	\$ 136,000	\$ 8,041	\$ 144,041
2016	140,000	7,123	147,123
2017	139,000	6,097	145,097
2018	142,000	4,767	146,767
2019	146,000	3,008	149,008
2020	145,000	1,015	146,015
	<u>\$ 848,000</u>	<u>\$ 30,051</u>	<u>\$ 878,051</u>

**Bond Refunding**

During the fiscal year, the City issued \$868,000 of General Obligation Refunding Bonds, Series 2014 to refund the General Obligation Bonds, Series 2000 in the amount of \$845,000. The Series 2000 refunded bonds are considered legally defeased and the liability for these bonds has been removed. As a result of the refunding the City reduced its total debt service requirements by \$108,911 which resulted in an economic gain of \$104,550 (net present value).

**Redemption**

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

NOTE 7: RETIREMENT PLAN

**Plan Description**

The City provides pension benefits for all of its eligible 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 from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

NOTE 7: RETIREMENT PLAN (CONTINUED)

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.

**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.

For 2014, the City's annual pension cost of \$21,836 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**

ACTUARIAL VALUATION DATE	DECEMBER 31,		
	2013	2012	2011
Actuarial Valuation of Assets	\$ 1,399,579	\$ 1,284,356	\$ 1,176,169
Actuarial Accrued Liability	1,417,769	1,311,012	1,193,458
Percentage Funded	98.7%	98.0%	98.6%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	18,190	26,656	17,289
Annual Covered Payroll	695,252	682,438	655,511
UAAL as a Percentage of Covered Payroll	2.6%	3.9%	2.6%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Net Pension Cost:			
Annual Required Contribution (ARC)	21,836	18,662	20,593
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Contribution Made	21,836	18,662	20,593
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, 2014

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, 2014, 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, 2014

	<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	\$ 800,000	\$ 800,000	\$ 753,524	\$ (46,476)
Ad Valorem Tax	275,000	275,000	274,972	(28)
Liquor Tax	12,000	12,000	13,024	1,024
Interest Income	2,200	2,200	957	(1,243)
Franchise Fees	131,255	131,255	167,368	36,113
Municipal Court Revenue	40,000	40,000	35,459	(4,541)
Sewer Use Fees	55,000	55,000	53,215	(1,785)
Permits	34,000	34,000	53,689	19,689
Miscellaneous Income	3,480	3,480	2,260	(1,220)
Contribution – Economic Development Corporation	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>–</u>
Total Revenue	<u>1,362,935</u>	<u>1,362,935</u>	<u>1,364,468</u>	<u>1,533</u>
<u>EXPENDITURES</u>				
General and Administrative				
Personnel Services	142,331	142,332	139,798	2,534
Travel, Training, and Professional Dues	1,380	1,380	623	757
Operational Costs	113,635	113,510	122,927	(9,417)
Supplies and Materials	3,970	4,095	4,296	(201)
Capital Outlay	<u>–</u>	<u>60,000</u>	<u>50,151</u>	<u>9,849</u>
Total General and Administrative	<u>261,316</u>	<u>321,317</u>	<u>317,795</u>	<u>3,522</u>
Fire Department Services	<u>235,000</u>	<u>235,000</u>	<u>235,000</u>	<u>–</u>
Police				
Personnel Services	645,889	645,891	650,866	(4,975)
Travel, Training, and Professional Dues	4,240	4,240	2,164	2,076
Operational Costs	23,097	23,097	28,417	(5,320)
Supplies and Materials	52,400	65,400	48,734	16,666
Capital Outlay	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total Police	<u>725,626</u>	<u>738,628</u>	<u>730,181</u>	<u>8,447</u>



CITY OF HILL COUNTRY VILLAGE, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ 44,724	\$ 44,723	\$ 48,665	\$ (3,942)
Operational Costs	9,815	9,815	10,044	(229)
Supplies and Materials	<u>8,245</u>	<u>8,245</u>	<u>8,227</u>	<u>18</u>
Total Public Works	<u>62,784</u>	<u>62,783</u>	<u>66,936</u>	<u>(4,153)</u>
Total Expenditures	<u>1,284,726</u>	<u>1,357,728</u>	<u>1,349,912</u>	<u>7,816</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	78,209	5,207	14,556	9,349
<u>OTHER FINANCING SOURCE (USES)</u>				
Merit Pool	(20,000)	(20,000)	(19,432)	(568)
Transfer Out				
Debt Service	-	-	(8,770)	(8,770)
Vehicle Replacement Fund	<u>(25,500)</u>	<u>(25,500)</u>	<u>(25,500)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(45,500)</u>	<u>(45,500)</u>	<u>(53,702)</u>	<u>(9,338)</u>
Net Change in Fund Balance	<u>\$ 32,709</u>	<u>\$ (40,293)</u>	<u>\$ (39,146)</u>	<u>\$ (557)</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>1,308,937</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 1,269,791</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, 2014

	<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>164,624</u>	<u>164,624</u>	<u>155,297</u>	<u>(9,327)</u>
Total Revenue	<u>164,625</u>	<u>164,625</u>	<u>155,298</u>	<u>(9,327)</u>
<u>EXPENDITURES</u>				
Debt Service Fees	725	725	725	-
Bond Issue Costs	-	-	12,208	(12,208)
Interest Expense	48,899	28,899	39,134	(10,235)
Principal Payment	<u>115,000</u>	<u>135,000</u>	<u>135,000</u>	<u>-</u>
Total Expenditures	<u>164,624</u>	<u>164,624</u>	<u>187,067</u>	<u>22,443</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	1	1	(31,769)	(31,770)
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond Proceeds	-	-	868,000	868,000
Payment to Escrow	-	-	(845,000)	845,000
Transfer In	-	-	8,770	8,770
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>31,770</u>	<u>31,770</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	1	-
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>9</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 10</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, 2014

	<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	\$ 132,622	\$ 132,622	\$ 125,587	\$ (7,035)
Interest Income	<u>1,400</u>	<u>1,400</u>	<u>905</u>	<u>(495)</u>
Total Revenue	<u>\$ 134,022</u>	<u>\$ 134,022</u>	126,492	<u>\$ (7,530)</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>1,217,094</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 1,343,586</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2014

NOTE 1: BUDGETARY INFORMATION

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

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

**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, 2014

	<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	\$ 1,142	\$ -	\$ 22,923	\$ 4,776	\$ 64	\$ 144,931	\$ 26,971	\$ 200,807
Accounts Receivable	-	-	3,697	-	-	-	-	3,697
Due from Other Funds	374	-	-	-	-	-	-	374
Prepaid Expense	-	1,340	-	-	-	-	-	1,340
<b>TOTAL ASSETS</b>	<b><u>\$ 1,516</u></b>	<b><u>\$ 1,340</u></b>	<b><u>\$ 26,620</u></b>	<b><u>\$ 4,776</u></b>	<b><u>\$ 64</u></b>	<b><u>\$ 144,931</u></b>	<b><u>\$ 26,971</u></b>	<b><u>\$ 206,218</u></b>
<u>LIABILITIES</u>								
Due to Other Funds	-	374	-	-	-	-	-	374
<u>FUND BALANCES</u>								
Nonspendable – Prepays	\$ -	\$ 1,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,340
Restricted for:								
Court Security	1,516	-	-	-	-	-	-	1,516
Court Technology	-	(374)	-	-	-	-	-	(374)
Venue	-	-	26,620	-	-	-	-	26,620
Grants	-	-	-	4,776	-	-	-	4,776
Judicial Efficiency	-	-	-	-	64	-	-	64
Committed for:								
Vehicle Replacement	-	-	-	-	-	144,931	-	144,931
Capital Projects	-	-	-	-	-	-	26,971	26,971
<b>TOTAL FUND BALANCES</b>	<b><u>1,516</u></b>	<b><u>966</u></b>	<b><u>26,620</u></b>	<b><u>4,776</u></b>	<b><u>64</u></b>	<b><u>144,931</u></b>	<b><u>26,971</u></b>	<b><u>205,844</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,516</u></b>	<b><u>\$ 1,340</u></b>	<b><u>\$ 26,620</u></b>	<b><u>\$ 4,776</u></b>	<b><u>\$ 64</u></b>	<b><u>144,931</u></b>	<b><u>\$ 26,971</u></b>	<b><u>\$ 206,218</u></b>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2014

	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	\$ -	\$ -	\$ 37,318	\$ -	\$ -	\$ -	\$ -	\$ 37,318
Municipal Court Revenue	918	1,223	-	-	36	-	-	2,177
Grants	-	-	-	2,586	-	-	-	2,586
Interest	1	-	6	4	-	97	14	122
Sale of Asset	-	-	-	-	-	-	-	-
Total Revenue	<u>919</u>	<u>1,223</u>	<u>37,324</u>	<u>2,590</u>	<u>36</u>	<u>97</u>	<u>14</u>	<u>42,203</u>
<u>EXPENDITURES</u>								
Fire Department Services	-	-	30,000	-	-	-	-	30,000
Supplies and Materials	-	-	-	1,914	-	-	-	1,914
Police Department	900	2,092	-	-	13	-	-	3,005
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>900</u>	<u>2,092</u>	<u>30,000</u>	<u>1,914</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>34,919</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	19	(869)	7,324	676	23	97	14	7,284
<u>OTHER FINANCING SOURCES</u>								
Transfers In	-	-	-	-	-	25,500	-	25,500
Net Change in Fund Balances	19	(869)	7,324	676	23	25,597	14	32,784
<u>FUND BALANCES - BEGINNING</u>	<u>1,497</u>	<u>1,835</u>	<u>19,296</u>	<u>4,100</u>	<u>41</u>	<u>119,334</u>	<u>26,957</u>	<u>173,060</u>
FUND BALANCES - ENDING	<u>\$ 1,516</u>	<u>\$ 966</u>	<u>\$ 26,620</u>	<u>\$ 4,776</u>	<u>\$ 64</u>	<u>\$ 144,931</u>	<u>\$ 26,971</u>	<u>\$ 205,844</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, 2014

	<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	\$ 918	\$ (682)
Interest Income	<u>5</u>	<u>5</u>	<u>1</u>	<u>(4)</u>
Total Revenue	<u>1,605</u>	<u>1,605</u>	<u>919</u>	<u>(686)</u>
<u>EXPENDITURES</u>				
Operational Costs	<u>785</u>	<u>785</u>	<u>900</u>	<u>(115)</u>
Net Change in Fund Balance	<u>\$ 820</u>	<u>\$ 820</u>	19	<u>\$ (801)</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>1,497</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 1,516</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, 2014

	<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	\$ 1,223	\$ (877)
Interest Income	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total Revenue	<u>2,101</u>	<u>2,101</u>	<u>1,223</u>	<u>(878)</u>
<u>EXPENDITURES</u>				
Operational Costs	<u>1,341</u>	<u>1,341</u>	<u>2,092</u>	<u>(751)</u>
Net Change in Fund Balance	<u>\$ 760</u>	<u>\$ 760</u>	(869)	<u>\$ (1,629)</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>1,835</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 966</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, 2014

	<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	\$ 37,318	\$ 838
Interest Income	<u>50</u>	<u>50</u>	<u>6</u>	<u>(44)</u>
Total Revenue	<u>36,530</u>	<u>36,530</u>	<u>37,324</u>	<u>794</u>
<u>EXPENDITURES</u>				
Fire Department Services	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 6,530</u>	<u>\$ 6,530</u>	7,324	<u>\$ 794</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>19,296</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 26,620</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, 2014

	<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	\$ 2,900	\$ 2,900	\$ 2,586	\$ (314)
Interest Income	<u>10</u>	<u>10</u>	<u>4</u>	<u>(6)</u>
Total Revenue	<u>2,910</u>	<u>2,910</u>	<u>2,590</u>	<u>(320)</u>
<u>EXPENDITURES</u>				
Supplies and Materials	<u>1,200</u>	<u>1,200</u>	<u>1,914</u>	<u>(714)</u>
Net Change in Fund Balance	<u>\$ 1,710</u>	<u>\$ 1,710</u>	676	<u>\$ (1,034)</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>4,100</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 4,776</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
JUDICIAL EFFICIENCY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>REVENUE</u>				
Municipal Court Revenue	\$ 56	\$ 56	\$ 36	\$ (20)
Total Revenue	<u>56</u>	<u>56</u>	<u>36</u>	<u>(20)</u>
<u>EXPENDITURES</u>				
Travel, Training and Professional Dues	<u>-</u>	<u>-</u>	<u>13</u>	<u>(13)</u>
Net Change in Fund Balance	<u>\$ 56</u>	<u>\$ 56</u>	23	<u>\$ (33)</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>41</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 64</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
VEHICLE REPLACEMENT FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Interest Income	\$ 325	\$ 325	\$ 97	\$ (228)
<u>EXPENDITURES</u>				
Capital Outlay	87,000	87,000	-	87,000
Operational Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>87,000</u>	<u>87,000</u>	<u>-</u>	<u>87,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,675)	(86,675)	97	86,772
<u>OTHER SOURCES</u>				
Transfer In	<u>25,500</u>	<u>25,500</u>	<u>25,500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (61,175)</u>	<u>\$ (61,175)</u>	25,597	<u>\$ 86,772</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>119,334</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 144,931</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
<u>REVENUE</u>				
Interest Income	\$ 50	\$ 50	\$ 14	\$ (36)
<u>EXPENDITURES</u>				
Capital Outlay	—	—	—	—
Net Change in Fund Balance	<u>\$ 50</u>	<u>\$ 50</u>	14	<u>\$ (36)</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>26,957</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 26,971</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, 2014

	<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	\$ 132,622	\$ 132,622	\$ 125,587	\$ (7,035)
Interest Income	<u>160</u>	<u>160</u>	<u>11</u>	<u>(149)</u>
Total Revenue	<u>132,782</u>	<u>132,782</u>	<u>125,598</u>	<u>(7,184)</u>
<u>EXPENDITURES</u>				
Operational Costs	70	70	30	40
Contribution to General Fund	10,000	10,000	10,000	-
Contribution to Debt Service Fund	<u>164,624</u>	<u>164,624</u>	<u>155,297</u>	<u>9,327</u>
Total Expenditures	<u>174,694</u>	<u>174,694</u>	<u>165,327</u>	<u>9,367</u>
Net Change in Fund Balance	<u>\$ (41,912)</u>	<u>\$ (41,912)</u>	(39,729)	<u>\$ 2,183</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>123,254</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 83,525</u>	



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

CITY OF HILL COUNTRY VILLAGE, TEXAS  
BALANCE SHEET - ALL FUNDS  
SEPTEMBER 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u> <u>ACTUAL</u>	<u>2013</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>ASSETS</u>			
Cash	\$ 2,877,879	\$ 2,834,759	\$ 43,120
Receivables			
Taxes	2,157	2,722	(565)
Accounts and Other	186,023	178,981	7,042
Prepaid Expenses	<u>1,340</u>	<u>-</u>	<u>1,340</u>
 TOTAL ASSETS	 <u>\$ 3,067,399</u>	 <u>\$ 3,016,462</u>	 <u>\$ 50,937</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 31,861	\$ 49,453	\$ (17,592)
Accrued Salaries	28,625	23,457	5,168
Compensated Absences	60,779	59,166	1,613
Deferred Revenue	<u>41,221</u>	<u>62,032</u>	<u>(20,811)</u>
Total Liabilities	<u>162,486</u>	<u>194,108</u>	<u>(31,622)</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Revenue - Taxes	<u>2,157</u>	<u>-</u>	<u>2,157</u>
<u>FUND BALANCES</u>			
Nonspendable - Prepaids	1,340	-	1,340
Restricted	45,357	38,324	7,033
Committed for Capital	1,515,488	1,363,385	152,103
Unassigned	<u>1,340,571</u>	<u>1,420,645</u>	<u>(80,074)</u>
Total Fund Balances	<u>2,902,756</u>	<u>2,822,354</u>	<u>80,402</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 3,067,399</u>	 <u>\$ 3,016,462</u>	 <u>\$ 50,937</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
ALL FUNDS  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
PRIOR YEAR AND CURRENT YEAR  
YEAR ENDED SEPTEMBER 30, 2014

	<u>2014</u> <u>ACTUAL</u>	<u>2013</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>REVENUE</u>			
Taxes	\$ 1,330,012	\$ 1,338,795	\$ (8,783)
Franchise Fees	167,368	123,436	43,932
Interest Income	1,996	3,364	(1,368)
Municipal Court	37,636	31,966	5,670
Other	<u>277,047</u>	<u>270,197</u>	<u>6,850</u>
Total Revenue	<u>1,814,059</u>	<u>1,767,758</u>	<u>46,301</u>
<u>EXPENDITURES</u>			
Personnel Services	858,761	846,676	12,085
Travel, Training and Professional Dues	2,800	5,071	(2,271)
Operational Costs	301,241	322,244	(21,003)
Supplies and Materials	63,171	82,138	(18,967)
Capital Expenditures and Projects	79,342	79,795	(453)
Fire Department Services	265,000	265,000	-
Bad Debt Expense	-	-	-
Debt Service			
Principal	135,000	110,000	25,000
Interest	39,134	55,088	(15,954)
Bond Issue Costs	<u>12,208</u>	<u>-</u>	<u>12,208</u>
Total Expenditures	<u>1,756,657</u>	<u>1,766,012</u>	<u>(9,355)</u>
Net Change in Fund Balances	57,402	1,746	55,656
<u>OTHER FINANCING SOURCES (USES)</u>			
Bond Proceeds	868,000	-	868,000
Payment to Escrow Agent	<u>(845,000)</u>	<u>-</u>	<u>(845,000)</u>
Total Other Financing Sources (Uses)	23,000	-	23,000
<u>BEGINNING FUND BALANCES</u>	<u>2,822,354</u>	<u>2,820,608</u>	<u>1,746</u>
<u>ENDING FUND BALANCES</u>	<u>\$ 2,902,756</u>	<u>\$ 2,822,354</u>	<u>\$ 80,402</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS  
ALL FUNDS  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET TO ACTUAL  
YEAR ENDED SEPTEMBER 30, 2014

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes	\$ 1,330,012	\$ 1,388,724	\$ (58,712)
Franchise Fees	167,368	131,255	36,113
Interest Income	1,996	4,202	(2,206)
Municipal Court	37,636	43,756	(6,120)
Other	<u>277,047</u>	<u>270,004</u>	<u>7,043</u>
Total Revenue	<u>1,814,059</u>	<u>1,837,941</u>	<u>(23,882)</u>
<u>EXPENDITURES</u>			
Personnel Services	839,329	832,946	(6,383)
Travel, Training and Professional Dues	2,800	5,620	2,820
Operational Costs	301,241	323,967	22,726
Supplies and Materials	63,171	78,940	15,769
Capital Expenditures and Projects	79,342	147,000	67,658
Fire Department Services	265,000	265,000	-
Merit Pool	19,432	20,000	568
Debt Service			
Principal	135,000	135,000	-
Interest	39,134	28,899	(10,235)
Bond Issue Costs	<u>12,208</u>	<u>-</u>	<u>(12,208)</u>
Total Expenditures	<u>1,756,657</u>	<u>1,837,372</u>	<u>80,715</u>
Net Change in Fund Balance	57,402	569	<u>\$ 56,833</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Bond Proceeds	868,000	-	868,000
Payment to Escrow Agent	<u>(845,000)</u>	<u>-</u>	<u>(845,000)</u>
Total Other Financing Sources (Uses)	23,000	-	23,000
<u>BEGINNING FUND BALANCE</u>	<u>2,822,354</u>	<u>2,822,354</u>	
ENDING FUND BALANCE	<u>\$ 2,902,756</u>	<u>\$ 2,822,923</u>	