

CITY OF SHAVANO PARK, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2014

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CITY OF SHAVANO PARK, TEXAS
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2014

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Shavano Park, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shavano Park, 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 for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shavano Park, Texas, as of September 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 3E and pages 31 through 35 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.

Certified Public Accountants

San Antonio, Texas

January 26, 2015

**City of Shavano Park, Texas
Management's Discussion and Analysis (MD & A)
Fiscal Year Ended September 30, 2014**

Management's discussion and analysis of the City of Shavano Park's financial performance provides an overview of the City's financial activities for the year ended September 30, 2014.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 4 and 5) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Management's analysis of the City as a whole begins on page 3A. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the statement of net position and the statement of activities, we divide the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, general administration, court, public works and development services. Ad valorem and sales taxes, franchise fees, fines, and building permit fees finance most of these activities.
- **Business-Type Activities** – The City charges a fee to customers to cover all of the cost of certain services it provides. The City's water system is reported here.

In management's opinion, the City is better off as a result of this year's activities.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the City's major funds begins on page 3B. The fund financial statements begin on page 6 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council may establish other funds to help it control and manage money for particular purposes (like the capital replacement fund). The City's three kinds of funds – governmental, proprietary, and fiduciary – use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- **Proprietary Funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.
- **Fiduciary Funds** – The City accounts for certain assets held as an agent for individuals. Fiduciary funds are accounted for in the same manner as proprietary funds.

THE CITY AS A WHOLE

For the year ended September 30, 2014, the total and net position changed as follows:

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Beginning Total Assets and Deferred Outflows	\$ 11,139,615	\$ 6,759,776	\$ 17,899,391
Increase in Total Assets	420,339	(197,016)	223,323
ENDING TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 11,559,954	\$ 6,562,760	\$ 18,122,714
Beginning Net Position	\$ 8,513,151	\$ 3,806,605	\$ 12,319,756
Increase in Net Position	706,455	(23,102)	683,353
ENDING NET POSITION	\$ 9,219,606	\$ 3,783,503	\$ 13,003,109

The increased in net position for the year was \$706,455 for the governmental activities and decreased \$23,101 for the business-type activities.

Governmental Activities

To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

Development Services	Building permits, development fees, occupational licenses, and plumbing/electric inspections.
Court	Court costs allocation from fines.
Police	Fines and arrest fees. Grants are classified as operating grants.
Fire	EMS fees. Grants are classified as operating grants.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Expenses for government activities (as presented on page 5) increased by \$619,563 to \$4,290,828 in 2014 from 2013. The City's general revenues increased by \$68,894 primarily due to an increase in tax revenues and franchise fees. The City's net revenue for 2014 was \$743,374, compared to \$1,315,288 in 2013.

Business-Type Activities

Water revenues (as presented on page 5) decreased by 6% (or \$66,523) to \$915,521. Total operating expenses of the water department decreased by 5% (or \$45,510) to \$957,712. Net income decreased by \$73,557 to \$7,906 in 2014 due to increase in expenditures.

THE CITY'S FUNDS

The City's government funds – total assets (as presented on page 6) increased by 16% (or \$880,132) in 2014. The City's government funds balances increased by 10% (or \$566,800).

The following schedule presents a summary of general, debt service, and crime control fund revenues and expenditures (as presented on page 8) for the fiscal year ended September 30, 2014, and the amount and percentage of increases and decreases in relation to the prior year.

	<u>FYE 2014 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) FROM FYE 2013</u>	<u>PERCENT INCREASE (DECREASE)</u>
<u>REVENUES</u>				
Taxes	\$ 3,833,388	77%	\$ (9,568)	0%
Franchise Fees	360,938	7%	148,048	70%
Building Permits and Fees	413,968	8%	(5,797)	-1%
Fines and Forfeitures	234,146	5%	(63,971)	-21%
EMS Fees	69,528	1%	14,667	27%
Other	72,009	1%	(59,756)	-45%
CPS CIED Refund	-	0%	(153,010)	-100%
Interest	<u>9,712</u>	0%	<u>4,518</u>	87%
TOTAL REVENUES	<u>\$ 4,993,689</u>	100%	<u>\$ (124,869)</u>	-2%
<u>EXPENDITURES</u>				
City Council	\$ 20,361	0%	\$ (10,673)	-53%
Administration	718,160	16%	213,129	33%
Municipal Court	79,518	2%	17,897	25%
Police	1,148,824	26%	203,234	20%
Fire	1,207,488	27%	262,157	24%
Public Works	362,938	8%	40,042	15%
Development Services	107,904	2%	(5,004)	-4%
Capital Outlay	61,751	1%	(25,500)	-3%
Debt Service	<u>711,747</u>	16%	<u>411,416</u>	140%
TOTAL EXPENDITURES	<u>\$ 4,418,691</u>	100%	<u>\$ 1,106,698</u>	25%

BUDGETARY HIGHLIGHTS

Budgetary comparisons are included on pages 31 through 35 of this annual financial report. There were no budget amendments during the year.

General fund actual revenues exceeded the budget by 2% (or \$72,139). Budget exceeded Total expenditures by 9% (or \$427,925).

The budget exceeded the water fund revenues by 2% (or \$26,932). The budget exceeded total expenditures by 18% (or \$182,056).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2014, the City had \$9,989,676 invested in capital assets including police and fire equipment, buildings, and vehicles (see table below). This represents a net decrease of 5.6% (or \$595,236) from last year. See Note 6 on page 27 - 28 for additional analysis of the City's capital assets net of depreciation.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2013	2014	2013	2014	2013	2014
Land	\$ 111,687	\$ 111,687	\$ 30,146	\$ 30,146	\$ 141,833	\$ 141,833
Construction in Progress	-	6,737	-	-	-	6,737
Building and Improvements	2,699,147	2,608,453	4,514,109	4,340,581	7,213,256	6,949,034
Street Improvements	1,572,874	1,503,597	-	-	1,572,874	1,503,597
Vehicles and Equipment	1,251,735	958,778	102,233	126,716	1,353,968	1,085,494
Water Rights	-	-	302,981	302,981	302,981	302,981
TOTALS	\$ 5,635,443	\$ 5,189,252	\$ 4,949,469	\$ 4,800,424	\$ 10,584,912	\$ 9,989,676

Debt

At September 30, 2014, the City had \$4,554,999 in outstanding bonds compared to \$5,383,816 last year. That is a decrease of 15% (or \$828,817) as shown in the following table:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2013	2014	2013	2014	2013	2014
Bonds	\$ 2,655,675	\$ 1,910,766	\$ 2,728,141	\$ 2,644,233	\$ 5,383,816	\$ 4,554,999

Other obligations of the City include accrued compensated absences. See Note 5 on page 24 for additional analysis of City's debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund revenues for the fiscal year 2015 are budgeted at \$3,912,343 a 6.414 % decrease over 2014 actual amounts. The decrease is largely related to a sales tax payer moving from the city, but daily maintenance and operations have not historically relied on this revenue stream. The City's largest single source of revenue in the General Fund continues to be ad valorem taxes. The tax rate was decreased .010383 cents from \$.3200 to \$.309617. This rate consists of a maintenance and operations (M&O) tax rate of \$.290429 and interest and sinking (debt service) tax rate of \$.019188. A contributing factor for the reduction was the early payoff of the 2004 Certificate of Obligation debt. However the property tax revenue projections for M&O tax levy are increased by \$222,698. Although the City has a finite supply of undeveloped property, there has been a steady pace of platting of land for new business and homes that will positively affect the revenue streams in the near future.

The General Fund expenditures for fiscal 2015 are budgeted at \$4,098,259 a 11.07% increase over 2014 actual. The difference between the revenues and expenses for the fiscal year 2015 is funded from other financing sources of \$150,916 for capital expenditures and a draw of \$35,000 from unassigned fund balance for a one time expenditure.

The City's current fund policy is to achieve and maintain an unassigned General Fund balance equal to 25% to 50% of budgeted expenditures. An amount in excess of 50% is to be considered for reservation of accumulated funding for capital projects and equipment, and/or to reduce the tax levy requirements. The fiscal year 2015 budget transfers \$193,274 to the Capital Replacement Fund. If all projections are accurate the General Fund unassigned balance is at 80% of budgeted expenditures or a total of \$3,283,898.

Water revenues are budgeted at \$976,100, a 5.87% decrease from 2014 actual revenues. Water operating expenditures are budgeted at \$804,624, a 14.43% increase from 2014 actual (excluding depreciation). Water net position unrestricted total \$1,596,688.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager at 900 Saddletree Court, Shavano Park, Texas.

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Investments	\$ 6,088,061	\$ 1,539,061	\$ 7,627,122
Accounts Receivable	172,141	156,821	328,962
Internal Balances	(7,908)	7,908	-
Inventory	-	27,321	27,321
Prepaid Expenses	-	600	600
Total Current Assets	<u>6,252,294</u>	<u>1,731,711</u>	<u>7,984,005</u>
Capital Assets	9,582,168	7,593,922	17,176,090
Accumulated Depreciation	<u>(4,392,916)</u>	<u>(2,793,498)</u>	<u>(7,186,414)</u>
Net Capital Assets	<u>5,189,252</u>	<u>4,800,424</u>	<u>9,989,676</u>
TOTAL ASSETS	<u>11,441,546</u>	<u>6,532,135</u>	<u>17,973,681</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunded Bonds	<u>118,408</u>	<u>30,625</u>	<u>149,033</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	180,735	88,826	269,561
Accrued Wages Payable	100,623	3,648	104,271
Customer Deposits	-	21,750	21,750
Accrued Interest Payable	9,318	14,826	24,144
Current Portion of Bonds Payable	<u>131,092</u>	<u>83,908</u>	<u>215,000</u>
Total Current Liabilities	<u>421,768</u>	<u>212,958</u>	<u>634,726</u>
Compensated Absences Payable	138,906	5,974	144,880
Bonds Payable	<u>1,779,674</u>	<u>2,560,325</u>	<u>4,339,999</u>
TOTAL LIABILITIES	<u>2,340,348</u>	<u>2,779,257</u>	<u>5,119,605</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,278,486	2,156,191	5,434,677
Restricted for:			
PEG Funds	58,574	-	58,574
Child Safety	3,589	-	3,589
Court	58,427	-	58,427
LEOSE	5,146	-	5,146
Police Forfeiture	6,225	-	6,225
Debt Service	307,809	-	307,809
Crime Control	649,783	-	649,783
Unrestricted	<u>4,851,567</u>	<u>1,627,312</u>	<u>6,478,879</u>
TOTAL NET POSITION	<u>\$ 9,219,606</u>	<u>\$ 3,783,503</u>	<u>\$ 13,003,109</u>

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

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUE			NET (EXPENSE) REVENUE		
		CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>Governmental Activities</u>							
City Council	\$ 23,148	\$ -	\$ -	\$ -	\$ (23,148)	\$ -	\$ (23,148)
Administration	856,723	28,728	3,589	-	(824,406)	-	(824,406)
Municipal Court	79,518	228,785	-	-	149,267	-	149,267
Police	1,333,243	7,264	2,824	-	(1,323,155)	-	(1,323,155)
Fire	1,394,305	75,352	5,923	-	(1,313,030)	-	(1,313,030)
Public Works	392,770	-	-	-	(392,770)	-	(392,770)
Development Services	107,904	413,969	-	-	306,065	-	306,065
Interest	103,217	-	-	-	(103,217)	-	(103,217)
Total Governmental Activities	4,290,828	754,098	12,336	-	(3,524,394)	-	(3,524,394)
<u>Business-Type Activities</u>							
Water	957,713	915,521	-	-	-	(42,192)	(42,192)
TOTAL GOVERNMENT	\$ 5,248,541	\$ 1,669,619	\$ 12,336	\$ -	(3,524,394)	(42,192)	(3,566,586)
<u>General Revenues</u>							
Taxes					3,844,714	-	3,844,714
Franchise Fees					360,935	-	360,935
Interest					9,715	3,231	12,946
Other					30,354	68,916	99,270
Transfers					22,050	(22,050)	-
Total General Revenue and Transfers					4,267,768	50,097	4,317,865
Change in Net Position					743,374	7,905	751,279
NET POSITION AT BEGINNING OF YEAR					8,513,151	3,806,605	12,319,756
RESTATEMENT OF BEGINNING NET POSITION					(36,919)	(31,007)	(67,926)
NET POSITION AT BEGINNING OF YEAR - RESTATED					8,476,232	3,775,598	12,251,830
NET POSITION AT END OF YEAR					\$ 9,219,606	\$ 3,783,503	\$ 13,071,035

CITY OF SHAVANO PARK, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>GENERAL</u>	<u>CRIME CONTROL DISTRICT</u>	<u>CAPITAL REPLACEMENT</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Cash and Investments	\$ 3,828,607	\$ 686,371	\$ 1,214,140	\$ 358,944	\$ 6,088,062
Receivables:					
Delinquent Ad Valorem Taxes	25,608	-	-	3,759	29,367
Warrant Receivable (net)	136,110	-	-	-	136,110
EMS Receivable (net)	5,824	-	-	-	5,824
Other Receivable	840	-	-	-	840
Due from Other Funds	<u>36,618</u>	<u>-</u>	<u>-</u>	<u>125,799</u>	<u>162,417</u>
 TOTAL ASSETS	 <u>\$ 4,033,607</u>	 <u>\$ 686,371</u>	 <u>\$ 1,214,140</u>	 <u>\$ 488,502</u>	 <u>\$ 6,422,620</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 179,974	\$ -	\$ -	\$ -	\$ 179,974
Accrued Wages Payable	100,623	-	-	-	100,623
Other Payables	762	-	-	-	762
Due to Other Funds	<u>133,707</u>	<u>36,588</u>	<u>-</u>	<u>30</u>	<u>170,325</u>
Total Liabilities	<u>415,066</u>	<u>36,588</u>	<u>-</u>	<u>30</u>	<u>451,684</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Revenue - Property Taxes	25,607	-	-	3,759	29,366
Deferred Revenue - Warrants	136,110	-	-	-	136,110
Deferred Revenue - EMS	<u>5,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,824</u>
Total Deferred Inflows of Resources	<u>167,541</u>	<u>-</u>	<u>-</u>	<u>3,759</u>	<u>171,300</u>
<u>FUND BALANCES</u>					
Restricted - PEG Funds	-	-	-	58,574	58,574
Restricted - Child Safety Fund	-	-	-	3,589	3,589
Restricted - Court	-	-	-	58,427	58,427
Restricted - LEOSE	-	-	-	5,146	5,146
Restricted - Police Forfeiture	-	-	-	6,225	6,225
Restricted - Debt Service	-	-	-	307,809	307,809
Restricted - Crime Control District	-	649,783	-	-	649,783
Committed - Oak Wilt	-	-	-	44,943	44,943
Committed - Capital Replacement	-	-	1,214,140	-	1,214,140
Assigned - Encumbrances	167,102	-	-	-	167,102
Unassigned	<u>3,283,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,283,898</u>
Total Fund Balances	<u>3,451,000</u>	<u>649,783</u>	<u>1,214,140</u>	<u>484,713</u>	<u>5,799,636</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	 <u>\$ 4,033,607</u>	 <u>\$ 686,371</u>	 <u>\$ 1,214,140</u>	 <u>\$ 488,502</u>	 <u>\$ 6,422,620</u>

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

CITY OF SHAVANO PARK, TEXAS
 RECONCILIATION OF BALANCE SHEET –
 GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 5,799,636
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds; net of accumulated depreciation of \$4,392,916	5,189,252
Delinquent ad valorem taxes are not available to pay for current period expenditures and, therefore, are deferred in the funds.	29,366
Warrant receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	136,110
EMS receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	5,824
Accrued interest payable on bonds payable does not require current financial resources and, therefore, is not reported in the funds.	(9,318)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated Absences	(138,906)
Unamortized Charge on Refunded Bonds	118,408
Bonds Payable	<u>(1,910,766)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 9,219,606</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	<u>GENERAL</u>	<u>CRIME CONTROL DISTRICT</u>	<u>CAPITAL REPLACEMENT</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
<u>REVENUES</u>					
Taxes	\$ 3,050,822	\$ 387,192	\$ -	\$ 395,374	\$ 3,833,388
Franchise Fees	352,015	-	-	8,923	360,938
Building Permits and Fees	411,885	-	-	2,083	413,968
Fines and Forfeits	222,954	-	-	11,192	234,146
EMS Fees	69,528	-	-	-	69,528
Other	63,730	-	-	8,279	72,009
Interest	9,544	54	84	30	9,712
Total Revenues	<u>4,180,478</u>	<u>387,246</u>	<u>84</u>	<u>425,881</u>	<u>4,993,689</u>
<u>EXPENDITURES</u>					
City Council	20,361	-	-	-	20,361
General Administration	718,160	-	-	-	718,160
Municipal Court	62,219	-	-	17,299	79,518
Police	1,148,824	-	-	-	1,148,824
Fire	1,207,488	-	-	-	1,207,488
Public Works	362,938	-	-	-	362,938
Development Services	107,904	-	-	-	107,904
Capital Outlay	61,751	-	-	-	61,751
Principal Retirement	410,000	-	-	206,093	616,093
Interest and Fees	8,554	-	-	87,100	95,654
Total Expenditures	<u>4,108,199</u>	<u>-</u>	<u>-</u>	<u>310,492</u>	<u>4,418,691</u>
Excess of Revenues Over Expenditures	<u>72,279</u>	<u>387,246</u>	<u>84</u>	<u>115,389</u>	<u>574,998</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Gain on Sale of Assets	6,671	-	-	-	6,671
Transfers from Other Funds	55,445	-	284,399	-	339,844
Transfers from Water Fund	22,050	-	-	-	22,050
Transfers to Other Funds	(252,808)	(73,566)	-	(13,470)	(339,844)
Total Other Financing Sources (Uses)	<u>(168,642)</u>	<u>(73,566)</u>	<u>284,399</u>	<u>(13,470)</u>	<u>28,721</u>
Net Changes in Fund Balance	(96,363)	313,680	284,483	101,919	603,719
FUND BALANCES - BEGINNING	4,691,138	336,103	-	205,595	5,232,836
RESTATEMENT OF BEGINNING FUND BALANCE	(1,143,775)	-	929,657	177,199	(36,919)
FUND BALANCES - BEGINNING RESTATED	<u>3,547,363</u>	<u>336,103</u>	<u>929,657</u>	<u>382,794</u>	<u>5,195,917</u>
FUND BALANCES - ENDING	<u>\$ 3,451,000</u>	<u>\$ 649,783</u>	<u>\$ 1,214,140</u>	<u>\$ 484,713</u>	<u>\$ 5,799,636</u>

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

CITY OF SHAVANO PARK, TEXAS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2014

Net Change in Fund Balance - Governmental Funds \$ 603,719

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

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 61,751

Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (507,942)

The repayment of long-term debt (bonds and capital lease obligations) consumes the current financial resources of governmental funds. Neither of these transactions, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Bond Principal Payments	616,093
Defeasement Charge	(10,408)

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) 2,845

The increase in the liability for compensated absences does not consume a current financial resource and is therefore not reported as an expenditure in the governmental funds. (34,476)

The decrease in delinquent ad-valorem taxes for the year does not create a current financial resource and therefore is deferred in the governmental funds. 11,326

The decrease in EMS fees for the year does not create a current financial resource and therefore is deferred in the governmental funds. 5,824

The decrease in warrant fees for the year does not create a current financial resource and therefore is deferred in the governmental funds. (5,358)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 743,374

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
ENTERPRISE FUND
SEPTEMBER 30, 2014

ASSETS

Cash and Investments	\$ 1,539,061
Receivable from Water Customers	156,821
Inventory	27,321
Prepaid Expenses	600
Due from Other Funds	7,908
Capital Assets	7,593,922
Accumulated Depreciation	<u>(2,793,498)</u>
Total Assets	<u>6,532,135</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunded Bonds	<u>30,625</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 6,562,760</u>
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LIABILITIES

Accounts Payable and Accrued Expenses	\$ 88,826
Accrued Wages Payable	3,648
Water Customer Deposits	21,750
Compensated Absences Payable	5,974
Accrued Interest Payable	14,826
Bonds Payable	<u>2,644,233</u>
Total Liabilities	<u>2,779,257</u>

NET POSITION

Net Investment in Capital Assets	2,156,191
Unrestricted	<u>1,627,312</u>
Total Net Position	<u>3,783,503</u>

TOTAL LIABILITIES AND NET POSITION	<u>\$ 6,562,760</u>
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CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2014

<u>REVENUE</u>	
Water Service	\$ 848,014
Other Revenue	<u>67,507</u>
Total Revenue	<u>915,521</u>
<u>OPERATING EXPENSES</u>	
Personnel	172,394
Supplies	20,791
Services	130,346
Water Lease	47,969
Maintenance	256,141
Debt Service	122,398
Depreciation	<u>207,674</u>
Total Operating Expenses	<u>957,713</u>
Net Operating Income	(42,192)
<u>NONOPERATING REVENUES</u>	
Insurance Proceeds	68,916
Interest Income	<u>3,231</u>
Income Before Transfers	29,955
<u>TRANSFERS OUT</u>	<u>(22,050)</u>
Change in Net Position	7,905
<u>NET POSITION - BEGINNING</u>	3,806,605
<u>RESTATEMENT OF BEGINNING NET POSITION</u>	<u>(31,007)</u>
<u>NET POSITION - BEGINNING RESTATED</u>	<u>3,775,598</u>
TOTAL NET POSITION - ENDING	<u>\$ 3,783,503</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2014

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in Net Position	\$ 7,905
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	207,674
Change in Operating Assets and Liabilities:	
Decrease in Accounts Receivable	(37,134)
Decrease in Inventory	-
Decrease in Due To/From Other Funds	(7,908)
Increase in Accounts Payable and Accrued Expenses	(124,259)
Decrease in Due to From Other Funds	(12,064)
Increase in Accrued Interest Payable	(315)
Net Cash Provided by Operating Activities	<u>35,149</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Capital Asset Additions	(58,629)
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Repayment of Debt	<u>(81,215)</u>
 Net Increase in Cash	 (104,695)
 <u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	 <u>1,643,756</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 1,539,061</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	<u>PET DOCUMENTATION AND RESCUE FUND</u>
Cash	<u>\$ 2,293</u>
Liability	
Due to Others	<u>\$ 2,293</u>

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Shavano Park, Texas (the City) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Reporting Entity

The financial statements include all the governmental, proprietary, and fiduciary funds of the City. There are no component units applicable to the City. Therefore, the primary government (City of Shavano Park, Texas) is the same as the reporting entity. The City is not a component unit of any other entity,

B. Government-wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

C. Fund Financial Statements

The government uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds) and the servicing of long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in another fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

Fiduciary funds are used to account for assets held by the City as an agent for individuals and/or other funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Governmental fund type operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

In the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus and using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60 day availability period is used for revenue recognition for governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt is recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise fees, special assessments, interest revenue and charges for services. Licenses, fines and permits are not susceptible to accrual because generally, they are not measurable until received in cash.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City's deferred outflows of resources are unamortized loss on refund bonds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred revenue, is reported only in the governmental funds balance sheet. The governmental funds report deferred revenues from property taxes, warrants, and EMS receivables. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

E. Cash and Investments

Cash and investments include amounts in demand deposits, savings accounts, and TexSTAR investment accounts.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

G. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem taxes, warrants, franchise fees, and other fees. Business-type activities report water earnings as their major receivables.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables (Continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem tax, warrants, franchise fees, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

H. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

I. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond September 30, 2014.

J. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements – In the government-wide financial statements, assets are accounted for as capital assets. All capital assets are valued at historical cost, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 Years
Vehicles	3 – 10 Years
Furniture and Equipment	3 – 10 Years
Infrastructure	10 – 40 Years

Fund Financial Statements – In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

L. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or the fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

M. Equity Classifications – Government-Wide

Government-Wide Statements – Equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance

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.

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

In the general fund, the City strives to maintain an unassigned fund balance equal to 25% to 50% of budgeted expenditures.

O. Change in Accounting Policy

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 reported as assets and liabilities.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS

Pension 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. TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to Post Office Box 149153, Austin, Texas 78714-9153 or by visiting the 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. Plan provisions for the City were as follows:

	<u>PLAN YEAR 2013</u>	<u>PLAN YEAR 2012</u>
Employee Deposit Rate	7%	7%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI Repeating	70% of CPI Repeating

Pension Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually 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 that 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. The City's current contribution rate based on the actuarial valuation is 9.61%.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

<u>ACCOUNTING PERIOD ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTION</u>	<u>NET PENSION OBLIGATION</u>
September 30, 2014	\$246,752	100%	\$ -
September 30, 2013	216,984	100	-
September 30, 2012	200,061	100	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	21.2 years; closed period	20.1 years; closed period	30.1 years; closed period
Amortization Period for new Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Pension Funding Status and Progress

The historical trend information below demonstrates the City's progress in meeting its pension funding obligations:

<u>DECEMBER 31,</u>	<u>ACTUARIAL VALUES OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>PERCENTAGE FUNDED</u>	<u>OVER/(UNDER) FUNDED AMOUNT</u>	<u>COVERED PAYROLL</u>	<u>UNFUNDED OBLIGATION AS a % OF PAYROLL</u>
2013	\$ 3,975,190	\$ 4,761,991	83.5%	\$ (786,801)	\$ 2,037,757	38.6%

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Other Post Employment Benefits

The city also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The city's contributions to the TMRS SDBF for the years ended 2014, 2013, and 2012 were \$3,453, \$3,284, and \$3,658, respectively, which equaled the required contributions each year. The City contributed the required amount to the TMRS SDBF for the last three years; the amount for the year ended.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3: PROPERTY TAXES

Taxes were levied on and payable as of January 1. For fiscal year 2014, the assessed tax rate for the City was \$.3200 per \$100 on an assessed valuation of \$843,786,295. This is broken out as \$.272442 per \$100 for general operations and \$.047558 per \$100 for debt retirement. Total tax levy for 2014 was \$2,628,587. As of September 30, 2014, the current year uncollected taxes were \$29,367.

NOTE 4: DEPOSITS AND INVESTMENTS

Local government investment pools in Texas are established under the government of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition, to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2a7 of the Investment Company Act of 1940 but are not registered with the SEC as investment companies. The pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Presented below is the minimum rating required by (where applicable) the City's investment policy and the Act and the actual rating as of September 30, 2014 for each investment:

<u>DESCRIPTION</u>	<u>INVESTMENT POLICY MINIMUM RATING</u>	<u>INVESTMENT RATING</u>	<u>RATING ORGANIZATION</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
TexStar	AAA	AAAM	Standard & Poor's	\$2,094,700	-
TexPool	AAA	AAA	Standard & Poor's	466	-
Certificates of Deposits	N/A	N/A	N/A	<u>752,349</u>	1.00
TOTAL INVESTMENTS				<u>\$2,847,516</u>	

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk: Disclosure is required for investments in any one issuer that represent 5% or more of total investment. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The City's investments in external investment pools exceeding 5% are excluded from this requirement.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturing of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting the City's exposure to fair value losses arising from interest rate risk, the City's investment policy limits the maximum weighted average maturity for its portfolio as a whole to 365 days. Maximum allowable stated maturities of any investment shall not exceed 5 years.

NOTE 5: LONG-TERM DEBT

The changes in long-term debt during the year are summarized as follows:

	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATE PAYABLE</u>	<u>BALANCE OUTSTANDING 10/1/2013</u>	<u>ISSUED DURING YEAR</u>	<u>RETIRED DURING YEAR</u>	<u>BALANCE OUTSTANDING 9/30/2014</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES</u>							
General Obligation: Series 2004	\$ 1,000,000	3.6% - 4.1%	\$ 485,000	\$ -	\$ (485,000)	-	\$ -
General Obligation Refunding: Series 2009	2,220,620	2.5% - 4.375%	<u>2,041,859</u>	<u>-</u>	<u>(131,093)</u>	<u>1,910,766</u>	<u>131,092</u>
Total Governmental Activities			<u>2,526,859</u>	<u>-</u>	<u>(616,093)</u>	<u>1,910,766</u>	<u>131,092</u>
<u>BUSINESS-TYPE ACTIVITIES</u>							
Self Supporting Obligation Refunding: Series 2009	574,380	2.5% - 4.375%	528,141	-	(33,908)	494,233	33,908
Self Supporting Obligation: Series 2009	2,299,999	2.5% - 5%	<u>2,200,000</u>	<u>-</u>	<u>(50,000)</u>	<u>2,150,000</u>	<u>50,000</u>
Total Business-Type Activities			<u>2,728,141</u>	<u>-</u>	<u>(83,908)</u>	<u>2,644,233</u>	<u>83,908</u>
TOTAL GOVERNMENT			<u>\$ 5,255,000</u>	<u>\$ -</u>	<u>\$ (700,001)</u>	<u>\$ 4,554,999</u>	<u>\$ 215,000</u>

At September 30, 2014, the City's long-term debt consisted of the following combination tax and limited pledge revenue certificates of obligation bonds, issued in 2009: "\$2,795,000 City of Shavano Park General Obligation Refunding Bond, Series 2009" and \$2,299,999 City of Shavano Park Combination Tax and Limited Revenue Pledge Certificate of Obligation, Series 2009".

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 5: LONG-TERM DEBT (CONTINUED)

During the year ended September 30, 2009 the City issued \$2,795,000 of General Obligation Refunding Bonds, Series 2009, to defease certain bonds outstanding (\$2,575,000) from the \$3,650,000 Combination Tax and Limited Pledge Certificates of Obligation Bonds, Series 2000 – to achieve debt service savings. The defeasement loss (or difference in the \$2,795,000 refunding bonds and the \$2,575,000 bonds defeased) of \$220,000 has been deferred and is recorded as a reduction in bonds payable in these financial statements: \$45,213 related to the self-supporting obligations has been recorded in the enterprise fund and \$174,787 relates to the general obligation bonds. This amount will be amortized as an increase in interest expense over the remaining 16½ years of the bond obligation. Amortization in the current year was \$2,693 for the self-supporting bonds and \$10,408 for the general obligation bonds.

The City realized \$488,000 of savings from the reduced interest cost of the refunding bonds over the defeased bonds. When offset by the \$220,000 defeasement loss on issue which will be amortized to interest expense, the City's net savings will be \$268,000 over the remaining bond term. The defeased bonds were redeemed in August 2010.

The following table presents the annual debt service requirement of the City:

YEAR ENDING SEPTEMBER 30,	BUSINESS TYPE			GOVERNMENTAL TYPE		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2015	\$ 83,908	\$ 117,222	\$ 201,130	\$ 131,092	\$ 72,577	\$ 203,669
2016	85,963	114,548	200,511	139,037	68,525	207,562
2017	90,963	111,805	202,768	139,037	64,006	203,043
2018	91,990	108,741	200,731	143,010	59,071	202,081
2019	95,073	105,367	200,440	154,927	53,469	208,396
2020-2024	540,915	465,904	1,006,819	854,085	168,722	1,022,807
2025-2029	490,421	347,208	837,629	349,578	14,427	364,005
2030-2034	505,000	231,125	736,125	-	-	-
2035-2039	660,000	85,750	745,750	-	-	-
NET BONDS OUTSTANDING	<u>\$2,644,233</u>	<u>\$ 1,687,670</u>	<u>\$ 4,331,903</u>	<u>\$1,910,766</u>	<u>\$ 500,797</u>	<u>\$ 2,411,563</u>

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 5: LONG-TERM DEBT (CONTINUED)

The bonds are \$5,000 in denomination and are dated August 15, 2000; February 15, 2004; May 1, 2009; and August 1, 2009. The bonds were issued for the purpose for securing funds to improve the City's water system, construct and renovate a new city hall, and for drainage and street improvements. The Self-Supporting Limited Revenue Pledge Bonds are repayable from the net revenue of the City's proprietary fund.

The general obligation bonds are payable out of the City's ad valorem tax revenues, the City Council having been authorized to levy and cause to be assessed and collected an amount of ad valorem taxes sufficient to pay the annual as provided in the bond ordinance, solely for the benefit of said bonds. The bond ordinance stipulates that "said interest and sinking fund shall be kept separate and apart from all other funds and accounts of said City, and shall be used only for paying the interest on and principal of said bonds." All ad valorem taxes levied and collected for and on account of said bonds shall be deposited, as collected, to the credit of said interest and sinking fund. During each year while any of said bonds or interest coupons appertaining thereto are outstanding and unpaid, the governing body of said City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest of said bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of such bonds as such principal matures and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid interest and sinking fund.

Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said bonds, as such interest comes due and such principal matures, are hereby pledged irrevocably for such payment, within the limit prescribed by law.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in capital assets:

	<u>9/30/2013</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>9/30/2014</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 111,687	\$ -	\$ -	\$ 111,687
Construction in Progress	<u>-</u>	<u>6,737</u>	<u>-</u>	<u>6,737</u>
Capital Assets being Depreciated				
Building and Improvements	3,546,111	-	-	3,546,111
Street Improvements	2,771,047	-	-	2,771,047
Vehicles and Equipment	<u>3,091,572</u>	<u>55,014</u>	<u>-</u>	<u>3,146,586</u>
Total Capital Assets being Depreciated	<u>9,408,730</u>	<u>55,014</u>	<u>-</u>	<u>9,463,744</u>
Less Accumulated Depreciation for:				
Building and Improvements	(846,964)	(90,694)	-	(937,658)
Street Improvements	(1,198,173)	(69,277)	-	(1,267,450)
Vehicles and Equipment	<u>(1,839,837)</u>	<u>(347,971)</u>	<u>-</u>	<u>(2,187,808)</u>
Total Accumulated Depreciation	<u>(3,884,974)</u>	<u>(507,942)</u>	<u>-</u>	<u>(4,392,916)</u>
Total Capital Assets being Depreciated - Net	<u>5,523,756</u>	<u>(452,928)</u>	<u>-</u>	<u>5,070,828</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	<u>\$ 5,635,443</u>	<u>\$ (446,191)</u>	<u>\$ -</u>	<u>\$ 5,189,252</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 30,146	\$ -	\$ -	\$ 30,146
Water Rights	<u>302,981</u>	<u>-</u>	<u>-</u>	<u>302,981</u>
Total Capital Assets not being Depreciated	<u>333,127</u>	<u>-</u>	<u>-</u>	<u>333,127</u>
Capital Assets being Depreciated				
Water Plant and Improvements	6,780,286	-	-	6,780,286
Machinery and Equipment	<u>421,880</u>	<u>58,629</u>	<u>-</u>	<u>480,509</u>
Total Capital Assets being Depreciated	<u>7,202,166</u>	<u>58,629</u>	<u>-</u>	<u>7,260,795</u>
Less Accumulated Depreciation for:				
Water Plant and Improvements	(2,266,177)	(173,528)	-	(2,439,705)
Machinery and Equipment	<u>(319,647)</u>	<u>(34,146)</u>	<u>-</u>	<u>(353,793)</u>
Total Accumulated Depreciation	<u>(2,585,824)</u>	<u>(207,674)</u>	<u>-</u>	<u>(2,793,498)</u>
Total Capital Assets being Depreciated - Net	<u>4,616,342</u>	<u>(149,045)</u>	<u>-</u>	<u>4,467,297</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS - NET	<u>\$ 4,949,469</u>	<u>\$ (149,045)</u>	<u>\$ -</u>	<u>\$ 4,800,424</u>

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Administration	\$ 138,563
Municipal Court	2,787
Police	184,419
Fire	152,341
Public Works	<u>29,832</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 507,942</u>
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Business-Type Activities

Water	<u>\$ 207,674</u>
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TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 207,674</u>
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NOTE 7: DEFERRED INFLOWS OF RESOURCES – DEFERRED REVENUE

The following is a summary of deferred revenues at September 30, 2014:

	<u>GENERAL FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
Ad Valorem Taxes	\$ 25,607	\$ 3,759	\$ 29,366
Warrant Fees	136,110	-	136,110
EMS	<u>5,824</u>	<u>-</u>	<u>5,824</u>
 TOTAL DEFERRED REVENUE	 <u>\$ 167,541</u>	 <u>\$ 3,759</u>	 <u>\$ 171,300</u>

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 8: INTERFUND BALANCES

During the course of normal operations, interfund payables, receivables and transfers are created to reimburse funds for contractual obligations or normal expenditures.

Transfers during the year ended September 30, 2014, were as follows:

TRANSFERS OUT	TRANSFERS IN		
	GENERAL	CAPITAL REPLACEMENT	TOTAL
GENERAL	\$ -	\$ 252,808	\$ 252,808
CRIME CONTROL DISTRICT	41,975	31,591	73,566
WATER	22,050	-	22,050
OTHER	13,470	-	13,470
TOTALS	<u>\$ 77,495</u>	<u>\$ 284,399</u>	<u>\$ 361,894</u>

The City had the following interfund payables and receivables as of September 30, 2014:

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
Other Funds	General Fund	\$ 125,799
Water Fund	General Fund	7,908
General Fund	Crime Control District	36,588
General Fund	Other Funds	30

NOTE 9: CONTINGENT LIABILITIES

The City is contingently liable in respect of lawsuits and other claims in the ordinary course of its operations. Should such contingencies become a real liability, funds would have to be appropriated in future budgets for settlement. The City does not feel that there are any matters pending at September 30, 2014 that would have a material effect on the financial condition of the City.

In addition, the City participates in federally funded grant programs from the U.S. Justice Department and Department of Homeland Security, which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by the respective grantor agency, funds would have to be appropriated in future City budgets for settlement. However, the City feels that such future amounts, if any, would be immaterial.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 10: 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 for which the City carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. The City did not have any such liability at September 30, 2014. There were no reductions in insurance coverage from the prior year. Also, the amount of settlements did not exceed insurance coverage for each of the past three years.

NOTE 9: RESTATEMENT OF NET POSITION

During the year, the City identified corrections to the City's prior year accounts payables and revenue items resulting in a restatement of \$36,919 reduction to the prior year net position. The city also identified a decrease of \$31,008 in the water fund's net position from the prior year due to an overstatement in the previous years accounts receivable.

The City restated the general fund's beginning fund balance by \$1,106,856 to create special revenue funds from restricted and committed net assets in the general fund. The restatement had no effect on total beginning governmental fund net assets.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund, Debt Service Fund, Crime Control District Fund, PEG Funds, Oak Wilt Fund, Court Restricted Fund, Child Safety Fund, LEOSE, Police Forfeitures, Capital Replacement Fund, and Water Fund.
- Schedule of Funding Progress – Texas Municipal Retirement System

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
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>GENERAL FUND</u>				
<u>Revenues</u>				
Taxes - Ad Valorem	\$ 2,375,802	\$ 2,334,302	\$ 2,250,507	\$ (83,795)
Taxes - Sales	765,000	828,000	800,315	(27,685)
Franchise Fees	210,000	316,000	352,015	36,015
Permits and Licenses	315,850	354,750	411,885	57,135
Court Fines	256,200	215,200	222,954	7,754
Grants	12,500	7,623	6,833	(790)
Rentals	20,000	20,000	24,478	4,478
EMS Fees	60,000	60,000	69,528	9,528
Other	7,750	12,600	32,419	19,819
Interest	5,000	9,500	9,544	44
Transfer from Other				
Government Funds	160,450	170,070	55,445	(114,625)
Gain on Sale of Assets	20,000	10,000	6,671	(3,329)
Transfer from Water	22,050	22,050	22,050	-
Total Revenues	<u>4,230,602</u>	<u>4,360,095</u>	<u>4,264,644</u>	<u>(95,451)</u>
<u>Expenditures</u>				
<u>City Council</u>				
Supplies	10,300	2,300	2,182	118
Services	15,700	13,700	12,842	858
Maintenance	6,000	6,000	5,337	663
Total City Council	<u>32,000</u>	<u>22,000</u>	<u>20,361</u>	<u>1,639</u>
<u>Administration</u>				
Personnel	522,343	378,047	323,075	54,972
Benefits Citywide	1,500	530	531	(1)
Supplies	39,000	52,230	42,885	9,345
Services	244,452	299,986	324,289	(24,303)
Maintenance	33,500	31,160	27,380	3,780
Total Administration	<u>840,795</u>	<u>761,953</u>	<u>718,160</u>	<u>43,793</u>
<u>Development Services</u>				
Personnel	51,431	47,089	29,049	18,040
Supplies	3,100	3,100	841	2,259
Services	88,444	87,244	75,417	11,827
Maintenance	3,700	3,700	2,597	1,103
Total Development Services	<u>146,675</u>	<u>141,133</u>	<u>107,904</u>	<u>33,229</u>
<u>Municipal Court</u>				
Personnel	45,912	40,248	38,353	1,895
Supplies	1,400	6,909	7,114	(205)
Services	23,320	20,920	15,871	5,049
Maintenance	2,500	2,500	881	1,619
Total Municipal Court	<u>73,132</u>	<u>70,577</u>	<u>62,219</u>	<u>8,358</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) (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>GENERAL FUND (CONTINUED)</u>				
<u>Expenditures (Continued)</u>				
Police Department				
Personnel	\$ 968,040	\$ 951,027	\$ 915,350	\$ 35,677
Supplies	172,985	189,607	78,866	110,741
Services	121,539	97,995	78,303	19,692
Maintenance	81,700	81,700	76,305	5,395
Total Police Department	<u>1,344,264</u>	<u>1,320,329</u>	<u>1,148,824</u>	<u>171,505</u>
Fire Department				
Personnel	1,060,451	1,061,317	1,039,245	22,072
Supplies	77,323	77,323	56,407	20,916
Services	61,190	61,190	46,280	14,910
Capital Expenditures	48,000	48,000	48,216	(216)
Maintenance	76,425	75,125	65,556	9,569
Total Fire Department	<u>1,323,389</u>	<u>1,322,955</u>	<u>1,255,704</u>	<u>67,251</u>
Public Works				
Personnel	199,756	211,023	215,638	(4,615)
Supplies	6,275	6,275	6,294	(19)
Services	17,842	17,842	7,070	10,772
Capital Expenditures	84,500	104,500	13,535	90,965
Maintenance	139,700	138,200	133,936	4,264
Total Public Works	<u>448,073</u>	<u>477,840</u>	<u>376,473</u>	<u>101,367</u>
Debt Service				
Principal	-	-	410,000	(410,000)
Interest and Other fees	-	-	8,554	(8,554)
Total Debt Service	<u>-</u>	<u>-</u>	<u>418,554</u>	<u>(418,554)</u>
Transfers to Other Funds	<u>290,475</u>	<u>672,808</u>	<u>252,808</u>	<u>420,000</u>
Total Expenditures	<u>4,498,803</u>	<u>4,789,595</u>	<u>4,361,007</u>	<u>428,588</u>
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ (268,201)</u>	<u>\$ (429,500)</u>	<u>\$ (96,363)</u>	<u>\$ 333,137</u>
<u>DEBT SERVICE FUND</u>				
<u>Revenues</u>				
Taxes - Ad Valorem	\$ (306,557)	\$ 306,557	\$ 395,374	\$ 88,817
Interest	(50)	50	33	(17)
Transfer from Other	-	420,000	-	(420,000)
Total Revenues	<u>(306,607)</u>	<u>726,607</u>	<u>395,407</u>	<u>(331,200)</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) (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>DEBT SERVICE FUND (CONTINUED)</u>				
<u>Expenditures</u>				
Bond Principal	\$ 206,093	\$ 616,093	\$ 206,093	\$ 410,000
Bond Interest	93,840	93,840	85,925	7,915
Bond Agent Fees	-	5,000	1,175	3,825
Total Expenditures	<u>299,933</u>	<u>714,933</u>	<u>293,193</u>	<u>421,740</u>
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ (606,540)</u>	<u>\$ 11,674</u>	<u>\$ 102,214</u>	<u>\$ 90,540</u>
<u>CRIME CONTROL DISTRICT FUND</u>				
<u>Revenues</u>				
Taxes - Sales	\$ 350,000	\$ 405,000	\$ 387,192	\$ (17,808)
Interest	30	30	54	24
Total Revenues	<u>350,030</u>	<u>405,030</u>	<u>387,246</u>	<u>(17,784)</u>
<u>Expenditures</u>				
Transfer to General Fund	<u>156,600</u>	<u>188,191</u>	<u>73,566</u>	<u>114,625</u>
Total Expenditures	<u>156,600</u>	<u>188,191</u>	<u>73,566</u>	<u>114,625</u>
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ 193,430</u>	<u>\$ 216,839</u>	<u>\$ 313,680</u>	<u>\$ 96,841</u>
<u>PEG FUNDS</u>				
<u>Revenues</u>				
Franchise Fees	\$ -	\$ 10,400	\$ 8,923	\$ (1,477)
Interest	-	5	(3)	(8)
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ -</u>	<u>\$ 10,405</u>	<u>\$ 8,920</u>	<u>\$ (1,485)</u>
<u>OAK WILT FUND</u>				
<u>Revenues</u>				
Permits and Licenses	\$ -	\$ 1,500	\$ 2,083	\$ 583
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 2,083</u>	<u>\$ 583</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) (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>COURT RESTRICTED FUND</u>				
<u>Revenues</u>				
Permits and Licenses	\$ 16,200	\$ 16,201	\$ 11,192	\$ (5,009)
<u>Expenditures</u>				
Supplies	300	-	272	(272)
Services	1,000	1,000	-	1,000
Capital Expenditures	6,500	14,627	14,627	-
Maintenance	6,000	-	2,400	(2,400)
Transfers to Other Funds	3,850	13,470	13,470	-
Total Expenditures	<u>17,650</u>	<u>29,097</u>	<u>30,769</u>	<u>(1,672)</u>
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ (1,450)</u>	<u>\$ (12,896)</u>	<u>\$ (19,577)</u>	<u>\$ (6,681)</u>
<u>CHILD SAFETY FUND</u>				
<u>Revenues</u>				
Other	\$ -	\$ 3,400	\$ 3,589	\$ 189
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ -</u>	<u>\$ 3,400</u>	<u>\$ 3,589</u>	<u>\$ 189</u>
<u>LEOSE</u>				
<u>Revenues</u>				
Other	\$ -	\$ 1,615	\$ 1,615	\$ -
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ -</u>	<u>\$ 1,615</u>	<u>\$ 1,615</u>	<u>\$ -</u>
<u>POLICE FORFIETURE</u>				
<u>Revenues</u>				
Other	\$ -	\$ 3,075	\$ 3,075	\$ -
CHANGE IN BUDGETARY FUND BALANCE	<u>\$ -</u>	<u>\$ 3,075</u>	<u>\$ 3,075</u>	<u>\$ -</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) (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>CAPITAL REPLACEMENT FUND</u>				
<u>Revenues</u>				
Interest	\$ 60	\$ 60	\$ 84	\$ 24
Transfer from Other				
Government Funds	<u>222,475</u>	<u>284,399</u>	<u>284,399</u>	<u>-</u>
Total Revenues	<u>222,535</u>	<u>284,459</u>	<u>284,483</u>	<u>24</u>
CHANGE IN BUDGETARY				
FUND BALANCE	<u>\$ 222,535</u>	<u>\$ 284,459</u>	<u>\$ 284,483</u>	<u>\$ 24</u>
<u>WATER FUND</u>				
<u>Revenues</u>				
Water Service	\$ 896,100	\$ 896,100	\$ 794,853	\$ (101,247)
Debt Service	55,000	55,000	53,161	(1,839)
Lease Revenue	32,000	32,000	21,435	(10,565)
Insurance Proceeds	-	-	68,916	68,916
Interest and Other	31,500	31,500	49,303	17,803
Transfer from General	<u>-</u>	<u>420,000</u>	<u>-</u>	<u>(420,000)</u>
Total Revenues	<u>1,014,600</u>	<u>1,434,600</u>	<u>987,668</u>	<u>(446,932)</u>
<u>Expenditures</u>				
Personnel	197,315	209,406	172,394	37,012
Supplies	13,725	13,725	20,791	(7,066)
Services	164,464	164,464	130,346	34,118
Capital Expenditures	118,000	148,000	58,629	89,371
Water Lease	47,500	47,500	47,969	(469)
Maintenance	196,200	196,200	256,141	(59,941)
Debt Service	206,428	211,428	122,398	89,030
Transfers to General Fund	<u>40,044</u>	<u>22,050</u>	<u>22,050</u>	<u>-</u>
Total Expenditures	<u>983,676</u>	<u>1,012,773</u>	<u>830,718</u>	<u>182,055</u>
CHANGE IN BUDGETARY				
FUND BALANCE	<u>\$ 30,924</u>	<u>\$ 421,827</u>	<u>\$ 156,950</u>	<u>\$ (264,877)</u>

See accompanying note to budgetary comparison schedules.

CITY OF SHAVANO PARK, TEXAS
NOTE TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2014

NOTE A: BUDGET TO ACTUAL RECONCILIATION

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	<u>WATER FUND</u>
Change in Budgetary Net Position:	\$ 156,951
Differences – Budget to GAAP:	
Capital outlay are outflows of budgetary resources but are capitalized as capital assets for financial reporting purposes	58,629
Depreciation expense is reported for financial reporting purposes but is not a budgetary outflow of resources	<u>(207,674)</u>
TOTAL CHANGE IN NET POSITION	<u>\$ 7,906</u>

CITY OF SHAVANO PARK, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

<u>DECEMBER 31,</u>	<u>ACTUARIAL VALUES OF ASSETS**</u>	<u>ACTUARIAL ACCRUED LIABILITY*</u>	<u>PERCENTAGE FUNDED</u>	<u>OVER/(UNDER) FUNDED AMOUNT</u>	<u>COVERED PAYROLL</u>	<u>UNFUNDED OBLIGATION AS a % OF PAYROLL</u>
2011	\$ 3,017,813	\$ 3,860,023	78.2%	\$ (842,210)	\$ 2,047,329	41.1%
2012	3,463,927	4,199,949	82.5%	(736,022)	2,090,711	35.2%
2013	3,975,190	4,761,991	83.5%	(786,801)	2,037,757	38.6%

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated cost as of December 31 of the preceding year.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF SHAVANO PARK, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>PEG FUNDS</u>	<u>OAK WILT</u>	<u>CHILD SAFETY FUND</u>
<u>ASSETS</u>			
Cash and Investments	\$ 41,349	\$ -	\$ -
Receivables:			
Delinquent Ad Valorem Taxes	-	-	-
Due from Other Funds	<u>17,225</u>	<u>44,943</u>	<u>3,589</u>
 TOTAL ASSETS	 <u>\$ 58,574</u>	 <u>\$ 44,943</u>	 <u>\$ 3,589</u>
<u>LIABILITIES</u>			
Due to Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Revenue - Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>			
Restricted - PEG Funds	58,574	-	-
Restricted - Child Safety Fund	-	-	3,589
Restricted - Court	-	-	-
Restricted - LEOSE	-	-	-
Restricted - Police Forfeiture	-	-	-
Restricted - Debt Service	-	-	-
Committed - Oak Wilt	<u>-</u>	<u>44,943</u>	<u>-</u>
Total Fund Balances	<u>58,574</u>	<u>44,943</u>	<u>3,589</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	 <u>\$ 58,574</u>	 <u>\$ 44,943</u>	 <u>\$ 3,589</u>

COURT RESTRICTED	LEOSE	POLICE FORFIETURE	DEBT SERVICE	TOTAL
\$ -	\$ 3,531	\$ 6,225	\$ 307,839	\$ 358,944
-	-	-	3,759	3,759
<u>58,427</u>	<u>1,615</u>	<u>-</u>	<u>-</u>	<u>125,799</u>
<u>\$ 58,427</u>	<u>\$ 5,146</u>	<u>\$ 6,225</u>	<u>\$ 311,598</u>	<u>\$ 488,502</u>
\$ -	\$ -	\$ -	\$ 30	\$ 30
-	-	-	3,759	3,759
-	-	-	-	58,574
-	-	-	-	3,589
58,427	-	-	-	58,427
-	5,146	-	-	5,146
-	-	6,225	-	6,225
-	-	-	307,809	307,809
-	-	-	-	44,943
<u>58,427</u>	<u>5,146</u>	<u>6,225</u>	<u>307,809</u>	<u>484,713</u>
<u>\$ 58,427</u>	<u>\$ 5,146</u>	<u>\$ 6,225</u>	<u>\$ 311,598</u>	<u>\$ 488,502</u>

CITY OF SHAVANO PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>PEG</u>	<u>OAK WILT</u>	<u>CHILD SAFETY FUND</u>
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ -
Franchise Fees	8,923	-	-
Building Permits and Fees	-	2,083	-
Fines and Forfeits	-	-	-
Grant and Other	-	-	3,589
Interest	(3)	-	-
Total Revenues	<u>8,920</u>	<u>2,083</u>	<u>3,589</u>
<u>EXPENDITURES</u>			
Municipal Court	-	-	-
Principal Retirement	-	-	-
Interest and Fees	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>8,920</u>	<u>2,083</u>	<u>3,589</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	8,920	2,083	3,589
FUND BALANCES - BEGINNING	-	-	-
RESTATEMENT OF BEGINNING FUND BALANCE	<u>49,654</u>	<u>42,860</u>	<u>-</u>
FUND BALANCES - BEGINNING RESTATED	<u>49,654</u>	<u>42,860</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 58,574</u>	<u>\$ 44,943</u>	<u>\$ 3,589</u>

COURT RESTRICTED	LEOSE	POLICE FORFIETURE	DEBT SERVICE	TOTAL
\$ -	\$ -	\$ -	\$ 395,374	\$ 395,374
-	-	-	-	8,923
-	-	-	-	2,083
11,192	-	-	-	11,192
-	1,615	3,075	-	8,279
-	-	-	33	30
<u>11,192</u>	<u>1,615</u>	<u>3,075</u>	<u>395,407</u>	<u>425,881</u>
17,299	-	-	-	17,299
-	-	-	206,093	206,093
-	-	-	87,100	87,100
<u>17,299</u>	<u>-</u>	<u>-</u>	<u>293,193</u>	<u>310,492</u>
<u>(6,107)</u>	<u>1,615</u>	<u>3,075</u>	<u>102,214</u>	<u>115,389</u>
<u>(13,470)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,470)</u>
<u>(13,470)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,470)</u>
(19,577)	1,615	3,075	102,214	101,919
-	-	-	205,595	205,595
78,004	3,531	3,150	-	177,199
<u>78,004</u>	<u>3,531</u>	<u>3,150</u>	<u>205,595</u>	<u>382,794</u>
<u>\$ 58,427</u>	<u>\$ 5,146</u>	<u>\$ 6,225</u>	<u>\$ 307,809</u>	<u>\$ 484,713</u>